



THUMBPRINTS®

PROFIT-SHARING BONUS DISTRIBUTION HELPS EMPLOYEE RETENTION AND BUSINESS SUSTAINABILITY



Thumbprints Utd Sdn. Bhd. (Thumbprints) shareholders, began their business in 1990, started out in a humble shop lot but today the company has expanded so much that it has its own headquarters and factory buildings, based in Rawang, Selangor. This printing company now offers not just printing but also packaging solutions to its customers for the local and international markets.

The set of principles which the company upholds since its formation focuses on Honesty and Integrity and is practiced at all levels of the organisation. In addition to this, Thumbprints also subscribes to shared principles with its employees and customers including Growing Business Together, Team Support, Going Green, Continuous Improvements, and Accreditations. Thumbprints emphasises putting their employees first, which is reflected in its vision and mission, and believe that by focusing on the employees' well-being, it will reflect in the quality of work produced for customers.

The company's mission involves nurturing its employees in terms of training and development through personal coaching and also counselling. The continuous improvements made with employee relations result in excellence of products, thereby sustaining and growing its business, customers and partners.

The products that Thumbprints produces have a healthy market segmentation of 40,30,30, whereby 40% of its products, usually books, are exported

internationally while the rest of the 60% is divided into two other sections such as packaging, promotional materials and labels and promotional materials. Its local market mostly consists of multi-national companies (MNCs) such as Nestle, Dutch Lady, Top Glove, Kossan, Hartalega and even financial institutions.

Drawing upon Thumbprints' set of principles of Honesty and Integrity, the company engaged in Zero Corruption policies through TI- Corporate Integrity System in 2011. A collaboration with Transparency International Malaysia, a non-profit entity which advocates accountability, to formulate the system which was first of its kind. This has directly aided the company in receiving the ISO 37001:2016 in 2020 accredited by SIRIM QAS International, becoming the first printing company in Malaysia to achieve this.

The company's principal on Going Green is reflected in its green initiatives such as in the 5R's (Refuse, Reduce, Reuse, Recycle and Repair). As a printing company, Thumbprints took extra initiatives such as selling their used paper to recycling facilities as a commitment to this scheme. Another proof is the commitment for the company to be audited by the Forest Stewardship Council (FSC), another international non-profit organisation which promotes responsible management of the world's forests.

The accreditations that the company has achieved are a needed factor due to the company's nature of exporting their products to advanced countries. The company has been accredited with ISO 9001 for its Quality Management System, and most importantly, SMETA 4 Pillar, which draws its basics from the International Labour Standards (ILO).



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Employees are the main asset of Thumbprints, where highly motivated and productive employees are those who receive good treatment from their employers. The welfare of employees is paramount at Thumbprints.

To ensure that the company continues to grow and at the same time employees receive rewards commensurate with their contributions, Thumbprints began implementing PLWS around 2009. We have set strategic goals through ensuring a win-win situation between employers and employees. The implementation of PLWS has enabled the company to achieve its strategic goal of 5% increase in sales and 7% increase in profitability. At the same time, employee minimum annual gross income has reached RM24,000 in 2020, and is expected to increase to RM30,000 by 2023. This is one of our proudest achievements where employee productivity increased to 65% and the absenteeism rate was also able to be reduced to 15%. I believe that Thumbprints will remain competitive in the future, thanks to the support and contributions of all our productive employees.”

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Tam Wah Fiong

Chairman

Thumbprints Utd Sdn Bhd

IMPLEMENTING PLWS TO BE IN LINE WITH THUMBPRINTS' STRATEGIC GOALS



The Productivity Linked Wage System (PLWS) was introduced to Thumbprints in 2009. This initiative provides a systematic method of bonus distribution in relation to employee productivity.

Thumbprints' history in becoming a working community enterprise came from the need to provide a decent living wage for its employees. During the global economic recession in 2008, the Managing Director realised that the minimum wage given for the lowest designated labour type at the time was only RM450. Therefore between 2008 to 2010, the company worked on setting its own minimum wage system with a revised salary of RM700 and eventually in 2011, it launched the departmental KPIs. The KPIs, which were created through discussions with the HR Department, were evaluated and agreed with all levels of workers and were confirmed by the management in 2011. The company improved its structure even further by continuously improving department specific KPIs all throughout 2012.

