

# **Operations Practices and Government Policies Towards SMEs Performances**

Abang Hamizam Abang Mohar<sup>1</sup> , Ida Izumi Abdollah<sup>1</sup> , Jati Kasuma Ali<sup>1</sup> , and Ummi Farhani Firdaus<sup>2</sup>(⊠)

<sup>1</sup> Faculty of Business and Management, Universiti Teknologi MARA, Cawangan Sarawak, Kampus Samarahan, 94300 Kota Samarahan, Sarawak, Malaysia {abanghamizam, idaizumi, jati}@uitm.edu.my
<sup>2</sup> Faculty of Administrative Science and Policy Studies, Universiti Teknologi MARA, Cawangan Sarawak, Kampus Samarahan 2, 94300 Kota Samarahan, Sarawak, Malaysia ummifarhani@uitm.edu.my

Abstract. Small and medium enterprises (SMEs) represent an important sector in the development of the national economy. Despite such importance, Malaysian SMEs are still behind in terms of their contribution to the nation's GDP as compared to other nations. This has not been in tandem with the pace of the overall development of the nation. Literature relates the critical role of the government and its agencies in ensuring a healthy and conducive climate for SMEs to survive and prosper in the marketplace. Despite such importance, relatively fewer studies have been carried out to assess the impact or the role of government policies in the development and growth of SMEs. Similarly, vast studies have empirically linked effective operational practices towards superior organisational performances. Since it calibrates an organization's capabilities and subsequently performance, a "deliverable" operations management strategy is critical to ensure that SMEs will be able to deliver products or services, whilst accommodating its dynamic market expectations. It is under this pretext that the objective of the research is to assess the impact of government policies and operations practices on the performance of SMEs. Literature reviews and surveys were undertaken through stratified sampling. Data were analyzed using Statistical Package for Social Sciences (SPSS), supported by reliability and validity measures. The findings of the study are an opportunity for SMEs manager to assess the current implementation level of the organization's operations practices and its strategizing decisions. The findings would also empirically assess the role of government agencies in the development of SMEs. These act as input in its current strategy, subsequently directing specific efforts and resources in ensuring the "right" path to become an Entrepreneurial Nation by 2030.

**Keywords:** Government Policies · Operations Practice · Small and Medium Enterprises (SMEs)

#### 1 Background of the Study

Small and medium enterprises (SMEs) represent an important sector through employment creation, income generation as well as facilitating social growth. With about one million establishments in the country, SMEs contribute 37.1% of the Malaysian GDP, 66% of employment and 17.3% of exports [1]. The positive linkage between entrepreneurship and economic growth since then has been well established. Thus, SMEs have been one of the strategic focuses of the government through its National Entrepreneurship Policy 2030. The National Entrepreneurship Policy 2030 also known as Dasar Keusahawanan Nasional 2030 (DKN2030), charted the path towards creating a conducive and integrated national entrepreneurial ecosystem, in shaping Malaysia as an Entrepreneurial Nation by 2030. This long-term entrepreneurial approach outlines strategies and initiatives implemented to develop an entrepreneurial ecosystem across all industries that encompass every level of entrepreneurs and communities; education, training programmes and capital funding [2, 3].

Malaysia has a vibrant entrepreneurial base with the potential to become a global player. In addition, it is an effective tool to achieve economic growth, with policies created to increase effective *Bumiputeras* (Native of Malaysia) participation to achieve a balance social-economic growth between the different ethnicities in Malaysia. However, like any organization, SMEs are exposed to a dynamic business environment that directly affects their performance. Thus, there is a need for a new, innovative and flexible approach in the face of globalization and competition [4]. Despite such importance, Malaysian SMEs are still behind in terms of their contribution to the nation's GDP and exports as compared to SMEs of some other countries [5]. A study by [6] posited SMEs is still behind compared to other organizations, though few have successfully spread their operations beyond the domestic market. Studies have identified that Malaysian SMEs are commonly associated with being relatively poor in their competitiveness, low productivity and poor performance [7].

#### 2 Problem Statement

Despite these multitudes of initiatives driven by the government, it is an undeniable fact that many SMEs faced critical challenges and issues towards sustaining their business operations [8, 9]. According to [10] many of them failed in the first five years. According to [11] failure rate of SMEs in Malaysia was 60% against the failure rate in Australia, which is only 23%. The National Economic Advisor Council reported that the SME Master Plan 2012 to 2020 states that 42% of the SMEs that registered and operated in 2000 failed to continue their business in 2005. Studies carried out by [8, 9] posited that SMEs are still unable to address the reality gap affecting their resilience and competitiveness, and warranted a holistic need to explore the challenges across disciplines for a better and newer perspective.

Studies in the past have been carried out to identify the factors that affected the performance of SMEs. Non-operation factors have been the focus as the primary reason for the poor performances of SME businesses. Government policies are defined by the government's initiatives and support, both monetary and non-monetary in their efforts to

induce, develop and facilitate the growth of the Malaysian SMEs. These non-operation initiatives are done through various government agencies and private agencies. Among the efforts or initiatives that are undertaken are such as ensuring a healthy, conducive and stable political and economic climate, making funds available, and promulgating guidelines and regulations to ensure intellectual property rights protections and corporate governance [12], and availability of risk capital, financial resources [13, 14].

