

# The Effectiveness of Government Export Assistance Programs on Malaysia Small & Medium Enterprises (SMEs)

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## Abstract

The study attempted to investigate the effectiveness of the exporting assistance programs offered by government supporting agencies. The data for the study were collected through mail questionnaires sent to the selected SMEs. Of the total number 300 questionnaires mailed, 76 firms responded and completed the questionnaires. The empirical information resulted from analyzing the data obtained from the 76 SMEs suggests the following findings such as lack of awareness of the exporting programs among the SMEs surveyed; the SMEs perceived the export assistance programs as important, the usage of the export assistance programs varied among the SMEs; and the SMEs received various benefits from the assistance programs.

## 1. Introduction

In Malaysia, the small and medium-sized enterprises (SMEs) appear to be lagging in their exporting activities. At the present moment, although SMEs made up of more than 90% of the total manufacturing firms in Malaysian manufacturing sector, they managed to export about 20.8% of their total output in the sector. This amount contributed to only about 10.8% of the country's total exports of manufactured products. These figures suggest that majority of the SMEs in Malaysia depend on selling in the domestic market, and that they are not exploiting the opportunities available in foreign markets.

In an effort to assist the SMEs in their exporting activities, the Malaysian government has introduced various exporting assistance programs. Over the years, the Malaysian government has introduced these export assistance programs to support and encourage more SMEs to export as well as to enable them to increase their share of the country's total exports. The present study initiated an attempt to examine the effectiveness of the government export assistance programs. In particular, the study attempted to investigate the effectiveness of the export assistance programs provided by the following five government export supporting agencies:

1. The Small and Medium Industries Development Corporation (SMIDEC).
2. The Malaysia External Trade Development Corporation (MATRADE).
3. The Malaysian Industrial Development Authority (MIDA).
4. The Malaysian Export Credit Insurance Berhad (MECIB).
5. The Export-Import Bank of Malaysia Berhad (EXIM Bank).

To determine the effectiveness of the export assistance programs, this study focused on the following:

1. The level of awareness of the government export assistance programs among the SMEs;
2. The importance of the government export programs to the SMEs;
3. The level of usage of the exporting programs among the SMEs; and
4. The benefits received by the SMEs from using the exporting programs.

More specifically, the study would be able to provide the following benefits:

1. The study will increase our understanding of the various export assistance programs provided by the government supporting agencies.
2. The study would provide some insights into the importance of using the export assistance programs.
3. The study could provide information on the awareness of the export assistance programs among the SMEs.

4. The study would provide the SMEs some useful insights into the types of export assistance programs available for them.
5. Finding of the study could be useful in identifying the relevant export assistance programs needed by the exporting SMEs.

## 2. Literature Review

Ogram (1982) classified exporting firms as those that have exported over the last three years and that their exporting sales represent at least 1% of their gross annual sales. Exporting is considered the most common mode of entry into international business among SMEs. Young et al. (1989) claimed SMEs find exporting attractive because of minimal business risks, low resources commitment and high flexibility of actions. Furthermore, Terpstra and Sarathy (1994) suggested that exporting could provide individual firms with a competitive advantage by improving their financial position, increasing their capacity utilization, and raising their technological standards.

Although exporting appears to be attractive to SMEs, previous empirical studies have indicated that exporting firms faced various obstacles. An earlier study by Alexandrides (1971) found that smaller firms faced difficulties in initiating exporting. Alexandrides concluded that high intensity of competition in foreign markets, little knowledge of exporting activities, insufficient understanding of export payment procedures, and difficulties in identifying foreign market opportunities as the major reasons why firms fail to initiate exporting. Similarly, Bilkey (1978) discovered some of the most formidable barriers to successful small business exporting. These were: (1) high risk; (2) insufficient financing; (3) protective foreign government regulations; (4) inadequate distribution channels; (5) insufficient knowledge of marketing opportunities abroad; (6) difficulties in understanding foreign business practices; (7) difficulties in conforming to foreign product standards and specification; (8) difficulties in collecting payments from foreign customers; (9) inadequate representation in foreign markets; and (10) lack of foreign marketing connections.