These KPIs serve as a guide for employees to achieve their targeted goals. The company's PLWS model, which involves wages linked with KPIs, had a set of target goals for all its employees to receive a minimum monthly income of RM2,000 by 2020, which the company was able to achieve. With the new revision being made, the company has now set a goal of achieving RM2,500 of minimum monthly income by 2023, meaning a gross income of RM30,000 per year per employee.

However, this target was initially met with challenges from shareholders who were unsure whether the increment in income will be reflected in the productivity rate. The Company Chairman had to convince the shareholders through the Strategic Goals such as improving profitability by a minimum of 7% per year and achieving a 5% annual sales growth. Moreover, through the implementation of this initiative, the Company Chairman also believes that the achievement of on-time in full delivery with suppliers will rise to 97% compared to 84% before PLWS.

STRATEGIC GOALS

<ul style="list-style-type: none"> • Achieve minimum RM30,000 annual gross income by year 2023 	<ul style="list-style-type: none"> • Improve profitability by a minimum of 7% per year 	<ul style="list-style-type: none"> • Achieve 5% annual sales growth
<ul style="list-style-type: none"> • Achieve 90% annual employee retention 	<ul style="list-style-type: none"> • Improve productivity by a minimum of 10% per year 	<ul style="list-style-type: none"> • Achieve 97% On Time In Full Delivery with suppliers
<ul style="list-style-type: none"> • Achieve minimum training hours annually for every employee 		



Not only that, employees were also at first resistant to the PLWS system as the introduction of department-specific KPIs indicates possible micro-management from the heads of management even though the work they produce is more results-oriented. However, as the model was explained and tried out, workers were able to see the positive impact and would try their best to achieve their target goals according to their KPIs to receive the rewards as promised by the company.

Therefore, every year, the system will go under review for further improvements to be made so as to retain the productivity rate of the workers and reputation of the company to achieve healthy competitiveness.





EMPLOYEE EVALUATION BY USING THE PLWS MODEL

The then-named Gain-Sharing System initiated by Thumbprints as a bonus incentive has four types of rewards that are offered in its PLWS system. These consist of Profit Sharing, Quarterly Bonus, KPI Bonus and Solar Profit Sharing.

Profit Sharing is where employees are paid the bonus every six months in a year, in February and August. Named also as *Bonus Untung*, this scheme was started in 2011 and relates to the company's cash flow account where 15% from its profits are distributed to all regardless of status and position. However, employees are able to receive the Profit Sharing incentive under a set of terms and conditions. The employees will be evaluated based on their leaves record and disciplinary record.

As a clarifying condition, for employees whose total annual and unpaid leave is only eight days, they are entitled to 100% of the Profit Sharing. However, if they take leave of more than eight days, they are entitled to 50% of Profit Sharing.

A third condition for permanent employees is that for those with annual leave of 12, 16, 17 or 18 days, they are entitled to 100% of Profit Sharing if their unpaid leave is less than half of their total annual leave, whereas if their unpaid leave is more than half of their annual leave, they are only entitled to 50% of Profit Sharing. For those who violate leave requirements or are not able to satisfy the conditions above, no bonus would be given, and the extra amount gained from that will instead go to those with 100% entitlement. Therefore, these employees will sometimes gain more than 100% of the Profit Sharing.

Foreign employees on the other hand, will have a longer unpaid leave in consideration of having to leave their country for long periods of time. This is split into four sub-categories, each with its own set of profit-sharing percentage. Foreign employees will only have up to 31 days to be eligible for any of the Profit Sharing, anything beyond the one-month maximum is not entitled to any bonus.



The leave record and disciplinary record are calculated from January to June where the bonus is given in August, and from July to December the bonus is given in February.

The company's second set of Gain-Sharing System involves the Quarterly Bonus that employees will receive. This initiative was started in 2011 and the bonus distributed is based on the employees' basic salary. As with the Profit Sharing bonus, the Quarterly Bonus will also be evaluated through the employees' attendance. In addition to this, the percentage of bonus that employees will receive is in relation to the minimum targeted profit per quarter.

The condition for this bonus to be effective is that the minimum company profit must be RM100,000, where each employee will be given a minimum of RM50 or 5% of their basic salary. A maximum bonus of 60% of basic salary will be given to each employee if the company manages to earn a profit of RM1.1 million. This bonus payment will be made in May, August, November and February of the following year.

