

## **Business Information Needs of Small and Medium-Sized Enterprise Managers**

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### **Abstract**

This paper reports on the findings of a part of a study that aims to investigate the information needs and the kinds of information needed for decision-making by managers of small and medium-sized enterprise (SME). It identifies their information needs when they were in the early stage of their business experience. Data were collected from SME managers operating their business in Shah Alam, Malaysia. Results revealed that the most common kinds of information required by SME managers were business information/opportunities, followed by financial sources, current marketing trends, location, survey/research, sources of raw materials/ products, information on customers, government regulations/policies and competitors. The most common kinds of information required for decision-making were business opportunities/competitors, followed by finance, methods of analysis, market, data, suppliers (of raw materials/ products) and innovation/technology. The study had a vital impact on making recommendations to business supporting agencies and business sectors relating to SME in Malaysia.

**Keywords:** information needs, business information, SME managers, small and medium-sized enterprise (SME)

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## **Introduction**

Over the last decade, the rise in the significance of information and knowledge for business activity has been phenomenal. Globalisation has become a reality and competition is more dynamic among business enterprises while innovation is vital for future business growth. Information is critical for management and growth for business value. Knowledge about competitors and customers is vital to understand the future direction of business development. In this age of knowledge economy, business information has progressively been considered to be an invaluable resource that accelerates the continued survival of the business environment as it performs a vital role in everyday business operations.

Over the recent years, strong current of change has been restructuring the global business landscape. Due to that, today's business environment is laden with uncertainty, various global players, swift technological change, extensive price battle and endless reorganisation, all of which exert pressure on the business environment. To put it briefly, the business environment is unpredictable or unstable. Seeing against this background, information has quickly assumed centre-stage status as an extremely valuable resource (Drucker, 1993). In this manner, information is seen as a strategic tool for use by business managers to adapt to the turmoil and changing business environment.

Small and medium-sized enterprise (SME) managers need information in all aspects of business activities. The information required will enable them to identify business opportunities, know current market trends, seek assistance in finance, find quality vendors, identify services provided by governments and other kinds of business-related information. They also need information timely and relevant to make informed business decisions. However, the information that exists regarding business information that are required by them are not organised to enhance easy access and retrieval. Furthermore, the information is not relevant enough to meet the growing demands of the SMEs. Information can be very valuable to business people if it is provided at the right time, using the right channels, and is reliable. Such information will guide SME managers in their decision-making processes. However, information relevant to the information needs is scarce, thus hindering effective business decision-making. In Malaysia, a study by Kassim, Ahmad and Buyong (2010) and Kassim (2010) investigate information needs of Malaysian Bumiputera "to-be" entrepreneurs who aspire to do business for a living. A random sampling is used to target 400 "to-be" entrepreneurs who have attended entrepreneurial development courses. The returned questionnaire yields 72% response rate or 288 respondents. The information needs are identified as follows: (1) prepare business plans (87.7%), (2) plan cash flow (87.5%), (3) examine business opportunities (84.3%), and (4) profit planning (84.0%). The conclusion made is that the respondents consider the above four elements equally critical in starting business, hence the need for information related to them.

Other studies also mentioned that information needs are needed by entrepreneurs and small business enterprise managers (COMPAS Inc., 2001; Dodd, 1997; Drucker, 1993; Hansen, 1991;

Hansen, 1995; Jarillo, 1995; Johannisson, 1996; Lavrin & Zelko, 2003; Ostgaard & Birley, 1999; Vodden, Miller & McBride, 2001). Findings of study on business information needs were also revealed in various literatures that found the types of business information needed by the respondents were preparation of business plan, followed by planning of cash flow, examination of business opportunities, and profit planning (Kasmarini et al., 2015; Kassim et al., 2014; Kassim & Buyong, 2010; Kassim et al., 2010a; Kassim et al., 2010b).

