

# Family Vs Institutional Management Of Small And Micro Enterprises Interact With Trade Law, Investment Policy, WTO Commitments And Education

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## Abstract

Small and micro enterprises are key to economic development, the creation of employment, and alleviation of poverty. Their management systems, whether within a family or governed institutionally, play a very big role in their flexibility and performance in the international trading systems. Although there has been increasing interest in the subject as there is lack of research on the interaction of various forms of management with the trade law, investment policy, and the World Trade Organization commitments. The key aim of the given study is to explore how management structure of small and micro enterprises is associated with their responsiveness to international economic regulations. The paper also seeks to find out the impacts of such interactions on compliance, growth potential, and access to the global markets. A literature review in a systematic format was carried out, which included peer-reviewed academic sources, policy reports, and legal frameworks between 2015-2025. The review determined that there were major differences in the interpretation and response of legal and policy environment by the family-managed and the institutionally-managed enterprises. The results indicate that institutional management is usually involved in enhancing more consistency with the trade and investment norms, and family-based firms are more difficult to comply with the regulations. The findings can be relevant to the policymakers who should take into consideration the differentiated support systems to facilitate legal preparedness and international integration of the different types of enterprises.

**Keywords:** Trade law, Investment policy, World Trade Organization, institutions, WTO Commitments and Education.

## INTRODUCTION

Small and micro enterprises are crucial in the development of the economy in both developed and developing countries . They play a key role in job creation, income sharing, and innovation. These businesses have become the support system of the local economies in most regions, particularly in the rural and semi-urban regions. Their operations are affected by various internal and external factors while determining their effectiveness. Small and micro enterprises management structure is one of the most important internal factors that can be classified in broad terms as either family-based or institutionally motivated (Risi et al., 2023). It is important to know how these forms of management interrelate with the external regulatory environments to enable their sustainable growth.

Small and micro enterprises have to interact with elaborate international systems like trade legislation, investment policy, and commitments of the World Trade Organization in an ever globalized economy (Acharya et al., 2019). These structures determine the business environment by influencing access to the market, competition policies, and compliance requirements. Nevertheless, small and micro business formations do not all have an equal ability to mitigate these external effects (Pedraza, 2021). The family-based businesses can afford to maintain traditional values and casual decision-making, but the institutionally based businesses tend to have formalized structures of governance that are more compatible with the expectations of the regulatory body.

Although these distinctions are important, very little research has been conducted that specifically analyzes the role of the various management structures in enterprise interaction with the international trade and investment structures. This disjunction makes the process of policy-making to facilitate integration of enterprises into the global economy less effective. The available literature offers a partial confirmation that institutional management increases the regulatory compliance and global competitiveness, and family-based companies might face more challenges when complying with the policy and legal adjustments.

The study was set to determine the impact of the management systems of small and micro businesses, which are family-controlled or institutionally-controlled, on their sensitivity to international economic laws, such as the trade law, investment policy and WTO Commitments and Education. It attempts to determine the effect of such structures on compliance, expansion opportunities and access to the international markets with the observation that family-managed and institutionally-managed enterprises have dissimilar interpretations and reactions to legal and policy frameworks. The research is expected to offer information that can be included in effective and targeted policy responses that would enhance legal preparedness and strengthen the internationalization of these enterprises in a globalized society.

## **Literature Review**

### **Small and Micro Enterprise Management Structures.**

Small and micro enterprises are crucial in the economies of any country across the globe in terms of employment, spread of income, and local growth (Tekola & Gidey, 2019). Although all these enterprises are significant in terms of their collective importance, there is extensive diversity in terms of their internal governance. The greatest gap is between family-managed and institutionally managed businesses. The family-managed enterprises are normally based on informal governance, an intergenerational control, and network based on personal trust (Kussudyarsana et al., 2020). On the one hand, such features promote flexibility and long-term commitment but in most cases lead to centralized decision-making and a deficit of structured planning. Due to this fact, family business might not be able to adopt formal legal, financial or strategic processes demanded in competitive and regulated market. Conversely, small and micro enterprises that are run by institutions are more likely to have professional methods of management, the use of standardized procedures, and delegation of authority (Sev, 2017). Such businesses will tend to adopt formal accounting, legal compliance models, and market expansion strategies. Internal formalization enables them to relate better with regulatory bodies, lenders, and other international partners. The differences in structure of these forms of management determine the reaction of the enterprises to external policy environment especially with regard to trade and investment laws.

