

**ENHANCING LOCAL SME INNOVATION
CAPABILITIES FOR ECONOMIC GROWTH
IN MALAYSIA**

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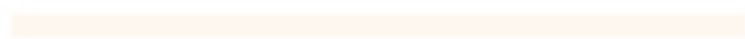
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Enhancing Local SME Innovation Capabilities for Economic Growth in Malaysia

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THESIS DECLARATION

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Small and Medium enterprises (SME)



Abstract

By encouraging the development of new goods, services, technology, and management practices within local small and medium enterprises (SMEs), innovation plays a critical role in improving business performance. This dynamic process entails the deployment of creative techniques that provide actual benefits to SMEs, becoming a vital component for these firms' long-term success and resilience in the economic landscape. This study discusses the critical need to understand how SMEs in Malaysia foster and enhance their innovation capabilities in order to prosper in the arena of e-economics. The primary objective is to examine the existing status of innovation capabilities inside SMEs and identify the tactics used for continuous improvement. To accomplish this, we interviewed four selected SMEs—Zaras Bakery, Tokku Leko, Saudagar Kerepek, and White Hall—to learn about their diverse approaches to innovation. To elicit significant ideas from interviews, thematic analysis, a rigorous qualitative technique, was used. The study's findings shed light on the many tactics used by SMEs to execute and improve innovation, assuring their market presence and competitiveness. This study contributes to a better understanding of the dynamics of innovation in SMEs and gives practical insights for organizations attempting to navigate the changing terrain of e-economic growth.

CHAPTER 1: INTRODUCTION

1.1 Background of the Study

"Innovation" refers to the introduction of new ideas and methods into economic life to achieve new combinations of production factors in order to obtain potential profits. Independent scientific and technological innovation is initiated by a country's citizens or social organizations and institutions from the perspective of enhancing the country's innovation capabilities, independent and proactive scientific and technological innovation activities, the scientific and technological independent innovation of enterprises can further develop item quality, create, and produce new items, offer new types of assistance, involve the market and acknowledge market esteem. The core content of independent innovation is scientific and technological innovation, which is national. The soul of progress. Since the reform and opening, with the rapid economic development of Malaysia and the continuous deepening of economic and scientific and technological system reforms, Malaysian enterprises have made significant progress in independent scientific and technological innovation and technological progress and have already possessed certain technological innovation capabilities.

The pace of technological innovation in large and medium-sized state-owned enterprises is gradually accelerating. Small and medium-sized scientific and technological enterprises are gradually becoming a new force in technological innovation, and their innovation capabilities are gradually improving. However, we must also see that Malaysia is in the primary stage of socialism. The overall level of science and technology lags behind the world's advanced level. There is a clear gap between the proportion of social R&D investment in total GDP, the country's total number of patents and papers, and the contribution rate of scientific and technological progress in a broad sense compared with foreign developed countries. The proportion of high-tech industries in the entire economy is not high, key technologies are lacking, and the added value of products is low. Some innovative and high worth added items basically depend on imports. In addition, due to the

lack of core technologies with independent intellectual property rights, many industries in Malaysia are in danger following our industrial technology, which has become a bottleneck for the further development of Malaysian industries and entry into the international market.

Overall, the independent innovation capabilities of Malaysian enterprises are still relatively weak. Main manifestations: Enterprise technological innovation institutions are not sound, and the level of scientific and technological activities is mostly at the low end; Malaysia's investment in industrial science and technology research and development is obviously insufficient; most enterprises lack independent core technologies and independent brands; the conversion rate of major scientific research results is low; senior scientific and technological personnel in enterprises are seriously lacking insufficient. Today, with the accelerated development of economic globalization, international competition is becoming increasingly fierce. "Technology is the primary productive force, and technology is also the primary competitiveness in the world. Therefore, we must further strengthen technological innovation and improve our ability to acquire key technologies and independent intellectual property rights. This will contribute to the optimization and adjustment of Malaysia's economic structure and promote industrial upgrading will play a very important role.

1.2 Problem Statement

Small and medium enterprises (SMEs) including micro-enterprises are very important in Malaysia's economy because SMEs play an important role in gaining employment, economic growth, and income and are also important to lend to Malaysia's economic development. In Malaysia, there are many SMEs that operate in our economy and every SMEs has its own management in innovation capabilities. Thus, SMEs in Malaysia have their own performance because every SMEs performs differently (heterogeneous performance) to strengthen their innovation capabilities. This study was conducted because we assume that the performance of

SMEs is well and successful. But in reality, in Malaysia's economy, the performance of each of the SMEs was not good. Some of the SMEs operated progressively and some of the SMEs operated not progressively. So, this study shows that every SMEs has a different performance in the economy.

This study is conducted because we give high hopes for SMEs to lead the growth of the Malaysian economy because of their good performance, innovation, and strong SMEs growth. But, in the real world, their SMEs' performance is not good. So, this study was conducted with the justification of the different performances of each SMEs in Malaysia. Each SMEs has a different performance from the side of accessing finance. This paper shows that some of the SME's performances are different in the aspect of finance. Some SMEs have problems accessing finance and some SMEs are good at accessing finance. So, this study shows limited access to finance is also a reason why SMEs performance is different. The SMEs' performance is also different because of the inefficiency of the business process in the firm. Not only that, the SMEs' performance is different because of the extensive management model and backward management. This is because some SMEs lack business management experience. Apart from that, this study also states that SMEs performance in Malaysia is different because of the lack of accessibility in technology. This study also states SMEs' performance is different because of obstacles in strengthening their innovation skills. Their performance is different because some SMEs face several challenges in enhancing their innovation skills that hinder their contribution to the country's e-economy growth. So, this study shows that SMEs' performance in Malaysia is not the same because of these justifications which show that SMEs have their own performance that operate differently.

The problem statement of this study is:

1.2.1 Limited access to finance

Small and medium enterprises (SMEs) have their own innovation because innovation is the core of the company. However, according to previous research, innovation in SMEs is limited compared with large enterprises (Vy et al., 2023). Innovation is important to SMEs to generate income for the company. To generate income with innovation in SMEs, SMEs have problems accessing finance. This became a disadvantage to SMEs because of limited access to finance. SMEs are having problems accessing their finances because they are unable to fund the innovation activities by themselves (Santoro et al., 2019). Thus, SMEs have to depend on their own external sources to strengthen their innovation (Adam & Alarifi, 2021). By addressing this research problem, this research aims to identify how to develop and improve local SMEs' innovation capability for e economic.

1.2.2 Lack of accessibility in technology

Local SMEs in Malaysia are affected by globalization and the development of digital technologies. One of the major contributors to Malaysia's growing e-economic and market growth are local SMEs. The role SMEs play in Malaysia: the government estimates that SMEs account for 98.5% of commercial firms, and in 2019, they made up 38.9% of the GDP. About 7.3 million people were employed by SMEs in 2019, and they contributed up to 48.4% of the country's energy consumption. Malaysia's government promotes local SMEs to engage in creative and innovative entrepreneurship. Organizations, especially SMEs, depend on innovation to survive. SMEs would advance if knowledge and innovation were integrated (Cardoni et al., 2020). According to Soto-Acosta et al. (2016), an organization's innovative capacity is defined as its capability to promote and retain new ideas, experiments, and processes that lead to the creation of new goods, services, or

technology. Due to the introduction or adoption of these innovative products, services, technical developments, and practices, SMEs can obtain a competitive advantage (Fan et al., 2021). Companies can create new capabilities through innovation that result in greater performance (Lestari et al. 2020). Research has shown that maintaining a SME's performance depends on its capability to innovate (Fu et al., 2021). SME, however, struggles to stay up with the quickly changing environment by depending solely on internal resources.

1.2.3 Extensive management model and backward management concepts

Many operators of small and medium-sized enterprises lack business management experience. They operate and manage the enterprise based on their feelings and experience while entering the market. Managers have extensive management, non-professional management, family-style management, experience management and other unscientific practices. management model. This model has led to the imperfect management system of many small and medium-sized enterprises and the lack of standardized and systematic rules and regulations, which has greatly weakened management efficiency and management effectiveness. Most small and medium-sized enterprises blindly pursue short-term benefits, emphasize profit maximization, and ignore the sustainable development of enterprises. long-term strategic goals.

1.2.4 Inefficiency of business processes in the firm

Due to the late start of small and medium-sized enterprises in our country, most of them developed from family workshops. After all, the number of outstanding talents among family members is limited. In addition, their internal senior managers are generally held by family members, making it is common in enterprises that existing internal managers are not mature enough, lack management knowledge, have backward management ideas, have

poor management skills, and have low management levels. However, outstanding management talents who are not family members cannot play a management role, which restricts the improvement of their management level and easily leads to brain drain.

1.2.5 Local Malaysian Small and Medium Enterprises (SMEs) face obstacles in strengthening their innovation skills. This will limit their contribution to the growth of the country's e-economy.

Malaysian Small and Medium Enterprises (SMEs) face several challenges in enhancing their innovation skills, hindering their contribution to the country's e-economy growth. These include limited access to resources, risk aversion, lack of technological expertise, regulatory barriers, limited research and development initiatives, market access challenges, intense competition from tech giants, talent shortages, and limited access to funding. These obstacles can be addressed by the government, industry associations, and financial institutions by providing access to funding, offering training programs, simplifying regulations, and promoting collaboration between SMEs and larger companies. By addressing these obstacles, SMEs can better compete in the digital economy and develop innovative products and services. However, they must also address talent shortages and the perceived higher risks associated with innovation projects to unlock their potential and contribute to the growth of Malaysia's e-economy.

1.3 Research Question

The research questions of this study are:

Research Question (RQ1): What is the innovation capability in local SMEs for e-economic?

Research Question (RQ2): How to develop and improve local SMEs innovation capability for e-economic?

1.4 Research Objective

The research objectives of this study are:

Research Objective (RO1): To analyze and explore strategy of innovation capability in local SMEs for e-economic.

Research Objective (RO2): To analyze SME innovation capability important to the e-economic.

Research Objective (RO3): To analyze, develop and improve innovation capability for e-economic?

1.5 Scope of Study

This research paper provides a specific scope of implementation to collect the resulting research data that can be identified and organized according to the requirements of the title and also in line with the research question and research objective of the study that has been set. The scope of the research conducted is under the field of technology and innovation which focuses on local SMEs in Malaysia. Universal with the era of technology boom nowadays, technological progress has brought a current of innovation in a business whether it is product/service innovation, process innovation, and marketing innovation. This progress is an important point for businesses at the domestic and international levels for competitive advantage today. The potential of local SMEs in Malaysia to innovate must be evaluated, regardless of whether they are successful in putting it into practice or not. Due to potential challenges, implementing innovation for local SMEs in Malaysia is not simple. E-economic transformations, particularly in Malaysia, will depend on how well SME innovation capabilities perform. The objective of the research is to increase and expand the local SMEs' ability for innovation in the e-economy.

1.6 Significant of Study

This study intends to contribute to the body of knowledge regarding how to develop and improve local SME innovation capability for e-economic among University Malaysia Kelantan students based on the findings of this research (UMK). Students, the government, and the university will all gain from this research. The continued inability of SMEs to progress is one of the most common causes of future stress among college students. Those who can help SMEs create new opportunities can prepare themselves for better development in the future, because once college students graduate and enter the workforce or choose to start their own business, society will become increasingly developed and stable. Research should be conducted to investigate these results to help students at University Malaysia Kelantan (UMK) better understand what SME is and the problems SME is facing now in terms of innovation and give some suggestions. The results of this study will be useful to all students to understand why it is important to learn about SME while in college. Students, academics and researchers, and governments will all benefit from this research.

The purpose of this study is to find ways to improve the innovative performance of small and medium-sized enterprises. Indeed, SMEs, governments, and policymakers will all be interested in understanding how to improve organizational innovation performance. By narrowing the scope of this study, it should be possible to provide SME managers with better innovation knowledge. In fact, this study is expected to provide guidance to managers in Malaysia on how organizations can increase innovation activities and improve innovation performance with the help of innovation performance enablers such as organizational culture and organizational learning. With the knowledge provided, managers of SMEs can organize their business more successfully and remain competitive.

Apart from this, this study aims to provide useful information to the government. It is expected to provide the government with more information on SMEs to help and solve the problems faced by SMEs. Therefore, government agencies such as the Malaysian Small and Medium Enterprises Corporation (SME Corp), the Ministry of Science, Technology, and Innovation (MOSTI), and the Malaysian Digital Economy Corporation (MDEC) can provide greater support or assistance for SMEs to improve their innovation performance and ultimately improve their GII rankings. This study can also provide guidance to policymakers in formulating appropriate measures and policies for SMEs to improve their innovation performance. Through this research, policymakers can propose better and more appropriate plans and support programs or activities to SMEs, thereby promoting long-term output growth and improving productivity, which can ultimately strengthen the country's economy.

There are many benefits to working with SMEs, such as good customer service due to a highly skilled and experienced workforce and a smaller chain of command. Due to their smaller size, SMEs are often more adaptable and agile than larger organizations, allowing them to respond quickly and flexibly to changing needs and deliver the most appropriate solutions (ideal for time-critical situations). SMEs can also support greater localization, which can reduce the carbon footprint associated with delivery and help support public sector organizations on their journey to net zero emissions. They also create local jobs and can contribute to the local social value agenda in other ways as they become more committed to the communities in which they live and work.

a. Student

By helping students, especially college students, to understand how SME innovation capability affects the E-economic, the study's findings can be used to improve SME innovation capability and are important to e-economics. This will enable them to make more informed recommendations or decisions throughout their lives. Higher education, especially in the field of entrepreneurship, has a significant

positive impact on entrepreneurship and innovation. This means that better education will lead to greater improvements in innovation among students. In contrast, Asandimitra and Kautsar (2017) argued that age has a significant adverse impact on the ability of female business owners to manage SMEs in East Java.

b. Academies and researchers

This work provides new researchers with information about this condition. Additionally, researchers can put these skills that enhance innovation into practice. Young people, especially college students, need to have a strong grasp on innovation. This study can also serve as a future reference for other researchers.

c. Government

Government, because of its vital role in SME performance and economic growth, is responsible for the prudent and effective control of all national sources and for the protection, enhancement, and utilization of resources. For example, job creation, poverty reduction and economic development. Since SMEs are facing many challenges, this study will help in making some suggestions to solve this problem.

1.7 Definition of Term

Innovation

Since the advancement of advanced technology, every company has implemented its own innovation in their company. Each company has made unique innovations to help their company be strong and successful in the economy. This is because innovation has become an important core for the life of a company, especially for local SMEs (Saidahmedova, 2020). Innovation is the core of power by local SMEs. This is because innovation plays a role in creating something new, with existing technologies to create value for the business. This includes the development of new processes, products and the creation of new markets that did not previously exist, the exploration of new sources of supply and the restructuring of organizational methods. Innovation can also be a process that turns new products, new services, new technology and new management methods into local SMEs (Phan, 2019). It is a process of implementation of something new that gives benefit to local SMEs.

Innovation Capability

According to Saunila (2020) innovation capability is a process or result that will influence the innovation process in local SMEs. This will affect local SMEs performance in the manufacturing sector that use survey questionnaires and limited studies using a qualitative design. Innovation capability also refers to renewing product, process, service, and organizational structure (Hazem et al., 2020). Some research also defines innovation capability as a process that focuses on a specific set of innovation capabilities such as product process innovation and process innovation (Mikalef & Krogstie, 2020). Previous study also states that innovation capability refers to the intuitive skills of individuals or firms to make any changes about an explicit concept towards a value orientation that leads to an increase in economic value (Heenkenda et al., 2022). This is important because higher

innovation capability will help local SMEs towards wealth creation and ultimately produce a strong and stable local SME.

