

A Survival Challenges of Small and Medium Enterprises in Turbulent Markets: Literature Review

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Abstract

Small and Medium Enterprises (SMEs) play a pivotal role in driving economic growth, employment generation, and innovation worldwide. However, SMEs often face significant survival challenges stemming from financial constraints, market competition, operational inefficiencies, and regulatory burdens. This literature review synthesizes existing research on survival challenges and strategies for SMEs, drawing insights from academic journals, reports, and real-world case studies. The review examines financial management techniques, marketing strategies, operational optimization methods, and compliance strategies employed by SMEs to overcome survival challenges. Therefore, implications of the findings for policymakers, practitioners, and SME owners are discussed, highlighting the need for supportive regulatory frameworks, access to financial resources, capacity-building initiatives, and customized solutions tailored to the unique needs of SMEs.

Keywords: Economic Development, Financial Constraints, Organizational Growth, Resilience, Small and Medium-sized Enterprises, Survivability, Sustainability.

Introduction

Small and Medium Enterprises (SMEs) are the backbone of economies worldwide, which are contributing significantly to employment generation, innovation, and economic growth. Despite their vital role, SMEs often face numerous challenges that threaten their survival and sustainability (Naradda Gamage et al., 2020; Ridzwan et al., 2017). From financial constraints to market saturation and regulatory burdens, these obstacles can impede SMEs'

ability to thrive in dynamic and competitive environments. The importance of SMEs in the economy cannot be overstated. In many countries, they represent a significant portion of total employment and contribute substantially to Gross Domestic Product (GDP). SMEs also play a crucial role in fostering entrepreneurship, driving innovation, and supporting local communities (DiBella et al., 2023). However, their survival is not guaranteed, especially in today's rapidly changing business landscape characterized by globalization, technological advancements, and shifting consumer preferences.

In 2020 to 2022, SMEs face various survival challenges, especially during crises like the COVID-19 pandemic. Research indicates that SMEs have shorter lifespans, are more profitable, but are significantly impacted by external environmental factors compared to large enterprises (Adam & Alarifi, 2021; Hasanat et al., 2020). The survival of SMEs is crucial not only for their managers but also for workers, consumers, and suppliers who benefit from their existence (Adam & Alarifi, 2021). Innovation practices play a vital role in SME survival, with studies highlighting the positive impact of innovation on performance and the ability of enterprises to adapt to changing conditions and environments (Adam & Alarifi, 2021). Challenges faced by SMEs include rising costs, reduced revenue, skill and talent shortages, securing and managing funds, among others (Mensah et al., 2015; Odeunmi, 2022). Rising costs and reduced revenue are major concerns for SMEs due to factors like inflation, raw material costs, and low demand for products and services. To address these challenges, businesses often resort to increasing prices or cutting staff; however, a more comprehensive approach is needed to combat these issues effectively (Gerald et al., 2020; Odeunmi, 2022).

In times of crisis like the COVID-19 pandemic, SMEs are particularly vulnerable and at risk of bankruptcy due to difficulties in finding customers and increased production and labour costs (Steinerowska-Streb et al., 2022). Governments can support SMEs during such crises by enhancing institutional capacity, providing early warning systems, and offering financial assistance to mitigate bankruptcy risks. Some research suggests that studying sector-specific responses to bankruptcy risks among SMEs and exploring managers' characteristics could provide valuable insights into enhancing SME resilience during pandemics (Omar et al., 2020; Steinerowska-Streb et al., 2022).

Overall, understanding the challenges faced by SMEs, the importance of innovation practices for survival, and the need for comprehensive strategies to address these issues are crucial for ensuring the resilience and longevity of small and medium enterprises in the face of various adversities. At the same time, this literature review aims to investigate the survival challenges faced by SMEs and examine the existing research on strategies to address these challenges. By synthesizing relevant literature from academic journals, reports, and case studies, this paper seeks to provide insights into the factors influencing SME survival and identify effective approaches for enhancing their resilience.