### **Contact to Trade Law and Investment Policy.**

Trade and investment legal and policy frameworks have a great impact on the behavior of the enterprises (Delany et al., 2018). Market access, cost of production, and competitiveness are influenced by the trade laws, tariffs, import-export laws, and investment incentives (Abugre et al., 2024). Such systems do however have regulatory requirements in documentation, quality control and reporting. Even though these may appear neutral when it comes to design, they have diverse impacts based on the capacity of the enterprises.

Such rules are also not likely to be deciphered and implemented by family-controlled businesses that usually lack the resources and expertise (Kinger-Hans et al., 2024). Their non-interaction with institutional support facilities makes them tricky with respect to compliance and make the international participation worse. Institutional businesses tend to be in a better position to pass through these structures. They are better formed in their legal literacy, professional development, and their involvement in the work of government agencies and mechanisms of trade facilitation. It would be more appropriate that such businesses could qualify to receive the extent of investment qualification, tax breaks or trade agreements. Through institutional management, the enterprises are therefore able to operate in controlled environments in a better way and take advantage of the opportunities of cross-border trade and foreign investment.

#### **Implications of World Trade Organization Commitments.**

The international treaties under the World Trade Organization have extended the effect of international legal standards on national businesses (Du, 2018). These commitments comprise of non-discrimination regulations, transparency, technical standards, and safeguarding of intellectual property. Though these rules are meant to establish a just world of trade among nations, they bring complexity to the world with respect to regulations. In the case of small and micro enterprises, it may be an expensive affair to learn and adhere to these rules (Bushe, 2019). Particularly family-managed enterprises are not only met by structural and cultural obstacles which restrict their access to WTO-related processes. Institutionalized enterprises, in their turn, are more prone to communication into formal economic networks and, thus, can be better adapted to global commitments (Brandl et al., 2022). They are very likely to participate in the standardization activities, maintain a record of the trade and seek legal services when the need arises. This will allow them to mitigate the risks and pursue strategic opportunities across the international markets. However, not all businesses can and should turn into institutional ones. Family business can have important social and cultural role and occupy regions that are yet to be integrated economically properly.

#### **Policy Implications and New Trends.**

The literature is showing an increasing number of indications that policy should be differentiated to consider the structural diversities of small and micro firms (Neffke et al., 2018). The standardized regulations and support systems will be insufficient in meeting the special needs of the family-owned firms, which may require concise operation, special legal training and advisory services that are locally integrated. Institutional enterprises should find some more beneficial use of market access programs, export financing and certification assistance (Armanios et al., 2017). The threat in a one size fits all approach is that it will follow suit in cementing the existing inequalities and further reduce the overall effectiveness of the government and international support systems. It is also important in the investment policy. Even though the liberalized investment regimes will assist in the attraction of capital, it will expose the domestic enterprise to competition which it is not well prepared to compete. The institutional enterprises are in a good position to make acting in respect of strategic partnerships, joint ventures, or technological upgrading (Khan et al., 2024). The reason why external investment in the family business can be resisted is due to the fear of ownership or control loss. The requirement of such deviation necessitates investment policies that do not encroach on the autonomy of the enterprise but give avenues that it could expand and become inclusive. Finally, the digital revolution has played a major role in bridging regulatory loopholes. Online technology can streamline the compliance process, trade registration and spread legal knowledge. Such tools have more potential to be used effectively by institutionally managed enterprises. Nevertheless, family businesses need support in digital literacy and building of infrastructure to make sure that the positive outcomes of digitalization are distributed equally.

#### **Gap in literature**

The impact of trade law, investment policy and WTO Commitments and Education on the development of an enterprise has been analyzed in the existing literature. Nonetheless, little studies have been done to compare the responsiveness of family-managed and institutionally-managed small and micro enterprises to these external frameworks. Majority of the studies concentrate on the overall effects of policy without differentiating management structures. There is underdeveloped research on the relationship between international economic requirements and enterprise governance. There is little information on how management type has an influence on the compliance, accessibility to investment, or the competitiveness in trade. This disparity restricts the knowledge on specific support measures. There must be more studies conducted to analyze the impacts of family and institutional management in the behavior of enterprises regarding trade and investment laws.