Small and medium enterprises (SMEs)

According to Eggers (2020), small and medium enterprises (SMEs) are known as an organization that has less than 250 employees and SMEs been the backbone of every economy around the world. According to the literature definition, small and medium enterprises are defined differently by various countries and international organizations. According to them, SMEs are an organization based on the number of employees, annual turnover, capital assets, use of inputs, production capacity, level of technology use, management practices, and specific characteristics for sectors, regions, and countries. It is also stated in the study that SMEs are an enterprise that have many workers ranging between 10 to 50 and 50 to 250, respectively. According to the World Bank, SMEs are large firms in their recent Enterprise Survey using firm employment sizes—5–19, 20–99, and 100+ as small, medium, and large, respectively (Prasanna et al., 2019). SMEs can also be separated formally and informally. Either a registered firm or not registered, at least in the relevant government authorities.

E-economic

In general terms, e-economy is an economy characterized by the widespread use of the internet and information technology. E-economy is also one of the main components in minimizing economic disparity. This is to remove barriers between states, with the support of information and communication technology and the production of software applications for the economy.

1.8 Organization of the Proposal

Finally, after examining the innovation of local SMEs related to this field of study, the researcher tries to state the aim of the study in this first chapter. This research describes the innovation capacity of local SMEs for the national economy. Innovation is the introduction of new ideas and methods into economic life to achieve potential profit. Independent scientific and technological innovation is initiated by citizens or social organizations to improve the innovation capacity of the country. Malaysia has made significant progress in independent scientific and technological innovation since reform and opening up, with small and medium-sized enterprises becoming the new force in technological innovation. However, Malaysia's overall level of science and technology lags behind the developed world, with a clear gap between social R&D investment in total GDP, patents, and the contribution rate of scientific and technological progress. The lack of core technology with independent intellectual property rights has become an obstacle for the development of Malaysian industry and entry into international markets.

This study was conducted to improve the innovation capacity of Malaysian local SMEs, this study also aims to contribute to the body of knowledge on the development and improvement of the innovation capacity of local SMEs for e-economy among students of Universiti Malaysia Kelantan. This research will benefit students, government, and universities. It can be concluded that the increase in innovation among SMEs will lead to an increase in the ability of SMEs to grow further and will bring benefits to society, the government, and the country.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

An overview of earlier studies on intranets and knowledge exchange is given in this chapter. The conceptual framework for the case study, which serves as the primary focus of the research discussed in this research study, is introduced. Additionally, the researcher will present the underpinning theory that served as a guide for this investigation in this chapter.

2.2 Underpinning Theory

The ideas are mostly used to support studies in qualitative interpretative research. This is mostly due to the interaction of technical and non-technical aspects in the field of information systems. Gregor (2002) refers to underpinning theories as theories for understanding social environment in IS studies. The theories aim to explain "how" and "why" things happen the way they do.

2.2.1 Rogers' Diffusion of Innovations Theory

Rogers Everett created the Theory of Diffusion of Innovations (DOI) in his 1962 book Diffusion of Innovations. "Innovation is an idea, practice, or project considered new by other receiving individuals or units," Roger said. Furthermore, Rogers defines diffusion as "the process by which an innovation is communicated among the members of a social system over time through specific channels." Four elements impact the spread of inventions: innovation, communication channel, social systems, and time.

In Diffusion of Innovations Theory (DOI), the first element is innovation. Roger introduces the phases of the innovation-decision process, namely knowledge, persuasion, decision, implementation, and confirmation. In the context of the study, the researcher wants to examine how an SME is involved in implementing innovation strategies and has innovation

capability for their business. Next element is the communication channel. Rogers (2003) described communication as "a process in which participants create and share information to reach a mutual understanding". Channels facilitate communication between sources. There are two different types of communication channels: interpersonal communication, which is a two-way exchange of information between two or more people, and mass media, which includes TV, radio, and newspapers. "Diffusion is a very social process that involves interpersonal communication relationships," according to Rogers (2003).

Furthermore, the social system is one of the elements. Rogers (2003) defined the social system as "a set of interrelated units engaged in joint problem solving to accomplish a common goal". He went on to say that the most important factor for classifying adopters—an individual's capacity for innovation—is influenced by the social structure in which they live. Innovators, Early Adopters, The Early Majority, The Late Majority, and Laggards are the five groups of adopters. Last element is Time. According to Roger, the response and acceptance of innovation by society is dependent upon time. It takes time for anything new, like innovation, to be accepted.

Next, Rogers (2003) defined the innovation decision-making process as "an information-seeking and information-processing activity in which an individual is motivated to reduce uncertainty about the benefits and drawbacks of an innovation." Generally speaking, these stages occur in chronological sequence. First, information encourages individuals to learn about advances and become conscious of their existence. During this phase, the individual tries to determine "what the innovation is and how and why it works". According to Rogers, the inquiries provide three distinct types of knowledge: Three types of knowledge: awareness, how-to, and principles. In the innovation-decision process, the persuasion step comes after the knowledge stage since the individual changes their perspective after learning about the innovation. Next, The person decides whether to accept or dismiss the innovation during the decision stage of the innovation-decision process. An innovation is

put into practice at the implementation stage. The choice to innovate has already been taken, but during the confirmation stage, the individual seeks assistance in implementing his or her decision. This judgement, according to Rogers (2003), can be overturned if the individual is "exposed to conflicting messages about the innovation."

The researcher's motivation for using Rogger's DOI theory is to analyze SME innovation capabilities in Malaysia for E-economic purposes. DOI theory emphasizes the extent to which innovation may be accepted in the social system. According to this idea, the researcher wishes to investigate how SMEs may build and increase their innovation capabilities, as well as conduct another objective research.

2.2.2 Disruptive Innovation

Disruptive innovation refers to the innovation that transforms expensive or highly sophisticated products or services previously accessible to a high-end or more-skilled segment of consumers to those that are more affordable and accessible to a broader population. This transformation disrupts the market by displacing long-standing, established competitors.

The concept of destructive innovation can be traced back to the term creative destruction proposed by economist Schumpeter (1942). Schumpeter pointed out in "Capitalism, Socialism and Democracy" (1942, p. 83): The development of new markets, whether foreign or domestic, from handicraft workshops to the development of enterprises such as U.S. Steel, illustrates similar trends. The process of industrial mutation, this process of creative destruction constitutes the fact of the development of capitalism, that is, creativity constantly reforms the economic structure from within, constantly destroys the old and constantly creates new economic structures. Schumpeter's revolutionary thought influenced many early entrepreneurship and innovation theories, one of which is Clayton Christensen's destructive innovation theory. Christensen and Joseph Bower proposed the concept of

"disruptive technologies" in the article Disruptive technologies: Catching the wave published in Harvard Business Review (HBR) in 1995; subsequently, Christensen In the book "The Innovator's Dilemma" (The Innovator's Dilemma) published in 1997, and in a series of articles and monographs he wrote or co-authored thereafter, he further elaborated and developed the theoretical connotation of disruptive innovation.

Christensen has been studying the theory of destructive innovation for a long time, and his theoretical research and practical issues are always in a state of dialogue with each other. This dialogue has gradually enriched his concept of destructive innovation. It can be said that the theoretical development ideas of destructive innovation are largely due to Christensen's problem-oriented dialogue between theory and practice, and this has resulted in specific ideological views on destructive innovation and put forward the idea of destruction. The specific content of sexual innovation theory.

He believes that disruptive innovation involves a lot of content, but its core content needs to meet four basic standards:

- (1) the initial target focuses on low-end markets or completely new markets (Christensen et al., 2004; Govindarajan and Kopalle, 2006; Christensen et al., 2015).
- (2) Although it is inferior to existing products or technologies in terms of attributes valued by mainstream market consumers, it can meet the needs of target market consumers in terms of attributes valued by consumers (i.e. "good enough", such as cheaper, simpler, Smaller and often easier to use) (Bower and Christensen, 1995; Christensen, 1997; Huesig et al., 2014);
- (3) Not following existing technological trajectories (Christensen, 2000; Christensen et al., 2004; Bergek et al., 2013).
- (4) Disruptive innovation will continue to improve the mainstream attributes of the products or services provided until it meets the needs of consumers in the mainstream market and is therefore a process of gradually penetrating into the mainstream market

(Christensen et al., 2004; Lindsay and Hopkins, 2010; Christensen and Raynor, 2013; Christensen et al., 2015).

If you choose low-end customers, it is called a low-end customer destruction strategy; if you choose new potential consumers, it is a new market destruction strategy.

Low-End Customer Destruction Strategy

“Low-end disruption” occurs when products improve faster than customers can adopt new features. Therefore, at some point, product performance will exceed the needs of a specific customer segment. At this point, disruptive technology may enter the market and gain a foothold in the market by offering a product that performs worse than existing technologies but exceeds the requirements of certain market segments. Among low-end disruptors, the disruptor will initially focus on serving the least profitable customers who are satisfied with an adequate product. This type of customer does not want to pay extra for product improvements. Once disruptors gain a foothold in this customer segment, their goal is to increase profit margins. To achieve higher profit margins, disruptors need to enter market segments where customers are willing to pay more for better quality. To ensure product quality, disruptive companies must innovate. Incumbents will no longer focus on maintaining market share in less profitable areas, but instead move upmarket and focus on more attractive customers. After this happens many times, the incumbents are squeezed into a smaller market than before. Ultimately, disruptive technologies will satisfy the needs of the most profitable industries and drive incumbents out of the market.

New Market Destruction Strategy

"New market disruption" occurs when a product fits a new or emerging market segment rather than an existing industry. Some scholars point out that the creation of new markets is a sign of disruptive innovation, especially when compared to normal market drivers. It tends to improve products and services in different ways. Initially, it caters to a niche market and over time, it develops the definition of the industry because of its ability to penetrate the market and allow consumers to escape the existing market into the one it creates new markets. Increases. Applying the theory to all aspects of life has been challenged, as have methodologies that rely on selected case studies as the primary form of evidence. Jill Reporto points out that some identified as victims of disruption by this theory more than a decade ago Rather than disappearing, companies still dominate the industry today (Seagate Technology, US Steel, Bucyrus, etc.). Lepore wonders if this theory has been overhyped and misused as if it can explain everything, not just in business, but in all areas of life, including education and public institutions.

Sustaining Innovations

Sustaining innovation is a theme that Christensen has often shared at universities and companies in recent years. This is the same concept of continuous innovation that he originally proposed in "The Innovator's Dilemma". In his 2014 HBR classic article "The Capitalist's Dilemma", he also called continuous innovation " Performance-improving innovation" (Christensen and Van Bever, 2014). This type of innovation aims to improve existing products and replace old ones with new and better ones, so it does not necessarily focus on creating new markets but on developing existing markets with higher value and more opportunities (Christensen, 1997). Christensen believes that the target group of continuous innovation is high-end customers who have higher requirements and better performance than before. Some continuous innovations reflect the company's gradual improvement of product performance and service quality, and some continuous innovations

are breakthroughs that surpass competitive products. Their role in the economy is to make "good products better" (Hwang and Christensen, 2008). Therefore, continuous innovations are very important in the economy because they increase profit margins and keep markets competitive and dynamic (Kenagy and Christensen, 2002).

In recent years, Christensen pointed out that continuous innovation often improves existing products and services on the market by adding features that attract some of the most discerning customers (Mezue et al., 2015). Sustaining innovations can improve profitability and increase revenue through value enhancement. However, sustaining innovations create a zero-sum situation. They typically do not create growth through new consumption or create jobs. Most of the types of innovation we see now are continuous innovations, such as the improvement of the latest version of Huawei or Apple smartphones compared to previous versions, that is, the innovation of replacing old products with new and better products. Continuous innovation has a neutral impact on capital utilization. Especially in uncertain business environments such as the epidemic, sustainable innovation is of particular importance to the survival and development of enterprises.

Innovation capability (IC) consists of the interrelated components of product innovation, process innovation, marketing innovation, and organizational innovation that enable companies to take bold business decisions in response to competitive environments, environmental changes, market orientations, and/or driving markets. Therefore, this study highlights the importance of SMEs having innovative capabilities so that the performance of the enterprise can be achieved. In summary, the findings indicate that in the Malaysian context, SMEs must have innovative capabilities to help companies discover more business opportunities, expand markets, create new opportunity markets and opportunities, and take business risks to achieve better performance. Furthermore, it is acknowledged that radical technology may be a competitive advantage for companies that successfully adopt it. Therefore, this statement also supports the proposition of the theory of disruptive

innovation Clayton M. Christensen and Schumpeter stated that the latest technologies have a positive impact on the innovation of organizations and the innovation of organizations. This in turn produces better overall performance.

2.3 Previous Studies

An Emerging Economy Perspective is a research piece that investigates the impact of innovation capabilities, disruptive technologies, and knowledge production on the sustainability of SMEs in Sri Lanka. This research concludes that innovation capability has a positive and significant effect on SME sustainability, which means that SMEs with higher innovation capability are more likely to achieve economic, social, and environmental sustainability (Heenkenda, Xu et al. 2022). Also, disruptive technologies have a positive and significant impact on the sustainability of SMEs, which means that SMEs that adopt and use disruptive technologies like artificial intelligence, blockchain, cloud computing, and so on are more likely to improve their efficiency, competitiveness, and customer satisfaction.

In addition, a research paper that investigates how Malaysian SMEs employ eco-innovation skills to maintain company success in the face of environmental and economic difficulties. Eco-innovation practices are classified into five types: eco-product innovation, eco-process innovation, eco-organizational innovation, eco-marketing innovation, and eco-technological innovation. As a result, more than half of the SMEs interviewed acquired eco-innovation capabilities to maintain their business performance and thrive in the business sector, despite several obstacles such as the COVID-19 pandemic, environmental regulations, and customer demands (Sukri, Zulkifli et al. 2023). This demonstrates that the ability of eco-innovation may also strengthen and grow the innovative capacity of local SMEs for the Malaysian economy.

Besides, the external environment's mediating role is research that examines how the external environment mediates the influence of innovation capabilities on the performance of Malaysian SMEs. The external environment has four dimensions: market volatility, technical volatility, competitive intensity, and institutional support. The external environment has a positive and substantial moderating influence on the link between innovation capability and SME performance, which suggests that when the external environment is more conducive to innovation, the impact of innovation capability on SME performance is larger (Fu, Sial et al. 2021). Furthermore, this study shows that SMEs should build and strengthen their innovation skills to deal with an unpredictable external environment, and that policymakers should provide a suitable and supportive external environment for SMEs to nurture their innovation activities. Therefore, this will be an important factor in how to improve and develop the innovation capacity of local SMEs for the Malaysian economy.

From the previous research, researchers found that business planning and innovation capabilities are critical for the survival and growth of SMEs in a variety of circumstances. They also indicated that environmental difficulties, disruptive technologies, knowledge creation, the external environment, and dynamic capacities all present challenges and possibilities for SMEs in building and deploying their innovation skills. According to the survey, SMEs must take a strategic and proactive approach to innovation, as well as harness their internal and external resources, to improve their performance and sustainability. This study also offers some implications and recommendations for SME managers, policymakers, and researchers seeking to improve SMEs' innovation and development skills.

