BUSINESS STRATEGY IN EMPOWERING SMES EXPORT PERFORMANCE IN JOHOR

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DECLARATION OF ORIGINAL WORK

I hereby declare that this final year project with the title

"BUSINESS STRATEGY IN EMPOWERING SMES EXPORT PERFORMANCE IN JOHOR"

Is the result with my research expert as cited in the reference.

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DEDICATION

This project is dedicated to God S.W.T., whose guidance and strength have been my source of motivation throughout this journey. His presence has reminded me never to give up, even in the face of challenges. I am also deeply grateful to my parents, family, and friends for their unwavering support, encouragement, and belief in me. Their constant motivation has been the driving force behind my ability to complete this study, and I truly appreciate their presence in my life.

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ABSTRACT

The paper entitled, Business Strategy in empowering SMEs export performance in Johor reveals the importance of small and medium enterprises in economic development, especially in less developed states such as Johor in Malaysia. SMEs are important in job creation, revenue generation and general economic activity. Even though they play a crucial role in the economic growth of countries, SMEs struggle with certain issues like lack of funding, insufficient knowledge in market development, and the existence of larger companies with which they have to compete. This paper explores the potential business solutions that may help SMEs enhance their export performance by focusing on internal strengths and external resources, for example, policy encouragement, funding, and knowledge. As an area of focus, strategic management, innovation and networking are seen as critical ingredients for enabling SMEs to compete internationally. Other findings of the study include the role of technology and policy as far as the improvement of SME competencies is concerned. Moreover, the research recognizes key challenges such as limited funds, inadequate knowledge in international trade, and technological issues, as well as special strategic approaches aimed at overcoming these challenges. In achieving these objectives, the research will offer practical recommendations to SMEs, governments, and business boosters to advance global competitiveness and, in turn, regional development.

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Chapter 1

Introduction

1.0 Introduction

Small and medium-sized enterprises play a crucial role in the business ecosystems of both developed and developing countries. Due to their crucial role in business ecosystems, SMEs made multiple contributions to economies. Furthermore, the literature study demonstrated that SMEs helped governments expand their economies, particularly in emerging nations. Amit et al. (2011); Hashim (2011a).

1.1 Background of the Study

Small and Medium Enterprises were essential drivers of the economy in many regions, including Malaysia. Salleh et al. (2022) revealed that SMEs were very significant in job creation opportunities, revenue generation, and economic dynamics. However, among the major issues that needed to be addressed was the necessity of utilizing their potential for market leadership in other countries. It was generally understood that SMEs had restricted resources in terms of resources, experience in

market development, and the potential to compete with large transnational corporations and fast-food companies. The study analysed business strategies to help SMEs in Johor boost their export performance.

Helping SMEs enhance their export levels could have been achieved by combining internal capabilities and external enabling factors. Azmi and Yusof (2021) argued that strong strategic planning, innovation, and resource management capacities were imperative for SMEs to achieve export success. Internal dimensions needed to be complemented by the external enabling environment, such as government support, financial access, and market information. There were several initiatives by the Johor government to support SMEs, but their contribution to enhancing SMEs' export levels has yet to be researched in this paper.

Empowering SMEs in Johor included improving their strategic management. As defined by Rahim et al. (2020), strategic management denoted "the formulation and implementation of major goals and initiatives taken by an organization's managers on behalf of its owners" that were needed to address the fundamentals of international trade. Thus, through strategic management, SMEs were encouraged to become more proactive and to open up their potential in the world market. Furthermore, they needed to conduct relevant market analyses, develop competitive products, and establish well-functioning supply chains. The objective of strategic agility during market changes was also paramount.

Another crucial aspect to consider was the impact of innovation on enhancing export performance. According to a study by Lim and Tan (2019), innovation allowed small and medium enterprises (SMEs) to set their products and services apart, giving them an edge in markets. This did not just involve technological advancements but also improvements in how they conducted business, marketed their products, and engaged with customers. SMEs based in Johor needed to prioritize investing in research and development (R&D) while nurturing a culture that valued enhancement

to maintain their competitive edge. Lim and Tan emphasized that innovative SMEs were better equipped to adjust to evolving market needs and regulatory landscapes.

Collaboration and networking were factors that boosted the export performance of medium-sized enterprises (SMEs). Chong and Wong (2018) highlighted that forming partnerships with companies, government bodies, and international trade associations equipped SMEs with the resources and knowledge needed to thrive in global markets. These partnerships enabled access to market opportunities, an understanding of trade rules, and possibilities for collaborative ventures. Chong and Wong stressed the significance of establishing networks for SMEs to overcome the challenges posed by their scale and limited resources.

Finally, access to finance was a critical enabler for SMEs aiming to expand their export activities. Ibrahim and Hassan (2023) pointed out that securing adequate financing was often a major hurdle for SMEs, limiting their ability to invest in necessary resources and capabilities for international trade. Financial institutions and government programs that offered export financing and credit guarantees significantly alleviated these constraints. Ibrahim and Hassan's research indicated that targeted financial support enhanced SMEs' ability to undertake export activities, manage risks, and scale their operations globally.

1.2 Problem Statement

The export performance of small and medium-sized enterprises (SMEs) in Johor, Malaysia, was critical to both the regional and national economies. Nonetheless, many SMEs encountered substantial obstacles that impeded their capacity to compete effectively in global marketplaces. One of the main problems, according to Ahmad and Sulaiman (2022), was the inability to obtain sufficient financial resources. Due to strict lending requirements and a lack of collateral, many SMEs in Johor had difficulty obtaining finance from financial institutions. Their ability to invest in essential

upgrades and developments that could have improved their export prospects was hampered by this financial limitation.

Moreover, Alwi and Rahman (2023) highlighted that SMEs in Johor often lacked the necessary knowledge and expertise in international trade regulations and market requirements. Navigating different export markets was overwhelming, especially for smaller enterprises with limited resources. As a result, these businesses missed out on potential opportunities to expand their reach beyond local borders. Providing comprehensive training and support on export processes and market analysis could have significantly empowered these SMEs.

Technological advancement was another critical area where Johor SMEs lagged. According to Lim and Wong (2021), many SMEs did not fully utilize digital tools and platforms that could have streamlined their operations and improved their market reach. The adoption of e-commerce and digital marketing strategies remained low, primarily due to a lack of understanding and technical skills. Addressing this digital divide was essential for enhancing the competitiveness of Johor SMEs on a global scale.

The role of government policies and support systems could not be overlooked. Rahim and Tan (2020) argued that while various initiatives were aimed at supporting SMEs, the implementation and effectiveness of these programs were often inconsistent. Bureaucratic red tape and insufficient dissemination of information about available resources were common issues. Improving the efficiency of government support mechanisms and ensuring that SMEs were well-informed about these opportunities could have significantly boosted their export performance.

Additionally, the collaboration between SMEs and larger enterprises, including multinational corporations (MNCs), presented a valuable opportunity for growth. According to Yusof and Kamaruddin (2019), strategic partnerships provide SMEs access to new technologies, markets, and expertise. These collaborations fostered

innovation and helped SMEs scale up their operations more effectively. Encouraging and facilitating such partnerships should have been a key component of any strategy to empower Johor SMEs.

In conclusion, enhancing the export performance of SMEs in Johor requires a multifaceted approach. As highlighted by various researchers, addressing financial constraints, providing training on international trade, bridging the digital gap, improving government support, and fostering strategic partnerships were essential steps. By focusing on these areas, Johor could have significantly improved the global competitiveness of its SMEs, driving economic growth and development.

1.3 Research Objective

1. To examine the strategic capabilities of manufacturing SMEs in Johor and determine which ones significantly impact their export performance.

2. To investigate how SMEs in Johor can leverage market orientation strategies and marketing initiatives to improve their export outcomes.

3. To identify the main obstacles hindering SME exports in Johor and propose strategic solutions to overcome these challenges, drawing on best practices from successful exporting SMEs.

1.4 Research Question

1. What strategic capabilities do manufacturing SMEs in Johor currently possess that impact their export performance?

2. How can SMEs in Johor adopt market-oriented strategies through appropriate marketing efforts to enhance their export performance?

3. What are the key challenges SMEs face in Johor to increase their export activities, and how can they be addressed through strategic interventions?

1.5 Scope of Study

The scope of this research encompassed an examination of effective business strategies, the impact of market research, government policies, innovation, supply chain management, financial resources, training, and networking. The study aimed to identify key success factors and barriers faced by SMEs in the export market, leveraging both qualitative and quantitative methods, including surveys and case studies. It provided strategic recommendations for SMEs and policymakers to enhance export performance, drawing on comparative analysis with successful models from other regions. The research ultimately sought to offer a comprehensive understanding and actionable insights to support the growth and international expansion of Johor's SMEs.

1.6 Limitation of Study

In the study conducted by the researcher, several limitations were encountered. Firstly, the researchers faced challenges in accessing comprehensive information due to some key articles and data sources being behind paywalls or requiring subscriptions. This restriction limited the availability of relevant literature and secondary data for a thorough analysis. Secondly, the scope of the study was limited to SMEs located in Johor, which may not have provided a comprehensive view applicable to SMEs in other regions. This geographical limitation could have affected the generalizability of the findings.

Additionally, the researchers experienced difficulties in reaching enough respondents, as the target population was limited to SME owners and managers involved in export activities. This challenge was exacerbated by time constraints and limited resources for extensive outreach and follow-up. Lastly, there were obstacles in designing and distributing an effective survey instrument, such as a Google Form or online questionnaire, to collect primary data. Ensuring the survey reached the intended respondents and elicited a high response rate proved to be a significant hurdle. These limitations highlighted the need for cautious interpretation of the study's findings and suggested areas for future research to address these constraints.

1.7 Significance of Study

The significance of this study was to identify the effectiveness of business strategies in empowering the export performance of SMEs in Johor. This research provided valuable insights into how SMEs could optimize their operations for international competitiveness by uncovering key factors that influenced the adoption of these strategies. The findings, obtained through surveys and interviews with SME owners and managers, benefited SMEs aiming to expand globally by offering actionable strategies and best practices. Additionally, the study provided essential data for policymakers and business development organizations in Johor, supporting the international growth of local SMEs and contributing to the region's overall economic development.

1.8 Summary

In this chapter, the researcher explained how small and medium-sized enterprises (SMEs) in Johor, Malaysia, could enhance their export performance through effective business strategies. It highlighted the significant role of SMEs in economic growth but noted challenges such as financial constraints, lack of international trade knowledge, technological gaps, and inconsistent government support. The research aimed to identify key strategic capabilities, market-oriented

strategies, and obstacles Johor SMEs faced, proposing solutions based on successful models. Despite limitations like restricted data access and a narrow geographic focus, the findings provided valuable insights for SMEs, policymakers, and business development organizations to support international competitiveness and regional economic development.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter explored the literature relevant to business strategy in strengthening SMEs' export performance in Johor. The review was structured into four key sections. The first section examined the definition and economic significance of small and medium-sized enterprises (SMEs), with a particular focus on Johor. The second section analyzed various business strategies and their influence on organizational performance. The third section investigated SME export performance, identifying key factors that contribute to their success in global markets. Lastly, the fourth section highlighted the specific challenges and opportunities faced by SMEs in Johor. This comprehensive review aimed to enhance the understanding of how strategic initiatives can drive the export performance of Johor's SMEs.

2.1 Definition of key concept

The researcher also explained the key concepts applied in this study to strengthen the research topic statement. The purpose was to provide understanding for future researchers as a reference. The main concepts found in the research topic were as follows:

2.1.1 Business Strategy

The management literature describes how businesses compete in their market settings using a variety of business strategy typologies. Notable typologies that go beyond those presented by Miles and Snow (1978, 2003) include Treacy and Wiersema (1995), who divided strategies into operational excellence, product leadership, and customer intimacy; Porter (1980), who divided strategies into cost leadership and product differentiation; and March (1991), who described strategies as exploration and exploitation. Although these frameworks utilize different terminology, they all have the potential to categorize businesses that operate at the extremities of a strategy continuum (Dent, 1990; Langfield-Smith, 1997; Seifzadeh, 2011). While some typologies try to classify businesses that use a hybrid strategy, these tactics frequently include components from both extremes to differing degrees.

Miles and Snow's framework identifies four business strategies, three of which are considered viable. However, this discussion focuses on the two strategies that define the extremities of their strategic continuum, as highlighted in previous research on accounting and management. The terms Prospectors and Defenders were used by Miles and Snow to describe these opposing strategic approaches. Their Prospector strategy aligns with Porter's Product Differentiation, March's Exploration, and Treacy and Wiersema's Product Leadership, while their Defender strategy corresponds with Porter's Cost Leadership, March's Exploitation, and Treacy and Wiersema's Operational Excellence. The Miles and Snow classification was selected for two main reasons. First, given the similarities between various business strategy frameworks, conclusions drawn from this model would likely be consistent with findings from other typologies. Second, unlike other models that require direct interviews or surveys with company executives, the Miles and Snow typology can be operationalized using archival data (e.g., Ittner et al., 1997). This feature enables a broad generalization of findings across different industries and organizations, as the methodology provides a replicable measure of business strategy. It is also noteworthy that many of the insights

derived from the analysis of Prospectors and Defenders can be applied to other strategic models.

Prospectors, as defined by Miles and Snow (1978, 2003), are innovative firms that prioritize research and development (R&D) and marketing budgets to explore and capitalize on new products and market opportunities. Their strong focus on innovation requires them to develop a diverse range of technologies to support their varied product offerings. While this adaptability allows them to respond quickly to market changes, it often comes at the cost of distribution and production efficiency. Miles and Snow (1978, 2003) noted that Prospectors experience growth surges when they expand through product and market development. Their decentralized control structure facilitates coordination across various activities, but the transient nature of their "dominant coalition" makes them susceptible to organizational disruptions. By maintaining a moderate level of automation and leveraging their employees' expertise, Prospectors avoid long-term commitments to specific technological methods, ensuring they remain flexible.