Table 1 shows the non-operational factors that have been associated with being critical for SME's performance and success. Governmental factors, entrepreneur self-factors and marketing factors are commonly associated as being critical or contributing factors that affect the performances of SME businesses. The lack of such related factors has led to poor overall performance and competitiveness, subsequently, the inability to compete in the industry.

According to [12] the role of the government and its agencies such as ensuring a healthy, conducive and stable political and economic climate, making funds available,

Authors	Issues	Factors
Abdullah et al., 2009	Factors are vital to the success of SMEs entrepreneurs	Advancement drive, achievement-oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism.
Omar and Azmi, 2015	Factors that influence the success of <i>SMEs</i> entrepreneurs	Poor management, Marketing issues, financial problems, limited participation in international business, lack of skilled workers, market shelves issues, raw material shortage,
Kassim, 2017	Information needs of Malaysian <i>SMEs</i> entrepreneurs	Cash flow planning, business plan development, profit planning, communications with customers, business opportunities, entrepreneurship courses, business creativity and innovativeness
Ariff and Abubakar, 2003	Strengthening Entrepreneurship in Malaysia	Role of government and its agencies - ensuring a healthy, conducive and stable political and economic climate, making funds available, promulgating guidelines and regulations to ensure intellectual property right protections, and encouraging corporate governance

Table 1. Factors Affecting SME Success

promulgating guidelines, intellectual property rights protections and corporate governance are important factors to support SMEs to survive in the marketplace. The inability of the SMEs to accommodate the dynamic environments is also commonly associated with their complacency and over-reliance on government contracts, funding, bureaucratic delays and red tape where the "sense of urgency" is lacking. This is on par with [13] and [14] that assert government support for entrepreneurship and relating to the "angel investors" and the availability of risk capital, financial resources, government support for entrepreneurship all are correlated with entrepreneurial success in Malaysia.

Reference [15] on the different perspective attribute management-related factors such as advancement drive, achievement-oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism; as being critical on the part of the entrepreneur to ensure organizational performance. [16] posited that poor management, marketing issues, financial problems, limited participation in international business, lack of skilled workers, market shelves issues, and raw material shortage are the factor that affected SME's operations. On a similar platform, [17] associated cash flow planning, business plan development, profit planning, communications with customers, business opportunities, entrepreneurship courses, business creativity and innovativeness are factors that need to be emphasized to ensure organizational performance.

On a different venue, there has been a variation in the impact of operations practice on the sustainability performance of SMEs. Studies were carried out suggesting frameworks specifically in SMEs [18, 19]. Literature discussions on operational excellence are growing but relatively less in the Malaysian SMEs context [20-22] and have remained relatively unclear [19, 23]. Studies such as [24] relate the importance of quality management, where entrepreneurs rely on a hands-on approach rather than adopting proven quality control systems, in addition to poor design trends that are attributed to a shortage of qualified experts. Reference [25] relates that lack of R&D capacities has resulted in technical inefficiencies, poor machinery layout and also poor product development distorting innovation success. On a similar note, [26], posited the skilled worker is found to be the most important factor for service quality, and suggested the need to monitor the trend to ensure that the products and services are preferable among the customers. Reference [27, 28] in their inventory management study to identify the problem faced by SMEs, posited the problems as being underproduction, overproduction, stock out the situation, delays in the delivery of raw materials and discrepancy of records. A study by [29] on determining the level of knowledge in managing information among entrepreneurs concluded that entrepreneurs recognized the importance of storing, organising and disseminating information in business planning. Operations management studies on SMEs [24, 30] are seen as relatively low and narrow in scope. These factors and issues are relatively general that cover both the micro and macro factors of the business environment.

According to [31] Model of Service Quality Gaps, can be construed as the outcome of the organization's inability to affect the "right" delivery against the customers' needs. The "gap" is on par with the resource-based view (RBV) model that sees effective resource management as key to superior operations performance. There are relatively fewer studies that have been carried out to assess the impact or the role of government policies and operations management in the development of SMEs. Such assessments are critically taking into account the resources that the government has invested, as well as the operational initiatives that the sector has invested and committed since decades ago. Many organizations have yet to find a better approach to achieving operational excellence [32].

### 3 Research Question

The escalating role of SMEs warrants the need to seek a better understanding of SME management approach to improve the probability of SME's survival rate, subsequently its sustainability and success rate. Despite the vast literature on factors that affect SMEs performance, government policies and operations management perspectives, however, the underperforming of the SMEs sectors indicates the need to further address the reality gap. It is an under this pretext that the research explores discipline relationships for a newer perspective between government policies and operations practices on the performance of SMEs in the context of the financial and non-financial threshold.

