

THE IMPACTS OF IMPROVED STRATEGIC PLANNING, NETWORKING, AND INNOVATION USAGE AFTER BUSINESS COACHING ON MALAYSIAN SMES' PERFORMANCE

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ABSTRACT:

The attainment of high performance is crucial for the long-term sustainability and endurance of SMEs. The insufficiency of the impact of business coaching among Malaysia's small and medium enterprises underscores the need for more investigation. This study investigated the effect of Improved Strategic Planning, Networking, and Innovation Usage among small and medium-sized enterprises in Malaysia. The study employed quantitative research methodology. Data was collected using the survey approach and was analyzed using structural equation modeling. The study's findings indicate that Improved Strategic Planning, Networking, and Innovation Usage After Business Coaching positively and significantly impact the performance of SMEs in Malaysia. Using the Resource-Based View theory, this study highlighted the significance of business coaching in enhancing business performance and gaining a competitive edge by leveraging innovation and fostering strategic relationships, leading to sustainable growth and resilience in the market.

KEYWORDS: A manuscript should have a minimum of 5 keywords. Keywords should be in **Times New Roman with Size 11**, with single line spacing.

1) INTRODUCTION

Small and medium-sized enterprises (SMEs) are essential for the promotion of economic expansion, particularly in developing nations like Malaysia, where innovation is prioritized [1]. SMEs' presence in multiple industries, including manufacturing, services, agriculture, and technology, ensures a diversified economic structure that enhances national resilience against global economic uncertainties. They provide jobs to nearly half of the Malaysian workforce, playing a critical role in reducing unemployment and fostering inclusive economic growth. The government recognized the obstacles it faced in economic development and determined that it was imperative to implement the National Transformation Policy in order to achieve the status of a developed [2].

SMEs also contribute significantly to Malaysia's international trade and export sector. Many SMEs engage in global markets, particularly in industries such as halal products, food and beverages, electronics, and manufacturing [3]. The Malaysian economy, however has been negatively impacted by the failure of numerous small and medium-sized enterprises to achieve the intended level of performance in recent years. Inadequate corporate performance and a dynamic business environment are the primary causes of SME failures [4]. The introduction of disruptive innovation has prompted a change in the prevailing mindset of Malaysian SMEs, which had previously struggled to maintain satisfactory performance levels while implementing effective business strategies and delivering superior products and services [4]. Many Malaysian SMEs have also failed to achieve significant accomplishments, as they have not had the anticipated impact on economic development. A significant number of chief executive officers (CEOs) of SMEs in Malaysia demonstrate inadequate administrative management competencies, indicating a lack of recognition among a substantial portion of SMEs regarding the significance of nurturing motivation among all employees [5]. The Resource-Based View (RBV) theory is a theoretical framework that is a part of strategic management and organizational theory [6]. The theory is centered on the investigation of how the unique resources and capabilities of a company can be leveraged to achieve a sustainable competitive advantage. These resources are frequently referred to as strategic resources and have the capacity to provide a competitive advantage [6]. Diverse resources and competencies may be maintained by organizations that operate within the same sector. Business coaching can help the organization effectively use those resources and make discrepancies that can lead to a competitive advantage and varying levels of performance [6]. This study investigated the effect of Improved Strategic Planning, Networking, and Innovation Usage among small and medium-sized enterprises in Malaysia. The study's contributions include the enhancement of the current body of knowledge on the RBV theory, a valuable framework for understanding the concept of business coaching integration and its impact on organizational performance. The present investigation is a groundbreaking endeavor that employs the RBV and GROW paradigms to offer a comprehensive definition of business coaching. The research was specifically directed toward the analysis of internal company integration within Malaysian SMEs.

2) METHODS AND METHODOLOGY:

The current study employed a quantitative and survey methodology to collect primary data from 245 Malaysian SMEs. These SMEs had received business coaching services from RichWorks International. The survey strategy was utilised to gain the necessary information for the study. Due to the closed-ended nature of the questions, participants were able to respond to the survey in a short amount of time. This ease of response likely increased their willingness to engage in the survey. Hence, this situation made it feasible for employees of all clients affiliated with RichWorks International to be selected for data collection. The sampling strategy involved the selection of a subgroup comprising SMEs from Malaysia. The determination of the sample size was established following the parameters by Krejcie and Morgan [7]. A total of 430 managers and executives who engaged in business coaching sessions with Richworks International were randomly chosen.

3) RESULTS:

Upon reviewing the collected replies, 361 complete datasets were obtained for analysis, which indicates a response rate of 84%. Figure 2 illustrates the response rate based on gender.

