CHAPTER 3: RESEARCH METHODOLOGY AND METHODS

3.1 Introduction
Chapter 2 discusses the past studies related to R&D practices. The research question for this study and the factors influencing the Finance Directors' perceptions are also discussed in that chapter. This chapter attempts to discuss the research methodology and methods used in this study.

3.2 Research Methodology
The research methodology being used for this entire study is Qualitative. This methodology is particularly being chosen for this study, as this method is relatively suitable to gain insight into a particular phenomenon compared to quantitative method. It allows researchers to discover information that is not available through quantitative methods. Qualitative research enables researchers to study a single phenomenon in great detail. Quantitative research on the other hand is not suitable for research that is centred on social issues and beliefs because they do not attempt to summarise social issues. (Schloss & Smith, 1999).

This research is aimed at finding out the R&D practices. The reasons for such practices are obtained from the perceptions of the directors. Since the second part of the research question is concerned with attitudes and beliefs, qualitative method appears to be the more suitable approach for this study. Quantitative method attempts to measure phenomena called the "variables". However, phenomena with regards to human attitudes and beliefs could not easily be interpreted and understood by these "measurements". Sigmund Freud, for example, discovered plenty about the way human beings function, and so did Jean Piaget. Neither of them tested any hypotheses, or used large and representative enough samples of people to satisfy the rules of statistics. (Tesch, 1990). Yet they both made important assertions about human beings and created many psychological constructs for the use in the description of their theories. (Ibid). However, this study does not undermine the importance of
quantitative method. Quantitative or qualitative methods are both suitable, depending on the aim and focus of the research. However, in this research it appears that qualitative methodology is the more appropriate approach to be used since this study tries to understand how and why the Finance Directors made the decisions concerning the allocation of R&D expenditure. In an attempt to gain an understanding pertaining to this matter, questionnaires with open-ended questions are used. The usage of open-ended questions would encourage the respondents to express their perceptions and views concerning R&D expenditure allocation. The questionnaires that are used for this study could be found in APPENDIX B at the end of this thesis.

3.3 Research Method

The research method adopted for this study began with selection of companies. Companies selected for this study are public listed companies that are listed in KSLE.

The method of selection being used in this study is "Purposive Selection". Purposive selection is also known as purposeful sampling or judgemental sampling. This kind of sampling is another nonprobability sampling technique. This sample is selected on the basis of one’s knowledge of the population, its characteristics, and the research questions. (Schloss & Smith, 1999). Judgement and purposive sampling are generally used by single subject and qualitative researchers. (Ibid). Under this method of sampling, the sample is selected to support the goal of the study, rather than to find out the "representativeness" of the sample to broader population. For this reason, 60 companies are chosen for this study. Choosing 60 companies allows for more in-depth study of the companies concerned, as demonstrated by Abdullah (1994) in his study of 60 TNC. Abdullah used questionnaires and interviews to carry out his study.
The 60 companies being selected for this study were obtained from the computer programme the "Sequencer". The companies selected were those that undertook R&D activities and included the R&D expenditure in their Financial Statements and/or capitalised the development costs in their Balance Sheets. The addresses of the respective companies were also found out from "Sequencer". These were later being verified by contacting the 60 companies individually on the telephone. The names of the corresponding finance directors together with their title of post were also found out through the telephone.

Next, the questionnaires were designed and sent to these companies. Each questionnaire was pre-numbered and sent together with a pre-paid, self-addressed envelope. A letter explaining the purpose of the study and ensuring the confidentiality of the information provided by the respondents was also provided. In addition, the letter by the university to notify the companies about the research was also enclosed. Copies of the two letters can be found in APPENDIX A section. Frequent contacts were made with the respective Finance Directors to increase the chances of obtaining the completed questionnaires from them. As mentioned previously, the views of the Finance Directors are sought by using open-ended questionnaires. It allows the study to obtain the views of the respondents directly from them.

3.4. Data Analysis

The information for this study was obtained through the questionnaires and the documentation. The documentation includes the respective companies' Financial Statements and relevant articles about the companies' profiles. In this study, questionnaires were used to find out the perceptions of the directors with regards to the impact of the R&D allocation to current profits. The data gathered from the questionnaires provided an insight to the companies' R&D practices and the perceptions of the Finance Directors. The data obtained was then compiled, analysed and compared with the respective companies' Financial Statements from the years 1995-1999. The result of the findings and the analysis would be
discussed in the subsequent chapter - Chapter 4: Research Results.