

## **Environmental Scanning Practice of Enterprise 50 Small Medium Enterprise (E50 SMEs) in Malaysia**

Roslina Othman<sup>1</sup>, Siti Rohimi Hamedon<sup>2</sup>

<sup>1</sup>Faculty of ICT, International Islamic University Malaysia

<sup>2</sup>Centre for Foundation Studies, International Islamic University Malaysia

<sup>1</sup>drroslina@gmail.com

<sup>2</sup>srohimi@iium.edu.my

**Abstract:** This study investigates the effects of organizational and owner/ manager profile on environmental scanning practice of Enterprise 50 Small Medium Enterprise (E50 SMEs) in Malaysia. It investigates the extent of environmental scanning practice and the factors related to information sources that E50 SMEs utilized for environmental scanning. Based on the constructs of the measures, a research scale was developed for the study and data were collected via self-administered mail survey among the E50 SMEs in Malaysia. The results showed positive effects of organizational and owner/ manager profile on environmental scanning practice of E50 SMEs. There are also findings on the extent environmental scanning on the business environment sectors of E50 SMEs with respect to utilization of information sources. Implications of our findings for SMEs owner/ managers and practitioners, the study's limitations and future research directions are subsequently addressed.

**Keywords:** environmental scanning, information sources, small medium enterprise, SMEs, Enterprise 50, E50 SMEs.

### **1. Introduction**

Environmental scanning is the activity by which a company's decision makers acquire "information about events and relationships in the outside environment, the knowledge of which would assist the management in its task of charting the company future course of action" (Aguilar 1967; Choo & Auster 1992). The term "environmental scanning" (ES) refers to the means by which managers study and monitor relevant business environments (Temtime 2006). Due to the presently complex business environment characterized by globalization and internationalization of markets, according to Simard & Rice (2006), there is a need for greater efficiency, effectiveness and competitiveness is based on innovation and knowledge especially to small medium enterprises (SMEs), as an important segment of domestic industries, which represent a key source of endogenous growth as well as an impetus for broad based economic development must continuously seek to find new sources of growth through strengthening its capabilities and competitiveness. This characterization has put increasing pressure upon the management of these firms especially the SMEs that must now compete globally (Temtime 2006) and that in order to lower their operating costs, increase productivity and quality and respond to the increasing requirements of their customers and other business partners, a number of these firms scan the environment and make sizable investments to improve performance (Burns 2001).

### **2. Background**

Environmental scanning linked to information seeking behavior of organizations through its human assets enables it to understand changes in its external environment so that it is able to: avoid surprises, identify threats and opportunities, gain competitive advantage, and improve long-term and short-term planning (Simard and Rice 2006). For managers in any given industry, conditions and trends in the industry determine in large measure what areas of external information will be relatively most important (Aguilar 1967). This study is concern with the environmental scanning practice of owners/ managers with regard to utilization of information sources to acquire external information. It will be examined as the extent of environmental scanning on business environmental sectors, the type and category of information sources that owner/ manager used and regard as important that triggers scanning practice in utilization of information sources. Kourtely (2005) assert that for a firm to possess a competitive advantage, it must constantly monitor several information sources simultaneously. They note that this information sources should provide intelligence on the business environment.

The expected outcome of this study would be to identify a list of high impact information sources category and type that constitutes the successful utilization of information to environmental scanning practice specific to Enterprise 50 (E50) SMEs in Malaysia and also could identify the business environment sectors that would trigger environmental scanning practice by utilizing information sources. The relationship between organizational and owner/ manager profile and environmental scanning practice of E50 SMEs will also be revealed. This study would also sight the extent of environmental scanning practice of Enterprise 50 SMEs that can be used as a benchmark to those SMEs not in the Enterprise 50 category.

## **2.1 Environmental Scanning Practice**

The primary purpose of environmental scanning is to provide a comprehensive view or understanding of the current and future condition of the five environmental constituents or dimensions: social, economic, political, regulatory, and technological (Temtine 2006). An owner/manager scans the environment to detect external changes or events which may affect the firm (Choo 2002). Given its challenging nature, owners/managers need to understand the concept of environmental scanning and define specific goals for utilization of sources in business environment scanning. Many researchers have expressed the need to know more about how managers scan the environment within their work setting (Correia and Wilson, 2001; Nastanski 2004). There is sufficient evidence to indicate that organizations that engage in more environmental scanning perform more successfully than those that do not (Choo 2001; Beal 2000) and there is evidence that the personal success of managers is enhanced as a result of their environmental scanning efforts (Kourtely 2005). Many literatures stated that scanning information was accessed through the attitude of top managers, as the decision maker of the company, towards environmental scanning and through the communication pattern established among managers within each organization (Correia and Wilson, 2001). The measurement of environmental scanning activities has often been done through a measurement of the frequency of the scanning activities. However, increasing levels of competition, technology and rapid change have created turbulence environment that makes it increasingly difficult to keep track, interpret and respond to rapid change that obstruct organization from adapting to changes in its environment and thus impact the ability of the organization in utilization of information sources in order to meet its objectives (Kourtely 2005).

