CHAPTER 4

RESEARCH METHODOLOGY

In this chapter, the research methodology is laid out: the design of the questionnaire, the selection of the sample and the data collection technique.

4.1 Questionnaire Design

The questionnaire is comprised of both open ended questions as well as closed ended questions. English was chosen as the language medium as the key international agencies were mainly American- or British-based agencies. Most local agencies management were also proficient in the language.

The open-ended questions were included to solicit more in-depth answers, probing for reasons as well as to encourage open flexible lines of thoughts. Questions in this area covered descriptions of the company's corporate strategies, strengths and resources. The closed-ended questions were used to gather data on respondents and corporations.

The six-page questionnaire was broken into two sections: Section A and B. Section A included open ended questions on the organisation's core competence and unique resources. In here, a section using attitudinal statements on agency-client relationship factors from past research was incorporated to examine how Malaysian agencies rank them. Respondents were required to rate the importance of the constructs (factors of competitive advantage) on a 5-point Likert scale.

Section B included closed-ended questions on the respondent: nationality, designation and years of experience in the current position as well as overseas. Information on the company was also gathered. Questions in this

part included name of the organisation, the year inaugurated, agency class, shareholders, billings, staffing (total and expatriates), training, compensation rate and recruitment. On billings and staff, figures from 1993-1997 and thereafter every ten years from inauguration till 1990, were requested.

Questions on computerisation where a 4-point Likert scale was used to rate the extent of computerisation in the various departments, accounts held, awards won locally and internationally and number of business pitches were also included.

The last part in Section B incorporated descriptive questions on corporate strategies in the wake of the current economic slowdown, globalisation and export of service.

4.2   Sample Design

The primary method of survey would be a mail out questionnaire in which respondents answered questions and then mailed the completed questionnaire in a self-addressed and stamped envelope

Respondents were defined as decision-makers who are involved in the long-range planning for the advertising agencies. They held top management positions such as Chief Operating Officer, Executive Officer, Managing Director or General Manager.

The sampling frame was taken from two sources: the Malaysian Advertising Directory 1997 and 1998 and the membership register of the Association of Accredited Advertising Agents (4As). The 4As membership list (refer Appendix E) is made up of accredited or full service advertising agencies who offer full services: creative and media placements. The lists yielded a

total of over 70 agencies in Malaysia. These represented the total universe of full service agencies in Malaysia.

4.3   Data Collection Technique

The main technique for collection of data was a self-administered questionnaire which was mailed out or faxed to the respondents who returned the completed questionnaire by mail or fax. The period for data collection ran from November 29, 1998 till January 13, 1999.

Both the international and local agencies were first contacted through facsimile, accompanied with a letter explaining the purpose of the survey. Checks were made through the Telekom Malaysia directory enquiry services to confirm the telephone numbers when difficulties arose in faxing the letters. The faxes confirmed that the companies were still in existence.

In total, 53 letters were faxed and a questionnaire with a self-addressed and stamped envelope was then mailed out to each. Collection was made 2-3 weeks after the mail-out. Follow-up calls were made to agencies who had not returned the questionnaire. The questionnaire was remailed and/or refaxed to agencies who indicated that they may be able to help.

4.4   Analytical Techniques

Statistical techniques will include descriptive, univariate and bivariate tests with tests of significance.

CHAPTER 5

RESEARCH RESULTS

This chapter covers the reporting of the results from the statistical analysis of the responses as well as discussion of the implications of the results.

In total, 21 agencies out of the 53 contacted completed the questionnaire, giving a response rate of 39.6 percent. However, the sample size was too small to conduct meaningful statistical analysis except for means and t-tests.

Some of the reasons given for non-participation in the survey included "the Managing Director (MD) was busy" and "no other person other than the MD was qualified to answer the questionnaire and he is too busy" and "some of the answers were too confidential" especially in areas of billings, staff and strategies.

