

The astro malaysia holdings berhad business essay



**ASSIGN
BUSTER**

Astro Malaysia Holdings Berhad is a leading integrated consumer media entertainment group in Malaysia and Southeast Asia with operations in 4 key areas of business, namely Pay-TV, Radio, Publications and Digital Media.

Astro Holdings Sdn Bhd is a company incorporated in Malaysia with its principal place of business at the Administration Building of the All Asia Broadcast Centre, located in Technology Park Malaysia.

The company is dedicated and engaged in content creation, aggregation and distribution activities, including the provision of direct-to-home subscription television, radio broadcasting services, library licensing, multimedia interactive service, magazine publishing, Malaysian film production, talent management, creation of computer animation, interactive content and television content distribution. It is Malaysia's largest pay television provider.

With a customer base of 3.1 million residential customers or 50% penetration of Malaysian TV households, Astro offers 156 TV channels, including 68 Astro-created and branded channels and 22 HD channels, delivered via Direct-To-Home satellite TV, IPTV and OTT platforms. Astro provides HD, 3D, PVR, VOD and IPTV services through Astro B. yond and Astro On-The-Go. Fulfilling its promise to bridge the digital divide for all of Malaysia, Astro introduced Njoi as an entry-level DTH satellite TV service and is the country's first non-subscription based satellite TV, offering 18 TV and 20 radio channels.

Astro launched the first High Definition (HD) broadcast in Malaysia in December 2009 under the brand Astro B. yond. Following the launch of HD, Astro B. yond PVR (Personal Video Recorder) was introduced in June 2010 and Astro B. yond IPTV (Internet Protocol Television) in April 2011.

On December 2011, the Prime Minister announced that government will collaborate with Astro to provide free satellite television to customers. NJOI were launched on 18 February 2012. The People's Choice, Astro was awarded the " Brand of the Year" award at Malaysia's Putra Brand Awards 2012. The award is recognition of Astro's efforts to exemplify innovation, quality and strong corporate social responsibilities.

3. 2 Analyze the human resource practices related to your topic by describing and discussing the implementation, the activities involved, advantages and disadvantages of the practices.

One of the compensation strategies used by Astro is giving out stock option to employees. Employee stock option plan is a companywide incentives plan whereby the company contributes shares of its own stock or cash to be used to purchase such stock to a trust established to purchase shares of the firm's stock for employees. The firm generally makes these contributions annually in proportion to total employee compensation, with a limit of 15% of compensation. The trust holds the stock in individual employee accounts, and distributes it to employees upon retirement, assuming the person has worked long enough to earn ownership of the stock. Many companies use employee stock options plans to retain and attract employees, the objective being to give employees an incentive to behave in ways that will boost the company's stock price.

By issuing employee stock options as compensation, organizations can preserve and generate cash flow. The cash flow comes when the organizations issues new shares and receives the exercise price and receives

a tax deduction equal to the fair market value of the shares that are transferred to the trustee, and can also claim a tax deduction for dividends paid on ESO-owned stock. Employees aren't taxed until they receive a distribution from the trust, usually at retirement when their rate is lower. The Employee Retirement Income Security Act (ERISA) allows a firm to borrow against employee stock held in trust and then repay the loan in pretax rather than after-tax dollars, another tax incentive for using such plans.

Employees will have an incentive to work hard for the company as they become the owner of the share, so there is a good chance for the employee to take more responsibility and regarding performance they put up more effort to get the upper hand. They will want to put the goals of the company ahead of their own and will be willing to work harder to make their stock options become more valuable. This puts employees in an ownership position, and they will treat the business as if it were their own. This can also help the shareholders of closely held corporation to diversify their assets by placing some of the company's stock into the ESO trust and purchasing other marketable securities for themselves in their place.

Many business owners find that offering stock options to employees improves morale. When employees are given a share of ownership in the company, they will enjoy coming to work. They know that their efforts will directly impact their financial situation and will be more willing to work together. Instead of looking at the situation as the employees against the employer, they will look at the situation as if everyone were working towards a common goal.

There are some drawbacks which may face by the company when using the employee stock options as a compensation strategy, such as lack of diversification. An employee stock option often leads employees to rely too heavily on them for their financial success. A wise approach to investing would involve diversifying your available resources over several different types of investments. Many employees who have access to stock options will put everything they have into them. This puts a lot of pressure on the company to succeed. When employees are relying on the company for their retirement, it changes the responsibilities for everyone.

Another disadvantage of offering the employee stock option is that employees may loss of focus. In some cases, when company offers stock options to employees before the company goes public, they could potentially lose focus on the job at hand. Sometimes, the price of a company's stock goes up significantly during an IPO. When this happens, the employees that have the stock options might be more concerned with the value of the stock options than focusing on their job. This could potentially lead to lost profits shortly after the IPO is completed.

Moreover, the management encourages the employees to take high risk. As far as employees are concerned stock option in form of compensation is an undue risk. In case of unstable company, if large numbers of employees try to exercise the option to get profit in the market then there is a chance of collapse in the whole equity structure of a company. When company issues additionally new shares to the other investors, there is no chance for the other investors to get the upper hand as it increases the outstanding shares.

In such case the company must either repurchase stock or increase its earnings which may help in forestalling the dilution of value.

Another compensation strategy that practices by Astro is performance-based payment. Astro's meritocracy system allows merit increases, performance bonuses and promotion opportunities to be awarded to high performers.

Performance-related pay or pay for performance is money paid to someone relating to how well one works. Performance based payment (PBP) has been defined as the 'transfer of money or material goods conditional upon taking a measurable action or achieving a predetermined performance target' (Eichler 2006).

