

MICROCREDIT PROGRAMME AND THE PERFORMANCE OF WOMEN-OWNED MICRO ENTERPRISES IN MALAYSIA

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ABSTRACT

The objective of this paper is to evaluate the microcredit program and the influencing factors relating to entrepreneurial capital and human capital in the performance of women-owned micro-enterprises. Primary data were derived from a sample of 380 female entrepreneurs under the AIM microcredit program, with regard to six hypotheses. A proportionate stratified sampling method was used for data collection. Descriptive and multiple regression analyses were used to analyze the data. The findings reveal that the microcredit program is significantly related to the performance of women-owned micro-enterprises. Entrepreneurial factors have significant positive relationships with the performance of women-owned micro-enterprises. However, factors relating to religious values and human capital had no significant relationship with performance. The sample of this study was limited to one out of several microcredit programs in Malaysia, namely AIM. This study only considered some internal factors such as entrepreneurial values, management practices, religious values, and business experience and training. Future studies could consider other microcredit programs offered by commercial banks and other microcredit institutions in Malaysia, in order to unveil better prediction for the dissimilarity in SME performance. In addition, future studies could incorporate data from all states in Malaysia to provide richer interpretation and generalization of the findings. From a policy perspective, this study recognizes a need to improve the delivery mechanism in the microcredit program in terms of credit products, operational efficiency, and social development programs, to empower women in their entrepreneurial activities. Future research should consider other factors such as social capital, economic factors, government support, and family involvement.

Keywords: Women-owned micro-enterprise, Enterprise performance, Microcredit, Entrepreneurial capital, Human capital.

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INTRODUCTION

The micro and small enterprise (MSE) sector is vital not only to the growth of developing economies but also the development of developed countries. The sector's contribution to the country is more significant than that of large industry (Kotey & Meredith, 1997). In most countries, more than 90 percent of registered business consists of small and medium enterprises, with almost 80 percent of this being micro-enterprises. Undoubtedly, this sector is a major contributor to the growth of Gross Domestic Product (GDP), generating employment opportunities, increasing export value, forming industrial chains, and spawning development through innovation.

In line with the development and importance of the sector, the

involvement of women in entrepreneurship in developing countries has also increased. Various facilities and programs are provided to encourage the participation of women in entrepreneurial activities. This includes the implementation of a microcredit program, involving the preparation of business capital and various entrepreneurial development programs. Starting with Grameen Bank's microcredit program in Bangladesh in 1983, microcredit programs have grown rapidly worldwide, not only in poorer and developing countries, but also in developed countries including the US, Canada, and France (McKernan, 2002). Meanwhile, the program has become an important mechanism in generating the growth and development of small companies (Rosman & Mohd Rosli, 2011). The main goal

of Grameen Bank's microcredit program is to address the poverty problem through the involvement of women in micro enterprises. The success of Grameen Bank is also a model for the implementation of the microcredit program in Malaysia through Amanah Ikhtiar Malaysia (AIM). AIM's microcredit program is the longest running and largest Grameen Bank replica in Asia (Conroy, 2002). This program involves the provision of financial capital as well as entrepreneurial development programs for women in rural areas to engage in business activities (Rosman & Mohd Rosli, 2014). Previous studies by Rosman and Mohd Rosli, (2013) and Arinaitwe (2006) show that the program has had a substantial positive impact on the socio-economic enhancement of those involved.

Although the involvement of women in entrepreneurial activity has increased, their primary performance in terms of sales volume, total assets, and the number of employees involved is still low compared to men (Coleman, 2007). According to the United Nations Transitional Authority in Cambodia (UNTAC), in 2006 over 50 per cent of women's businesses failed in less than three years and only seven per cent were able to grow their business to small or medium scale businesses. They do not only face a lack of financial resources, which is itself a critical issue, especially in developing countries (Arinaitwe, 2006), but also face constraints regarding management aspects such as inexperience, conflict with family

responsibilities, low endurance and innovation, and weak business networks.

