

# Company overview of ijm corporation berhad management essay



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IJM Corporation Berhad was found in 1989. Before the acquisition, there were IGB Construction Sdn Bhd (founded in 1981), Jurutama Sdn Bhd (incorporated in 1970), and Mudajaya Construction Sdn Bhd (incorporated in 1965). By taking the Initial of all these 3 companies, IJM has acquired her name.

Before this, Jurutama and Mudajaya were professionals serving as senior government officials. Although they are holding secure positions, they are determined to search for that legendary ' pot of gold at the end of the rainbow'. At that time, we can hardly find any qualified engineer dared venture out as a contractor.

Jurutama and Mudajaya steered through the high risk contracting business. With their perseverance, they brought new changes and professionalism to the Malaysian construction industry. By the end of the '70s, they have emerged as two of the largest companies in Malaysia.

However, they have had a tough time when the influx of large and well-capitalised foreign contractors, who had surplus capacity and concessionary government loans, severely affected the local construction companies. Local contractors were slowly being relegated to being subcontractors or minority joint venture partner.

Jurutama and Mudajaya were not spared. They thought that local companies have to merge, or go public or come under the umbrella of larger public companies if they are to survive the challenges.

IGB Corporation Bhd, a public listed property company which then owned a small building construction subsidiary, saw the synergies that IGB Construction, Jurutama and Mudajaya could merge and bring to the Group. In 1982, IGB Corporation Bhd acquired all the shares in Jurutama and Mudajaya. With that, Solidstate Sdn Bhd was incorporated (1983) and, in 1984, the name was changed to IJM Engineering and Construction Sdn Bhd.

IGB then transferred all its equity interests in Jurutama and Mudajaya together with that of IGB Construction in exchange for shares in this newly incorporated company. IJM had thus become IGB's holding company for its construction interests.

In September 1986, IJM turned public. They were given a green light for its shares to be listed on the Kuala Lumpur Stock Exchange (KLSE). Later on, the name of IJM Corporation Berhad, was adopted in 1989, along with present logo.

The circle and solid horizontal lines at the bottom depicts IJM's global outlook. This represents a globe showing IJM's links with its international partners. The blue background is the company's corporate colour. The bold white lettering emphasizes IJM's clarity of purpose in its pursuit of its corporate vision and mission.

Its vision is " to be an internationally competitive Malaysian builder of world class infrastructure and buildings." Its mission is " to deliver the highest standards of performance in all our ventures with the IJM Mark of Excellence." There are also 5 cultural statement that wished to be adopted:

uphold the highest standards of professionalism and exemplary corporate governance to maximise the benefits for all stakeholders

respect the different cultures, gender, religion, human rights and dignity of our stakeholders

ensure the quality of our products and services exceeds our customers' expectations

create a conducive environment for team spirit among our employees to work towards a unified workforce

be a responsible and respected corporate citizen with concerns for social, safety, health and environmental issues

Currently, IJM Corporation Bhd's Chief Executive Officer & Managing Director is Dato' Teh Kean Ming, which the stepping down of Dato' Tan Boon Seng @ Krishnan with effect from 31 December 2010. Now, the share price in the

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market of IJM Corporation bhd in the construction section has marked to the second place of RM6. 35, which just behind YTL Corporation bhd which has a share price of RM7. 50. (Effective on 2 April 2011)

IJM Corporation bhd has more than 4000 employees worldwide, which consist of multiracial community. It adopts culture as a professionally run company. Everyone is doing work according to their knowledge. Minimal favourism can be found in IJM. Employees are behaving professionally and not much issues around the employees. However, there was one case happened which related to “ go-back-to-China” issue. There was a similar provoking email spread among employees in the office. IJM has look into this incident seriously and found out the culprit. He was reprimanded, but somehow, he had done a public apology towards his actions and no further actions taken against him by IJM.

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The person that we interview is Mr Phoong Siew Kee. He is the Senior Manager of Human Resource & Admin. He has been in IJM Group for 21 years and this is the second year for holding the current position. We have conducted our interview at 10. 30am, 9 Mac 2011, at IJM headquarters. The whole interview ended at 12pm.

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In IJM Group, performing employees usually are initiative and proactive. They would have done their assigned works within the time given. They are also <https://assignbuster.com/company-overview-of-ijm-corporation-berhad-management-essay/>

receptive to opinions and open-minded. Sometimes they make mistakes, the managers tend to comment on the mistakes and the subordinates are willing to accept the constructive opinions. From here, they learn and able to minimize the errors and produce a better result. They would also speak out when there is any difficulty faced during working. They would ask for guidance and advices from the managers so that they are able to accomplish the task.

