

OPPORTUNITY AND CHALLENGES MSME FOR THE PAST 6 YEARS: A SYSTEMATIC REVIEW

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Abstract

This paper presents a systematic review of MSME development from 2016 to 2021. MSME is the established topic that plays an essential role in economic stability and sustainability in a country. This topic is extended more in various methods, topics, and clusters. This study has reviewed 41 papers and provided four main findings. Firstly, in terms of theory, entrepreneurship theory, internationalization entrepreneurship theory, and technology-organization-environment framework are the theories and approaches commonly used in MSMEs topic. Secondly, literature review and survey dominate the methodology of MSMEs study. Third, the country's origin to conduct the research is not only in Asia and Africa but also in Serbia (Europe). Thirdly, the business sector of MSME is various, but food and Fashion have the most percentage amongst the other business. The last, based on social network analysis, five clusters connect each node in the issues. The study suggests future research agenda such as technological adaptation in MSME to improve their marketing strategy, especially post-Covid-19. These would contribute to establishing the field that can support MSME owners in the future.

Keywords: MSME, social network analysis, systematic review, visualization

1. Introduction

Micro, Small, and Medium Enterprise is an exciting topic that continuously expands to another level of business. Business can be explained as demand and supply or buy or sell activity to 2 parties or more. Considered as an essential factor that contributes to national GDP (Gross Domestic Product)[1], especially in emerging countries[2], MSME needs support from stakeholders, such as financiers, healthy competition, business mentors, and even government[3]. Together, these figures can simultaneously help MSME grow, sustain and expand.

However, the application of MSME, in reality, faces multiple problems. Several studies investigate the problem of MSME. For instance, the source of funding that is limited to obtain for entrepreneurs or the difficulty of promoting the products[4] has no opportunity for MSME's actors to improve their capabilities to upgrade and adjust the change[5].

The researchers have already researched multiple themes, problems, and opportunities in MSME to solve that problem. In addition, the study also is considered increasingly complex and unpredictable problems in the future as the main factors.

Furthermore, this systematic analysis review research investigates 41 papers on several MSMEs topics. This paper aims to create a mapping to do future research and explore more topics to help MSME actors as a tool to support them in running their business.

Then, for the number of MSME research, it can be seen from figure 1. It shows paper sources for this research. It can be seen from 2016 that there are five papers; it declined into one paper in 2017, and starting gradually increased became two papers in 2018, nine papers in 2019, 13 papers in 2020, and reached its peak in 2021 with 19 papers. It shows that there are improvements in MSMEs research over time. There are various themes, topics, and fields on this topic in multiple countries, especially in developing countries. A systematic study of the MSMEs field within six years is suitable to provide better mapping in various topics.

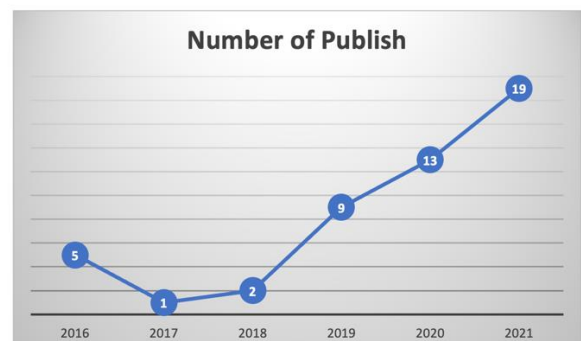


Figure. 1 Number of MSMEs Published paper.

2. Literature Review and Research Question

MSME can be described as an effort to establish a new business (on a small scale) to create new job opportunities that can utilize more workforce, help the government solve economic problems, and even increase national GDP. According to Law Number of 2008, explained Micro, small and medium-sized enterprises are independent economic activities created, established by individual or business entities that are not a part of the company.

An important finding from previous relevant research point out the unemployment rate and new business have a close relationship [6] in solving eco-social problems. Then, MSMEs expect the government to support and offer a solution to develop MSMEs on some levels [6]. In addition, regarding the post-covid 19 situations, the need of MSMEs actors is about an integration technology to adjust the environment of MSMEs to fulfill social distancing as government regulation.

On the other hand, women also owned ten percent representation MSMEs in all countries (CII report, 2017). Most of them are aware that technology adaptation can be extended from the innovation field [8]. It can be considered a challenge as technology can be challenging to adopt with limited resources and human resources.

