

**FACTORS TO THE SUCCESSFULNESS OF
CORPORATIZATION**

STUDY CASE OF MARA LINER SDN BHD

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ABSTRACT

Kenderaan Bas MARA (KBM) is a government entity that is managed exclusively by the Transport Division of MARA (BKN) is one of the major operators in the transport industry for Malaysia, especially in rural areas. In 2009-2011 KBM suffered significant losses in terms of financial implications of the process of rationalization of diesel subsidy by the government, which is 40% of the cost of operating the Kenderaan Bas MARA (KBM) finally proposed by management MARA to be corporatized. Apart from the limited research conducted in Malaysia to focus on recovery strategies involving the public sector, the aim of this study is to explore the key factors that influence the success of corporatization. For related information, it is done with the interview process to get the required data. The interview is informal and open, and run in a conversational style. It also tries to assess chains factor for the success of the corporatization. This is done by using SPSS from collecting data from internal sources operating employee Kenderaan Bas MARA (KBM), now known as MARA Liner Sdn Bhd (a wholly owned subsidiary MARA).

Keywords: Successful factors; Corporatization Successfulness; MARA Liner corporatization.

ABSTRAK

Kenderaan Bas MARA (KBM) merupakan entiti kerajaan yang diurus secara khusus oleh Bahagian Pengangkutan MARA (BKN) adalah merupakan salah satu daripada pengendali utama dalam industri pengangkutan awam bagi Malaysia khususnya di kawasan luar bandar. Pada tahun 2009-2011 KBM mengalami kerugian yang besar daripada segi kewangan implikasi daripada proses rasionalisasi subsidi diesel oleh kerajaan yang merupakan 40% daripada kos utama operasi Kenderaan Bas MARA, Kenderaan Bas MARA (KBM) akhirnya dicadangkan oleh pengurusan MARA untuk dikorporatkan. Selain daripada kajian terhad dijalankan di Malaysia memfokuskan kepada strategi pemulihan yang melibatkan sektor awam, tujuan kajian ini adalah untuk meneroka faktor-faktor utama yang mempengaruhi kejayaan pengkorporatan tersebut. Bagi mendapatkan maklumat berkaitan, ia dilakukan dengan proses temubual untuk mendapatkan data yang diperlukan. Wawancara itu adalah tidak rasmi dan terbuka, dan dijalankan dalam gaya perbualan. Kajian ini juga cuba menilai rangkaian faktor untuk kejayaan sesuatu pengkorporatan tersebut. Ini dilakukan dengan menggunakan SPSS daripada pengumpulan data daripada sumber dalaman pekerja operasi Kenderaan Bas MARA (KBM) yang kini dikenali sebagai MARA Liner Sdn Bhd (anak syarikat milik penuh MARA)

Kata kunci: Faktor-faktor kejayaan; kejayaan pengkorporatan; pengkorporatan MARA

Liner

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The main objective of a re-engineered is to rebound the firm's decline and return it to positive situation. The turnaround systems have been looked into broadly in the private area as a feature of the organizational study zone. Then, just a few of methods or strategies have been explored in the public sector for this purposed. Public organization traditionally linked with social role in the society and should be interesting to see whether they can make profit at the same time not eliminating the social commitment after corporatized.

The main issue of a turnaround is to end the company from negative condition and change towards positive condition (Hopkin, H.D. p.3). Beerli (2006) states turnaround strategies have been researched widely in the private sector as part of the organizational study area. These types of tactics recently are already examined in the government sector. The goal of corporatization would be to results in different agencies that perform seeing that federal government hyperlink business using preventing under any ministry. Corporatization always given to of alter the particular ordinarily federal government

services form without matter about rewarding to generate agencies far more “businesslike.”(Bilodeau, Laurin, Vining 2007).

By standard, turnaround strategies occur due to underperforming of result which ultimately may end the operation of companies. Public organization commonly associated with social role in the society and should be interesting to see whether they can make profit at the same time not eliminating the social commitment after corporatized.

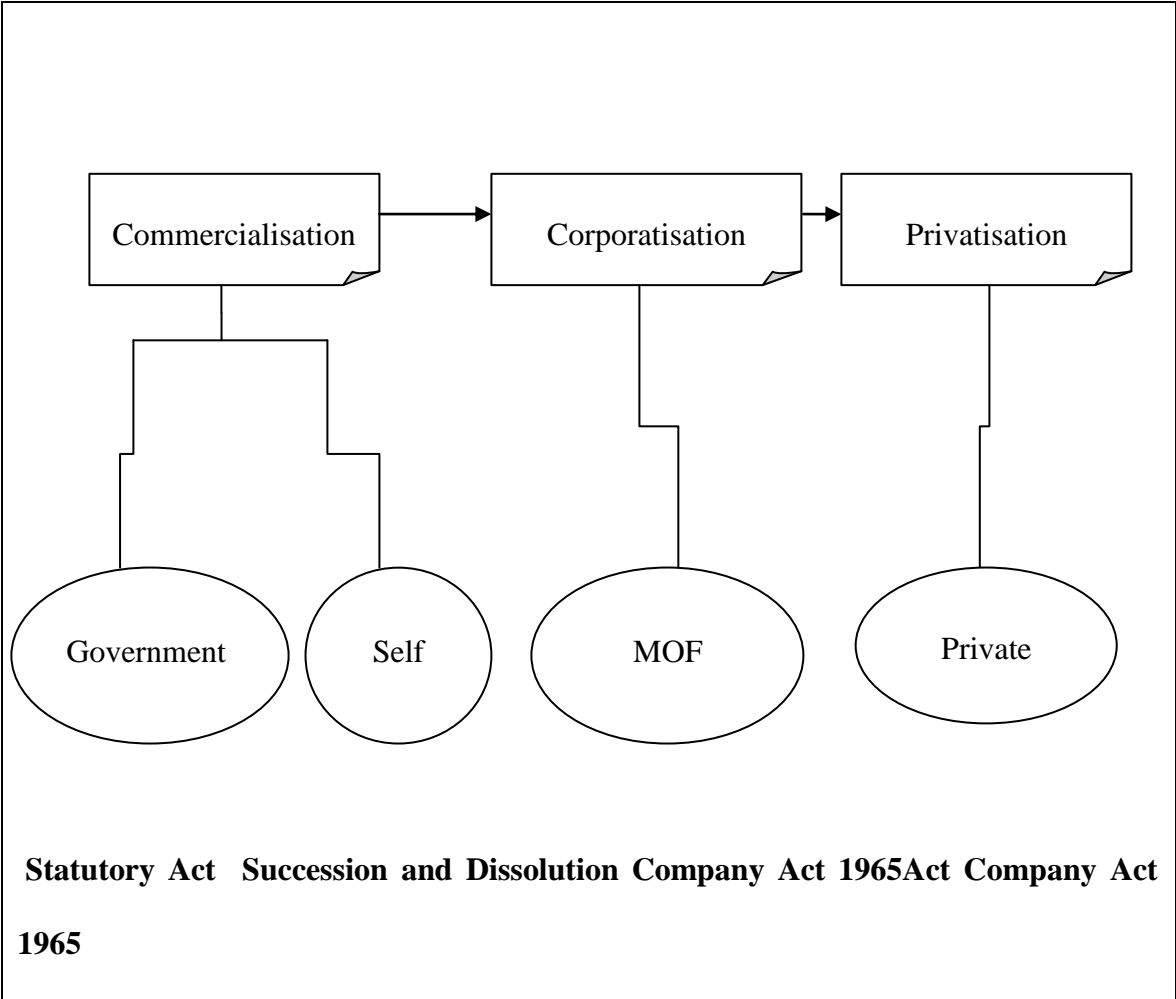
The current Malaysian Government under Barisan Nasional as rulers has stated five different policy objectives for its privatization policy and creates a national agenda through sharing economic model namely “Dasar Ekonomi Baru”. This policy was adopted in 1971 for a period of 20, with main target to create the prosperity sharing for 'national solidarity' by lessening destitution and decreasing between ethnic inconsistencies, particularly between the bumiputras including Malay, orang asli, Sabah & Sarawak origins with the Chinese that controlling the economy of Malaysia usually referred as 'restructuring society' without denied the right of others.

That papers together with goal involving reviewed the actual prosperous strategy of corporatization within the Malaysian privatization policy with regards to while what exactly provides happened inside Malaysia inside period involving privatization that will persists through 1980 until now. However many of us attentive that most involving privatization involving authorities business didn't currently being release well on the

public as well as preventing together with secrecy. The origin is extremely restricted and it may not end up being appropriate to attribute wide-ranging distributional movements to privatization alone several elements as well as troubles would certainly have acquired the issues with the practice. That's why, the actual report that will come out is spotty and only comprehensive inside in terms of its attempted evaluation as well as implement openly offered solutions. The corporatization process begins with the commercialization of statutory body business activities. The process of commercialization will enable the statutory body familiar with the business environment and learning how to coping and adjusting towards the global market's challenges. Malaysian policy is more towards an open economy system and market-driven. The newly corporatized body have to restructure its strategy to carry out its functions on a commercial basis.

The operational procedures previously used by the governmental agency need to be modified to allow some flexibility to ensure the smooth and efficient running of the operations of the newly corporatized body. The modification is necessary to reduce the red tape and bureaucracy in process of decision making. The government responsibilities to the society will not be ignored in the corporatization strategy, so as the employees, whereby they will get 'not less favorable' options to join in or opt out from the government services.

The flow of the corporation process and finally privatization is illustrated as in the Figure 1.1 below :



Source EPU, Privatisation Master Plan, 1991

Figure 1.1: *Corporatization and privatization flow*

The corporation stage is done after the potential agency has been experienced in the commercialization process. The existing agency will be dissolved by the parliament with the Succession and Dissolution Act to determine its new function as a corporate manage under the provisions of Company Act 1965. The whole equity of the entity is now become vested with the Ministry of Finance incorporated.

The process will involve the transfer of assets and liabilities either wholly or partly, depending on the corporatization strategy, to a government own company. The new company is operated in a commercial basis to improve its productivity and efficiency. Some of the Government procedures have to be amended to suit with its new function as a corporate body. Among the changes needed is outlined as below:

- The administrative system has to reduce the red tape and bureaucracy. The new system should be on commercial basis.
- Introducing new commercial accounting system as applied in the private company instead of cash and also reviews of performance evaluation system.
- Eliminate centralization production decision making process and replace it with one that is focusing on the market forces and customers satisfaction.

