

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

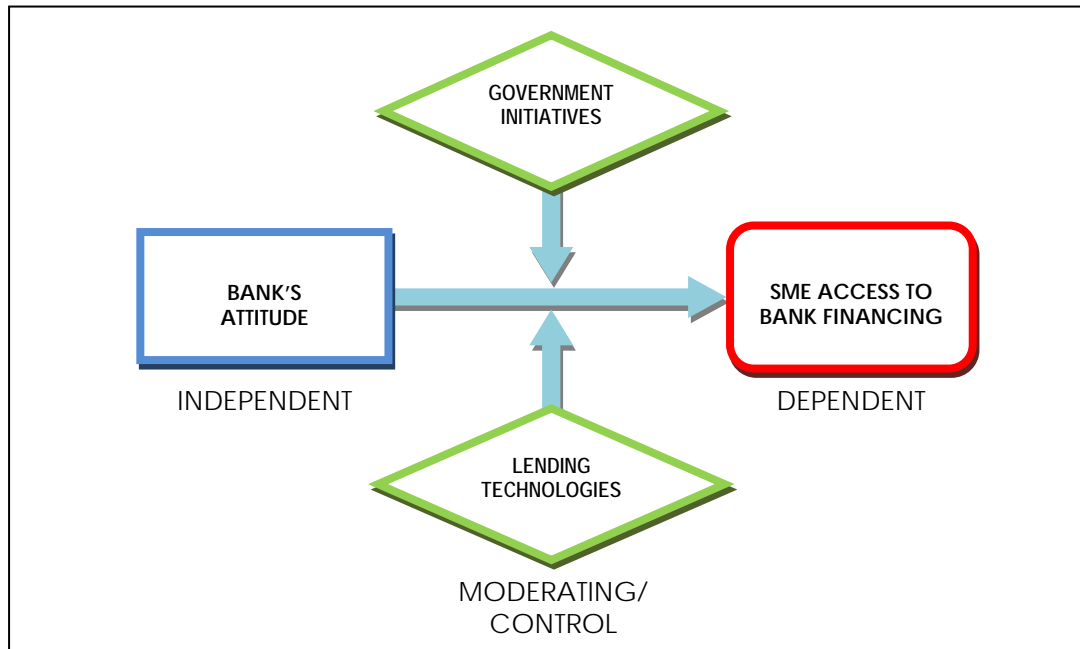
#### **3.1 Introduction**

This chapter discussed the research methodology employed in the study. First, we present the framework to connect the variables. Subsequently, we provide the research design used for this study and further discussed on the data collection and data analysis technique.

#### **3.2 Examining Research Questions**

This study is intended to examine the relationship between Bank's attitude and access to financing for SME companies. It is noted that there are many factors influencing the approval for financing the SME loan, but we assume that all other factors have same level of influence on the selected sample. We adopted a theoretical framework to investigate the relationship between bank's attitude towards financing the SME and that the access to bank financing is supported by government initiatives and lending technologies as illustrated in Figure 3.1:

Figure 3.1  
Research Framework



To achieve the main objectives, research questions were generated. The research questions will guide the exploration of this study. Since this study focuses on the research questions rather than the method it adopts, thus the main aim of this research is not to test the hypothesis. The data collected from the designed questions will be analyzed to develop and meet the research objectives.

### 3.3 Research Design

For this study, design selected is mixed-method analysis since quantitative method of analysis alone is insufficient to meet the research objectives. According to Meyer (1991), a mixed-method approach allows the combination of qualitative and quantitative data to achieve research

objective. Based on Cresswell and Clark (2007), a mixed-method research is associated with pragmatism approach as it focuses on the main research questions and its results. Several researchers like Goulding (2005) and Cassel and Symon (1994) emphasized the need for qualitative methods in order to assist in decision making and to understand individual or group experiences in organization.

Due to the nature of this study, we choose an explanatory mixed-method design to answer our research questions and research objectives. This method is considered the most suitable approach as it attempts to discover the relationship between Bank's attitude and access to financing for SME companies. We collect the qualitative data after quantitative phase to explain or follow up on the quantitative data in more detail (Cresswell, Plano Clark, et al., 2003). We do this in order to obtain statistical quantitative measures and analysis first from the sample. Then, we follow up or focus with few individuals to probe or explain those results in more depth. We explore the process and its outcomes through quantitative measures and subsequently this will lead to exploring experiences and insights from the officers.

In the quantitative phase of the study, structured questionnaires are collected from lending officers working in the local banks to test if bank's attitude affects SME access to financing. Sequentially, the qualitative interviews are used to better understand the quantitative results.

### **3.4 Research Sample**

In order to address the research questions and objectives, we noted that the most suitable sample is by choosing a purposeful sampling of which we intentionally select our sample or participants who have experience with our research problem. Saunders et al (2000) highlighted that purposeful sampling is to choose all sample members which is similar in order to study the group in depth and will enable the researcher to select the sample cases which is most suitable to address the questions .

