


# Chapter 3

## A Systematic Literature Review on Strategies for Enhancing International SMEs' Performance in Malaysia and Future Research Agenda

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### ABSTRACT

*SMEs face more intimidating obstacles in international expansion than their larger counterparts. These challenges arise from resource limitations, innovation, and globalisation. Nonetheless, there exists a scarcity of SLRs targeting international business strategies for SMEs, with the majority focused on global growth challenges. This chapter aims to bridge this gap by conducting a systematic analysis of strategies for enhancing international SMEs' performance, mapping intellectual territories, and proposing future research directions. Utilising the Scopus database, 22 relevant articles were selected. Applying thematic analysis techniques, the study uncovered seven main themes that contributed to the enhancement of international SME performance in Malaysia. The main themes are; Strategic Orientation, Digital Transformation and E-Commerce, Intellectual Capital, Sustainability and*

DOI: 10.4018/979-8-3693-3518-5.ch003

*Environmental Practices, Managerial Capabilities, Risk and Market Uncertainty and Business Culture. These themes encapsulate the 19 sub-themes that contribute to SME success in the global marketplace. Despite an improving trend in SME international performance, the analysis shows a fragmented environment. This highlights the need for a complete, systematic study to help academics, SMEs, and policymakers reach the global market.*

## **1. INTRODUCTION**

Small and Medium-sized Enterprises (SMEs) play a pivotal role in various aspects, including job provision, GDP contribution, wealth creation, innovation promotion, and export drive. Globally, SMEs constitute the majority of businesses and serve as crucial contributors to job creation and overall economic progress. They represent approximately 90% of businesses and contribute to over 50% of global employment. In emerging economies, formal SMEs contribute significantly to national income (GDP), accounting for up to 40% (World Bank, 2020). SMEs are crucial to Malaysia's economic expansion since they employ 47.8% of the workforce, generate 11.7% of the nation's total exports, and grow the nation's GDP (NST Business, 2023). The labor-intensive nature of SMEs positions them as significant job generators, expected to play a crucial role in technology advancement, organizational innovation, and economic competitiveness (Singh, 2022). With their entrepreneurial spirit, flexibility, and adaptability, SMEs act as catalysts for economic growth, making substantial contributions to employment and economic development in both developed and developing nations (Gherghina et al., 2020).

However, small and medium-sized enterprises (SMEs) frequently encounter barriers that hinder their participation in global trade. These barriers include insufficient financial resources, lack of familiarity with foreign markets, intricate regulatory frameworks, and the requirement for specialized knowledge in domains like logistics and export compliance (Andres et al., 2022; Rahman et al., 2020). Frequently, larger, more established companies with higher resources and brand recognition compete fiercely with SMEs. Yet, small and medium-sized enterprises (SMEs) also exhibit distinct benefits, including agility, flexibility, and its capacity to swiftly adjust to evolving market dynamics. Their smaller sizes enable them to engage in more individualized customer interactions and make quick decisions, which can be beneficial in niche markets or when addressing particular customer requirements (Yusuf et al., 2022). Furthermore, small and medium-sized enterprises (SMEs) frequently possess a robust entrepreneurial drive and a propensity for innovation, which empowers them to identify unexplored prospects and separate themselves apart from more sizable rivals (Anwar et al., 2022). SME expansion into

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