

## BIBLIOMETRIC ANALYSIS OF MSME PERFORMANCE: TRENDS, VARIABLE RELATIONSHIPS, AND RESEARCH GAPS

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### ABSTRACT

This study aims to analyze the factors influencing the performance of Small and Medium Enterprises (SMEs) through a bibliometric approach, exploring the relationships between variables such as financial literacy, access to finance, business innovation, and risk management. The research methodology involves bibliometric analysis using VOSviewer to map research trends and the relationships between variables affecting SME performance. Data analyzed were sourced from articles published in the Scopus database between 2000 and 2024, using the keywords "SMEs Performance" and "SMEs Financial Performance". The findings reveal that financial literacy and access to finance significantly impact the financial performance of SMEs, while product and business model innovation play a crucial role in enhancing competitiveness and sustainability. Additionally, effective risk management enhances the resilience of SMEs in times of crisis. The research trends indicate a shift in focus from financial performance to non-financial dimensions such as sustainability and social innovation. Future research is recommended to explore social innovation, risk management in the context of pandemics, and the interplay between social and financial capital in SMEs through longitudinal studies to better understand their long-term impact on SME performance.

**Keywords:** SMEs, Financial Literacy, Access to Finance, Business Innovation, Risk Management, Bibliometrics, SME Performance

### INTRODUCTION

MSMEs (Micro, Small, and Medium Enterprises) play a very important role in the economy, both at the national and global levels. In Indonesia, the sector contributes 61% to the national Gross Domestic Product (GDP) and absorbs 97% of the workforce in 2022, making it the backbone of the country's economy. At the regional level, such as in Malang City, the MSME sector continues to show significant potential, with more than 4,000 MSMEs spread across the culinary, fashion, craft, and digital application subsectors. Despite their large contributions, MSMEs face significant challenges in terms of adequate financial management, with most businesses not having a standardized bookkeeping system, which hinders access to finance and operational efficiency. The success of MSMEs is highly dependent on their ability to efficiently manage resources, adapt to market changes, and address emerging risks, so understanding the factors that affect the financial performance of MSMEs is critical to support their growth and competitiveness in an increasingly competitive global market.

Research on the performance of MSMEs is very relevant, especially in the context of the variables that affect it, such as financial literacy, financial access, business innovation, and risk management. These four factors play an important role in determining the extent to which MSMEs can survive and thrive in a dynamic and competitive business environment. Financial literacy is one of the crucial factors that affect the performance of MSMEs. MSME owners or managers who have a good understanding of financial concepts, such as cash flow management, investment, and financial planning, will be better able to make wise financial decisions, which in turn increases business stability and profitability (Adomako & Danso, 2014). Financial literacy also affects the ability of MSMEs to access various financial products, thereby increasing their competitiveness and growth potential (Frimpong et al., 2022).

Financial access is also one of the main pillars for the sustainability and performance of MSMEs. Wider access to financing, such as bank credit or investment loans, gives MSMEs the ability to expand their operations, innovate, and overcome existing challenges

(Syahdan et al., 2020). Without adequate financial access, MSMEs will find it difficult to manage their operations and develop their businesses, which can limit their growth potential (Fatoki, 2021). In addition, business innovation plays a key driver to maintain the competitiveness of MSMEs in an ever-growing market. Innovation includes not only the creation of new products, but also improvements in business processes, business models, and marketing strategies (Rosenbusch et al., 2011). MSMEs that are able to innovate faster in responding to changing market needs and introduce unique products or services tend to be more able to survive and develop compared to those that do not innovate.

Finally, risk management is an important factor that is often overlooked by many MSME actors. Managing risks related to market fluctuations, economic uncertainty, and regulatory changes is very vital to maintain the financial and operational stability of MSMEs (Brustbauer, 2014). With the right risk management approach, MSMEs can identify and mitigate existing risks, as well as make more informative and measurable strategic decisions, which contribute to improving financial and operational performance of businesses (Elahi, 2013). Overall, research examining the relationship between financial literacy, financial access, business innovation, and risk management in the context of MSME performance has high relevance, both for theory and practice. A deeper understanding of the relationship between these factors can provide practical guidance for MSMEs to improve their performance, as well as assist policymakers in formulating programs that support the development of this sector.

The main purpose of this article is to explore the relationship between variables that affect the performance of MSMEs, as well as the research trends that develop in the study. This article will explore key variables such as financial literacy, financial access, business innovation, and risk management, as well as how each of these factors interact with each other and contributes to improving the performance of MSMEs. In addition, this article will also analyze the performance dimensions of MSMEs, both related to financial and non-financial aspects, as well as identify gaps in the existing literature, which have not been discussed much in an integrated manner in one research model. This research aims to provide a more comprehensive understanding of how MSMEs can optimize these factors to improve the competitiveness and sustainability of their businesses.

