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

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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
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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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,
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