Compared to Western countries, there is still little focus on studying women's entrepreneurship in developing countries. Previous studies on microcredit have been more attentive to the socio-economic impact of the groups involved or evaluate the management of microcredit institutions. On the other hand, studies on factors affecting performance, especially among female entrepreneurs in microcredit programs are under-emphasized. The business performance of female entrepreneurs in microcredit programs is not solely influenced by their respective program, but also due to various other factors. The analysis of this study is based on the resource-based view (RBV) theory, which relates the importance of internal factors to a firm's performance. Accordingly, the paper's objectives are to evaluate the influence of the microcredit program and identify the internal factors of a firm which affect the performance of micro-enterprises run by female entrepreneurs. The findings are important inputs that can be used by policy makers and various stakeholders to formulate programs and actions towards empowering women in the SME sector.

LITERATURE REVIEW

Women as Entrepreneurs and Business Performance

The business performance of

female entrepreneurs is a vital expansion in current policy and academic discussion. Notwithstanding, little rigorous and in-depth research has been embarked on regarding the issues of female entrepreneurs and their business performance, especially in Malaysia. Performance has been the prevalent dependent variable of interest in the management literature (Eisenhardt & Zbaracki, 1992). The issue of firm performance has also taken a place of prominence as a dependent variable within MSEs (Najihah, Rosman, Sakinah, & Mazidah, 2014; Rosman & Mohd Rosli, 2013). Prior research has denoted performance to firm growth which consists of sales growth, the growth of a company's assets, and profit growth (Rodríguez & Cruz, 2007). Normally, MSE operators combine financial and non-financial measures to evaluate performance against predetermined goals and time (Chong, 2008).

There have been a significant number of studies which explicitly endeavor to divulge the strategies of success for small businesses, as well as women-owned micro-enterprises. Most of them argue that entrepreneurial capital factors including entrepreneurial value (Uru, Caliskan, Atan, & Aksu, 2011), management practices (Najihah *et al.*, 2014), religious value (Osman-Gani, Hashim, & Ismail, 2013), and human capital factors, such as business experience (Rosman & Mohd Rosli, 2013) and training and counselling (Aragon-Sanchez, Barba-Aragon, & Sanz-Valle, 2003) are critical

resources for success in entrepreneurial firms.

Microcredit and MSE's Performance

Literature on MSE performance has uncovered numerous challenges and obstacles faced by entrepreneurs that have connotations on their business productivity and the fact that most of them are survivalists (Munoz, Chan, & Raven, 2015). Studies on the influence of microcredit programs have empirically indicated the positive impact of this variable on MSE performance (Rosman & Mohd Rosli, 2013). For that reason, MSE is often sought after by those in poverty or marginal categories such as single women; it provides an invaluable opportunity for individuals to develop their talents and skills and to improve financial wellbeing. Microcredit programs are able to increase the rate of profit earned by entrepreneurs (Alam, 2013) besides elevating employment opportunities in the country (Arinaitwe, 2006).

Hypothesis 1: The presence of a microcredit program is positively associated with the performance of women-owned micro-enterprises.

Entrepreneurial Capital Factor

Entrepreneurial Value

Entrepreneurial values have a positive impact on the rational strategic decision-making process (Uru, *et al.*, 2011). A study by MacMillan, Siegel, & Narasimha, (1985) verifies that regardless of

product, market, or financial conditions, the success of a business is determined by the entrepreneur. These researchers recognized some cognitive and behavioral qualities of the entrepreneur that are critical to the strategic decision-making process. Their research is supported by Najihah *et. al.* (2014) who describe that a successful entrepreneur should possess entrepreneurial values such as leadership, readiness to take risks, and high competitiveness, underlining high accomplishment. Greenberger & Sexton (1988) noted that the perceptions and abilities of the entrepreneur are also dominant factors in sustaining and contributing to entrepreneurial success, also arguing that entrepreneurs' self-perceptions contribute to entrepreneurial success.

Hypothesis 2: There is a significant relationship between entrepreneurial value and the performance of women-owned micro-enterprises.