This article has great significance for various parties. For academics, this article makes a theoretical contribution by introducing a more holistic approach to analyzing MSME performance, as well as identifying existing research gaps. This is expected to be the basis for further research that is more in-depth and directed. For policymakers, this article can provide deeper insight into the importance of financial literacy, financial access, innovation, and risk management in supporting the sustainability of MSMEs. Thus, policymakers can formulate more effective programs and policies to support MSMEs, such as increasing access to financing, financial literacy training, and facilitating business innovation in this sector. For MSME practitioners, this article can provide practical guidance on steps that can be taken to improve financial management, innovation, and risk management, in order to strengthen their performance and increase competitiveness in the market.

## LITERATURE REVIEW

MSMEs (Micro, Small, and Medium Enterprises) play a very important role in the economy, both at the national and global levels. In Indonesia, the sector contributes 61% to the national Gross Domestic Product (GDP) and absorbs 97% of the workforce in 2022, making it the backbone of the country's economy. At the regional level, such as in Malang City, the MSME sector continues to show significant potential, with more than 4,000 MSMEs spread across the culinary, fashion, craft, and digital application subsectors. Despite their large contributions, MSMEs face significant challenges in terms of adequate financial management, with most businesses not having a standardized bookkeeping system, which hinders access to finance and operational efficiency. The success of MSMEs is highly dependent on their ability to efficiently manage resources, adapt to market changes, and

address emerging risks, so understanding the factors that affect the financial performance of MSMEs is critical to support their growth and competitiveness in an increasingly competitive global market.

Research on the performance of MSMEs is very relevant, especially in the context of the variables that affect it, such as financial literacy, financial access, business innovation, and risk management. These four factors play an important role in determining the extent to which MSMEs can survive and thrive in a dynamic and competitive business environment. Financial literacy is one of the crucial factors that affect the performance of MSMEs. MSME owners or managers who have a good understanding of financial concepts, such as cash flow management, investment, and financial planning, will be better able to make wise financial decisions, which in turn increases business stability and profitability (Adomako & Danso, 2014). Financial literacy also affects the ability of MSMEs to access various financial products, thereby increasing their competitiveness and growth potential (Frimpong et al., 2022).

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and risk management in supporting the sustainability of MSMEs. Thus, policymakers can formulate more effective programs and policies to support MSMEs, such as increasing access to financing, financial literacy training, and facilitating business innovation in this sector. For MSME practitioners, this article can provide practical guidance on steps that can be taken to improve financial management, innovation, and risk management, in order to strengthen their performance and increase competitiveness in the market.

## METHODS

The research method used is bibliometric analysis. Bibliometric analysis is a quantitative method used to analyze patterns and trends in the scientific literature, with the aim of identifying relationships between topics, authors, and publication sources. In the context of MSME performance, bibliometric analysis can help to understand research trends that develop over time, for example by identifying frequently discussed topics, such as financial literacy, financial access, business innovation, and risk management. In addition, this analysis also makes it possible to explore the relationship between variables that affect the performance of MSMEs, by revealing patterns of collaboration between researchers and themes that often appear in related articles. This method is very useful for identifying research gaps, which are areas that are still underexplored in the literature, such as the lack of integration between existing variables or the lack of longitudinal studies that analyze the long-term impact of these factors on the performance of MSMEs. Thus, bibliometric analysis can provide a clearer view of how MSME research develops, as well as direct the next direction of research.

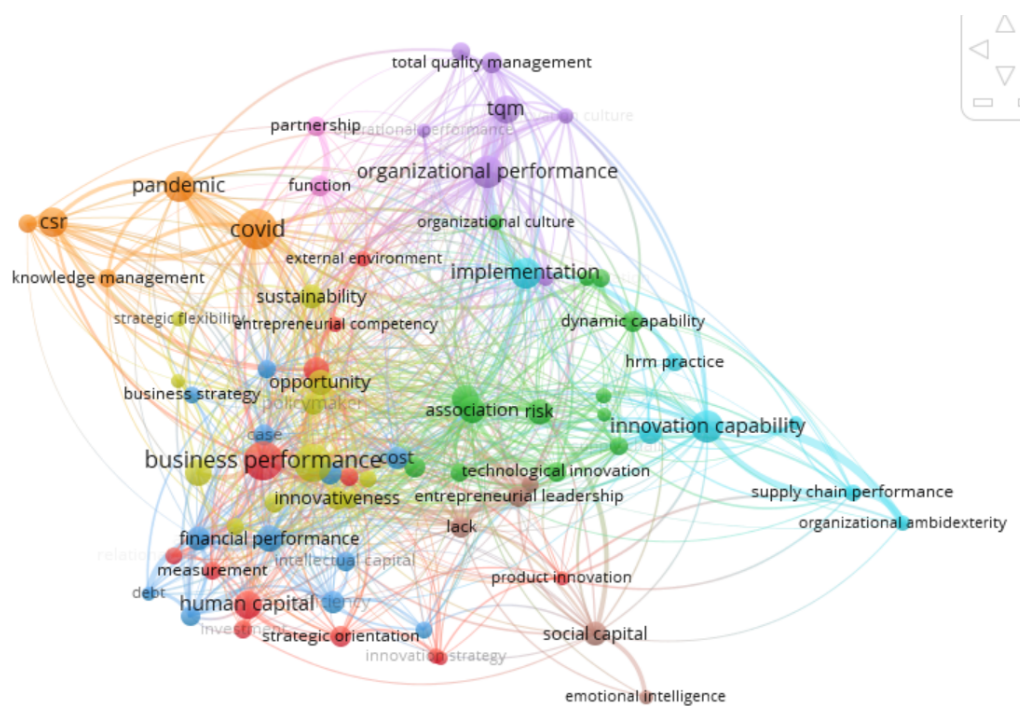
In this study, the database used to search for scientific articles is Scopus, which is one of the largest and leading data sources for academic literature across various disciplines. The search period set is 2000 to 2024, to include the latest research developments and look at trends that have developed over a fairly long period of time. The keywords used in the search were "SMEs Performance" and "SMEs Financial Performance", which were focused on identifying articles that discussed the performance of Micro, Small, and Medium Enterprises (MSMEs), both in terms of finance and overall performance. The use of these keywords is expected to produce relevant results related to various factors that affect the performance of MSMEs, such as financial literacy, financial access, business innovation, and risk management.

