

## **CHAPTER 7**

### **CONCLUSION AND RECOMMENDATIONS**

#### **7.0 Summary**

This chapter is directed to the interpretation of the results reported in Chapter Six and fulfills the objectives of this study through answering the research questions formulated in Chapter One. Firstly, explanations and discussions on the findings are presented, followed by the contributions and managerial implications of the study. The chapter concludes with the limitations of the research and outlines some directions for further research.

#### **7.1 Discussion of Results**

This study developed and empirically tested a model that leads to a better understanding of the determinants of internationalization and performance of SMEs in Malaysia. In order to answer the research questions, this model extends entrepreneurial orientation, global mindset, network relationships and government support on the constructs of internationalization and firm performance. In addition, it examines the mediating effects of internationalization on entrepreneurial orientation, global mindset, network relationships, government support and firm performance in the proposed model.

In general, withstanding some similarities, this study discovered several significant findings that differentiated SMEs in developed and developing countries. In particular, previous studies in developed countries found that entrepreneurial orientation, global mindset and network relationships were positively related to internationalization (Zahra and George, 2002; Gupta and Govindarajan, 2002; Coviello and Martin, 1999). However, this study reveals that entrepreneurial orientation, global mindset and network relationships were not positively related to internationalization. In other words, entrepreneurial orientation, global mindset and network relationships are not the determinants of internationalization of SMEs in Malaysia. Notably, external factors were identified to be the determinant of the internationalization of SMEs in Malaysia. Specifically, this study found a strong positive relationship between government support and internationalization. Thus, government support is considered as the main factor that determines the internationalization of SMEs in Malaysia.

Table 6.23 summarizes the results of hypothesis testing conducted in Chapter Six. More than half of the hypotheses tested were supported. Out of the 22 hypotheses tested, 14 hypotheses were supported while 8 hypotheses were not. Importantly, the unsupported hypotheses also do provide insights on the characteristics of SMEs in Malaysia. These insights will be discussed later in this chapter. It can be said this research provides meaningful perspectives that will benefit the SMEs in Malaysia not only from the supported but also from the unsupported hypotheses.

### **7.1.1 Relationship between entrepreneurial orientation, global mindset, network relationships, government support and Internationalization**

The fundamental research questions of the relationship between entrepreneurial orientation, global mindset, network relationships, government support and internationalization have been examined in international entrepreneurship research utilizing diverse theoretical perspectives and yielded mixed results (Zahra and George, 2002; Chelliah et al., 2010; Che-Senik et al., 2010). In particular, a variety of external and internal factors likely impact the internationalization of SMEs. Based on the proposed research model in Figure 4.1, this study examined the determinant factors of internationalization of SMEs in Malaysia utilizing entrepreneurial orientation, global mindset, network relationships and government support and produced mixed results.

The first research question of the present study looked at the relationship between entrepreneurial orientation, global mindset, network relationships, government support and internationalization of the firm. The first research question was stated as follows: What is the effect of entrepreneurial orientation, global mindset, network relationship, and government support on internationalization? The findings of this study show that government support has a significant positive relationship with internationalization. However, entrepreneurial orientation, global mindset, and network relationship do not have a significant relationship with internationalization ( $p < 0.05$ , two-tailed).

A possible explanation for these findings is that the majority of the SMEs in this study are still considered as new ventures, established within less than 10 years and thus, have low involvement and commitment in international operations. New ventures usually suffer from both the liability of newness (Stinchcombe, 1965) and the liability of smallness (Aldrich and Auster, 1986), which means limited access to resources that might assist their growth and survival. These newly established SMEs are also struggling with various challenges in their process of internationalization. Among the major obstacles that Malaysian SMEs encountered include lack of market knowledge, lack of managerial capabilities, lack of good contacts with other local and international enterprises, low productivity, lack of access to formal business and social networks, and lack of financing (Saleh and Ndubisi, 2006; Samad, 2007; Abu Bakar et al., 2006; Aris, 2007; Hashim, 2012). One of the major barriers faced by SMEs in penetrating foreign markets is the lack of international experience as they are new ventures. SMEs also lack information on overseas markets and foreign market access which hinder their international expansion, thus, making them rely heavily on government support for their internationalization (Hashim, 2012). These in turn will have an organizational impact and create SMEs with low entrepreneurial orientation, global mindset and network relationships.