The concept of corporatization and privatization became attractive to the government following the economics recession in 1995 to 1987 (Juhari, 1993). Through corporatization, the government was hoping that the economics growth continues it momentum to achieve vision 2020. This will relieve financial and administrative burden

of the government as well as to promote competition, rising efficiency and productivity (BeritaHarian, 1998). The corporatization proposal is emphasis on change towards a system of management that would create a healthy working atmosphere to stimulate efficiency and innovation (Sulaiman, 1995)

1.2 BACKGROUND OF THE STUDY

The Majlis Amanah Rakyat generally shortened as MARA, is a Malaysian government organization. It completely was framed to bolster, teach, and furthermore manage Bumiputra (Malays and other local Malaysians) inside the parts of education, business and industry. MARA was shaped in 1966 underneath the Rural Development & Regional Ministry. MARA also offers loans for you to Bumiputra entrepreneurs with Islamic financing system like Al-Qard Al Hasan and also Al Bai Bithamin Ajil, with regards to the mortgage software. MARA even offers entrepreneurship classes, employment instruction, consultancy on products and services, and also guidance in advertising and marketing regarding Bumiputra entrepreneurs. MARA constructs commercial infrastructure, including store a lot as well as producers, that happen to be booked for you to Bumiputra entrepreneurs for a sponsored rate. These kind of facilities tend to be produced in areas as well as underdeveloped locations, for you to inspire even more improvement at this time there. MARA furthermore works numerous junior schools as well as boarding colleges and also Universiti Kuala Lumpur. Previously, the most effective company such as Universiti Teknologi MARA before the UiTM ended up

being on their own got this statutory body status and also formally checking underneath the Ministry of Higher education. The actual junior schools, called Maktab Rendah Sains MARA (MARAJr Scientific disciplines Institutions, typically abbreviated seeing that MRSMs.

KENDERAAN BAS MARA (KBM)

Kenderaan Bas MARA (KBM) a government entity which specifically managed by MARA Transport Division (MTD) is among major player in transportation industry in Malaysia operating socially public bus services in rural area. In year 2009 KBM, is hit hard financially due to the subsidy rationalization by the government as 40% of its operation cost component directly link to fuel price. As for this, Kenderaan Bas MARA (KBM) is chosen as a case study due to involvement in corporatization exercise which in correlate with the top management deciding positive yield while maintaining current social role.

Other than limited study is conducted in Malaysia on turnaround strategy involving public sector, the point of this study is to analyze and discovering the principle issues amid the methodology of turnaround procedure in corporatization. Critical determinant, in consequence to possible positive performance in both socially and profitably of KBM will also be explored. This is done by interviewing in getting the required data. The interview is informal and open-ended, and carried out in a conversational style.

Public transport bus services are generally refer to the transit buses that operating within a long route on regular that also can be stop at bus stop provided. The industry of public transport in Malaysia have changed within time and with government NKRA that aim to enhance the quality of transportation all over Malaysia the significant of their existing and contributing to the development of nation was unofficially recognized.

Presently in Malaysia the transportation industry has change quit noticeable. Currently there are over 300 bus operators registered with The Land Public Transport Commission (SPAD) comprises of stage activity and express buses. For an individual or a company to set up bus related entities will have to submit an application to service to intend routes offered to PSVL with suggested busses via registered bus number.

Cost for a stage busses is around RM 250,000 – RM 350,000 while for the express busses will cost around RM 400,000 – RM 800,000. Depend on how such entities operating their businesses; it can be highly capital intensive or low in nature. Highly in nature is when such entities using their own fund (loan or own capitol) such as MBT itself, Rapid KL and Transnasional etc. By taking average of RM 350,000, 10 busses alone is in needed of RM 3.5 million in capital which 10 busses itself is not enough to sustain or make presence felt in the market. There also some bus operators in reducing the capital expenditure is actually leasing their route permits to whom-ever entities who had busses. This mean that such operators would needed not to purchase busses and obtained profit only from such leasing activities.

By observing the number of express operators currently operating, noticeable that company behind the bus name running on the streets are big, strong and healthy (monetary). Company operating with less than 10 – 20 busses cannot sustain anymore due to the increase in diesel prices and stiffer competitions.

The same goes to the stage busses where noticeable, the drivers eagerly drive the busses without having to consider other safety surrounding to ensure such passengers travel using their busses. Adequate passengers will guarantee the sustainability or future of the bus operators. To add the burden, the rising in fuel prices have motivate a number of stage bus operator to exit the market which easily notice when rapid Penang and rapid kuantan have to make a rescue to this service in said area. Other than that, a bigger operator who has bigger cash will force smalls express operators to exit the industry by offering a lower fares to the similar routes offers. As a result of not able to withhold the pressures, small operators will exit eventually.

Threat of substitutes is dependable regardless the service offers. For the stages, publics have no other choice to commute using others public transportations to cities from rural areas because there is no other mean such as commuter or light rail transit (LRT) etc. The only ways other than busses is only taxis and unregistered taxis which is costly to publics and not the preferences option.

For express busses, publics can commute to other countries using public transportation by trains such as Johor – Melaka – Kuala Lumpur – Alor Setar, airplane such as Alor

Setar – Kuala Lumpur and Terenganu – Kuala Lumpur and taxis. The introduction of ETS has added to the tension felt by the operators' due to the scheduling assurance despite having a bit of higher fare ticket.

Place of destination is depend on SPAD as they are the entity which govern or control over the permit. A bus operator can make an application where or destination that intended but it merely subject to the approval. This restriction is to ensure that they will be no over permits issues which eventually affected the bus operators among them. 87 accident cases involving busses where 19 end with dead in 2005 alone (Police statistic Report).

As for this permit approved are subject to the condition that applicants have a good reputation and records with Road Transport division and Police Traffic as the drivers are highly exposed to the possibility of road accidents. Methodology of handling busses is not the same (express and stages), bus operators who include both services will needed to out extra money in providing the training to the drivers.

Kenderaan Bas MARA (KBM) a government entity which specifically managed by MARA Transport Division (MTD) is among major player in transportation industry in Malaysia operating socially public bus services in rural area. Majlis Amanah Rakyat (MARA) involvement in transportation industry begins with the establishment of Kenderaan Bas MARA in 1961 at Felda Lurah Bilut and 98% of KBM route is non-commercial or non-profitable and are committed in providing the best social services to

its customers in rural area. KBM performance until now can be observed from its passenger's number.

When MARA develop the potential of the bus business in Malaysia in the 1960s it acquired bus companies are problematic for reconstituting the whole peninsular Malaysia and subsequently launched the first express bus services in Malaysia in 1972 with the name MARA express bus service to complement stage buses existing KMB. The growing bus services relatives were placed under Bahagian Kenderaan before it was acquired by the KKMB (Kumpulan Kenderaan MARA Berhad) and further converted to MARA Holding in 1985. The new Phase happen rocks in 2001 when MARA Holding taken by Nadicorp Sdn Bhd and the only non-profitable stage buses (Kenderaan Bas MARA) Bahagian Kenderaan are maintained under MARA. In 2005 Kenderaan Bas MARA once again changed the face when renamed MARA Liner and fitted with MARA Liner network of express bus to return to a more efficient service to the public until it was incorporated in 2013 under a new subsidiary of MARA namely MARA Liner Sdn Bhd

The government has introducing new strategies to ensure Malaysia is a advanced country and high-income economy by 2020. In order to improve government efficiency has held several reforms to strengthen the financial services in improving the effectiveness and efficiency and increase revenue collection. In terms of rationalization the authority has expenditure subsidize measures to ensure the distribution of wealth in a more comprehensive. The sixth NKRA - Improving Public Transport in the medium

term also including the transformation of public transport services including stage buses at town and rural area will determine the important contribution of public transport to fulfill the achievement of our country towards modern country with systematic and efficient public transport services.

In year 2009 KBM, is hit hard financially due to the subsidy rationalization by the government as 40% of its operation cost component directly link to fuel price. Despite receiving a subsidy allocation from the government, the amount is still insufficient thus resulting to a high debt with the suppliers.

In year 2011, it was the first time KBM subsidy budget submission disapproved by the government due to new definition details of a budget by EPU and limited of government fund allocated. However, due to impact to the nation if KBM cease the operation unexpectedly, ultimately special budget approved by Economic planning Unit (EPU) on July 2011.

On May 2011, KBM has been among MARA program to be strategized under the Blue Ocean Strategy (BOS) program funded by Special Innovation Unit under Prime Minister Department which the outcome has been presented on September 2011 to MARA. In equipped KBM from having to suffering the same state of affairs and in correlate with BOS findings, MARA's resolute that to turnaround KBM by corporatize it management on October 2011.

As for this, Kenderaan Bas MARA (KBM) is chosen as a case study due to involvement in corporatization exercise which in correlate with the top management deciding positive yield while maintaining current social role. Other than that, limited study is conducted in Malaysia on turnaround process involving corporatization of public sector.

Based on the gap, the research will explore issues evolving during the turnaround process by corporatization. Critical determinant, in consequence to possible positive performance while maintaining both socially and profitable KBM activities also will be explored.

1.3 PROBLEM STATEMENT

MBT a government entity which specifically managed by MARA is among major player in transportation industry in Malaysia operating socially, public bus services in rural area. MBT current operation model cannot sustain in the long run, giving the fact that now subsidy allocations from the government are uncertain and inadequate compared to the years back. An average of RM 13 million losses a year recorded since 2008 onward. In year 2009 MBT, financial at lowest due to the subsidy rationalization by the government as 40% of its operation cost component directly link to fuel price.

In year 2011, it was the first time KBM subsidy budget submission disapproved by the government due to policy change and limited allocation of government fund. However, due to impact of a nation, Government approved a special budget on July 2011. In

equipped MBT from having to suffering the same state of affairs, MARA's resolute that to turnaround MBT by corporatize it management on October 2011.

The success or failure of corporatization depends on whether the staffs accept or resist its implementation. Despite a number of corporatization exercise has been done, however little is known on how the organization manage to bring the staffs to accept the decision to changes.

