

**FACTORS INFLUENCING THE BUSINESS PERFORMANCE OF
AMANAH IKHTIAR MALAYSIA (AIM) BUSINESS OWNERS**

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**MASTER OF SCIENCE (MANAGEMENT)
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**FACTORS INFLUENCING THE BUSINESS PERFORMANCE OF
AMANAH IKHTIAR MALAYSIA (AIM) BUSINESS OWNERS**

**BY
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Othman Yeop Abdullah
Graduate School of Business

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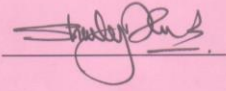
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ABSTRACT

For Malaysia to be a high income nation, it must be able to compete effectively with other developed nations in the region and global stage. Therefore, more employment and business opportunities particularly in micro and small scale business need to be created by the government. One of the government strategies to implement the entrepreneurship programs is through micro financing programs. However, despite the rise of micro business owners, the survival and business performance of these firms is also questionable. Therefore, the study was conducted to measure the business performance of AIM business owners in three years or since its establishment. In addition, this study was also conducted to determine the relationship between the source of financing and entrepreneurial culture with business performance of AIM business owners. A total of 420 questionnaires were distributed to the AIM business owners in Klang Valley region who are the recipients of microfinance program provided by AIM. However, only 386 questionnaires were returned and were usable for further analyses. All hypotheses were tested using SPSS version 22. Based on the correlation analysis' result, it was suggested that the source of financing and entrepreneurial culture is correlated to AIM business owners' business performance. Besides that, the linear regression results indicated a significant relationship between source of financing and entrepreneurial culture with the business performance even though the relationship showed was moderate. Based

on the result, some recommendations were proposed together with the limitation of the study which provides opportunity for further research.

Keywords: High income nation, micro and small scale business, business performance, micro financing programs, source of financing, entrepreneurial culture

ABSTRAK

Untuk menjadikan Malaysia sebagai sebuah Negara berpendapatan tinggi, ianya perlu bersaing secara berkesan dengan Negara-negara membangun yang lain di peringkat global. Justeru, lebih banyak peluang pekerjaan dan perniagaan perlu diwujudkan oleh Kerajaan terutamanya di dalam perniagaan berskala mikro dan kecil. Salah satu strategi Kerajaan untuk melaksanakan program keusahawanan ialah melalui program pembiayaan mikro. Walau bagaimanapun, berikutan peningkatan jumlah peniaga-peniaga mikro, prestasi perniagaan dan daya saing syarikat sebegini turut menjadi persoalan. Oleh itu, kajian ini dijalankan untuk mengukur prestasi perniagaan peniaga-peniaga peniaga Amanah Ikhtiar Malaysia (AIM) di dalam tempoh tiga tahun ataupun sejak penubuhannya. Selain itu, kajian ini dilakukan untuk menentukan hubungan di antara sumber pembiayaan dan budaya keusahawanan dengan prestasi perniagaan peniaga-peniaga AIM ini. Sebanyak 420 borang soal selidik telah diedarkan kepada peniaga-peniaga AIM di Lembah Kelang. Walau bagaimanapun, hanya 386 borang soal selidik ini dikembalikan dan digunakan untuk tujuan analisis. Hipotesis-hipotesis kajian diuji menggunakan perisian SPSS versi 22 dan berdasarkan kepada analisis korelasi, adalah dicadangkan bahawa sumber pembiayaan dan budaya keusahawanan adalah mempunyai hubungan dengan prestasi perniagaan. Selain itu, analisis regresi linear menunjukkan kedua-dua pemboleh ubah ini mempunyai hubungan yang sederhana terhadap prestasi

perniagaan peniaga-peniaga AIM. Berdasarkan kepada dapatan kajian, beberapa cadangan telah dibincangkan beserta dengan limitasi kajian yang menyediakan peluang untuk kajian pada masa hadapan.

Kata kunci: Negara berpendapatan tinggi, perniagaan berskala mikro dan kecil, prestasi perniagaan, program mikro kredit, sumber pembiayaan, budaya keusahawanan

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LIST OF ABBREVIATIONS

ADB	–	ASIAN DEVELOPMENT BANK
AIM	–	AMANAH IKHTIAR MALAYSIA
CCM	–	COMPANIES COMMISSION OF MALAYSIA
DOSM	–	DEPARTMENT OF STATISTICS MALAYSIA
ETP	–	ECONOMIC TRANSFORMATION PROGRAM
GDP	–	GROSS DOMESTIC PRODUCT
GTP	–	GOVERNMENT TRANSFORMATION PROGRAM
MBI	–	MAYBANK INVESTMEN BANK
NKRA	–	NATIONAL KEY RESULTS AREAS
SME	–	SMALL AND MEDIUM ENTERPRISES
SME CORP.	–	SME CORPORATION MALAYSIA
SPSS	–	STATISTICAL PACKAGE FOR SOCIAL SCIENCE
USM	–	UNIVERSITI SAINS MALAYSIA
10MP	–	TENTH MALAYSIAN PLAN

CHAPTER 1

INTRODUCTION

1.1 Introduction

This section presents the general introduction on the subject matter of the study as a general overview. Therefore, issues such as background of the study, problem statement, research questions and research objectives of the study are deliberated. Besides, other important issues like significance of the study and scope and limitations of the study and operational definitions are presented and discussed for more elaborate and detail study. Organization of the thesis is also provided at the end of the chapter.

1.2 Background of the Study

As the nation moves into the 21st century and with the rapid growth of technology where information at the finger tips, Malaysia find itself in a state of transition. Our society is becoming more educated and better informed with the higher expectation that gives the idea that what have been carried out before may never again be satisfactory or pertinent to them (Baginda, 2002). Ever since independence in 1957,

Malaysia has achieved steady economic growth. Nevertheless, poverty is always one of the major problems faced by most government of developing countries.

Recently, it has been reported that more than 2.2 billion people worldwide are either near or living in poverty where the gap between the poor and rich is wide; the 85 richest people in the world have the same wealth as the 3.5 billion poorest (United Nation Report, 2013). Meanwhile, the poverty rate has been reduced in Asia and the Pacific due to rapid economic growth for the past two decades. The recent statistics show the reduction of extreme poverty group with daily income of \$1.25 nevertheless the number remains high at about 743 million (ADB Brief Report, 2014).

In addition, findings from the Household Income Survey 2012 by the Department of Statistics Malaysia (DOSM) showed the substantial decreasing in incidence of poverty from 3.8% in 2009 to 1.7% in 2012. The government has also successfully reduced the number of poor households in 2012 to 108,000 as compared to 228,400 in 2009. As a result, the poverty incidence in Malaysia has decreased from 2009 to 2012 due to the high rise in household monthly income and low inflation rate.

Malaysia has formulated a range of policies and plans to guide the management of national development during 1970 to 2000 (Muhammed & Haron, 2011). Among the policies introduced was The New Economy Policy in 1971 with the aim to eradicate poverty regardless of ethnicity. The policy also aimed at restructuring the society by eliminating community identification through economic sectors. It was then followed by the National Development Policy (NDP) and complementing by Vision 2020

(Nawai & Bashir, 2009). The poverty alleviation is a continuous effort by any government in the world including our country, (Muhammed & Haron, 2011) hence; government has launched the Government Transformation Program (GTP) in 2009. Comprised of seven National Key Results Areas (NKRAs), and one of GTP's aspirations is to raise the living standards of low income households. The government also launched the Economic Transformation Program (ETP) to elevate the country to a developed-nation status by 2020 through the implementation of the 12 National Key Economic Areas (NKEAs).

Apart from that, the government is consistently devoted with the poverty alleviation program through the implementation of the Tenth Malaysian Plan (10MP) which consists of milestones to be achieved from 2011 to 2015. For Malaysia to be a high income nation, it must be able to compete effectively with other developed nations regionally and globally. (ETP: A Roadmap for Malaysia Report, 2010). To compete in a globalised world, more employment and business opportunities particularly in micro and small scale business need to be created. Therefore, providing assistance, promoting development and growth of low income groups have been a major concern for the Malaysian Government since the First Malaysian Plan. Since the First Plan, numerous supporting agencies were established to assist this group to have a better life (10MP). The government provides different types of assistance to help the low income group to overcome their problems including the implementation of entrepreneurship program as tools of poverty alleviation.

Therefore, in order to increase the involvement of micro and small business owners in the competitive business world, government has provided more benefits and

opportunities for these groups (10MP). Similarly, Stone (1997) also highlighted the importance of growing a business even a micro or small business. Growing and developing a business is very crucial for every country to represent their strength and stability which directly contribute to the revenues and economic development. Fayolle (2007) in his book said that the entrepreneurial spirit is the engine for economic growth. It must be promoted not only at the individual level but at the firm level as well. Firms that are proactive, innovative and willing to take risk in introducing and adopting new process are vital in creating a dynamic business climate.

One of the government strategies to implement the entrepreneurship programs as tools of poverty alleviation is through micro financing programs. Hence, the government has introduced the microfinance institution that has been proven in improving the quality of the people's lives. Nawai & Bashir (2009) in their finding suggested that microfinance programs have been part of the poverty alleviation policies and strategies. It is also supported by the finding of Siwar & Talib (2001) who concluded the programs as the best mechanism to reach the needy who always have the difficulty to obtain the credit from the formal institutions.

Microfinance in Malaysia began in 1987 with the establishment of Amanah Ikhtiar Malaysia (herein after referred as 'AIM'), a non-governmental organization that adopted Grameen Bank model for rural micro financing (Conroy, 2002). AIM was established to assist poor households and low-income households to generate income from any economic activity. Its establishment presents a remarkable change to the business owners who, in actual fact, are poor and are not able to obtain financing

from the conventional financial institutions. According to Md Saad and Duasa (2011), the establishment of AIM was aimed to ease the difficulty of getting financing through the provision of micro financing to the rural people as part of the means of alleviating poverty.

1.3 Problem Statement

Entrepreneurship programs as tool for poverty alleviation have been implemented since mid-eighties. Over the years, the Malaysian Government has provided numerous assistance programs to assist the low income groups to generate income by starting their own business (AIM, 2010). In the Tenth Malaysian Plan, microfinance programs will be expanded to assist 40% urban poor households in establishing micro and small businesses. Micro enterprise is linked to small and medium enterprises (SMEs), which is currently the main developing force of developed market economy in Malaysia (Kalimah, 2011).

