

FACTORS INFLUENCING THE GROWTH STRATEGIES OF ACCOUNTING FIRMS IN MALAYSIA: THE MEDIATING EFFECT OF COMPETITIVE ADVANTAGE

SIN LOON KANG¹, WONG CHEE HOO^{2*}, AMRAN ABDULLAH³,
KWAI SOON LAM⁴, WAE LENG TAN⁵, GEORGE KWANG SING
NGUI⁶, YEH, MING-LANG⁷, ALEX HOU HONG NG⁸, CHRISTIAN
WIRANDENDI WOLOR⁹

¹SWINBURNE UNIVERSITY OF TECHNOLOGY SARAWAK, MALAYSIA
ALEXKANG@CHENGCO.COM.MY

²INTI INTERNATIONAL UNIVERSITY, NILAI, MALAYSIA
CHEEHOO.WONG@NEWINTI.EDU.MY

³SWINBURNE UNIVERSITY OF TECHNOLOGY SARAWAK, MALAYSIA
AA@JHC-GROUP.COM

⁴SWINBURNE UNIVERSITY OF TECHNOLOGY SARAWAK, MALAYSIA
LAM@CHENGCO.COM.MY

⁵SWINBURNE UNIVERSITY OF TECHNOLOGY SARAWAK, MALAYSIA
WLTAN@CHENGCO.ASIA

⁶SWINBURNE UNIVERSITY OF TECHNOLOGY SARAWAK, MALAYSIA
KNGUI@SWINBURNE.EDU.MY

⁷CHUNG HUA UNIVERSITY, HSINCHU CITY, TAIWAN
MLYEH@CHU.EDU.TW

⁸INTI INTERNATIONAL UNIVERSITY, NILAI, MALAYSIA

⁸MALAYSIA UNIVERSITY OF SCIENCE AND TECHNOLOGY, SELANGOR, MALAYSIA

⁸POLYTECHNIC UNIVERSITY OF THE PHILIPPINES, MANILA PHILIPPINES
NGHHALEX@GMAIL.COM

⁹FACULTY OF ECONOMICS AND BUSINESS, UNIVERSITAS NEGERI JAKARTA, INDONESIA
CHRISTIANWIRADENDI@UNJ.AC.ID

Abstract

This paper investigates the factors influencing the growth strategies of accounting firms in Malaysia, with a particular emphasis on the mediating role of competitive advantage. The study is underpinned by the Resource-Based View (RBV) theory, which posits that a firm's competitive advantage arises from the resources it controls. A quantitative research design will be employed, using in-person surveys where the researcher interacts directly with respondents. This approach enables richer data collection through direct observation and follow-up questions. A sample size of over 300 respondents will be gathered through convenience sampling. The novelty of this research lies in examining competitive advantage as a mediator. Rather than merely identifying factors that influence growth strategies, the study explores the factors contribute to growth by enhancing competitive advantage. In particular, it will assess the relationships between digital literacy, market orientation, entrepreneurial orientation, and succession planning, and their combined effects on competitive advantage and subsequent growth within the Malaysian context.

Keywords: Accounting firms, competitive advantage, digital literacy, sustainable growth, growth strategies.

INTRODUCTION

The specific goal of the growth process is to consistently create more economic value and growth in the market. Managerial orientation, tangible and intangible assets and human resource management appear to play a fundamental and enormous role in improving business results. Technologies of information and communication join in and alter development in Businesses globally. Digitalization transforms how services are developed, delivered, handled and serviced after-sales, even as they alter the operations, procedures, energy footprint and supply chain

management. The awareness of emerging technologies aims to redefine the landscape of the global production market. The purpose of this study is to examine the crucial factors influencing the organizational growth in SME accounting firms in Malaysia. This chapter describes the current research by discussing the background of the study, problem statement, research aims, research questions, research significance and scope.

Since independence, Malaysia has experienced a substantial economic change from a resource-intensive economy to an economy centered on manufacturing and services. Malaysia's success today is mostly attributable to traditional development drivers such as natural resources and low labor costs. Malaysia will need a transform on its economic model towards more sustainable, human capital-based development models that support its long-term economic growth via creativity and innovation from export-driven resource-based economies (Suki, 2021). The focus should be placed on SMEs in the transformation of Malaysia, as they account for a large number of business establishments and the national level of innovation and adoption of digital technology remains low, despite the various policy interventions and institutional support offered by Malaysia for an innovative economy (Suki, 2021). Almutairi et al. (2024) showed change management and competitive advantage in the food industry in Jordan.

Small- and medium-sized enterprises (SMEs) are often regarded as purposeful, rapidly expanding businesses that are viewed as valuable economic entities. In 2018, Malaysian SMEs contributed more than RM 500 billion to the country's gross domestic product (GDP), and they are unquestionably the country's top employers (Mokhtar, Mahomed, Aziz, & Rahman, 2020). The terrain of competition will sharpen as the number of entrepreneurs in the SME sector rises. Organizational growth is the outcome that indicates or reflects the organization's efficacy or inefficacy in terms of corporate image, competencies, and financial performance (Leu & Masri, 2019).

In Malaysia, The chartered accountant in Malaysia operates in a highly regulated environment, including the Accountants Act 1967 (the Act), Malaysian Institute of Accountant (MIA) rules and bye-laws, licensing, and company audit requirements. In public practice, only members who are registered as chartered accountants and possess valid practicing certificates may identify and represent themselves as chartered accountants, and set up firms providing public practice services. Members in public practice may carry out public practice services such as accounting, audit, liquidation, tax and other related services.