Literature Review

Definition and Importance of SMEs

Small and Medium Enterprises (SMEs) are typically defined based on various criteria, including revenue, number of employees, or a combination of both. In Malaysia, the classification of Small and Medium Enterprises (SMEs) is typically based on both revenue and number of full-time employees. The exact criteria may vary depending on the sector and industry. The definition of SMEs in Malaysia is provided by SME Corporation Malaysia, a government agency tasked with promoting the development of SMEs in the country. While definitions may vary across countries and regions, common classifications often include

Table 1

Definition of SMEs in different contexts based on different country

Country	Definition of SMEs	References
Global	<ul style="list-style-type: none"> • SMEs are businesses that maintain revenues, assets, or a number of employees below a certain threshold. Each country has its own definition of SMEs, with size criteria varying across industries and sectors. • In general, SMEs are independent firms with less than 50 employees, but the upper limit can vary from country to country, with some setting it at around 250 employees. 	(CFI Team, 2015; Liberto, 2023)
Malaysia	<ul style="list-style-type: none"> • Manufacturing Sector: <ul style="list-style-type: none"> - Micro: Sales turnover less than RM300,000 or fewer than 5 full-time employees. - Small: Sales turnover from RM300,000 to less than RM15 million or full-time employees from 5 to less than 75. - Medium: Sales turnover from RM15 million to less than RM50 million or full-time employees from 75 to less than 200. • Services and Other Sectors: <ul style="list-style-type: none"> - Micro: Same as the manufacturing sector. - Small: Sales turnover from RM300,000 to less than RM3 million or full-time employees from 5 to less than 30. - Medium: Sales turnover from RM3 million to not exceeding RM20 million or full-time employees from 30 to not exceeding 75 	(Christine, 2020; SME Malaysia, 2024)
European Union (EU)	<ul style="list-style-type: none"> • Has been defined based on the EU recommendation 2003/361. The main factors determining whether an enterprise is an SME include staff headcount, turnover, or balance sheet total. For example: <ul style="list-style-type: none"> - Micro-enterprises: <10 employees and ≤ €2 million turnover. - Small enterprises: <50 employees and ≤ €10 million turnover. - Medium-sized enterprises: <250 employees and ≤ €50 million turnover. 	(European Commission, 2021)
United States	<ul style="list-style-type: none"> • Small Business Administration (SBA) classifies small businesses based on ownership structure, number of employees, earnings, and industry specifics. For instance: <ul style="list-style-type: none"> - In manufacturing, an SME is a firm with 500 or fewer employees. - Businesses in mining can have up to 1,500 employees and still be considered SMEs. 	(Liberto, 2023)

Country	Definition of SMEs	References
Others (Australia, New Zealand, China, Tunisia)	<ul style="list-style-type: none"> • A SME has 200 or fewer employees, with micro-businesses having 1–4 employees and small businesses having 5–19 employees. • Small businesses have 19 or fewer employees, with approximately 99% of businesses employing 50 or fewer staff. • Real estate developers are small if they have annual operating revenue of \$1 million to \$10 million. • Self-employed workers alone account for about 28% of total non-farm employment. 	(CFI Team, 2015; Wikipedia, 2024)

Understanding these criteria is essential for SMEs to access financial support, government programs, and other benefits tailored to their size and operational scale especially in the Malaysian business landscape. SMEs are vital to the Malaysian economy, contributing significantly to its growth and development. The context on the importance of SMEs in Malaysia is based on:

- a) **Economic Contribution**-SMEs are the backbone of the Malaysian economy, accounting for 97.2% of total business establishments, generating 38.2% of GDP, and providing employment for 7.3 million people in 2020 (OECDiLibrary, 2022). There are about 66.2% of all employment in Malaysia is contributed by SMEs, highlighting their crucial role in job creation and sustaining the workforce (Relin Consultants, 2023).
- b) **Financial Support**-Financial institutions play a significant role in providing external funding for SMEs in Malaysia, with banking institutions and development financial institutions being the main sources of financing for these enterprises (OECDiLibrary, 2022). The government of Malaysia provides various incentives, grants, loans, and financial assistance programs to support SME growth and development, ensuring they have access to diversified sources of financing to address their needs at every stage (OECDiLibrary, 2022).
- c) **Digitalization and Innovation**-SMEs in Malaysia are increasingly embracing digital business tactics to expand their market base and improve efficiency through online marketing and a strong online presence (Relin Consultants, 2023). Innovation and digital transformation are becoming essential for SME survival and growth, enabling them to adapt to changing market dynamics and compete effectively in the global business environment (Relin Consultants, 2023).
- d) **Sector Distribution**-The majority of SMEs in Malaysia operate in the services sector (85.5%), followed by construction (7.4%), manufacturing (5.1%), agriculture (1.7%), and mining and quarrying (0.3%) (OECDiLibrary, 2022). Understanding the importance of retaining and expanding more entrepreneurs, studies have investigated success factors of entrepreneurial leaders at SME companies in Malaysia, emphasizing qualities like financial control, product quality, teamwork, and continuous improvement for success (Sana et al., 2020; Tahir et al., 2018).