Besides, it is important to identify the weaknesses in the government policies and incentives that hinder SMEs from moving into international markets. When Malaysia gained independence from Britain in 1957, it was primarily a producer of two commodities (tin and rubber). In the following years, it has been the

government's long-standing public policy (known as the industrialization strategy) to diversify the economy and industrialize the country. One of the most important objectives of this policy has been to promote and support Malaysian firms so as to enable these firms to provide for the domestic economy and subsequently compete internationally. However, firms known as political patronages that are deemed to be compatible with the government industrialization policy are likely to be "picked" by the government to receive industrialization incentives and support (Fraser et al., 2006; Adhikari et al., 2006; Gomez and Jomo, 1998). Idris (2012) further reported that despite the success of The New Economic Policy in improving people's welfare and to restructure ethnic economic imbalances, it has brought along various problems due to the policy and strategy of excessive state intervention in the business environment via the handing out of various special incentives to the politically-connected Malays venturing into business. The government, particularly in the hands of the top leadership, helped to channel state-created rents through privatization, licences and contracts to well-connected businessmen (Gomez and Jomo, 1998). However, due to the government's urgency to achieve statistical targets in producing successful Malay entrepreneurs, many of these entrepreneurs take the shortcut by giving the business opportunities to the non-Malays while they only act as minority shareholders. This practice has created a negative entrepreneurial culture and values in the long run. As a result, these Malay entrepreneurs have no real entrepreneurial culture and values and continue to depend on the government support for their business success and survival.

There are two form of political favoritism currently existing in Malaysia (Gomez and Jomo, 1998). The first is the official status awarded to firms owned by ethnic Malays and the second includes much more informal ties that exist between leading politicians and firms owned by both Malay and Chinese business entrepreneurs. These firms are given various forms of privileges and support ranging from government contracts, concessions, licences, increased access to capital, subsidies, investment opportunities, and lower tax rates (Gomez and Jomo, 1998; Adhikari et al., 2006; Johnson and Mitton, 2003). The long term effects is that these firms become heavily dependent on the government for their business growth and success, creating entrepreneurs that possess negative entrepreneurial values and culture. This argument is supported by Johnson and Mitton (2003) who found that political patronage firms were badly hit in the Asian financial crisis and carried more debt, resulting in injections of substantial cash from the government to rescue and bail them out of their financial distress. For the business sector, long term political patronage will increase inequitable distribution of wealth, and the perceptible increase in corruption and other abuses of power (Gomez and Jomo, 1998). Furthermore, some even experience that the economic environment created by the government is not only culturally alien but also hostile to Malay interests (Gomez, 1996). This argument was supported by Ahmad-Bustamam (2010) who found that Malay SMEs have to compete with enterprises owned and controlled by politicians who are commonly assured of favorable government treatment in terms of awarding of licenses and contracts, and also easy access to finance and information.

There could be other variables that determine the internationalization of SMEs in Malaysia such as other external forces. Globalizations together with the decrease in trade barriers and tariff due to regional economic integration and World Trade Organization provide many opportunities for SMEs to expand their business into foreign market (Nik-Abdullah and Mohd-Zain, 2011). Almost all countries around the world have removed restrictions of movement across its borders in terms of goods and services, and resources such as workers and capital. The main reasons for this being that, citizens have demanded for easier access to a greater variety of goods and services at lower prices and thus, forcing domestic producers to become more efficient due to stiff foreign competition. Therefore, globalization provides abundant opportunities for Malaysian SMEs to expand their business and to take better advantage of international opportunities.

Another external factor that impacts the internationalization of SMEs is the saturation of domestic markets (Nadkarni et al., 2006). Relatively homogeneous domestic products and services together with products that have reached the end of their life cycle have forced SMEs to expand their business globally for survival. In addition, SMEs in Malaysia have to compete with companies owned or controlled by politicians who are normally granted favorable government treatment, especially in the awarding of licenses, contracts, projects, and in terms of easy access to finance and information (Ahmad-Bustamam, 2010). Thus, in order to extend the life cycle of their products and to survive in the current economy, it appears that embarking on internationalization is imperative.