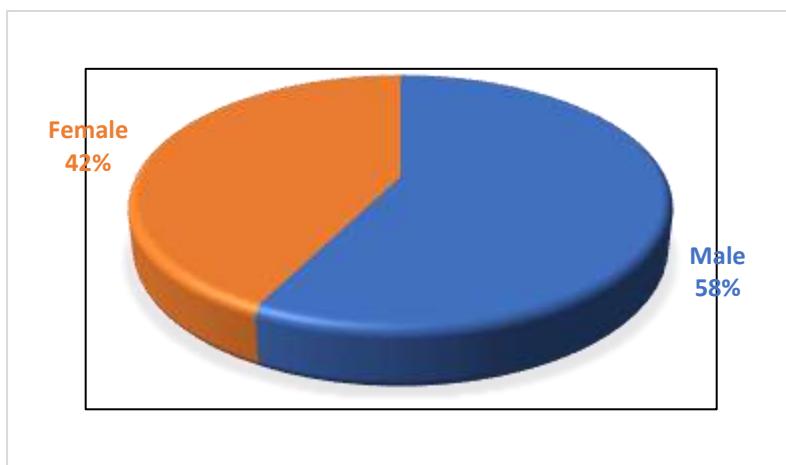


Figure 1 Respondents' gender

The data depicted in Figure 3 indicates that male respondents constituted the largest proportion of participants, which accounts for 58% of the total respondents. Contrarily, the proportion of female respondents was 43%. The findings revealed a higher prevalence of business coaching among male individuals in Malaysian SMEs than their female counterparts. The participants' age is displayed in Figure 2.

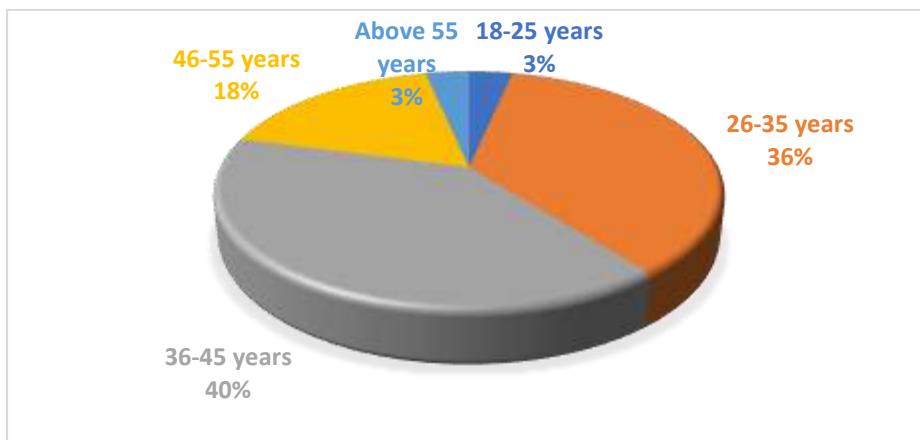


Figure 2 Respondents' Age

The findings in Figure 2 demonstrate that most participants (40%) were within the age range of 36 to 45 years, followed by those aged between 26 and 35 years (36%). Furthermore, a significant proportion of the participants (18%) were between the ages of 46 and 55. The remaining participants comprised individuals aged 18 to 25 years old (3%) and over 55 years old (3%). The data in Figure 3 depicts that 41% of respondents hold Bachelor's degrees, while 24% possessed a skills certificate or other qualifications. Moreover, 2% of the participants have a Doctor of Philosophy (PhD) degree, while an additional 23% of respondents possessed a diploma. An additional 10% of the participants hold a master's degree.