With performance-based payment, the contract is designed in a way that the objectives of both principal and agent are fully aligned. Just as textile factory workers may get paid per piece of clothing that they sew, health care workers or organizations should get paid for desirable outcomes such as per child immunized or operation performed successfully. It should be noted that the whole notion of PBP rests on the belief that the agents are motivated by financial gain and will seek ways to maximize income. The rationale for using PBP in health care is based on the apparent success of such payment schemes in the business or private sector.

This standards-based system is used for evaluating employees and setting salaries by many employers. Standards-based methods have been in concerning fact use for centuries among commission-based sales staff: they are paid more for selling more, and low performers do not earn enough to make keeping the job worthwhile even if they manage to keep the job. In

In addition to motivating the rewarded behavior, standards-based methods can provide a level of standardization in employee evaluations, which can reduce fears of favoritism and make the employer's expectations clear. For example, an employer might set a minimum standard of 12,000 keystrokes per hour in a simple data-entry job, and reassign or replace employees who cannot perform at that level.

One of the main benefits of performance-based pay is that it can motivate employees to put more effort to achieve high performance. They also feel a sense of accomplishment in that the amount they are being paid is a direct reflection of how hard they have worked and their skill. There often isn't a cap on the amount of income employees can earn, so their income is not limited by the amount an employer is willing to pay them. Enacting this type of program indicates to employees that the company cares and wants to reward good behavior.

Besides, many performance-based employees have a great deal of freedom in their day-to-day work. There typically is not a rigid schedule or constant supervision. Employees not behind a desk or in a cube all day, they are interacting with potential clients, sometimes in their homes or on a sales floor. If employees need to plan their day around a doctor's appointment or a child's soccer game, you're typically free to do that.

As a pay-for-performance initiative is directly connected to the productivity of employees, it is usually cost-efficient. The more the workers produce, the more money the company makes. Therefore the company management can rest assured that when they spend money on employees it directly benefits

the firm. A pay-for-performance program can also help the company identify which employees are capable of the highest performance when given incentives.

One of the disadvantages of performance-based pay is the financial instability. Employees don't know from month to month how much they are going to make and there typically isn't any sick or vacation pay. Having some savings set aside helps to alleviate some of that tension, but not knowing whether they are going to be paid, or how much, can create anxiety.

Another disadvantage of starting a pay-for-performance program is that it is difficult to change or end this program in the future. If employees start to get used to the program and enjoy the benefits, it can negatively affect morale if they start making changes. It is also hard to get the terms of an incentive pay program just right. Employees have to determine the amount of pay that will produce the maximum productivity from employees. Getting to that level may require many trial runs.

3. 3 Critique and provide insight on the effect of the selected topic on the effectiveness of the company.

Theories of compensation generally assume that higher performance requires greater effort or that it is in some other way associated with disutility on the part of workers. In order to provide incentives, these theories predict the existence of reward systems that structure compensation so that a worker's expected utility increases with observed productivity. The potential benefits of tying pay to performance are obvious, and it is

surprising to researchers that firms apparently resist introducing bonus-based compensation plans with enough financial “action” to have a major motivational effect. One explanation for the lack of pay-for-performance plans, offered primarily by psychologists and behaviorists, is that monetary rewards are counter-productive. The costs of dealing with many of the problems induced by merit systems simply outweigh the limited organizational benefits they offer.

Aggressive pay-for-performance systems ultimately involve distinguishing workers on the basis of their performance, and there is a large behavioral literature arguing that treating employees differently from each other is detrimental to employee morale. Large monetary incentives generate unintended and sometimes counterproductive results because it is difficult to adequately specify exactly what people should do and therefore how their performance should be measured. Moreover, merit-pay systems encourage employees to spend effort lobbying about both the specification and application of the system to measure and evaluate output. Compensations are also tied to job levels in the firm and not to individuals; most of the average increases in an employee’s compensation can be traced to promotions and not to continued service in a particular position.

The incentives generated by promotion opportunities, for example, depend on the probability of promotion which in turn depends on the identity and expected horizon of the incumbent superior. Promotion incentives are reduced for employees who have been passed up for promotion previously and whose future promotion potential is doubtful, and incentives will be absent for employees who clearly fall short of the promotion standard or who

cannot conceivably win a promotion. Another important problem with promotion-based reward systems is that they require organizational growth to feed the reward system. This means such systems can work well in rapidly growing firms, but are likely to generate problems in slowly growing or shrinking firms.

Bonus-based incentives, transitory in the sense that this year's bonus depends on this year's performance, do not have the problems associated with promotion-based incentives. Bonus schemes can, in principal, provide incentives for all individuals in the organization, regardless of their ability, position, and promotion opportunities. Bonus-based incentives will be more important at higher levels in the organization since the probability of future promotion is lower; the CEO is not promotable and therefore his or her financial incentives must come from bonuses. Promotion-based schemes will be used more in large organizations with many hierarchical levels than in smaller organizations with fewer levels.

Other forms of compensation systems include Profit Sharing, Gain Sharing. Under profit-sharing, payouts are based on organization-wide profits. The plan has two potential advantages. First, it may provide an incentive for employees to act in the best interests of the organization, rather than pursuing narrower goals. Second, by making a portion of compensation vary with organization profits, an organization can align its labor costs more closely with its ability to pay. Thus, during business downturns, it has fewer fixed labor costs.

In contrast to the typical profit-sharing plan, gain sharing payouts are typically linked to group or plant rather than organization-wide performance, based on productivity rather than profits, and distributed more frequently and not deferred. Taken together, these differences suggest a greater motivational impact for gain sharing because a payout criterion like group or plant productivity is likely to be seen as more controllable by employees than something like organization-wide profits.