As result, other than limited source of similarity study, this study will attempt to obtaining actors facilitate to the successfulness of corporatization process in Malaysia. MBT is chosen due to its involvement in the corporatization exercise.

This study also attempt to assess connection of factors to the successfulness of the corporatization. This is done using SPSS from the data gathering from the survey output.

1.4 RESEARCH QUESTIONS

1. What are the factors to successful corporatization ?
2. What are the challenges encounter to successful corporatization ?
3. What are the relationship between corporatization factors (communication, participation, engagement, change acceptance) and successfulness of corporatization ?

4. What are the influence between corporatization factors (communication, participation, engagement, change acceptance) and successfulness of corporatization ?

The questions of research being adapted from the Michelle and Capella (2006), Chilton (2010) and Shrestha (2011).

1.5 RESEARCH OBJECTIVES

After finding the issue, this study purposely will attempt to understand factors that facilitate to the successfulness of corporatization process in Malaysia. The accompanying particular goals are created to go about as a rule for this study to guarantee the reason achievable.

1. To examine the relationship of communication and corporatization process success.
2. To examine the relationship of engagement and corporatization process success
3. To examine the relationship of participation and corporatization process success
4. To examine the relationship of reward and corporatization process success
5. To examine the relationship of change acceptance and corporatization process success

6. To examine the relationship between corporatization factors and the successfulness of corporatization.
7. To examine the influence between corporatization factors and the successfulness of corporatization.

1.6 SIGNIFICANT OF THE STUDY

The study will significance to the :

1. Improve pan organizational understanding in this case (MARA) to overcome the problem in the corporatization for the next stage.
2. Providing basis and mechanism for MARA in exercising a corporatization in its organization.

Owing to the limited studies addressing staffs acceptance to changes, it would be more essentialness to build learning about the hypothetical viewpoints included. In advance, this study is planned to get the reaction and perception towards changes made by the organization.

A part from that, this study is hoped to contribute to the management of MARA and academician concern in understanding what the staffs usually want. The even though know the challenges ahead but still proceed to the intention for the benefit of the staffs

and government. Hence, the empirical findings from this study hopefully will showing the correlation factors offering to the successfulness of corporatization exercises.

1.7 SCOPE AND LIMITATIONS OF THE STUDY

Scope of the study are the staffs of MARA and KBM. Two groups of population are divided based on the level of position held. The two groups are management and support staffs. The Management is MARA staff that holding position Senior Manager and Assistant Vice President while support staff is KBM staff holding a position of at least as project manager or Assistant Manager. The researcher would like to emphasize the limitation that existing in survey where the researcher unable to explain deeply about the question directly due to restriction time from operational staff at MARA Liner that controlling the bus terminal.

1.8 ORGANIZATION OF THE THESIS

This study is divided into five chapters; with the first chapter discusses on the introduction of the subject focus in the study. It covers the background of the study, statement of the problem, research objectives, significance of the study of using the process of corporatization MARA Bus Transportation (MBT) as a case study & thesis organization.

Chapter two presents literature review on corporatization process variable factors such as in communication, engagement, participation, reward and change acceptance, reviews on related theories, explanations and comments on the importance of factors and the organization case study background. At the conclusion with this phase, bottom line will depend on the opinions as well as results research models that that form the basis of this study.

Chapter three methodology particularly describes the strategy used in this study specifically describes the methodology used in this study includes the study subjects, study design, instruments used, the procedure of the study, data analysis, research model and the hypotheses.

Chapter four covers the analysis of the data and finding of the study. Finally Chapter five covers the conclusion and recommendation. The key findings are summarized accordingly to research objective. The significance of the finding and theoretical, practical and policy implications should be highlighted. Recommendation for the future research should be included.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In the second chapter, the focus will be given to research and opinions provided by researchers associated with the concepts and theories related to the corporatization and turnaround process with the factors that influence the corporatization successfulness.

Sources of literature are derived from electronic media such as internet and print media such as text books, dictionaries, journals, articles and the like are used as a reference and guide for helping to get the information to complete this study.

2.2 CORPOROTIZATION PROCESS

The mission or goals of public sector organizations are regularly multi-dimensional and excessively confounded or dark; they additionally remotely forced by the governing body or government office and opened repeatedly, roused political change.(Boyne, 2002). By difference, private proprietorship has a tendency to be connected with diverse meta-guidelines emerging from the fundamental operators demonstrate all the more obviously which prompts all the more inside determined or administrative, uni-dimensional mission or objectives, and incentives achieved through management of capital and labour market. The subsequent yield might re-focused to support distinctive

administration society, convictions, qualities and standards, and may prompt new administration, (Andrews and Dowling,1998).

Turning around chronically low-performing entities is testing work obliging basic re-evaluating of the change process, and a systemic instead of action by-movement approach. Shockingly, numerous districts see their part in turnaround as one of agreeability with state education agency orders. They expect their occupation is carried out once they have guaranteed an action of improvement plan has been composed, state accountability paperwork has been finished, and outside accomplices have been decided to support the progressions, (Robinson, W. S., & Buntrock, L. M. 2011).

Business failure in addition to inability is usually due to aspects internal as well as external, or as a mixture of each. It's very important to be aware of the causes regarding failure in addition to challenges faced by means of corporations in addition to why firms are unsuccessful? The authors mentioned, extreme leverage, poor management, technical change, loss in marketplace reveal, and also a great ineffective panel of company directors, are generally a lot of the key reasons for organization failing. Additional solutions can, weak sector, labor issues, and also overall financial conditions reproduce a setting ripe pertaining to drop and also decline (Burbank, R. K. 2005).

Firms which have properly recovered more slack methods, greater output, possesses put in place spending in addition to possessions retrenchment when compared to other businesses that did not recover. In an effort to push small business executives, our

information can be summarized straight into added important purposes.. First, the recovery is critical to offset cash problems. Restoring the company is a bit like Formula One. To take a top speed trajectory, one is "brake and accelerate" all the time. Revival plan, therefore, is a combination of looking into the future and reduce costs (brake). We could not say, "There will be time for cost reduction and then time for growth" - we had to do both simultaneously (Ghosn, 2002).

There is a need to enhance inside effectiveness as well as productivity inside recovery.. A related issue is currently in the process of recovery. Factors that exist in numerous cycles recovery method to provide information in a lot more energetic corporate and business re-analysis on the impact of one period of time. Recovery strategy not a single steps, yet intertwined along with contextual components commonplace. Therefore, temporal patterns can expose the effectiveness of recovery strategies. By way of example, the production in the firm while scored within this review will be the capability developed before succumbing. Also, as mentioned before sagging organization buffering can be maintained while decreasing its firm (Francis, J. D., & Desai, A. B. 2005).

Thomas and Cheese, (2005) point out the challenge to businesses aspiring to sustained high end will be the two breathtakingly straightforward as well as daunting: they must born more leaders over a shorter period regarding time than ever before. Aggressive disturbance, market turmoil, as well as geopolitical lack of stability need the item. Advancements in finding out designs, it, as well as authority analysis powerfully suggest

that brand new methods such as experience-based finding out retain robust offer in helping businesses carry your high end challenge.

Hopkin, H.D. (2008 p.3) Businesses that are performing improperly need a recovery strategy to have them back on the track A lot of recovery methods, nonetheless, are not successful.. Turnaround situations, however, could have a few built-in positive aspects. One of these can be the truth that in the event the circumstance is actually serious almost all of the stakeholders might be all set in addition to ready to acknowledge major changes.. Turnaround situations may possibly help to increase motivation involving supervision as well as personnel in order to pull together as well as accept sacrifices. Toan Tran, Brian H. Kleiner, (2005) outlined the achievements regarding public transportation is largely determined by this achievements leadership of every business.. This measurement connected with “economic success” for a open firm, and also specially for a transportation firm, is actually totally different from it truly is within the private sector. Economic success in a transportation firm is actually tested by simply a number of factors: revenue, ,ridership, productivity, cost, wise spending of public dollars, and public reputation Allen,K (2011)

The. priority function and reason drive of the publicly exchanged company is lucrative. When a company is usually to lead many purpose of federal government, the purpose must immediately or perhaps circuitously, bring about the benefit. The way in which the purpose is performed may are typically whatever maximizes benefit. Kumar V. Utes. Utes. and Srinivasa Krishna E (2010)Corporate social obligation is must to defend the

general public. That must not be problem nonetheless it if the standard of living regarding management and business. Everyone receives benefited by means of income of group and part of the benefit really should go back to community. However to maintain both CSR and profit altogether, highly in needed a more super motivated, committed, and effective employees implemets to creates better customer relations and rely on customer satisfaction, as results all positive customer responses that ultimately affect revenue (Duncan, Moriarty 1998).

Beerli (2006) suggest that there is a need to recover the organization with implement a unique strategy and differentiate strategy called Turnaround Management Strategy. M.E Bradbury (1999) highlighted direct impact of corporatization in term of financial performance whereby the transitional period for many SOEs involved changes in accounting methods and in particular a change from a cash based to an accrual based system. Second, assets were transferred to SOEs at a negotiated market value. This resulted in major changes in asset values recorded in the financial statements, which makes time-series comparison difficult. Third, time-series comparison is not always possible because prior financial history is not available.’ Fourth, in most cases cross-sectional comparison is impossible as there is no comparative private sector trading organization. In the case of companies evaluated by the researcher, it is possible to compare performance with organizations of similar risk. The results show an improvement in the financial performance of companies evaluated as it moves from a government department to an SOE.

However, Gupta (2002) claim that given that management control isn't utilized in private parties get-togethers it's generally contended that firm targets do not change and partial privatization possesses bare minimum impact on firm behavior. However, Aivazian, V., Ge, Y., Qiu, J.,(2005) observed that corporatization has received any appreciably positive effect on SOE overall performance. Results suggest that, perhaps without entire privatization, corporate governance change of SOEs can effectively boost overall performance. Gurram Gopal, Steve Cline, (2007), The issue is whether transportation service providers, while attempting to drop "lead" clients looking for "platinum" or "gold" clients, are so brisk it couldn't be possible force the trigger on dumping clients. They have had a tendency to take depictions of what clients are getting what rate of incomes, and have frequently neglected to recognize the clients that will advantage them in the long haul. Thusly transportation firms regularly pass up a great opportunity for open doors for future productive business. By not digging deeper into the obscure, providers are not taking care of their organizations up to the best of their capacities. In ensuring KBM achieve positive performance in a short run, the composition of staffs should be well blended. Robert J. Thomas, Peter Cheese, (2005) state the test to organizations with desire to managed superior is both amazingly basic and practical: they must make more pioneers or leaders more than a bigger territory and speedier than any time in recent memory some time recently. Focused turbulence, market turmoil, and geopolitical precariousness request it. Advances in learning models, data innovation, and initiative research firmly recommend that new methodologies like experience-based learning hold solid guarantee in helping organizations meet the superior test.

