

The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



**ASSESSING MONEY ATTITUDE DIMENSIONS
AND LOAN DEFAULT, MODERATED BY RELIGIOSITY
AMONG KEDAH MUSLIM SMALL AND MEDIUM
ENTERPRISES (SMEs)**



UUM
JIHAN AHMAD
Universiti Utara Malaysia

**DOCTOR OF BUSINESS ADMINISTRATION
UNIVERSITI UTARA MALAYSIA
October 2016**

ASSESSING MONEY ATTITUDE DIMENSIONS AND LOAN DEFAULT,
MODERATED BY RELIGIOSITY AMONG KEDAH MUSLIM
SMALL AND MEDIUM ENTERPRISES (SMEs)



By
JIHAN AHMAD
Universiti Utara Malaysia

Thesis submitted to
Othman Yeop Abdullah Graduate School of Business,
Univerisiti Utara Malaysia,
in Fulfillment of the Requirement for the Doctor of Business Administration



**OTHMAN YEOP ABDULLAH GRADUATE SCHOOL OF BUSINESS
UNIVERSITI UTARA MALAYSIA**

PERAKUAN KERJA TESIS / DISERTASI
(Certification of thesis / dissertation)

Kami, yang bertandatangan, memperakukan bahawa
(We, the undersigned, certify that)

JIHAN BINTI HJ. AHMAD

calon untuk Ijazah

DOCTOR OF BUSINESS ADMINISTRATION

(candidate for the degree of)

telah mengemukakan tesis / disertasi yang bertajuk:
(has presented his/her thesis / dissertation of the following title):

**ASSESSING MONEY ATTITUDE DIMENSIONS AND
LOAN DEFAULT, MODERATED BY RELIGIOSITY AMONG
KEDAH MUSLIM SMALL AND MEDIUM ENTERPRISES (SME'S)**

seperti yang tercatat di muka surat tajuk dan kulit tesis / disertasi.
(as it appears on the title page and front cover of the thesis / dissertation).

Bahawa tesis/disertasi tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan, sebagaimana yang ditunjukkan oleh calon dalam ujian lisan yang diadakan pada:

26 Mei 2016.

(That the said thesis/dissertation is acceptable in form and content and displays a satisfactory knowledge of the field of study as demonstrated by the candidate through an oral examination held on:

26 May 2016.

Pengerusi Viva
(Chairman for Viva)

: **Assoc. Prof. Dr. Faudziah Hanim Hj. Fadzil**

Tandatangan
(Signature)

Pemeriksa Luar
(External Examiner)

: **Assoc. Prof. Dr. Abdullah Osman**

Tandatangan
(Signature)

Pemeriksa Dalam
(Internal Examiner)

: **Prof. Dr. Abdullah Hj. Abdul Ghani**

Tandatangan
(Signature)

Tarikh: **26 May 2016**
(Date)

Nama Pelajar
(Name of Student) : Jihan binti Hj. Ahmad

Tajuk Tesis / Disertasi
(Title of the Thesis / Dissertation) : Assessing Money Attitude Dimensions and Loan Default, Moderated
by Religiosity among Kedah Muslim Small and Medium Enterprises
(SME's)

Program Pengajian
(Programme of Study) : Doctor of Business Administration

Nama Penyelia/Penyelia-penyelia
(Name of Supervisor/Supervisors)

Assoc. Prof. Dr. Abdul Rahim Othman

Tandatangan
(Signature)



Dr. Yaty bt Sulaiman

Tandatangan
(Signature)

PERMISSION TO USE

In presenting this dissertation/project paper in partial fulfilment of the requirements for a Post Graduate degree from the Universiti Utara Malaysia (UUM), I agree that the Library of this university may make it freely available for inspection. I further agree that permission for copying this dissertation/project paper in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor(s) or in their absence, by the Dean of Othman Yeop Abdullah Graduate School of Business where I did my dissertation/project paper. It is understood that any copying or publication or use of this dissertation/project paper parts of it for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the UUM in any scholarly use which may be made of any material in my dissertation.

Request for permission to copy or to make other use of materials in this dissertation in whole or in part should be addressed to:



Dean of Othman Yeop Abdullah Graduate School of Business
Universiti Utara Malaysia
06010 UUM Sintok
Kedah Darul Aman

Universiti Utara Malaysia

ABSTRAK

Perusahaan Kecil dan Sederhana (PKS) memainkan peranan penting dalam pembangunan dan pertumbuhan ekonomi sesebuah negara. Walau bagaimanapun, di sebalik peranan penting yang disumbangkan, PKS dikritik kerana kadar muflis yang tinggi berikutan masalah kemungkiran dan pinjaman tidak berbayar. Kajian ini dijalankan bertujuan untuk menguji hubungan di antara sikap terhadap wang, keagamaan dan kemungkiran pinjaman dalam kalangan pengurus-pemilik PKS beragama Islam. Berdasarkan kepada teori sokongan Gelagat Perancangan dan Gelagat Kemungkiran sebagai asas kepada rangka kerja, objektif khusus kajian ini adalah untuk mengkaji hubungan di antara dimensi sikap terhadap wang yang merangkumi kuasa-prestij, penahanan masa, keraguan, kebimbangan dan kemungkiran pinjaman dan mengkaji sama ada keagamaan menjadi perantara dalam hubungan di antara sikap terhadap wang dan kemungkiran pinjaman dalam kalangan pengurus-pemilik PKS yang beragama Islam di negeri Kedah. Kajian ini mengaplikasikan pendekatan kuantitatif menerusi tinjauan soal selidik tadbir sendiri dengan menggunakan soal selidik berstruktur yang dibina berpanduan kajian lampau yang kesahihan dan kebolehpercayaannya telah diuji. Dengan menggunakan teknik persampelan berkelompok berbilang peringkat dan bersistematik, 612 soal selidik telah diedarkan dan 346 dikembalikan, mewakili 57 peratus kadar maklum balas. Dapatan kajian mengesahkan kesan hubungan yang signifikan di antara dimensi sikap terhadap wang dan keagamaan terhadap kemungkiran pinjaman. Kajian mendapati wujud potensi pengaruh yang signifikan di antara kuasa-prestij, penahanan masa, dan keraguan terhadap kemungkiran pinjaman. Selain itu, kajian mendapati keagamaan memainkan peranan sebagai pengantara penuh dalam hubungan antara kuasa-prestij dan keraguan dengan kemungkiran pinjaman. Mengambil kira akan dapatan-dapatan tersebut, kajian ini telah membincangkan beberapa implikasi dan memberikan cadangan kepada institusi kewangan dan penggubal dasar dan polisi sektor PKS untuk menambahbaik prestasi rekod pinjaman sejajar dengan kepentingan mereka sebagai penyumbang dalam pertumbuhan ekonomi negara. Cadangan turut dikemukakan tentang hala tuju berkaitan kajian pada masa depan.

Kata kunci: Perusahaan Kecil dan Sederhana, sikap terhadap wang, keagamaan, kemungkiran pinjaman

ABSTRACT

Small and Medium Enterprises (SMEs) play vital role in a nation's development and economic growth. However, in spite of their contributions SMEs are criticized for their high rate of bankruptcy which was caused by the non-performing loan and default problem. This study is conducted with the aim of assessing the relationship between money attitude dimensions, towards default and moderated by religiosity among Muslim SMEs. The theoretical underpinning Plan Behavior and Default Behavior serves as the basis framework of this study. The objectives of this study are to examine the relationship between money attitude dimensions which include power-prestige, retention-time, distrust, anxiety towards loan default and to investigate whether religiosity moderates the relationship between money attitude dimensions and loan default among Muslim owner-manager of SMEs in state of Kedah. The study employs a quantitative approach through self-administered survey structured questionnaires. Using multistage cluster and systematic sampling technique, a total of 612 questionnaires were distributed and 346 had returned, representing 57 percent of the response rate. The finding validates a significant effect of money attitude dimensions and religiosity on loan default. The study indicates significant relationships between power-prestige, retention-time, and distrust with loan default. In addition, religiosity fully moderates the relationship between the power-prestige and distrust dimensions and loan default. The implications of finding are discussed and recommendations are made to the financial institutions and the policy maker of SMEs sector to improve the performance of loan record parallel with their vital role contributing in the economic growth of country. Suggestion also made on the direction of research in future time.

Keywords: Small and Medium Enterprises, money attitude, religiosity, loan default

ACKNOWLEDGEMENT

For the completion of this dissertation, I would like to express my gratitude and appreciation to individual who has rendered me with their great contribution in terms of their ideas, insights and moral support right from the beginning until the end.

First and foremost, my sincere gratitude and appreciation goes to my supervisors, Assoc Prof. Dr. Abdul Rahim B. Othman and Dr Yaty Bt. Sulaiman, for their supervision and guidance. Their patient, understanding, support and commitment from the early stage really helpful and led me until completion of this report accordingly. I will indebted forever through my life.

Undoubtedly, this report would have been impossible to complete without the invaluable help and from all of the owner-managers of the participating Small and Medium Entreprises (SMEs) during the data collection. Their response in survey conducted had provided a very valuable data for analysis.

To my late father Sheikh Ahmad B. Sheikh Abdullah Al-Masri and mother, Hajjah Meryam Bt Hj. Salleh, your patient, endurance and sacrifice will be always my spirit to success in life. There nothing can pay for both of you except prayers to Allah for His bless upon on both of you.

To my beloved husband Sarnidzom Bin Saad, your persistent support and companion has become my motivation. To my tender kids, Ahmad Nasif Uwais and Ahmad Nufail Thaqif – both of you will forever be my inspirations.

I pray to Allah to grant me beneficial knowledge, and give me strength to go through all of His trial. Thanks and all praise be to Allah under all condition.

Insha Allah. Amin

TABLE OF CONTENT

TITLE PAGE	
CERTIFICATION OF THESIS WORK	ii
PERMISSION TO USE	iv
ABSTRAK	v
ABSTRCT	vi
ACKNOWLEDGEMENT	vii
LIST OF TABLES	xiv
LIST OF FIGURES	xvi
LIST OF APPENDICES	xvii
LIST OF ABRREVATIONS	xix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	5
1.3 Research Questions	11
1.4 Research Objectives	12
1.5 Significance of the study	12
1.6 Scope of the Study	14
1.7 Definition of Major Terms in the Study	15
1.7.1 Loan default	15
1.7.2 Owner-manager	15
1.7.3 Money Attitude	15
1.7.4 Power-prestige	16
1.7.5 Retention time	16
1.7.6 Distrust	16
1.7.7 Anxiety	17
1.7.8 Religiosity	17

1.7.9	Small and Medium Enterprises (SMEs)	17
1.8	Organizational of the Study	17
CHAPTER TWO: LITERATURE REVIEW		19
2.1	Introduction	19
2.2	Small and Medium Enterprise (SME)	19
2.2.1	The importance of Small and Medium Industries (SMEs)	25
2.2.2	The Small and Medium Enterprises (SMEs) financing environment	29
2.3	Loan Default	32
2.3.1	Definition and Concept of Loan Default	33
2.3.2	Dimensions, Measurements and Past Studies on Loan Default	36
2.4	Money Attitude	51
2.4.1	Definition and Concept of Money Attitude	52
2.4.2	Dimensions, Measures and Past Studies on Money Attitude	54
2.5	Religiosity	63
2.5.1	Definition and Concept of Religiosity	64
2.5.2	Dimensions, Measurements and Past Studies on Religiosity	65
2.5.3	Religiosity as Moderator	72
2.6	Gaps in the Literature	74
2.7	Underpinning Theory Used	76
2.7.1	Attitude Theory	76
2.7.2	Theory of Default Behavior	79
2.8	Summary of the Chapter	80

CHAPTER THREE: METHODOLOGY	82
3.1 Introduction	82
3.2 Research Theoretical Framework	82
3.3 Hypothesis	83
3.3.1 The relationship between Money attitude and Loan Default	84
3.3.2 Moderating Effect of Religiosity on the Relationship Between Money Attitude and Loan Default	86
3.4 Research Design	88
3.5 Operational Definition	90
3.5.1 Money Attitude	90
3.5.2 Religiosity	91
3.5.3 Loan Default	92
3.6 Unit of Analysis	92
3.7 Sampling Design	93
3.7.1 Population	93
3.7.2 Sampling Frame	95
3.7.3 Sampling Size	95
3.7.4 Sampling Technique	96
3.8 Instrumentation	97
3.8.1 Measurement of Variables	100
3.8.1.1 Money Attitude	100
3.8.1.2 Religiosity	103
3.8.1.3 Loan Default	104
3.8.1.4 Demographic Section	105

3.9	Translation of Questionnaires	105
3.10	Data Collection Procedures	105
3.11	Pilot Study	107
3.12	Technique of Data Analysis	108
3.12.1	Reliability test	109
3.12.2	Descriptive Analysis	109
3.12.3	Factor Analysis	110
3.12.4	Preparing Data for Multivariate Analysis	111
3.12.5	Pearson Correlation Analysis	111
3.12.6	Hypotheses Testing (Multiple and Hierarchical Regression)	111
3.13	Summary of the Chapter	112
	CHAPTER FOUR: RESULT AND DISCUSSUON	113
4.1	Introduction	113
4.2	Response Rate	113
4.3	Tests for Non-response Bias	114
4.4	Profile of Respondents	116
4.5	Testing the Goodness of the Measure	119
4.5.1	Factor Analysis	119
4.5.1.1	Factor Analysis of Independent Variable (Money attitude)	120
4.5.1.2	Factor Analysis of Moderating Variable (Religiosity)	123
4.5.1.3	Factor Analysis of Dependent Variable (Loan default)	123
4.5.2	Reliability of Measurement	124
4.5.3	Descriptive Analysis of the Constructs	125

4.6	Data Preparation for Hypothesis Testing	127
4.6.1	Detecting Outliers	128
4.6.2	Checking the Multicollinearity	128
4.6.3	Normality Testing	130
4.6.4	Testing the Linearity, Homoscedasticity and the Independence of Errors	134
4.7	Pearson Correlation Analysis	134
4.8	Independent Variables Analysis (Money Attitude Dimensions)	137
4.9	Moderator Variables Analysis (Religiosity)	140
4.10	Summary of the Findings	143
	CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	145
5.1	Introduction	145
5.2	Recapitulation of Study	145
5.3	Discussion of the Study	148
5.3.1	The relationship between Money attitude and Loan Default	149
5.3.2	Moderating Effect of Religiosity on the Relationship Between Money Attitude and Loan Default	152
5.4	Contribution of Study	154
5.4.1	Theoretical Implications	155
5.4.2	Practical Implications	157
5.5	Limitation of Study	160
5.5.1	Causality	160
5.5.2	Generalizability	160

5.5.3 Methodology	161
5.6 Recommendation for Future Study	162
5.7 Conclusion	163
REFERENCES	164
APPENDICES	190



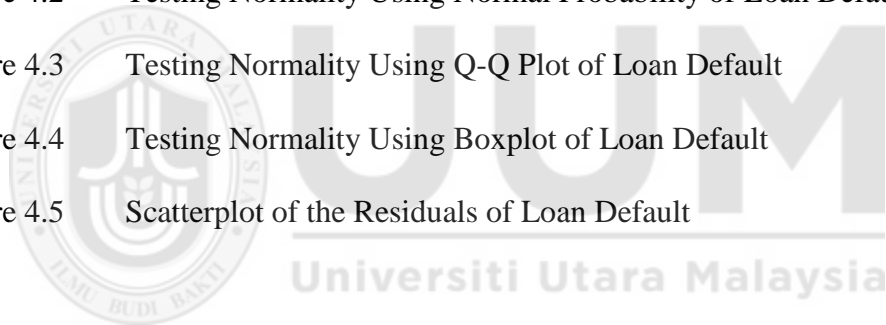
LIST OF TABLES

Table 1.1	SME's Financing Outstanding	6
Table 1.2	GDP by States for year 2005 – 2013 (current price)	7
Table 2.1	Definition of SMEs by sector	20
Table 2.2	Number of Establishments by Sector	22
Table 2.3	SMEs Distributions by Sector in State	24
Table 2.4	SMEs Distributions in Service Sector by Sub-Sector and Size	25
Table 2.5	SMEs Distributions to overall GDP by key Economic Activity (%)	27
Table 2.6	Summary of past studies on loan default	47
Table 2.7	Summary of the major contribution in the study of money attitude	54
Table 2.8	Summary of past studies on money attitude	62
Table 2.9	Summary of Religiosity Dimension	69
Table 2.10	Summary of past studies on religiosity	72
Table 2.11	Summary of religiosity as moderating	75
Table 3.1	Population frame a for the study	94
Table 3.2	Sample Size for a Given Population Size	96
Table 3.3	Contents of Questionnaire	99
Table 3.4	Items of Money Attitude	102
Table 3.5	Items of Religiosity	103
Table 3.6	Items of Loan Default	104
Table 3.7	Reliability of Construct for Pilot Test	108
Table 4.1	Test for Non-response Bias	115

Table 4.2	Profile of Respondents	116
Table 4.3	Kaiser-Meyer Olkin	120
Table 4.4	Factor Analysis of Money attitude Construct	122
Table 4.5	Factor Analysis of Religiosity Construct	123
Table 4.6	Factor Analysis of Loan default Construct	124
Table 4.7	Reliability Coefficient for Each Construct	125
Table 4.8	Descriptive Statistics of the Constructs	127
Table 4.9	Multicollinearity Test	129
Table 4.10	Skewness and Kurtosis Result of the Residuals	132
Table 4.11	Normality Test of the Residuals	133
Table 4.12	Rule of Thumb about r Size	135
Table 4.13	Pearson's Correlation Coefficient of Study Variables	135
Table 4.14	Result of Multiple Regression Analysis (Money Attitude Dimensions)	138
Table 4.15	Result of Multiple Regression Analysis (Money Attitude)	140
Table 4.16	Result of Hierarchical Regression Analysis (Money Attitude Dimensions and Loan Default)	142
Table 4.17	Result of Hierarchical Regression Analysis (Money Attitude and Loan Default)	143
Table 4.16	Summary of the Hypotheses Testing Results	144

LIST OF FIGURES

Figure 1.1	Percentage of Bankruptcy by Races for year 2012	4
Figure 2.1	SMEs Distributions by Sector and State	23
Figure 2.2	Access to financing	30
Figure 2.3	Types of financing	31
Figure 2.4	Theory of Planned Behavior	78
Figure 3.1	Research Theoretical Framework	83
Figure 4.1	Histogram of the Regression Residuals of Loan Default	130
Figure 4.2	Testing Normality Using Normal Probability of Loan Default	131
Figure 4.3	Testing Normality Using Q-Q Plot of Loan Default	131
Figure 4.4	Testing Normality Using Boxplot of Loan Default	132
Figure 4.5	Scatterplot of the Residuals of Loan Default	134



LIST OF APPENDICES

Appendix 1	Questionnaire in English Version	190
Appendix 2	Borang Soal Selidik Versi Bahasa Malaysia	198
Appendix 3	Reliability Analysis of Pilot Study	206
Appendix 4	Tests for Non-response Bias	213
Appendix 5	Profile of Respondents	215
Appendix 6	Factor Analysis of Money Attitude Dimensions	220
Appendix 7	Factor Analysis of Religiosity	222
Appendix 8	Factor Analysis of Loan Default	223
Appendix 9	Reliability Coefficient of Constructs	224
Appendix 10	Descriptive Analysis of Constructs	227
Appendix 11	Pearson Correlation Analysis	228
Appendix 12	Multicollinearity Test	229
Appendix 13	Normality Testing – Histograms and P-P Plots	230
Appendix 14	Normality Testing – Q-Q Plots and Boxplots	231
Appendix 15	Normality Testing - Skewness and Kurtosis	232
Appendix 16	Normality Test of Residuals	233
Appendix 17	Testing the Linearity, Homoscedasticity and Independence of Errors – Scatterplots	234
Appendix 18	Multiple Regression Result of Money Attitude Dimesions (Power-prestige, Retention-time, Distrust and Anxiety) on Loan Default	235
Appendix 19	Multiple Regression Result of Money Attitude Loan Default	236

Appendix 20	Hierarchical Multiple Regression Result of Religiosity on Money Attitude Dimensions (Power-prestige, Retention-time, Distrust and Anxiety) and Loan Default	237
Appendix 21	Hierarchical Multiple Regression Result of Religiosity on Money Attitude Dimensions and Loan Default	238



LIST OF ABBREVIATIONS

SMEs	Small and Medium Enterprises
ASEAN	Southeast Asian or Association of Southeast Asian Nations
NSDC	National SME Development Council
SMIDEC	SME Corporation Malaysia
DOSM	Department of Statistics Malaysia
GDP	Gross Domestic Product
NPL	Non-Performing Loan
SACCOS	Savings and Credits Cooperative Societies
MFIs	microfinance institutions
TEKUN	Economic Fund for National Entrepreneurs Group
MARA	Majlis Amanah Rakyat
YUM	Yayasan Usaha Maju
DELIQ	Delinquency rate
LUS	Loan Usage Scale
MAS	Money Attitude Scale
IRS	Islamic Religiosity Scale
TRA	Theory of Reason Action
TPB	Theory of Planned Behavior
TDB	Theory of Default Behavior

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The Small and Medium Enterprises (SMEs) are among the majority of businesses operating in the market today. It has become the central theme to develop and diversify and competitive SMEs in order to achieve a sustainable growth of economic. It is estimated that over 500 million of these businesses are currently in operation over the world (World Bank, 2008). Within Southeast Asian or Association of Southeast Asian Nations (ASEAN) countries, Malaysia has the third largest total number of SMEs. According to the report, approximately 98.5 percent of about 78,000 companies in Malaysia represented by SMEs, meanwhile the multinational and public-listed companies signified the rest of 1.5 percent (SME Annual Report 2012).

Since the early 1950s, the Malaysian government commitment and concern for the development of SMEs has been clearly evident. The development of SMEs in Malaysia at the early stage has been focused more in poverty alleviation to improve the ethnicity economic imbalance of the nation in the country. Since then many effort have been initiated such as in the Malaya First Plan (1955-1965) to support the growth of fishing industries and allocation of budget for farmers in the implementation of Malaysia First Plan (1966-1969). A better and systematic planning arrangement is enhance in Economic New Policy (1971 to 1990). The effort is continued in National Development Policy (1991-2000), Second Industrial Master Plan (1996-2005), and Eight Malaysia Plan (2001-2005). The Government has continued to place enormous emphasize on the SMEs agenda

Under the Ninth Malaysia Plan, crafted for the year 2006 to 2010. The five-year development plan has strengthened the principal of SME by creating a competitive, innovative and technologically strong sector that able to contribute to the domestic economy as well as globally competitive.

In further, the domestic SMEs development priority reiterated in the Third Industrial Master Plan (2006-2015). In parallel with the Ninth Malaysia Plan, the 15-year blueprint that outlined five clear strategies to support the development of diverse and competitive SMEs has been published. With the increased allocation of resources outlined in the Ninth Malaysia Plan and Third Industrial Master Plan, the Government has contributed its strong commitment for the development of efficient and competitive SMEs. In addition, under the 10th MP, the Government had also focus on unlocking the growth and innovation potential of SMEs, creating domestic, regional and global champions upon the vital contribution made by the SMEs in the economics. As the country moves forward into the final lap of the journey to achieving developed nation status under the 11th MP, the focus in SME development will be on developing resilient and sustainable SMEs which are key to achieving inclusive and balanced growth (Unit Perancang Ekonomi, Jabatan Perdana Menteri Malaysia) As a record, Malaysia has moves far towards realizing its objective of becoming a well develop country.

The establishment of National SME Development Council (NSDC) in June 2004, with Bank Negara Malaysia appointed as its Secretariat becomes one major development during the Eight Malaysia Plan and Second Industrial Malaysia Plan. The council plays a vital role that serves as the highest policy-making body setting up the government policies

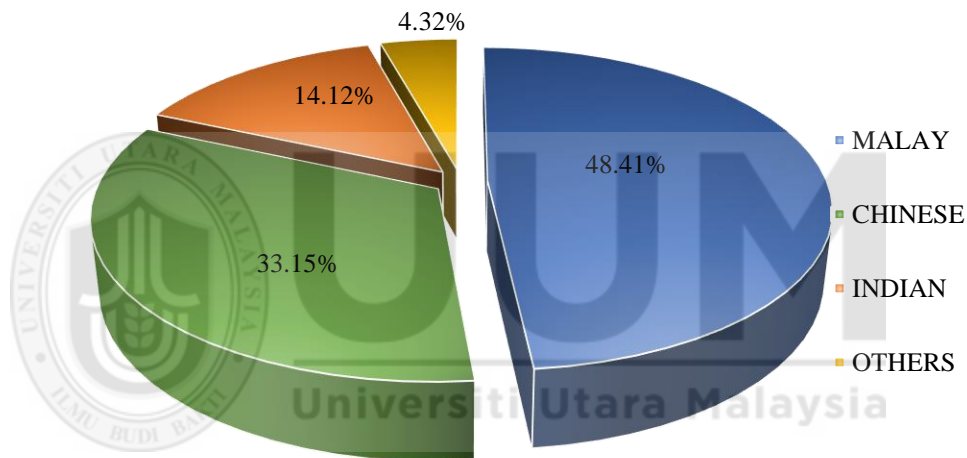
strategic direction on regards SME development to ensure coordination and effectiveness of programs as well as evaluating the progress in promoting the growth and development of SMEs.

In line with the national plan, Kedah, one of the state in the Northern Malaysia Peninsular had established the Kedah Maju 2010 Action Plan which covers the period from year 2001 to 2010. It provides a platform to the Kedah state to achieve higher economic growth with the ultimate aim of establishing a developed state by the year 2010. The plan had emphasized to improve the performance of state's GDP which is lower than the national average in order to match the level of development of other developed states thus, enable the achievement of the set target. Amongst the strategies that have been outlined are to achieve higher economic growth through the SMEs businesses operating in Kedah with special focus on the industry, ICT, tourism, agriculture and infrastructures. Furthermore, Strategic Plan Kedah Sejahtera (2010-2015) was developed to continue the aspiration of becoming well develop state. As the result, Kedah enjoyed the transformation of traditional agriculture to agriculture subsistence commercial, industrial, manufacturing and services as well of the infrastructure and the social amenities such as internet access in majority of the areas. The Kedah's state government, hitherto continuing progressive plan until 2020 to achieve the goal parallel with the Rancangan Fizikal Negara for being well-developed country year 2020.

Behind the honoured of importance roles contributes in the social and economic growth, SMEs are criticized for their high rate of bankruptcy. Fast growing is balanced out with a high failure rate. While creating many jobs, SMEs also destroy a lot of jobs. The failure

of SMEs in Malaysia is estimated approximately of 60 percent and more than 50 percent of the companies had been collapse within the first five years of operation (Reiss, 2006; Ahmad & Seet 2009). According to the statistic from Department of Insolvencies, Malaysia, a total number of 4067 SMEs in Malaysia have been bankrupt for three periods from 2006 to 2009 (Dewan Rakyat, 2009). The following Figure 1.1 exhibited the percentage of bankruptcy by races for year 2012.

Figure 1.1:
Percentage of Bankruptcy by Races for year 2012



Sources: Department of Insolvency, Malaysia

The above figure showed that Malays represented the highest percentage of bankruptcy which was at 48%, followed by Chinese at 34%, Indian at 14% and others 4%. The SMEs have been criticism with regard to the unstructured loan repayment and lack of planning or poor of financial management (Morduch, 1998; Knight, Hossain & Rees, 2009). Nearly all of the struggling SMEs would defaulted on loan and not afford to make payment. At this point, the loan is classified as non-performing loans (NPLs).

According to Clementina and Isu (2014), NPLs can be defined as default loans, which banks are unable to profit from. Non-performing loans are loans that have not expired, but it is uncertain whether the borrowers would be often to repay their debts.

Today, the Malaysian SMEs industry is a robust and growing market, making up a majority of the country's businesses and serving to fulfil many crucial niches that complete the industries proving that strength does come in numbers. These dynamic, fast-moving firms make a special contribution to local economies. Therefore, the problem of poor financial management which driven high failure of SMEs needs to be addressed with serious attention. It is important to explore the issue in order to ensure the viable, competitive and sustainable of SMEs business. Hence, under the right conditions, they can be key parts of thriving, globally competitive industries, creating the large number of jobs needed to reduce poverty.

1.2 Problem Statement

Previous researches had showed that SMEs had a significant contribution in the socio-economic and political infrastructure among many of developed and developing countries, at local, regional, and national levels (Salah & Ndubisi, 2006; Hussain, Millman & Matlay, 2006; Venkataramanaiah & Parashar, 2007; Tambunan, 2011).

The SMEs importance for sustainable competitive advantage and economic development. Formal SMEs contribute up to 45% of total employment and up to 33% of national income (GDP) in emerging economies (World Bank, 2015). In Malaysia, this sector contributes around 33% in GDP and around 58% of total employment (Department of Statistics,

Malaysia, 2013). Thus, it is important to continue study this sector in order to be able to make new policy, support and further development.

In Malaysia, the idea to promote the development of SMEs has been resulted in allocation of huge amounts in the country budget. A big portion of the budget is for small and medium scale loan lending which is distributed by the SME bank, Agro Bank, Development Bank, Economic Fund for National Entrepreneurs Group (TEKUN), Majlis Amanah Rakyat (MARA) and other financial institutions.

Despite of this available and easy access for loan facilities the rate of non-performing loans (NPLs) among SMEs is still high. Datuk Mohd Razif Mohd Yunus from the SME Bank had reported that on the average the SMEs NPLs is around 12% to 30%. This is very high compared to NPLs commercial bank loan which is around 0.95% to 3% (The Star, September 2, 2014). The following Table 1.1 showed the SMEs financing outstanding.

Table 1.1
SMEs financing outstanding

Year	2010	2011	2012	2013	2014	2015 (as at June)
SME loan to total loans (%)	14.4	15.0	15.5	15.7	16.3	16.7

Source: Bank Negara Malaysia and SME Annual Reports 2009/10, 2010/11, 2011/12, 2012/13, 013/14, 2014/15

The above table exhibited an increment trend of SMEs financing outstanding from year 2010 to year 2015. Thus it is timely to study what factors that causes high NPLs among

SMEs. Understanding these factors would provide better picture for Malaysian government and financial institutions to manage the financial assistances given to SMEs.

The SMEs have been widely recognized as the economic development engine for the world economic (Panigrahi, 2012) thus playing a very important role for the economic growth. SMEs in Malaysia generally contributes about 35.9 percent for GDP in 2014. However, the overall performance and contribution of SMEs in state of Kedah is still far behind compare to the level of other developed status states.

Table 1.2

GDP by States for year 2005 – 2013 (current prices)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kedah	9811	10821	12160	13023	12481	13744	15396	16088	16629
Johor	16298	16996	18753	20162	18878	21329	23533	24569	25302
Selangor	23494	24571	26359	29273	28466	31457	33589	35916	37851
P. Pinang	26833	29624	31381	33694	30098	33601	35027	36787	38356

Source: Department of Statistics, Malaysia 2012, 2014

Table 1.2 depicted the GDP for state of Kedah (under-developed) as compared to Johor, Selangor and Pulau Pinang (developed) states from year 2005 to 2013. As compared to the others developed state, Kedah was left behind, thus needs to force their economic activity to higher level in order to raise up the GDP.

Furthermore, the financial assistance and training provided to the SMEs yet unable to enforce their business and therefore many of them tide with the loan repayment problem and bankruptcy. Regardless the state's political issues, the socioeconomic development in Kedah overall is still low. These issues make it impossible to realize the aims of action

plan and strategy for being Kedah Maju (developed status state) that have been put in the positioned since more than last a decade. Therefore, it is important to study the factor in order to give some ideas for the state's development strategy.

A wide range of SME research was conducted to study on the perspective of performance, factors encourage in existence, factors of the survival and successful, the cost effective, the contribution on social economic. For examples, Oualalou and Rabat (2012) studied on the roles of SMEs in Mediterranean; Khalique, M. Isa, N. Shaari and Ageel (2011) conducted a study on challenges faced by the SMEs in Malaysia; Siringiringo (2009) investigated problems faced by the SMEs in exporting products in Indonesia; Maria, Marcel and Radu (2008) studied on the SMEs financing capacity in European; Hussain, Millman and Matlay(2006) studied on the SMEs financing in UK and China; Salah and Nnubisi (2006) had evaluated on the development of SMEs in Malaysia.

There were also many researches had been conducted on the ability of SMEs to pay back the loan given to them covered many area of studies including loan, socio-economic and demographic attributes (Acquah & Addo, 2011; Chang, 2013; Nguta & Guyo2013; Sinha, Dhaka & Mondal, 2014; Magali, 2013; Al-Mamun, Wahab & Malarvizhi, 2011; Okurut & Kinyondo, 2009, Papias, 2009; Roslan & Mohd. Zaini, 2009; Kohansal & Mansoori, 2009; Berhanu & Fufa, 2008; Godquin, 2004; Sharma & Manfred, 1997; Page, Cowen & Cohen, 1979) management style (Allen-Ile & Eresia, 2008), financial (McHugh & Ranyard, 2012; McCann & McIndoe-Calder, 2012; Jouault & Featherstone, 2011; Paul, 2011; Fidrmuc & Hainz, 2010), borrowers characteristics (Mokhtar, Nartea & Gan, 2012; Bhardwaj & Bhattacharjee, 2010; Nyahende, 2013) group lending and cultural attitude

(Epstein & Yuthas, 2010; Taiwo Awiyemi & Olowa, 2010; Cassar, Luke & Wydick, 2007), non-financial (Afolabi, 2008) and resource management and psychological (Onyeagocha, Chidebelu, Okorji, Ukoha, Osuji & Korie, 2012). Among the factors that those researchers found out that have an impact on loan default or repayment are such as social economic attributes, demographic, management style, financial, loan characteristics, borrowers characteristics, group lending and cultural characteristics, information, training, business types, social ties and psychological.