## 4 Research Objectives

To answer the research questions above, the subsequent research objectives have to be met. Among the research objectives are:

- 1. To identify the impact of government policies and operations practices on the performance of SMEs.
- 2. To study the relationships between government policies and operations management practices (quality practices, process management and product design management) against the financial performance of the SMEs.
- 3. To determine the relationships of government policies and operations management practices (quality practices, process management and product design management) against the non-financial performance of the SMEs.

## 5 Methodology

#### 5.1 Instrument Development

From the literature reviews, operations management constructs were identified: quality practices, process management and product design management. The government policies construct refers to those that are initiated and implemented by the related agencies with the primary objective to support and facilitate the development of the SMEs. This support covers both monetary and non-monetary initiatives. The constructs formed the platform towards the development and generation of items for inclusion in the questionnaire. The draft questionnaire would consist of an introduction letter, demographic profile, operations practices and government policies related questions, and organizations performance (financial and non-financial performance factors). The questionnaires are worded in English and Bahasa Melayu and statements with the same rating scale are used throughout. The questions were measured on a five-point Likert-type scale that varied from 1(=strongly disagree) to 5(=strongly agree). Once the procedures are completed, the subsequent protocol to follow in administering these questionnaires is to assess their measurement properties, through reliability tests.

### 5.2 Population and Sampling

A quantitative research design is applied to this study. The population consists of business owners in SMEs in the state of Sarawak. Before this, preliminary research on the nature of SMEs was undertaken to understand and ascertain the unique aspect of SMEs in context. SME directories provided by SME Corporation Malaysia and government agencies such as Majlis Amanah Rakyat (MARA) and Sarawak Economic Development Corporation (SEDC) provide a platform to determine the sample size. Stratified sampling is adopted, where taking into account the functional specialization, hierarchical level and knowledge in the organization, operations manager and executives are selected.

### 5.3 Questionnaire Distribution and Collection

Distribution and collection of questionnaires are done by e-mail, direct mailing and personal delivery. For the mailing and e-mailing strategy, the respondent would be called directly in regards to the questionnaire that will be sent to them. The theme of the communication is to briefly explain the purpose of the questionnaire, the nature of the information required and the promise of confidentiality. Once this is done, the questionnaires are sent to the respondent. This is a courteous follow-up on the questionnaire that has been sent out.

### 5.4 Analysis

The data would also be quantitatively analyzed using Statistical Package for Social Sciences (SPSS). The basic analysis includes reliability, validity, correlations and regression measures. Other means of analysis would be carried out during the research process, which is deemed necessary to answer the research objectives.

## 6 Significance of the Study

The contributions of this study can be seen from the perspectives of the entrepreneur as well as the agencies in the development of SMEs. Operations management since the past has been the heart of any organization, as the ways it is managed directly affect its efficiency, operations capabilities, and subsequently organization performance. Therefore, the findings of the study are an opportunity to create awareness and knowledge on the current level of implementation of operational practices among SMEs entrepreneur. Such awareness is important as it would allow the entrepreneur to self-assess the organization's operations performance, and strategize decisions on operational activities and investment decisions towards achieving operations capabilities. The findings would empirically support effective decision-making by government agencies in their role to support the development of the entrepreneur. Being costly and time-consuming before any effect can be seen, the findings would facilitate government agencies as an input towards decision-making and designing strategic initiatives that would effectively assist SMEs by directing specific efforts and resources in ensuring the "right" path to sustain and succeed in this competitive global economy. As a whole, the findings would increase the success probability of the National Entrepreneurship Policy 2030 initiatives to achieve a status of an Entrepreneurial Nation by 2030.

#### 7 Literature Review

Small and medium enterprises (SMEs) represent an important sector in the development of the national economy by creating employment and income opportunities for rural and urban communities. In addition, it is a source of innovation and a tool to facilitate social growth and cohesion. With about one million establishments in the country, SMEs contribute 37.1% of the Malaysian GDP, 66% of employment and 17.3% of exports MITI Report (2017). The positive linkage between entrepreneurship and economic growth since then has been well established. The National Entrepreneurship Policy 2030 outlines the objectives, targets, strategies and initiatives implemented to develop an entrepreneurial ecosystem [2, 3, 12], yet Malaysian SMEs are still behind in terms of their contribution to the nation's Gross Domestic Product (GDP) and exports as compared to SMEs of some other nations [5].

#### 7.1 Overview of Small Medium Enterprises (SMEs)

In Malaysia, Small and Medium Enterprises (SMEs) are among the most important sectors that contribute to the economic growth of the country. SMEs are exposed to the dynamic business environment that directly affects their performance and seeks new, innovative and flexible approach in the face of globalization and international competition [4]. This has resulted in a rapid decline in product life cycles (PLC) which in turn has warranted organizations to adopt sustainable practices to achieve competitive advantage [33] for survival reasons. The inability to adapt to the dynamic environment will lead to the organization being unable to compete, losing market share, obsolete services, operating at a higher cost and losing customers.

