

Matrade  
effectiveness in  
promoting malaysias  
export marketing  
essay



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This research study is on factors that influencing MATRADE effectiveness in promoting Malaysia's export. Nowadays, Malaysia's export nowadays was moves rapidly. Malaysia is well-known with rich in raw material resource and industrial products China, Japan, the US and Singapore is major Malaysia trade partners. According to Department of Statistics Malaysia, Malaysia exports were worth 58. 12 Billion MYR in July of 2012. Historically, from 1990 until 2012, Malaysia Exports averaged 31004. 91 Million MYR reaching an all time high of 64060. 00 Million MYR in March of 2011 and a record low of 5379. 00 Million MYR in February of 1990. International trade plays a large role in Malaysian economy. Malaysia's main exports constitute electrical and electronics products (more than 50% of total exports). It is also a big exporter of crude oil, liquefied natural gas, palm oil and natural rubber. Malaysia also sends abroad chemicals, machinery, appliances and manufactures metals. Main export partners are: United States, Singapore, European Union and Japan. This page includes a chart with historical data for Malaysia Exports.

## CHAPTER 1

### INTRODUCTION

#### CHAPTER 1: INTRODUCTION

##### 1. 1 INTRODUCTION

The overall is the study on the factors that influencing MATRADE effectiveness in promoting Malaysia's export. As we concern that nowadays Malaysia's product had been exported all around the world and the demand

of Malaysia's product is increasing by time to time. This research which including the background of the study, problem statement, research question, research objective, objective, scope and limitation, significant of study as well as definition of terms. In chapter 2, the research explains the relevant studies and the rest of the research study of methodology describe the sample and methodology in chapter 3. Result and conclusion of the study being explain in chapter 4 and lastly respectively recommendation would be in chapter 5.

As according to Macmillan Dictionary, export means, the practice or business of selling goods to another country. Companies nowadays prefer to involve in international business or trade because they want to gain more knowledge, resources and penetrate the overseas market. According to businessdictionary. com, international trade de means the exchange of goods or services along international borders. This type of trade allows for a greater competition and more competitive pricing in the market. The competition results in more affordable products for the consumer. The exchange of goods also affects the economy of the world as dictated by supply and demand, making goods and services obtainable which may not otherwise be available to consumers globally.

### **1. 1. 2 Why need to export?**

The book of Global Marketing Management by Masaaki Kotabe & Kristiaan Helsen (2010) stated that, there are four reasons why companies should go global.

### **1. 1. 2. 1 Global Competition**

Global competition is used to describe the worldwide market, and the struggle of different companies or businesses to prevail over the other.

Global competition can help with providing good companies that are constantly trying to please the consumers. Companies should be aware of the global standard and do a lot of studies on the potential market that they want to penetrate. Companies also can seek for corporation overseas to ensure that everything will be on the right track.

### **1. 1. 2. 2 Saturation of domestic market**

Domestic market is the part of nation's market that represents the system of trading securities of entities located within the nation.

Saturation of domestic market can be defined as there is a lot production or product in the market, and it caused a major problem to the companies to get profit because it's hard to expand their business and get sales.

### **1. 1. 2. 3 Need for global cooperation**

Companies really need for global cooperation to ensure that

they able to meet global needs and wants through their

product development and quality. Different countries have

different tastes and wants, so it's the company's responsibility

to make sure they able to fulfill every foreign requirement.

#### 1. 1. 2. 4 Internet Revolution

Internet is certainly the most unique and greatest gift of technology to mankind. Internet has made life so easier for us, that today we can't think our life without it even for a minute. Today internet has become an indispensable part of every aspect of our life. It is not only the fastest mode of providing information but today it is serving us in various other ways. Same goes with the importance of internet for business. By using internet, the companies able to keep in touch with their clients and customers more efficiently. They also able to promote their products all around the world without any limitations.