However, very few of those studies look at the effect of money attitude towards loan default or repayment (Bhardwaj & Bhattacharjee, 2010; Timothy, 2015). In addition, loan default is the consequential of individual's money attitude (Hou & Lin, 2009). As introduced by Yamauchi and Templer (1982), the dimensions of money attitude encompassed of power-prestige, retention-time, distrust and anxiety. Individual with power-prestige dimension believed money as a symbol success, thus will use money power to gather the materialistic thing in order to gain recognition and impress others. Contradict to power-prestige, individual with the retention-time dimension is more careful in spending money and has a proper financial planning for future security. Individual with distrust dimension shown to be more conservative in spending because having doubtful feeling and always not confident in making decision. Meanwhile, the anxiety relieving behaviour will let the individual to believe that holding cash on hand is crucial for survival, hence will usually refuse to make any necessary payment. Therefore, money attitude play an important role in determining a person financial management (Falahati & Paim, 2011; Joo & Grable, 2004; Shim, Xiao, Barber & Lyons, 2009). Thus, it can be argued that there is a literature gap in the study that needs to be addressed.

In Malaysia scenarios, most of the SMEs who obtained financial assistance are Muslim due to government policies which provide easy access to Bumiputera's SMEs. The loan outstanding amount of SME Bumiputera Entrepreneurs Project Fund (Islamic) for year 2013 is 19.3% and year 2014 is 23.5% (Bank Negara Malaysia and SME Annual Report 2012/13, 2013/14). In addition, Malays had recorded the highest number of bankruptcy (Department of Statistic, Malaysia). Most of those companies have been defaulted in loan repayment. Thus, it is strange that the NPLs still high despite Islamic thought emphasizes on the ideas on Muslim who contracting debt must have the means and intention to repay.

The meaning of the verse 58, Surah An-Nisa "Allah doth command you to render back your trusts to those to whom they are due; and when ye judge between man and man that ye judge with justice: Verily, how excellent is the teaching which He given you! For Allah is He who hearing and seeing all things". In addition, narrated by Abu Huraira, the Prophet Muhammad (SAW) said, "Procrastination (delay) in repaying debts by a wealthy person is injustice." (Sahih Al-Bukhari Hadith 3.585).

It is known that roles of religiosity in consumer spending and purchasing has been widely research. For example, Souiden and Rani (2015) had investigated the impact of religiosity on consumer attitudes and purchase intentions. However roles of religiosity in financial aspect have not been widely explored. Authors such as Baele, Farooq and Ongena (2014) had study on religiosity and loan default rate, Hess (2012) had study on religiosity and personal financial decision, Alam, Janor, Zanariah, Che-Wel and Ahsan (2012) had study the religiosity and intention to undertake Islamic home financing, Idris, Bidin and Saad

(2012) had study on religiosity and zakat compliance behaviour. Those studies tested religiosity as independent variable in the research framework. Studies that tested religiosity as a moderator in relationship between money attitude and loan default are still lacking. For example, Al-Azzam, Hill and Sarangi (2012) and Ilori and Enahoro (2015) explored religiosity and loan repayment. Thus, in this study the role of religiosity as moderator needs to be emphasized in order to understand whether religiosity play a bigger roles in ensuring Muslim SMEs owners pay their loans.

1.3 Research Questions

Based on the background of the study and the problem statement as mentioned above, the current study attempts to answer the following research questions:

1. What is the relationship between money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan default among Muslim owner-manager of SMEs in Kedah?
2. What is the relationship between money attitude and loan default among Muslim owner-manager of SMEs in Kedah.
3. Does religiosity moderate the relationship between the money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan default among Muslim owner-manager of SMEs in Kedah?

1.4 Research Objectives

Generally, the objective of this study is to examine the potential influence of money attitude on loan default when religiosity is concerned among Muslim owner-manager of SMEs in Kedah. The specific objectives of this study are:

1. To examine the relationship between money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan default among Muslim owner-manager of SMEs in Kedah.
2. To examine the relationship between money attitude and loan default among Muslim owner-manager of SMEs in Kedah.
3. To examine whether religiosity moderate the relationship between the money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan default among Muslim owner-manager of SMEs in Kedah.

1.5 Significance of the study

The current study gives a substantial contribution to the present literature related to the financial management by investigating the relationship among Muslim owner-manager money attitude level, religiosity and loan default problem. In other words, this study tries to create a foundation of financial management for Muslim owner-manager money attitude dimensions with religiosity and loan default within the SMEs in state of Kedah, Malaysia. Therefore, perhaps it would be able to move on the state's economic growth more aggressively and spur for becoming well-developed state as the goal was set.

From the theoretical aspect, the finding of the study will increase the number of empirical finding on Muslim owner-manager's money attitude and the relationship with the religiosity and loan default in enterprises. The study suggests that, ultimately, loan default behaviour can be predicted by the individual's money attitude. The direct and indirect finding will increase the empirical literature in entrepreneurship, finance and other related discipline.

From the managerial perspective, the current study offers significant values for practitioners since it has considerable managerial significant. Result of study provides benefits to SMEs by offering insight in the functions of Muslim owner-manager money attitude level with the religiosity effect on loan default. In addition, this study guides the SMEs sectors to well manage the capital structure and loan repayment to gain confidence of financial institution to continually support and provide the financial aids. As a result both the financial institutions and borrowers (among the SMEs) will benefit and sustain in the competitive market.

From policy making perspective, this study provides guideline for developing enterprises from the starting of new to establish business and continually sustain and financially sufficient. An effective early support assists the enterprise to survive in the competitive market. Thus would rather contribute in the poverty alleviation and as whole in economic growth.

1.6 Scope of the Study

This study is conducted to see the relationship between money attitude dimensions and loan default and the role of religiosity as moderator among Muslim owner-manager of SMEs. As mentioned earlier, SMEs could be categories into micro, small and medium size with respect to certain relative criterion used in the definition of SMEs such as capital, turnover and number of workers employed in the business.

SMEs have been focused in this study because of its prominent roles in the socio economic development. The number of SMEs increased by about 100,000 to around 645,000 or 17.7 percent of establishments in the seven years period concerning 2003 to 2010. Moreover, the increasing number of large enterprise which nearly threefold or about 17,800 revealed that many of these establishments have graduated and survive from SMEs to large enterprises.

The researcher also had focused on the Muslim SMEs to see the potential impact of their religious belief and faith on commitment showed in making the repayment. In further, researcher had narrow down the scope of the study into the SMEs in state of Kedah to oversee the problems that had enable the SMEs in that state from enforcing the economic growth that will shifted Kedah to well-developed state. Generally, this study will covers on Muslim SMEs in state of Kedah for the purposes of data analysis appreciating the factual support and contribution to the economic growth.

1.7 Definition of Major Terms in the Study

The definitions and descriptions of the main term used in the current study are discussed in the following sections.

1.7.1 Loan default

Loan default is a behaviour which can be best access form qualitative and quantitative models and mostly predicted by characteristics of individual borrowers. It is the inability of borrower to fulfil their loan obligation when due (Bhardwaj & Bhattacharjee, 2010). Thus, in simple words, a loan default is the failure to make repayment on time.

1.7.2 Owner-manager

Owner-manager refers to an individual who had established the business and may own the whole of shareholding. It focuses on the aspects of ownership, decision making, and employee deployment that are associated with enhanced performance which is essentially important to the owner to understand the importance of decision-making in the achievement of financial results and ultimately overall success (O'Regan, Sims & Ghobadian, 2005). And initially Muslim owner-manager refers to an individual manager with the Islamic faith.

1.7.3 Money Attitude

Money attitude can be conceptualized as the perception of an individual regarding the money (Yamauchi & Templer, 1982). It is one's attitude which delineates one's behaviour in money matters. Attitude demonstrated in money matters are multiple, it encompasses

preservation of social status as well as personal contentment (Taneja, 2012). Therefore, money attitude is a set of dimension that explained the attitude towards money.

1.7.4 Power-prestige

Power-prestige shows that individual's belief that money is a symbol of success. Individual who holds such strong beliefs will use money as a means to impress or others and gain recognition (Yamauchi & Templer, 1982). Thus, researcher would referred the power-prestige dimension as money as symbol of success.

1.7.5 Retention-time

The retention-time dimension explains that this type of individual is wisely in spending concerning for the future financial plan. These people are more likely very careful using the money in order to save for future (Yamauchi & Templer, 1982). The retention-time would be initially referred as planning for future security.

1.7.6 Distrust

The distrust dimension postulates that individual with high distrust dimension appear to maintain hesitant, suspicious and doubtful attitude. A low distrust dimension viewed as trusting and accepting of situation involving money (Yamauchi & Templer, 1982). Hence, researcher would referred the distrust as the inability to make decision involving money.

1.7.7 Anxiety

The anxiety dimension viewed as holding attitude that money is a source of protection from anxiety. Conversely, individual low anxiety is less worrisome and less anxious in the money situation (Yamauchi & Templer, 1982). Anxiety would be referred as the feeling of being protected when holding money.

1.7.8 Religiosity

It is a set of beliefs that are taught since childhood, and people gradually commit to be religion as they have greater understandings towards its techniques (Alam, Mohd, & Hisham, 2011). Thus, researcher would referred religiosity as the religious commitment performed by individual which reflect their religious belief and faith.

1.7.9 Small and Medium Enterprises (SMEs)

Small and Medium Enterprise (SME) is a business entity that concerned focus on micro, small and medium scale business. These types of business having difference structure of organization as compare to the large scale company. The category of SMEs clearly defines based on business transaction turnover and number of permanent employees in the company. For the purpose of study, researcher would referred the SMEs definition as outlined by SME Corporation Malaysia (2014).

1.8 Organizational of the Study

This introductory chapter consists of the background of the research, the loan default, the SMEs in Malaysia, the statement of the problems for the study, the research question and research objective, significant of the study, the definition of terms and organization of the

dissertation. The purpose of this first chapter is to introduce the context of the research and the structure of the thesis, which explains briefly the contents of the subsequent chapters. It also highlights the existing gaps that motivate the researcher in conducting the study.

The remaining parts of are organized as follows. The second chapter presents the review of previous literatures, the significant factors and impact on the loan default. This chapter also highlighted the underlying theory that provides the foundation of theoretical framework and addresses the research hypothesis. The third chapter describes on the research methodology which covers on the research design, measurement of variables, the sampling design, administration of the field study and finally the data analysis method. Chapter four presents the analysis of data. Further the descriptive and regression results are discussed. Lastly, chapter five will discusses on the finding of the research followed by the conclusion of the study. Some considerable suggestion and recommendations for further study will also provide in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This Chapter Two primarily concerned with the various past literatures review on major areas related to the loan default, money attitude, and religiosity role. It focused on the overview of the possible relationship of money attitude dimensions, independent variables, with the loan default, the dependent variable, among Muslim SMEs owner-manager borrowers in state of Kedah, Malaysia. The study also attempted to examine the moderating effect of religiosity which may have some impact on the relationship between money attitude dimensions and loan default.

2.2 Small and Medium Enterprises (SMEs)

The Small and Medium Enterprises (SMEs) sector is a global force as it accounts for the majority of the business enterprises over the world. SMEs represented 96 percent of all enterprises in ASEAN member states (Celia, 2013). While in Malaysia, SMEs represented 97.3 percent of the total establishment of manufacturing, services and agricultural in 2013 and will comprise 98.5 percent for year 2014 with the new definition of small and medium enterprises commenced January 2014 (SMEs Report 2012/2013).

There are expansive definition of small and medium enterprises the nation over. The European Commission characterized the business based on number of workers, yearly turnover, yearly monetary record aggregate and level of self-governance. Meanwhile, a small has been characterized as a business with less than 50 workers and a medium size

business as those with 50 to 249 number of employees by the United Kingdom Government's Small Business Service defines (Ward & Rhodes, 2014).

In the interim, in US, the United States Small Business Administration considers industry category and perceives a firm of a given size could be small in connection to one segment, but on the other hand extensive in another. For instance, those with less than 500 employees as a small manufacturing business and those with less than 100 employees as a small wholesale trade business (United State International Trade Commission, 2010). Despite the fact that the definition varies between nations, in synopsis, distinctive agencies normally characterized SMEs in view of criteria, including, benchmarking against yearly deals turnover, number of full-time workers or shareholders' assets.

Table 2.1
Definition of SMEs by sector

Type	Micro Enterprise	Small Enterprise	Medium Enterprise
Manufacturing	Sales turnover less than RM300,000 OR less full-time employees less than 5	Sales turnover from RM300,000 to less than RM15 million OR full - time employees from 5 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 and others	Sales turnover less than RM300,000 OR full-time employees less than 5	Sales turnover from RM300,000 to less than RM3 million OR full-time employees from 5 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: Economics and Policy Planning Division, SME Corporation Malaysia

In Malaysia, a business will be categorized as SME on the number of people the business is employing, or revenue it makes. While there are also some terms such as micro enterprise, small enterprise or medium enterprise that been used to describe the SME

itself. As depicted in the above Table 2.1, the micro enterprise is initially the smallest business entity that can be established in Malaysia. Small enterprise is type of establishment that categorized in between the micro and medium enterprises. Meanwhile, the medium enterprise is the largest establishment categories in the SMEs.

Since 2005, SMEs definition was endorsed by NSDC and a standard definition has been adapted across ministries, agencies, financial institutions, regulators and all relevant stakeholders dealing and involved in SMEs. As the conjunction, in at the 14th NSDC Meeting in July 2013 a review of the definition was undertaken.

Thus, effectively on 1st January 2014, the general definitions of SMEs are as follows:

- Manufacturing: turnover of sales not surpassing RM50 million OR full-time employees not surpassing 200 workers;
- Services and other sectors: turnover of sales not surpassing RM20 million or fulltime employees not surpassing 75 workers.

By referring to SME Corporation Malaysia, sector of manufacturing refers to transformation of physical or chemical materials and components into new products are referred as manufacturing. Telecommunications, private education, healthcare, finance, insurance, professional and business services, wholesale and retail trade, restaurants and accommodation categorized as services sector meanwhile research and development (R&D), logistics, warehouse, engineering and others categorized under manufacturing-related sector. While other sectors refer to the remaining three keys economic activities the outlined as primary agriculture, construction; and mining and quarrying.

Table 2.2
Number of Establishments by Sector

Sector	Micro	Small	Medium	Total SMEs	Total SMEs	Large Firms	Total Establishment
	Number of Establishment			% Share		Number	Number
Manufacturing	21619	13934	2308	37861	5.9	1808	39669
Services	462420	103061	12504	580985	90.1	10898	591883
Agriculture	3775	1941	992	6708	1.0	2121	8829
Construction	8587	6725	3971	19283	3.0	2857	22140
Mining & Quarrying	57	126	116	299	0.05	119	418
Total SMEs	496458	128787	19891	645136	100	17803	662939

Source: *SME Census 2011, Department of Statistics, Malaysia (DOSM)*

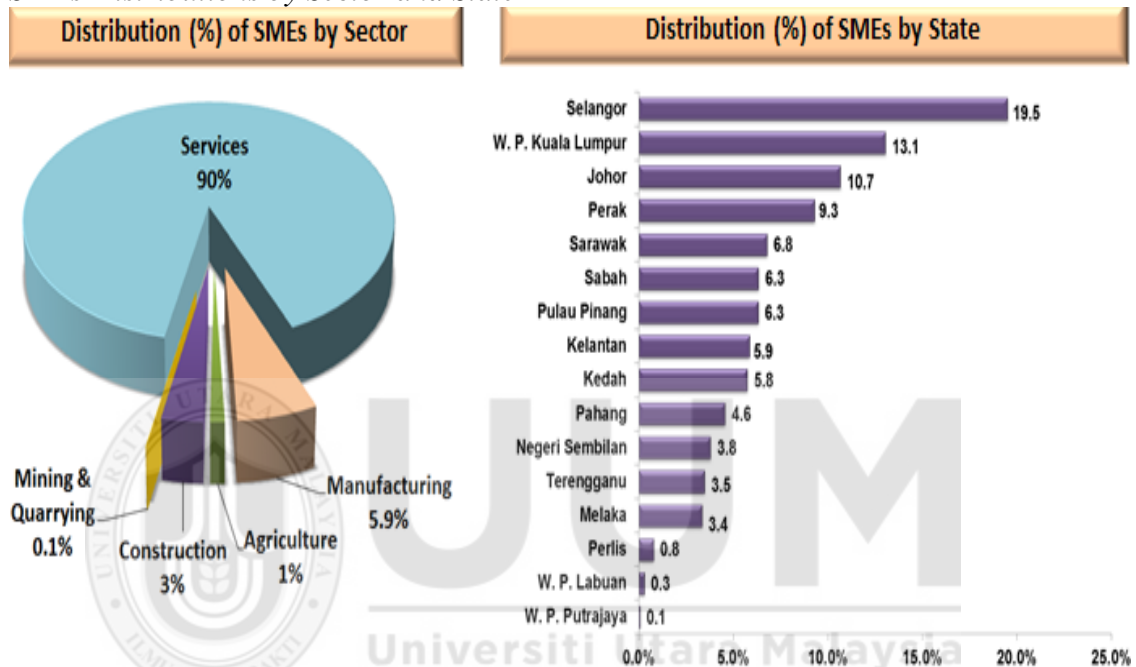
Table 2.2 showed that the majority of SMEs Malaysia involved in services represented approximately 662939 of establishment. Manufacturing becomes the second largest sector at 39669 and followed by construction as the third largest sectors at 22140, agriculture 8829 and mining and quarrying 418. Mainstream of manufacturing companies concentrated in the textile and apparel, food and beverages, metals and metals products and wood and wood products sectors and located in the central parts of Malaysia. Many of the establishments in services sector are among the micro size enterprises which represented about 90 percent of the total share.

Meanwhile, the following figure and table was reported in the Economic Census 2011. The report which was officially released in September 2012, was for reference year 2010 and had subsumed the census on SMEs. Figure 2.1 showed that SMEs' concentration are in the services sector with 90% or 580,985 establishments. Meanwhile, 6% of total SMEs (37,861) are in the manufacturing sector, followed by 3% in the construction sector (19,283) and the remaining 1% (6,708) in the agriculture sector and 0.1% in the mining

and quarrying sector. Based on the report, Klang Valley (Selangor and Kuala Lumpur) accounted for nearly one-third of the total SMEs, followed by Johor with 10.7% and Perak with 9.3%.

Figure 2.1

SMEs Distributions by Sector and State



Source: *SME Census 2011, Department of Statistics, Malaysia (DOSM)*

The below Table 2.3 exhibited the distribution of SMEs by sector for entire Malaysia. It showed that SMEs account for 97.3% or 645,136 of total business establishments in 2010. Selangor, Wilayah Persekutuan Kuala Lumpur and Johor which among the well-developed states have concurred the top three list with total number of SMEs more than 60 000. State of Kedah is at the middle meanwhile Wilayah Persekutuan Labuan record less than 2000 number of SMEs.

Table 2.3
SMEs Distributions by Sector in State

State	Services	Manufacturing	Agriculture	Mining & Quarrying	Construction	Total SMEs
Selangor	110714	8314	838	23	6019	125904
WP K. Lumpur	78448	4201	5	2	2023	84679
Johor	60618	4828	994	27	2407	68874
Perak	53322	3833	962	84	1827	60028
Sarawak	40608	1977	322	19	904	43830
Sabah	37612	1382	812	24	1054	40884
Pulau Pinang	36899	2614	269	7	1035	40824
Kelantan	35372	1814	326	30	281	37823
Kedah	33123	2809	603	17	540	37092
Pahang	26815	1305	630	13	699	29462
N. Sembilan	21633	1495	435	11	968	24542
Terengganu	19882	1782	196	37	617	25514
Melaka	19694	1107	252	4	618	21675
Perlis	4484	291	63	1	214	5063
WP Labuan	1761	109	5	0	77	1952
Total SMEs	580985	37861	6708	299	19283	645136

Source: SME Census 2011, Department of Statistics, Malaysia (DOSM)

Meanwhile, the following Table 2.4 highlight the distributions of SMEs in Services Sector by sub-sector and size. The microenterprises, forming 78% of total SMEs in Malaysia in 2010. Small-sized SMEs accounted for 20%, while medium-sized SMEs constitute the balance 2%.

Table 2.4

SMEs Distributions in Service Sector by Sub-Sector and Size

Sub Sector	Micro	Small	Medium	Total SMEs
Wholesale and Retail Trade & Repair of Motor Vehicle and Motorcycle	228113	55048	6637	289798
Food and Beverage Services	117020	24459	1242	142721
Transportation and Storage	34790	3901	1334	40025
Personal Services and other activities	34427	2218	76	36721
Professional, Scientific and Technical Services	10777	7384	893	19054
Administrative and Support Services	7543	2661	405	10609
Human Health and Social Work	6257	2617	166	9040
Real Estate Activities	6107	1833	240	8180
Education	5672	1923	343	7938
Arts, Entertainment and Recreation	5147	874	169	6217
Financial Services	3973	1129	285	1880
Accommodation	1488	985	384	2817
Information and Communication	722	873	285	1880
Water supply; Sewerage, Waste Management and Remediation activities	381	112	29	522
Electricity, Gas, Steam, and Air Conditioning Supply	16	44	47	107
TOTAL	462420	106061	12504	580985

Source: SME Census 2011, Department of Statistics, Malaysia (DOSM)

2.2.1 The importance of Small and Medium Enterprises (SMEs)

SMEs have grown in stature as the dominating force that dictates the economic pulse of many nations. It is vital in creating a sustainable flow of trade and investment as well as boosting economic development opportunities (Celia, 2013). Generally, SME has been widely agreed as the backbone of the country's economic growth (Ayyagari, Beck & D-Kunt, 2007) in driving industrial development (Matlay & Westhead, 2005). SMEs has been recognized crucial for the viable role in the poverty alleviation and socioeconomics development through its creations of employment opportunity, accumulation of social, human, financial, natural, and physical assets (Mosley & Rock, 2004; Vandenberg, 2006; Greene & Gangemi, 2006; Swain, Sanhb & Tuanc, 2008).

SME becomes as the major contributors to the national economic development in most of the under development and industrial countries. The number of SMEs obviously had dominated the world business stage. It accounts for 80% of global economic growth which approximately 60% of private sector employment (Ayyagari, Beck & Demirguc-Kunt, 2007). In 2008, India had represented 13 million or 80% of SMEs all the country's business (Ghatak, 2010). It is estimated that SMEs represented about 91% of the formal business entities in South Africa, (Abor & Quartey, 2010). While among the industrialized countries, Japan has the highest proportion of SMEs, which represented 99% of total enterprises (EIU 2010).

The SMEs role become increasingly importance as an enabler of growth by providing support to large firm as well as driver of economic growth. According to SME Corporation Malaysia (SMIDEC), SMEs in Malaysia constitute 97.3% of total business establishment for year 2010. By 2020, it is expected that the value added production of SMEs to be around RM120 billion or 50 % of total production in the manufacturing sector and would provide around 65 % of total employment (Census Report, 2011). The time series data reported by Department of Statistics Malaysia (DOSM) showed that in the period of 2005 to 2011, SMEs Gross Domestic Product (GDP) grew at an average growth rate of 6.3% compared to the average growth rate of the overall economy at 4.5%. Hence the contribution of SMEs to economy increased at least 3% from 29.4% to 32.5% in 2005 and 2011 respectively. Looking forward, SMEs play anticipated roles of SMEs as the economic agent towards achieving a high-income nation status.

In Malaysia, the development of SME is crucial in achieving a more comprehensive growth of the nation. Representing large share of all business in the market, SMEs will become the economy foundation as the focal point shift to private sector-led growth for sustainable competitive advantage and economic development at local, regional and national levels (Porter, 2006). The sector represents an essential source of innovation to lead the progression of technology and growth of new industries and services. Therefore, a dynamic vibrant, competitive and financially SMEs are resilient to challenges arising from liberalization of markets.

Table 2.5:

SMEs Contribution to Overall GDP by Key Economic Activity (%)

Sector	2005	2006	2007	2008	2009	2010	2011	2012
	% share to GDP							
Agriculture	3.4	3.5	3.4	3.3	3.4	3.4	3.4	3.3
Mining & Quarrying	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.9
Manufacturing	8.1	8.1	8.2	7.8	7.4	7.7	7.9	7.9
Services	17.0	17.2	18.2	19.1	19.9	19.8	20.1	20.2
Plus: Import duties	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.4
Share of SME to Overall GDP	29.4	29.6	30.7	31.2	31.7	32.0	32.5	32.7

Source: SME Census 2011, Department of Statistics, Malaysia (DOSM)

The above Table 2.5 showed that the SMEs share of GDP to overall GDP. Generally, the GDP contributions by SMEs is improving year over year. The government targeted to raise it at 41% for year 2020 (SME Corporation, Malaysia, 2015).

SMEs contribute to the socio-economic and political infrastructure of developed and developing countries as well as the nations in transition from command to market economies. Thus, it is possible benefit of strong and growing SMEs to alleviate the poverty (Matlay & Westhead, 2005). Tambunan (2006) had summarized few importance

reasons, including wide dispersion of SMEs across rural areas, encourage the rural economy, offering a significant amount of the labour force in their local economies, providing an opportunity for entrepreneurial and business skill development. The more grounded development of SMEs determine the industrial advancement that fulfil the expanding local demand for services that endures on expanding specialization besides bolster bigger endeavours with services and inputs (Fjose, Grunfeld, & Green, 2010).

For at least the past 25 to 30 years, support for SMEs development has become a central platform of official economic policy. SMEs are playing a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. These industries tend to be more labour intensive which entails lower capital costs than in larger firms. It is generate up to 90% of jobs in developing and low-income economies especially for semi-skilled and unskilled workers. A World Bank survey of 47,745 businesses across 99 countries revealed that firms with between 5 and 250 employees accounted for 67% of the total permanent, full-time employment (Ayyagari, Beck &Demirguc-Kunt. 2007).

Throughout the economy crisis, SMEs are the ones that struggle to ensure continuous goods production, maintaining employment and keeping their employees on the payroll, while big companies lying off their crews for the reason to sustain. SMEs survive, tend to grow faster than larger firms and therefore create more jobs. In the right business environment, SMEs can develop into substantial firms, changing the amusement locally, carving their specialty internationally.

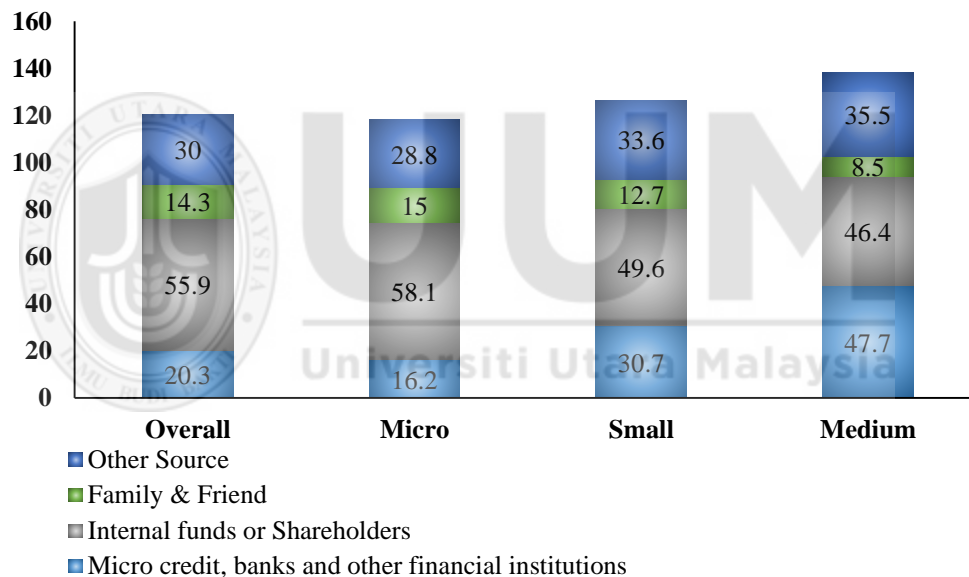
The development of viable and efficient of SMEs in most of the countries is eventually affected by several constraints such as the financial crisis, outsourcing block, low output, managerial incapability, financial aids, lack of marketing technique, lack of social networks with others local and international enterprises, exploitation of technology, tide regulatory, entering global market and dearth of support services (Muhammad, Char, Yaso, & Hassan, 2010.;Teoh, Lin & Chua, 2013; Celia, 2013). Considering to take all of the constrains and challenges line up, SMEs need be in good performances, strong in industry and most important is to be financially viable offering competitive advantage and maintain in the market.

2.2.2 The Small and Medium Enterprises (SMEs) financing environment

Typically, debt (loan) is an alternative sources of financing to raise funds for business instead of long-term debt (bonds) and stock market. According to Abor (2007), the relative amount of debt the firm uses to finance its operation subject to the firms' capital structure decisions. However, the application of capital structure argument for firms like SMEs is slightly different from their larger firms' counterpart. Hamilton (1998), had indicated that there is higher levels of debt and have a particularly high reliance on short-term loan carried among the small companies operate compare to larger firms. Therefore, small firms tend to convey larger debt load and more risky than large listed firms (Yartey, 2011). Basically, SMEs operate in differently and the existing nature and mechanism of supply and demand for financing is limited. These resulted heavier dependence on short-term financing and internal generated funds compared to larger firms.

As exposed in Figure 2.2, there was only 16 percent of micro enterprises use short-term financing compared to medium enterprises which at 48 percent. Typically, the small-sized firms obtained financial sources from their own internally-generated funds or indirect support from friends and relative meanwhile, some of medium-sized firms were able to get financial assistance from various financial bodies, such as commercial banks, micro-credit organisation and development financial institutions (Census, 2011).

Figure 2.2
Access to Financing

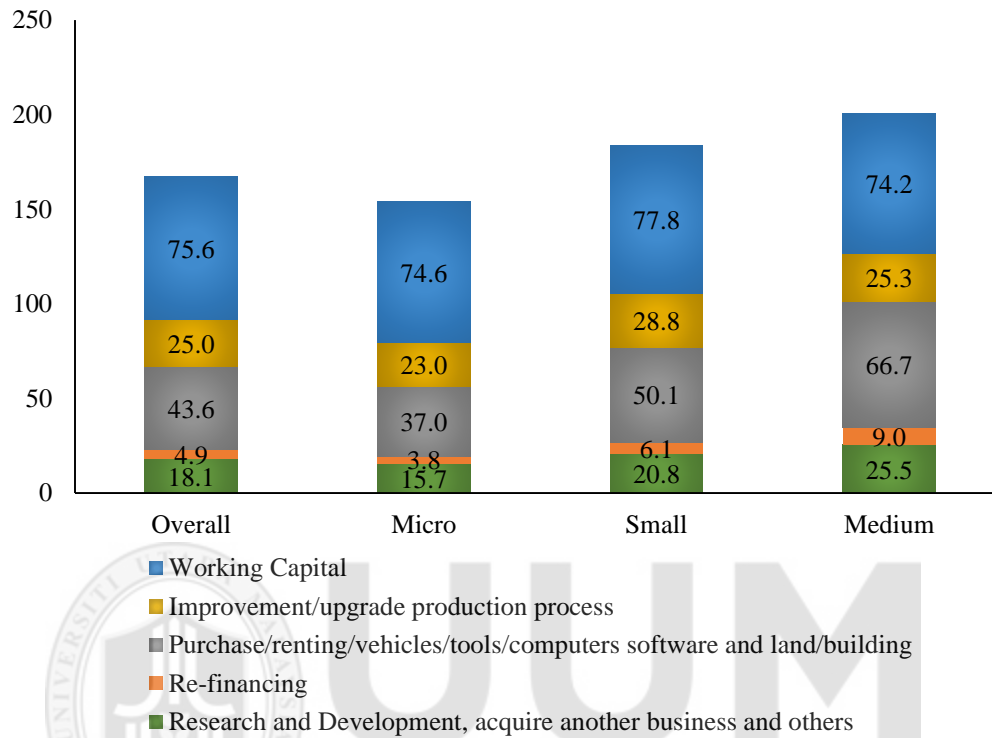


Note: Other sources are grants or financing from government agency, co-operative, leasing companies or supplies

Source: Economic Census 2011, Department of Statistic Malaysia.

Refer to the following Figure 2.3, approximately 75.6 percent of SMEs financing was for working capital. The financing needs were similar across all sizes, whereby microenterprise is 74.6 percent small-sized firms is 77.8 percent and medium-sized firms is 74.2 percent.

Figure 2.3
Types of Financing



Source: Economic Census 2011, Department of Statistic Malaysia.

In Malaysia, the SMEs important roles in developing the business value has getting attention by the government to in further providing many incentives to support SMEs. Recently, more than RM1.3 billion has been allocated to SMEs in the country Budget 2016 (Bernama, 2015). This allocation might be a good news to SMEs, yet it is important to understand that an additional funds provided for business initially increase the SMEs financial risk. Consequently, an excessive use of debt will eventually to contribute to the failure of many small businesses as what had argued by Yartey (2011).

2.3 Loan Default

In finance, debt (loan) is a mean of using anticipated future purchasing power in the present before it has actually been earned (Kimmel, 2013). It is an obligation owed by the firm to the lender with expected repayment of the principal value plus the interest or the financial service charges. There are initially two different types of financing sources in the financial market, which consists of conventional and Islamic. In conventional finance, loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. Loan is legal bind, whereby each of these obligations and restrictions is enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. Meanwhile, the Islamic finance conforms to Islamic law (Shariah) derived from Quran and other source. Following the principles of prohibition on charging interest and profit-loss-sharing, financing offered based on the specific financing principles. For example, financing product which based on partnership underpinned the *musharaka* and *mudaraba* principle, meanwhile mark-up sale using the *murabaha* and *ijara* is Islamic form of leasing (Weill & Godlewski, 2012). In Islamic thought a Muslim is obligated to return back the amount borrowed (verse 283, Surah Al-Baqarah, Al-Quran). Thus, taking loan from neither conventional nor Islamic financial sources, borrower is accountable to fulfil the commitment of loan repayment.

Subsequently, the timeframe to payback a loan is typically called loan term, or repayment period. Loan repayment is simply the process of paying off the debt balance on a loan over a period of time. Basically, this is the normal length of time used to pay off the loan without any extra principal paid on the balance. A longer loan term typically will incorporate higher interest expenses and borrowing cost hence, getting a lower interest

rate on a loan, of even a quarter-point, initially is loan cost saving. The other common method of repayment is a lump sum with interest at maturity. If borrowers are fail to repay a loan according to the terms or condition of a loan agreed upon signed the contract, a loan will classifies as default.