From the consumers' point of view, convergence of global consumer tastes is another factor that influences internationalization of SMEs (Nadkarni et al., 2006; Mooij, 2003). This convergence will lead to homogeneous consumer needs, tastes and lifestyles that subscribe to standard products of high quality but are low in price as compared to more customized and higher priced products. Thus, this greater demand will influence SMEs in Malaysia to sell their products in foreign markets.

Overall, this study clearly shows that there are significant differences between research findings in developed countries such as in the United States and Europe as compared to the Malaysian context, hence raising the question whether the Western concept of internationalization is applicable to developing countries such as Malaysia. Entrepreneurial orientation, global mindset, and network relationships are not useful predictors of internationalization. Thus, new determinants of the internationalization construct should be utilized in future research in order to better understand the internationalization of SMEs in Malaysia.

The results suggest that SMEs in Malaysia should improve their entrepreneurial orientation and global mindset through extensive entrepreneurial training and seminars with hands-on mentoring which can develop their entrepreneurial skills and mindset. Van Vuuren and Nieman (1999, cited in Ladzani and Van Vuuren, 2002) suggested that the entrepreneur's performance is influenced by entrepreneurial education through a mixture of motivation, entrepreneurial skills



and business skills. In addition, Garavan and O’Cinneide (1994) found that the most efficient entrepreneurship training is by focusing on individuals or small group learning methods which include project teams, workshops and peer exchange. Albornoz (2008) further suggested that entrepreneurship training should include the four main components namely networks analysis, opportunity recognition, business creation and business development in order to achieve the greatest effect.

SMEs in Malaysia should also actively develop new relationships or utilize existing relationships to achieve the market entry that lead to successful and competitive entrepreneurs in global markets. Among the alternatives are SMEs should network or link up with multinational corporations or their subsidiaries in order to assist and speed up their internationalization process. This inter-firm collaboration is an important consideration so that enterprises may discover and exploit business opportunities in international markets. Another way for these enterprises to break into the market is through the use of internet-based technologies in their business activities since these technologies will place them in a better position to access certain resources and markets besides improving their market knowledge and relationships with clients and suppliers (Nieto and Fernandez, 2006). Hence, firms employing internet technologies are at an advantage since such technologies facilitate the internationalization of SMEs as well as improve network relationships with other firms in international markets.

### **7.1.2 Relationship between Entrepreneurial Orientation, Global Mindset, Network Relationship, Government Support and Firm Performance**

The second research question of the study addresses the effects of entrepreneurial orientation, global mindset, network relationships and government support on the performance of Malaysian SMEs. This research question is stated as follows: What is the effect of entrepreneurial orientation, global mindset, network relationships, and government support on firm performance? The research findings show a significant positive relationship between entrepreneurial orientation and global mindset, and firm non-financial performance. In terms of government support, there is a significant positive relationship between government support and firm financial and non-financial performance. However, there is no significant relationship between network relationship and firm performance.

Wiklund and Shepherd's (2005) empirical work on the relationship between entrepreneurial orientation and performance suggested that it may be valuable for small firms to invest in developing entrepreneurial orientation through recruitment and training since it pays off over an extended period of time. The initial study by Wiklund on the effect of entrepreneurial orientation on firm performance encouraged other researchers to further investigate the effects of entrepreneurial orientation on the performance of SMEs.

Since accurate and proper performance evaluation is important for determining the success or failure of a business, performance indicators that accurately reflect the competitiveness of a company must be carefully identified. Traditionally, financial performance indicators such as firm revenue, market share and return on investment have been used in managerial decision-making and perhaps extensive use of financial performance indicators encourage a focus on short-term results. In fact, in today's complex, global and competitive environment, the combination of non-financial performance indicators provides a clear and more relevant picture of performance (Tseng et al., 2009). Several studies supported the introduction of non-financial performance indicators. For example, Ma and Wang (2006) found that the development of innovative technologies has played an important role in increasing the global competitive advantage of companies in China, Zahra et al. (2000) related international entrepreneurship to technological learning and acquisition of knowledge while Oviatt and McDougall (1995) connected international entrepreneurship to market share. Zahra and George (2002) further suggested that a mixture of financial and non-financial measures should be used to measure the performance outcomes of internationalization due to inconclusive results on the financial outcomes of internationalization.