Emphasis on the development of SMEs, however, only became evident during the early 1970s with the introduction of the New Economic Policy (NEP), 1971-90, with the objectives of reducing poverty and economic imbalances [34]. Real efforts towards encouraging and recognizing the importance of SMEs in the country's economy occurred during the 1980s due to their complementary in the national industrialization process. The government, therefore, put greater effort into strengthening the performance of SMEs by initiating many programs and incentives during the multiple Malaysian Plans, Industrial Master Plan (IMP), Technical Resource Groups (TRG), Small and Medium Industries Development Corporation (SMIDEC), focussing on a holistic value chain and cluster-based industrial development. Among the agenda that was addressed includes market accessibility (local and international), technology, grant, financial assistance, tax incentives, credits, training and human resource development, research and development (R&D), management, and strengthening the marketing. To further accelerate the growth of SMEs in 2017, the government has initiated programs through multiple ministries, agencies and the private sector that include Majlis Amanah Rakyat (MARA), SME Bank, Perbadanan Nasional Berhad (PNS), Tabung Ekonomi Usaha Niaga (TEKUN), Bank Rakyat, Bank Pembangunan and UDA Holdings Bhd. Efforts are in place to ensure that these developments would also benefit the SMEs such as micro initiatives that are niche programs such as Tunas Usahawan Belia Bumiputera, Bumiputera Enterprise Enhancement Programme (BEEP), TERAS Financing Scheme, Enterprise Premise Financing (i-EPF), Skim Anjakan Usahawan (i-SMART) and Best Exporters Programme.

#### 7.2 Operations Management

Operations-based studies since then have validated that effective operational practices will lead to superior operations capabilities; higher product and service quality, low operational costs, higher productivity, effective supplier management, customer satisfaction and human operational performance [35]. Operations management can be defined as the management of value-creating activities that involved the transformation of resources at the input stage through to the final output stage [36]. The primary objective of the operations system is to ensure that transformation processes are performed efficiently, creating a greater value than the sum of input [36] (Fig. 1).

Among the strategic operational issues includes the likes of product design (PD), process management and quality management [36]. Product and service design is one the critical aspect of operations management. PD affects the characteristics and features of the product such as product functions, cost, quality, performance, colour and materials. Customers continually expect reliable, durable products and services on time [37]. New PD and innovations are of significant importance due to the rapid decline in product life cycles and increasing rate of competition to remain relevant and to strengthen competitive advantages [38]. The emergence of new technologies though may require specialized knowledge, expertise and significant capital investment is a catalyst factor in new product or service design and development. This has led to high-quality new products being introduced to the market specifically accessing to first mover's advantage. Yet, it has always been a challenge to increase product offerings and at the same time meet customer expectations in a timely and competitive manner [37]. PD translates the needs of customers into technical specifications and designs the various features into the product based on these specifications. Suppliers have always been a source of product or service innovations [39] in the design and innovation stage.

Process management (PM) construct relates to the decision-making, design and method of an overall process route for converting the raw material into finished goods, at the desired quality level and with optimum system efficiency [40]. Under this pretext, PM is defined as decisions and activities undertaken which encompass the type of process adopted technology, process flow and layout of the facilities [41]. The primary objectives of PM are to achieve operational efficiency to affect competitive advantage through lower cost of production, higher performance design, consistent quality, shorter

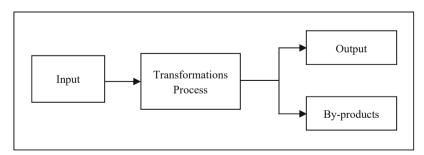


Fig. 1. Operations Management System [36]

delivery time, on-time delivery, customization and flexibility. Developments in technologies have shortened the product life cycle (PLC), yet at the same time are means to achieve efficiencies through the elimination of waste, system reliability, flexibility and responsiveness. The emerging importance of global customers which are varied and unpredictable has posed a need for the system to cope and adapt; to flexibility. Reference [42] from a different perspective, posited that the flexibility of an operations system is a measure of the organization's capacity to adapt to changing environmental conditions and process requirements. Such flexibility would provide access to operations managers the ability to produce in different ways with alternative process plans which are deemed efficient and economical. Technology in operations management does not stand alone but rather is incorporated as "complementary" tools that enhance process management efficiency. Technology is the collection of techniques, skills, methods and processes used in the production of goods or services, which are embedded in equipment, computers and devices, which can be operated by individuals without detailed knowledge of the workings of such things. This necessitates the integration of technology in process management. Technology usage results in organizational impacts only when the suitability of the application is matched with technology [43]. The elements of technology have acted as a mechanism for flexibility in service delivery and allowing customers and employees to perform sophisticated processes, and preventing service failures [44].