Indeed, loans taken from credit institutions vary from country to country, region to region, sector to sector. But financial market especially of developing countries were found to share one common problem in which suffering a considerable amount of non-performing and default loan. Thus, maintaining a good repayment rate reflects the stability of the business and its ability to survive as well as to compete in the market. In addition, Godquin (2004) had emphasized that high repayment rates are associated with benefits both for the financial providers and the entrepreneurs. It helps in creating good relationship between the financial provider and the entrepreneurs as well as helps to obtain the next higher amount of loan and other financial services.

2.3.1 Definition and Concept of Loan Default

Loan default is a wide issue been discussed in the financial research. It has attracted a great deal attention of the academicians, the business corporation, financial providers, government agencies and the general public as well. Default loan will reduces the loanable fund to enterprise, and negatively affected the enterprises especially those who need to obtain capital for their operation in order to grow and sustain in the industries (Al-Sharafat, Qtaishat & Majdalawi, 2013; Wongnaa & Awunyo-Vitor, 2013).

A defaulted loan is a driven of delinquent loan which happen when the chance of recovery become minimal (Addae-Korankye, 2014). Murray (2011) had explained that a loan default occurs when borrower does not make required payments or in some other way does not comply with the loan terms. Default occurs when a borrowers has not met their legal obligation according to the loan contract including the inability to make a schedule payment or has violated a loan covenant of the contract (Ameyaw-Amankwah, 2011). Loan default can be defined as the inability of a borrower to fulfil their obligation as at when due (Balogun & Alimi, 1988). Loan default could be either in term of voluntary or involuntary which explained that defaulted may occur if the borrower is either unwilling by their choices (voluntary default) or really unable (un-voluntary default) to make the repayment (Godquin, 2004).

Review on the past literature had showed that the researches on loan default (Allen-Ile & Eresia Eke, 2008; Ameyaw-Amankwah, 2011; Bhardwaj & Bhattacharjee, 2010; Chang, 2013; Fidrmuc & Hainz, 2010; Jouault & Featherstone, 2011; Magali, 2013; McCann & McIndoe-Calder, 2012; Nguta, 2013; Sinha, Dhaka & Mondal, 2014) loan repayment and loan repayment performance (Acquah & Addo, 2011; Addae-Korankye, 2014; Afolabi, 2008; Al-Mamun Wahab & Malarvizhi, 2011; Brehanu & Fufa, 2008; Cassar A. et.al, 2007; Godquin, 2004; Guttman, 2007; Kohansal & Mansoori, 2009; McHugh & Ranyard, 2012; Papias, 2009; Okurut & Kinyondo, 2009; Paul, 2011; Roslan & Abd Karim, 2009; Taiwo Awiyemi & Olowa, 2010), loan delinquency (Addae-Korankye, 2014; Onyeagocha, Chidebelu, Okorji, Ukoha, Osuji & Korie, 2012; Sharma & Manfred, 1997), and non-performing loans (such as Epstein and Yuthas, 2010; Nawai & Shariff, 2013; Obamuyi, 2007) are actually studies on the same factors of problem. All of these studies

attempted to identify the significant relationship of the determinant factors with loan repayment and default.

A loan default can be simplified as the failure to make repayment on time. The mode of repayment has been identified in term of high and low, whereby the hundred percent on-time repayment rates or at maximum rate that draw by the lenders consider as perfect first-best level of repayment and the rest is considered as non performing or default loans (Godquin, 2004). If the repayments of both principal and interest are up to date in accordance with the agreed repayment terms deemed to be performed. However, if the interest on principal is due or exceed 90 days postponed or transfer into a new loan it is deemed as non-performing (Nawai and Shariff, 2013; Obamuyi, 2007).

Similarly, Guttman (2007) had predicted loan default based on the degree of arrear whereas borrowers are expected to meet certain date and delayed payment will be calculated as payment in arrears, which has been categorized by Kuhn and Darroch, (1999) as current or in arrears or default. According to Pearson and Greeff (2006) the point in the borrower's repayment history which had missed at least three time installments within 24 month period describes as default. This initially represents behaviour indicator of point in time that shows arising in risk borrower fails to make the loan repayment. In initial, payment default does not imply that the borrower had completely quit paying the loan. It been alluded to collection or legitimate procedure, or from accounting view that the loan had been delegated awful or actually written-off (Addae-Korankye, 2014). All of the above definition is common and have parallel understanding with international standards, which henceforth essential for consistent analysis.

2.3.2 Dimensions, Measurements and Past Studies on Loan Default

Past researches revealed that loan default could be influenced by myriad of factors including demographics, economic, social and psychology (Acquah & Addo, 2011; Addae-Korankye, 2014; Afolabi, 2008; Allen-Ile & Eresia, 2008; Brehanu & Fufa, 2008; Cassar, Luke & Wydick, 2007; Chang, 2013; Fidrmuc & Hainz, 2010; Epstein & Yuthas, 2010; Godquin, 2004; Guttman, 2007; Jouault & Featherstone, 2011; Kohansal & Mansoori, 2009; Magali, 2013; McHugh & Ranyard, 2012; McCann & McIndoe-Calder, 2012; Nawai & Shariff, 2013; Nguta, 2013; Onyeagocha, Chidebelu, Okorji, Ukoha, Osuji & Korie, 2012; Sharma & Manfred, 1997; Sinha, Dhaka & Mondal, 2014.

An analysis of loan repayment among small scale farmers in South Western Nigeria was conducted by Afolabi (2008) in order to recognize financial attributed that discriminated between loan defaulter and non-defaulters. A multi-stage sampling technique was used to select the respondents and structured questionnaires administered on the respondents. The resulted of study revealed that age of farmers, gross farm income, non-farm income, net farm income, interest rate charged, and farming experiences were significantly affect repayment and had discriminated between the defaulter and the others.

In parallel, Papias (2008) in his study on the repayment behaviour among 120 respondents of savings and credit cooperative societies members in the Eastern province of Rwanda had found that among many observable variables typically borrowers age, gender, size of household, purposes for credit, interest and official visits frequency, are statistically strong significant effect on loan repayment performance. Based on the result, the researcher had concluded that an understanding of the socio-economic factors affecting repayment

behaviour of rural client is essential for outreach and sustainability of the mushrooming cooperative societies.

Brehanu and Fufa (2008) had studied on the determinants of loan repayment of smallholder farmers in North Gondar, Ethiopia. In similar, the analysis found that, loan repayment is significantly affected by family holding areas size, the environment of the area, number of livestock, experience, number of links, credit sources and off-farm activities income. Other variables such as family size, distance between main road and household residence, purpose of borrowing, loan amount and expenditure for social festivals were insignificantly repayment of loan among the farmers.

Okurut and Kinyondo (2009) had investigated 150 clients of microfinance institutions (MFIs) in Tanzania to find the key factors that influence loan repayment. The results showed that experience, training time, and sanctions have positively effects on loan repayment performance among group clients of MFIs. In contrast, transaction costs and group size were negative significant effects on loan repayment.

Roslan and Mohd. Zaini (2009) further had provided empirical evidences on the determinants of loan repayment among microcredit borrowers in Malaysia. The researchers lead a study on 2630 respondents among microcredit loan borrowers from 86 branches of Agrobank. The researchers found that the likelihood for default is impacted by the lenders' sexual orientation, kind of business movement, amount of loan, period span and training. The researchers also realized that those who involved in non-production oriented business activities but have been trained in the business involved and

consolidated higher loans amount had lower probabilities of default. Based on the overall finding, both researchers had agreed that the lower the probability for default could be resulted from larger the size of loan, and the probability of default will be increased with longer the repayment period.

Another study was led by Kohansal and Mansoori (2009) to focus the component influencing loan repayment performance of 175 farmers in Khorasan-Razavi, Iran. The researchers investigated factor influencing on repayment behaviour of farmers that received loan from agriculture bank. The repayment has been determined whether the payment being delayed or not. Based on logit model and analysis of cross sectional data, the study found that the interest of loan is the most fact or affecting repayment. Positive effect on repayment contributed from experience, income, loan size and collateral value are positively effect on repayment. While interest rate, application cost, and number of instalment are negatively affect repayment.

Acquah and Addo (2011) who had study on the elements impacting loan repayment showed that the fishermen were in the range of productive age, high income and very experiences, they are however accountable to be defaulted with few problems including low education, limited income option and loan processing procedure. For A sum of 67 fishermen in Elmina, Ghana involved in the study. The aftereffect of study had recognized earnings, amount and size of credit fund the business as critical indicators of repayment. It is accordingly prescribed that credit institution has to ensure a simple loan processing and a smooth of loan disbursement in order to improve the loan repayment.

A study has been conducted by Nguta (2013) to determine causes of loan default in Imenti North District, Kenya. For the purposes of study the researcher had examine individual recipient of microfinance facilities and the institution administrators.400 respondents were selected based on random sampling. Both structured and unstructured questionnaires have been employed for data collection. Based on the data analysis, the findings revealed that there was noteworthy relationship between the business types, period of business establishment, total number of staff, business incomes and default in loan repayment. The researcher had also found that there is a strong connection between technological guidance for loan recipients and the execution of entrepreneurial organizations among the remote groups. Therefore, researcher prescribes that guidance of technology in entrepreneurial microfinance businesses is important factor to be ensured by the stakeholders in the microfinance sector.

Al- Mamun, Wahab and Malarvizhi (2011) had studied the repayment problem among 386 respondents were in Kedah, Kelantan and Terengganu in Peninsular Malaysia. Contrary to many previous research finding, the analysis evident that an increase in household income or saving in total is eventually not overcome the repayment problem. Beside of that, the researchers believed that those who used credit for non-profitable activities would had repayment problems.

Mokhtar, Nartea and Gan (2012) conducted a study to investigate the factors affecting loan repayment performance among TEKUN and Yayasan Usaha Maju (YUM) borrowers in Selangor and Melaka, Kelantan, and Kedah. Using a stratified sampling technique, a total of, 204 TEKUN and 268 YUM borrowers (usable sample) were included in the

sample. Based on logit regression model, the study found a significant positive relationship between gender (male) and business types (agriculture) significant positively impact on loan repayment. The study suggests considering on giving flexibility in loan repayment to borrowers especially those who received income irregularly, introducing micro-insurance policy weather insurance for borrowers (involved in agriculture) as well as it is appropriate to government to introduce special scheme to promote the agriculture entrepreneurs among fresh graduates.

Sinha, Dhaka and Mondal (2014) had conducted a different study to analysed social attributes of loan default. The study examines the socio-economic factors discriminating defaulters and non-defaulters of credit repayment among the small 240 household of Indian Dairy farms in Ranchi district of Jharkhand, India. Using a linear discriminant function, the researchers had examined the relative importance of different factors and revealed that there is significant relation between characteristics considered and loan default conform the previous research finding. Based on the finding, the researchers suggested that it is important to check on local variables and social attributes before allowing the credit to borrowers to lessen the frequency of default in loan.

In addition, Magali (2013) had conducted a study for the Savings and Credits Cooperative Societies (SACCOS) in Tanzania in order to determine factors affecting loans' default risks or loans repayment performance. The qualitative, descriptive and multivariate regressions analysis has been utilized to look at the components influencing credit default dangers among 431 borrowers in Morogoro, Dodoma and Kilimanjaro locales. The result of analysis revealed that loan default significantly affected by amount of loan and years

of schooling received by borrowers. Meanwhile, there is no linear effect between the loans default and other factors including loan usage, conjugal status, age, family members, interest, credit span, collateral values and borrowers' encounters. Based on the survey, researcher had identified that huge amount of overdue loans caused by the absence of proper credit risks management techniques.

Fidrmuc and Hainz (2010) had reviewed the repayment default through a study in financial area. A study on rate of repayment default was conducted in the loan market for SMEs in Slovakia. A number of 700 SME loans have been employed to model the loan default. Based on the probit data analysis, the researchers found that indebtedness, liquidity, profitability and sector are significantly determined the SME loan default.

In similar Jouault and Featherstone (2011) found that leverage, profitability and liquidity at loan origination are statistically significant indicators of the probability of default. A study was conducted to determine the probability of agriculture loan default in French. The default characteristics are studied for 756 agribusiness loans of CIC- Banque SNVB, a bank in French using a binomial logit regression. The profitability is declines when leverage expands, profitability decreases, or else diminishes of liquidity decreases the likelihood of default increment. As the length of loan increases, the probability of default also increases. The researchers suggested that developing more quantitative credit scoring models will benefit banks from lower capital requirements while borrowers may see better rates where the risk of loans is appropriately priced.

Meanwhile, Paul (2011) attempted to explore the issue of late payment of SMEs in the United Kingdom. Underlying on the Working Capital Management theory, the researcher explored the trade credit and cash conversion cycle impact contributes to the risk of loan repayment. Based on the result, the researcher concluded that trade credit is a product of market demand with a strategic advantage that would effect on loan repayment.

Furthermore, the unique borrower-level balance sheet information of 6,000 Irish SME loans has been used by McCann and McIndoe-Calder (2012) to test the determinants of default at the micro level. Among the significant predictors of default including the typical financial ratios, such as the ratio of the loan to total assets, the current ratio, leverage ratio, liquidity ratio and profitability ratio. The length of relationship build between funder and firm had also mitigates the likelihood of default. Thus multiple caution signals is necessary to be identified, particularly for borrowers of different sizes and with small versus large loans.

In a separate study, Allen-Ile and Eresia (2008) measured the role of management style on the propensity for loan default by small business. The researchers had investigated the existence of a relationship between management style, an important non-financial variable and a small business's propensity to default on loans. The study empirically analyzed quantitative and cross-sectional primary data collected from small businesses in the Durban metropolis of South Africa. The results had focused to the existence of a strong relationship between management style and propensity to default. This identified relationship should complement lenders' ability to estimate loan default propensity, which should, in turn, ease the problem of inaccessibility to finance.

A study on term of loan factor affecting on loan repayment was also carried by Page, Cowen and Cohen (1979). The researchers had examined the relationship between the structural characteristics of loans to minority small loan and the performance. It was found that there is a significant relationship among principal amount, loan maturity, and interest payment plan on loan performance. A longer maturity period is significantly increasing the repayment rate. Researcher suggested that it is important to consolidate the loan portfolio into a smaller number of larger, longer loans that have conventional interest payment plans.

Correspondingly, Godquin (2004) suggested that character of loan, nonfinancial services and dynamic incentive are significantly impact on the loan repayment. A study being conducted among household in Bangladesh for two years took place in 1991 and 1992 using quasi experimental. The result showed that size of loan had the expected negative sign thus, theoretically explained that the loan size increases the gain associated with ex ante and ex post moral hazard. There was a positive sign and significant effect of duration of the loan throughout the specification which mean greater duration convey better repayment. The study suggests that the provision of non-financial services such as training, basic literacy and health services has a positive impact on repayment performance meanwhile social ties and group homogeneity have the negative impact.

Additionally, Chang (2013) conducted an empirical study to classify the loan characteristics that explain the loan default of the US Sub-prime residential loan. Using data retrieved data from GMAC-RFC website, the researcher studied the loans from the

southern part of US. Based on the logistic analysis the study found that higher loan-to-value ratios are predicted to result in higher default rates. Researcher also found that payment shock and lien status have impact on default rates. The higher default probabilities derived from loans with adjustable rate interests compared to loans with fixed interest rates. Chang (2013) suggested that loan level characteristics at origination are predictive of future default.

Nyahende (2013) had examined the influence of students' loans borrowers' characteristics on default rate in Tanzania. 150 respondents from five universities from the Dar Es-salaam region have been employed for the purposed of data collection. Based on the analysis, the study inferred that the rate of students' loan default impacted by age, gender and attitude. The analyst trusted that attitude pre-assessment before the loan approval among those who applying loans is essential to identify those who do and do not eligible for the facilities.

In different view, Sharma and Manfred (1997) believed that the basic prudential of group based lending banking adhere positively influence the repayment even in poor and remote communities. The repayment and the delinquency rates in traditional commercial banks operating in Bangladesh rural sector of group based lending was analyzed and found that asset and enterprise diversity within group significantly affect repayment. And thus, delinquency rates do appear to increase with loan size. The researchers noted that process of group formation be made more endogenous to member themselves and less subject to external rules, once minimum eligibility conditions have been met.

Cassar, Luke and Wydick (2007) had measured the effect of social capital on group loan repayment performance has been conducted in South Africa and Armenia. Using the experimental methods of analysis on 87 women respondent who had completed the survey, they found negative random shocks impact both individual and group repayment. The finding supported that social homogeneity exert a positive influence on loan repayment but trust among the group member however insignificant result for better repayment performance. They also found that effect of other contributions carries positive a sign on repayment in every specification while the social capital play vital roles in the economic behaviour as well as in the development of the modern state.

In further, the determinant of loan repayment of group based borrowers has been conducted by Taiwo Awiyemi and Olowa (2010). Based on the 745 respondent, the study has found that area cultivated by groups, liquidity of group and proportion of group land utilizes are positively increases the group repayment potential. Group potential of repayment decreases as the income of group and adaption of technology negatively contributed to the function. The study stress that it is needful to identify and incorporate the relevant procedure characteristics, determined repayment ability on procedure perspective. Besides that, creating an avenue for framer will enable them to procure their fertilizer at official price to increase the effectiveness of loan along with intensification monitoring and supervising to check loan application.

Meanwhile, Epstein and Yuthas (2010) who had investigated the elements contributed to a cultural attitude of region towards the debt non-repayment had outlined that a conventional management of debt and different strategies that are socially delicate may

possibly overcome the loan repayment problem. Since few businesses have collateral to secure their loan and have remedy over unpaid loan, the researchers reviewed that lending to small firms might be a risky proposition. They believed that the non-repayment loan contributed by the failure to make payment, doubtful desire, poor venture decisions, insufficient endeavour administration and the borrowers' intention to repay. For that reason, the researchers suggested that microfinance organization can adequately expand effort to recognize businesses and improve client financial by redesigning product and process with local cultural tradition.

In the South-east states of Nigeria, Onyeagocha, Chidebelu, Okorji, Ukoha, Osuji and Korie (2012) had determined the factors affecting repayment rate among 36 microfinance institutions. The result of the study showed a significant positive relationship between the number of people covered by banks' officer and repayment rate. Negative relationships discovered between the training duration, size of loan and repayment. Thus, researchers suggested that it is important to determine factor of loan repayment performance for both lenders and borrowers' side are parallel and associated.

On their part, McHugh and Ranyard (2012) had contributed to loan repayment through a study on the analysis of credit repayment decision of 241 bank's personal account customers. The result of analysis had leads to a positive significant impact of the role of long term consequence information, economic as well as psychological factors on loan default. The findings concluded that the total cost and loan duration significantly effects higher credit repayment. The result revealed that the level of repayment significantly predicted by the key economic, level of education, the subjective probability of the

likelihood of repayment difficulties, and worry about repayment difficulties. Therefore, the researchers suggested that providing total cost and loan duration information for a range of repayment levels could help borrowers make better repayment. The following Table 2.6 below provided a summary of past empirical researches on loan default discussed above.

Table 2.6
Summary of past studies on loan default

No	Author	Dimension	Finding
1.	Afolabi (2008)	Socio-economic characteristics and loan default.	The study revealed that age of farmers, income, interest rate charged, and farming experiences were significant in discriminating between defaulter and non-defaulter.
2.	Papias(2009)	Demographic, loan attributes, credit processes and repayment behaviour.	The study found that demographic and loan attribute have strong positive effect on loan repayment performance. Credit process processing and disburse time, borrowers market place and income transfer from relative and friends are less statistically significant.
3.	Brehanu and Fufa (2008)	Loan attributes business types, social attribute, demographic characteristics and repayment.	The analysis found that, loan repayment is significantly affected by family holding areas size, the environment of the area, number of livestock, experience, number of links, credit sources and off-farm activities income. Other variables such as family size, distance between main road and household residence, purpose of borrowing, loan amount and expenditure for social festivals were insignificantly repayment of loan among the farmers.
4.	Okurut and Kinyondo(2009)	Socio economic characteristic, group characteristic and loan repayment	The study found that both socio economic and group characteristics significantly affect loan repayment
5.	Roslan and A. Karim (2009)	Demographic, social attribute and loan default.	The study found that the lenders' gender, type of business activity, amount of loan, repayment period and training influence the loan default probability. The researchers suggested that the larger the size of loan, the lower the probability for default and the longer the repayment period the higher probability to default

Table 2.6 (Continued)

No	Author	Dimension	Finding
6.	Kohansal and Mansoori (2009)	Demographic characteristics, loan attribute and repayment.	The study indicated that repayment has been mostly affected by loan interest. Repayment also positively affected by experience, income, loan size, and collateral value. ; while other factors including interest rate, application cost, number of Instalment are negatively affect repayment
7.	Acquah and Addo (2011)	Socio-economic characteristics and loan default.	The finding revealed that the low level of education, lack of alternative income generating activity, cumbersome loan processing procedures, are likely to have high loan default.
8.	Nguta (2013)	Social attributes and loan default.	The findings of the analysis revealed that there was significant relationship between the loan repayment default and business types, age, profits and number of employees.
9.	Magali (2013)	Social factor and loan default.	The result revealed that the loan default is affected by amount of loan received and years of schooling had positively. Other factors have no linear effect with the loans default. The researcher suggested that huge amount of overdue loans has been caused by the absence of proper credit risks management techniques.
10.	Sinha, Dhaka and Mondal (2014)	Social characteristics and loan default.	The result exposed that there is significant relation between characteristics considered and loan default. The researchers suggested that it is important to check on local variables and social characteristics before granting the loan to small holder in order to reduce the incidence of loan default.
11.	Mokhtar,Nartea and Gan(2012)	Borrowers' characteristic, business characteristic, microcredit loan characteristic and loan repayment.	The study found significant positive of borrowers characteristic and difference level of gender influences repayment. The result implied that borrowers involved in agriculture were having repayment problem compare to borrowers involved in a small business activity.
12.	Fidrmuc and Hainz (2010)	Financial factor and loan default.	The study found that loan default is significantly influences by the indebtedness, liquidity, profitability and sector.
13.	Jouault and Featherstone (2011)	Financial leverage, profitability and liquidity and loan default.	The results showed that leverage, profitability and liquidity at loan origination are statistically significant indicators of the probability of default. The researchers suggested that developing more quantitative credit scoring models will benefit banks from lower capital requirements while borrowers may see better rates where the risk of loans is appropriately priced.

Table 2.6 (Continued)

No	Author	Dimension	Finding
14.	Paul (2011)	Financial factors and loan repayment.	The analysis found that trade credit and cash conversion cycle might significant contribute to the risk of late repayment. It concluded that trade credit may be a product of market demand or a desire to extract strategic advantage.
15.	McCann and McIndoe-Calder (2012)	Financial factor (Atman's variables) and loan default.	The study revealed that loan default is significantly predicted by the financial ratios. Default also likelihood predicted by the length of time the borrowing firm's owner has been with the firm. The study suggested to identify the different warning signals for borrower of different loans size
16.	Allen-Ile and Eresia Eke (2008)	Management style and the propensity for loan default.	The finding emphasized on the existence of a strong relationship between management style and propensity to default. The relationship should complement lenders' ability to estimate loan default propensity, which should, in turn, ease the problem of inaccessibility to finance.
17.	Godquin (2004)	Character of loan, non-financial factor, dynamic incentive and loan repayment	The study revealed that greater duration leads for better repayment. Credit rationing and group homogeneity are not significant impact on repayment. Social ties had a significant negative impact on the repayment rate. Basic literacy and health services have positive and significant sign.
18.	Page, Cowen and Cohen (1979)	Demographic, firm characteristic, loan characteristic and repayment.	The analysis of study found that there is a significant relationship among principal amount, loan maturity, interest payment
19.	Chang (2013)	Loan characteristics and default.	The result found that higher loan value ratios payment shock and lien status are predicted to result in higher default rates. Researcher suggested that the origination loan level characteristics are predictive of future default.
20.	Nyahende (2013)	Borrowers' characteristics and default rate.	The study concluded that age, gender and attitude has an influence on the students' loans default rate.
21.	Al-Mamun, Wahab and Malarvizhi (2011)	Demographic attributes and loan repayment.	The analysis of study showed that an increase in household income and saving in total are not significantly lowers the repayment problem.
22.	Sharma and Manfred (1997)	Loan characteristics, demographics characteristics, social ties and status and repayment.	The study found that the basic prudential banking, asset and enterprise diversity adhere positively influence on the repayment rate in poor and remote communities.
23.	Cassar, Luke and Wydick (2007)	Group lending and loan repayment.	The finding showed group lending had significantly affected the loan repayment. However, the study disclosed that trust is insignificantly impact on repayment.

Table 2.6 (Continued)

No	Author	Dimension	Finding
24.	Taiwo and Olowa (2010)	Group lending and loan repayment.	The study revealed significant relationship between group lending and loan repayment. The researcher suggested that group potential of repayment decreases as it's income of group and adaption of technology negatively contributed to the function
25.	Epstein and Yuthas (2010)	Cultural attitude and loan repayment.	The finding of study showed that the non-repayment loan contributed by the failure to make payment, doubtful desire, poor venture decisions, insufficient endeavour administration and the borrowers' intention to repay. For that reason, the researchers suggested that microfinance organization can adequately expand effort to recognize businesses and improve client financial by redesigning product and process with local cultural tradition.
26.	Onyeagocha, Chidebelu, Okorji, Ukoha, Osuji and Korie (2012)	Outreach, shocks, training duration, loan size and credit officers' experience and loan repayment.	The finding of the study revealed that the entire determinant factors significantly affect repayment rate.
27.	McHugh and Ranyard (2012)	Credit repayment decision, role of long term consequence, information, economic, psychological factor and repayment.	The study found that long-term consequences, effect of disposable income, level of education, perception, worry, and repayment difficulties significantly effect on repayment decisions. There is negative significant effects of age and gender

The above Table 2.6 summarized the factors that have an impact on loan default or repayment. There were wide range of factors that significant including social economic attributes, demographic, management style, financial, loan characteristics, borrowers characteristics, group lending and cultural characteristics, information, training, business types, social ties and psychological. Generally, the finding of each research is not contrary but support each other thus provided a fundamental of thought or ideas that might be essential for further study.

2.4 Money Attitude

Money is primarily a medium of exchange or means of exchange. Classically, it is said that money act as a unit of economic calculation, a store of economic value and a medium of exchange. Mishkin (2001) interpreted that money is any item or verifiable record that is generally accepted as payment for good and services and repayment of debts in a particular country and socio-economic context. Money is important, be it any phase of business cycle or life cycle (Taneja, 2012) in which will affects us in all areas of our lives either directly or indirectly. Hence, the role of money is not limited to being a medium of exchange but has become means and end for inclination and wellbeing. Thus, lack of money and debt perceived as a threat to people wellbeing. Therefore, some of people looking for loan in order to treat their emotion.

In business, the lack of money is essentially has been the highest burden. Money is important, be it any phase of business cycle or life cycle (Taneja, 2012) because it open new opportunities and generates business (Sabri, Hayhoe & Ai, 2006). However, the illiquidity problem which is rising worldwide has been the driven causes for not capable to service their liabilities among many business sectors. In addition, the inability to anticipate future income or payment for a good or service is rendering the businesses with apathy and a severe loss of confidence. Hence, no firm is comfortable enough to make credible plans of new investments and business growth in a complex array of uncertainty. Therefore, it will put the business into a bad financial position which leads to bankruptcy problem.

2.4.1 Definition and Concept of Money Attitude

The concept of money attitude multidimensional and has been studied in various socio economic and cultural settings (Medina, Saegert & Gresham, 1996; Taneja, 2012). Depending on these factors the money attitudes varies between individual to individual. Wide ranges of the previous literatures have interpreted various meanings of money, revealed different values held by people for money and have entrusted a range of facets to money (Rubinstein, 1981; Yamauchi & Templer, 1982; Furham, 1984; Tang, 1992; Mitchell, 1998).

Scholars discovered that different component and factors such as childhood experiences, education, financial status and socialization process constitute the dimensions of money attitudes concept (Sabri, Hayhoe & Ai 2006; Taneja, 2012). Many of the scholars had claimed that a person's attitudes about money are influenced by culture and individual differences (Mitchell & Mickel, 1999) including personal values (Medina, Saegert & Gresham, 1996; Gbadamosi & Joubert, 2005). Demographic factors such as family life cycle (Tang, 1993), age (Furnham, 1984; Tang, 1993; Tang & Gilbert, 1995; Roberts & Sepulveda, 1999), gender (Hanashiro, Masuo, Kim & Malroux, 2004) income and occupation (Roberts & Sepulveda, 1999) are also important determinants of money attitudes.

Initially, the word money and attitude must be discussed separately in order to get clearer pictures and understand the concept of money attitude. Money is a very important part of lives, especially in a world that is becoming more and more commercialized. It has been known to the human knowledge that money is one of the most important factors affecting

the attitude as well as behaviour of people. It has been said as symbolic of tools in hands, power in pocket and can be anything that we make of it.

Money is a common instruments but the individual's attitude eventually makes the difference for one person others (Taneja, 2012). Money also can be treated as a symbol of status, prestige, power and value (Yamauchi & Templer, 1982). Everybody is indifferent on money attitude. For example, most of the people think money should be saved and invested in order feel safe and have something to fall back on as the contingency. While many others believe money makes the world go around and is to be spent on the latest from luxuries and most materialistic purchases. There are many different understanding of money because of the diversity of individuals' background and socialization experiences. The roles of money perceptions consequently are reflected in their beliefs, tasks, behaviours, work ethics and social status (Sabri, Hayhoe & Ai, 2006).

Meanwhile, attitude is feelings, options and general approach towards person or object. Attitudes are often influence by situational and circumstantial factors (Armstrong, Su & Rounds, 2011). Attitude of a people develops on the basis of experience and situation that they encounter over lifetime. Different situations experience daily may change attitude and behaviour changes. Thus, one's attitude consequently influences the money behaviour which would be the driven for the decisions taken related to money. In simple words, individual's attitude delineates individual's behaviour in dealing with the money matters. There are multiple attitudes demonstrated in money matters such as the preservation of social status and personal contentment. Therefore, it is important to understand the money attitude because it determined the money behaviour of an individual (Taneja, 2012).

Table 2.7

Summary of the major contribution in the study of money attitude:

No	Researchers and year of contribution	Contribution
1.	Wernimont and Fitzpatrick (1972)	Seven factors: shameful failure, social acceptability, pooh-pooh attitude; moral evil, comfortable security, social unacceptability and conservative business value. Measurement scale: 40 adjective pairs on seven point bipolar semantic differential scale
2.	Yamauchi and Templer (1982)	Five factors: power-prestige, retention-time, distrust, quality and anxiety Measurement scale: Money Attitude Scale (MAS) – 29-item scale which records responses on a 5 Likert type scale from strongly agree to strong disagree.
3.	Furham (1984) and Kirkcaldy and Furham (1993)	Six factor: obsession, power, retention, security, inadequacy and effort/ability Measurement scale: Money Belief Behaviour Scale (MBBS) – 60 belief statements on 7 point agree - disagree scale.
4.	Forman (1987)	Five factors: spendthrift, miser, gamble, bargain hunter and tycoon Measurement scale: Money Sanity Scale
5.	Tang (1992, 1995)	Six factors: good, evil, achievement, respect, budget and freedom Measurement scale: Money Ethic Scale (MES) – 30 declarative statement type items

The above Table 2.7 summarized the major contribution in the study of money attitude.

The table showed that the dimensions differences, theoretical frameworks and specificity of money attitude were recognized to explain financial behaviour (Masuo, Malroux, Hanashiro & Kim, 2004). Even though many dimensions have been identified in the previous researches, yet only few had focus on discriminating between the least and most dimensions that had the powerful influential.

2.3.2 Dimensions, Measures and Past Studies on Money Attitude.

Basically, even there are a lot of research on money attitude conducted, studies on the relation of owner-managers' money attitude and loan default is however are extremely limited. In the relation to loan default, many researchers believed that the individual borrowers' characteristics can be predicted the loan default behaviour (Bhardwaj &

Bhattacharjee, 2010). In fact, money attitude has been discovered by many studies in financial issues as playing an important role in determining a person's financial management and level of well-being (Joo & Grable, 2004; Shim, Xiao, Barber & Lyons, 2009).

According to Hou and Lin (2009) money attitude is deciding factors in loan default because it influences the compulsive spending since the use of loan facilities resulted from individual intuitive of using the money to show the power -prestige. We assumed that individual including owner-managers looking towards self-fulfilment gained from the expenditure they made besides releasing the burden from loan repayment commitment they made. Therefore, they tend to spend more than expected in un-budgeting items, which may leads to increase debt, delaying payment and create financial problem to company.

Wang, Lv and Jiang (2011) indicated that for a lot of people, money means power, ownership of product and services and symbol of social status. These people regarded money as symbol of success hence gather the materialistic thing becomes their tendency to impress others. As the resulted, loan will facilitate them to meet their demand in pursuit of power-prestige. Thus, power-prestige dimension is positively related to revolving credit (Tokunaga, 1993; Wang, Lv & Jiang 2011).

Subsequently, person with stronger perceptions and positive attitudes have more effective money management (Joo & Grable, 2004). They are capable to meet the financing terms and cost as well as making a good financial decision and achieve their financial goals. Yamauchi and Templer (1982) who had contributed to money attitude believed that people

with retention dimension intended to prudently use money and had always had a financial plan. An owner-manager, who highly concerned on the future security, will use money as a means to plan and prepare for the future. Distrust money attitude dimension illustrates the inability of owner-manager to make purchase decision efficiently. These managers initially have proper financial planning and quite conservative in spending money. These types of owner-manager have very low need preference for loan because they view themselves as not equipped to repay loan thus will put surplus in saving to spend at present or in future

There are many reasons for holding cash across firms. Some hold cash to meet operating needs whereas others keep cash on hand for contingency, facing financial crises as well as taking investment opportunities. Holding idle cash is necessary, but some people tend to hold cash more than appropriate because they perceive money as a wellspring of security from anxiety, which may be available with cash (Yamauchi & Temple, 1982). This anxiety-revealing action may direct people to seek a loan (Desarbo & Edwards, 1996). Therefore, these people feel secure with the money they hold instead of make repayment accordance to schedule as agreed upon signing the contract. Owner-manager with anxiety-relieving behaviour believed that holding cash on hand is importance for survival.