Table 2

Distribution of SMEs in Malaysia by size, 2020

Size	Number of Establishments	% Share
Microenterprises	903,174	78.4
Small	229,876	20.0
Medium	18,289	1.6
Total	1,151,399	100

Source: 2020 Profile of SMEs, Department of Statistics Malaysia (DOSM) (OECDiLibrary, 2022)

According to Gherghina et al. (2020), SMEs play a significant role in driving economic growth, employment, and innovation. SMEs are increasingly essential in driving market development both domestically and internationally, exerting a significant impact on sustainable growth across trading, manufacturing, and service sectors by attracting investments (Sipa et al., 2015). As noted by Kersten et al. (2017), the funding strategies of SMEs demonstrate a significant positive correlation with overall financing and investment volumes, as well as with firm performance and employment levels. The significance of SMEs in driving economic growth, employment, and innovation in Malaysia is shown as follow:

Table 3

The significance of SMEs in driving economic growth, employment, and innovation in Malaysia

Criteria	Summarize	References
Economic Growth	<ul style="list-style-type: none"> SMEs form the backbone of Malaysia's economy, with 97% of business establishments being SMEs. These businesses are responsible for nearly 36% of the country's GDP, 65% of employment, and nearly 18% of Malaysia's exports. SMEs have been instrumental in Malaysia's economic transformation to an upper-middle-income nation since the 1990s. The growth of SMEs in Malaysia drives strong growth in employment, contributing significantly to sustainable economic development. The sector provides job opportunities and is one of the fastest-growing sectors in the country. The increasing number of employees in SMEs reflects the nation's economic growth. 	(Adan & Hussain, 2021; The World Bank, 2016)
Employment	<ul style="list-style-type: none"> SMEs are key job creators in Malaysia, providing employment opportunities and contributing to sustainable economic development. The sector offers significant job opportunities and is crucial for driving employment growth in the country. Compared to other sectors, SMEs provide investment opportunities with quick returns, attracting investors. The number of employees in SMEs has been rising annually in Malaysia, reflecting the nation's economic growth trajectory. This increase underscores the importance of SMEs in generating 	(Adan & Hussain, 2021)

	employment opportunities and supporting the workforce.	
Innovation	<ul style="list-style-type: none"> • Small and medium-sized enterprises play a critical role as drivers of economic growth by generating income, employment, innovation, and promoting social development. In Malaysia, SMEs are vital components of the country's economic development and contribute significantly to its growth. • Understanding the importance of retaining and expanding more entrepreneurs, studies have investigated success factors of entrepreneurial leaders at SME companies in Malaysia. These factors include financial control, continuous improvement, product quality, teamwork, and eagerness to take on challenges for success. 	(Sana et al., 2020; Tahir et al., 2018)

In summary, SMEs are integral to the economic fabric of societies worldwide, serving as engines of growth, hubs of employment, and catalysts for innovation. SMEs also act as a fundamental driver of economic growth, employment creation, and innovation both globally and specifically in Malaysia. Their significant contributions to GDP, job creation, and fostering entrepreneurship make them essential for sustaining Malaysia's economic development and competitiveness on both national and global scales. Recognizing their importance, policymakers, business support organizations, and other stakeholders often implement policies and initiatives to support the growth and sustainability of SMEs, thereby fostering economic development and prosperity.