Based on the Economic Census 2011 from DOSM, in terms of size, most SMEs are micro establishments in 2010 as shown in Figure 1.1. From 645,136, there were 496,458 micro establishments which made up 77% of the SMEs. Meanwhile, small sized establishments accounted to 20% or 128,787, followed by medium establishments, representing only 3% or 19,891 establishments.

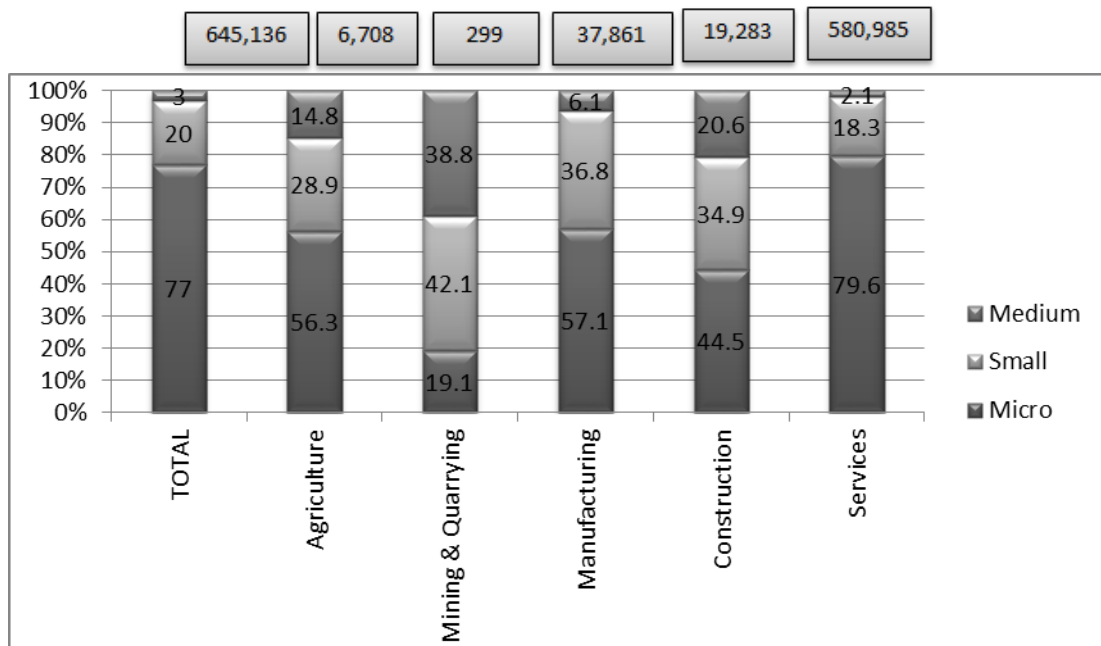


Figure 1.1
SMEs by Sector and Size, 2010
 Source: DOSM, 2011

Micro businesses are a backbone for most of the countries in the world including Malaysia (The Star, 27 March 2009). Over half of total the employment comes from this sector and it has contributed to the country's gross domestic product (GDP) at 31%. However, micro businesses need big boost in ensuring the future survival of the business (The Star, 15 January 2011) as they tend to face many constraints including limited access to institutional credit and lack of opportunities for skills development (Nawai & Shariff, 2011).

However, despite the rise of micro business owners, the survival and business performance of these firms are also questionable (Van Praag, 2003). Headd (2003) in his findings, stated that in the United States, only about half of all new businesses survived after four years. Meanwhile, Baldwin et al. (2000) found that in Canada, only 77% of the new firms survived its first year of operation and not more than 36%

of these newly established firms continued their business past its fifth year of operation.

In addition, the Companies Commission of Malaysia (CCM) in its 2012 Annual Report revealed that the average number of businesses that are being closed down each year for a period of three years (2010 –2012) is 20,079. Some business operations could cease upon gainful employment or due to specified duration of certain projects or venturing into other types of businesses.

The strength and weakness of the business is closely linked to the business performance as it relates to meeting or exceeding specific goals and objectives as defined by business plans (Norshafizah, 2012). Hence, it is very important for the firm to identify their business performance in terms of objective and subjective approaches (Dess & Robinson, 1984), so that they will know the overall performance of the firm and failure rate can be minimized.

The studies on effectiveness and impact of the AIM assistance programs such as economic and social impact have been widely conducted. For example, Md Saad & Duasa (2011), in their findings found that the income of AIM business owners in Melaka has increased from RM1,000 to RM2,500 per month by 14%. The study by Jalil et al. (2009) also showed that the program was considered successful as the participants' income increased, collectively from RM1000 to RM2500 per month by 14%. Moreover, Abdullah et al. (2011) stated that the amount of loan received has a significant positive linear relationship with total productive assets and number of

gainfully employed members, which subsequently leads to increase in household assets.

However, the study to determine the factors influencing performance of entrepreneurs particularly in Malaysia is highly needed as little research has been done (Siong, 2007). This finding is also supported by Norshafizah (2012) who stated that research on the business performance and success of entrepreneurs in general, and in micro and small in particular, has been minimal.

Therefore, it is very crucial to study on business performances of AIM business owners to ensure their survival and competitiveness in the globalised world. Business performance can be influenced by many factors such as access to financing, personal qualities and government support as proposed by Yusuf (1995). Furthermore, Fatimah (2013) also concluded that the source of financing, cultural environment, religious values and personal characteristics are also among the factors that can influence the business performance. Qureshi et al. (2012) in his findings showed that female owned businesses in Punjab-Pakistan are less successful than male owned businesses because females possess less personal characteristics which are critical for success in business. The study also revealed that culture of the society limits opportunities for female entrepreneurs to grow and outperform male owned businesses. Nafziger (1969) also highlighted the role of extended family in providing capital for the new start up and also the importance of training as one of the factors influencing the success of entrepreneurs.

Based on the above factors, there are the two factors that critically need to be further explored, and they are source of financing and entrepreneurial culture. Hakkansson & Johanson (1988) in their findings suggested that firms need resources to perform business activities and operations. Watson (2007) discussed on the relationship between resources and firm performance and argued that the more resources accessed by the owner-manager, there are more chances to achieve greater firm performance. However, Karnani (2007) argued that micro-finance factors do not lead to entrepreneurs' business performance.

Nevertheless, Brush et al. (2009) underlined the difficulty in obtaining the working capital as one of the major problems faced by the business owners especially in the developing country. According to Gilmore et al. (2006), the problem of finance constraints and limitations are paramount whereas Hashim (2007) highlighted the shortage of finance resources affects the firm's performance.

Saleem (2012) in his study highlighted the importance of entrepreneurial culture in encouraging and supporting the entrepreneurs. This study was also in line with the finding from Levent et al. (2003) who further specified that entrepreneurial culture was likely support entrepreneurs directly or indirectly. Therefore, it is very important to study the influence of entrepreneurial culture towards the business performance as finding by Qureshi et al. (2012) revealed the limitation of the entrepreneurs to perform better in their business due to culture of the society.

The study is also crucial to identify the business performance of AIM business owners particularly the respondents from the urban areas of the Klang Valley region where the cost of living is very high. Hence the challenges faced by business owners are harder. This is because previous studies focused on the respondents from east coast and northern region such as Nor et al. (2012) who conducted a study on entrepreneurship in microcredit performance in Kelantan; Kalimah (2011) who studied the motivations, challenges and key success factors for micro entrepreneurs in Kedah and Perlis and Fatimah (2013) who carried out similar studies in Perak.

1.4 Research Questions

In view of the foregoing problem statement presented in the preceding section above, the following pertinent questions are of importance to this study:

- 1.4.1 How are the business performances of AIM business owners three years or since its establishment?
- 1.4.2 Is there any relationship between the source of financing with business performance of AIM business owners?
- 1.4.3 Is there any relationship between the entrepreneurial culture and the business performance of AIM business owners?

1.5 Research Objectives

Specifically, this study is intended to achieve the following objectives:

- 1.5.1 To measure the business performance of AIM business owners in three years or since its establishment;
- 1.5.2 To determine the relationship between the source of financing with business performance of AIM business owners; and
- 1.5.3 To determine the relationship between the entrepreneurial culture and business performance of AIM business owners.

1.6 Significance of the Study

In short, this study will benefit the microfinance institutions, policy makers and the community at large. The study will explore and recommend potential areas that microfinance institutions need to put in more efforts when delivering their services. Generally the findings will be very valuable for the microfinance institutions' development and specifically for AIM itself to relook the current policy and to position them as a leading microfinance institution in Malaysia. To date, there are very few studies on the business performance of AIM business owners as most of the previous studies focused on effectiveness and impact of the AIM assistance programs on its own, such as economic and social impact.

On the other hand, the findings will provide an overview and recommendations on how to improve the current policy. Hence, it will give clear and better direction to the

policy makers in formulating the entrepreneurship policy and strategies as tool of poverty eradication. Thus, it is very useful for the policy makers in planning the direction of assistance programs such as designing comprehensive self-development programs for entrepreneurs and financial resources for budgeting purpose.

With improved and easy to implement policies, the community at large will be able to access and benefit from the services of microfinance institutions. Therefore, the national opportunity is a perfect setting to examine the role microfinance as a vehicle to alleviate poverty in Malaysia.

1.7 Scope and Limitations of the Study

The respondent of the current study comprises of Malaysians who are the recipients of economic scheme (general loan) provided by AIM. However, the study limited the sample only to the AIM business owners who are residing in the Klang Valley region. Currently there are 27,691 business owners in this region.

The limitation of this study is related to the size of respondents. Due to the cost factors and time constraint, this study only involves recipients of the economic scheme (general loan) in Klang Valley region. Besides that, the respondents are involved in micro scale business thus; the results of this research cannot be generalized to represent women entrepreneurs in the community. As such, the findings might be skewed towards business owners who open small scale enterprises as opposed to those who are involved in bigger corporations.

1.8 Operational Definition

Definitions and description of terminologies used in the study are illustrated below:

1.8.1 Business Owner

The concept of entrepreneur is always related with the big scale of business rather than micro scale as applied by AIM. Therefore, for the purpose of this study, the term ‘business owners’ will be used instead of entrepreneur. Business Dictionary (2014) defines a business owner as an individual or entity who owns a business entity in an attempt to profit from the successful operations of the company. Generally a business owner has decision making abilities and first right to profit.

