

Strategic Goal-Setting Effect on Customer Satisfaction in Melaka SMEs

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Abstract

Small and medium-sized businesses (SMEs) are vital to the national and regional economies because they promote economic growth, employment, and innovation. Due to their lack of managerial expertise, scarce resources, and restricted access to information, SMEs frequently struggle with strategic planning. This study examined the relationship between strategic planning namely strategic goal-setting and customer satisfaction of small and medium-sized businesses (SMEs) in Melaka using a quantitative approach via Multiple Regression Analysis. The Resource-Based View (RBV) and Porter's Generic Strategies served as the theoretical foundations for this study. This study examined quantitative data collected from SME managers in the tourism sector using standardized questionnaires. The findings demonstrated that strategic goal-setting significantly affects customer satisfaction in SMEs of tourism industry. The study offers helpful insights for stakeholders, policymakers, and owners of small and medium-sized enterprises (SMEs) in Melaka on how to integrate strategic planning deemed functional to improve customer satisfaction and support sustainable business practices and strategic management competencies.

Keywords: Strategic Goal-Setting, Small and Medium Enterprises (SMEs), Melaka, Customer Satisfaction

Introduction

SMEs make up 97.4% of all company establishments in Malaysia, and they are essential to the country's economy (SME Corporation Malaysia, 2023). They employ close to 48% of the workforce and make up around 38.2% of Malaysia's GDP (Department of Statistics Malaysia, 2023). The SME Masterplan (2012-2020), which aims to improve SME productivity, increase innovation, and expand market access has been replaced by more recent programs aimed at sustaining the expansion and advancement of SMEs (Ministry of Entrepreneur Development and Cooperatives Malaysia, 2023). Despite these efforts, many Malaysian SMEs struggle with

strategic planning due to a lack of managerial expertise, limited funding, and insufficient information availability (Lim & Saleh, 2021).

The broad array of SMEs in Melaka, a historical state in Malaysia, home considerably boost the local economy (Economic Planning Unit, Malaysia, 2023). The state offers special prospects for SMEs due to its advantageous location, rich cultural legacy, and booming tourist industry (Malacca State Government, 2023). SMEs are common in a number of industries in Melaka, including manufacturing, services, retail, and tourism (Ho, 2022). But much like their counterparts in other areas, Melaka's SMEs have challenges including fierce rivalry, a lack of trained workers, and restricted access to finance (Yahya & Goh, 2022). Strategic planning is crucial for these companies to capitalize on their advantages, overcome their disadvantages, and grab new possibilities (Sok et al., 2022). Nine key themes are identified as critical success factors for SMEs, namely entrepreneurial characteristics, availability of financial resources, networking, adoption of technology, strategic planning, human resource management practices, enterprise factors, customer orientation and brand reputation, and government support (Malesu and Syrovátka (2025).

With 98.5% of all business establishments being small and medium-sized businesses (SMEs), they represent the foundation of Malaysia's economy and make a substantial contribution to GDP and employment (National SME Development Corporation NSDC,2017). SMEs are essential to regional growth in Melaka, especially in industries like manufacturing, services, and tourism. However, these businesses are under increasing pressure to stay competitive and customer-focused at a time of globalization, rapid technology disruption, and changing consumer expectations. Setting goals—more especially, how well-defined, quantifiable, and linked objectives can affect customer happiness and overall business performance—is one strategic lever that has drawn more attention recently.

A key element of efficient management is strategic goal-setting, which helps businesses match internal procedures with external market demands. Strategic goal-setting has become a crucial component of customer satisfaction in Melaka's ever-changing small and medium-sized business (SME) landscape. Since SMEs make up the majority of Malaysia's workforce and account for over 38% of the country's GDP, their capacity to provide reliable, superior customer service is essential for long-term growth and competitiveness. (Amran and Nur Farah (2024). However, this strategy is frequently underutilized or performed informally in the context of SMEs, which results in inconsistent service performance and decreased client loyalty. These skills are frequently based on clearly stated objectives that direct the conduct of organizations and the distribution of resources. Many SMEs in Melaka struggle to match their operational procedures with long-term strategic goals, despite their economic importance. This imbalance frequently leads to poor client retention, diminished brand loyalty, and uneven service performance. By empowering SMEs to establish well-defined priorities, efficiently distribute resources, and track performance results that have a direct impact on customer satisfaction, strategic goal-setting provides an organized method for overcoming these obstacles.