Most professional accountants who work in practice are employed by a Small and Medium Practice (SMP). Client portfolios of SMPs are often comprised solely of small and medium enterprises (SMEs). The majority of the services provided by SMPs are designed to enable SMEs to meet regulatory requirements. According to a statistic published by the MIA Public Practice Program 2023, at the present moment, 78.4 percent of MIA member firms are in the sole proprietorship category and 21.6 percent are in partnership category. Table 1 below indicates the MIA member firm's operating structure (as at 31 December 2023).

Table 1 : Member Firms' Operating Structure as at 31 December 2022 (MIA Public Practice Program 2023)

Category	Sole Proprietor	Partnership	TOTAL
AUDIT	1,031 (68%)	478 (32%)	1,509
NON AUDIT	1,437 (88%)	199 (12%)	1,636
TOTAL	2,468 (78.4%)	677 (21.6%)	3,145

Records by the MIA also demonstrate that the number of member firms increased from 1407 in year 2001 to 3145 in year 2022. Over 80% of businesses are partnerships and sole proprietorships falling under the SMP category. Because of the nature of such practices, there is a capacity limitation. It is important that SMP to react to new and evolving opportunities will determine their relative competitiveness in part due to the fast changing economic and commercial conditions in local, national, regional, and international markets. A lot of work has to put into exploring new growth strategies, encouraging innovation, and maintaining competitiveness in the difficult business climate. According to the resource-based view theory (RBV), organizations' resources play a crucial role in boosting performance and ensuring competitive advantage (Barney, 2001). This idea posits that a company's inherent various resources provide a unique competency that defines its ongoing success and assures its continued expansion (Barney, 2001). Researchers hypothesized that resource-based view (RBV) is an important model to study the performance of small and medium-sized enterprises (SMEs) since it focuses on businesses' internal capabilities that serve as the foundation for competitive advantage and enhanced performance (Chumphong, Srimai, & Potipiroon, 2020). Deployment of their tangible or intangible assets and the technology will aid these SME firm owners in redesigning their plans and business models (Citraresmi, Rucitra, & Haryati, 2021). Several factors may increase the propensity of domestic small and medium-sized enterprises (SMEs) when they seek a growth opportunity. Consequently, businesses must concentrate on internal resources that improve distinctive competencies and adapt to changes in the external environment as a solid grasp of an organization's internal resources, is vital for enhanced and sustained growth (Barney, 2001).

Scholars have lately stated that in order to boost the usage of digital technology, employees are the most important assets for creativity and innovation in organizations (Cetindamar, Abedin, & Shirahada, 2021). Thus, businesses

may improve employee competence, motivation, and the capacity to engage in digital technology processes, particularly to promote employee productivity as a crucial feature of competitive advantage (Neumeyer, Santos, & Morris, 2020). It is the obligation of the firm to aid employees to overcome the technological divide, utilize it, and comprehend how it improves their jobs. Numerous previous research has demonstrated that developing technology literacy has the potential to influence employee behavior and performance. Recent empirical examinations of leadership factors, business strategy, and digital technologies adoption have been done to study fostering sustainability and growth in small and medium-sized enterprises (SMEs) (Chowdhury et al., 2022).

Still, there are very few studies have considered a combination of two significant theories focusing on organizational resources and cost management in Malaysia, examining the factors influencing accounting SME performance. Insufficient research has been conducted to determine if intangible assets such as digital literacy, organic growth strategy, and entrepreneurial orientation can improve the organizational performance, especially in the setting of Malaysian accounting SMEs. Moreover, very few scholarly dialogues on Malaysian SMEs have concentrated on cost management to enable competitive advantage.

Therefore, this study helped close a gap in the literature by synthesizing RBV and TCE theories and proposes a novel framework to examine the crucial factors influencing the organizational growth in SME accounting firms in Malaysia. The novelty of this research is in examining competitive advantage as a mediator to the strategic growths in Malaysia.

Research Questions

1. What are the key factors that affect the strategic growth of SME accounting firms in Malaysia?
2. Do these factors facilitate the adoption of growth strategies in strengthening the business performance of SME accounting firms?

Research Objectives

- 1 To determine the effect of digital literacy on strategic growth.
- 2 To determine the effect of market orientation on strategic growth.
- 3 To determine the effect of entrepreneurial orientation on the adoption of strategic growth.
- 4 To determine the effect of succession planning on the adoption of strategic growth.
- 5 To analyze the mediating effect of competitive advantage on the factors influencing strategic growth.

Scope Of Study

Due to limited resources and time, this study will be limited to the SME accounting firms in Malaysia which exclude international accounting firms to evaluate the growth strategies and of SME accounting firms in Malaysia.

SIGNIFICANCE OF STUDY

This study will be useful and significant for accounting firms to adopt a suitable growth strategy to excel in the dynamic competitive environment. Accounting firms will be able to evaluate the factors which impact the organizational growth and performance. The model for this study will be useful for accounting firms to make strategies and policies to enhance the performance within the organization and save resources. Accounting firms will be able to choose whether to adopt the organic or acquisitive growth strategy for the firm growth. This study will be helpful for the government to evaluate and choose the best accounting firms for their mega projects based on the evaluation of the accounting firm's performance.

LITERATURE REVIEW

This research will conduct an empirical study of the factors impacting digital transformation and the adoption that will push innovation to a new normal. The purpose of this study is to examine the crucial factors influencing the growth strategies of SME accounting firms in Malaysia. This chapter discusses the relevant literature on the topic of the study.