## **2.2 Owner/ Manager Profile**

Kourtely (2000) in his paper stated that top management is used as respondents in the environmental scanning study due to the top management as having a wide breadth of knowledge of all the organizations' functions, activities and operating environment. A number of demographic variables can affect perceptions on environmental scanning activities. Those are information on the age (Choo 1994 and EBharimi 2000), years of formal education, functional background (Aguilar 1967; Choo 1994 and Jorosi 2006); and their management position (Aguilar 1967 and EBharimi 2000). Therefore we hypothesized that:

***H1 Owner/ manager profile is associated with Environmental Scanning Practice***

## **2.3 Organizational Profile**

The main criteria that predominate to define the small medium enterprises (SMEs) sector are the number of employees, turnover and the balance sheet total (Burns, 2001) year founding (Daft et al. 1988; Kourtely 2000; Kourtely 2005). Employee size is the most useful discriminator in the context of management research (Beal 2000; Burns 2001; Jorosi 2006) and of each respondent; his or her firm's primary industry group (Daft et al. 1988; Sawyer et al. 2000; Farhad and Karami 2001). Julien's et al. (1999) research model on technological scanning in manufacturing SMEs included the firms' characteristics and the entrepreneurs' profile as two factors affecting a firms' scanning behavior, considered the size of firm and management proactivities on environmental scanning practices. Therefore we hypothesized that:

***H2 Organization profile is associated with Environmental Scanning practice***

### **3.0 RESEARCH DESIGN**

#### **3.1 Context of the Study**

Malaysia E50 SMEs was selected as the context of the study as E50 SMEs are Malaysia's enterprising homegrown companies, which are well positioned for the future (SMIDEC 2009).

##### **Manufacturing, Manufacturing-Related Services and Agro-based industries**

"Small and medium enterprises in the manufacturing, manufacturing related services and agro-based industries are enterprises with full-time employees not exceeding 150 or with annual sales turnover not exceeding RM25 million"

##### **Services, Primary Agriculture and Information & Communication Technology**

"Small and medium enterprises in the services, primary agriculture and Information & Communication Technology (ICT) sectors are enterprises with full-time employees not exceeding 50 or with annual sales turnover not exceeding RM5 million"

A total of 548,000 are active SMEs and they contributed 32 percent of the country's gross domestic product, 56 percent to employment and 19 percent to total export. It is encouraging to note that the Malaysian SMEs have been registering double-digit growth in value-added terms in a variety of industries in recent years (Companies Commission of Malaysia, CCM 2006). Enterprise 50 is an annual award programme jointly organised by Malaysia Small and Medium Industries Development Corporation (SMIDEC), Deloitte Kassim Chan supported by sponsoring companies. The qualifying criteria of the companies to be nominated must: 1) Be homegrown and locally incorporated with at least 40 percent local equity, 2) Not listed on any stock exchange, 3) Can be either parent company or subsidiary but not both taking part together and 4) Have three years audited financial figures. The nominations were evaluated based on a mix of qualitative and quantitative criteria since both are reflective of a company's success ("active posturing" and "operational Finesse").

Quantitative selection criteria for Enterprise 50 include: 1) Operating profit before tax, 2) Gross turnover, 3) Profit growth over the last 3 years, 4) Turnover growth over the last 3 years, 5) Return on assets, 6) Export revenue/ turnover and 7) Investment in capital/ training and research and development. Qualitative selection criteria for Enterprise 50 include management outlook, market presence, major innovations and Information technology usage.

#### **3.2 Data Collection, Population and Sample**

The research used a cross sectional self-administered survey method on Enterprise 50 Small Medium Enterprise (E50 SMEs) in Malaysia. Questionnaires were distributed at random and a total of 102 usable questionnaires were collected and analyzed.