For data analysis, the VOSviewer tool is used to conduct bibliometric analysis and visualization of scientific literature data. VOSviewer allows researchers to map relationships between keywords, authors, and articles using co-occurrence analysis techniques, which identify patterns of occurrence of related variables in scientific publications. This tool is used to explore the relationship between variables that affect the performance of MSMEs, such as financial literacy, financial access, business innovation, and risk management, by processing bibliometric data obtained from the Scopus database. The results of this analysis are in the form of a visual map that shows the relationship between the main topics, helping researchers understand trends, interactions between variables, and areas that are still underexplored in MSME performance research.

The article selection criteria used in this study aim to ensure the quality and relevance of articles included in bibliometric analysis. The selected articles must meet several key criteria, namely, firstly, only articles published in Scopus indexed journals from 2000 to 2024 will be considered, to ensure that the literature used is the most up-to-date and credible. Second, the article must be relevant to topics directly related to the performance of MSMEs, focusing on variables such as financial literacy, financial access, business innovation, and risk management. Third, the article used must be in the form of an original article (not a review or technical report) that presents empirical research or theory that can make a significant contribution to understanding the performance of MSMEs. Finally, the selected articles must be of good methodological quality, with clear analysis and valid data, to ensure accurate and accountable bibliometric analysis results.

## RESULTS

In this section, the results of bibliometric analysis conducted using VOSviewer are displayed in the form of a visual map that illustrates the relationship between various topics and variables related to MSME performance. The map was obtained through the analysis of bibliometric data from articles published between 2000 and 2024, focusing on variables such as financial literacy, access to finance, business innovation, and risk management. The following figure shows the network of relationships between the main topics that often appear in the literature related to MSME performance, providing a clear picture of the patterns of relationships between factors that affect business performance in the MSME sector.



**Figure 1. Article Mapping Results using Vosviewer**  
**Source: Processed Data (2025)**

From the visual map, it can be seen that there are color groups that represent various interrelated research themes. For example, the blue group related to business performance and financial performance, the green group that focuses on innovation capabilities and organizational capabilities, and the orange group that focuses on topics related to CSR and the pandemic. This visualization provides insight into how much each variable contributes to MSME performance, as well as shows the close relationship between factors such as product innovation, organizational capability, and risk management in the context of MSME management and growth. This analysis also identified several research gaps, where several variables have the potential to affect the performance of MSMEs that require further exploration to understand their interactions in more depth.

### The Relationship Between Variables Affecting MSME Performance

High financial literacy is one of the main factors that affect the performance of MSMEs, especially in cash flow management, investment planning, and debt management. Research conducted by Agyapong & Attram (2019) and Tuffour et al. (2020) shows that MSME owners or managers who have a good level of financial literacy are better able to make the right financial decisions, which has a direct impact on business stability and

sustainability. They can manage cash flow more efficiently, minimize financial risks, and plan investments that support business growth.

Conversely, a lack of financial literacy can lead to difficulties in managing finances, which often leads to business failure. Frimpong et al. (2022) found that MSMEs with low levels of financial literacy tend to rely on intuition and spontaneous decisions, which are high risks. They are also more susceptible to financial instability because they do not have a good understanding of cash flow management or the proper use of financial products. Therefore, financial literacy is not only important to improve financial performance, but also to improve the managerial capabilities of MSMEs in facing increasingly competitive market challenges.

The importance of financial literacy is also reflected in the results of Agyapong's (2020) research, which shows that MSME owners with better literacy levels are better able to identify and manage financial risks that can affect their business performance. With an adequate understanding of finance, they can optimize the use of resources, minimize waste, and plan expansion or innovation more effectively. Therefore, increasing financial literacy among MSME actors is an important step to support sustainable business growth and increase their competitiveness in the global market.