THEORETICAL UNDERPINNINGS

The resource-based view (RBV) Theory

The resource-based view is a management approach that identifies the strategic resources a company may utilize to establish a sustained competitive advantage. Researchers have been motivated by Barney's (2001) work to discover the reasons and processes of development and change, and to recognize that growth is a process for which internal history, resources and capacities, and the industrial environment are significant explanatory mechanisms. The resource-based view (RBV) proposes that businesses may be viewed as collections of diverse resources, building

on Penrose's work. Some of these are difficult to duplicate and hence offer potential competitive advantage sources. Internally produced competencies and resources that are translated into competitive advantages lead to business expansion. In this context, "capabilities" refers to the internal qualities that allow a company to organize and leverage all its resources. According to the RBV, companies with high growth rates have resources and competencies that grant them competitive advantages, allowing them to develop quicker than their rivals.

HYPOTHESES DEVELOPMENT

Digital Literacy

Technology will assist persons to reach socioeconomic goals, as certain core skills are required for efficient IT use (Reddy, Sharma, & Chaudhary, 2020). Digital literacy is the proficiency with digital sources and devices. Digital literacy might include computer literacy, information technology literacy, internet literacy, ICT literacy, and e-literacy. Digital literacy is the capacity to comprehend and utilize diverse types of information from a vast array of computer-accessible sources. Digital literacy is essential for strategic growth, since skills, and understanding of using digital media such as communication forms and communication technologies, intelligence, and cautiously in order to promote engagement and communication in an emergent market (Reddy et al., 2020). Sariwulan, Suparno, Disman, Ahman and Suwatno (2020) argue that Digital literacy is having four components:

- a) the capacity to detect when information is required;
- b) the ability to seek the required information;
- c) the ability to evaluate the information; and
- d) the ability to apply the knowledge.

The ability to employ the acquired information effectively and correctly is essential for strategic growth. Anwar and Djawad (2019) defined Digital literacy as "mastering concepts, not keystrokes. Digitally literate people are beings that move rapidly from one type of media to another, locate the best-fit knowledge through information to become talented individuals, and portray knowledge in the most understandable manner possible (Anwar & Djawad, 2019). Consequently, analysing the Digital literacy of an organization is necessary to take into account additional dimensions of ICT implementations necessary for strategic growth (Shin & Kang, 2021). Several academics studied influence of Digital literacy on firm performance and growth (Anwar et al., 2019; Shin & Kang, 2021). Anwar et al. (2019) argue that digital literacy significantly influences Micro-Entrepreneurs Growth in Indonesia. Therefore: H1: Digital literacy influences organizational performance in SME accounting firms in Malaysia.

Market Orientation

According to Sisay, Verhees and Van Trijp (2017), a firm must give better customer value and satisfaction than its rivals in order to be successful. Market orientation has been identified as a critical and priority concern for cooperatives seeking to discover the most effective means of offering more value to consumers and ensuring members' satisfaction (Sisay et al., 2017). Market orientation creates the systematic creation and transmission of information about consumers and rivals, as well as the coordination of operations with the goal of growth (Sisay et al., 2017). Cooperatives must guarantee that they realize the benefits of market orientation in order to growth (Wilden, Gudergan, & Lings, 2019).

Moreover, in order to develop a competitive company plan and strategic growth, it is essential to understand the competitors and the clients (Kasim, Ekinici, Altinay & Hussain, 2018). The businesses fail because they were unsuccessful in appraising the competitive environment, in which they must compete with previously established competitors, such as large corporations and other SMEs. Due to their greater access to resources, these established rivals can outperform a SME by executing the same concept more successfully (Wilden, Gudergan & Lings, 2019). Therefore, it is essential for SMEs to have some sort of competitive edge over their rivals in an international setting. An appropriate Market orientation is the power a firm has over its competitors, and it may be obtained through providing clients with higher and better value in a variety of ways, including pricing, quality, and service. The differentiation for instance, occurs when a company's products or services are distinct from those of its rivals or when it tries to do things differently, concentrating on a small number of target markets rather than trying to reach everyone (Wilden et al., 2019). According to several investigations, understanding competitive advantage requires an appropriate market orientation (Sisay et al., 2017). The market orientation illustrates how the organization provides superior and higher value to its clients, which can provide a competitive advantage (Buli, 2017). Moreover, Presutti & Odorici (2019) argues that entrepreneurial and market orientation significantly impacts the SME's performance and growth. Thus:

H2: Market orientation significantly organizational performance in SME accounting firms in Malaysia.

Entrepreneurial Orientation

The characteristics of the entrepreneur include personal traits, motivation for start-up, and concepts like growth attitude and entrepreneurial orientation (Eshima & Anderson, 2017).

According to RBV, resources might be either tangible or immaterial. Intangible resources include, among others, knowledge, skills, and reputation, as well as an entrepreneurial mindset (Ferreira, Azevedo, & Ortiz, 2011). Therefore, the primary cause for businesses' growth and success is inside the firms themselves, i.e., firms with better resources and competencies will establish a foundation for attaining and preserving competitive advantage (Ferreira et al., 2011).

It is relevant to analyse the elements of entrepreneurial orientation when examining the strategy of small businesses and, in particular, the strategic decisions that might affect growth. Ferreira et al. (2011) believes that an entrepreneurial company is one that "engages in product market innovation, pursues relatively hazardous projects, and is the first to introduce proactive advances, beating competitors to the punch. A non-entrepreneurial business is one that innovates minimally, is extremely risk averse, and imitates the actions of rivals rather than setting the pace. Over the past decade, there has been a rise in interest in the notion of entrepreneurship. Although there is no agreed generic definition for the term itself, it refers to individual opportunistic behavior that produces value and assumes risk, and is closely related with innovation (Poudel, Carter & Lonial, 2019). Entrepreneurship at the company level derives from the entrepreneurial venture's focus on recognizing market possibilities that rivals have not yet identified or that are under-exploited, and developing a unique set of resources to exploit them (Cho & Lee, 2018).

