

IC-64

DETERMINANTS OF MICRO ENTERPRISES' BUSINESS PERFORMANCE: A SYSTEMATIC LITERATURE REVIEW

Nor Aidil Abdul Aziz¹ *

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kelantan, Kelantan, Malaysia
aidil570@uitm.edu.my

Hatinah Abu Bakar²

Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kelantan, Kelantan, Malaysia
hatin463@uitm.edu.my

Abstract: The objective of this study is to review articles on the determinants of micro enterprises' business performance from 2010 to 2024. The PRISMA Statement (*Preferred Reporting Items for Systematic reviews and Meta-Analyses*) review method was utilized to classify the articles in which fifteen (15) articles related to the study were identified. The findings showed that numerous articles were found in the Scopus database with the highest publications being conducted in China and the most common study design was quantitative type of approach. Among the factors found to be the determinants of micro enterprises' business performance are external factors such as financial support, government policies, regulatory environment, and economic conditions while internal factors include firms' characteristics, entrepreneur orientation, innovation and technology, marketing orientation, strategic orientation and financial.

Keywords: Micro Enterprises, Business Performance, Entrepreneur, Systematic Literature Review

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) are business establishments that are primarily involved in producing, manufacturing, processing, or preserving goods for consumers' consumption (Tambe & Jain, 2024). These business establishments are recognised as critical agents of economic growth as they contribute significantly to global economic development and job creation (Bayraktar & Algan, 2019; Arshad et al., 2020, Nordin & Nordin, 2023; Yahaya & Nadarajah, 2023). As a result, the role of MSMEs has become significantly important throughout the world (Varga & Csiszárík-Kocsir, 2024). In fact, MSMEs accounted for almost 90% of enterprises and more than 50% of jobs globally (Pedrazza, 2021; Yahaya & Nadarajah, 2023).

As a matter of fact, the Malaysian economy relies heavily on MSMEs, which account for 38.4 % of the country's Gross Domestic Products (GDP) or more than RM 500 billion per year (SMEs Corp Malaysia, 2022). Around 97.2 % of Malaysia's businesses are micro, small and medium-sized enterprises (MSMEs), and they employ close to 70 % of the country's workers which are around 7.59 million Malaysian citizens in 2022. The studies by Azhar and Syakil (2021), Lehan and Kamaruddin (2023), and Wulandari and Koe (2023) found that MSMEs are the backbone of the Malaysian economy.

Despite MSMEs contributing significantly to the Malaysian economy and development, the finding by SME Corp Malaysia in 2022 revealed that MSMEs in Malaysia are generally still underperforming compared to other ASEAN countries like Thailand, Vietnam and Indonesia. This finding is also supported by a report from the United Nations Development Programme (UNDP) in 2023 that confirmed the performance of MSMEs in Malaysia has not yet reached their full potential.

Therefore, the research on the MSMEs has gained significant attention in recent years, especially to determine the factors that affect MSMEs business performance (Yahaya & Nadarajah, 2023). One area of study that needs to be focused besides MSMEs generally as a whole is the micro enterprise business performance.

¹ * Corresponding author: Arshad Ayub Graduate Business School, Universiti Teknologi MARA Cawangan Kelantan Kampus Kota Bharu, Kelantan, Malaysia, aidil570@uitm.edu.my

1.1 The Review Protocol

To meet these objectives, this paper has employed the PRISMA Statement (Preferred Reporting Items for Systematic reviews and Meta- Analyses) review method to review the determinants of micro enterprises business performance articles ranging from 2010 to 2024. The study was guided by the PRISMA Statement (Preferred Reporting Items for Systematic reviews and Meta-Analyses) review protocol (Figure 1). Interestingly, PRISMA is frequently applied in the management field (Mishra & Mishra, 2024) and it offers three unique benefits namely: 1) defining clear research questions that allow systematic research; 2) identify inclusion and exclusion criteria; and 3) allow for large databases of the scientific literature to be used within a specific time frame.

Based on this review protocol, the process started with the formulation of appropriate research questions for the review. Then, the process continued with a systematic searching strategy that considered the elements of identification, screening, and eligibility. Next, a quality assessment was conducted to ensure the quality and relevancy of the articles to be reviewed. Finally, the data were abstracted for the review and the final data were examined and validated.