Meanwhile, a key factor in determining the longevity of SMEs is still customer satisfaction. According to Bambale et al. (2023), among Malaysian SMEs, customer loyalty is highly influenced by service orientation, e-service quality, and perceived customer value. The study

highlights that customer happiness is a strategic objective that can be developed by deliberate planning and execution, rather than just a result of receiving good service. SMEs are more likely to encourage repeat business and positive word-of-mouth when they set goals that put the customer experience first, such as speeding up response times, improving product quality, or improving digital interfaces.

The Smart Melaka Blueprint 2035 further emphasizes the value of innovation and strategic alignment in the growth of SMEs in Melaka. In order to increase competitiveness, the strategy promotes sustainable business models that incorporate digital tools and customer-centric tactics (Melaka State Government & MIGHT, 2024). Understanding the relationship between strategic goal-setting and customer satisfaction is becoming more and more important as SMEs in Melaka negotiate the challenges of digital transformation and post-pandemic recovery.

Setting quantifiable, achievable, and realistic goals that complement an organization's mission and stakeholder expectations is crucial, according to Bryson (2018). For SMEs looking to improve customer happiness, his strategy promotes strategic issue identification, stakeholder participation, and ongoing feedback.

Given the growing rivalry between nearby companies and the growing demands of customers in a digitally connected marketplace, this study is especially pertinent. In order to give SME owners, legislators, and support organizations useful information, the study will examine the relationship between strategic goal-setting and customer satisfaction. The results can help develop training curriculum, frameworks for strategic planning, and customer engagement tactics that are specific to the SME sector in Melaka.

By providing empirical insights into how goal-setting processes affect customer satisfaction outcomes in Melaka SMEs, this study seeks to investigate that link. The research aims to educate practitioners and policymakers on how to promote more resilient, customer-focused businesses by integrating theoretical frameworks with local business realities.

Finally, by showing how deliberate, well-structured goal-setting may improve customer experiences, cultivate loyalty, and propel long-term business success, our research adds to the larger discourse on SME development.

Problem Statement

Melaka's small and medium-sized businesses (SMEs) play a vital role in the local economy, yet many of them struggle to keep up high standards of customer satisfaction. Establishing explicit, quantifiable, and linked objectives is known as strategic goal-setting, and it has long been acknowledged as a factor in organizational effectiveness. However, not enough research has been done on how it directly affects customer satisfaction in the context of Melaka's SMEs. SME Corporation Malaysia (2024) asserts that customer-centric strategies and structured planning are becoming more and more important for SME competitiveness and resilience in Malaysia's changing business environment. In spite of this, a lot of SMEs still use reactive or unstructured planning techniques, which can lead to misaligned priorities, uneven service performance, and decreased client loyalty.

According to a study (Ahmad, 2020), strategic planning, market response, and innovation are critical factors in influencing local SMEs' success. The necessity for creative and sustainable business models that put the needs of customers and digital transformation first is also emphasized in the Smart Melaka Blueprint 2035 (Melaka State Government & MIGHT, 2024). In order to provide empirical insights that might guide managerial practices and policy interventions to improve customer-centric growth, this study intends to examine the relationship between strategic goal-setting and customer satisfaction in Melaka SMEs.

Objective of the Study

The primary objective of this study was to examine the effect of strategic goal setting on customer satisfaction among SMEs in Melaka.

Theoretical Framework

Porter's Generic Strategies and the Resource-Based View (RBV) are two complementary theoretical stances that serve as the foundation for this investigation. When combined, these frameworks offer SMEs in Melaka a strong basis for comprehending how strategic goal-setting affects customer satisfaction.