In terms of Halal perspective, a study by Kasmarini et al., (2015) showed that respondents' understanding on halal concept is high as indicated by overall mean score of 4.52. Respondents have positive behaviour towards Halal products (mean=4.58). Furthermore, information on Halal food production, preparation, handling and storage are the most important information needed by the respondents. Therefore, Halal governing body must ensure that all the information pertaining to Halal-based business can be accessed easily in order to fulfill the entrepreneurs' information needs.

Various organisations and individuals organise and process information on their own. There are problems associated with the related organisation and dissemination of information such as, lack of proper information infrastructure and ignorance of the information needs of business managers. An important factor in the success of SME is access to information. Information should be regarded as a factor of production. However this factor (information) is not yet fully recognised and information availability and use are seldom cited as one of the factor for success of the SME sector. Given the lack of understanding of the information needs of SME managers, setting up an appropriate information service for this target group can be difficult. This study is undertaken as a response to the above concerns.

In the enterprise and business world, business people use and need information to assist them in running the business and for the purpose of decision-making in order to survive in this vibrant and yet uncertain environment. Hence, this study aims to investigate the information needs and the kinds of information needed for decision-making by managers of small and medium-sized enterprises (SMEs) in Shah Alam, Selangor, Malaysia. The study identifies the information needs when they are in the early stage of their business experience or newly launching a business. The information needs in the context of this study are those related to business information which are important in their daily business affairs that will assist their business decision-making.

## **Objectives**

The purpose of the study is to investigate the information needs and the kinds of information needed for decision-making by managers of small and medium-sized enterprise (SME) in Shah Alam, Selangor, Malaysia. The specific objectives regarding information needs of the SME managers are to:

1. determine the types of business information needed by SME managers
2. identify the information they require to assist them in their decision-making

## **Methodology**

The research design adopted for the study is the exploratory type. The target population for the study were individuals from the SME sector who were operating their business in Shah Alam, Selangor, Malaysia. They were the owner or manager of the SME. Respondents were drawn from the comprehensive *Malaysia SME<sup>TM</sup> Business Directory* published by MALAYSIA SME<sup>TM</sup>. A total of 26 owners/ managers of the SME located in Shah Alam were selected to be interviewed to solicit information on their business information needs. The respondents came from diverse categories of business sectors which were listed comprehensively in the directory. All respondents were operating their business in Shah Alam, Selangor. Shah Alam is the capital city of the state of Selangor situated about 25 kilometres west of the country's capital, Kuala Lumpur.

Interviews were carried out with 26 respondents who were selected from the small and medium-sized enterprise (SME) business managers of Shah Alam, Selangor, Malaysia. There were eighteen male and female interviewees. The face-to-face interviews used open-ended questions designed to get a feedback from the respondents' own perspectives about the information they need. The information solicited from the interviews covered types of business, kinds of information required of business managers and the kinds of information required for making decision.

## **Findings**

### **Types of Business**

The types of business of respondents are wide-ranging, from the more common food/agro-based activities to the mostly less understood film making (production of drama films). However, except for film making, which only has one interviewee (4.2%) planning for it, and IT Services/Training/Information Centre (2 interviewees or 8.2%), the other types of business ventures command substantially larger percentages of respondents. In this context, food/agro-based activities account for the largest portion (41.7%) of the respondents. This is followed by those who are involved into industry-related activities (e.g., construction and maintenance, manufacture of timber products and automotive repair workshop) (16.7%), services (e.g., legal assistance/insurance agency/security /real estate agency) (16.7%), and event management (12.5%).

### **Information Needs of SME Managers**

Without being limited by the constraint imposed by a scripted questionnaire survey, the 26 interviewees came up with a wider range of information needs of business managers. There are 127 sufficiently different information needs, and these are grouped into sixteen types. It is evident that, on the average, each of the interviewees provided about five specific information needs. However, it is next to impossible to construct a distribution of the interviewees by types of information and by specific needs.