In this study, the term ‘business owner’ is refers to the micro business as defined by SME Corp. According to the new definition by SME Corp., a micro business is a business with sales turnover of less than RM300,000 or full-time employees less than five.

1.8.2 Business Performance

Business performance relates to meeting or exceeding specifics goals and objectives as defined by business plans (Norshafizah, 2012). According to Masuo et al. (2001) and McClelland et al. (2005), business performance can be

measured into financial and non-financial measurement. However for the purpose of this study, a business performance is evaluated using the subjective (non-financial) and self-reported measures of business performance as proposed by Lumpkin (1996).

1.8.3 Entrepreneurial Culture

Entrepreneurial culture is a combination of social and cultural factors in a population. For the purpose of the study, entrepreneurial culture refers to the business owners's attitude towards entrepreneurs, acceptance of earning distance and recognition of entrepreneurs in their places based on the combination of dimensions applied by Zhang & Si (2008) and Global Entrepreneurship Monitor (2003).

1.8.4 Source of Financing

Business Dictionary (2014) describes source of financing as money or financial assets obtained from few resources such as income, investment and loan. According to businesscasestudies.co.uk, the types of financing sources depend on the nature of the business. Large firms are able to use a wider variety of finance sources compared to the smaller ones. For the purpose of this study, the source of financing refers to the microfinance facilities from the economic scheme (general loan) provided by AIM. However, the concept is not only focusing on the amount of the loan disbursed, but other aspects such as the

repayment rate and period, monitoring system and also the development programs provided by AIM.

1.9 Organization of the Research Paper

The rest of this thesis is organised as follows: Chapter 1 of this thesis has provided a general introduction and a brief overview of the study. It explains the background of the study with the problem statement that leads to this study. Besides that, the research questions and objectives, significance of the study, scope and limitations of the study and key terms definition are also briefly discussed. Chapter 2 presents an overview of the relevant literature on the concept of entrepreneurship, entrepreneur, micro business and business performance measurement. It also reviews the factors influencing business performance from the previous studies that are relevant and related the current study. Chapter 3 discusses the research methodology used to determine the statistical analysis to be used in the study by referring to the research framework and hypotheses development.

Meanwhile, Chapter 4 analyses the data from the test done and presents the findings of all hypotheses. Finally, Chapter 5 summarizes the key findings of the study based on the research objectives and come up with the recommendations. The limitations of the study and contribution to the theoretical and practical aspect will also be highlighted. Suggestions for future research are also recommended.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents the conceptual reviews and terminology of entrepreneurship, entrepreneur and micro business which are fundamental to this study. It includes the business performance measurement which covers financial (objectives) and non-financial measurement (subjective). It also reviews the factors influencing business performance from the previous studies that are relevant and related this study. The chapter also concentrates on the research framework and hypotheses. Finally this chapter explains the background of AIM and the loans offered to business owners.

2.2 Conceptual Definitions/Evolution of Area of Study

2.2.1 Concept of Entrepreneurship and Entrepreneur

The concept of entrepreneurship has existed long time ago when people started to trade. It was stated in the history that the term was initially defined by Cantillon, R. (1931) during the 18th century who contended that entrepreneurship is the process of buying something at certain price and selling it back at an uncertain price. A French author, Jean Baptiste Say, wrote around

the beginning of the 19th century that an entrepreneur is the one who transfers economic resources from a sector with lower productivity into another one with higher productivity and better outcome (as cited in Dees et al., 1998). Since the 19th century, there are many different approaches in defining the entrepreneurship concept.

The father of entrepreneurship, Schumpeter (1954), described entrepreneurship as a process of 'creative destruction'. Meanwhile Cole (1959) related this concept with profit-oriented business and how the entrepreneurs retain and develop the business. Kirzner (1973) defined the concept as 'alertness to profit opportunities' where an entrepreneur receives his profit because he acted on an opportunity before it occurred, and not after it occurred. Entrepreneurship is also a creative act as defined by Johnson (1991) in its narrowest sense, involves capturing ideas, converting them into products and, or services and then building a venture to take the product to market. Meanwhile, according to Ab. Aziz (2000), entrepreneurship is a unique activity which is carried out individually or collectively as a career or has some other goals of their own.

Cole (1959) described an entrepreneur as an individual who is primarily responsible for gathering together the necessary resources to initiate a business. Shapero (1975) defined entrepreneurs as individuals who accept the risk of failure and take the initiative to organize social and economic mechanisms. Fillion (1988) concluded that an entrepreneur is an imaginative person characterized by the capacity to set and reach goals and maintains a high degree of awareness to detect opportunities.

Successful entrepreneurs had high confidence to try and explore new fields and are capable to take the risk. Therefore, they have the ability to become more successful with self-confidence, proud of their business and passionate with their work (Meredith et al., 1982). Zimerer & Scarborough (2002) in their studies found that characteristics of the underlying values such as pro-active, initiative, performance-oriented, efficient, quality priority, monitoring, high commitment are the keys to a successful business. Meanwhile, Swedberg (2002) described the three main drivers for entrepreneurs which are the will for power and independence, the aim to triumph and the happiness of creating. Hence, to accomplish this goal, the entrepreneur must combine tangible assets such as capital, physical facilities, and information technology with intangible assets such as networking with customers, suppliers, employees, competitors and other related parties (Ab. Aziz, 2000).

2.2.2 Concept of Micro Business

However, the concept of entrepreneurship is always related with big scale of business rather than micro and small scale business as applied by AIM. Therefore, there are several definitions of what constitutes of micro and small business. For example, few researchers defined the term by referring at the organisational structures such as the number of employees (Vinten, 1999 and Kohn, 1997). Meanwhile, there were also researcher who referred to the overall performance of firm such as annual revenues and sales growth in defining the concept (Calof, 1993). Few researchers also classified this type of business

based on industry types and also refer to a firm that has few resources in term of revenues, assets and employees (Alvarez, 2002).

Anantadjaya et al. (2011) found that micro business is less capable to generate more revenue as compared to large firm due to limited resources. However, even the micro business have certain limitations to compete and develop for big scales, nevertheless they are still dominate the marketplaces together with small business. Radient (2008) emphasised the importance of micro business in helping the economic development of the nation. The micro business is not only creating more job opportunities, but also boosts the business segment through their creativity and innovation. Micro business is also a vital sector within the social and economic fabric of today's society, increasingly contributing to economic stability and employment on a local, national and international basis (Cassell et al., 2002; Culkin & Smith, 2000). In fact, the definition differs from one country to another to reflect, among others, the economic and the political interests of the nation.

In Malaysia, one common definition of micro business provided by the SME Corp. defines SMEs according to two main factors namely annual sales turnover and number of full time workers. It is also defined by the categories which are manufacturing and services and other services. National SME Development Council (NSDC), which is chaired by the Prime Minister, YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak, with members from key Ministries and Agencies during its 14th Meeting on 11 July 2013 has given a new definition for SMEs in Malaysia as shown in Table 2.1.

Table 2.1.
Definition by size of operation

Category	Micro	Small	Medium
Manufacturing	Sales turnover of less than RM300,000 OR full-time employees less than 5	Sales turnover from RM300,000 to less than RM15 million OR full-time employees from five to less than 75	Sales turnover from RM15 million to not exceeding RM50 million OR full-time employees from 75 to not exceeding 200
Services & Other Sectors		Sales turnover from RM300,000 to less than RM3 million OR full-time employees from five to less than 30	Sales turnover from RM3 million to not exceeding RM20 million OR full-time employees from 30 to not exceeding 75

Source: SME Corp., 2013

According to the new definition, a micro business is a business with sales turnover of less than RM300,000 or has less than five full-time employees. Meanwhile, the small sized business for manufacturing sector is a business establishment with sales turnover from RM300,000 to less than RM15 million and employs full-time employees from five but not exceeding 75. For services and others sectors, the sales turnover is from RM300,000 to less than RM3 million or full time employees from five to less than 30. Given this definition, the vast majority of business establishments in Malaysia are considered micro including under AIM assistance programs.

SME Corp. also provides the phases of enterprise development in Malaysia into four stages, namely start-up stage, growth, expansion and maturity stage as shown in Figure 2.1.

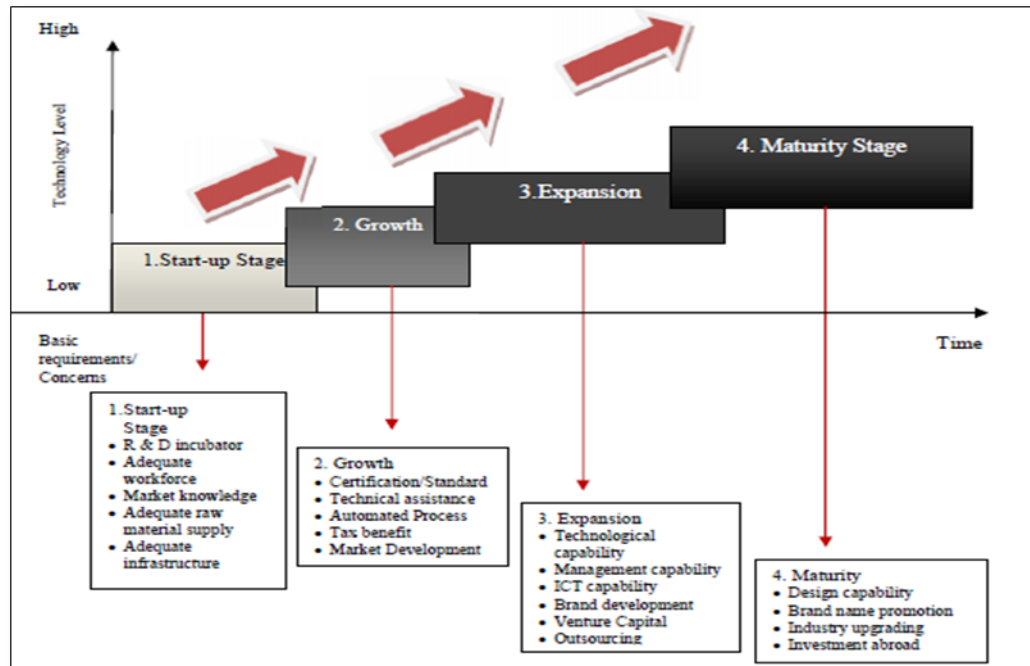


Figure 2.1
The Phases of Development of Enterprise in Malaysia
 Source: SME Corp., 2002

In short, it can be concluded that a micro business is an independently owned and operated firm and which has relatively fewer resources than other companies in the market. Micro business is also a business that is privately owned and operated, with a small number of employees and relatively low volume of sales. Therefore, for the purpose of this study, the term ‘business owner’ will be used instead of entrepreneur.