According to the Resource-Based View (RBV), which was first presented by Barney in 1991, businesses can gain a sustained competitive edge by utilizing internal resources that are rare, valuable, unique, and non-replaceable (VRIN). Setting strategic goals can be seen as a managerial talent that helps SMEs to mobilize and align internal resources, including operational systems, customer knowledge, and trained individuals, toward customer-centric outcomes. Setting goals improves SMEs' capacity to provide reliable and superior customer experiences by helping them identify objectives, distribute resources wisely, and track performance. Since SMEs in Melaka frequently have little funding, being able to use these resources wisely is essential to preserving client loyalty and satisfaction.

Porter's Generic Strategies framework (Porter, 1980), which supports the RBV, provides information on how businesses position themselves in the market to obtain a competitive edge. Cost leadership, difference, and focus are the three main tactics identified by Porter. Setting strategic goals is essential to SMEs' ability to successfully use these tactics. For example, SMEs seeking to stand out can establish objectives pertaining to customer interaction, product quality, or service innovation. Focus strategy adopters could set goals centered on delivering individualized services or breaking into a particular market. SMEs can improve customer satisfaction and better meet customer expectations by coordinating strategic goals with competitive strategies.

The integration of RBV and Porter's framework is especially pertinent in the Melaka setting, where SMEs must contend with growing competition and changing consumer needs. In order to propel SME growth, the Smart Melaka Blueprint 2035 highlights the significance of innovation, strategic planning, and customer-centricity (Melaka State Government & MIGHT, 2024). Similar to this, SME Corporation Malaysia (2024) emphasizes resource optimization and strategic clarity as critical facilitators of SME competitiveness and resilience in the post-pandemic economy.

According to this study, strategic goal-setting influences customer satisfaction by acting as a strategic positioning instrument (Porter) and a resource-leveraging mechanism (RBV). The study looks at how SMEs in Melaka set, carry out, and track their objectives in order to identify the channels by which strategic planning results in better customer experiences. Thus, the theoretical framework provides a twofold lens through which SME performance may be comprehended and improved, supporting the creation of hypotheses that relate goal-setting procedures to customer satisfaction outcomes.

Hypothesis

Strategic goal setting ensures SMEs have clear, achievable objectives that align with customer needs and expectations. To improve customer happiness, this alignment is crucial. Customer satisfaction levels may be directly impacted by setting clear objectives for product development, delivery schedules, and the quality of customer care.

This association is supported by empirical studies. For instance, SMEs with clearly stated goals were better able to satisfy customer expectations, which resulted in greater satisfaction levels, according to research by Wang et al. (2021). In a similar vein, Locke and Latham (2020) stressed the significance of goal-setting for accomplishing organisational goals, which raises client satisfaction.

The hypothesis thus is expressed as follows:

H: There is a positive relationship between strategic goal setting and customer satisfaction among SMEs in Malacca.

Materials and Methods

Multiple Regression Analysis

Multiple Regression Analysis was a statistical technique used to understand the relationship between one dependent variable and two or more independent variables. It extends simple linear regression by allowing for the inclusion of multiple predictors, providing a more comprehensive analysis of the factors that influence the dependent variable. This method helps in predicting the value of the dependent variable based on the values of the independent variables and in determining the relative contribution of each predictor.

The first step in Multiple Regression Analysis is to formulate the model. This involves defining the dependent variable, which was customer satisfaction, and the independent variables, which include various aspects of strategic planning such as resource allocation, market analysis, and competitive strategies. Developing a well-defined model is crucial as it establishes the framework for the entire investigation. The model provides a foundation for hypothesis testing and empirical research by encapsulating the theoretical link between strategic planning and SME performance.

Before proceeding with the analysis, it is crucial to ensure that the data meets the assumptions of Multiple Regression Analysis. These assumptions include linearity, independence, homoscedasticity, normality and no multicollinearity. Data preparation is a critical step in ensuring the accuracy and reliability of the regression analysis. This involves cleaning the data, encoding categorical variables, and standardizing or normalizing the data.