## **Research Methodology**

### **Research Method**

In this paper, qualitative research methodology has been used. It examines the problems and complications that occur in the relationships of the family and institutional management of small and micro enterprises with trade law, investment policy and WTO Commitments and Education. The interpretive approach has been defined using the secondary data as the legal documents, investment reports, trade agreements, and academic literature. The article analyzed the impact of various management systems in the reaction of the enterprises to the international trade requirements and regulations. Qualitative approach was chosen because it gives an opportunity to explore socio-economic processes and governance issues in a more interconnected and regulated trade environment.

### **Research Design**

It was a qualitative research that utilized a Systematic Literature Review (SLR) as a research method to test the interaction effect between family and institutional management of small and micro enterprises. The SLR method entailed a strategized gathering, contrasting, and evaluating of scholarly literature, policy reports, trade law reports, and enterprise structures to refer to the main themes, gaps on governance, and disparities in enterprise reactions. The methodology offers transparency, reproducibility, and richness in examining the management structure in affecting the policy participation and regulatory performance. It permits also a critical synthesis of the interdisciplinary results by the enterprise behavior, legal requirements, and global trade governance.

### **PRISMA Framework**

According to the systematic review of best practice recommendations, the research relied on PRISMA (Preferred Reporting Items to Systematic Reviews and meta-analysis) checklist. The model renders the process of the review to be transparent, systematic and repeatable. The PRISMA was adopted in the research to select, analyze and systematically identify the relevant literature. The PRISMA guidelines present clear method of data extraction and data analysis which ensure similarity and interpretation of results in the final reporting of the findings.