Quality management (QM) is a discipline towards ensuring that outputs, benefits, and the processes by which they are delivered, meet stakeholder requirements and are fit for purpose. The fundamental of quality management covers the aspect of the quality policy, planning, assurance, control and improvement. Effective quality management is the foundation upon which other improvement approaches are based on. Towards understanding the customer better, the organization has to understand the product or service attributes that would lead to customer satisfaction by meeting product specifications, reducing defects and resolving complaints effectively [45]. Such has given access to organizations to a variety of results; improved products and services quality, reduced costs, satisfied customers, satisfied employees and improved financial performance [45], integrative communication, coordination and cooperation between and within different functions, improved morale, improved management, and committed customers. This has resulted in a higher competitive advantage [46] and improved organizational performance. The pursuit of Total Quality Management (TOM) has further integrated and systematic management of QM activities in an organization; input, processes and final product, and services. To operationalize TQM, it must be integrated within and beyond the organization [47], based on three basic principles namely customer and stakeholder focus, participation and teamwork and finally continuous improvement and learning. TQM implementation must be supported by an integrated organizational structure, practices and necessary tools and techniques [48].

#### 7.3 Organizational Performance (OP)

Organizational performance (OP) refers to an organization's position in the marketplace and its ability in meeting its stakeholders' needs [49]. Conventionally, OP relates to financial performance where financial indicators are set as the threshold of achievement of OP. Studies [50, 51] have also stressed the importance of a holistic measurement of how the factors drive the success of SMEs, resulting in the need to take into account both financial performance and non-financial performance measures [52]. Financial performance has been seen by many as the ultimate aim of any company and it reflects how well a company uses its assets to generate revenues. On the other hand, non-financial performance measures refer to long-term operational and non-operational objectives that are not reported by conventional financial measures [53].

### 8 Conceptual Framework

The conceptual framework shown in Fig. 2 is grounded in empirical studies as well as conceptual contributions are drawn from literature within the scope of government assistance, operations management and organization performance theories. The framework assesses the strategic importance of government assistance and operations practices placed on operations performances.

According to [54] government support is critical in the development of SMEs in today's dynamic business environment, through competitive strategies and policy formulation. It was found that government policies and subsidies have encouraged the adoption of sustainable technology in Malaysia. Such support manifested in terms of making funds available, promulgating guidelines and regulations to ensure intellectual property right protections and corporate governance [12], and availability of risk capital, and financial resources [13, 14]. This non-operations construct is done through various government agencies, as well as private agencies. Among the efforts and initia-tives undertaken includes the role of the government and its agencies such as ensuring a healthy, conducive and stable political and economic climate. Studies such as by [55] highlighted this support; policies and subsidies through multiple government agencies have assisted in addressing the gap in the SME's performance. Reference [54] further reiterated that this support has positioned the companies in a conducive position in their competitive business environment, particularly with regard to enhancing competitive strategies and policy formulation.

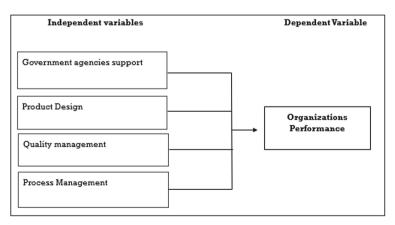


Fig. 2. Conceptual Framework

The following hypotheses are formulated:

H1: Government support is positively related to non-financial performance.

H2: Government support is positively related to financial performance.

Operations management is the heart of any organization, where only its effectiveness and efficiency would allow access and long-term sustainability of its competitive advantage [22, 56]. It calibrates the platform of operations capabilities and subsequently organization performance. PD is one critical area in operations management, that refers to the characteristics and features of a product, which includes the likes of its attributes, functions, cost, quality, materials and performances. Its important role is to attract and satisfy customers from the marketing perspective, though it may also be a critical influencer on the product life cycle's performance and competitive advantages [37]. Thus, to remain competitive and relevant, bringing high-quality new products to market before competitors is crucial as it will result in first mover's advantage, market leadership, higher market share and relatively higher product profitability. PD has been the critical pathway to strengthening the competitive advantages of service organizations [38].

The following hypotheses are formulated:

H3: PD is positively related to non-financial performance. H4: PD is positively related to financial performance.

Quality management relates to the systematic approach in ensuring the product or service meets stakeholder expectations and is fit for purpose. This includes procedures, tools, techniques, as well as employee knowledge, skills and attitude that are used to ensure that the objectives are met. The Total Quality Management (TQM) approach has been seen as a means to manage quality effectively in today's dynamic business environment. The primary principles of TQM include total integration, the commitment of top management, customer focus, continuous improvement and learning. The adoption of TQM requires the employment of statistical tools in managing and controlling operations processes. Statistical tools and techniques since the past have been an integral component of process management [48]. Effective TQM practices have improved products and services, reduced costs, satisfied customers, and satisfied employees, financial performance, and better communication, coordination and cooperation between and within different functions. From the external perspective, TQM has improved company image, improved certainty in operations, improved employee morale, improved management, and committed customers [45]. These are translated as an increased competitive advantage and improved organizational performance.

The following hypotheses are formulated:

H5: QM is positively related to non-financial performance. H6: QM is positively related to financial performance.