On the other hand, non-performing employees often come back late on lunch break without informing their superior. They would do personal things during working hours, for example pay bills. Most of them just possess basic skills such as typing skills, fundamental English and others. Sometimes, they can't even do well in typing letters. Very often the managers have to type memo themselves as serious errors found in the letter typed by the clerk. There are development courses offered to help those non-performing one. But they tend to avoid it although it's free. Some of them would attend, for the sake of satisfying their superior. Some of them would carry the lazy attitude towards their job. Although warning letters have been issued to them, they still remain ignorant towards their underperformance.

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Sufficient training

Annual training program is provided at the end of every year to all employees. The annual training program usually held for 3 days 2 nights and Genting is always the venue. It comprises various team building exercises to unite the spirit of employee, such as motivational talks, games, and night  
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walk. Besides, there are also all sorts of classes and courses for the employee to attend from time to time. Examples like technical classes, languages classes, secretary courses and other fundamental skills classes. They are also allowed to go for personal development by pursuing degrees and even master. Thus, they are able to perform together well to achieve the goals of company.

#### Well understanding of the duty

Every employee is given the job description (JD) once they are recruited into the team. In JD, there will be a list of responsibilities which need to be carried out by them. So, every employee understand easily their own jobs and able to plan wisely to achieve great performance in company. Every department head are also required to schedule the department's job scopes and distribute equally to their members. As for the employee, they are noted with all the timelines and jobs to be completed. The progress will be observed from time to time. Any delay will be noted immediately and actions will be taken promptly.

#### Well paid or at least to the mark of market value

If employee has a good performance, a series of incentives will be given by company. For example is a chance of promotion. The managers would nominate them to human resource department and they will be considered to be promoted. They would have the chance to get better paid and other benefits if they pass the interview from human resource. Besides, they will have more bonus and maybe salary increment for their outstanding performance.

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What was the key problem/cause for non-performers?

### **Attitude**

The attitude of employees will affect their performance in company. The major job attitudes are the job satisfaction, job involvement and organizational commitment. If their attitude is dissatisfied with their own job, they are more likely to be non productive workers and even affect the company. In addition, some of them may perceive that company treating employees unfairly, may also contribute to the dissatisfaction from other employees. Personalities lead to attitudes. Personalities like procrastination and selfishness may also caused under-performance by the employees.

### **Interest in job.**

Some of the employees work to survive. So, they did not concern about whether they are interested in the job, they just concern about the paid from the company. However, this would affect their performance as they do not have passion in the things they do. They do not have motivation to do their best in the job. They just want to complete their job to get the paid regardless of the quality of the result.

### **Relationship among the team**

The performance of the employee will be affected if the relationship among the team members is weak. He/she cannot get the support from other team members. The existing staffs tend to neglect the new staffs. The employee does not have the sense of belonging as a member in the team and cannot



fully involve in the job. He / she will feel uncomfortable when go to work and even start to have job dissonance. If the situation continues, the employee will think negatively and indirectly becomes non-performer.

## **Market condition**

When the market is booming, job vacancies would be everywhere. At that time, employees would start to compare the benefits provided by companies. The commitment and passion started to shake and thus affect the job performance. If they are able to find a better job, they would even quit their current job.

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In dealing with non- performing employee, IJM have their own disciplinary policy which aligns with working culture of IJM that are liberal, flexible and more to self- control.

There is a system which adopted in IJM. There will be an annual appraisal for the employees which are based on the performance. Performance, to be specific, consists of the attitude, attendance, quality of work, knowledge, potential and so on. It will be also compared with the job description to find out any discrepancy in carry out their responsibilities. Their department heads or the immediate superiors in projects would justify the subordinates' performance and submit the report to Human Resource Department. Human Resource Department would then consider giving any incentive such as salary increment, promotion opportunities and bonus. In this system, IJM are able to spot on those performing and non-performing one. What actions would be taken by IJM?