### **1. 1. 3 Export**

Exporting a product is a profitable method that helps to expand the business and reduces the dependence in the local market. It also provides new ideas, management practices, marketing techniques, and ways of competing in the business world.

#### 1. 1. 3. 1 Malaysia Export

Source: CIA World Fact book (2011)

According to CIA World Fact Book (2011), Malaysia Export Graph Per Year, Malaysia's export was constantly increasing year by year until \$225. 6 billion in 2011. It shows a positive impact for companies to use export as their way to penetrate in foreign market.

According to CIA World Fact Book (2012), Malaysia exports partners are Singapore 13.4%, China 12.6%, Japan 10.4%, US 9.5%, Thailand 5.3%, Hong Kong 5.1% (2010 est.), and the exports commodities are electronic equipment, petroleum and liquefied natural gas, wood and wood products, palm oil, rubber, textiles, chemicals.

### 1. 1. 3. 2 Malaysian's companies

There is huge existence for Malaysian's companies after the globalization happen. Several of products and services were produced and sold throughout the world. Now there are thousands of companies in Malaysia whether they are related to medical, transport, machinery, education, foods, chemical, electrical and so on.

According to Standard & Poor's, Global Stock Markets Fact book and supplemental S&P data(2011), the latest value for Market capitalization of listed companies (current US\$) in Malaysia was \$395,083,000,000 as of 2011. Over the past 23 years, the value for this indicator has fluctuated between \$410,534,000,000 in 2010 and \$23,300,000,000 in 1988.

### 1. 1. 4 What can influence company's effectiveness towards export?

#### 1. 1. 4. 1 Relationship with Malaysian Exporters and Foreign Importers

A good relationship between Malaysian exporter and foreign importers can build a strong, mutually beneficial and long term relationship between them. It also can establish good, trust-based and long term relationship with Malaysian exporters and increase the level of satisfaction of clients on the services.

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#### 1. 1. 4. 2 Information and communication technology

The globalization lead to unlimited advancement and uses of technology, by that company can fully utilize of ICT (telephone and telefax) for information sharing with the clients. The latest version of hardware and software can continuously enhance the technology in trade promotion. MATRADE always utilize their business information centre for the clients and use of trade statistics for trade analysis and statistic purpose.

#### 1. 1. 4. 3 Service delivery

In the globalization world, various services are easy to access, responsive, timely and reliable regardless of where or by whom it's delivered. The existence of many alternatives and options towards the opportunity for maturity and understanding of the industry based knowledge lead the services be cost effective.

#### 1. 1. 4. 4 Corporate culture

Nowadays the effective employee training can be organized frequently because there are no barriers towards improving the performance and commitment of team work, leadership management within whole organization.

### 1. 2 BACKGROUND OF STUDY

The study is on factors that influencing MATRADE effectiveness in promoting Malaysia's export. We know that to penetrate foreign market is not easy at all, whether we used several of entry modes such as franchising, joint

venture, greenfield and so on. In this research paper, the Malaysia's export be the main focus to effectively promoting it to international market which this rule is legally taken by Malaysia Trade External Development corporation. Several factors that can be taken for this research topic such as the relationship between Malaysian exporters and foreign importers, technology and communication development, service delivery, corporate culture and others. From the researcher perspective, this study can help to identifying which factors can influence the company's effectiveness in promoting export.

### 1. 3 BACKGROUND OF COMPANY

MATRADE stands for Malaysia External Trade Development Corporation, which is here to assist local companies in promoting Malaysia's export to carve new frontiers in global markets. MATRADE acts as the National Trade Promotion Agency of Malaysia and is mainly under the Ministry of International Trade and Industry (MITI) which plays important roles in increasing the Malaysia trade and sales.

The excellent of MATRADE was driven by its clear vision and mission. MATRADE vision is " Positioning Malaysia as a globally Trading Nation" and its mission is " Promoting Malaysia's Enterprise to the World". MATRADE objectives are to raise the profile of Malaysian export in foreign markets, to disseminate timely and relevance information and market intelligence to help Malaysian companies gain a competitive edge in foreign market, to introduce Malaysian companies to foreign importers, seeking Malaysian



suppliers and to undertake activities to promote the export of Malaysian goods and services in overseas market.