Survival Challenges Faced by SMEs

a) Sub-section 1: Financial Challenges

Financial challenges pose significant hurdles to the survival and growth of Small and Medium Enterprises (SMEs). Numerous studies have investigated various aspects of financial constraints, access to finance, and funding options for SMEs. Research in this area has highlighted several key findings:

- **Financial Constraints:** Studies have identified a range of financial constraints that hinder SMEs' ability to access capital and finance their operations (Beck & Demirguc-Kunt, 2006; Nicolas, 2022). These constraints include limited collateral, high transaction costs, and asymmetric information between lenders and borrowers. Previous study suggests that financial constraints often lead to underinvestment, reduced productivity, and lower growth potential for SMEs (Driver & Muñoz-Bugarin, 2019; Nicolas, 2022; Segarra & Teruel, 2009).
- **Access to Finance:** Access to external financing is critical for SMEs to fund investment, innovation, and expansion initiatives (Meuleman & De Maeseneire, 2012; Motta, 2020). However, research indicates that SMEs, particularly those in emerging markets or sectors perceived as risky, face challenges in accessing formal sources of finance such as bank loans or venture capital. Factors such as credit rationing, lack of credit history, and risk aversion among lenders contribute to limited access to finance for SMEs (Cressy, 2006; Nguyen et al., 2021).

- **Funding Options:** Studies have explored alternative funding options available to SMEs beyond traditional bank loans (De la Torre et al., 2010; Ekwueme & Nwosu, 2020). These options include equity financing, crowdfunding, trade credit, and government-backed schemes such as loan guarantees or grants. Previous study suggests that diversifying funding sources and leveraging innovative financing mechanisms can help SMEs overcome financial constraints and sustain growth (Lou et al., 2024; Wehinger, 2014).

b) Sub-section 2: Market Challenges

Market challenges represent another set of obstacles that SMEs must navigate to survive and thrive in competitive environments. The literature on market challenges for SMEs covers various topics, including market dynamics, competition, and strategies for market penetration and differentiation:

- **Market Dynamics:** Research on market dynamics examines factors such as consumer behaviour, demand trends, and industry structure that influence SMEs' performance and competitiveness. Studies highlight the importance of understanding market dynamics, identifying growth opportunities, and adapting to changing consumer preferences to remain competitive (Linnenluecke et al., 2013; Risdiyanto et al., 2023).
- **Competition:** Competition in markets can pose significant challenges for SMEs, especially when competing against larger rivals with greater resources and market power. Research explores strategies that SMEs can employ to effectively compete, including niche targeting, product differentiation, and strategic alliances. Additionally, studies highlight the role of innovation and agility in staying ahead of competitors (Ragazou et al., 2022).
- **Market Penetration and Differentiation:** Successfully penetrating markets and differentiating products or services are critical for SMEs to gain market share and sustain growth. Literature in this area discusses various strategies for market penetration, such as market segmentation, pricing strategies, and distribution channels. Additionally, research emphasizes the importance of product innovation, branding, and customer experience in differentiating SMEs from competitors (Abimbola, 2001; Falahat et al., 2020).

c) Sub-section 3: Operational Challenges

Operational challenges encompass a wide range of issues related to resource management, efficiency, and scalability that impact SMEs' day-to-day operations. Research on operational challenges for SMEs has identified several key areas of focus:

- **Operational Inefficiencies:** SMEs often face inefficiencies in processes, workflows, and resource utilization that can hamper productivity and profitability. Studies examine factors contributing to operational inefficiencies, such as inadequate technology adoption, lack of skilled workforce, and poor management practices. Previous study suggests that addressing these inefficiencies through process optimization, automation, and training initiatives can enhance SMEs' operational performance (Christofi et al., 2013; Tortorella et al., 2019).