2.3 Business Performance

Performance can be defined as “the degree to which the firm meets the customers” expectations, the quality of working life, and product quality (Yacuzzi, 2005). However, Neely et al. (1995) consider performance measurement as “the process of quantifying action”. Sometimes it is also interpreted as observed self-employment earnings (Schiller & Crewson, 1997).

According to Venkatraman & Ramanujam (1986), academic researchers are always confronting with the business performance concept. This point is also supported by Croteau & Bergeron (2001) and Yusuf (1995) who stated that there is no universal consensus on measuring business performance among academicians, authors and researchers. Hence, there are too many terms used by various researchers and authors to indicate the business performance such as firm performance, organizational performance, financial performance and non-financial performance.

It is suggested by many researchers that the business performance can be measured into financial and non-financial measurement (Masuo et al., 2001; McClelland et al., 2005; Paige & Littrell, 2002) It is also supported by Rhodes & Butler (2004), who found the business performance can be measured using two approaches, objective (financial) and subjective (non-financial).

The objectives measurement can be collected from financial reports and statements (Dess & Robinson, 1984; Simmons & White, 1999). Meanwhile, the researchers who

chose the subjective measurement can apply the simpler approach in collecting data through respondent's perception or self-rated approach (Croteau & Bergeron, 2001; Durand & Coeurderoy, 2001).

2.3.1 Financial Measurement

This approach seems the simplest and easiest method to measure the business performance. However, according to Sapienza & Grimm (1997), among the constraints of this approach is the difficulty to obtain the data because most of the firm treats the information as confidential. The findings are also supported by Garengo et al. (2005) who indicated the difficulty of getting accurate information related to the financial performance. Rhodes & Butler (2004) discussed this matter in their study and also highlighted the several reasons to the limitation which includes improper financial record, treatment of financial performance as private and confidential and many others.

Therefore, based on the financial measurement, several variables have been employed to assess the firm performance. Among the variables are in terms of income (Haber & Reichel, 2005), profit (Orser et al., 2000), return on asset (Masuo et al., 2001), and return on investment (Gadenne, 1998). Similarly, Hunt & Morgan (1996) also highlighted the firm's performance to be measured by profits and return on investment. Alternatively, a firm's performance is measured by its ability to generate cash (sales) and reinvest (profits) in activities that continue to provide superior profits (Reichheld, 1996).

Masuo et al. (2001) in his finding stated that business performance is generally measured in economic or financial measures such as return on assets, sales, profit and total number of employees. Meanwhile, Durand & Coeurderoy (2001) in their finding, proposed five dimensions (profitability, the return on assets, the growth of sales, the growth of margin, the growth of the number of employee) which was inspired by Lee & Miller (1996) to measure firm performance in French. They applied a five-point Likert scale for this self-rated instrument and the Cronbach alpha reliability was 0.78.

2.3.2 Non-financial Measurement

However, the finding concluded that the non-financial measurement has been found to reflect the true condition of firm's performance with high validity and reliability as well as accurately reflect the firm's objective performance. (Dess & Robinson, 1984). Accordingly, Pearce, Robbins & Robinson (1987) also suggested the subjective measurement as the reliable tool to assess business performance.

Murphy et al. (1996) also suggested the subjective approach to assess the performance. Swinney et al. (2006) further agreed with Rhodes & Butler (2004) that subjective approach is a wider scope of performance assessment. This is because the level of satisfaction with the business performance among

entrepreneurs is different. Some entrepreneurs might be satisfied and happy with their performance although the profit is as not much as the big firm.

Masuo et al., (2001) not only highlighted the financial measurement but he also indicated the customers' satisfaction and personal achievement as the indicators to assess non-financial aspect. Meanwhile, Fatimah (2013) used the non-financial performance indicators to measure the business performance which are the source of capital, entrepreneurial culture, religious values and characteristics of entrepreneurs.

Besides, Walker (2004) suggested that both financial and non-financial are beneficial to assess business performance, however the non-financial method is more reliable and important. Personal satisfaction and achievement, pride in the job and a flexible lifestyle are generally valued higher than wealth creation. Personal factors such as age and also business characteristics influenced perceptions on the importance of these factors.

Lumpkin (1996) in his study concluded that the firm's performance was measured on a subjective perspective involving self-reported measures by using the method developed by Dess & Robinson (1984) and Gupta & Govindarajan (1984). In these methods, respondents were asked to rank the performance of the firm over the past three years by referring to the following criterias namely, sales growth rate, return on sales (net profit margin), gross profit, net profit after taxes, financial strength (liquidity and ability to raise

capital), employee morale, job satisfaction, and commitment to firm's objectives and finally the overall company performance.

2.4 Factors Influencing the Business Performance

Business Performance can be influenced by many factors. According to Yusuf (1995) the most critical factors contributing to business performance consist of good management skills, access to financing, personal qualities, and satisfactory government support. Meanwhile, Alam et al. (2011) suggested that family support, social ties and internal motivation affect positively and significantly to business performance in the small business. Choe et al. (2013) focused on relation between attitude of entrepreneur with the firm's performance by emphasising on achievement, self-esteem, personal control, innovation and opportunity recognition and firm performance.

Qureshi et al. (2012) in his study examined five variables namely, motivation, family support, social networking, personal characteristics and culture as the factors influencing the performance of both male and female business owners in Punjab, Pakistan. He found that personal characteristic as a critical factor for success in business. In addition, he concluded that culture in the society as barrier to female business owners which also limited their opportunities to develop and expand their business. In addition, the background, management skills, business skills, networks and support institutions and government are also the significant factors affecting the performance of the business (Abd Ghani & Darawi, 2012).

Kao (1991) argues that the most influential factor for small business are total commitment, determination, and perseverance, drive to achieve and grow, opportunity and goal orientation, taking initiative and personal responsibility, The role of extended family in providing capital for new firms and facilitating the apprentice training of its members is significant to the success of prospective entrepreneurs (Nafziger, 1969). In addition, innovation in the business through information communications technology play an important role in supporting entrepreneurs on business by gaining a low cost structure and achieving higher returns per customer (Marlin & Wright, 2005). Thus, a study by Fatimah (2013) is also useful to identify factors that influence business performance. The factors are source of capital, entrepreneurial culture, religious values and characteristics of entrepreneurs.

2.5 Source of Financing and Business Performance

One of the influencing factors to the business performance is source of financing which is microcredit by AIM for the purpose of this study. Microcredit plays very important role to help the low income group increase and expand their business performance. Therefore, microcredit is one of the effective tools to alleviate poverty as established by many researchers in their findings (Yunus & Abed, 2004; Khandker, 2003). However studies by Poon & Swatman (1996) and Reynolds et al. (1994) revealed that small businesses often have difficulty in obtaining financing.

Md Saad & Duasa (2011) in their study used econometric models to evaluate the economic performance of clients participating in the microcredit program by AIM.

The result found that the economic performance of AIM participants is significantly influenced by the amount of money borrowed from AIM. The microcredit assistance from AIM also successfully increased the income of the AIM borrowers in Melaka collectively from RM1,000 to RM2,500 per month by 14%. This condition showed the significant relationship between microcredit and improvement in the business (Jalil, et al., 2009).

Similarly, Alkali & Isa (2012) from their study concluded that acces to working capital and government support were significantly related to business performance. Hence, business owners need working capital to run and develop their businesses efficiently in order to achieve the business objective. The result was also consistent with the finding from Atieno (2001) who revealed the importance of finance as a critical factor in business performance and development. Thus, access to financing is crucial for the development of micro businesses (Leaman, Cook & Stewart, 1992).

Yusuf (1995) also supported this point in his study where he asked the respondents to identify and rank influencial factors for success in small business. The results indicated that access to financing was ranked as the second important factors to influence the business performance in small business. In addition Sarder et al. (1997) in their study compared the performance between the assisted and non-assisted firms. The result showed that the assisted firm showed significant increase in terms of sales and productivity due to support services received such as financing, training, technical and consultancy.

Meanwhile, the finding from Law (2012) showed that the various types of resources such as finance, information, moral support and infrastructure facilities are crucial to owner-managers to ensure a better firm performance. The more resources received by the owner-managers, the better it could contribute to the enhancement of firm performance. It can be concluded that the presence of finance facilities significantly influence firm performance. Abd. Ghani & Darawi (2012) concluded that support from institutions and government are also a significant factor affecting the performance of successful Malay entrepreneurs in Johor Bahru. This is because the Malay entrepreneurs often have problems from the aspects of capital and entrepreneurship training. But help from the government has been successful in achieving the goal of helping entrepreneurs improve their business.

2.6 Entrepreneurial Culture and Business Performance

Meanwhile, the cultural factor also plays a vital role in contributing to the firm's performance. According to Saleem (2012), the existence of entrepreneurial culture is very important to encourage and consistently support the business owners. Hence, it will indirectly enhance their aspiration to be more successful and boost the business performance. The result is also supported by the previous findings who discovered the significant and positive relationship between the entrepreneurial culture and business performance (Kirby & Fan, 1995; Zhang & Yang, 2006).

The finding is consistent with the finding by George & Zahra (2002) who highlighted the significant impact of entrepreneurial culture towards the business performance.

Meanwhile, Zhang & Si (2008) and Ahlstrom & Bruton (2002) in their studies emphasized that the significant influence of environmental factors appeared to come from entrepreneurial culture and atmosphere. This same finding is empirically supported by Fielden & Dave (2004) as well as Levent et al. (2003) who further indicated that, entrepreneurial culture has the potential to formally and informally support entrepreneurs.