Management Practice

Management practice depends a lot on who manages the firm. Studies conducted by Zinger, Le Brasseur, and Zanibbi (2001) clearly show a positive relationship between management practices and an enterprise's performance. Management problems have been cited as a major cause of business failure for small businesses (Okpara, 2011). In fact, according to Yusuf (1995), management practice is the most important factor in rationalizing the impact on the performance of MSE. There is an emphasis on all

aspects of the management; it is important to ensure that an MSE can achieve economies of scale as larger enterprise is obtained. Inefficiencies in management practices would lead to many problems that could affect business performance (Littunen & Storhammar, 2000) including an impact on demand, failure to obtain or effectively allocate financial resources, and lack of stock.

Hypothesis 3: There is a significant relationship between management practice and the performance of women-owned micro-enterprises.

Religious Value

According to Tiliouine and Belgoumidi (2009) religion is a human power and because of this, religious studies must be practised by entrepreneurial firms (Anderson, Drakopoulou-Dodd, & Scott, 2000; Burns, 2005). Rafiki and Wahab (2013) found that perseverance, risk management, honesty, trust in God, and prayer, are independent variables, while dependent variables are the dimensions of satisfaction among Muslim entrepreneurs. In addition, Tlaiss (2014) found that female Muslim entrepreneurs find prosperity (falah) in life and excellence (itqan) in their work while doing business. Female Muslim entrepreneurs hold to the values associated with Islamic good and hard work (charity), honesty and truth (payroll and trust), justice and equality (haqq and adl), and welfare (Islam), and they consider themselves as important as they strive for the survival and success of their

business. Religiosity is hypothesized to have a direct relationship with business performance and economic growth (Galbraith & Galbraith, 2007). Confirming such findings, Vitell (2009) claims that religiosity is associated with individual self-determination and esteem which encourage entrepreneurial activity. Stark, Iannaccone, and Finke (1998) mention that there is a lot of evidence highlighting the effect of religious belief on various behavioral outcomes. However, there are inconsistencies among the studies' findings given that religions have no association with economic development (Noland, 2005). There are some studies proving a positive relationship between religiosity and business performance. One of the examples is Zin and Adnan (2016) who have developed a conceptual model linking Islamic values to small business performance. In fact, researchers have ascertained that the personal values of entrepreneurs, particularly religious values, affect their entrepreneurial capabilities and thus enhance business performance (Sajilan, Hadi, & Tehseen, 2015; Sarwoko, Surachman, & Hadiwidjojo, 2013; Tomczyk, Lee, & Winslow, 2013).

Hypothesis 4: There is a significant relationship between religious value and the performance of women-owned micro-enterprises.

Human Capital Factors

Business Experience

Entrepreneurs who possess business experience are likely to have

more access to sources of finance (Westhead, Ucbasaran, & Wright, 2003) and thus manage to create firms with higher growth potential (Colombo & Grilli, 2005). Hayward, Forster, Sarasvathy, and Fredrickson (2010) advocate that these experienced entrepreneurs tend to be more confident than those who do not have business experience. Studies advocate that business experience has a positive relationship with firm performance (Rosman, Ahmad, Suffian, Najihah, & Sakinah, 2016; Hardwick & Adams, 2002; Megginson, 1997). Additionally, the longer the experience acquired, the higher the profitability and employment opportunities (Fischer, Reuber, & Dyke, 1993). Nevertheless, review of the literature regarding entrepreneurs' experience (Reuber & Fischer, 1994; Reuber, Dyke, & Fischer, 1990) indicates no direct relationship between business experience and firm success. There are also researchers who have found no relationship between experience and performance, but are still hesitant to make a conclusion on the trivial effect of founders' experience (Roure & Keeley, 1990; Sandberg & Hofer, 1987). Thus, while recognizing that many factors will impact the performance of women-owned micro-enterprises, and that business experience is not necessarily the strongest of these, researchers believe that examining the influence of experience on business performance is a valuable endeavor.

Hypothesis 5: There is a significant relationship between

business experience and the performance of women-owned micro-enterprises.