The results of this study corroborate with the findings from previous works that show that entrepreneurial orientation positively influences small business performance (Wiklund and Shepherd, 2005; Swierczek, 1999; Wiklund, 1999). Therefore, this finding provides additional evidence for the positive effects of

entrepreneurial orientation on firm performance in the context of SMEs in a developing country. The findings suggest that even though entrepreneurial orientation might be a cost consuming strategy, it might be valuable for Malaysian SMEs to invest in recruitment and training with the goal of creating an entrepreneurial environment that has the potential to increase firm performance.

Hypotheses 6.1 proposed that global mindset relate positively with firm non-financial performance. The research results provided support for Hypotheses 6.1, since the globally-minded entrepreneurs had significantly more foreign partners and customers, and they derived a significantly larger portion of their non-financial outcomes in terms of competitive capability and technological learning from foreign partners and customers.

These findings are consistent with previous studies in the field. Oviatt and McDougall (1995) in their study of the characteristics of successful global start-ups concluded that new ventures led by managers with global visions are able to internationalize quickly and successfully. In addition, Nummela et al. (2004), in their study of the functions of global mindset in the successful internationalization of Finnish SMEs, also indicated a positive relationship between global mindset and international performance of the company. Thus, it is vital for the leaders of Malaysian SMEs to be globally-minded entrepreneurs in order to be successful in international business.

In terms of the relationship between government support and firm performance, a strongly significant positive relationship exists between government support and firm performance. This research finding is consistent with Khaliq et al. (2011), who found that government support in terms of various programs and facilities provided by the Malaysian government enhanced the performance and competitiveness of SMEs in Malaysia. A similar study by Abdul-Razak (2011) on the productivity of SMEs in Malaysia, reported the government of Malaysia had put greater effort into strengthening the performance of these enterprises by initiating many programs and incentives.

These research results indicate that in Malaysia, government support is imperative and significant for the growth and internationalization of SMEs. Thus, providing support to enhance the competitive advantage of such enterprises in the domestic and global environment should be the focus of much government efforts.

However, the hypothesis H7 on the relationship between network relationships and firm performance was not supported, reflecting several previous studies where such a relationship was not found. Aldrich and Reese (1993) found that networks involved in business start-ups had no effect on subsequent business performance. Similarly, another study on Danish and Australia born-globals by Rasmussen et al. (2001) did not find support for the importance of the founder's network.

One of the reasons for the failure to find a significant link between network relationships and firm performance might be the majority of the SMEs in this study were relatively new venture with establishment of less than 10 years. New venture usually suffer from both the liability of newness (Stinchcombe, 1965) and the liability of smallness (Aldrich and Auster, 1986), which means limited access to resources that might assist their growth and survival. The major challenges faced by these newly established SMEs are lack of good contacts with others local and international enterprises and also lack of access to formal business and social networks (Saleh and Ndubisi, 2006; Samad, 2007; Abu Bakar et al., 2006; Aris, 2007; Hashim, 2012). These in turn will create SMEs with low network relationships and subsequently resulted low performance of SMEs in Malaysia.

### **7.1.3 Relationship between Internationalization and Firm Performance**

At present, there are few studies that have investigated the relationship between internationalization and firm performance, albeit with inconclusive and contradictory results (Zahra and George, 2002). The third research question of this study looks at the relationship between internationalization and performance of the firm in terms of financial and non-financial performance. The third research question is stated as follows: What is the effect of internationalization on firm performance? The findings of this study convincingly demonstrate that internationalization has a significant positive relationship with firm financial and non-financial performance. The findings are consistent with previous studies by Baird et al. (1994) which

concluded that internationalization has a positive relationship with the performance of small business. They suggested that SMEs can increase their return on sales (ROS) by taking their existing products into foreign markets either on their own or through foreign alliances. The present study also supports the findings of Burpitt and Rondinelli (2000) which indicated that financial success allows aggressive strategies of internationalization. This study further confirms the findings by Contractor et al. (2003) which found that internationalization and performance have a positive relationship.

Consistent with findings of prior research, SMEs that have internationalized their operations are able to create knowledge and technology skills, diversify resources and stimulate development, growth and success (Chelliah et al., 2010). Therefore, there is conclusive evidence that internationalization and performance in terms of financial and non-financial are positively related.

Overall, the research results suggest that internationalization yields positive financial and non-financial performance development in SMEs. Therefore, these findings suggest that SMEs in Malaysia should internationalize their firm as increased revenues and enjoying growth and reputation in international markets are seen as beneficial outcomes.