2.7 Research Framework and the Proposed Hypotheses

The research framework shown in Figure 2.2 is developed based on the discussion of literature on business performance (Fatimah, 2013; Alkali & Isa, 2012; George & Zahra, 2002). The framework for this study shows the relationship between source of financing and entrepreneurial culture with business performance. This study used two independent variables which are source of financing and entrepreneurial culture and one dependent variable which is business performance of AIM business owners.

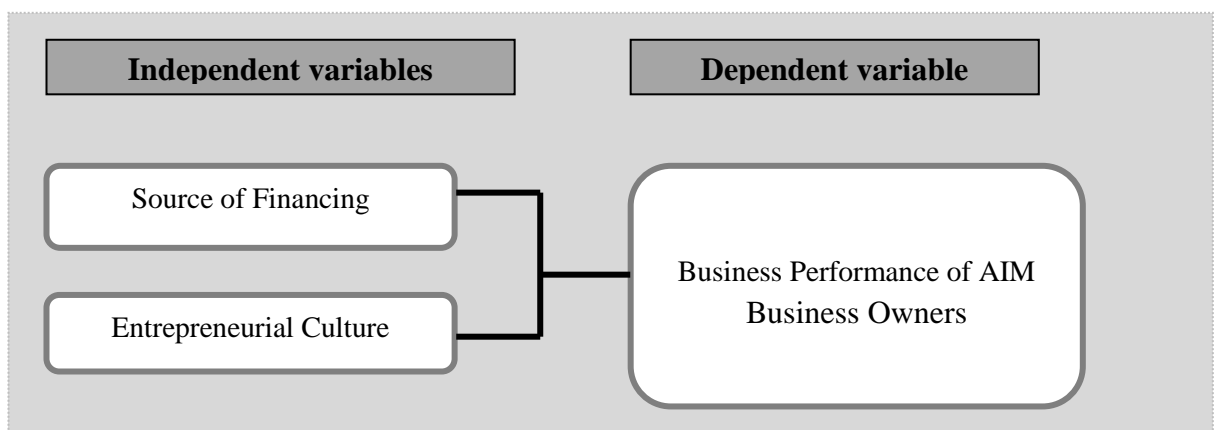


Figure 2.2
Research Framework

Based on the research framework, the following hypotheses were proposed:

Ha₁: The source of financing is related to business performance of AIM business owners

Ha₂: The entrepreneurial culture is related to business performance of AIM business owners

Ha₃: The source of financing is strongly influenced the business performance of AIM business owners

Ha₄: The entrepreneurial culture is strongly influenced the business performance of AIM business owners

2.8 Background of Amanah Ikhtiar Malaysia

AIM was the first microfinance institution in Malaysia and the largest Grameen Bank replication outside Bangladesh (McGuire, Conroy & Thapa, 1998). AIM was established under the Trustee Incorporation Act 258 (revised 1981) as complementary agents of poverty eradication programs of the Government under the National Development Policy. Currently, there are 14 branches of AIM office which are Kedah, Perak, Kelantan Utara, Kelantan Selatan, Terengganu, Pahang, Selangor/Kuala Lumpur, Negeri Sembilan/Melaka, Johor, Sarawak Utara, Sarawak Selatan, Sabah Barat, Sabah Timur and Sabah Tengah.

Historically, the microfinance programs in poverty alleviation was first introduced by Professor Muhamad Yunus in Bangladesh in 1976 and has since expanded to all over

the world. However, the first project in Malaysia was initiated by Professor David Gibbons and Associate Professor Sukor Kasim in 1986 who conducted the ‘Projek Ikhtiar’ in examining the suitability of Grameen Bank’s approach in the local context. The team carried out the ‘Projek Ikhtiar’ by granting the microfinance access to the poor for poverty reduction purpose. This microfinance scheme is aimed at financing the efforts in increasing income and strengthening the poor via joint management with AIM, in order to achieve continuity and success of the program.

Due to success story of AIM, Government endures their continuous support through grants and soft loans. Prime Minister announced an additional loan financing of RM300 million for AIM for the next five years in in Bumiputera Empowerment 2013 Ceremony on 14th September 2013. AIM itself has disbursed RM11.3 billion loan to its members in Malaysia since its establishment.

2.8.1 AIM’s loan schemes

The loan schemes offered by AIM can be divided into two categories which are for economic purposes and non-economic purpose. Each of the loan groups has different eligible loan amounts and durations of instalments as shown in Table 2.2:

Table 2.2
AIM's Loan Schemes

Loan Schemes		Amount–in <i>Ringgit Malaysia (RM)</i>	Instalment (Weekly)
Economic (General Loan)	i-Mesra	1,000 – 2,000 3,000 – 10,000 (max)	12, 25, 35, 50 12, 25, 35, 50, 75, 100
	i-Srikandi	12,000 – 20,000 (max)	12, 25, 35, 50, 75, 100, 125, 150
	i-Wibawa	5,000 (max)	12, 25 or every months for six months or lump sum
Non-Economic (Others)	i-Sejahtera	1,000 – 2,000 3,000 – 10,000 (max)	12, 25, 35, 50 12, 25, 35, 50, 75, 100
	i-Bestari	1,000 – 2,000 3,000 – 5,000 (max)	12, 25, 35, 50 12, 25, 35, 50, 75, 100
	i-Penyayang	1,000 – 2,000 3,000 – 5,000 (max)	12, 25, 35, 50 12, 25, 35, 50, 75, 100
	i-Emas	2,000 (max)	12, 25, 35, 50

Source: AIM, 2014

AIM offers loans to borrowers involved in various types of legal business activities. The AIM borrower' major business activities include small businesses, agriculture, manufacturing, fishing and services. Besides the popular interest free scheme, the microfinance loan does not require any guarantors and collaterals. The loan also given without any threat of legal action should the borrowers default the loan. Thus, AIM has achieved a remarkable repayment rate of 99.36% due to its unique method for managing risk.

The microcredit is issued to a group of four or five women who do not have family ties. All team members are responsible for paying off the microcredit that was given to one of them at one time. Social pressure motivates client members to avoid defaulting on their loans. The setup of the weekly meeting is already a mechanism by itself to make sure that members attend and pay their weekly payments. AIM personnel also make field trips to monitor their member's projects.

Therefore, working to alleviate rural poverty, AIM had disbursed RM11.3 billion of financing as at September 2014 as shown in Table 2.3.

Table 2.3
Total Disbursement of AIM Microcredit

No	States	Amount (RM)
1	Kedah	1,959,323,110
2	Perak	1,396,867,640
3	Northern Kelantan	1,416,370,860
4	Southern Kelantan	1,201,159,748
5	Terengganu	1,478,784,155
6	Pahang	679,767,570
7	Selangor/KL	503,493,570
8	Negeri Sembilan/Melaka	321,110,820
9	Johor	238,016,570
10	Sarawak (North)	402,131,220
11	Sarawak (South)	422,357,230
12	Sabah (East)	461,149,340
13	Sabah (West)	514,676,450
14	Sabah (Central)	353,520,310
TOTAL		11,348,728,593

Source: AIM, September 2014

2.9 Chapter Summary

This chapter presented the literature review for this study. The chapter describes the review of previous studies' literature focussing on the concept of entrepreneurship, entrepreneur and micro business, which is fundamental to this study. It includes defining the terminology of entrepreneurship and micro business and its components and factors influencing the business performance. The Chapter 3 then will present the methodology used to test the hypotheses in this research which covers the methods and techniques such as research design and measurement of variables. The chapter also explains the data collection process and techniques of data analysis and the pilot test done.

CHAPTER 3

METHODOLOGY

3.1 Introduction

The purpose of this chapter is to present the methodology used to test the hypotheses in this research. It discusses the research design and measurement of variables and data collection procedure. This chapter also presents technique and data analysis method, the pilot test and also the response rate.

3.2 Research Design

This is a quantitative study to identify the business performance of AIM business owners by looking at source of financing and entrepreneurial culture. This method allows the analysis to be carried out on a large sample which can be generalized to the whole population.

The study is conducted in the natural environment of the organization where the researcher's interference is very minimal. According to Sekaran (2003), conducting a research in a natural environment allows respondents to answer the questionnaire without being influenced and pressured by the presence of the researcher. Meanwhile, the unit of analysis of this study is individual and the primary data was collected through the distribution of the questionnaire. The study is also a cross

sectional study where the data was gathered at at one time point and over a short period due to time and cost constraint.

3.3 Population and Sampling

The study's population includes all AIM business owners from economic scheme (general loan) in Klang Valley region. Based on the data given by AIM, currently there are 27,691 business owners from economic scheme (general loan) in Klang Valley region.

As argued by Zikmund (2003), it is not practical to collect data from the whole population. Therefore, a sampling process is needed to determine the sampling size. The study adopted a simple random sampling which every data source in the population has an equal chance of being included in the sample. Because random samples are probability samples, this creates the possibility for generalizing to a larger population, but this generalizability is not absolute (Krejcie and Morgan, 1970).

Hence, based on the table proposed by Krejcie and Morgan, the minimum sample size for 27,691 business owners in Klang Valley region in this study is 379 business owners. The researcher selected the respondents from sampling list provided by AIM using the Microsoft Excel.

3.4 Instrumentation

This study was conducted by using questionnaires in Bahasa Melayu but each questions were followed by English translation. The purpose of providing bilingual language of the questionnaires is to maximize the level of understanding among the respondents (Holden et al., 1985).

The study's instrument comprises of four sections to measure the respondents' demographic and variables of business performance, source of financing and entrepreneurial culture. An introductory part was placed on the first page of the instrument informing that the survey is solely for academic purpose and that all the answers will be treated strictly private and confidential as attached in Appendix A.

3.4.1 Section A: Respondent's Background/Demography

Section A contains 13 sets of questions on the respondents' demographic background such as sex, age, race, marital status, level of education and monthly income. There are also questions on respondent's business background such as types of business, the year of participation and sources to start a business.

3.4.2 Section B: Business Performance Measurement

Section B consists of five sets of questions which measures the business performance of AIM business owners. Instrument to measure the business

performance were based on the items applied by Lumpkin (1996) from Dess & Robinson (1984) and Gupta & Govindarajan (1984). Performance was measured on a subjective perspective involving self-reported measures where respondents were asked to state their business performance on criteria like the sales growth rate, gross profit, financial strength, purchasing of raw materials and stock and overall performance.