Training

Previous researchers have highlighted the significant positive relationship between training and the performance of a business (Najihah *et al.*, 2014; Petridou, Sarri, & Kyrgidou, 2009; García, 2005). Mano, Iddrisu, Yoshino, and Sonobe (2012) demonstrate that basic-level management training develops business performance. Although there is an increasing concern that training is substantiated by improved firm performance (Salas & Canon-Bower, 2011), it is hard to come up with convincing evidence of this argument in entrepreneurship literature. Indeed, the results of many studies regarding the effect of training on performance were not consistent (Rosman *et al.*, 2016; Dearden, Reed, & Reenen, 2006; **Storey, 2002; Black & Lynch, 2001**). Berge, Bjorvatn, Juniwaty, and Tungodden (2012) argue that a business training program increases sales revenue but not the profit margin. Their finding is in line with Duy, Thanh, Oanh, Tam, and Vu (2015) who found that training has a significant positive impact on returns on assets, but no influence on the revenue or profit of the firms.

Hypothesis 6: There is a significant relationship between training and the performance of women-owned micro-enterprises.

RESEARCH METHODS

Measures

In this study, a modified version of Kotey and Meredith (1997) and Gadenne (1998) was used as the subjective performance measure. The dependent variable was the micro-enterprise performance. The items related to the performance of the micro-enterprises were sales revenue, profitability, business stability, cost reduction, employment growth, customer satisfaction, enterprise asset value, and business networking. For each item, the respondents were asked to assess their business performance indicators for the past three years using a 7-point Likert scale with potential answers ranging from 1 (*strongly dissatisfactory*) to 7 (*strongly satisfactory*).

For the independent variables, three dimensions of the variables were used; entrepreneurial values and management practice were used as control variables in the analysis for the study. The items involved under the entrepreneurial value factor included leadership, risk-taking, opportunity seeking, and emphasizing a high quality of work, among others. The respondents were asked to rate their entrepreneurial values based on scale from 1 (extremely low) to 7 (extremely high). The items for management practice covered all aspects of business management such as ensuring sales according to the market price, frequently providing credit facilities to customers, always striving to expand the market, and

always selling directly to end users, among others. These were measured on a seven-point scale with values of 1 (strongly disagree) to 7 (strongly agree). The establishment of the study instrument on religious values was based on elements such as true to one's word, avoiding forbidden income, highly committed, and avoiding usury. Respondents were asked to rate the importance of each religious value practice factor on a seven-point scale from 1 (extremely unimportant) to 7 (extremely important). The microcredit scale items were based on Copestake, Bhalotra, and Johnson (2001) and consisted of cost of borrowing, loan amount, repayment modes, self-development program, and advisory services, among others. Measurements of these items were based on a 7-point Likert scale with possible answers ranging from 1 (*strongly dissatisfactory*) to 7 (*strongly satisfactory*).

The human capital factors involved two constructs: business experience, and training. In terms of business experience, the respondents were required to state the number of years they had been involved in the business. For entrepreneur training, the measure was the number of training courses attended. Moreover, as control variables, the size and age of the firm were measured by the number of full-time employees and number of years the business had been in operation.

Sample Selection and Data Collection

The population in this study consisted of borrowers from the main microcredit program in Malaysia, namely AIM. Details of the total population of 30,446 borrowers was obtained from the Kelantan AIM state office. The state of Kelantan was chosen for the study based on the fact that it is the pioneer state for implementing the microcredit program, and that the number of borrowers from the state of Kelantan comprises of 18% of the total population and is the highest compared to all other states in Malaysia. A stratified sampling method was used to divide the population into strata, according to district, resulting in ten strata. The sample was then selected from each of the strata based on the proportionate number of borrowers in each stratum. As Sekaran and Bougie (2010) suggested, a sample size of 380 was required to represent the given population.

In determining the reliability and validity of the data, a Cronbach's alpha analysis was run to assess the reliability of the instruments and to search for internal consistency or uniformity of the Likert scale's items. Table 1 shows that the Cronbach's alpha coefficients of all variables were between 0.63 to 0.937 indicating that all items used in this study were reliable. According to Hinton, Brownlow, McMurray, and Cozens (2011), values of 0.50 to 0.70 show

Table 1: Reliability Test

Construct	Items	Cronbach's alpha
Entrepreneurial values	23	0.937
Management practices	24	0.921
Religious values	19	0.800
Microcredit Program	14	0.637
Business performance	13	0.887

Source: Based on the sample survey

moderate reliability, while values of 0.70 to 0.90 indicate high reliability. Moreover, the diagnostics tests specified that the multiple regression analysis was appropriate.