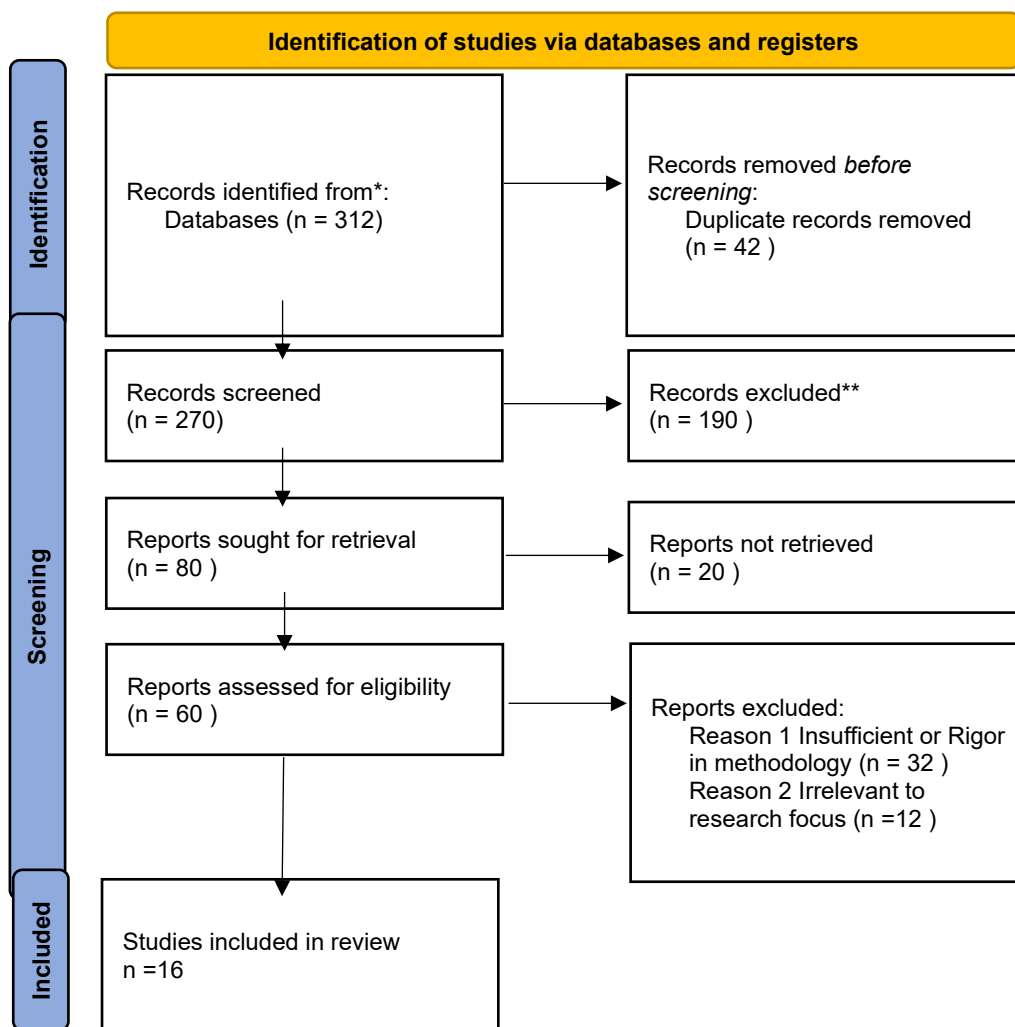
### **Data Collection**

The data of this study was peer-reviewed academic journal articles and policy papers that are available on such databases as Google Scholar, Web of Science, and JSTOR. The scope of the literature search was limited to the years 2015 through 2025 to have the big picture of the latest trends in the management of enterprises and international economic regulations. This year brackets the current trends in the trade law, investment policy and WTO Commitments and Education. The chosen sources are informative on how the family model and institutional model of management of small and micro enterprises are adjusting to

changing regulatory conditions and norms of global trade, as well as the imperative of more responsive and differentiated policy responses.

A total of 312 studies were found. Once we eliminated duplicates (n = 42), we looked at the titles and abstracts of the 270 remaining papers. As a result, 190 articles were left out because they did not fit the criteria, leaving 80 full-text articles for the next review step. 44 papers were removed from the list since they missed the focus on motivation or did not match the criteria. Out of 36 papers, 20 were excluded because they were not retrieved. In the end, 16 reliable studies were chosen for the final assessment.

**Figure 1: The PRISMA Framework for the selection of studies for analysis**



### Inclusion Criteria

The current study entails peer-reviewed journal articles connected to the topic of trade law, investment policy, WTO Commitments and Education, and small and micro enterprises management, which are going

to be written between 2015 and 2025. The chosen sources focused on the problem of the relationship between the management systems two family-managed and institutionally-managed enterprises and the global economic systems. Only works that would help to comprehend the impact of governance models on compliance to trade and policy reactions and enterprise behavior were identified. The focus was made on empirical studies, case studies, and theoretical literature that analyze the regulatory issues, investment performance, and international trade implications of the types of management in the framework of international trade commitments.

### **Exclusion Criteria**

The literature that was not related to international trade, enterprise management, or global regulatory frameworks was eliminated. These are domestic policy research contained in studies that are not applicable internationally, studies that are not about a business, as well as studies that do not emphasize on governance, trade law, and investment policy. Articles not peer reviewed, grey literature, and unpublished theses were also eliminated. Further, the sources and publications written in non-English languages and published before 2015 were excluded unless they provided an outstanding relevance to the topic of enterprise management in the trade and regulatory systems.

### **Ethical Considerations**

The studies are based intrinsically on the secondary data in the form of academic resources that are publicly available. All the sources were referenced and were named who the sources were. The paper is authored in accordance with the standards of academic integrity and the ethical use of the intellectual material. There are no direct ethical considerations related to data collection because no human subjects are given. It will be anticipated that the findings will be presented in a respectful non-depictive way by the research because this is ethical in relation to scholarly research.

### **Findings and Analysis**

The results indicate that the structure of governance has a strong impact on the manner in which the Small and Micro Enterprises interact with the trade law, investment policy, and the World Trade Organization commitments. Institutional management of enterprises is more responsive to the law, compliant to regulations and can find international markets because their governance structures are formal. Conversely, family-managed companies are affected by the difficulty of adjusting to complicated laws because of informal decision-making and a lapse of institutional backup. Such structural inequality leads to unequal participation in international trade and the necessity to have differentiated policy frameworks and capacity-building efforts.

### **Selected Studies for Analysis**

The literature review is based on the well-chosen collection of research that adheres to the inclusion criteria and follows the principles of PRISMA principles. The methodological rigor of these works and the direct connection of the methods with the subject of international trade, investment policy, and enterprise governance were the reasons that led to their selection. The focus was on the research that can explore the role of family and institutional form of management in regard to adherence to legal and policy frameworks, especially when addressing World Trade Organization commitments. Particular focus was put on research dealing with the regulatory responsiveness, trade facilitation, and investment adaptation. These sources provide fundamental information on the role of governance diversity in the involvement of small and micro enterprises in the world markets. Table 1 below represents the selected studies for data analysis.

