

Management of Change in SMEs in Times of Turbulence

Mohamed Zain

Department of Business Administration
Faculty of Economics and Administration
King Abdulaziz University
P O Box 80201, Jeddah 21589
Saudi Arabia.

Norizan M. Kassim

Department of Marketing
Faculty of Economics and Administration
King Abdulaziz University
P O Box 42804, Jeddah 21551
Saudi Arabia.

Abstract

This paper examines management of change in SMEs in Malaysia during the time when the country was experiencing the Asian financial crisis. The types of changes investigated include change in objectives, change in work force, change in work practices, and change in strategies. The results clearly indicate that the SMEs carried out many organizational changes in response to the financial crisis. These findings indicate the responsiveness of the SMEs, particularly the small ones, to contemporary environmental pressures during turbulent times. Generally, the SMEs responded well to internal and external environmental forces in ways that would contribute towards their ability to remain agile and to survive competition and economic turbulence.

Key Words: business and environment, competition, developing country, entrepreneurship, small and medium enterprises, Malaysia

1. Introduction

This paper presents the results of survey on organizational change introduced and implemented by Malaysian small and medium enterprises (SMEs) during the period when the country was suffering from the Asian financial crisis which started in 1997. The Asian financial crisis started in Thailand with the financial collapse of the Thai baht after the Thai government was forced to float their baht. It was a period of financial turmoil that gripped much of Asia beginning in July 1997 (Marino et al., 2008). The crises caused devastating effects on the economies of the East Asian countries, Thailand, Indonesia, Malaysia and Korea (Mishkin, 1999). These countries which had enjoyed a period of stability and rising living standards saw their currencies plummeted in value and their economies plunged into slumps that threw many of their citizens back into poverty (Boorman et al, 2000). According to Kamin (1999), after six months into the crisis, Indonesia, Korea, Malaysia, the Philippines, and Thailand had declines in their nominal exchange rates of about 40%, which is similar to the declines in the Mexican peso during the 1980s Latin America Debt crisis and the 1994–1995 Tequila crisis.

1.1. The Asian Financial Crisis

The unanticipated Asian financial crisis of 1997 was the sharpest financial crisis to hit the developing world since the 1982 debt crisis that hit the most rapidly growing economies in the world and prompted the largest financial bailouts in history (Radelet and Sachs, 2000; Chowdhry and Goyal, 2000). The crisis has raised fears of a worldwide economic meltdown due to financial contagion (Bakaert and Harvey, 2003). Before the crisis, Malaysia was enjoying a current account deficit of 5% of its GDP. At that time also, the ringgit was trading at a rate of above 2.50 to the US dollar. Not long after that, the government had to peg the ringgit at a rate of 3.8 to the dollar. Even though the crisis occurred in East Asia, it affected all the emerging markets open to capital flows (Johnson et al., 2000).

Among the reasons for the crisis include inappropriate macroeconomic policy, lack of transparency, and weak legal institutions for corporate governance, corrupt and mismanaged banking systems, and the shortcomings of state-managed capitalism (Johnson et al., 2000; Radelet and Sachs, 2000). Naturally, in such a trying time, many firms, including SMEs suffered economically and had to make some adaptation to such a drastic environmental change. For example, Liu (2009) claimed that in the People's Republic of China the Asian financial crisis has adversely impacted SME business operations, and demand for products produced by export-related enterprises fell accordingly. Similarly, in Central Asia, the Russian Financial crisis of 1998 has resulted in their SMEs having difficulties in securing bank financing (Pasadilla, 2010). In Korea, as a result of the Asian financial crisis, many SMEs were forced into bankruptcy due to a credit crunch arising from a high interest rate policy to stabilize the exchange rate and a tight monetary policy, as well as from the dramatic collapse in domestic and regional demands and sales, particularly in 1998 (Gregory et al., 2002). Thus, this research examines the extent of changes carried out by the SMEs in the country in a few years after the start of the financial crisis.

1.2. The Malaysian SMEs

Notwithstanding that the Ministry of International Trade and Industry of Malaysia defines SMEs as firms with not more than 150 employees, we have adopted McDonald and Wiesner's (1998) definition of SMEs in Australia. Since their sample was determined according to size as well as other characteristics, they proceeded to include cases of less than 20 employees and those in excess of 200 employees in their data on the assumption that firms frequently downsize and re-size and that it was not likely that they would lie substantially outside the range. This assumption was also applied to this study.