FINDINGS

Table 2 displays moderate values for the means, standard deviation, and correlation of the variables. Most of the variable associations were relatively low, indicating no multicollinearity problem, and thus allowing data to be analyzed through multiple regression methods. The results for hierarchical multiple regression analysis on the five hypotheses are presented in Table 3. In the first model (Model 1), the study used two variables (number of employees and age of business) as control variables. The value of R^2 clearly shows that the two control variables explain one percent of the variance in business performance; the two control variables of size of business and age of business appeared to have no significant relationships with business performance. To see the effect of entrepreneurial capital

(entrepreneurial value, management practice and religious value) and human capital (business experience and training) on the performance of the women-owned micro-enterprises the study simultaneously analyzed the involvement of the independent variables and control variables as shown in Model 2. Based on multiple regression analysis, 53.3 percent of the total variance in micro-enterprise performance was explained by the model, R^2 ($\Delta R^2 = 0.523$, $p < 0.01$). This result revealed that entrepreneurial values ($\beta = 0.232$, $\rho < 0.01$) and management practices ($\beta = 0.542$, $\rho < 0.01$) were associated positively and significantly with the performance of the women-owned micro-enterprises. The factors of religious values, and business experience and training, were not significant with the performance of the micro-enterprises.

The study analyzed all variables including the microcredit program simultaneously (as a shown in Model 3). Multiple regression analysis results exhibited that there were significant changes in R^2 ($\Delta R^2 = 0.014$, $p < 0.01$) and total variance

Table 2: Descriptive statistics and correlations

Variable	Mean	SD	1	2	3	4	5	6	7	8
1. Number of employees	1.76	0.60	1.000							
2. Age of business	2.96	1.00	0.016	1.000						
3. Entrepreneurial values	5.32	0.56	0.075	0.126**	1.000					
4. Management practice	4.98	0.64	0.119**	-0.113**	0.601***	1.000				
5. Religious values	6.55	0.51	0.047	-0.011	0.294***	0.318***	1.000	1.000		
6. Business experience	2.73	1.26	0.053	0.385***	-0.182***	-0.250***	-0.141**			
7. Training	1.11	0.41	-0.006	-0.031	0.083	0.178***	-0.033	-0.077	1.000	
8. Microcredit	4.96	0.45	0.033	0.047	0.309***	0.261***	0.118**	-0.083	0.088*	
9. Micro enterprises performance	5.23	0.60	0.035	0.042	0.519***	0.604***	0.329***	-0.114***	0.179***	0.320***

$N = 380$, * $p < 0.10$; ** $p < 0.05$; *** $P < 0.001$

Source: Based on the sample survey

explained 54.7 percent of the performance of the women-owned micro-enterprises. It should be noted that the main objective of this study was to see the impact of the microcredit program on the performance of the women-owned micro-enterprises. Empirical evidence for Model 3 clearly demonstrated that the microcredit program had a significant and positive impact on the performance of the women-owned micro-enterprises ($\beta = 0.127, \rho < 0.05$), therefore verifying H₁. Besides this, all factors under entrepreneurial capital had a significant impact on the performance of the women-owned micro-

enterprises, as shown by the positive and significant impact of entrepreneurial values on the performance of the women-owned micro-enterprises ($\beta = 0.182, \rho < 0.05$), supporting H₂. The relationship between management practice and the performance of the women-owned businesses was also positive and significant ($\beta = 0.553, \rho < 0.01$), thus confirming H₃. However, the findings also revealed that religious values had no significant relationship with the performance of the women-owned micro-enterprises ($\beta = 0.011$, not significant). Therefore, H₄ could not be confirmed. In terms of human capital factors, the study found that