The approach taken by this study in analysing the data is as follows. First, the information needs indicated by the interviewees (respondents) were grouped into sufficiently different types, and as was mentioned earlier, there were altogether sixteen types, each with its own

specific information needs. Second, the number of respondents requiring each specific information need was identified and assigned to the appropriate information type. Third, work out the total number of respondents for all the specific information needs. Finally, add the number of respondents under each information type and work it out as a percentage of the number of respondents for the total specific needs.

The size of these percentage figures reflects the relative importance of the information types relative to one another. Throughout the discussion that follows, the word important is interchangeably used with the word common. That is, information is deemed most important if it is commonly needed by the largest proportion of the interviewees (respondents). Further, the analysis will also look at the order of importance of the specific information need in each information type. The idea of the whole exercise is to see whether the information needs for this selected group of respondents support or contradict those obtained from the questionnaire survey. This analytical technique is similarly adopted in analysing information needs for decision-making.

Table 1 shows the kinds of information required by SME business managers and the percentage of specific information needs in each information type as a percentage of total specific information needs. The kinds of information are listed in descending order of percentage size (decreasing level of importance or commonality).

**Table 1: Information Needs of SME Business Managers by Type and Percentage of Total Specific Information Needs**

Types of information	As % of total specific information needs
1. Business information/opportunities	29.1
2. Financial sources	20.5
3. Current marketing trends	9.4
4. Location	6.3
5. Survey/research	6.3
6. Sources of raw materials/ products	6.3
7. Information on customers	5.5
8. Government regulations/policies	4.7
9. Competitors	3.1
10. Method/equipment/technology	2.4
11. Business registration	2.2
12. Risk	1.4
13. Labour availability	0.7
14. Profitability	0.7
15. Networking methods	0.7
16. Travels	0.7
All types	100.00

It can be seen that the most common, most important kind of information required by SME business managers is business information/opportunities, which accounts for 29.1 per cent of

the total specific information needs. Quite understandably, the next most common kind of information required is financial sources (20.5%). By comparison, the other fourteen kinds of information are of little importance. In descending order, these are current marketing trends (9.4%), location, survey/research and sources of raw materials/ products (6.3% each), information on customers (5.5%), government regulations/policies (4.7%), competitors (3.1%), method/equipment/technology (2.4%), business registration (2.2%), risk (1.4%), and labour availability, profitability, networking methods and travels (0.7% each).

As we have seen, business information/opportunities and financial sources account for about half the total specific information needs of the interviewees. Knowledge/business information and type/business concept are the two most common specific information needs under business information/opportunities, although there are other lesser information needs, ranging from business plan to prospect.

Under financial sources, the most common specific information need is on capital. That is, the interviewees are generally concerned with the sources of their capital requirement. During their courses and training, they would have been told that there were several sources of capital for SME in particular, and small businesses in general. Nevertheless, it would appear that sources of capital needed in business are important consideration among the interviewees, and are rightly so.

### **Information Required to Make Decision**

Following the analytical approach of the above section, Table 2 shows the fifteen types of information required in making decision as business managers, and the proportion of specific information needs in each information type as a percentage of total specific information needs. The types of information are listed in descending order of percentage size (decreasing level of importance or commonality).

It can be seen that the most common type of information required for decision-making is the one on business opportunities/competitors, which accounts for 25.5 per cent of the total specific information needs. As is the case with information needed, the next most common type of information required for decision-making has to do with finance (22.3%), although in the earlier case, the emphasis was on the sources, not the finance per se.

By comparison, the other thirteen types of information are much less in importance. In descending order, these are method of analysis (probably how to analyse business opportunities) (9.6%), market (probably related closely with location of the business premise) (8.5%), data (probably obtained through research/survey) (6.5%), suppliers (of raw materials/products) (4.3%), innovation/technology (4.3%), consultancy/advices (4.3%), society (probably referring to response from customers (3.2%), promotion/ research (3.2%), current issues/environment (3.2), risk (2.1%) and, profitability, government policies and entrepreneurship training (1.0% each).