2.4 Conceptual Framework

Below is the conceptual framework for this study:

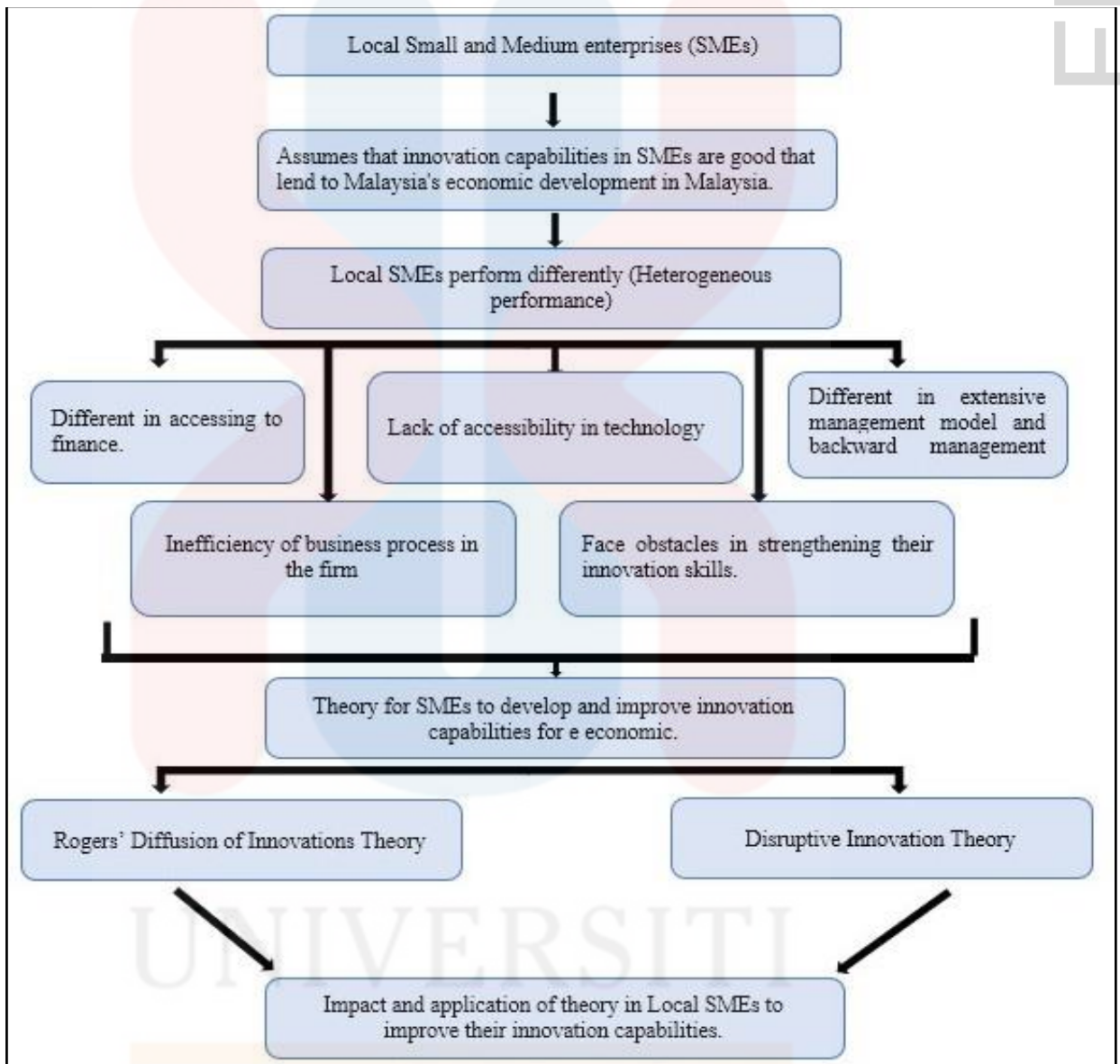


Figure 2.1: Conceptual Framework

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2.5 Summary

In conclusion, to investigate how SMEs develop and improve their innovation capabilities, the underpinning theory is used in this study. The underpinning theory of Rogers' Diffusion of Innovations Theory and Disruptive Innovation Theory are used in this study to help researchers provide the understanding and information about innovation capabilities in local SMEs. With this theory, it helps researchers to know the differences of each SMEs performance to develop and improve their innovation capabilities. Apart from that, this study also provides the previous study about innovation capability in SMEs. Each of the SMEs' performances are different because some of the SMEs operate well and some of the SMEs do not operate well. This is because of the different innovation capability in their SMEs. With the help of previous study, it helps researchers to know that local SMEs in Malaysia are performing differently or also known as heterogeneous performance.

CHAPTER 3: RESEARCH METHODS

3.1 Introduction

This chapter explains the methodology that was employed in this investigation to guarantee that relevant and useful data was collected. It gives details about the approach taken to carry out this investigation. To ensure that the study's objective can be discovered the methodology and process in this study have been well thought out and structured. This chapter is structured with the research methodology in the first section, followed by the research's design, data collecting method, population, sample size and technique, development of research instruments, and procedure data analysis.

3.2 Research Design

A research design is a method for answering research questions using empirical data. The study design might also influence the objectives and overall research methodology. Whether the researcher will do primary or secondary research, the sampling technique, or criteria for selecting participants, data gathering methods, data collection procedures, data analysis methods, and the intended study design. (Shona McCombes,2021).

This study uses a qualitative survey research approach to answer the main research question which is how to develop and increase the innovation capacity of local SMEs for the economy in Malaysia. A total of 4 respondents involved in this study are operations managers of local SME companies in Malaysia. The questionnaire instrument was constructed by the researcher and validated by a qualified supervisor.

3.3 Data Collection Methods

The data collecting procedure includes gathering information, data, cases, and key facts for the goal of the study before proceeding to the data analysis approach. All information and data received through the ways listed below:

a. **Desk Research / Documentary Analysis**

Researchers will conduct bibliographic research using documentation techniques based on document sources or written records that can supply various types of information and information from secondary sources. To comply with this technique, data is gathered using information received from written materials. It is supplementary supporting data that helps the researcher to supplement and corroborate the information gathered during the interview. Documents used as data might be primary or secondary sources. This primary source is based on original materials such as previous research, books, and journals. Secondary sources include other written materials discovered during the field study, such as field notes, journal articles, media clippings, academic publications, scientific theses, conference papers, and case reports.

Documentary analysis is regarded as an effective data gathering strategy in qualitative research after interviews (Creswell, 2013). Documents may be utilized to give additional evidence concerning the topic being examined, and this data gathering strategy can be employed without disrupting the study environment. Documentary analysis is significant in case study design because it supplements and balances the limits of other methodologies. Documentary evidence is used to cross-validate information collected through other data gathering procedures (such as interviews and observations), as what individuals say and what they do might differ.

Following the fieldwork, documentation analysis was carried out. This method is based on extra materials collected during fieldwork, such as business biographies, product brochures, and sales agreements. This document contains more specific secondary data, such as information on key management persons, the firm's background (information about its establishment), financial circumstances (such as authorized and paid-up capital), product details, and auxiliary information. Documentary analysis data will be used to support various qualitative methodologies that will boost the validity and reliability of study findings.

b. Interview Method

The interview method is a method used to obtain evidence or a verbal statement from the respondent to talk face to face with that person (Koentjaraningrat,1991). The interview method is also an information gathering method that involves social interaction between individuals, (Unit Penyelidikan Bahagian Perancangan dan Penyelidikan Dasar Pendidikan (2003), and it is one of the best ways to knowing how a situation is seen from another person's perspective (Mohd Majid Konting 1998). To obtain data and information, the researcher has used this method by selecting several respondents who felt to have sufficient qualifications. The selected respondents consisted of operational directors of local SME companies. The purpose of the researcher conducting this interview is to obtain information that is difficult to directly obtain such as sensitive issues, sensations, etc.

3.4 Study Population

The term "population" refers to the entire group of individuals, objects, or organizations that meet specific criteria and are the subject of the investigation. Individuals within a community frequently share resources, face comparable environmental challenges, and rely on other members of the population to survive over a prolonged period of time, according to Krieger (2012). The focal study population was made up of Malaysian-operating SMEs in the manufacturing and services sectors. By 2020, 97.2% of Malaysia's commercial enterprises will have contributed 38.2% of the country's GDP. SMEs comprise 1,151,399 commercial entities in total, and in 2020, they will employ 48 percent of the labor force in the nation. This study will concentrate on small and medium-sized enterprises (SMEs) in Malaysia, although not extensively—rather, it will only examine a small number of SMEs chosen as interview participants. The researcher chose informants from the surrounding areas due to their accessibility and the high concentration of SME owners in those areas.

3.5 Sample Size

Sample size is the number of subjects that is included in a study. The sample size that is selected plays an important role. The use of accurate sampling methods and adequate responses are required to obtain a sample that is representative of a population. A population, according to Romizan et al. (2021), is a grouping of individuals, objects, or incidents that exhibit the characteristics that the researchers are interested in. The members of a particular group may differ in several ways. One element of the population is the samples. Inferences about the population, for instance, will be made based on what is learned from the samples. A representative sample of the population is needed to do that. The researchers picked four samples of SME for the interview.

The sample size used in qualitative research methods is often smaller than that used in quantitative research methods. This is because qualitative research methods are often concerned with garnering an in-depth understanding of a phenomenon or are focused on *meaning* (and *heterogeneities in meaning*)—which are often centered on the *how* and *why* of a particular issue, process, situation, subculture, scene or set of social interactions. In-depth interview work is not as concerned with making generalizations to a larger population of interest and does not tend to rely on hypothesis testing but rather is more inductive and emergent in its process. As such, the aim of grounded theory and in-depth interviews is to create “categories from the data and then to analyze relationships between categories” while attending to how the “lived experience” of research participants can be understood (Charmaz, 1990, p. 1162).

Qualitative interviews rely on questions and answers that help the researcher thoroughly understand the interviewee's perspective on the respective topic in order to conclusively investigate the research questions. It is not the researcher's primary interest to be able to count the number of times a specific thing was said, and to make a tally for the according code in the analysis. Indeed, quantitative analysis approaches do exist also for qualitative data (see Content Analysis). Generally, however, qualitative interviews will be assessed qualitatively, and focus on investigating and understanding what interviewees have said in order to get a broad and deep overview of all relevant aspects - opinions, experiences - that the interviewees have on the topic of interest. Instead of a large number of cases, the complexity and diligence of the interview conduction are relevant to the quality of the results (Baker & Edwards 2012, p.39). To this end, semi-structured interviews allow for larger sample sizes than open interviews, since their analysis is more structured based on the predetermined interview guide.

Theoretical sampling in grounded theory, as defined by Glaser and Strauss (1967) is a way of collecting data, and deciding what data to collect based on the theory and categories that emerge from your data. It is important to make a clear distinction between theoretical sampling and purposive sampling. Although it is a variation of the purposive sampling, unlike a

standard purposive sampling, theoretical sampling attempts to discover categories and their elements in order to detect and explain interrelationships between them. Theoretical sampling is associated with a grounded theory approach based on analytic induction. Theoretical sampling is different from many other sampling methods in a way that rather than being representative of population or testing hypotheses, theoretical sampling is aimed at generating and developing theoretical data.

3.6 Sampling Technique

A small sample of respondents were provided with an interview. Non-probability sampling is defined as a sampling technique in which the researcher selects samples based on the subjective judgment of the researcher rather than random selection. It is a less stringent method. This sampling method depends heavily on the expertise of the researchers. It is carried out by observation, and researchers use it widely for qualitative research. Unlike probability sampling, the goal is not to achieve objectivity in the selection of samples, or to make statistical inferences. Rather, the goal is to apply the results only to a certain subsection or organization. These are used in both quantitative and qualitative research.

In qualitative research, there are various sampling techniques that you can use when recruiting participants. The two most popular sampling techniques are purposeful and convenience sampling because they align the best across nearly all qualitative research designs. Sampling techniques can be used in conjunction with one another very easily or can be used alone within a qualitative dissertation.

The type of sampling strategy used in this experiment was a purposeful sampling. Purposeful sampling also known as purposive and selective sampling, purposeful sampling is a sampling technique that qualitative researchers use to recruit participants who can provide in-depth and detailed information about the phenomenon under investigation. It is highly subjective and determined by the qualitative researcher generating the qualifying criteria each participant must

meet to be considered for the research study. An example of this would be a student who seeks to look at current nurses' perceptions of leadership styles within a specific hospital setting. This one sentence description alone can already generate two selection criteria: (a) must be an active nurse and (b) must work at a specific hospital setting. Additional criteria such as the number of years in the field or level of nursing education will ensure participants have a similar foundation.

This study is qualitative research. Therefore, the researchers have chosen a purposeful sampling technique that will be used in this study. Purposive sampling is best used when we want to focus in depth on relatively small samples. Perhaps we would like to access a particular subset of the population that shares certain characteristics, or we are researching issues likely to have unique cases. The main goal of purposive sampling is to identify the cases, individuals, or communities best suited to helping we answer our research question. For this reason, purposive sampling works best when we have a lot of background information about our research topic. The more information we have, the higher the quality of our sample.

3.7 Research Instrument Development

In this section, this study shows the research validity and reliability which has become an argument that arises in qualitative research. This is because the aim of qualitative research is to provide understanding and knowledge to others. This means to provide an understanding to others; this study should be credible. With the credibility in this study, the research objective can be achieved. And to provide an understanding and knowledge to others, this study must also ensure that they are good (Roberts, 2020). Good studies always depend on reliability and validity to make others understand and trustworthiness in this study.

For validity, the definition is the process to determine fidelity sometimes understood as accuracy of the findings from the standpoint of the researcher, the participants, and the consumers of the research (Rose & Johnson, 2020). The validity will use reliable processes and work on

existing methods and theories and to be used in this study. For example, by using thematic technique analysis.

In this study also must have reliability that is a research rigor, particularly in relation to the appropriate methods chosen, and how those methods are used and implemented in qualitative research studies (Rose & Johnson, 2020). For reliability, this study will focus on the interview process, the selection of SMEs cases, and finally perform data analysis. In conducting the interview process, all discussions and guidance will be done carefully with the help of available documents and the help of the internet. The discussion will be done carefully before the field process is done. After careful discussion and planning, the questionnaire will be built based on the theories that have been selected and are suitable for this study. The theories that have been selected are Rogers' Diffusion of Innovations Theory and the Disruptive Innovation Theory. The questionnaire is built based on this theory to know how SMEs develop and improve their innovation capabilities. These questions will be constructed and done easily to understand by respondents and not excessive. Second, after the questions have been constructed, case selection of SMEs will be carefully controlled. This is because the selection process is important to ensure this study is valid and accepted. The last step is to analyze the data. After conducting an interview process with questions constructed in the field, this study will be carefully controlled by data analysis. In addition to making this study reliable, the table below shows the steps taken in this study.

Table 3.1: Trustworthiness approaches

Steps	Approaches taken	Note
Research Context	1. Perform a literature review based on research questions and research objectives to help to identify and	1. A good literature review and conceptual framework allow this study to achieve the research

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	<p>position this study.</p> <p>2. Build a good conceptual framework to show, explain and explore about this study.</p>	<p>objective.</p> <p>2. Help to provide an understanding to researchers and others.</p>
Data collection	<p>1. All the interview process will be digitally recorded.</p> <p>2. Have a sufficient number of cases.</p> <p>3. Have anonymous respondents to help and encourage respondents to give sincere opinions.</p> <p>4. Have interview guidelines to help the interview for standardization.</p>	<p>1. All recorded interviews aimed at reducing threats do not provide valid information.</p> <p>2. Sufficient cases allow this study to manage and make an analysis.</p> <p>3. To reduce respondent bias.</p>

As discussed above, with the trustworthiness approach, this helps to make this study valid and reliable.

Apart from that, in qualitative research, the validity and reliability in this study can be improved more by applying an important element that is element triangulation. Noble and Heale (2019) point out triangulation is a method that aims to increase the credibility and validity of research findings. Triangulation is also known as a research method that involves multiple sources of method and this to increase the validity and reliability of a study. This means with the element triangulation in this study, it helps to confirm the research findings and reduce biases (Bans-Akutey & Tiimub, 2021). In triangulation, it has four types that are data triangulation, method triangulation, investor triangulation and theory triangulation. In this study to achieve the research objective, data triangulation and theory triangulation are used to aim for validity and reliability.