Researchers have conceptualized three unmistakable stages in the company's general turnaround course of events: the decay stage, the redirection stage, and the re-foundation stage (Pearce and Robbins, 1993). The goals in the decay stage are to survive the starting downturn and to accomplish a positive income by seeking after conservation exercises, conceivably including product offering pruning, cutbacks, and other expense settling exercises. In firms that eventually accomplish turnaround, the decrease stage step by step offers route to the re- heading stage, where the essential target is to enhance benefits. Exercises in this second stage can incorporate divestment, item blend upgrades, enhancing gainfulness, and business repositioning. At long last, in the third stage, a redirection arrangement is actuated to bolt in the enhancements accomplished amid the re-establishment stage. Exercises in the re-establishment stage can incorporate development of new products, acquisitions and expanding market (Pearce II, 2007).

Smith M, Grave C (2005) develop a Turnaround Process Model which find out that distressed firms that that enjoy a high level of stakeholder backing are more prone to survive, such firms will have the proceeded with backing from leasers, workers and clients according to underneath:

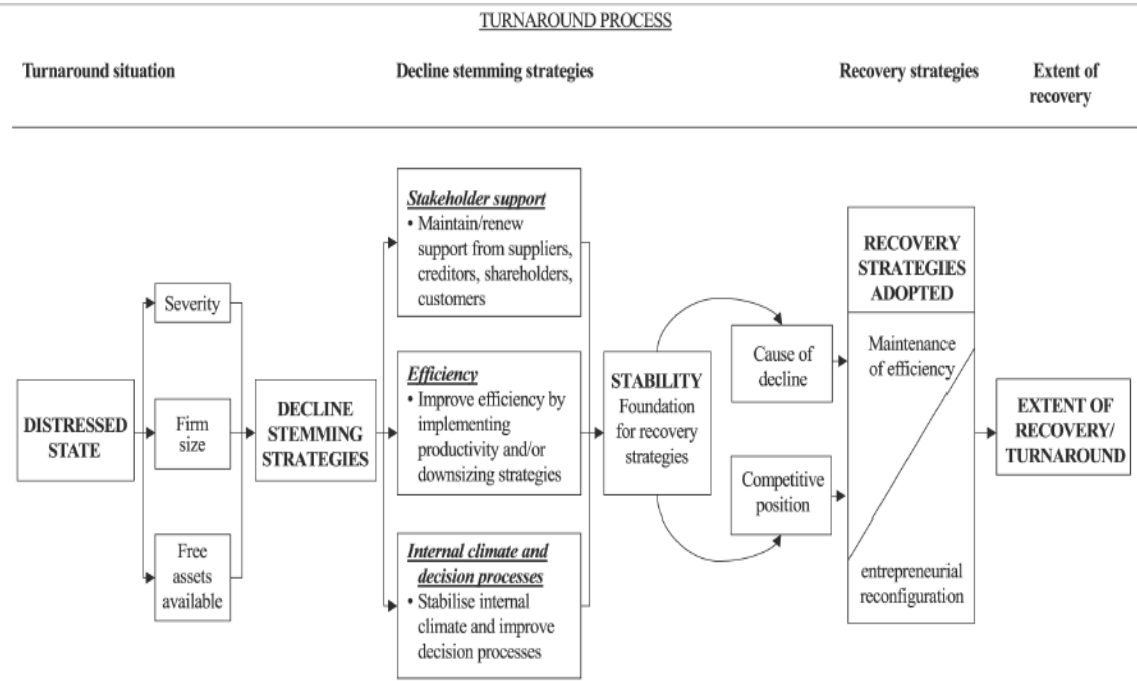


Figure 2.1: *Turnaround Process Model*

The style preceding featuring this transformation practice while some incorporated circulation within two major stages of development – this diminish arising phase as well as the restoration phase. Seeing that benefits, this intensity with the financial hardship, the quantity of free of charge belongings readily available as well as the company’s sizing, affect this company’s power to support the diminish. So as to become stable the corporation, this mature administration need to get yourself a honest coming from stakeholder service, take on unprofitable pursuits to raise efficiency and money runs, and strengthen the administration as well as the strategy of decision-making. The marked with the restoration phase is usually to ensure that this components with the diminish are usually discovered as well as the answers provided. Distress could be due

to inside components, external components, either or even all. Subsequently, turnaround strategies may concentrate on expanding effectiveness, an entrepreneurial reconfiguration, or a blend of both. In spite of the fact that this model proposes that decay stemming and turnaround methods ought to be executed successively, circumstances may manage that the two stages be executed simultaneously in practise . This model will be used as the conceptual framework as a basis to do this research. An alternate of turnaround strategy found in the writing alludes to re-organisation. Boyne (2006) states that this incorporates sub-strategies, for example, 'changes in planning systems, the degree of decentralization, styles of human capital management or organisation culture'. This could likewise include the the substitution of the authority and other senior administration staff.. Turnaround literature has mainly focused on how top leaders and other senior management staff use positive impact on on the recovery organization. Mazlina Mustapha, Ayoib Che Ahmad, (2011) shows that the organizational structure with lower information asymmetry typically have less complex organizational structure and staff more committed, because they have an incentive to monitor the firm, which will reduce the need for security and monitoring. The need to create and sharpen sustainability related resources and capabilities as the basis of strategic competitive advantage is discriminating. Without this ability, "the natural environment could create a serious constraint on firms' attempts to create sustainable advantage" (Hart and Dowell, 2011, p. 1465).

2.3 COMMUNICATION

To handle the contentions existent between the groups, the role of face-to-face was thought to be connected. (Jyoti Choudrie, 2005) Communicate with empathy indicates corporations need to look at the sensations in their message recipients, both equally to prevent appearing callous and “maintain the public’s rely on in addition to attention, both equally of which are generally need for reducing harm in addition to start the recovery process”. (Sellnow and Vidoloff, 2009, p. 42).

Rapid & clear communication both can builds the quality of decisions in a crisis situation (Kahai and Cooper, 2003), while failure in communication can enhance damaged (Veil et al, 2008). Corporate communication strategy can be the result of a vital speculation transform by a strategic thinking process by respect communicators and high rank managers taking strategic decisions with regard to the identification , management and communication with the strategic stakeholders. (Benita Steyn 2003).

The amount and quality of information provided to employees with respect to the change has been contended to impact the level of workers' resistance towards change (Wanberg and Banas, 2000).

2.4 ENGAGEMENT

Engagement will be an approach to help the productiveness of your ability pool range. Administrators ought to create nature wherever workers think a great deal more

empower in connection to their own work along with exhibit the particular behaviors that organization should drive much better effects, not simply for that organization, but in addition employees seeing as individuals.(Ray Baumruk 2006)

Angela Baron (2013), states that individuals engagement can have suggestions for their execution and other conduct which will affect on the achievement of the association. Which part is proper for whom is subordinate upon the singular's introduction towards the sought finished objective at that specific moment in time whereby can be determine form the engagement output. This highlights the connection between strategic implementation to the specific aptitudes and abilities of the single person.

By suggestion, this requires first knowing the abilities and capacities of every worker before they can be conveniently deployed. This appraisal is made more noticeable, on the grounds that it takes a gander at an arrangement of individual ability from an opportunity-expense perspective, which is taken from the organizational perspective and also from the employee's viewpoint (Ahmed, Rafiq2003).

Ray Baumruk (2006), managers can create engagement with their representatives in the accompanying useful ways:

- Coaching and career support - Be mindful to potential vocation ways, aptitudes required for advancement and progression. Search for opportunities for training and for assignments that will increase workers' experience

- Recognition – Give steady and regular affirmation of great work. Give informal and formal rewards
- Accountability - Be clear about execution expectations. Consider workers responsible for results. Give appropriate results to meeting or not meeting expected results.
- Involvement - Include workers in choice making and execution. Ask them what they think. Figure out what's most vital to them and help convey it.
- Communication - Guarantee visit and booked association and imparting of data, criticism and thoughts. Tune in, comprehend and react fittingly.

2.5 PARTICIPATION

It is widely thought which public involvement contributes to better tasks, better progress and collaborative governance. (Angela Baron, 2013). The causes and also inspirations that are the cause of the actual emphasis on community and also stakeholder guidance throughout organizing, plan and also administration are generally a lot more and also intricate. Within quite basic terminology, it generally is aimed at enhancing conclusion creating by either enhancing the effectiveness of your decisions, or their own legitimacy, or equally. (Newig, 2005)

Bert Enserink and Joop Koppenjan (2007), Public Participation Best Practices Principles are listed in many documents and websites. From these kind of a great excerpt is done

bringing about these set of central beliefs for the training regarding open public participation:

- The open public must have a new state in selections with regards to steps that will have an effect on his or her lives or perhaps livelihoods, it has the right being educated first and to be proactively associated with a new important technique;
- Participants ought to receive all facts they have to take part in a new important approach to raise the curiosity along with motivation to help get involved; such as guarantee that the public's side of the bargain will certainly impact your decision

Involvement is described as the opportunity to help impact selections, along with includes equally constructions (representative committees or perhaps the style regarding business along with roles) along with processes (management type, way of life, along with interactions), thus surrounding equally “participation” along with “involvement” along with Involvement will be the method whereby stakeholders impact along with talk about command in excess of top priority establishing, policy-making, source allocations along with gain access to public goods and services (World Bank Group, 2005).