To do a mapping on MSMEs study, with different characteristics in several developing countries, then cluster the opportunities and challenges, this study has two research questions (RQ):

1. What has been focused on the research them/topic, methodology, and research setting on MSMEs research?
2. What are the cluster themes used in MSMEs studies?

3. Methodology

This section discusses the method of this research. This methodology section explains how to collect, interpret, process, and analyze papers that were already chosen in the first section. Then, the following section answers the second research question to suggest the next opportunity for MSME's topic in the future. This systematic review was adopted from the previous bibliometric studies, such as [7] and [8]. The bibliometric technique consists of five steps as follow (see figure 2)

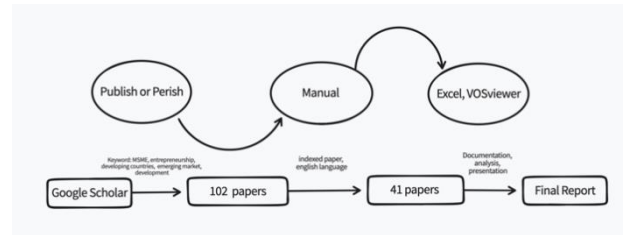


Figure 2. Research Stage

The first stage for this research is the initial stage; this stage aims to find relevant papers related to the topic of MSME development of MSME in an emerging market or developing countries. Authors used Publish or Perish (PoP) software to identify the papers with several combination keywords. First, we searched “The development of MSME and emerging market,” then next with “MSME and developing countries.” The last combination that we searched was “MSME, emerging market, development and opportunity.” We got 102 papers based on journals, proceedings, and working papers from the three combination keywords above.

Then, we set several criteria for the second step to select papers for further analysis. We eliminated pieces that only used English as a language of instruction and had index values. We can reasonably analyze both Indonesian and other developing countries. We got 41 selected papers for further analysis.

The third step divided the papers based on the key aspects that will explain in this paper. For instance, research methodology, a research setting (sector/business, country of origin), research themes, and the result of the studies. This last step is conducted with Ms. Excel (manually).

The fourth step is processing/analyzing data. To analyze data, we used the software of VOSViewer to visualize the findings and the SNA program to analyze the interrelationship between keywords (or nodes) [9]. The result of this section will be discussed in the result section.

4. Result and Discussion

This section discusses 41 selected papers addressing two research questions.

4.1 Theories/Perspectives used in MSMEs development studies

There are nine theories or perspectives that have been studied in the MSMEs development topic. Mainly in this topic, almost papers used contemporary theory. Meanwhile, several papers used classical theory. For instance, the Technology-Organization-Environmental Framework is commonly used on behalf of the adaption technology for the enterprise[10]. Then, Resource-Based Theory focused on that resources are valuable, rare, difficult to imitate to the long-term sustainability of product on the competition [10]. The International Entrepreneurship Theory needs to expand cross-border

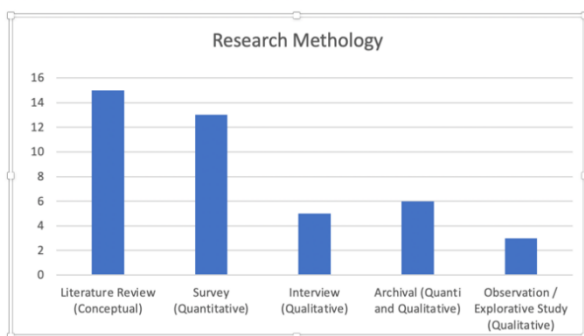
marketing, especially online marketing[11]. This approach suggested an unlimited border that can create a more entrepreneurial experience in more than one country. Then, for Supply Side (SS) and Demand Side (DS) approach focused on the prediction of demand and supply in the future based on the market analysis in the current condition[12].

Table 1. Theories or Perspectives used in the MSMEs development studies

Theories/Perspective	
No	Theories/Approaches
1	Accounting Information
2	Entrepreneurship Theory
3	Resource Based View Theories
4	Decision Making Theory
5	International Entrepreneurship Theory
6	The Upsala Model
7	Cloud Accounting
8	TOE (Technology-Organization-Environment Framework)
9	Supply Side (SS) and Demand Side (DS)

4.2 Research Methodology used in the MSMEs development studies

It can be seen from Figure 2 the distribution of methods used in MSMEs study. The papers consist of 15 studies in the literature review, a conceptual paper that dominated the breakdown. Then the rest are empirical works. In the term of Quantitative, divided into 14 papers used survey (both online and offline questionnaire) and archival (as the mixed method with qualitative), then five papers used interview, three papers in the observation/explorative study. For instance, the research from [12] investigated MSMEs’ effect on Investment Credit, interest rates, and labor on the economy used archival/ secondary data to test. Then, [13] focused on entrepreneurial commitment, organizational sustainability, and business performance MSME in India used the questionnaire to collect the data. Then, for mix-method, [4] investigated the strategies for MSME in Indonesia used questionnaires, observation, interview, and archival to collect the data.