For data triangulation, it involves various data sources that aim to shed light on the same phenomena (Jentoft & Olsen, 2019). This means that data triangulation uses the data from different times, spaces, and people with the same motive. In this study, data triangulation is used because this study involves 4 respondents from different companies that allow this study to know how the SMEs develop and improve their innovation capability in Malaysia.

Meanwhile, theory triangulation is also used in this study. According to Noble and Heale (2019) theory triangulation is a research method that uses several theoretical schemes that enable interpretation of the phenomena. This means in this study; theory triangulation also involves the use of multiple theories to examine how SME develop and improve their innovation capabilities in Malaysia. The theory used is Rogers' Diffusion of Innovations Theory and Disruptive Innovation Theory. With this theory, it helps this study to achieve the research objective.

3.8 Procedure for Data Analysis

According to Dierckx de Casterlé et al. (2021), the definition of data analysis is a process to analyze collected data in qualitative research and this data analysis is one of the challenges in

the qualitative research process. This is because, in qualitative research, it involves a large amount of complex data (Dierckx de Casterlé et al., 2021). The aim of this data analysis in qualitative research is to develop strong theoretical insights or constructs grounded in the collected data to enable complex phenomena to be understood. This is because the researchers are having problems and must face many pages of data from the interview process which contain interview answers with unique stories and perspectives (Alam, 2021).

3.8.1 Methods of data analysis: Analysis of interview transcripts

In this study, the method used in data analysis is by using thematic analysis technique to analyze the qualitative data from the interview process. The definition of thematic analysis techniques is an increasingly popular method to analyze qualitative data that captures patterns across the raw data and structure the data into meaningful themes (Thompson, 2022). This thematic analysis is very popular in qualitative data analysis such as interviews or group transcripts. This qualitative research method is very popular for analyzing data. This is because thematic analysis involves interview data and focus groups that play a role in understanding people's experiences, ideas, and perceptions about certain topics (Jowsey et al., 2021). Therefore, thematic analysis is also a good starting point for those who are new to qualitative research and related to many questions in the perioperative context. According to Jowsey et al. (2021), this thematic analysis will involve a process that plays a role in giving data to several codes as well as grouping codes into themes and then identifying patterns and interconnections between these themes. Thematic analysis also works in interviews and focus groups and other data sources, such as documents or images. For Braun and Clarke (2021), they argue that thematic analysis is a research method, not a methodology.

Qualitative research is involved by asking people questions during the interview process or focus groups. Merriam and Tisdell state that, 'The most common form of

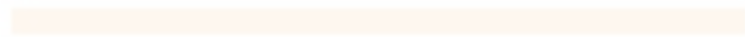
interview is a person-to-person encounter where one person obtains information from another person' (Braun & Clarke, 2021). Information is obtained from careful and purposeful questioning and listening. So, in this study, the thematic analysis is used to analyze data from interviews that allow this study to know how SMEs develop and improve their innovation capabilities for e economic. In this study, semi-structured interviews are used, and this commonly involves thematic analysis. Coming back to this study, the thematic analysis is used to know the difference between SMEs performance to maintain, improve and develop their innovation capabilities.

3.9 Summary

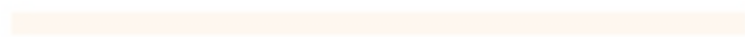
In conclusion, this chapter discusses the methodology that is used in qualitative research. In this study, qualitative research is used to investigate how to develop and improve local SMEs innovation capability for e economic. This qualitative research is different from quantitative research because qualitative research involves data collection method from interview method. This means, this study collects the data from the interview process. For sample size, this study involves 4 samples of SMEs for the interview process. In this methodology, this study uses purposeful sampling techniques to collect the information. This technique is important because it helps the research to get the information about innovation capabilities of SMEs. Besides that, this study also provides research instrument development that involves validity and reliability. These two items are important because without valid and reliable study, the researchers or others cannot get the information. This is important to gain the trustworthiness from others about this study. To better understand this study, this methodology uses thematic analysis to make data analysis about innovation capability of SMEs in Malaysia. This is because thematic analysis is very popular in qualitative data analysis such as interviews or group transcripts.



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CHAPTER 4: CASE STUDY

4.0 INTRODUCTION

In this chapter, this research provides 4 case studies from different companies. This case study prepared to know about the findings of this study. This case study was collected from multiple sources of data that involve interview transcription, documentary analysis and observation narrative. There are 4 case studies that allow this study to know how their companies implements and improves its innovation capability. Thus, this case study plays an important role to get the findings in this study that allow this study to achieve the research objective.

This case study shows the interviewees background, companies background, products development, the implementation and improvement of their innovation, competition and so on that allow this study to present the findings of this study.

4.1 CASE STUDY 1: WHITE HALL EVENT MANAGEMENT

White Hall Event Management is a service-oriented company. In addition to a wedding planner, site preparation services are provided. Puan Ummie Hanisah binti Harun, Puan Rosewatina Binti Mohd Hassan, and Puan Zaizulaizah Binti Jaafar are the three partners in this kind of business partnership. This company was founded at the end of 2021 and began operations at the end of 2022 because the government did not provide authorization to operate after the Movement Control Order (MCO) until 2022. One of the main factors in establishing White Hall Event Management is that her previous business, Licensed Company Secretarial Services, was affected by the Movement Control Order (MCO) due to the COVID-19 outbreak. They are generally badly affected when most of their customers cannot pay for the service. The White Hall Event Management company is registered with the Malaysian Companies Commission (SSM) and has only one branch in Kuantan, Pahang. There are just three full-time employees. One is in charge of the hall, while the other two are in charge of marketing, photographers, and videographers. This company is run by three persons, each with their own set of responsibilities. Their target market consists of both young and old people.

Next, Ummie Hanisah binti Harun is one of White Hall Event Management's partners. Both finance and event management are handled by her, 49 years old, married, and has four kids. Bumiputera are Muslims and Malay people. Her educational background includes a degree in finance and a company secretary professional license. She has managed a licensed company Secretarial businesses before. She has experience in being the company secretary of more than 1000 companies. As a result of the government's opportunities at that time, it encouraged Bumiputera to venture into the field of Licensed Company Secretarial Services, which the Chinese dominated at that time. So, after graduation, she took a licensed course for 6 months in the field. The business is more about the Companies Act 1995 and the Companies Act 2016. She will be the middleman between the Malaysian Companies Commission and the public who will manage those

who manage the documentation of the opening of a company. With more than 23 years of experience in the field, she plans to open a White Hall Event Management business.

Following that, she had the ambition to start a business offering venue preparation services and also as a Wedding Planner after attending a friend's wedding ceremony and being interested in venue preparation. So, she chose to enter the field because she saw an opportunity where the usage of the hall by the community in the future would have a greater impact than at home. In reality, the mindset of the younger generation determines the choice of a location for an event. The benefits of arranging a venue such as White Hall Event Management include the elimination of the requirement for consumers to waste time and energy preparing food, venue, bridal, and ample parking in comparison to limited residential neighborhoods. Furthermore, lifestyle changes in modern times while holding a gathering or celebration, there would be mutual cooking, but today people simply have to attend and eat at the event. When they attend, they do not have to work hard to prepare for the ceremony and merely come due to their separate commitment considerations such as job and so on. They perceive these issues as an opportunity to do business.

Next, according to Puan Ummie, the financial capital needed by White Hall is only at the beginning such as venue renovation, venue selection and venue preparation. Each partner's personal capital was employed. It is an urban region with a high population density in Kuantan, Pahang, which makes it competitive. As a result, companies offering similar services compete with White Hall Event Management. The trend design challenge is one of White Hall Event Management's difficulties. Keeping up with the times may be challenging, especially when it comes to wedding celebrations. Moreover, the development of trends is one of White Hall Event Management's problems. Fashion trends now represent the various interests and points of view that exist in society. Second, because of the significant expense that White Hall must bear, it necessitates the collaboration of other parties like the caterer panel and bridal. Third, serving a range of clients is necessary to deliver adequate customer service.

FACULTY ENTREPRENEURSHIP AND BUSINESS

The services that White Hall Event Management provide are venue preparation services as well as a Wedding Planner for the White Hall Event Management company. For venue preparation services, we focus not only on wedding hall preparation but also on other events such as supper, hi-tea, seminars, and so on. She designed the One-Stop Centre Package. For example, for a wedding, the package includes cuisine, bridal (bed, gown, and make-up), a PA system, a photographer, and a videographer. Customers merely need to show up and pay. They don't have to hire another party to oversee because White Hall Event Management has the panel. Customers can pick from a prepared panel for selecting seats, attire, food tasting, and so on.

White Hall also offers Wedding Planner and Event Planner services. The service given is determined by the event to be held. Panel caterer, Panel Bridal and PA system, photographer, and videographer are among the vendors or partners managed by White Hall. Panel Caterer is one of White Hall Event Management's providers because White Hall does not supply meals. Customers will be able to select a Caterer panel based on their preferences through meal tasting at White Hall. Meanwhile, the bridal panel will manage and arrange everything from fashion to staging to make-up. The wedding panel will present a range of gowns in a variety of colors and sizes. For the selection, White Hall will consult with consumers. Because of the expensive expense and shifting design trends, White Hall does not supply fashion. Panel PA system, photographer, and videographer follow.

The unique innovation selling point is the One-stop Centre Package idea, which sets it apart from competitors that just handle wedding-related tasks like styling, makeup, and sofa preparation. On the other hand, White Hall offers a sensible and cost-effective full package that includes a PA system, filmmaker, photographer, and caterer. The introduced service procedure contains the bulk of the various items that clients require. White Hall Event Management will handle the situation following the customer's preferences and desires. This package will also be viewed concerning the event. White Hall implemented this notion to make things easy for its clients. Next, White Hall is

a white-colored space that goes well with the bridal party's platform and style selections. In actuality, the white hall changed by installing green artificial grass instead of the cement floor to create a floral-filled garden atmosphere that complemented the surreal theme. Also, the idea of nature. Unlike most of its rivals, who use the red carpet as a pathway, White Hall also benefits from having a permanent walkway platform.

Design Trends and Digital Marketing are two technologies that are targeted and beneficial to the organization. Couch preparation is becoming more and more important in design trends. White Hall observes that the sofas are continuously modified to accommodate evolving consumer preferences. White Hall constantly adheres to the newest trends in design as a result. Unlike other rivals, White Hall doesn't follow specific design fads for a few months before changing them. The idea behind White Hall is that the throne is changed by the bride and groom. White Hall may also arrange for a customer to switch to a different seat for the ceremony tomorrow from the one they are in today. The White House prioritized digital marketing as a result of the growth of social media. Additionally, White Hall uses social media sites like Facebook, Instagram, and TikTok for digital marketing. For marketing objectives, White Hall nevertheless keeps making posters and banner ads. While each social media network has its own following, he focused on TikTok since it has a big user base that spans all age groups. White Hall does not use e-commerce platforms like the website because they find it difficult to manage sales and purchases there and prefer to conduct business in person. Consumers who want services prefer to speak with a representative on the phone or in person, or over WhatsApp.

The strategy for putting innovation into practice is the present approach is more concerned with stabilizing after costs are paid. Subsequently, White House performances consistently satisfy patrons by giving basic infrastructural amenities like air conditioning and a fan, a clean and tidy hallway, a restroom and so forth. Additionally, seeking competent employees. competent and experienced professionals in the interior graphics industry. The employees will be in charge of

overseeing the evolving design trends. Nonetheless, partners still give guidance. White Hall Event Management also performs regular observations and research on social media to track changes in design and fashion trends that are being discussed by the public. The White Hall, on the other hand, filters design trends that are incompatible with the White Hall idea and chooses the best that suits the concept.

The importance of innovation capability for White Hall Event Management, Fashion trends are always changing from time to time, it is important for White Hall to be aware of the latest innovations and design changes to remain relevant and become the customer's choice. There are ambitions for market expansion by White Hall Event Management as well. In the next three years, there is a chance to grow the market by establishing branches in places like Terengganu along the east coast. Selecting the ideal lifestyle, desired salary per capita, and demographic location requires careful consideration of a number of factors. The target market for White Hall Event Management will include a large number of people with high incomes and busy schedules. They also want to offer additional services, such as event hosting.

Lastly, Ultimately, White Hall Event Management outperforms its rivals by building strong client relationships. According to Puan Ummie, effective communication is critical for the services industry. The firm will get additional value from customer pleasure through improved brand recognition, a competitive edge, and other factors.

4.2 CASE STUDY 2: ZARA'S BAKERY

Case study of Zara's Bakery was established as a business firm that operated in January 2022 by Pn. Nur Fasihah Binti Hussien. She is also known as Cik Nor in her business. Pn. Fasihah or also known as Cik Nor is 34 years old and has 3 children. Before she started focusing on this business, she worked as a government staff and made a cake as a business part-time. Starting in January 2022, she decided to quit her job as government staff and focus on the bakery business with her own capital of RM30,000 which is making and selling cakes to customers. She starts her business at home and delivers to the customers. After 2 years she ran the business as a part-time job, she opened the bakery Zara's Bakery at Jalan Sultan Yahya Petra, Kampung Pasir Hor, Kota Bharu Kelantan. The Name of Zara's Bakery is a composition of their family names namely Cik Nor, her husband, and her children. This business started when her sister-in-law moved to Putrajaya with her husband. Due to the high demand from regular customers from her mother-in-law, she continued this business in Kelantan.

This business has been operating in the bakery industry since 2022. In this business, Zara's Bakery offers many products to the customers. There is Yam cake, chocolate cake, red velvet cake, tornado cake, batik cake, fruit cake, pavlova, birthday cake, and also cookies. In this business, the main product is the Yam cake that is known as a famous and unique cake in her business. This Yam cake is Kek Keladi Warisan Bonda which is a hereditary recipe from her law's family.

Zara's Bakery is a business that focuses on the bakery industry that offers many products to customers. Their unique product, which is their cake, especially the main cake that is Yam cake (Kek Keladi Warisan Bonda) is popular among their regular customers. This is because this Yam cake is already known since her mother-in-law's business. This Yam cake is special for the customers, especially their regular customers who repeat orders from Zara's Bakery. This is because this Yam cake uses the original yam without adding flavoring ingredients in the cake-

making process. And the process of this Yam cake is well made and carefully made by Zara's bakery because their customers know the difference in the cake's taste. This was stated in the interview:

“This is because my regular customers, especially my mother-in-law's regular customer's, can know the different taste of yam cake. They can know, this cake was made by whom?”

Based on the interview, the product development of Zara's Bakery is about the ingredients in the cake-making process. So, in Zara's bakery especially for the Yam cake process, Cik Nor uses the original recipe ingredients from recipes passed down from generation to generation.

Innovation capabilities for this case study show that Zara's Bakery makes innovation in terms of the design of their cake, especially for the Yam cake. In this business, their innovation capability is designing the Yam cake because their innovation capability in terms of design for them is important to attract the customers. With the creative design of Yam cake, it will make the Yam cake look interesting and make the customers want to buy. The interviewee remarked on the creative design of the cake as she said:

“I think the innovation I have made is in terms of yam cake design. Like me, the cake design should be creative so that customers are interested in the cake we make.”

This statement shows that the innovation capability of Zara's Bakery is the design of the Yam cake that can make customers attracted to buy their cake.

The usage of technology or machines in business is very important because it can help business operations run smoothly. For this case study, Zara's Bakery has 3 mixer machines, 2 industrial ovens, and 1 electric oven. And they also have two "chiller fridges" for the industrial oven, which can accommodate 12 cakes. Therefore, it will produce a lot of cakes for her business.