Our respondents and interviewees for this study were very specific. In this case our sample is lending or processing officers of major local banks in Malaysia. Rational from selecting the lending officers are due to the fact they are relationship officers of the banks who are processing and assessing the SME applications for approval.

Meanwhile we choose local banks by virtue of the fact that most local banks are under the Bank Negara Malaysia requirement for supporting the government funded schemes. The criterion used to maximize the differences is using different banks to differentiate the participants. This is because if participants are purposely chosen to be from different company, then their views will reflect the difference in banks attitudes. We also identify a small number of participants which will provide an in depth information about the bank's policies and processes. Our sampling chosen

will be representatives of the local banking industry in order for us to generalize the banking attitudes.

List of banks selected includes local banks in Malaysia and we depict the banks in terms of assets and loan as follows:

Table 3.1:  
List of Banks as at Financial Year 2009/2010 at Group Level (B=Billion)

<b>Local Banks</b>	<b>Profit After Tax</b>	<b>Total Assets</b>	<b>Total Loans</b>	<b>Shareholders' Equity</b>
<b>Maybank Berhad</b>	RM 3.8 B	RM 336.7 B	RM 205 B	RM 27.8 B
<b>Public Bank Berhad</b>	RM 3.1 B	RM 226 B	RM 153 B	RM 13.7 B
<b>CIMB Bank Berhad</b>	RM 3.6 B	RM 269 B	RM 159 B	RM 24 B
<b>RHB Bank Berhad</b>	RM 1.4 B	RM 119 B	RM 81 B	RM 9.2 B
<b>SME Bank Berhad*</b>	RM (0.796) B	RM 6.6 B	RM 3.5 B	RM 1.16 B
<b>Affin Bank Berhad</b>	RM 0.381 B	RM 42 B	RM 22 B	RM 3.3 B

Source: Annual Report 2010. \*Based on Annual Report 2009

The total number of questionnaires issued was 90 of which 15 each was sent to each banks via personal contacts. Out of 90, 60 responses were returned while only 50 responses were usable for our analyses. We only

managed to get 10 lending officers for interview due to time constraints.

Table 3.2 shows the detail:

Table 3.2:  
Fieldwork Figures

Description	Numbers
Structured questions issued	90
Structured questions returned	60
Structured questions analyzed	50
Interviews held	10

Questionnaires were issues to respondents who are in the position of middle management and lower, who are dealing directly with the SME applications and processing. The respondents work position includes from the rank of senior manage, manager, assistant manager, executive as well as lower grade officer.

### 3.5 Data Collection Procedure

We collected quantitative data using structured questionnaires that measure lending officers attitude towards accessing the SME financing in terms of policies, process, government influence and lending technologies. A copy of the questionnaires issued to the respondents can be found in the Appendix. The structured questions were designed based on review of literatures in Chapter 2. A five-point Likert-scale was used which varies from 'Strongly Agree' to 'Strongly Disagree' to the statements. A 'No view'

column was allocated in case the respondents not able to answer the questions due to technicality of the statements. It is noted that by using Likert-scale, the items must be in a form of statements and not questions (Bryman, 2004).

In order to explain further the relationship, we conduct interviews with the lending officers to understand the information better. The interviews are basically a simple conversation to understand the lending officers' point of view and their experiences. We take the same individuals in the first data but the qualitative data will be from a much smaller sample than the quantitative data collection. These follow ups findings are from key results found during our analysis done earlier if they are found to be different in outcomes. We choose the results which shows high percentage of neutral answer or if the result shows similar percentage of agreement and disagreement. However, we also proceed with the interview in order to explain further important information which is related to the research question. The interviews provided an opportunity for us to understand why the respondents had chosen certain answer in the structured questions.

In terms of timing, we choose sequential timing in that in this study structured questionnaires were issued , responses were analyzed quantitatively and thereafter the interviews are used to support and review certain results.

### **3.6 Data Analysis Technique**

The data received were inputted into a Statistical Package for Social Science (SPSS). The data were analyzed using descriptive analysis to identify the frequency distributions, means and standard deviations. A descriptive analysis was employed in determining the attitude of banks in lending to SME in terms of industry, riskiness of SME, documentation process, government funded schemes and lending technologies. The descriptive analysis is relevant to address our research questions of this study. Where possible, rank-order of data was analyzed from means to investigate some of the relevant questions in order to determine the importance of preference.

From the analysis above, some quantified information requires further explanation which only interviews with the relevant officers could provide. Thus for the qualitative data, interviews are based from the same structured questionnaires. From there, we explore the data by writing short wordings recorded from the participants to develop general understanding of the data.



### **3.7 Conclusion**

This chapter summarizes the research methodology employed in this study. A mixed method research is chosen as both qualitative and quantitative data collection is involved. We used the results from the quantitative data to build on the quantitative data.