Based on a survey of firms in the paper industry in the United States of America, Bauerschmidt et al. (1985) also found various reasons why firms failed to export. These included: (1) high value of the U.S. dollar in relation to foreign currencies; (2) high transportation costs; (3) high risks involved in selling abroad; (4) high foreign tariffs on imported products; (5) lack of capital for foreign expansion; (6) lack of government assistance; (7) competition from local firms; (8) lack of foreign channels of distribution; and (9) language and cultural differences. Additionally, Kau and Tan (1986) also suggested that certain significant differences existed between small and large firms that exported. In comparison to large firms, these authors claimed that small firms faced more difficulties in overcoming export problems such as in establishing foreign contacts, getting information about foreign markets, establishing distribution network, promoting products overseas and employing good exports sales personnel.

Gripsrud (1990) further noted that exporting obstacles and opportunities vary from product to product even within the same industry due to the differences in demand and tariffs between products. The author found that differences in taste across different countries posed problems for exporters moving into new markets. For instance, according to Gripsrud, the Japanese food products market attached much emphasis on fat content, size, colour and other attributes that sometimes do not fulfil the requirements of other markets.

Tseng and Yu (1991) also revealed that Taiwanese firms experienced exporting such as: (1) the lack of foreign market information; (2) limited trading knowledge of personnel; (3) inappropriateness of price/quality for the needs of the market; (4) low profit prospects; (5) the existence of various financial constraints; (6) the prevalence of fierce competition; (7) perceived high level of risks; and (8) various legal constraints (either in home or host countries). Ariff (1991) stated that Malaysia's export drive has by no means been an easy task. It has to overcome protectionist forces in the export markets and to face competition from the Newly Industrial Economy (NIEs) and the Less Developing Countries (LDC) newcomers such as Indonesia. The exports of textiles, clothing and footwear, wood and wood products, foodstuffs and oils and fats, in particular, have encountered tariff and non-tariff barriers and stiff competition. Although foreign markets can offer firms better opportunities for long-term growth and profitability, previous studies have indicated that the complexities

and challenges of the international marketplace inhibit the entrance of many SMEs. With regard to this, a good number of studies have dealt with various export assistance programs to small businesses in developed countries (Julien et al., 1994 and 1997; and Kathawala et al., 1989).

Cavusgil and Yeoh (1994) stated that the US Department of Commerce estimated that some 20,000 small and medium-sized firms could export but are unable to do so. Their lackluster performance has been attributed partially to ineffective assistance and promotion programs on the part of federal and state governments and private agencies. Kotabe and Czinkota (1993) pointed out, export promotion activities generally comprise (1) export service program, e.g., seminars for potential exporters, export counseling, how-to-export handbooks, and export financing; and (2) market development programs, e.g., dissemination of sales leads to local firms, participation in trade shows, preparation of market analysis, and export news letters (Lesch et al., 1990). In addition, program efforts can be differentiated as to whether the intent is to provide informational or experiential knowledge.

Singer (1990) said that informational knowledge typically would be provided through how-to export assistance, workshops, and seminars, whereas experiential knowledge would be imparted through the arrangement of foreign buyers' or trade missions, trade and catalogue shows, or participation in international market research. A number of the studies found that export assistance needs vary by stage of export development (Moini, 1998; Kotabe and Czinkota, 1992), leading them to conclude that government assistance programs could be developed and targeted based on whether firms are non-exporters, low level, moderate level or high level exporters. Both Moini (1998) and Kedia and Chokar (1986) found low levels of awareness of export assistance programs, implying that assistance providers are not doing an adequate job of promoting their programs. Usage of export assistance programs was very high for firms that were aware of the services. Kotabe and Czinkota (1992) found that assistance providers were not targeting their resources consistent with the export assistance needs of firms and Howard and Herremans (1988) found that successful exporters did not find government assistance providers to be particularly helpful.

