



Strategic Information Use (SIU) for Strategy Formulation in Malaysia Business Organizations

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Abstract. The purpose of the study is to examine the level of Strategic Information Use (SIU) among managers in Malaysia business organization. SIU among managers has raised a concern by many researchers in advanced countries as compared to Malaysia. The quantitative method of study and survey was conducted on 491 senior managers in manufacturing and financial services companies in Klang Valley, Malaysia. The findings indicate that the SIU level Malaysia business organization was high. It was also found that there was a significant difference between SIU in manufacturing and financial services companies. The result may provide further insights into SIU among managers in Malaysia business environment.

Keywords. Strategic information use; Information management; Information practices; Business environment

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1. Introduction

The strategy formulation is mandatory to any business organization. To ensure the organization sustain with all competition they must equip with the strategic business weapon which is strategic information. Strategic information use about market, industry, and company are the strategic weapon [1, 2] and used by the strategic level of management to formulate a plan, strategy and direction of the company [3, 4]. The terms strategic information use and strategic

use of information were used interchangeably in the field of information management. Therefore, in this study, strategic information use can be defined as the utilization of information related to market, industry, and company by the business organization in strategy formulation.

Organization and management scholars have long advocated that efficient use of information is critical for firms to compete successfully in the modern marketplace [5]. The strategic information use became popular among researcher since decades ago in the advanced countries. Among the researchers highlighted the importance of the strategic information use among managers in the field of their study such real estate industry [6], Financial Industry [5, 7], Construction [8], and Education [9]. They claimed that the organizations must fully utilize the valuable information about their business. It is also to consider some important information that has a strategic value [1, 10].

Anyhow, the above-mentioned discussion implies there is no legitimate answer on whether Strategic information use (SIU) could give direct impact to a formulation of strategy among managers in Malaysia business organization. Furthermore, there is none study conducted related to Strategic information use among managers. The SIU seems an infant subject in Malaysia business environment. Based on a study by [11] they found the managers in Malaysian business organization may not be seen information in highly diverse. Hence, they suggest that future research should be conducted further by testing the related concept to see the utilization of the strategic Information in the Malaysian business organizations in particular and in various other organizations in general. The purpose of this study is to examine the level of SIU among managers in Malaysia business organization. This study attempts specifically:

- To identify the strategic information use by managers to formulate strategy in Malaysia business organization;
- To examine strategic information use (SIU) in a different type of organization.

2. Literature Survey

Strategic Information Use (SIU) is defined as the utilization of strategic information by strategic level managers for the purpose of strategy formulation or implementation. Strategic information is information that has strategic value [4, 9]. Strategic information can be categorized into three types namely market information, industry information, and company information [1, 2].

Market Information

Market information is information that relates to the development, growth, and expansion of the market with regards to products and services in which an organization is involved in doing its business [10, 12]. The market information normally provides the macro view of the market that covers the political and legal, economic, social, and the technological aspects from which a company could predict the potential and take advantage of the market for their business hence leading to the strategy formulation and implementation. The social aspect of the market includes information the describes the demographics of the society, cultural attitudes,

literacy rates, education levels, employment rates, customs, beliefs, values, lifestyle, the age distribution, the geographic distribution, and the mobility of the population [13, 14].

The technological aspect of the market includes information that describes the current technology, approaches, and equipment to produce product and services, new product and innovation, and current marketing method [15–18]. The economic aspect of the market includes information about the balance of payment issues, employment rates, exchange rates, interest rates, inflation rates, credit availability, fiscal and monetary policies, debt, spending patterns, and levels of disposable income [18, 19]. The political/legal aspect of the market includes information about government and public attitudes towards the industry, laws and new laws that affect the industry [20, 21].

Industry Information

Industry information is information that relates to the competitiveness of an industry in which a company is doing its business. It explains the competitiveness aspects of the industry such as the threat of new entrants in the industry, the bargaining power of the suppliers of the product and services, the bargaining power of the buyers in the industry, and the threat of substitute products and services and the rivalry among existing competitors in the industry [22–24]. Information about the threat of new entrants includes information about entry deterring price. Information about bargaining power of suppliers includes information about supplier concentration, diversification, and organization in the industry. Information about bargaining power of buyers includes information about buyer power and profitability in the industry. Information about the threat of substitute products or services includes information about existing product and services offered in the industry. Information about rivalry among existing competitors includes information about market share and diverse strategies of other organizations in the industry [22].

Company Information

Company information is information about the health of a company. The information could explain the internal strength and weaknesses of a company as well as external opportunities and threats that could befall a company [25, 26]. Information about company includes information such as quality and quantity of products and services owned by a company, use of technologies by the company, current condition of the company, employees of the company, customers of the company, the management structure of a company, government aid of a company, demographic change that impact a company, and competitors of the company [25–28].

Type of Business Strategy

For the purpose of this research, five types of business strategies are used to measure the business strategy formulated by the managers. The five strategies are: *Cost leadership*: A business strategy to produce and sell our products or services at lower cost as compared to competitors; *Differentiation*: A business strategy to make the product and services different with added values to the customers as compared to competitors; *Focus*: A business strategy

to offer products or services with unique features for a specific market; *Growth*: A business strategy to acquire a larger market share through diversification, product development, market penetration, and market development; and *Innovation*: A business strategy to adopt innovative ways in producing products or services or offering innovative products or services in the market.