Access to financing is a key factor that greatly influences the ability of MSMEs to develop and compete in the market. Sufficient financing allows MSMEs to expand their operations, innovate, and manage and reduce the risks they face. Bank loans and venture capital are two forms of financing that are often relied on by MSMEs to support business growth and expansion. Research by Syahdan et al. (2020) shows that wider access to financing sources helps MSMEs in obtaining the capital needed to increase production capacity, introduce new products, and expand the market. With external sources of financing, MSMEs can overcome capital limitations that are often the main obstacles in their business development. However, access to financing is not always easy for MSMEs, especially in developing countries. Some of the main obstacles include the inability to meet loan requirements (such as collateral or good financial statements), as well as a low understanding of financing procedures (Fatoki, 2021). Research by Adomako & Danso (2014) also shows that although many MSMEs need financing to grow, not all MSMEs have easy access to formal financial institutions. This condition often limits the ability of MSMEs to innovate or improve operations, which ultimately affects long-term growth.

In contrast, venture capital provides an opportunity for MSMEs to obtain funds without having to hand over heavy collateral or collateral, but often requires the commitment of entrepreneurs to share ownership or control over their business. Fatoki (2021) stated that although venture capital is more flexible in terms of financing requirements, not all MSMEs can meet the criteria set by venture investors, such as large market potential and the ability to grow quickly. Overall, better access to finance is essential to strengthen the capacity of MSMEs, increase innovation, and enable them to adapt to rapid market changes. Therefore, policies that can increase access to finance, such as ease in the loan application process or the provision of venture funds, are needed to support the sustainable growth of MSMEs in the future.

Product innovation and business models play a very important role in improving the performance of MSMEs, especially in the face of increasingly competitive and dynamic market challenges. Product innovation refers to the development of new products or improvements to existing products to meet customer needs in a better or more efficient way. This innovation not only increases the competitiveness of MSMEs, but also expands market share and increases the sustainability of their business. Ali et al. (2020) in their research showed that MSMEs that develop innovative products tend to have faster sales growth and are more able to survive in the face of changes in market demand. Rosenbusch et al. (2011) also emphasized that product innovation is a major factor in improving the financial performance of MSMEs, as innovative products attract more customers and can differentiate MSMEs from their competitors.

In addition, business model innovation refers to changing the way MSMEs run their operations to create new value, increase efficiency, and reduce costs. Changes in this business model can be in the form of the adoption of new technologies, changes in the pricing structure, the development of new distribution channels, or the implementation of more effective marketing strategies. Valenzuela et al. (2021) revealed that innovative business models allow MSMEs to adapt to changes quickly, take advantage of market opportunities, and remain relevant in the midst of global competition. Business model innovations often help MSMEs to operate more efficiently and reduce production costs, which in turn can increase profitability and long-term growth. Innovation, both in products and business models, is also closely related to the ability of MSMEs to adapt to changing market conditions, such as fluctuations in raw material prices or changes in consumer behavior. Innovation allows MSMEs to remain resilient, especially in the face of economic crises or uncertainties. Therefore, innovation not only serves to improve product quality and create differentiation, but also as a key to risk management and sustainable growth.

Risk management is an important aspect that must be considered by MSMEs to ensure the continuity and growth of their business, especially in the midst of economic uncertainty and the market that is often changing. Financial, operational, and external risks such as risks related to pandemics or natural disasters, can affect the stability and performance of MSMEs if they are not managed properly. Financial risks include challenges related to financial management, such as reliance on external financing, inability to manage cash flow, or uncontrolled fluctuations in operating costs. Research by Elahi (2013) shows that MSMEs that do not have proper financial risk management strategies, such as inability to manage debt or inadequate budget planning, tend to experience difficulties in maintaining the continuity of their business. Poor cash flow management, for example, can lead to difficulties in meeting short-term financial obligations, ultimately threatening the sustainability of the business.

In addition, operational risks include internal challenges related to the production process, product quality, or human resource management. Brustbauer (2014) stated that MSMEs that are unable to identify and overcome bottlenecks in production or errors in the supply chain, are at risk of experiencing disruptions that can reduce performance and cause financial losses. Good operational risk management includes the implementation of efficient operational standards of procedures, regular employee training, and the use of technology to increase productivity.

External risks, such as economic crises, natural disasters, or pandemics (such as those that occurred with COVID-19), have a much broader impact and can threaten the survival of MSMEs. Research by Syahdan et al. (2020) and Fatoki (2021) revealed that MSMEs that do not have well-planned to deal with external risks, such as economic crises or supply disruptions, tend to experience significant performance declines. The COVID-19 pandemic, for example, caused many MSMEs to experience a decrease in revenue and were forced to temporarily close their operations due to the inability to adapt business models. Therefore, it is important for MSMEs to have an external risk mitigation strategy that can help them adapt quickly to major changes occurring in the market. Overall, effective risk management in an MSME business not only helps in reducing losses, but also allows the business to survive and grow in the long run. By having a good strategy in dealing with financial, operational, and external risks, MSMEs can maintain business sustainability, strengthen resilience to market shocks, and improve their ability to innovate and grow.

### **Research Trends and Theme Changes Over Time**

The research focus on MSME performance has undergone significant changes from year to year, reflecting the response to market dynamics and global economic challenges. In the early 2000s, MSME research tended to focus more on aspects of financial growth and basic operational management. During this period, the topics that were widely discussed involved cost efficiency, production capacity building, and basic marketing strategies to increase the competitiveness of MSMEs in the local market. However, as time went on, attention began to shift to more complex risks and more strategic management.

