

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 RESEARCH QUESTIONS

In view of the great impact of liberalisation and globalisation to Malaysia SME sector, the needs of capacity and capabilities building of SMEs have increasingly getting critical.

We need to know the statuses of SMEs in marketing, problems, government assistance, level of computerization and automation, sources of financing, staff development and their views on advisory services, and subsequently, what kinds of efforts are needed and most suitable to further strengthen the present framework in building the capacity and capabilities of SMEs.

### 3.2 SAMPLING DESIGN

Primary data were collected from the distribution of thirteen-paged questionnaires to 6,915 SME customers of OCBC Bank Malaysia Berhad throughout Malaysia.

The questionnaires have been sent out to all customers under Enterprise Banking and Emerging Business portfolio. Information Technology Department has generated a customer list after excluding the customers with bad account statues to ensure that the samples represented an active customer base. Questionnaires were posted to the company correspondent address as per

monthly account statement. The summary table of distribution and collection of questionnaires is as below:

**Summary of Survey on SMEs**

State	Number of forms sent out to SMEs	As at 29 January 2002
		Number of forms received
Wilayah	670	40
Selangor	959	57
Perlis	0	0
Kedah	268	9
Perak	995	82
Penang	1,015	34
Negeri	286	11
Malacca	115	9
Johor	1,430	82
Pahang	137	14
Terengganu	1	1
Kelantan	49	1
Sabah	790	25
Sarawak	200	2
<b>Total</b>	<b>6,915</b>	<b>367</b>

Local and international journals were also referred to as secondary sources of information in the study.

### 3.3 RESEARCH INSTRUMENT

A thirteen-paged questionnaire (Appendix 1) was designed and there were five sections as follows:

**Section I:** *Company Profile*

**Section II:** *Ownership Structure*

**Section III:** *Business Operations*

**Section IV:** *Financial Information*

**Section V:** *Sources of Financing*

Core information is reflected in Section III, including their market, problems, government assistance, computerization and automation, staff development and their views on advisory services.

### 3.4 DATA COLLECTION PROCEDURE

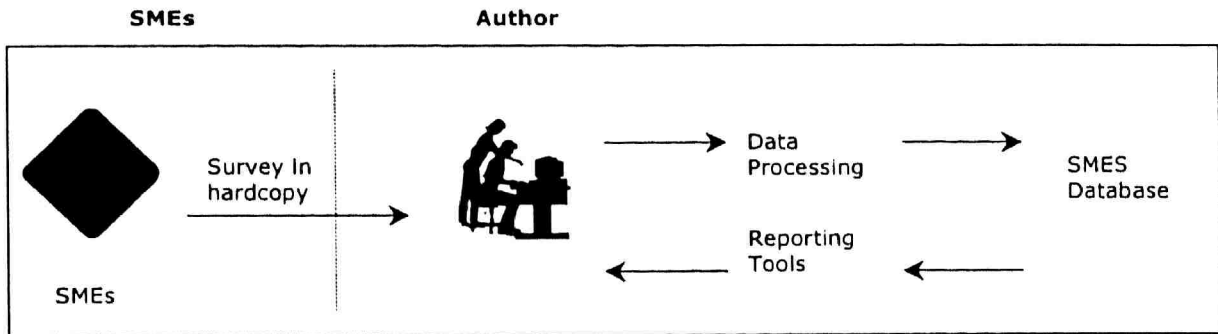
The questionnaires, enclosed with a cover letter and self-addressed envelopes without stamp, were sent to all the customers of Enterprise Banking and Emerging Business Department. Based on the Customer Identification File, each customer will get only one questionnaire if it has more than one account.

They were given two weeks to reply. By the end of January, there were 5.31 per cent or 367 out of 6,915 had responded. No other mean has been taken, like random personal phone calls to improve the response rate.

There were also some replies came after the deadline and also been included in the research database. A total of 367 questionnaires were finally received by the end of January 2002, thus reflecting a 5.31 per cent rate of return. Of these, only 317 were found to be usable for analysis.

### 3.5 DATA ANALYSIS TECHNIQUES

The diagram below depicts the overall view of how data is captured, submitted and processed in SMES system:



The MS Access and MS Excel were used to summarise and analyse data obtained from the survey.

### 3.6 LIMITATION OF THE STUDY

As the questionnaires have been sent out to 6,915 customers under Enterprise Banking Department and Emerging Business Department, OCBC Bank Malaysia Berhad, which are defined according to the total loans amount with the Bank and shareholding relationship with public listed company, some of the respondents are not classified as SME under the definition of SMIDEC and MITI, whereby SMEs are defined as industries and entrepreneurs/ enterprises with an **annual sales turnover** of not exceeding RM25 million and employ less than 150 **full time employees**.

OCBC Bank Malaysia Berhad has a good reputation among the SME community (was awarded as “*Sahabat SMI* ”, Friend of SMI by National SMI Association in year 2002). Relatively, the credit criteria on granting business loans are more stringent to many other banks in Malaysia. As such, the respondents may not be able to reflect the real picture of the Malaysian SMEs, for instance, the ratio of Bumi and Non-Bumi SMEs, profitability of SMEs, shareholding structure of SMEs and usage rate of government assistances.

Due to the time constraint, this study does not include further analysis and test by using the Chi-Square Test or the T-Test to find out the correlations between the size of firms and profits; utilisation of government assisted scheme; problems faced by entrepreneurs; training programmes and advisory services, etc.

### 3.7 ORGANISATION OF THE REPORT

This study is based on the questionnaire replies of survey on OCBC Bank (M) Berhad SME customers, which was conducted in January 2002.

The research is broken down into four main parts:

- Chapter One deals with the purpose and significance of the study on SMEs in Malaysia and the importance of SME in the more liberalised and globalised environment,
- Chapter Two discusses the importance of SMEs for other regions, capacity and capabilities building of SMEs and developmental initiatives taken to

assist the SMEs in various countries in facing a more liberalised and globalised environment,

- Chapter Three is the Research Methodology,
- Chapter Four discusses the results of data analysis from the survey, includes present Malaysia SME ' s business operation, their buyers and suppliers markets, problems, government assistance, level of computerization and automation, sources of financing, staff development and their views on advisory services,
- Chapter Five includes a discussion on the research conclusions, policies and efforts needed to further strengthen the present framework to develop the SMEs.