

Background of yeo hiap seng management essay



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BUSTER**

Mr. Yeo Keng Lian is the founder of YEO HIAP SENG. In the year 1990, Yeos history has started in Amoy, China with a small soya sauce factory was set up in that particular year. In the year 1957, the first YEO HIAP SENG office in Malaysia was established. Now, YEO HIAP SENG (MALAYSIA) BERHAD has become a public listed company on Bursa Malaysia. It operates in the consumer products sector which engages in the production, marketing and sale of food and beverage products. (BURSA MALAYSIA, 2011).

Mr. Tjong Yik Min, who is a Singaporean and was appointed as the Chief Executive Officer on 1 June 2010. (YEO HIAP SENG (MALAYSIA) BERHAD, 2011) The company offers its food and beverage products included the Yeo's, Cintan, Justea, SoyRich, Isotonic H-Two-O, and Yogurt brand names. They use the freshest ingredients for their products to maintain the quality of their products in order to achieve their vision which is to be the No. 1 Asian food and beverage company in Malaysia. YEO's has achieved their vision in soya milk, tea drink and can meat category; and now they are trying to achieve their vision in can food and instant noodles category as well. (YEO HIAP SENG (MALAYSIA) BERHAD, 2011).

There are several main competitors of this company such as Nestlé S. A., Coca-Cola Co., Fraser & Neave Holdings Bhd (F&N) and some others. The most important factor that leads to succeed of this company is their 5C's guiding principles that are not applied by other companies. These 5C's are consumer focus, category leadership, channel management, cost control and confidence. (YEO HIAP SENG (MALAYSIA) BHD, 2004)

CORPORATE SOCIAL RESPONSIBILITY ACTIVITY

Marketplace

Corporate governance

Statement on Corporate Governance

The Board of Directors has fully committed to the principles of corporate governance and best practices as embodied in the Malaysian Code on Corporate Governance (“ the Code”). The Board has taken every step to ensure the highest standards of corporate governance are practiced throughout the Group in order to protect and enhance shareholders’ value and the financial performance of the Group.

Composition of Board Balance

The board of the company consists of nine members, including two Executive Directors and seven Non- Executive Directors. There is one-third of the Independent Non Executive officer in the board membership. Furthermore, the chairman is separate apart from the chief executive director. The chairman is responsible for leadership of the board and monitoring the effectiveness of the company. However, the chief executive director is control over the group’s business such as implementation of major strategies where adopted by the member of the board.

Senior Management Remuneration

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole. However, Directors are not allowed to participate in decision making where regarding to their own remuneration. Shareholders have approved the remuneration of the directors on the AGM.

Besides, the Audit Committee and Independent Non-Executive Directors are paid attendances allowances to be as a board committee.

Internal control

The Board has recognized the importance of a sound system of internal control and acknowledged its ultimate responsibilities in maintaining the same, which includes the establishment of an appropriate control environment and risk management framework, as well as reviewing, monitoring and ensuring its adequacy and integrity.

CSR Management/ Reporting

Corporate responsibility statement

Yeo's has integrated its corporate responsibility into a sustainable business model that goes beyond shareholders interests, for the betterment of society, as a socially responsible company. It has reflected their commitments to customers, employees, investors, suppliers and the community.

Third Party Report Audit and Review

The board of Yeo Hiap Seng (Malaysia) Berhad is included audit committee as their member. Audit committee is to review the issues of accounting policies and presentation for external financial reporting. Meanwhile, audit committee has monitors the works of the internal audit function and ensures an objective and maintained the relationship with external auditors.

Reporting guideline

The Directors of Yeo Hiap Seng (Malaysia) Berhad are responsible to ensure the integrity of the financial statement and the effectiveness of the financial

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controls, risk management systems and internal control. Other than that, the directors are also responsible to ensure that all financial statements are accordance with Companies Act, 1965 and Malaysian Accounting Standards (MASB).

