

UNIVERSITI TEKNOLOGI MARA

STRATEGIC MANAGEMENT ANALYSIS:  
MIDE SABAH LOAN PROCESSING

CECILIA AMID  
RAYMOND BATAHONG

EMBA

JUNE 2015

## ACKNOWLEDGEMENT

## ABSTRACT

MIDF is one of the key Development Financial Institutions (DFIs) in Malaysia with specific mandate to facilitate access of financing for Small & Medium Enterprises or SMEs; an economic sector that has been and will continue to play a pivotal roles in the economic development agenda of the nation. MIDF has instituted in its processes to obtain feed back from customers on a regular basis. Customers had put forward to MIDF their values for shorter cycle time in loan application; whereby 155 days KPIs duration between the day application submitted to the day the applied financing is being disbursed is to be shorten. Therefore, the objectives of this applied business research are to identify factors that affecting the cycle time and to recommend solutions through the strategic management tools. Through qualitative methods in data gathering of face-to-face interview session, factors such as processes and procedures, people and information system have an impact to the loan application processing cycle time. Through literature review and strategic management tools of SWOT analysis, SWOT matrix and QSPM, an improved version of process flow supported by review of policies and procedures as well as use of technology is necessary to shorten the cycle time.

# ACKNOWLEDGEMENT

We praise the Almighty for His grace that we are able to complete dissertation.

Our gratitude and thanks go to our advisor, Dr. Noorziah Mohd Salleh. Thank you for the support, guidance, patience and input in guiding us through with this project.

We also would like to express our gratitude to the staff of the MIDF Sabah for providing the facilities, time, knowledge and assistance. We certainly have learned a lot from their insights; without which, we would not be able to reach this stage of research.

Special thanks to our colleagues and friends for being our source of motivation in completing this research. Sincere thanks also goes to our course mates. We also would like to thank our spouse, children and other family members, people that we encountered on our way. Thank you all.

## CHAPTER TWO: LITERATURE REVIEW

2.0	Background of Research Area	15
2.1	Cycle Time	16
2.2	Lean Processing or Value Chain Activities	18
2.3	SWOT Analysis and Quantitative Strategic Planning Matrix (OSPM) as a Strategic Management Tool	20
2.4	Concept, Definition of Key Component of Research	23

## CHAPTER THREE: RESEARCH METHODOLOGY

3.0	Research Design	26
3.1	Scope of Research	26
3.2	Data Collection Method	27
3.3	Data Analysis	28

## CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.0	Introduction	30
4.1	Factors affecting Cycle Time	30
4.2	SWOT Analysis	41

## CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

		51
		54
		57

# TABLE OF CONTENTS

<b>AUTHORISDECLARATION</b> .....	iii	
<b>ABSTRACT</b> .....	iv	
<b>ACKNOWLEDGEMENT</b> .....	v	
<b>TABLE OF CONTENTS</b> .....	vi	
<b>LIST OF TABLES</b> .....	vii	
<b>CHAPTER ONE: INTRODUCTION</b>		
1.0 Background of Study.....	1	
1.1 Background of Company.....	5	
1.2 Problem Statement.....	10	
1.3 Research Objectives.....	14	
1.4 Significance of Study.....	14	
1.5 Limitation.....	14	
<b>CHAPTER TWO: LITERATURE REVIEW</b>		
2.0 Background of Research Area.....	15	
2.1 Cycle Time.....	16	
2.2 Loan Processing as Value Chain Activities.....	18	
2.3 SWOT Analysis and Quantitative Strategic Planning Matrix (QSPM) as a Strategic Management Tool.....	22	
2.4 Concept, Definition of Key Component of Research.....	23	
<b>CHAPTER THREE: RESEARCH METHODOLOGY</b>		
3.0 Research Design.....	26	
3.1 Scope of Research.....	26	
3.2 Data Collection Method.....	27	
3.3 Data Analysis.....	28	
<b>CHAPTER FOUR: FINDINGS AND DISCUSSIONS</b>		
4.0 Introduction.....	30	
4.1 Factors affecting Cycle Time.....	30	
4.2 SWOT Analysis.....	41	
<b>CHAPTER FIVE: CONCLUSION AND RECOMMENDATION</b> .....		51
<b>REFERENCES</b> .....	54	
<b>APPENDICES</b> .....	57	

## LIST OF TABLES

### INTRODUCTION

Tables	Titles	Page
Table 1.1	Definition of SMEs.....	2
Table 1.2	DFIs Prescribed Under DFI Act 2002.....	4
Table 1.3	DFIs Not Prescribed Under DFI Act 2002.....	4
Table 1.4	Type of Products Offered by MIDF.....	7
Table 1.5	Tabulation of Questionnaire items in the MIDF Customer Satisfaction Survey.....	11
Table 1.6	Tabulation of Written Feedback on Question 1 & 2.....	12
Table 1.7	Tabulation of Written Comments related to Cycle time.....	12
Table 2.1	Time based competitor (Estimated Performance).....	16
Table 4.1	Simplified from the process flow chart-MIDF's procedure entire operation procedures for financing operation ,2013.....	31
Table 4.2	Extract from MIDF Website on Achievement of Client Charter.....	34
Table 4.3	Loan Processed, 2011-2014.....	34
Table 4.4	Loan Processed in terms of percentage.....	34
Table 4.5	Internal Factor Evaluation Matrix.....	42
Table 4.6	External Factor Evaluation Matrix.....	43
Table 4.7	SWOT Matrix.....	46
Table 4.8	QSPM for MIDF's Loan Processing Business Activity.....	49

Small and medium government publications and press releases. One such publication is the SME Master plan (SME Master Plan, 2012) where it was stated that SMEs will play important roles in achieving the country's aspiration to become a high income nation by 2020 and that critical areas for this is access to financing.

The identified strategic sectors are agriculture, small and medium enterprises (SMEs), infrastructure, maritime, export-oriented sectors, capital-intensive and high-technology industries (Bank Negara, 2005). On 6 November 2013, Bank Negara Malaysia (BNM) had issued circular on the definition of SMEs that with effect on 1<sup>st</sup> January 2014, for statistical purposes, criteria to qualify SMEs for Government assistance are as follows:

Industry	Criteria	Small	Medium
Manufacturing	Sales turnover not exceeding RM 100,000 OR full-time employees not exceeding 5	sales turnover from RM 300,000 to less than RM 15 million OR full-time employees that 5 to less than 75	Sales turnover from RM 15 million to not exceeding RM 50 million OR full-time employees from 75 to not exceeding 200
Service and Other Sectors	Sales turnover not exceeding 5	Sales turnover from RM 300,000 to less than RM 15 million	Sales turnover from RM 15 million to not exceeding RM 20 million