As pointed out by Moini (1998), unfortunately, small and medium-sized manufacturing firms do not constitute a single homogeneous group. Therefore, it is essential that policy-makers fully understand the kinds of differences that occur among them if they are to provide programs that effectively move these firms into successful exporting. Cavusgil and Yeoh (1994) recognized the importance of focusing on specific target clients to design effective export programs. These authors stated that:

*“ the government also could design export assistance programs tailored to the needs of particular industries...export promotion officials are discovering that by focusing their assistance on selected sectors more tangible results can be expected”.*

Furthermore, Cavusgil (1983), Crick (1995), Naidu and Rao (1993), and Seringhaus (1986a) offer support for the view that the stages of internationalization can serve as a vehicle by which to target export assistance. Also, McConnell (1977) points out that different forms of government communication are likely to be required between exporters and non-exporters, adding further evidence to support this segmentation method. According to Seringhaus (1991), greater knowledge of the conditions under which program use is effective. This also can be benefit government policy makers those seeking to improve export promotions. Management's use of government export assistance can contribute to successful export development strategy. Export encouragement strategies should be designed and carried out with clear target audiences in mind. Targeted firms should be informing how export operations can contribute to their profits and growth.

### 3. Research Methodology

This study is confined to selected small and medium-sized enterprises (SMEs) in the Malaysian manufacturing sector. In this study, a small and medium-sized enterprise (SME) is defined as a manufacturing firm with an annual turnover of less than RM25 million and as one which is actively managed by its owner/s. Based on this definition, 300 SMEs were identified from the 2004 Federation of Malaysian Manufacturers (FFM) Directory of Malaysian Manufacturers. The data for this study were collected by mail survey. Through the telephone conversations and a follow-up letter the participation of the firms was requested and confirmed. Structured questionnaires were then mailed

to the top management of the 300 firms selected. Out of the total number of 300 questionnaires sent, 76 usable questionnaires were received, yielding a response rate of 25.3%.

The structured questionnaire adopted in this study consisted of six sections. The first and second sections of the questionnaire which consisted of 17 items were used to obtain the general information concerning the background of the respondents (7 items) and the firms characteristics (10 items). The remaining questions in sections three, four, five and six of the questionnaire were designed to capture the respondents assessments of the government export assistance programs provided by the following five agencies:

1. The Small and Medium Industries Development Corporation (SMIDEC).
2. The Malaysian External Trade Development Corporation (MATRADE).
3. The Malaysian Export Credit Insurance Berhad (MECIB).
4. The Malaysian Industrial Development Authority (MIDA).
5. The Export-Import Bank of Malaysia Berhad (EXIM Bank).

Section three of the questionnaire focused on capturing the information on the awareness of the programs offered by the five government agencies among the SMEs. Section four of the questionnaire emphasized obtaining information on the importance of the export assistance programs among the SMEs. Section five of the questionnaire seeks to obtain information on the usage of the export assistance programs among the SMEs. Finally, section six of the questionnaire focused on obtaining the information on the benefits received by the SMEs from using the export assistance programs provided by the five government agencies.

### 3.1. Data Analysis

Data from the questionnaire were coded and entered accordingly into the SPSS statistical software. The descriptive statistics such as mean, standard deviation and frequency distribution were utilized to analyze the data collected from the participating SMEs.

Table 1 summarizes the characteristics of the respondents in this study. The respondents consisted of manager but not owner (42.1%), export executive (22.4%), owner and CEO (15.8%), owner and manager (14.5%) and owner but not manager (5.3%). Malays constituted majority of the respondents (65.8%), followed by Chinese (21.1%), Indians (7.9%), and others races (5.3%). Forty-one respondents were female and 35 male. Of the 76 respondents, 41 were single, 33 were married and two remarried. Majority (57.9 %) of the respondents had one to three years work experience, another 18 (23.7%) had between four to six years, five respondents had between seven to nine years and the remaining three respondents had between 10 to 12 years of working experience. Forty-two respondents never owned any business, 19 respondents had one business, six had two businesses, four had three businesses, and five had more than five businesses. In term of level of education, 64 respondents obtained bachelor degrees, four respondents each had school certifications and master's degrees, three respondents had PhD degrees and one respondent had a diploma.

Table 1

Characteristics of Respondents

		N	Percentage
Position:	Owner and CEO	12	15.8
	Owner and Manager	11	14.4
	Manager but Not Owner	32	42.1
	Owner but Not Manager	4	5.3
	Others	17	22.4
	Total	76	100.0
Race:	Malay	50	65.8
	Chinese	16	21.1
	Indian	6	7.9
	Others	4	5.3
	Total	76	100.0

Table 1 (continuous)