Yamauchi and Templer (1982) describes people with distrust dimension is hesitant, suspicious and doubtful regarding situation involving money. These explained that owner-manager with distrust dimension has no ability to decide on the most cost effective

expenditure. These managers usually consider themselves not capable to make repayment thus indefinitely escaping from any loan.

In a study on the issues of microfinance in culture of non-repayment, Epstein and Yuthas (2010) noted that in this type of cultures, peoples generally have the capacity to make the loan repayment, but having no intention to pay. The owner-manager borrowers who lives in a non-repayment culture will also tend to show irresponsible behaviour. Thus, their attitude towards money will effect on the repayment behaviour.

Money attitude is a multidimensional construct and individuals associate different symbolic meanings of money (Medina, Saegert & Gresham, 1996). Different individual has different preference attitude towards money. The important thing is to recognize this dimension of emotion and to make objective decisions that are difficult to come by in such situation. Clear understanding on money attitude is necessary because it defines the individual money behaviour (Taneja, 2012).

Primarily, it is important to understand each dimension of money attitude because it determines the money behaviour of an individual (Taneja, 2012). Researches on money attitude have been cover in many topics including credit card and compulsive buying (Hafez, El Sahn & A. Rahman, 2013; Li, Jiang, Shen & Jin, 2009; Phau & Woo, 2008; Robert & Jones, 2001), materialism, credit revolving and petty instalment (Wang, Lv and Jiang 2011), vanity (Durvasula & Lysonski, 2010) and gender differences (Falahati & Paim, 2011; Sabri, Hayhoe, & Ai, 2005)

However, review on past literatures revealed that studies on loan default that include a measure of money attitude are very limited. The research conducted by Bhardwaj and Bhattacharjee (2010) is among a few studies likely to be the main reference relationship between money attitude and loan default in this recent years. For the purposes of study, the researchers attempted to categorize the defaulters and non-defaulters of auto loans customers of MNC Bank in India. The Default Behaviour Theory has been used as the underpinning theory in that study. Model of Money Attitude Scale (MAS) of Yamauchi and Temple (1982) was modified and employed as the prediction factors. Based on the analysis, the researcher noted the power-prestige (status) money perception had become the major reason for borrowers seeking loans. There are high and significant relationship between the uses of loan and power-prestige and also between the uses of loan and anxiety. The researchers found that those have high score of loan usage have higher probability to default. Similarly, those have high score on income and anxiety has higher probability to default. Therefore, the researchers concluded that the prediction of loan repayment is allied with the attitude toward money.

According to Robert and Jones (2001) easy credit is one of the causes of overspending due to compulsive buying. Robert and Jones (2001) had conducted a study on money buying among college students in America to explore the relationship between money attitudes and compulsive buying in relation to the uses credit card. The researchers believed that the finding suggested that the compulsive buying the money attitude dimensions has a significant relation and additionally the use of credit card often moderates these relationships. The researchers also found that the excessive uses of credit cards have had leads to personal bankruptcy problem.

In parallel, Shih and Ke (2013) conducted a study to analyse the determinant of financial behaviour insight into customer money attitude and financial literacy. The researchers had attempted to explain factors differentiate the decisions of current consumer financial room financial behaviour in future within the Taiwan financial service market. This study reconstructs money attitudes and financial literacy scales based on the previous research and explores the financial behaviours of Taiwanese college students based on empirical data of 535 respondents for analysis. Based on the feedback of respondent's investment experience the analysis result of study suggested that the high-risk financial decisions in usual come from those with retention-planning and achievement-esteem attitudes toward money while anxiety toward money tends is generally exist in low-risk investors.

A contribution in money attitude had been made by Wang, Lv and Jiang (2011) through a study on the credit debt behaviour. The mail-in questionnaires among credit card holders who had used either revolving credit or petty instalment plan had been used in the study. Wang, Lv and Jiang (2011) found that power-prestige dimension was positively related to the frequency of revolving credit. These finding support the earlier research by Tokunga (1993) who had indicated that borrowers took money as the source of power and prestige; were likely to present anxiety when money not presence and have low conscious on saving. The result showed that retention dimension of money attitude was negatively significant to the frequency of revolving credit. Meanwhile, there was no significant impact of distrust and anxiety affecting on the frequency of credit as well as petty instalment. The researchers believed that doubtful and suspicious feeling had distance the people from having loans. Since the effect of anxiety was not significant, researchers suspected that individual traditional values hindered them from using money as a mean of

protection. It is generally accepted that attitude variables are one of the cause of credit card misuse.

Moreover, based on a survey conducted on 400 respondent Hafez, El Sahn and A. Rahman (2013) had tested the significant effect of independent variables of money attitude dimensions and compulsive buying as the dependent variable with the role of credit card use as moderator. The empirical tested indicated that when the money attitudes were first tested without the moderating variable of credit card use, all had a significant positive relationship with compulsive buying in line with other research except for distrust. On the other hand, when the test included the moderating effect of credit card use, in addition to distrust, quality dimension also had an insignificant relationship with compulsive buying. Thus, the finding do not support the grounded idea offered by Yamauchi and Templer (1982)

Phau and Woo (2008) who had attempted to understand compulsive buying tendencies had conducted a study among young Australians credit users. The analysis found that compulsive buyers are more likely to perceive money as a source of power-prestige thus becomes among the frequent credit card user. Meanwhile, the other dimensions of money attitude including retention-time, distrust and anxiety have no significant effect on compulsive buying.

Furthermore, Li, Jiang, Shen, and Jin (2009) had studied on the influence of money attitudes on young Chinese consumers' compulsive buying among the Tianjin and Ningbo undergraduate students in China. Based on the data analysis of 303 respondents, the

researchers found that there are different significant effects of money attitudes on compulsive buying behaviour between different genders. The retention-time dimension significantly affected both male and female consumers', power-prestige dimension only affected male consumers' meanwhile quality dimension had a greater impact on male than on female consumers' compulsive buying.

In subsequent, Falahati and Paim (2011) who had examined gender differences in money attitude among 2340 college students had also discovered the same finding. The finding indicated that gender differences impacts for different dimensions of money attitude. The researchers urged for providing educational program in the direction to enhance students' attitude towards money instead of providing financial support and educational loan.

Another study was conducted by Durvasula and Lysonski (2010) to understand attitudes towards money in China and how these attitudes impact the behaviour of consumer including materialism and vanity. A number of 127 young Chinese consumers been used as respondent for data analysis. The finding clearly showed that there are variation of money attitude in China. The researchers indicated that power-prestige and anxiety dimensions had affected the materialism while others are not. Achievement vanity is affected by the power-prestige dimension of money attitudes. The researchers suggested that money permits one to accomplish status and belonging, as well as force and control over others are adding to expanded realism and articulations of vanity among youthful Chinese.

Table 2.8

Summary of past studies on money attitude

No	Author	Dimension	Finding
1.	Bhardwaj and Bhattacharjee (2010)	Money attitude and loan default	The study found that people tend to default more with the high loan usage as well as people high on income and anxiety while the rest default less. The researchers concluded that the prediction of loan repayment is allied with the attitude toward money.
2.	Shih and Ke (2013)	Money attitude, financial literacy and financial behaviour	The finding showed that current and future decision related to finance significantly impact on money attitude. In addition, the behaviour towards finance have positive relation with financial literacy.
3.	Robert and Jones (2001)	Money attitude, credit card use and compulsive buying	The finding suggested that the money attitude power-prestige, distrust, and anxiety are closely related to compulsive buying and that credit card use often moderates these relationships. The increment in personal bankruptcy due to credit card default is worrisome. Thus researcher agreed that personal counselling and financial education is important in order to educate the consumers.
4.	Hafez , El Sahn and A. Rahman (2013)	Money attitudes, compulsive buying and credit card role.	The study found that all of the money attitude dimensions have a significant relationship with compulsive buying except for distrust if moderating effect not measures. There are insignificant relationship of distrust and quality and compulsive buying. The result clearly indicated that high-credit card uses and compulsive buying is positively related.
5.	Phau and Woo (2008)	Money attitudes and compulsive buying	The analysis revealed that the retention-time dimension significantly affected both male and female consumers' compulsive buying. While power-prestige dimension only affected male consumers' compulsive buying and quality dimension had a greater impact on male than on female consumers' compulsive buying.
.	Li, Jiang, Shen and Jin (2009)	Money attitudes, culture and compulsive buying	There is a significant effect between the young consumers' compulsive buying behaviour and money attitude. The researchers believed that money was a means to save for the future decreased their compulsive buying.
7.	Wang, Lv and Jiang (2011)	Money attitude and credit dent behaviour	The result showed power-prestige dimension was positively related to the frequency of revolving credit. retention dimension of money attitude was negatively significant to the frequency of revolving credit and there was no significant impact of distrust and anxiety affecting on the frequency of credit as well as petty instalment
8.	Falahati and Paim (2011)	Gender differences and money attitude.	The study found that gender differences have a significant impact in relative toward the money attitude variation for different dimensions.
9.	Durvasula and Lysonski (2010)	Money attitudes, materialism and vanity	The finding indicated that materialism is affected by the power-prestige and anxiety dimensions, but unaffected by the distrust dimension. Achievement vanity is affected by the power-prestige dimension. The researchers suggested that money permits one to attain not only status and possessions, but also power and control over others are contributing to increase.

The above Table 2.8 summarizes the discussion of the past empirical studies on money attitude. Majority of the past researches had agreed on the use of money for power-prestige and symbol of success. Distrust dimension is more likely to have no significant impact on using money. There were also different findings resulted from different attributes of sampling frame such as gender, generation and local cultures.

2.5 Religiosity

Religion is one of the most universal and influential social institutions that significantly influence on people's attitudes, values and behaviours at the individual and societal levels (Khraim, 2010). Religion has played an important role in the life of human being from ancient time. Over the years, many different religions have emerged with their core beliefs, value, practices and rituals.

Anderson (1988) quoted from Adam Smith's *Wealth of Nations* that religious activity affect economic performance at the level of individual, group, country due to reputational signal among the employers, lenders and customers which could convey a reduction in risk associated with the particular individual, and it could establish trust and sanctioning miscreants in intra group transactions, reducing uncertainty and improving efficiency. At firm level could religious give positive outcome such develop emotional and spiritual competence, encourage holistic ways of working, develop community at work, empowered the workforce and human society (Hilary &Hui, 2009).

Several authors have extended research on religiosity to evaluate the association between religious beliefs and human behaviour in economics (Bruce 1993; Shariff & Norenzayan, 2007; Norenzayan 2008) and business (Stern, 2000; Schultz, Zelezny & Dalrymple, 2000; Gardner & Stern, 2002). Hilary and Hui (2009), extended research on religiosity and focus on human behaviour within the corporate environment, and they especially examine whether religiosity has an effect on managerial decisions. Overall, their findings suggest that religious believers generally do not engage in unethical behaviour; instead they are more likely to maintain high moral and ethical standards and their decision-making process in the business environment is guided by their moral and ethical values.

2.5.1 Definition and Concept of Religiosity

Religiosity defined as the state of one's belief in God, characterized by his piety and religious zeal (Salleh, 2012). Henceforth, it can be referred as beliefs, attitudes, behaviour, values and practices relating to an organized religious affiliation or a specified divine power. Religiosity is a belief in God accompanied by a commitment to follow principles believed to be set by the God (MaDaniel & Burnett, 1990). Thus, individual's ethical thinking is subjected to, some degree, upon characteristic one placed on their religious belief.

Subsequently, religiosity may be viewed from two main perspectives comprising religious affiliation and religious commitment. Religious affiliation refers to the particular religious group adhered to by individuals such as Islam, Christianity, Buddhism and Hinduism (Pope & Mohdali, 2011). Individuals are influenced by religious affiliation long before they are born (Hirscham, 1983). Thus the historical values of different religious

affiliations may affect individual behaviour differently. As defined by Johnson, Siegler and Alibali (2001), religious commitment is the extent to which an individual is committed to the religion they professes and its teachings, such that individual attitudes and behaviours reflect this commitment.

2.5.2 Dimensions, Measurements and Past Studies on Religiosity

Religiosity is a dimensions that associated with religious believe and involvement. The undeniably enthusiasm for measuring religiosity has manual for the investigation of relationship among various religiosity measurement. Religiosity is complicated eventually to define because of the uncertainty and imprecise nature of the language and the current interest in the concept of religiosity. There are crosses few scholastic discipline therefore had approached religiosity from different vantage point, without no consulting one another (Hardcroft, 2006).

The number of dimensions and components proposed by previous literatures are various with regard to multi discipline field of study. Mainly, Glock and Stark (1965) have been influenced in defining the religious orientation, origin and dimension in most of religiosity researches. There five religiosity dimensions identified by the researchers: experiential, ritualistic, ideological, intellectual and consequential. These dimensions have been expanded by at least four other works on religiosity reclining Faulker and DeJong (1966), O'Corrnel (1975) and Stark and Gloack (1968).

Apart from that, others such as Fukuyama (1960) had proposed four dimensions (cognitive, cultic, creedal and devotional), Lenski (1963) identifies four dimensions

(associational, communal, doctrinal and devotional), Allport and Ross (1967) had introduced two distinctive dimensions (extrinsic and intrinsic), King (1967) delineates ten dimensions associated with religious beliefs and involvement, Himmel (1975) familiarizes two dimensions (doctrinal belief and ritual observation), four dimensions categorized by Ellison (1991) (denominational ties, social integration, personal sense and existential certainty) meanwhile, Verbit (1970) classifies six component of religiosity (ritual, doctrine, emotion, knowledge, ethics, community).

There are also several new dimensions based on Islamic religious have been proposed. Even the vast majority of Muslim dimensions have been adapted from the conventional, Islamic dimensions is regarded to be as unique and relevant to interpret religiosity of Muslim population. Salleh (2012) classified four dimensions of religiosity (religious belief, religious practice, religious altruism and religious enrichment).

Likewise, El-Menouar (2014) identified five dimensions of religiosity (basic religiosity, central duties, religious experience, religious knowledge and orthopraxis). Meanwhile Krauss, Hamzah and Idris (2007) had recognized three dimensions (pro-social behaviour, ritual behaviour and anti-social behaviour), which is the dominant dimensions proposed for Muslim and non-Muslim in the multi-religion culture like Malaysia.

The following Table 2.9 outlined all of the above different religiosity dimensions. All dimensions seem likely not contradict but support each other from different views and basis of understanding the religiosity.

Table 2.9

Summary of Religiosity Dimension

No	Researcher and the year of contribution	Dimensions
1.	Glock and Stark (1965)	Five dimensions: experiential, ritualistic, ideological, intellectual and consequential
2.	Fukuyama (1960)	Four dimensions: cognitive, cultic, creedal and devotional
3.	Lenski (1963)	Four dimensions: associational, communal, doctrinal and devotional
4.	Allport and Ross (1967)	Two dimensions: extrinsic and intrinsic
5.	King (1967)	Nine dimensions: creedal assent and personal commitment, participant in congregational, personal religious experience, personal ties in the congregational, commitment to intellectual search despite doubt, openness to religious growth, dogmatism, extrinsic orientation, financial behaviour and attitude and talking and reading
6.	Verbit (1970)	Six components: ritual, doctrine, emotion, knowledge, ethics and community
7.	Himmel (1975)	Two dimensions: doctrinal belief and ritual observation
8.	Ellison (1991)	Four dimensions: denominational ties, social integration, personal sense and existential certainty
9.	Krauss et al. (2007)	Three dimensions: pro-social behaviour, ritual behaviour and anti-social behaviour
10.	Salleh (2012)	Four dimension: religious belief, religious practice, religious altruism and religious enrichment
11.	El-Menouar (2014)	Four dimension: basic religiosity, central duties, religious experience and religious knowledge and orthopraxis.

Religiosity seems to be a complex concept that includes not only behaviour and attitudes that can be observed but also beliefs, feelings and experience that cannot be observed. Thus researchers may decide on the number and types of religiosity dimensions that suit the nature of their research (Hill & Hood, 1999).

Boone, Kurana and Raman (2013) had explained that religious believers being highly ethical avoid violating religious, morale and social norms. This aspect of religiosity suggests that religion acts as a deterrent for any activity that is considered to be outside the religious and social norms. Religious believers will feel guilty if they engage in unreligious activities and they fear punishment by God for violating the religious guidelines. In fact, this aspect of religion serves as a sanctioning system in the business

and discourages managers to engage in an opportunistic behaviour such as avoiding repayment.

Peoples who follow the one rule (obey the religious thought) tend to conform the other rule (do not default) as well. Borrowers may default due to nature or their own actions. Therefore, if owner-manager obtains strong religious faith then they are expected to default less on their loans. They will have a more rational comparison of the associated costs in the borrowing as well default decisions of the respective loan contracts.

On the other hand, if owner-managers have low religious beliefs, it will have a negative impact on their ethical and moral values, and they are likely to be in the best of their personal interest. In order to ensure the availability cash on hand for spending, managers will be less likely to comply on the repayment terms written in contract. Consequently, this will leads to non-performing and loan default.

The effect of religiosity on individual behaviour has been investigated by several researchers (Pope & Mohdali, 2011). Religious serves to encourage certain behaviours (Barro & McCleary, 2003) and there is a link between religiosity and behaviour (Watson, Hood, Morris & Hall, 1984). The impact of religiosity on human behaviour was first documented in the psychological literature (Layman, 1997) and documented significantly influence on individuals' economic decisions (Bruce, 1993; Stern, 2000; Schultz, Zelezny & Dalrymple, 2000; Gardner & Stern, 2002). The scope has expanded to other discipline where several studies in finance and accounting have also examined whether religiosity has influence on finance and accounting decisions. Recently, Callen and Fang (2013) had

documented that the financial crisis has been more severe in areas with low religiosity, suggesting that religiosity played a significant impact on human behaviour that led to the financial crisis in certain non-religiosity areas.

Studies on loan default that include a measure of religiosity impact on individual behaviour are very limited. Baele, Farooq and Ongena (2014) had explored the individual behaviour on the relationship between religiosity and default rates among conventional and Islamic loans in Pakistan. Based on a data set of 150,000 loans over the period April 2006 to December 2008, the researchers found that the Islamic loan had produced less than half the default rate on conventional loans. Furthermore, the researcher had recognized that Islamic loans borrowers are less likely to default during Ramadan. Thus, they suggested that religion either through individual piousness or network effects may play a role in determining loan default.

Moreover, the personal financial decisions that impact by religiosity has been explored by Hess (2012). The variation of charge card debt, abandonments, and insolvencies relative to high religious social standards ranges of individual was analyzed researcher. Utilizing a measure of religiosity separated from meetings directed by Gallup association in United Sate, the study observed that individual in high religiosity location take less risk and represent higher moral values. The researcher recommended that in high religiosity area have a tendency to have higher score as well as lower levels of charge card debt, abandonments, and insolvencies.

Contributed to religiosity, Alam, Mohd, and Hisham (2011) had conducted a study to examine the effect of religiosity on Muslim consumer behaviour and on purchasing decision. Based on a sample of 232 Muslim from the middle and upper-income group who work in Shah Alam and Bangi in the Selangor state of Malaysia, the study found that religiosity acts as a full mediating role the relationship between relative and contractual variables (trend of fashion, price of product, brand name, quality, image, peer pressure, good sales presentation and good customer services) and purchase behaviour of Muslims consumers.

Additionally, Alam, Janor, Zanariah, Che-Wel, and Ahsan (2012) had determined whether religiosity is the important factor in influencing the intention to undertake Islamic home financing among 300 Muslim respondents in Klang Valley areas. There were various ranges of age and income group respondents involved in the data analysis. Based on the result of analysis, the researchers had found a significant and positive findings. Therefore, the researchers suggest that customer with strong religiosity faith have higher preference on the Islamic home financing.

In different study, Idris, Bidin and Saad (2012) measured the Islamic religiosity relationship with business income zakat compliance behaviour. A survey was conducted among 227 number of sole proprietorships and partnerships around the state of Kedah, Malaysia. The result of the study indicated that business owners with high religious faith are like compliant more with zakat law. Thus, the researchers suggested that religiosity plays an important role in zakat compliance behaviour.

Souiden and Rani (2015) had investigated the impact of religiosity on consumer attitudes and purchase intentions towards Islamic Bank in Tunisian. A sample of 217 respondents has been used to test the research hypothesis. All the items of religiosity, attitude and purchase intention were measured on a five-point Likert scale. The analysis found that religiosity variable is dimensional and confirmed its multidimensionality as reported in previous studies. The study indicated that the more a person fears divine punishment, the more they will develop a favourable attitude towards Islamic bank. Similarly, the more a person believes in Islamic law, the more favourable attitude towards Islamic banks. However, researchers discovered that the relationship between religiosity involvement (practice and interest) and attitude toward Islamic banks is found to be insignificant. Souiden and Rani (2015) suggested that religiosity has an indirect effect on purchase intentions of Islamic bank services through attitude towards these banks.

Based on the above discussion, religiosity which has multi-dimensions is normally positively influence on certain individuals' behaviour. In other words, high religious belief will encourage good behaviour while low religious belief will cause bad behaviour. The following Table 2.10 summarizes the discussion of the past empirical studies on religiosity.

Table 2.10

Summary of past studies on religiosity

No	Author	Dimension	Finding
1.	Baele, Farooq and Ongena (2014)	Religiosity and default rates.	The study found the default rate on Islamic loans is less than half the conventional loans. They suggested that determined by the religion in either through individual piousness or network effects
2.	Hess (2012)	Religiosity and personal financial decisions.	The researcher suggested that there is significantly higher credit scores and lower levels of credit card balances, foreclosures, and bankruptcies area in relation to strong religious social norms of individual.
3.	Alam, Mohd., and Hisham (2011)	The mediating role of religiosity on consumer behaviour and purchasing decision.	The finding of the study confirmed that religiosity mediates the relationship between relative and contractual variables (fashion, price, brand name, quality, image, peer pressure, sales presentation and customer services) and purchase behaviour of Muslims consumers.
4.	Alam, Janor, Zanariah, Che-Wel, and Ahsan(2012)	Religiosity and intention to undertake Islamic home financing.	The result of analysis showed significant and positive findings. The researchers suggest that customer with strong religiosity faith have higher preference on the Islamic home financing.
5.	Idris, Bidin and Saad (2012)	Religiosity and business income zakat compliance behaviour.	The study indicated that business owners who are highly religious are also more likely to comply with zakat law. The researchers suggested that religiosity plays an important role in zakat compliance behaviour.
6.	Souiden and Rani (2015)	Religiosity on consumer attitudes and purchase intentions.	The finding showed that the relationship between religiosity involvement (practice and interest) and attitude toward Islamic banks is found to be insignificant. Researchers suggested that religiosity has an indirect effect on purchase intentions of Islamic bank services through attitude towards these banks.

2.5.3 Religiosity as Moderator

Al-Azzam, Hill and Sarangi (2012) had investigated on the factors impact on repayment of group lending in Jordan. Using data of 160 urban borrowing groups, the researchers had measured the intensity of religious practice across group and found that religion is one of the factors affect repayment. The researchers had explained that more religious groups are eventually have fewer days of late repayment. They suggested that individual who are more religious are less likely to make late payment or default.

In addition, Teah, Lwin and Cheah (2014), had studied the religious belief as the moderator on attitudes towards charities and motivation to donate. Using a self-administered questionnaires data was collected among 310 respondents in downturn Kuala Lumpur. From the total number of respondent 65.5% completed questionnaires were retained for data analysis. Religious belief is found to be a significant variable that moderates the relationship between attitudes towards charities and motivation to donate.

Meanwhile, Lau, Choe and Tan (2013) contributed to religiosity through a study among Malaysian private university. Choe and Tan (2013) had examined the moderating effect of religiosity in the relationship between money ethics and tax evasion. There were 387 completed responses received for data analysis. The result from the hierarchical regression analysis showed that the intrinsic religiosity moderates the relationship between money ethics and tax evasion.

Table 2.11

Summary of religiosity as moderating

No	Author	Dimension	Finding
1.	Al-Azzam, Hill and Sarangi (2012)	The control variable impact on the religiosity intensity and loan repayment.	The result of study explained that more religious groups tend to have fewer days of late repayment. They suggested that individual who are more religious are less likely to make late payment or default.
2.	Teah, Lwin and Cheah (2014)	Moderating role of religious belief on attitudes towards charities and motivation to donate.	Religious belief is found to be a significant variable that moderates the relationship between attitudes towards charities and motivation to donate.
3.	Lau, Choe and Tan (2013)	Moderating effect of religiosity in the relationship between money ethics and tax evasion.	The result of the hierarchical regression analysis showed that intrinsic religiosity moderates the relationship between money ethics and tax evasion.

The above Table 2.11 summarizes the past empirical studies discussed concerning religiosity. The religiosity played both partial and full moderating effect on the relationship between the independent variable and dependent variable as showed by mentioned past studies. In other words, the independent variable had indirect relationship with dependent variable via religiosity.

2.6 Gaps in the Literature

The current study aims to fill the gap in the literature by focusing on examining the relationship among money attitude dimensions, religiosity and loan default of Muslim SMEs owner-manager in a wider perspective. In other word, it is crucial to discover how the money attitude could impact loan default when religiosity is concerned. Past literatures revealed that there are many determinant factors of loan default such as socio-economic attribute, demographic characteristics, borrowers' characters, loans' characters, business types, cultures and many more. Those factors are well known. Nevertheless, research on money attitude dimensions and loan default is critically limited. There were only a few researches (Bhardwaj & Bhattacharjee, 2010, Wang, Lv & Jiang, 2011) who had studied the relationship between money attitude and loan default in this recently five years. Through the years, many things have been changed hence leads us into different situation. It is the time to revisit the topic and come out with new finding suit with the present needs.

Furthermore, past literature also showed that initially, religiosity had not been wide recognized in loan default as one potential element that might explain the puzzle of loan default, until few researchers such as Al-Azzam, Hill and Sarangi (2011) and Ilori and Enahoro (2015) emphasized its important. Subsequently, there are many Muslims

involved in the industry. The Islamic taught had emphasized on the importance of paying and make settlement on debt. In fact, all Muslims know that it is a compulsory responsible which will need to be answered in after world. Nevertheless the problem of loan default among Muslim borrowers still high. Thus, there is a concern to further investigates and understand reasons behind the problem.

Many of studies in the SMEs area previously had focused in the determinant of performance, survival and successful, cost effective, contribution to social economics, the management style, growth of company, bankruptcy issues, and other setting away from money attitude and loan default setting. Researcher also discovered that most of the studies of loan default are conducted in western countries like US, French, Irish, Tanzania and Slovakia (Fidrmuc & Hainz, 2010; Jouault & Featherstone, 2011; Paul, 2011; McCann & McIndoe-Calder, 2012; Page, Cowen & Cohen, 1979), in African countries like South Africa, Ghana, Kenya and Nigeria (Afolabi, 2008; Papias, 2009; Brehanu & Fufa, 2008; Okurut & Kinyondo, 2009; Acquah & Addo, 2011; Nguta, 2013; Godquin, 2004; Nyahende, 2013), in India (Magali, 2013 and Sinha, Dhaka and Mondal, 2014). The researcher found that there is a lack of studies on SMEs loan default conducted in Malaysia. Thus, this shows that there is clearly a gap in explaining the problem within the Malaysia perspective.

The initiate Attitude Theory of the Theory Planned Behaviour provides the fundamental of understanding people behaviour. The attitude perspective discovered that people can be conflicted toward an object by simultaneously holding both positive and negative attitude towards the same object. Thus, led to some discussion of whether individual can

hold multiple attitudes the same object. Therefore, this study attempt to explore whether the multiple dimensions of money attitude may led to the decision of loan default. Consequently, the Theory of Default Behaviour that based on two competing primacy, the equity theory of default and ability-to-pay theory would give a better picture to understand on how individual make their decision whether to default or to make repayment.

2.7 Underpinning Theory Used

Basically, underpinning theory is the set of idea that been used as the foundation to support the structure of the whole research design. For the current study, the researcher used two theory which comprise of the Theory of Planned Behaviour Theory and Theory of Default Behaviour as the basis of framework.

2.7.1 Attitude Theory

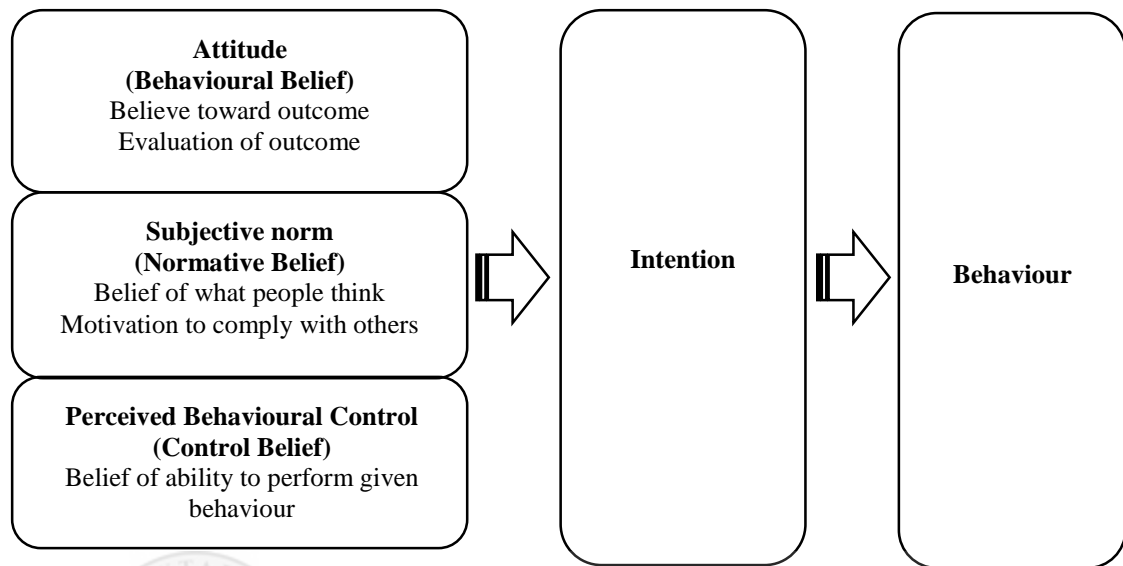
The researcher used the attitude theory in order to provide theoretical analysis of money attitude dimensions, religiosity relationship toward loan default in the study. Basically, there are several attitude theories and each theory contributing some understanding the effect of attitude on behaviour which represents a significant research enterprise. The attitude theoretical approaches dominated for the current research is Theory of Planned Behaviour (TPB). This theory described the link between attitude and behaviour as deliberative process, with and individual actively choosing engage in an attitude-related behaviour.

TPB is the extension of the Theory of Reason Action (TRA) which was developed by Ajzen and Fishbein (1980). It is a model for the prediction of behavioural intention, spanning prediction of attitude and predictions of behaviour. TRA was in turn grounded in various theories of attitude such as learning theories, expectancy-value theories, consistency theories and attribution theory.

The subsequent separation of behavioural intention from behaviour allows for explanations of behaviour (Ajzen, 1980). It suggests that individual's behavioural intention depends on the individuals' attitude about the behaviour and subjective norm. This theory aims to explain volitional behaviour. Behaviour might not however appear to be fully voluntary and under control, this resulted in the additional of perceived behaviour control. With this extension the theory was known as the TPB.

The TPB was proposed by Ajzen in 1985 through his article; from intentions to action: A theory of planned behaviour. It envisages deliberate behaviour. The best predictor of behaviour is intention. Intention is cognitive representation of an individual's readiness to perform a given behaviour, and it is considered to be the immediate antecedent of behaviour. This intention is generally determined by attitude, subjective norm and perceived behaviour control. Knowing someone belief can be important as knowing the person's attitudes. Another aspect control influences intentions is perceived behavioural control which refers to individual's ability perceptions to perform a given behaviour. Fundamentally, a person's stronger intention to perform the behaviour in question arise when the more favourable the attitude and the subjective norm, together with a greater the perceived control. The following Figure 2.4 depicted the theory of planned behaviour.

Figure 2.4
Theory of Planned Behaviour



Sources: Fishbein and Ajzen, 1975; Azjen 1985; Azjen, 1991

This current study utilizes the theory of planned behaviour (TPB) as underlying theory. The TPB have been used heavily in predicting consumer purchasing in aspect of marketing research. It is infrequently been used to measure loan default.

The aims of the current study is to examine the relationship between money attitude, and loan default relative to the influence of religiosity. Money attitude dimension demonstrates the individuals' attitude and subjective norms. Meanwhile religiosity would be the perceived behaviour control that determines loan default behaviour.

2.7.2 Theory of Default Behaviour

Generally, there were multiple theories concerning on the default behaviour. The determinants of default depends on the explanatory variables which drawn from the economic theories that explaining the process and motivation of default. In finance, several factors combine to make a borrower to promptly repay or default repayment of a loan.

The Behaviour primacy theory holds that the interactions with the environment resulted individual's common behaviour, consequently individuals would try to adapt by changing their behaviour once the environment changes, (Nguyen, 2007). Meanwhile, the Marshallian Economic theory postulates that consumers attempt to expand their utilities and do this by intentionally finding out the results of any decision.

Thus, expenditure pattern refers to the relative treat of the borrower in spending. The higher the treat, the higher the chances of borrowing and defaulting. The requirement for obtaining loan is initially rely upon on the cost of the project for which the credit is pursued.

The Theory of Default Behaviour (TDB) has emergence broadly around 1980s with the transformed of the academic study of economic and finance from descriptive research activities to analytical research. As far as the actual default decision of borrowers is concerned, there are two competing alternative have been discussed, the equity theory of default and ability-to-pay theory.

These two competing theories is originally underlined by Jackson and Kasserman in year 1980 who had first discuss about the risk of default on home mortgage loans. The equity theory of default is that borrowers default when the gains from default exceed the cost. While the ability-to-pay theory which suggests that borrowers will not default as long as they have sufficient income to meet their periodic repayment. There are interaction between this two theories in practical.

These theories have been the dominant paradigm of research on borrower's loan repayment and default in recent years. It were heavily applied to explain several of economic research area including mortgage default, repayment behaviour, consumer purchase, mortgage, tax and zakat payment, pensions saving, insurance instalment and others.