Stakeholder Engagement

Yeo Hiap Seng (Malaysia) Berhad engage in constant dialogue with their stakeholders through Annual General Meeting (AGM) and other meetings. Their AGM are in the primary platform for two direct way interactions with stakeholders and board of the company. They are constantly updating the company's performance to the stakeholders such as quarterly financial announcement.

Procurement policies

Maintain the Highest Halal Standard Compliance

During the year 2011, Yeo Hiap Seng (Malaysia) Berhad has commitment with the highest Halal Standard Compliance. This honor had proven that the company had contributed a lot of works on their ingredients, employees and systems in order to maintain the most rigorous of halal standards in Malaysia. Moreover, the company adheres to strict hygiene standards and stringent quality control in order to ensure the high quality of all its products to their consumers.

ENVIRONMENT

Environmental policy

Reusable Resources.

Yeo's has committed and passionate about environmental conservation.

Yeo's has become the first food and beverage to introduce their Asian Drinks products in Tetra Pak packaging which is environmental friendly and recyclable.

Set targets for improvements and significant initiatives to reduce

Moving Toward Paper-less

Yeo's has introduced several programmes to upgrade IT infrastructure which aim to encourage paperless environment through electronic communications and e-filing system. Beside, Distributor Management System (DMS) has been introduced and implemented by Yeo's to enhance the effort of paperless environment.

WORKPLACE

Health & Safety (H&S) issues

Committed to Hazard Free Zone

Yeo's has dedicated to afford a safe, healthy secure and contributive workplace for all the visitors, employees and business stakeholders. The promise to the effective implementation of Occupational Safety and Health Policy has achieved a hazard-free work zone. Yeo's has organized different communications activities and campaigns to confirm the employees' awareness of safety precautions.

Human capital development

Continue to Build Human Capital

Yeo's has entrusted to provide a supportive working culture for the company's employees through training and development programmes. During the year 2011, the employees have participated in external training programmes and various in-house from technical-related skill to soft management skills. Yeo's expected to bring up the future workforce of their industry; hence, Yeo's continues to welcome the interns of short-term attachment to complete their degree requirements.

Employee welfare

Employee benefit

Yeo's aim to enrich the performance of staff throughout staff recognition schemes, offering equal opportunities, training and development and creating sound employees' relations. Every year, in acknowledgment of the loyal, devoted and committed employees, Yeo's has pleased and rewarded the long service employees at its Annual Dinner and Dance.

COMMUNITY

Details on the company's community investment initiatives

Yeo's Program Susu Soya Sekolah 2

Yeo's initiated a corporate responsibility campaign, "Yeo's Program Susu Soya Sekolah" in year 2010 and received positive feedbacks from public. Thus, Yeo's continued this initiative with "Yeo's Program Susu Soya Sekolah 2". This campaign covered another 100 schools and reached out to another

50, 000 students with an aim to instill the importance of a balanced diet and in educating the students on preserving the environment through recycling.

Yeo's Scholarship Programme

Students from 51 primary schools in the Klang Valley and Putrajaya took part in the " Yeo's Program Tajaan Biasiswa Sekolah" backed by the spirit of enthusiasm and perseverance.

Yeo's logo from empty beverage packs was collected by students to struggle for the scholarship. Yeo's achieved their primary objective in setting a platform for students to exercise creativity and problem solving skills through this programme. It also promotes the spirit of esprit de corps amongst students and teachers to work towards achieving the school category scholarship for school development fund.

1Malaysia Creative Sculpture Recycling Competition

Yeo's support the 1Malaysia philosophy by embarked on its green and remarkable 1Malaysia recycled sculpture competition among all participating schools of " Yeo's Program Susu Soya Sekolah" using Yeo's recyclable materials. It is to encourage the young's creativity and nurture recycling mindset. Yeo's awarded the winning schools each with school development fund to support the development and extra-educational activities at school level in order to recognize their effort in this competition.

" My New Village" Carnival

Yeo's joined Nanyang Siang Pau in " My New Village" Carnival for three consecutive years to reach out to smaller communities and villages. Yeo's contributed part of its sales generated from the carnival to the schools in <https://assignbuster.com/background-of-yeo-hiap-seng-management-essay/>

those villages to support their infrastructural and facilities building fund.