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First and foremost, managers in IJM will take initiative to identify factors that are actually making certain employees not to perform well. This is to help managers not to make their own conclusions on non-performing employees based on their perception and intuition. So, besides continue observing non-performing employee's performance in office and also in project work, managers will also get to know more about difficulties and problems of non-performing employee in a more personal way. For example, a deep and private discussion will be carried out between non-performing employee and manager to enable employee to share out his or her problems on works in a more open and comfortable way. In this discussion, a professional counselor would be involved in order to observe the non-performing employee and also ask some defining questions in determining the reasons behind the underperformance. When management of IJM discover that the unstable emotion and mood is the main factor that affecting non-performing employee's job attitude, the non-performing employee will be required to undergo a period of counseling session with the counselor to rebuild the employee's job attitude that would help to be more competent in IJM.

Mentoring that are practicing in IJM help the non-performing employee who is still not familiar with the working environment in IJM and does not have good understanding of the duty to cope with the new environment well and can excel in what the employee supposed to be done in that position.

Seniors employees would help to assist those employees in order to blend into the working environment. Somehow, the department heads or the projects managers would tie the job together, for the seniors and the junior employees. Team work would be the essential element for them to complete

those major tasks. At the same time, experienced one would help the less experienced one, because their performances are tied together.

When the incompetency of employee in IJM is due to lack of skill in the position of the non-performing employee is in, IJM will actually nominate the employee to attend some trainings that specifically fulfill the needs of employee such as language skill, communication skill and technical skill. The information and materials that will be given during each seminar or training are always up to date and informative to ensure that employees that have attended trainings will be more confident in performing their job and also competent enough in market areas that IJM involved in. Chances to pursue further study are also provided by the company for personal development. In this case, company would also provide some financial support to the employees.

There are also some actions taken on non-performing employee such as they might get less bonus or even none, they will be bailed from promotion and they might not stand a chance to gain benefit from Employee Share Option Scheme (ESOS) that are available in IJM as awards to motivate their employees.

In addition, the employees are also free to transfer to other departments as they might achieve better in other area of job. They just need to apply and get the approval from the department.

Usually, company would allow some time for the non-performing employees to recover their performance. The period of time usually is 1 month, depends on the nature of the job. Until a certain time, company would issue first <https://assignbuster.com/company-overview-of-ijm-corporation-berhad-management-essay/>

warning letter to them. Company would issue the second and third warning letter if they still cannot meet the expectation. However, if the period of time given in the third warning letter has elapsed, and yet still got no further improvements which reach the expectation of IJM management, then they will be asked to leave the company.

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Job attitude and interest in job are the main reasons of under performance by the employees. These actually related to job satisfaction of employee. When employee dissatisfy with the job, their job attitude will be worsen and lose interest towards their job.

To understand better toward the attitude of employee, Frederick Herzberg “motivation-hygiene theory” studied the factors that cause satisfaction and dissatisfaction in an employee’s working environment. He found that the reasons that cause job satisfaction are different from job dissatisfaction. He developed the motivation-hygiene, also known as two-factor theory, to explain the result. He called the satisfier motivator, and dissatisfier hygiene factor. Hygiene factors are considered as maintenance factors, to avoid dissatisfaction, but not to create satisfaction.

Top six factors that lead to job dissatisfaction and job satisfaction:

## **Leading to Dissatisfaction**

## **Leading to Satisfaction**

Company policy

Supervision

Relationship w/Boss

Work conditions

Salary

Relationship w/Peers

Achievement

Recognition

Work itself

Responsibility

Advancement

Growth

To apply motivation-hygiene theory on non-performing employees, management should provide hygiene factor to avoid dissatisfaction. For example, non-performing employees often cannot perform well under bad working condition. Hence, management needs to enhance the working condition in the company so that the employees have a more conducive workplace to perform their job. Sometimes, non-performing employees can be caused by the nature of jobs. The jobs are no more challenging to them. Management also can provide factors intrinsic to the job itself in order to

create job satisfaction. Herzberg argued that job enrichment is needed for intrinsic motivation. According to Herzberg:

The job should have sufficient challenge to utilize the full ability of the employee.

Employees who demonstrate increasing levels of ability should be given increasing levels of responsibility.

If a job cannot be designed to use an employee's full abilities, then the firm should consider automating the task or replacing the employee with one who has a lower level of skill. If a person cannot be fully utilized, then there will be a motivation problem.

Non-performing can be caused by low motivation as well. Motivation is defined as internal drive to activate behavior and give it direction. With motivation, it will affect the job satisfaction. Therefore, it will indirectly affect job attitude and interest in job. There are two categories of motivation theory which are content theory and process theory.