With the data prepared, the next step is to estimate the model using statistical software such as SPSS, R, or Stata. The procedure involved inserting the dependent variable and the list of independent variables into the software. Next, running the multiple regression analysis, which provided coefficients for each independent variable, an intercept, and various statistics to assess the model. Once the model was estimated, it needed to be evaluated for its accuracy and reliability. Key evaluation metrics included coefficients (β), R-squared (R^2), adjusted R-squared, p-values and F-test.

Understanding the relationship between the independent and dependent variables based on the coefficients was necessary to interpret the results. This stage also entailed evaluating the findings' practical usefulness and statistical significance.

Finally, diagnostics and validation were performed to ensure the robustness of the model. This included residual analysis, checking for any patterns in the residuals that violated the assumptions of regression. This was done by examining residual plots. Next, Cross-Validation or Split-Sample Validation was conducted. These techniques were to test the model's generalizability. By dividing the data into training and testing sets or using cross-validation methods, the stability and reliability of the model were assessed.

Sample and Sampling Method

A simple random sampling method was used. The study focused on managers who directly influence and have knowledge of their organisations' strategic planning initiatives. People with pertinent experience and decision-making power were included in the survey, which targets managers involved in strategic planning, both junior and senior. Managers are picked because they have a direct hand in strategic planning and possess the necessary training and expertise to offer insightful opinions on the methods and results of strategic planning used by their SMEs. According to Krejcie and Morgan (1970), a sample size of 357 SMEs is required for a population of this size to achieve a 95% confidence level and a 5% margin of error.

Procedure for Data Collection

A structured questionnaire was designed and distributed, comprising four sections: A five-point Likert scale was used in Section C, ranging from (1) Strongly Disagree to (5) Strongly Agree. A methodical approach was taken in the data gathering process for the study on how strategic goal-setting affects customer satisfaction in Melaka SMEs. To ensure clarity and relevance, the questionnaire was carefully planned and finalized. Next, in an effort to promote participation, the questionnaire and a cover letter were given to SMEs in Malacca. To mitigate non-response bias, follow-up strategies were used, and researchers helped participants with any questions they may have. Completed surveys were carefully examined for correctness and completeness, and any problem was promptly communicated to the respondent. Descriptive and inferential statistics were used to thoroughly analyze data once it was fed into statistical analysis tools. In general, the process placed a strong emphasis on meticulous data gathering to guarantee excellent outcomes that supported the study outcome.

Interpretation of Findings

The statistical data were converted into practical insights during the interpretation step. Scholars assess theories, pinpointed important connections, and placed results in the

perspective of the larger body of work on strategic goal-setting and customer satisfaction of Melaka tourism SMEs.

Validity and Reliability

Validity

Strict procedures were followed to guarantee the precision and applicability of the study's conclusions while evaluating the viability of strategic planning inside SMEs in Melaka. To validate the assessment of strategic planning components relevant to SME performance in the region, several validity elements were taken into consideration, such as content, criteria, and construct validity.

A rigorous procedure was employed to guarantee the content validity of the research instrument, namely the structured questionnaire used to evaluate strategic planning procedures (DeVellis, 2019). The questionnaire was created after a thorough analysis of the body of research on strategic planning in SMEs, making sure that it adequately addressed the most important aspects of SME success in Melaka.

To further improve the questionnaire's content validity, expert feedback was also requested to confirm that its questions were pertinent and suitable for the Melaka's SME setting (Field, 2021). By contrasting the results of strategic planning techniques with recognised performance indicators frequently employed in SME performance evaluation, criterion validity was proven (Hair et al., 2020).

The study sought to evaluate the efficacy of strategic planning in improving the performance of small and medium-sized enterprises (SMEs) in Malacca by analysing the correlation between strategic planning activities and performance results. In the particular context of Malaccan SMEs, the criterion validity of the strategic planning construct is evaluated using existing performance indicators as a foundation (Tabachnick & Fidell, 2019).