**Table 1: Selected studies for data analysis**

<b>Citation</b>	<b>Focused on</b>	<b>Findings</b>	<b>Codes</b>
(Ajibo, 2024)	AfCFTA and MSMEs barriers and opportunities	Identifies barriers MSMEs face under AfCFTA and explores ways to optimize preferences for better integration	Trade Law, MSMEs, AfCFTA
(Debellis et al., 2023)	Ownership and governance in family firm internationalization	Shows how ownership structures and governance affect family firm internationalization outcomes	Family Firms, Governance, Internationalization
(Carney et al., 2017)	Family firms and competitiveness in internationalization	Family firm prevalence influences international competitiveness differently across contexts	Family Firms, Competitiveness, International Trade
(Campos-García et al., 2022)	Employee role in internationalization of family and non-family firms	Employees are key drivers of competitiveness abroad, with varying impacts in family vs non-family firms	Family Firms, Employees, Internationalization
(Lapeira et al., 2024)	Export vs FDI in family firm internationalization	Family firms choose between export and FDI based on governance and external contexts	Family Firms, FDI, Export
(Moreno-Menéndez & Casillas, 2021)	Growth patterns of family vs non-family firms	Identifies differences in growth strategies between family and non-family firms	Family Firms, Growth, Strategy
(Urkiola & Anasagasti, 2022)	Family involvement and exports	Shows that family involvement significantly influences export activities of firms	Family Firms, Exports, Internationalization
(Cirillo et al., 2022)	Downsizing and internationalization	Employee downsizing influences international sales strategies of family firms	Family Firms, Downsizing, Internationalization
(Meltzer, 2019)	Governance of digital trade	Analyzes challenges of governing digital trade, emphasizing need for adaptable trade rules	Digital Trade, Governance, Regulation
(Ciuriak et al., 2020)	Binding commitments in services trade	Examines how binding commitments enhance	Services Trade, Commitments, WTO

		predictability in services trade	
(Pietrobelli et al., 2021)	Global value chain-oriented policies	Proposes framework of tasks, linkages, and firms to analyze GVC-oriented policies	Global Value Chains, Policy, International Business
(Sauvant, 2021)	Distribution of FDI benefits	Argues for better policies to distribute FDI benefits more equitably	FDI, Policy, Development
(Nguyen et al., 2024)	FDI impact on R&D in SMEs	FDI enhances R&D investment in SMEs, moderated by institutional factors	FDI, SMEs, R&D
(Hien & Quang, 2022)	Trade compliance for SMEs under TFA	Highlights role of SMEs in trade facilitation agreement compliance	SMEs, Trade Compliance, WTO
(Tavengerwei, 2018)	Trade facilitation for MSMEs in e-commerce	Explores how trade facilitation can support MSMEs in developing countries via e-commerce	MSMEs, E-commerce, Trade Facilitation
(Duran et al., 2019)	Institutions and family firm advantage	Finds that institutional environments shape competitive advantage of family firms in emerging markets	Family Firms, Institutions, Competitiveness

The relationship between family and institutional management of small and micro enterprises with the trade law, investment policy and WTO Commitments and Education have been structured with important themes of governance and regulatory participation. These are the asymmetrical regulatory ability that moulds adherence to the trade duties, the tactical application of the investment policy to support the interest of the institution or family, and the viability of WTO undertakings to promote equal rivalry among the types of enterprises. Other issues are related to variations in access to international markets, legal safeguarding of small-scale enterprises, and flexibility of systems of governance. All these dynamics, combined, present fragmented policy environments, which define whether enterprises will gain equitable participation, sustainable investment, and equal integration into international trading systems. Table 2 represents key themes to be analyzed.