The term entrepreneurial orientation 'EO' has its roots in strategy literature and has been used in the strategic management style of organizations with 'entrepreneurial' inclinations (Cho, & Lee, 2018). Entrepreneurship and entrepreneurial orientation are viewed as growth drivers for businesses. Several authors have examined the impact of entrepreneurial orientation on firm performance and found that entrepreneurial orientation is a construct that is associated with firm success, particularly in the long run, though this relationship might be the conversion of entrepreneurial orientation into firm growth (Eshima & Anderson, 2017; Poudel et al., 2019). Thus:

H3: Entrepreneurial orientation significantly organizational performance in SME accounting firms in Malaysia.

Succession Planning

Succession planning is the process of filling vacancies in accordance with an organization's needs (Ballaro, & Polk, 2017). It offers a structure for hiring new personnel. It also entails identifying the correct individual for advancement to the suitable position. It increases the skills of current employees and prepares them for the organization's future needs (Johnson, Pepper, Adkins, & Emejom, 2018). It offers the employee with personal development that helps them to remain with a business longer, according to studies. Effective succession planning has several effects on an employee. It involves planning for retention rate, employee compensation management, employee career development etc. A succession plan guides an organization through the analysis of all relevant aspects to ensure the continuity of the firm and the future growth of its employees. It consists of several brief plans (Mokhber, Rasid, Vakilbashi, Zamil, & Seng, 2017). Typically, it is intended to satisfy organizational objectives with a high-quality, competent workforce in order to maximize the organization's productivity and growth (Johnson et al., 2018). Succession planning is an integral component of an organization's human resource strategy. The dynamic human resource strategy provides several options for addressing the organization's challenges. A successful succession plan is a vital component of the human resource strategy. In the first phase, the organization takes stock, i.e. identifies the number of employees necessary at the beginning level to match the company's objectives with its overall strategy (Johnson et al., 2018). In addition, it specifies the minimal knowledge, skill, skills, and traits necessary to execute the assignment. At the second step, it forecasts the organization's productivity (Johnson et al., 2018). A successful succession plan comprises two sub-phases; in the first sub-phase, it forecasts the capabilities that individuals must possess, and in the second sub-phase, it predicts the quantity of people needed for the future attainment of organizational goals. It is the process of developing a strategic plan for an organization's needs. It offers a foundation for the future replacement of important personnel (Johnson et al., 2018).

Therefore:

H4: Succession planning significantly organizational performance in SME accounting firms in Malaysia.

Competitive Advantage

Competitive advantage is defined to a company's ability to produce goods or provide services superior to its competitors (Muis & Isyanto, 2021). It enables a business to obtain greater margins and create value for the business and its shareholders.

A competitiveness is anything that cannot be copied easily and is unique to a firm or corporation. This value is developed internally and serves as what differentiates the firm from its rivals (Muis & Isyanto, 2021). A corporation can get a competitive edge if it can generate value or benefits that exceed its costs (Wijaya, Hutnaleontina, & Ismayanthi, 2019). Consumers acquire a product or service for its value or advantages (Sihite, 2018). If consumers receive greater value or advantages at a lower price than those supplied by rivals, the firm has an existing competitive advantage (Wijaya et al., 2019). It is also possible to get a competitive edge by offering cheaper costs than rivals for equal or unique benefits. The originality of the product, the quality of the product, and competitive pricing are examples of frequent competitive advantage indicators (Sihite, 2018). The product's originality derives from the mix

of the company's aesthetic value and the customer's preferences. Product quality refers to the quality of the product's design, materials, and technology, whereas competitive price refers to the company's capacity to change prices to market conditions.

The subject of why certain companies have competitive advantages and outperform their rivals has been debated for some time (Sihite, 2018). Since the industrial revolution of the 18th century, when large-scale manufacturing and group work supplanted traditional artisans working in cottages, this dispute has remained (Sihite, 2018). Enterprises may outperform others by being more productive or having superior workmanship. Higher productivity results in cost benefits and the capacity to put more items on the market at reduced costs, resulting in increased sales. Research on competitive advantage and strategic growth is frequently the topic of study in strategic management (Barney, 1991). Competitive advantage is a vital component of strategic management and provides contemporary reasons for variability in business performance. Therefore, the words competitive advantage is commonly employed in the literature on strategic management and has become fundamental concept used to comprehend and explain performance and growth. Moreover, scholars, recommend competitive advantage as mediator for factors influencing Organizational Performance and growth (Muis & Isyanto, 2021; Wijaya, Hutnaleontina, & Ismayanthi, 2019). Therefore:

H5: Competitive advantage mediates the relationship between digital literacy and the strategic growth.

H6: Competitive advantage mediates the relationship between market orientation and the strategic growth.

H7: Competitive advantage mediates the relationship between entrepreneurial orientation and the adoption strategic growth.

H8: Competitive advantage mediates the relationship between succession planning and the adoption of strategic growth.