1.1 Systematic Search Strategy

The articles were identified in the main bibliographic database which is Scopus. It was analysed for a period of 14 years from 2010 to 2024. This database was selected as it is among the most extensive peer-reviewed abstract and citation databases in many related disciplines such as environmental studies, interdisciplinary social sciences, social issues, development and planning and other disciplines. Moreover, Scopus has some of the largest repositories of business search and they are typically used in the systematic literature review (Sierra-Correa & Cantera Kintz, 2015; Shaffril et al., 2017). The Publish or Perish (POP) application was used to screen and filter the articles from the databases. Referring to the prior literature, the keywords were identified for the search process.

Table 1: The search string used for the systematic review process

Database	Keyword Used
Scopus	ITILE-ABS-KEY ("Determinants" OR "Factors" OR "Critical factors") AND "Micro Enterprises" OR "Micro business") AND ("Business performance" OR "Firms Performance" OR "Performance"))

In Table 1, the search string was constructed based on the list of the identified keywords. The search was conducted using combinations of exact keywords on titles and abstracts as these were addressed by breaking down the review questions. The search strategy resulted in a total of 143 articles from Scopus. Then, the data were exported to an Excel spreadsheet for data cleaning and sorting. After careful inspection, another 115 articles were excluded from the dataset due to inclusion and exclusion criteria (Table 2). As a result, 28 articles were retained for further analysis

Table 2: The Inclusion and Exclusion criteria

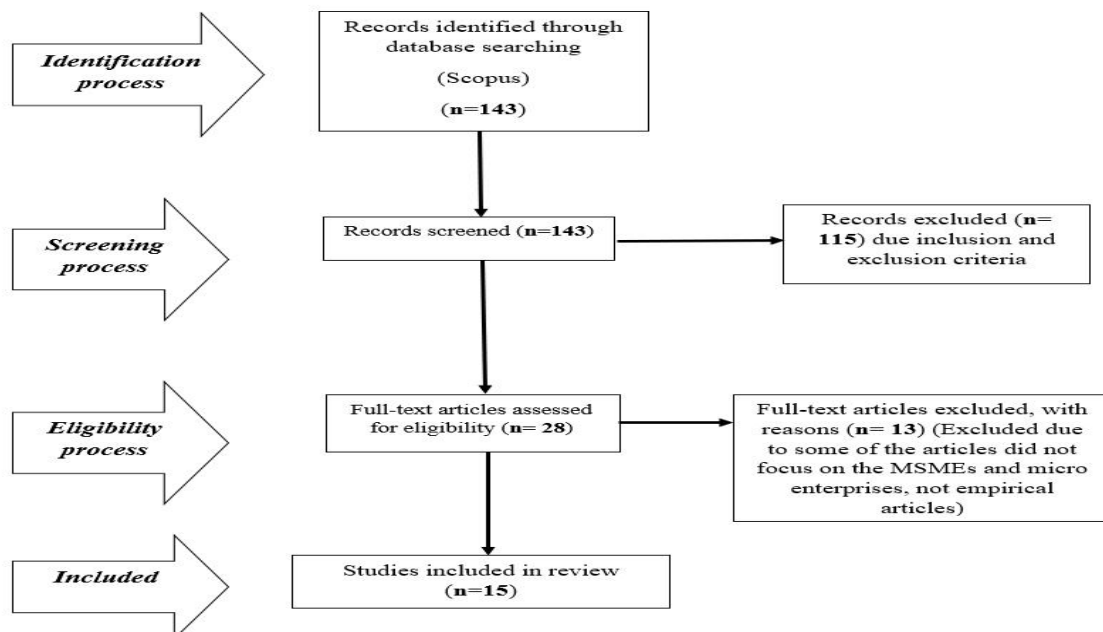
Criterion	Inclusion	Exclusion
Literature Type	Journal article	Book series, book, chapter in the book, conference proceeding, editorial, non-research papers, review papers, opinion pieces
Language	English	Non-English

Timeline	2010-2024	<2010
Indexes	Social Science Citation Index, Emerging Sources Citation Index, Art and Humanities Index	Science Citation Indexed Expanded

1.3 Quality Assessment

With the use of the appraisal method for both qualitative and quantitative research, 28 articles were assessed by three reviewers. In the review process, the reviewers ranked the remaining articles into three quality categories namely high, moderate, and low. Articles were accepted if all reviewers agreed on them. However, if there was a disagreement among them, a fourth reviewer was invited to assess the paper (Petticrew, & Roberts, 2006). As a result, thirteen (13) articles were removed after being assessed by the reviewers and the remaining articles were eligible for further review.