Content theory, also known as need theory, focus on the internal factors to direct human behavior. The most famous content theory is Abraham Maslow's hierarchy of needs.

Physiological - main requirement of human to survive.

Safety - free from the threat of physical or emotional harm.

Belonging/Love - social need that related to interaction with others.

Esteem - internal factors (accomplishment, self respect) and external factor (reputation, recognition).

Self-actualization — pertains to what a person's full potential is and realizing the potential.

In content theory, ways to solve the underperformance is to fulfill the most basic needs first, up to the top one. For example, if the employee not able to perform well because he/she feel insecure in the office, management can try to add security to the company, like enforce more rules and regulations to protect privacy, or even physical security system like lock system to their locker. If he/she cannot perform well because did not get any appreciation from company, management may as well give some recognition to the employee such as " employee of the month", bonus and others.

Process theory provide an opportunity to understand a process that influence behavior, that certain input lead to certain output. The most famous theory fall under this group is equity theory. Equity theory attempts to explain relational satisfaction in terms of perceptions of fair/unfair distributions of resources within interpersonal relationships. John Stacey Adam developed the theory, and he said the employee is trying to maintain the equity between input that they bring to office and the output that they receive from it. It is a fair treatment which causes employee to be motivated to keep the fairness maintained within the relationships of their co-workers and the organization. Ratio of income and outcome is the structure of the equity theory in workplace. Input is the contribution from employee.

The three primary assumptions applied to most business applications of equity theory can be summarized as follows:

Employees expect a fair return from their contribution in the workplace.

Employees will compare their inputs and outcomes with other coworkers to determine the equitable income.

Employees who perceive themselves as being in an inequitable situation will seek to reduce the inequity either by distorting inputs and/or outcomes in their own minds, by directly altering inputs or outputs, or by leaving the workplace.

In equity theory, management should keep the ratio of input and output from employee and try to fulfill their expectation on return on their effort.

Employees often become less motivated and not performing because they think that they are treated unfairly. So, management may establish a better compensation system such as salary increment, promotion opportunities, commission and bonus as to recognize according to the ratio of contribution.

However, there are some implications of equity method to satisfy employee. Different employee has different personal value or perception toward input and outcome. So, it's hard to determine whether the employee is paid accordingly unless he himself voice out the dissatisfaction. It might also happen that employees who believe his over-compensated may increase his effort.

Reinforcement theory is trying to elicit a desirable behavior through either the introduction of a positive reinforcement or negative reinforcement.  
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Positive reinforcement is the reward after a desired behavior. It increases the probability of the action to reoccur. For example, a salesperson will receive bonus when he hit his sales target. Therefore, this can make them better in performing.

Negative reinforcement is taking away an aversion stimulus after a desired behavior. It leads employee to the right action, in order to escape or avoid an unwanted consequence. It increases the desired behavior. Example of negative reinforcement is a salesperson who is putting effort on increasing sales on his territory, should not reallocated this salesperson to an undesirable sales route. In this case, he can be more motivated to enhance his performance.

Somehow, negative reinforcement is different with punishment. Punishment will decrease the probability of the action to reoccur. Example of punishment is suspending an employee without pay for violating work rules, and it might decrease the motivation of the employees and lead to underperformance.

Therefore, with the reinforcement, the behavior of under-performing employees can be altered and the desirable action will reoccur.

A good leader can be a solution to solve the non-performing. Fielder's Contingency Model, which was developed by Fred Fiedler, provides different categories of leadership to deal with different problems. For example, for situation A, where leader-member relation is good, task structure is high and position power is strong, then a more task-oriented leadership would be the preferred one. In this case, company can find out the current situation that

contribute to the non-performing then apply which kind of leadership to resolve it.

Another leadership theory can be applied is Situational Leadership Theory, which developed by Paul Hersey. There are 4 situations which provide suggested actions to be taken. For example, if the employees unable and unwilling to follow, then leader should give clear and specific directions to them. If they are unable but willing to follow, then leader should display high task orientation to them. So, when company manage to find out the causes of non-performing, then company can apply different actions according to then situations.

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Sometimes, by understanding the personality and behaviour of the non-performing employees, company can come out with suitable solutions to help them. In this case, Personality-Job Fit Theory can be applied. This theory was developed by John Holland, which identifies six personality types and proposes that the fit between personality type and occupational environment determines satisfaction and turnover. The six personalities are realistic, artistic, investigative, conventional, enterprising, and social. Employees would have the highest satisfaction and lowest turnover when

1. A personality and occupation are in agreement.
2. An individual is highly motivated.
3. Salary is high.

#### 4. Employees have an education.

Hence, in order to raise the motivation, company could try to determine the personality of the non-performing employees and try to fit them into a more desirable job so that they can perform better.