On the other hand, Defenders focus on maximizing distribution and production efficiency (Miles & Snow, 1978, 2003). Due to their narrow market scope, they limit product development to closely related offerings. While Prospectors emphasize the protection of marketing and R&D departments, Defenders prioritize the production and finance functions. Unlike Prospectors, who aggressively expand through market penetration, Defenders exhibit stable but slow growth. Miles and Snow (1978, 2003) observed that organizations with highly centralized control structures tend to have longer employee tenure and promote from within. Defenders are characterized by their commitment to efficiency, investing heavily in cost-effective, single-core technologies that they continuously refine to enhance automation and routinization. This strategic focus enables them to sustain operational stability and maintain a competitive edge in cost efficiency.

2.1.2 SME

Small and Medium-Sized Enterprises (SMEs) played a vital role in economic growth, employment generation, and innovation across both developed and developing nations. Policymakers, scholars, and business consultants emphasized the importance of SMEs in fostering economic resilience and promoting entrepreneurship (Hashim, 2010; Hashim, 2011a; Tewari, Skilling, Kumar, & Wu, 2013). However, the definition of SMEs varied significantly across different countries and regions, resulting in multiple criteria for classification. These variations were primarily influenced by economic conditions, industrial structures, and national development policies.

The classification of SMEs was typically based on qualitative and quantitative criteria. While qualitative definitions focused on characteristics such as business structure, management style, and operational flexibility, quantitative definitions relied on measurable factors such as capital investment, number of employees, assets, and sales turnover (Hashim, 2005; Berisha & Pula, 2015; Haron & Hashim, 2015; Hashim, 2011b). Among these, quantitative classification was more commonly adopted due to its objective and standardized nature, making it easier for policymakers and financial institutions to implement regulations and support programs for SMEs.

In both developed and developing economies, SMEs were generally classified using fixed quantitative indicators. These included financial metrics such as annual revenue, total assets, and workforce size (A. Bouazza et al., 2015; A. B. Bouazza, 2015; Haron & Hashim, 2015; Hashim, 2010; Hashim, 2011b; Mi & Baharun, 2013). However, a World Bank survey (2014) suggested that relying solely on financial and employment measures might not have captured the full complexity of SMEs. Instead, factors such as business interactions, market access, and economic performance should have also been considered to provide a more comprehensive classification.

Despite their significance, SMEs face numerous challenges, particularly due to limited human and financial resources. Many SMEs struggled with access to funding,

technical expertise, and skilled labor, which hindered their growth and sustainability (Radicic & Pugh, 2017). However, SMEs possessed advantages such as simple organizational structures and agility in responding to market demands. Their ability to quickly adapt to changing economic conditions allowed them to remain competitive, particularly in dynamic industries where innovation and responsiveness were crucial.

Innovation within SMEs was generally lower compared to larger firms due to resource constraints and limited research and development (R&D) investments (Gallego et al., 2013). Many SMEs lacked the financial and technological capacity to engage in large-scale innovation, making it challenging for them to compete with multinational corporations. Additionally, SMEs were often less involved in international trade and export activities, which restricted their market expansion and global competitiveness (World Trade Organization, 2016). Addressing these barriers through targeted policy support and incentives could have helped SMEs enhance their innovation capacity and international presence.

In conclusion, SMEs play a fundamental role in driving economic development and employment opportunities. Their classification was primarily based on quantitative indicators, but alternative measures such as business environment interactions and economic contributions should have also been considered. While SMEs faced financial and human resource constraints, their ability to adapt to market changes provided them with unique advantages. To enhance their competitiveness, policies that promoted access to financing, innovation, and international trade participation were essential. Future research should have explored additional frameworks for defining and supporting SMEs to maximize their potential in global economies.

2.1.3 SME Export Performance

Small and medium-sized enterprises (SMEs) were significant in international business and economic growth. This was a clear indication of their efficiency and

capability in export activities. SME export performance had determinants that could be grouped under firm, product, market, and government factors. Larger and well-resourced SMEs were more effective in export as they could afford to allocate resources to market internationally and conform to foreign markets (Katsikeas, Leonidou, & Morgan, 2000). Management skill was also a key factor because managers with international orientations were better positioned to cope with the challenges of global operations (Wolff & Pett, 2000).

Product quality and innovation constituted a winning strategy in international markets. Researchers noted that companies that undertook research and development to introduce new products performed better in export sales (Zou & Stan, 1998). The capability to customize products to suit foreign customers' needs and wants was even more effective in increasing customer satisfaction and, consequently, export levels (Leonidou, 2004). Acquiring knowledge of the economic, cultural, and legal environment of the target market was significant for export operations. Companies that conducted market research and had more market knowledge were likely to perform well (Morgan, Kaleka, & Katsikeas, 2004). Additionally, the intensity of competition in the target market affected export performance since firms needed to find ways to distinguish themselves from competitors (Leonidou et al., 1998).

Government support and policies primarily fostered export performance among SMEs. Export promotion programs and subsidies were important mechanisms that assisted SMEs in overcoming key entry barriers into foreign markets (Wilkinson & Brouthers, 2006). Free trade agreements (FTAs) and preferential trade policies improved SME export performance by decreasing tariffs and opening easier market access.

Nevertheless, exporting came with various challenges for SMEs. The major challenge was financial constraints, as most SMEs lacked the funds needed to support export activities due to the high costs of market entry, distribution, and compliance, as noted by the OECD (2009). Additionally, the scarcity of skilled labor and a lack of

expertise in international business posed real challenges to venturing into foreign markets (OECD, 2009). Policies, laws, and compliance procedures—such as import/export legislation, quality requirements, and certification procedures—were major concerns (Leonidou, 2004). Language barriers and differences in business culture also hindered the growth of international trade for these companies (Terjesen, O'Gorman, & Acs, 2008).

Measures that could have been undertaken to improve the export performance of SMEs included education and training, which formed an important method of capacity building for developing skills in international trade, marketing, and management (Julien, 1993). The adoption of new technologies improved productivity and enhanced export performance, favoring the firm (Raymond, Bergeron, & Blili, 2005). Market penetration through expanding the international market base and establishing strategic partnerships with international organizations helped minimize reliance on a single market and diversify risk (Ghoshal, 1987; Lu & Beamish, 2001). Financial constraints could have been addressed through government-supported insurance, loans, grants, and export credit agencies (OECD, 2009). Moreover, export promotion services such as market information provision, trade fairs, and export consulting helped SMEs in their export development process (Wilkinson & Brouthers, 2006).

In conclusion, SMEs were essential drivers of the global economy, and their export performance depended on various factors, including firm, product, and market characteristics, as well as government support. However, despite numerous challenges, SMEs could improve export performance through internal capacity development, market diversification, and the utilization of government or institutional support. Future studies and policies should be conducted to increase understanding of the challenges SMEs encounter and to improve the environment in which they could further evolve and prosper in global markets.

2.1.4 SME in Johor

Small and medium enterprises were important actors that drove the economic growth and development of Johor, Malaysia. These enterprises were essential in employment generation, product development, and the overall diversification of the economy. Malaysia recognized SMEs based on quantitative factors such as annual sales turnover and the number of employees. Manufacturing SMEs, as per SME Corporation Malaysia (2013), were those that had a sales turnover of less than RM50 million or fewer than 200 employees, while services and other sectors were considered SMEs if they had a sales turnover of below RM20 million or fewer than 75 employees. This relatively well-defined measure assisted in defining and categorizing SMEs for policy and support measures (SME Corporation Malaysia, 2013).

The government needed to acknowledge that SMEs in Johor played a significant role in supporting the state economy. They played a crucial role in employment generation by offering job opportunities to a substantial portion of the nation's populace. SMEs also contributed to GDP and operated in numerous industries such as manufacturing, services, and agriculture. Findings established that SMEs were dominant in the manufacturing sector in Johor and were instrumental in spurring industrial growth in the state (Saleh & Ndubisi, 2006). However, SMEs in Johor faced numerous challenges that limited their expansion and survival. One major barrier was a lack of adequate capital, which made it difficult for SMEs to access loans and credit from financial institutions (Hashim, 2011). Furthermore, SMEs rarely employ the right human capital and expertise to grow their businesses, resulting in inefficiency and low productivity (Abdullah & Bakar, 2000). Other challenges included massive competition from larger firms, regulatory concerns, and the need for new technologies (Ali, 2017).

Recognizing the crucial role of SMEs in the country's economic development, the Malaysian government implemented several institutions to support SME businesses. The SME Masterplan 2012-2020 provided visions and missions to increase

SMEs' value-added across all sectors through innovation, productivity, and inclusiveness (SME Corporation Malaysia, 2012). The Johor State government also developed special policies to accommodate SMEs, such as funding initiatives, training and development sessions, and market access programs (Johor State Government, 2018). A review of the literature provided tangible evidence that government interventions influenced the growth and development of SMEs in Johor. Access to funds was complemented by financial assistance programs, while SME owners and employees benefited from training on managerial and technical competencies (Razak, Abdullah, & Ersoy, 2018). Additionally, efforts to improve market access enabled greater market penetration and enhanced competitiveness, not only at the domestic level but also in the export market (Zainol & Daud, 2011).

Skills in technology management and innovation were essential for competitiveness in SMEs. However, despite the availability of advanced technologies, most SMEs in Johor failed to embrace these technologies, primarily due to high costs and a lack of adequate training in their use (Ramayah, Smith, & Leng, 2016). Therefore, the government needed to address aspects such as digitalization and Industry 4.0 initiatives, which were proposed as strategies to resolve these challenges by offering subsidies and training to promote the use of technology (Ministry of International Trade and Industry, 2018).

Consequently, SMEs in Johor held a crucial role in the state's development. Despite facing several challenges, government policies played a central role in promoting these businesses. Future initiatives to tackle issues related to access to financing, the development of human capital, and the increased use of technology would be essential for the sustained growth of SMEs in Johor. More research should have been conducted to assess the long-term outcomes of such policies, along with identifying new approaches to foster innovation and competitiveness in SMEs.

2.2 Theoretical Framework

A theoretical framework was created to depict the relationship between various variables in this study. The framework is shown in the figure below, which also shows how the independent and dependent variables are related.

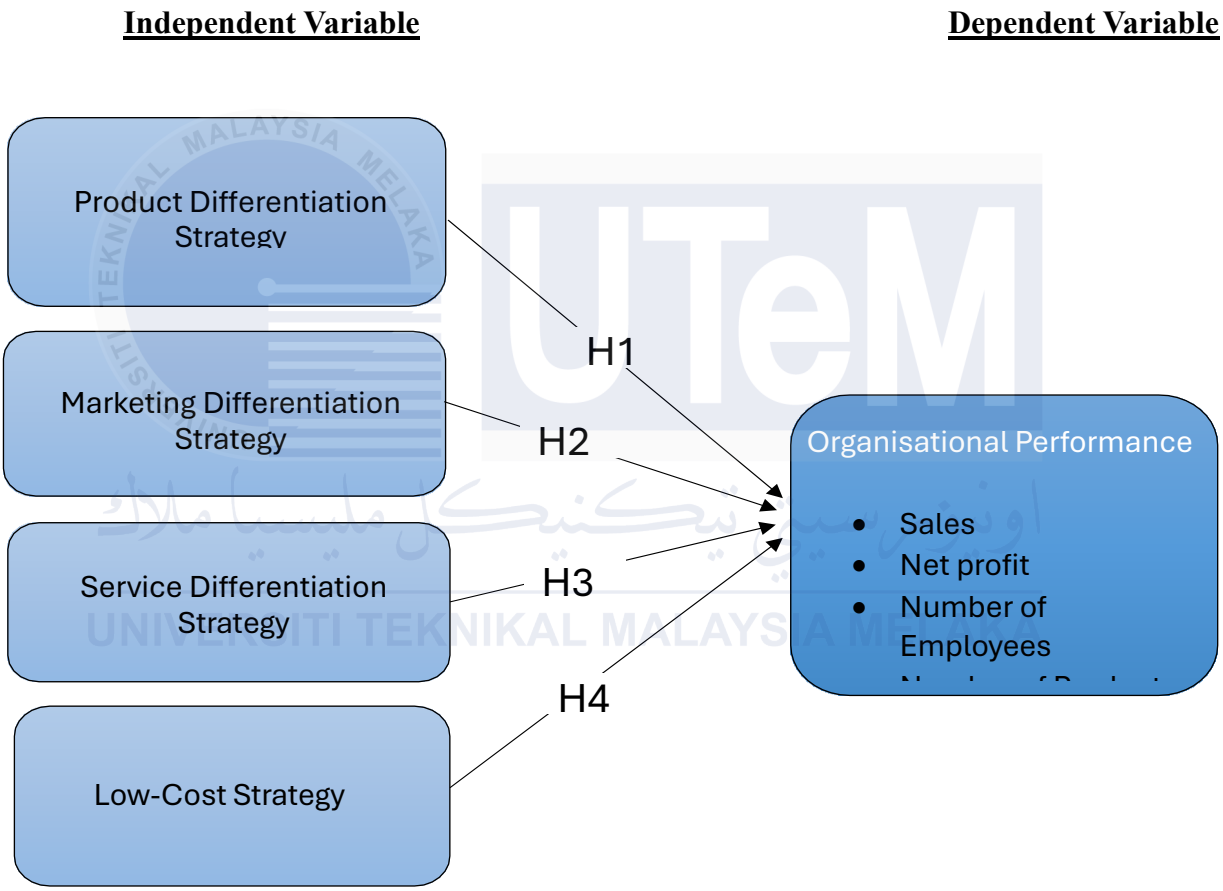

Figure 1: Theoretical Framework

2.3 Research Hypothesis

Hypothesis 1

H_1: There is a positive relationship between product differentiation strategy and SME's export performance in Johor

Hypothesis 2

H_2: There is a positive relationship between marketing differentiation strategy and SME's export performance in Johor

Hypothesis 3

H_3: There is a positive relationship between service differentiation strategy and SME's export performance in Johor

Hypothesis 4

H_4: There is a positive relationship between low-cost strategy and SME's export performance in Johor

2.4 Summary

In general, this chapter was derived from secondary data, where researchers obtained all the information from online articles, journals, and theses. This chapter also discussed the concept and different definitions according to previous research related to the research topic, which was the business strategy for empowering SMEs' export performance. In addition, a conceptual framework was outlined in this chapter, and the hypothesis was developed.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

Research methodology, therefore, encompassed the systematic, theoretical examination of the procedures implemented in a specific discipline. It included the understanding, approaches, and theories that defined how research was to be conducted. It served as a roadmap that laid down the processes for gathering, organizing, and analyzing information to address research questions or hypotheses. Kothari (2004) stated that research methodology not only presented the plan for the research process but also assessed the credibility and veracity of the findings by applying suitable methods and means.