5.1   Respondents' Characteristics

Table 5.1 shows that out of the total responses, 47.6 percent were local ad agencies and 52.4 percent were international agencies. More international agencies responded. A look at the actual numbers revealed that four of the current international agencies were formerly local agencies. No agency classified themselves as a local agency with international affiliation as was advocated in Adnan's (1992) book. 91 percent were Malaysians holding key management positions in both international and local agencies. This figure showed a distinct move from Adnan's definition of international agencies where expatriates held top management posts.

About three-quarters of the respondents were key decision makers in the organisation in positions as Chief Executive Officer, Chairman, Managing

Directors and General Managers. 60 percent of respondents had served more than four years in current position while 40 percent had been in the current position for three years or less.

TABLE 5.1

RESPONDENTS' CHARACTERISTICS

		Frequency		Percent
1.	**Agency Class/Type**			
	Local Ad Agencies	10		47.6%
	International Agencies	11		52.4%
	- with less than 48% foreign equity		2	*9.5%*
	- with 49%-69% foreign equity		4	*19.0%*
	- with over 70% foreign equity		5	*23.8%*
2.	**Nationality**			
	- Malaysians	19		90.5%
	- Non-Malaysians	2		9.5%
3.	**Designation**			
	- Key Decision Maker-CEO, MD, GM	16		76.2%
	- Secondary Decision Maker-Account Director, HR Manager, Financial Director	5		23.8%
4.	**Years served in current position**			
	- 3 years or less	8		40.0%
	- 4 years or more	12		60.0%
5.	**Years of experience outside Malaysia**			
	- None	9		45.0%
	- 5 years and below	7		35.0%
	- 6 years and above	4		20.0%
6.	**Year incorporated**			
	- 1960's	1		4.8%
	- 1970's	6		28.6%
	- 1980's	4		19.0%
	- 1990's	10		47.6%

45 percent of respondents had no work experience outside of Malaysia whilst 35 percent had under five years and 20 percent had more than five years. All of the respondents without work experience outside of Malaysia were Malaysians.

9.5 percent of the international agencies had less than 48 percent foreign equity in the agency. 37.9 percent of the international agencies had increased foreign equity of 49 percent and above. A majority (47.6 percent) of the participating agencies were young and incorporated in the 1990's. 19% of the agencies were set up in the 1980's and 33.4 percent were set up in the 1960's and 1970's.

5.2.   Growth in Billings

Gross Billings: More than half of the responses in this section was left out. Thus this section with incomplete information on gross billings was not analysed.

New Business Pitches: There were no significant differences between agencies. In general, a majority (76.2 percent) of the agencies pitched for new business whilst 19 percent did not. Of the respondents who pitched for accounts, most (47.6 percent) fell within the two or less pitches per year. More local agencies reported two or less business pitches a year whilst more international agencies reported three or more pitches a year (see Figure 5.2).

TABLE 5.2

NEW BUSINESS PITCHES

	Item	International Agency	Local Agency	Total Respondents
1.	**Number of pitches per year**			
	- None			
	- 2 or less	18.2%	30.0%	19.0%
	- 3 or more	36.4%	60.0%	47.6%
	TOTAL	45.5%	10.0%	28.6%
		100.0%	100.0%	100.0%
	Success rate of pitches			
	- 30% & below	45.5%	28.6%	38.9%
	- Above 30%	36.4%	42.9%	38.9%
	- No response	18.2%	28.6%	22.2%
	TOTAL	100.0%	100.0%	100.0%

The success rate claimed was generally over 30 percent (38.9 percent of respondents). The higher success rate (above 30 percent) was claimed by local agencies whilst more international agencies claim a lower success rates (see Table 5.2).

5.3   Human Resources

Under human resources, factors such as staff growth and ratio of expatriates hired, pay rate, ease of attracting staff and training were analysed.

Staff Growth and Percentage of Expatriates Hired: More than half of the responses in this section was left out. Thus this section with incomplete information on gross billings was not analysed.