In the mid-2000s, with the development of global markets and increasing economic uncertainty, the emergence of risk management began to gain greater attention in research. Many studies have identified how MSMEs face financial risks, market risks, and operational risks that can threaten business sustainability. Research by Brustbauer (2014) shows that during this period, many MSMEs struggle to manage the uncertainty arising from fluctuations in raw material prices and volatile market conditions. In response, many articles have begun to highlight the importance of more structured risk management to maintain long-term stability.

Entering the 2010s, innovation became an increasingly important theme in MSME research. Research conducted by Rosenbusch et al. (2011) and Valenzuela et al. (2021) emphasizes that product innovation and business models are key in increasing the competitiveness of MSMEs in the global market. Innovation is not only limited to products, but also includes innovations in business processes, the use of technology, and digital marketing strategies. Research is increasingly focused on how MSMEs can leverage technology and innovation to introduce new products and improve their operational efficiency.

In the current period (2020 to 2024), with global crises such as the COVID-19 pandemic, the topic of financial access has become very important in MSME performance research. Many studies, such as those conducted by Fatoki (2021) and Syahdan et al. (2020), have discussed how financing through venture capital, bank loans, and access to digital finance plays a major role in the survival and growth of MSMEs during times of uncertainty. Research in this era also highlights more inclusive access to finance, especially for MSMEs in developing countries who often face barriers in obtaining appropriate financing.

Overall, over time, the research focus on MSME performance has evolved from basic financial and operational aspects to more complex topics such as risk management, innovation, and access to finance. Research focusing on these topics is increasingly relevant given the challenges faced by MSMEs in dealing with market uncertainty and economic globalization. The COVID-19 pandemic and other global crises have significantly affected the approach to MSME research and their performance. Before the crisis, MSME research mostly focused on growth, innovation, and operational efficiency. However, with the emergence of uncertainty caused by the pandemic, there has been a significant shift in focus in the literature related to crisis resilience and corporate social responsibility (CSR).

During the pandemic, many MSMEs faced major challenges related to supply chain disruptions, decreased demand, and strict operational restrictions. Research on resilience to crises is starting to get more attention, with a focus on how MSMEs can survive in uncertain situations. Research conducted by Syahdan et al. (2020) and Fatoki (2021) highlights how MSMEs that have a good resilience strategy and the ability to adapt quickly to market changes are better able to survive and even thrive during times of crisis. This includes the use of digital technology, product diversification, and the implementation of effective digital marketing strategies to access new markets.

In addition, corporate social responsibility (CSR) is also increasingly a relevant theme in MSME research during the pandemic. Many MSMEs that, despite experiencing financial difficulties, remain focused on their social contributions, such as helping local communities or supporting public health. Research by Agyapong (2020) shows that MSMEs that have strong CSR practices not only improve their reputation, but also gain customer loyalty and support from the government or financial institutions that offer assistance during the crisis. This CSR practice can increase the competitiveness of MSMEs and help them to maintain relationships with customers even in difficult times.

The pandemic has also accelerated the importance of digitalization in MSME performance research, with many studies highlighting technology adoption and digital transformation as

key factors in helping MSMEs survive. Access to digital technology allows MSMEs to operate efficiently despite physical restrictions, allowing them to continue to reach consumers through e-commerce and online marketing. Research by Valenzuela et al. (2021) shows that MSMEs that are quick to adapt to digital technology have a greater chance of expanding the market and minimizing the negative impact of the crisis. Overall, the pandemic and other global crises have changed the approach to MSME research by emphasizing the importance of resilience to crises, corporate social responsibility, and the adoption of digital technologies. This research is increasingly relevant to understand how MSMEs can adapt to major changes that occur in markets and society, as well as how they can maintain continuity and growth in the midst of economic uncertainty.

### **The Most Considered MSME Performance Dimensions**

In the discussion of the performance dimensions of MSMEs, there is a significant difference between financial and non-financial performance which is the main focus of the research. Traditionally, many studies have highlighted the financial performance of MSMEs, as this factor is considered the main indicator of the success or failure of a business. Financial performance, which includes profit, revenue, sales growth, and profitability, is usually the primary measure to evaluate whether MSMEs are successful in managing financial resources and achieving business sustainability. Several studies, such as those conducted by Tuffour et al. (2020), indicate that MSMEs that successfully manage cash flow and optimize their operational costs can show better financial performance and are more resilient in the long term.

However, in recent years, the non-financial performance dimension has received increasing attention, especially with the increasing understanding that the long-term success of MSMEs is not only measured through financial figures, but also through social aspects and innovation. Social development, such as relationships with local communities, sustainability, and corporate social responsibility (CSR), are becoming increasingly important factors. Research by Rosenbusch et al. (2011) shows that although financial performance is the main indicator, non-financial performance, such as customer satisfaction, customer loyalty, and social value provided by MSMEs to society, also contribute to the sustainability of the business. MSMEs that have a positive social impact are more likely to attract customer support and gain trust from the community, which in turn supports long-term growth.