#### **7.1.4 Internationalization as a Predictor of Firm Performance**

The fourth research question examines the mediating effects of internationalization on the relationships between the determinants of internationalization in terms of entrepreneurial orientation, global mindset, network relationships, and government support and firm performance. The fourth research question is posited as follows: Does internationalization mediate relationships between entrepreneurial orientation, global mindset, network relationships, government support, and firm performance?

The findings indicate that internationalization partially mediates the relationships between entrepreneurial orientation, global mindset, network relationships, government support and firm performance. However, it was found that internationalization does not mediate the relationship between network relationships and firm financial performance. It was also found that internationalization is a very strong direct predictor of firm performance.

The third and fourth research questions further clarify the direct links between internationalization and firm performance and its direct function as a predictor of firm performance. In summary, the findings have indicated that internationalization can augment the development of SMEs in Malaysia and therefore lead to heightened levels of performance.



## 7.2 Limitations of the Study

The findings from this study are subject to several limitations that suggest plentiful directions for future research. Firstly, despite the significant findings and the constructive recommendations made in the research, cautions should be taken when generalizing the findings beyond the scope of the study. Limitations exist because this research focuses specifically on Malaysian SMEs which raise concerns that the findings might be country-specific. Spender and Grant (1996) noted, “A homogeneous culture reduces the likelihood of culturally induced variation in the perception of abstract constructs” and therefore, extending its conclusion to small and medium sized enterprises in general should be further tested. Comparative studies across other Asia Pacific and other developing countries are recommended to examine and extend the generalizability of the results of this study.

Second, the study’s short time frame, has not allowed for the analysis of causal relationships among the variables (Malhotra, 2007). It is recognized that a longitudinal study of the variables over longer periods of time may lead to the identification of hidden relationships or even differentiate between short and long-term practices and results.

The third limitation is that the present study faced difficulty in collecting data from SMEs in Malaysia. Some of the entrepreneurs were reluctant to participate in the survey because they were concerned that the disclosure of company information,

particularly financial information, might adversely affect them. They are not only suspicious that competitors might use the information to better compete with them but also that the government might use the information for tax purposes. In addition, since the information is provided by the owners or general managers of the firms, this study may suffer from the problem of self-reported bias.

### **7.3 Implications of the Study**

#### **7.3.1 Theoretical**

Theoretically, this study was designed to fill in some gaps that have been highlighted by previous researchers. First, most studies of international entrepreneurship have focused on relatively young high-technology industries located in developed countries with little emphasis on traditional industries and knowledge on international entrepreneurship in developing countries which remains limited (Zahra and George, 2002; Bloodgood et al., 1996; Keupp and Gassmann, 2009). This present study investigated a sample of Malaysian SMEs in the context of a developing country, focusing on young and established firms and traditional, low-technology and high-technology industries. The object was to ascertain whether the results would reflect those obtained from studies of developed countries. The findings revealed significant differences between the research findings in developed countries such as in the United States and Europe as compared to a developing country such as Malaysia. In contrast to studies in developed countries, the findings of this study indicated that entrepreneurial orientation, global mindset, and network

relationships have no significant relationships with internationalization. This raises concern whether western concepts of internationalization are applicable in developing countries such as Malaysia. Given the exploratory nature of research in the Malaysian environment, new determinants of the internationalization construct should be used in future research.

Second, this study applied The International Entrepreneurship Conceptual Model developed by Antoncic and Hisrich (2001) which was built around the concept of internationalization that consists of internationalization properties (time and mode) and internationalization performance. Other building blocks of the model are the determinants of internationalization (environmental conditions and organizational characteristics) and internationalization outcomes (organizational performance). Yet, the model does not indicate specific variables and measurements of the particular constructs. This study advances SMEs research by clarifying specific dimensions and measurement of the determinants of the internationalization construct by introducing entrepreneurial orientation, global mindset, network relationships and government support. Furthermore, the internationalization construct is measured by four items, foreign sales, foreign profit, foreign markets and foreign experience. With the improved model, this research provides several positive findings of significant and positive relationships between internationalization and firm performance which contribute to better documentation and understanding of the internationalization of SMEs in developing countries.