Communication with all the open public and also capacity building tend to be related to the grade of this participants understanding and also their particular capacity to take part. Timing of taking part is regarded as for the reason that major component related to this managing of your time resources over the partaking method. Capital of taking part can be recognized as this major component that's based on this managing of savings allotted

to PP method. Most of these constituents and also their particular romantic relationships are given below :

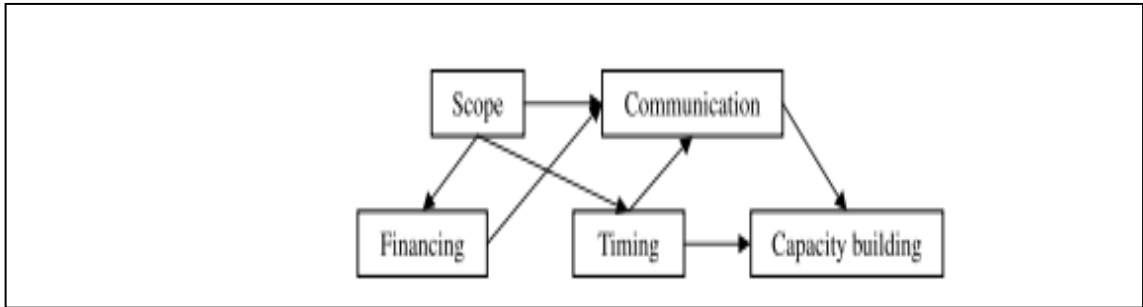


Figure 2.2 : *Particular romantic relationships between communication*

2.6 REWARDS

As Risher (1999, p. 334) states, “the transition to a true performance culture takes time, an investment in training and a commitment to make it successful”. The significance that civil servants put on sensible remedy into their subconscious commitment as well as the unwillingness associated with line managers to supply adverse testimonials and identify concerning all of the employees while giving overall performance additional bonuses, indicates in which shell out money remains an important problem. (Willem et al 2006).

(Martin 2007) This kind of strategy has to include the two “vertical” along with “horizontal” dimensions, which the construction indicates. As a result, in connection with past, the particular ideal strategy has to expand for you to ensuring that the brand new function not just “fits” with detailed business wants, and also larger supervision decision-making set ups. In the mean time, regarding the particular second item, the

particular holistic ideal strategy has to include a close integration between most issues with pertinent individual reference routines. Speaking with far more basic conditions, these include for instance:

- Developing along with setting up ideal, direct although accommodating role/job explanations, which in turn assist with ensuring that function vacancies are suitably loaded as well as the internal commitment is regarded as.
- Developing along with setting up ideal along with direct units of effectiveness considerations along with developing high-performance programs, that's crucial in the event that adjustable instruction programs will probably be produced along with founded some other progress prospects will probably be produced.
- Developing along with setting up accommodating incentive offers, developing facts connection technology, along with developing along with setting up ideal along with accommodating HRM insurance policies along with processes so as to add to building a supportive setting during which FTMs really experience enthusiastic along with committed to their own HRM function, as well as the business as a whole. The well-designed compensate system are a good idea to promote staff members to perform sound environmentally friendly routines. Task rewards refer to the particular intrinsic along with extrinsic advantages that personnel obtain using their tasks. Incentives can be a support to regularly encourage along with raise motivation coming from personnel to be environmentally responsible. (Govindarajulu & Daily 2004)

According to Linstone and Mitroff (1994), there were three factors to get considered inside implementing change processes, be the technological, organizational as well as personal views. Though people are the key consider making adjust, on the other hand, they're also probably the most tough factor to manage. (Linstone and Mitroff, 1994).

There exists a prevalent consensus inside the materials that if those mainly irritated by organizational changes, specifically staff members, don't make any contribution to the change process, it could be hard to be able to put into practice and also accomplish the required ends up with organizational changes. (Schwahn and Spady, 1998).

In the event that workers believe that the current situations won't involve almost any change, after that, it will not help almost any organizational change attempts. (Kotter, 1995). Employees are generally supportive after they believe that change can cause a new significant final result equally with regard to by themselves and their own organization. (Mc Lagan, 2002, p. 51).

A key assumption underlying Berry's (1981) "employees seeing that customers" will be which just like external customers, internal customers want to have got the requires satisfied. This reason in this will be which by simply fulfilling the needs involving internal customers, an organization must be in a better position to provide the high quality wanted to fulfill external customers. Implied with here is the premises which fulfilling member of staff requires boosts member of staff motivation, retention and also

for that reason their enhances degree of satisfaction, the higher the possibility involving generating external satisfaction and respect.

2.7 CHAPTER SUMMARY

From this chapter we found that corporatization process was aiming to create sustainability to company with more competitive in real market with targeting profitable as the end result. There're five key factor that contribute to the successful of this process including communications , engagement , rewards , change acceptance and role of change.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter will focus discuss on the framework, research hypotheses & proposition, design of research, operation definition and instrumentation, data collection, sampling, data collection procedure and the data technique employed.

3.2 RESEARCH FRAMEWORK

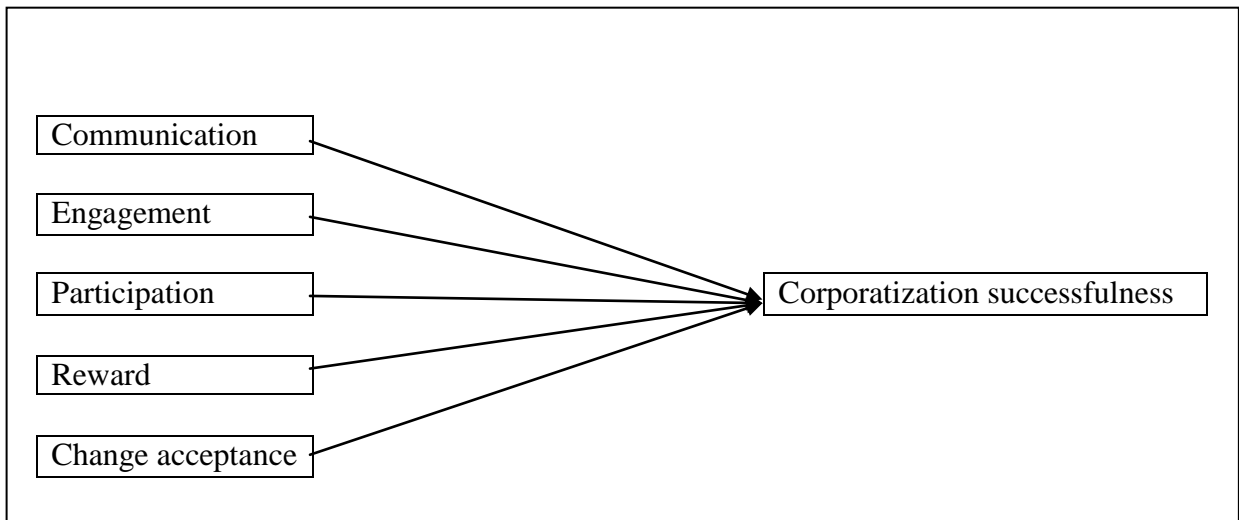


Figure 3.1 : *Research Framework*

Communication , engagement , participation , reward and change acceptance are the independent variable (IV) that contribute to the successfulness of corporatization as a dependant variable (DV).

3.3 PROPOSITION AND HYPOTHESIS DEVELOPMENT

Mazlina Mustapha, Ayoib Che Ahmad, (2011) suggest which organization structure that's has lower data asymmetry ordinarily have some sort of a less difficulties organization structure plus more devoted personnel, because they possess incentives in order to keep an eye on your corporation, that can reduce the requirement for monitoring and assurance. The requirement to build and also refine sustainability-related methods and also features as the time frame of strategic competitive benefit is vital. Apart this specific capability “the natural environment could create a serious constraint on firms’ attempts to create sustainable advantage” (Hart and Dowell, 2011, p. 1465).

For this reason, and basing about the previous literature review regarding customer satisfaction we propose:

H₁. Communication has significant relationship with the successfulness of corporatization.

H₂. Participation has significant relationship with the successfulness of corporatization.

- H3.** Engagement has significant relationship with the successfulness of corporatization.
- H4.** Rewards has significant relationship with the successfulness of corporatization.
- H5.** Change acceptance has significant relationship with the successfulness of corporatization.
- H6.** Corporatization factors has significant relationship with the successfulness of corporatization.
- H7.** Corporatization factors has significant influence with the successfulness of corporatization.

3.4 RESEARCH DESIGN

This research employed the combination of qualitative and quantitative method approach. The qualitative approach is used on the top management as they represent the expert opinion group on this research. Furthermore the top management is also the pioneer group that set-up the company and they are knowledgeable about the development of the company over these years. While the quantitative approach is used on the employees as to gather the opinion of the majority of the employees in the company. These employees are more involved in the implementation process of the

turnover strategy. The collection of both qualitative and quantitative data are carried out simultaneously.

3.5 OPERATIONAL DEFINITION

The operation definition used in this research is as follows:

3.5.1 Corporatization process – The turnaround discipline for an entity from government sector to corporate sector (Robinson and Buntrock (2011).

3.5.2 Communication - Corporate and business strategy is viewed being the actual end result of your proper contemplating method by mature communicators using connecting staff members (Steyn, 2003).

3.5.3 Engagement – The staff engagements to enhance their understanding of this corporate process (Baumruk, 2006).

3.5.4 Participation – It is extensively considered of that public participation results in far better projects, far better development and also collaborative governance to increase the participation among the staffs (Baron, 2013).

3.5.5 Rewards – Any well-designed incentive or reward system may help in promoting staff to complete sound environmental practices (Govindarajulu and Daily 2004).

3.5.6 Change Acceptance – The reason on this is that through satisfying the needs of internal customers, an organization must be in a better placement to deliver the high quality planned to meet external customers (Berry, 1981).

3.6 INSTRUMENTATION

The measurement of the variables can be divided into two main parts, namely the qualitative data and quantitative data. For the qualitative data, a list of questions of both dependent and independent was formulated (see Appendix A). These questions are open ended questions for the top management to respond. While for the quantitative data, a set of questionnaire was used to gather the feedback from the employees. The scale used in the questionnaire is ordinal scale with three Likert scale of 1 (very satisfied), 2 (Satisfied) , 3 (Neutral), 4 (Less satisfied) and 5(Not satisfied). The five Likert scale is used as the respondents are not easily accessible and also majority with lower education level such as standard six qualification where three Likert would very much facilitate the respond from the respondents.

