STRENGTHENING COMPANIES’ COMPETITIVE POSITION FROM TAWHIDIC PARADIGM: THE EXPERIENCE OF BURSA MALAYSIA LISTED COMPANIES

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ABSTRACT

This paper examines possible strategies from Tawhidic Paradigm in strengthening the generic competitive strategies of UMS Holdings Berhad, United U-Li Corporation Berhad, Damansara Realty Berhad, and Dutch Lady Milk Industries Berhad. Three elements are used for the assessment, the current competitive position, timing moves, and scope of operations. The recommended approaches are based on the competitive advantage and the market target of the companies. The results of Internal and External Factors Analyses are combined into a matrix to depict possible broad decisions and actions, whether to build and grow, hold and maintain, or harvest and divestiture. The assessment of Tawhidic paradigm is based on the ibadah, aqidah and akhlak elements. The results of the study suggest the strategic options proposed and used by the companies are practical yet cautioned with the changes in the market. The study suggests further research with personal interview and case study methods with more participants.

Keywords: Competitive Positions; Tawhidic Paradigm; Public Companies.

Introduction

In today’s competitive world, businesses offered superior value to out-compete their rivals for better profitability and competitive advantages. There is no barrier for anyone who owns capital to enter the market and compete with other participants in the market. As result of the interactions to counter strategies and to out-compete rivals, every firm will act reactively and proactively to ensure their level of competitiveness to gain and sustain competitive advantages (David & David, 2016). One of the way is by strengthening their competitive positions.

There are many ways firms could do to strengthen their competitive positions. Each company have their own strategic planning in order to distinct themselves from their rivals in the competitive markets. The central concern of strategic planning is to identify, create and sustain competitive advantage from various labels such as brand, price, value, quality and performance which is uniquely positioned (David & David, 2016; Barney, 1991; Peteraf, 1993). There are various tools to generate strategies that could strengthen the competitive strategies. David and David (2016) used Internal-External Matrix (IE Matrix) to generate for potential strategies capable of strengthening competitive strategies. The main function of IE matrix is the combination of internal factors and external factors assessment to determine a cluster of possible strategies.

This study argues that in adjusting and strengthening generic competitive strategies such as low cost provider, broad differentiation, focused differentiation, focused low cost, and best cost strategies, there is unique way to do it. The unique approach for this study is the Tawhidic paradigm. An Islamic monotheism approach to attain goals in life with efficiency and effectiveness under the guidance of revelation (Qur’an and Sunnah). The paper aims to examine what could be the possible strategies from Tawhidic Paradigm when firms attempt to strengthen the generic competitive strategies.

The discussion of this paper is divided into several parts. The first part is the introduction, to provide the background, motivation, and contribution of the paper to knowledge, policy and practice. Secondly, the literature review which shows the research gap, that is the contribution that this study attempts to contribute. In doing so, the study examined critical research that had been done in this area of study to develop theoretical proposition. Thirdly, the methodology, which is mainly about the research paradigm, design and approach. Then, the data from the study are presented in findings and discussion part. Finally, the study concludes the results of the study with emphasis on theoretical contribution, policy implications, and practices. Nevertheless, this part includes limitations, recommendation and future research undertaking.

Literature Review

Strategic moves combine with good business models and systems allow for business to achieve its goals with efficiency and effectiveness. Barney (1991) argued that firm optimized its resources to create, maintain and sustain competitive advantages. The whole process is called strategic management (David & David, 2016).

Competitive techniques

Prior to launching generic competitive strategies, a few techniques are used to analyze the industries (for opportunities and resources) and competitors (for any counter strategies and superior values offered). According to Perky (1991), firms must improvise competitive strategies to enable it sustainable in the competitive markets. Porter (2008) contended that the understanding of the external and internal environmental factors allow strategies to project appropriate strategic actions to create
value and sustain it in the competitive markets. In fact, the task to create and sustain superior values and performance has been always dynamic (Porter, 2011).