Product innovation is also an important aspect of non-financial performance that is getting more and more attention. Research shows that MSMEs that focus on product or business process innovation have a greater ability to adapt to market changes and remain competitive. Valenzuela et al. (2021) revealed that MSMEs that innovate in the development of new products or the use of technology to improve process efficiency tend to show better performance, not only in terms of finance, but also in terms of competitiveness and market reputation.

However, research shows that financial and non-financial performance are interconnected and influence each other. Good financial performance can often support investment in innovation and social development, while good non-financial performance can build customer trust and loyalty, which ultimately contributes to financial success. Therefore, to get a more complete picture of the performance of MSMEs, it is important to consider these two dimensions in a balanced manner.

The broader organizational performance, including the concept of dynamic capabilities and organizational ambidexterity, plays an important role in driving the success of MSMEs, especially in the face of rapidly changing and increasingly competitive market challenges. Dynamic capabilities refer to an organization's ability to adapt, update, and integrate internal resources as well as the ability to respond effectively to external changes. Research by Teece (2007) suggests that MSMEs that have strong dynamic capabilities can identify new opportunities, utilize resources more efficiently, and manage market

uncertainties better. This capability is critical in dealing with rapidly changing market dynamics, such as technological changes or evolving consumer needs.

On the other hand, organizational ambidexterity refers to an organization's ability to balance the exploration of innovation and the exploitation of existing resources. Exploration involves finding new opportunities and experimenting with new ideas or business models, while exploitation focuses on the optimal utilization of existing resources to increase efficiency and profitability. O'Reilly & Tushman (2008) show that MSMEs that can effectively utilize these two dimensions tend to have better performance. Ambidextrous MSMEs can survive in a changing environment by innovating and exploiting existing competitive advantages. For example, MSMEs can explore new markets through product innovation while still optimizing existing production processes to ensure cost efficiency.

Dynamic capabilities and organizational ambidexterity are closely related to the resilience of MSMEs in facing challenges and opportunities that arise in the market. MSMEs that have dynamic capabilities can adapt more quickly to external changes, such as regulatory changes or economic crises, while MSMEs with good ambidexterity can continue to develop and leverage their advantages without ignoring the need to innovate. Research by Helfat & Peteraf (2009) shows that the ability to adapt and manage changes, both in product and process innovation, is very important in maintaining the long-term sustainability and performance of MSMEs. Overall, the organization's dynamic capabilities and ambidexterity help MSMEs manage uncertainty, take advantage of market opportunities, and optimize existing resources to support sustainable growth. These two concepts allow MSMEs to become more flexible and resilient in the face of rapid change, while still maintaining a focus on achieving long-term goals.

#### **New Concepts in MSME Research**

Sustainability in MSME performance is a concept that is getting more and more attention in research, especially in line with increasing global awareness of deep environmental, social, and economic issues. Previously, MSME research focused more on aspects of financial growth and operational efficiency. However, in recent years, sustainability has become an important element that has to do not only with regard to environmental aspects, but also social responsibility and long-term sustainability of businesses. Research on MSME sustainability involves evaluating how MSMEs can integrate sustainable practices in their business model to ensure business continuity in the long term without harming the environment or harming society (Brundtland, 1987).

The concept of sustainability in the performance of MSMEs involves three main pillars: environmental, social, and economic. MSMEs that integrate sustainability into their business practices tend to not only stay in the market, but also build a good reputation, customer loyalty, and positive relationships with local communities. Research by Rosenbusch et al. (2011) shows that MSMEs that adopt environmentally friendly practices, such as waste reduction or the use of renewable energy, can reduce operational costs while improving the company's image. This allows MSMEs to not only meet market needs, but also pay attention to the social and environmental impact of their activities.

In addition, CSR (Corporate Social Responsibility) practices are an integral part of the MSME sustainability strategy. In an era that increasingly demands attention to social responsibility, many MSMEs are beginning to realize the importance of investing in the well-being of the communities around them, such as providing fair work, supporting education, or engaging in beneficial philanthropic activities. Agyapong (2020) emphasized that MSMEs that have a commitment to CSR not only improve their reputation, but also gain social support and higher customer trust, which in turn can encourage more sustainable business growth.

Sustainability is also related to social innovation which is now growing in MSME research. Social innovation involves the creation of products or services that are not only

economically valuable, but also have a positive impact on society or the environment. MSMEs that adopt social innovation tend to have added value that is not only felt by business owners, but also by consumers and the wider community. Research by shows that MSMEs that focus on social innovation and sustainability have the opportunity to expand the market and increase the power of Valenzuela et al. (2021) their competitors in a market that is increasingly concerned about social and environmental issues.

Overall, sustainability is not only a trend in MSME research, but also the key to sustainable long-term growth. MSMEs that are able to integrate sustainability into their business models not only gain financial benefits, but also have a positive impact on society and the environment, which is increasingly appreciated by consumers and other stakeholders.

Innovation capability is a concept that is increasingly developing in the MSME literature and plays a very important role in encouraging the success of MSMEs in an increasingly competitive market. Innovation capability refers to the ability of MSMEs to identify innovation opportunities, develop new products, improve business processes, and create added value that differentiates them from competitors in the market. In this context, innovation is not only limited to products, but also includes processes, technologies, and business models that allow MSMEs to adapt quickly to changing market needs and evolving industry trends.

