

UNIVERSITI TEKNOLOGI MARA

**VALUE CREATION IN SELECTED
MALAYSIAN SMALL AND
MEDIUM ENTERPRISES (SMEs)
FROM ACTIVITY,
RESOURCE-BASED
AND DYNAMIC CAPABILITY
PERSPECTIVES**

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ABSTRACT

Today, unlike in the 1970s and 1980s, for Malaysia, cheap labour is no longer a competitive advantage. Competitive and resilient SMEs are important in the growth and development process of the Malaysian economy including the adoption of appropriate strategies, as SMEs have great potential to be the engine of the economic growth as could be seen in other developed countries both in East and West like Germany and Japan (Khan and Khalique, 2014, pp. 40 – 41). With intense competition, firms are competing for resources to produce products and services demanded by the customers in the marketplace. In order to attract customers either to maintain or improve market shares, firms are forced to deliver the value added products and services which are better than their competitors. The term “value” as a concept is of interest to many disciplines including economics. Value in economics has been studied for more than 200 years and the concept is still evolving today. Thus, the adoption of strategic value creation approach is needed to steer the small and medium enterprises (SMEs) that contribute up to 90% of the economic activities of many countries in the world generally, and Malaysia particularly. This research aims to have an in-depth study on the value creating components and drivers from activity (value chain), resource-based and dynamic capability perspectives that affect performance of selected Malaysian SMEs. The case study approach adopts purposive sampling on SMEs involved in the food and beverage industry. This study is based on data collected using three common qualitative methods which are semi-structured interviews, field observations and content analysis of documents from two SMEs located in the east coast of peninsular Malaysia (in the states of Kelantan and Terengganu respectively). The data were coded and analysed using NVivo software version 10 in deductive and inductive methods to evaluate and determine the value creation components and drivers that had been created by the two companies in order to survive and be successful in the business for more than 20 years. This research suggests that value creation components are indeed the determinants of excellent achievements in the context of both SMEs studied. The results of the study also suggest that holistically, components and drivers of value creation work together and complement each other in creating value for these two SMEs. The study provides vital cues and leads that can be exemplary for other firms to emulate. These lessons drawn from the innate distillation of experiences of two relatively successful SMEs, hitherto tacit, now coded, may also be construed as falling under the realm of knowledge management. More than anything else, the findings enhance and enrich the tapestry of intricate and complex theoretical perspectives of activity, resource-based and dynamic capability seen together and applied in the context of value creation.

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