Note: One study may use more than one method

Figure 2. Methodologies used in MSMEs study

4.3 Research Setting of the MSMEs development studies

The research setting represents the business sector studied, the study's situation, and the connection between the theme or topics on MSMEs studies.

4.3.1 Business Sector

There are several sectors that MSMEs focus on. The variation of business sectors studied in different countries and themes. From this pie chart, the Food sector is in the most industry type used for MSMEs studies (23%). It is followed by Fashion in the second place used in MSMEs studies, at 18%. It is understandable as food and Fashion are basic needs that consumer has the highest demand. Also, the sector has a tight competitor that needs high innovation gradually.

Next, the sector gets 7% divided into two sectors, service (hotels) and crafts. As a service for a hotel, it is related to the desire of the consumer to travel to other places, either for working or leisure time. The second one is crafted. Craft is dominated by women entrepreneurs, especially in the empowerment of local wisdom, such as bags, woven fabric, household appliances, and traditional gifts for certain tourist places.

After that, in the 7% sector, there are jewelry and agribusiness. For jewelry, women tend to spend money for beauty satisfaction. Then, for the agribusiness, Indonesia is a country that utilizes agriculture, and there are many farmers to produce primary dairy needs to the consumer.

The rest, for the last, gets 5% in several sectors. Services (Skills and Development Training), Chemical, Electronics, Retail, and Marine sectors only get 2% of the rate.

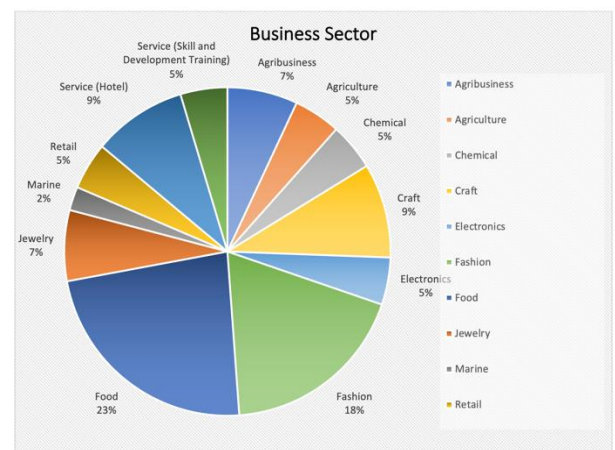


Figure 3. Business Sector used in MSMEs study

4.3.2. Country of Origin

The MSMEs study spread of several continents based on country of origin, except the United States. One country in Europe, namely Serbia, was identified as a developing country.

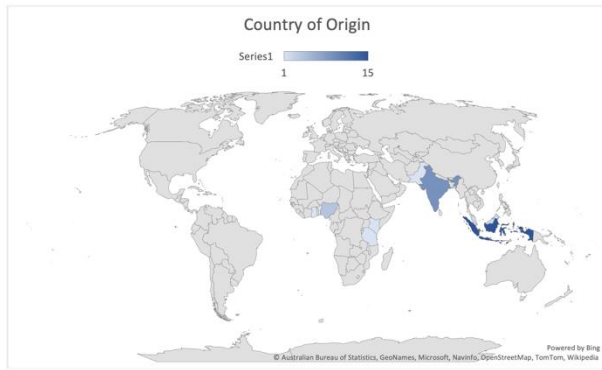


Figure 4. Visual map of Country Origin

Then, a most study has been done in Asia. As shown in figure 5, Asia has the most significant number of MSMEs studies. Indonesia has 15 papers that studied MSME in several themes in several regions, followed by India (nine studies). The last continent is Africa with three countries, four countries such as Tanzania (four papers), and the rest are Tanzania, Kenya, Ghana (one paper/country).

