

## **Do Malaysia and Pakistan are suitable for a comparative study of SMEs: an intellectual capital perspective?**

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### **Abstract**

Intellectual capital appears as the most important and vital component of a knowledge-based economy. Present economy is known as a knowledge-based economy where, knowledge, information and soft assets have more importance rather than the physical assets. The role and importance of SMEs in a knowledge-based economy has been highly appreciated and acknowledged. Moreover, in the present economy, SMEs are facing tremendous challenges and threats to survive in a competitive environment. In a competitive environment the high-tech SMEs need to upgrade their intellectual capital including knowledge, database, technological advancement and innovation in order to stay in a competitive environment. Therefore, SMEs need to focus on the exploitation and application of their intellectual capital.

Keywords: Malaysia ; Pakistan ; Suitable ; Comparative study ; SMEs; Intellectual Capital perspective

### **Introduction**

The role of small and medium enterprises has historically been recognized as a critical catalyst towards contributing to the economic development and growth of many countries around the world. In fast changing competitive global market, SMEs have strong influence on the economics of many countries especially through their ability to innovate new products and process (Bruque and Moyano, 2007; Zeng, Xie and Tam 2010). Small and medium enterprises are the engine of innovation, economic growth, employment growth, revenue generation and technological advancement in most advanced economies (Acs and Audretsch, 1990; Neck and Dockner, 1987; Kotey and Meredith, 1997; Butta and Asad, 2008). Moreover, the contribution of SMEs in emergent economies had also been acknowledged to have played crucial role in the development of economy (Schlogl, 2004). There is no doubt that most of large size businesses start as a small business or at micro level. Many researchers agreed that the SMEs are the backbone of economic development and growth. Feeney and