#### **3.3 Instrument**

There were three sections in the questionnaire. Section one require respondents to answer questions pertaining to their profile. Section two requires respondents to answer the organization profile that consists of the industry group, the number of full-time employees and the yearly turnover (Analoui and Karami 2001; Burns 2001). The measured operational definition for environmental scanning practice in utilization of information sources is the frequency with which owners/managers use specific information sources to gather information about events outside the organization. The measurement of environmental scanning activities was done through a measurement of the frequency of the scanning activities adopted from Miller (1995). In section three, the respondents are required to indicate the frequency or how often do they seek and/ or receive useful information about what is happening outside the company in the following business environment sectors: customers, competitors, suppliers, socioeconomic conditions, technological issues, and regulatory changes adopted from Daft et al. (1988), Ngamkroeckjoti and Johri (2000) and Beal (2000). Useful information means that it helps them to understand what's happening outside the company. The five-point scales are 1 = 'never', 2 = 'seldom', 3 = 'sometimes', 4 = 'usually', 5 = 'always', to be written in the given space. There are 31 information sources categories classified as human/ oral information sources, document/ written information sources and other information sources. These categories has been used successfully in

previous study, they were adopted to ensure a comprehensive investigation of environmental scanning practice and to maintain methodological consistency with previous research.

#### 4.0 RESULTS

This study used SPSS for Windows Version 16 to analyze the data. Majorities (85.3 %) of the respondents were male and 73.5% of the respondents claimed they were from 41 to 50 years old. The majorities (68.6 %) of the respondents were Bachelor Degree holders and only 2.9% had Doctorate/ PhD qualification. In general 26.4% were without tertiary education. It was found that majorities (51.0%) of the respondents were Managing Directors, 2.0% Chief Executive Officer (CEO) of the company, only 1.0% is the President of a company and majorities (84.3%) of the respondents were not the owner of the company. It was found that the majorities (72.5%) of the companies were manufacturing related services with Majority (59.8%) of the companies employed from 1 to 50 full-time employees and that majority (55.9%) of the company had yearly turnover of between RM 20,000,001 to RM 25 Million. None of the respondents indicated that their company have more than 150 full-time employees nor they have yearly turnover of more than RM25 million which confirmed that the study respondents are only from small medium enterprises, SMEs category.

#### 4.1 Reliability and Internal Consistency Assessment

The study uses Cronbach's Alpha to report the reliability of the constructs. The frequency method of measuring the environmental scanning practice in six business environment sectors was found to be highly reliable and suitable to measure the concepts employed in the study with Cronbach's Alpha ranged from .647 to .997 as shown in Table 1 (Hair et al. 2006).

**Table 1:** Cronbach's Coefficients for the Frequency Scales

Information Sources	Cronbach's Alpha
business/ professional associations	.971
chance encounters	.694
consultants	.911
other outsiders	.926
subordinates	.863
peers	.695
board members	.923
scheduled meeting	.818
daily Newspapers	.842
trade publications	.783
books/ government publications	.914
technical magazines/ academic journals	.692
Exhibitions	.933
consultants schedule report	.909
other written materials	.647
personal subscriptions	.894
photocopied articles	.997
commercial information services	.735
training & development	.722
audio/ visual	.793
Internet	.798
SMIDEC Portal	.734
SMEInfo Portal	.677
Other Government Portals	.871
competitors Portals	.768
business Associate Portals	.871
other Private Company Portals	.702

**Table 2:** Cronbach's Coefficients

Factors	Number of Items	Cronbach's Alpha
Human/ oral information sources	8	.916
Document/ written information sources	9	.954
Other information sources	10	.903

Analysis from Table 2 indicates that all information sources categories formed three factors namely the three types of information sources (human/ oral information sources, document/ written information sources and other information sources) and was found to have high values of Cronbach's Alpha indicating that all constructs are accurate. It is also observed that one document/ written information sources (industry exhibitions) is also loaded on factor 2 (human/ oral information sources). Out of 31 items, 4 items (stock exchange market, information services companies, written materials by other company and online database) does not meet the cut-off point.

#### 4.2 Environmental scanning practice of E50 SMEs

Results in Table 3, table 4 and Table 5 below indicated that majority, 60.4% of the E50 SMEs do environmental scanning frequently to seek and/ or receive useful information about what is happening outside the company in the six business environmental sectors via human/ oral information, 53.7% via document/written information sources, and that majority (66.7%) of the E50 SMEs owners/ managers do environmental scanning frequently to seek and/ or receive useful information about what is happening outside the company in the six business environmental sectors via other information sources.