By looking at the theoretical foundations of strategic planning and its suggested effects on SME performance, construct validity is guaranteed (Field, 2021). The study creates hypotheses on the relationship between performance outcomes and strategic planning techniques by drawing on ideas and conceptual frameworks that are already in existence. The study evaluates these predictions using statistical analysis to validate the theoretical notions of strategic planning in the context of Malaccan SMEs (Pallant, 2020). To sum up, the validity analysis verifies that the study successfully gauges the targeted elements of strategic planning and its influence on customer satisfaction in small and medium-sized enterprises in Melaka. The study offers strong evidence on how strategic goal-setting improve customer satisfaction of tourism SMEs by guaranteeing content, criteria, and construct validity.

Reliability

To ensure the robustness of the assessment procedure, modern approaches were used to assess the strategic planning reliability in the context of SMEs in Malacca. The main instrument for this investigation is Cronbach's alpha coefficient, a commonly used indicator of internal consistency (Field, 2021; Pallant, 2020).

Validating the assessment of strategic planning components relevant to SME performance in the area is the main goal of this reliability investigation. The internal consistency of the components that make up the strategic planning construct might be evaluated by using Cronbach's alpha coefficient (Tabachnick & Fidell, 2019). All the items in the questionnaire were deemed as reliable and acceptable because the values were above 0.80, which is acceptable for Cronbach's Alpha Coefficient.

Ethical Considerations

Respecting the rights and welfare of the participants while maintaining the study's validity and credibility required strict adherence to ethical criteria. Informed consent procedures were carefully followed, respecting the autonomy of the managers and owners of small and medium-sized enterprises (American Psychological Association, 2020). A thorough explanation of the study's goals, methods, possible dangers, and advantages was given prior to participation. Participants were able to choose their level of engagement voluntarily and intelligently during the distribution of informed consent forms. Participants were given the freedom to leave the research at any moment and without consequence.

Strict protocols were put in place to protect participants' privacy and anonymity in order to maintain confidentiality (Resnik, 2019). All participant data were coded and safely kept, with only authorised researchers having access. The participants' identities were kept anonymous by removing any personally identifiable information. Throughout the study procedure, efforts were made to reduce any potential risk of injury or discomfort to participants (American Psychological Association, 2020). The appropriate institutional review board or ethics committee thoroughly reviewed and approved the study procedure (Resnik, 2019) to ensure that the research adheres to the highest standards of ethical conduct and conforms with ethical rules and legislation.

Results and Discussion

Demographic Profile of Respondents

In terms of gender, males were the highest respondents (52.7%), compared to females, (47.3%). For age section, respondents of age (25 – 34 years) were the highest (33.1%) and the lowest respondents were those aged (below 25 years) comprising 10.6%.

For types of tourism business section, the results showed that the majority of the respondents were from Travel and tours and Food and Beverage (e.g., restaurants, cafes) agencies, which was 34.5%. The lowest type of tourism was Attractions (e.g., theme parks, museums) which comprised 12.3% of the respondents. In terms of the years of business operations of the respondents. The results showed, the majority of the respondents operated aged, 1-5 years which was 44.5%. The lowest of the years of operations operated aged was Over 10 years which is 12.6% of the respondents. For the Number of Employees section, the results showed that the majority of the respondents managed 21 – 50 people. The lowest of Number of employees managed the respondents over 50 (14.8%).

Descriptive Analysis

Strategic Goal Setting

Table 1.0 shows the descriptive analysis of the respondents' answers on strategic goal setting. The results showed that the SG1 was the highest mean whereas SG4 is the second highest

mean of this factor, with (M=3.85) and (M=3.83) respectively. The lowest mean of this factor belonged to SG3, with (M=3.67) and the standard/moderate mean obtained by SG2 and SG5, where (M=3.75) and (M=3.69).