The importance role of SMEs in the economic development of Malaysia can be traced back to the early 1970s with the implementation of the New Economic Policy (NEP) in 1971 which aimed at improving people's welfare and restructuring ethnic economic imbalances in the country (Hoq et al, 2009). The Malaysian Government has a commitment to develop SMEs by implementing a number of consecutive Industrial Master Plans, particularly the Industrial Master Plan 2 (IMP2) from 2000 to 2005 which was then followed by the IMP3 from 2006 to 2020 at the end of which time the country is supposed to be a fully developed nation (according the country's Vision 2020)(MITI, 2005). According to the Small and Medium Industries Development Corporation of Malaysia (SMIDEC) (2002) 93.8 percent of companies in the manufacturing sector are SMEs and they contributed 27.3 percent to total manufacturing output, and 25.8 percent to value-added production. They also owned 27.6 per cent of fixed assets and employed 38.9 per cent of the country's workforce. It is forecasted that by 2020, the value-added products from SMEs will be worth RM120 billion or 50 percent of total production in the manufacturing sector (Hoq et al, 2009).

Based on the 2011/12 annual report released by the SMECorp of Malaysia (2012) Malaysian SMEs remained resilient and continued to expand at a relatively strong pace of 6.8% in 2011 despite the challenging external environment they continued to face. In line with the official GDP projection of 4.5 - 5.0% in 2012, SMEs are expected to record a steady growth pace of 6.5 - 7.0%, mainly driven by the services sector and domestic demand. According to the Census carried by them, SMEs in 2012 represent 97.3% (645,136 establishments) of the total establishments of 662,939 in the country (see Table 1 for the SMEs in 2011).

Table 1. Profile of Malaysian SMEs in 2011

Sector	Total Establishments (a)	Total SMEs (b)	Percentage (%) of SMEs over Total Establishments (b)/(a)*100	Total Employment by SMEs
Overall Total	662,939	645,136	97.3	3,669,259
Services	591,883	580,985	98.1	2,610,373
Manufacturing	39,669	37,861	95.4	698,713
Agriculture	8,829	6,708	76.0	78,777
Construction	22,140	19,283	87.1	275,631
Mining & Quarrying	418	299	71.5	5,765

Source: SMECorp (2012). SME Census 2011, <http://www.smeCorp.gov.my/v4/node/2681>

Although SMEs are important to national economies, organizational change and human resource management were the subject of growing interest in the small business or SME literature only in the mid to late 1990s (Purcell 1993; Marlow & Patton 1993; Desphande & Golhar 1994; Duberley & Walley 1995; Bacon et al. 1996; McDonald & Wiesner 1997, 1998; Wiesner & McDonald 1996). In Malaysia, SME development has been on the national agenda since the establishment of the National SME Development Council (NSDC) in 2004 with the task of undertaking various initiatives to promote the development of competitive, innovative, and resilient SMEs (Ministry of International Trade and Industry, 2011). The SMEs' contribution to total manufacturing output was 13.8% in 1996, 17% in 1997, and 15.8% in 1998 (MITI Annual Report 1998/99). By 2002 their contribution to the country's total manufacturing output rose to 27.3% (Saleh and Ndubisi, 2006). In terms of the SMEs' contribution to the country's GDP, the government is targeting to increase the contribution from 32% in 2012 to 41% by 2020 (Wong, 2012).

Firms must be able to anticipate, respond, and adapt to a changing environment in order to compete effectively in a constantly changing environment (Bonvillian, 1997, Nadler et. al, 1995). Much of what is understood about organizational change and management practices in SMEs have been inferred from larger surveys and under normal economic condition such as the Australian Workplace Relations surveys (AWIRS) and the Workplace Industrial Relations surveys in the United Kingdom. The report of the 1995 AWIRS findings, for example, recognized the particular characteristics of smaller business and included a chapter on smaller workplaces (Morehead et al., 1997). Other researchers have also conducted meta analyses of large scale survey data (eg., Barrett 1995, 1998) on management of change in organizations.