Every business needs a strategy to implement its innovation in real life. This is because, with an efficient strategy, it can boost the sales of the company to generate income. For this case study, Zara's Bakery makes an efficient strategy to boost its business in the bakery industry. To boost their innovation capability in their business, the company acts on the quality of the cake. Every production of their cake, Zara's Bakery places more importance on the quality of the cake. This is because the quality of their cakes is important to keep their products always in the market. Apart from that, Zara's Bakery also implements its innovation by promoting its cake on social media namely Facebook, Instagram, and TikTok. They use social media as a place to talk about their business. Not only that, as the owner of Zara's Bakery, she also learned to gain the knowledge and skills to make their cake known in the market. She learned a lot of marketing techniques from TikTok and joined paid classes to strengthen their marketing. This information comes from the interview, and she said:

“The strategy I use is to promote on social media, namely Facebook, TikTok and Instagram. TikTok uses my own name, Fasihah Hussein. Instagram and Facebook use the name Zara's Bakery. I also use word of mouth from customers. Customers who spread Zara's Bakery products to others by praising the taste of the cake and then others ask and will order at Zara's Bakery.”

In this case study, Zara's Bakery has implemented the strategy to make their business known to others and also in the market.

Zara's Bakery is a business that is involved in the bakery industry. In order to make their business spread in the market and well known, Zara's Bakery launched a few strategies to implement their innovation. Their strategy is used in business to strengthen and maintain its position in the market. However, the strategy that Zara's Bakery applies in their business still gives some challenges to them and this will create weakness in the business. The results from the

interview show that Zara's Bakery had trouble hiring the workers because they wanted expensive salaries, but they have no experience in the bakery industry. It's the same as the owners said in the interviews, she said:

“I had trouble hiring the workers because they wanted expensive salaries but no experience. But I can offer a high salary if they have experience.”

This statement that she said shows that she has a problem taking the employees because some of the employees want an expensive salary, but they have no experience in the bakery industry. Thus, it gives challenges for Zara's Bakery to take them as their employees. This is because employees who do not have experience in the bakery industry will make Zara's Bakery need to teach them. It will make the business operation slow because it involves the time and money of Zara's Bakery to spend and teach them. But if the employees have experience which means they know the procedures of making the cake process, she will offer a high salary to them. So far, in Zara's Bakery, they have 3 employees who offer them RM35 a day salary. It also has 30 agents who are responsible for selling the cake cover in Kelantan and 11 agents in Kuala Lumpur.

To make improvements to its innovation capability, Zara's Bakery also hired part-time workers or students, especially during semester holidays. So, there will be workers who will come in. Not only that, but Zara's Bakery also improves them by sending them to pay classes to boost their skills and knowledge. Thus, it allows them to think innovatively which can increase Zara's Bakery performance.

Zara's Bakery also improves its innovation by using the feedback from customers. Zara's Bakery will make improvements to their cakes based on the feedback they get in terms of design, taste, and so on. This improvement will give them opportunities to strengthen their business in the market. As she said in the interview:

“I will improve with my cake. In my business, when my regular customers come and buy my cake, I will ask them for feedback about my cakes, the design, taste and more. So, with the feedback I get from them, I will improve more based on the feedback to make my cake always in the market.”

With the improvement that Zara's Bakery has in their business, the capacity of cake will produce more. For the capacity of cake, in 1 day especially for the Yam cake produced in 30 pieces. If it's a school holiday, the amount will be doubled. By using the original yams for the Yam cake process without adding any flavoring. With that, the demand for yam cake becomes higher. This case study shows that innovation is important in every business-like Zara's Bakery because this innovation can make the cake unique from other people's cakes.

The innovation that Zara's Bakery uses in its company will allow it to expand more widely in the market. Zara's Bakery expanded its market by making its price cake affordable. Zara's Bakery put the price not too high and not too cheap. This allows the customers to buy their cake. Zara's Bakery also put their product in Grab Food to expand their business in the market.

In the bakery industry, there is a lot of competition that offers the same products. Thus, it gives some challenges for Zara's Bakery to compete with each other. To compete with others who sell the cakes, Zara's Bakery takes its action in their business with care about the quality and taste of the cake. Zara's Bakery will carefully manage its business, especially in the process of cake making. Like she said in the interview, she said:

“So, there is a lot of competition but that's them. So, what I do is I only care about the quality of the cake, so whoever wants to compete with me, compete, I'm fine.”

Zara's Bakery also competes with others by taking care of the customer's heart. Zara's Bakery takes care of their customers and gives some souvenirs to them. For example, Zara's Bakery gives free

Batik cake for the customers who buy it every week, and for the customers who order the cake birthday, Zara's Bakery will give a banquet to them. This information was collected in the interview when she said:

“Like me, there is a list of repeat order customers, where every week that person will buy, therefore I will give free batik cakes. For example, if they order a birthday cake, we will give them a banquet. If I give even one cake slide, the customer already likes it and feels appreciated.

For me, the way to overcome the competition is that we are good at taking care of our customers.”

Besides that, Zara’s Bakery also competes in their competition by putting a unique name on their cake. Zara's Bakery makes the cakes and tries to make them, and the cakes are given unique names. This method will allow Zara's Bakery to strengthen its product in the market. This company is also not stingy in using materials for decoration. For example, Zara's Bakery nutella brownies where a lot of nutella will be placed on top.

For innovation learning, every innovation that applies in the company must be suitable to the environment of the company. To make the innovation, they must have the right knowledge and skills to make it successful. For this case study, Zara’s Bakery provides the knowledge and skills from learning TikTok. Zara’s Bakery also provides knowledge from attending two paid classes to make its business successful. As the owner of Zara's Bakery, she also states that she wants someone good at communicating with customers, someone who follows her instructions, and someone who is honest and trustworthy. This is because she wants someone who can follow her lead. With this application in her company, Zara's Bakery has opportunities to grow up in the market.

4.3 CASE STUDY 3: TOKKU LEKO SDN BHD

Tokku Leko Sdn Bhd is a Bumiputera company that conducts business in the fish-based food industry, namely the processing, supply, and sale of Lekor and slice keropoks. Tokku Leko sdn bhd was registered under SSM in May 2018 until now as a fixed private share. It was founded by Mr. Wan Mohd Sofian b. Mohd as chief executive officer and Mrs. Nurul Hana bt. Nordin as chief financial officer. In addition, there are several other positions in the Tokku Leko organization chart that work hand in hand to advance this company. The name Tokku is taken in conjunction with the birthplace of the founder of the Tokku brand, Mr. Wan Mohd Sofian Bin Mohd, which is Kampung Banggol Tokku Serada, Kuala Terengganu. Tokku was created as a result of the earnestness of En Wan Mohd Sofian, who wants to dignify and commercialize traditional food to a more attractive level both at home and abroad.

The experience of growing up in a family that produced traditional Lekor keropoks and conventional marketing fueled his passion to modernize the manufacture and marketing of keropoks. Tokku products are produced using modern and high-tech techniques and strict quality control to ensure that the products produced are of high quality, halal, and meet the standards that have been set. This makes Tokku products unique among customers in terms of quality, packaging, and taste. Tokku uses the slogan "Authentic Terengganu food everywhere" in the hope that Tokku's products, which are synonymous with Terengganu food, will be in all corners of the country and can penetrate overseas markets. Tokku leko is not only a lekor keropok company, but it also supplies fresh fish and specializes in processing its own fish fillets in several areas koin the state of Terengganu. The company's market has also penetrated throughout Malaysia in several states as a wholesaler to various industries by using technology and a good learning system.

Next, the main product produced by Tokku Leko is keropoks of various types and their own keropoks sauce. Among the types of keropoks that are produced are lekor keropoks, boiled keropoks, chips, cheese keropoks, instant keropoks, and vacuum keropoks. All products are available in every branch, pitstop (freezer package), and Tokku Express, which are stalls and kiosks. There are six tokku leko branches in several states, as well as six factory branches with approximately 15 employees per branch and factory. In addition, the services carried out are as follows:

1. fish filling factory: Tokku processes and supplies fish filling, lekor keropoks, chip keropoks, satar, and laksa to keropok operators nationwide.
2. Fish supplier: Tokku supplies fresh Tamban fish to keropok operators all over the country.
3. Manufacturer: Tokku produces lekor keropoks, chip keropoks, and instant keropoks for the Tokku brand and also for other entrepreneurs who want to have their own keropoks.
4. Wholesalers of instant keropoks: Tokku supplies and sells instant keropoks wholesale to wholesalers, grocery stores, supermarkets, chain stores, and so on.
5. Exporters: Tokku is preparing to export instant keropoks abroad.
6. Tokku business partners: Tokku offers a special PitStop package for those who want to generate income with Tokku. This package offers freezers on loan and stock supplies for them to start a business.
7. Tokku Express: Tokku offers a kiosk package that provides fried and boiled Keropok Lekor and is served hot. Tokku also serves Crispy Flour Dip Seafood as if enjoying the meal and being in Terengganu.

Besides that, every business has competition as well as tokku leko. The state of Terengganu is no stranger to keropok lekor food; almost every village has a shop selling keropok. This is a competition for companies that sell crackers. But this does not break the spirit of Tokku Leko to continue to develop by upgrading the company and innovating with the times. In addition, Tokku Leko also faces several challenges throughout this business journey, such as changes that will affect the attendance of customers to the store, especially in the monsoon season. more customers, especially during the dry season and school holidays. In addition, the high price of fish in the monsoon season and the insufficient supply of fish. The most obvious challenge is that there are many competitors in the same field.

Next, the innovation that has been made comes from various aspects, such as the aspect of cracker production, which is from the use of labour to the use of machines that make it easier and faster to produce crackers. For example, innovation takes place in the process of mixing the crackers, forming them, cooking them, and then wrapping them. This is so, saving more time, energy, and space to facilitate the work of processing crackers.

In addition, the innovation is done by using the latest technology, which is machines that facilitate the production of products. Among the machines used are a fish meat mixer, chip slicer, keropok roller machine, vacuum packing machine, packaging bucket conveyor, and onlinePOS system cashier machine. All these technologies are very beneficial, in addition to increasing the company's profits. This innovation is very important for the Tokku Leko company because each customer has various tastes that we need to take care of so that customers continue to like our products. The changes made will become the starting point for the success of Tokku Leko in the future.

4.4 CASE STUDY 4: SAUDAGAR KEREPEK

Case study of Saudagar Kerepek was a long-established traditional food company headquartered in Sungai Buaya, Banting, Selangor. In 2019, Saudagar Kerepek is a family business and is currently and continues to be run by the third generation of the family which is Mr. Muhammad Farhan bin Mohd Rani. Mr. Farhan was 28 years old. He is married and has a kid. Before he opened the business shop, he would go to the factory and learn everything. For example, identifying the type of banana, how to make food, how to operate a machine properly, and others. Eventually, he set up his own kerepek shop worth RM500,000 in 2019. Additionally, Mr. Farhan continued, that he was focusing on a broader market than the legacy of his ancestors. The chip merchant also opened a platform where he approached the field from the public who wanted to earn a small income and who were also part-time or full-time. This is a family legacy. After he became sensible, he became keenly interested in doing business. Since then, he has been interested in further expanding the existing market and continuing his family's legacy.

Saudagar Kerepek Banting is engaged in processing activities and sells various types of potato chips and snacks for wholesale and retail. The company is headquartered in Kampung Sungai Buaya, Banting, Selangor. Saudagar Kerepek includes basic products such as bananas, cassava, sweet potatoes, yams and breadfruit. So far, more than 100 types of products have been sold, including cooked products and raw products that need to be fried and eaten. In the business, the main product is the 'kerepek ubi' and 'kerepek pisang'. Currently, Saudagar Kerepek is also a supplier because it owns raw material processing plants, packaging plants, raw material gardens and company-owned retail stores. Also, with the increase in sales, they are looking for wholesalers in Indonesia to provide some materials, peanut butter and 'pisang salai'.

Before that, he surveyed industries that can produce traditional foods that are guaranteed halal and healthy. When he made his decision among all the choices that he got from his findings, he immediately contacted the IKS industry to buy the snacks that they produce and start selling them. He stores all the stock in his own factory. At the start of the business, there was not any problem storing the snacks. However, it started to become one when his customers were growing. There are just way too many snacks to fit in his factory. In addition, customers who come to the factory to purchase will find some troubles, such as not knowing where the products are placed, the order will be confusing, and they may not even know who the employees and customers are. To counter this problem and to continue to innovate in business, he made a decision to buy a space near the factory as a store and sell his snacks for his family business. The reason why having a premise is innovative is because many of his competitors also sell similar products. For example, if their operation is smaller so they can only run the business from their house. By having his own shop, he could organize and arrange his products systematically. It also helps to store his business information in a more systematic way compared to those who run their business from home. The difficulty that he faced when he first opened his own shop is he had no one to assist him in storing and taking care of the shop. He had to do every job in a business organization on his own but sometimes he also gets a bit of help from his friends and family. Now, he has two regular workers and a part-timer to help him out with his business.

Next, this plant was initially operated in a small workshop in the back of house with small-scale processing products based on cassava, bananas and sweet potatoes horn only. Once these products hit the market then this business seriously endeavors to expand the processing plant and make additions to the types of products such as sukun and yams. In meeting the demand and rising production costs Mr. Farhan was looking for initiatives to address the problem by making sketches and producing a fry cutter and a new kitchen. Looking at the scope of marketing, product demand is no longer concentrated in the domestic market as it was in 1995 and 2001 when the product was

successful in foreign markets such as Singapore and Australia. However, overseas marketing had to be stopped due to shortage of raw materials and increased demand in the domestic market. In 2000, a display store was set up in another place and marketed domestically under the chips HOUSE brand. The product market now occupies almost the entire Malaysia, especially the Klang Valley, Penang and Kuala Lumpur. In order to ensure the distribution of products, the company purchased two 3-ton trucks to transport products to various places in Peninsular Malaysia.

To excel in the market of snack products. Saudagar Kerepek focuses on encouraging their target customers to buy their products. So, Mr. Farhan has to be innovative. He started to promote his business by using social media platforms as a marketing strategy like Facebook, WhatsApp, Instagram, and others to make it easier for customers to keep in touch. By using this type of strategy, it gives a big impact to their business. These social media help in advertising and promoting their products as well as it attracts customers to buy their products. Example, the content on Facebook wall mostly about the promotion deals and quiz games related to their product such as promotion deals buy 1 free 1, give a discount when Asia's biggest shopping sale is held on November 11 (11.11). But to be innovative in promoting, he also continued to use the approach of older styles of promoting which is promoting face to face and spreading flyers in the segment area. So, people are interested in the promotion of the fliers, thus it will make them fascinated with their shop and products.

Since this is a family business and Mr. Farhan is already the 3rd generation heir, he has made some innovative changes. For example, from a previous physical factory to the current physical store and through some platforms, many online stores have been started such as Shopee, Lazada, Tik Tok, and a website which is BigGo. Example, in Tik Tok, they created a content video about their kerepek production process. Through the video, the customer can see more clearly how they process the kerepek helps people to not double guess while giving them a way to easily decide on what flavor they want to purchase. Then they can purchase the desired flavor directly through the

Tik Tok platform. Mr. Farhan said that technology is becoming more and more advanced now, so we must continue to get closer.

The strength of Saudagar Kerepek lies in its variety of products and its packaging. The business sells varieties of snack and food products. One of the most unique snacks is Kacang Pilus. Although the product has kacang (nuts) in its name, the product does not contain any nuts at all. The main ingredient in the product is based on corn starch. The reason for the name of the product is because the appearance of the snack looks like a nut-based snack. Another strength of its business is unique packaging and varieties of measurement of packaging. The business offers unique packaging not only for regular sales but also for customers who want to buy their products as gifts. They offer packaging for gifts such as gift baskets and goodies. Another strength in packaging is the many different levels of measurements. They offer packaging in 100g to 1kg. This range of different packaging helps customers and also other retailers to buy their product based on their needs.