3.1 Research Design

Research design, on the other hand, was the general plan that coordinated the various parts of research in a proper manner and style to efficiently solve the research problem. It formed the foundation for gathering data and defining how the data would be collected, measured, and analyzed. There were several facets of design depending on the type of research conducted, the goals and objectives to be achieved, and the approaches taken in the research. According to Creswell (2014), research design was developed to provide solutions to research questions.

3.1.1 Descriptive Research

Descriptive research is a quantitative research method that focuses on observing and describing a subject's behavior without exerting any influence over it. This approach aims to outline the characteristics of a population or phenomenon under study, emphasizing the "what" rather than addressing questions of how, when, or why these characteristics emerge. As noted by Burns and Grove (2003), descriptive research provides an accurate representation of a specific individual, situation, or group.

In the context of empowering SMEs' export performance in Johor, descriptive research was used to gather data on various factors such as the level of export activity, challenges faced by SMEs, and the effectiveness of existing support mechanisms. By using descriptive statistics, researchers summarized the data in a meaningful way, providing insights into the state of SME exports in Johor at that time. This method enabled the identification of patterns and trends, which informed strategic decisions to enhance export performance.

Furthermore, descriptive research was advantageous because it allowed for a detailed examination of the variables of interest. It helped in understanding the underlying dynamics of SME export activities by presenting data in a structured and interpretable format. Zikmund (2003) emphasized that descriptive research was crucial for generating a comprehensive picture of the situation, which was essential for making informed decisions and developing effective business strategies.

3.2 Methodologies Choice

3.2.1 Quantitative Research

Quantitative research was a systematic and structured approach that relied on statistical, mathematical, or computational techniques to analyze observable phenomena. It aimed to develop mathematical models, theories, and hypotheses to explain relationships between variables (Bryman, 2016). This research method was particularly valuable in understanding the relationship between an independent variable and a dependent variable, making it highly applicable in business and economic studies. In the context of SMEs' export performance in Johor, quantitative research allowed for the systematic investigation of factors influencing export success, enabling researchers to derive evidence-based conclusions.

One of the significant advantages of quantitative research was its ability to collect numerical data that could be analyzed statistically to identify patterns and relationships. Researchers studying SMEs' export performance employed structured surveys and questionnaires to gather data on export activities, financial constraints, market entry barriers, and government support. The collected data was then analyzed to determine which factors most significantly impacted export performance (Saunders et al., 2019). By applying quantitative methods, researchers uncovered key trends that informed policymakers and SME owners about the best strategies to enhance international competitiveness.

Quantitative research was also known for its objectivity and reliability, as it minimized subjective bias by using standardized data collection instruments such as closed-ended surveys and structured interviews. These instruments ensured consistency in responses, allowing researchers to replicate the study in different contexts while obtaining comparable results (Creswell & Creswell, 2017). This methodological rigor enhanced the credibility of findings and ensured that policy recommendations for SMEs were based on reliable evidence. Moreover, by quantifying the challenges and opportunities faced by SME exporters, stakeholders were able to develop targeted policies to support their growth in international markets.

A major strength of quantitative research was its ability to employ various statistical techniques to analyze data. These techniques ranged from descriptive statistics, which summarized key trends, to inferential statistics, which identified significant relationships between variables. For instance, regression analysis was used to examine the key predictors of successful SME export performance, such as firm size, government incentives, and access to foreign markets (Field, 2018). These statistical tools provided a robust analytical framework that enabled decision-makers to design effective interventions that addressed SMEs' needs.

In conclusion, quantitative research played a crucial role in analyzing and improving SMEs' export performance in Johor. By using structured instruments and statistical analysis, researchers derived generalizable insights that helped policymakers and business owners make informed decisions. The objective and reliable nature of this methodology ensured that findings were applicable across different business environments, ultimately supporting SMEs in overcoming export challenges. As highlighted by Creswell and Creswell (2017), the ability to accurately measure variables and test hypotheses made quantitative research a powerful tool for developing strategies that drove SME success in international markets.

3.3 Data Collection

3.3.1 Primary Data

Primary data was information gathered firsthand from sources specifically for a particular research study. This information was distinct and closely related to the goals of the study, guaranteeing that it was pertinent to the research questions. Primary data was frequently gathered through surveys, focus groups, interviews, and observations. Structured questionnaires were utilized to gather information from SME owners and managers for this study on the export performance of SMEs in Johor. This approach made sure that the information gathered was directly relevant to the subject of the study and offered insightful firsthand accounts.

3.3.2 Secondary Data

Secondary data consisted of information that had been previously gathered and published by external sources. This included government reports, industry statistics, academic research, and other pre-existing materials. Such data was valuable for offering context, background insights, and a point of comparison with primary data. In this study, secondary data encompassed trade statistics, SME performance reports, and prior research on export activities. Leveraging secondary data not only conserved time and resources but also strengthened the credibility of findings by supporting the analysis of primary data.

3.4 Research Strategy

The research strategy was a vital component of the research method as it outlined the plan and procedure adopted in the collection and analysis of data to answer the research questions. The development of a clear research plan ensured that the study was carried out in an uninterrupted, direct, and efficient manner, thereby offering valid and reliable outcomes. The survey research was chosen as the research methodology for empowering SMEs for export performance in Johor.

3.4.1 Survey

Questionnaires were frequently used in research as one of the main tools for gathering quantitative data from many participants. They comprised the use of fixed questionnaires, where questions were developed and administered to collect specific information aligned with the study's research objectives. In the case of surveys, prominent information was obtained regarding the attitudes, behaviors, and characteristics of a large population. Bryman (2016) noted that surveys were helpful because researchers could interview diverse consumers within a brief period.

This study conducted a survey of SME owners and managers in Johor to gather information on export practices, problems, and requirements. To carry out this survey, closed-ended and open-ended questions were posed to the participants. Closed-ended questions provided measurable information that was analyzed using a statistical instrument, while open-ended questions offered a richer understanding of the respondents' experiences. This method of data collection enriched and provided a more extensive field of data collected (Creswell, 2014).

The survey was conducted through both online and offline methods to ensure many participants. Online survey questionnaires were distributed through emails with links to avoid bias and to reach SMEs whose operations were significantly influenced by digital media. Paper surveys comprised structured questionnaires, which were administered through face-to-face interviews with SMEs that were identified and approached during networking forums and business fairs. According to Dillman et al. (2014), it was recommended to survey as many people as possible to expand the number of respondents and achieve sample representativeness.

The cross-sectional survey data was collected from SMEs in the region of interest. To ensure the reliability and validity of the data, a pilot test was conducted among a selected group of SME managers and owners in a similar geographic region. The questionnaire was initially piloted to identify any flaws concerning the design of the questions in the instrument, particularly any unclear wording or technical problems that could be detected during the research, warranting amendments. This step was essential to enhance the properties of the survey instrument and to guarantee the relevance and reliability of the data obtained (Fowler, 2013).

3.5 Research Location

The research was conducted among consumers in Johor, Malaysia. Johor was considered appropriate for researching SME export performance due to its strong economy, proximity to Singapore, and numerous industrial estates. The nature of firms

in the state, which included manufacturing, agriculture, and services sectors, created a suitable environment for research on the factors influencing SME export performance. This was achieved by collecting data from SMEs and employing varying strategies in different regions of Johor to obtain a holistic view of the state's export situation.

3.6 Research instruments

The questionnaire design for the topic *"Business Strategy in Empowering SMEs Export Performance in Johor"* followed a structured approach to collect comprehensive and relevant data. This questionnaire was divided into four sections, with the first section (Section A) focusing on demographic information. This section gathered essential details about the respondents, including their age, gender, race, level of education, the number of businesses they had started, their years of experience in the field or industry, and their primary reason for starting the business. Collecting this demographic data was crucial for understanding the respondents' backgrounds and ensuring a diverse and representative sample for the study. Additionally, it helped analyze how different demographic factors might have influenced the export performance of SMEs.

Section B of the questionnaire investigated the respondents' knowledge and usage of business strategies designed to enhance export performance. This section included questions on the types of export strategies the SMEs were implementing, the frequency and intensity of these strategies, and the entrepreneurs' understanding of these strategies' impact on their export performance. For example, questions addressed the methods used for market research, the role of innovation in their export activities, and the utilization of government export assistance programs. The responses in this section were measured using a Likert scale ranging from *strongly disagree* to *strongly agree*, providing quantitative data on the entrepreneurs' strategic practices and perceptions.

Section C assessed the effectiveness and challenges of implementing these business strategies. Entrepreneurs were asked to evaluate their ability to navigate the international market, adapt to foreign market demands, and their experience in overcoming export-related challenges. This section included questions on their problem-solving skills, risk management, networking capabilities, and adaptability to changing market conditions. The Likert scale was again employed to gauge the entrepreneurs' confidence and success in implementing these strategies. By analyzing these responses, researchers identified key areas where SMEs excelled or struggled, offering insights into the most effective strategies for empowering SMEs' export performance in Johor.

This structured and detailed approach ensured that the questionnaire captured all relevant aspects of the research topic, providing valuable data for the study.

3.7 Sampling Design

3.7.1 Target Population

The target population for this study encompassed small and medium-sized enterprises (SMEs) in Johor, Malaysia, that were actively involved in export activities. These SMEs were critical to the study because they provided valuable insights into the strategies used to enhance export performance. The criteria for selection included SMEs that had been operational for a minimum of three years and had engaged in export activities within the last year. This targeted approach ensured that the study gathered data from businesses with relevant experience and insights into the export processes and challenges specific to Johor's SME sector.

3.7.2 Sampling Size

Sample size generally referred to the number of respondents in a study or observation. According to Delice (2001), sample size was especially important for data analysis methods that required many respondents. For this research, convenience sampling was utilized, which was a straightforward method for collecting large amounts of data. Based on reports, it was estimated that there were approximately 10,000 SMEs involved in export activities in Johor. Using the method proposed by Krejcie and Morgan (1970), the sample size for this research was determined to be 384 respondents. This calculation was based on achieving a 95% confidence level with a 5% margin of error, ensuring the reliability and validity of the research findings. The research was conducted in Johor, Malaysia, and questionnaires were distributed to entrepreneurs running SME export businesses

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

Figure 2: Krejcie and Morgan (1970) sample size formula

3.8 Data Analysis

3.8.1 Statistical Package for Social Science (SPSS)

The Statistical Package for the Social Sciences (SPSS) was a widely used software tool for data management and statistical analysis, particularly in social science and business research. It allowed researchers to perform various statistical tests efficiently, making it an essential tool for handling large datasets. SPSS enabled researchers to conduct descriptive statistics, inferential statistics, and multivariate analyses (Bryman & Cramer, 2011). Additionally, the software supported data entry, coding, and cleaning, ensuring that data was well-structured for accurate analysis. By offering a wide range of analytical functions, SPSS enhanced the reliability and validity of research findings, making it a preferred choice for both academic and industry research.

One of the key strengths of SPSS was its user-friendly interface, which allowed researchers to execute complex statistical tests without extensive programming knowledge. Researchers applied various statistical techniques, including normality tests using skewness and kurtosis, which helped determine whether the dataset followed a normal distribution (Field, 2013). Reliability analysis, particularly Cronbach's Alpha, was used to measure the internal consistency of survey instruments, ensuring that data collection tools were stable and dependable. Furthermore, SPSS facilitated correlation analysis, which helped determine relationships between variables, and multiple regression analysis, which examined how multiple independent variables influenced a dependent variable. These advanced statistical tools provided researchers with valuable insights for hypothesis testing and decision-making.

Descriptive statistics were employed to summarize the main findings of this study on SME export performance in Johor, while inferential statistics were used to test hypotheses and determine correlations between important variables. The data's compliance with statistical assumptions was assessed using the normalcy test

(skewness and kurtosis). While reliability analysis made sure that survey responses were consistent, correlation analysis looked at how different factors affected SME exports. Ultimately, multiple regression analysis was used to determine which factors were most important in predicting export performance. This study's use of SPSS made sure that its findings were methodologically sound, data-driven, and repeatable, creating a solid basis for recommendations on policy and strategic business choices.