Other than that, MATRADE is also actively involved in existing foreign companies to source for suppliers of Malaysian products and services is represented worldwide at 40 locations in major commercial cities. In Malaysia, MATRADE has 5 located branches such as Northern Penang, Eastern in Terengganu, Southern in Johor, Sabah and Sarawak.

Basically, MATRADE has 4 committed core services. The first one is Exporters development. MATRADE provide and skills to meet the challenges and be in the global market.

Apart from that, MATRADE also organise Export Promotion to help increase the awareness of global market towards Malaysian companies. This includes participation in trade missions, promotional booth, specialised marketing missions and international trade fairs. MATRADE also organises business matching programmes for Malaysian companies and foreign importers. Through this matching, perhaps MATRADE can help local companies to meet the right partner or client from overseas country. Another role of MATRADE is to disseminate timely and relevant information as well as market intelligence as guidance for Malaysia's companies. MATRADE collection of resources provides Malaysian companies with up to date information to improve export opportunities. The information can be gathered through MATRADE mobile application which can be downloaded from online store.

Specialised for entrepreneurs and exporters constantly need the most up to date advice, the Trader Advisory Services Unit in MATRADE fulfils this <https://assignbuster.com/matrade-effectiveness-in-promoting-malaysias-export-marketing-essay/>

demand by providing general, market and product advisory services that are available at the respective countries and product desk units.

The Chief Executive Officer of MATRADE is Dr. Wong Lai Sum which monitors all the activities and performances in MATRADE. For the trade visitors, MATRADE has Malaysia Export Exhibition Centre, MEEC at level 2 which display most of all sectors of Malaysian Local Producers to promote Malaysia's product. MATRADE also provide museum of Malaysia trade and library for any kind of reference and purpose that closely related to trade.

#### 1. 4 PROBLEM STATEMENT

Problem statement, is a statement that include a descriptions of the solution (or what should be done) to solve the problem and who should care about this problem and the solution it is going to offer. The problem should be general enough to draw the reader attention and give overview but specific enough to tell the reader which part of the big problem is going to be studied.

According to Creswell (2002), the problem statement determines the stage for the entire study. The research problem state the key issues of the study like identifying what is the problem and where does it exists and who is affected by this problem. The researcher crystallizes his aim and target a specific population. The problem statement has the type of research method the research going to use and how the researcher is going collect and analyze the data. According to Betkerur, 2008, the researcher would base the research questions on the problem statement and formulate the

hypothesis on those research questions which are guided by the problem  
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statement. In addition, the statement raises the reader's interest to read and explore the discussed problem.

One of MATRADE's roles is to promote Malaysia's export to international level. However, the effectiveness of MATRADE effectiveness is always been questioned by the people or organizations. People want to know what factors that actually drives MATRADE to achieve their target and mission to promote Malaysia's export.

Most of the Malaysian importers always ask for MATRADE's help to do a business matching for them or get a chance to involve in any missions or trade fairs for their own business's benefit. However, some of the importers were not very satisfied in MATRADE's effort to help them such as they need to pay a huge amount for their participant's fee to involve in any trade missions. Although it's like a burden especially for small companies, but at the end MATRADE will be able to provide or serve their effort towards the growth of Malaysian companies and products. It had been admitted by most of the exporters which they said that most of the mission such as AAPEX 2012, LIMA AIR SHOW 2012, MALAYSIA WEEK, ISTANBUL TURKEY 2012 , INAPA 2012 and others, able to give a huge opportunity for them to meet exact and potential foreign importers which guarantee will double up their profit .

