

FPP

June - November 2024

BizNewz

MANAGEMENT • INVESTMENT • ECONOMICS • ENTREPRENEURSHIP • TECHNOLOGY

Permingaan Produk

TEBALOI

work-life BALANCE

The Power of PHYSIOTHERAPY

wanita dan MOTOSIKAL

sustainable
SKINCARE

Mental Toughness in Athletic Performance

eISSN 2600-9811



9 772600 981003

Publication Date
25 October 2024

Boosting SMEs Success: *Key Factors in Malaysia*

Norlaila Ibrahim, Rosman Mahmood and Ahmad Suffian Mohd Zahari
Faculty of Business and Management
Universiti Teknologi MARA Cawangan Terengganu, Malaysia

Corresponding email: norla5454@uitm.edu.my

The development of the business sector is one of the important agenda of the country nowadays. In Malaysia, small businesses are the backbone of the economy. Malaysia's Government, through various agencies, such as the Ministry of Entrepreneur Development and Cooperatives (MEDAC), SME Corporation Malaysia (SME Corp), and the Malaysian Digital Economy Corporation (MDEC), plays a role in attracting the interest of the community, particularly the Bumiputera community, to venture into the field of Small Medium Enterprise (SMEs) (Suhaila et al., 2014).



According to the 12th Malaysia Plan (RMK-12) document issued by the Economic Planning Unit (EPU), the government will continue enhancing the entrepreneurship development programme to cultivate the right mindset for individuals interested in becoming entrepreneurs. In the context of SME development in Malaysia, the government makes the sector an important mechanism not only to stimulate economic growth but also as a strategy to ensure a fair distribution of the economy among the races.

Every SME's primary goal is to achieve high performance as business performance is one of the primary concerns of stakeholders, including the owner, investor, suppliers, and employees in some cases (Prakash et al., 2023). However, what makes these SME businesses successful? Numerous important factors have been identified. Entrepreneurial-specific factors, such as personal entrepreneurial competency, management practices, and religiousness, along with supporting factors like microcredit programs, the roles of family members, and government support, all play a part in the performance of SMEs.

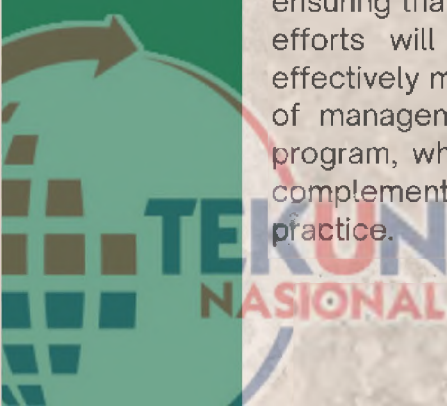
The performance of SMEs is a critical area of investigation within the field of business and economics, as it is influenced by entrepreneurship-specific factors. These factors, which are intrinsic to entrepreneurs and directly influence the operational outcomes of their SMEs, include distinctive attributes (Zainol, 2018), actions, and tactics (Kaya, 2015; Soto-Acosta, 2016). Personal entrepreneurial competencies refer to key characteristics possessed by successful entrepreneurs in performing entrepreneurial functions effectively. Personal traits like strong business skills and effective management practices are among them.

According to Syed Abdullah (1991), an organization's management practices, which include its philosophy, values, and plans for dealing with different business problems, especially those involving employees, show what kind of management style it has in general. This stresses how important management practices are for shaping both the culture of an organisation and the results it produces. Additionally, being religious has a big impact on an entrepreneur's values and actions. It can also give them a strong moral base and community support. Understanding this dynamic can help in developing strategies that leverage religious values for business success. Rasheed and Rahman (2016), suggested that religion might affect financial decisions when social and religious views are taken into account. Ghouri et al, (2018) gave another example of how religious views can affect the whole organisational culture. They thought that adding religious orientation to SME businesses could, among other things, make employees behave better.

Other than the above-mentioned factors, other support factors are microcredit programs, family members' roles and government support. To support Malaysian businesses, programs like Amanah Ikhtiar Malaysia (AIM) and "Tabung Ekonomi Kumpulan Usaha Niaga" (TEKUN) Nasional provide microcredit; a small-scale loan designed to help entrepreneurs start or expand their ventures. This microcredit program not only provides financial capital through credit products but also emphasizes social development programs to enhance operational management efficiency. Among the microcredit program delivery system's main focuses is exposure to various training and guidance programs, with a specific focus on cultivating entrepreneurial characteristics and promoting noble values. Research conducted by Ekpudu and Jayeola (2016), Monge (2016) provides evidence to support the positive impact of microcredit programs on the performance of SMEs. These studies demonstrated the tangible benefits that come with having access to capital.

Numerous scholarly investigations have demonstrated that the influence of family members on the performance of SMEs is a subject of significant complexity and diversity. According to Chu (2009), González-Cruz and Cruz-Ros (2016), their research indicates that family ownership has a notable and favourable impact on the performance of SMEs. This emphasises the potential benefits of family involvement in the management and operation of businesses. The government's role in providing financial assistance and training is also significant to the growth of SMEs. Among the facilities provided by the government agencies are financial support (Bongomin et al, 2018) government procurement (Liu, 2014 and Wanambisi, 2017), ICT facilities (Okundaye, 2019) and education support (Bongomin et al, 2018). Olayemi et al (2022), show how well-planned government efforts can promote the establishment and expansion of SMEs, demonstrating how government intervention policies and programs greatly contribute to the growth of SMEs.