		N	Percentage
Gender:	Male	35	46.1
	Female	41	53.9
	Total	76	100.0
Marital Status:	Married	33	43.4
	Remarried	2	2.6
	Never Married	41	53.9
	Total	76	100.0
Years of Experience:	1-3 years	44	57.9
	4-6 years	18	23.7
	7-9 years	5	6.6
	10-12 years	3	3.9
	13 and Above	5	6.6
	No Experience	1	1.3
	Total	76	100.0
Number of Businesses Owned:	Never own any	42	55.3
	1	19	25.0
	2	6	7.9
	3	4	5.3
	More than 5	5	6.6
	Total	76	100.0
Level of Education:	School Certification	4	5.3
	Diploma	1	1.3
	Bachelor Degree	64	84.2
	Master Degree	4	5.3
	PhD Degree	3	3.9
	Total	76	100.0

The characteristics of the 76 SMEs that participated in this study are summarized in Table 2.

Table 2

## Characteristics of the Sample Firms

		N	Percentage
Legal Form in Business:	Sole proprietor	19	25.0
	Partnership	13	17.1
	Private Limited	44	57.9
	Total	76	100.0
No. of Employees:	1-30 employees	22	28.9
	31-100 employees	15	19.7
	101-200 employees	9	11.8
	201-300 employees	12	15.8
	More than 300 employees	18	23.7
	Total	76	100.0
Firm Established:	Originally private, from time of start up	41	53.9
	Joint venture, domestic and foreign private owners	19	25.0
	Privatization of a state-owned firm	7	9.2
	Private subsidiary of a foreign-owned firm	3	3.9
	Private subsidiary of a formerly state-owned firm	1	1.3
	Others	5	6.6
	Total	76	100.0

Table 2 (continuous)

		N	Percentage
Government Agency/ State Body Have A Financial Stake:	Yes	28	36.8
	No	48	63.2
	Total	76	100.0
Percentage of Total Ownership:	Less than 10%	6	7.9
	11-20%	10	13.1
	21-30%	6	7.9
	More than 40%	6	7.9
	Not Relevant	48	63.2
	Total	76	100.0
Foreign Company/ Individuals Have A Financial Stake:	Yes	30	39.5
	No	46	60.5
	Total	76	100.0
Percentage of Total Ownership:	Less than 10%	15	19.7
	11-20%	7	9.2
	21-30%	5	6.6
	More than 40%	6	7.9
	Not Relevant	43	56.6
	Total	76	100.0
Total Sales of Business (2002):	Less than RM500,000	15	19.7
	RM500,001-RM5,000,000	23	30.3
	RM5,000,001-RM10,000,000	13	17.1
	RM10,000,001-RM15,000,000	4	5.3
	RM15,000,001-RM20,000,000	2	2.6
	More than RM20,000,000	19	25.0
	Total	76	100.0
Net Profit (before tax) (2002):	Less than RM10,000	9	11.8
	RM10,001-RM100,000	19	25.0
	RM100,001-RM200,000	4	5.3
	RM200,001-RM300,000	8	10.5
	RM300,001-RM400,000	7	9.2
	RM400,001-RM500,000	7	9.2
	More than RM500,000	22	29.0
	Total	76	100.0
Operation in Other Countries:	Yes	32	42.1
	No	44	57.9
	Total	76	100.0
Exporting Activity:	Yes	33	43.4
	No	43	56.6
	Total	76	100.0
Percentage of Total Sales in Export (2002):	1-10%	7	9.2
	11-20%	6	7.9
	21-30%	10	13.2
	31-40%	2	2.6
	More than 40%	9	11.8
	Not Relevant	42	55.3
	Total	76	100.0

As shown in Table 2, 44 of the 76 sample firms were private limited companies, 19 were sole proprietors, and 13 were partnerships. Fifty-eight companies had between one to 300 employ-

ees and 18 companies had more than 300 employees. Forty-one were start up companies, 19 companies were joint ventures between domestic and foreign private investors, seven were privatized government companies, five were subsidiary of private companies, and one company was a subsidiary of a formerly government-owned firm.