**Strategic moves**

The dynamic nature of the competitive market requires companies to be reactive and proactive in addressing strategies from rivalry firms. For offensive move, companies may decide to take first mover action to secure premium in the market (Perry, 1990; Erikson, 1993). Perry (1990) argued that offensive strategy is necessary to optimize the emerged opportunities while the market leaders have yet to identify such opportunities. In fact, both offensive and defensive deserve greater attention in strategic management tasks. According to Lieberman and Montgomery (1998), offensive timing through first mover actions offers competitive advantages. The first mover action creates competitive advantage with resource-based perspectives (Peteraf, 1993).

Late mover strategies are equally important in sustaining competitive advantages. It depends on the resources, competitiveness and capability of firms while the emergence of broad opportunities in market. According to Shankar, Carpenter and Krishnamurthi (1998), innovation and modification have the advantages to outperform the first movers values. The basis for securing and sustaining competitive advantages is always good for first, fast and late movers from the resource-based view perspectives (Finney, Lueg & Campbell, 2008).

Aithal (2016) argued ABCD technique aligns advantages, benefits, constraints and disadvantages to offer sustainable competitive advantages through competitive strategies is as good analytical tools in the market. David, David, & David (2016) offer resource-based view analytical tools to strengthen competitive strategies such as Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis, Competitive Profile Matrix (CPM) analysis, External Factors Environment (EFE) & Internal Factors Environment (IFE) Matrices, BCG analysing frameworks, Porter's Five Forces Model, and PESTLE Analysis.

**Tawhidic paradigm**

Tawhidic paradigm refers to thinking that guided by Islamic primary sources (Qur'an and Hadith) in doing activities to gain pleasure of Allah and benefits to humanity and other creatures. Everyone is applying Tawhidic principles to achieve true victory and success. While the foundation of Tawhidic principles is based on the sacred statement that “there is God except Allah and Prophet Muhammad PBUH as messenger of Allah,” the essence of the statement is applied by human civilisation. This is the law of nature or fitrah embedded in the creation of human being (Hassan, 2010; Sarif, 2014).

Every organization needs a direction in terms of vision, mission and objectives so that it can concentrate efforts for specific goals. Arham (2010) explained that Tawhidic paradigm guides the direction of life dedicated to optimize benefits. Without a specific direction, organizations will not be able to optimize resources.

The essence of Tawhidic paradigm is not only thinking but also other aspects of life. According to Sarif (2014), Tawhidic paradigm allows for thinking, intention, decisions and actions to be guided by revelation. Reasoning or scientific thinking may allow for rationalisation. But, not every event in life can be explained by scientific explanation. The meta-physic aspects of life are intangible, yet it has significance in life.

The unification of tangible and intangible aspects allows for them to go beyond scientific explanation. Hassan (2010) argued that the quality of thinking and action that guided by revelation manifests Ulū al-Albūḥ, a thinking that link reasoning with revelation.

**Methodology**

The study used qualitative methods specifically through case study method. The use of qualitative methods allows for complex situation to be examined carefully for right perspectives (Miles & Huberman, 1994) and enables the study to understand the context in greater detail (Marshall & Rossman, 1989). The competitive strategies enhancement is complex, dynamic and difficult to understand through quantitative method (Ezzy, 2002; Lee, 1999). The case study methods through content analysis of secondary sources such as companies’ annual reports and online reports allow for rich information (Yin, 2013; Daly, 2007; Patton, 2002; Cresswell, 1998).

Yin (2013) defines a case study investigates a new phenomenon within the real life contexts of organization when there is difficult to see the different between the phenomenon and the evident. The validity and reliability of case study method are determined through the case study protocol (Yin, 2013). According to Yin (2013), firstly, identify theory or concept to explain the nature of the investigation. Secondly, select cases together with data collection protocol. In each case study, three data methods were used, namely interviews, observations, and content analysis on documents.

This study conducted four tests, namely construct validity, internal validity, external validity, and reliability. Construct validity was done during data collection through the use of multiple sources of evidence, the establishment of chain of evidence, and requested key informants to review transcripts. During the data analysis, the study performed internal validity through the pattern matching and explanation comparison. In terms of external validity, the study used case study protocol. As for reliability test, the similar case study has been compared to ensure consistency.

Bursa Malaysia (2016) explained that a Shariah status security is decided by the Shariah Advisory Council (SAC) of the Securities Commission Malaysia (SC). The screening on each security in Bursa Malaysia is based on the following characteristics.