3. Research Methodology

The population and the sampling of this research are guided by the objectives of the research. One of the objectives is to compare organizations in two different types of industry i.e. low information intensity industry and high information intensity industry. Based on the intensity of information used, the Malaysian industries are categorized into two categories i.e. low information intensity industry [7] and the high information intensity industry [29]. In relation to this research, manufacturing type of industry has been randomly selected for the low information intensity industry while Financial Services type of industry has been randomly selected for the high information intensity industry. Manufacturing type of industry consists of various types of business in which textiles business has been randomly selected while the Financial Services type of industry consists of various types of business in which banking business has been randomly selected. Having selected the textiles and banking types of business to represent low and high information intensity industry respectively, the researcher has selected all organizations under textiles and banking that are located only in Klang Valley. This decision is made because most of the textiles and banking organization are located in the Klang Valley. As a result, there are twenty-nine (29) textiles organizations and 29 banking organizations were selected. The equal numbers of these organizations also become the other reason why only organizations in Klang Valley are focused. Thus, the managers were selected which representing low and high information intensity organizations. There were 285 senior managers in 29 textiles organizations and 315 senior managers in banking organizations in the Klang Valley.

In this research, the data collection was conducted through three phases i.e. Phase 1, Phase 2, and Phase 3. Phase 1 involves the task of communicating with the sample organizations selected for this research. The purpose of the communication was to request for participation from the organizations. This is done through telephone and later followed with the sending of official letters stating the intention of the data gathering. Phase 2 involves the data collection itself. Two techniques are used to collect the data. The first technique is done through face to face where the researcher personally visited the organizations after appointments were made. If time permits, the questionnaires were completed during the appointments by the managers but if not the questionnaires were left with the secretary where once completed, the secretary will inform to collect. Phase 3 involves making calls to follow up with the organizations that have not returned the questionnaires. This is done after about two weeks after the questionnaires were distributed to the organizations. Then, the data were analyzed using Statistical Packages of Social Sciences (SPSS) version 21 for descriptive analyses as well as the inferential statistics.

4. Results

Out of 600 questionnaires distributed to the managers in financial services and textiles companies, a total of 491 (81.8%) were returned. There is a consensus that a response rate of 70% and above is necessary to ensure that the obtained sample is sufficiently representative of the target population from which its member are drawn [30]. The highest rate was from the financial companies ($n = 281$) or 57.2%, manufacturing (textiles) ($n = 210$) or 42.8%, similarly to the usable responses. Altogether, there were 491 usable questionnaires yielding 81.8% of the total questionnaires being distributed, thus, the rate exceeds the required sample size of 165 as recommended by [30]. All questionnaires were returned on schedule.

Strategic Information Use (SIU) for Strategy Formulation

Table 1. Mean and standard deviation each items of SIU

Strategic Information Use (SIU)	Total of respondents	Mean	Std. Dev
1. Interest Rate	491	5.2729	1.14235
2. inflation rates	491	5.3971	1.04545
3. credit availability	491	5.4012	1.06901
4. information about finance	491	5.5071	1.08112
5. new laws of the country	491	5.5031	1.26228
6. entry deterring price in the industry	491	5.4053	0.94582
7. growth rate of the industry	491	5.5458	0.87798
8. government policy towards industry	491	5.6191	1.00181
9. consumer's behaviour in the industry	491	5.4623	1.11763
10. existing or potential products offered in the industry	491	5.4807	1.01072
11. existing or potential services offered in the industry	491	5.4684	1.05971
12. industry usually requisite fight for market share	491	5.3503	1.17954
13. diverse strategic of others in the industry	491	5.3523	1.14468
14. quality and quantity of the product and services of a company	491	5.7312	1.1871
15. technology own by a company	491	5.6497	1.05148
16. the employee of a company	491	5.6884	1.08545
17. customer of a company	491	5.7251	1.14632
18. management structure of a company	491	5.5642	1.05049
19. government regulation that work aid a company	491	5.7006	1.03706
20. changing demographic that might exist a company in increasing clients/customer base	491	5.5255	1.05601
21. operation of a company	491	5.6049	1.01151
22. new competitors of a company	491	5.7597	1.05138

Level of Strategic Information Use (SIU) Among Managers

Table 2. Level of SIU among managers

Mean	5.4565
Median	5.5000
Std. Deviation	.77816
Variance	.606
Skewness	-.516
Range	4.00
Minimum	3.00
Maximum	7.00

Table 2 displays the descriptive statistics for level of strategic information use among managers. To rate the level of high and low, this study uses [31] which proposed that in Likert Scale, a range number from 1-3 is considered as low; more than 3 and less than 5 is Medium; and more than 5-7 is high. Therefore, based on that measurement, the level of strategic information use among managers in Malaysian business organization is considered high as mean is 5.456. The rate is more than 5.

There is a Significant Difference of SIU between Manufacturing and Financial Services Companies

Table 3. Independent *t*-test based on types of organization types of variables

Type of variables	Type of industries	Mean	<i>p</i> -value
SIU	Manufacturing	5.433416	.000
	Financial	5.616890	

Based on table 3 above, the variance SIU groups is not assume equal ($p = 0.000 < 0.05$). A *t*-test for equality of means show significant difference in mean scores for SIU between respondents of high intensity information and low intensity information companies. This is indicated by a *p*-value of 0.000 (< 0.05).

5. Conclusions

This paper contributes to the existing body of knowledge in terms narrowing the research gap by examining the strategic information use (SIU) among managers towards strategy formulation. The novelty of the study is to provide perspectives of the managers on the type of strategic information during formulation of their business strategies. From the study, it shows that SIU in Malaysia business organization is considered high. Therefore, it is hoped that the future research could be conducted to survey the managers in different types of companies to distinguish whether the findings are different or otherwise.

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Competing Interests

The authors declare that they have no competing interests.

Authors' Contributions

All the authors contributed significantly in writing this article. The authors read and approved the final manuscript.

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