**Table 3:** Mean Frequency Human/ oral Information Sources per business environment Sector

1 = never 2 = seldom 3 = sometimes 4 = usually 5 = always	Customers information	Competitors Information	Suppliers information	Socioeconomic Conditions	Technological Issues	Regulatory Changes
business/ professional associations	4.57	4.40*	4.53	4.51	4.57	4.58
Chance encounters	4.32*	4.03*	3.69*	4.19*	4.49*	4.12*
consultants	4.55	4.32*	4.49*	3.75*	4.57	4.53
Other outsiders	4.57	4.40*	4.53	4.43*	4.53	4.41*
subordinates	4.57	4.24*	4.39*	3.75*	4.39*	4.35*
peers	4.66	3.81*	4.37*	4.56	4.40*	4.40*
Board members	4.57	4.36*	4.29*	4.53	4.53	4.53
Industrial Exhibition	4.51	4.28*	4.38*	4.28*	4.38*	4.29*

\* mean frequency = 4 (round-off to the nearest integer)

**Table 4:** Mean Frequency Document/ Written Information Sources per business environment Sector scanned

1 = never 2 = seldom 3 = sometimes 4 = usually 5 = always	Customers information	Competitors information	Suppliers information	Socioeconomic Conditions	Technological Issues	Regulatory Changes
scheduled meetings	3.62*	3.73*	2.92	3.42	3.22	3.17
daily Newspapers	3.75*	3.78*	3.96*	3.77*	3.73*	2.92
trade publications	4.09*	3.42	3.05	3.31	3.06	3.91*
books/ government Publications	3.39	3.40	3.16	3.18	2.79	3.58*

technical magazines/ academic journals	3.50*	3.01	3.42	3.42	3.91*	3.51*
consultants Schedule reports	3.56*	3.84*	3.63*	3.64*	3.64*	3.79*
other written materials	3.29	3.61*	3.00	3.02	3.00	2.78
personal subscriptions	4.00*	3.51*	3.52*	3.24	3.23	2.82
photocopied articles	3.80*	3.84*	3.81*	3.81*	3.81*	3.79*

\* mean frequency = 4 (round-off to the nearest integer)

**Table 5:** Mean Frequency Other Information Sources per Business environment type

1 = never 2 = seldom 3 = sometimes 4 = usually 5 = always *	Customers information	Competitors information	Suppliers information	Socioeconomic Conditions	Technological Issues	Regulatory Changes
commercial information services	3.83*	3.88*	3.62*	3.54*	3.58*	3.51*
training & development	3.74*	3.88*	3.62*	3.49	3.30	3.64*
audio/ visuals	3.62*	3.70*	3.41	3.46	3.44	3.66*
Internet	3.53*	3.65*	3.32	3.30	3.25	3.75*
SMIDEC Portal	3.46	3.71*	3.39	3.53*	3.48	3.81*
SMEInfo Portal	3.93*	3.98*	4.14*	3.68*	3.71*	3.75*
Other Government Portals	3.84*	3.89*	3.59*	3.65*	3.44	3.66*
Competitors Portals	3.74*	3.78*	3.36	3.42	3.42	3.91*
Business Associate Portals	3.84*	3.89*	3.59*	3.65*	3.44	3.66*
Other Private Company Portals	3.74*	3.34	3.01	2.88	3.25	3.53*

\*mean frequency = 4 (round-off to the nearest integer)

Results from Table 6, Table 7 and Table 8 below showed that owner/ manager E50 SMEs preferred to obtain information mostly pertaining to customer information from their conversation with peers, business/ professional associations, board members, subordinates and other outsiders. In general E50 SMEs highly rely on fellow workers, people around their business circle and to use human/ oral information sources (conversation with peers in the company, including formal and informal meeting) most frequently to scan the business environment while the most frequent business information sector scanned is customer information. It was also found that in general, E50 SMEs used document/ written information sources (correspondence, daily newspapers, books/ government publications, daily newspapers and technical magazines/ journals) least frequently and the least frequently business environment scanned are on regulatory changes. The most frequently scanned business environment sector is customer information.

