

CHAPTER 5

DISCUSSION AND CONCLUSION

5.0 Introduction

This chapter reviews the research that has been carried out. First, a brief review of the research is presented. In this part, all issues such as the research objectives, the framework and research methodology are briefly discussed. Subsequently, the major findings of the study are discussed. In this section, the findings from the empirical test derived from data analysis are presented. Then, the implications of the current study are discussed. Next, the contributions of the study are presented. Finally, the discussion on the limitations and direction for future research are presented.

5.1 Overview of the Study

Generally, the main objective of the current study is to investigate the effects of government export assistance provided by the agencies on the performance of SMEs in Malaysia. Due to the importance of the international market to the SMEs as well as the current trend of trade liberalization, the Malaysian government introduced a number of government agencies including the Malaysia External Trade Development Corporation (MATRADE), Small and Medium Industries Development Corporation (SMIDEC), Malaysian Technology Development Corporation (MTDC), Malaysian Industrial Development Authority (MIDA) and Small and Medium Enterprises Bank (SME Bank) to help SMEs improve and expand their business activities. The government also formulated a number of

export assistance programmes to ensure that SMEs in Malaysia are not left behind and are ready to compete in the international market.

Therefore, it is very important for us to understand whether the export assistance programmes, which were designed for SMEs in Malaysia, achieved the target set by the agencies and whether the programmes reached the target group. In this context, it is important to understand how the SMEs in Malaysia utilized the programmes provided for them and whether the programmes enhanced their presence in the international market. Furthermore, it is also very important for us to identify the awareness among SMEs in Malaysia on the export assistance programmes formulated by the agencies and to understand whether the SMEs are satisfied with the export assistance programmes and, also, whether they are getting the benefits of the programmes. With this knowledge, it will facilitate the task of the government agencies to attract other SMEs that are not using the programmes provided as well as improve the weaknesses of such a programme. Thus, the current study will explore and investigate further the relationship between the awareness of assistance programmes, the satisfaction with the programmes provided and the benefits to the SMEs of the programmes on the performance of the firms.

The survey design used in this study and multi-item scales were constructed to measure the awareness, satisfaction, benefit and performance of the organizations. In the process of developing the measurement for the constructs of this study, most of the scales were self-developed to suit the requirement of this study based on related conceptual studies. The research instrument was a questionnaire consisting of all close-ended questions. The questionnaire was divided into six sections, i.e. Section

A, to investigate the demographic profile of the respondents, Section B, to measure the awareness of respondents on services provided by 10 selective government agencies for SMEs, Section C, to measure the satisfaction level of selected services provided by government agencies for SMEs, Section D, to measure the benefit of selected services provided by government agencies for SMEs and finally, in Section E, to measure the performance of the organizations for the past three years.

The questions in the questionnaire were asked using the two main languages used by Malaysians, i.e., English and Malay. Due to the cost and time constraints, the questionnaire, together with a cover letter, was mailed to 500 organizations in the Klang Valley that fitted the selected criteria. The non-probability and convenience sampling methods were used for the current research. In this design, the elements in the population have no probabilities attached to their being chosen as sample subjects. Within a period of three weeks, 58 questionnaires were received back. Of these only 54 were completed. Four of the returned responses were grossly incomplete. Therefore, the data from those responses were excluded from the analysis.

5.2 Major Findings

The main objective of the current research is identifying the awareness, the satisfaction and the benefit of export assistance programmes provided by government agencies among SMEs in Malaysia. Furthermore, the current study also tries to examine the relationship between the awareness of SMEs of the export assistance programmes, the satisfaction among SMEs with the export assistance

programmes as well as the benefit of export assistance programmes with organization performance.