Besides that, Yeo's also embarked on "Embellish Your Village with Yeo's" in which the participating villages has collected, cleaned, and recycled Yeo's recyclable materials to embellish a selected spot in the participating villages. Furthermore, Yeo's has also shared knowledge of creative recycling through fun and interactive games.

Dynamic Dance Competition

Yeo's in collaboration with China Press, organized a national dynamic dance competition in line with "Lead a Joyful Life" campaign. The main objective is to encourage the communities to live and lead a healthier and joyful lifestyle.

Support of World Vision Malaysia Movement

In order to raise fund for World Vision Malaysia's movement, Yeo's has supported 30-Hour Famine program through the sponsorship of soy milk to individual camps. It is to help those who are suffering from poverty and hunger, giving them the opportunity for improved health, better quality life, and hope.

Factory Educational Visits

Yeo's continues its initiative to welcome the local and overseas colleges and universities to enhance student's knowledge about the food and beverage manufacturing processes.

AUDIT PROCEDURE

MARKETPLACE

Corporate Governance

Statement on Corporate Governance

The audit procedure that will be adopted is observation. For corporate governance, the BOD has fully committed to the principles of corporate governance and best practices. We should observe what step has been done by Yeo Hiap Seng (Malaysia) Berhad to ensure the highest standards of corporate governance are practiced to protect and enhance the shareholders' value and the financial performance of the group.

Composition of Board Balance

Inspection of records and documents is required in the composition of board balance. The documents or records that we needs to observe including the legal form given by the company and annual general meetings and circular resolution. Those legal form or meetings are highly reliable since they are collected from government.

Furthermore, confirmation letter send to third party from auditor to obtain reliable evidence to ensure the existence of the board that are independent. However, receive positive response from third party represents it is reliable evidence.

Senior Management Remuneration

The inspection of records or documents is needed in audit procedures.

Before verify the transactions, we need to examine the reliability of the documentary evidence through vouching and tracing. Vouching is selecting

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an item from ledger or journal and then examines the underlying document, to ensure the occurrence of the transaction while tracing is another way round, for checking the completeness of the whole transaction. After confirmed the reliability of documentary evidence, just we will able to verify the transactions.

Furthermore, computation of remuneration is needed in this circumstance. Computation consists of checking the mathematical accuracy of documents or records. Despite of checking any errors exist, it is normally considered as a highly reliable evidence when auditor creates this type of evidence, it include checking the posting from journals to ledgers, basic computation, recalculation of the transactions, reconciling ledgers to account balances.

Internal control

Control environment and risk management framework were established to maintain the internal control. Inquiry have to carry out with the board to gain an understanding of the importance of a sound internal control system and its techniques.

Besides that, confirmation from the internal auditor of the company should be obtain to verify whether the company internal control function accordingly.

CSR Management/ Reporting

Corporate responsibility statement

The audit procedure that will be used is confirmation of the arrangement to obtain corporate responsibility in marketplace area. Yeo's has integrated into a sustainable business model. Thus, we should confirm if it exceeds the <https://assignbuster.com/background-of-yeo-hiap-seng-management-essay/>

shareholders interests and reflects their commitments to customers, employees, investors, suppliers and community.

Third Party Report Audit and Review

Inspection of records and documentation is required for the audit committee. Therefore, we should review the evidence whether the audit committee is existed.

While at the same time, we should inspect the relationship between the company and the board. Inspection is necessary in order to judge the independence of the board of audit committee. We need to check whether audit committee is having financial interest with the company.

Moreover, inspect the relevance internal document is required in the audit procedures such as annual return, circular resolution and other form. In this circumstance, inquiries are needed in order to observe the employees are awareness towards the policy and regulation.

Reporting Guideline

We should review the policy and observes the evidence that the policy has been really followed such as Company Act, 1965, Malaysian Accounting Standards (MASB) and financial reporting standard.