Third, this study contributes to the body of knowledge by introducing and empirically examining the four determinants of internationalization being entrepreneurial orientation, global mindset, network relationships, and government support which is rarely studied in the context of developing countries (Chelliah and Sulaiman, 2010; Senik et al., 2010). The findings of the study indicate a strong relationship between government support and internationalization which leads to questions about the entrepreneurial characteristics of the Malaysian entrepreneurs. The evidence begets the question whether they are really entrepreneurial oriented and global minded or largely dependent on the government support for their firms' internationalization.

Fourth, this study contributes empirically by the addition of a new dimension. The new dimension introduced was firm non-financial performance which intended to measure the outcomes of the internationalization of SMEs in Malaysia as suggested by Zahra and George (2002). This was a response to their call for a mixture of financial and non-financial measures to measure the performance outcomes of internationalization due to inconclusive results on the financial outcomes of internationalization. By adding new dimension, non-financial performance in internationalization research, this study adds conceptual richness and understanding of internationalization of SMEs in developing countries.

### **7.3.2 Methodological**

This study has several methodological implications for researchers. It responds to previous calls in the literature, by Zahra et al. (1999), for a greater diversity in the industry and geographic scope of firm-level internationalization research, by exploring the relatively neglected agricultural as well as the services sectors across Malaysia, including Sabah and Sarawak. It offers fresh evidence on the internationalization and performance of SMEs among various industries namely, manufacturing, services and agriculture.

Past studies in internationalization have made conclusions based on a relatively small sample of respondents (Autio et al., 2000; Chelliah and Sulaiman, 2010). This present study was able to make conclusions based on a relatively large sample size of 237 respondents that can better explain the nature of internationalization in SMEs in Malaysia.

### **7.3.3 Managerial**

The findings of the research carry significant implications for both the practitioners of SMEs and policy makers based on the national and industry compositions of the sample. The findings of this study suggest that SMEs in Malaysia must involve in internationalization as it can assist them to achieve better

firm performance, whether financial or non-financial. It will also help the firms to be competitive in the international markets.

Since internationalization was shown to be a source of better firm performance, the managers and leaders of SMEs in Malaysia should emphasize entrepreneurial initiatives such as improving their entrepreneurial orientation and global mindset by attending trainings and seminars organized by various government agencies. In addition they should continue to develop new relationships or utilize existing relationships to achieve market entry that can lead to successful and competitive entrepreneurs in the global market.

Policy makers should motivate SMEs by encouraging internationalization as it increases revenue to the firm and allows SMEs to enjoy growth in international markets. They should work with SMEs to assist them to determine their unique capabilities and simultaneously examine foreign markets to identify opportunities that might benefit the SMEs in Malaysia. Emphasizing motivational and self-assessment initiatives is critical because these can influence the firms' internationalization efforts.

Another important practitioner implication of this study is that managers should be aware of the complexity of internationalization and the need to regularly

evaluate various elements related to SMEs internationalization. Elements such as the skills, competencies, and management know-how are not only important attributes that entrepreneurs need to build up to be successful in internationalization but are also critical to the firm's favorable positioning in the global market.

Entrepreneurial SMEs are considered as the most important engines of job and wealth creation, and the main front of resilient competitiveness. Therefore the government must work to provide a fairly competitive business and regulatory environment which is conducive to the start ups' growth and the development of globally competitive SMEs in Malaysia.

While government support to the SMEs needs to be continued, the policy makers should review and modify certain policies and regulations to suit SMEs needs and challenges that will enhance their competitiveness locally and internationally. Policy makers are advised to consider the relevance of the various regulations to better develop the enterprises and promote internationalization amongst them.

#### **7.4 Suggestions for Future Research**

This study offers five directions for future research. Firstly, to address the generalizability of the findings reported in this study, additional research is required to replicate the original findings and to extend the testing of the model in other countries.

Secondly, to get a better understanding of the internationalization phenomena, a combination of qualitative and quantitative methods is suggested. The qualitative study will make it possible to formulate better propositions and also make the operationalization of these propositions more precise. At the same time, the quantitative study will make it possible to test the thesis propositions.