Conceptual Framework of the Study

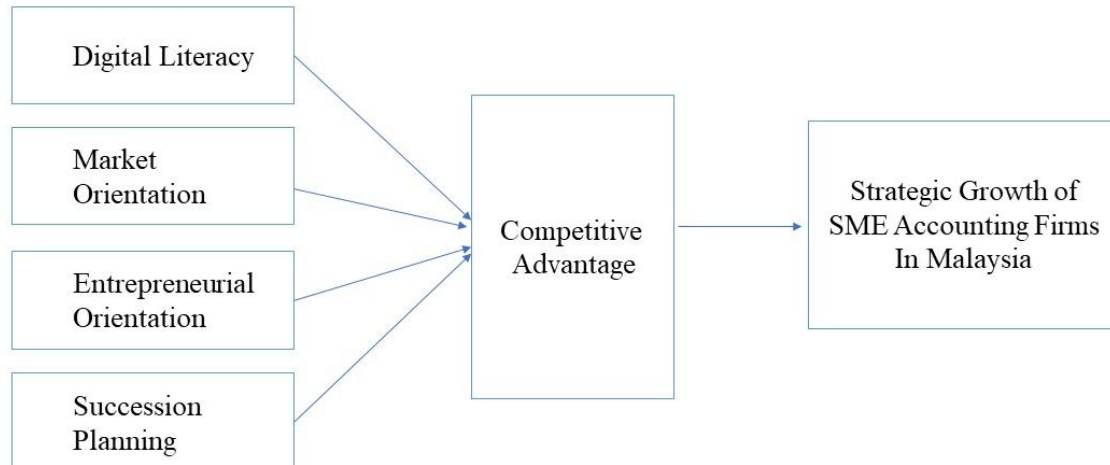


Figure 1: The conceptual framework of the study

RESEARCH METHODOLOGY

The primary purpose of this research is to examine factors influencing strategic growth. To answer the research questions, a quantitative technique was used for the study. This methodology verifies the links between the study model's variables and the dependent variable, SME growth. The parts that follow detail the research methodologies used to test the hypothesis, such as data collecting, descriptive statistics, data analysis including statistical methodology, and result validation. This chapter outlines the research procedure and methodology. This chapter also

explains the sampling procedure, validity, and reliability examination of the instruments of the study. In the final part, the statistical approach is explained.

Research Methodology

Research methodology refers to the methods and strategies used to find, evaluate, analyze, and interpret information regarding a certain issue (Bloomfield & Fisher, 2019). The methodology portion of a research paper helps the reader to assess the complete validity and reliability of the research. There are two different sorts of research methodologies which are quantitative and qualitative (Bloomfield & Fisher, 2019).

Quantitative Research

Quantitative research emphasizes quantification in collecting and analyzing data to test a theory (Bloomfield & Fisher, 2019). This methodology is consistent with the deductive process, in which theories direct the study. The deductive research technique helps the researcher to expand his or her understanding of the specific study issue based on a variety of ideas, leading to the formulation of the study's hypotheses (Bloomfield & Fisher, 2019). This quantitative study will be mostly related to the survey and experimental research for the research approach. In the subsequent phase, the researcher attempted to gather and analyze data in order to determine the success or failure of the research's hypotheses (Mishra, & Alok, 2022). The quantitative method is associated with positivism, which entails analyzing the ideas that assist the researcher in making a decision (Bloomfield & Fisher, 2019). Quantitative research involves techniques such as questionnaires and interviews (Mishra, & Alok, 2022). The survey is conducted by the researcher using questionnaires, interviews, or monitoring (Mishra, & Alok, 2022).

Research Strategies

According to the nature of the investigation process, researchers take an appropriate initiative that enables them to provide a better solution to the research questions derived from the aims (Sileyew, 2019). A research strategy outlines the researcher's plan for completing questionnaires, which is correlated with the chosen philosophy and data collection and analysis techniques (Bloomfield & Fisher, 2019). In this study, the researcher utilized the philosophies connected with various data gathering techniques. Suitable data analysis is enabled by the researcher's use of an appropriate research plan. The researchers might utilize a mixture of research methodologies (Sileyew, 2019). This study follows a quantitative strategy and employs the survey method. The subsequent parts will examine the survey method and the reasons for employing it in this investigation.

Data Collection Method

The questionnaire is one of the most common and commonly utilized data collection methods in research (Sileyew, 2019). The survey technique is typically associated with a deductive research methodology and is the most common and classic strategy used in management and business studies (Pandey & Pandey, 2021). The survey method enables the researcher to collect quantitative data, which may subsequently be analyzed using inferential and descriptive statistics (Pandey & Pandey, 2021). It aids the researcher in collecting pertinent data related to the issue. It helps the researcher to analyze the gathered data numerically in order to get the study result (Pandey & Pandey, 2021). The deductive method, which examines existing ideas and tests the study's assumptions, is the most common method for conducting surveys (Pandey & Pandey, 2021).

Positivist thought is also associated with surveys (Sileyew, 2019). The survey involves a variety of data gathering methods, such as completing surveys online or by mail and conducting telephone interviews (Sileyew, 2019). According to Al-Ababneh (2020), descriptive and analytical surveys are the two most common forms of surveys. In addition, surveys are an effective strategy. They are simple, inexpensive, and quick to gather, and they may engage a vast number of people (Pandey & Pandey, 2021).

This study utilized an in-person survey. This strategy has the advantage that the researcher can repeat the surveys, highlighting or expanding on concerns and therefore assisting to overcome the language barrier (Pandey & Pandey, 2021). In surveys, probability sampling is used to obtain conclusions that are statistically representative of the entire population at a lesser cost than if the entire population will be surveyed. According to table 4.3, the researcher gathered data based on the specified study environment. As this study relies on purposive sampling, it is possible to guide respondents depending on their geographical area and availability. In other words, the researcher will directly contact the accessible SME respondents and concentrated on the decision makers (Pandey & Pandey, 2021). Sometimes, when the survey has been finished, the researcher is confronted with a challenge, since the respondent may ask several questions relating to general SMEs and the present Malaysian economy that might take more than an hour to answer.