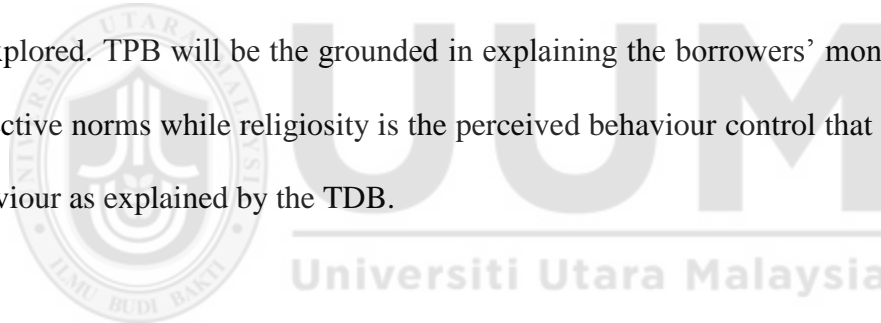
For the current study, researcher interested to examine the money attitude dimensions as the exploratory variables in order to determine the loan default behaviour. Thus, researcher intense to explore whether money attitude dimensions has the significant relationship as the determinant to loan default.

2.8 Summary of the Chapter

This chapter has reviewed the literature on money attitude, religiosity and loan default related to research question and research objectives postulated in previous Chapter One. Initially, money attitude is significant in understanding loan default. The power-prestige dimension make is a driven for people to spend money in order to impress others. People with the retention-time dimension more likely to cautiously use money and had a financial

planning. Being hesitant, suspicious and doubtful behaviour regarding situation involving money is a result from distrust dimension (Wang, Lv & Jiang, 2011).

Meanwhile, religiosity perspective offered a different point of view of behaviour. And anxiety dimension explained high worrisome during the absent of enough money. All of these four money attitude dimensions leads to varied behaviour among the borrowers that influence on the loan repayment and default. Based on extant literature, religiosity could influences certain behaviour (Watson, Hood, Morris & Hall, 1984; Barro & McCleary, 2003; Pope & Mohdali, 2011). Therefore, how the religiosity may affect the relationship between money attitude dimensions and loan default is little know thus far and needs to be explored. TPB will be the grounded in explaining the borrowers' money attitude and subjective norms while religiosity is the perceived behaviour control that determined the behaviour as explained by the TDB.



CHAPTER THREE

METHODOLOGY

3.1 Introduction

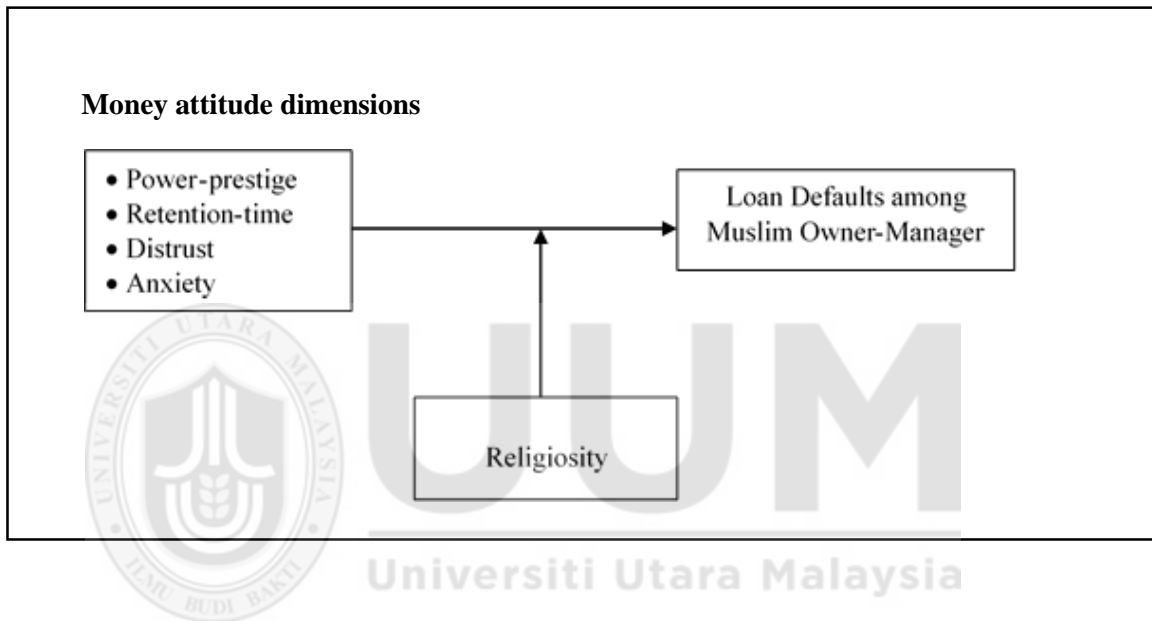
This current research aims to examine the relationship between money attitude and loan default and the role of religiosity as the moderator among Muslim SMEs owner-manager in state of Kedah, Malaysia. This chapter describes how the study practically carried out to achieve the objective. Furthermore, this chapter also presents the theoretical framework and hypothesis derived from literature review conducted in the previous chapter. This chapter also explains research design, operational definition, population and sampling procedures, variables, measurement and instrument followed by the data collection procedure. Finally, this chapter ended with a detail explanation about the data analysis techniques.

3.2 Research Theoretical Framework

Initially, based on the behavioural finance theory, research framework was developed to illustrate the relationship between the investigated independent variables money attitude dimension and the dependent variable, loan default. Meanwhile, religiosity is hypothesized to moderate the relationship between money attitude and loan default. Each variable exhibited in the framework is conceptually defined in the following subsequent topic.

The diagram of the proposed study is depicted in Figure 3.1 illustrates an outline of the model to be analysed. Finally, the relationship between money attitude dimensions, religiosity and loan default among the Small and Medium Enterprises (SMEs) owner-manager in Malaysia will be determined through statistical analysis.

Figure 3.1
Research Theoretical Framework



3.3 Hypothesis

The aim of this current research is to examine the relationship concerning money attitude and loan default besides the role of religiosity concerned among owner-manager of SMEs in Malaysia. Therefore, the purposed research framework as shown in Figure 3.1 formulated after thoroughly examining the relevant literatures and coordinated with research objectives. Based on the presented theoretical framework, several research hypotheses were proposed for further empirical investigation.

3.3.1 The relationship between Money attitude and Loan Default

Money is a status symbol for many people. Robert and Jones (2001) found that Power-prestige has leads to increment use of credit card which they argued will leads to bankruptcy. Bhardwaj and Bhattacharjee (2010) confirmed that people with high power-prestige are associated with high on loan usage and tend to default for payment. There is a potential leads to the use of credit facilities as a means of showing power and prestige (Phau & Woo, 2008; Hou and Lin, 2009; Li, Jiang Shen & Jin, 2009; Durvasula & Lysonski, 2010; Hafez, El Shan & Rahman, 2013). Apart from that, for money attitude, the power-prestige dimension are one of the cause of credit misuse Wang, Lv, & Jiang, 2011). Thus, the following hypothesis developed:

H1: There is a significant relationship between power-prestige and loan default among Muslim owner-manager of SMEs in Kedah.

Literature suggests that the retention-time of money attitude dimension have significant relationship with loan default. For example, Nawai and Shariff (2013) confirmed that borrowers who have regular savings tend to become good borrowers which usually manage their income well and not lavish with the profit received. Both of them also argued that borrower who set in their mind that every debt must be repaid have higher chances to repay on time. On the other note, Bhardwaj and Bhattacharjee (2010), had argued that there is conservative in spending money when people greatly owned the retention-time dimension. They definitely decide to keep the surplus in current for future needs and avoiding loan (Shin & Ke, 2013; Hafez, El Shan & Rahman, 2013). In opposed, Phau and

Woo (2008) discovered that the retention-time dimension has no significant effect the credit use. Therefore, the following hypothesis formulated:

H2: There is a significant relationship between retention time and loan default among Muslim owner-manager of SMEs in Kedah.

Literature revealed that distrust money attitude dimension have significant impact on loan default. As cited in Roberts and Jones (2001), heavy credit users have been found to be less price conscious. They found that distrust did not lead to increment of credit uses which they argued may leads to bankruptcy. Subsequently, Bhardwaj and Bhattacharjee (2010) indicated that high distrust dimension having no motivation in using the loan facilities. Timothy (2015) confirmed that people having moderate or higher level of distrust did not significantly increase loan default consistent with the previous researches result (Phau & Woo, 2008; Durvasula & Lysonski, 2010; Hafez, El Shan & Rahman, 2013). Based upon the above, the following hypothesis is proposed:

H3: There is a significant relationship between distrust and loan default among Muslim owner-manager of SMEs in Kedah.

Literature revealed that anxiety money attitude dimension may leads to loan default. Person with the anxiety-relieving behaviour are often seek for loan in order to feel protected (Desarbo & Edwards, 1996). Nawai and Shariff (2013) argued that the bigger total loan received by the borrowers', the higher the probability to default. Consistent with Durvasula and Lysonski, (2010) result, Bhardwaj and Bhattacharjee (2010) found that

anxiety is important factor in deciding loan default which they argued that the attitude overall influence people to access loan thus initially would becoming the defaulters. Apart from that Timothy (2015) had confirmed that high level of anxiety had more significant increase in chance to default a loan. In contradict, Wang, Lv and Jiang (2011) conform that anxiety dimension did not influenced on the credit behaviour parallel to Phau and Woo (2008) finding. Based on the above argument, the following hypothesis is developed:

H4: There is a significant relationship between anxiety and loan default among Muslim owner-manager of SMEs in Kedah.

There were varied finding of the money attitude dimensions discussed in the above paragraph. The arguments were made on the dimension respectively. Since all dimensions has had the potential impact on the loan default behaviour, a hypothesis as follows is developed to explore the effect of money attitude as whole:

H5: There is a significant relationship between money attitude and loan default among Muslim owner-manager of SMEs in Kedah

3.3.2 Moderating Effect of Religiosity on the Relationship Between Money Attitude and Loan Default

According Sekaran and Bougie (2010), to moderating variable is one that has a strong contingent effect on the relationship of independent and dependent variables. The presence of the moderating variable changes the initial relationship between the independent variable and dependent variables. Even though this study managed to support

the relationship between the independent, dependent and the moderating variables, however, the effect of religiosity as moderator to the relationship between money attitude and loan default as a single model is little known.

Religiosity describes one's belief in God, characterized by piety and commitment to follow principles believed to be set by God. Allport (1950) suggested that religion presumed distinctive roles in an individual's life. It is a cultural factor which influences social institutions and has impact on the behaviour, attitudes and values of an individual and the society as a whole (Mokhlis, 2009). Religion has been acknowledged by researchers as an important influencer of human behaviour (Lau & Tan, 2009).

Based on the results from previous studies, religiosity is expected to influence certain behaviours. Al-Azzam, Hill and Sarangi (2011) had found that religiosity had moderated the relationship between the observable variables (screening, peer monitoring, group pressure and social ties) and loan repayment. The researcher believed that borrowers who are more religious are less likely to make late payment or default.

Teah, Lwin and Cheah (2014) confirmed that religious belief is found to be a significant variable that moderates the relationship between attitudes towards charities and motivation to donate. Subsequently, Lau, Choe & Tan (2013) found that the relationship between money ethics and tax evasion has been moderated by the intrinsic religiosity.

Henceforth, we assume that if an individual is bounded by strong religious belief, they will be responsible for loan repayment even more. As a result it will reduce the likelihood to be default. Therefore it can be argued that religiosity can also play an important role in

moderating the relationship between money attitude and loan default. Based on this, the following hypothesis 6a, 6b, 6c, 6d and 6e will be examined:

- H6a: Religiosity moderates the relationship between the money attitude dimension of power-prestige and loan default among Muslim owner-manager of SMEs in Kedah.
- H6b: Religiosity moderates the relationship between the money attitude dimension of retention time and loan default among Muslim owner-manager of SMEs in Kedah.
- H6c: Religiosity moderates the relationship between the money attitude dimension of distrust and loan default among Muslim owner-manager of SMEs in Kedah.
- H6d: Religiosity moderates the relationship between the money attitude dimension of anxiety and loan default among Muslim owner-manager of SMEs in Kedah.
- H6e: Religiosity moderates the relationship between the money attitude and loan default among Muslim owner-manager of SMEs in Kedah.

3.4 Research Design

A research design is a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings. It is a plan that describes how, when and where data are to be collected and analysed. In simple word, research design is a masterpiece by researchers to guide them through the research project (Zikmund, 2003). This current research was developed to study the relationship between independent variable of money attitude, moderating variable of religiosity, and dependent variable of loan default among owner-manager of SMEs in Malaysia. Subsequently, a quantitative cross sectional survey was conducted and the unit analysis is owner-manager of SMEs.

Therefore this is non-experimental study which employed a probability sampling of the Muslim SMEs' owner-managers in state of Kedah, Malaysia.

It is important to determine types of data analysis whether to apply quantitative or qualitative approaches because it communicate the key features of the study (Bell, 1999). Initially, there is no better method or more scientific applying between the two approaches (Gummesson, 2003). The fundamental of the quantitative research is contradicted to qualitative researches. Hitherto, both researches share similar objectives and the applications overlap in numerous ways.

Basically, the method that is chosen in this study is a quantitative approach. Quantitative research, by definition, implies a measurement or numerical approach which gathers data into categories, or in rank order, or measured in units of measurement. This type of data can be used to construct graphs and tables of raw data. It are in the sense that inferences from tests of statistical hypotheses lead to general inferences about characteristics of a population (Harwell, 2011). Basically, the use of instruments such as tests or surveys to collect data, and reliance on probability theory to test statistical hypotheses that correspond to research questions of interest are the key features of many quantitative studies.

Survey is one of the leading methods available to the social research to collect original data for describing a large population. Surveys are excellent vehicles for measuring attitudes and orientations in large population (Babbie, 2010). Some of the advantageous of survey are flexibility, practical to large samples, and good reliability. Surveys include

the use of a questionnaire which is specifically designed to elicit useful information for data analysis. The individual people as the units of analysis have been widely used in studies. Therefore the method is suitable for this study because it aims to investigate the loan default among owner-manager of SMEs.

3.5 Operational Definition

The operational definition is a concept variable, measurable and verified through the observation of the behavioural element and features of the properties displayed by the concept (Cavana, Delahaye & Sekaran, 2001). All the key variable definitions in this study are discussed in the following paragraph.

3.5.1 Money Attitude

Review on the past literatures showed that how money attitude had been defined differently by many researchers. For this study, the researcher followed the definition provided by (Taneja, 2012; Yamauchi & Templer, 1982). In simple word, money attitude referred as individual's attitude which delineates individual's behaviour dealing with the money matters. Money attitude could be divided into four dimensions, comprised of power prestige, retention-time, distrust and anxiety.

Money attitude is related to the understanding people attitude towards money because it defines the individual's money behaviour. The 29 items including all of the dimensions power prestige, retention-time, distrust and anxiety were chosen for the scale. For this study, researcher used a five point Likert-scale index ranging from 1 = Strongly Disagree to 5 = Strongly Agree to measure the money attitude. Due to the Malaysian SMEs' owner-

managers background, the five point scale is appropriate as it is simpler and easy to measure.

3.5.2 Religiosity

In the literature, there are many varied definitions for religiosity. The literature review showed that religiosity is a complex concept and difficult to define due to the uncertainty and imprecise nature of the language and the current interest in the concept of religiosity crosses several academic disciplines which approach religiosity from different vantage points, and few consulting one another (Hardcroft, 2006). For this study, the researcher considered the definition provided by Salleh (2012) and Stolz (2008). They defined religiosity as the state of one's belief in God, characterized by his piety and religious zeal which involves individual preferences, emotions, beliefs, and actions that refer to an existing (or self-made) religion.

Alam, Mohd. and Hisham (2011) assumed that a person would be more religious when performing the religious duties compared to who does not perform the duties consistently and cautiously. Alam, Mohd. and Hisham (2011) used the religious practice including the religious practice, that praying, fasting, paying zakat, praying Jumaat, reciting Al-Quran, avoiding prohibited means, following the injunctions and avoiding minor and major sin for the seven items scale to measure religiosity. The scale measured with a five point Likert-scale index, ranging from 1 = Strongly Agree to 5 = Strongly Disagree. For the current study, the researcher adapts the scale by dropping the praying Jumaat as it is applicable only for men. Thus seven items measure used five-point Likert scale ranging from 1= Strongly Disagree to 5=Strongly Agree.

3.5.3 Loan Default

For the use of current study, the definition of loan default provided by Bhardwaj and Bhattacharjee (2010) is used. The authors defined loan default as the inability of borrower to fulfil their loan obligation when due. Loan default articulates the manner of loan being used. If the loan being used appropriately for the purpose mentioned during the application most likely borrowers would not default or else. Bhardwaj and Bhattacharjee (2010) employed Loan Use Scale contains ten items with five-point Likert-scale, which ranged from 'strongly agree' to 'strongly disagree' to record the responses. However, for the current study, the researcher had adapt and made some modification on scale. In order to standardize the scale with others measurement scales in study as well as to avoid confusing among the respondents the researcher used a Likert scale ranging from 1= Strongly Disagree to 5=Strongly Agree.

3.6 Unit of Analysis

The selection of unit of analysis was limited to small and medium enterprises all over the state of Kedah, Malaysia. The rationale behind the choice of the owner-manager of SMEs is because they played a vital role in managing and operates the business. Owner manager prizes their independence especially as the main decision maker and will usually seek to increase wealth for the company. Thus, the company is a reflection of the owner need, desires and personality. Therefore, owner-managers are suitable as the unit of analysis for this study.

3.7 Sampling Design

The sampling design involves the determination of the study's population, the sampling frame, the sampling technique and the sample size, each of which is discussed in the following parts. Sekaran and Bougie (2010) indicated that, the researcher should be able to draw the conclusions that are generalizable to the population of interest by studying the sample, Sample usually obtains rather than a complete enumeration (a census) of the population for many reasons.

Obviously, it is more applicable for using a sample, instead of collecting data from the entire population. Study of a sample rather than the entire population is also sometimes likely to produce more reliable result especially when large number involved.

For the current study, researcher used the probability sampling to estimate the extent to which findings based on one sample are likely to differ what would be found by studying the entire population as suggested by Frankfort-Nachmias and Leon-Guerrero (2011).

3.7.1 Population

According to Babbie (2010), population is the theoretically specified aggregation of the element in a study. Sekaran and Bougie (2010) referred population as the entire group of people, event, or things of interest that the researcher wishes to investigate.

Table 3.1
Population frame for the study by Sector

Sectors	No. of SMEs
Services	33123
Manufacturing	2809
Agriculture	603
Mining and Quarrying	17
Construction	540
TOTAL	37092

Sources: SME Census 2011, Department of Statistics, Malaysia (DOSM)

The above Table 3.1 illustrates the population by sectors in state of Kedah, Malaysia. Total number of SMEs is 37 092. Service sector represented the highest number of SMEs followed by manufacturing, agriculture and construction. The least sector involved by SMEs is mining and quarrying. However, the list of SMEs currently reported is not available since the record only maintain the figure instead of complete list. Checking with the Department of Statistics, Malaysia, confirmed the non-available of detail information.

Therefore, for the current study, researcher decided to employ the list of registered SMEs under SME Corporation Malaysia. SME Corporation is a Central Coordinating Agency under the Ministry of International Trade and Industry Malaysia that acts as the central point of reference for research and data dissemination on SMEs. List of SMEs in the SME Corporation database are among the borrowers of SME Bank. Thus, as listed in the www.smecorp.gov.my/vn2/node/335, the database reveals of 1329 population frame of SMEs that are registered and operating in state of Kedah.

3.7.2 Sampling Frame

According to Sekaran and Bougie (2010), sampling is the process of selecting a sufficient number of the right elements from the population. The sampling frame for the current research is a list of all SMEs within Kedah. The listing is obtained from the SME Corporation website as mentioned above. The researcher decides to use the SME Corporation database since it is free and convenience. According to the list, there is about 1329 enterprises operating in Kedah.

3.7.3 Sampling Size

A sample is representative of the population from which it is selected if the aggregate characteristics of the sample closely approximate those same aggregate characteristics in the population (Babbie, 2010). From a sample population, it is possible to draw conclusions that can be generalized to the population of interest (Sekaran, 2003). According to Roscoe (1975) rule of thumb, the most appropriate sample size for most research is in between 30 to 500 and for the multivariate research the sample size should be preferably ten times or more as larger as the number of variable in the study.

For factor analysis, Field (2000) specified that minimum sample size of 300 would generally present a consistent result whereas for multiple regressions Pedhazur (1997) indicated that the feedback from between 300 to 500 respondents was acknowledged as being a significant sample size. The sample size for the current study was determined based on the Sekaran and Bougie (2010) sampling table. The following Table 3.2 showed the sample size by a given population size.

Table 3.2
Sample Size for a Given Population Size

Population (N)	Sample Size (S)
1 100	285
1 200	291
1 300	302
1 400	306
1 500	310

Source: Sekaran and Bougie, 2010

As showed in the above Table 3.2, the sample size for the current study is 306 since the total number of small and medium enterprises is 1329. Sauders, Lewis and Thornhill (2007) had suggested that the response rate for delivered and collected questionnaires is normally 50 percent. Thus the number of questionnaires appropriate for the current study is 612 ($306/0.50$).

3.7.4 Sampling Technique

This current study utilized two sampling technique. The first technique is the multistage cluster sampling. The sampling here is gathered in groups of elements that, ideally, are natural aggregates of elements in the population (Sekaran & Bougie, 2010). For this study, the cluster consist of geographical area since its focusing the SMEs in state of Kedah. The cluster then screened to confine only the Muslim SMEs in the list as the current study interested to measure the religiosity.

The second technique is a systematic sampling technique. This technique involves drawing every n th respondent in the sample frame starting with a randomly chosen respondent between 1 and n (Sekaran & Bougie, 2010). Based on the list, researcher going to select and visit every three of the respondent that from the sample frame list which is

3, 6, 9 12 and so forth. Process will be repeated until researcher achieved the target number.

3.8 Instrumentation

In general, most of the variables measured in interval scale. The interval has equal units of measurement, thus making it possible to interpret not only the order of scale scores but also the distance between them. Interval scale is relatively more powerful than the ordinal and nominal because the scale able to tap the order and the magnitude of variable differences (Sekaran & Bougie, 2010). The interval scale of measurement has the properties of identity, magnitude, and equal intervals. According to Sekaran and Bougie (2010), measurement of the variables delineated in hypothetical system is imperative part of the examination and a vital piece of design explored. Thus, there are three considerations ensure the instrument able to capture the desire data including (1) the process of questionnaire; (2) the validity of the instrument; and (3) the way questionnaires is ministered (Hair et al, 2007). For the purposes of investigating and identify the problem, the 56 items survey questionnaires (adapted from Bhardwaj & Battacharjee, 2010; Alam, Mohd. & Hisham, 2011; Yamanauchi & Templer, 1982) was employed in the study.

Specifically, this study adapted the Money Attitude Scale (MAS) (Yamanauchi & Templer, 1982) to measure money attitude adaptation version of Islamic Religiosity Scale (IRS). Alam, Mohd. and Hisham (2011) to measure religiosity and loan default will be measured using Loan Usage Scale (Bhardwaj and & Battacharjee, 2010). Potential demographic characteristics of the respondents affecting loan default such as gender, age, education, household number, types of business, years of establishment, amount of

incomes were included in the questionnaires. Moreover, questions concerning the respondents' loan default were also added to the questionnaire. For examples, number of loan had been made and amount of loan. Finally, this study enquired about the methods that respondents concerning to make loan repayments.

A well-designed questionnaire is important for survey success (Babbie, 2010). In this case, the Money Attitude Scale (MAS), Islamic Religiosity Scale (IRS), and Loan Usage Scale (LUC) are some examples of these standardized questionnaires (Bhardwaj & Battacharjee, 2010; Alam, Mohd. & Hisham, 2011; Yamanauchi & Templer, 1982). However, all of the standardized questionnaires were developed based on the universal concept of that particular environment. Depending on theory from external to identify other phenomenon would create some problem (Smith, 2002). Therefore, adaption is necessary because the concept might bring different meaning in different setting and some of the locally significant parts may be neglected which cannot be dealt with by external.

In order to ensure the adaptation of the questionnaire is done properly, the discussion group with the establish researchers in the area was formed. Basically, these discussion sessions were conducted to check the content validity, to verify the adaptation of the instrument and also to verify the translation of the instrument content validity. The researcher had approached two expert lecturers from Universiti Utara Malaysia with unfathomable experience on research in order to seek their expert opinions with purpose to enhance the content validity. The questionnaire was revised accordingly after getting the experts' feedback.

The present instrument comprised of four sections meant to measure the related variables of the money attitude dimensions, religiosity, loan default, and demographic detail of the respondent. The instrument was purposely designed for individual level unit of analysis. An introduction was placed on the first page of the instrument informing that the solely for academic purpose and that all the answers will be treated strictly private and confidential.

Section A, consisting of 29 items to determine the level of money attitude dimensions of the owner-manager. Section B, with 8 items to examine the religiosity of the respondent. Section C, with 10 items to examine the loan default of the respondent in the Malaysian. Finally Section D, with 10 items was to gather demographic data of respondent. The survey questionnaire was distributed once the permission to the conduct study agreed by all of the SMEs owner-managers for data collection purpose, and analysed accordingly. Details of the instruments are presented in Table 3.3.

Table 3.3
Contents of Questionnaire

Section	Variables	Number of items	Number of adapted items
A	Money Attitude	29 (1 - 29)	
	-Power-prestige	9 (1 – 9)	1, 2, 3, 4, 5, 6, 7, 8, 9
	-Retention-time	7 (10 – 16)	10, 11, 12, 13, 14, 15, 16
	-Distrust	7 (17 – 23)	17, 18, 19, 20, 21, 22, 23
	-Anxiety	6 (24 – 29)	24, 25, 26, 27, 28, 29
B	Religiosity	8 (30 - 36)	1, 2, 3, 4, 5, 6, 7
C	Loan Default	10 (37- 46)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
D	Demographic	10 (47 – 56)	1, 2, 3, 4, 5, 6, 7, 8, 9, 10
Total		47 items (<i>not including the demographic</i>)	

Source: Adapted from Bhardwaj and Battacharjee, 2010; Alam, Mohd. and Hisham, 2011; Yamauchi and Templer, 1982

3.8.1 Measurement of Variables

Basically, the theme for this study can be divided into three main parts, respectively money attitude dimensions, religiosity and loan default among Muslim owner-manager in Malaysian small and medium enterprises. Primarily, the content of developed questionnaire is based on the theoretical research framework together with the respondents' personal information. The five-point multi-item Likert scale was used to measure the independent variables, moderating variables and dependent variables. All the variables, money attitude dimensions, religiosity and loan default, are explored as individual-level variables, because this study are more concern on how all the variables interact to influence their behaviour.

3.8.1.1 Money Attitude Dimensions

There were many measurement instruments have been developed initially to determine money attitude preferences and access several characteristics of an individual (Wernimont & Fitzpatrick, 1972; Yamauchi & Templer,s, 1982; Furnhanm, 1984; Forman, 1987; Tang, 1992).

For the current study, researcher employed Money Attitude Scale (MAS). The scale was created by Yamauchi and Templer (1982) in order to map loan seekers' individual characteristics. It is the first empirical validated scale which specifically measures money attitudes rather than ethics, values or desires for money and been employed in several previous studies (Gresham and Fontenot, 1989; Medina, Saegert & Gresham, 1996; Roberts and Sepulveda, 1999; Yang and Lester, 2002). Yamauchi and Temper originally generated 62 items Likert-scale question to assess the three broad content areas including

Security, Retention, and Power-prestige. This questionnaire was then reduced to 34 items with a five factor solution encompassed of the power-prestige, retention time, distrust, quality and anxiety.

First, Power-Prestige subscale: Nine items measures the use of money as a tool of power, an index of success and to impress others. Those with elevated scores were considered to maintain attitudes that emphasized status seeking, competition and external recognition. Second, Retention-Time: Seven items assessing dimensions of financial planning, monitoring and careful use of money. High scores reflected preparedness and focus on security in in future contradict to the attitude of present rather than future orientation of low scorers. Third, Distrust: Seven items describing respondents with an attitude characterized by hesitancy, suspiciousness and doubt regarding situations involving money. Fourth, Quality: Five items reflecting the tendency to focus on purchasing quality products, that is, purchasing the best or paying more for the desired quality. And fifth, Anxiety: Six items assessing where money is considered a source of anxiety and money as a source of protection from anxiety with low scorers being described as less worrisome and anxious with money and in situations involving money.

However, Yamauchi and Templer had dropped the quality dimension, since all the items in the 'quality' factor had been on the original power-prestige theoretical dimension and did not seem to be motivationally different. Therefore, the final scale consisted of 29 items of power-prestige, retention-time, distrust and anxiety.

The constructs and the items of the money attitude in the current study are shown in Appendix 1 and Appendix 2 (English and Bahasa Malaysia versions of the Questionnaire). Table 3.4 below exhibits the items used to measure the money attitude and its sources from which they were adapted.

Table 3.4
Items of Money Attitude

No.	Items
Power-prestige	
1.	I use money to influence people to do things for me.
2.	I must admit that I purchase things because I know they will impress others.
3.	In all honesty, I own nice things in order to impress others.
4.	I behave as if money were the ultimate symbol of success.
5.	I must admit that I sometimes boast about how much money I make.
6.	People I know tell me that I place too much emphasis on the amount of money a person has as a sign of his success.
7.	I seem to find that I show more respect to people with money than I have.
8.	Although I should judge the success of people by their deeds. I am more influenced by the amount of money they have
9.	I often try to find out if other people make more money than I do.
Retention-time	
10.	I do financial planning for the future.
11.	I put money aside on a regular basis for the future.
12.	I save now to prepare for my old age.
13.	I keep track of my money.
14.	I follow a careful financial budget.
15.	I am very prudent with money.
16.	I have money available in the event of another economic-depression.
Distrust	
17.	I argue and complain with the cost of things I buy.
18.	It bothers me when I discover I could have gotten something from less somewhere.
19.	After buying something, I wonder if I could have gotten the same for elsewhere.
20.	I automatically say. "I can't afford it," whether I can or not
21.	When buy something, I complaint about the price I paid.
22.	I hesitate to spend money even on necessities.
Anxiety	
23.	When I make major purchase, I have suspicion that I have been taken advantage of.
24.	It's hard for me to pass up a bargain.
25.	I am bothered when I have to pass up a sale.
26.	I spend money to make myself better.
27.	I show sign of nervousness when I don't have enough money.
28.	I show worrisome when it comes to money.
29.	I worry that I will not be financially secure.

Source: Adapted from Yamauchi and Temple (1982)

3.8.1.2 Religiosity

Section B comprises 7 items scales to measure religiosity of the respondent. This section was adapted from Islamic Religiosity Scale (IRS) questionnaires developed by Alam, Mohd. and Hisham (2011). The IRS is a modification to the Islamic religiosity scale presented by Rehman and Shabbir (2010). The scale presented the religious practice dimension which including the religious practice, that praying, fasting, paying zakat, praying Jumaat (for men), reciting Al-Quran, avoiding prohibited means, following the injunctions and avoiding minor and major sin for the seven items scale to measure religiosity.

For the current study, the researcher adapts all of the eight in the scale. A five-point Likert scale that ranged from strongly disagrees to strongly agree has been used to record the responses. The religiosity items in the current study are shown in Appendix 1 and Appendix 2 (English and Bahasa Malaysia versions of the Questionnaire). Table 3.5 below exhibits the items used to measure the religiosity and its sources from which they were adapted.

Table 3.5
Items of Religiosity

No.	Items
1.	I regularly offer prayer five times a day.
2.	I fast regularly in the month of Ramadhan.
3.	I pay Zakat Fitrah every year if I meet the prescribed criteria.
4.	I always pray Friday (Zummah) prayers every week
5.	I try to follow Islamic injunctions in all matters of my life.
6.	I always keep myself away from earning through haram (prohibited) means.
7.	I regularly recite the Holy Quran.
8.	I always try to avoid minor and major sin.

Source: Adapted from Alam, Mohd and Hisham (2011)

3.8.1.3 Loan Default

Loan default measured using 10 items scale to Loan Use Scale (LUS). The LUS originally developed by Robert and Jones (2001) to measure credit card usage. This scale was then modified by Bhardwaj and Battacharjee (2010) to predict loan default. A five-point Likert scale that ranged from strongly disagrees to strongly agree has been used to record the responses. In order to reflect this coding scheme items three, eight, nine and ten which were all the negative items in the questionnaire were reverse scored before performing the reliability analysis. High scoring on this scale viewed as using loan extensively thus has probably to default.

The constructs and the items of the loan default in the current study are shown in Appendix 1 and Appendix 2 (English and Bahasa Malaysia versions of the Questionnaire). Table 3.6 below exhibits the items used to measure the loan default and its sources from which they were adapted.

Table 3.6

Items of Loan Default

No.	Items
1.	I have taken too many loans to repay.
2.	I frequently use loans to make payment on another loan.
3.	I always pay off my loans according to the instalment schedule. (R)
4.	I worry whether I will pay off my loan.
5.	I am less concerned with the price of a product when I use the loan.
6.	I am more impulsive when shop with loan facility.
7.	I spend more when I use a loan.
8.	I am seldom delinquent in making payments on the loan. (R)
9.	I rarely defer my payments of loan instalment. (R)
10.	I have too many loans.

Note: R = reverse keyed items

Source: Adapted from Bhardwaj and Battacharjee (2010)

3.8.1.4 Demographic Section

The last section in the current study collected the information concerning the respondents' demographic characteristics and respondents' loan default. The demographic characteristics obtained from respondent included gender, age, education, and amount of incomes owner-manager while the respondents' loan default information included amount of loan and number of loan had been made as shown in Appendix 1 and Appendix 2 (English and Bahasa Malaysia versions of the Questionnaire).

3.9 Translation of Questionnaires

The original version of the questionnaires is in English. However since the potential respondents of the study were the small business owner-manager who are Malays or Bumiputera the original English version was translated to Bahasa Malaysia. This would be easier to the respondents to understand and would promote them for responses.

Accordingly, it is very important to ensure that respondent could understand the content of the questions for the objective of this study. In addition, this procedure was done according to the suggestion of Brislin (1986). He was very concerned that the questionnaires should be back to back translated in order to compute the consistency and legality of questionnaires.