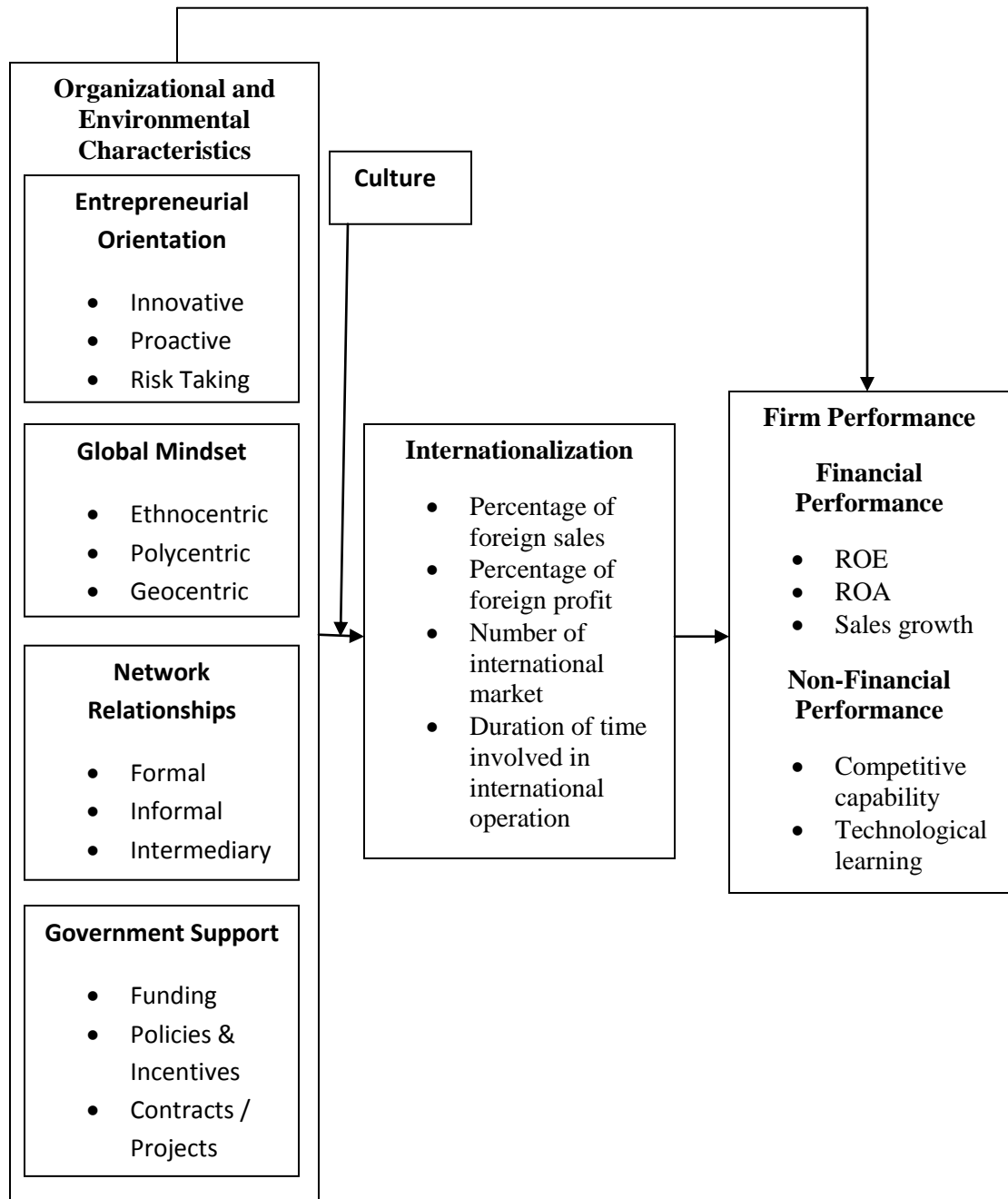
Thirdly, another direction of future research is to conduct a longitudinal follow-up study on the SMEs that cooperated in this study to further test the findings of the present study. While generally it is considered expensive and time-consuming, longitudinal studies may lead to higher validity as they can pick up long-term changes and patterns.

Fourthly, a study on the impact of political patronage on the performance of SMEs in Malaysia can be conducted to explore whether this phenomenon really exists in the Malaysian SMEs business environment.

Lastly, it is suggested that future studies go one step further by including culture as a moderating variable as culture has been noted to be the most researched variable. This variable has proven to influence the work of researchers and therefore causes researchers to have variance in their research findings. The future model suggested is presented in Figure 7.1 below.



**Figure 7.1 Proposed Future Research Model**



Source: Developed from Antoncic and Hisrich (2001)