The respondents indicated that they owned from less than 10% to more 40% of the ownership of their firms. Of the 76 companies, 15 firms had total sales of less than RM500,000.00, 23 firms had sales between RM500,001 to RM5 million, 13 firms had total sales of between RM 5 million to RM10 million, four firms had between RM10 million to RM 15 million, two firms between RM 15 million to RM 20 million, and 19 firms had more than RM20 million in total sales for the year 2002. Nineteen firms (25%) had net profit of between RM10,001 to RM100,000, nine firms (11.8%) had net profit of less than RM10,000, eight firms (10.5%) had net profit of between RM200,001 to RM300,000, seven firms each (9.2%) had net profit of between RM300,001 to RM400,000 and RM400,001 to RM500,000. The remaining four firms (5.3%) had net profit of between RM100,001 to RM200,000.

Of the 76 firms, 44 firms did not have any operation in other countries. Thirty-two firms indicated that they had operations in other countries. Thirty-three firms reported that they were presently involved in exporting. Of these 33 firms, 10 firms (13.2%) had their percentage of total sales in export (2002) of between 21 to 30%, nine firms (11.8%) with more than 40%, seven firms (9.2%) had 1 to 10%, six firms (7.9%) had between 11 to 20% and two firms (2.6%) had between 31 to 40%.

#### 4. Awareness of the Export Assistance Programs

The responses to the questions on the awareness of the various government export assistance programs are presented in the following Tables 3 through Table 12. The export assistance programs included those offered by the Small and Medium Industries Development Corporation (SMIDEC), the Malaysian External Trade Development Corporation (MATRADE), the Malaysian Export Credit Insurance Berhad (MECIB), the Malaysian Industrial Development Authority (MIDA) and the Export-Import Bank of Malaysia Berhad (EXIM Bank).

##### 4.1. Awareness of the SMIDEC Export Assistance Programs

Table 3 provides the mean and standard deviation scores of the awareness of the 12 programs provided by SMIDEC. As shown in the table, the mean scores for the 12 export assistance programs vary from 2.47 to 3.05. As a whole, these results suggest that the respondents were slightly aware of the 12 export assistance programs offered by SMIDEC.

Table 3

Mean and Standard Deviation Scores of Awareness of the SMIDEC Programs

Program	Mean	Standard Deviation
Industrial Linkage Programme (ILP)	3.05	1.33
Soft Loan Scheme for Factory Relocation	2.99	1.34
Enterprise 50	2.95	1.25
Grant for Productivity and Quality Improvement and Certification (ITAF3)	2.93	1.34
E-Manufacturing Grant (ERP)	2.92	1.37
Grant RosettaNet Standard Implementation	2.89	1.39
SME Expert Advisory Panel (SEAP)	2.89	1.38
Grant for Business Planning and Development (ITAF1)	2.86	1.36
Grant for Product and Process Improvement (ITAF2)	2.83	1.30
Factory Auditing Scheme	2.80	1.27
Grant for Upgrading Engineering Design Capabilities	2.79	1.26
HeadStart 500	2.47	1.35

#### 4.2. Awareness of the MATRADE Programs

Table 4 shows, the mean scores of the awareness of the 28 assistance programs provided by MATRADE are summarized in Table 4 below. The mean scores for the 28 programs vary from 2.47 to 4.16. These results in general indicate that the respondents were only slightly aware of the 28 export assistance programs provided by MATRADE.

Table 4

Mean and Standard Deviation Scores of Awareness of the MATRADE Programs

Program	Mean	Standard Deviation
Market Development Grant (MDG)	4.16	1.10
Commercialization of RND Fund (CRDF)	3.11	1.31
Technology Acquisition Fund for Woman (TAP-W)	3.11	1.26
Double Deduction of Export Credit Insurance Premiums	3.05	1.34
Technology Acquisition Fund (TAF)	3.03	1.36
Tax Incentives for Offshore Trading Via Websites	3.01	1.18
Incentives to Acquire a Foreign Company	3.01	1.29
Bilateral Payment Arrangement (BPA)	3.01	1.34
Double Deduction for Promotion of Export of Services	2.99	1.34
Tax Exemption for Tour Operators, Conventional Fair Organizers	2.95	1.25
Single Deduction for Hotel Accommodation	2.93	1.34
Single Deduction for Quality Certification	2.92	1.37
Malaysia Export Exhibition Center (MEEC)	2.92	1.28
Double Deduction for Promotion of Exports	2.89	1.39
Single Deduction for Registration of Patents	2.89	1.38
Tax Exemption on the Value of Increased Exports	2.86	1.36
Tax Exemption for Malaysian International Trading Company (MITC)	2.83	1.30
Special Incentives to Increase Export	2.83	1.31
Malaysian Product Exhibition (MPE)	2.82	1.21
Deduction on Cost of Developing Websites	2.80	1.27
Export Credit Insurance Scheme	2.80	1.33
International Trade Fairs Overseas	2.80	1.29
Double Deduction for Promotion of Malaysian Brands	2.79	1.26
Export Financing Facilities	2.79	1.34
Seminars and Workshops	2.71	1.37
Made-in-Malaysia In-Store Promotion	2.70	1.30
Duties and Sales Tax Exemption	2.66	1.38
Industrial Building Allowance (IBA)	2.47	1.54

