

# **The Relationship between Business Excellent Model and Business Performance of Small and Medium Enterprises in Malaysia**

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## **ABSTRACT**

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Small and Medium Enterprises (SMEs) have been identified as a critical economic development engine globally, including Malaysia. SMEs' contribution to the economy includes their share of total establishments, employment, Gross Domestic Product (GDP), and total export. SMEs comprise 97.4 percent of business establishments, provide 59 percent of total employment, and are the major contributor to economic growth. Despite SMEs' significant proportion and pivotal roles in economic development, their business performance is still debatable. The SMEs' business performance has shown slow growth while recording low productivity compared to large firms. Thus, this paper seeks to develop a broadly-based Business Excellent Model (BEM) that is exclusively and mutually for the business performance of SMEs by investigating each criterion of the Business Excellent Model. The development of the BEM was done based on the findings by reviewing literature from the local and global context concerning the issue. Previous studies revealed that SMEs need the necessary BEM to act as a catalyst for their business performance. The SMEs need to have seven criteria which comprise (a) leadership, (b) strategy, (c) information, (d) customer, (e) workforce, (f) process, and (g) results that are exclusively and mutually for SMEs' business performance. Finally, the conclusion from the literature help to assess the critical issues of slow-growing and unproductive SMEs in Malaysia. Furthermore, understanding every criterion of the BEM would also ascertain which criteria should be included in the BEM for SMEs.

**Keywords:** Small and Medium Enterprises, business performance, Business Excellent Model