**Table 6:** Means of 10 Most Frequently Used Information Sources per Business Environment

	Information Sources Categories	Business environment Sector Scanned	Mean
1	Peers	Customer information	4.66
2	business/ professional associations	Regulatory Changes	4.58
3	board members	Customer information	4.57
4	Subordinates	Customer information	4.57
5	other outsiders	Customer information	4.57
6	Consultants	Technological Issues	4.57
7	business/ professional associations	Technological Issues	4.57
8	business/ professional associations	Customer information	4.57
9	Consultants	Regulatory Changes	4.55
10	board members	Technological Issues	4.53
1 = never      2 = seldom      3 = sometimes      4 = usually      5 = always			

**Table 7:** Means of the 10 least Frequently Used Information Sources Per Business Environment Sector Scanned

	<b>Information Sources Categories</b>	<b>Business environment Sector</b>	<b>Mean</b>
1	technical magazines/ journals	Supplier Information	3.01
2	other Private Company Portals	Supplier Information	3.01
3	Correspondence	Technological issues	3.00
4	Correspondence	Supplier Information	3.00
5	daily newspapers	Regulatory changes	2.92
6	scheduled meeting	Supplier information	2.92
7	other Private Company Portals	Socioeconomic conditions	2.88
8	Peers	Regulatory changes	2.82
9	books/ government publications	Regulatory changes	2.79
10	Correspondence	Regulatory changes	2.78
1 = never      2 = seldom      3 = sometimes      4 = usually      5 = always			

**Table 8:** Business Environment Sectors Scanned in order of frequency

<b>Business Information Sectors</b>	<b>Mean</b>
Customer Information	3.9947
Competitor Information	3.8771
Technological Issues	3.7779
Regulatory Changes	3.7691
Supplier Information	3.7538
Socioeconomics Condition	3.6594

**1 = never**  
**2 = seldom**  
**3 = sometimes**  
**4 = usually**  
**5 = always**

In general E50 SMEs more frequently do environmental scanning using human/ oral information sources (mean=4.36, SD=.432), than using document/ written information sources (mean=3.60, SD=.513). Other information sources are the least used by E50 SMEs to scan business environment sectors (mean=3.46, SD=.604). In general E50 SMEs do environmental scanning frequently using all types of information sources.

**4.3 Analysis of the Relationships**

A series of t-tests and one-way ANOVA analysis were done to explore if the environmental scanning practice in the six business environmental sectors of E50 SMEs with relate to the frequency of scanning and the type of information sources utilized differ across profiles of the owner/ manager. The generic assumptions underlying all t-test and ANOVA were done and met before the analysis. It was found that age and whether or not one is company owner do not have any effect on the environmental scanning practice in the six business environment sectors. Gender, highest formal education and position in the company do differentiate the environmental scanning frequency in the six business environment sectors.

Analyzing further on the extent of environmental scanning practice of E50 SMEs, female owner/ manager of E50 SMEs scan slightly more frequently on customer information and technological issues than the male owner/ manager. However, only 14.7% of owner/ managers are female. Owner/ manager of E50 SMEs with Diploma as their highest formal education that represents only 9.8% of the respondents do environmental scanning on business environment sectors more frequently than respondents with other formal education and President of E50 SMEs do environmental scanning more frequently than respondents holding other positions in the customer and technological sectors while the chief executive office of E50 SMEs do environmental scanning more frequently in relation to supplier, socioeconomic and regulatory sectors. However, both President and Chief Executive Officer of E50 SMEs represent the minority (3.0%) of the respondents.

The influence of owner/ manager profile on ES Practice is further analyzed in relation to information sources types used to acquire external information. Through a series of t-tests and one-way ANOVA analyses, it indicates that age do not differentiate the environmental scanning practice with relate to the type of information sources utilized. Gender, highest formal education and position in the company differentiate the environmental scanning practice of the owner/ manager with relate to

document/ written and other information sources utilized respectively and this represent 53.3% of the total items accounted for the difference.

Female E50 SMEs scan more frequently utilizing other information sources as compared to male E50 SMEs, however female E50 SMEs represents the minority. Diploma holders scan more frequently utilizing the document/ written information sources and other information sources than those with other highest formal education while Chief Executive Officer seems to scan more frequently than those holding other positions in the company. Diploma holders (9.8% of the respondents) and Chief Executive Officer (1.0% of the respondents) represent the minority of the company. As compared to none owner, owner of the company seems to scan more frequently utilizing human/oral information sources. However, owners only represent the minority (15.7%).

Except for highest formal education and position in the company, there is no significant difference between ES practice and other owner/ manager profile. This indicates that gender, age and being the owner of the company or not do not have an influence on ES practice.

There is no significant difference between those without tertiary education and those with tertiary education in terms of their ES practice. The independent t-test on position in the company and ES practice showed that there is no significant difference between high management and middle management in the company in relation to their ES practice.