Process management (PM) refers to the approach adopted by organizations in managing their operations systems in transforming inputs into outputs. The objective is to achieve an efficient and effective workflow and be sufficiently flexible to accommodate the ever-changing environment [40]. PM encompassed process elements such as workflow, automation, tools, process measurement, employee knowledge, skills, tools and techniques to accommodate customer requirements effectively. Today's trend of mass customization, variability across different levels of operating systems, increased competition, shorter product life cycles (PLC) and technological development are critical antecedents towards proactive process management. Therefore, to achieve competitiveness in such a complex and turbulent situation, process management strategies such as lean and agile manufacturing have been employed to achieve efficiencies through the elimination of waste, supporting flexibility and responsiveness abilities [57]. According to [55] promoting sustainable technology in a way that can access a greater sense of care for the environment and positively perceive the adoption of such technology, besides processes enhancement-.

The following hypotheses are formulated:

H7: PM is positively related to non-financial performance. H8: PM is positively related to financial performance.

The effectiveness of the configuration and the interplay of these practices and resources would dictate the nature of the organization's operations performance along dimensions of financial and non-financial elements. SME's coordination of its operational practices with support from key partners provides the basis for creating the inimitable resource, a platform for sustainability to meet changing market requirements.

### 9 Conclusion

The contributions of this study can be seen from the perspectives of the entrepreneur as well as the agencies in the development of SMEs. Operations management since the past has been the heart of any organization, as the ways it is managed directly affect its efficiency, operations capabilities, and subsequently organization performance. Therefore, the finding of the study is an opportunity to create awareness and knowledge on the current level of implementation of operational practices among SMEs entrepreneur. Such awareness is important as it would allow the entrepreneur to self-assess the organization's operations performance, and strategize decisions on operational activities and investment decisions towards achieving operations capabilities. The findings would empirically support effective decision-making by government agencies in their role to support the development of the entrepreneur. Being costly and time-consuming before any effect can be seen, the findings would facilitate government agencies as an input towards decision-making and designing strategic initiatives that would effectively assist SMEs by directing specific efforts and resources in ensuring the "right" path to sustain and succeed in this competitive global economy. As a whole, the findings would increase the success probability of the National Entrepreneurship Policy 2030 initiatives to achieve a status of an Entrepreneurial Nation by 2030.

### References

- 1. MITI Report. Bank Negara Malaysia. (2017).
- 2. Ayyagari, M., Juarros, P., Martinez Peria, M. S., Singh, S.: Access to finance and job growth: firm-level evidence across developing countries. The World Bank. (2016).

- Mahmud, N., Hilmi, M. F.: TQM and Malaysian SMEs performance: The mediating roles of organization learning. Procedia-Social and Behavioral Sciences, 130, 216–225. (2014).
- Muzividzi, D. K., Mbizi, R., Mukwazhe, T.: An analysis of factors that influence Internet banking adoption among intellectuals: Case of Chinhoyi University of Technology. Interdisciplinary journal of contemporary research in business, 4(11), 350–369. (2013).
- Halim, H. A., Ahmad, N. H., Ramayah, T.: Innovative Human Capital as a Core Strategy towards an Innovation-Led Economy: Malaysian Perspective. In Intellectual Capital Strategy Management for Knowledge-Based Organizations (pp. 239–247). IGI Global. (2013).
- Hanifah, H., Halim, H. A., Ahmad, N. H., Vafaei-Zadeh, A.: Understanding the Innovation Culture towards Innovation Performance among Bumiputera SMEs. (2017).
- Tehseen, S., Sajilan, S., Ramayah, T., Gadar, K.: An Intra-Cultural Study of Entrepreneurial Competencies and SMEs Business Success in Whole Sale and Retail Industries of Malaysia:-A Conceptual Model. Review of Integrative Business and Economics Research, 4(3), 33. (2015).
- Rahman, N. A., Yaacob, Z., Radzi, R. M.: An overview of technological innovation on SME survival: a conceptual paper. Procedia-Social and Behavioral Sciences, 224, 508–515. (2016).
- 9. Saleh, A. S., Ndubisi, N. O.: SME development in Malaysia: Domestic and global challenges. (2006).
- Kee-Luen, W., Thiam-Yong, K., Seng-Fook, O.: Strategic planning and business performance: A study of SMEs in Malaysia. In Proceedings of 3rd Asia-Pacific business research conference (pp. 25–26). (2013).
- Ahmad, N. H., Seet, P. S.: Understanding business success through the lens of SME founderowners in Australia and Malaysia. International Journal of Entrepreneurial Venturing, 1(1), 72–87. (2009).
- 12. Ariff, M., Abubakar, S. Y.: Strengthening entrepreneurship in Malaysia. Malaysian Institute of Economic Research, Kuala Lumpur, 1–22. (2003).
- Hambali, M. N. H.: Faktor Bantuan Kerajaan Yang Meningkatkan Kejayaan usahawan Industri Kecil Dan Sederhana Bumiputera Di sabak Bernam Selangor (Doctoral dissertation, Universiti Teknologi Malaysia). (2011).
- Wardatulaina, S. N., Yusof, M.: Success factors in Entrepreneurship: The Case Study of Malaysia. Pilot Research Work (Phd Thesis). Department D'Economia De L'Empresa. Universitat Autonoma de Barcelona. (2011).
- 15. Abdullah, F., Hamali, J., Rahman Deen, A., Saban, G., Zainoren Abg Abdurahman, A.: Developing a framework of success of Bumiputera entrepreneurs. Journal of Enterprising Communities: People and Places in the Global Economy, 3(1), 8–24. (2009).
- Omar, C. M. Z. C., Azmi, N. M. N.: Factors affecting the success of Bumiputera entrepreneurs in small and medium enterprises (SMEs) in Malaysia. International Journal of Management Science and Business Administration, 1(9), 40–45. (2015).
- Kassim, N. A.: Information needs of Malaysian Bumiputera would-be entrepreneurs. Malaysian Journal of Library & Information Science, 15(2), 57–69. (2017).
- Ahmad, A., Hami, N., Mohd Shafie, S., Mat Yamin, F.: A proposed framework of sustainable manufacturing practice and sustainability performance among Malaysian SMEs in the manufacturing sector. (2018).
- Wahab, M. H. A. A. A., Ismail, M., Muhayiddin, M. N.: Factors Influencing the Operational Excellence of Small and Medium Enterprise in Malaysia. International Journal of Academic Research in Business and Social Sciences, 6(12), 2222–6990. (2016).
- Bhullar, G. J. S.: Cross country analysis of differentials in growth rate of income. Zenith International Journal of Business Economics & Management Research, 4(1), 1–10. (2014).
- Jaeger, A., Matyas, K. Sihn, W.: Development of an Assessment Framework for Operations Excellence (OsE), based on the Paradigm Change in Operational Excellence (OE). Procedia CIRP Conference on Manufacturing Systems Development, 17, pp.487–492. (2014).