Research by Rosenbusch et al. (2011) shows that strong innovation capabilities can significantly increase the competitiveness of MSMEs, especially in a highly dynamic and challenging market. MSMEs that have good innovation capabilities tend to be more successful in introducing new products that can meet changing consumer needs. Product innovation allows MSMEs to offer more relevant and engaging solutions, which in turn helps them gain new market share and retain existing customers. For example, MSMEs that adopt new technologies to create products with higher quality or more competitive prices can differentiate themselves from competitors.

However, innovation capabilities are not only limited to product innovation, but also include innovations in business processes and business models. Innovations in business processes, such as automation, the use of digital technology, and managerial improvements, can improve operational efficiency and reduce production costs, which are critical for MSMEs to remain competitive. Valenzuela et al. (2021) show that MSMEs that successfully innovate in their business processes can increase profitability through reducing waste and optimizing resources.

On the other hand, business model innovation capabilities are also very important in helping MSMEs adapt to market changes. This business model innovation involves a shift in the way MSMEs create, deliver, and capture value. Business model innovations such as the adoption of digital platforms for product distribution or business-to-consumer (B2C) implementation can help MSMEs expand their market significantly. Research by Ali et al. (2020) revealed that MSMEs that are able to innovate in their business models, especially through digitalization and technology-based services, are more likely to succeed in achieving profits in an increasingly digitized market.

Overall, innovation capabilities have a significant impact on the long-term success of MSMEs, especially in competitive markets. MSMEs that can develop innovation capabilities in their products, processes, and business models will be better able to adapt to market changes, optimize operations, and expand the market. Thus, innovation is not only a driver of competitiveness, but also the key to the sustainable growth of MSMEs in an increasingly global and dynamic market.

Social capital and human capital have a close relationship with the performance of MSMEs, playing a very important role in supporting business competitiveness and sustainability. Social capital refers to the network of relationships that MSMEs have with

individuals, organizations, or communities that can help the business acquire external resources, such as information, financing, and market opportunities. Research by Lin (2001) shows that MSMEs that have a strong social network can access more opportunities for business expansion and development. This cooperation network also allows MSMEs to obtain financial support, collaborate with suppliers and distributors, and build trust that is important in maintaining relationships with customers and business partners. Thus, social capital serves as a means to expand market reach, reduce uncertainty, and open the door to strategic cooperation that improves the performance of MSMEs.

Meanwhile, human capital, which is related to the skills, knowledge, and managerial abilities possessed by MSME owners and employees, also plays a major role in influencing business performance. Good human resource (HR) skills can improve operational efficiency, facilitate innovation, and improve product quality and customer service. Research by Fatoki (2021) shows that high HR competencies are essential in managing marketing strategies, leading teams, and adapting to rapid market changes. MSMEs with a skilled workforce are better able to optimize existing resources, develop new products, and respond better to customer demands. Good managerial skills also allow MSME owners to manage risk, plan expansion, and make more strategic business decisions.

When this social capital and human capital synergize, they can strengthen each other. A wide network of cooperation can open up opportunities for the development of human resource skills, such as through training or knowledge exchange with external parties. On the contrary, good human resource capabilities allow MSMEs to utilize social networks more effectively, improve the ability to collaborate, and respond to market opportunities. Therefore, the success of MSMEs is highly dependent on their ability to manage these two types of capital, build strong cooperative networks, and develop HR skills relevant to evolving business needs.

### **Gaps in Research**

Although research on MSME performance has grown rapidly, there are still some gaps or shortcomings in the literature that need to be further explored to provide a more comprehensive understanding of the factors that affect the success and sustainability of MSMEs. One of the main gaps is the lack of in-depth research on social innovation in the context of MSMEs. Social innovation refers to the development of products, services, or business models that not only generate economic benefits, but also have a positive impact on society or the environment. Rosenbusch et al. (2011) stated that although product and process innovation is widely discussed, social innovations that focus on social good and environmental sustainability in MSME operations are still limited. Further research on how social innovation can drive the performance of MSMEs, especially in creating more value for customers and society, will be very beneficial to increase the competitiveness and positive impact of MSMEs.

In addition, risk management in the context of pandemics and other global crises is still under-discussed in the literature. While several studies have identified the importance of risk management for MSMEs in the face of economic uncertainty, there has not been much research exploring how MSMEs manage risk in extreme crisis conditions, such as the COVID-19 pandemic. Fatoki (2021) stated that during the pandemic, many MSMEs faced difficulties to survive, but there is not much research that delves into how risk management strategies can be implemented in global crisis situations. Further research on risk mitigation strategies in the face of uncertainty and drastic changes, as well as their impact on the resilience and performance of MSMEs, will provide more valuable insights for owners and policymakers.