Table 3: Multiple regression analysis

	Collinearity statistics		Model 1	Model 2	Model 3
	Tolerance	VIF			
Steps 1- controls					
Number of employees	0.977	1.023	0.037	-0.050	-0.051
Age of business	0.818	1.223	-0.093	0.017	0.014
Steps 2 –					
Entrepreneurial capital					
Entrepreneurial values	0.402	2.486		0.232***	0.182**
Management practice	0.403	2.484		0.541***	0.553***
Religious values	0.832	1.201		0.020	0.011
Human capital					
Business experience	0.772	1.295		0.041	0.037
Training	0.960	1.041		0.046	0.042
Steps 3- Microcredit	0.872	1.146			0.127**
R^2 change			0.010	0.523	0.014
R^2			0.010	0.533	0.547
Adjusted R^2			0.003	0.521	0.534
F			1.389	44.705***	41.241***

Note: Enterprises performance as dependent variable; * $\rho < 0.10$, ** $\rho < 0.05$, *** $\rho < 0.001$

Source: Based on the sample survey

two factors, namely business experience ($\beta = 0.037$) and training ($\beta = 0.042$), had no significant relationship with the performance of the women-owned micro-enterprises. Therefore, the study could also not confirm H₅ and H₆.

DISCUSSION AND CONCLUSION

The objective of this study was to evaluate the effect of the microcredit program along with some items related to entrepreneurial capital and human capital on the performance of micro-enterprise businesses owned by women. From multiple regression analysis on a sample of 380 micro-enterprises, the empirical evidence clearly shows that the microcredit program does have a significant positive effect on the performance of the micro-enterprises. This finding is consistent with that of Rosman and Mohd Rosli (2013), and Alam (2013). The positive impact is seen as a catalyst for the rapid development of microcredit programs not only in developing countries but also developed countries. This explains the capability of the program to improve the socio-economic status of the poor. However, the influence of the microcredit program on the performance of micro enterprises depends largely on its delivery mechanism which is practiced through a micro credit program.

Analysis of the entrepreneurial capital factors empirically demonstrates that internal resources, entrepreneurial values, and

management practice, all have significant positive effects on micro-enterprise performance. The importance of entrepreneurial values is in line with studies conducted by Rosman and Mohd Rosli (2013), and Kotey and Meredith (1997). Regarding management practice, the finding is similar to those of previous studies such as Zinger *et al.*, (2001), and Gadenne (1998). Drawing upon the resource-based view (RBV) theory, the performance of a firm depends very much on its internal elements. However, regarding the microcredit program, which involves provision of financial assistance and other support, external factors proved to have significant influences on the performance of the micro-enterprises. Furthermore, the empirical evidence indicated that religious values were not significant to the performance of the micro-enterprises. Past studies on religious values (Zin & Adnan, 2016; Sajilan *et al.*, 2015; Yousef, 2000) revealed that those who are highly religious have a different influence on the value system compared to those who are less religious. These studies disclosed that entrepreneurs who possess a sense of personal religiosity are significantly satisfied with their lives and more successful in their businesses. In contradiction to this, the findings of this study showed that female entrepreneurs relied more on socio-moral considerations in their decision making, in line with the description of moral compliance in Kohlberg's Theory. This theory is concerned with the rationale that female entrepreneurs use in making

moral decisions when faced with an ethical dilemma.

What is more, the human capital elements, including both business experience and training, demonstrate no significant effect on the performance of micro-enterprises. The findings of the study are similar to those of Roure and Keeley (1990) and Sandberg and Hofer (1987). Although these two factors are important elements in a firm (Barney, 1991), they are not considered as unique and strategic resources for the sustained competitive advantage of women-owned micro-enterprises. The analysis in this study showed that female micro-entrepreneurs not only lacked business experience and knowledge, but also had limited entrepreneurial training. They were not interested in joining entrepreneurial development programs. Perhaps, they fail to understand that the quality of their entrepreneurship depends on improved knowledge, which can be gained from training programs, and that this can result in the increased profitability of their micro-enterprise.