**Table 2: Key Themes**

<b>Themes</b>	<b>Description</b>	<b>Combined codes</b>
1. The Influence of Governance Structures on Decision-Making Mechanisms	This theme expounds on the internal management structure of small and micro enterprises (SMEs) between family and institutionally managed models.	1, Trade Law, MSMEs, AfCFTA 2, Family Firms, Governance, Internationalization 3, Family Firms, Competitiveness, International Trade

		4, Family Firms, Employees, Internationalization
2. The connection between Legal and Policy Responsiveness	Concentrates on the interpretations and reactions of various management systems to domestic trade regulations and foreign investment regulations.	1, Family Firms, FDI, Export 2, Family Firms, Growth, Strategy 3, Family Firms, Exports, Internationalization 4, Family Firms, Downsizing, Internationalization
3. Global Integration and Regulatory Constraints	Examines how the World Trade Organization (WTO) commitments affect SMEs in terms of tariff regime, trade facilitation, intellectual property rights and dispute settlement procedures.	1, Digital Trade, Governance, Regulation 2, Services Trade, Commitments, WTO 4, Global Value Chains, Policy, International Business
4. Strategic Orientation and Policy Alignment	Research into how SMEs strategize the changing investment environments and policy reforms.	1, FDI, SMEs, R&D 2, SMEs, Trade Compliance, WTO 3, MSMEs, E-commerce, Trade Facilitation 4, Family Firms, Institutions, Competitiveness

### **Theme 1: The Influence of Governance Structures on Decision-Making Mechanisms**

Governance structure impacts family versus institutionally managed Small and Micro Enterprises on their ability to access trade law, investment policy and commitments by the World Trade Organization. Debellis et al. (2023) demonstrates that family-managed business are normally governed by centralized, informal systems, and such a system can be detrimental in responding to external changes in the law and policies. However, institutionalized businesses have advantages of formal control and inclusiveness in decision making that facilitates international commerce regulations. Carney et al. (2017) state that the prevalence of family firms in the economies of countries can decrease competitiveness since such companies usually oppose internationalization and changes in policy. Longitudinal data presented by Campos-García et al. (2022) confirms that inclusive governance, particularly, the one with the participation of the employees, enhances international performance of companies, which means that the applied organizational forms are less participative would be more appropriate in liberalized trade environments. Ajibo (2024) observes that the trade systems such as African Continental Free Trade Area are not fully utilized by the Small and Micro Enterprises due to the barriers posed by the system of governance especially in the family businesses with low institutional ability. All these findings have a positive connotation in that institutional governance arrangements are more accommodating and in line with Small and Micro Enterprises that fall under international trade and investment regimes, as compared to the relatively non-flexible and closed-ended arrangements of small family-owned firms.

### **Theme 2: The connection between Legal and Policy Responsiveness**

Family firms react to legal and policy initiatives in the course of seeking internationalization policies. As Lapeira et al. (2024) demonstrate, it is the alignment of the internal configuration and external regulatory and legal requirements that determine the export or foreign direct investment decisions made by the family firms. The legal responsiveness in this regard turns out to be a factor in the choice of international entry modes. According to Moreno-Menéndez and Casillas (2021), family firms are commonly characterized by slower growth rates and an internally-oriented approach, and frequently, they do not take advantage of state policy stimuli, like export subsidies or investment protection. This reduced receptiveness may restrict their involvement in global markets influenced by the changing provisions of the trade and investment laws. Urkiola and Anasagasti (2022) discover that the level of family involvement has an important influence on the ability of firms to adapt to the regulatory environment in export markets. The family control is one of the aspects that is related to slower adjustment to the external legal pressures. Moreover, Cirillo et al. (2022) demonstrate that such decisions as the downsizing of employees are affected by the necessity to comply with the requirements of international competitiveness, which demonstrates a reactive kind of legal compliance. On the whole, the data are indicative that the internationalization of family firms is not purely a strategic process but very much depends on the capacity of the firms in reacting to and deciphering the legal and policy environments.

### **Theme 3: Global Integration and Regulatory Constraints**

The findings examined the impact of the regulatory restrictions to the global integration particularly in trade, digital markets and investment flows. Meltzer (2019) emphasizes that despite the speedy process of global interconnection, digital trade is largely conditioned by national laws in the sphere of data protection, privacy, and international information flows. These regulatory frameworks in most cases are not in pace with the technological changes and this creates tension among companies that seek a good flow of operations internationally. Ciuriak et al. (2020) base their empirical research on the fact that binding international obligations in services trade strengthen global integration through the minimization of uncertainty and the high credibility of liberalization policies. In the study, however, the over-regulation of such commitments has also been observed to diminish the advantages. Pietrobelli et al., (2021) discuss the negative-positive aspects of the policies of governments towards global value chains in terms of specialization of tasks and capabilities of companies and linkage development. The regulations are poorly designed and therefore can dilute these linkages thereby restricting the integration of a country into high value global segments. Sauvart (2021) claims that the policies of foreign direct investments tend to prioritize macroeconomic results and do not consider fair distribution of benefits. This restricts the developmental effects of global integration and points to the necessity of regulatory frameworks which would ensure that the national interests are aligned with the international investment flows. The sum of these studies indicates that though global integration is policy sensitive, over regulation or poor policy design can also serve as the bottlenecks.