3.8.2 Pearson's Correlation Coefficient Analysis

Pearson's correlation coefficient analysis was a popular statistical approach for determining the magnitude and direction of a linear relationship between two continuous variables. This coefficient, represented as (r), varied between -1 and 1, signifying a positive, negative, or insignificant connection between the variables (Cohen, 1988). A high positive correlation was indicated by a value near 1, which meant that as one variable rose, the other one rose as well. On the other hand, a value close to -1 denoted a negative correlation, meaning that a rise in one measure was accompanied by a fall in the other. There appeared to be little to no linear relationship between the variables when r was approaching zero. This method is widely applied in fields such as social sciences, business, and economics to examine associations between various factors (Taylor, 1990).

In the context of SME export performance in Johor, Pearson's correlation coefficient was applied to examine the relationship between business strategies and their impact on export success. Specifically, this analysis assessed the correlation between variables such as marketing strategies, innovation, financial management, and overall export performance (Saunders et al., 2009). By identifying significant correlations, researchers determined whether specific business strategies contributed to an increase in SME exports. For instance, if a strong positive correlation was found between financial management efficiency and export performance, it implied that SMEs with well-structured financial strategies tended to perform better in international

markets. Such insights allowed business owners and policymakers to make informed decisions based on statistical evidence (Pallant, 2007).

Furthermore, Pearson's correlation analysis provided valuable insights for developing effective business strategies by identifying key success factors for SMEs. The findings from this study guided export-driven SMEs in Johor to prioritize investment in areas that had a significant impact on their international market expansion. Additionally, policymakers used these insights to formulate support programs that enhanced SME competitiveness in the global market. However, it was important to note that correlation did not imply causation—a strong correlation between two variables did not necessarily mean that one caused the other. Therefore, further statistical analyses, such as multiple regression analysis, were required to establish causal relationships between business strategies and export performance (Tabachnick & Fidell, 2001).

3.8.3 Multiple Regression Analysis (MRA)

A statistical method for examining the relationship between several independent variables and one dependent variable is called multiple regression analysis, or MRA. Researchers can examine how multiple factors concurrently affect a certain outcome using this strategy. MRA is especially helpful for determining the relative relevance of each predictor and for forecasting the value of a dependent variable based on the values of independent variables (Hair et al., 2010).

In this study, multiple regression analysis was applied to assess the impact of different business strategies on the export performance of SMEs in Johor. By incorporating independent variables such as marketing strategies, innovation, financial management, and government support, the analysis examined their collective influence on export performance. This approach provided a comprehensive understanding of how these strategies interacted and contributed to SMEs' success in

international markets, offering valuable insights for policymakers and business practitioners (Tabachnick & Fidell, 2007).

3.9 Validity

3.9.1 Construct Validity

The degree to which a test or instrument accurately assesses the theoretical construct it is intended to evaluate is known as construct validity. This procedure entails assessing whether the survey's questions accurately capture the ideas being studied and whether the findings support those ideas. The questionnaire items were created using previously validated scales and a thorough evaluation of pertinent literature to guarantee construct validity in this study. Additionally, expert evaluations and pilot testing were conducted to refine the questions, ensuring they accurately captured key constructs such as business strategies and the export performance of SMEs in Johor (Campbell & Fiske, 1959).

3.9.2 Internal Validity

Internal validity referred to the degree to which the results of a study could be attributed to the variables that the researcher intentionally manipulated, rather than to other, uncontrolled variables. Ensuring internal validity involved controlling for confounding factors that could have influenced the study’s outcomes. This research enhanced internal validity by using standardized data collection procedures, employing random sampling, and implementing statistical controls in the analysis. This approach helped ensure that the observed relationships between business strategies and export performance were not affected by extraneous variables (Cook & Campbell, 1979).

3.9.3 External Validity

External validity refers to the degree to which a study's findings can be generalized to other settings, populations, and periods. To enhance external validity, this study aimed to select a representative sample of SMEs in Johor involved in export activities. By ensuring an adequate sample size and employing an appropriate sampling method, the results could be extended to a broader population of SMEs. Additionally, the study's design and procedures were thoroughly documented to facilitate replication in different contexts, further strengthening the generalizability of the findings (Shadish, Cook, & Campbell, 2002).

3.10 Reliability (Cronbach's alpha)

Reliability was a fundamental aspect of research measurement, ensuring that an instrument consistently produced stable and accurate results over time. It was commonly evaluated through internal consistency and test-retest reliability, both of which were essential in assessing the dependability of data collection tools. Internal consistency was typically measured using Cronbach's alpha, which quantified the correlation among items within a scale to determine whether they collectively measured the same construct (Tavakol & Dennick, 2011). A higher Cronbach's alpha value (≥ 0.7) indicated strong internal consistency, confirming that the instrument was reliable for assessing the intended variables.

Test-retest reliability, on the other hand, examined the stability of an instrument by administering the same questionnaire to respondents at two different time points and analyzing the correlation between their responses (Bonett & Wright, 2000). A high correlation suggested that the instrument-maintained consistency over time, minimizing measurement error and enhancing the credibility of the findings. Ensuring high reliability was essential for achieving valid and reproducible results, allowing researchers to draw accurate, data-driven conclusions (DeVellis, 2003).

CHAPTER 4

ANALYSIS AND DISCUSSION

4.1 Introduction

This study used a quantitative technique to gather the necessary data for analysis. The researcher successfully collected completed replies from all 384 participants using a standardized questionnaire. To ensure that the questionnaire was clear and effective, a pilot test with 30 participants was conducted before the main data-gathering period. The full procedure, including the pilot test and data collection, took many months to complete.

The research was divided into three pieces, which respondents had to complete to supply the necessary information. The data, which included the outcomes of the pilot test, were analyzed with the Statistical Package for Social Sciences (SPSS) 29. Key analytical approaches used were descriptive analysis, reliability evaluation, correlation analysis, and regression analysis. All data were methodically sorted and presented in tables to improve clarity and comprehension.

4.2 Descriptive Analysis (Frequency)

4.2.1 Gender

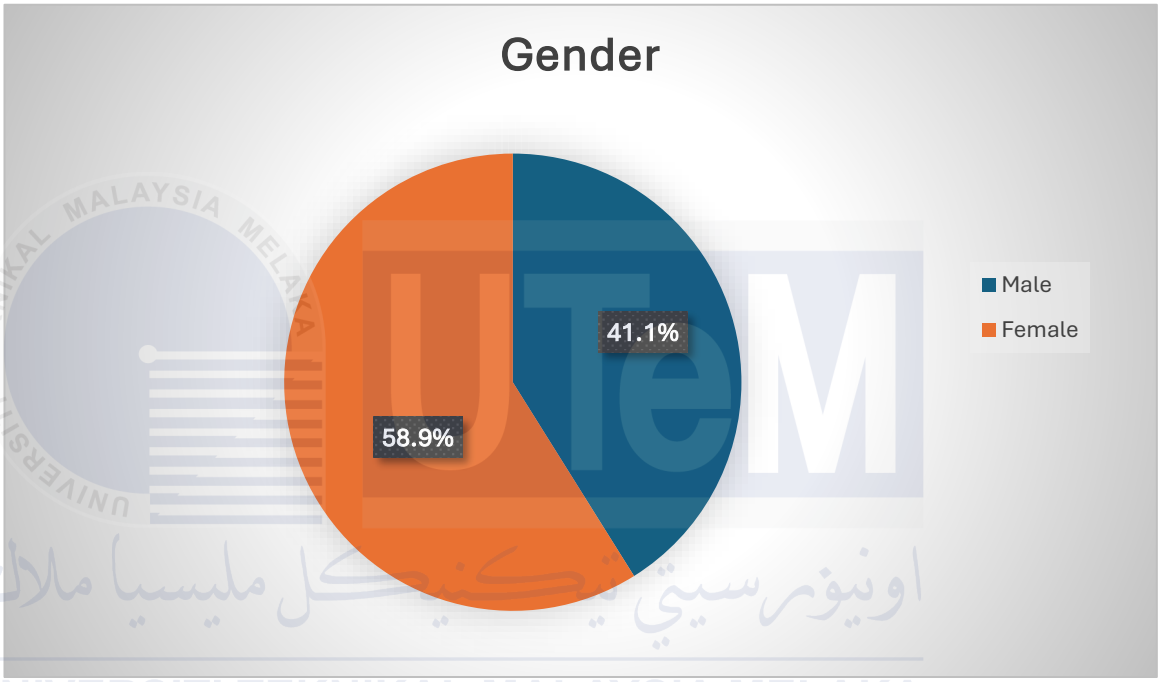

Figure 3: Gender

The gender distribution of those who answered the questionnaire is shown in Figure 3. It revealed that there are 158 or 41 percent of male respondents and 226 or 59 percent of female respondents. From the data analysis of this research, the female respondents participated more than the male respondents. However, this research is randomly distributed by the researcher and does not select the gender of the respondents systematically.

4.2.2 Age

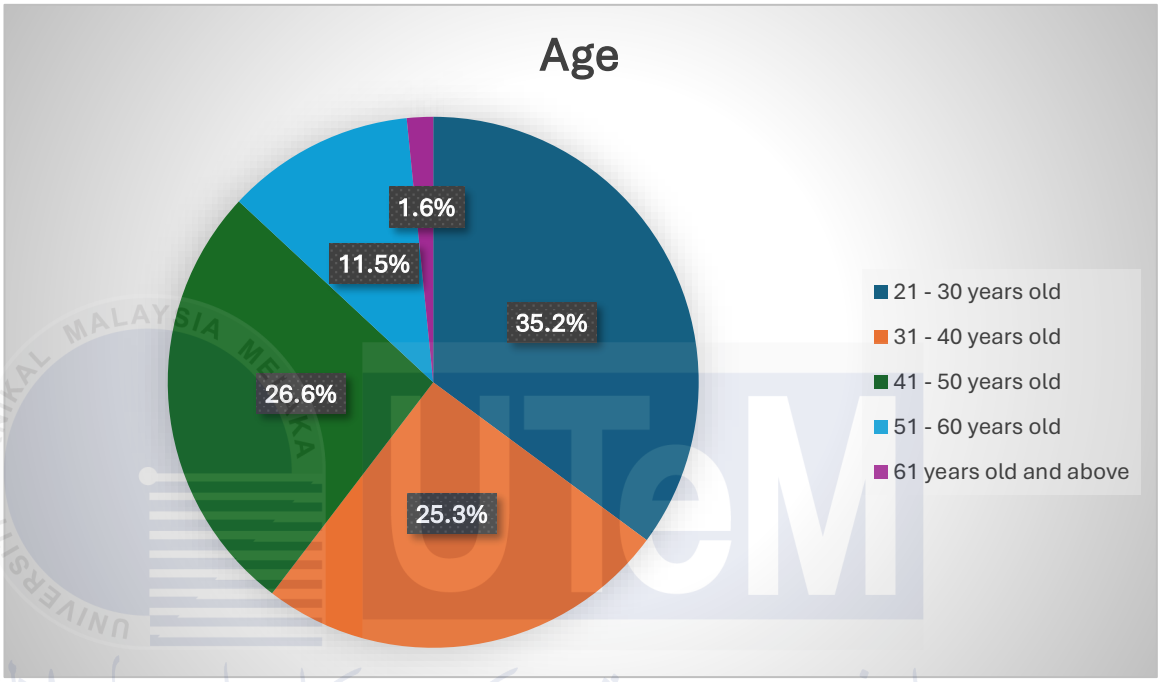

Figure 4: Age

Figure 4 shows the analysis of respondent's data by age. From the total of 384 respondents, there are 135 respondents (35.2%) who age 21 to 30 years old, 97 respondents (25.3%) who age 31 to 40 years old, 102 respondents (26.6%) who age 41 to 50 years old, 44 respondents (11.5%) who age 51 to 60 years old, 6 respondents (1.6%) who age 61 years old and above. It shows that the age range 21-30 is heavily involved in the SME business.

4.2.3 Race

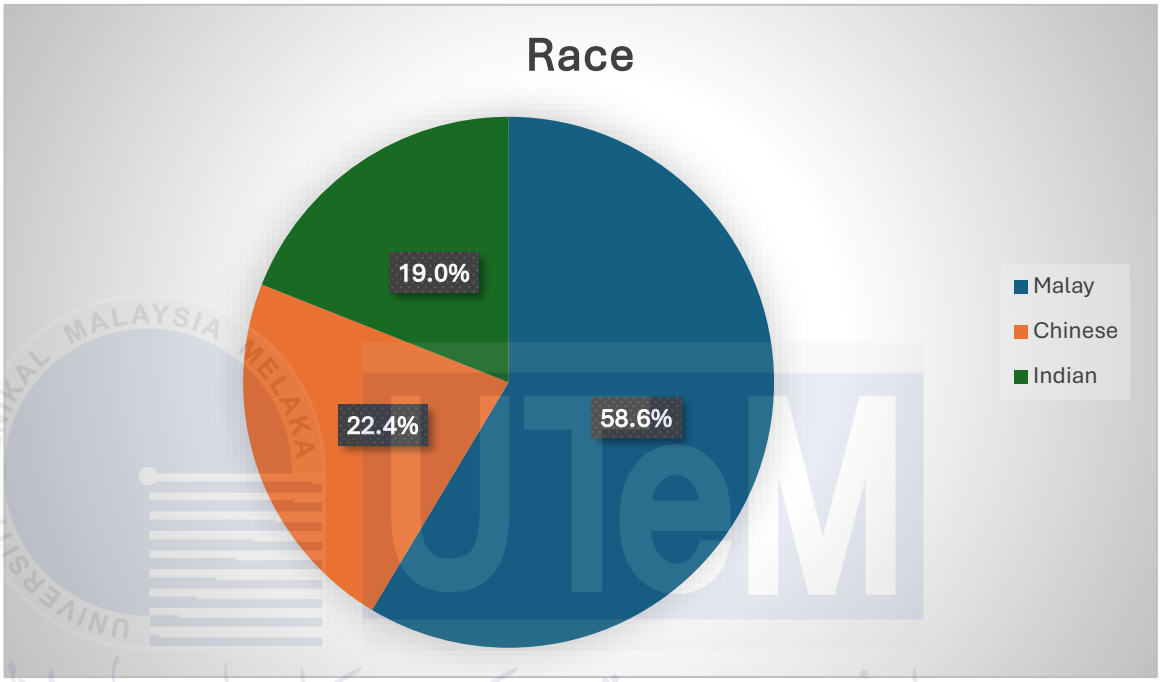

Figure 5: Race

Figure 5 shows the analysis of respondent's data by race. Of the total of 384 respondents, there are 225 respondents (58.6%) who are from Malay, 86 respondents (22.4%) who are from Chinese, and 73 respondents (19%) who are from Indian. It shows that Malay is heavily involved in the SME business.