From the policy viewpoint, this study has put forward the need to improve the delivery mechanism in the microcredit program in terms of credit products, operational efficiency, and social development programs, to empower women in entrepreneurial activities. Improving the efficiency in the delivery mechanism will have a positive impact on the performance of these businesses. In addition, the study also highlights the necessity for

entrepreneurial capital aspects such as the high development of entrepreneurial characteristics, effective business management, and religious values. Furthermore, human capital factors such as business experience and entrepreneurial training are perceived as complementary to the performance of female entrepreneurs in the microcredit program.

In exploring the value of findings from the positive relationship, according to Nor Aini (1999), on the whole, the source of credit provided for poor women has three main objectives, namely to help create small business, to increase the opportunities of women who act as producers, and to provide the best alternative in overcoming debt problems among poor women who owe money to a borrower. Nor Aini's (1999) study of credit among poor women found that the eradication of poverty among women was in line with objectives of human development which emphasize the empowering aspects of women. In addition, the findings prove that credit from AIM makes it easier for women to start a business, benefiting from the project in question, which is illustrated through the improvement of net household income. However, there are also some negative points regarding the program. The majority of participants interviewed, argued that the amount of start-up capital borrowed from AIM was insufficient. Moreover, Aziz & Mansor (2000) tried to detect the need credit among the people of Sabah, Malaysia, in line

with the rapid expansion of the market in that area. In line with the increase in market power which caused a change from traditional agriculture to commercial agriculture, their study found that most farmers now require production capital to carry out their activities. A lack of capital has prevented them from using modern technology. Although it already exists in various financial institutions, not all farmers can afford such facilities due to a failure to provide collateral, especially regarding poor farmers. The farmers and traders therefore rely more heavily on informal credit sources, especially in comparison to the middle class.

Recognizing the importance of entrepreneurial activities, the Malaysian government has focused on development and entrepreneurial activities by involving various Ministries, including the Ministry of Rural and Regional Development, and the Ministry of Women, Family and Community Development, in collaboration with institutions such as Majlis Amanah Rakyat (MARA), Amanah Ikhtiar Malaysia (AIM), Business Group Economic Fund (TEKUN), SME Bank and many others. Through the Ministry of Agriculture and Agro-based Industry, the TEKUN Nasional agency was established in 1998, providing financing to more than 300,000 entrepreneurs with total loans now exceeding RM 4.2 billion nationwide. The goal of the establishment of TEKUN Nasional is to provide financing facilities easily and quickly to Bumiputeras (an indigenous people

of Malaysia), for developing or starting a business. This is also supported by the commitment of the former Malaysian Prime Minister Datuk Seri Najib Tun Razak who realized the national agenda in empowering bumiputera in the business sector. The involvement of female entrepreneurs is seen to be increasing and shows a positive step in the economic development of the country. The rapid development of the country's economy attracts more women to become actively involved in the world of entrepreneurship. If we look at examples in Malaysia, among them are Lisa Fong, Managing Director of Oscar Footwear Marketing Sdn Bhd, and Rozita Ibrahim, Syarikat Sendayu Tinggi Sdn Bhd, while from an international point of view Kiran Mazumdar Shaw is among the list of successful female entrepreneurs as the first Indian female entrepreneur to carry out a bio-technology method. Additionally, Wu Yajun manages more than 10,000 employees at her company Wu 'Beijing Real Estate Firm, while Judy Faulkner owns a private health company.

LIMITATION AND FUTURE RESEARCH

While this study has made valuable contributions, there are three main limitations, each providing an opportunity for future research. First, the sample used in this study was limited to one out of several microcredit programs in Malaysia, namely AIM. Future studies could

consider other microcredit programs offered by commercial banks and other microcredit institutions in Malaysia, in order to unveil a better prediction for the dissimilarity in SME performance. Second, this study only considered certain internal factors such as entrepreneurial values, management practices, religious values, and business experience and training. In future, studies could incorporate data from all states in Malaysia to provide richer interpretation and generalization of the findings. Future research could include other factors mainly related to external forces such as economic development, government support, growth potential, business networking, family involvement, and competition (Kjellman, Sundnas, Ramstrom, & Elo, 2004). The inclusion of these factors could enhance understanding of the contributing factors affecting the performance of women-owned micro-enterprises.

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