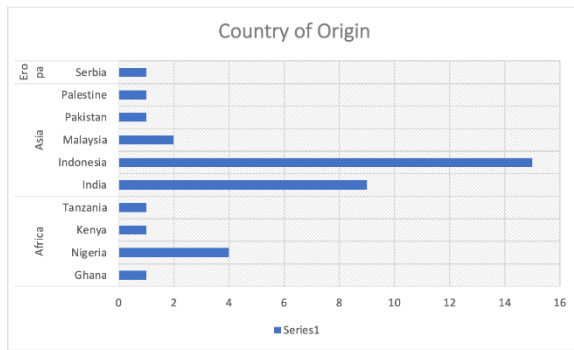


Figure 5. Chart of Country of Origin

4.3.3 Cluster of research themes of MSMEs studies

The authors used VOSviewer to analyze the clusters among the topics in this paper. There are three procedures that we used to review the article the paper. First, we identified five clusters (red, green, blue, yellow, and purple) that represent the specific topic in concert together. Then in every color, there are nodes linked to other nodes and exhibits how often the issue is mentioned and linked (for instance, SME to the economy and growth). However, this topic is not limited to one representative color but also escalates to other colors such as SMEs (red) to innovation (purple), market (green), originality value (yellow), and entrepreneurship (blue).

In the second procedure, authors interpret each line, keyword that appears in 41 papers' review using SNA concept, the larger and thicker the nodes and the line between two points; it means the more frequent the two topics interrelated.

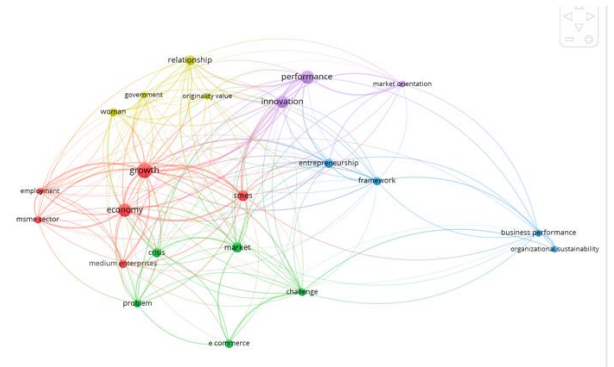


Figure 6. Network Visualization

In the last procedures, we summarize every color representative to identify which nodes are often connected. Our analysis is shown in figure 7.

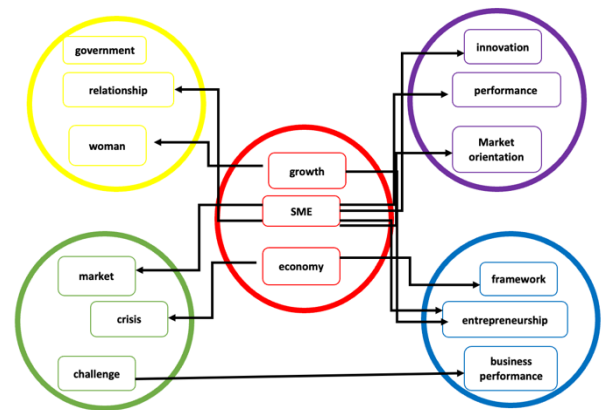


Figure 7. Central topic clusters

The red clusters are related to all of the clusters in every color. The red clusters can be classified as main clusters with multiple relations with various topics. Furthermore, the red clusters explain that MSME can contribute to the economy with MSME growth both in capital and human resources [14]. Then in purple clusters, MSME focused on innovation and market orientation to fulfill the need of the target market field[15].

The next cluster is blue. In this cluster, MSME is explained to be more focused on entrepreneurship value and business performance[16]. To maintain the long-term profit, it should consider the performance amongst leaders, staff, and environment.

The next cluster is yellow. In the yellow group, a new element reveals gender as a topic that needs to be explored more in the MSMEs field. As an entrepreneur, women can be considered leaders [17], decision-makers to create relationships amongst MSMEs, and even get government support.

The last cluster is green. The focus on this topic is surprising. Crisis, as a part of the risk that cannot be unavoidable, should affect the economy [18]. Added with

the challenge related to business performance, all of these factors need to be investigated further in the future.

5. Conclusion

This paper analyzes MSMEs papers published from 2016 to 2021. Through the finding, explaining theory, nine theories are used in the analyzed paper. Next, for the method, there are both qualitative and quantitative with a different way to collect the data. Then, for the business sectors, various business sectors such as Food, Fashion, service, and others. The following analysis is the country of origin. The country of origin is divided into several continents, such as Asia, Africa, and Europe. For the last section, there are clusters based on published papers. These clusters inform the theme that has links and relations with each other. It can help the next researcher explore more between the clusters' nodes or even find other topics that should be explored more in the future.

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