1.3. Significance of This Research

What is true for larger organizations may not apply to SMEs. There are differences in organizational structure and management processes between large and small to medium sized organizations (Wiesner and McDonald 1996; Jennings and Beaver 1997; McDonald & Wiesner 1998). Even under normal economic condition SMEs may face difficulty in planning and responding to the changing environment due to their position in the marketplace in comparison with larger organizations. Joyce et al. (1990) reported that the market was a major barrier to change for small firms. As most small firms may be reliant on sales of larger organizations they supply or on the state of the industry they operate in, it would be rather difficult for them to plan for growth and change (Atkins & Lowe, 1996; Jennings & Beaver, 1997; Joyce et al., 1990). While most of the literature on managing change focused on large organizations, all organizations regardless of size have to compete within these changing environments (Bonvillian, 1997; Collins, 1993; Limerick, 1992).

However, this may be more problematic for smaller organizations because they have fewer resources at their disposal (Callus et al, 1991; Portrait of Australian Business, 1997). These are some of the factors which raise the question whether the change management models applied to large organizations can also be applied to SMEs given their different characteristics such as informality of organizational structure, their reporting relationships and processes, the availability of capital, the role of SMEs in the market place, the degree of management skills, and time and business planning (Jennings and Beaver, 1997; Marlow and Patton, 1993). The challenges faced by SMEs are even more when the economic conditions in which they operate are in turmoil. Thus, the main objective of this paper is to identify the prevalence and nature of organizational changes occurring in Malaysian SMEs, particularly during the period of five years after the onset of the Asian Financial Crisis in 1997

2. Methods of Data Collection and Analysis

A survey using a validated questionnaire was employed in this research. The respondents were obtained from a database which was compiled from two directories: the Malaysian Manufacturers Showcase and the SME Directory provided by SMIDEC. Altogether, a sample of 2,338 questionnaires were mailed to SMEs (obtained from the two directories) in 2002, and after taking into account those that were returned without forwarding addresses, those returned without participation, and those returned because their company was not considered as an SME, only 2,303 addresses could be considered as valid. The questionnaire was accompanied by a personalized covering letter, addressed to the Managing Director, explaining the nature and the purpose of the study. A reply paid self-addressed envelope was provided with every questionnaire sent with the hope that it would improve the response rate. In the end, a response rate of 9.51% was achieved, or 219 completed questionnaires were received.

The low response rate could be due to the fact that no follow-up mailing was carried out due to time limitation. Thus, the rather small response rate represents a limitation of this study. The questionnaire used in this study was adopted from an earlier work by Wiesner and McDonald (1998) in Australia. In order to suit the Malaysian environment, certain parts of the questionnaire were amended. For example, when the questionnaire referred to certain places or localities in Australia they were changed with places or localities in Malaysia. As a preliminary study of organizational change in Malaysian SMEs, this paper reports the findings on various changes introduced in the organizations including change in workforce, change to job design, change in quality emphasis, change in organizational strategies, change in management structure, and change in the importance of communication. Respondents were asked if they pursued those changes in management practices and the level of achievement of such pursuance by indicating “1 = not at all”, “2 = minor extent” or “3 = major extent” in response to the statement posed to them in the question questionnaire.

Table 2 shows the reliability coefficient, Cronbach α -value, standard deviation and the overall mean for the relative sections of organizational change management practices. According to Nunnally (1978), for an exploratory study a minimum α -value of 0.5 is considered as an acceptable reliability score. Thus, the reliability of the findings is acceptable for this study.

Table 2: Organizational Change Practices and Their Reliability Coefficient

Organizational Change	Overall Mean	Overall SD*	Reliability Coefficient (α -value)
1. Change in workforce	2.1233	0.3412	0.6955
2. Change in work practices	1.9981	0.4440	0.7785
3. Change in strategies	1.8291	0.3624	0.7875
4. Forces of change	2.1631	0.3457	0.6487