**Table 2: Information Required for Decision Making by Type and Percentage of Total Specific Information Needs**

Type of information	As % of total specific information needs
1. Business opportunities/competitors	25.5
2. Finance	22.3
3. Method of analysis	9.6
4. Market	8.5
5. Data	6.5
6. Suppliers	4.3
7. Innovation/technology	4.3
8. Consultancy/advices	4.3
9. Society	3.2
10. Promotion/research	3.2
11. Current issues/environment	3.2
12. Risk	2.1
13. Profitability	1.0
14. Government policies	1.0
15. Entrepreneurship training	1.0
All types	100.00

The close similarity in the order of importance of many of the information types, in particular business opportunities and finance, between the information needs and those of making decision has to be seen in the context that any information gathered for running a business has to be for the purpose of decision-making. Note that information on risk and profitability are low in importance under information needs and decision-making. The reason for this could plausibly be that it is difficult to quantify risk and profitability on the part of the respondents and interviewees such that many consider the two types of information to be not that useful. Moreover, the respondents and interviewees may have already been able to glean the risk and profitability from other information, particularly on business opportunities/competitors and on finance.

There is a marked difference in interviewees' perceptions of specific types of information needs and information for decision-making. Unlike information needs by types, where knowledge/business information and type/business concept are the two most common specific information needs, and in information for financial sources, where the most common specific information need is that of capital, there are no predominant specific information needs in the two most common information types, namely, business opportunities/competitors and finance in information for decision-making. Nevertheless, it is worthwhile to mention that there is some evidence that the interviewees are somewhat more apprehensive about competition and consumer trends when they talk about business opportunities/competitors and about balance sheet and the state of finance when they think about finance.

### **Conclusion and recommendations**

This study has identified the information needs of SME managers when they were in the early stage of their business experience. The most common kinds of information required by SME managers were business information/opportunities, followed by financial sources, current



marketing trends, location, survey/research, sources of raw materials/intermediate products, information on customers, government regulations/policies and competitors. The most common kinds of information required for decision-making were business opportunities/competitors, followed by finance, methods of analysis, market, data, suppliers (of raw materials/ products) and innovation/technology.

The findings of this study have several implications on relevant authorities that deal with entrepreneurs, business managers and owners of other small and medium-sized enterprises in Malaysia. Developing an understanding of business information needs is important to promote and help business managers foster economic, business and social growth of entrepreneurs. Based on the findings, it is suggested that the government agencies such as SME Corp. Malaysia and other bodies serving business people and entrepreneurs could consider setting up a module on business information needs on its website to enable business people and entrepreneurs to gain access to such information. The website could provide information regarding business on how to examine business opportunities including other information such as on how to prepare business plans, plan cash flow, see to profit planning, check on courses conducted on entrepreneurship, find methods to apply loan, look at current marketing plans, communicating with clients, to name a few. Entrepreneurs and business people can take advantage of the information given to assist them in making the right decision when carrying out their business matters.

The government could establish business information centres and services employing state-of-the-art technology to provide a one-stop shop and full range of management and technical assistance to business people. The information centre could be established, managed and maintained by professionals in every district including the rural areas. The finding of the study has been useful in identifying the information needs, and from the identification of the information needs someone should be able to design new and novel information services and products to meet those needs. A service model could be established that will fit the needs and requirements of business establishments in the context of a specialised information center. The service should be extended to groups with unique needs through consultation, networking, funding and information products and services tailored to their unique needs.

A “Business Solution Centre” can also be established for SMEs and entrepreneurs to support small businesses by providing reliable market information, access to finance, capacity building and improvement of the business atmosphere and investment conditions. SMEs and business people need to have more and better access to information about their rights and entitlements, as well as about best practice models for them in running their own businesses. It is recommended that a one-stop shop solution could contribute to the provision of these supports and services.

This study has provided information on the information needs of SME managers and it is hoped that the information offered through this study would give an understanding of the information needs of potential and novice entrepreneurs.



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