

**THE CRITICAL SUCCESS FACTORS:  
A STUDY ON THE SMALL- AND MEDIUM-  
SIZED MANUFACTURING COMPANIES  
IN EAST MALAYSIA**

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## **ABSTRACT**

### **THE CRITICAL SUCCESS FACTORS: A STUDY ON THE SMALL- AND MEDIUM-SIZED MANUFACTURING COMPANIES IN EAST MALAYSIA**

In an era of globalization, there is a great need to possess the critical success factors that propel the small and medium-sized manufacturing companies to be competitive and produce higher returns for the owner-managers. The pivotal roles of the SMMCs in the economy, coupled by a very limited study on this group warrant this study. This study attempts to investigate the relationship between the owner-manager's personal background, personality traits, objectives, and the annual performance of the SMMCs. In addition, this relationship is further tested by employing the choice of strategy as the mediating variable, and the internal strategic resources as well as the external factors of industry dynamism and government intervention as the moderating variables. The results of the study will determine whether the findings in other countries are similar or applicable in this study. The sample of respondents are members of the Federation of Sabah Manufacturers (FSM) and the Sarawak Manufacturers Association (SMA), who own at least 5% shareholding and manage the small- and medium-sized manufacturing companies (SMMCs), which employs between 5 and 300 workers and produce an annual sales between RM1million and RM50 millions. The results indicate that the owner-managers of the SMMCs are highly complex, and that most of the variables employed do not cause any variation in the performance results. The SMMCs' choice of competitive strategies, namely differentiation and focus, are found to influence the motives of the owner-managers. The 'Need of Achievement' of the owner-managers is also found to have a mediating role on the relationship between the 'differentiation' strategy employed by the owner-managers and the firm's annual employees' growth. In addition, the strategic financial resources and reputational resources also play mediating roles in the relationship between the owner-manager's risk-taking propensity and the focus strategy, and between the independence motive and the focus strategy, respectively. Even though the findings do not duplicate the empirical findings found in other countries, nevertheless, the study can still be used as reference materials for all concerned. A comprehensive and longitudinal study is highly recommended to establish the critical success factors of the SMMCs in East Malaysia.