### **Theme 4: Strategic Orientation and Policy Alignment**

This analysis examined the alignment of strategic orientation in companies especially in emerging markets, with the institutional and policy frameworks. As shown by Nguyen et al., (2024), foreign direct investment contributes to the increase in research and development investment in small and medium-sized enterprises when the institutions are stable and accommodating. In their findings, they propose that alignment of policies plays a pivotal role in transforming external capital into long term innovation. Hien and Quang (2022) concentrate on the establishment of the Trade Facilitation Agreement in Vietnam and conclude that in case of engagement of the policy with the small and medium-sized enterprises into the process, the compliance is enhanced, and the strategic conduct of trade is promoted. In a similar argument, Tavengerwei (2018) posits that trade facilitation policies that are specific to micro, small, and medium scale enterprises in e-commerce contribute to reduction in barriers to entry and facilitation of businesses, especially in

developing nations. Nonetheless, strategic engagement can be undermined by policy misalignment, i.e. inefficiency in procedures or frequent failure to enforce them. Duran et al. (2019) also contribute to the fact that institutions influence the competitiveness of family firms in the emerging markets greatly. In a low institutional quality, the firms usually adapt to this environment by using informal networks instead of the formal strategies.

### **Discussion**

Through the evidence, the governance structure is illustrated to have a great influence on the interaction of Small and Micro Enterprises with trade and investment structures. Internal control and continuity typically make family-managed firms less adaptable to the changing global standards (Debellis et al., 2023). Such a conservative judgment on decisions may induce reticence to World Trade Organization undertakings and global investment policies. Carney et al. (2017) state that in case family firms are highly concentrated in the national economies, their relative lack of openness to external governance undermines the general competitiveness and policy fit. Conversely, the institutionally governed Small and Micro Enterprises integrate external sources of expertise and professional frameworks, which aid responsiveness to the trade liberalization and regulation pressures. Campos-Garcia et al. (2022) also confirm it, demonstrating that governance arrangements that involve the input of the employees have more chances of endorsing successful internationalization. As indicated by Ajibo (2024), there is an aspect of barriers to family-led Small and Micro Enterprises in the African Continental Free Trade Area as the tight governance structures minimize access to trade preferences. Taken together, these findings provide the clue that institutional governance mechanisms (professional boards, advisory input, and participatory management) might be encouraged to enhance the capacity of Small and Micro Enterprise to work competitively in the global economic system.

The findings reveal that the legal and policy issues responsiveness factors are the greatest in international family firm strategies. Despite the fact that institutional and non-family firms are more likely to pursue regulatory environment more actively, family businesses are also reactive in their approach and only alter their strategy when the pressure of the external environment grows more difficult (Lapeira et al., 2024). Such an introverted move can be linked to the necessity to retain power and risk reduction yet also results in missed opportunities where policy frameworks, such as free trade agreements or even investment guarantees, can have played a role in growth (Moreno-Menéndez & Casillas, 2021). The fact that export performance in family firms depends on their willingness to adapt to the complex legal contexts is also brought up by Urkiola and Anasagasti (2022). The ability of the firm to respond to the external changes in the law will be poor in situations where family involvement is high. Cirillo et al. (2022) also observe that family companies do not directly interact with the policy environment but make internal adjustments (such as the reduction of the number of their employees) to guarantee that they would comply with the international standards. Together, these findings suggest that improving legal awareness and coming up with adaptive regimes may help family firms to be more strategic in responding to legal and policy changes. Competitiveness of the international markets would be enhanced, and global markets would be expanded more sustainably at the same time.