* SD = Standard Deviation

3. Results

3.1. Company Background

Small firms (employing 100 or fewer employees) constituted 58% or 127 of the responses to the survey while medium sized firms (employing 100-200 employees) made up of 42% or 92 of the respondents. Firms employing more than 200 employees were also considered in this study since they were not substantially greater than 200. Slightly more than half (59.8%) of the respondents had been with their company for more than 10 years, while most of them (85.4%) had been with their firm for more than five years. Managers in Malaysian SMEs are a younger cohort than the Australian SME managers: 61.6% of the respondents were in the 31-45 age group, compared with 34.8% in Australian SMEs with 72.1% being younger than 45, compared with 38.4% in Australia. In terms of education and training, about 85% of them had at least a formal trade certificate, while quite a high percentage (29%) had a postgraduate degree as their highest level of education. This explains their level of seniority in the firms where 43.4% of them were Chief Executive Officer (CEO) and 31.5% were managers reporting to the CEO. Thus, the higher percentage of the Malaysian respondents having tertiary education compared to the Australian respondents seem to indicate that having tertiary education carry greater weight in Malaysia than in Australia. Males dominated the managerial level positions (81.7%). Thirty-eight percent of the firms were family-owned and, of these, 37% were also managed by family members. Almost half (48.9%) operated in only one location, while more than half had their head office located in Kuala Lumpur or in the surrounding state of Selangor. About 74% were in the manufacturing industry and 80.4% had access to the Internet.

Sixty-three percent were involved in export activities, where ASEAN and Asia-Pacific regions represented the largest export markets. Smaller percentages of Malaysian SMEs exported their products to North America and Europe. The inability of many of the SMEs to penetrate these two major markets could be due to their lack of resources or their inability to meet the quality requirements of the countries in those regions. However, more research is required to verify whether or not this is true. Majority (55.3%) of the SMEs has a separate human resource department, and of these 63.9% were firms employing more than 50 employees.

About 27% of them use the human resource management (HRM) title for the person in-charge of the department. Also, slightly more than a quarter (28.8%) of the SMEs employed human resources information systems (HRIS). These reflect a growing adoption of human resource practices in Malaysian SMEs. More than half (58.9%) claimed to have formal strategic plans in place and almost all of the respondents indicated that they also had specific goals and objectives within those plans. Also, about 86% of the respondents had altered their organizational practices to achieve these goals. This indicates that there was a significant degree of change undertaken by these firms.

3.2. Objectives of Change

Among the more common major objectives for organizational change carried out by the SMEs were for improving customer service (54%), for improving productivity (49%) as well as communication (45%), and for improving their competitiveness (44%). A comparison of organizational objectives between small and medium firms produced an interesting result. Here, we found that small firms introduced their change strategies with the objective of improving their relationships with their employees. In contrast, changes by the medium-sized firms were aimed at increasing productivity and competitiveness. The reasons, other than the size factor, for this divergence of objectives between small and medium sized organizations may rest with other characteristics of SME managerial practices, such as their management style (McDonald and Wiesner (2000). The divergence could also be due to the possibility that the medium-sized firms serve bigger or wider market coverage than the small firms, hence their need to give more emphasis on productivity and competitiveness.

3.3. Changes Carried Out

Changes in Workforce. More than half (55.3%) of the SMEs surveyed reported an increased in permanent full time employment. Almost half of the firms reported an increase in the number of women employed and slightly more than a third (38.4%) of them recruited more junior employees, more trainees (34.2%) and more non-English speaking workers (30.1%). As this survey was carried out during the period of the financial crisis, the reported increase in the recruitment of those employees is an interesting phenomenon. A possible explanation for this could be due to the fact that most of the products produced by those firms were for export markets and the devaluation of the Malaysian Ringgit during the crisis resulted in cheaper labor costs. The findings also implied that more women are joining the workforce. Nevertheless, this analysis has indicated no significant difference between the size of firms and workforce changes that have occurred in the SMEs.

In terms of workforce reduction, almost half (47.59%) of the respondents did not reduce their workforce over the previous two years from the time of the survey. Nevertheless, just over a quarter of the SMEs downsized their workforce by less than 10 percent but this was done mostly (63%) by small firms. For the firms that were engaged in workforce reduction, change in organizational structure were found to have occurred equally (17.8%) among middle management and supervisory levels in the SMEs. The removal of senior management levels was not significant at all (6.4%). Thus, because of the financial crisis, about half (49.1%) of the SMEs had downsized their organization, at the rates ranging from 1% to 30% or more.