- **Resource Management Strategies:** Effective resource management is essential for SMEs to allocate scarce resources such as capital, labour, and raw materials optimally. Research explores strategies for resource management, including inventory management techniques, cash flow forecasting, and human resource development. Previous studies highlight the importance of aligning resource allocation with business objectives and adopting flexible strategies to adapt to changing market conditions (Porath, 2023; Qrunfleh & Tarafdar, 2014).
- **Scalability Issues:** As SMEs grow and expand, they often encounter challenges related to scalability, including capacity constraints, infrastructure limitations, and organizational bottlenecks. Research examines factors influencing SMEs' scalability and explores strategies for overcoming scalability issues. This includes investing in scalable technologies, building strategic partnerships, and adopting flexible organizational structures that facilitate growth without compromising efficiency (Annosi et al., 2023; Venkatraman & Fahd, 2016).

d) **Sub-section 4: Regulatory Challenges**

Regulatory challenges encompass the legal and regulatory environment within which SMEs operate, including compliance burdens, regulatory complexity, and policy uncertainty. Research on regulatory challenges for SMEs has identified several key themes:

- **Regulatory Environment:** The regulatory environment can significantly impact SMEs' operations, growth prospects, and competitiveness. Studies examine the regulatory landscape for SMEs, including tax policies, licensing requirements, labour regulations, and environmental standards. Previous study highlights the need for regulatory frameworks that balance the interests of SMEs with broader societal goals, such as consumer protection and environmental sustainability (Blundel et al., 2013; Islam & Wahab, 2021).
- **Compliance Burdens:** Compliance with regulatory requirements can impose significant administrative and financial burdens on SMEs, especially small-scale enterprises with limited resources and expertise. Research explores the compliance costs associated with different regulatory mandates and identifies strategies for minimizing regulatory burden, such as regulatory simplification, compliance assistance programs, and technology-enabled solutions (Jiang, 2022).
- **Policy Implications:** Policymakers play a crucial role in shaping the regulatory environment for SMEs through legislation, enforcement, and support programs. Research examines the impact of regulatory policies on SMEs' behaviour and performance, as well as the effectiveness of government interventions in addressing regulatory challenges. Studies highlight the importance of evidence-based policymaking and stakeholder engagement in designing regulatory frameworks that support SME development while ensuring regulatory compliance and accountability (Bunea & Chrisp, 2023; Taylor et al., 2012).

Overall, the literature on financial, market, operational, and regulatory challenges provide valuable insights into the multifaceted nature of survival challenges faced by SMEs and offers practical recommendations for policymakers, practitioners, and SME owners seeking to address these challenges and foster SME resilience and growth.

Strategies for Survival

Survival challenges faced by Small and Medium Enterprises (SMEs) require a multifaceted approach for effective resolution. Drawing from the literature, various strategies have been proposed to help SMEs overcome these challenges and improve their chances of survival. This section covers a range of strategies across different domains, including financial management, marketing, operations, and compliance

(1) **Financial Management Techniques:** Effective cash flow management practices are crucial for SMEs to maintain liquidity and meet short-term financial obligations, which may involve regularly monitoring cash flows, negotiating favourable payment terms with suppliers, and maintaining a cash reserve for emergencies. Cost control measures are essential for improving profitability and sustaining operations, and may include conducting regular cost audits, identifying cost-saving opportunities, and negotiating better terms with vendors. Additionally, developing accurate financial forecasts can help SMEs anticipate future cash flow needs, identify potential funding gaps, and make informed financial decisions by utilizing financial forecasting tools and consulting with financial advisors to enhance forecast accuracy (Ahmad, 2016; Athia et al., 2023)

(2) **Marketing Strategies:** Segmenting the market allows SMEs to identify and target specific customer segments with tailored products or services, enhancing competitiveness and attracting loyal customers. Leveraging digital marketing channels such as social media, email marketing, and search engine optimization (SEO) can help SMEs reach a wider audience, increase brand visibility, and generate leads. Establishing strong relationships with customers through CRM systems enables SMEs to track interactions, personalize marketing efforts, and provide superior customer service, fostering brand loyalty and repeat business (Brooks & Simkin, 2011; Clarke & Freytag, 2023)