3.7 DATA COLLECTION

The data collection is also divided into two processes of data collection with each group of respondents. The first respondents are the top management where a in-depth personal interview was conducted to each respondent. The duration for each interview lasted for an hour for each respondents. The period of two weeks was allocated to this group of

respondents as they are not always available to be interviewed. The second group of respondent are the employees and the questionnaire is used for this particular group.

3.8 POPULATION

Total staff by division for this company

Table 3.1 : Total staff by division

MGMT	ACC	LGS	TNA	OPR	HR	W/SHP
25	15	4	25	417	10	58

Overall There are 554 workers in this company and distributed into seven division which is management (MGMT), logistics (LGS), Travel and advertising (TNA), operation (OPR) , human resources (HR) and workshop (W/SHP) as detail stated in the table above. Overall 226 sample out of 554 population representative 40.7% from the workers was taken according to Krejcie and Morgan (1970) for decisions on sample size.

3.9 SAMPLING

The sampling of interviews consist 5 senior officer that leading this company in the process of corporatization. From the questionnaire process there were 226 staff involves mostly operational staffs with much lower education qualifications. Overall 226 sample

out of 554 population representative 40.7% from the workers was taken according to Krejcie and Morgan (1970) for decisions on sample size.

3.10 DATA COLLECTION PROCEDURE

The research used information from interviews and questionnaire distributed to MARA liner staffs. The sample will be drawn at all MARA Liner's premises in Kuala Lumpur. In order to fulfill the requirement of the research, a staffs previously working with Kenderaan Bas MARA and now with MARA Liner Sdn Bhd will be chosen. A token with appreciation will likely be given to the participants for period, hard work along with consistent taking part throughout the study.

A survey starting test will likely be utilized in that study, where the participants may answer the questionnaire presented. The data will likely be collected immediately as we may hold out to enable them to answer the questionnaires.

3.11 TECHNIQUE OF DATA ANALYSIS

Interview

For qualitative or interview session, O'Leary (2004, p. 150) remarks "Collecting credible data is a tough task, and it is worth remembering that one method of data collection is not inherently better than another." Therefore, which data collection method to use would depend upon the research goals and the advantages and disadvantages of

each method (Ibid.) Based on the objection of the research, a semi structure interview would be the most appropriate method in getting the knowledge. A semi-structured interview will be conducted in getting the required data. According to David and Sutton (2004, p. 160) strength of interviews is “Prompting can be included with the questions and if a question is inappropriate, data on why no response was made can be recorded.” Furthermore, non-verbal cues, such as facial expressions, gestures can be recorded. The interviews will be informal and open-ended, and carried out in a conversational style. Out of three sample groups, 5 people will be interviewed for the top managements that involve directly in process of corporatization Malaysia. All interviews will be writes and expected to vary in length from 45 minutes to one hour.

Hutcheson (2011), The major rationale behind the proposed coding is that data should be coded clearly and unambiguously, accurately represent the measurement scales, not incorporate any extra “spurious” information in the code (for example, representing categorical data using numeric information), be able to code information using standard ASCII characters without the use of any “hidden” codes or labels; and be of a form that can be easily imported into different software packages (the coded data should be transportable).

Coding is an interpretive technique that seeks to both organize the data and provide a means to introduce the interpretations of it into certain quantitative methods. Information coding allows to identify variables and values, therefore allows for systematic analysis of data (and therefore reliability) hence ensures enhanced construction. Data collected

through interview will be transcribed to become more familiar with the data and common themes. All of interview data that have been coded is then divided into themes. This can be done by cutting up the interview data "blocks" and sorting them into each of the codes before interpretation of finding begin.

Questionnaires

For the survey, A non-probability sampling is chosen because it increases the likelihood of obtaining samples that are representative of the population. For the questionnaires, the type of sampling design is stratified sampling because each types of individuals/ workers is heterogeneous characteristics that is different kind of behaviors but within the group is homogeneous characteristics that is the same which is all working with Kenderaan Bas MARA. A sample of 226 will be selected.

The researcher used SPSS for analyzing the data collected from questionnaires. In the result section, the data will be analyzed in descriptive statistics in order to have preliminary ideas of the variables by describing the variable that they make sense.

Correlation analysis steps the partnership in between two items, one example is, a new security's price as well as the sign. This producing importance (called your "correlation coefficient") demonstrates in case modifications a single item (e. g, the indicator) will result in modifications within the other item (e. g, the security's price).

When you compare the partnership between a couple of items, one particular solution is known as the particular "dependent" item plus the several other the particular "independent" item. One's aim will be to see when a convert within the independent item (which is generally the particular indicator) will result in an improvement on the inside dependent item (usually almost any security's price). Most of these data will help you realize the particular indicator's predictive capabilities.

Your relationship coefficients can certainly selection among ± 1.0 (plus or less one). A coefficient associated with $+1.0$, any "perfect positive relationship, inch means that changes in the independent will result in identical change in the dependent item (e.g., a difference inside warning will result in identical transform inside security's price). A coefficient associated with -1.0 , any "perfect bad relationship, inch means that alterations inside separate product will result in identical transform inside centered product, though the transform is going to be inside other way. A coefficient associated with zero indicates there isn't any connection involving the a couple of items knowing that a change in the independent item will have no effect in the dependent item.

A low relationship coefficient (e.g., a lot less than ± 0.10) shows that the connection among a couple of items will be weakened or non-existent. A high relationship coefficient (i. e., closer to additionally or less one) signifies that this centered changing (e.g., the security's price) will usually transform once the separate changing (e.g., the indicator) alterations.

The right path with the focused variable's transform depends upon the actual indication with the coefficient. In case your coefficient can be quite a positive number, subsequently this centered changing may come such as because different changing; if your coefficient will likely be bad, subsequently this specific centered changing may come within the complete opposite method of the actual different changing.

The relationship analysis is used with a couple of simple techniques in order to look for the predictive potential involving caution together with to look for the relationship among a couple of securities.

When comparing their bond among the caution and also a security's selling price, a better constructive coefficient (e. g., transport eventually +0. 70) affirms for which in turn a transform inside of warning will usually estimate an improvement inside of security's selling price. A higher bad connection (e. g., not nearly as expensive -0. 70) affirms anytime the actual caution variations, the actual security's selling price will usually also come in and the second means. The lowest (e. g., throughout zero) coefficient indicates that link relating to the security's selling price and also the caution is just not considerable.

Correlation analysis is usually valuable inside gauging the connection among a couple of securities. Usually, one security's selling price "leads" or forecasts the expense of a different safety. One example is, the relationship coefficient associated with gold vs

the dollars shows a strong negative connection. This means that an increase in the dollar usually predicts a decrease in the price of the gold

3.12 CHAPTER SUMMARY

Overall, in chapter 3, the methodology of the study were discussed explicitly. An explanation of how the study was conducted to guide researchers to make this study a reality and can be accepted by all parties. In addition, the discussion about population and sampling helps researchers to make more empirical study. Tests of the instrument of ratification to give more credence to the tools used in this study.

CHAPTER 4

FINDINGS

4.1 INTRODUCTION

In this chapter, we will discuss the results of the analysis and the results are collected based on the objectives of the study in Chapter 1 and hypotheses of studies that have been formed. Results of the study will be discussed by the description and interpretation of the interview and statistics in detail. Analysis of the data obtained are using Statistical Package for the Social Science (SPSS) Version 20 and qualitative analysis.

In the descriptive analysis, researchers will describe demographic characteristics in more detail based on statistical data of respondents in percentage and frequency.

4.2 QUALITATIVE ANALYSIS

The aim of this research is to understand how organization managed challenges throughout corporatization process and to identify measures taken in overcoming the challenges as discussed in section 2. The first section describes the challenges, the second section describes the measures, the third section provides a conclusion for that exercise while the last session provided result from the questionnaires. The first and second sections include quotations from the interviewees in the paragraphs as evidence and to provide an in-depth, contextual understanding of the situation.

4.2.1 Corporatization Process Success

Table 4.1: Qualitative Comments on Corporatization Process Success

Respondent	Comments
R1:L92	“For me personally the support all around. This exercise cannot be done if the top against it...also cannot be done when even among the entity that being corporatize against italhamdulillah the exercise going smoothly with minimal hick up due to proper planning done.....you know....being a government entity ..we are prone to political attack whether by the left or right,,....that why I say all play the role...like KBM the staff association even support it...off course ...they among our targeted staff to tackle first”
R2:L86	“mmm...simply without proper planning the strategy can be success.. furthermore without full support at all level cannot be done....where even the staffs doesn't support this exercise will make it hard for us”

- Before proceeding onward further with any exchange of power and impact it would be a good idea to clarify these sorts of terms. Yukl (1998) identifies about three source groups of power and identifies stakeholder features:
- Position force got from statutory or hierarchical power: formal power; control over prizes or rewards; control over disciplines; control over information; and environmental (physical/social environment, technology and organisation) control.
- Personal force got from human relationship impacts or characteristics: mastery; loyalty; and charismatic.

- Political force got from formally vested or helpfully transient simultaneousness of target and intends to attain to these: control over decision processes; coalitions; co-option; and institutionalisation.

A key premise underlying Berry's (1981) "employees as customers" is that much the same as external customers, internal customers craving to have their needs satisfied. The rationale of this is that by fulfilling the needs of internal customers, an organisation ought to be in a superior position to convey the quality coveted to satisfy external customers. Understood in this is the supposition that fulfilling worker needs upgrades their inspiration and retention, and as an outcome the higher the level of worker satisfaction, the higher the likelihood of creating external satisfaction and loyalty.

Role of change agent - The accomplishment of executing change is by and large connected with the individuals who encourage the change process. The change agents characterized here as a manager who looks for "to reconfigure an organisation's roles, responsibilities, structures, outputs, processes, systems, technology or other resources" (Buchanan and Badham, 1999, p. 610) in the light of improving organisational effectiveness.