Change in Work Practices. Among the changes in work practices that have occurred among the SMEs include the adoptions of flexible hours of work, telecommuting/working from home, benchmarking, joint consultative committee, cross-functional project teams, job rotation, job enrichment, quality problem solving teams, job sharing, and productivity improvement programs. The least implemented change in work practice was telecommuting or working from home practice. This could be due to the fact that this practice was relatively new and therefore it was less recognized or less accepted in Malaysia at that time. Nevertheless, the majority of the SMEs made many changes to their work practices, particularly with respect to implementations of quality problem solving, productivity improvement programs, job sharing and rotation, job enrichment, self-managed teams, outsourcing, and TQM programs (see Table 3).

Table 3: Change in Work Practices Introduced by Malaysian SMEs

Type of practice	Percentage of the SMEs
Quality problem solving teams	72.1
Productivity improvement schemes	69.9
Job sharing	68.5
Job rotation	67.6
Job enrichment	66.7
Self management work teams	64.8
Contracting out work/outsourcing	54.8
Total quality management	50.7
Use of Consultants	48.9
Benchmarking	41.1
Joint consultative committees	38.4
Flexible hours of work	33.3
Telecommuting	14.2

From the results, we also noticed some variations in the implementation of change in work practices. Specifically, we found that the firms having fewer than 20 employees had the lowest implementation level in each category of practices except for contracting out of work and adopting flexible working hours. It is also noted that more of the small firms with 21-50 employees were active in the implementation of organizational changes compared to bigger (medium-sized) firms. It is not surprising to find that, overall, there were more small firms which implemented the change in work practices as compared to the medium-sized firms since we would expect them to be less bureaucratic and be more responsive to change, particularly if the change does not involve a large sum of money.

Change in Strategies. Respondents were asked to indicate the types of organizational change strategies that were introduced in their firm during the previous three and five years (i.e., beginning from the time of the onset of the Asian Financial crisis in 1997). In addition, they were also asked to identify the most important change strategy adopted. Their responses to these questions are presented in Table 4.

Table 4: Major Organizational Change Strategies in Malaysian SMEs

Type of Change	Percentage of SMEs		Considered as the Most Important Change Strategy (%)
	Past 3 years	Past 5 years	
New plant, equipment or technology	54.8	25.1	20.5
Reorganization of mgt structure	56.6	22.4	13.7
Product and services	45.2	25.1	11.9
Restructuring of how work is done	50.7	25.6	10.5
Management personnel	55.7	22.4	9.1
Structure of workforce	52.1	26.0	7.3
New ownership	16.9	7.3	4.6

Change in terms of new ownership of the firm seems to be the least implemented organizational change strategy for either the preceding three or five years. Overall, more than half of the respondents indicated that a wide range of changes had taken place in their firms, particularly during the past three years from 1997. It seems that the Asian financial crisis faced by the country have caused the Malaysian SMEs to carry out many organizational strategy changes, such as structural reorganization (56.6%), change in management personnel (55.7%), and the use of new technology (54.8%). Thus, the Malaysian SMEs have displayed their adaptability and flexibility in responding to the needs for change.

We also found that more changes had taken place in the past three years than in the past five years from 1997, particularly among the small firms. This is a positive reflection of the Malaysian federal government's efforts to develop SMEs in the country.

Many activities have taken place in the last three years from 1997, particularly after the introduction and the allocation of light industrial areas/townships all over Malaysia as well as the increase in the availability of loans to entrepreneurs and SMEs in the country. Many new programs aimed at promoting entrepreneurial development were introduced following the establishment of the Ministry of Entrepreneurial Development in 1994. Examples of these programs include Industrial Technical Assistance Fund (ITAF), Industrial Linkage Program, Export Credit Refinancing Grants, Annual Showcase, Financing Packages for SMIs (PAKSI), Skills Upgrading Program, Funds for SMI (loans for expansion, diversification, export, and utilization of existing capacity), and Rehabilitation Funds (to assist liable SMIs that were facing non-performance loans and temporary cash flow problems) (SMIDEC, 2002).