The findings show that the global integration process is highly dependent on how regulatory systems are put in place and structured across jurisdictions. Meltzer (2019) cites the fact that the digital trade has been limited significantly by the absence of national policies. These discrepancies are a derailment to the advantages of the digital globalization and require harmonization of governance models that would aid the cross-border business. Similarly, Ciuriak et al. (2020) prove that the binding of trade commitments can assist in integration, however, it will only work once the environment of the regulations is predictable and stable. The legal frameworks are sometimes too complex and rigid making them to discourage services trade. Pietrobelli et al. (2021) have suggested that the governments interested in locating domestic firms

within the world value chains should contemplate adopting uniform regulations strategies intended to enhance the building of capabilities and inter-firm relations. The policies may destroy, rather than enhance integration, unless the policies are too protectionist, or they fail to capture the heterogeneity of the firms. Sauvart (2021) also states that there must be a change to regulations which make foreign direct investment desirable and reasonably favorable, which means that a desire to integrate should be not only a consequence of its availability but also a result of reasonable distribution. Generally, the research suggests that there is a critical balance, which means that the regulations must ensure that the risk is reduced and that they must leave enough room to collaborate without coming up as a barrier itself. Flexible governance is relevant in to achieve sustainable global integration.

The findings have also revealed that the congruency of the business targets with the policy environment plays a major role in proximate strategic orientation among small and medium-sized business organizations. Nguyen et al. (2024) state that despite this foreign direct investment can contribute to research and development, the outcomes of the establishment of the institutions will determine whether such kind of investment will result to major innovation. This does not mean that regulatory reality does not exist in the formulation of strategy. Compliance and competitiveness can be created using trade policy, which, as demonstrated by Hien and Quang (2022), is practiced via clarity and firm-level outreach. On the other hand, lack of policy encouragement or involvement can send the wrong message to companies not to transform their policies to formal trading terms. Such argument is supported by Tavangerwei (2018) who shows the possibility of smaller firms resorting to growth-focused strategies in the international market through such policy tools as digital customs procedures or simplified documentation. Duran et al. (2019) also argue that in the event of unfavorable institutional environment, companies will fall back to informal mechanisms to sustain them at the cost of innovation and strategic investment. This kind of insights suggests that the policy alignment is not passively a given state, but instead, it is an active process that defines the boundaries of strategic possibilities of the firms. Improvement in the quality of institutions and clarity of the policies may even amplify the number of potential strategies that may be applied by the enterprises that desire competing and growing within the international markets.

## **Conclusion**

The paper concludes that another aspect that is orienting on the interaction of the Small and Micro Enterprises with the trade law, investment policy, and World Trade Organization commitment between the family and institutional type is the governance structure. Institutional control of enterprises increases their chances of adhering to formal legal and regulatory frameworks due to the professional supervision and strategy planning. Conversely, family-owned businesses are more likely to have informal and centralized control that inhibits their flexibility to the intricate trade policies and international economic restructuring. Institutional companies are more legal responsive, compliant and have more access to global markets. In the meantime, family businesses experience a greater challenge to enter the global value chains and achieve trade standards and regulations. These observations underscore the necessity to have policy frameworks that address governance diversity of enterprises. Capacity-building, legal literacy, and digital adoption may be more inclusive modes of participation in global trade and sustainable economic development by supporting family firms.

## **Study Limitations**

One of the drawbacks of the research is that it applies secondary data in the form of published sources and policy documents; these may not be representative of the actual practice of this enterprise at present, or the new policies. It has no potential statistically generalized qualitative design of the research in other industries and regions. Additionally, most data was also collected in English language and this could have omitted information that was valuable in the non-English literature. The article lacks direct input stakeholders in the enterprise such as the owners or manager of the enterprise that would provide more insight on the actual

compliance challenges. These limitations imply that future research ought to be mostly source-oriented further and more diverse.

### Future Direction

Empirical studies should employ direct surveys and explicit interviews on owners or managers of the family- and institutionally-managed Small and Micro Enterprises in the future. This would provide a subtler insight into the impact of governance in legal obedience and adaptation of trade policy. The comparative research in various countries and industries may also contribute to defining the situation-specific issues and solutions. The effect of legal literacy, digital tools and institutional support on the regulatory performance requires quantitative research. In addition, the study of the effects of culture values and social capital in family firms on their internationalization strategies may be conducted in the future. These studies would assist in the refinement of inclusive and responsive policy frameworks that will address diversity in the governance of global trade ecosystems.

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