

**AN EMPIRICAL INVESTIGATION OF SELECTED
GOVERNMENT EXPORT ASSISTANCE PROGRAMS:
A STUDY OF SMEs IN MALAYSIA**

JOEHARY SULAIMAN

**GRADUATE SCHOOL OF BUSINESS
FACULTY OF BUSINESS AND ACCOUNTANCY
UNIVERSITY OF MALAYA
KUALA LUMPUR**

OCTOBER 2009

ABSTRACT

The primary objective of this study is to examine the effects of government export assistance programmes on the performance of the SMEs in Malaysia. From the literature, it was found that several factors could contribute on the performance of the organizations in terms of the export assistance programmes. Specifically, the current study focused on the awareness of export assistance programmes among SMEs in Malaysia, satisfaction among SMEs with the programmes provided and benefit of export assistance programmes and whether these construct would have a relationship with the organizations' performance.

Using the mail questionnaire technique, a survey was conducted in Klang Valley where this place is the centre of commercial and business activities in Malaysia and many small and big organizations located in this area. In total, 500 questionnaires were distributed, 58 were received back within the period of three weeks after a necessary follow-up call and reminder. However, only 54 of the respondents completed all the questions. The demographic profile of the respondents were discussed and presented. Next, the relationship between awareness, satisfaction and benefit of the export assistance programmes on the organizations' performance, the multiple regression technique was employed. In terms of the relationship between awareness and performance, satisfactions and performance as well as between benefit and performance, the results indicated that all of them are significantly related to performance where satisfaction makes the strongest unique contribution to explain the organizations' performance, followed by awareness and perceived benefit of the export assistance programmes.

This study makes several implications, especially on the effects of awareness, satisfaction and benefit of export assistance programmes on the SMEs overall performance. Generally, the results suggested that awareness and satisfactions of the export assistance programmes is the important contributor for the SMEs in improving their performance. This knowledge will assist the government agencies to improve their services as well as to attract more SMEs to use their export assistance programmes. This is very important because the participations from the SMEs in these international expansion programmes will help the government to improve the economic condition as well as to help the SMEs to strongly compete in the international marketplace.

ACKNOWLEDGEMENTS

In the pursuit of completing this thesis, I have drawn from many sources of support, thereby accruing several debts of gratitude. It is with great pleasure that I acknowledge the most prominent sources of help ó both practical and inspirational ó that I have been able to enjoy.

First and foremost, I would like to thank to Allah S.W.T for giving me the strengths to complete this research. It would be just impossible without the blessings from Allah S.W.T.

My sincere gratitude goes to my supervisor, under whose able guidance and support I was able to maintain the necessary focus on completing this dissertation.

I would also like to thank the faculty and staff of the Graduate School of Business as well as staff of the Faculty of Business and Accountancy, University of Malaya. Special thank to Mr Lat who understand me as a friend. Also thanks go as well to all MBA friends and colleagues for their comments, supports, cooperation and friendship.. My appreciations also go to the respondents who have given their sincere and frank responses to all the questions in the questionnaire.

I am truly grateful to my parents for their everlasting inspiration and giving me all the opportunities in the world to explore my potentials and pursue my dreams. I owe my deepest gratitude to my beloved family, wife Onnie Haron and my dearest childrens Aireen Ameera, Aimeen Ameesha and Aineen Aleesha for their infinite patience especially during my absence.

Their sincere flow of love has accompanied me all the way in my long struggle and has pulled me through many hurdles. Hence, this dissertation is dedicated to them. May Allah S.W.T redeem them for their contributions and assistance.

Thank you.

TABLE OF CONTENTS

ABSTRACT	ii
ACKNOWLEDGEMENTS	iii
TABLE OF CONTENTS	iv
LIST OF TABLES	vii

CHAPTER 1 INTRODUCTION OF THE DISSERTATION

1.0	Background of the Study	1
1.1	Problem Statement	8
1.2	Research Questions	9
1.3	Research Objectives	10
1.4	Importance of the Study	11
1.5	Study Framework	12
1.6	Organization of the Report	13

CHAPTER 2 LITERATURE REVIEW

2.0	Introduction	14
2.1	What are SMEs?	14
2.2	International Expansion of SMEs: Issues and Challenges	17
2.3	The Importance and Contribution of SMEs to National Economy	19
2.4	Government Export Assistance	24
2.5	Export Barriers	27
2.6	Awareness of Export Assistance Programmes	30
2.7	Satisfaction of the Scheme Provided	33
2.8	Benefits of Export Assistance Programmes	35
2.9	Export Assistance and Firms' Performance	38
2.10	Conclusion	41

CHAPTER 3 RESEARCH METHODOLOGY

3.0	Introduction	42
3.1	Sources of Research Data	43
	3.1.1 Primary Data	43
	3.1.2 Secondary Data	43
3.2	Research Design	43
3.3	Data Collection	44
3.4	Research Instrument	47
	3.4.1 Questionnaire Structure and Sequencing	47
	3.4.2 Scaling of Measurement	48
3.5	Pre- Testing	48
3.6	Data Screening and Checking	50
	3.6.1 Detection of Missing Values	50
	3.6.2 Detection of Outliers	51
3.7	Data Analysis	51
3.8	Conclusion	52

CHAPTER 4 FINDINGS AND ANALYSIS

4.0	Introduction	53
4.1	Reliability Test	53
4.2	Descriptive Analysis	54
	4.2.1 Profile of the Organisations	54
	4.2.2 Descriptive Analysis on Variables	59
4.3	The Relationships between Demographic Variables and the Study Constructs	63
4.4	Relationship between Awareness, Satisfaction and Benefit and Overall Performance of the Organization	72
4.5	Conclusion	76

CHAPTER 5 DISCUSSION AND CONCLUSION

5.0	Introduction	77
5.1	Overview of the Study	77
5.2	Major Findings	79
5.3	Recommendation for Future Research	83
5.4	Implications of the Research	85
5.5	Conclusion	86

REFERENCES	88
-------------------	----

APPENDIX	95
-----------------	----

LIST OF TABLES

Table 2.1	Definition of SMEs in Malaysia by Sector	16
Table 2.2	Barriers to SMEs Export Engagement	29
Table 4.1	Internal Consistency Reliability on Constructs	53
Table 4.2	Profile of the Organisations	54
Table 4.3	Awareness of Export Assistance Programmes	59
Table 4.4	Satisfaction of Export Assistance Programmes	60
Table 4.5	Benefit of Export Assistance Programmes	61
Table 4.6	Performance of SMEs	62
Table 4.7	The Relationship between Business Category and Study Constructs	65
Table 4.8	The Relationship between Number of Full Time Employees and Study Constructs	66
Table 4.9	The Relationship between Years of Establishment and Study Constructs	67
Table 4.10	The Relationship between Largest Holder of Equity and Study Constructs	68
Table 4.11	The Relationship between Total Sales over the Past Three Years and the Study Constructs	69
Table 4.12	The Relationship between Job Level and Study Constructs	70
Table 4.13	The Relationship between Number of Years Service and Study Constructs	72
Table 4.14	The Model Summary	73
Table 4.15	Coefficient Value of Awareness, Satisfaction and Benefit	74