Pay Rate: Both the local and international agencies stated they pay at market rates (see Table 5.3).

Attracting Talented Staff: There was a significant difference in this factor. International agencies (72.7 percent) found it easy to attract talented staff compared to local agencies (30 percent). More local agencies (70 percent than international agencies (27.3 percent found it difficult to attract talented staff (see Table 5.3).

TABLE 5.3

HUMAN RESOURCE FACTORS

	Item	International Agency	Local Agency	Total respondents
1.*	**Attract talented staff** - Easy - Difficult	 72.7% 27.3%	 30.0% 70.0%	 52.4% 47.6%
2.	**No of training sessions per year** - None - 1 or more	 18.2% 81.8%	 20.0% 80.0%	 19.0% 81.0%
	Year of last training - 1997 - 1998 - no response	 18.2% 63.6% 18.2%	 20.0% 40.0% 40.0%	 19.0% 52.3% 28.6%

* Significant -, all other exhibit figures above 0.05
except for item 1 where Pearson χ^2 Sig = 0.05

Training: There were no significant differences between the number of training sessions per year and the year of the last training session. In general, 19.0 percent of agencies did not hold any training sessions whilst 81 percent) did (see Table 5.3).

Of those agencies who conduct training sessions, most of the training (52.3 percent) were recent, being conducted in 1998. Only 19 percent of the agencies who conduct training held the last one in 1997 (see Table 5.3).

5.4   Awards

The findings (see Table 5.4) did not show any statistically significant variation between local and international agencies. In general, awards were perceived to be important in reinforcing or improving the image or reputation of the agency (38 percent response).

TABLE 5.4

ADVERTISING AWARDS

	Item	International Agency	Local Agency	Total Respondents
	Important			*40%*
1	Attract new business / talents	27.3%	0%	14.3%
2	Staff motivation, pride & honour	9.1%	30.0%	19.0%
3	reinforce / improve image / reputation	36.4%	40.0%	38.1%
	Unimportant			*60%*
1	Does not sell product, build brand equity	36.4%	20.0%	28.5%
2	Based on Art / Creativity	9.1%	10.0%	9.6%
3	Others	9.1%	10.0%	9.6%

Base : Total sample, (Italics)-Base : Total response

Awards were not important for the main reason that they did not sell the products or service or build brand equity. This accounted for 28.5 percent of the response. The response "awards are based on creativity" accounted for 9.6 percent of the response (see Table 5.4).

5.5 Importance of Computerisation

The results in Table 5.5 were found to be not significant between the types of agencies. In general, all of the respondents said that computerisation was important. The reasons specified included most importantly the speed, efficiency and faster turnaround time (81 percent) and that ·computerisation was a technological advancement and provided sources / storage of information (28.6 percent). The other reason included Skill enhancement in accuracy of artwork and media management (19.1 percent).

TABLE 5.5

IMPORTANCE OF COMPUTERISATION

Item	International Agency	Local Agency	Total Respondents
Important			100%
-Speed, efficiency, faster turnaround time	81.8%	80.0%	81.0%
- Technological advancement, sources / storage of information	27.3%	30.0%	28.6%
- Skill enhancement (accurate artwork & in managing media	9.1%	30.0%	19.1%
- Savings in time, money	18.2%	0%	9.6%

5.6 Agency-Client Relationship

Four factors were tested using a 5-point Likert scale. The scale was collapsed from five to three ratings where "very unimportant" and "unimportant" were grouped into "unimportant" and "very important" and "important" were grouped into "important". A comparison of the and cross-tabulations were performed to check for differences in the means of the scores for the factors by the two agency types.

Dissatisfaction Factors: Of all the six statements, only "Need for full service agency" showed a significant difference between the two agency types. Local agencies rated this more important than international agencies (see

Table 5.6). There were no differences in the other five statements among the agency types.