The researchers utilized the survey procedure utilizing a five-stage design structure. These steps are survey design, questionnaire adaptation, pilot testing, pre-testing, data gathering, and data analysis (Busettoet al., 2020). For this study, the researcher will use a survey since it is cost-effective and can be applied to a large number of respondents (Busettoet al., 2020). The table 2 shows the sources of the measurement items. All measurement items will be using five-points Likert scales.

Table 2: The sources of the questionnaire items

Construct	Reference
Digital Literacy	Oh, Kim, Kim, Oh, Chu, & Choi (2021)
Market Orientation	Deng & Dart (1994)
Entrepreneurial Orientation	Al Mamun, Kumar, Ibrahim, & Bin (2017)
Succession Planning	Lussier & Sonfield (2012)
Competitive Advantage	Zeebaree & Siron (2017)
Strategic Growth	Sciara & Salon (2013)

Sampling Technique

Convenience sampling strategies are used to pick respondents for this study. The sample consists of micro, small, and medium-sized accounting businesses. Additionally, the sample comprises all industries, including manufacturing, services, agriculture, and construction. According to Freshwater, the researcher utilized probability sampling to choose the decision maker of the SMEs in Malaysia, as the probability of getting selected is not equal in this sampling method (Fowler, & Lapp, 2019). Convenience sampling is economical and facilitates the collection of data. Therefore, convenience was a consideration in the researcher's selection of this method for this investigation (Fowler, & Lapp, 2019).

Following the selection of the sampling method, the next and most critical step was to decide the sample size. The sample size is the total number of respondents selected from a big population. If the researcher picks a big sample size to answer the study issue, then he or she is able to collect voluminous data in order to more accurately reflect the population (Fowler, & Lapp, 2019). Moreover, Fowler, & Lapp (2019) emphasize that a large sample size contributes to the quality of the study conclusion by allowing the researcher to gather a variety of perspectives that aid in data interpretation. Nonetheless, this contributes to acquiring a greater understanding of the research issue and addressing the study's questions. This allows the researcher to examine the data from several perspectives. The researcher utilized the Structural Equation Modelling (SEM) method to analyze the suggested conceptual model. This SEM requires voluminous data. The SEM may be classified into many classes, with 300 representing good quality, and 500 representing very high quality (Mueller & Hancock, 2018). As data containing more than 300 respondents, will be collected in this research which comes into the good quality category.

Multicollinearity

Multicollinearity in multivariate regression generates significant complications (Sarstedt, Hair, Cheah, Becker, & Ringle, 2019). Multicollinearity will cause the regression coefficients created by multiple regression analysis to be extremely weak, making the researchers unable to give analytical conclusions that accurately represented the nature or effect of the independent variables (Sarstedt et al., 2019). Partial Least Square (PLS) is an alternate approach for overcoming the constraints of the Least Squares Method when multicollinearity is present in the data and the linear regression model (Streukens, & Leroi-Werelds, 2016). A variance inflation factor (VIF) is an indicator of the degree of multicollinearity in regression analysis (Sarstedt et al., 2019). Multicollinearity arises when there is a correlation between numerous independent variables in a multiple regression model (Sarstedt et al., 2019). This might significantly influence the regression findings. Thus, the VIFs can determine how significantly the variation in a regression coefficient is increased due to multicollinearity. VIFs above 10 are considered as indicators of multicollinearity (Sarstedt et al., 2019).

Validity and Reliability

To demonstrate construct validity in PLS-SEM, it is essential to combine discriminant and convergent validity (Sarstedt et al., 2019). Convergent validity is described by the degree to which the practical variables of a certain concept constitute a significant feature of the discrepancy (Sarstedt et al., 2019). Considered a constraint, it reveals the extent to which the two gauges of constructions, which hesitantly must be correlated, are in fact interconnected (Sarstedt et al., 2019).

Convergent validity is determined using three metrics. These include factor loadings, average variance extracted (AVE), and composite reliability (Sarstedt et al., 2019). Discriminant validity is determined by comparing the square of the connected estimate to the principles of the average variance extracted from any two constructs (Sarstedt et al., 2019).

Partial Least Squares Structural Equation Modeling

Partial Least Squares Structural Equation Modeling is regarded as a composite-based SEM method since it makes the assumption that the concepts of interest can be quantified as composites (Sarstedt et al., 2019). In PLS-SEM, model estimation entails linearly combining a measurement model's indicators to create composite variables. Although the composite-based approach is in line with the measurement theory that underpins formative measurement, this does not imply that PLS-SEM is limited to estimating constructs that have been specified in a formative manner. For this reason, it is important to distinguish between the estimating viewpoint (i.e., creating composites that represent conceptual variables) and the measurement theory perspective (i.e., designating

measurement models as reflecting or formative). There needs to be a clear distinction between the way a technique like PLS-SEM evaluates the model parameters and any measurement-related theoretical considerations for how to operationalize concepts (Sarstedt et al., 2016). Researchers can incorporate measurement models that are contemplatively and formatively specified and that PLS-SEM can easily estimate. PLS softens the strict premise of CB-SEM that all of the covariance between the sets of indicators is explained by a single component by adopting a composite-based approach to SEM (Sarstedt et al., 2019). However, PLS-SEM is superior to multiple regression using total scores, where each indicator is weighted equally, because utilising weighted composite of indicator variables makes it easier to account for measurement error.