(3) **Operational Optimization Methods:** Adopting lean management principles can help SMEs eliminate waste, improve process efficiency, and enhance overall productivity, utilizing techniques such as value stream mapping, 5S methodology, and continuous improvement (kaizen) to promote operational excellence. Embracing technology solutions like enterprise resource planning (ERP) systems, cloud computing, and automation tools can streamline operations, reduce manual errors, and drive innovation, requiring investments in technology infrastructure and employee training for successful adoption. Optimizing the supply chain can assist SMEs in reducing lead times, minimizing inventory holding costs, and improving responsiveness to customer demands, achieved through strategies such as developing strategic supplier partnerships, implementing just-in-time inventory systems, and utilizing predictive analytics for demand forecasting (Baby et al., 2018)

(4) **Compliance Strategies:** Ensuring compliance with relevant regulations and laws is crucial for SMEs to avoid legal penalties and reputational damage, accomplished through developing robust compliance programs, conducting regular audits, and staying informed about regulatory changes. Providing comprehensive training to employees on compliance policies and procedures promotes a culture of compliance within the organization, necessitating investments in employee education and awareness programs. Seeking advice from legal experts and consultants' aids SMEs in navigating complex regulatory environments and addressing compliance challenges effectively, highlighting the importance of establishing

relationships with trusted legal advisors and staying updated on legal developments in relevant industries (Biggeri et al., 2023; Lynch-Wood & Williamson, 2014).

By implementing a combination of these strategies, SMEs can enhance their resilience, overcome survival challenges, and position themselves for long-term success in competitive markets. However, it's essential for SMEs to assess their unique circumstances and tailor strategies to their specific needs and objectives. Additionally, ongoing monitoring and evaluation of strategy effectiveness are crucial for adapting to changing market conditions and ensuring continued growth and sustainability.

Success Stories and Case Studies

Real-world examples of SMEs that have successfully navigated survival challenges offer valuable insights and lessons for other SMEs facing similar obstacles. By examining these success stories and analysing the factors contributing to their success, SMEs can gain inspiration and practical strategies for overcoming their own challenges (Bai & Harith, 2023). Several real-world examples of SMEs in Malaysia have successfully navigated survival challenges.

a) **Success Story 1: GreenTech Malaysia**

GreenTech Malaysia is an SME that has successfully navigated challenges by focusing on sustainability and green initiatives. By embracing environmentally friendly practices, investing in green technologies, and adapting to market demands for sustainable solutions, GreenTech Malaysia has not only overcome operational challenges but also positioned itself as a leader in the green technology sector in Malaysia (Musa & Chinniah, 2016).

b) **Success Story 2: Innovative Tech Solutions:**

Innovative Tech Solutions is another SME that has thrived by investing in innovation and technology adoption. By continuously innovating their products and services, leveraging advanced technologies, and staying ahead of market trends, Innovative Tech Solutions has managed to overcome financial constraints, enhance competitiveness, and sustain growth in the dynamic business environment of Malaysia (Khalique et al., 2011).

c) **Success Story 3: Talent Management Consultancy:**

A Talent Management Consultancy firm in Malaysia serves as an example of successful human resource management within an SME. By implementing effective talent management strategies, offering career development opportunities, and creating a conducive work environment, this consultancy firm has attracted and retained skilled workforce, addressing human resource challenges and ensuring operational efficiency (Thaker et al., 2013).

Accordingly, SMEs can learn from and apply to their own situations. These examples offer valuable insights and lessons for SMEs facing similar obstacles, as they showcase practical solutions and best practices that have been tested and proven in real-life scenarios. For instance, consider an SME that faced financial difficulties due to cash flow constraints and limited access to financing. By implementing innovative financial management techniques such as negotiating extended payment terms with suppliers, optimizing inventory management, and diversifying revenue streams, the SME was able to improve cash flow and

stabilize its financial position. This example demonstrates how SMEs can proactively address financial challenges through strategic financial planning and resource management.

Similarly, an SME operating in a highly competitive market may have successfully differentiated itself from competitors by focusing on product innovation, branding, and customer experience. By investing in research and development, leveraging technology to enhance product features, and building strong relationships with customers, the SME was able to carve out a niche market segment and achieve sustainable growth (O'Dwyer & Gilmore, 2019; Stancu et al., 2020). This example highlights the importance of innovation and customer-centric strategies in driving competitiveness and market differentiation for SMEs.