It has become extremely challenging in emerging markets to lead intense organizational changes to achieve effectiveness and success (Sadri, Weber, & Gentry, 2011). The resultant climate and pressure for change may favor particular styles of leadership, such as transformational or visionary, and discourage others, such as authoritarian

(Charbonnier-Voirin, Akremi, & Vandenberghe, 2010). The role of change agents as facilitators is extensively discussed within a rational framework. For example, Buchanan and Boddy (1992) list skills of successful change agents as clarity of determining objectives, team building exercises, communication abilities, negotiation skills and "influencing skills" to pick up responsibility to objectives or goals. This renders recognitions, convictions and suspicions of change agents as fundamental viewpoints to be caught on.

4.2.2 Communication

In order to resolve the contentions existent inside the groups, the role of face-to-face communication was thought to be appropriate. (Jyoti Choudrie, 2005) Communicate with compassion means organizations must consider the emotions of their message recipients, both to avoid seeming callous and to “maintain the public’s trust and attention, both of which are essential for minimizing harm and beginning the recovery process” (Sellnow and Vidoloff, 2009, p. 42).

MARA Liner have been aggressively communicating the corporatization from top to bottom in ensuring that all level of KBM staffs will have a correct information about the exercise.

Table 4.2: Qualitative Comments on Communication

Respondent	Comments
R1:L37	“I have been assign to spearhead the exercise....my role is on preparation of working paper and strategy to work out the plan....the documentation part is kind of process....i mean the simple one...you simply write it onto a paper....but the hardest one would be to promote the intention to the staffs..”
R1:L43	“Yea.....it took us 1 year to communicate the intention. ...like...our corporatization approve in MARA management meeting on August 2011....so...starting the approval we have starting indirectly and directly told the staffs. ..you know, we even conducting a team building session.....around...mmm...70% attending the team building. Actually mere intention is to communicate the exercise and at the same time trying to work out a mind game so that they accept the idea....”
R2:L78	“I also have a meeting with all the manager for input and action....mmmmm...training also...like teambuilding which we leverage it for our purpose.....MLSB also will fund some of the staff to further study.....”
R3:L29	“Officially after the announcement by our Directorbut as rumoursgo around before that.
R4:L18	“I have no surprise as it has been told a few years ago about the corporatization planning by our former director Tn Hj Md Nor Bin Abdullah but I worried about the long term benefits.
R5:L18	“The transformation planning have been table for last 3 years and at the first time I am really excited with the big planning announced by my bos.
R5:L21	“The new environment will boost the spirit and can be interpretation as our re-born to be more efficient, outstanding and driven by market need to ensure the wealth of company will benefit all the workers.”

In addition is show benefit to the transition that staffs happy based on below conversation:

Rapid and clear communication increases the quality of decisions in a crisis (Kahai and Cooper, 2003), while breakdowns in communication can increase harm (Veil et al, 2008). “Corporate communication strategy is seen to be the outcome of a strategic thinking process by senior communicators and topmanagers taking strategic decisions with regard to the identification and management of communication with, strategic stakeholders” (Benita Steyn 2003).

“The amount and quality of information provided to employees regarding the change has been argued to influence the level of employees’ resistance towards change” (Wanberg and Banas, 2000).

4.2.3Engagement

“Engagement is a way to increase the productivity of your talent pool. Managers need to create the environment where employees feel more passionate about their work and exhibit the behaviors that organizations need to drive better results, not only for the organizations, but also for employees as individuals” (Ray Baumruk 2006).

Table 4.3: Qualitative Comments on Engagement

Respondent	Comments
R1:L64	“prior before the exercise begin, we did mass engagement in every KBM project....we divided into a number of team....even the power point slide is provided so that we are talking in similar voices “
R2 :L77	“My colleagues havedone the engagement.....it somehow has an impact...”
R3 :L37	“it’s more easier by engagement with all of staffs to understand the new policy of corporate that will implement soon

Angela Baron (2013), states that individuals engagement can have suggestions for their performance and other conduct which will affect on the achievement of the organization. Which part is proper for whowho is dependent upon the individual’s orientation towards the desired end-goal at that specific moment in time whereby can be determine form the engagement output. This highlights the connection between strategic implementation to the specific skills and abilities of the individual. By suggestion, this requires first knowing the skills and abilities of every worker before they can be helpfully conveyed. This evaluation is made more obvious, on the grounds that it takes a gander at an arrangement of individual skill from an opportunity-cost point perspective, which is taken from the organizational viewpoint and additionally from the employee’s perspective (Ahmed, Rafiq 2003).

Ray Baumruk(2006), managers can produce engagement with their employees in the accompanying functional ways:

- Coaching and career support - Be mindful to potential profession ways, skills required for improvement and progression. Search for opportunities with training and for assignments that will widen employees experience.
- Recognition - Preparing reliable and regular affirmation of good work. Give informal and formal rewards.
- Accountability -Be clear about performance expectations. Hold employees accountable for results. Provide appropriate consequences for meeting or not meeting expected results.
- Involvement - Involve employees in decision making and execution. Ask them what they think. Find out what's most important to them and help deliver it.
- Communication - Ensure frequent and scheduled interaction and sharing of information, feedback and ideas. Listen, understand and respond appropriately.

4.2.4 Participation

Table 4.4: Qualitative Comments on Participation

Respondent	Comments
R1:L92	“This exercise cannot be done if the top against it...also cannot be done when even among the entity that being corporatize against it”
R2:L86	“Simply without proper planning the strategy can be success..furthermore without full support at all level cannot be done....where even the staffs doesn't support this exercise will make it hard for us”

It is widely believed that public participation contributes to better projects, better development and collaborative governance (Angela Baron, 2013). The reasons and motivations that account for the current emphasis on public and stakeholder involvement in planning, policy and management are manifold and complex. In very general terms, it mostly aims at improving decision making by either enhancing the effectiveness of the decisions, or their legitimacy, or both (Newig, 2005)

Bert Enserink and Joop Koppenjan (2007), Public Participation Best Practices Principles are listed in many documents and websites. From these an excerpt is made leading to the following list of core values for the practice of public participation:

- The public should have a say in decisions about actions that affect their lives or livelihoods, it has a right to be informed early and to be proactively involved in a meaningful way;
- Participants should get all information they need to participate in a meaningful way to increase the interest and motivation to participate; including the promise that the public's contribution will influence the decision.

Participation is defined as the opportunity to influence decisions, and includes both structures (representative committees or the design of organization and roles) and processes (management style, culture, and interactions), thus encompassing both “participation” and “involvement” and Participation is the process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services (World Bank Group, 2005).

Communication with the public and capacity building are related to the quality of the participants' understanding and their ability to participate. Timing of participation is considered as the constituent related to the management of time resources during the participating process. Financing of participation is identified as the constituent that is relevant to the management of financial resources allocated to PP process.

4.2.5 Reward

As Risher (1999, p. 334) states, “the transition to a true performance culture takes time, an investment in training and a commitment to make it successful”. The importance that civil servants attach to fair treatment in their psychological contract and the reluctance of line managers to give negative evaluations and differentiate between staff members when giving performance bonuses, indicates that pay equity remains an important issue (Willem et al 2006).

Table 4.5: Qualitative Comments on Reward

Respondent	Comments
R1:L101	“The benefit that they earn prior is maintain and in fact we improve it. For example previously the father are not eligible for 7 days leave when they had new baby...now in MARA liner we add it.....off course more position that create the possibility the staffs gaining promotion...etc...I mean better career path...and the response from the staffs is great”
R2:L94	“I not saying that.....it just we need to do a lot of work still.....even now the staff have shown needed spirit even though not up to my expectation but it ok for a start.....i think I could be that we introduce a number of reward based pay.....it does motivate my staff”

(Martin 2007) Such a methodology needs to include both “vertical” and “horizontal” dimensions, which the framework proposes. Accordingly, in regards to the previous, the strategic approach needs to reach out to guaranteeing that the new part not just “fits”

with operational business needs, but also wider management decision-making structures. In the interim, in connection to the recent, the holistic strategic approach needs to envelop a close integration between all parts of relevant human resource exercises. Speaking in more general terms, these include for example:

- Developing and building fitting, unequivocal yet adaptable part/sets of expectations, which help with guaranteeing that part opportunities are suitably filled and the mental contract is consider.
- Developing and making proper and express units of execution criteria and growing elite frameworks, which is key if versatile preparing projects will be produced and created and other advancement opportunities will be created.
- Developing and securing adaptable prize motivating forces, creating data correspondence advances, and creating and building suitable and adaptable HRM strategies and techniques with a specific end goal to contribute towards building a strong situation in which FTMs truly feel persuade and committed to their HRM role, and the organisation as a whole.

A decently planned prize framework can be useful in elevating workers to perform sound natural practices. Work prizes allude to the inherent and extraneous profits that laborers get from their employments. Rewards can be a support to persistently rouse and expand responsibility from specialists to be ecologically dependable (Govindarajulu & Daily 2004)

4.2.6 Change Acceptance

Table 4.6: Qualitative Comments on Change Acceptance

Respondent	Comments
R1:L58	“I think the biggest challenge would be to gain majority staffs accepting the exercise. For me,..they are well complacent with current situation.....even though KBM don’t make enough money but still they earn the bonuses concurrently every time government announcing the budget”
R2:L72	“Because like I said.....i have to change using current staffs.....and the boss wanted to see the result fast....so It quit a task.....I can’t simply change everything overnight....even though I want too....but....i afraid if they couldn’t cope....”

According to Linstone and Mitroff (1994), there were three elements to be considered in executing change forms, that is the mechanical, authoritative and individual points of view. Although people are the most important factor in making change, however, they are additionally the most troublesome component to manage (Linstone and Mitroff, 1994).

There is a far reaching agreement in the writing that if those generally effected from authoritative changes, especially representatives, don't roll out any commitment to the improvement process, it would be hard to execute and achieve the fancied results in hierarchical changes (Schwahn and Spady, 1998).

If employees believe that the current situation does not require any change, then, they will not support any organizational change attempts (Kotter, 1995). Workers are by and large strong when they accept that change can make an important result both for themselves and their association (McLagan, 2002, p. 51).