In summary, owner/ manager profile do not differentiates ES Practice. Thus, Hypothesis H1 is not substantiated. All subsequent analysis was conducted on the combined sample of 102 respondents.

#### **4.3.1 Relationship between Organization Profile and Environmental Scanning Practice**

Hypothesis H2: Organization profile is associated with ES Practice

The influence of organization profile on the business environment sectors scanned to acquire external information was analyzed. There are three items for organization profile namely the industry group, the number of full-time employee and the company yearly turnover and the six business environment sectors that yield 18 significant levels (p- values) to analyze.

The type of industry that the company is in does influence the business environment sector that the company scanned. Considering the extent of scanning, manufacturing related services that represent the majority (69.5%) of E50 SMEs do scanning more frequently than companies in other industry group for all business environments except in technological sector. The yearly turnover of the company does not differentiate the business environmental sectors scanned.

The number of full-time employees in the company does differentiate the business environment sector scanned only in the socioeconomic sector and analyzing the extent of scanning, company with the total number of 101 to150 full-time employees scanned the more frequently as compared to other type of industry. However, company with 101 to 150 full-time employees is only 4.9% which represents the minority and thus cannot be considered significant.

Results indicate that company industry group differentiates the type of information sources utilized for environmental scanning in the six business environment sectors. The number of company full-time employees does not significantly differentiate the type of information sources utilized except for the oral/ human information sources utilized. The company with the total number of 101 to 150 full-time employees seems to scan most frequently using the human/ oral information sources. However, this represents the minority as only 4.9% of the company with 101 to 150 full-time employees which cannot be considered significant. The company yearly turnover does not significantly differentiate the type of information sources used except for other information sources utilized. The company with yearly turnover from RM10,000,001 to RM15 Million (21.6%, the minority) seems to scan more frequently using other information sources than company with other income brackets. Thus, it cannot be considered significant because of the small number of respondents in this category included in the sample.

The Chief Executive Officer of E50 SMEs (2.0% of the respondents, the minority) do environmental scanning more frequently than those holding other positions. The company with number of employees from 101-150 seems to do environmental scanning more frequently than other companies and the



company with yearly income of between RM10,000,001 to RM 15 Million seems to do environmental scanning more frequently than those with other yearly income brackets.

The results indicate that the number of employees and yearly income of the company do not influence ES practice which explains that, except for industry group, there is no significant difference between Organization Profile and ES practice.

An independent t-test on type of industry and environmental scanning practice showed that there is a significant difference between those in the manufacturing industry and those not in the manufacturing industry in terms of their environmental scanning practice.

In summary, this finding is empirical evidence that for each E50 SMEs, the extent of environmental scanning practice with respect to the company industry group is not homogeneous and is perceived differently according to the specific type of industry they belong. However, company industry group represents only 33.3% of the organization profile dimensions. Hence, organization profile does not differentiate ES Practice which resulted in hypothesis H2A is not substantiated and all subsequent analysis was conducted on the combined sample of 102 respondents.

## 5.0 CONCLUSION

Organizational profile is not a significant predictor of environmental scanning practice and owner/manager profile does not differentiate environmental scanning practice. This study exposed several worthy contributions and implications for academics and practitioners. Practically, this study can assist organizations which used information about events and relationships in the outside environment to assist the management in its task of charting the company future course of action in many ways. The first contribution is the establishment of an instrument that integrates owner/manager characteristics and organizational characteristics in assessing environmental scanning practice for E50 SMEs in particular and SMEs in general. The instrument developed in this study can be used for E50 SMEs due to the uniqueness in the characteristics of E50 SMEs and SMEs as compared to the large organizations to measure the influence of owner/manager characteristics and organizational characteristics on their environmental scanning practice.

The finding of the study will help SMEs and agencies to identify factors that influence environmental scanning practice the most and to develop programmes and information sources to suit the needs of SMEs due to its unique characteristics. The finding has impact on the extent of environmental scanning practice and identifying information sources used for scanning the six business environmental sectors especially to the Government. Environmental scanning capabilities of SMEs need to be developed. Thus, the agencies concerned may desire to start considering to evaluate the information dimensions such as the accessibility, the awareness of the availability, the reliability, and the timeliness of the information sources made available, considered by Enterprise 50 SMEs to have high impact that trigger their environmental scanning practices that would bring about in gearing for developing and nurturing reliable and competitive Malaysia SMEs through utilization of its various information sources under the Malaysian Government support programmes.

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