- 22. Yew, O. F., Ahmad, H.: The Effect of Change Management on Operational Excellence moderated by Commitment to Change: Evidence from Malaysia. International Journal of Innovation and Applied Studies, 9(2), 615–631. (2014).
- Sharma, M. Kodali, R.: Validity and reliability of proposed framework of manufacturing excellence in the Indian industry. Production Planning & Control, 23(5), pp.333–353. https:// doi.org/10.1080/09537287.2010.544687#.VLTbbiuUfKE. (2012).
- Osman, N. S., Rahman, K. A. A. A., Abd, A. R., Rahman, M. F. Z. J. A.: Competitive Influence Factors among Bumiputera Furniture Manufacturer. International Journal of Academic Research in Business and Social Sciences, 8(7). (2018).
- Kohar, U. H. A., Senin, A. A., Ismail, K.: The cultivation of organizational innovation amongst Malaysian Bumiputera (Indigenous) ICT-based small firms. Procedia-Social and Behavioral Sciences, 40, 358–363. (2012).
- 26. Sedik, A. A. M., Mustafa, M. I. I., Ramli, Z. H., Noh, M., Majid, A.: ID148-Why Bumiputera Entrepreneur Cannot Provide a Good Service?. (2016).
- Chan, S. W., Tasmin, R., Aziati, A. N., Rasi, R. Z., Ismail, F. B., Yaw, L. P.: Factors influencing the effectiveness of inventory management in manufacturing SMEs. In IOP Conference Series: Materials Science and Engineering (Vol. 226, No. 1, p. 012024). (2017).
- Ahmad, K., Zabri, S. M.: Inventory management practices among Malaysian micro retailing enterprises. Journal of Business and Retail Management Research, 11(1). (2016).
- Kassim, N. A., Buyong, S. Z.: Determining the level of knowledge in managing information among potential Bumiputera entrepreneurs in Malaysia. In 2011 IEEE Symposium on Business, Engineering and Industrial Applications (ISBEIA) (pp. 373–378). IEEE. (2011).
- Shehadeh, R. M., Maqableh, M., Al-zoubi, M. O., Akhorshaideh, A. O., Al-sham, M. K.: Review the Operational Excellence Factors of Service Firms: A Literature Review. European Journal of Business and Management, 8(3), 1–11. (2016).
- Parasuraman, A., Zeithaml, V. A., Berry, L. L.: A conceptual model of service quality and its implications for future research. Journal of marketing, 49(4), 41–50. (1985).
- Calvo-Mora, A., Ruiz-Moreno, C., Picón-Berjoyo, A., Cauzo-Bottala, L.: Mediation effect of TQM technical factors in excellence management systems. Journal of business research, 67(5), 769–774. (2014).
- David, F. R., David, F. R., Kovács, T. Z., Nábrádi, A.: Emerging trends in strategic planning. (2022).
- Jamaluddin, Z., Hanafiah, N. M. A.: Poverty and productive welfare in Malaysia. International Journal of Academic Research in Business and Social Sciences, 10(8), 917–923. (2020).
- Glock, C. H., Grosse, E. H., Jaber, M. Y., Smunt, T. L.: Applications of learning curves in production and operations management: A systematic literature review. Computers & Industrial Engineering, 131, 422–441. (2019).
- 36. Heizer, J.: Operations management, 11/e. Pearson Education India. (2016).
- Bianchi, G., Testa, F., Boiral, O., Iraldo, F.: Organizational learning for environmental sustainability: Internalizing lifecycle management. Organization & Environment, 35(1), 103–129. (2022).
- Khanra, S., Kaur, P., Joseph, R. P., Malik, A., Dhir, A.: A resource-based view of green innovation as a strategic firm resource: Present status and future directions. Business Strategy and the Environment, 31(4), 1395–1413. (2022).
- Wamba, S. F., Queiroz, M. M.: Blockchain in the operations and supply chain management: Benefits, challenges and future research opportunities. International Journal of Information Management, 52, 102064. (2020).
- Grisold, T., Gro
  ß, S., Stelzl, K., vom Brocke, J., Mendling, J., Röglinger, M., Rosemann, M.: The five diamond method for explorative business process management. Business & Information Systems Engineering, 64(2), 149–166. (2022).