Attribution Theory can be a solution to the non-performing as to motivate the employees to perform better. Attribution Theory was created by Heider and further developed by Weiner and colleagues. This theory is concerned with how individuals interpret events and how this relates to their thinking and behavior. This can be determined through 3 aspects that are distinctiveness (show different behaviors in different situations), consensus (response is the same as others to same situation) and consistency (responds in the same way over time). For example, if the employee used to have stable performance throughout the year, but he suddenly fall into non-performing, then most probably the cause would be an internal factor. So company can take actions from this perspective like personally ask him for the reasons.

Besides all those theories, some concepts can be as well applied to alter the behaviour of the non-performing employees. To truly understand the difficulties that cause the non-performing, "grapevine" communication can be used by the management. Grapevine is a type of informal communication where the information was passed person to person by word of mouth. If management use the formal way to investigate the problem, the employees might give a desirable answer as they are under pressure to tell the truth. Instead, by getting information through grapevine, although the information is less reliable, the management can get a picture of what is happening

within the non-performing employees and come out with solutions to deal with it.

Most of the time, the non-performing is caused by low motivation. So, company can apply job rotation and job enrichment to the employees. For job rotation, it can be applied on the employees who are unable to perform on their current position. There might be other positions that more suitable to them so that they can perform better. Job enrichment, which was developed by the American psychologist Frederick Herzberg, according to Business Dictionary. com, is vertical restructuring method in that gives the employee additional authority, autonomy, and control over the way the job is accomplished. In this case, employee can have a higher satisfaction over the challenges given and the success in completing the jobs.

Somehow, there are employees who are unable to work with others in a team. So, company can create a self-managed team, where outstanding individualistic employees can be put together to perform on tasks which does not require collaboration between individuals. Through this kind of team, it is convincing that they can perform better than the current position they are taking which restrict their abilities.

If an employee cannot perform well and less productive in a team because of his relationship among the team members is weak, then we can call this situation as conflict. The relationship conflict that has mentioned in interview is categorized under dysfunctional conflict as it can reduce group effectiveness. There are several conflict resolution techniques that can be applied to the situation above.

Cohesiveness should be emphasized, hence, using superordinate goals, each team members has to generate a collaborative effort to achieve common goals, and may need to give up self-sufficiency in order to attain those goals. Once agreement has been made, they are grounded in a same basis and will try to work together by accepting other members in the company. In general, company can provide team building activities and training exercises so that they can experience the satisfaction teamwork. Real team dynamic does not work on paper, after employee understands the five-stage group development model that they have learnt; they still need to go through the process themselves.

Surface and deep diversities exists at every organization, and it is seen as obstacles to performance of employees as they cannot cope with the diversified workforce. But there is always have solutions for it. By creating an atmosphere of respect in the culture of a company, it can promote openness to different ideas. This environment will make a member to be more attracted to each other and hence motivated to stay in the group. They will able to share opinions, ask for opinions more often than before. For example, self-disclosure can helps them to know their teammates better while others are expected for giving good feedback.

Somehow, to resolve dysfunctional conflicts, by altering the human variable, that is to change the behavior of the conflicting parties, they will able to work happier and increase group effectiveness. This team synergy, through summation of these abilities, sharing these skills for the benefit of the team can build a solid work relationship among the individuals. This method has a dual effect of alleviating the source of conflict and ending the conflict itself, <https://assignbuster.com/company-overview-of-ijm-corporation-berhad-management-essay/>

although it's hard to be done. Various activities can be done like human relations training, sensitivity and awareness training.

There is a situation where we called social loafing, which means a person just take advantage of the situation but do not intend to put in effort to do their parts, can be contributing to the non-performing crisis on the employees. In this case, authoritative command, for instance, directly tell the person or altering the structural variables-making them a smaller team is required from management to overcome it. Under the legitimate power or even coercive power, employees have to perform their job.

Lastly, if all members having a strong sense of belonging toward the team, their loyalty toward company will increase at the same time, this makes them not easily influence by the outside factor, such as market condition. No matter economy is booming or shrinking, they are tied and committed to ongoing perform in their company.

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