Before proceeding with the main objective, the current research discusses the characteristics of the respondents. In terms of the business category, the current study found that the majority of the respondents were in the manufacturing category, i.e., 63.0% or 34 respondents. The next largest group was the construction company (29.6%, n = 16) and lastly, in the 'others' group, i.e., 7.4% or 4 respondents. None of the respondents were from IT related, services and primary agriculture categories. For the full time employees in the organizations, most of the respondents have less than 30 employees. In terms of the years of establishment of the organizations, all of them have been established between 3 to 15 years. Most of the organizations have been established between 5 to 10 years (51.9%, n = 28). For the paid-up capital, all respondents have paid-up capital of below RM500,000.

For the organization's largest equity holder, it was equally divided between Malay and Chinese. Of them, 27 or 50%, were majority Malay holders and the other 27 (50%) were majority Chinese holders. None of the organizations in this current study were government owned, foreign owned or majority Indian equity holder. In terms of total sales for the past three years, all the respondents have total sales of below RM10 million for the past three years with the majority having total sales of between RM1 million to RM9.9 million for the last three years, i.e., almost 91% of the respondents.

For the job level of the respondents, most of them were the manager in the organizations, counted at 81.5% (n = 44), 14.8% (n = 8) were owners of the organization and the other two respondents were from the executive level (3.7%). Finally, for the number of years of working experience, the current study found that all of the respondents have at least between 1 and 2 years working experience in the organizations and that most have been working in the organizations between 1 to 5 years (61.1%).

The discussion also focuses on the descriptive analysis of the variables based on the mean value. First, the study found that the awareness of SMEs on the export assistance programmes provided by the government agencies was relatively high where the overall mean value was 3.63, which is above the neutral value. The results show that generally the SMEs in Malaysia are aware of such programmes. For the satisfaction with the export assistance programmes, the overall mean value of 3.52 was considered as high, as the value was above the neutral value of 3. However, compared to the awareness of the programmes, their satisfaction was slightly lower. The results indicate that the government agencies can still improve the export assistance programmes to satisfy the SMEs and fulfil their needs. Finally, in terms of the benefit of the export assistance programmes, it was found that the SMEs believe that they benefited from the programmes provided by the government agencies. The mean value of 3.84 shows that the programmes actually improve their business and enhance competitiveness. Therefore, the development of such programmes must be continuously initiated by the agencies to assist the SMEs expand their business and to ensure that they can compete at the international level.

For the relationship between awareness of export assistance programmes, satisfaction with export assistance programmes as well as the benefit of export assistance programmes and the overall performance of the organizations, multivariate analysis was performed. The multiple regression technique was used to examine the statistical relationship between the independent variables and the dependent variable. The Adjusted R Square value of the model was 0.155, showing that 15.5% of the variance in overall performance of the organizations was explained by the independent variables, i.e., the awareness, satisfaction and benefit of export assistance programmes. The other variances were explained by other variables not included in the current study.

The beta value of satisfaction (0.580) suggested that this variable makes the strongest unique contribution to explain the overall performance of the organization when other variables in the model are controlled for. This was followed by the beta value of awareness (0.544), which is slightly lower compared to satisfaction and lastly, followed by the least important contribution on overall performance of organizations for the current study, i.e., the benefit of the export assistance programmes (beta = 0.361).

In terms of the statistically significant unique contribution to the model, the significant values of the variables were inspected. From the significant values, the results of the current study suggest that all the independent variables for the current study (awareness of export assistance programmes, satisfaction with export assistance programmes and benefit of export assistance programmes) are statistically significant and make a unique contribution to the dependent variable (overall

performance of the organizations), and, also, all of them are significant at the 0.05 level or 95% confidence level. The results suggest that the awareness of the export assistance programmes, the satisfaction with such programmes and the benefit that the organizations receive from the programs are significantly related to the overall performance of the organizations. Therefore, it can be concluded that the awareness, satisfaction and benefit of the export assistance has a significant effect on the overall performance of SMEs in Malaysia. The development and formulation of these programmes should be continuously provided by the government agencies in helping the SMEs to expand their business activities internationally.

