

CHAPTER 3

PROJECT METHODOLOGY

3.1 INTRODUCTION

The project methodology essentially provides a means of achieving the objectives of the study as outlined in Chapter 1. It is important to note that the methodology itself is a vehicle upon which the whole study rides on in order to achieve its objectives. A study of this type is investigative in nature, focusing on property development industry. An investigative study is deemed as necessary as it requires the author to study practices from the management's running of the business and to generate a conclusion. The general theme running throughout the course of the study is that of strategy, whereby several important decisions made by the organization to survive the crisis period of 1997 to 1998 are highlighted.

Several sources of information have been utilized. Firstly, articles written in regional publications on the economic crisis have been researched upon, and the condensed version is presented in this study. This research serves to highlight the state of economy that the organization operates in. Further to this, books on property development were studied in order to gain an insight into the condition of the property development industry in Malaysia. This further highlights the state of the industry prior to and beyond the crisis. Various texts on corporate finance and management and journals of the Malaysian Institute of Accountants written by academics and professionals respectively, also form the backbone of the study, lending an academic viewpoint to the analyses. The study does not have a separate section on literature review, as the writings of the academics are interwoven with the analyses. The course of this study has necessitated research into a diverse range of management writings, ranging from all angles. It is important to determine that the strategies adopted and

implemented in real life do tie in with that of academics and theorists. This is important as it shows that there is practical relevance in their writings. This further leads to a better understanding of the subject areas that are taught in the program. As the paper delves in the various chapters, it will be seen how these theories have been transformed into real life examples.

In a nutshell, the thrust of this project concentrates on a survival strategy - highlighting the action plans implemented by a property developer as it not only battled the economic crisis, but also competition within the industry itself. The strategies implemented should be directed towards survival throughout the period crisis and beyond.

Finally, during the course of the program it is clear that there is no exact formula or science for success, that the managing of an organization requires constant review of its policies in order to be proactive with the changes in the business climate.

3.2 INVESTIGATIVE STUDY.

In a study such as this, the various functional units that make up the organization are likely to be studied, hence the requirement of an investigative method. In the study, analysis is done on the functional areas and is on put to test by making comparison to the writings of theorist.

It was important to note that decisions made during the course of business should be based on previous experiences and also parallel with theories.

A study of this nature may require the probing of almost all of the functional units that make up the organization. As its name suggests, an investigative vehicle assumes all possible variables that may make up the end result. Therefore, for the purpose of this study, there are certain limitations that have to be addressed

to make it more manageable. Certain information such as the consolidated accounts for the overall operation in Malaysia may not actually represent the actual scenario which takes into consideration on taxes and other "window dressing" of the accounts for some other corporate reasons. Based on this it is rather difficult to establish a cut off point to the amount of investigations that need to be carried out and the amount of investigation that need to be carried out and the amount of data to be collected.

For the purpose of this study, the author has decided to examine what is believed to be the main functional areas that are crucial and directly related to the sustainability of the business in question.

The very nature of the study has narrowed the scope of analysis to the 1997 to 1998 period. Therefore, the data gathering process has been limited to these two years when the economic crisis peak. The process of gathering data is to enhance the policies and strategies implemented by the organization, hence lending further credence to theory. This can be seen in Figure 1 below.

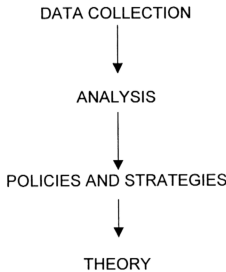


Figure 1 : Investigative Study Project Flow

In summary, the essence of the study requires data collection and analysis of such data, how the results of the analysis have proven the policies and strategies implemented, and finally the relevance of the theory in the real life experience of managing an organization.

3.3 LIMITATIONS OF THE STUDY

The study concerns itself with only the analysis of a company, which has no financial constraint nor difficulties in terms of borrowings and cashflow in implementing its core business. It does not give an account of first hand experiences of a company strapped by cashflow problems. However, by looking at the strategies adopted by this company to cope with expected problems in this area, invaluable insights and lessons can be learnt regarding how companies may restructure themselves to protect and with such problems in the event that they arise.

Besides the above, studies on the consolidated accounts prepared and audited for the past few years cannot be utilized as a guidance on the performance of the company. This is due to the fact that the company is a private limited company and "tax planning" is addressed prior to the audit. The overall group also consists of foreign and local share holders which also complicates the accounts. Internal transfer of funds were implemented to reduce cost of capital. This is due to the fact of foreign interest rates differs from the Malaysia interest rates at various points on the time line.