Respondents need to answer each question by measuring their business performance in three years or since its establishment using the five-point Scale, (1: very low, 2: low, 3: moderate, 4: high, 5: very high). A three year average performance measure was chosen to obtain an overall measure and lessen the impact of variation due to short-term conditions. Although prior researchers asked respondents to estimate a five year average (Dess & Robinson, 1984), the shorter time frame was deemed appropriate for new entrants (Lumpkin, 1996). The items for measuring business performance are are illustrated in Table 3.1.

Table 3.1
Operational Definition and Items for Business Performance

Variable	Operational definition	Items
Business Performance	The respondent's assessment on their business performance based on self-reported measurement (Lumpkin, 1996).	<ol style="list-style-type: none"> 1. Sales growth rate of your business. 2. Gross profit of your business. 3. Financial strength of your business. 4. Purchasing of raw materials and stock for your business. 5. Overall performance of your business.

Source: Lumpkin, 1996

3.4.3 Section C: Source of Financing

Section C outlines 12 questions on source of financing provided by AIM. Hence the effectiveness of the microcredit obtained from AIM is evaluated as employed by Fatimah (2013) from the study of AIM & UUM (2010). Respondents need to answer each question by using a Semantic differential scale which has been used by Kolodinsky (1999), (1: very dissatisfied, 2: dissatisfied, 3: neutral, 4: satisfied, 5: very satisfied). The items for measuring Source of financing are illustrated in Table 3.2.

Table 3.2

Operational Definition and Items for Source of Financing

Variable	Operational definition	Items
Source of Financing	The source of financing refers to the microfinance facilities from the economic scheme (general loan) provided by AIM (Fatimah, 2013; AIM & UUM, 2010).	<ol style="list-style-type: none"> 1. Regulations and conditions imposed to obtain the loan are reasonable. 2. Amount of financing is sufficient. 3. Method of repayment is easy. 4. Period of repayment is reasonable. 5. AIM profit from buying and selling of commodities based on the Murabahah concept of 10% per annum is a reasonable. 6. Approval of financing is easy. 7. Financing monitoring system is very effective. 8. Cooperation of AIM staf is very good. 9. Trainings and courses provided are relevant. 10.Exposure to entrepreneurship principle is sufficient.

Variable	Operational definition	Items
		11.Guidance given by AIM is very helpful.
		12.Advice services and consultation given is sufficient.

Source: Fatimah, 2013; AIM & UUM, 2010

3.4.4 Section D: Entrepreneurial Culture

Section D consists of six questions on entrepreneurial culture based on the study by Fatimah (2013) from the combination of dimensions applied by Zhang & Si (2008) and Global Entrepreneurship Monitor (2003); namely, attitude toward entrepreneurs, acceptance of earning distance and recognition of entrepreneurs.

Respondents need to answer each question by using the five-point Likert Scale as discussed by Vogt (1999), (1: totally disagree, 2: disagree, 3: neutral, 4: agree, 5: totally agree). Table 3.3 shows the entrepreneurial culture items used in this study.

Table 3.3

Operational Definition and Items for Entrepreneurial Culture

Variable	Operational definition	Items
Entrepreneurial Culture	Entrepreneurial culture is a combination of social and cultural factors in a population (Fatimah, 2013; Zhang & Si, 2008; and Global Entrepreneurship Monitor, 2003).	<ol style="list-style-type: none"> 1. In your area, there is an intensive entrepreneurial culture and atmosphere. 2. In your area, there is excellent entrepreneurial environment for AIM entrepreneurs. 3. In your area, those successful at starting entrepreneurship have a high level of status. 4. In your area, those successful at starting entrepreneurship have a high level of respect. 5. In your area, you will often know the stories about successful new entrepreneurship. 6. In your area, most people consider starting new entrepreneurial activities a desirable career choice.

Source: Fatimah, 2013; Zhang & Si, 2008; and Global Entrepreneurship Monitor, 2003

3.5 Data Collection Procedures

To start this research, the permission to collect data and to conduct the study was obtained from the Research and Development Director of AIM through the letter as attached in Appendix B. After the approval, the permission was obtained from Managers of Klang Valley region as attached in Appendix C. The researcher selected the respondents from the sampling list obtained from AIM using Microsoft Excel. The researcher also contacted and paid the courtesy visit to the Managers of Klang

Valley offices to get the best cooperation in distributing and collecting the questionnaires.

For the purpose of consistency and ease of estimation, 420 sets of questionnaire were being distributed by the researcher. The questionnaires were delivered and distributed to the respondents by the Managers of Klang Valley offices. The respondents were advised to give responses that best described their agreement to the statements in the questionnaire. They were given a maximum of two weeks to complete the questionnaire at their convenience.

The respondents then answered the questionnaires and returned them to the Managers of the nearest Klang Valley offices. The completed questionnaires were finally gathered and analysed using the Statistical Package for Social Science (SPSS) Version 22.

3.6 Techniques of Data Analysis

The data was analysed using the SPSS. This program helps to facilitate data cleaning and checking for logical inconsistencies in the dataset. The researcher carried out the data mining procedure before the actual data analysis was performed. The responses from the respondents were coded accordingly before being transferred into data file. The frequency distribution was used to tabulate the number of responses received for each question.

The assessment of normality for the distribution of each variable will be determined to ensure that the data obtained is normally distributed. Specifically, the study would employ several statistical analyses procedure as follows:

3.6.1 The Linear Regression Analysis

Regression is a simple statistical tool used to model the dependence of a variable on one (or more) explanatory variables. Linear regression is a statistical technique that allows us to predict someone's score on one variable on the basis of their scores on other variables.

3.6.2 The Correlation Pearson Analysis

The coefficients indicate the strength and direction of a linear relationship between two random variables. The correlation is +1.0 in the case of a perfect positive correlation or an increasing linear relationship, -1.0 in the case of a decreasing linear relationship or a perfect negative correlation, and some value in between in all other cases, indicating the degree of linear dependence between the variables.

The correlation coefficients indicate the strength of the association between two variables and the direction of that association (Zikmund, 2003). The closer the coefficient is to either -1.0 or +1.0, the stronger the correlation between the variables. However, correlation analysis was performed to determine if there

were any relationships between the independent variables and the dependent variables.

Finally, the overall hypotheses testing summary in this study are indicated in Table 3.4.

Table 3.4
Summary of hypotheses and its statistical analysis

Hypotheses		Statistical Test	
Ha₁	The source of financing is related to business performance of AIM borrower	Correlation Test	Pearson
Ha₂	The entrepreneurial culture is related to business performance of AIM borrowers	Correlation Test	Pearson
Ha₃	The source of financing is strongly influenced the business performance of AIM borrowers	Linear Test	Regression
Ha₄	The entrepreneurial culture is strongly influenced the business performance of AIM borrowers	Linear Test	Regression

3.7 Pilot Test

In this research, 30 respondents were selected randomly for pilot testing to ensure the constructed validity and reliability where the questionnaires have been personally distributed and collected to ensure a 100 percent response rate. According to Chua (2012), the appropriate number of respondents for the pilot test is 30 to 50 subjects.

Sekaran (2003) stated that “Cronbach’s alpha is a reliability coefficient” that show the items compatibility as a set of question and the closer the alpha value to 1, the higher the reliability. Therefore, a pilot test was done to evaluate the suitability and the relevant questions of the scope.

In determining the reliability of the instruments used in this study, reliability analysis was being conducted through internal consistency approach. The test was done by finding the cronbach's alpha to test the valid questionnaires. According to Hair et.al (2003), user related variables based on the strength of the cronbach's alpha values shown in Table 3.5:

Table 3.5
Strength Value based on Cronbach's Alpha Value

Cronbach Alpha Value	Strength
<0.6	Weak
0.6 – <0.7	Moderate
0.7 – <0.8	Good
0.8 – <0.9	Very Good
0.9	Excellent

Source: Hair et al. (2003)

In summary, based on the reliability analysis conducted, the Cronbach's alpha for the instruments used are as in Table 3.6. It was found that the cronbach's alpha for all the variables were range from 0.8 to 0.9, hence considered to be very good and reliable. The finding was consistent with Fatimah (2013) who found the cronbach's alpha for source of financing and culture were 0.902 and 0.872 respectively.

Table 3.6
Cronbach's Alpha for the Pilot Test (n = 30)

Variables	Number of Items	Items Dropped	Cronbach's Alpha
Business Performance	5	-	0.863
Source of Financing	12	-	0.897
Entrepreneurial Culture	6	-	0.930

3.8 Response Rate

The totals of 420 questionnaires were sent to the AIM Klang Valley offices by hand. Then the Managers of AIM distributed to the respondents and collected the questionnaires before returning them to the researcher in two weeks. The researcher managed to get full cooperation from AIM Klang Valley offices, therefore after two weeks, 386 questionnaires were returned to the researcher and this represents a response rate of 101.8% as shown in Table 3.7. Therefore, a total of 386 complete and usable questionnaires have been used in the research.

Table 3.7
Sample Study Response Rate (n = 386)

Questionnaires response	Frequency	Rate (%)
Total questionnaires distributed	420	100.00
Number of questionnaires needed	379	100.00
Number of returned questionnaires	386	91.90
Total usable questionnaires	386	101.80

3.9 Summary

This chapter presented the methodology for this study. The chapter discussed in details the research design and the sampling techniques used for the purpose of data collection. The measurements of variables / instruments and data collection procedures were also explained. Finally this chapter discussed the techniques of data analysis that being used and also the result from the pilot test done. A discussion of the data analysis and result of the findings will be presented in the following Chapter Four.

CHAPTER 4

FINDINGS

4.1 Introduction

This section explains the analysis of the data collection from the survey questionnaires to the respondents. The completed questionnaires were analyzed using the Statistical Package for Social Science (SPSS) version 22. Analysis is based on the research objectives and research questions. It also presents the reliability and normality test and the descriptive and objectives analysis for the related variables.

