CHAPTER 3
RESEARCH METHODOLOGY

The aim of this chapter was to illustrate the methods used in conducting the research, sample of the study, and the research instrument. In this chapter, how the related data were collected and processed was explained.

3.1 Introduction

This research aims to study the patterns of graduate recruitment in the local and foreign banks. It aims to identify whether local and foreign banks prefer to employ graduates from Public Higher Educational Institutions or graduates from Private Higher Educational Institutions and consequently find out the reasons for such a practice or preference in recruitment in these banks. Based on this objective, the survey method was adopted in this research.

Survey is a method of collecting data in which specifically defined group of individuals are asked to answer a number of identical questions (Baker, 1999: 201). A survey can describe the attitudes and behaviours of a population of people by selecting in a representative way, a sample of individuals and soliciting their responses to a set of questions (Baker, 1999:8). Those answers form the dataset of the study (Baker, 1999: 201).

The Malaysian private sector consists of various industries like the manufacturing, services, agriculture, and other industries. Among these industries, the financial and banking industry play a major role in the Malaysian economy. The banking industry in Malaysia has enjoyed rapid progress in its evolution since the beginning of the seventies (Tengku Razaleigh Hamzah, 1983:3). In the development of our financial sector, the banking industry continues to be the pillar of the financial system and is now at its
strongest position with high level capitalization, improving asset quality and stronger profitability (Zeti, 2004). Therefore the banks were chosen to gather data and information on graduate recruitment patterns.

The reason for choosing the banks as the source of data for this research is because the banking industry is one of the major employers in Malaysia. Banks have also become a popular destination for graduates or students who have completed their higher education. The banking sector has traditionally attracted university graduates looking for jobs. The main reason given by graduates for wanting to work in a bank or financial institution is its stability and the job security offered by these institutions. Therefore, these banks can be seen as one of the major labour market for graduates.27

Banks are not only known as the major employment sector in Malaysia, but it is also a much diversified employment sector.28 As we can see, their manpower structure does not only consist of employees from one particular educational background, but employees from various fields of education, like Business, Economics, Accounting, Management and Administration, Arts, Science and Social Sciences, Law, Engineering, Information Technology (IT), Computer Science, and so on. Therefore, conducting a survey in this sector will give a fairer result, where it represents all types of graduates from different fields of education. This also ensures that the result is not centered or focused to a particular type of graduates.

In the meantime, there are many banks which award scholarships to school leavers. In this case, students who graduate from universities and colleges are offered jobs by these banks upon their graduation as they are bonded to them. This is another reason why banks are seen as a graduate labour market.

28 http://www.graduan.com.my
3.2 Sample of Study

To conduct this survey six banks were visited. Out of the six, three were local banks and the other three were foreign banks. The reason for conducting the survey in both local and foreign banks was to ensure that the results of the survey were accurate and that the recruitment patterns in both types of banks were taken into account. This was also to ensure that the survey showed the difference in the patterns of graduate recruitment and employment between the local and foreign banks.

The six banks were selected randomly among well established banks in Malaysia. The respondents of this survey consisted of manager level staffs in the respective banks. Managers were chosen to be the respondents because they are the decision makers in an organisation and they are also directly involved in implementing policies. In any recruitment process in any organizations, managers of respective departments are the personnel involved in the selection procedures. Usually the managers from the department seeking to fill the vacancy and the Human Resource Manager are the personnel in charge of conducting the recruitment process. Therefore, for the purpose of this study in which respondents were required to respond to questions involving recruitment of graduates, managers are perceived to be the suitable respondents.

There are altogether 2000 managers in the six banks being studied. Therefore the population of the study is 2000 and a sample of 320 is considered representative. 320 questionnaires were distributed to all the six banks' head offices which are located in Kuala Lumpur. However, only 120 questionnaires were received in return, making the return rate 37.5%, out of which 60 respondents were from local banks and the other 60 respondents were from foreign banks.