4.2.4 Level of Education

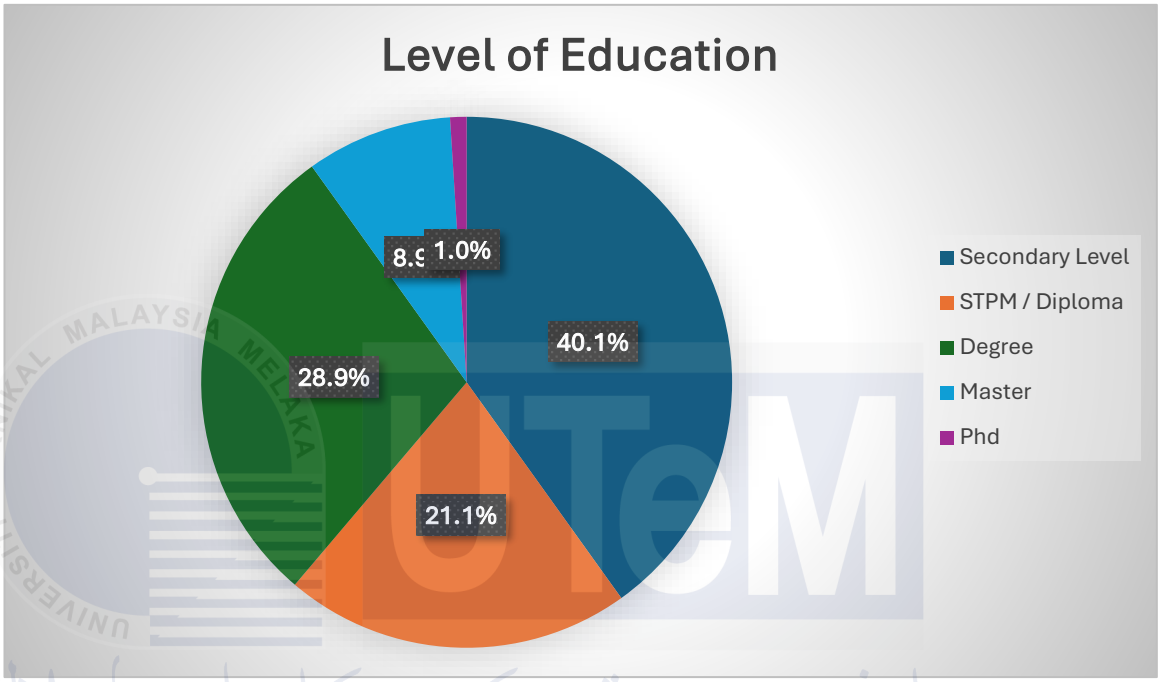

Figure 6: Level of Education

Figure 6 shows the analysis of respondent's data by education qualification. From the total 384 respondents, there are 154 respondents (40.1%) who are from secondary level, 81 respondents (21.1%) from STPM / Diploma, 111 respondents (28.9%) from Degree, 34 respondents (8.9%) from Master and 4 respondents (1.0%) from PHD. It shows secondary level qualification is higher than others.

4.2.5 How many businesses have you started?

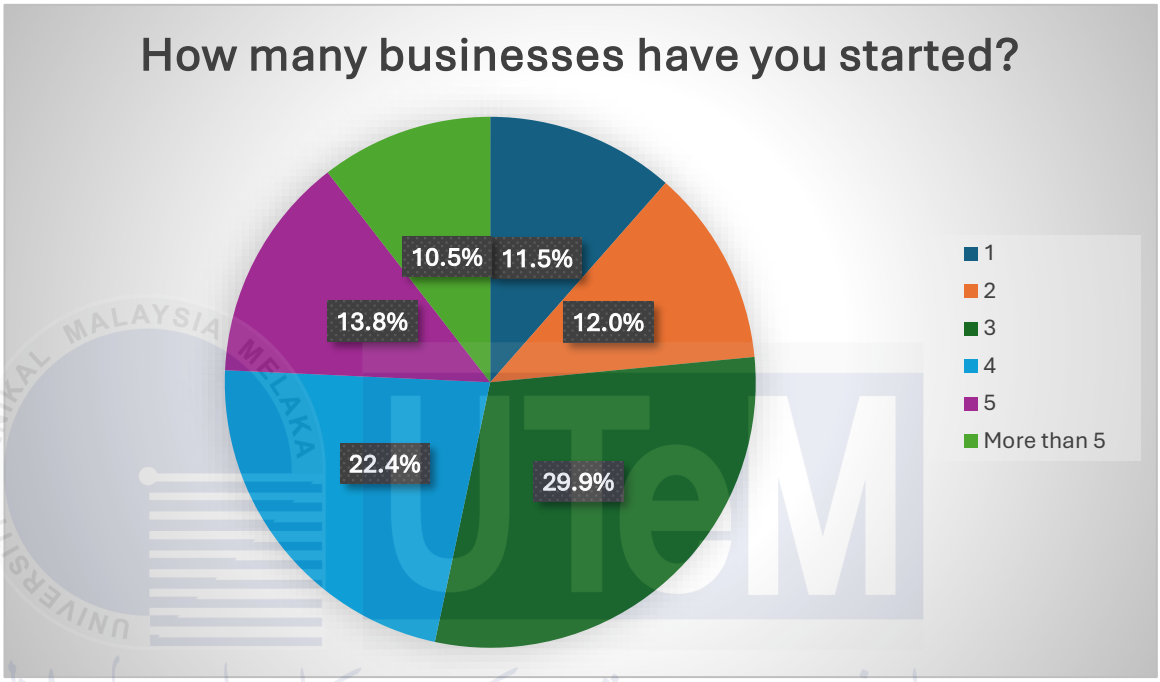

Figure 7: How many businesses have you started?

Figure 7 shows statistics on the number of firms created by respondents, divided into six categories: one, two, three, four, five, and more than five. The overall sample size is 384 people.

The findings reveal that the largest group of respondents, representing 29.9% (115 persons), has founded three enterprises, making it the most common response. The second-largest category consists of participants who have founded four enterprises, accounting for 22.4% (86 people). 13.8% (53 people) have launched five enterprises, whereas 12.0% (46 people) have started two. Respondents with one business account for 11.5% (44 people), while those with more than five firms make up 10.4% (40 people).

The cumulative statistics show that most respondents (53.4%) have created up to three firms, while 89.6% have started up to five, leaving only 10.4% in the "more than five businesses" group. This implies that while most respondents have started many firms, few have started more than five.

Overall, the results show a concentration of entrepreneurial activity in the 1-4 business range, with a noticeable peak at 3 businesses, indicating strong entrepreneurial participation across the sample population.

4.2.6 How many years of experience in this field or industry did you have?

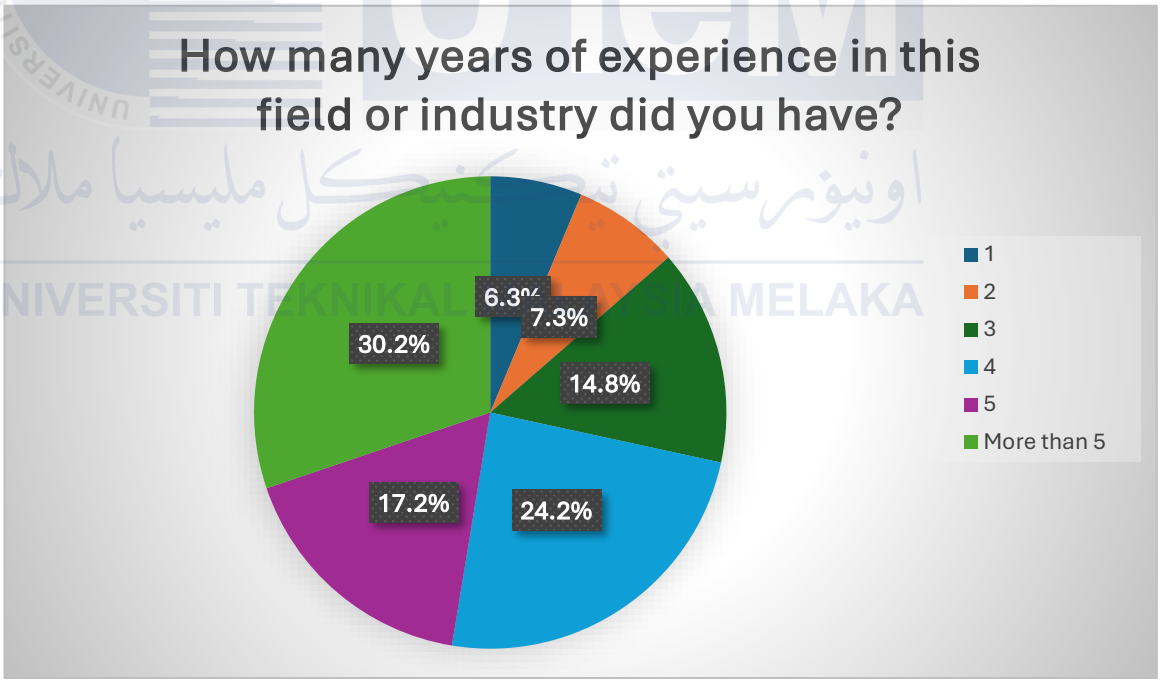

Figure 8: How many years of experience in this field or industry did you have?

Figure 8 shows the dispersion of participants' years of experience in their sectors or businesses. The data is organized into six categories: one year, two years, three years, four years, five years, and more than five years. The overall sample size is 384 people.

Many respondents, 30.2% (116 people), reported having more than 5 years of experience, showing that a sizable proportion of the sample has substantial industry expertise. The second-largest group, consisting of 24.2% (93 people), reported having four years of experience, followed by five years, which included 17.2% (66 people). Participants with three years of experience account for 14.8% (57 people), whereas 7.3% (28 people) indicate two years of experience. The smallest group, one year, comprises 6.3% (24 people).

The total statistics show that 52.6% of respondents have up to four years of experience, while 69.8% have five years or less. The remaining 30.2% of participants had more than 5 years of experience, indicating a sizable group of highly experienced people.

In summary, the results show that most respondents had moderate to extensive expertise in their domains, with a sizable number being highly experienced (more than 5 years). This suggests that the sample comprises both emerging professionals and seasoned specialists, resulting in a balanced representation of experience levels.

4.2.7 What was your primary reason for starting this business?

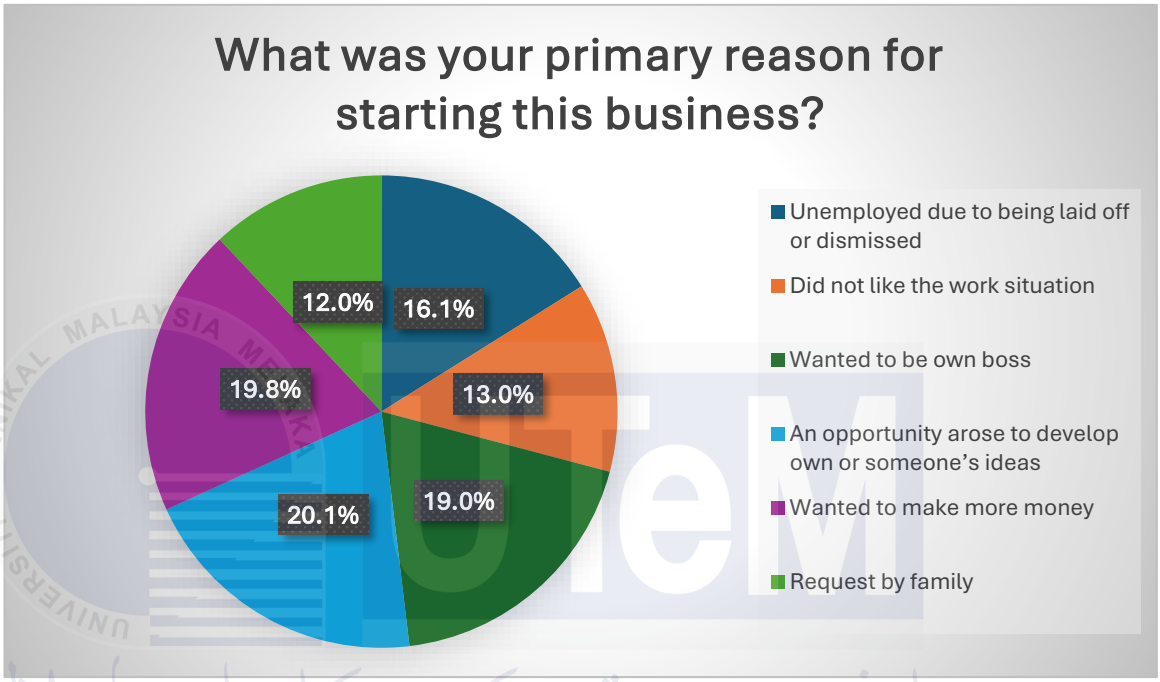

Figure 9: What was your primary reason for starting this business?