- No financial services based on riba (interest)
• No gaming and gambling
• Not manufacture or sale of non-halal products or related products
• No conventional insurance
• No entertainment activities that are non-permissible according to Shariah
• No manufacture or sale of tobacco-based products or related products
• No stock broking or share trading on Shariah non-compliant securities, and
• No other activities deemed non-permissible according to Shariah

This study used the combined results of External Factors Environment (EFE) and Internal Factors Environment (IFE) Matrices into IE Matrix to generate possible strategies to strengthen the generic competitive strategies of selected public companies that listed as shariah status with Bursa Malaysia. According to Akram Laldin (2008), the classification of public equities is in line with the Islamic Finance initiatives in Malaysia.

More than 1000 public companies listed at Bursa Malaysia. Out of 1000, 800 companies are accredited as Shari’ah compliant companies. The study managed to short list five companies, namely, UMS Holdings Berhad, United U-Li Corporation Berhad, Damansara Realty Berhad, and Dutch Lady Milk Industries Berhad on the basis of convenient sampling.

Findings And Discussion
This section presents the findings based on the case study methods. The study used content analysis of secondary sources such as companies’ annual reports and online reports into External Factors Environment (EFE) and Internal Factors Environment (IFE) Matrices. Then, the study combined the results of External Factors Environment (EFE) and Internal Factors Environment (IFE) Matrices into IE Matrix on the selected companies.

UMS Holdings Berhad
It aims to be strategic global partner for successful global companies, providing a full range of integrated manufacturing services. In doing so, it delivers the best in class manufacturing solutions to step up our customer’s manufacturing processes to produce quality products. In addition, this company also intends to ensure that all Board members acting on behalf of the company are aware of their duties and responsibilities as Board members through various legislation and regulations affecting their conduct and the principles of good corporate governance are applied in all their dealings in respect and on behalf of the company.

This company is founded in 1941, under the name of Syarikat Union Motor Supply (SUMS). Later it changed to Union Motor Supply Holding (UMSH) and has actively expanded business as a key player in the distribution of industrial spare parts with optimum implementation of resources and capability to achieve its competitiveness. After listed with the Bursa Malaysia (stock exchange market in Malaysia), it diversified from distribution of mechanical power transmission, material handling systems and industrial spare parts into , a wide spectrum of industries which include (but not limited to) palm oil, sugar, quarry, cement, rubber, timber and the manufacturing sectors. Figure 1 depicts the Internal-External Matrix analysis.

![Figure 1: UMS Holdings Berhad’s Internal-External Matrix analysis.](image)

From the External Factors Environment (EFE) & Internal Factors Environment (IFE) for UMS Holdings Berhad, the Internal Factors Environment (IFE) gave weighted scores of 3.62 and the External Factors Environment (EFE) weighted scores at 3.735. Thus, it is fallen as STRONG in column I. According to David, David, & David (2016), Cells I, II, and IV are in the category of grow and build (growth) strategies. Cell I implies that both the internal and external have strong potentials to optimize competitive advantages through various potential strategies such as Backward, forward or horizontal integration, Market penetration, Market development, Product development and diversification strategies. Cell II and IV means average capability to create competitive advantages; therefore, average potential strategies whether penetration, development and diversification strategies.
These strategies are capable to strengthen its current generic competitive strategies. These strategies were suitable to be used in crafting and overall strategy and beginning its quest for competitive advantage. The strategies are low cost provider and broad differentiation.

Low-Cost Provider – low-cost provider is strived to achieve lower overall costs than rivals on comparable products that attract a broad spectrum of buyers, usually by under-pricing rivals. It is a broad cross section market in the economic business. Besides that, the company strive hard to get a lower cost than competitors in order to attract the customer based on the global demand. The company produces a low cost product but a good value and quality product. The company strive to manage cost down, year after year, in every area of the business. In fact, from the financial statement, the company have a down turnover for several years due to the natural disaster but the company manage to increase their profit for the next year and upward.