Forces of Change. The various factors that triggered the changes to be carried by the SMEs are discussed next. Among the main reasons for their wanting to implement the changes include their need to meet customer demands (83%), to enable them to deal with competitors better (76%), because of the decline in their financial performance (56%), and because of availability of new technology (48%) (see Table 5). Each of these items represents the response of the Malaysian SMEs to their external (opportunities and threats) as well as their internal (strengths and weaknesses) environments. While changes to employment legislation are important to some countries in the Asia Pacific region, this was not an important factor in Malaysia. Also, as most of the respondents were in the manufacturing industry, it is not surprising for us to find that just under half of the SMEs needed to keep them up-to-date with the advancement of technology.

Table 5: Respondents' Perception of the Forces of Change in Malaysian SMEs

Forces	Percentage of SMEs	
	Quite Important	Very Important
Customer demands	13.2	82.6
Increased competition	20.5	75.8
Falling profits	34.7	55.7
New technology	38.4	47.5
Changing products	43.8	32.0
Changes of industrial relations legislation	40.2	16.9

4. Implications and Conclusion

The ability of Malaysian SMEs to compete effectively in a constantly changing environment is viewed as the key to survival and growth. In the period when the Malaysian economy was experiencing a financial crisis the need for the SMEs to be adaptable and agile is even more pressing. These firms need to be able to anticipate, respond, and adapt to such a changing environment (Bonvillian 1997, p.20; Decker & Belohlave 1997, p.94; Nadler et. al 1995, p.3). Thus, the challenge for management of SMEs is to be able to develop an organization which can achieve an advantage through recognition of the implications of the turbulent environment and to create organizational systems that facilitate flexibility, innovation and speed (Dunphy & Stace 1992, p.50; Limerick 1992, p.38; Nadler et. al 1995, p.3; Schein 1988, p.29). A large percentage (86%) of the SMEs in this study carried out various changes in their organizational practices in their efforts to adapt to various internal and external environmental changes that are necessary in order for them to achieve their goals. In most of the particular changes identified in this study, the required adaptability and flexibility is more likely to be found in Malaysian SMEs with fewer than 100 employees. These changes included the adoption of flexible hours of work, telecommuting, introducing quality problem solving teams, self-managed work teams, outsourcing, best practice programs, TQM, joint consultative committees, and job enrichment and rotation schemes.

SMEs usually face more challenges in planning and responding to the changing environment due to their position in the marketplace in comparison to large organizations. Joyce et al. (1990, p.51), for example, reported that the market was a major barrier to change for small firms. The changeability of the market makes it difficult for small firms to plan for growth and change, especially as they may be reliant on the sales of the larger organizations they supply or the state of the industry in which they operate (Atkins & Lowe 1996, p.43; Jennings & Beaver 1997, p.64; Joyce et al. 1990, p.51). On the other hand, when small SMEs do implement change they may have some advantages over large organizations.

For example, their informality of organizational structures and relationships may mean that forces that traditionally restrain change or maintain stability may have less influence on them. Additionally, the degree of flexibility and their relatively small size would mean that change could be adopted more speedily (Marlow & Patton 1993). This appears to have been the case for the Malaysian SMEs notwithstanding the effects of the Asian financial crisis. Astonishingly, the SMEs increased their number of full-time employees and the recruitment of women employees during the crisis. In addition, downsizing was relatively rare and organizational restructuring was unusual. Furthermore, the major organizational changes occurred during the three years preceding the survey rather than over the preceding five years. These findings further indicate the responsiveness of Malaysian SMEs, particularly small businesses to environmental pressures such as those arising from the economic and financial crises faced by the country. A similar result was reported by Gregory et. al (2002) in Korea where they found that the SMEs there were remarkably resilient to the same Asian financial crisis. Thus, another practical implication of this finding is that, managers in larger firms need to find ways to overcome the problem of red tapes or bureaucracy so that they can carry out whatever changes that is necessary for their firms to survive in such a trying time.

As a conclusion, we can say that the adoption of certain strategies and changes by many Malaysian SMEs (59%) might have provided a bolster against the more debilitating effects of the economic turbulence. The SMEs in this study demonstrated clearly that they had a range of objectives for the changes they introduced in such a trying time. Conversely, an absence of formal strategic planning might have led to a failure among the SMEs (McKiernan and Morris 1994).