#### 4.3. Awareness of MECIB Programs

As shown in Table 5 below, the mean scores for the awareness of the five programs provided by MECIB vary from 2.80 to 3.08. These results show that the respondents were slightly aware of the five programs offered by MECIB.

Table 5

## Mean and Standard Deviation Scores of Awareness of the MECIB Programs

Program	Mean	Standard Deviation
Buyer Credit Guarantee	3.08	1.28
Overseas Investment Insurance	3.08	1.34
Guarantee and Bond Indemnity Support facility	3.00	1.23
Comprehensive Policy (Shipments/ Contact)	2.97	1.31
Bank Letter of Credit and Policy (BLCP)	2.80	1.29

**4.4. Awareness of the MIDA Export Assistance Programs**

The following Table 6 provides the percentages of the awareness of the 10 assistance programs provided by MIDA among the 76 respondents. The mean scores of the awareness of the 10 export assistance programs offered by MIDA are ranked in Table 6 below. The mean scores vary from 2.76 to 4.04. Overall, these results indicate slight awareness of the 10 assistance programs among the respondents.

Table 6

## Mean and Standard Deviation Scores of Awareness of the MIDA Programs

Program	Mean	Standard Deviation
Incentives for High Technology Companies	4.04	1.12
Incentives for the Manufacture of Machinery and Equipment	3.07	1.31
Incentives For Strategic Projects	2.96	1.33
Accelerated Capital Allowance (ACA)	2.92	1.28
Incentives for Small-scale Companies	2.89	1.34
Pioneer Status	2.87	1.38
Reinvestment Allowance (RA)	2.80	1.27
Tax Exemption on the Value of Increased Exports	2.80	1.27
Incentives to Strengthen Industrial Linkages	2.79	1.41
Investment Tax Allowance (ITA)	2.76	1.36

**4.5. Awareness of the EXIM Bank Export Assistance Programs**

Table 7 below presents the mean scores of the responses to the questions on the awareness of five assistance programs provided by EXIM Bank. The mean scores vary from 2.79 to 3.11. In general, these results suggest that the respondents were not sure of the five programs offered by EXIM Bank.

Table 7

## Mean and Standard Deviation Scores of Awareness of the EXIM Bank Programs

Program	Mean	Standard Deviation
Export of service facility	3.11	1.28
Export Credit Refinancing (ECR)	3.08	1.28
Overseas project financing facility	3.07	1.31
Buyer credit facility	2.96	1.37
Supplier credit facility	2.79	1.41

**5. Helpfulness of the Export Assistance Programs**

In the study, the respondents were also requested to indicate the helpfulness of the various export assistance programs offered by the five government export assistance agencies. Tables 8

through below present the responses of the questions on the helpfulness of the export assistance programs.

### ***5.1. Helpfulness of the SMIDEC Export Assistance Programs***

The figures in Table 8 indicate the mean scores of the helpfulness of the 12 export assistance programs provided by SMIDEC. The mean scores vary from 2.54 to 4.00. In general, these results suggest that the 12 programs offered by SMIDEC were not so helpful to their firms.

