

Table of Contents

Acknowledgement	i
Abbreviations	iv
List of tables	v
Abstract	1
CHAPTER 1: INTRODUCTION	
1.1 Introduction	2
1.2 Purpose and Significance of the Study	2
1.3 Research Question	3
1.4 Organisation of the Study	4
CHAPTER 2: LITERATURE REVIEW	
2.1. Introduction	5
2.2. Research and Development and Firms' Competitiveness	5
2.3. R&D Practices in U.S. and U.K.	5
2.4. Factors Influencing the Finance Directors' Perceptions	7
2.5. Research and Development Activities in Malaysia	8
2.6. The Scope of the Study	10
CHAPTER 3: RESEARCH METHODOLOGY AND METHODS	
3.1. Introduction	12
3.2. Research Methodology	12
3.3. Research Method	13
3.4. Data Analysis	14
CHAPTER 4: RESEARCH RESULTS	
4.1. The Questionnaire	16
4.2. Response Rate	16
4.3. Research Findings	18
4.4. Analysis	24

4.4.1. R&D Practice and Decisions made by the Finance Directors pertaining to R&D	24
4.4.2. The Finance Directors' Concern for R&D impact on current earnings and its relationship with the Companies' Profitability	25
4.3. The Finance Directors' Perceptions	27
4.4. A closer examination of companies that are considered as exceptions and their respective Finance Directors' perceptions	29

CHAPTER 5: CONCLUSION

5.1. Summary of the Findings	32
5.1.1. The R&D Practice	32
5.1.2. The Finance Directors' Perceptions	33
5.2. Comparison with other Study	35
5.3. Implications	36
5.4. Limitations of the Study	37
5.5. Suggestions for Future Research	38

BIBLIOGRAPHY	39
---------------------	----

APPENDICES

APPENDIX A – Letters to the companies	43
APPENDIX B – Questionnaire	46
APPENDIX C – Research Fundings in Malaysia	50

ABBREVIATIONS

- AOM - Average Operating Margin
CRDF - Commercialisation of R&D Fund
DAGS - Demonstrator Application Grants Scheme
GDP - Gross Domestic Product
GERD - National Gross Expenditure on Research & Development
IGS - Industry Research and Development Grant Scheme
IMP2 - Industrial Master Plan 2
IRPA - Intensification of Research in Priority Areas
IT - Information Technology
KLSE - Kuala Lumpur Stock Exchange
MASB - Malaysian Accounting Standards Board
MASTIC - Malaysian Association of Science, Technology and Information Centre
MGS - MSC Research and Development Grant Scheme
MSC - Multimedia Super Corridor
PRIs - Public Research Institutions
R&D - Research and Development
TAF - Technology Acquisition Fund
TNC - Transnational Companies

LIST OF TABLES		PAGE
Table 1:	Responses obtained from companies under study	17
Table 2:	Analysis of returned questionnaires	18
Table 3:	Size of ordinary shares of the companies as of 30 September 2000	19
Table 4:	Number of employees of the companies as of 30 September 2000	19
Table 5:	Regularity of R&D activities of the companies under study	20
Table 6:	How R&D activities are carried out in companies	20
Table 7:	Classification of R&D activities undertaken by companies under study as defined by MASB4	21
Table 8:	The percentage spent by companies on R&D activities against revenue	21
Table 9:	Decisions that would be taken by the Finance Directors pertaining to percentage spent on R&D activities against revenue in the event of declining revenue	22
Table 10:	The perceptions of the Finance Directors regarding to the impact of the allocation of R&D activities to current earnings	23
Table 11:	Decisions undertaken by Finance Directors pertaining to R&D expenditure allocation in times of high earnings	23
Table 12:	The Relationship between the Finance Directors' concern of R&D impact on current earnings and the companies' profitability	26