Moreover, inspect the relevance internal document is required in the audit procedures such as annual return, circular resolution and other form. In this circumstance, inquiries are needed in order to observe the employees are awareness towards the policy and regulation.

Stakeholder Engagement

Observation needed to perform on this circumstance. It consists of looking at a process or procedure being performed by others, for an example, the auditor might need to attend the organizing committee meeting, review the minutes of meeting or even attend the activity to perform the observation. However, it might face difficulty that people might act differently once the auditor is not around and the evidence is very limited.

Procurement Policies

First of all, Inspection of relevance records and documents about Yeo Hiap Seng (Malaysia) Berhad is needed. The main reason of inspection is to ensure the company is provided a safety and halal food as they apply in the field operation. Other than that, confirmation letter can be send to third party, the distributor of the honor to obtained evidence and ensure the reliability and credibility of this honor received by Yeo Hiap Seng (Malaysia) Berhad.

Besides that, auditor on-site visit is needed in this commitment. The main purpose is to have more understanding the workplace environment to ensure that the food provided in clean, halal and safety, although it allowed auditor to obtained evidence but relatively low reliability and it do not leave an audit trail because they might act differently when they were being observed.

ENVIRONMENT

Environmental policy

Reusable Resources

The audit procedure that will be taken was inquire the management to get more understanding on the concept of Tetra Pak packaging uses in food and beverage's products and the detail information of processing and packaging.

Beside, physical observation on the process of packaging should be carry out to ensure quality control on the packaging done time to time and entire process was follow the company policies and procedure.

Moreover, As an auditor, we should obtain Quality Control Report from the management and review report from independent consultant as an evidence whether the Tetra Pak packaging implement by Yeo's is environmental friendly and recyclable.

Lastly, any certification from relevant authority should be obtain from management.

Set targets for improvements and significant initiatives to reduce

Moving Toward Paper-less

Yeo's has introduced several programmes to upgrade IT infrastructure which aimed to encourage paperless environment. Auditors should inquire the management on whether the Distributor Management System (DMS) is implemented and function effectively by Yeo's.

Observation carry out to determine whether the system helps to enhance the effort and work effectively such as improving the reliability and quality of service in terms of reducing outages, minimizing outage time and decreasing the uses of paper.

Besides, confirmation from independent IT consultant on the effectiveness of system should be obtain as an evidence.

Services Report of DMS should require from the management to verify whether update and improvement on system have been carry out timely to ensure the system function effectively and efficiently.

WORKPLACE

Health & Safety (H&S) issues

Committed to Hazard Free Zone

The audit procedure taken is review the term of policy. The Occupational Safety and Health Policy were implemented to accomplish a hazard-free work zone. In consequence, we should review the term of Occupational Safety and Health Policy to make sure the visitors, employees and business stakeholders be familiar with the policy clearly and pay attention to safety and health.

Besides, report for the activities and campaign that held by Yeo's and the feedback of the employees should be obtain to perform checking whether the activities and campaign have enhance employees, customers, and other stakeholder's awareness of safety n health.

Moreover, confirmation should be obtain from related authority if there is any certificate that awarded by the society.

Human capital development

Continue to Build Human Capital

The audit procedure that will be carried out is inquiry. Yeo's has entrust to provide a caring working culture for the company's employees over and done with training and development programmes. We have a duty to inquire the employees on whether there is any programme or activities being performed by Yeo's.

Other than that, we have to inquire and confirm that what skills will be used, learned and will boot the future workforce through the programmes.

Moreover, confirmation should be obtain from external specialize or processor who in-charge for the programmes to ensure the reliability of the information.

Lastly, we should review the program's report of each function to ensure that every employee have involved.

Employee welfare

Employee benefit

The audit procedure that we applied is review of the record of employees. We should review every employees detail and observe whether period of service have been recorded clearly.

Inspection and scanning on the employee welfare policies should be carry out to examine whether management have perform accordingly.

COMMUNITY

Details on the company's community investment initiatives

Yeo's Program Susu Soya Sekolah 2

The audit procedure need to be done is obtaining confirmation from third parties. We have obtained a confirmation from " Yeo's Program Susu Soya Sekolah" which received positive feedbacks from the public.