4.2 Descriptive Findings

4.2.1 Respondent's Characteristics

The research sample consists of 386 respondents from AIM Klang Valley region. Section A contains questions regarding the demographic background such as sex, age, race, marital status and level of education. The survey involved 386 female respondents (100%) and no male respondent was involved. Rankin (2001) in his study established that the reliability of women to repay the loan is very high compared to men. The study also found that the percentage of repayment among women who participated in this program is 95%, indicating a positive and healthy situation for the lender. Therefore, it can

be concluded that the participation of women in microcredit program is very effective and can improve the financial institutions with the repayment rate of 95%.

Of the 386 respondents, the highest frequency was 167 respondents from the age group of 36 to 45 years old (43.3%) and 120 respondents (31.1%) were more than 46 years old and 82 respondents (21.2%) were 26 to 35 years old. Meanwhile, less than 25 years old was the lowest frequency which were 17 respondents (4.4%). This explains the facts that at the ages between 40 and 50, they began to question their career and personal life issues, which may result in a new career such as business ownership (Mincer, 2002). However, the purpose of AIM microfinance programs is to assist urban bottom 40% households in establishing small businesses. Therefore, in this research, it can be concluded that the majority of the urban bottom 40% households in Klang Valley region is from the age group of 36 years and above.

The largest ethnicities were Malays which recorded 353 respondents (91.5%), followed by Chinese which recorded 32 respondents (8.2%) and only one Indian (0.3%). There were 317 respondents (82.1%) who were married and 41 respondents (10.6%) were divorcee/widow and 28 respondents (7.3%) those who were still single. As for education background, 210 respondents (54.4%) came with MCE/SPM, 82 respondents (21.2%) with LCE/SRP/PMR and below, 63 respondents (16.3%) with HSC/STPM/Certificate/Diploma, 15 respondents (3.9%) with no formal education followed by 11 respondents with first degree (2.8%) and five respondents (1.3%) with master's degree. This

shows that the AIM business owners came with good academic qualifications to help them performance better in the business. This finding aligns with the finding by Baderman (2009) who found that 90% of women entrepreneurs in United States are having some education beyond high school.

This section also provides questions on respondent's business background such as types of business, year of participation and level of business. For the types of business, 189 respondents (49.0%) involved in food and beverages and followed by 80 respondents (20.7%) in services. The number of respondents indicated their involvement in manufacturing was 61 respondents (15.8%), groceries was 29 respondents (7.5%) and 27 respondents (7.0%) classified as others. Meanwhile, for period of business, 159 respondents (41.2%) have been in business for three to five years and followed by 91 respondents (23.6%) who have been involved for six to ten years. There were about 64 respondents (16.6%) with more than 11 years' experience in business, 56 respondents (14.5%) listed one to two years' experience and 16 respondents (4.1%) have less than one year experience in business. As for level of business, 263 respondents (68.1%) are expanding, 59 respondents (15.3%) are the beginners, 56 respondents (14.5%) are matured and successful and the remaining eight respondents (2.1%) are not active. Details showing the demographic analysis of the respondents are given in Table 4.1.

Table 4.1

Respondents' Demographic Profile (n = 386)

Variable	Frequency	Percentage
Gender		
Male	0	0
Female	386	100
Age		
Less than 25	17	4.4
26 – 35	82	21.2
36 – 45	167	43.3
more than 46	120	31.1
Race		
Malay	353	91.5
Chinese	32	8.2
Indian	1	0.3
Marital Status		
Single	28	7.3
Married	317	82.1
Divorcee/Widow	41	10.6
Level of Education		
No formal education	15	3.9
LCE/SRP/PMR and below	82	21.2
MCE/SPM	210	54.4
HSC/STPM/Certificate/Diploma	63	16.3
First Degree	11	2.8
Master's Degree	5	1.3
Types of Business		
Services	80	20.7
Food and Beverages	189	49.0
Manufacturing	61	15.8
Groceries	29	7.5
Others	27	7.0
Period of Business		
Less than 1 year	16	4.1
1 to 2 years	56	14.5
3 to 5 years	159	41.2
6 to 10 years	91	23.6
more than 11 years	64	16.6
Levels of Business		
Beginning	59	15.3
Expanding	263	68.1
Mature and Success	56	14.5
Not active	8	2.1

4.3 Reliability and Normality Analysis

4.3.1 Reliability Test

In this research, all the variables were tested for the consistency reliability by using the cronbach's alpha reliability analysis. The results showed that cronbach's alpha for all the variables were well above 0.70 as recommended by Hair et.al (2003). The result indicated that cronbach's alpha for the variables were 0.902 for business performance, 0.874 for source of financing and 0.841 for entrepreneurial culture as shown in Table 4.2. The result of the cronbach's alpha was consistent with the pilot test done before where cronbach's alpha for business performance was 0.863; source of financing was 0.897 and 0.930 for entrepreneurial culture. In conclusion, the results showed that the scores of the cronbach's alpha for all the variables used in this study exceeded the preferable scores of 0.70. This means that the measurement scales of the variables were stable and consistent.

Table 4.2
Cronbach's Alphas of the Study Variables (n = 386)

Variables	Number of Items	Pilot Test	Actual Study
Business Performance	5	0.863	0.902
Source of Financing	12	0.897	0.874
Entrepreneurial Culture	6	0.930	0.841

4.3.2 Normality Test

Normality test was carried out to make sure the data collected was normally distributed. The standard deviation describes the spread or variability of the sample distribution values from the mean, and is perhaps the most valuable index of dispersion (Hair et al., 2010; Zikmund et al., 2003). If the estimated standard deviation is large, the responses in a sample distribution of numbers do not fall very close to the mean of the distribution. If the estimated standard deviation is small, the distribution values are close to mean (Hair et al., 2010).

Based on the test done on business performance, the highest mean value was 4.23 with the standard deviation of 0.54, and minimum and maximum scores of 2.60 and 5.00, respectively, while the mean for source of financing was 4.39 with the standard deviation of 0.38, and minimum and maximum scores of 3.17 and 5.00, respectively. Meanwhile, entrepreneurial culture recorded 4.25 as the highest mean and 0.51 of the standard deviation, and minimum and maximum scores of 3.00 and 5.00, respectively. Therefore, it was found that the tested variable was approximately normally distributed as shown in Table 4.3. As such, the results of normality test in this study demonstrated that the value obtained for each variable fall between -3 and +3 and it can be assumed all the data of normal distribution (Kline, 1998).

Table 4.3

Mean, Standard Deviation, Minimum, and Maximum of Business Performance, Source of Financing and Entrepreneurial Culture (n = 386)

Variables	Mean	SD	Minimum	Maximum
Business Performance	4.23	0.54	2.60	5.00
Source of Financing	4.39	0.38	3.17	5.00
Entrepreneurial Culture	4.25	0.51	3.00	5.00

4.4 Objective Findings

4.4.1 To measure the business performance of AIM business owners in three years or since its establishment

According to Hair et al. (2010), mean values can be categorized into three levels as shown in Table 4.4.

Table 4.4

Mean Values

Mean Values	Levels
1.00 – 2.25	Low
2.26 – 3.75	Moderate
3.76 – 5.00	High

Source: Hair et al. (2010)

Table 4.5 shows the descriptive analysis of mean, standard deviation, minimum and maximum of the business performance measurement of AIM business owners. Respondents have to evaluate their business performance in three years or since its establishment by using five items in terms of the sales growth

rate, gross profit, financial strength, purchasing of raw materials and stock and overall performance.

The mean of the sales growth rate of their business was 4.29 with standard deviation of 0.709 and the mean for gross profit was 4.46 with 0.636 of standard deviation. Meanwhile, the financial strength of the business was 3.75 with standard deviation of 0.618 and the mean for purchasing of raw materials and stock was 4.52 with standard deviation of 0.604. The mean for overall performance was 4.14 and 0.629 of standard deviation.

Therefore, based on the test by Hair et al (2010), four items under business performance measurement which are the sales growth rate; gross profit; purchasing of raw materials and stock; and overall performance have the high values while the financial strength shows the moderate value. This means that the business performance of AIM business owners in three years or since its establishment were considerably high.

Table 4.5
Mean for Business Performance Measurement

	Min	Max	Mean	SD
<i>The sales growth rate of your business</i>	3	5	4.29	0.709
<i>Gross profit of your business</i>	2	5	4.46	0.636
<i>Financial strength of your business</i>	2	5	3.75	0.618
<i>Purchase of raw materials and stock for your business</i>	3	5	4.52	0.604
<i>Overall performance of your business</i>	3	5	4.14	0.629

4.4.2 To determine the relationship between the source of financing and entrepreneurial culture with business performance of AIM business owners

4.4.2.1 Correlation Analysis

To test the hypothesis 1 and 2, correlation analysis was conducted to determine whether the two independent variables which are source of financing and entrepreneurial culture have any relationship with business performance of AIM business owners.

Table 4.6 shows that source of financing is significantly correlated with business performance of $r = 0.546$ ($p < 0.000$). This result indicates that source of financing by AIM moderately influences the business performance of the firm. The result also imply that the higher the source of financing received, the higher the business performance of AIM business owners.

Meanwhile, the table also shows that entrepreneurial culture is significantly correlated with business performance of $r = 0.592$ ($p < 0.001$). This indicates that entrepreneurial culture moderately influences the business performance of the firm. The result also imply that the higher the entrepreneurial culture exists, the higher the business performance of AIM business owners.

Table 4.6
Correlation Analysis

Variables	Correlation results (Pearson's)	Significant	Result
Source of Financing	0.546	0.000**	Supported
Entrepreneurial Culture	0.592	0.001**	Supported

***Correlation is significant at the level 0.01(2-tailed)*

4.4.2.2 Regression Analysis

Meanwhile, to test the hypothesis 3 and 4, regression analysis was conducted to determine the inference of the source of financing and entrepreneurial culture towards the business performance of AIM business owners.

From the Table 4.7, the value of coefficient determination was 0.389. This means that 38.9% of the business performance was influenced by source of financing and entrepreneurial culture and 61.1% was explained by others factors that was not involved in this research. In other words, these two variables moderately influence the business performance.

Meanwhile, the F-test result showed that there is relationship between the predictor variables with criterion variables at significant level $p < 0.01$. This means that the fitness of the model in explaining the business performance of AIM business owners is good.

Based on the result of the regression test, it was found that there is a relationship between source of financing and entrepreneurial culture with business performance with standardized coefficient of 0.266 and 0.412 respectively. Since significance values for both variables are less than 0.05 and the standardized coefficients are positive, the result of the test shows that there are significant positive relationships between source of financing and entrepreneurial culture with business performance. This shows that for every increase of source of financing and entrepreneurial culture, business performance will also increase significantly.