5.3 Recommendations for Future Research

There are several aspects that can be improved in order to make future research on this topic more accurate and more meaningful to represent the whole population:

a. Area Studied

The present study was conducted in the Klang Valley and the respondents were focused among the SMEs located in this area. Maybe organizations in the Klang Valley have a different view compared to those from other states in Malaysia. Possibly, because the Klang Valley is in the centre of Peninsular Malaysia and all the services are available in this area. If the questions are asked to the organizations located outside this area, different responses may be received. The availability of the export assistance programmes and the complexity of the application process maybe

different in the suburban and rural areas compared to the central area. Therefore, such a study may result in a difference outcome.

Furthermore, the focus on the organizations in Klang Valley area might not represent the whole population. Previous research on this subject matter also selects respondents from other parts of the nation to obtain a better overall score that is representative of the whole country. In this research, due to time and resource constraints, it was only conducted in the Klang Valley area. For future research, respondents from other areas such as Kuching, Penang, Malacca, Ipoh, Johor Bahru and Kuala Terengganu should also be taken to represent the whole nation. Perhaps, the inclusion of respondents from other areas might produce more meaningful results. In addition, the number of respondents is also a factor that should be considered. In this study, only 54 valid questionnaires were used and included in the analysis. For future research, more respondents should be included.

b. Inclusion of other Variables

This research only involved four independent variables (awareness, satisfaction and benefit) and a single dependent variable (performance). Other variables such as attitudes of SMEs on export assistance programmes, the availability of such programmes, the needs of SMEs on such programmes and the usage of the export assistance programmes by the SMEs should also be included in the study to see whether it affects the organization performance. For example, a study conducted by Gencturk and Kotabe (2001) found that usage of export promotion programmes is

positively related to export performance in terms of the competitive position of a firm. In another study, Crick (1997) suggested that the availability of export assistance programs have a positive relationship with the internationalization process of the SMEs. Indirectly, the availability of such programs possibly will have a relationship with firm's performance.

These additional variables will improve the variance of the model and identify which variables have a significant effect on performance and which do not. Furthermore, improvement of the measurement of the performance is also needed to improve the results of the research in the future. Therefore, it will improve the findings of the research and indirectly improve the implications of the study on the related parties.

5.4 Implications of the Research

The implication of the study is another important aspect to consider when conducting research. Without such importance to the related parties, there is no point in conducting the research. From this study, the significance of previous literature concerning SMEs in Malaysia can be enhanced with the necessary adaptation gained from the knowledge. The importance of SMEs in the national economic development as well as the role of export assistance programmes for the development and expansion of SMEs is briefly discussed to gain the knowledge of how these two parties are inter-related.

The current research is also very important for the SMEs to understand how they can benefit from the export assistance programmes formulated by the government agencies. The SMEs must understand that the programmes provided by the agencies are to assist them in expanding their business activities in the international marketplace. Therefore, they need to take advantage of such programs and they must utilize the opportunities provided for them. Without their anticipation and participation, the export assistance programmes will fail and not reach the target group and the findings of the research will be less meaningful.

For the government agencies that provide the export assistance programmes, the current research will provide them with the basic knowledge of how their programmes can help the SMEs to improve. The knowledge of the awareness of the SMEs concerning the export assistance programmes, the satisfaction of SMEs with the programmes and the benefit the SMEs receive from the programmes will help the government agencies to improve their export assistance programmes. Continuous improvement is needed in order to attract more SMEs to use and benefit from the services provided. Indirectly it will help the government to improve economic development and provide more economic activities such as providing job opportunities and reducing the internal unemployment and inflation rate.

5.5 Conclusion

It is hoped that this research has given a clearer view on the SMEs perceptions on the export assistance programmes provided by the government agencies to help them

expand their business in the international market place. Specifically, it is hoped that the current study gives a clear view of the awareness, satisfaction and benefit of the export assistance programmes. With this knowledge the agencies can develop more effective and attractive programmes to help the SMEs improve their business. Furthermore, the programmes provided by the agencies will also help the MSEs to improve their performance. Therefore, the SMEs can help the government to improve the economic condition and contribute to the achievement of the target of becoming a developed country by the year 2020.