Table 1.0
Descriptive Analysis of Strategic Goal Setting

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
SG1. Our company has clear and measurable goals.	357	1	5	3.85	1.387
SG2. The goals of our SME are aligned with customer needs and expectations.	357	1	5	3.75	1.311
SG3. Setting strategic goals helps our business deliver better customer service.	357	1	5	3.67	1.362
SG4. Employees are well-informed about the goals of the company.	357	1	5	3.83	1.350
SG5. We regularly review and adjust our goals to match changes in the market.	357	1	5	3.69	1.296
Valid N (listwise)	357				

Customer Satisfaction

Table 1.1 shows the descriptive analysis of the respondents' answers on customer satisfaction. The results showed that the CS4 was the highest mean whereas CS1 is the second highest mean of this factor, with (M=3.82) and (M=3.81) respectively. The lowest mean of this factor belonged to CS3, with (M=3.74) and the standard/moderate mean obtained by CS2 and CS5, were (M=3.78) and (M=3.77).

Table 1.1
Descriptive Analysis of Customer Satisfaction

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
CS1. Our customers (tourists) are satisfied with the quality of our tourism services.	357	1	5	3.81	1.210
CS2. We regularly receive positive feedback from tourists about our services.	357	1	5	3.78	1.161
CS3. Our SME is committed to enhancing customer satisfaction in tourism.	357	1	5	3.74	1.427
CS4. Customer satisfaction is a key priority in our tourism strategic planning process.	357	1	5	3.82	1.391
CS5. Our company has a strong reputation for providing excellent tourism experiences.	357	1	5	3.77	1.391
Valid N (listwise)	357				

Pearson’s Correlation Analysis

This section discusses the results of Pearson’s Correlation Analysis. For the Strategic goal setting factor, the value of Pearson Correlation (r) was $r=0.986$ which are strong values and positive significant.

It shows that, the Pearson Correlation had strong values and positive significance. The dependent variable (customer satisfaction) has a positive relationship, strong value and significant value towards (strategic goal setting $r=0.992$).

Hypothesis Testing by Using Multi Regression

Hypothesis

H: There is a positive relationship between strategic goal setting and customer satisfaction among SMEs in Malacca.

Table 1.3 shows the results for linear regression where it determines the R- Square is the coefficient. The regression model showed the value of correlation coefficient (R value) was 0.992, indicated that there was a positive relationship between strategic goal setting and customer satisfaction among SMEs in Malacca. The value of R-square was 0.984 and the results explained that 98.4% of the variance in strategic goal setting can increase the customer satisfaction.

Table 1.3
Model Summary of Strategic Goal Setting

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.992 ^a	.984	.984	.15830	
a. Predictors: (Constant), STRATEGIC GOAL SETTING					

Table 1.4 is the statement of the significance of the independent variable toward dependent variable. As can be seen, the p-value was $<.001$ which was lower than alpha value of 0.05.

Table 1.4
Anova of Strategic Goal Setting and Customer satisfaction

ANOVA of Strategic Goal Setting						
Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	540.683	1	540.683	21576.601	$<.001^b$
	Residual	8.896	355	.025		
	Total	549.579	356			
a. Dependent Variable: CUSTOMER SATISFACTION						
b. Predictors: (Constant), STRATEGIC GOAL SETTING						

Table 1.5 shows the coefficients of Strategic Goal Setting and Customer Satisfaction as a dependent variable. Strategic Goal setting was significance towards customer satisfaction because the p-value was less than alpha value ($p < 0.05$). The results are ($t=146.890$, $p < .001$, $B=0.977$) indicating there was an increase in relative advantage, where it will cause 97% increase in the customer satisfaction.

Table 1.5
Coefficients of Strategic Goal Setting

Coefficients of Strategic Goal Setting						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.110	.026		4.178	<.001
	STRATEGIC GOAL SETTING	.977	.007	.992	146.890	<.001

a. Dependent Variable: CUSTOMER SATISFACTION

Discussion

The study found that strategic goal setting has a strong positive impact on customer satisfaction, with a Pearson Correlation value of $r=0.986$ and an R^2 value of 0.984. This aligns with the literature, which emphasizes the importance of setting realistic and attainable goals for SMEs to ensure measurable success (Bryson, 2023). The high reliability score of 0.967 confirms the robustness of this variable in influencing customer satisfaction. The findings suggest that clear and measurable goals, aligned with customer needs and regularly reviewed and adjusted, are crucial for maintaining high levels of customer satisfaction. This study is also in rhyme with Malesu and Syrovátka's (2025) findings, where strategic planning and customer orientation pay crucial roles in SME development. These findings suggest that, in addition to being a managerial tool, goal-setting is a cultural element that affects how SMEs engage with their customers.