PLS-SEM analyzes the core models in the synchronized analysis of the complete variable system to establish the system's degree of data dependence. This study will utilise SmartPLS version 3 to perform Structural Equation Modelling (PLS-SEM) on the survey data. The researcher chose PLS-SEM to test hypotheses and manage the conceptual model she built. This study employs PLS-SEM because it is appropriate for supporting and analyzing the hypotheses associated with a set of variables that includes both independent and dependent variables.

CONCLUSION

The research has provided a comprehensive summary of the many sorts of approaches for doing structured research. The researcher has discussed diverse research philosophies, methodologies, designs, techniques, and ethical issues. Following a discussion of all research strategies, the researcher selected positivism as the most pertinent philosophical view for this specific study. This study is positivist since it tests abstract models to determine the mediating and moderating effects of innovation and dynamic capacities on the link between the corporate network and organizational performance of Malaysian accounting small and medium-sized firms. Subsequently, the researcher outlined many research methodologies and identified their unique characteristics before picking the quantitative strategy based on the topic of the study. The researchers chose the quantitative method because it employs a logical strategy and evaluates hypotheses to determine whether they are accepted or rejected. The research strategy is correlated with quantitative research, which includes the distribution of questionnaires. The researcher chose the survey for this study because they are the most cost-effective and convenient research method. In addition, the researcher described the sampling methodology, sample size, data gathering method, and analysis strategy. The researcher discussed ethical issues and data analysis strategies. The researcher utilized PLS-SEM with SmartPLS to corroborate the study hypothesis. In the next chapter, the investigator will provide the findings of the investigation.

REFERENCES

1. Al Mamun, A., Kumar, N., Ibrahim, M. D., & Bin, M. N. H. (2017). Validating the measurement of entrepreneurial orientation. *Economics & Sociology*, 10(4), 51-66.
2. Almutairi, A. a. A., Abueid, A. I., Alkhawaldeh, M. M. K., Alkhamis, F. A., Al-Ayed, S. I., Dhahi, H. Y. D., Mohammad, S. I., Vasudevan, A., & Mohammad, A. a. S. (2024). The impact of change management on achieving competitive advantage of food industry. In *Studies in systems, decision and control* (pp. 413–427). https://doi.org/10.1007/978-3-031-73545-5_35
3. Anwar, M., & Djawad, Y. A. (2019, June). ICT Strategy and Micro-Entrepreneurs Growth: The Indonesian Case. In *Journal of Physics: Conference Series* (Vol. 1244, No. 1, p. 012038). IOP Publishing.
4. Ballaro, J. M., & Polk, L. (2017). Developing an organization for future growth using succession planning. *Organization Development Journal*, 35(4), 41-59.
5. Barney, J. B. (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of management*, 27(6), 643-650.
6. Bloomfield, J., & Fisher, M. J. (2019). Quantitative research design. *Journal of the Australasian Rehabilitation Nurses Association*, 22(2), 27-30.
7. Buli, B. M. (2017). Entrepreneurial orientation, market orientation and performance of SMEs in the manufacturing industry: Evidence from Ethiopian enterprises. *Management Research Review*.
8. Busetto, L., Wick, W., & Gumbinger, C. (2020). How to use and assess qualitative research methods. *Neurological Research and practice*, 2, 1-10.
9. Cetindamar, D., Abedin, B., & Shirahada, K. (2021). The role of employees in digital transformation: a preliminary study on how employees' digital literacy impacts use of digital technologies. *IEEE Transactions on Engineering Management*.
10. Cho, Y. H., & Lee, J. H. (2018). Entrepreneurial orientation, entrepreneurial education and performance. *Asia Pacific Journal of Innovation and Entrepreneurship*.