Next, the weakness of Saudagar Kerepek is the management of the business. The owner did not focus too much on the business as he is busy spending time on another job as he holds an important role. Besides, the owner only spent approximately one to two hours at the store which made certain jobs left undone. Other than that, the business lacks manpower which only has two workers to look after the store. This deficit will cause negative feedback from customers as the service is a little bit terrible due to fewer than 16 workers. Not only that, but the business also lacks promotion and advertisement. This is one of the reasons why the people are not so familiar with the business and the business is not quite well known. To reach at top of the popularity, the business has to advertise its products frequently and promote it at mini markets to gain more recognition.

Saudagar Kerepek only produces products based on cassava, plantain and sweet potato. Once the products are well received in the market, the business will be taken seriously, and the processing plant will be expanded to include product types such as breadfruit and yams. Saudagar Kerepek produces chips that satisfy the tastes of all classes of society. This is because potato chips are produced with different types of seasonings such as spicy, barbecue, original, salty, black pepper, curry, and others. Saudagar Kerepek also sells products from local entrepreneurs and other small and medium enterprises (SMEs). Products sold are coconut jelly, Rempeyek (groundnut, pigeon pea, green pea), dodol, kuih bangkit, Bahulu, etc. The services that Saudagar Kerepek provides to its clients are as follows which are customers can order various types of potato chips during festivals, weddings and parties, as well as wholesale and retail purchases. Saudagar Kerepek also provides delivery services for customers who want to place orders remotely. From Mr. Farhan's explanation above, we can understand Saudagar Kerepek's products or services are unique compared to competitors.

In addition, Saudagar Kerepek will have some requirements for its employees. These requirements are what employees must meet. If employees are found to have failed to do so or are serious enough to be complained by customers, they will be fired directly. These requirements are that you should not lose your temper or behave impolitely towards customers, be more approachable, move quickly, and others.

Mr. Farhan believes that companies must have plans, whether it is short-term or long-term planning. Saudagar Kerepek is committed to maintaining and improving the quality of its existing products and diversifying and expanding its offerings. Therefore, the company's short-term plans are working towards increasing the cultivated land for raw materials. This is because, just as the company has previously been unable to maintain overseas product exports due to severe shortages of raw materials, so far, the domestic market has been starved of raw materials even at certain times. Deeper involvement in the raw material supply chain may influence production system cost

reduction and more systematic cultivation. Second, diversify the types of products sold. As the company's supply of raw materials increases, output increases and product sales diversify. Next, build the new factory according to GMP standards (good manufacturing process), and then strive to obtain HALAL and HACCP certification. This is because in order to ensure product quality and meet the conditions for exporting products abroad. Besides that, participate in domestic marketing, make more use of promotions, exhibitions, road shows, etc., and increase electronic media marketing efforts. Last, purchasing new machines is more effective in saving costs and increasing productivity. New equipment such as semi-automatic fry kitchens with temperature control systems can reduce fuel costs and control product quality.

Saudagar Kerepek's long-term plans include upgrading production and global marketing. First, rebranding will give the image a new flavor and allow it to compete in the global market. Next, the purchase of automatic packaging machines will affect the product market. The products can compete with local and global markets with good quality, good quality and attractive packaging. Third, the marketing scope is wider, mainly exporting products to other countries. With high quality and standards as well as support and HACCP certificates and GMP HALAL can help companies enter the global market and meet the requirements set by some importing countries. In addition, adopt more advanced machine technology or use alternative fuel sources such as electricity, biodiesel, and natural gas as fuel. Use a hydraulic system cooking oil pressure or vacuum system high pressure kitchen. Last, enter other fields on your own or through joint ventures with other parties.

For Saudagar Kerepek, machines are indispensable. In the early days without machines, Saudagar Kerepek could only hire employees and complete the work by hand bit by bit. Because productivity and efficiency at that time were very low. As technology advances, we are slowly letting machines take over some parts of our work. Machines increase efficiency and save time, so we check them regularly and repair them promptly. Some of the machines have names like Chips

Cutter Machine, Sorting Conveyor, Semi-Automatic Deep-Frying Machine, Automatic Spinner Machine, Fried Chips Seasoning Mixer and others.

Mr. Farhan said that when evaluating business ideas, having a series of small and big challenges an idea needs to overcome is very important for every entrepreneur. The big challenges cover the important analysis and assessments that need to be done to determine the feasibility and viability of the opportunity, while the small challenges prove that the business idea is actually a business opportunity. Every business opportunity is based on an idea, but not every idea has the potential to be a business opportunity. It is essential to understand that most business ideas won't have or be able to create a market. As an entrepreneur, understanding the difference between a business idea and a business opportunity is the first step, and the first small challenge of pushing an idea to a concept helps spot the differences. The form a business takes largely depends on the team behind it; what helps it stand out in the market is the uniqueness of the team, but what also helps it start or cripples it is the kind of planning, resources, talent, and partnerships the founders have access to at the start.

4.5 THEME ANALYSIS (DISCUSSION)

Limited access to finance is the first theme. From the data in this case study, it shows that all four SMEs have a common source of financial capital, which is to use their own capital. This proves that the White Hall uses its own capital from each partner. The capital collected is used for innovation. The innovation done by White Hall is modifying the venue, venue selection, and venue preparation. Next, Zaras Bakery innovates by using its own capital to buy high-tech machines for processing their products. This increases the production of products from Zara's bakery. In addition, Tokku Leko also uses its own capital for innovations such as factory improvements and the purchase of product processing machines. This will increase the total income of the company. Lastly, Saudagar Kerepek uses their own capital to innovate, such as by buying machines for the chip production process and renting a shop as a place to do direct sales.

The lack of accessibility in technology was the second theme we looked at. One of the problem statements is that, according to the data, three of the SME case studies share the fact that they have access to technology, whilst one case study demonstrates the contrary. The evidence for the Zaras Bakery case study is that they have access to three mixer machines, two industrial ovens and one electric oven for innovation purposes to help with the cake process and increase cake production. Similarly, the Tokku Leko case study has access to technology such as a vacuum packing machine for product development and a fish meat mixer and keropok roller machine for production process innovation. Saudagar Kerepek, the subject of the case study, has access to technology, such as chips cutter machines, which he uses for inventive reasons. For example, he uses them to thinly slice fresh potatoes before frying them to make potato chips. It may provide large yields with minimal waste. While contrasted to the White Hall Event Management case study, where the SME only makes use of social media sites like Facebook, Instagram, and TikTok. This indicates that even if their company provides the service, they do not have access to technology. Also, it might be difficult to use the website for E-commerce purposes such as making purchases,

selling, and having chats.

In addition, we look at the SMEs innovation capabilities. Based on the research question, what is the innovation capability in local SMEs for e-economic, according to the data, two of the SME case studies show that they are able to access innovation capabilities through product innovation which are the Zaras Bakery and Saudagar Kerepek. This is because Zaras Bakery makes product innovation in terms of designing the cake to make their cake look attractive and Saudagar Kerepek do product innovation by expanding the processing plant and making an addition to the type product. However, for the other SME case studies which are White Hall and Tokku leko are able to access innovation capabilities by process innovation and production process innovation. White Hall is focused on the innovation process by introducing the One-stop Center Package concept while Tokku Leko innovates the production process by improving the process to become faster.

Besides that, depending on the next research question on how to develop and improve local SMEs' innovation capability for e-economic, we chose improvement as our next theme. According to the data, all of the SME case studies showed a similar improvement in their own business, but one of the case studies, White Hall, had some different improvement action. First, Zaras Baker improved the cake by using feedback from the customers by asking the design, taste and so on. The production of cake improves by using high technology to increase the capacity of cake especially in school holidays. Next, Tokku Leko improves and implements innovation by customer feedback, suggestion and opinion for improvement and improves and implements innovation by use of high technology to increase the production of keropok and saves time and manpower. For Saudagar Kerepek improves and implements from the customers by survey form as feedback like suggestion. Saudagar Kerepek also improves by use of high technology to produce high yield with less waste in the short term. While White Hall has similar improvements with the three SME case studies which improve and implement innovation by communication and feedback from the

customer. However, White Hall got some different improvements. White Hall performs regular observations and research on social media and filters design trends that are incompatible with the White Hall idea.

According to the summary of the case study, it shows that 4 SMEs have some similarities and differences between these companies. To identify the findings in this study, this summary was compared and contrasted to allow us to know the differences and similarities between 4 SMEs. To achieve the research objective (RO1), to analyze and explore strategy of innovation capability in local SMEs for e -economic, the theme was created. The theme in this study is the strategy of innovation capability in their SMEs. The findings show that these 4SMEs have similarities and differences to implement its innovation to make its performance increase. This study shows that Zara's Bakery, Tokku Leko, and Saudagar Kerepek have similar strategies to implement innovation in their SME. For Zara's Bakery, this study finds that this SME implements innovation by focusing on the quality of cake to attract the customers. This SME also implements innovation by using digital marketing that is promoted on social media, namely Facebook, Instagram and TikTok to spread their business widely. Not only that, Tokku Leko also has the same strategy as Zara's Bakery. This study shows Tokku Leko implementing innovation by focusing on strategies to increase production as well as minimize costs. Tokku Leko also implements its innovation by promoting the product to all lines comprehensively that allow this SME to be known by others. Saudagar Kerepek also has its strategy to implement innovation in this SME. The study shows, Saudagar Kerepek also implements innovation by focusing on the quality of the kerepek and promoting the product on social media to increase its business performance. This finding shows that 3 SMEs have similarities in terms of the strategy to implement innovation in their SME. Otherwise, for White Hall, this SME has a different strategy to implement its innovation in their business. For this SME, the strategy used is by hiring the skilled workers and focusing on covering the cost to be stable in its business performance. This SME focuses on the workers and cost to make its business

successful as the strategy to implement innovation. This study shows, White Hall has a different strategy from Zaras Bakery, Tokku Leko and Saudagar Kerepek that focuses on the quality of product and use social media as its strategy to implement innovation.

Next, depending on the nature of SMEs—manufacturing or service—the importance of innovation capabilities for SMEs varies. For manufacturing SMEs that produce goods, like the case studies of Zara's Bakery, Tokku Leko, and Saudagar Kerepek, innovation is seen as crucial because it can differentiate a cake from other people's cakes, draw in more customers, and create innovative products with novel flavors or enhanced flavors that must appeal to consumers. However, White Hall Event Management feels that in order to stay current and win over customers, it's critical for SMEs who provide services to be informed about the newest developments and design modifications. This is based on a case study of White Hall Event Management.

Lastly, this study shows market expansion. The themes of market expansion, this study shows White Hall, Tokku Leko and Saudagar Kerepek have similarities in these findings. The findings show that 3 SMEs in this study use the same strategy to expand their products or services in the market. The similarities between the 3 SMEs are in terms of adding new branches in their business. These 3 SME focus market expansions by adding new branches and offering new products in the market. This finding shows that, White Hall expanded their market by applying strategy with adding a new branch in a few years. White Hall expanded their market by adding new branches that offer the same service to the customers. For Tokku Leko, this SME expanded their market by developing products by offering new products and offering special PitStop packages for those who want to earn with Tokku Leko. Meanwhile for Saudagar Kerepek, this SME also expanded their market by opening new branches and expanding to every state and even offering shipping. This strategy that Saudagar Kerepek apply in their business, allows for this SME to expand their kerepek in the market. So, these 3 SME have similarities of strategy to expand their market by adding new branches but for Zara's Bakery, this SME applies different strategies to

expand its marketplace. For Zara's Bakery, this finding shows that this SME expands their market by expanding its product in the market by making its cake with affordable prices. Zaras Bakery put the price on their products not too expensive and not too cheap. With this strategy, by making the price affordable on its products, it allows the customers to buy their products.

4.6 FINDINGS

1. IMPORTANCE OF INNOVATION CAPABILITY

In this study, the importance of innovation capabilities to SMEs varies depending on their nature, which are manufacturing or service industry. For manufacturing SMEs that produce goods, such as the case studies of Zara's Bakery, Tokku Leko and Saudagar Kerepek, innovation is considered crucial as Zara's Bakery can differentiate cakes from others, attract more customers, and create Innovative products with novel tastes or enhanced flavors must appeal to consumers. At the same time for Tokku Leko and Saudagar Kerepek, they need to know the tastes of customers because they are different and diverse, innovation is important to attract more customers to the products produced. However, White Hall Event Management believes that in order to keep up with trends and win clients, it is crucial for SMEs to provide services to stay up to date with the latest developments and design modifications. This is a case study based on incident management in White Hall. According to the case study of shoe SME, this case study shows that innovation capability is crucial. It allows them to stay competitive, adapt to market changes, and differentiate their products. It helps SMEs create new designs, materials, and technologies, enhancing their products' quality and performance. Moreover, innovation can lead to cost efficiencies, improved processes, and enhanced customer experiences, all of which are vital for SMEs to thrive in the dynamic shoe market (APICCAPS, 2014).

2. INNOVATION THAT HAS BEEN MADE & PRODUCT DEVELOPMENT

In this study, the findings show that 4 SMEs in this study have their different Innovation that has been made and product development. In Zara's Bakery, they are using the original yam without adding flavoring ingredients and use original recipe ingredients from recipes passed down from generation to generation especially for yams cakes. The innovation that has been made by Zara's Bakery is the Yam cake design because cake design should be creative so that customers are interested. White Hall is a white-colored space that complements the bridal choices in terms of platform and fashion. One-stop Center Package which introduced service procedure contains the bulk of the various items that clients require. the processing, supply and sale of keropok lekor and keropok kering. White Hall innovated to introduce the One-stop Center Package concept that differs from other competitors who only manage bridal affairs such as fashion, make-up and also the preparation of couches. However, White Hall provides a complete service with caterers, videographer and photographer, PA system at a reasonable and affordable price. Next SME are Tokku Leko is a supplier of fresh fish & specialize in processing our own fish filets in several place and the service that they do are fishing filling factory, fish supplier, manufacture, keropok segera wholesaler, exporter, Tokku business partner and Tokku Express. One of the innovations that has been made by Tokku Leko is from keropok and sauce packaging with vacuum, packaging machine and packaging of instant keropoks. Saudagar Kerepek is the manufacturer and supplier for kerepek with different flavors and also as a supplier of bananas and potatoes. At the start only sold cassava, bananas and sweet potato horn, then expanded the processing plant and made additions to the types of products such as sukun and yams. One of the innovations has been made by Saudagar Kerepek. Based on the case study, this case study shows that although product development might be less important for some types of firms such as craft-based firms which are models and prototypes. Producing physical models of urban design, building, infrastructure concept and products. The importance of product development applies to firms of all sizes from large as well as small. As 99%

of all firms can be classified as being SMEs (European Commission, 2002) and since SMEs are often acknowledged to be an important source of growth and innovation in society (Davidsson et al., 1996; Acs and Preston, 1997).

3. TECHNOLOGY

All four of the SME case studies' technological findings demonstrate that SMEs, whether they are in the industrial or service sectors, employ technology extensively and to various degrees. Technology is employed extensively in manufacturing sectors like Saudagar Kerepek, Tokku Leko, and Zara's Bakery to produce products. Examples of these devices include two "chiller fridges" for industry ovens, Keropok roller machines, Fried Chips Seasoning Mixer, and more. SMEs that employ technology will give them innovation capability. A study by Accenture (2020) also found that digital technologies like automation, artificial intelligence, and cloud computing can help businesses reduce costs, increase productivity, and improve customer experiences—all of which can contribute to greater resilience. As a result, by digitizing operations, businesses can streamline processes, eliminate waste, and respond to changes in demand more quickly and effectively. This case study, which is based on SMEs in Ireland, demonstrates these findings. In contrast, White Hall uses a greater amount of modern technology, including social networking and current design trends. They employ the platform for both marketing and innovative strategies. According to the white paper released by Huawei Technologies (M) Sdn Bhd and SME Corporation, more than The information, communication, and technology (ICT) leader attitude, which comprises a strategy to leverage ICT to expand their enterprises or gain a competitive edge, is possessed by 50% of Malaysian SMEs. In order for local SMEs to have a competitive edge in the current day, technology utilization is crucial.