The questionnaires were distributed to several departments or units in each bank being studied. Most of the respondents that responded were from departments like Human
Resources, Manpower Planning, Information Technology (IT), Customer Service, and Career Development.

Below are the brief descriptions of the six banks studied for the purpose of this research which are referred to as Bank A, B, C, D, E, and F:-

### 3.2.1 Bank A

Bank A is a local bank in Malaysia. Its services include Personal Financial Services (credit card, unit trust, Interbank Giro, Priority Banking, loans, Bancaasurance, deposit and so on), Business Banking, e-Banking, e-Bill Payment, Islamic Banking, and etc.

### 3.2.2 Bank B

Bank B is a local bank and the largest banking company in Malaysia and is among the leading banking companies of Southeast Asia. The bank provides a wide range of banking and financial services including retail and commercial banking, asset management services, investment banking and insurance services.

The bank operates primarily in Malaysia and Singapore, and also has a significant market presence in Indonesia, Philippines, Brunei Darussalam, Vietnam, China, Cambodia, Bahrain, United Kingdom and United States.

The bank operates through five reportable segments, including banking, finance, investment banking, insurance, takaful and others. The bank's key products and services include:-

- Commercial Banking
- Credit Cards
- Financing and Leasing
- Internet Banking
• Investment Banking
• Insurance
• Offshore Banking
• Property Investment
• Stocks and futures broking

3.2.3 Bank C

Bank C is a local bank established in 1975 which has emerged as a leading banking group in Malaysia offering an extensive range of financial services including merchant banking, commercial banking, retail financing, stock broking, insurance, asset/fund management, futures and options trading, and offshore banking. Its services include Personal Banking, Enterprise Banking, Investment and Capital Market, Internet Banking and so on.

3.2.4 Bank D

Bank D is a foreign bank and one of North America's leading financial institutions. It's wholly owned subsidiary bank and a branch in Labuan, an International Offshore Financial Centre in Malaysia offer a full range of retail, commercial, corporate and trade services. It also provide Personal Banking services like savings accounts, term deposits, mortgages, overdrafts, remittances, foreign exchange and so on.

3.2.5 Bank E

Bank E is a foreign bank headquartered in London. It is one of the largest financial service organisations in the world with international networking in 81 countries and territories in Asia Pacific, Europe, the Americas, the Middle East and Africa.
It provides Personal Financial Services like credit cards, home loans, deposits, investment and insurance, internet banking, bill payment and so on. It also offers Business Banking (International Trade Business, Global Payment and Cash Management, and Raising Finance), Treasury and Capital Market, Custody and Clearing, Offshore Banking and etc.

3.2.6 Bank F

Bank F is a foreign bank which was incorporated in 1994 to take over its Business Banking in Malaysia. Established since 1932, Bank F has grown steadily to become a leading financial institution in the Asia Pacific region. It offers a comprehensive range of innovative financial solutions in Consumer Banking, Business Banking, International Banking, global treasury and investment management. It also has diverse subsidiaries that are involved in insurance, financial future, regional stockbroking, trustee, nominee and custodian services, property development and hotel management.

3.3 Research Instrument

The instrument used for collecting the related data for this research is the ‘questionnaire’. The questionnaire is one of the common methods used for collecting data in social studies. It is suitable for obtaining wide range of information related to individuals, attitudes, perception, and expectations.

The questionnaire used in this study consisted of 27 questions which were considered to be sufficient in catering for the information needed for this research. According to Neuman (2003: 282), there is no absolute proper length for a questionnaire. The length depends on the survey format and the respondents' characteristics.
The questionnaire used for this survey was divided into five sections and each section was designed to measure a certain specific variable. These questionnaires were distributed to the managers or decision makers of the respective departments in each bank (refer to Appendix D for the sample of questionnaire used in the survey).

The 27 questions comprised of closed-ended and open-ended questions. The closed-ended questions force the respondents to select a single response from a list. According to Baker (1999:209) such list of response must cover the entire range of possible answers and they must be exhaustive. A question that includes a broad range of responses so that every possible answer to the question can fit into a given response has exhaustive categories. Meanwhile, open-ended questions state a question and leave space for the respondent to write out an answer (Baker, 1999:209).