MATRADE need to use a lot of expenses for make sure all the activities can be run smoothly which confirm lead to positive outcome for Malaysia's exporters. So the problem is now what factors that can influence MATRADE effectiveness in promoting Malaysia's export, which we know that it's not

easy to penetrate foreign market as well as meets the needs and wants of foreign importers or buyers.

## 1. 5 RESEARCH OBJECTIVE

1. 5. 1 To determine the factors that influencing MATRADE effectiveness in promoting Malaysia's export.

1. 5. 2 To identify the significant relationship between the factors that influencing MATRADE effectiveness in promoting Malaysia's export with the independent variables.

1. 5. 3 To determine the most factors which influence MATRADE effectiveness in promoting Malaysia's export.

1. 5. 4 To provide recommendations that can improve the MATRADE effectiveness in promoting Malaysia's export.

## 1. 6 RESEARCH QUESTION

1. 6. 1 What are the factors that influence MATRADE effectiveness in promoting Malaysia's export?

1. 6. 2 What is the significant relationship between the factors that influencing MATRADE effectiveness in promoting Malaysia's export and Independent Variable?

1. 6. 3 What will be the most factors which influence MATRADE effectiveness in promoting Malaysia's export?

1. 6. 4 What recommendations can be used in order to increase MATRADE effectiveness in promoting Malaysia's export?

## 1. 7 SCOPE AND COVERAGE

The research will examine the factors that influencing MATRADE effectiveness in promoting Malaysia's export. According to Oxford Dictionary, effectiveness means the degree to which something is successful in producing a desired result. For the purpose of study, the researcher will gain data or information from primary and secondary data, the respondent will be Malaysian companies who are MATRADE's members.

## 1. 8 SIGNIFICANT OF STUDY

### 1. 8. 1 Researcher

To fulfil the requirement as needed by Faculty of Business Management UiTM. This study able to give the clear view or real working experience and challenges for the researcher. Furthermore the researcher got the opportunity to gain new knowledge, experience and skills towards Malaysia's export and MATRADE as the government agency.

### 1. 8. 2 Respondent

This research will help respondents to realise the MATRADE effectiveness in helping them by promoting their export. The information gathered by the researcher from respondents is very useful for the future progress of the companies.

### 1. 8. 3 Student

This research paper can be very useful for students that will do their research in the future. All the available information and facts will be very important for their future reference.

## 1. 9 LIMITATION

### 1. 9. 1 Limited Time

The time is the major problem for the researcher to collect all the data and information that can be use in the research paper. The abundance of work plus with lot of activities organized by MATRADE, lead to difficulty in managing and balancing between the work and research time. The researcher always needs to attend meetings, seminar, business matching, and client's enquiries until unable to give 100% focus on the research paper.

### 1. 9. 2 Difficulties in finding the resources

The requirement to find more than 50 journals makes the researcher spend more time on finding the resources rather than start to organizing the typing and information. Most of the time already located in front of computers and other sources to find the data. It leads researcher unable the start the research work on time.

### 1. 9. 3 Data Collection

It's hard for the researcher to get any data because not all the MATRADE's data is open for public's reference as most of it are confidential. It also hard

to ask for Malaysia's importers time to fill in the questionnaires, because, normally they prefer to end their work as soon as they can for completing the other tasks.

## CHAPTER 2

### LITERATURE REVIEW

#### CHAPTER 2 : LITERATURE REVIEW

##### 2. 1 INTRODUCTION

Literature review is a body of text that aims to review the critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. According to Sagarin (2010), literature review is a step by step process that involves the identification of published and unpublished work from secondary data sources on the topic of interest, the evaluation of this work in relation to the problem, and the documentation of this work. Literature review can be a proof or evidence to ensure and guarantee of the study.

##### 2. 2 EFFECTIVENESS

Macmillan Dictionary (2009) stated that, effectiveness means something that is effective works well and produces the result that was intended. According to Richard et al. (2009) organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient or effective operations and other external measures that relate to considerations that are broader than those simply

associated with economic valuation (either by shareholders, managers, or customers), such as corporate social responsibility.