3.10 Data Collection Procedure

This empirical research is an exploratory study that employs quantitative investigations. Data will be gathered from questionnaires. In order to identify the factors that effect on the loan default, Muslim SMEs' owner-manager or the manager who managed the

business currently operated in state Kedah (as listed in the SMEs database list) will be asked to answer the questionnaires.

Based on sampling frame, researcher will personally administer the questionnaires to the respondents. Administering questionnaires is less expensive, consumes less time and do not require as much skill compared to other technique. This technique offer an opportunity to the researcher to introduce the research topic and the objective of the study. Researcher may also clarify any doubt that the respondents might have immediately. In case of the respondents are not available during the data collection, they may be given blank questionnaires. Respondents are provided with ample time (three weeks) to fill up the questionnaire and they are also may contact the researcher for any inquiries subject to survey information using contact detail provided. The questionnaires collected from them personally on completion or either the respondent can e-mailed or fax back to researcher.

The data collection process will take place for a period of three months beginning from early of September 2015 until end of November 2015. A total of 612 survey questionnaires have been distributed to the identified respondents. The survey questionnaires arrangement started with an introduction pertaining to study as the front page in order to prevent unnecessary work as suggested by Barbie (2005). All of the respondents were assured on the confidentiality and the use of data for academic purposes only.

3.11 Pilot Study

A trial run of a specific instrument in a small scale referred as the Pilot testing. Principally, a pilot test is necessary to conduct on the questionnaires in order to ensure the goodness of instruments as well as to observe whether respondents are able to understand the question as and get some idea about the study conducted. Therefore pre testing was performed on the questionnaires with the basis to determine the validity and reliability of the instrument.

The pilot study was conducted using a simple random sampling technique of 30 owner-managers of SMEs in Kedah. Survey questionnaire has been distributed and collected back by researcher to ensure 100 percent response rate. This pilot study intends to get response on the interval scale items namely, money attitude dimensions, religiosity and loan default. Since ratio items was not included in assessing internal reliability of the variables, all of the objective scale items were omitted in the pilot study. As suggested by Zikmund et al., (2010), a reliability analysis using Cronbach Alpha was employed to determine the internal consistency of the measures Based on 30 questionnaires. For the purpose of current research, the minimum adequate reliability is set at 0.6 as recommended by Sekaran (2000).

For this pilot study, the reliability test of all variables exhibited an accepted internal reliability value ranging from 0.609 to 0.862 over above the minimum point. The following Table 3.7 indicated the interval scale variables used in the pilot test. The full SPSS output for pilot test is given in Appendix 3.

Table 3.7
Reliability of Constructs for Pilot Test (n=30)

Variables	Cronbach's alpha
Money attitude	
Power prestige	0.862
Retention time	0.811
Distrust	0.620
Anxiety	0.609
Religiosity	0.774
Loan default	0.755

3.12 Technique of Data Analysis

For this study, owner-manager loan default has been used as the dependent variable. Money attitude represents power-prestige, retention time, distrust and anxiety as the independent variables. Religiosity plays moderator role between money attitude and owner manager loan default behaviour.

The researcher used IBM Statistical Package for Social Science (SPSS 22.0) software for data analysis in order to present the hypotheses testing procedures and descriptive explanation. SPSS is one of the most established and popular packages used to analyse data to attain the research objectives (Cramer, 1998). The IBM SPSS was employed because of its good statistical practice and its outstanding data presentation capabilities. IBM SPSS is also an advanced tool for analysing a variety of statistical samples, especially in the context of small-scale research.

3.12.1 Reliability test

In statistics, reliability is the consistency of a set of measurements or measuring instrument, often used to describe a test. Joppe (2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. Reliability is inversely related to random error (Coakes & Steed, 2007).

Three types of reliability identify quantitative research encompassed of (1) the degree to which a measurement, given repeatedly, remains the same; (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period (Kirk & Miller, 1986).

There are several different reliability coefficients. One of the most commonly used is called Cronbach's Alpha. Cronbach's Alpha is based on the average correlation of items within a test if the items are standardized. This attribute of the instrument is actually referred to as stability. If we are dealing with a stable measure, then the results should be similar. A high degree of stability indicates a high degree of reliability, which means the results are repeatable. Thus, it is the researchers' responsibility to assure high consistency and accuracy of the tests and scores.

3.12.2 Descriptive Analysis

According Babbie (2010), descriptive analysis is a statistical computation describing either the characteristics of a sample or the relationship among variables in a sample.

Descriptive analyses merely summarize a set of sample observations, whereas inferential statistics move beyond the descriptive of specific observations to make inferences about a larger population from which the sample observation is drawn.

Descriptive statistics will be used to explore, summarize and describe the demography and business profile data that will be collected. Those data will be presented in appropriate graphical form or visual clarity technique. For instance, bar chart or graph will be used for categorical variables, measured on nominal or ordinal scales, meanwhile histograms or frequency polygon will be used for continuous variables, measured on interval or ratios scales

3.12.3 Factor Analysis

According to Coakes & Steed (2007), the most appropriate data reduction technique used to reduce a large number of variables to a smaller set of underlying factors that summarize the essential information contained in the variables is the factor analysis. Factor Analysis is more frequently used as an exploratory technique when to achieve the objective of summarize the structure of a set of variables. This technique is an additional means of determining whether items are tapping into the same construct if this technique is used to construct a reliable test.

For this study, a factor analysis will be also conducted on all items according to the variables grouping proposes in the theoretical framework. The aim for the analysis is to test those factors significant as well as to validate whether the items were interrelated and shared common factors.

3.12.4 Preparing Data for Multivariate Analysis

The researchers, at this level, check the postulations for the factor analysis and multivariate analysis:

1. The normality of the data using Kurtosis, Probability Plot and Skewness.
2. The subsistence of outliers using Mahalanobis Distance.
3. The linearity and homoscedasticity using Scatterplot.
4. The multicollinearity using the Variance Inflation Factor (VIF).

3.12.5 Pearson Correlation Analysis

For this current study, researcher executed the Pearson Correlation Analysis due to its procedures for testing the hypotheses in order to achieve the research objectives before performing the Regression Analysis technique. The Pearson Correlation Analysis is conducted to describe a preliminary image of the relationship among money attitude, religiosity and loan default depicted in theoretical framework. This analysis is important to ascertain the interdependency of the investigated variables.

3.12.6 Hypotheses Testing (Multiple and Hierarchical Regression)

In this study, the researcher anticipated applying the Multiple Regression Method to analyse the hypotheses of the study. According to Allison (1999) and Hair et al. (2006), Multiple Regression Method is the most prevalent method to determine the correlation between at least one dependent variable and one independent variable. There are four pre-requisites for regression analysis, that is, a linearity, normality, error independence and homoscedasticity, as stated by Coakes and Steed (2003) and Hair et al. (2006).

The sample size has a direct impact on the power of the Multiple Regression Method as recommended by Hair et al. (2010). Specifically, Hair et al. (2010) indicated that the minimum sample size requirement for Regression Analysis is 5:1, which at least five observations for each independent variable.

Hair et al. (2010) also suggested that the estimation of Sig. F as demonstrated in the model summary of the analysis and the p-value as shown in the coefficient table to be utilized to determine the moderating effect. Therefore, the researcher employed Hierarchical Multiple Regression Analysis based on the procedures suggested by Baron and Kenny (1986) to test the moderator relationship.

3.13 Summary of the Chapter

This chapter basically outlined the theoretical framework, the hypothesis development, the research design, the unit analysis, the sampling design, the operational definition, the measurement of variables or instruments, the questionnaires design, the translation of questionnaires, pilot study, the data collection (the data collection procedure and the techniques of data analysis).

CHAPTER FOUR

RESULT AND DISCUSSUON

4.1 Introduction

This chapter highlighted the result of study. Initially, this part represents the data analysis output based on the research objectives. The researcher analyzed the data using the SPSS (version 22) statistical package. The chapter is divided into ten sections including the introduction of chapter. The beginning of the discussion clarifies on the survey response rate before explains about the nonresponse bias test. Then the discussion highlights the on the profile of respondents. This chapter later discusses the goodness of the measure through construct validity and internal consistency, using factor analysis, reliability analysis of the measurement and descriptive analysis. The discussion also revealed the results of correlation analysis using the Pearson Correlation Analysis. The final part of this discussion deliberates the hypothesis standard testing procedures for Multiple and Hierarchical Regression Analysis and the result of both analysis before finally summarizes the findings of the study and concludes the chapter.

4.2 Response Rate

A total number of 612 questionnaires were distributed to the owner-manager and manager who manage the SMEs within Kedah. The SMEs have been selected randomly form the list obtained from SME Corporation website. Researcher personally had administered all of the questionnaires to the company. Each of the respondents was explained about the background of study and were asked to complete the questionnaire within 3 weeks to one month after the date of distribution. They were encouraged to contact the researcher for

any inquiries subject to survey information using contact detail provided. Then, the researcher arranged to collect the questionnaires from respondent. Some of the questionnaires were collected personally on completion by researcher and the others were returned back either via email or fax by the respondent to the researcher.

From the 612 personally administered questionnaires, a total of 346 questionnaires were returned, representing 57 percent of response rate. However, twelve questionnaires were not usable since nine of the questionnaires were incomplete and the other three were found not answered by the owner-manager nor either the manager who manage the company. Therefore, these twelve questionnaires were rejected from data analysis and only 334 questionnaires which represented 55 percent response rate were analysed in this research.

4.3 Tests for Non-response Bias

It is necessary to conduct a non-response bias test in specifically to quantify the mean scores on some continuous variable or for two separate groups of subjects (Pallant, 2013). According to Chang and Lee (2007), the test would examine the similarity on some of the main characteristics among the respondent and total population involved in the study. As suggested by Armstrong and Overton (1977), in order to test the characteristics of respondents, there were two separate groups has been identified, the early responses group for those returned one month within distribution and late responses group for those returned after one month after the distribution.

An independent t-test was performed on continuous variables consists of power-prestige, retention time, distrust, anxiety, religiosity and loan default. For this research, 224 respondents were classified as early response and 110 respondent as late respondents. The result for non-response test exhibited in the following Table 4.1:

Table 4.1
Test for *Non-response Bias*

Variables	Early (N=224)		Late (N=110)		Test of Equal Variance	Test of Equal Means	
	M	SD	M	SD	Sig	t-value	Sig
Power Prestige	2.6027	1.03316	2.7343	1.03063	0.764	1.096	0.274
Retention Time	15.3125	6.88930	14.1273	5.14043	0.002	-1.763	0.079
Distrust	3.2003	.77304	3.2234	.75258	0.621	0.262	0.794
Anxiety	3.3504	.80378	3.4955	.67255	0.099	1.734	0.084
Religiosity	4.4162	.55668	4.3917	.48046	0.913	-0.414	0.679
Loan Default	22.7098	6.29119	25.6364	6.48035	0.760	3.916	0.00

Table 4.1 show the significant level of Levene's test for power prestige ($p=0.764$), retention time ($p=0.002$), distrust ($p=0.621$), anxiety ($p=0.099$), religiosity ($p=0.913$) and loan default ($p=0.760$). This means the variance for both early and later sample are same or equal for all variables except for retention time which signifies value less than the cut-off of 0.05. In this case, as suggested by Pallant (2013), the alternative t-value which compensates for the fact that the variances are not same was used. The equal means test for both early and late samples for retention time ($p=0.079$) is above the significant level. Consequently, the issue of non-response bias is not serious in the current research. Therefore, both early and late samples is used in the analysis related to the model testing. The full SPSS output is given in Appendix 4.

4.4 Profile of Respondents

The demographic profiles of respondents included gender, age, education, number of household, types of business, years of establishment and amount of incomes while the respondents' loan default information included amount, number and repayment method of loan had been made. The full SPSS output is given in Appendix 5.

Table 4.2
Profile of Respondents

Demographic variables	Categories	Frequencies	Percentage
Respondent's Gender	Female	130	38.9
	Male	204	61.1
Respondent's Age	< 25	36	10.8
	25 - 35	113	33.8
	36 - 45	115	34.4
	> 45	70	21.0
Level of Education	Primary School	12	3.6
	Secondary School	136	40.7
	Certificate	62	18.6
	Diploma	83	24.9
	Bachelor Degree	35	10.5
	Master Degree	2	.6
	PhD/Doctor	4	1.2
Number of household	< 2	84	25.1
	2 - 5	177	53.0
	6 - 9	64	19.2
	> 9	8	2.4
Types of Business	Agriculture	20	6.0
	Papers & Printing	24	7.2
	Logistics	1	.3
	Education & Training	4	1.2
	Healthcare	15	4.5
	Pharmaceutical	4	1.2
	Others	27	8.1
	Manufacturing and related services	31	9.3
	Construction	31	9.3
	Tourism	3	.9
	ICT	6	1.8
	Distributive Trade/Wholesale/Retail	41	12.3
	Service Provider	33	9.9
	Food Beverage	83	24.9
	Electrical & Electronic/Telecommunication	10	3.0
Years of Establishment	< 3	57	17.1
	3 - 5	91	27.2
	6 - 8	67	20.1
	> 8	118	35.3

Table 4.2 (Continued)

Demographic variables	Categories	Frequencies	Percentage
Monthly Income	< 5000	167	50.0
	5001 - 10000	86	25.7
	10001 - 150000	29	8.7
	15001 - 20000	17	5.1
	20001-30000	18	5.4
	>30000	17	5.1
Number of Loan	1	176	52.7
	2 - 3	131	39.2
	4 - 5	16	4.8
	> 5	11	3.3
Total of loan	< 10000	116	34.7
	10001 - 15000	54	16.2
	15001 - 30000	70	21.0
	30001 - 45000	38	11.4
	> 45000	53	15.9
Method of Payment	Cash at Counter	115	34.4
	Cash Deposit Machine	138	41.3
	Online Banking	52	15.6
	Others	29	8.7

From the above Table 4.2, the respondent mainly comprised approximately 204 of male or 69.9 percent, and 130 or 38.9 percent female respondents. About 68.2 percent of the respondents' ages are between 25 – 35 years olds and 36 – 45 years olds, which is about of the total respondents. The researcher found that 3.6 percent of respondents received primary education, 40.7 percent were secondary school leavers, 18.6 percent obtained certificated, 24.9 percent diploma, 10.5 percent bachelor degree, and about 1.8 percent master degree and PhD. Meanwhile, halves number or 53 percent of respondents have 2-5 number of household. 25.1 percent had less than 2, 19.2 percent had around 6-9, and 2.4 percent had more than 9 number of household.

Based on the fourteen types most popular business listed in survey, the research found that approximately 24.9 percent of the respondents involved in food beverage business, about 12.3 percent in distributive trade/wholesale/retail, 9.9 percent in service provider, 9.3

percent in manufacturing and construction, 7.2 percent in papers and printing, 6 percent in agriculture, 4.5 percent in healthcare, 3 percent in electronic/telecommunication, 1.2 percent in education & training and pharmaceutical, and less than 1 percent involved in logistic as well as tourism. From overall, 35.3 percent of the respondents had established the business for more than 8 years, 27.2 percent between 3-5 years, and 20.1 percent between 6-8 years, while 17.1 percent established the business for less than last 3 years.

In term of the monthly income, almost 50 percent of the respondent generated less than RM5000. About 25.7 percent or a quarter or of the respondents generated around RM5001-RM10000 per month. 8.7 percent generated between RM10001-RM15000, 5.1 percent between RM15001-RM20000, 5.4 percent between RM20001-RM30000 while there were also 5.1 percent who managed to generate more than RM30000 monthly. The current research also found that majority or 52.7 percent of the respondents took only 1 number of loan, 39.2 percent around 2-3 number of loan, 4.8 percent around 4-6 number of loan and only 3.3 percent had took more than 5 number of loan. There were 34.7 percent from total respondents carried less than RM10000 amount of loan. 16.2 percent carried around RM10001-RM15000, 21 percent around RM15001-RM30000, 11.4 percent around RM30001-RM45000 and the 15.9 percent carried more than RM45000 amount of loan. The researcher found that nearly 41.3 percent of the respondents prefer to use cash deposit machine as the method of payment. Cash at counter represent second preference gave 34.4 percent of total respondents. 15.6 percent uses online banking and 8.7 percent used others method of payment.

4.5 Testing the Goodness of the Measure

4.5.1 Factor Analysis

Primarily, in order to recognize a set of parsimonious, distinct and non-overlapping variables underlying the items of each construct, the exploratory principal component factor analysis with varimax rotation was employed. The exploratory factor analysis is conducted to find sample patterns in the relationships among research construct which allows several inter-correlated items to be grouped into fewer dimensions. As indicated by Hair et al. (1998), the analysis aimed to reduce the number of items to minor set of factors. The exploratory factor analysis was conducted to extract the components of independent variables (power prestige, retention time, distrust, and anxiety), moderating variable (religiosity) and dependent variable (loan default).

For the purpose of this study, the researcher had measured the sampling adequacy Kaiser-Meyer Olkin and Barlett's test of sphericity was used to check the data factorability. In order to have an acceptable level of data multicollinearity among items, the Kaiser-Meyer-Olkin has to be more than .5 (Hair et al., 2010). Consequently, Tabachnik and Fidell (2013) suggested that another factor to be considered is the correlation matrix of not less than .30, the significant Barlett's test of sphericity at $p < .05$ and Kaiser-Meyer Olkin measure at least .60. Subsequently, Field (2000) recommended the Kaiser-Meyer-Olkin score as exhibited in Table 4.3.

Table 4.3

Kaiser-Meyer Olkin

Range of KMO	Strength value
>.9	Superb
0.8 – 0.9	Good
0.7 – 0.8	Good
Between 0.5 – 0.7	Moderate

4.5.1.1 Factor Analysis of Independent Variable (Money attitude)

The money attitude construct consists of four dimensions including power prestige, retention time, distrust and anxiety. The construct were measure using 29 statement items. Initially, factor analysis was performed to check the validity of the construct together. A varimax rotation of principal component analysis was performed on the money attitude to determine group dimension. The Kaiser-Meyer Olkin measure of sampling adequacy for variable should be .60 or above to represent consistent which shared frequent factors (Pallant, 2013). Barlett's test of sphericity should be statically significant at $p < .05$. Meanwhile, the correlation matrix should show at least come correlations of $r = .3$ or greater.

For the current research, the Kaiser-Meyer Olkin measure of sampling adequacy for the items was 0.845, exceeding the recommended value representing that the items were consistent and had shared frequent factors. Barlett's test is significant at .00 supporting the factorability of the correlation matrix. The eigenvalues for all components were greater than one. Principal component analysis revealed the presence of four components with eigenvalues exceeding 1 explaining of 22 percent, 17 percent, 10 percent and 7.5 percent of the variance respectively.

The standardized item loadings for power-prestige loaded significantly, and the ranged from 0.698 to 0.805. The retention-time showed the standardized item loadings ranged from 0.798 to 0.856 which signified each item loaded significantly. Meanwhile, the distrust the standardized item loadings for distrust ranged from 0.414 to 0.817 and response to the anxiety ranged from 0.496 to 0.788. Therefore some of the items in the money attitude constructs that were below 0.5 were eliminated. These items were D6, A1 and A2. The full SPSS output is given in Appendix 6.

The money attitude construct is essentially related to the respondent different associated symbolic meanings with money. For example, the power prestige related to the respondents use money as means to impress others and gain recognition. The retention time reflected the respondents' perceptions on financial planning and save money for the future.

The distrust component represent faith respondents' ability to make efficient purchase decision as well as avoiding loans as they have no confident in making the loan repayment. The anxiety component revealed the respondents' believed that holding cash on hand is importance for survival.

Table 4.4
Factor Analysis of Money attitude Construct

Items	Component			
	1	2	3	4
I use money to influence people to do things for me.	.698			
I must admit that I purchase things because I know they will impress others.	.774			
In all honesty, I own nice things in order to impress others.	.805			
I behave as if money were the ultimate symbol of success.	.786			
I must admit that I sometimes boast about how much money I make.	.786			
People I know tell me that I place too much emphasis on the amount of money a person has as a sign of his success.	.729			
I seem to find that I show more respect to people with money than I have.	.722			
Although I should judge the success of people by their deeds.	.747			
I am more influenced by the amount of money they have				
I often try to find out if other people make more money than I do.	.775			
I do financial planning for the future.		.850		
I put money aside on a regular basis for the future.		.842		
I save now to prepare for my old age.		.853		
I keep track of my money.		.852		
I follow a careful financial budget.		.856		
I am very prudent with money.		.798		
I have money available in the event of another economic-depression		.807		
I argue and complain with the cost of things I buy.			.414	
It bothers me when I discover I could have gotten something from less somewhere.			.472	
After buying something, I wonder if I could have gotten the same for elsewhere.			.534	
I automatically say. "I can't afford it," whether I can or not			.785	
When buy something, I complaint about the price I paid.			.794	
I hesitate to spend money even on necessities.			.817	
When I make major purchase, I have suspicion that I have been taken advantage of.				.645
It's hard for me to pass up a bargain.				.734
I am bothered when I have to pass up a sale.				.788
I spend money to make myself better.				.568
I show sign of nervousness when I don't have enough money.				.620
I show worrisome when it comes to money.				.496
I worry that I will not be financially secure.				.518
KMO				.845
Chi Square Value				5556.035
Barlett's Test				0.00
Eigenvalue	6.468	4.945	2.986	2.183
Variance Extracted percent	22.3	17.1	10.3	7.5

4.5.1.2 Factor Analysis of Moderating Variable (Religiosity)

As exhibited in the following Table 4.5, the Kaiser-Meyer Olkin was found to be .895 which is above the suggested standard of 0.5 and the Barlett's test of sphericity was significant (Sig <.001). The principal components analysis for religiosity factor revealed the presence of only one component with eigenvalues exceeding 1, explaining 57.13 percent of the variance. The research found that factor loading value were ranged from 0.671 to 0.834. The full SPSS output is given in Appendix 7.

Table 4.5
Factor Analysis of Religiosity Construct

Items	Component 1
I regularly offer prayer five times a day.	.834
I fast regularly in the month of Ramadhan.	.800
I pay Zakat Fitrah every year if I meet the prescribed criteria.	.671
I always pray Friday (Zummah) prayers every week	.821
I try to follow Islamic injunctions in all matters of my life.	.812
I always keep myself away from earning through haram (prohibited) means.	.705
I regularly recite the Holy Quran.	.672
I always try to avoid minor and major sin.	.708
KMO	.895
Chi Square Value	867.184
Barlett's Test	.000
Eigenvalue	4.47
Variance Extracted percent	57.126

4.5.1.3 Factor Analysis of Dependent Variable (Loan default)

As revealed in Table 4.6 below, the Kaiser-Meyer Olkin was found to be .817 which is above the suggested standard of 0.5 and the Barlett's test of sphericity was significant (Sig <.001). The principal components analysis for loan default factor revealed the presence of one component with eigenvalues exceeding 1, explaining 39.37 percent of the variance respectively. The research found that factor loading value were ranged from 0.186 to

0.838. Three items including LD3, LD8 and LD9 showed the standardized items loading below 0.5 were deleted. The full SPSS output is given in Appendix 8.

Table 4.6
Factor Analysis of Loan default Construct

Items	Component 1
I have taken too many loans to repay.	.796
I frequently use loans to make payment on another loan.	.838
I always pay off my loans according to the instalment schedule. (R)	.197
I worry whether I will pay off my loan.	.533
I am less concerned with the price of a product when I use the loan.	.663
I am more impulsive when shop with loan facility.	.700
I spend more when I use a loan.	.803
I am seldom delinquent in making payments on the loan. (R)	.186
I rarely defer my payments of loan instalment. (R)	.197
I have too many loans.	.793
KMO	.817
Chi Square Value	1421.639
Barlett's Test	.000
Eigenvalue	3.937
Variance Extracted percent	39.367

4.5.2 Reliability of Measurement

The reliability for the measures was analyzed by estimating Cronbach's Alpha. According to Sekaran (2000), the reliability of a measure specifies the firmness and constancy of the instrument in determining a concept and facilitated to evaluate the goodness of a measure. In addition, Sekaran (2000) pointed out that the minimum adequate reliability is set at 0.6.

The current research used the minimum adequate reliability of the scale at .05 as suggested by Ary, Jacobs and Razavieh (1996). In order to make sure that all the items were measured in the same way, researcher did reverse-coded all the negative items in the questionnaire before performing the reliability analysis Table 4.7 summarizes the reliability coefficients of the measures. The full SPSS output is given in Appendix 9.

Table 4.7
Reliability Coefficient for Each Construct

Construct	No. of Items	Cronbach's Alpha
Power-prestige	9	.912
Retention-time	7	.934
Distrust	6	.750
Anxiety	4	.810
Religiosity	8	.895
Loan Default	7	.861

As shown in Table 4.7 above, the Cronbach's alpha for the money attitude component were above 0.07, which signified .912, .934, .750 and .810 for power prestige, retention time, distrust and anxiety respectively. Therefore, achieved the suggested minimum standard by Sekaran (2000) and Ary et al. (1996).

The Cronbach's Alpha for religiosity, the moderating variables, was 0.895, which is well above the minimum standard for reliability coefficients recommended by Sekaran (2003) and Ary et al. (1996). The dependent variable, loan default showed .861 of Cronbach's alpha value. The factor also explained reliability coefficients above the minimum standard.

4.5.3 Descriptive Analysis of the Constructs

Descriptive analysis was performed to acquire a preliminary summation of the data in order to depict the common situation of money attitude dimensions, religiosity and loan default among the Small and Medium Enterprises (SMEs) in Kedah. The mean, standard deviations and inter-correlations for the factors were calculated to figure out the changeability and inter-reliance of the subscales obtained from the factor analysis. The

means of the items in the factors were subsequently used for hypothesis testing. Table 4.8 shows the means, standard deviations, and the minimum and maximum of the constructs. The full SPSS output is given in Appendix 10.

The current study used a five-point Likert Scale (1 = Strongly Disagree to 5 = Strongly Agree) to measure the respondents' feedbacks to all the items in each variable. The following criteria, which are based on the mean scores, were used to verify the degrees of conformity of each variable in order to simplify the clarification. As reported in Table 4.8 below, the minimum value of the constructs was 1.00 and the maximum value of all the constructs was 5.00, which represent the minimum and maximum levels in the Likert Scale used in the current study.

The results in Table 4.8 below showed that from among the money attitude variables, retention time contributed the highest mean value 3.868, compared to power prestige (2.667), distrust (3.335) and anxiety (3.652). However, response to power prestige contributed the highest standard deviation value, which was 1.039 compared to retention time, distrust and anxiety, which were 0.912, 0.798 and 0.905 respectively. It was highlighted that the Muslim owner-managers in the investigated SMEs had a high perception regarding the retention time in the financial management.

The mean value for the religiosity variable was 4.484 and the standard deviation was 0.559. It was revealed that the Muslim owner-managers perception in the religiosity belief were high in term of their commitment in performing religious duties in order to avoid violating religious, morale and social norms.

For the loan default variable, the mean value was 2.354 and standard deviation was 0.881. The results disclosed that the Muslim owner-managers and managers from the studied SMEs had a high perception due to their commitment to make payment and having a high intention to make loan repayment.

Table 4.8
Descriptive Statistics of the Constructs (n=334)

	Minimum	Maximum	Mean	Std. Deviation
Power Prestige	1.00	5.00	2.6665	1.03993
Retention Time	1.00	5.00	3.8683	.91188
Distrust	1.00	5.00	3.3348	.79795
Anxiety	1.00	5.00	3.6519	.90519
Religiosity	1.88	5.00	4.4839	.59905
Loan Default	1.00	5.00	2.3541	.88054

4.6 Data Preparation for Hypothesis Testing

As suggested by Hair et al. (2010), the ratio between the number of the observations to the number of variables should not less than 5:1 and 20:1. For the current study, there are four variables which consists of 46-item and 334 sample size obtained. Meanwhile the minimum data size according to Green (1991) primarily taking into consideration the desired power level, number of predictors, and level of significance. Subsequently, in determining the sample size required, Green (1991) suggested – $N \geq 50 + 8m$ (m =number of independent variables). Thus, the minimum size number of observations required was 82. Therefore, the satisfactory size observation in this study is certified to in further performing the analysis of multiple linear regression. Several necessary procedure as discussed in the following sub sections were conducted before testing the hypothesis in order to achieve the research objectives. The full SPSS output is given in Appendix 11.

4.6.1 Detecting Outliers

Initially, the outliers is the cases with values well above or well below the majority of other cases, have rare traits and vary definitely from other in the study (Hair et al. 2010; Pallant, 2013). Outliers can be discovered using univariate, bivariate and multivariate techniques based on the number of variables. Hair et al. (2010) indicated that, the Mahalanobis distance measure is the most popular technique, which is used to measure the distance of each observation from the mean centre of all observations in multidimensional space. In order to trace the outliers, the Mahalanobis distance values were tested and compared to the critical values in the Chi-square distribution table. Then, those with standardized residual values above about 3.3 (or less than -3.3) were regarded as outliers (Tabachnick & Fidell, 2013).

As suggested by Pallant (2013), checking for extreme score should be part of the initial data screening because the multiple regression is very sensitive to outliers. However, there was no substantial problems caused by the outliers in this current study.

4.6.2 Checking the Multicollinearity

The multicollinearity refers to the relationship among the investigated independent variables when the variables are highly correlated (Pallant, 2013). Hair et al. (2010) had argued that the multicollinearity is the point at which the consequences of any variable is described by other variables. The higher the multicollinearity increase the more the complexity of explanation of different variables' consequence hence, certainly not contribute to a good regression model.

For the current study, the tolerance value and Variance Inflation Factor was employed in order to observe the existence of multicollinearity among the variables of the study. The tolerance can be identified as the inconsistency in a variable, which is not described by other variables, and the Variance Inflation Factor value is the mutual of the tolerance variable (Hair et al., 2010).

Table 4.9
Multicollinearity Test

Variables	Tolerance Value	Variance Inflation Factor
Power prestige	.898	1.114
Retention-time	.951	1.052
Distrust	.922	1.084
Anxiety	.858	1.166
Religiosity	.811	1.233

The above Table 4.9 illustrates that the tolerance values of all the variables ranged between 0.811 and 0.898. In line with this, the values of Variance Inflation Factor for all the variables were found to range between 1.052 and 1.233. The results revealed that the tolerance values of all the variables of the current study were more than 0.1 and accordingly, the Variance Inflation Factor values were below the threshold value of 10 as proposed by Hair et al. (2010). For the current study the tolerance values and Variance Inflation Factor values of the variables incorporated were within the suggested threshold values. Therefore, the issue of multicollinearity did not exist in the current study. The full SPSS output is given in Appendix 12.

4.6.3 Normality Testing

Basically, in particularly to affirm that a very much demonstrated arrangement of data obtained by a normal distribution or not, the researcher had applied normality test based on the graphical methods and numerical approach. Subsequently, the normality assumption was inspected through the normal probability plots of the residuals. The histogram and the normal probability plot (P-P Plots) of the regressed standardized residual were the method to verify the normality. As shown in Figures 4.1 the data disclosed that the behaviour of the data distribution did not differ significantly from the normal curve included. As a result, it can be assumed that the data for current study had roughly pursues a normal distribution. The full SPSS output is given in Appendix 13.

Figure 4.1
Histogram of the Regression Residuals of Loan Default

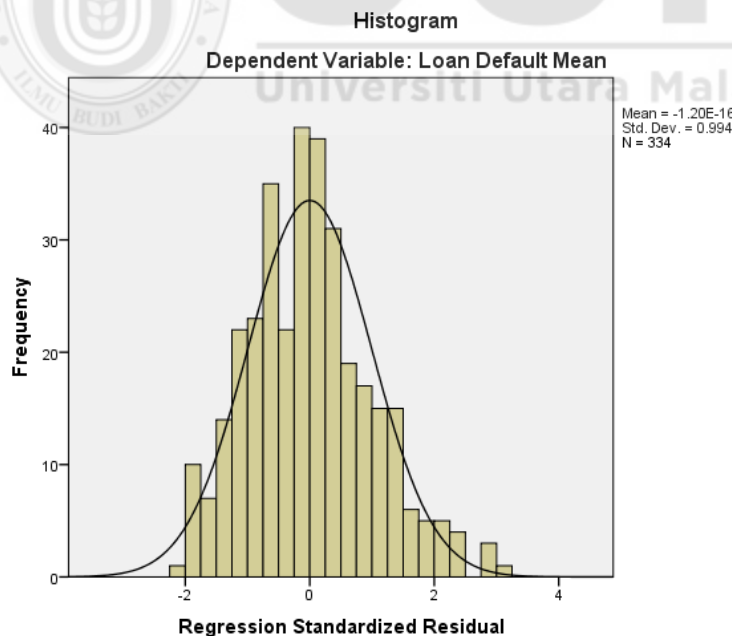
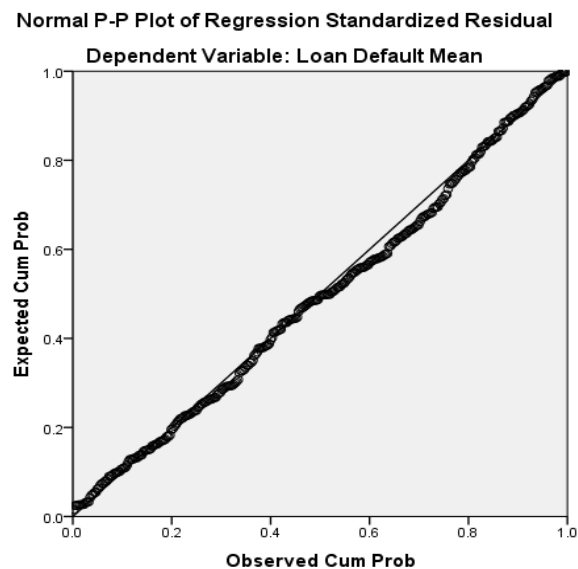


Figure 4.2

Testing Normality Using Normal Probability of Loan Default



The assumption of normality was also verified by studying the Q-Q Plot and Boxplot. The plots specify that if the data are positioned on a straight line in the graph, then the data are nearly normally distributed. The researcher tested the normality of the data by examining the normality of the residuals in order to obtain confirmation. The full SPSS output is given in Appendix 14. Nonetheless, the findings of the residual analysis confirmed that there was no main variation from the normality assumption. The plot of data showed in the following Figures 4.3 and 4.4.