Figure 1: The flow diagram of the study is adopted from PRISMA



2. Results and Conclusions

An extensive systematic literature review showed an upward trend manifesting the increasing interest in research in the area of micro enterprises. The results showed that the year 2022 has the highest number of published articles on business performances of micro enterprises with seven (7) articles being published in Scopus. It is then followed by the year 2024 with five (5) articles and four (4) articles respectively in 2023. Compared to 2010 until 2021, it shows that an average of one (1) article was published in the area of business performance of micro enterprises. It shows that researchers have become more interested in this area of study since 2022 due to the significantly increased number of studies conducted during these three years.

Furthermore, it was found that the determinants of micro enterprises' business performance are divided into two major factors which include internal and external factors. Among the external factors that determine the micro enterprise business' performance are financial support, government policies, regulatory environment and economic conditions. On the other hand, the internal factors include firms' characteristics, entrepreneur orientation, innovation and technology, marketing orientation, strategic orientation and financial and capital aspects.

3.0 Acknowledgement

This research is funded by the Universiti Teknologi MARA (UiTM) under the Institut Pengajian Siswazah (IPSiS) UiTM Kampus Kota Bharu.

4.0 References

- Arshad, M., Ahmad, M. J., & Tang, M. R. (2020). The Importance of Learning Orientation and Entrepreneurial Orientation on SMEs Performance. *International Journal of Disaster Recovery and Business Continuity*, 1220-1228.
- Bayraktar, M., & Algan, N. (2019). The Importance of SMEs on World Economies. *International Conference on Eurasian Economies* (pp. 57-61). Istanbul: ResearchGate.
- Lehan, N., & Kamarudin, K. (2023). Geospatial Approach for MSMEs Business Continuity Plan in Post Pandemic Era in Malaysia. *IOP Conference Series: Earth and Environment* (pp. 1-18). IOP Publishing.
- M. Azhar, N., & M. Syakil, N. (2021). The Intervention of Micro, Small and Medium Enterprises (MSMEs) in Malaysia's Digital Economy. *Global Business and Management Research: An International Journal*, 13(4), 312-322.
- Mishra, V., & Mishra, M. P. (2024). PRISMA for Review of Management Literature- Method, Merits, and Limitations: An Academic Review. *Review of Management Literature*, 125-136.
- Nordin, N., & Nordin, N. (26th February, 2023). *The Vital Role of Small and Medium-Sized Enterprises in Driving Global Economic Growth*. Caknawan.
- Pedrazza, J. M. (2021). The Micro, Small and Medium-Sized Enterprises and its Role in the Economic Development of a Country. *Business and Management Research*, 33-44.
- Petticrew, M., & Roberts, H. (2006). *Systematic Reviews in the Social Sciences: A Practical Guide*. Blackwell: Oxford.
- Shaffril, H., Abu Samah, A. & D'Silva, J. (2017). Adapting towards climate change impacts: Strategies for small-scale fishermen in Malaysia. *Mar. Policy*, 81, 196-201.
- Sierra-Correa, P., & Cantera Kintz, J. (2015). Ecosystem-based adaptation for improving coastal planning for sea-level rise: A systematic review for mangrove coasts. *Mar. Policy*, 385-393.
- SMEs Corp Malaysia. (2022). *MSMEs Statistics*. Retrieved from SMEs Corp Malaysia: <https://www.smecorp.gov.my/index.php/en/policies/2020-02-11-08-01-24/sme-statistics>
- Tambe, N., & Jain, A. (2024). *Forbes Advisor*. Retrieved from MSME Statistics and Trends: <https://www.forbes.com/advisor/in/business/msme-statistics/>
- United Nations Development Programme (UNDP). (2023). *Building MSME Resilience in Southeast Asia: With a country focused on Thailand and Malaysia*. New York, US: UNDP.
- Varga, J., & Csiszárík-Kocsir, A. (2024). The emergence of sustainability in the practices of Hungarian and Slovak micro, small and medium-sized enterprises. *2024 IEEE 22nd World Symposium on Applied Machine Intelligence and Informatics (SAMII)*. Stará Lesná, Slovakia: IEEE.
- Wulandari, R., & Koe, W.-L. (2023). The Effect of Owner's Characteristics through Innovation on the MSMEs Performance. *International Research Journal of Business Studies*, 255-267.
- Yahaya, H. D., & Nadarajah, G. (2023). Determining key factors influencing SMEs' performance: A systematic literature review and experts' verification. *Cogent Business & Management*, 1-23.