References

- Atkins, M.H. and Lowe, J.F. (1996). Sizing Up the Small Firm: UK and Australian Experience, *International Small Business Journal* 15 (3): 44-55.
- Bacon, N., Ackers, P., Storey, J., and Coates, D. (1996). It's a Small World: Managing Human Resources In Small Business. *International Journal of Human Resource Management* 7 (1): 82-100.
- Barrett, R. (1995). Small business and industrial relations: enterprise flexibility agreements at work? in L. Sonder (ed.), *Current Research in Industrial Relations, Proceedings of the 9th AIRAANZ Conference*, Melbourne, pp. 44-51.
- _____ (1998). Small firm industrial relations: evidence from the Australian Work-place Industrial Relations Survey', Working Paper No. 57, National Key Centre in Industrial Relations, Monash University, Melbourne.
- Bekaert, G. and Harvey, C.R. (2003). Emerging markets finance. *Journal of Empirical Finance* 10: 9-55.
- Bonvillian, G. (1997). Managing The Messages Of Change: Lessons From The Field, *Industrial Management* 39(1): 20-25.
- Boorman, J., Lane, T., Schulze-Ghattas, M., Bulir, A., Ghosh, A.R., Hamann, J., Mourmouras, A., and Phillips, S. (2000). Managing financial crises: the experience in East Asia, *Carnegie-Rochester Conference Series on Public Policy* 53: 1-67, Policy Development and Review Department, Washington, DC: International Monetary Fund.
- Callus, R., Morehead, A., Cully M. and Buchanan, J. (1991). Industrial Relations At Work: The Australian Workplace Industrial Survey, Commonwealth Department Of Industrial Relations, Australian Government Publishing Service, Canberra. In Wiesner, R., and McDonald, J., (1998), *Organizational Change and HRM Strategies in Australian SMEs*, a working paper.
- Chowdhry, B. and Goyal, A. (2000). Understanding the financial crisis in Asia, *Pacific-Basin Finance Journal* 8: 135-152.
- Collins, R., (1993). Change: Running On Overload. *HR Monthly* (March): 8-11.
- Desphande, S.P., and Golhar, D.Y. (1994). HRM practices in large and small manufacturing firms: A comparative study', *Journal of Small Business Management*, April: 49-56.
- Duberley, J.P. & Walley, P. (1995). Assessing the adoption of HRM by small and medium sized manufacturing organizations. *International Journal of Human Resource Management*, 6 (4): 891-909.
- Gregory, G., Harvie, C., and Lee, H. (2002). Korean SMEs in the Wake of the Financial Crisis: Strategies, Constraints, and Performance in a Global Economy, University of Wollongong Department of Economics Working Paper Series 2002.
- Hoq, M.Z., Che Ha, N., and Saad Mohd Said, S. (2009). SMEs in the Malaysian Economy. *International Journal of Marketing Studies* 1(2): 3-16.
- Jennings, P. and Beaver, G., (1997). The Performance And Competitive Advantage of Small Firms: A Management Perspective, *International Small Business Journal* 15(2): 63-75.