Broad differentiation – a broad differentiation strategy is seeking to differentiate the company’s product offering from rivals products by offering attributes that will appeal to a broad spectrum of buyers. The company have a ability to offer buyers with the product and good service to the customer rather than the competitors. The company have produced a wide selection of product and variations types of product to fulfil each of the customer requirements. Furthermore, the company take serious about the personal data of the customer and will never lack the information out to the outsider. They also have system software that they used to protect the personal data of the customer. The research and development of the company always make research and get a feedback from the customer for the product and services. In order to compete with the competitors, the company really concern about the quality and design of the product.

**United U-Li Corporation Berhad**

United U-Li Corporation Berhad (ULICORP) is an investment holding company with seven wholly-owned subsidiaries actively involved in the manufacturing and trading of cable support systems, cable management systems, integrated ceiling systems, building materials and light fittings. It was successfully listed on the Second Board of Kuala Lumpur Stock Exchange on 23 April 2002. ULICORP transfers to the Main Board of Bursa Malaysia Securities Berhad on 3 March 2005.

United U-Li Corporation Berhad or U-LI was incorporated under the Companies Act, 1965 on 11 April 2000 in Malaysia as a private limited company. It was subsequently converted into a public company on 18 April 2000. The U-LI Group had its humble beginnings back in 1978 when it was founded under the name U-Lee Trading Company. As a "father-son" partnership, it engaged mostly in engineering works and the trading of cable support system. U-Lee Trading Company later began manufacturing cable support systems, albeit on a modest scale. Within 5 years, determination and drive saw its conversion into a private limited company known as United U-Li (M) Sdn Bhd (ULSB).

In March 1997 and January 1998 subsequently saw United U-Li Steel Service Centre Sdn Bhd (ULSS) and Cable-Tray Industries (M) Sdn Bhd (CTSB) commencing operations to complement the principal activities of ULSB.

The economic boom in the 1990s provided ULSB a golden opportunity to expand its business portfolio. In 1999, ULSB ventured into manufacturing of integrated ceiling systems to capitalise on the growing demand for integrated ceiling systems. Vast knowledge and experience gained throughout its operations convinced ULSB to venture into the production of steel roof battens in the first quarter of 2002 as it has anticipated a switch from the traditional wooden roof battens to more durable steel roof battens.

On 20 February 2002, the completion of the acquisition of ULSB, ULSS, CTSB and Gabung Mekar Sdn Bhd (GMSB) by U-LI marked the birth of the U-LI Group. This was closely followed by the incorporation of United U-Li Building Material Sdn Bhd (ULBM) on 6 January 2003. U-LI was successfully listed on the Second Board of Kuala Lumpur Stock Exchange on 23 April 2002. Two years later, ULSB acquired United U-Li Goodlite Sdn Bhd (ULGSB) which manufactures light fitting systems.

In fact, the U-LI Group's core business activities, operated via its seven main subsidiaries, namely, distribution of light fitting products, manufacturing of light fitting systems, manufacturing of and dealing in integrated ceiling systems, steel roof battens and building materials, provision of slitting and shearing services and trading of industrial hardware, investment holding, manufacturing of and dealing in all types of cable trunking and related industrial metal products, and manufacturing of and dealing in cable support systems and related industrial metal products. (http://www.ul.com.my/corporation/index.html). Figure 2 depicts the Internal-External Matrix analysis.

**Figure 2:** United U-Li Corporation Berhad’s Internal-External Matrix analysis.
From United U-Li Corporation Berhad’s External Factors Environment (EFE) & Internal Factors Environment (IFE), the Internal Factors Environment (IFE) gave weighted scores of 2.55 and the External Factors Environment (EFE) weighted scores at 3.09. Thus, it is fallen as **AVERAGE** in column II. According to David, David, & David (2016), Cells I, II, and IV are in the category of grow and build (growth) strategies. Cell II implies that U-Li has average capability to create competitive advantages; therefore, average potential strategies whether penetration, development and diversification strategies.

Under column II, the next direction for United U-Li is to intensity its market development and product development. U-Li has strived towards market development by disclosing all information about their products to customers. U-Li also focuses on the product development where they have Research and Development team to continuously improve their product and fulfil customers’ expectation. The business collaboration strategies between the subsidiaries were also designed to enhance the synergistic value of the subsidiaries in the United U-Li Corporation rather than the previous standalone operating structure before year 2000.