The KPI Bonus on the other hand is a set of reward schemes or targets that differ for each department. The amounts of bonus given are also different and based on the complexity of the job scope, which is reflected in each department's KPIs.

There will be a yearly assessment conducted following a score that is given based on the employees' individual achievements and the amount of bonus given will be different for each department based on the KPIs.

The fourth Gain-Sharing System is Thumbprint's Solar Profit Sharing. This wealth sharing is based on Thumbprint's initiative with the solar income scheme, whereby the solar generated electricity which are sold to TNB will have profit coming in. Projected to receive profit in 2022, 80% of the solar income will be shared to its employees. The 20% that is left will be used to monitor and maintain the solar panels.

To gain this incentive, it will be based on the number of years that the employees have served in the company. The higher the number of years served, the higher the sharing percentage will be. This will be paid annually in March and the scheme will end by the year 2035 based on the solar project's lifespan.



IMPACT OF PLWS IN THE COMPANY'S WORK CULTURE

Thumbprints benefitted from the PLWS system where it was noted that employees became more motivated and committed to their work. As a result, the productivity rate of the employees increased from 40% to 65%, indicating that the system is working as expected.

In addition to the work efficiency, very importantly the management is able to retain long-term employees with a turnover rate of only 1.16%. Since the schemes were implemented, employees have better salary remuneration as it has seen an average increase of 160%, which is in-line with the company's target goal. Where its Profit Sharing and Quarterly Bonus relies on the employees' leave record, absenteeism has reached 15% whereas previously the rate was as high as 40%. Due to the increase in productivity performance, sales have also increased on average 15% every year. On-time delivery has now reached 99%, which is one of the company's Strategic Goals.

In addition, the number of training sessions to be attended by each employee per year managed to reach 80% target compared to 30% before PLWS, which shows that the company has successfully ensured that employees' skills and knowledge are expanded in line with current trends and requirements.

Factors that contributed to the PLWS system include the management making an effort to initiate dialogue with its employees. An efficient productivity rate and output can be achieved as targeted. The good achievements and bonuses they receive have resulted in the adoption of the KPI scheme eventually being welcomed by all, and further reflected in the company's employee performance and thus skill retention.

As of today, Thumbprints is proud to have better and in fact superior operations due to better management of their workforce and utilisation of resources. On top of that, employees are also supporting the company even further by frequent communication and collaboration towards continuous improvements.

Bonus Distribution Through Profit-Sharing Schemes To Retain Employees and Ensure Sustainability

Thumbprints Utd Sdn Bhd (Thumbprints), which began its operations in 1990, started out in a humble shoplot and in present day, the company has expanded so much that it has its own Head Quarters and factories which are now based in Rawang. This printing company offers printing and packaging solutions to its customers for local and international market.

The company's mission involved nurturing its employees in terms of training and development through personal coaching and even counselling.

The continuous improvements made with employee relations result in excellence of products, thereby sustaining and growing its business, customers and partners.

THUMBPRINTS' GAIN-SHARING SYSTEM

The company's second set of Gain-Sharing system involves the Quarterly Bonus employees will receive. This initiative was started in 2009 and the bonus distributed is based on the employees' basic salary.

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The fourth Gain-Sharing System is Thumbprint's Solar Profit Sharing. This profit sharing is based on Thumbprint's initiative within the solar income, whereby the solar panels which has been sold off to TNB will have profit coming in.

IMPLEMENTING PLWS TO BE IN-LINE WITH ITS STRATEGIC GOALS

The Productivity Linked Wage System (PLWS) provides a systematic method of bonus distribution in relation to employee productivity. Thumbprints' history in becoming a community enterprise stems from the need to provide a decent living wage to its employees.

This target was met with challenges from shareholders who are unsure whether the increment in income will affect productivity rate. The Chairman had to convince the shareholders through its Strategic Goals such as improving profitability by a minimum of 7% per year and achieving a 5% annual sales growth.

As the model was implemented, they were able to see the impact and would try their best to achieve their target goals according to their KPIs to receive the rewards as promised by the company.

IMPACT OF PLWS IN THE COMPANY'S WORK CULTURE

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Employees are now more motivated and committed to work.

02



Where its Profit Sharing and Quarterly Bonus rely on the employees' attendance, the absenteeism rate has reached 15%.

03



On-time delivery has now reached 99% which is in one of the company's Strategic Goals.

04



The adoption of the KPI scheme eventually becoming welcoming to all.