Table 8

Mean and Standard Deviation Scores of Helpfulness of the SMIDEC Programs

Program	Mean	Standard Deviation
Grant for Productivity and Quality Improvement and Certification (ITAF3)	4.00	1.10
Grant for Upgrading Engineering Design Capabilities	3.97	1.11
SME Expert Advisory Panel (SEAP)	3.01	1.05
Grant RosettaNet Standard Implementation	2.93	1.09
Enterprise 50	2.92	1.13
Factory Auditing Scheme	2.92	1.15
HeadStart 500	2.88	1.13
E-Manufacturing Grant (ERP)	2.82	1.05
Soft Loan Scheme for Factory Relocation	2.71	1.11
Industrial Linkage Programme (ILP)	2.70	1.07
Grant for Business Planning and Development (ITAF1)	2.61	1.10
Grant for Product and Process Improvement (ITAF2)	2.54	1.08

### ***5.2. Helpfulness of the MATRADE Export Assistance Programs***

As shown in Table 9 below, the mean scores of the helpfulness of the 28 export assistance programs offered by MATRADE vary from 2.04 to 4.04. These results indicate the respondents perceived the export assistance programs offered by MATRADE as not so helpful.

Table 9

Mean and Standard Deviation Scores of Helpfulness of the MATRADE Programs

Program	Mean	Standard Deviation
Special Incentives to Increase Export	4.04	1.09
Deduction on Cost of Developing Websites	4.00	1.10
Double Deduction of Export Credit Insurance Premiums	2.92	1.06
Export Credit Insurance Scheme	2.91	1.06
Single Deduction for Quality Certification	2.88	1.12
Malaysia Export Exhibition Center (MEEC)	2.88	1.08
Single Deduction for Hotel Accommodation	2.86	1.19
Industrial Building Allowance (IBA)	2.86	1.09
Incentives to Acquire a Foreign Company	2.84	1.23
Single Deduction for Registration of Patents	2.83	1.05
Seminars and Workshops	2.83	1.20
Made-in-Malaysia In-Store Promotion	2.82	1.17
Tax Incentives for Offshore Trading Via Websites	2.80	1.12
Tax Exemption for Malaysian International Trading Company (MITC)	2.79	1.09
Double Deduction for Promotion of Export of Services	2.78	1.17

Table 9 (continuous)

Program	Mean	Standard Deviation
Bilateral Payment Arrangement (BPA)	2.75	1.06
Technology Acquisition Fund for Woman (TAP-W)	2.75	1.07
Malaysian Product Exhibition (MPE)	2.71	1.14
Double Deduction for Promotion of Exports	2.70	1.21
Export Financing Facilities	2.70	1.10
Market Development Grant (MDG)	2.70	1.06
Duties and Sales Tax Exemption	2.67	1.12
International Trade Fairs Overseas	2.67	1.16
Tax Exemption on the Value of Increased Exports	2.64	1.03
Double Deduction for Promotion of Malaysian Brands	2.62	1.14
Technology Acquisition Fund (TAF)	2.59	1.10
Commercialization of RND Fund (CRDF)	2.05	1.10
Tax Exemption for Tour Operators, Conventional Fair Organizers	2.04	1.09

### 5.3. Helpfulness of the MECIB Export Assistance Programs.

Table 10 presents the mean scores of the helpfulness of the five export assistance programs offered by MECIB. The mean scores vary from 2.55 to 3.94. These results suggest that the respondents perceived the five export assistance programs as not so helpful.

Table 10

Mean and Standard Deviation Scores of Helpfulness of the MECIB Programs

Program	Mean	Standard Deviation
Guarantee and Bond Indemnity Support facility	3.94	1.10
Comprehensive Policy (Shipments/ Contact)	2.75	1.00
Buyer Credit Guarantee	2.64	0.99
Overseas Investment Insurance	2.64	1.10
Bank Letter of Credit and Policy (BLCP)	2.55	1.05

### 5.4. Helpfulness of the MIDA Export Assistance Programs

Table 11 below summarizes the mean scores of the helpfulness of the export assistance programs offered by MIDA. The mean scores vary from 2.55 to 3.01. These results in general suggest that the respondents perceived the export assistance programs as not so helpful.

Table 11

Mean and Standard Deviation Scores of the Helpfulness of the MIDA Programs

Program	Mean	Standard Deviation
Incentives for Small-scale Companies	3.01	1.05
Reinvestment Allowance (RA)	2.92	1.06
Accelerated Capital Allowance (ACA)	2.88	1.12
Incentives to Strengthen Industrial Linkages	2.78	1.17
Investment Tax Allowance (ITA)	2.72	1.07
Incentives For Strategic Projects	2.70	1.21
Incentives for High Technology Companies	2.69	1.19
Pioneer Status	2.64	1.16
Incentives for the Manufacture of Machinery and Equipment	2.62	1.14
Tax Exemption on the Value of Increased Exports	2.55	1.16

### 5.5. Helpfulness of the EXIM Bank Export Programs

Table 12 below presents the mean scores of the helpfulness of the five export assistance programs offered by EXIM Bank. As shown in Table 12, the means vary from 2.45 to 2.83. These results suggest that the respondents perceived the export assistance programs as not so helpful to them.