We also inquire the management and students of some of the schools that involves about their involvement in this campaign. We can make sure that the existence of " Yeo's Program Susu Soya Sekolah 2".

Yeo's Scholarship Programme

The audit procedure that we carried out is inspection on the documents that related to " Yeo's Program Tajaan Biasiswa Sekolah" and checked the activities that have been done by Yeo's to achieve their objective.

We also performing the computation on the amounts that being given as scholarships to ensure that the amounts are not used for other purpose.

1Malaysia Creative Sculpture Recycling Competition

The audit procedure to be done is obtaining confirmation from the winning schools whether they receive the fund from Yeo's.

Next, analyzing cash flow and profit of Yeo's. We checked whether the fund is a cash outflow for Yeo's and being minus out from its profit.

“ My New Village” Carnival

The audit procedure carried out is inquiry Yeo's whether has participated in “ My New Carnival” with Nanyang Siang Pau.

Besides that, we need to get confirmation from Nanyang Siang Pau about the existence of the carnival and involvement of Yeo's.

We should confirm the sales generated from the carnival have been contributed to support the schools' infrastructural and facilities building fund.

Dynamic Dance Competition

The audit procedure done is inspection on the documents which related to the campaign and checked the activities done by Yeo's to encourage communities to live and lead a healthier and joyful lifestyle.

Support of World Vision Malaysia Movement

The audit procedure carried out is obtaining confirmation from third parties about sponsorship of soy milk in 30-Hour Famine Programme. We have obtained the confirmation letter from the individual camps about the sponsorship to them.

Factory Educational Visits

The audit procedure need to be done is obtaining confirmation from colleges or universities about their visiting.

Besides that, we should observe the method done by Yeo's to enhance students' knowledge about the manufacturing process of food and beverage.

WEAKNESS AND RECOMMENDATION

MARKETPLACE

As we know that, Yeo Hiap Seng (Malaysia) Berhad is focus more on the details of the Company's internal control and they did not much detail on the CSR event of the market place. Yeo Hiap Seng (Malaysia) Berhad have to pay more attention on the CSR event of market place. The company is have a good internal control, yet does not focus more on the event of CSR such as empowerment of women and blood donation campaign.

Moreover, product responsibility should disclose in the annual report. Product responsibility is needed for this company since Yeo Hiap Seng (Malaysia) Berhad is a food and beverage industry. Product responsibility is a status for the company that it has provided a safety product and services.

Recommendation

Product responsibility is required in the Yeo Hiap Seng (Malaysia) Berhad. Product responsibility can addresses the effect of product and services management on the customers such as health and safety, information and labeling, marketing and privacy. The company should exercise due care in the design of their products and services in order to ensure they are fit for the intended use.

Some other specific policies and regulations are needed in order for Yeo Hiap Seng (Malaysia) Berhad to function efficiently. However, the policies and regulations are to be set in place to govern the process of acquiring and keeping goods. As their main products are food and beverage, it is of the importance that the quality is maintained. Yeo Hiap Seng (Malaysia) Berhad

should set their reorder levels as such their inventories level is low and adequate without jeopardizing their daily operation.

ENVIRONMENT

Yeo's does not have measurement systems

The company does not implement the measurement systems in place to measure emissions of carbon dioxide and other greenhouse gases, energy consumption, water consumption and waste production and management which will harm the environment. The example for the measurement systems is Continuous Emissions Monitoring Systems.

Recommendation

Yeo's should implement Continuous Emissions Monitoring System, a tools to monitor and calculate the carbon footprint of stores and improve performances. Besides, internal control policies should be set up for the environmental concern to measure and reduce the direct and indirect emissions deriving from their operations in stores. Yeo's can enhance the effort by implement the environmental and energy management systems, creating knowledge-based schemes within the company.

Yeo's does not conduct environmental impact assessment

In Section 34A, Environmental Quality Act, 1974, it requires the projects that have significant impact to the environment have to carry out the Environmental impact assessment and submit the report to the Director of Environmental Quality for examination.