For the closed-ended questions, the matrix pattern was used. A matrix question is a compact way to present a series of questions using the same response categories (Neuman, 2003: 267). Matrix questions allow the answering of sets of questions with similar types of responses. It saves space and makes it easier for the respondent to give answers for the same response categories (Baker, 1999:210).

In the questionnaire which was used to conduct the survey, closed-ended questions utilised the 5-point Likert scales. Likert scales consist of items reflecting extreme positions on a continuum, items with which people are likely to either agree or disagree (Dane, 1990: 272). It permits opinions to be expressed on a five point continuum from strong agreement to strong disagreement and it is frequently used in social research (Caplovitz, 1983:104-105). Respondents were required to tick only one item in the scale for each question. These types of questions can be found in Section B, C, D and E.

There was also one open-ended question which required the respondents to give their comments and suggestions at the end of the questionnaire. The other types of
questions requested respondents to give ranking or put a tick at the appropriate boxes and can be found in Section A, B and D.

The questionnaire was basically divided into five sections with each section designed to measure and analyse different aspects. The questions were adopted from the technical reports in the Higher Education and Employment in Malaysia (Ungku A. Aziz, Chew, Jasbir, 1987). However, the questions were modified to suit and cater the needs and objectives of this research and designed carefully so that they measured the concepts which were intended to be measured and studied in this research.

Section A consisted of six questions and it attempted to find out the characteristics of the respondent and the organisation.

Section B consisted of 11 questions which determined to find out the preferences and practices in recruitment that were followed by the banks. Questions included the types of graduates preferred, criteria given priority during recruitment, the importance of field of education and Information Technology Information (ICT) knowledge in recruitment.

Section C on the other hand attempted to find out the employer’s evaluation on their graduate employees. It included questions on the importance of extra-curricular activities and aspects influencing job performance of graduate employees. This section consisted of three questions.

In Section D, there were three questions on the training practices adopted by the banks. Questions included the availability of training sessions and the importance given to training of graduate employees.

Finally in Section E, there were three questions on the perception of employers on the role of universities. In this section, the respondents were required to give their perception on the roles that should be played by higher educational institutions to produce capable and marketable graduates as well as the kind of graduates the banks looked for.
The final question in this section was an open-ended question which determined to derive comments and suggestions from the respondents regarding our higher education system.

3.4 Data Analysis

The data collected from the survey was analysed quantitatively. Quantitative analysis was carried out using the Statistical Package for Social Sciences (SPSS) to compute frequencies, percentages, measures of central tendencies of various variable and the close-ended questions in the questionnaire.

Then a t-test was done for selected questions to determine the differences between two unrelated samples. T-test was done for the following aspects:-

a) to determine whether there was significant difference between local and foreign banks in the type of graduates preferred by them

b) to determine the difference between local and foreign banks in the importance given to selection criteria such as academic record, proficiency in English and Malay, past working experience, computer literacy, skills (technical, analytical), performance at interview, strength of recommendation letter, wider knowledge, personality, gender, ethnic origin, and marital status

c) to determine the difference between local and foreign banks in the pattern of awarding scholarships to public university, private university, private colleges, foreign university, government colleges and polytechnics students

d) to examine the difference between the ratings given by local and foreign banks to public university, private university and foreign graduates’ technical expertise, ability to think rationally and systematically, ability to write clearly, ability to
speak clearly, ability to work independently, ability to socialise, ability to realise organisational goals, leadership qualities, organisational abilities, responsiveness to monetary incentive, company loyalty, trainability, capacity for preciseness and carefulness, and ability to move forward/willingness to pursue extra mile (working extra hour, prepared to take risks and challenges).

e) to determine the difference between local and foreign banks in the types of graduates they expect universities/colleges to produce

These results were computed and presented in tables and then were analysed. Finally, open-ended questions regarding the deficient of our higher education system and suggestions to improve this system were analysed.