These strategies are able to strengthen its generic competitive strategies, under broad differentiation strategies where they are committed to provide only quality and superior product. Even though their price slightly higher than the others rivals, U-Li confirmed that their customer will stay loyal as existing customers can be confident of product enhancements, product upgrades and dedicated after sales services. They are also went for market focus strategy where they are only focussing on cable manufacturing products and go for developing countries as their target customers such as ASEAN and Middle East.

**Damansara Realty Berhad**

As a leading property developer, Damansara Realty Berhad has come up with creative and innovative concept for its future development, including its integrated mixed property development in Johor Bahru.

Attractive new designs at its ongoing residential development in Bandar Damansara Kuantan cater to the market's demand for quality homes while emphasizing the importance of blending with the natural environment.

Damansara Realty Berhad aspires to greater heights to offer customers with creative and innovative property concepts even as it diversifies beyond its current business module to unlock its true potential and enhance value for all stakeholders (http://dbhd.com.my/investor/annual-reports). Figure 3 depicts the Internal-External Matrix analysis.

Figure 3: Damansara Realty Berhad’s Internal-External Matrix analysis.
From Damansara Realty Berhad’s External Factors Environment (EFE) & Internal Factors Environment (IFE), the Internal Factors Environment (IFE) gave weighted scores of 3.07 and the External Factors Environment (EFE) weighted scores at 2.77. Thus, it is fallen as MEDIUM in column IV. According to David, David, & David (2016), Cells I, II, and IV are in the category of grow and build (growth) strategies. Cell IV implies that Damansara Realty Berhad has medium capability to create competitive advantages; therefore, medium strength to execute the potential strategies whether penetration, development and diversification strategies.

Under IV column, the next direction for Damansara Realty Berhad is to intensity in its market development. The team had put forth a restricting plan in evaluating and refining the whole business processes of the DBhd Group, which includes business development, procurement, business tenders, financial controls and corporate governance. The business collaboration strategies between the subsidiaries were also designed to enhance the synergistic value of the subsidiaries in the DBhd Group rather than the previous standalone operating structure. These collaborative synergies shall provide a solid platform for the re-branding of the DBhd Group and boost its business propositions to its clients.

**Dutch Lady Milk Industries Berhad**
Dutch Lady Milk Industries Berhad was first established as a manufacturer of sweetened condensed milk in the 1960s in its factory in Petaling Jaya. After more than 50 years, the company still operates from the same production plant in Petaling Jaya. It just expanded a wide range of quality and delicious dairy products.

Its main products, which include Dutch Lady Purefarm UHT milk, Friso Gold and formulated milk powder for children Dutch Lady Nutriplan with 5X DHA, are distributed to Peninsular and East Malaysia, with a workforce of about 600 strong employees.

Dutch Lady Malaysia aims to achieve its mission to help Malaysians move forward in life with trusted dairy nutrition. The owner of this company is its Dutch parent company Royal FrieslandCampina, is constantly looking to innovate to further strengthen its position as a leading dairy company. Figure 4 depicts the Internal-External Matrix analysis.

![Matrix Analysis](image)

**Figure 4**: Dutch Lady Milk Industries Berhad’s Internal-External Matrix analysis.

<table>
<thead>
<tr>
<th>IFE TOTAL WEIGHTED SCORE</th>
<th>Strong</th>
<th>3.0</th>
<th>Average</th>
<th>2.0</th>
<th>Weak</th>
<th>1.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>High (4.0)</td>
<td>I</td>
<td>II</td>
<td>III</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium (3.0)</td>
<td>IV</td>
<td>V</td>
<td>VI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low (2.0)</td>
<td>VII</td>
<td>VIII</td>
<td>IX</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Low (1.0)</td>
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</tbody>
</table>
From the External Factors Environment (EFE) & Internal Factors Environment (IFE) for Dutch Lady Milk Industries Berhad, the Internal Factors Environment (IFE) gave weighted scores of 3.02 and the External Factors Environment (EFE) weighted scores at 3.12. Thus, it is fallen as STRONG in column I. According to David, David, & David (2016), Cells I, II, and IV are in the category of grow and build (growth) strategies. Cell I implies that both the internal and external have strong potentials to optimize competitive advantages through various potential strategies such as Backward, forward or horizontal integration, Market penetration, Market development, Product development and diversification strategies. Cell II and IV means average capability to create competitive advantages; therefore, average potential strategies whether penetration, development and diversification strategies.

