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ABSTRACT

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Name : Faizal Mohamed Yusof, PhD
Title : The Value Of Sales Forecasting For Firms With High Strategic Adaptation Ability: A Case Study In The Automotive Industry
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The purpose of this study is to delineate and signify the value of sales forecasting by examining the relationship between strategic adaptation ability and sales forecasting management. In doing so, this study also addresses an on-going debate on whether there should be 'less or more' forecasting in a competitive and volatile market environment. In addressing this gap, UMW Toyota (UMWT), an automotive firm with high strategic adaptation ability was identified for the study. This study employs a mixed-methods case study approach which is predominantly qualitative. A quantitative strategic adaptation framework based on Eunni et al. (2005) provides the context for resulting organizational adaptation capability of UMWT. Data were collected from Malaysian Automotive Association (MAA) and companies commission of Malaysia (CCM). The sales Forecasting Benchmarking Model (SFBM) from Mentzer and Moon (2005) offers a framework to qualitatively analyse the sales forecasting management of UMWT. Based on pilot and in-depth inquiries conducted at

UMWT, the data were analyzed using a pattern matching process. Thus, in this multidisciplinary study the definition of value creation was derived from the perspective of management accounting. Based on the analysis, the results indicate that strategic adaptation ability has a high association with the functional integration dimension and a moderate association with the approach dimension of the SFBM. In addition, it has a low association with the system dimension and a moderate association with the performance measurement dimension of the SFBM. The findings reveal that at UMWT, functional integration is seen to be the most important factor in its sales forecasting management with the least emphasis on the systems dimension. Overall, the study demonstrates that the value of sales forecasting at UMWT resides in the 'use' of sales forecast information through 'shared interpretation' across the value chain based on the 'rundown management'. The findings contribute to the body of knowledge in several areas, which include refining and validating the SFBM, and providing better insights into the ongoing debate stated above. The study also illustrates an innovative practice of the rundown management. All these are summarized in the value creation map and the matrix map. It is hoped that this study will enhance our understanding of how a successful 'shared interpretation' process is applied across the value chain through an innovative sales forecasting management practice.