To improve SMEs' success, it is essential to focus on building entrepreneurial competencies, and management practices, providing government support, and ensuring that microcredit programs like AIM and TEKUN are well-managed. These efforts will help SMEs contribute more to Malaysia's economy. To more effectively manage their businesses, entrepreneurs should prioritise their mastery of management aspects, particularly finance and marketing. The microcredit program, which provides financial assistance as business capital, is considered complementary to both personal entrepreneurial competencies and management practice.



References

- Bongomin, G.O.C, Munene, J.C., Ntayi, JrM. & Malinga, C.A. (2018), "Determinants of SMMEs growth in post-war communities in developing countries: Testing the interaction effect of government support", *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 14 No. 1, pp.50-73. <https://doi-org.ezaccess.library.uitm.edu.my/10.1108/WJEMSD-06-2017-0026>
- Chu, W. (2009). The influence of family ownership on SME performance: evidence from public firms in Taiwan. *Small Business Economics*, 33, 353-373.
- Ekpudu, Ehimen, J., & Jayeola, O. (2016). Microfinance Banks' Loans and Small and Medium Enterprises Performance in South-West Nigeria.
- Fazal, S.A., Al mamun, A., Alshebami, A.S., Muniady, R., Ali, M.H., Al Shami, S.S., Al Marri, S.H., Seraj, A.H., Thomran, M., & Algobaei, F. (2022). Entrepreneurial Motivation, Competency and Micro-Enterprise Sustainability Performance: Evidence from an Emerging Economy. *Sustainability*.
- Ghourri, A.M., Khan, N.R., Kareem, O.A., & Shahbaz, M.S. (2018). Religiosity Effects on Employees in SMEs: An Islamic Country Perspective. *Journal of Enterprising Culture*, 26, 85-111.
- González-Cruz, T.F., & Cruz-Ros, S. (2016). When does family involvement produce superior performance in SME family business? *Journal of Business Research*, 69, 1452-1457.
- Kaya, N. (2015). Corporate Entrepreneurship, Generic Competitive Strategies, and Firm Performance in Small and Medium-sized Enterprises☆. *Procedia - Social and Behavioral Sciences*, 207, 662-668.
- Liu, S. (2014). Study on the Function of Government in the Innovation and Development Process for SMEs in China.
- Monge, J. (2016). The Impact of Microcredit Finance in the Performance of Small and Media Business Enterprises: A Case Study of Temeke Municipality.
- Okundaye, K., Fan, S.K. & Dwyer, R.J. (2019), "Impact of information and communication technology in Nigerian small-to-medium-sized enterprises", *Journal of Economics, Finance and Administrative Science*, Vol. 24 No. 47, pp. 29-46. <https://doi-org.ezaccess.library.uitm.edu.my/10.1108/JEFAS-08-2018-0086>
- Olayemi, O.O., Okonji, P.S., Idolor, E.K., & Ogedengbe, F.A. (2022). Government Intervention and Support on Smes Firm Performance. *Journal of Economic Science Research*.
- Prakash, S., Dev, S., Soni, G., & Badhotiya, G. K. (2023). Fostering the SMEs Organizational Sustainability: An Analysis for Competitive Advantage in Context to Circular Economy. *International Journal of Global Business and Competitiveness*, 18(2), 101-113.
- Rasheed, R., & Rahman, M.A. (2016). Impact of Social and Religious Beliefs on SMEs Intention towards Adoption of Formal Finance: A Proposed Model.
- Soto-Acosta, P., Cismaru, D., Vătămănescu, E., & Ciochina, R.S. (2016). Sustainable Entrepreneurship in SMEs: A Business Performance Perspective. *Sustainability*, 8, 342.
- Suhaila Nadzri, Suhaily Md Shamsudin, Muhammad Firdaus Muhammad Sabri. (2014). Faktor-Faktor Penyumbang Kepada Kejayaan dan Kegagalan Perusahaan Kecil dan Sederhana (PKS) Bumiputera di Malaysia. *E-Proceedings of the Conference on Management and Muamalah (CoMM 2014)*, 26-27 May 2014 (E-ISBN: 978-983-3048-92-2)
- Syed Abdullah, S. R. (1991). *Management Strategies and Employee Response in Malaysia: A study of Management Industrial Relations Styles of The US and Japanese Multinational Companies in Malaysian Electronic Industry*. University of Wales College of Cardiff.
- Wanambisi, A.K., & Kihonge, E. (2017). Role of Government Incentives on The Performance of Small and Medium-Sized Enterprises.
- Zainol, F.A., Daud, W.N., Abubakar, L.S., Shaar, H., & Halim, H.A. (2018). A Linkage between Entrepreneurial Leadership and SMEs Performance: An Integrated Review. *The International Journal of Academic Research in Business and Social Sciences*, 8, 104-118.



eISSN 2600-9811



9 772600 981003

BizNewz 2024

Faculty of Business and Management

Universiti Teknologi MARA Cawangan Terengganu, Kampus Dungun

Sura Hujung, 23000 Dungun, Terengganu, MALAYSIA

Tel: +609-8400400

Fax: +609-8403777

Email: biznewzuitm@gmail.com