Figure 9 depicts the distribution of the participants' principal motivations for beginning their enterprises. The data is divided into six categories: jobless because of being laid off or dismissed, dissatisfied with their job, wanting to be their boss, an opportunity to develop their own or someone else's ideas, a desire to make more money, and a request from family. The overall sample size is 384 people.

The majority of respondents, 20.1% (77 people), said they began their firm because they saw an opportunity to develop their own or someone else's ideas. This is closely followed by 19.8% (76 people) who stated that the desire to gain more money was their top motive. The ambition to be their own boss was chosen by 19.0% (73 people), making it another popular motivation.

In addition, 16.1% (62 people) started their businesses because they were laid off or dismissed, while 13.0% (50 people) were dissatisfied with their former jobs. The smallest group, consisting of 12.0% (46 people), reported establishing their firm owing to a family request.

The total statistics show that the majority of respondents (68.2%) began their businesses for personal reasons such as seeking independence, exploring opportunities, or earning more money. External considerations such as unemployment and familial obligations are less prevalent motivators.

In summary, the findings show that the majority of respondents were motivated by proactive and personal reasons, such as grabbing chances or obtaining independence, with external forces playing little influence in their choice to establish a business. This shows that individual goals and strategic decision-making have a significant effect on entrepreneurship in the sample.

4.3 Result of Data Analysis

4.3.1 Normality Test

Table 1: Normality Test: Skewness and Kurtosis

(*Sources: SPSS Output*)

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
IV1.1	-.168	.125	-1.982	.248
IV1.2	.735	.125	-1.467	.248
IV1.3	-.021	.125	-2.010	.248
IV1.4	.507	.125	-1.752	.248
IV1.5	-.115	.125	-1.997	.248
IV2.1	-.189	.125	-1.975	.248
IV2.2	.760	.125	-1.429	.248
IV2.3	-.136	.125	-1.992	.248
IV2.4	.600	.125	-1.648	.248
IV2.5	-.031	.125	-2.010	.248
IV2.6	.428	.125	-1.827	.248
IV2.7	-.094	.125	-2.002	.248
IV2.8	.157	.125	-1.986	.248
IV3.1	-.157	.125	-1.986	.248
IV3.2	.710	.125	-1.504	.248
IV3.3	.063	.125	-2.007	.248

IV3.4	.495	.125	-1.764	.248
IV3.5	.010	.125	-2.010	.248
IV4.1	.147	.125	-1.989	.248
IV4.2	.473	.125	-1.786	.248
IV4.3	-.084	.125	-2.003	.248
IV4.4	.405	.125	-1.845	.248
IV4.5	.178	.125	-1.978	.248
DV1.1	-.473	.125	-1.786	.248
DV1.2	.934	.125	-1.133	.248
DV1.3	-.232	.125	-1.957	.248
DV1.4	.773	.125	-1.409	.248
DV1.5	-.210	.125	-1.966	.248
DV2.1	-.232	.125	-1.957	.248
DV2.2	.383	.125	-1.863	.248
DV2.3	-.157	.125	-1.986	.248
DV2.4	.264	.125	-1.941	.248
DV2.5	-.450	.125	-1.807	.248
DV3.1	-.221	.125	-1.961	.248
DV3.2	.383	.125	-1.863	.248
DV3.3	.000	.125	-2.010	.248
DV3.4	.350	.125	-1.887	.248
DV3.5	.094	.125	-2.002	.248
DV4.1	.084	.125	-2.003	.248
DV4.2	.786	.125	-1.389	.248

DV4.3	-.084	.125	-2.003	.248
DV4.4	.507	.125	-1.752	.248

Skewness and kurtosis are critical measures for assessing the distributional properties of a dataset. Skewness quantifies the symmetry of the data, revealing whether the distribution is balanced or asymmetrical. A negative skewness score indicates that the distribution is left-skewed, characterized by an elongated left tail and a concentration of values at the upper end. Conversely, positive skewness signifies a right-skewed distribution, characterized by an elongated right tail with a majority of values concentrated at the lower end (Jennifer L., 2023).

Kurtosis, on the other hand, looks at how the distribution's peaks and tails resemble a normal distribution. It shows how much the data clusters in the tails or close to the peak. A kurtosis value near zero indicates a normal distribution, whereas elevated values (greater than +3) signify a leptokurtic distribution (characterized by heavy tails and sharp peaks), and diminished values (below -3) indicate a platykurtic distribution (featuring lighter tails and flatter peaks) (Anders Kallner, 2018).

The skewness statistics in this dataset range from -0.473 to 0.934, with the majority of values around zero. This indicates that the data distribution is predominantly symmetrical, with certain variables exhibiting minor positive or negative skewness. For example, variables such as DV1.2 (0.934) exhibit positive skewness, but DV1.1 (-0.473) demonstrates negative skewness, signifying asymmetry in these distributions.

The kurtosis values span from -2.010 to -1.133, signifying that the dataset predominantly demonstrates platykurtic distributions. These values indicate that the data exhibits lighter tails, and a reduced frequency of extreme values compared to a normal distribution. All kurtosis values fall within the permitted range (-3 to +3), indicating that the dataset is stable and not substantially affected by extreme outliers.

In conclusion, with a few exceptions, the dataset seems to have a generally symmetrical distribution. The prevalence of platykurtic distributions indicates a comparatively flat data structure, which is less susceptible to extreme values or heavy tails.

4.3.2 Reliability Test

4.3.2.1 Pilot Test

A pilot test is a preliminary evaluation conducted to assess a research instrument or system's feasibility, reliability, and effectiveness before full-scale implementation. In software testing, it verifies the real-time functionality of a system or its components, ensuring compliance with user requirements before deployment (Hassan et al., 2018). In research, a pilot test ensures that survey instruments, such as questionnaires, are well-structured, clear, and understood by respondents, allowing for necessary refinements before full-scale data collection. Acting as a small-scale experiment or observational study, a pilot test aids in decision-making by identifying errors, refining methodologies, and improving response accuracy. In a study involving 30 respondents, a pilot test helped reveal the associations between independent and dependent variables, ensuring the smooth execution of the research process. This step is essential for enhancing data validity, minimizing errors, and optimizing overall research performance (Hassan et al., 2018).

Table 2: Reliability Statistic (Pilot Test)

(*Sources: SPSS Output*)

	Cronbach's Alpha	N of Items
IV1	.862	5
IV2	.898	8
IV3	.876	5
IV4	.915	5
DV1	.730	5
DV2	.753	5
DV3	.764	5
DV4	.812	5

The Cronbach's Alpha (pilot test) values for independent variable 1 is 0.862, independent variable 2 is 0.898, independent variable 3 is 0.876, independent variable 4 is 0.915, and for dependent variable 1 is 0.730, dependent variable 2 is 0.753, dependent variable 3 is 0.764, and dependent variable 4 is 0.812, as derived from reliability statistics. All independent variables (IVs) exhibited great dependability according to the results. This demonstrates significant internal consistency among the items, rendering these variables robust and appropriate for the survey. The dependent variables (DVs) exhibited marginally reduced dependability. Although DV1, DV2, and DV3 are just below the 0.80 criteria, they are still within an acceptable range for exploratory study, but DV4 surpasses 0.80. Cronbach's Alpha values substantiate the reliability of the questionnaire, especially for the independent variables, and endorse its application for further data collecting in the real survey.

Table 3: Cronbach's Alpha Test of Reliability (Pilot Test)

(*Sources: SPSS Output*)

Variable	Cronbach's Alpha	Number of Items	Result
Product differentiation strategy	.862	5	Good
Marketing differentiation strategy	.898	8	Good
Service differentiation strategy	.876	5	Good
Low Cost	.915	5	Excellent
DV: Sales	.730	5	Acceptable
DV: Net Profit	.753	5	Acceptable
DV: Number of Employees	.764	5	Acceptable
DV: Number of Product	.812	5	Good

4.3.2.2 Reliability Test

Table 4: Reliability Statistic

(*Sources: SPSS Output*)

Variable	Cronbach's Alpha	N of Items	Result
Product differentiation strategy	.847	5	Good
Marketing differentiation strategy	.880	8	Good
Service differentiation strategy	.849	5	Good
Low Cost	.874	5	Good
DV: Sales	.770	5	Acceptable
DV: Net Profit	.768	5	Acceptable
DV: Number of Employees	.776	5	Acceptable
DV: Number of Product	.812	5	Good

The reliability of the questionnaire was assessed using Cronbach's Alpha, which measures the internal consistency of the items. The independent variables (IVs) exhibited strong reliability, with Cronbach's Alpha values ranging from 0.847 (IV1) to 0.880 (IV2), indicating that the items effectively measure their respective constructs. Similarly, the dependent variables (DVs) demonstrated acceptable reliability, with Cronbach's Alpha values between 0.768 (DV2) and 0.812 (DV4). Although DV1, DV2, and DV3 recorded Alpha values slightly below 0.80, they remain within an acceptable range for exploratory research, suggesting a reasonable degree of internal consistency. Meanwhile, DV4 displayed a high level of reliability with an Alpha of 0.812. Given these results, both the independent and dependent variables meet the reliability criteria, confirming their suitability for use in the actual survey questionnaire

4.3.3 Correlation Test

Table 5: Correlation Table

(*Sources: SPSS Output*)

Correlation					
		IV1 MEAN	**IV2 MEAN**	**IV3 MEAN**	**IV4 MEAN**
IV1 MEAN	Pearson correlation (r)	1	.793**	.671**	.688**
	Sig. (2 tailed) (p)		<.001	<.001	<.001
	N	384	384	384	384
IV2 MEAN	Pearson correlation	.793**	1	.720**	.723**
	Sig. (2 tailed)	<.001		<.001	<.001
	N	384	384	384	384
IV3 MEAN	Pearson correlation	.671**	.720**	1	.715**
	Sig. (2 tailed)	<.001	<.001		<.001
	N	384	384	384	384
IV4 MEAN	Pearson correlation	.688**	.723**	.715**	1
	Sig. (2 tailed)	<.001	<.001	<.001	
	N	384	384	384	384

**. Correlation is significant at the 0.01(2-tailed)

Table 5 presents the Pearson correlation coefficients for the relationships among the four independent variables (IV1MEAN, IV2MEAN, IV3MEAN, IV4MEAN). The correlations are assessed based on J. Fernando's (2024) framework, which classifies correlation strength as weak (0.0–0.3), moderate (0.4–0.6), and strong (0.7 and above). The sample size for this analysis is 384 respondents, and all reported correlations are statistically significant at $p < 0.01$ (2-tailed).

The results indicate strong positive correlations among all independent variables, suggesting that they are closely related. Notably, IV1MEAN and IV2MEAN exhibit the highest intercorrelation ($r = 0.793$, $p < 0.01$), implying a strong association between these two variables. Similarly, IV2MEAN and IV3MEAN also show a high correlation ($r = 0.720$, $p < 0.01$), indicating that these variables share substantial variance. IV4MEAN is strongly correlated with IV1MEAN ($r = 0.688$, $p < 0.01$), IV2MEAN ($r = 0.723$, $p < 0.01$), and IV3MEAN ($r = 0.715$, $p < 0.01$), further reinforcing the interconnected nature of the independent variables.

While these strong correlations highlight the close relationships among the independent variables, they may also suggest potential multicollinearity, which could impact the reliability of multiple regression analysis. High multicollinearity occurs when predictor variables are strongly correlated, potentially distorting the individual effect of each variable in the regression model. For instance, the strong correlation between IV1MEAN and IV2MEAN ($r = 0.793$) and between IV2MEAN and IV4MEAN ($r = 0.723$) suggests that these variables may explain overlapping variance in the dependent variable.

Overall, the findings indicate that all independent variables are significantly related to each other, with strong positive correlations across the board. This suggests that improvements in one independent variable are likely to be associated with positive changes in the others. However, the presence of high correlations warrants further multicollinearity diagnostics, such as Variance Inflation Factor (VIF) analysis, to ensure the stability and accuracy of subsequent regression models.

4.3.4 Multiple Regression Analysis

4.3.4.1 R-Square

Table 6: Multiple Regression Analysis (Model Summary)

(*Sources: SPSS Output*)

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.814[a]	.663	.659	.18982

IVs & DV

Table 6 presents the results of a multiple regression analysis assessing the relationship between the independent variables (IVs) and the dependent variable (DV). The table includes key statistical measures such as the correlation coefficient (R), the coefficient of determination (R Square), the adjusted R Square, and the standard error of the estimate.

The R-value of 0.814 indicates a strong positive correlation between the IVs and the DV, suggesting that the independent variables collectively have a significant influence on the dependent variable. The R Square value of 0.663 implies that 66.3% of the variance in the dependent variable is explained by the IVs, demonstrating a strong model fit and highlighting the substantial contribution of the predictors in explaining the DV's variability.

The adjusted R Square value of 0.659, slightly lower than the R Square, accounts for the number of predictors in the model and adjusts for potential overfitting. This confirms that the model remains stable and reliable even after considering the

number of independent variables. Additionally, the standard error of the estimate (0.18982) reflects the average deviation of observed values from the predicted regression line. A lower standard error suggests that the predicted values closely align with the actual data, reinforcing the model's accuracy.