In short, the study found that strategic goal setting has a strong positive impact on customer satisfaction. The analysis showed that clear and measurable goals, alignment with customer needs, and regular review and adjustment of goals were highly rated by respondents. The Pearson Correlation value for strategic goal setting was $r=0.986$, indicating a strong and positive significant relationship with customer satisfaction. The regression analysis further confirmed this, with an R^2 value of 0.984, explaining that 98.4% of the variance in customer satisfaction can be attributed to strategic goal setting. This finding underscores the importance of setting clear and achievable goals that are aligned with customer expectations, as it directly influences the satisfaction levels of customers. Regularly reviewing and adjusting these goals ensures that the business remains responsive to market changes and customer needs, thereby maintaining high levels of customer satisfaction (Bryson, 2023).

Conclusion

Findings

This study highlights the significant positive impact of strategic goal-setting on customer satisfaction. The findings demonstrate that strategic goal setting is a crucial element that collectively contribute to better customer satisfaction for tourism SMEs. Clear and

measurable goals with regular monitoring and adaptability are key factors that drive customer satisfaction.

Implications

The findings of this study have several important implications for SME owners, policymakers, and stakeholders in Malacca. For SME owners, the study highlights the critical role of strategic planning in enhancing customer satisfaction and overall performance. SME owners should prioritize setting clear and measurable goals, formulating effective strategies that address customer needs and market trends, and ensuring proper implementation with regular monitoring and adaptability. By doing so, they can achieve higher levels of customer satisfaction, which is crucial for business growth and competitiveness. The results suggest that investing time and resources in strategic planning can lead to significant improvements in performance outcomes.

For policymakers, the findings underscore the need for policies and programs that support SMEs in developing strategic planning capabilities. Policymakers should consider initiatives that provide training and resources to enhance strategic management skills among SME owners and managers. This could include workshops, seminars, and mentorship programs focused on strategic goal setting, strategy formulation, and implementation. By equipping SMEs with the necessary knowledge and tools, policymakers can help foster a more resilient and competitive SME sector, contributing to economic growth and development.

For stakeholders, including financial institutions, business development agencies, and industry associations, the study provides valuable insights. Stakeholders can play a crucial role in supporting SMEs by offering financial assistance, advisory services, and access to resources that facilitate strategic planning. Collaboration between stakeholders and SMEs can lead to the development of tailored solutions that address specific challenges and opportunities faced by SMEs. Additionally, stakeholders can use the findings to advocate for policies and initiatives that promote strategic planning and support sustainable business practices. Overall, the research implications emphasize the importance of strategic planning for SME performance and provide actionable recommendations for various stakeholders to enhance strategic management competencies and support the growth and success of SMEs in Malacca.

Limitation and way Forward

The geographical scope of the study is limited to SMEs in the Malacca State. Due to different habits, cultures, and lifestyles, people from other regions or backgrounds may have different perceptions, attitudes, and behaviors toward strategic planning. Therefore, the sample respondents may not represent the broader population, and the generalizability of the findings may be limited to the specific group examined in this work. Future studies should consider including a more diverse sample from various regions and sectors to enhance the representativeness of the results.

The study also relies solely on quantitative methods for data collection and analysis. A set of Likert scale questionnaires is designed and distributed to target respondents. While quantitative methods provide valuable statistical insights, they limit the interaction between researchers and respondents. Incorporating qualitative methods, such as interviews or focus

groups, could provide richer, more nuanced insights into the strategic planning processes and challenges SMEs face.

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