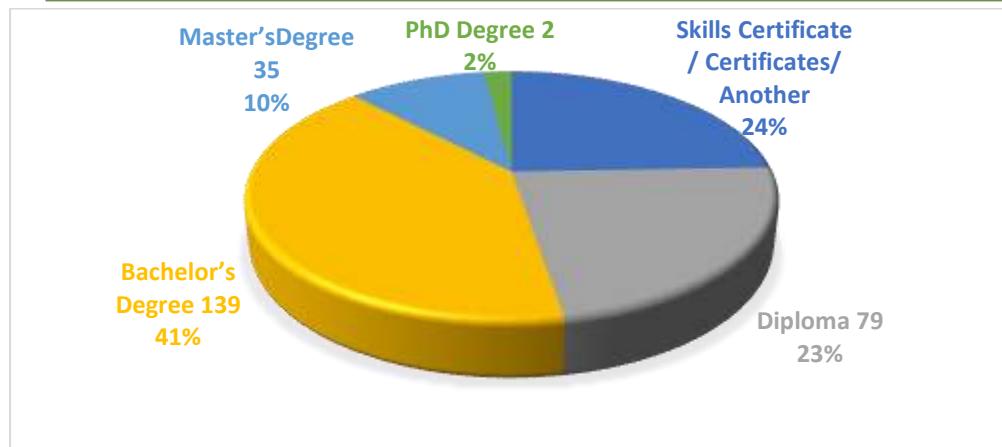


Figure 2 Respondents' highest level of education

Test of Normality, Outliers and Multicollinearity

The kurtosis and skewness statistics were employed to undertake the normality test of data distribution. First, the most commonly employed kurtosis and skewness test critical values were between -2 and +2 [8]. The kurtosis and skewness tests unveiled that all variables in this investigation were normally distributed. The Mahalanobis distance test identified no univariate outliers. The Variance Inflation Factor is a statistical metric employed to evaluate the presence of multicollinearity within regression analysis [9]. Nevertheless, all VIF values were below five and were acceptable [9].

Reliability and Validity Analysis

The current study employed confirmatory factor analysis and the assumptions of the Smart Partial Least Squares (SmartPLS) software to assess the reliability and validity of the measurement [9]. The CFA loadings for all the items were above 0.7. The summary of the reliability and validity tests is presented in Table 1.

Table 1 Test results for reliability and validity

		Cronbach's Alpha	Composite Reliability	AVE
Improved Strategic Planning	0.701	0.817	0.590	
Improved Networking	0.814	0.722	0.623	
Improved Innovation Usage	0.709	0.817	0.709	
SME Performance	0.755	0.794	0.596	

The results suggest that the constructs in the model exhibit acceptable reliability and validity, with all Cronbach's Alpha and Composite Reliability values exceeding 0.7 and AVE values above 0.5 [9]. The current study utilised the Heterotrait-Monotrait Ratio of Correlations (HTMT) correlations to assess discriminant validity [9]. According to Sarstedt et al. [9], the threshold for the HTMT should be below 0.9, as indicated in Table 4.

Table 2 Discriminant validity - Henseler criterion (HTMT)

	Improved Strategic Planning	Improved Networking	Improved Innovation Usage	SME Performance
Improved Strategic Planning	0.669			
Improved Networking	0.231	0.620		
Improved Innovation Usage	0.004	0.154	0.209	
SME Performance	0.112	0.233	0.222	0.631

Model Fit Assessment

The examination of the structural model depends on the satisfactory validation of the measurement model. Table 3 presents the R-Square value for SME Performance, which is 0.815, meaning that 81.5% of the variance in SME Performance is explained by the independent variables included in the model. This suggests a strong explanatory power, indicating that the predictors significantly contribute to explaining variations in SME Performance [9].

Table 3 R-Square Values

	R-Square	R-Square Adjusted
SME Performance	0.815	0.817

Table 4 presents the model fit indices for both the saturated model and the estimated model, which are used to evaluate how well the structural model fits the observed data. The key fit indices reported in the table include SRMR, d_ULS, d_G, Chi-Square, and NFI. The SRMR value is 0.072, which measures the difference between the observed and predicted correlations. A value below 0.08 is considered acceptable, indicating a reasonably good model fit. The Chi-Square value is 11.034. A lower Chi-Square value suggests a better model fit. However, Chi-Square is sensitive to sample size, and in large samples, it often leads to the rejection of well-fitting models. Since the value is relatively low, it suggests that the model does not deviate significantly from the observed data. The NFI value of 0.923 indicates a strong model fit [9].

Table 4 Model fit indices

	Saturated Model	Estimated Model
SRMR	0.072	0.072
d_ULS	0.595	0.595
d_G	0.918	0.918
Chi-Square	11.034	11.034
NFI	0.923	0.923

Hypotheses Testing

The results are demonstrated in Table 5.

Table 5 Path Coefficients

	Original Sample (Beta)	Standard Deviation	P-values
Improved Strategic Planning → SME Performance	0.548	0.054	0.005
Improved Networking → SME Performance	0.161	0.046	0.009
Improved Innovation Usage → SME Performance	0.151	0.044	0.000

The results indicate that all three independent variables have a statistically significant positive impact on SME Performance (P-Values < 0.05). However, the strength of influence varies, with Improved Strategic Planning having the strongest impact, followed by Networking and Innovation Usage.

4) DISCUSSION

The Impact of Improved Strategic Planning after Business Coaching on SME Performance

The results indicate that improved strategic planning significantly improves the performance of small and medium-sized enterprises by facilitating the establishment of precise objectives and the effective alignment of resources. Brinckmann, Grichnik, and Kapsa [10] have demonstrated that research indicates that small and medium-sized enterprises that have clearly defined strategic objectives are more likely to experience increased growth and profitability. Business coaching assists small and medium-sized enterprises in refining their vision, mission, and long-term objectives to ensure that their operational activities are consistent with their overarching business objectives. Reducing inefficiencies and improving overall productivity are the benefits of this alignment. Additionally, strategic planning promotes adaptability and resilience, which are indispensable for small and medium-sized enterprises that operate in volatile market environments. SMEs that participate in formal strategic planning are more adept at anticipating market trends, mitigating risks, and responding to competitive pressures [11]. SME executives are equipped with scenario analysis techniques, risk management strategies, and contingency planning methods through business coaching, which enhances their capacity to make informed decisions in uncertain environments.