4. IMPROVEMENT/ IMPLEMENTATION OF INNOVATION

This study's findings include the role of SMEs in building a creative culture, identifying ideas as a starting place for innovation, and implementing improvements to innovation. As a result of the research findings, these four businesses enhance and execute innovation through communication and client feedback. White Hall, Zara's Bakery, Tokku Leko, and Saudagar Kerepek adopt and enhance current innovations by using feedback from consumers who have purchased as a reference to improve what has been noted. Furthermore, the organization uses new technology to increase product manufacturing and integrate and improve current inventions. Furthermore, the White House undertakes ongoing research and observations on social media and re-filters designs that are inappropriate for their company. According to Hadad (2020), This study is important because its findings might help local and worldwide economic growth. Investigating effective innovation implementation and improvement initiatives in SMEs might give beneficial advice for SME managers to follow in achieving their SME performance goals. Because government policies are vital for improving company performance, the Government of Dubai, for example, profited from this study by addressing critical success criteria for SMEs through laws and regulations. This study is valuable since there are few studies that address the issue of innovation implementation in SMEs, particularly in fast emerging nations.

5. STRATEGY OF INNOVATION CAPABILITY

In this study, the findings show that every Small Enterprise and Medium has its strategy to implement their innovation to help their business performance. Based on this study, the findings show that 4 SMEs in this study have their strategy to implement innovation. This strategy can improve its innovation when they have a good strategy. To make their business operate well in the market, they are focusing on the quality of products. For example, in this study, Zaras Bakery implements innovation by focusing on the quality of cake to attract customers. This SME focuses

on the quality of cake in terms of taste. This SME focuses on the quality of the cake by trying the cake and tasting it. This is because to make sure that the taste of the cake is delicious allows this SME to attract customers. For Tokku Leko, this SME also implements innovation by focusing on strategies to increase production as well as minimize costs. Same as for Saudagar Kerepek, this company also focuses on the quality of the kerepek. This is to maintain the taste of their product. Meanwhile for White Hall, this SME is different from others. The White Hall applied a strategy of innovation with hiring skilled workers and focused on covering the cost to stabilize. So, in this study, the findings show that every company has a good strategy to implement innovation in the business because a good strategy can help them have an advantageous position in the market.

In this study, this SME states that they must have a good strategy because it can help them to improve innovation capability. This is because a good strategy is vital to generating performance (Santa et al., 2023). Based on the case study of SMEs in Bali, this case study shows that a good strategy of innovation is key to achieving competitive advantages (Nurcaya et al., 2024). Not only that, but a good strategy also focuses on the quality of the product is a guide that shows the continuous improvement of an SME in the market. The good quality of products can allow the business to offer good products or services to the customers (Santa et al., 2023). And this can allow this business to get the customers satisfaction about the products or services that they offer. Thus, this shows that a good strategy can make their business achieve customer satisfaction when this SME applies a good quality of product or services in its business.

6. MARKET EXPANSION

In Malaysia, every business has its own market focus that allows the company to generate income especially for small and medium enterprises. This SME has their unique strategy in the market that allows this SME to remain in the market. This SME needs to expand their business in the market. This is to allow their business to be known in the market. Small and medium enterprises

need to expand their business because the market expansion can improve their innovation capability that they have made in their business. This can see in this study that 4 SME have implemented strategies to expand their business in the market. For example, White Hall wants to apply the strategy with adding a new branch in a few years. By adding a new branch which offers services to the customers, it allows their business to be known by others. This study also shows that Tokku Leko also expands their market with developing products by offering new products and offering special PitStop packages for those who want to earn with Tokku Leko. This is a privilege for this SME to always remain in the market. This is because with this strategy it helps to improve their innovation capability in the business. This study also states that Saudagar Kerepek expands its business by opening new branches and expanding to every state and even offers shipping to the customers. This SME strategy that SME apply can help their business increase in the market. Meanwhile for Zara's Bakery, this SME also expands their business in the market. This SME expands their business with expanding its product in the market by making its cake with affordable prices. This is important because to get customer satisfaction. So, in this study 4 SME have their own strategy to expand their business in the market. This shows that market expansion is important in the business that helps them to improve their innovation capability.

Market expansion is important because market expansion can help the business become increasingly known in the market. The company that does market expansion allows them to remain in the market. This was included in some case study that shows a good innovation is by expanding the business in the market. This is because the innovations have a significant impact on market expansion that give impact to profit growth and increase in sales volume (Hardilawati et al., 2019). This case study of SME in Indonesia shows innovation capability can be improved by expanding the business in the market (Hardilawati et al., 2019). Several studies also said that market expansion can improve their innovation capability by focusing the pricing capability (Falahat et al., 2020). Pricing capability is also an important element to make innovation in the business. This is because

the SME that applies price capability is able to give them the ability to set prices based on the consideration of costs, competition, and customer expectations. This case study shows that price consideration of products or services may gain the competitive advantages through SME ability that enable them to get better customer deals (Falahat et al., 2020). According to Falahat et al. (2020), several studies suggest SME to consider price capability in the business. This is because applying price capability as a strategy to market expansion allows the business to offer the best value for money deals. With pricing capability, SME can lead to competitive advantage. Thus, in this study by consideration of pricing in the business, it allows SME to achieve competitive advantage and improve the innovation capability that make the SME generate income.

CHAPTER 5: CONCLUSION

5.0 CONCLUSION

Innovation is the foundation of small and medium-sized firms (SMEs), acting as the driving force behind their growth, resilience, and competitiveness. By creating an innovation culture, SMEs not only adapt to changing landscapes but also meet changing client needs, placing themselves uniquely in the market. As these companies continue to innovate, they become forerunners of revolutionary developments, catalyzing economic progress, and changing industries for a bright future.

Based on the research findings, four essential measures appear as critical in boosting SMEs' innovation capability:

1. Encourage an Innovative Culture: Create an environment that promotes the open flow of ideas among personnel. This includes supporting open communication channels, putting in place idea-sharing platforms, and encouraging an experimental culture.
2. Invest in Employee Training: Empower your employees by offering focused workshops, training sessions, or courses. Employees get the skills needed to support innovation by focusing on innovation strategies, creative problem-solving, and emerging technology.
3. Collaborate and Network: Encourage interaction with other SMEs, industry professionals, and academic institutions. This collaborative approach encourages the sharing of ideas, provides useful insights, and may lead to collaboration on creative projects.
4. Utilize cutting-edge technologies such as artificial intelligence, data analytics, and automation. The integration of these tools accelerates procedures, discovers new opportunities, and makes it easier to create creative products or services.
5. Employees' unique efforts should be recognized and rewarded. Financial incentives, bonuses, or involvement in appreciation programmed can all be used to promote a culture

that celebrates and supports innovation.

Consider the development of a customer-centric app for streamlined interactions, the integration of AI to automate production and service aspects, the execution of unique marketing campaigns via social media or AR technology, or the adoption of sustainable practices in the manufacturing process as examples of SME innovation. SMEs are well-positioned to flourish in today's business world by weaving innovation into the fabric of their operations. By applying the advice stated, these enterprises not only strengthen their internal capacity, but also contribute to the larger story of economic advancement, moving industries to unprecedented growth and sustainability.

5.1 IMPLICATIONS OF THE STUDY

SMEs contribute significantly to the country's economic development and progress. Based on this study, the researcher can draw numerous conclusions. Implications are the repercussions or ramifications of a study's findings. Research implications might be theoretical, meaning the contribution of research to existing knowledge and theory, or practical, meaning the contribution of research to experience and development in a certain field (Jasmi 2021). This study demonstrates that innovation is one of the most important elements influencing SMEs, and SMEs that include innovation into their operations will be able to offer ideas and create new products with a significant effect.

Furthermore, this study emphasizes the necessity of strengthening SMEs' capacity and competency in a variety of areas, including entrepreneurship, human resources, advisory services, goods, technology, marketing, and promotion. Furthermore, SMEs must embrace cutting-edge technology such as artificial intelligence (AI), big data analytics (BDA), financial technology (fintech), and the internet of things (IoT) to strengthen their own capabilities, develop local products and services, and guide the company through the early stages of becoming competitive.

Finally, the study suggests that SMEs should encourage more use of digital technology and provide regulatory support in order to create a cashless society, reduce transaction and manufacturing costs, expand access to customers who do not have service coverage, and promote Islamic finance development through the adoption of delivery-based value.

5.2 LIMITATIONS OF THE STUDY

There are limitations and obstacles while conducting the research paper. In this research paper, researchers faced some weaknesses and limitations that existed and would like to be highlighted. The main limitation that has been encountered in carrying out this research paper is the small sample size. The type of study topic will determine the sample size. In comparison to qualitative research, quantitative studies place more emphasis on sample size. Four businesses were chosen to be questioned, which is a small sample size for gathering thorough and broad data. Consequently, expanding the sample size or adding SMEs to be interviewed for data gathering reasons may be necessary for future research.

Next, challenges related to the study's timing limits for completion. It is not possible to investigate a big sample size for qualitative approaches in a 14-week research. Because it was not possible to execute the broad range of SMEs within that time frame. In fact, the constraint of choosing a wider area scope, the researcher can only choose the area that is close to the researcher's presence. Wider geographic selection in Malaysia is not feasible. Finding SME volunteers who consented to be interviewed presented additional challenges for the researcher. The majority of SMEs do not wish to participate in research data gathering or serve. Because they are not experts in the topic, they refuse to help even when they are aware of the study's title.

Issues associated with research samples and selection conclude. When a sample is chosen using a probability sampling technique, yet the sample is not a true representation of the total population or a similar group, sampling imprecision occurs. This study therefore exhibits

"sampling bias" or "selection bias."

5.3 RECOMMENDATION/ SUGGESTIONS FOR FUTURE RESEARCH

This research collected the data from interviews from 4 SMEs in Malaysia. Thus, this research has some limitations that make this research a lack of information. So, the recommendation for future research is to have more interviewees of SMEs. This is because this research needs to have more case studies to increase our knowledge about the innovation capabilities of SMEs in Malaysia. To know the SMEs innovation capability, this research needs a larger number of case studies because innovation capability of SMEs is an interesting topic to explore.

Apart from that, the future research of this research is to have more time to explore this research. To explore the innovations capability of SMEs in Malaysia, this research needs some more time in exploring this innovation capability. This is because this research uses qualitative research that involves an interview method to collect the data. This research needs time to get more of a case study to explore their innovation capability in their business.

5.4 OVERALL CONCLUSION OF THE STUDY

In conclusion, the motivation behind this study is to upgrade the development abilities of nearby SMEs and advance monetary development in Malaysia. The outcomes demonstrate that Malaysian SMEs know about the job of advancement in organization development. In any case, there are a few issues, for example, restricted admittance to supporting and keep SMEs from going into Research and development exercises or securing new and cutting edge innovations, despite the fact that these organizations are focused on fostering the abilities and capacities of their representatives through different stages of preparation. The outcomes can show that assembling organizations are more associated with Research and development exercises than their partners in the assistance business. The discoveries would recommend that development is basic assuming organizations like to develop and turn out to be more serious comparative with homegrown and worldwide contenders. This won't just assist SMEs with acquiring piece of the pie, yet additionally assist them with supporting their advancement in the long haul, particularly adding to Malaysia's monetary development. The endurance of Malaysian SMEs will rely upon their capacity to improve and they will confront tremendous difficulties from SMEs in other part states. It is suggested that future examination ought to consider outside variables, for example, government financing sources and impetus frameworks, outer cooperative linkages among SMEs and exploration and scholarly establishments, which can assist with improving the abilities and capacities of SMEs to accomplish development and upper hand.

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APPENDIX A: INTERVIEW GUIDE

<p>A: Respondent background</p>
<ol style="list-style-type: none"> 1. Gender 2. How old are you? 3. Marital status? 4. How many children? 5. National race? 6. What is your highest educational attainment? 7. What were you doing before you began this business? 8. Which of the following best describe your reason (s) for being in business?
<p>B: Company background</p>
<ol style="list-style-type: none"> 1. Where your current business located? 2. What years was this business started? 3. How was this business started? 4. When and where was this first registered? 5. What the size of your enterprise in terms of number of employees? 6. What is the size of your enterprise in term of asset? 7. Who your suppliers? 8. What is the main field of your business? 9. Who are your customers that you focus on?

C: Innovation

1. Puan, can I know what is good about this business?
2. I think this company is good, there seems to be innovation, can you tell me about the innovation you have made?
3. Are there any changes or improvements made before
4. What is your experience for improvement?
5. Why do you think innovation capability is important to SME?
6. In order to make improvements, have you made any changes in terms of staff training, have you bought a new machine, have you made an SOP
7. How do you find the opportunity to increase innovation capability in SMEs?
8. Do you have any weaknesses in your SMEs?
9. What customers should you target?

D: Implementation

1. Do you apply any form of innovation in your SME business?
2. To increase your ability to innovate, what are you focusing on in your business?
3. What Strategy you do to strengthen innovation in marketing?
4. How do you apply staff innovation?
5. Where do you focus on your products or services?
6. How do you measure your products or services in the market?
7. How do you compete with your competitors in the market?
8. What makes your products or services unique from competitors?
9. What is your products strength?
10. How you improve your products in the market?

11. How you make your products accepted in the market?
12. What would you do if your products not accepted in the market?

E: Market expansion

1. In terms of price in the market, how do you do in your business?
2. How would you compare our products to your competitors'?
3. : What technology/machine do you use in your business
4. What are the challenges that technology-based start-ups operating in low-income market segments face?
5. How can you innovate in developing your business?
6. What do you do if your customers in the market disappear?
7. What new technology could make our product obsolete?
8. How can you improve the ability to use the existing machine? buy a more sophisticated machine?
9. How do you bring the product to a new market? In terms of marketing? Design
10. What new technology could make your product obsolete?

F: Overcome the competition

1. How do you see the changes that are happening and how are the changes made by the company to overcome the current competition?
2. What is your experience in dealing with the current competition?
3. What are the most important skills needed for working innovation?
4. What are your biggest strengths and weaknesses regarding innovation?
5. How would you redesign your product?
6. What steps can you take to create a service out of your strongest / most prevalent support

capability?

G: Innovation Learning

1. How do you learn to improve innovation in your business?
2. Who do you study with? Maybe there is a mentor who is a source of inspiration to improve innovation in your business?
3. Who does she get help from?