In summary, the regression analysis demonstrates that the independent variables have a strong and significant impact on the dependent variable, explaining a considerable portion of its variability. The high R Square value indicates that the model is well-suited for predicting the DV, while the adjusted R Square helps ensure stability and reliability by mitigating the risk of overfitting.

4.3.4.2 F-value

Table 7: Multiple Regression Analysis (ANOVA)

(*Sources: SPSS Output*)

ANOVA[a]						
Model		**Sum if Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	26.808	4	6.702	186.008	<.001[b]
	Residual	13.656	379	.036		
	Total	40.464	383			

IVs & DV

Table 7 presents the ANOVA results for the multiple regression analysis, evaluating the overall significance of the regression model. The table includes key statistical indicators such as the sum of squares (Regression and Residual), degrees of freedom (df), mean square, F-statistic, and significance level (Sig.). These values help determine whether the independent variables (IVs) collectively account for a significant portion of the variance in the dependent variable (DV).

The F-statistic of 186.008 reflects the strength of the relationship between the IVs and the DV. A higher F-value indicates that the regression model provides a significantly better fit to the data compared to a model without predictors. The p-value (Sig. < 0.001) confirms that the overall regression model is statistically significant at the 0.01 level, meaning the likelihood of these results occurring by chance is extremely low. This demonstrates that the IVs collectively contribute meaningfully to predicting the DV.

The sum of squares values further illustrates the variance distribution within the model. The regression sum of squares (26.808) represents the portion of the variability in the DV explained by the IVs, whereas the residual sum of squares (13.656) accounts for the unexplained variance. The total sum of squares (40.464) represents the combined variation in the DV. Since the regression sum of squares is substantially larger than the residual sum of squares, this suggests that the model explains a considerable portion of the variance in the dependent variable.

In summary, the ANOVA results confirm that the overall regression model is highly significant, reinforcing the conclusion that the independent variables have a substantial collective influence on the dependent variable. The strong F-statistic and low p-value indicates that the model is well-suited for predicting the dependent variable, further validating the findings from the regression model summary.

4.3.4.3 T-value

Table 8: Multiple Regression Analysis (Coefficient[a])

(*Sources: SPSS Output*)

Coefficient[a]								
Model		**Unstandardized Coefficient**		**Standardized Coefficient**			**Collinearity Statistics**	
		B	**Std. Error**	**Beta**	**t**	**Sig.**	**Tolerance**	**VIF**
1	(Constant)	.369	.045		8.132	<.001		
	IV1MEAN	.104	.043	.125	2.436	.015	.337	2.968
	IV2MEAN	.338	.050	.379	6.797	<.001	.287	3.490
	IV3MEAN	.148	.040	.178	3.738	<.001	.394	2.540
	IV4MEAN	.181	.039	.224	4.660	<.001	.383	2.612

IVs & DV

Table 8 presents the coefficient estimates for the multiple regression analysis, examining the influence of each independent variable (IV) on the dependent variable (DV). The table includes key statistical measures such as unstandardized coefficients (B), standard errors, standardized coefficients (Beta), t-values, significance levels (Sig.), and collinearity statistics (Tolerance and VIF). These metrics provide insights into the contribution of each IV while assessing potential multicollinearity concerns.

The unstandardized coefficients (B values) indicate how much the dependent variable changes with a one-unit increase in each independent variable while keeping the others constant. Among the IVs, IV2MEAN has the highest B value (0.338, $p < 0.001$), indicating it has the most substantial positive impact on the dependent variable. This is followed by IV4MEAN ($B = 0.181$, $p < 0.001$), IV3MEAN ($B = 0.148$, $p < 0.001$), and IV1MEAN ($B = 0.104$, $p = 0.015$). The standardized coefficients (Beta

values) confirm this ranking, with IV2MEAN (Beta = 0.379) having the strongest effect, followed by IV4MEAN (Beta = 0.224), IV3MEAN (Beta = 0.178), and IV1MEAN (Beta = 0.125). The constant (B = 0.369, $p < 0.001$) represents the predicted value of the dependent variable when all IVs are zero.

The t-values and significance levels (Sig.) determine whether each IV significantly contributes to the model. Since all IVs have p-values below 0.05, they are statistically significant predictors of the dependent variable. The highest t-value is observed for IV2MEAN ($t = 6.797$, $p < 0.001$), reinforcing its strong predictive influence.

The collinearity statistics (Tolerance and Variance Inflation Factor - VIF) evaluate potential multicollinearity among the IVs. Typically, a VIF above 10 indicates problematic multicollinearity. In this model, all VIF values are below 4, suggesting that multicollinearity is not a major concern. The highest VIF is for IV2MEAN (3.490), followed by IV1MEAN (2.968), IV4MEAN (2.612), and IV3MEAN (2.540). The Tolerance values, which are the inverse of VIF, further confirm that the independent variables are not excessively correlated.

In conclusion, the regression coefficients indicate that all independent variables significantly contribute to predicting the dependent variable, with IV2MEAN being the strongest predictor. The low multicollinearity levels ensure that the regression model remains reliable and interpretable. These findings highlight the key factors influencing the dependent variable and provide a basis for strategic decision-making.

4.4 Result Discussion

The analysis of skewness and kurtosis provides valuable insights into the dataset's distribution. Skewness values range from -0.473 to 0.934, indicating minor deviations from symmetry, with some variables exhibiting positive or negative

skewness. This suggests that most variables are relatively well-balanced, with minimal distortion in their distributions. Meanwhile, kurtosis values range from -2.010 to -1.133, indicating a platykurtic distribution characterized by flatter peaks and lighter tails. This suggests a lower likelihood of extreme values or outliers, confirming that the dataset is stable and suitable for further statistical analysis, ensuring the reliability of subsequent tests.

The correlation analysis reveals strong positive relationships among several independent variables (IVs), indicating close associations between them. The strongest correlation is observed between IV1MEAN and IV2MEAN ($r = 0.793$, $p < 0.01$), demonstrating a significant relationship. Similarly, IV2MEAN also shows strong correlations with IV3MEAN ($r = 0.720$, $p < 0.01$) and IV4MEAN ($r = 0.723$, $p < 0.01$), suggesting shared variance among these IVs. While these strong correlations indicate meaningful relationships, they also raise potential multicollinearity concerns, which can distort regression results. To address this, a Variance Inflation Factor (VIF) analysis was conducted to assess and control for multicollinearity, ensuring the accuracy and reliability of the model.

The multiple regression analysis confirms a strong relationship between the independent variables and the dependent variable. The R-value of 0.814 indicates a strong positive correlation, confirming the collective influence of the IVs on the dependent variable. The R Square value of 0.663 suggests that 66.3% of the variance in the dependent variable is explained by the independent variables, demonstrating a well-fitted model with substantial explanatory power. The adjusted R Square value of 0.659 is slightly lower, accounting for the number of predictors and mitigating overfitting risks. Additionally, the standard error of the estimate (0.18982) is relatively low, indicating that the predicted values align closely with the actual data. These findings validate the model's predictive strength and confirm its suitability for further interpretation.

The ANOVA test further reinforces the statistical significance of the regression model. The F-statistic of 186.008 and a p-value of < 0.001 confirm that the independent variables collectively have a significant impact on the dependent variable. Additionally, the regression sum of squares (26.808) is considerably larger than the residual sum of squares (13.656), indicating that most of the variance in the dependent variable is explained by the model. The high F-statistic and low p-value provide strong evidence that the model is highly reliable for predicting the dependent variable, eliminating the possibility of results occurring by chance.

The coefficient analysis offers insights into the individual contributions of each independent variable to the dependent variable. IV2MEAN emerges as the most influential predictor (B = 0.338, Beta = 0.379, t = 6.797, p < 0.001), followed by IV4MEAN (B = 0.181, Beta = 0.224, t = 4.660, p < 0.001). While IV3MEAN (B = 0.148, Beta = 0.178, t = 3.738, p < 0.001) and IV1MEAN (B = 0.104, Beta = 0.125, t = 2.436, p = 0.015) also contribute significantly, their impact is slightly lower. The collinearity statistics confirm that all VIF values remain below 4, indicating that multicollinearity is not a major concern, ensuring a confident interpretation of the regression coefficients.

In conclusion, the analysis confirms that the independent variables collectively and individually influence the dependent variable, with IV2MEAN being the strongest predictor. The dataset is stable, the model is statistically significant, and multicollinearity concerns remain minimal. These findings suggest that enhancing IV2MEAN and IV4MEAN would lead to the most significant improvements in the dependent variable. The high R Square value, strong predictor significance, and low standard error reinforce the reliability of the model, making it well-suited for further practical applications and strategic decision-making.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

The study results and achievements covered in Chapter 4 are thoroughly summarised in this chapter. The statistical findings and knowledge gleaned from the investigation are used to critically assess the suggested ideas. The research goals are also reviewed in this chapter, along with the degree to which they have been accomplished.

The study's main contributions are highlighted, especially the effects of strategies for differentiation on Johor's SMEs' export performance. This includes both useful suggestions for SME managers and policymakers as well as theoretical contributions to the subject of strategic management. The chapter offers a fair assessment of the study's breadth and difficulties while also addressing the constraints that were faced during the research process.

In addition, practical ideas are made for stakeholders, such as how policymakers may improve the performance of SMEs and how future researchers could expand the study's scope. The chapter ends with a summary of the results, highlighting their importance and providing a road map for maintaining SME expansion and export success in international marketplaces.

This chapter offers a comprehensive conclusion to the study and significant insights for future research in the subject by reviewing the research objectives, testing the hypotheses, and making suggestions for the future.

5.2 Research Objectives Achievements

Objective 1: To examine the strategic capabilities of manufacturing SMEs in Johor and determine which ones significantly impact their export performance.

The first objective, to examine the strategic capabilities of manufacturing SMEs in Johor and determine which ones significantly impact their export performance, was successfully achieved. The findings reveal a strong positive correlation ($R = 0.814$) between strategic capabilities and export performance, indicating a significant relationship between these factors.

Regression analysis shows that 66.3% ($R^2 = 0.663$) of the variance in export performance is explained by strategic capabilities, highlighting their crucial role in driving success in international markets. This suggests that SMEs with well-developed strategic capabilities, such as innovation, operational efficiency, and market adaptability, tend to perform better in exports.

The ANOVA results ($F = 186.008$, $p < 0.001$) further confirm that the regression model is statistically significant, meaning the strategic capabilities examined in this study have a substantial impact on SMEs' export performance. Given the extremely low p-value, it is highly unlikely that this relationship occurred by chance.

Among the strategic capabilities analysed, operational efficiency and product innovation emerged as key contributors to export success. SMEs that focused on improving production processes and developing unique products experienced

increased customer demand in foreign markets. Respondents emphasized that customizing products for international buyers and ensuring consistent quality control led to higher customer retention and brand loyalty.

Additionally, the study highlighted the importance of strategic agility. SMEs that quickly adapted to changes in market conditions, regulations, and consumer preferences reported better export performance. Many businesses cited continuous staff training and forming strategic partnerships with suppliers as vital elements in maintaining their competitive edge.

The results also underscored the need for government support in enhancing SMEs' export capabilities. While many SMEs demonstrated strong strategic foundations, financial constraints and limited access to international market intelligence remained significant barriers. Policies aimed at providing financial aid, export training programs, and networking opportunities could further enhance their competitiveness in global markets.

In conclusion, this study confirms that strategic capabilities play a vital role in determining the export success of manufacturing SMEs in Johor. By focusing on operational efficiency, product innovation, and strategic adaptability, SMEs can significantly improve their export performance and expand their presence in international markets.

Objective 2: To investigate how SMEs in Johor can leverage market orientation strategies and marketing initiatives to improve their export outcomes.

The second objective of this research established that marketing differentiation strategy (IV2) plays a critical role in enhancing SME export outcomes, with the highest unstandardized coefficient (B = 0.338). This suggests that SMEs in Johor that emphasize strategies such as adopting competitive pricing, increasing advertising and

promotion, brand building, and expanding distribution channels significantly improve their export performance. These initiatives help SMEs position themselves effectively in international markets, enhancing their visibility, competitiveness, and customer reach.

In addition to marketing differentiation, low-cost strategy (IV4) also contributes significantly to SME export success, with an unstandardized coefficient of B = 0.181. This implies that businesses that focus on purchasing materials in large volumes, mass production, maximizing economies of scale, and selling at budget prices can strengthen their cost advantages in foreign markets. Furthermore, service differentiation (IV3) and product differentiation (IV1) also positively impact export outcomes, with coefficients of B = 0.148 and B = 0.104, respectively. These findings indicate that providing quick product delivery, excellent customer service, unique product design, and high perceived value contribute to long-term export success.

Overall, the study highlights the importance of leveraging market orientation strategies and marketing initiatives to drive competitive export performance for SMEs in Johor. By focusing on marketing differentiation, cost efficiency, service excellence, and product uniqueness, SMEs can establish a strong foothold in the global market. These insights suggest that business owners and policymakers should prioritize targeted strategies that enhance branding, pricing, customer service, and cost management to sustain growth in international trade.

Objective 3: To identify the main obstacles hindering SME exports in Johor and propose strategic solutions to overcome these challenges, drawing on best practices from successful exporting SMEs.