Another critical aspect of SME performance that strategic planning contributes to is financial management. SMEs can enhance their profitability and optimize their financial resources through the implementation of effective financial planning, which encompasses budgeting, expense control, and revenue forecasting [10]. Additionally, strategic planning improves customer engagement and market positioning. SMEs that establish explicit market entry and expansion strategies are considerably more probable to achieve sustainable growth [12]. SMEs are

assisted by business mentoring in the development of effective marketing strategies, the identification of target markets, and the execution of competitive analyses that enhance customer acquisition and retention. SMEs can more effectively satisfy the needs of their customers by customizing their products and services based on an understanding of market dynamics and consumer behavior.

The Impact of Improved Networking after Business Coaching on SME Performance

The findings show that networking improvement following business coaching enables SMEs to optimize their operational efficacy. This can be done by establishing professional relationships with business chambers, industry associations, and entrepreneurial communities. This is especially crucial when it comes to obtaining funding, as it increases the probability of procuring investments, grants, or favorable lending terms from financial institutions. According to Ben-Ahmed [13], business improves entrepreneurs' capacity to participate in industry learning and knowledge-sharing through networking. This may result in shared resources, joint marketing initiatives, and co-innovation. Additionally, the visibility and credibility of a brand are facilitated by Networking, which are critical components of business success. SMEs that are actively engaged in professional forums, industry conferences, and business networking events establish a robust market presence. Increased sales and business expansion are the result of the credibility that is acquired through trusted networks, which in turn enhances consumer trust.

The Impact of Improved Innovation Usage after Business Coaching on SME Performance

The results of this study show a significant influence of improved innovation usage after business coaching on SME performance. Consistently, according to Valdez-Juárez et al. [14], technological and non-technological innovations are key factors that increase financial performance in SMEs. Following the findings of the present study, the research conducted by Alam et al. [15] examined the impact of innovation and creativity on the expansion of small and medium-sized enterprises in Malaysia. The authors suggested that adopting innovative tools and involving the creation of novel and improved approaches for the delivery of products or services enhances the performance of SMEs. According to Ibrahim et al. [16], there is evidence to suggest that innovation has a significant role in promoting company growth and fostering competition inside organizations. It optimizes a company's capability to augment organizational capacity while simultaneously sustaining performance growth. The promotion of innovation has a crucial role in fostering the growth and long-term viability of small and medium-sized firms. The impact of technological capability on the performance of SMEs in Malaysia [17]. The researchers noted that innovation has a significant impact on the overall success of organizations, the expansion of businesses, and their long-term sustainability. Furthermore, the authors claim that the implementation of employee training programs plays a crucial role in cultivating innovation inside an organization, hence serving as a key driver for corporate growth and expansion. Small and medium-sized enterprises ought to effectively oversee the process of innovation in order to attain elevated levels of business growth (Khazaei, 2020). Technological advancements might be based on novel knowledge or technologies, inventive applications, or amalgamations of pre-existing knowledge or innovations. Hence, the achievement of favorable outcomes in the performance of innovative small and medium-sized enterprises necessitates the integration of scientific and technological capabilities alongside commercial opportunities within the organizational framework.

CONCLUSION

The results of this study suggest that the performance of Malaysian SMEs is influenced by Improved Strategic Planning, Networking, and Innovation Usage, indicating that SMEs that implement systematic and well-organized coaching sessions are more likely to improve their operational innovation, networking market positioning, and overall performance. According to RBV, organizations secure an ongoing competitive edge by cultivating and capitalizing on distinctive, valuable, and imitable assets. SMEs are able to allocate resources effectively, anticipate market changes, and establish long-term competitive positioning through improved strategic planning, which is consistent with this perspective. Networking serves as a relational resource that facilitates the exchange of knowledge and the establishment of business partnerships, thereby enhancing the capabilities of the firm. Although strategic planning, networking and using innovative technologies are beneficial to the performance of SMEs, their effectiveness is enhanced by business coaching. These findings bolster the argument that SMEs should prioritize strategic resource management as a strategy for achieving long-term sustainability and a competitive edge in dynamic business environments from both an academic and managerial perspective.

5) Funding Statement: There is no fund received for this article.

6) Data Availability: Data sharing is not applicable to this article.

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