4.3 QUANTITATIVE ANALYSIS

4.3.1 Descriptive Analysis

Table 4.7: Background of Respondents

Item	Frequency	Percentages
Gender:		
- Male	140	61.9
- Female	86	38.1
Total	226	100
Age:		
- 19 - 30	134	59.3
- 31 - 45	62	27.4
- More than 46	30	13.3
Total	226	100
Income:		
- RM1001-2500	97	42.9
- RM2001-3500	87	38.5
- RM3501 and above	42	18.5
Total	226	100
Academic:		
- Secondary and below	128	56.6
- Tertiary	98	43.3
Total	226	100

In this section, will be dealt with the analysis and decision of study that gathered based upon objective to study in chapter 1 and the hypotheses study that has been formed. Through study will be dealt with through the argument and interpretation through

statistics in detail. Data Analysis that is derived is to use Statistical Package for the Social Science (SPSS) Version 20

From the analysis we found that male frequency is 140 people equal to 61.9% and female with frequency of 86 people equivalent to 38.1%.

Distribution of Respondents According to Income

In terms of income, the study found a total of 97 respondents have an income of between RM 1001-RM2500 which represents majority of an increase of 42.9%. Then we found that a total of 87 respondents had incomes of between than RM2001-RM3500 or represent as sharing the majority of respondents, 38.5% and only 42 respondents had incomes more than RM3500 and covered 18.6% of respondents in Table 4.9. In term of academic a major of 128 respondents represent 56.6% of percentage only qualify from secondary school or below where the rest of 97 respondents qualify tertiary education qualification which also presents 42.9% overall.

4.3.2 Correlation Analysis

Statistical Analysis Inference used to spread acquired traits result study. The method that was used to this analysis is using the method test correlation Pearson.

Table 4.8: Correlation Analysis

		Correlations					
		Engagement	Comm	Change	Participation	Reward	Success
Engagement	Pearson Correlation	1	.077	.284**	-.043	-.010	.396**
	Sig. (2-tailed)		.247	.000	.525	.887	.000
	N	225	225	225	225	225	225
Comm	Pearson Correlation	.077	1	-.141*	-.047	-.026	.331**
	Sig. (2-tailed)	.247		.034	.480	.701	.000
	N	225	225	225	225	225	225
Change	Pearson Correlation	.284**	-.141*	1	.051	.003	.046
	Sig. (2-tailed)	.000	.034		.450	.963	.496
	N	225	225	225	225	225	225
Participation	Pearson Correlation	-.043	-.047	.051	1	.049	.407**
	Sig. (2-tailed)	.525	.480	.450		.468	.000
	N	225	225	225	225	225	225
Reward	Pearson Correlation	-.010	-.026	.003	.049	1	.019
	Sig. (2-tailed)	.887	.701	.963	.468		.781
	N	225	225	225	225	225	225
Success	Pearson Correlation	.396**	.331**	.046	.407**	.019	1
	Sig. (2-tailed)	.000	.000	.496	.000	.781	
	N	225	225	225	225	225	225

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

In term of midst organization change there are 69.5% of respondents equal to 157 staff were together along the process and only 30.1% or 68 respondents the newcomers to this company.

The experience distribution of the studies indicated the experience of the respondents was divided into 4 fractions years. Overall, respondents between the 1-5 years experience are the majority of these studies with a frequency of 133 people or 58.8%. Next, the frequency of respondents experiences between 6-10 years up to 42 people or 18.6%. Respondents with experienced above 10 years have a frequency of about 21 people, namely 1.6% and respondent below 1 years experience are a minority with a frequency of 30 or 13.3%. Overall experience year distribution is shown in Table 4.8.

Table 4.9: Correlation of Overall Independent Variable and Corporatization Success.

		Correlations	
		Overall	Success
Overall	Pearson Correlation	1	.502**
	Sig. (2-tailed)		.000
	N	225	225
Success	Pearson Correlation	.502**	1
	Sig. (2-tailed)	.000	
	N	225	225

** . Correlation is significant at the 0.01 level (2-tailed).

The Pearson Correlation Analysis is being used untuk determined the significance level of the variable in this study. The correlation significant level is at 0.01 (2 tailed) .

Table 4.10: Summary of Correlation Analysis

Hipotesis	Correlation Results	Relationship
H1: Engagement – Corporatization Success	0.396**	Weak
H2: Communication – Corporatization Success	0.331**	Weak
H3: Organization Change – Corporatization Success	0.046	Weak
H4: Participation – Corporatization Success	0.407**	Weak
H5: Reward – Corporatization Success	0.019	Weak
H6: Overall IV – Corporatization Success	0.502**	Moderate

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation table show that H1 relationship between Engagement and corporatization success is weak. The correlation result is 0.396. The second H2 show that relationship between communication and corporatization success is weak. The correlation result is 0.331. The third H3 show that relationship between organization change and corporatization success is weak. The correlation result is 0.046. The fourth H4 show that relationship between participation and corporatization success is weak. The correlation result is 0.407. The fifth H5 show that relationship between reward and corporatization success is weak. The correlation result is 0.019. The sixth H6 show that relationship between overall IV and corporatization success is moderate. The correlation result is 0.502 and accepted.

4.3.3 Regression Analysis

Table 4.11: Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.664 ^a	.441	.428	.314

a. Predictors: (Constant), Reward, Change, Participation, Comm, Engagement

The influence of research by framework only contributed 0.441 for R Square equivalent to 44.1% satisfaction.

4.4 CHAPTER SUMMARY

Overall, in chapter 4, the methodologies of the study were discussed explicitly. An explanation of how the study was conducted to guide researchers to make this study a reality and can be accepted by all parties. In addition, the discussion about population and sampling helps researchers to make more empirical study. Tests of the instrument of ratification to give more credence to the tools used in this study.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter is divided into two main discussions which is the discussion on research objectives of the study and followed by the recommendation for future research.

5.2 CONCLUSION ON COMMUNICATION AND CORPORATIZATION SUCCESSFULNESS.

The role of face-to-face communication was considered to be pertinent as mentioned by Jyoti Choudrie, (2005) while emotions of the message recipients, are essential for minimizing harm and beginning the recovery process” (Sellnow and Vidoloff, 2009). Corporate communication strategy is seen paramount to the identification and management of, and communication with, strategic stakeholders as stated by Benita Steyn (2003) which has been argued to influence resistance towards change. This research confirm that communication is considered one of the factor to the successfulness of the corporatization as paragraph 4.2.2 and result of correlation show a weak relationship in paragraph 4.3.2 but overall IV result are moderate and acceptable.

5.3 CONCLUSION ON ENGAGEMENT AND CORPORATIZATION SUCCESSFULNESS

Managers need to see employees as individuals in a way to generate an environment of any employee who think much more favorable in relation to their work together with the exhibits certain behaviors (Baumruk, 2006) while Baron (2013), states that people engagement can have implications for their performance and other behavior which will impact on the success of the organization. This research confirm that engagement is considered one of the factor to the successfulness of the process as paragraph 4.2.3 output clearly stated engagement was one of the reason they accept the corporatization. Correlation result as paragraph 4.3.2 also show that engagement have a weak relationship with the corporatization successfulness but overall IV result are moderate and acceptable.

5.4 CONCLUSION ON PARTICIPATION AND CORPORATIZATION SUCCESSFULNESS

Participation is defined as the opportunity to influence decisions, and includes both and processes, It it a process through which stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services (World Bank Group, 2005). Baron (2013) says that it is widely believed the public participation contributes to better projects, development and collaborative governance The reasons and motivations that account for the current emphasis on public

and stakeholder involvement in planning, policy and management are manifold and complex. In very general terms, it mostly aims at improving decision making by either enhancing the effectiveness of the decisions, or their legitimacy, or both (Newig, 2005). This research confirm that participation is considered one of the factor to the successfulness of the process as para 4.2.4 output clearly stated participation was one of the reason they accept the corporatization. Correlation result as paragraph 4.3.2 also show that participation have a weak relationship on successfulness of corporatization but overall IV result are moderate and acceptable.

5.5 CONCLUSION ON REWARD AND CORPORATIZATION SUCCESSFULNESS

The transition to a true performance culture takes time, an investment in training and a commitment to make it successful (Risher, 1999) while Willem *et.al.* (2006) state that the importance that civil servants attach to fair treatment in their psychological contract and the reluctance of line managers to give negative evaluations and differentiate between staff members when giving performance bonuses, indicates that pay equity remains an important issue. This research confirm that reward is considered one of the factor to the successfulness of the process as paragraph 4.2.5 output clearly stated reward was one of the reason contribute to successfulness of the corporatization. Correlation result as para 4.3.2 also show that reward have weak relationship on corporatization successfulness but overall IV result are moderate and acceptable.

5.6 CONCLUSION ON CHANGE ACCEPTANCE AND CORPORATIZATION SUCCESSFULNESS

Linstone and Mitroff (1994) state that there were three factors to be considered in implementing change processes, that is the technological, organizational and personal perspectives but comes with statement that although people are the most important factor in making change. However, they are also the most difficult element to deal with. There also stated that there is a widespread consensus in the literature that if those mostly effected from organizational changes, particularly employees, do not make any contribution to the change process, it would be difficult to implement and reach the desired results in organizational changes (Schwahn and Spady, 1998). This research confirm that change acceptance have a weak relationship the successfulness of the process as paragraph 4.2.6 output clearly stated change acceptance was one of the reason they accept the corporatization . Correlation result as paragraph 4.3.2 also the result a weak relationship but overall IV show a moderate result and acceptable.

5.7 RECOMMENDATION

There exists a need for further study into precisely why the downsizing actions of failed companies were unsuccessful. Downsizing activities might not always help a recovery if cutbacks are created an unacceptable areas or are poorly managed. Distressed firms needs to adopt short and long-term recovery strategies at the same time. There is additionally a need for further research to identify the turnaround amount of financially

affected companies. Given the several turnaround periods utilized in previous study, one explanation for that differing data is the belief that these studies are applying data from differing stages of a distressed firm's turnaround period. In addition there are opportunities for further research to identify the relationship between turnaround potential and the reason the affected state. KBM current operation model cannot sustain in the long run, giving the fact that now subsidy allocations from the government are uncertain and inadequate compared to the years back. Operation at the moment cannot progress for the betterment of their client due to limited financial support. As a result, KBM facing a declining services quality, public perception at the lowest and poor financial return or losses in Profit and Loss account. I really hope this research improve public understanding on turnaround exercise engage by public entities in accomplishing establishment objectives and also providing basis and mechanism for MARA in exercising a comparable turnaround process.

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