TABLE 5.6

DISSATISFACTION FACTORS

Statements	Means			Significance
	International Agency	Local Agency	Total Agencies	
Need for full service agency	2.73	3.00	2.86	0.037
Changes in agency creative personnel	2.64	2.50	2.57	0.401
Changes in agency account management	2.55	2.70	2.62	0.300
Standard of agency creative	2.91	3.00	2.95	0.165
Standard of agency account management	3.00	3.00	3.00	- constant
Relative image weakness of campaign	2.82	2.80	2.81	0.456
Relative sale weakness of campaign	2.69	2.60	2.67	0.093

Loyalty Factors: Of the 10 statements, only the statement "There are no conflicting accounts" showed a significant difference between the two agency types. Local agencies deemed this factor as more important than international agencies (see Table 5.7).

TABLE 5.7

LOYALTY FACTORS

Statements	Calculation of Means			Significance
	International Agency	Local Agency	Total Agencies	
Mutual trust must be developed	3.00	3.00	3.00	-constant
High-calibre personnel are required	2.82	3.00	2.90	0.078
Mutual professional competence is crucial	2.82	3.00	2.90	0.078
There are no conflicting accounts	2.64	3.00	2.81	0.017
Pride in group performance required	2.73	2.90	2.81	0.107
Good communication systems are vital	2.73	3.00	2.86	0.183
The campaign is strong in image/sales effect	2.91	3.00	2.95	0.164
Periodic review systems are necessary	2.73	2.80	2.76	0.348
Managers who take initiatives are preferred	2.82	3.00	2.90	0.078
The company is prestigious	1.82	2.40	2.10	0.107

Satisfaction Factors: Of all the 12 statements, only the statement "Assignment of responsibility is clear" showed up significantly between the two agency types. More local agencies rated this statement important compared to international agencies (see Table 5.8).

TABLE 5.8

SATISFACTION FACTORS

Statements	Calculation of Means			Significance
	International Agency	Local Agency	Total Agencies	
Good personal relationship with Account Service people	2.82	2.90	2.86	0.286
Agency charges fairly	2.64	2.90	2.76	0.255
Agency meetings are productive and effective	2.82	2.90	2.86	0.183
Agency shows strong leadership	2.73	2.80	2.76	0.067
Good relationship with Agency creative people	2.64	2.70	2.67	0.378
Assignment of responsibility is clear	2.73	3.00	2.86	0.037
Quality of creative work	3.00	3.00	3.00	constant
Agency personnel is experienced	3.00	3.00	3.00	constant
Agency meets deadlines	2.82	3.00	2.90	0.078
Agency operates within the budget limitations	2.82	3.00	2.90	0.078
Agency is burdened with too many levels of approval	2.64	2.80	2.71	0.310
Agency reacts quickly to changes in the environment	2.91	3.00	2.95	0.164

Agency Switch Factors: None of the six statements showed any significant differences between the two agency types.(see Table 5.9)

TABLE 5.9

AGENCY SWITCH FACTORS

Statements	Calculation of Means			Significance
	International Agency	Local Agency	Total Agencies	
Satisfaction with size of client's account relative to agency's other accounts	2.18	2.40	2.29	0.107
Unaided awareness of ad agencies	2.09	2.30	2.19	0.259
Importance of creative skills	2.82	3.00	2.91	0.078
Satisfaction with media skills	2.82	3.00	2.91	0.078
Satisfaction with creative skills	2.91	3.00	2.95	0.164
Importance of winning awards for work	2.12	1.80	1.85	0.226

5.7   Client Longevity

Response to this section was left out by a majority of respondents. As information received was incomplete, this section was thus not analysed.

5.8 ˙   Corporate Strategies

The questions in this section were open-ended to elicit free-flow of thoughts. Results were summarised using frequencies for general trends. Corporate strategies were asked in five areas:

Core Competence/Unique Strength: The results in Table 5.10 were not statistically significant. In general, 33.3 percent of the respondents, more local agencies than international agencies, attributed their core competence to the human resource factor in areas of experience, reliability, commitment and teamwork. Another response which contributed to 23.8 percent of all the responses was "Strategic Advertising / Total Communication Concept" which could be considered as techniques.   More of this response came from international agencies.

