



Institute for Management and
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ERA EDAR: SUCCESSION AND CONFLICTS

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This case was written by Norashidah Hashim and Norita Deraman, UUM College of Business. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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Introduction

Family businesses are one of the prime movers in the economy of a country. This business type is initiated by the first generation and continues its existence in the next generation and becomes a major contributor to employment and production in the country. For example, in the United States about 92 percent of all businesses are family businesses. In Malaysia there are no specific statistics indicating the number of family businesses, but their contributions to local economies are very important. Companies such as Mydin, Habib Jewel, Honda Boon Siew, Genting Group, Tan Chong Group are among the names associated with family businesses in Malaysia.

A family business can be defined as a family holding a majority in ownership and management of the business, in which two or more family members are directly involved in the business. In addition, several prominent researchers such as Merridith (1988) defined family business as a business that has a majority position held by members of the family. Normally, the founder and spouse hold majority business equity while children and relatives hold key positions in the company at the management level. In addition, the definition of family business by Galliano and Vinturella (1995) is a business where family members have legal control over ownership. Next, Dyer (1986) defines the family business as an organization in which ownership and decision making is determined by the family members.

The establishment and development of family businesses always encounter challenges and conflicts that need to be addressed by the owners, management and family members. Problems such as conflict in relationships, issues of inheritance and property and the succession has become the focus of this case study. In addition, there are elements of culture that make the family business problems unique in the context of this country. It is necessary to do in-depth research to understand the situations and experiences encountered by family businesses. Therefore, this case takes the establishment and business development experience of Era Edar Marketing as a case study.

Era Edar Marketing Sdn. Bhd. (EEMSB) is known to Malaysian society as the producer of the famous product Examo CKM 500. EEMSB was founded by Professor Dr. Azizan (Dr. Azizan) whom has also succeeded in producing solutions of Examo CKM 500 that have received international recognition.

EEMSB is also well-known for its welfare contributions to the surrounding community. The establishment of this company is not purely profit-oriented but is also concerned with the welfare of the workers, their families and communities, and especially the indigenous Muslim Malay community. Dr. Azizan, as the founder of the business, is directly involved in distribution of donations and preaching Islamic teachings through his business activities. Therefore, the operation and management of the company is based on the teachings of Islam and Islamic business concepts.

History of Establishment and Development

Dr. Azizan Ismail started his business in the field of Homeopathy in 1980 and then developed a homeopathic clinic in Jitra, Kedah. At the same time he also developed homeopathic and herbal-based products. The first product developed from his impressive formulae is Examo CKM (with a combination of biochemical tissue salts). Initially, the company only provided active ingredients and formulas only, while the production process was done by foreign manufacturers under contract.

With the increasing demand for homeopathic and other complementary medicines, Dr. Azizan had began the operation of Homeopathic Laboratories (M) Sdn. Bhd., or Homeolab, in the year 2000. Homeolab has obtained GMP and manufacturing license from the National Pharmaceutical Control Bureau, Ministry of Health. Homeolab is the first Homeopathic factory in Malaysia and Southeast Asia, and all products produced by Homeolab are marketed by Era Edar Marketing Sdn. Bhd. The start-up

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