- Johnson, S., Boone, P., Breach, A., and Eric Friedman, E. (2000). Corporate governance in the Asian Financial Crisis. *Journal of Financial Economics* 58: 141-186
- Joyce, P., Woods, A., McNulty, T. & Corrigan, P. (1990). Barriers to Change in Small Businesses: Some Cases from an Inner City Area', *International Small Business Journal*, 8 (4): 49-58.
- Kamin, S.B. (1999). The current international financial crisis: how much is new? *Journal of International Money and Finance* 18: 501-514.
- Limerick, D. (1992). The Shape Of New Organization: Implications For Human Resource Management. *Asia Pacific Journal of Human Resources* 30(1): 38-52
- Liu, X. (2009). Impacts of the Global Financial Crisis on Small and Medium Enterprises in the People's Republic of China. ADBI Working Paper 180. Tokyo: Asian Development Bank Institute. Available: <http://www.adbi.org/working-pa-per/2009/12/16/3421.impacts.gfc.enterprises.prc/>
- Marino, L.D., Lohrke, F.T., Hill, J.S., Weaver, K.M., and Tambunan, T. (2008). Environmental Shocks and SME Alliance Formation Intentions in an Emerging Economy: Evidence from the Asian Financial Crisis in Indonesia, *Entrepreneurship Theory and Practice*, January: 157-183.
- Marlow, S., and Patton, D. (1993) Managing The Employment Relationship in the Smaller Firms: Possibilities For Human Resource Management. *International Small Business Journal* 11(4): 57-64.
- McDonald, J. & Wiesner, R. (1997). Organizational Change and Enterprise Bargaining in Regional SMEs', in T. Bramble, B. Harley, R. Hall, & G. Whitehouse, (eds) *Current Research in Industrial Relations*, Proceedings of the 11th AIRAANZ Conference, 30 January - 1 February, Brisbane, pp. 485-492.
- McDonald, J. & Wiesner, R. (1998). Organizational change and HRM strategies in Australian SMEs', in Sinnea International, *Developing competitiveness and social justice: the interplay between institutions and social partners*, Vol. 2, Proceedings of the 11th World Congress, International Industrial Relations Association, Bologna, pp. 139-62
- McDonald, J. & Wiesner, R. (2000). Participative management style in Australian small and medium sized enterprises', in J. Burgess & G. Strahan (eds.), *Research on Work, Employment and Industrial Relations 2000*, Proceedings of the 14th AIRAANZ Conference, vol. 4, pp. XX
- Ministry of International Trade and Industry of Malaysia (MITI) (1999). *MITI Annual Report 1998/1999*, Kuala Lumpur.
- Ministry of International Trade and Industry of Malaysia (MITI). (2005). *Third Industrial Master Plan 2006 – 2020*.
- Ministry of International Trade and Industry of Malaysia (MITI) (2011). *MITI Annual Report 2010*, Kuala Lumpur.
- Mishkin, F.S. (1999). Lessons from the Asian crisis, *Journal of International Money and Finance* 18: 709-723
- Nadler, D., Shaw, R.B., and Walton, A., (1995). *Discontinuous Change: Leading Organization Transformation*, California: Jossey-Bass, 15-150 and 190-213.
- Nunnally, J. C. (1978). *Psychometric Theory*. NY: McGraw-Hill.
- Pasadilla, G.O. (2010). *Financial Crisis, Trade Finance, and SMEs: Case of Central Asia*. ADBI Working Paper 187. Tokyo: Asian Development Bank Institute. Available: <http://www.adbi.org/working-paper/2010/01/25/3440.financial.crisis.trade.smes.central.asia/>
- Purcell, J. (1993). Developing Research in Comparative HRM. *International Journal of Human Resource Management* 4 (3): 507-10.
- Radelet, S. and Sachs, J.D. (2000). The Onset of the East Asian Financial Crisis, in Paul Krugman, P. (ed.) (2000). *Currency Crises, the National Bureau of Economic Research*, Chicago: University of Chicago Press, pp. 105-162. (<http://www.nber.org/chapters/c8691>).
- Saleh, A.S. and Ndubisi, N.O. (2006). An Evaluation of SME Development in Malaysia. *International Review of Business Research Papers*, 2(1): 1-14
- SMECorp (2012). *SME Annual Report 2011/12*, <http://www.smecorp.gov.my/v4/node/2946>.
- SMIDEC (2002). *SME Performance Report*. Small & Medium Development Corpora-tion, Percetakan Nasional Malaysia Berhad, Kuala Lumpur, Malaysia.
- Wiesner, R., and McDonald, J., (1996). Organizational Change In Regional SMEs, Paper presented to ANZAM' 96. *Diversity And Change: Challenges For Management Into the 21st Century*, University of Wollongong.
- Wiesner, R. and McDonald, J. (2000). HRM practices in Queensland SMEs, in Wiesner, R., and McDonald, J., (1996), *'Organizational Change In Regional SMEs,' Paper presented to ANZAM' 96. Diversity And Change: Challenges For Management Into the 21st Century*, University of Wollongong.
- Wong, A. (2012). SMEs to account for 41% of GDP by 2020, *The Edge Financial Daily Today*, July 5, 2012. <http://www.theedgmalaysia.com/business-news/216479-smes-to-account-for-41-of-gdp-by-2020.html>