- 41. Stravinskiene, I., Serafinas, D.: The link between business process management and quality management. Journal of Risk and Financial Management, 13(10), 225. (2020).
- 42. Zelenovic, D. M.: Flexibility—a condition for effective production systems. The International Journal of Production Research, 20(3), 319–337. (1982).
- 43. Devaraj, S., Kohli, R.: Performance impacts of information technology: Is actual usage the missing link?. Management science, 49(3), 273–289. (2003).
- 44. Reis, J., Amorim, M., Melão, N.: Service failure and recovery in technology-based business networks. International Journal of Quality and Service Sciences, 11(1), 2–15. (2019).
- Cristobal, S. M., Delos Santos, E., Intacto, J., Planilla Jr, D., Santos, R. M., Vigonte, F., Malang, B.: Benefits of Total Quality Management in Garments Industry: A Research Review. Available at SSRN 4031726. (2022).
- Pambreni, Y., Khatibi, A., Azam, S., Tham, J. J. M. S. L.: The influence of total quality management toward organization performance. Management Science Letters, 9(9), 1397– 1406. (2019).
- Karim, R. A., Mahmud, N., Marmaya, N. H., Hasan, H. F. A.: The use of total quality management practices for halalan toyyiban of halal food products: exploratory factor analysis. Asia-Pacific Management Accounting Journal, 15(1), 1–20. (2020).
- Trakulsunti, Y., Antony, J., Edgeman, R., Cudney, B., Dempsey, M., Brennan, A.: Reducing pharmacy medication errors using Lean Six Sigma: A Thai hospital case study. Total Quality Management & Business Excellence, 33(5–6), 664. (2022).
- 49. Elena-Iuliana, I., Maria, C.: Organizational performance-a concept that self-seeks to find itself. Annals of 'Constantin Brancusi'University of Targu-Jiu. Economy Series, (4). (2016).
- 50. Aslam, M., Kumar, S., Sorooshian, S.: Social versus financial performance of microfinance: Bangladesh perspective. Research in World Economy, 10(3), 263–272. (2019).
- Rouse, P., Putterill, M.: An integral framework for performance measurement. Management decision, 41(8), 791–805. (2003).
- 52. Tuan, T. T.: The impact of balanced scorecard on performance: The case of Vietnamese commercial banks. The Journal of Asian Finance, Economics and Business, 7(1), 71–79. (2020).
- Hang, Y., Sarfraz, M., Khalid, R., Ozturk, I., Tariq, J.: Does corporate social responsibility and green product innovation boost organizational performance? a moderated mediation model of competitive advantage and green trust. Economic Research-Ekonomska Istraživanja, 35(1), 5379–5399. (2022).
- Shamsuddin, J. B., Minai, M. S. B., Zain, A. Y. B. M., Al Idrus, S.: Relationship of perception and awareness towards utilization of government business support services (GBSS) in Malaysian SMEs perspective. Journal of Entrepreneurship Education, 23(1). (2020).
- 55. Bakar, M. F. A., Talukder, M., Quazi, A., Khan, I.: Adoption of sustainable technology in the Malaysian SMEs sector: does the role of government matter?. Information, 11(4), 215. (2020).
- 56. Shehadeh, R. M., Maqableh, M., Al-zoubi, M. O., Akhorshaideh, A. O., Al-sham, M. K.: Review the Operational Excellence Factors of Service Firms: A Literature Review. European Journal of Business and Management, 8(3), 1–11. (2016).
- Sá, J. C., Vaz, S., Carvalho, O., Lima, V., Morgado, L., Fonseca, L., Santos, G.: A model of integration ISO 9001 with Lean six sigma and main benefits achieved. Total Quality Management & Business Excellence, 33(1–2), 218–242. (2022).

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (http://creativecommons.org/licenses/by-nc/4.0/), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