11. Chowdhury, S., Dey, P. K., Rodríguez-Espíndola, O., Parkes, G., Tuyet, N. T. A., Long, D. D., & Ha, T. P. (2022). Impact of Organisational Factors on the Circular Economy Practices and Sustainable Performance of Small and Medium-sized Enterprises in Vietnam. *Journal of Business Research*, 147, 362-378.
12. Chumphong, O., Srimai, S., & Potipiroon, W. (2020). The Resource-Based View, Dynamic Capabilities and SME Performance for SMEs to Become Smart Enterprises. *ABAC ODI Journal Vision. Action. Outcome*, 7(2), 129.
13. Citraresmi, A. D. P., Rucitra, A. L., & Haryati, N. (2021). Resource-based view model implementation toward business competitiveness (Case study in mushroom SMEs in Malang, Indonesia). *Advances in Food Science, Sustainable Agriculture and Agroindustrial Engineering (AFSSAAE)*, 4(1), 18-24.
14. Deng, S., & Dart, J. (1994). Measuring market orientation: a multi-factor, multi-item approach. *Journal of marketing management*, 10(8), 725-742.
15. Eshima, Y., & Anderson, B. S. (2017). Firm growth, adaptive capability, and entrepreneurial orientation. *Strategic management journal*, 38(3), 770-779.
16. Ferreira, J., & Coelho, A. (2020). Dynamic capabilities, innovation and branding capabilities and their impact on competitive advantage and SME's performance in Portugal: the moderating effects of entrepreneurial orientation. *International Journal of Innovation Science*.
17. Fowler, S. B., & Lapp, V. (2019). Sample size in quantitative research: Sample size will affect the significance of your research. *American Nurse Today*, 14(5), 61-63.
18. Johnson, R. D., Pepper, D., Adkins, J., & Emejor, A. A. (2018). Succession planning for large and small organizations: A practical review of professional business corporations. *Succession planning*, 23-40.
19. Kasim, A., Ekinici, Y., Altinay, L., & Hussain, K. (2018). Impact of market orientation, organizational learning and market conditions on small and medium-size hospitality enterprises. *Journal of Hospitality Marketing & Management*, 27(7), 855-875.
20. Leu, J. F., & Masri, R. (2019). Dilemma of SMEs in business digitization: A conceptual analysis of retail SMEs in Malaysia. *Int. Trans. J. Eng.*, 10(7).
21. Lussier, R. N., & Sonfield, M. C. (2012). Family businesses' succession planning: a seven-country comparison. *Journal of Small Business and Enterprise Development*, 19(1), 7-19.
22. Mishra, S. B., & Alok, S. (2022). Handbook of research methodology.
23. Mokhber, M., Gi, T. G., Rasid, S. Z. A., Vakilbashi, A., Zamil, N. M., & Seng, Y. W. (2017). Succession planning and family business performance in SMEs. *Journal of Management Development*.
24. Mokhtar, S. S. S., Mahomed, A. S. B., Aziz, Y. A., & Rahman, S. A. (2020). Industry 4.0: the importance of innovation in adopting cloud computing among SMEs in Malaysia. *Polish Journal of Management Studies*, 22.
25. Mueller, R. O., & Hancock, G. R. (2018). Structural equation modeling. In *The reviewer's guide to quantitative methods in the social sciences* (pp. 445-456). Routledge.
26. Muis, I., & Isyanto, P. (2021). Market Orientation, Transformational Leadership, Partnership Effects on Organizational Performance: A Competitive Advantage as a Mediator. *Binus Business Review*, 12(3), 263-277.
27. Neumeyer, X., Santos, S. C., & Morris, M. H. (2020). Overcoming barriers to technology adoption when fostering entrepreneurship among the poor: The role of technology and digital literacy. *IEEE Transactions on Engineering Management*, 68(6), 1605-1618.
28. Oh, S. S., Kim, K. A., Kim, M., Oh, J., Chu, S. H., & Choi, J. (2021). Measurement of digital literacy among older adults: systematic review. *Journal of medical Internet research*, 23(2), e26145.
29. Pandey, P., & Pandey, M. M. (2021). Research methodology tools and techniques. Bridge Center.
30. Poudel, K. P., Carter, R., & Lonial, S. (2019). The impact of entrepreneurial orientation, technological capability, and consumer attitude on firm performance: A multi-theory perspective. *Journal of Small Business Management*, 57, 268-295.
31. Presutti, M., & Odorici, V. (2019). Linking entrepreneurial and market orientation to the SME's performance growth: the moderating role of entrepreneurial experience and networks. *International Entrepreneurship and Management Journal*, 15(3), 697-720.
32. Reddy, P., Sharma, B., & Chaudhary, K. (2020). Digital literacy: A review of literature. *International Journal of Technoethics (IJT)*, 11(2), 65-94.
33. Sariwulan, T., Suparno, S., Disman, D., Ahman, E., & Suwatno, S. (2020). Entrepreneurial performance: The role of literacy and skills. *The Journal of Asian Finance, Economics and Business*, 7(11), 269-280.
34. Sarstedt, M., Hair Jr, J. F., Cheah, J. H., Becker, J. M., & Ringle, C. M. (2019). How to specify, estimate, and validate higher-order constructs in PLS-SEM. *Australasian marketing journal*, 27(3), 197-211.
35. Sciara, G. C., & Salon, D. (2013). Survey of Local Sustainability Practices in California.

36. Shin, J. M., & Kang, H. K. (2021). Effect of Entrepreneurial Characteristics and Market Characteristics of Small Business Owners on Business Performance With the Mediation of Digital Literacy. *Asia-Pacific Journal of Business Venturing and Entrepreneurship*, 16(5), 75-89.
37. Sihite, M. (2018). Competitive advantage: Mediator of diversification and performance. In *IOP Conference Series: Materials Science and Engineering* (Vol. 288, No. 1, p. 012102). IOP Publishing.
38. Sileyew, K. J. (2019). Research design and methodology (pp. 1-12). Rijeka: IntechOpen.
39. Sisay, D. T., Verhees, F. J., & Van Trijp, H. C. (2017). The influence of market orientation on firm performance and members' livelihood in Ethiopian seed producer cooperatives. *Agrekon*, 56(4), 366-382.
40. Streukens, S., & Leroi-Werelds, S. (2016). Bootstrapping and PLS-SEM: A step-by-step guide to get more out of your bootstrap results. *European management journal*, 34(6), 618-632.
41. Suki, N. (2021). Digital Transformation and SMEs in Malaysia: Exploratory Reflections into the Employee Perspective of, and their Role in, Digital Transformation.
42. WIJAYA, P. Y., HUTNALEONTINA, P. N., & ISMAYANTHI, T. I. T. (2019). Social Capital Effectiveness Toward Competitive Advantage And Business Performance (Case Study Of Village Credit Institutions In Gianyar Regency, Bali, Indonesia). *Scientific Papers: Management, Economic Engineering in Agriculture & Rural Development*, 19(3).
43. Wilden, R., Gudergan, S., & Lings, I. (2019). The interplay and growth implications of dynamic capabilities and market orientation. *Industrial Marketing Management*, 83, 21-30.
44. Zeebaree, M. R. Y., & Siron, R. B. (2017). The impact of entrepreneurial orientation on competitive advantage moderated by financing support in SMEs. *International Review of Management and Marketing*, 7(1), 43-52.