Finally, there is also a lack of literature regarding the relationship between social and financial capital in MSMEs. Social capital—the network of relationships that MSMEs have—is often associated with access to resources and market opportunities, while

financial capital is more focused on access to financing and financial capabilities. However, there have not been many studies investigating how social capital and financial capital influence and interact with each other in supporting the performance of MSMEs. Lin (2001) emphasized the importance of social relationships in accessing financing and ease of doing business, but the relationship between these two capitals still needs to be explored further, especially in the context of how social networks can open access to better financing and how financial capabilities can strengthen social relationships to support business growth.

Overall, there are shortcomings in MSME research on social innovation, risk management in the context of a pandemic, and the linkage between social and financial capital. Further research in these areas will provide a deeper and more comprehensive understanding of the key factors influencing the performance and sustainability of MSMEs, as well as provide more effective guidance for policymakers and practitioners in supporting MSMEs in an increasingly dynamic and challenging era.

Some areas or topics that need to be explored further in research on MSME performance include longitudinal research that can provide insight into the long-term impact of factors such as financial access and innovation capabilities on MSME performance. This longitudinal research is critical to understanding how financial access obtained by MSMEs—whether through bank loans, venture capital, or alternative financing—affects business growth, profitability, and sustainability in the long term. So far, most existing research has tended to be cross-sectional or short-term data-driven, which may not provide a complete picture of how financial access continues to affect the performance of MSMEs over time. Long-term research will provide a deeper understanding of the financial stability and resilience of MSMEs to economic fluctuations or crises that may occur.

In addition, more in-depth research on innovation capabilities is also important to explore its long-term impact on the performance of MSMEs. Innovation capabilities, which include the ability of MSMEs to innovate in products, processes, and business models, play a major role in maintaining competitiveness and growth. However, there has not been much research that has observed how innovation capabilities can contribute to the sustainability of MSMEs in the long term, especially when faced with increasingly dynamic market challenges. Longitudinal research can identify the most effective innovation strategies and how investments in innovation can impact the future performance of MSMEs. It can also help MSMEs understand how adjusting their innovation strategies over time can increase financial profits and expand their customer base.

In addition, another topic that needs to be explored is the influence of digital technology on the performance of MSMEs in the long term. While there has been research showing the importance of digitalization in improving efficiency and market access, there is little research examining how long-term adoption of technology can affect the sustainability and performance of MSMEs. Longitudinal research will provide insight into how MSMEs that consistently adopt technology can improve product innovation, operational efficiency, and market achievement in the long run.

Thus, further research involving longitudinal analysis of the impact of financial access, innovation capabilities, and digital technology on the performance of MSMEs will provide a deeper understanding of the factors influencing the long-term growth of MSMEs and how they can overcome challenges in an ever-changing market. This kind of research will not only provide benefits for academics, but will also be very useful for practitioners and policymakers to formulate strategies that support the sustainability and growth of MSMEs.

## **CONCLUSION**

From the results of the analysis carried out, it can be concluded that the relationship between variables that affect the performance of MSMEs is very complex and interrelated. The main variables that affect the performance of MSMEs, such as financial literacy,

access to finance, business innovation, and risk management, contribute significantly to business growth and sustainability. Good financial literacy aids in cash flow management and wiser financial decision-making, while financial access opens up opportunities for expansion and innovation. Innovation in products and business processes allows MSMEs to maintain competitiveness, while effective risk management allows MSMEs to survive in crisis situations or market uncertainty.

Related to research trends, there is a significant shift in focus in the MSME literature. Previously, research focused more on financial performance, but in recent years, non-financial performance—such as business innovation, corporate social responsibility (CSR), and resilience to crises—has become a topic that has received increasing attention. The research also shows an increase in interest in digitalization and social innovation, which is expected to strengthen the sustainability of MSMEs in the long term. What's more, the COVID-19 pandemic has changed the paradigm, highlighting the importance of access to finance and risk management strategies in the face of global crises.

In terms of performance dimensions, the research pays more attention to two main aspects, namely, financial performance and non-financial performance. Financial performance, while remaining the main focus, is now complemented by a non-financial dimension that measures social impact, customer satisfaction, innovation, and sustainability. These dimensions are increasingly considered an important indicator in assessing the success of MSMEs, as they contribute to long-term sustainability and stronger competitiveness in an increasingly competitive global market.

Overall, while there are still some research gaps, particularly in terms of social innovation, risk management in crisis, and the linkages between social and financial capital, the existing literature has provided valuable insights into the factors that affect the performance of MSMEs. Further research exploring these topics will provide clearer guidance for MSMEs to innovate, manage risk, and optimize access to finance to support sustainable growth in the future.

The practical implications of this research for policymakers and MSME stakeholders are the importance of formulating policies that support strengthening financial literacy, financial access, and innovation in the MSME sector. Policies that encourage increased financial literacy, such as training and financial education programs for MSME owners and managers, will improve their ability to manage financial resources more effectively. In addition, policies that facilitate access to finance, such as the provision of more inclusive and flexible financing schemes, will provide MSMEs with the opportunity to obtain the capital needed for expansion and innovation. Finally, policies that support innovation, both through tax incentives for research and development and facilities for MSMEs to access new technologies, will strengthen the competitiveness and sustainability of MSMEs in an increasingly competitive market. This kind of policy support will help MSMEs to adapt to market changes and achieve sustainable long-term growth.

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