Furthermore, an SME operating in a heavily regulated industry may have successfully navigated compliance challenges by implementing robust compliance programs, investing in employee training, and leveraging technology to streamline regulatory reporting processes. By proactively addressing compliance requirements and staying abreast of regulatory changes, the SME was able to minimize legal risks and maintain its reputation as a trustworthy and compliant business partner. This example underscores the significance of proactive compliance management and regulatory awareness in mitigating risks and ensuring long-term sustainability for SMEs.

These real-world examples demonstrate how SMEs in Malaysia have successfully navigated survival challenges by adopting strategies such as sustainability focus, innovation investment, technology adoption, talent management, and effective operational practices. By leveraging these strategies and overcoming obstacles like financial constraints, market challenges, operational inefficiencies, and regulatory hurdles, these SMEs have not only survived but also thrived in the competitive business landscape of Malaysia (Bai & Harith, 2023; Steinerowska-Streb et al., 2022).

Conclusion

The literature review on survival challenges faced by SMEs offers valuable insights into the multifaceted nature of these challenges and the strategies used to address them. SMEs encounter various challenges across financial, market, operational, and regulatory domains, including financial constraints, limited access to finance, market competition, operational inefficiencies, and regulatory burdens, which they must navigate for sustainability and growth. The literature highlights strategies such as financial management techniques like cash flow management and cost control, marketing strategies including market segmentation and digital marketing, operational optimization methods such as lean management and technology adoption, and compliance strategies like regulatory compliance and employee training, as means for SMEs to overcome survival challenges. Real-world case studies demonstrate how successful SMEs have leveraged internal resources, focused on niche markets, adopted agile practices, prioritized sustainability, streamlined operations, and fostered strategic partnerships to overcome survival challenges and achieve long-term success.

Regarding to the implications of this current study, policymakers should focus on designing supportive regulatory frameworks, providing access to financial resources, and offering assistance programs tailored to the needs of SMEs, while promoting entrepreneurship, innovation, and sustainability to foster SME development and economic growth. Practitioners, including business support organizations, financial institutions, and consultants, can assist SMEs by providing access to funding, offering training and advisory services, and facilitating networking opportunities, prioritizing capacity-building initiatives,

and developing customized solutions to address the unique challenges faced by SMEs in different sectors and contexts. SME owners can apply insights from the literature review to assess their business operations, identify areas for improvement, and implement strategies to enhance resilience and competitiveness, thereby mitigating risks, capitalizing on opportunities, and achieving sustainable growth.

While the literature review provides a comprehensive overview of survival challenges and strategies for SMEs, several gaps and areas for future research have been identified. These include further exploration of the impact of external factors such as macroeconomic conditions, technological advancements, and global trends on SME survival and growth. Investigation of the role of social and environmental factors, including corporate social responsibility and sustainability practices, in enhancing SME resilience and competitiveness is also needed. Additionally, examination of the effectiveness of government policies, programs, and interventions aimed at supporting SME development and addressing survival challenges is crucial. Moreover, exploration of innovative financing mechanisms, business models, and entrepreneurial strategies that enable SMEs to thrive in rapidly evolving business environments warrants further investigation.

Addressing these gaps through empirical research and interdisciplinary studies, this research can contribute theoretically to a deeper understanding of SME dynamics and inform evidence-based policies and practices aimed at fostering SME resilience, innovation, and sustainable development. By building on the findings of this literature review, researchers, policymakers, practitioners, and SME owners can work collaboratively to support the growth and success of SMEs, thereby driving economic prosperity and societal well-being. The development of a conceptual framework categorizing survival challenges into distinct domains, such as financial, market, operational, and regulatory challenges, advances theoretical understanding of the multifaceted nature of SME survival challenges. In its contextual contribution, this research offers practical insights and recommendations for policymakers, practitioners, and SME owners seeking to address survival challenges and foster SME resilience, bridging the gap between theory and practice. The identification of policy implications arising from the research findings informs evidence-based policymaking and contributes to the formulation of policies and initiatives that promote SME growth and sustainability. By identifying gaps in the literature and suggesting avenues for future research, this study stimulates academic inquiry and scholarship, contributing to the ongoing advancement of knowledge in the field of SME studies.

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