The third objective identified significant correlations among the strategies influencing SME exports in Johor, with strong relationships observed, such as r = 0.793 ($p < 0.01$) between product differentiation strategy (IV1) and marketing differentiation strategy (IV2), and r = 0.723 ($p < 0.01$) between IV2 and low-cost

strategy (IV4). These findings suggest that SMEs prioritizing product uniqueness, branding, and competitive pricing are more likely to achieve better export outcomes. Additionally, the strong correlation between marketing differentiation and low-cost strategies indicates that SMEs must carefully balance pricing strategies with branding efforts to sustain profitability in international markets.

The results also highlight the role of service differentiation strategy (IV3), showing notable correlations with both product differentiation ($r = 0.671$, $p < 0.01$) and low-cost strategy ($r = 0.715$, $p < 0.01$). This suggests that customer service, efficient distribution, and responsiveness to customer needs contribute significantly to SME export success. However, the lower correlation between IV1 and IV3 compared to other variables indicates that service differentiation may be underutilized as a competitive strategy. SMEs that effectively integrate high-quality service with strong product positioning and cost advantages can improve their market presence and long-term sustainability.

To overcome obstacles hindering SME exports in Johor, strategic recommendations include enhancing differentiation strategies through targeted government support, export training, and financial incentives. SMEs should focus on balancing marketing efforts with cost efficiency while learning from best practices of successful exporters. Additionally, encouraging businesses to strengthen customer service, streamline logistics, and leverage digital marketing tools can further boost their export performance. By integrating these interrelated strategies, SMEs in Johor can achieve sustainable growth and enhance their competitiveness in global markets.

5.3 Research Hypothesis Achievement

Hypothesis 1

H_1: There is a positive relationship between product differentiation strategy and SME's export performance in Johor

The study confirms a significant positive relationship between product differentiation strategy (IV1) and SME export performance, with a t-value of 2.436 ($p < 0.05$). This suggests that SMEs in Johor that focus on product uniqueness, quality, design, and packaging tend to experience greater success in international markets. Product differentiation enables businesses to position themselves distinctly, creating a competitive edge over generic offerings. According to Zou & Stan (1998), firms that engage in continuous research and development (R&D) to improve product features and customization are more likely to enhance their export performance.

Furthermore, the Pearson correlation analysis ($r = 0.671$, $p < 0.01$) between IV1 and IV3 (service differentiation) suggests that SMEs integrating product uniqueness with high-quality customer service can strengthen their market position. However, the relatively lower t-value of 2.436 compared to other variables indicates that product differentiation alone is not the most dominant strategy for export success. According to Leonidou (2004), SMEs must complement their product uniqueness with marketing efforts and service quality to sustain competitiveness. Firms that neglect these aspects may struggle with brand recognition despite having a differentiated product.

To maximize the benefits of product differentiation, SMEs should focus on continuous innovation, sustainable packaging, and personalized product features. Government initiatives, such as funding for product innovation and intellectual property protection, can further strengthen SME competitiveness. As emphasized by

Miles & Snow (2003), companies that combine product innovation with adaptive market strategies tend to perform better in export markets. Therefore, SMEs in Johor must adopt a holistic approach to differentiation by integrating branding, quality enhancements, and customer engagement.

Hypothesis 2

H_2: There is a positive relationship between marketing differentiation strategy and SME's export performance in Johor

The results strongly confirm H_2, as the marketing differentiation strategy (IV2) has the highest t-value of 6.797 ($p < 0.001$), indicating a highly significant impact on SME export performance. This suggests that SMEs that prioritize branding, competitive pricing, digital marketing, and expanded distribution channels experience greater success in foreign markets. The strong correlation ($r = 0.793$, $p < 0.01$) between IV1 (product differentiation) and IV2 (marketing differentiation) highlights that businesses that implement both effective marketing and unique product strategies have a stronger global market presence (Morgan, Kaleka, & Katsikeas, 2004).

Additionally, the correlation between IV2 and IV4 ($r = 0.723$, $p < 0.01$) indicates that balancing marketing efforts with cost efficiency is essential for long-term sustainability. While aggressive branding and promotional strategies help SMEs establish themselves in international markets, excessive marketing expenditures without proper budgeting can reduce profitability. According to Wilkinson & Brouthers (2006), firms that integrate data-driven marketing, strategic pricing, and e-commerce platforms achieve sustained export growth. Marketing differentiation alone is not enough—SMEs must also manage costs effectively to remain competitive.

To further enhance marketing differentiation, SMEs should invest in digital marketing, influencer collaborations, and global branding strategies. Government

support, such as subsidized advertising programs, trade fair participation, and online marketing grants, can provide SMEs with better market access. Leonidou (2004) argues that firms that integrate innovative marketing campaigns with strong branding gain higher consumer trust and international market penetration. Thus, Johor's SMEs should emphasize both traditional and digital marketing channels to maintain a strong competitive position.

Hypothesis 3

H_3: There is a positive relationship between service differentiation strategy and SME's export performance in Johor

The study supports H_3, showing a significant relationship between service differentiation strategy (IV3) and SME export performance, with a t-value of 3.738 ($p < 0.001$). This suggests that SMEs offering high-quality customer service, prompt delivery, and personalized client interactions achieve better success in global markets. The Pearson correlation ($r = 0.715$, $p < 0.01$) between IV3 (service differentiation) and IV4 (low-cost strategy) indicates that balancing service quality with cost efficiency is crucial for sustained growth (Raymond, Bergeron & Blili, 2005).

However, service differentiation is often underutilized compared to marketing and product differentiation. The moderate correlation ($r = 0.671$, $p < 0.01$) between IV1 (product differentiation) and IV3 (service differentiation) suggests that while product quality is emphasized, service excellence is sometimes overlooked. According to Leonidou (2004), firms providing exceptional after-sales service, responsive customer support, and efficient international logistics have a higher likelihood of repeat business and customer loyalty. SMEs that neglect service differentiation may struggle to maintain long-term relationships with global clients.

To strengthen service differentiation, SMEs should invest in customer relationship management (CRM) systems, real-time support, and personalized services. Government-backed programs, such as export facilitation services, trade logistics support, and customer experience training, can further enhance SME competitiveness. According to Miles & Snow (2003), companies that integrate service excellence with cost efficiency and branding efforts tend to dominate in export markets. SMEs in Johor should prioritize customer service improvements alongside product and marketing strategies to achieve holistic export success.

Hypothesis 4

H_4: There is a positive relationship between low-cost strategy and SME's export performance in Johor

The findings confirm H_4, indicating a significant relationship between low-cost strategy (IV4) and SME export performance, with a t-value of 4.660 ($p < 0.001$). This suggests that SMEs that focus on cost minimization, bulk purchasing, economies of scale, and lean production techniques achieve better international market penetration. The strong correlation ($r = 0.723$, $p < 0.01$) between IV2 (marketing differentiation) and IV4 (low-cost strategy) highlights the importance of integrating cost-efficient marketing strategies to remain competitive (Ghoshal, 1987).

However, excessive cost-cutting can negatively impact product quality and customer satisfaction. The correlation between IV3 (service differentiation) and IV4 (low-cost strategy) ($r = 0.715$, $p < 0.01$) suggests that SMEs must balance cost reduction with service quality to avoid diminishing their brand reputation. According to Miles & Snow (2003), firms that prioritize low-cost production without maintaining product or service standards may experience short-term gains but face long-term sustainability issues. Therefore, SMEs should focus on strategic cost reduction while ensuring quality standards.

To optimize low-cost strategies, SMEs should leverage technology for automation, optimize supply chains, and negotiate better bulk purchasing agreements. Government incentives, such as tax exemptions, production subsidies, and industrial automation grants, can further aid SMEs in managing costs. Research by Wilkinson & Brouthers (2006) suggests that firms combining cost leadership with differentiation strategies achieve higher profitability and global market expansion. Therefore, SMEs in Johor must focus on cost efficiency while maintaining brand integrity and customer satisfaction for long-term success.

Table 9: Hypothesis

Hypothesis	t Value	Result
H_1: There is a positive relationship between product differentiation strategy and SME's export performance in Johor	2.436	Significant
H_2: There is a positive relationship between marketing differentiation strategy and SME's export performance in Johor	6.797	Highly Significant
H_3: There is a positive relationship between service differentiation strategy and SME's export performance in Johor	3.738	Significant
H_4: There is a positive relationship between low-cost strategy and SME's export performance in Johor	4.660	Significant

5.4 Significant Contribution (Implication) of the Study

The findings of this study significantly contribute to the understanding of how SMEs in Johor can enhance their export performance. The research emphasizes the critical role of differentiation strategies—particularly product and marketing differentiation—in driving success in international markets. SMEs that focus on these strategies are better equipped to create value propositions that appeal to global customers, ultimately improving their market share and export revenues.

For policymakers, this study highlights the importance of creating an enabling environment for SMEs. Government support in the form of export financing, tax incentives for innovation, and digital marketing training programs can address key barriers. For instance, the study found that financial constraints were one of the most significant obstacles faced by SMEs. Policies that reduce bureaucratic hurdles and provide accessible funding can empower SMEs to invest in strategies that drive export success.

The study also underscores the theoretical implications of strategic management frameworks in SME performance. The positive relationships between differentiation strategies and export performance validate the applicability of established theories such as Porter's competitive advantage framework. This provides a strong foundation for future research exploring similar dynamics in other regions or industries.

Practically, the study offers actionable insights for SME owners and managers. By prioritizing innovation, adopting targeted marketing campaigns, and leveraging technology, SMEs can overcome challenges and seize export opportunities. These insights serve as a roadmap for SMEs seeking to enhance their competitiveness in the global market.

5.5 Limitations of the Study

This study acknowledges several limitations that should be considered for a balanced perspective. A primary limitation was its focus on SMEs in Johor, which may limit the generalizability of the findings to other regions or industries. Expanding future research to include SMEs from other states in Malaysia or even international contexts would allow for broader applicability of the results.

The study also relied on self-reported data from SME owners and managers. While these insights were valuable, they may be subject to response bias, with participants potentially exaggerating their strengths or minimizing their challenges. Incorporating mixed-method approaches, such as case studies or external assessments, could help mitigate this issue and provide a more objective analysis.

Another challenge was the limited diversity of the respondent pool. Due to time and resource constraints, the study was unable to conduct in-depth interviews with a wider range of SME stakeholders. Including a larger, more diverse sample across various industries in future studies would yield a more comprehensive understanding of the factors affecting export performance.

Lastly, the research was constrained by its cross-sectional design and did not examine longitudinal data. A longitudinal study could provide deeper insights into how strategic changes influence export performance over time, offering a more dynamic and detailed perspective compared to a single-point-in-time analysis.

5.6 Recommendation and Future Direction

This research provides several recommendations for policymakers, business advisors, and future researchers. First, policymakers should focus on fostering innovation through grants and incentives. By supporting SMEs in developing unique

products and services, the government can enhance their global competitiveness. Export financing programs tailored to SME needs can further alleviate financial constraints.

Future researchers are encouraged to delve deeper into the role of digital tools in enhancing export performance. The findings revealed that many SMEs in Johor underutilized digital marketing platforms. Investigating the integration of e-commerce and artificial intelligence in SME operations could provide valuable insights into improving their export outcomes.

Cross-cultural studies can also provide a richer understanding of export dynamics. Comparing SMEs in Johor with those in other ASEAN countries could identify best practices and common challenges, fostering regional collaboration. Additionally, research exploring the role of leadership and managerial capabilities in implementing differentiation strategies could offer practical guidance for SME owners.

Practical recommendations for SMEs include investing in market research to better understand international customer needs. Building strategic partnerships with larger firms or trade associations can also help SMEs access resources and expertise. By focusing on these strategies, SMEs can overcome challenges and achieve sustained growth in export markets.

5.7 Conclusion

In conclusion, this research successfully addressed its objectives of examining the strategic capabilities, market orientation strategies, and challenges faced by SMEs in Johor. The findings revealed that differentiation strategies, particularly in products and marketing, significantly contribute to export performance. These strategies enable

SMEs to create unique value propositions that resonate with global customers, driving their competitiveness in international markets.

The study also highlighted critical obstacles, such as financial constraints, limited technological adoption, and gaps in international trade knowledge. Addressing these challenges through targeted government support and capacity-building initiatives can significantly enhance SME performance. Programs focusing on export financing, digital marketing skills, and innovation can empower SMEs to compete effectively in global markets.

From a theoretical perspective, the research validated the applicability of established strategic management frameworks to SME performance. The strong correlations between differentiation strategies and export outcomes emphasize the importance of strategic planning in achieving success. These insights contribute to the growing body of literature on SME competitiveness and internationalization.

Overall, this research offers actionable recommendations for SMEs, policymakers, and future researchers. By prioritizing innovation, leveraging digital tools, and fostering strategic collaborations, SMEs can overcome barriers and unlock new opportunities in the global market. The study underscores the importance of a holistic approach to empowering SMEs, ensuring their sustained growth and contribution to regional and national economic development.

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APPENDIX A

TASK	PSM 1 GANTT CHART/WEEK															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Title Brainstorming								MID SEMESTER BREAK								
Title Selection																
Meeting with SV																
Literature Review																
Finding and discussing on the research topic with supervisor																
Draft of Research																
Changes in Research Topic																
Writing Chapter 1																
Finding Related Journals																
Identify the Research Objectives, Research Questions, and Variables																
Writing Chapter 2																
Developing Research Framework																
Writing Chapter 3																

Determine and Refine the Research Methodology																
Final Report Correction																
PSM 1 Submission																
PSM 1 Presentation																

TASK		PSM 2 GANTT CHART/WEEK														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
FYP 2 Briefing								MID SEMESTER BREAK								
Develop the questionnaire																
Distribute the Questionnaire																
Data collection																
Data analysis																
Report writing Chapter 4																
Report writing chapter 5																
FYP 2 presentation																
Thesis submission																