Table 12

Mean and Standard Deviation Scores of Helpfulness of the EXIM Bank Programs

Program	Mean	Standard Deviation
Export Credit Refinancing (ECR)	2.83	1.04
Export of service facility	2.80	1.05
Overseas project financing facility	2.75	1.10
Buyer credit facility	2.64	1.13
Supplier credit facility	2.45	1.09

Table 13

Benefits of the Export Assistance Programs

Benefits of the Export Assistance Programs
1. Increased export sales
2. Penetration new foreign market
3. Increased production
4. Gained new foreign customers
5. Increased net profit
6. Improved market growth
7. Improved product
8. Improved exporting process
9. Improved international networking

## 6. Discussion

These results suggest that the level of awareness of the export assistance programs offered by the Small and Medium Industries Development Corporation (SMIDEC), the Malaysian External Trade Development Corporation (MATRADE), the Malaysian Export Credit Insurance Berhad (MECIB), the Malaysian Industrial Development Authority (MIDA), and the Export-Import Bank of Malaysia Berhad (EXIM Bank) among the SMEs in this study was low. This finding appears to be consistent with the earlier observations made by Moint (1998), Crick (1997), De Nobel et al. (1989), and Kedia (1986).

### 6.1. Helpfulness of the Export Assistance Programs

In terms of the helpfulness of the export assistance programs, the results of the research in general reveal that the SMEs in the study perceived the export assistance programs as not so helpful. The percentages and mean scores of the responses to the questions on the usefulness of the export assistance programs not only vary among the respondents, but also suggest the SMEs perceived the programs as not so helpful to their firms. This finding adds support to the findings of earlier studies conducted by Kadia (1986), De Nobel et al. (1989), Crick (1997), and Moint (1998).

### 6.2. Usage of the Export Assistance Programs

As far as the usage of the export assistance programs are concerned, the results of the study suggest that moderate level of usage of the export assistance programs among the SMEs in the study. The results of study indicate higher percentages and mean values for the usage of the assistance programs provided by the five government agencies among the responding firms in the study.

### **6.3. Benefits Received from Using the Assistance Programs**

The results of the study indicate that the SMEs that used the export assistance programs have benefited from the programs. Among the types of benefits that the SMEs received from using the various export assistance programs are the following: (1) increased export sales; (2) penetration new foreign market; (3) increased production; (4) gained new foreign customers; (5) increased net profit; (6) improved market growth; (7) improved product; (8) improved exporting process; and (9) improved international networking.

## **7. Conclusion**

Based on the results of this study, the following findings may be summarized. First, at the general level, the results of the study suggest that the level of awareness of the various export assistance programs among the SMEs is still low. Second, the results of the study in general indicate that to certain extent the SMEs in the study perceived the export assistance programs provided by the five government agencies as not so helpful to their firms.

Third, in term of the usage level of the export assistance program among the responding firms, the results of the study suggest that the SMEs in the study have been using the programs to a certain degree.

Finally, the results of the study appeared to suggest that the SMEs that used the various export assistance programs provided by the five government agencies had received various types of benefits from the programs.

## **8. Implications of the Study**

Several important implications can be drawn from this study. First, the SMEs in the study reported a lack of awareness of the available export assistance programs. This finding suggests that the existing export assistance programs are not reaching the SMEs. In order to increase the SMEs's awareness of export assistance programs, the five government agencies need to increase their efforts in further promoting the export assistance programs effectively among the SMEs.

Second, the finding of the study on the usefulness of the export assistance programs suggests that there is further need for the providers of the export programs to show the SMEs the helpfulness of the export assistance programs in assisting them with their exporting activities.

Third, there is also need to increase the usage of the various export assistance programs among the SMEs. With regard to this, the five agencies need to increase the SMEs' commitments to using the various export assistance programs offered by them. These agencies can do so by showing the potential tangible benefits a firm can gain from using the various export assistance programs.

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