Recommendation

EIA is an assessment of the possible positive and negative impact that a proposed project may have on the environment, social and economic.

Therefore, the environmental impact assessment should be conducted by Yeo's for preventing environmental problems due to their business operation. Projects which bring the detrimental effects to environment will be discarded. The elements that will be assessed by EIA project are water quality, noise, air quality, wealth and other social impacts. Lastly, when EIA integrated with the existing planning and decision-making machinery, it could provides additional information for better decision making.

WORKPLACE

Yeo's does not implement the work-life balance

Use a better work-life balance to ensure that the employees have good quality of life. Nevertheless, Yeo's company is not exercising the work-life balance. It does not offer the flexible working arrangements, pension plans, counselling or assistance programmes and sport activities for the employees.

Recommendation

Yeo's should build up counselling service at the workplace and sport activities for employees. If a business environment is filled of challenges, employee will easily get nervousness and stressful all the time. Provided the counselling service, it can assist the employees to deal with the stress and mentally problem. Due to that, employees with a good physically and mentally condition will easily deal with the jobs problem and lend a hand company to accomplish a superior performance.

Yeo's does not cultivate diversity in workplace

Having cultivate diversity in workplace is essential because it brings a great deal of creative suggestion, new idea and innovations from people who are in different background and different experience. Other than that, it may also bring a diverse pool of candidates' means a more qualified workforce.

Unfortunately the company does not work on the diversity in workplace this is because Yeo's does not employ people with disabilities.

Recommendation

We recommend that Yeo's should provide equal opportunities to people with disabilities. Discriminatory case on gender, races, nationality and physical ability should be avoided. We should involve everyone one of your employees to assist in achieving organizational goals and objectives regardless of race, colour, gender, ethnicity, age, religion, disability, or national origin. Learn to appreciate the unique differences in all individuals. Yeo's should evaluate them based on their qualifications and the skills they possessed but not rejecting them even before they are been interviewed. Furthermore, Yeo's may provide diversity training and select diverse individuals for leadership roles.

COMMUNITY

Employment of local workforce in its operation

Yeo's does not only hire local workers in its operation but also employ low-skilled foreign labours. Although it will reduce the expenses of company as the wages are low but it will create unemployment for the local workers.

Furthermore, it will cause a low productivity since they are low-skilled and

unable to perform some tasks that need professional skills. It needs training for them to perform those jobs which will incur additional cost.

Recommendation

We recommend that employment of local workforce to be carried out not only in management area but also the manufacturing area. The salary and welfare of employees should be discussed and improvement should be done to ensure that local workforce to be employed and reduce foreign labours. An adorable welfare system may help to attract more local workforce to work in the company.

Internship or graduate placement schemes

Yeo's does not practice internship or graduate placement schemes. An internship can provide trainee to learn the skill to handle the jobs and gain some experience before they enter into workplace in future. A graduate placement can help the fresh graduates in their future career prospects as it builds the confidence and get relevant work experience. However, Yeo's does not offer the internship and graduate placement schemes for the community.

Recommendation

Internship or graduate placement scheme should be provided by Yeo's to community. Yeo's can offer university students to have their internship in company. This can train undergraduate students to have more knowledge about this sector as well as skills and experience in the company. Besides that, Yeo's can offers scholarship to college or university students. The scholarship enables students to save their costs for education expenses. By

doing so, students will have the opportunity to work in the company after they graduate.

Encouraging employee volunteerism

Yeo's encourage its employee to voluntary involve in activities that contribute to society. Employee volunteerism to the community is always appreciated by the company. The employees of Yeo's are not unite and do not strive as much as possible in their work and lead to low productivity.

Recommendation

The company should put more effort in encouraging employees' volunteerism in its CSR activities. An Employee Volunteerism programme should be developed by the company to attract employee involvement. Employee volunteerism is important for a company as it can improve the performance of employees in their works, enhance the company's image and reputation and increase the employees' loyalty. For example, compa