APPENDIX B: GANTT CHART

ACTIVITY	WEEK													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Develop the research topic	█													
Preparing the research proposal and finding of the journal		█	█											
Introduction		█	█											
Literature review		█	█	█										
Methodology			█	█	█									
Prepare for presentation					█	█								
Data collection							█	█						
Analyze and discussion									█	█	█			
Conclusion and summary											█	█		
Preparation of colloquium and poster												█		
Submission of final report													█	█

APPENDIX C: CASE STUDY SUMMARY (4 SME BUSINESS)

Table 4.1: Case study summary

	Zaras Bakery	White Hall Event Management	Tokku leko Sdn Bhd	Saudagar Kerepek
Establishment	January 2022	December 2021	Mei 2018	July 2019
Ownership	Ownership	Partnership	Limited by shares private limited	Ownership
Founder/s/Top management	Nur Fasiah Binti Hussien	Ummie Hanisah binti Harun, Rosewatina Binti Mohd Hassan and Zaizulaizah Binti Jaafar	Wan Mohd Sofian B. Mohd and Nurul Hana Bt. Nordin	Muhammad Farhan bin Mohd Rani SAM Unwanus Saadah (7A 3B) (2007-2012) Universiti Sultan Zainal Abidin (Diploma In Accounting, Accounting and Business/ Management) (2013 – 2015) Universiti Sultan Zainal Abidin

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				(Bachelor of Account and Honor, Accounting and Business/ Management) (2015-2019)
Product/services	Products	Services	Products	Product
Main products/ service	Bakery- Making cakes and selling	Provision of venue rental and wedding or event planner service	Production of keropok with various types and dipping sauces	Production of potato chips (kerepek ubi) and banana chips (kerepek pisang) come in a variety of flavors.
Type of products/service s	<ul style="list-style-type: none"> ● Main products: Yam cake (Kek keladi Warisan Bonda) ● Chocolate cake ● Red velvet cake ● Tornado cake ● Batik cake ● Fruit cake ● Pavlova ● Birthday cake ● Cookies 	<ul style="list-style-type: none"> ● venue preparation services ● Wedding Planner 	<ul style="list-style-type: none"> ● Keropok Lekor ● Keropok Rebus ● Keropok Keping ● Keropok Cheeses ● Keropok Segera ● Keropok Vacuum ● Dipping Sauces 	<ul style="list-style-type: none"> ● Kerepek Ubi ● Kerepek Pisang ● Keropok ● Maruku ● Rempyek/Tumpi ● Kekacang ● Kek/Kuih Tradisional

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Financial Capital	Own capital (RM30,000)	own capital from each partner	Own capital (RM 10,000)	Own capital (RM 500,000)
Competition	Compete with others selling cakes	competitors with companies that provide the same service	compete with other keropok and instant keropok companies	compete with other kerepek companies
Challenges	<ul style="list-style-type: none"> • Trouble hiring the workers because they wanted expensive salaries but no experience . • Workers did not have experience in baking the cake. 	<ul style="list-style-type: none"> • Changes in design and fashion trends • requires the cooperation of work partners such as caterer panel, bridal as a third party because of the high cost to be borne by White Hall itself. • need to provide satisfactory customer service by serving a variety of customers 	<ul style="list-style-type: none"> • Season changes, less customer • The high price of fish in the monsoon season • Insufficient supply of fish • Many competitors who are in the same field • Variety of customers who have a lot of hassle 	<ul style="list-style-type: none"> • Bananas and cassava are in limited supply in some season. • Too many competitors in same area • Not enough space to store kerepek.
Employee	<ul style="list-style-type: none"> • 3 workers 	<ul style="list-style-type: none"> • 3 workers 	<ul style="list-style-type: none"> • 15(+)- workers 	<ul style="list-style-type: none"> • 2 workers for shop

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	<ul style="list-style-type: none"> • 30 agents who cover Kelantan. • 11 agents in Kuala Lumpur 		<p>each branch</p> <ul style="list-style-type: none"> • Using seasonal part-time workers 	<ul style="list-style-type: none"> • 15 workers for factory
Product/ Services development	<ul style="list-style-type: none"> • Using the original yam without adding flavoring ingredients. • Use original recipe ingredients from recipes passed down from generation to generation especially for yams cakes. 	<ul style="list-style-type: none"> • One-stop Center Package (introduced service procedure contains the bulk of the various items that clients require.) • White Hall is a white-colored space that complements the bridal choices in terms of platform and fashion. • The concept of White Hall is that the bride and groom change the throne 	<ul style="list-style-type: none"> • Fish - based food industry • the processing, supply and sale of keropok lekor and keropok kering • a supplier of fresh fish & specialize in processing our own fish filets in several places. • The service; fishing filling factory, fish supplier, manufacture, keropok segera wholesal 	<ul style="list-style-type: none"> • Food industry • Manufacturer and supplier for kerepek with different flavor • A supplier of bananas and potatoes.

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			er, exporter, Tokku business partner,t okku express	
Innovations that have been made	<ul style="list-style-type: none"> • Yam cake design. -Cake design should be creative so that customers are interested. 	<ul style="list-style-type: none"> • The introduced One-stop Center Package concept differs from other competitors who only manage bridal affairs such as fashion, make-up and also the preparation of couches. However, White Hall provides a complete service with caterer, videographer and photographer, PA system at a 	<p>KEROP OK PRODUCTION</p> <ul style="list-style-type: none"> • mixing by hand - mixing by machine • income using hands - income using machine. <p>KEROP OK AND SAUCE PACKAGING</p> <ul style="list-style-type: none"> • vacuum • packaging machine • package of instant keropoks <p>FINISHED KEROP OK</p>	<ul style="list-style-type: none"> • buy a space near the factory as a store and make him can organize and arrange his products systematically. • At the start only sold cassava, bananas and sweet potato horn, then expanded the processing plant and made additions to the types of products such as sukun

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		<p>reasonable and affordable price.</p> <ul style="list-style-type: none"> • permanent walkway platform • The latest and modern design trends 	<p>PRODUCTION</p> <ul style="list-style-type: none"> • fried/boiled using a pan and fire to use a machine and electricity. <p>FINANCIAL</p> <ul style="list-style-type: none"> • self-calculation to the use of the online cash flow system 	<p>and yams.</p> <ul style="list-style-type: none"> • promote his business by using social media platform as a marketing strategy. • The business sells other varieties of snacks and food products like cake and nuts.
<p>Technology</p>	<ul style="list-style-type: none"> • 3 mixer machines, 2 industrial ovens and 1 electric oven. • Two "chiller fridges" for the industry oven. 	<ul style="list-style-type: none"> • Digital Marketing • Design Trend 	<ul style="list-style-type: none"> • Fish meat mixer • Kerepek slicer • Keropok roller machine • Vacuum packing machine • Packaging bucket conveyor • Online pos system 	<ul style="list-style-type: none"> • Chips Cutter Machine • Sorting Conveyor • Semi-Automatic Deep-Frying Machine • Automatic Spinner Machine • Fried Chips Seasoning Mixer

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			cashier machine	
Strategy to implement innovation.	<ul style="list-style-type: none"> ● Place more importance on the quality of the cake. ● Promote on social media, namely Facebook, TikTok and Instagram. ● Learned a lot of marketing techniques from TikTok and joined a paid class. 	<ul style="list-style-type: none"> ● The current strategy is more focused on covering the cost first to be stable. ● complete satisfaction by providing basic infrastructure conveniences. ● Hired an Employees are knowledgeable and skilled in the field of interior graphics 	<ul style="list-style-type: none"> ● increase the production of products and minimize the cost of money by using and leveraging technology. ● improve the quality of products and diversify the types of products by doing research and development. ● reducing the company's debt as well as increasing the company's profit by 	<ul style="list-style-type: none"> ● Do a survey form as feedback to customers for fill in their suggestion. ● Focus on the improve quality of the products. ● Promote the product on the social media. ● have some requirements for its employees such as behave impolitely towards customers.

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			<p>promoting the product to all lines comprehensively</p>	
<p>Improvement /implementation of innovation</p>	<ul style="list-style-type: none"> • Capacity of cake. -For the capacity of the cake, in 1 day the Yam cake is produced in 30 pieces. If it's a school holiday, the amount will be doubled. • Workers - Hire part-time workers or students, especially during semester holidays, there will be workers who will come in. 	<ul style="list-style-type: none"> • communication is important for services business. • performs regular observations and research on social media to track changes in design and fashion trends that are being discussed by the public. • filters design trends that are incompatible with the White Hall idea. 	<ul style="list-style-type: none"> • The use of high technology increases the production of keropok and saves time and manpower. • opinions, suggestions and comments from customers on the products released will be improved. • The company's market has been expanded with promotional 	<ul style="list-style-type: none"> • use of high technology to produce high yield with less waste in the short time. • survey form to give customer fill in the feedback. • continued to use the approach of older styles of promoting which is promoting face to face and spread flyers in the segment area

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	<ul style="list-style-type: none"> - Send my workers to paid classes to boost their skills and knowledge . • Ask them the feedback about the cakes, how the design, taste and more. 		<p>promotions that have been made through online platforms.</p>	
<p>Importance of innovation capability</p>	<ul style="list-style-type: none"> • Innovation is important in my business because with this innovation it can make the cake unique from other people's cakes. 	<ul style="list-style-type: none"> • Fashion trends are always changing from time to time, it is important for White Hall to be aware of the latest innovations and design changes to remain relevant and become the customer's choice. 	<ul style="list-style-type: none"> • Customer tastes are different, diversity and innovation are essential to attract more customers to the products produced . • change and innovation become the starting point of 	<ul style="list-style-type: none"> • From the survey form, Saudagar Kerepek can know that their suggestion is like taste. It can be innovative to attract customers.

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			<p>a company's success, the importance of this innovation makes the company grow with the flow of the times</p>	
<p>Market expansion</p>	<ul style="list-style-type: none"> • Affordable price. • Use services Grab food 	<ul style="list-style-type: none"> • Adding a new branch • adding other services such as event hosting services 	<ul style="list-style-type: none"> • New product which is Keropok segera like quick meal • Offer Special PitStop package that provide freezer and product. • Adding kiosk, package that provides fried and boiled Keropok Lekor and 	<ul style="list-style-type: none"> • Develop new flavors. • Open new branches and expand to every state. • Providing transportation services

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			served hot.	
Overcome the competition	<ul style="list-style-type: none"> ● Care about the quality and taste of the cake. ● Take care of the customer's heart. ● Make the cakes and try to make them and the cakes are given unique names. ● Good at taking care of the customers. 	<ul style="list-style-type: none"> ● Create a good network with customer. ● Aware and track changes in design and fashion trends 	<ul style="list-style-type: none"> ● Know the customer . ● Solve the customer and product problem. ● Analyze our competitor 	<ul style="list-style-type: none"> ● Focus on the quality of the product. ● From the survey form, Saudagar Kerepek can know that their suggestion is like taste. It can be creating new taste to satisfy customer's needs
Innovation Learning	<ul style="list-style-type: none"> ● Marketing techniques from TikTok. ● Attended two paid classes to make a business successful. 	<ul style="list-style-type: none"> ● prioritize digital marketing such as TikTok, Instagram, WhatsApp and Facebook 	<ul style="list-style-type: none"> ● self-study through social media such as you tube, Instagram, Facebook ● scholarly websites and digital books ● paid face-to- 	<ul style="list-style-type: none"> ● Selling product on the online platform like Tik Tok, website ● New marketing strategy as social media such as Facebook , Instagram.

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			face classes with certified entrepreneurship speakers	
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Table 4.2: Theme

NO.	THEME	SIMILARITY	DIFFERENCE
1.	Limited access to finance	<p>White Hall: using their own capital financially for innovation purposes such as renovation.</p> <p>Zaras Bakery: Using their own capital financially to buy machines for the cake process.</p> <p>Tokku Leko: using their own capital financial for innovation such as store improvement and machine purchases.</p> <p>Saudagar Kerepek: using their own capital financially to buy machines for the kerepek production and do innovation for renting a space as a shop.</p>	
2.	Lack of accessibility in technology	<p>Zaras Bakery: Able to access technology such as having 3 mixer machines, 2 industrial ovens and 1 electric oven for innovation purpose to help the cake process and to increase the production of the cake.</p> <p>Tokku Leko: the SME has access to technology such as fish meat mixer and keropok roller machine for innovation purposes for production process and vacuum packing machine for product development.</p> <p>Saudagar Kerepek: The SME has access to technology such as chips</p>	<p>White Hall: The SME only uses digital marketing platforms such as Facebook, Instagram and TikTok. This shows they have a lack of access to technology because their business is offering the service. Also, the E-commerce platform such as website, Purchasing, selling, and having conversations are challenging to carry out while utilizing the website.</p>

		<p>cutter machines for innovation purposes such as being used to cut fresh potatoes into thin slices which then will be fried into potato chips. It can produce high yield with less waste.</p>	
3.	SMEs innovation capabilities		<p>White Hall: SME focuses on the innovation process by introducing the One-stop Center Package concept.</p> <p>Tokku leko: Tokku leko innovate the production process by improving the process to become faster.</p> <p>Zaras Bakery: This SME makes product innovation in terms of designing the cake to make their cake look attractive.</p> <p>Saudagar Kerepek: SME do product innovation by expanding the processing plant and making an addiction to the type of product.</p>
4.	Improvement	<p>White Hall: improve and implement innovation by communication and feedback from the customer.</p> <p>Zaras Bakery:</p> <ul style="list-style-type: none"> ● Improve the cake by using feedback from the customers with asking the design, taste and so on. ● The production of cake improves by using high technology to increase the capacity of cake especially in school holidays. <p>Tokku leko:</p> <ul style="list-style-type: none"> ● SME improves and implements innovation by customer feedback, suggestion and opinion for 	<p>White Hall:</p> <ul style="list-style-type: none"> ● performs regular observations and research on social media. ● filters design trends that are incompatible with the White Hall idea.

		<p>improvement.</p> <ul style="list-style-type: none"> • SME improve and implement innovation by use of high technology to increases the production of keropok and saves time and manpower. <p>Saudagar Kerepek:</p> <ul style="list-style-type: none"> • SME improves and implements from the customers by survey form as feedback like suggestion. • SME improves by use of high technology to produce high yield with less waste in the short time. 	
5.	Strategy of innovation capability	<p>Zaras Bakery:</p> <ul style="list-style-type: none"> • Implement innovation by focusing the quality of cake to attract the customers. • Implement innovation by using digital marketing that is promoted on social media, namely Facebook, Instagram and TikTok. <p>Tokku Ieko:</p> <ul style="list-style-type: none"> • Implementing innovation by focusing on strategies to increase production as well as minimize costs. • Implement innovation by promoting the product to all lines comprehensively. <p>Saudagar Kerepek:</p> <ul style="list-style-type: none"> • Implement innovation by focusing on the quality of the kerepek. • Implement innovation by promoting the product on the social media 	White Hall: hire skilled workers and focus on covering the cost to stable.

<p>6.</p>	<p>Important of innovation capability</p>	<p>White Hall: important for White Hall to be aware of the latest innovations and design changes to remain relevant and become the customer's choice.</p> <p>Zaras Bakery: Innovation is important in business because with this innovation it can make the cake unique from other people's cakes.</p> <p>Tokku leko: need to know the tastes of customers because they are different and diverse, innovation is important to attract more customers to the products produced.</p> <p>Saudagar Kerepek: It can innovate with new taste or improve that taste that has to attract customers.</p>	
<p>7.</p>	<p>Market Expansion</p>	<p>White Hall: adding a new branch in a few years.</p> <p>Tokku leko: Developing products by offering new products and offering special PitStop packages for those who want to earn with Tokku.</p> <p>Saudagar Kerepek: Open new branches and expand to every state and even offer shipping.</p>	<p>Zaras Bakery: Expands its product in the market by making its cake with affordable prices.</p>



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Tanpa Jilid** Prof. Madya Dr. Dzulkifli bin Mukhtar

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2. AHMAD FIRDAUS BIN AHMAD ZULKHAIRI (A20A1240)
3. LEE SHU QI (A20A2136)
4. NURIN ATIQA HANIM BINTI TALHAH (A20A1826)

Tajuk Penyelidikan:

ENHANCING LOCAL SME INNOVATION CAPABILITIES FOR ECONOMIC GROWTH IN MALAYSIA

Sekian, terima kasih



Tandatangan Penyelia **ASSOC. PROF. DR. DZULKIFLI BIN MUKHTAR**

Associate Professor

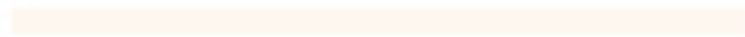
Tarikh: Faculty Entrepreneurship and Business
Universiti Malaysia Kelantan

15 Februari 2024

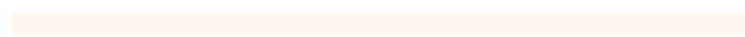




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