Figure 4.3
Testing Normality Using Q-Q Plot of Loan Default

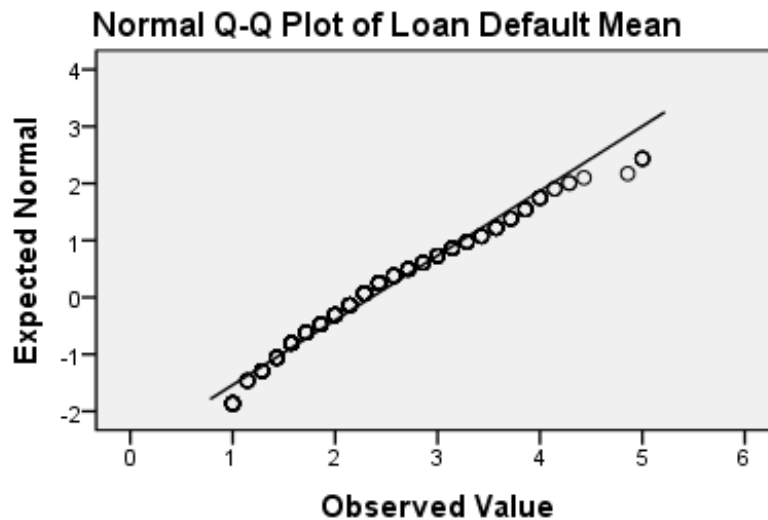
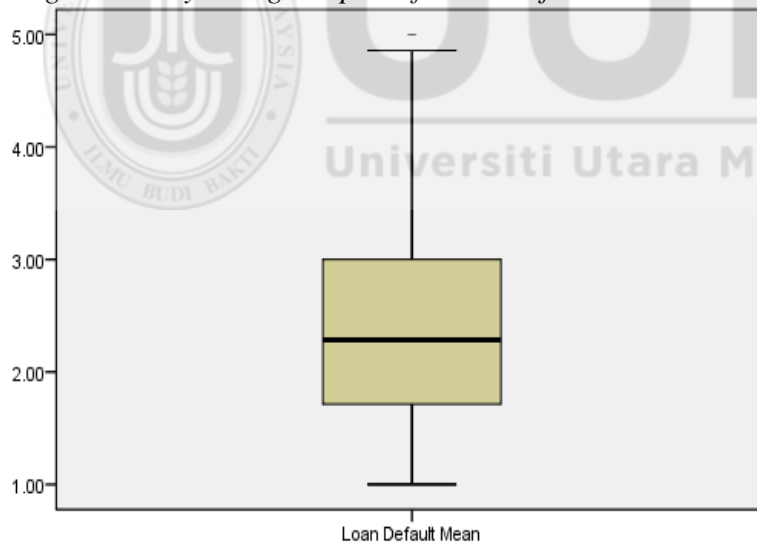


Figure 4.4
Testing Normality Using Boxplot of Loan Default



Besides that, test of normality was also conducted in the current study specifically to observe the skewness and kurtosis of all variables. The acceptable values for skewness is ± 3 and for kurtosis ± 10 as upon on the Kline (2011) suggestion. Meanwhile Hair et al. (2010) suggested the skewness and kurtosis in the range -1.0 and 1.0 showing an

approximate normality of the residuals. For the current study, it was found the skewness was .117 whereby the kurtosis values was -.395. The following Table 4.10 exhibit Skewness and Kurtosis Result for each Variables.

Table 4.10
Skewness and Kurtosis Result of the Residuals

Variable	Range	
	Skewness	Kurtosis
Loan default	.600	-.046

In addition, the current study also confirmed the assumption of normality by utilizing the Kolmogorov-Smirnov test. The findings in Table 4.12 explain that the assumption of normality was not rejected at the 0.001 level of significance. The full SPSS output is given in Appendix 15.

Table 4.11
Normality Test of the Residuals

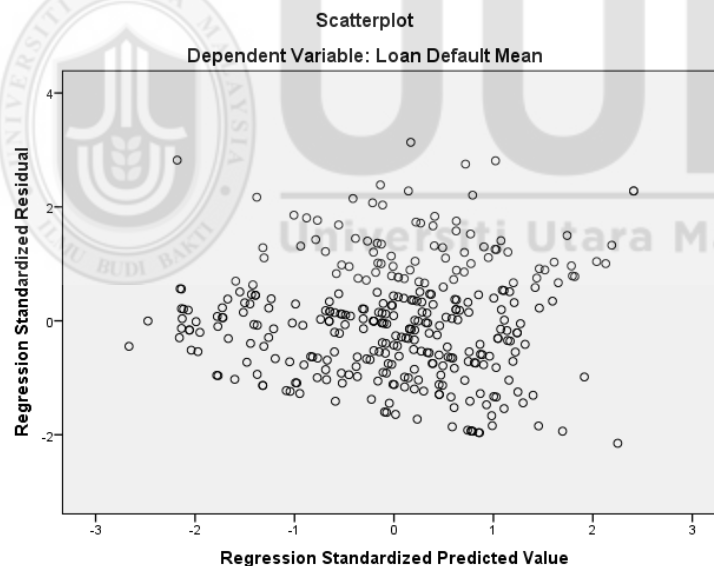
Variables	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Loan default	.103	334	.000	.962	334	.000

Based on the prior discussion, it can be assumed that the normality of the error terms was verified. Therefore, the process of analysis proceeded to test the linearity, homoscedasticity and independence of the error terms, as explained in the following paragraphs. The full SPSS output is given in Appendix 16.

4.6.4 Testing the Linearity, Homoscedasticity and the Independence of Errors

The current study scrutinized the linearity, homoscedasticity and the independence of the error terms by checking the scatterplot of the residuals. The following Figures 4.5 indicated that there were no clear relationships between the residuals and the predicted values. Based on the recommendations by Hair et al. (2010), since the scatterplots showed no clear relationships between the residuals and the predicted values, it confirmed the linearity, homoscedasticity and the independence of the residuals. The full SPSS output given in Appendix 17.

Figure 4.5
Scatterplot of the Residuals of Loan Default



4.7 Pearson Correlation Analysis

Initially, Person Correlation was employed to describe the strength and direction of relationship among money attitude, religiosity and loan default depicted in theoretical framework. By measuring the degree of the co-variation which exist when one investigated variable consistently and systematically changes relative to another variable

in the framework, the analysis investigates the correlation coefficient (r) (Hair et al. 2006).

In verifying the intensity of the relationship between independent and the dependent variable, Dillon, Madden and Firtle (1993) suggested that the value of r value was in between -1 to +1, in which negative correlation addressed by the negative value and vice versa. According to Green, Salkind and Akey (1997), concerning for the behavioural sciences, r of 0.10, 0.30, 0.50 irrespective of the symbol, are normally decoded as small, medium, and large coefficients respectively. Meanwhile, suggested rule of thumb that strong r value of .8 or greater is problematic. The following Table 4.12 demonstrates the strength of correlation result.

Table 4.12
Rule of Thumb about r Size

Coefficient Range	Strength of Association
.00 - .20	Slight, almost negligible
.21 - .40	Small but define relationship
.41 - .70	Moderate
.71 - .90	High
.91 - 1.00	Very strong

Source: Hair, Money, Samouel, & Page (2007)

Table 4.13
Pearson's Correlation Coefficient of Study Variables

	Mattitude	PPrestige	Rtime	Distrust	Anxiety	Religiosity	LDefault
Mattitude	1						
PPrestige	.692**	1					
Rtime	.530**	.118*	1				
Distrust	.526**	.192**	-.025	1			
Anxiety	.694**	.282**	.196**	.231**	1		
Religiosity	.244**	-.010	.417**	.055	.151**	1	
LDefault	.232**	.271**	-.079	.258**	-.119*	-.167**	1

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

* Correlation is significant at the 0.05 level (2-tailed)

Based on the above Table 4.13, sixteen Pearson correlations coefficients were found to be statistically significant at the 0.01 and 0.05 levels of significance. These explained that there were high correlation between all of the money attitude dimensions (power-prestige, retention-time, distrust, and anxiety), religiosity and loan default with the money attitude. It also showed that there were high correlation between retention-time, distrust, anxiety, loan default with the power-prestige dimension. In addition, distrust showed high correlation with anxiety and loan default. Religiosity had high correlation with anxiety and simultaneously represents high correlation with loan default.

The Pearson analysis also discovered that two Pearson correlation coefficients were significant at the 0.05 level, was correlation between power prestige and response to retention time ($r = .118$) and anxiety and response to loan default ($r = -.119$). Meanwhile, four out of the 21 Pearson correlations coefficients encompassed of power-prestige and religiosity ($r = -.010$), retention time and distrust ($r = -.025$), retention-time and loan default ($r = -.079$) and distrust and religiosity ($r = .055$) were found to have no significant correlations. There was a positive small correlation between the money attitude and loan default ($r = .232$), with high level of money attitude associated with high level of loan default. Subsequently, there was also a positive small correlation between money attitude and religiosity ($r = .232$), with high level of money attitude associated with high religiosity practices and negative significant correlation between religiosity and loan default ($r = -.167$), with high level of religiosity allied with lower level of loan default. The full SPSS output is given in Appendix 11.

Zikmund et al. (2010) had argued that although the results of the correlation analysis are reliable and supported some of the analysis is (despite of its statistical significance) yet unable to implicate cause and effect evidence. Thus, in order to examine the effect of various interaction and combination of variables, it is recommended to further perform the multivariate statistical analysis (Hair et al, 2007; Zikmund et al. 2010).

4.8 Independent Variables Analysis (Money Attitude Dimensions)

The Multiple Regression technique was employed to check the direct hypothesis in the study. The analysis was conducted to understand the relationship between money attitude dimensions (power prestige, retention time, distrust, and anxiety) and loan default behaviour. According to Zikmund et al. (2010), multiple regression analysis describes that basic assumptions prior to regression analysis such as issues of the correct sample sizes, multicollinearity, outliers, linearity, normality, and homodescedascity of residual is linked to the extent of the (dependent) variable criterion variance. The multiple regression analysis fundamental assumptions issues in principal have been attended earlier in the previous parts.

Specifically, all of the hypothesis (H1, H2, H3, H4 and H5) were examined with multiple regression analysis by regressing the money attitude dimensions (power prestige, retention-time, distrust and anxiety) and the dependent variable, loan default. Hypothesis H1 to H4 is stated in an alternate form as follows:

- H1: There is a significant relationship between power-prestige and loan default among Muslim owner-manager of SMEs in Kedah.
- H2: There is a significant relationship between retention time and loan default among Muslim owner-manager of SMEs in Kedah.
- H3: There is a significant relationship between distrust and loan default among Muslim owner-manager of SMEs in Kedah.
- H4: There is a significant relationship between anxiety and loan default among Muslim owner-manager of SMEs in Kedah.

Based on the results, the variables were tested significant with F value of 12.096 ($p < .001$), R^2 of .128 ($p < .001$). The significant F value indicates there was a liner relationship between both dependent and independent variables observed, thus the model is consider good. Initially, the data analysis found that the overall model explained approximately 12.8 percent of variance in loan default ($R^2 = .128$, adjusted R^2 of .118). Whereas, the rest which about 86.2 percent was determined by others factors untouched in this study.

Table 4.14

Result of Multiple Regression Analysis (Money Attitude Dimensions)

Independent variables	Standardized Beta	Sig
Power prestige	.237***	0.000
Retention time	-.107*	0.000
Distrust	.204***	0.044
Anxiety	.025	0.648
F Value	12.096	
R^2	.128	
Adjusted R^2	.118	

Note *** $p < .001$, ** $p < .01$, * $p < .05$.

The multiple regression result exhibited in the above Table 4.14 revealed two out of four variables which encompassed of power prestige and distrust were positively significant at

$p < .001$. These showed that both power prestige and distrust with beta coefficient = .237 and .204 respectively were significantly affected the loan default. Based on the result, retention-time also significant at $p < .05$ but represented negative relationship direction. This means, the increasing level of retention-time will lower down the loan default. In contradict, the result discovered that anxiety money attitude dimensions relation with loan default was not significant because the p value is above the acceptable significant level since the value is equal to 0.648.

Therefore, the result suggested three hypothesis comprises of H1 (power-prestige has significant relationship with loan default among Muslim owner-manager of SMEs in Kedah), H2 (retention time and loan default among Muslim owner-manager of SMEs in Kedah has a significant relationship), and H3 (distrust has significant relationship with default among Muslim owner-manager of SMEs in Kedah) were supported. And only H4 (significant relationship between anxiety and loan default among Muslim owner-manager of SMEs in Kedah) was not supported. The full SPSS output given in Appendix 18.

In addition, the following H5 was developed to explore the effect of money attitude as whole:

H5: There is a significant relationship between money attitude and loan default among Muslim owner-manager of SMEs in Kedah

Table 4.15

Result of Multiple Regression Analysis (Money Attitude)

Independent variables	Standardized Beta	Sig
Money Attitude	.232***	0.000
<i>F</i> Value	18.963	
R^2	.054	
Adjusted R^2	.051	

Note *** $p < .001$, ** $p < .01$, * $p < .05$.

The result depicted in the above Table 4.15 showed that money attitude was significant with F value of 18.963 ($p < .001$), R^2 of .054 ($p < .001$). The significant F value indicates there was a liner relationship between the variables observed, thus the model is consider good. Initially, the data analysis found that the overall model explained approximately 5.8 percent of variance in loan default ($R^2 = .054$, adjusted R^2 of .051). The multiple regression analysis confirmed that money attitude was positively significant at $p < .001$ with beta coefficient = .232. Henceforth, the result suggested that H5 (money attitude and loan default among Muslim owner-manager of SMEs in Kedah has a significant relationship) was supported. The full SPSS output given in Appendix 19.

4.9 Moderator Variables Analysis (Religiosity)

The Hierarchical Regression analysis specifically reveals the statistical results in regard effect interaction between moderating variables and the independent variable in predicting dependent variables. The analysis was conducted to investigate the variation of religiosity moderates the relationship between money attitude dimensions (power prestige, retention time, distrust and anxiety) and loan default. Hence, this analysis will examined H6a, H6b, H6c, and H6d as stated in alternate form as follows:

- H6a: Religiosity moderates the relationship between the power-prestige money attitude dimensions and loan default among Muslim owner-manager of SMEs in Kedah.
- H6b: Religiosity moderates the relationship between the retention-time money attitude dimensions and loan default among Muslim owner-manager of SMEs in Kedah.
- H6c: Religiosity moderates the relationship between the distrust money attitude dimension and loan default among Muslim owner-manager of SMEs in Kedah.
- H6d: Religiosity moderates the relationship between the anxiety money attitude dimensions and loan default among Muslim owner-manager of SMEs in Kedah.

Primarily, the overall model 1 explained 12.8 percent ($R^2 = .128$) of variance in loan default. After religiosity been included as moderating variable, the model 2 as whole explained 15.1 percent of variance. This depicted that religiosity explains an additional of 2.3 percent of the variance in loan default. The significant F change is .003 percent. Thus the model 2 as a whole is significant at $F(5, 328) = 11.7, p < .01$.

Furthermore, when religiosity included in the model, the result of study showed that power-prestige and distrust relationship with loan default were significant at $p < .001$. Both power-prestige and distrust moderates by religiosity explained positively significant relationship with beta coefficient = .221 and .215 respectively. The variation of religiosity as moderator had change the relationship interaction between retention-time and loan default. The result of study, discovered that retention-time and loan default relationship was not significant when religiosity included. Religiosity yet do not change the insignificant variation of relationship between anxiety and loan default as depicted in first

model. Both retention-time and anxiety were not significant since the p value were .513 and .479 above the acceptance significant level.

Table 4.16
*Result of Hierarchical Regression Analysis
(Money Attitude Dimensions and Loan Default)*

	Std. Beta (Model 1)	Sig	Std. Beta (Model 2)	Sig
Independent variables				
Power prestige	.237***	0.000	.221***	0.00.
Retention time	-.107*	0.000	-.037	0.513
Distrust	.204***	0.044	.215***	0.000
Anxiety	.025	0.648	-.039	0.003
Moderating variable				
Religiosity	-		-.167	
R^2	.128		.151	
Adjusted R^2	.118		.138	
R^2 Change	.128		.023	
Sig. F change	.000		.003	

Note *** $p < .001$, ** $p < .01$, * $p < .05$.

Therefore, as depicted in Table 4.16, Model 2 the result of analysis supported Hypothesis 6a (Religiosity moderates the relationship between the money attitude dimension of power-prestige and loan default among Muslim owner-manager of SMEs in Kedah) and Hypothesis 6c (Religiosity moderates the relationship between the money attitude dimension of distrust and loan default among Muslim owner-manager of SMEs in Kedah) were supported at $p < .001$. Meanwhile other Hypothesis 6b (Religiosity moderates the relationship between the money attitude dimension of retention time and loan default among Muslim owner-manager of SMEs in Kedah) and Hypothesis 6d (Religiosity moderates the relationship between the money attitude dimension of anxiety and loan default among Muslim owner-manager of SMEs in Kedah) were not supported. The full SPSS output given in Appendix 20.

The analysis in further was also conducted to investigate the variation of religiosity moderates the relationship between money attitude and loan default by examining the following H6e:

H6e: Religiosity moderates the relationship between the money attitude and loan default among Muslim owner-manager of SMEs in Kedah.

Table 4.17
*Result of Hierarchical Regression Analysis
(Money Attitude and Loan Default)*

	Std. Beta (Model 3)	Sig	Std. Beta (Model 4)	Sig
Independent variables				
Money Attitude	.232***	0.000	.291***	0.00.
Moderating variable				
Religiosity	-		-.238	
R^2	.054		.108	
Adjusted R^2	.051		.102	
R^2 Change	.054		.053	
Sig. F change	.000		.000	

Note *** $p < .001$, ** $p < .01$, * $p < .05$.

The above Table 4.17, showed that the analysis result was failed to reject H6e (Religiosity moderates the relationship between the money attitude and loan default among Muslim owner-manager of SMEs in Kedah). Thus, confirmed the significant potential influence of religiosity on Loan Default. The full SPSS output given in Appendix 21.

4.10 Summary of the Findings

This chapter testified the findings of the current study. Primarily, according to sampling technique, the current study allocated the respondents based on some attributes as shown in the demographic section. The next step was to ascertain the construct validity of the

measure by conducting exploratory factor analysis using SPSS version 22.0. Additionally, a detailed discussion on the construct validity was presented to ensure the quality of the model that was subsequently used to test the hypotheses.

Furthermore, the researcher used Multiple Linear Regression in order to analyse the hypotheses of the study. For the moderating effects, the researcher employed the Hierarchical Multiple Regression. Although the findings of the current study support some of the hypotheses, they do not support all the hypotheses. Discussion, tables and figures were applied to evaluate the findings of the statistical techniques outputs. The following Table 4.16 shows the review of the results from the testing of the hypotheses.

Table 4.18
Summary of the Hypotheses Testing Results

Hypothesis	Items	Result
H1	There is a significant relationship between power-prestige and loan default among Muslim owner-manager of SMEs in Kedah.	Supported
H2	There is a significant relationship between retention time and loan default among Muslim owner-manager of SMEs in Kedah.	Supported
H3	There is a significant relationship between distrust and loan default among Muslim owner-manager of SMEs in Kedah.	Supported
H4	There is a significant relationship between anxiety and loan default among Muslim owner-manager of SMEs in Kedah.	Not Supported
H5	There is a significant relationship between money attitude and loan default among Muslim owner-manager of SMEs in Kedah	Supported
H6a	Religiosity moderates the relationship between the money attitude dimension of power-prestige and loan default among Muslim owner-manager of SMEs in Kedah.	Supported
H6b	Religiosity moderates the relationship between the money attitude dimension of retention time and loan default among Muslim owner-manager of SMEs in Kedah.	Not Supported (not moderate)
H6c	Religiosity moderates the relationship between the money attitude dimension of distrust and loan default among Muslim owner-manager of SMEs in Kedah.	Supported
H6d	Religiosity moderates the relationship between the money attitude dimension of anxiety and loan default among Muslim owner-manager of SMEs in Kedah.	Not Supported (not moderate)
H6e	Religiosity moderates the relationship between the money attitude and loan default among Muslim owner-manager of SMEs in Kedah.	Supported

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter comprises the results of the Regression Analysis from the earlier chapter and presents promising explanations to verify the results of the study. The discussion chapter started with the Recapitulation of the study and follows with the discussions on the findings according to the objectives of the study. Consequently, this chapter highlights the contributions of the study in terms of both managerial and theoretical implications. This chapter also reveals the limitation of the study, highlights some recommendation for future study and finally summarizes and concludes the whole study.

5.2 Recapitulation of Study

Generally, the current study attempts to examine the relationship of money attitude on loan default when religiosity is concerned among Muslim owner-manager of SMEs in Kedah. Developing a group of diverse and competitive SMEs is a central theme towards achieving sustainable economic growth. The Malaysian SMEs sector including in the state of Kedah has developed enormously over the years due to the strong promotion and support of the Malaysian Government concerning the industry (*SME Annual Report 2012*). SMEs make a significant contribution to the socio-economic and political infrastructure of many developed and developing countries and perceived to be crucial for sustainable competitive advantage and economic development at local, regional, and national levels.

Consequently, the encouraging emergence of SMEs is balanced out with a high failure rate of the enterprises worldwide including in Malaysia (Morduch, 1998; Reiss, 2006; Ahmad & Seet 2009; Knight, Hossain & Rees, 2009). these dynamic and fast-moving firms need to be given special treatment in term of the financial management due to the loan default or NPLs problems which derived from loan default is the “financial pollution”. NPLs correlated with poor economic indicators, high unemployment levels, and increasing poverty which can eventually contribute to social or political uncertainties (Zeng; 2011) hence would ultimately hurt the whole economy (Farhan et. al, 2012).

There were abundant of researches on loan default conducted previously. Studies that look at the effect of money attitude and the influence of religiosity factor yet very limited. In order to investigate the research problem statement in the first chapter, money attitude as the independent variable with four dimensions encompassed of power prestige, retention time, distrust and anxiety were selected as a determinants of loan default as the dependent variable. At the same time, religiosity was placed as a moderator in the relationship between money attitude and loan default.

The data for the current study was collected from the Muslim owner-manager and managers of SMEs in Kedah. The sampling frame of this study included major sectors operated in Kedah namely food beverage, agriculture, papers and printing, education and training, healthcare construction, distributive trade/wholesale/retail, manufacturing and related services, electrical and electronic and others. In total, 612 questionnaires were distributed and 346 (57 percent) were returned. However, only 334 (55 percent) were usable and analysed.

The exploratory principal components factor analysis was used to inspect the factor validity of the measures. The Cronbach's Alpha was calculated in order to check the internal consistency of the measures. Lastly, Multiple and Hierarchical Regression Analysis was employed to analyse the hypotheses given.

The factor analysis findings demonstrate that the money attitude is divided into four as shown in the original framework. These components are power-prestige, retention-time, distrust and anxiety. Consequently, the hypotheses are labelled as dimensions (power-prestige, retention-time, distrust and anxiety).

The independent variables analysis results using the Multiple Regression Analysis denotes that power-prestige and retention-time are among the money attitude dimensions that has a significant and positive relationship with loan default, thus support both Hypothesis 1 and 2 respectively. Distrust has positive relationship but not significant meanwhile anxiety has a negative insignificant relationship with loan default, thus not supported the assumptions depicted by Hypothesis 3 and 4 respectively.

For the moderating testing, the researcher employed Hierarchical Regression Analysis. Specifically, religiosity is found to fully moderate the relationship between power-prestige and loan default, as shown in Hypothesis 5a. Similarly, religiosity is found to fully moderate the relationship between retention-time and loan default, as represented by Hypothesis 5b.

In brief, the current study aimed to investigate the relationships between money attitude dimensions, religiosity and loan default among the Muslim owner-manager of SMEs in Kedah. The findings of the study validated the significant effects of power-prestige and retention-time money attitude dimensions on loan default. Specifically, the study investigated the moderating role of religiosity on the relationship between money attitude and loan default within SMEs in Kedah.

5.3 Discussion of the Study

Initially, the main purpose of this study was to empirically investigate the relationship between independent variables, the money attitude dimension (power-prestige, retention-time, distrust and anxiety) and loan default as the dependent variables when the moderator variables, religiosity is concerned among Muslim owner-manager of SMEs in Kedah. In specific, the discussion will be based on the research questions listed as follows:

1. What is the relationship between money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan default among Muslim owner-manager of SMEs in Kedah?
2. What is the relationship between money attitude and loan default among Muslim owner-manager of SMEs in Kedah.
3. Does religiosity moderate the relationship between the money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan default among Muslim owner-manager of SMEs in Kedah?

5.3.1 The relationship between Money Attitude Dimensions and Loan Default

The main research objective is to investigate whether money attitude has a relationship with Muslim SMEs owner-manager loan default in Kedah. Therefore, the Hypothesis 1, 2, 3 and 4 were set up to test whether there is a relationship between money attitude dimensions and loan default.

Primarily, the researcher found power-prestige money attitude dimensions has a positive significant relationship with loan default. Consequently, this shows that within the SMEs, if the Muslim owner-managers or the managers of SMEs believed money as status symbol, they will attempted to gain recognition and impress others using the money power to gather materialistic things thus would default on loan repayment. In other words, the owner-managers or managers looking towards self-fulfilment gained and gratification from the expenditure they made besides releasing the burden form repayment they made.

The finding of the current study coincides with previous research concerning the relationship between power-prestige money attitude dimensions and loan default as confirmed by Bhardwaj and Bhattacharjee (2010) who indicated that people with high power-prestige are associated with extensive loan usage and loan default. Those with high score on loan usage initially have higher probability to default. The researchers concluded that the prediction of loan repayment is allied with the money attitude. Accordingly, Hou and Lin (2009) also contended that use of loan facilities resulted from individual intuitive of using money a toll of power-prestige. These would initially delaying payment, increase debt, hence default on loan and create financial problem to company. Consequently, as the suggested by Robert and Jones (2001) power-prestige has leads to increment use of

money which will leads to bankruptcy as the whole. Therefore, the finding support Hypothesis 1 which indicated that there is significant relationship between power-prestige and loan default among Muslim owner-manager of SMEs in Kedah.

Based on the result, the researcher found retention-time money attitude dimensions depicted a negative significant relationship with loan default. Basically, this explained that the owner-manager and managers of SMEs are concerned with the financial planning, monitoring and are very careful in terms of spending the money. Thus describe behaviours which require planful preparation as well as the goal of security in future. And in contrast, those without retention-time money attitude dimensions have little concern to in detail overseeing the fund of cost effective, hence will simply spend the money.

This aligned with previous research which found that people with the retention-time keep the surplus money for future needs and escape from loan similar to the finding indicated by Bhardwaj and Bhattacharjee (2010). Nawai and Shariff (2013) also confirmed that borrowers who have regular savings tend to become good borrowers which usually manage their income well and not lavish with the profit received. These manager's borrower who set in their mind that every debt must be repaid have higher chances to repay on time, thus would not initially default on loan. Therefore, the finding in fact supported Hypothesis 2 which explained that there is a significant relationship between retention time money attitude dimensions and loan default among Muslim owner-manager of SMEs in Kedah.

Moreover, the researcher also found that distrust dimension has a positive significant relationship with loan default. This illustrated the inability of the owner-managers or managers to make effective spending decision hence would appear to be reluctant and curious hence would initially evade from spending the money.

This associated with the previous research finding by Timothy (2015) who indicated that people having moderate or higher level of distrust did not significantly increase loan default. It also parallel with Bhardwaj and Bhattacharjee (2010) which indicated that high distrust dimension will not be inclined to use the loan facilities. Subsequently, the finding is to agree with the argument made by Roberts and Jones (2001) who explained that usually heavy credit users found to be less price conscious contradict to the attitude of people with distrust dimension hence would not lead to increment of credit uses. Consequently, the finding supported Hypothesis 3 which indicated the relationship between distrust money attitude dimensions and loan default among Muslim owner-manager of SMEs in Kedah

According to the result of study, the researcher discovered that that there is positive insignificant relationship between anxiety money attitude dimensions with loan default, inconsistent with H4. Initially, holding the mind-set that money is wellspring of security known as anxiety-revealing. As indicated by Desarbo and Edwards (1996), anxiety-relieving behaviour can lead a person to seek a loan. In addition, Bhardwaj and Bhattacharjee (2010) who envisaged that anxiety is important factor in deciding loan default had found that the overall attitude towards money influences the defaulter behaviour and thus the borrowers initially would become the defaulters. Consequently,

Timothy (2015) had confirmed that high level of anxiety had more significant increase in chance to default a loan.

However, the result for the current study was contradicted with Desarbo and Edwards (1996), Bhardwaj and Bhattacharjee (2010), and Timothy (2015) arguments. For the current study, the anxiety-relieving of owner-managers and managers do not convey or even influence them to seek for loan. This finding eventually in line with Wang, Lv and Jiang (2011) who had also obtained the same insignificant result of anxiety impact on credit revolving. The attributes of the individual traditional values might hindered them from using money as the protection.

Eventually, although the dimensions were positively and negatively related to loan default, researcher had found that there was a positive significant relationship between money attitudes itself with loan default, consistent with H5. It means that, testing the money attitude as a variable had explained that there was a potential influence of the manager's money attitude on loan default behaviour.

5.3.2 Moderating Effect of Religiosity on the Relationship Between Money Attitude and Loan Default

The six research objective deals with the moderating role of religiosity. In particular, this objective wanted to clarify the moderating impact of religiosity on the relationship between money attitude and loan default among Muslim owner-managers and managers of SMEs in Kedah.

For the current study, the researcher found that religiosity plays a significant effect on the relationship among money attitude dimensions and loan default. The result of second model indicated the indicating that there is potentially significant moderation between money attitude dimensions and loan default behaviour whereby the interaction between money attitude dimensions preferences accounted for significantly more variance than just money attitude dimensions preferences by themselves. The second model as whole represents that religiosity explain an additional of 2.3 percent of the total Loan Default variance.

In testing for the moderating role (religiosity) among owner-managers and managers on the relationship between money attitude dimension and loan default, the researcher found that religiosity fully moderates the relationship between power-prestige money attitude dimensions and loan default. The result also explained that religiosity also significantly moderate the relationship between distrust and loan default. However, the result of the current study not explains any significant influences of religiosity on the relationship between both retention-time and anxiety money attitude dimensions with the loan default. There were negative and insignificant effect contributes by religiosity in the equations. Therefore, the study found that religiosity may not influence the overall individual's dimensions of attitude. Meanwhile, for the moderating effect of religiosity on the money attitude itself relative to loan default, researcher found that, religiosity had potential influence on the relationship between money attitude and loan default.

The result of the moderating analysis supports the previous finding by Lau and Tan (2009) and Mokhlis (2009) who indicated that religiosity impact on the behaviour, attitudes and values, hence has been acknowledged by researchers as an important influencer of human behaviour. The finding also aligned with Al-Azzam, Hill and Sarangi (2011) who believed that borrowers who are more religious are less likely to make late payment or default as well as Ilori and Enahoro (2015) who also found that borrowers' religion significantly moderate effect of loan repayment factor. This result suggests that the owner-managers of the SMEs must possess high religiosity believed and practices in order to avoid loan default. The researcher believed that if an individual is bounded by strong religious belief, they will responsible for loan repayment even more. Therefore, it will reduce the likelihood to be default.

5.4 Contribution of Study

Throughout this study, many insights regarding the issues related to the money attitude dimensions within Muslim owner-managers and managers of SMEs have arisen. As to date, this study is one of the very few empirical studies conducted in the Malaysian SMEs to investigate the effect of money attitude on loan default. Furthermore, this study tries to explore beyond the current literature as it examined the moderating effect of the religiosity on the relationship between money attitude dimensions and loan default, using the Hierarchical Regression Analysis. By integrating the effect of money attitude dimensions and religiosity on Muslim owner-manager and managers, this study has several implications to the theoretical and practical literature, as discussed in the following paragraphs.

5.4.1 Theoretical Implications

The findings of the current study show that some of the theoretical relationships conceived in the theoretical framework are empirically supported. Specifically, the current study had explored the potential relationship exist between money attitude dimensions, religiosity and loan default.

Basically, the study contributes further knowledge in terms of the importance of the money attitude dimensions as predictors of Muslim owner-managers loan default. In fact, many of the past studies discussed the findings of loans in others setting of determinants factors such as demographics, culture, institutional and others. Compared to the current study, the researcher investigates individual money's attitude based on the four dimensions (as mentioned above) with the loan default. In further, this study had also examined the relationship between money attitudes as a variable relative to the loan default. Thus, provides a thorough discussion of the findings which affordable for the literature values added.

Moreover, it contributes to the money attitude literature since only a few studies have been conducted that focused on money attitude, especially in small and medium enterprises. In addition, by integrating the effect of money attitude dimensions and religiosity on loan default, this study contributes to the current literature which presently lacking in that particular area. This study also provides evidence concerning the function of religiosity and loan default. There was variation resulted from the religiosity as the moderator in the relationship. After entry of Religiosity, the total variance explained by the model as a

whole was 15.1 percent which explained that the religiosity had the potential to influence among the relationship.

Therefore, by demonstrating the existence of the direct and indirect effects of money attitude, religiosity and loan default, this study provides clear indication of the importance of money attitude dimensions in encouraging positive attitude in overcoming loan default among the Muslim SMEs owner-manager.

The study also provides empirical support for the theoretical framework, as illustrated in Chapter 3. Some of the suggestion that money attitude has a direct relationship with loan default and that religiosity influence the relationship between money attitude dimensions and loan default are supported in current study. Most importantly, the study provides proof relating to the moderating effect of religiosity concerning the relationship between money attitude and loan default.

From the Malaysian perspective, the study increases the knowledge of the role of religiosity and money attitude on SMEs Muslim owner-managers. In particular, to the researcher's knowledge, based on the literature review, to date, this is considered to be one of the very few local studies that observe the relationships between the money attitude dimensions, religiosity and loan default among the Muslim owner-managers of SMEs in Kedah.