These strategies are capable to strengthen its current generic competitive strategies. These strategies were suitable to be used in crafting and overall strategy and beginning its quest for competitive advantage. The strategies are low cost provider and broad differentiation.

The next direction for the Dutch Lady Malaysia is both market development and product development. Although Dutch Lady Malaysia is the lead in drinking milk industry with 23% of share, they should not stop there. Dutch Lady Malaysia should increase that share from 23% to 35% by developing their market. Dutch Lady Malaysia are actually moving in the right direction with promoting their product not only to children but also adult. Compared to Dutch Lady Malaysia rival which is Nestle and Milo, Dutch Lady has less variety of products. So they should develop more variety of products that suite the Malaysian consumer taste.

The generic competitive strategies at Dutch Lady Malaysia framework strategy is a hybrid of both low-cost provider and broad differentiation. Dutch Lady has a broad cross-section of market which involves both children and adult. Since Dutch Lady’s products consist of consumer product, the prices are more or less the same with their rival. Dutch Lady have quite variety of drinking milk products including formulae, UHT milk, yoghurt and yoghurt drink with many flavours to choose from. But Dutch Lady did put emphasis on the features of their products to differentiate between the rivals’ company products. Dutch Lady Malaysia strives in continuous search of cost reduction which can be proven with how they upgrade to automated and robotic line in power plant and re-launching products with new formulation. Cost reduction is also possible because their manufactured their own supplies. Dutch Lady Malaysia have also different packaging and promotion for different target group such as economic pack for families, small size for school children, using iconic animation to attract kids and many more.

**Overall Analysis**
Most companies in the analysis are located at the “grow and build” position where they are already well established and their financial are stable. From this analysis we learn that, the company’s missions are set by the competitive advantage they have as the entire organization must jointly functioned. In order to give the quality level and performance that the market wants the strategy use must align with the overall business level strategy.

Based on the tawhidic paradigm, Allah has ordered us to be a strategist and good planner in our lives and affairs which can be seen from Allah’s law of nature where all the creation He set are well planned and proportioned accordingly to what His creation needed. Allah has ordered human to be well strategizing which is stated in the Quranic verses Surah Ibrahim; 24-27:

> “Have you not considered how Allah presents an example, [making] a good word like a good tree, whose root is firmly fixed and its branches [high] in the sky? And the example of a bad word is like a bad tree, uprooted from the surface of the earth, not having any stability. Allah keeps firm those who believe, with the firm word, in worldly life and in the Hereafter. And Allah sends astray the wrongdoers. And Allah does what He wills.”

Good planning will produce good results bad planning will result the vice versa. It has been illustrated by Allah where good words is like good tree with firm roots and branches grow up to the sky while the bad words are likely to give rotten roots and not stable, it same goes to the planning and strategizing.

**Conclusion**
This study has examined possible strategies from Tawhidic Paradigm in strengthening the generic competitive strategies of UMS Holdings Berhad, United U-Li Corporation Berhad, Damansara Realty Berhad, and Dutch Lady Milk Industries Berhad. The study used qualitative methods specifically through case study method. Then, the study used the combined results of External Factors Environment (EFE) and Internal Factors Environment (IFE) Matrices into IE Matrix to generate possible strategies to strengthen the generic competitive strategies of selected public companies that listed as shariah status with Bursa Malaysia. Most companies in the analysis are located at the “grow and build” position where they are already well established and their financial are stable. From this analysis we learn that, the company’s missions are set by the competitive advantage they have as the entire organization must jointly functioned. In order to give the quality level and performance that the market wants the strategy use must align with the overall business level strategy. Based on the tawhidic paradigm, Allah has commanded us to be strategists and good planners.

The results of the study suggest the strategic options proposed and used by the companies are practical yet cautioned with the changes in the market. The study suggests further research with personal interview and case study methods with more participants.
References