TABLE 5.10
CORE COMPETENCE

	Item-response	International Agency	Local Agency	Total Respondents
1	Human Resource (experienced, reliable, committed, teamwork)	18.2%	50.0%	33.3%
2	Strategic Advertising / Total communication concept	36.4%	10.0%	23.8%
3	Creative	27.3%	10.0%	19.1%
4	Others	9.5%	14.3%	23.8%

Competitive Edge: The findings did not show any significant difference among the two agency types. In general, capabilities which comprise of research strength, flexibility or quick turnaround time and total communication input and human resource factor which comprise of

experience, reliability and commitment, elicited strong response (see Table 5.11).

<div align="center">TABLE 5.11</div>
<div align="center">COMPETITIVE EDGE</div>

	Item (Multiple response)	International Agency	Local Agency	Total Respondents
1	Capabilities (Research strength, Flexibility / Quick turnaround, total communication input)	63.6%	50.0%	57.1%
2	Human Resource (Experience, reliable, committed)	45.5%	40.0%	42.9%
3	Creativity	9.1%	30.0 %	19.1%

Strategies for Economic Downturn: The results showed that there were no significant differences in the statements except for two strategies (see Table 5.12).

<div align="center">TABLE 5.12</div>
<div align="center">STRATEGIES FOR ECONOMIC DOWNTURN</div>

	Item (Multiple response)	International Agency	Local Agency	Total Respondents
1	Leverage on existing resources- focus & better serve current clients, greater involvement, developing partnerships	45.5%	70.0%	57.1%
2*	Costs - competitive prices, free design and control costs	36.4%	80.0%	57.1%
3	Improve / Value-added service including computerisation	36.4%	44.4%	40.0%
4*	Active marketing, expand client base, sell improved quality ideas	45.5%	0%	23.8%

Base : Total response
* Significant - all other exhibit figures above 0.05 except
  item 2 with a Pearson χ^2 Sig = 0.044, and
  item 4 with a Pearson χ^2 Sig = 0.010

"Costs" was significantly different for the international and local agencies. More local agencies (80 percent) use costs as strategies - competitive prices, free design and costs control than the international agencies (36.4 percent)

The other was promotions which included active marketing, expanding client base and selling improved quality ideas. The response came only

from the international agencies (45.5%). None of the local agencies indicated they would market aggressively to increase their revenue (see Table 5.12).

Globalisation Strategies: The findings were not significant. In general, only 14.3 percent had no global strategies. 86% of the agencies in the survey had .global strategies, the more important ones being "link up with international agencies or regional partnerships" and "computerisation (including use of Internet) for employees and departments". The latter response was found higher in international agencies (see Table 5.13).

TABLE 5.13
GLOBALISATION STRATEGIES

	Item	International Agency	Local Agency	Total Respondents
	With Globalisation Strategies			
1	Link up with international agencies / Develop regional partnerships	27.3%	30.0%	28.6%
2	Computerisation / Internet	45.5%	10.0%	28.6%
3	Others	18.2%	40.0%	28.5%
	With No Globalisation Strategies	9.1%	20.0%	14.3%

Export of Services To Other Countries: The results in Table 5.14 were not statistically significant between agency types. In general, most agencies (66.7 percent) in the survey do not export their services either by setting up a branch office or selling their domestic knowledge to other countries. More local agencies did not export their services whilst more international agencies did.

TABLE 5.14
EXPORT OF SERVICES TO OTHER COUNTRIES

	Item	International Agency	Local Agency	Total Respondents
1.	No export of services	54.5%	80.0%	66.7%
2.	Export services	45.5%	20.0%	33.5%