Table 4.7
Linear Regression Analysis

Independent Variables	Standardized Coefficients		
	Beta	T	Sig
(Constant)		2.867	0.004
Source of Financing	0.266	4.906	0.000
Entrepreneurial Culture	0.412	7.581	0.000

$R \text{ Square } (R)^2 = 0.389$
 $\text{Adjusted } R^2 = 0.386$
 $F \text{ value} = 122.118$
 $P < 0.01$
 $n = 386$

Note: Dependent Variable: Business Performance

Therefore, Table 4.8 shows the summary of the findings that related to the hypothesis for this research.

Table 4.8

The summary Table of Findings

	Variables	Results
Ha₁	The source of financing is related to business performance of AIM business owners	Supported
Ha₂	The entrepreneurial culture is related to business performance of AIM business owners	Supported
Ha₃	The source of financing is strongly influenced the business performance of AIM business owners	Supported
Ha₄	The entrepreneurial culture is strongly influenced the business performance of AIM business owners	Supported

4.5 Summary

This chapter has discussed in details on the descriptive findings, reliability and normality analysis, as well as objective findings. Based on the result obtained, it showed that the source of financing and entrepreneurial culture is correlated to business performance of AIM business owners. There are also relationships between source of financing and entrepreneurial culture with the business performance even though they showed only moderate relationship. A discussion of the findings and conclusion about the findings will be presented in the following Chapter Five.

CHAPTER 5

DISCUSSIONS AND CONCLUSION

5.1 Introduction

In Chapter Four, the results of the study were presented. This chapter summarizes the discussion of the findings from the demography aspect and objectives achieved. It also presents the recommendations as a result of the study. It also explains about the limitations of the study, theoretical and practical contributions of the study, suggestions for future research and also the conclusion.

5.2 Summary of the Research

The purpose of this study is to measure the business performance of AIM business owners in three years or since its establishment and determine the relationship between the source of financing and entrepreneurial culture with business performance of AIM business owners. To test the research hypotheses, correlation and linear regression analysis were conducted.

Based on the current study, it can be concluded from the results that the sales growth rate; gross profit; purchasing of raw materials and stock; and overall performance of AIM business owners for the past three years or since its establishment are

considerably high while the financial strength shows the moderate value. It is very important for AIM to know the business owners' performance in their business as business performance relates to meeting or exceeding specific goals and objectives as defined by their business plans. By referring to the result, it is very crucial for the management to plan for the development program within the specified group.

The findings also revealed that both source of financing and entrepreneurial culture are positively related to business performance of AIM business owners even though they showed only moderate relationship.

5.3 Relationship between Source of Financing and Business Performance

In this study, the present finding indicate that source of financing is moderately related to business performance of AIM business owners. The result is basically in concurrence with earlier research done by Alkali & Isa (2012) who stated that the capital access was found to be significantly related to business performance of the enterprises. In order to achieve the business target, firms need capital to develop and expand their business in the competitive world. The relationship of source of financing on the business performance also had been highlighted by few researchers (Yusuf, 1995; Atieno, 2001).

However, these findings are not surprising. Logically, source of financing is very crucial for the micro business owners especially for the start-up companies to start their business. Getting involved in the micro business requires them to make swift, quick and short term basis decision due to the intense pressure of competition from

other business owners. Therefore, with the financial assistance from the microfinance or banking institutions, it could help the business owners to manage the business accordingly such as in purchasing raw materials, hiring and training the workers and promoting the business. The source of financing is also important for the business owners to buy the new machines, expand the business to the bigger market and invest on product innovation. By doing so, it could generate more income, profit and also improve their business performance.

Another possible explanation of these results is that source of financing is vital to the business performance just like any other resources such as infrastructure facilities, human capital and information communication and technology. Therefore, the more resources received by the firm, the better it could contribute to the business performance (Law, 2012). In line with that, currently AIM had disbursed RM11.3 billion of financing as at September 2014 with the hope of assisting urban bottom 40% households to establish small businesses.

The source of financing in this study also covered the development programs by AIM. Therefore, AIM has to relook the current policy especially on their development programs to apply the best approach for the business owners. They should identify the proper and right training that could help improve the AIM business owners and the focus of the program could be directly based on self-development of respective business owners. By equipping the business owners with the related attitude, knowledge and skills, it would help the government's aspiration to create more entrepreneurs and business owners in the future. In another study, Al-Mamun et al. (2014) suggested that AIM should emphasise on the skill development

and training in order to improve the socio-economic of the participants of AIM loan schemes. However, the management should closely monitor the effectiveness of such program in order to maximize the benefits to the target group.

5.4 Relationship between Entrepreneurial Culture and Business Performance

Results from this study also indicate that the entrepreneurial culture was positively related to business performance of AIM business owners. Respondents in this case perceived entrepreneurial culture as important in enhancing their business performance. These findings support previous study conducted by Kirby & Fan, 1995; Zhang & Yang, 2006) who revealed the existence of significant and positive relationship between the entrepreneurial culture and performance. This result is also similar to those in the literature that entrepreneurial culture does indeed prove to be a powerful factor in business performance. (Ahlstrom & Bruton, 2002; Fielden & Dave, 2004).

One possible explanation for these findings is that with the positive and supportive entrepreneurial culture, it could boost the entrepreneurial spirit of the business owners, thus, increase their business performance. It is very crucial to create the entrepreneurial culture in the society so they would consider entrepreneurial activities as their desirable career choice in the future.

Zapalska et al. (2001) in his finding stated that it is important to improve the entrepreneurial culture. Therefore, it is very significant for AIM to instil and create the business environment and culture that could support the business performance of

AIM business owners. By having the support group of five people who collectively responsible for all members, it would evolve the entrepreneurial culture in the society and stimulate the business spirit among the business owners due to success story of others.

Another possible explanation why entrepreneurial culture is seen very important in influencing the business performance in this study may be due to the age and types of business that the respondents of this study have. Most of respondents in this study are above 36 years old and at the level of beginning and expanding in business. Therefore, the entrepreneurial culture is very crucial for this group where the age and level of business may affect their confidence level which indirectly can influence the business performance.

5.5 Theoretical and Practical Contributions of Study

The findings of the study demonstrated a positive relationship and significant influence between the source of financing and entrepreneurial culture with business performance of AIM business owners. The findings is consistent with the previous literature. The study extends the previous literature by supporting that source of financing and entrepreneurial culture is significantly and positively related. This study proves that both source of financing and entrepreneurial culture need to be put into consideration by the management of microfinance institutions particularly AIM itself in planning any development programs.

The practical implication of this study is that source of financing and entrepreneurial culture could have a positive impact on performance of AIM business owners. The finding is important in the sense that the small business shows the significant increase and plays an important role in a developing country just like Malaysia. Therefore, any findings on influence factors to the business performance will be very beneficial.

In short, this study will benefit the microfinance institutions, policy makers and the community at large. The findings are very valuable for the microfinance institutions particularly AIM itself to relook the current policy and plan for a better mechanism and approach dealing with microfinance world. On the other hand, the finding will also benefit the policy makers in formulating the policy at the macroeconomic level which could be helpful in creating entrepreneurship program as tool of poverty eradication. Finally, it is the hope of the researcher to see this study to benefit the community as a whole. With the improved policies by the related agencies, community will gain from the better service delivery of microfinance institutions.

5.6 Limitations of the study

Even though this study shows several significant findings, it also has few limitations. The study was aimed at understanding the influence of source of financing and entrepreneurial culture towards business performance of AIM business owners, but the finding involved majority from the Malay race compared to other races as

intended. Thus, the findings only captured perceptions of Malay business owners towards their business performance measurement.

Due to time and situational constraints, the respondents were only limited to the recipients of economic scheme (general loan) provided by AIM in Klang Valley region. Therefore, a wider scope would have been preferable to ensure that greater generalizability could be tabulated from the scores. Moreover, the study involved respondents from the micro scale business; thus the results of the research cannot be generalized to the entire entrepreneur community. The findings may be contrary if the respondents come from medium and big scale business.

Lastly, this study does not take into consideration all factors that influence business performance. The variables tested in this study were only limited to source of financing and entrepreneurial culture towards business performance.

However, despite these limitations, this study is a different attempt to identify the variables of influence to the business performance of AIM business owners. The findings revealed the existence of positive relationship between source of financing and entrepreneurial culture towards business performance and these have important implication to the literature, policy makers and the business owners of small business.

5.7 Suggestions for Future Research

For future research, the study can be improved by increasing the number of respondents so that the validity and reliability of the result cannot be disputed. Within the context of this study, it would be interesting to include respondents from other AIM branches such as the northern, southern, and east coast region of Peninsular Malaysia and also Sabah and Sarawak. From the result, the future researcher could see the pattern in each region by referring to the broader demographic profile and make the comparison according to the zone.

The findings may become more interesting as these areas recorded more numbers of bottom 40% households as compared to Klang Valley region. The researcher believes that the relationship between source of financing and entrepreneurial culture towards business performance of AIM business owners in particular regions will show more significant influence and value. Besides, the study can also be extended to entrepreneurs from other races and scales of business such as medium and big scale where the expectation and nature of business is different from the micro business.

Finally, further research to verify the other factors other than source of financing and entrepreneurial culture that influence the business performance could be conducted. For example, the influence of government support and personal characteristics towards the business performance as suggested by Yusuf (1995). The study can also be extended to the influence of family support and social networking (Qureshi et al.,

2012) and innovation in the business through information communications technology (Marlin & Wright, 2005) towards the business performance of AIM business owners.

5.8 Conclusion

The purpose of this study was to measure the business performance of AIM business owners and determine the relationship between the source of financing and entrepreneurial culture with business performance of AIM business owners. Consistent with the previous literature, the findings of this study implied that the source of financing and entrepreneurial culture as independent variables significantly influence the business performance of AIM business owners. Therefore, the findings were not only supporting the theoretical frameworks of the study, but also provides a foundation through the identification of factors that positively and significantly impact directly and indirectly firm's performance, and the business owners need to equip themselves with relevant knowledge and skills to compete in a highly dynamic business environment.

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