Furthermore, the study also concurred with the Theory of Planned Behaviour. In other words, this study empirically supported the Theory of Planned Behaviour which conceives that individual's behavioural intention (loan default) depends on the individuals' attitude about the behaviour and subjective norm (money attitude). This theory aims to explain volitional behaviour. Later on behaviour might not appear to be fully voluntary and under control, this resulted in the additional of perceived behaviour control (religiosity)

Moreover, the findings of the study also match Theory of Default Behaviour. Briefly, the study empirically agreed that perceived individual choices to default are driven by different determinants across domains. Concerning on the loan repayment, borrowers choose to default when the gain (such as recognition) to default is higher than the cost thus, explaining the equity default theory. On the other hand, borrowers refrain from loan default as long as income flows are sufficient to make periodic payment without undue financial burden. The borrowers would have a proper financial planning to realize the payment ability as such theory of ability-to-pay. For the current study, money attitude dimensions appear to be among the prevailing explanation for default choices in loan repayment.

5.4.2 Practical Implications

From a practical viewpoint, the findings of this study provides important contributions and implications for practitioners and policy-makers. Additionally, the current study provides a valuable approach to how money attitude and religiosity could encourages positive attitude in overcoming the loan default problem among the Muslim owner-managers in Kedah. Some of the contributions and implications are discussed in the

following paragraphs. The result of finding discussed could be presumed as a guide to the SMEs to predict the money attitude they hold and improves their attitude related to money matters as well as the financial management commitment.

It could also increase the understanding among the owner-managers and managers of SMEs concerning the significance of money attitude in order to effectively manage finance and to avoid further unwelcome circumstances such as bankruptcy. The owner-managers should recognize that the money attitude dimensions are among the factors that initially have significant impact on their loan repayment and default behaviour. Thus, SMEs might be able to improve (reduce) the level of loan default.

The findings offering insight in the functions of owner-manager money attitude preference with the religiosity effect on loan default. The results of this study suggest that the owner-managers should take necessary action to control the money attitude dimensions (power-prestige and retention time) in order to be more effective in capital structure and manage their financial issues. If the owner-manager have the intention to improve the repayment records, they should make effort to control the dimension of money attitude which have important in influencing the loan default. The potential influences of religiosity also could guides SMEs in improving the loan default. Higher religious commitment may initially encourage people to behave accordance to the needs. Thus, may leads SMEs to make the repayment on schedule as agreed upon they signed the agreement.

The result significances could be also served as a reference to the financial aids providers to have clues on how the owner-managers of SMEs in Kedah respond to loan default currently. By understanding the preference of money attitude, the financial aids providers can create a proper guideline which can be referred comprehensively by the officers in charge for loan application. For instance, people with high power-prestige dimension score is a sign of loan defaulter because they have great potential to use the money to impress others and symbol of success. Consequently, people with high distrust dimension would have no confident in making the decision relating to money thus would make unnecessary decision and might default in making payment. On the other hand, people holding higher retention-time dimension score is a good borrower and a potential market segment of loan.

The current study provides parameters for policy-makers to develop an effective financial aids scheme and supported programs for SMEs with the vision of creating sustainable business in the market. This will also be an effective method to avoid the poverty gap among Malaysians and contribute to economic growth as suggested in the SME Annual Report (2012). Since Malaysia is geared towards realizing the objectives of a developed country, therefore, the policy-makers need to increase the monitoring on significant effects of money attitude dimension on loan default because SMEs are considered as the backbone of the country's economic growth as what have been suggested by Ayyagari, Beck & D-Kunt (2007) in driving industrial development as whole.

5.5 Limitation of Study

Instead of the good insights and contributions as discussed above, there are many limitations of the current study. The researcher addressed these limitations under three headings encompassed of causality, generalizability and methodology.

5.5.1 Causality

For the purpose of study, the researcher executed a survey questionnaire research design, whereby used cross-sectional data collection at a specific point of time in order to test the hypotheses. Therefore, the information gained only demonstrates the degree of association between variables. As a result, the causal relationships which were basically assumed based on the results attained cannot be accurately determined.

5.5.2 Generalizability

The generalization of the current study could be questionable due to the nature of the chosen sample. In fact the generalizability occurred since the researcher had no control regarding certain factors. The coverage of location of the current study is only limited in Kedah, indeed there were many SMEs with the loan default operates within the country, accordingly the current research might not wholly explain the scenario of SMEs loan default problem. In addition, only halves or fourteen main business sectors involved in the study, thus not represent the whole picture of the business types altogether.

Another reason is all of the respondents are Muslim and this shortcoming denies the comparison between Muslim and non-Muslim in SMEs to be made. In fact, there are also many non-Muslim owner-managers of SMEs who had default on their loan repayment.

Additionally, the findings of the study were based on the data collected from the SMEs representatives at one point in time. Therefore, the study does not reflect the continuous changes in the psychological human aspects that could have taken place in financial management due to the continuous experience. This is because the data were based on the cross-sectional approach and no follow-up data were gathered.

5.5.3 Methodology

The current study also has limitations due to the methodology. For instance, the study used a five-point Likert Scale, in which the respondents rated their grade of agreement regarding the statements relating to money attitude, religiosity and loan default. Using this method might cause a patterned response in which respondents have a tendency to answer the questions automatically without giving careful consideration to the statements. This occurs because different owner-managers and managers have a different understanding regarding the numbers used to evaluate their views. It cannot be assumed that all the questions were completely understood, which, accordingly, might affect the quality of the data. In further, the respondents in quantitative research design, as in this case, were asked to transfer their views about the statements given in the questionnaire into numbers using the Likert Scale. For that reason, the answers of the respondents might be manipulated by their biased insight concerning the circumstances, as suggested by Macinati (2008).

Limitations are acknowledged, it is eventually not detracting the significance of results in this study. Limitations here are merely to provide a platform for future researchers to take note on such limitations.

5.6 Recommendation for Future Study

The researcher suggests future research opportunities based on the findings of the study. First, as discussed earlier, the current study is based on the questionnaire research design in order to obtain the data. Consequently, the feature of cross-sectional data, which were collected at the one point of time, restricted the researcher from observing, and, consequently, examining the dynamic feature of the effects of money attitude and religiosity on loan default. Therefore, a case study approach might be a better potential choice in order to be capable to examine the relationships among money attitude, religiosity and loan default.

Second, a longitudinal research is highly recommended since it would help the researchers to validate the findings attained from the cross-sectional method regarding the change in human views, behaviour and attitudes. This is because a longitudinal approach could explain the complex relationships among money attitude, religiosity and loan default over a long period of time.

Finally, as the money attitude preference notion was based on the continuing financial management focus by business organization, which was intended for the owner-managers, the possibility of reciprocal causation should be recognized. Therefore, the future studies might need to develop other analytical methods, for example, Structural Equation Modeling, in order to ascertain the reciprocal relationships among the study variables.

5.7 Conclusion

The main objective of the current study is to examine the relationship between the money attitude and loan default. The findings of the current study validated the significant effects of money attitude on loan default. Specifically, this study investigates the relationship among money attitude, religiosity and loan default as replicated among the Muslim owner-managers of SMEs in Kedah. It also analyses the relationship between money attitude dimensions and loan default in the relation with the moderating effect of religiosity. Basically, the current study was inspired by the lack of studies in the recent relevant literature relating to the relationships among money attitude, religiosity and loan default especially within SMEs industry.



REFERENCES

- Abor, J and Quartey, P. (2010). Issue in SMEs in Ghana and South Research. *Journal of Finance and Economics Issues*, 39, 218-228.
- Acquah, H.D. and J. Addo, J. (2011), Determinants of Loan Repayment Performance of Fishermen: Empirical Evidence from Ghana. *Cercetări Agronomice în Moldova*, 4, 89-97.
- Addae-Korankye, A. (2014). Causes and Control of Loan Default/Delinquency in Microfinance Institutions in Ghana. *American International Journal of Contemporary Research*, 4, 36-45.
- Afolabi J. A. (2008). Analysis of Loan Repayment among Small Scale Farmers in South Western Nigeria- A Discriminant Approach. *Journal of Social Science*, 17, 83-88.
- Ahmad, N. H and Seet, P. (2009). Dissecting Behaviours Associated with Business Failure: A Qualitative Study of SME Owners in Malaysia and Australia. *Asian Social Science*, 9, 98-104.
- Ajzen, I., and Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, NJ: Prentice-Hall.
- Al- Mamun A.; Abdul Wahab S.; Malarvizhi C. A. (2011). Empirical Investigation on Repayment Performance of Amanah Ikhtiar Malaysia's Hardcore Poor Clients. *International. Journal of Business and Management*, 6, 125-133.

- Al- Mamun, A., Wahab, S. A., Malarvizhi, C. A. and Mariapun, S. (2011), Examining the Critical Factors Affecting the Repayment of Microcredit. Provided by Amanah Ikhtiar Malaysia. *International Business Research*, 4, 141-152.
- Alam, S. S., Janor, H. Zanariah, Che-Wel, C. A. and Ahsan, N. (2012). Is Religiosity an Important Factor in Influencing the Intention to Undertake Islamic Home Financing in Klang Valley. *World Applied Sciences Journal*, 19, 1030-1040.
- Alam, S. S., Mohd, R. and Hisham, B. (2011). Is religiosity an important determinant on Muslim consumer behavior in Malaysia? *Journal of Islamic Marketing*, 2, 83-96.
- Al-Azzam, M., Hill, R. C., and Sarangi, S. (2012). Repayment performance in group lending: evidence from Jordan. *Journal of Development Economics*, 97(2) 404-414
- Allen-Ile, C. O. K and Eresia-Eke, C. e (2008). The Role of Management on Propensity for Loan Default By Small Business. *Journal of Business and Management Dynamic*, 14-27.
- Allport, G. (1950). *The Individual and His Religion. A Psychological Interpretation* (London: Constable).
- Allport, G. and Ross, J. (1967). Personal religious orientation and prejudice. *Journal of Personality and Social Psychology*, 5, 432-443.
- Al-Mamun A. et.al (2011). Investigating the Effect of the Utilization of Microcredit on Hardcore Poor Clients Household Income and Assets. *Asian Social Science*, 7, 141-152.

- Alphonsus, C. (2013). Catalysing SMEs through Access to Finance. *Accounts Today*, p. 42-47.
- Al-Sharafat, A., Qtaishat, T. and and Majdalawi M. I. (2013). Loan Repayment Performance of Public Agriculture Credit Agencies: Evidence from Jordan. *Journal of Agriculture Science*, 5, 221-229.
- Ameyaw-Amankwah, I.(2011). *Causes and effects of loan defaults on the profitability of Okomfo Anokye Rural Bank*. Thesis, unpublished. KNUST.
- Anderson, J.C. & Gerbing, D.W. (1988), Structural equation modeling in practice: a review and recommended two-step approach. *Psychological bulletin*, 103, 411–423.
- Ary, D., Jacobs, L. C., & Razavieh, A. (1996). *Introduction to research in education*. Orlando, FL: Harcourt Brace and Co.
- Ayyagari, M., Beck, T., and Demirguc-Kunt, A. (2007). Small and Medium Enterprises Across the Globe. *Small Business Economic*, 29, 415-434,
- Babbie, E. (2010). *The Practice of Social Research*. (12th ed.). Wadworth: Cengage Learning.
- Baele, L., Farooq, M. and Ongena, S (2014). Of religion and redemption: Evidence from default on Islamic loans. *Journal of Banking & Finance*, 44, 141-159.
- Balogun, E.D. and Alimi, A. (1988). *Loan Delinquency Among Small Farmers in Developing Countries: A Case Study of the Small-Farmer Credit Programme in Lagos State of Nigeria*, CBN Economic and Financial Review, 26, 36-44,

- Baron, R.M. and Kenny, D.A. (1986), "The moderator-mediator distinction in social psychology research: conceptual, strategic, and statistical considerations", *Journal of Personality and Social Psychology*, 51, 1173-1182.
- Barro, R. J., and McCleary, R. M. (2003). Religion and Economic Growth across Countries. *American Sociological Review*, 68, 760-781.
- Batson, C. D., Schoenrade, P., and W. L. Ventis, W. L. (1993). *Religion and the individual: A social-psychological perspective*. Oxford University Press New York.
- Bhardwaj S. & Bhattacharjee. K (2010). Modeling Money Attitude to Predict Loan Default. *The IUP Journal of Bank Management*, 9, 12-20
- Bolton, P. and Scharfstein, D. S. (1996). Optimal Debt Structure and the Number of Creditors. *Journal of Political Economy*, 104, 1-25.
- Boone, J. P, Kurana, I. K. and Raman, K. K. (2013). Religiosity and Tax Avoidance. *Journal of American Taxation Association*, Spring 2013, 35(1): 53-84.
- Bradley, D.B. and Saunders, H. (1992), "Bankruptcy 1990 style", *Proceedings of 1992 SBIDA National Conference*. Retrieved from <http://sbaer.uca.edu/research/sbida>
- Brehanu, A., and Fufa, B. (2008). Repayment rate of loans from semi-formal financial institutions among small-scale farmers in Ethiopia: Two-limit Tobit analysis. *The Journal of Socio-Economics*, 37, 2221-2230.

- Cakyakmapan, S. and Goktas, A. (2013). A comparison of Binary Logit and Probit Models with a Simulation study. *Journal of Social Science and Economic Statistic*, 2, 1-17.
- Callen, J. L. and Fang, X. (2013). Religion and stock price crash risk. *Journal of Financial and Quantitative Analysis* (forthcoming) 2015. Retrieved from <http://www.rotman.utoronto.ca/FacultyAndResearch/Faculty/FacultyBios/CallenJ.aspx>
- Cassar A., Luke C. L. & Wydick B. (2007). The effect of social capital on Group loan repayment: Evidence from field experiments. *The Economic Journal*, 117, 85–106.
- Cavana, R. Y., Delahaye, B. L. and Sekaran, U. (2001). *Applied Business Research Qualitative and Quantitative Method*. Australia: John Wiley & Sons Ltd.
- CGC: Non-performing loans of SMEs on high side (2010). Retrieved March 3, 2014, from <http://www.themalaysiainsider.com/print/business/>
- Chang K. H. (2013). An Empirical Study on Default Factors for US Sub-prime Residential Loans. *The Journal of International Management Studies*, 8, 200-206
- Coakes, S. J and Steed, L. G. (2007). *SPSS analysis without anguish, version 11.0 for windows*. Australia: John Wiley & Sons
- Cragg J.G. (1971). Some statistical models for limited dependent variables with application to the demand for durable goods. *Econometrica*. 39. 829-844.

Dalberg (2011). *Report on Support to SMEs in Developing Countries Through Financial Intermediaries*, SME Briefing Paper, EIB Draft Version (Geneva: European Investment Bank)

Desarbo, W. S. and Edwards, E. (1996). "Typologies of compulsive buying behavior: a constrained cluster wise regression approach". *Journal of Consumer Psychology*. 5, .231-261

Dillon, W.R., Madden, T.J., & Firtle, N.H. (1993). *The Essential of Marketing Research*. London. Richard & Irwin.

Dionne, G., Artis, M. and Guillen, M. (1996). Count data models for a credit scoring system. *Journal empirical Finance*. 3, 303-325.

Durvasula, S. and Lysonski, S. (2010). Money, Money, Money- How Attitude Towards Money Impact Vanity and Materialism?- the Case of Young Chinese Consumers. *Journal of Consumer Marketing*. 27, 169-179.

Economic Census Report 2011- SME Corporation Malaysia. Retrieve at www.smecorp.gov.my/vn2/node/59 on 25/8/2013

Ellison, C. (1991). Religious Involvement and Subjective Well-Being. *Journal of Health and Social Behavior*, 31, 80-99.

El-Menouar, Y. (2014). The Five Dimension of Muslim Religiosity. Result of an Empirical Study. *Method, Data, Analysis*, 8, 53-78.

Emmerson, L. (2015). Making Small Beautiful Again: The Challenge of SME loans.

Retrieved June, 30, 2015 from

<http://blog.symbid.com/2015/entrepreneur/making-small-beautiful-again-the-challenge-of-sme-loans/>

Epstein M. J. & Yuthas K. (2010). Microfinance in Culture of Non Payment. *Journal of Developmental Entrepreneurship*, 15, 35–54.

Falahati, L. and Hj.Paim, L. (2011). A comparative study in Money Attitude among University Students: A Gendred View. *Journal of American Science*, 7, 1144-1148.

Farhan, M., Sattar, A., Chaudhry, A. H. & Khalil F. (2012). Economic determinants of non-performing loans: perceptions of Pakistani bankers. *European Journal of Business and Management*, 4(19), 87-100.

Fidrmuc and Hainz, (2010). *Default Rates in the Loan Market for SMEs: Evidence from Slovakia*. William Davidson Institute Working Paper Number 854.

Field, A. (2000). *Discovering statistics using SPSS for windows*. London: Sage Publications.

Fjose, S., Grünfeld, L. A. and Green, C. (2010), SMEs and Growth in Sub-Saharan Africa – Identifying SME Roles and Obstacles to SME Growth. *The MENON Business Economics publication*.

Forman, N. (1987). *Mind over Money*. Toronto: Doubleday.

Frankfort-Nachmias, C. and Leon-Guerrero, A. (2011). *Social Statistics for a Diverse Society*. 7th edition. Sage Publication.

- Fukuyama, Y. (1960). The Major Dimensions of Church Membership. *Review of Religion Research*. 2, 154-161.
- Furnham, A. (1984). Many side of the coin: the psychology of money usage. *Personality and Individual Different*, 5, 501-509.
- Gardner, G. T. and Stern, P. C. (2002). *Environmental problems and human behavior*. Pearson Custom Publication
- Gbadamosi, G., and Joubert, P. (2005). Money Ethic, Moral Conduct and Work-related Attitudes: Field Study from the Public Sector in Swaziland. *Journal of Management Development*, 24, 754-763.
- Ghatak, S. (2010). Micro, Small and Medium Enterprises (MSMEs) in India: An Appraisal. Retrieved from www.legalpundits.com/Content_folder/SMEArti150610
- Glancey K. (1998). Determinants of growth and profitability in small entrepreneurial firms. *International Journal of Entrepreneurial Behaviour & Research*, 4, 18-27.
- Glock, C. Y. and Stark, R. (1965). *Religion and society in tension*. San Francisco: Rand McNally.
- Godquin M. (2004). Microfinance Repayment Performance in Bangladesh: How to improve the Allocation of Loans by MFIs. *World Development*, 32, 1909–1926.

- Goldberg H, Lewis R. T. (1978). *Money madness: the psychology of saving spending, loving and hating money*. William Morrow and Company, Inc, New York
- Government target SMEs contributing 40% to GDP by 2015. (2013, August 15). The Star. Retrieved from <http://www.thestar.com.my/Business/Business-News/2013/08/15/Govt-targets-contributing-40-GDP-by-2015/style=biz>.
- Greene, J. and Gangemi, J. (2006). Taking Tiny Loans to the Next Level, *Business Week*. New York.
- Green, S. B., Salkind, N. J., & Akey, T. M. (1997). *Using SPSS for windows: Analyzing and understanding data*. New Jersey: Prentice-Hall.
- Gresham, A. B., & Fontenot, G. F. (1989). The Differing Attitudes of the Sexes toward Money: An Application of the Money Attitude Scale. *Journal of Economic Psychology*, 13, 5-18.
- Gummesson, E. (2003). All research is interpretive!", *Journal of Business & Industrial Marketing*, 18, 482 - 492
- Guttman, J. M. (2007). *Repayment Performance in Microcredit Programs: Theory and Evidence*. Retrieved from <http://dx.doi.org/10.2139/ssm985890>
- Hafez, M. I. A. K., El Sahn, M. F. and A. Rahman, D. (2013). The Effect of Egyptians' Money Attitudes on Compulsive Buying with the Role of Credit Card Use. *The Macro theme Review*. 2, 73-88.
- Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate data analysis* (5th ed.). Upper Saddle River, NJ: Prentice-Hall.

- Hair, J. F., Anderson, R. E., Tatham, R. L. & Black, W. C. (2010). *Multivariate data analysis* (7th ed.). USA: Prentice-Hall.
- Hair, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis* (6th ed.). USA: Prentice-Hall.
- Hair, J. F., Money, A. H., Samouel, P. & Page, M. (2007). *Research methods for business*. Chichester: John Willey & Sons Ltd.
- Hamid, H. (2012, August 13). SME Bank to start knocking on doors. The New Straits Times. Retrieved from [http://www.btimes.com.my/Current_News/BTIMES/articles/SMESPOT/ Article/](http://www.btimes.com.my/Current_News/BTIMES/articles/SMESPOT/Article/)
- Hamilton, R.T. and Fox, M.A. (1998). The Financing Preference of Small Firm Owners. *International Journal of Entrepreneurial Behavior & Research*, 4, 239-248.
- Hanashiro, R., Masuo, D. M., Kim, J. H., and Malroux, Y. L. (2004). Money Attitudes and Gender Comparison between Japanese Students and Asian American Students. *Okinawan Journal of American Studies*, 1, 38-45.
- Harwell, M. R. (2011). Completely Randomized Factorial Analysis of variance using ranks. *British Journal of Mathematical and Statistic Psychology*, 44, 383-401.
- Hashim, M. K., and Wafa, S. A. (2002). *Small & medium sized enterprises in Malaysia: Development issues*. Petaling Jaya, Malaysia: Prentice Hall.
- Hess, D. W. (2012). The impact of Religiosity on Personal Financial Decisions. *Journal of Religion and Society*, 14, 1 – 13.

Hilary, G. and Hui, K. W. (2009). Does religion matter in corporate decision making in America? *Journal of Financial Economics*, 93, 455-473.

Hill, P. and Hood, R. (1999). *Measures of Religiosity*. Religious Education Press: Birmingham. AL. USA.

Holdcroft, B. (2006). What is Religiosity? *A Journal of Inquiry and Practice*, 10. 89-103.

Holmes, S., Dunston, K. & Dwyer, D. 1994. The Cost of Debt for Small firms: Evidence from Australia. *Journal of Small Business Management*, 32, 27-35.

Hossain, F. (2002). Small Loans, Big Claims. *Foreign Policy*, 12, 79-82.

Hou S C and Lin Z H (2009), “*An Empirical Study of Money Attitudes, Credit Card Use and Compulsive Buying Among Undergraduates in Taiwan*”, Working Paper Series, Graduate School of Marketing Management, National Chung Cheng University, Taiwan. Retrieved from <http://aplikasi.kpkt.gov.my/ucapan.nsf>

Hussain, J., Millman, C. and Matlay, H. (2006). SME financing in the UK and in China: A Comparative Perspective. *Journal of Small Business and Enterprises Development*, 13, 584-599.

<http://www.smecorp.gov.my/index.php/en/vn2/node/335> retrieved date 6/10/2015

<http://www.smecorp.gov.my/index.php/en/guides/2015-12-21-10-49-38/list-of-companies> retrieved date 30/11/2015

- Idris, K. M., Bidin, Z. and Saad, R. A. (2012). Islamic Religiosity Measurement and Its Relationship with Business Income Zakat Compliance. *Jurnal Pengurusan*, 34, 3 – 10.
- Jackson, J. and Kasserman, D. (1980): “Default Risk on Home Mortgage Loans: A Test of Competing Hypotheses”, *Journal of Risk and Insurance*, 3, 678-690.
- Johnson, B. R., Siegler, R. S and Alibali, M. W. (2001). Developing Conceptual Understanding and Procedure Skill in Mathematics: An Iterative Process. *Journal of Educational Psychology*, 93, 346-362.
- Joo, S., and Grable, J. E. (2004). An exploratory framework of the determinants of financial satisfaction. *Journal of Family and Economic Issues*, 25, 25-50
- Jouault, A. and Featherstone, A. M. (2011); Determining the Probability of Default of Agricultural Loans in a French Bank. *Journal of Applied Finance & Banking*, 1, 1-30.
- Khalique, M., Isa, A. H., Shaari, J. A. N and Ageel, A. (2011). Challenges Faced By the Small and Medium Enterprises (SMEs) in Malaysia. *International Journal of Current Research*. 3, 398-401.
- Khraim, H. (2010). Measuring Religiosity in Consumer Research from an Islamic Perspective. *Journal of Economics and Administrative Science*, 26, 52-78.
- Kimmel, P.D. (2013). *Accounting: Tools for Business Decision* (2nd Editon). Cram101 and Content Technologies Inc. Publication.

- King, M. (1967). Measuring the Religious Variable: Nine Proposed Dimensions. *Journal for Scientific Study of Religion*. 6, 173-185.
- King, T. (2015). Consumer Spending Habits Relationship to Loan Default Risk: A Quantitative Correlational Study (Doctoral dissertation, North Central University, 2015)
- Knight, T and Hossain, F. and Rees, C. J. (2009). Microfinance and the Commercial Banking system: perspective from Barbados. *Progress in Development Study*, 9, 115-125.
- Kohansal M. R & Mansoori H. (2009). *Factors Affecting on loan repayment performance of Farmers in Khorasan-Razavi Province of Iran*. Paper presented at the International Research on Food Security, Natural Resource Management and rural development. University of Hamburg.
- Krauss, S. E, Hamzah, A. and Idris, F. (2007). Adaptation of Muslim Religiosity Scale for Use within Four Different Faith Communities in Malaysia. *Review of Religious Research*. 49, 147-164.
- Kuhn M. E. and Darroch, M. (1999). *Factors affecting rural medium-term loan repayment: Evidence from a South African development finance institution*. Paper presented at the International Association of Agricultural Economists (IAAE), Aldershot, UK.
- Lau Teck Chai and Tan Booi Chen, "Religiosity as an Antecedent of Attitude towards Green Product: An Exploratory on Young Malaysian Consumers. *ASEAN Marketing Journal*. 1, 33-41.

- Lau, T. C., Choe K.L and Tan L. P (2013). The Moderating Effect of Religiosity in the Relationship between Money Ethics and Tax Evasion. *Asian Social Science*, 11, 213-220.
- Layman, G. C. (1997). Religion and political behavior in the United States: The impact of beliefs, affiliations, and commitment from 1980 to 1994. *Public Opinion Quarterly*, 288-316.
- Lenski, G. (1963). *The religious factor*. Garden City, NY: Doubleday.
- Li, D., Jiang, Y., An, S. Shen, Z. and Jin, W. (2009). The influence of money attitude on young Chinese consumers' compulsive buying. *Young Consumers*, 10, 98-100.
- MaDaniel, S. W. and Burnett, J. J. (1990). Consumer Religiosity and retail score evaluation criteria. *Journal of the Academy of Marketing Science*, 18, 163-171.
- Magali, J. J. (2013); Factors Affecting Credit Default Risks For Rural Savings and Credits Cooperative Societies (SACCOS) in Tanzania. *European Journal of Business and Management* 5, 60-73.
- Maria, N. R., Marcel, S. C. and Radu, B. (2008). Considerations Regarding Growing Capacity Financing SME. *Economic Science Series*. 17, 380-385.
- Masakure, O., Henson, S. and Cranfield, J. (2009). Performance of microenterprises in Ghana: a resource-based view. *Journal of Small Business and Enterprise Development*, 16, 466-484.

- Masuo, D. M, Malrouu, Y. L, Hanashiro, R. and Kim, J. H. (2004). College Students' Money Beliefs and Behaviors: An Asian Perspective. *Journal of Economic and Family Issue*, 25, 469-481.
- Matlay, H. and Westhead, P. (2005), "Virtual teams and the rise of e-entrepreneurship in Europe". *International Small Business Journal*, 23, 279-300.
- McCann, F. and McIndoe-Calder, T. (2012) *Determinants of SME Loan Default: The Importance of Borrower-Level Heterogeneity*. Research technical paper. Central bank of Ireland.
- McHugh S. and Ranyard R.(2012). Credit repayment decisions. The role of long-term consequence information, economic and psychological factors. *Review of Behavioral Finance* 4, 98-112. Retrieved from DOI 10.1108/19405971211284880
- Medina, J. F., Saegert, J. and Gresham, A. (1996). Comparison of Mexican-American and Anglo American attitudes toward money. *The Journal of Consumer Affairs*, 30, 124–144.
- Mishkin, F. S. (2001). *The Transmission Mechanism and the Role of Asset Prices in Monetary Policy*, " in *Aspects of the Transmission Mechanism of Monetary Policy, Focus on Austria*. Osterreichische National Bank: Vienna.
- Mitchell, T. R and Mickel, A. (1999). The meaning of money: an individual difference perspective. *The academy of Management Review*, 24, 568-578.

- Moffatt, P. G. (2005). Hurdle Models of Loan Default. *The Journal of Operational Research Society*, 56, 1063-1071.
- Mokhlis, S.(2009). Relevancy and Measurement of RELigiodity in consumer behavior research. *International Business Research*, 2, 75-84
- Mokhtar S.H. et.al (2012).Determinants of microcredit loans repayment problem among microfinance borrowers in Malaysia. *International Journal of Business and Social Research*, 2, 33-45.
- Morduch, J. (1998). “Does Microfinance Really Help the Poor? New Evidence from the Grameen Bank. *Journal of Development Economics*, 60, 229-248.
- Mosley, P. and Rock, J (2004). Microfinance, Labor Market, and Poverty in Africa: A Study of Six Institutional. *Journal of International Development*, 16, 467-500.
- Muhammad, M. Z., Char, A. K., Yaso, M. R. and Hassan, Z. (2010). Small and Medium Enterprises (SMEs) Competing in the Global Business Environment: A Case of Malaysia. *International Business Research*, 3, 66-75.
- Murray, J. (2011). *Default on Loan*. United State Business Law and Guide.
- Nawai, N. and Shariff, M.N. (2013). Loan Repayment Problems in Microfinance Programs that use Individual Lending Approach: A Qualitative Analysis. *Journal of Transformative Entrepreneurship*, 1, 93-99.
- Nguyen, C.H. (2007). “Access to credit and borrowing behaviour of rural households in a transition”, paper presented at International Conference on Rural Finance Research Moving Results into Policies and Practices, 19-21 March, Rome.

- Nguta, M.H. and Guyo, H.S, (2013). Factors Influencing loan repayment Default in Microfinance Institutions. The experience of Imenti North District, Kenya. *International Journal of Applied Sciences and technology*, 3, 80-84.
- Norenzayan, A. and Shariff A. F. (2008). The origin and evolution of religious prosociality. *Science*, 322, 58-62.
- Nyahende, V. R. (2013). The Influence of Students' Loan Borrowers' Characteristics on Default Rate in Tanzania. *Higher Education Studies*, 3, 26-48.
- O'Connell, B. J. (1975). Dimensions of religiosity among Catholics. *Review of Religious Research*. 16, 198-207.
- O'Regan, N., Sims, M. and Ghobadian, A (2005). High Performance Ownership and Decision Making in SMEs. *Management Decision*, 43, 382-396.
- Obamuyi, T.M. (2007). An Exploratory Study of Loan Delinquency Among Small and Medium Enterprises (SMEs) in Ondo State of Nigeria. *Journal Labour and Management in Development*, 8, 1-10.
- Okurut F. N. & Kinyondo A. A (2009). Determinants of loan repayment performance in microcredit institutions: Evidence from Tanzania. *Asian African journal of economics and econometrics*, 9, 337-345.
- Olomola, A. S. (1999). *High Microfinance Interest Rates Cause Loan Default in Nigeria: The case of FADU's micro-credit program*. NISER monograph series NO Ibadan.

- Onyeagocha, S. U. O. et.al (2012). Determinants of Loan Repayment of Microfinance Institutions in Southeast States of Nigeria. *International Journal of Social Science and Humanities*, 1 4-9.
- Page A. L., Cowen, S. and Cohen, M. (1979). Loan Terms and Loan Repayment Performance: The experience with minority business. *American Journal of Small Business*, 4, 10-21.
- Pallant, J. (2013). *SPSS Survival Manual: A step by step guide to data analysis using IBM SPSS*. (5th ed.). Australia: Mc Graw Hill.
- Panigrahi, A.K. (2012), Risk Management In Micro, Small And Medium Enterprise (MSMEs) In India: A Critical Approach. *Asia Pacific Journal Of Marketing & Management Review*, 1(4)
- Papias M. M (2009). Repaymnet Behavior in credit and saving cooperative societies. Empirical and Theoretical evident. *International Journal of Social Economics*, 36, 608-624.
- Paul A. Y (2011). Size matters: the late payment problem. *Journal of Small Business and Enterprise Development*. 18, 732-747.
- Pearson, R. and Greeff, M. (2006). *Cause of Default among Housing Micro Loan Clients. FinMark Trust Rural Housing Loan Fund, National Housing Finance Corporation and Development Bank of Southern Africa, South Africa*. Africa.
- Pedhazur, E. J. (1997). *Multiple Regression in Behavioral Research* (3rd ed.). Forth Worth TX: Harcourt Brace

- Pelan Tindakan Kedah Maju 2010. (2001). Unit Perancang Ekonomi Negeri Kedah
- Phau, I. and Woo, C. (2008). Understanding compulsive buying tendencies among young Australians. *Marketing Intelligence and Planning*, 26, 441-458.
- Pope, J. and Mohdali, R. (2010). The Role of Religiosity in Tax Morale and Tax Compliance. *Australian Tax Forum*, 25. 565-596.
- Rehman, A. U. and Shabbir, M. S. (2010). The Relationship between Religiosity and New Product Adoption. *Journal of Islamic Marketing*, 1, 63-69.
- Reiss, F. (2006). Retrieved from [www. publishinggame.com /art_whysmallbusinessesfail.htm](http://www.publishinggame.com/art_whysmallbusinessesfail.htm)
- Robert, J. A and Jones E. (2001). Money attitude, credit card use, and compulsive buying among college students. *Journal of Consumer Affairs*, 35, 213-240.
- Robert, J. A., Sepulveda, M. and Cedar, J. (1999). Demographic and Money Attitude: A test of Yamauchi and Templers' money attitude scale in Mexico. *Personality and Individual Difference*, 27, 19-35.
- Roscoe, J. T. (1975). *Fundamental research statistic for behavioral sciences (2nd ed.)* Orlando: Holt, Rinehart & Winston Inc.
- Roslan and Mohd Zaini A. K. (2009). Determinant of Microcredit Repayment in Malaysia: The Case of Agrobank. *Humanity and Social Science Journal*, 4, 5-52.

- Roslan, A.H. and Mohd Zaini Abd Karim, M. Z. A. (2009) Determinant of Microcredit Repayment in Malaysia: The case of Agrobank. *Humanity and Social Sciences Journal* 4, 45-52.
- Rubinstein, C. R. (1981). *Survey Report on Money*. Psychology Today. 23. 103-126.
- Sabri, M. F, Hayhoe C. R and Ai, G. L. (2006). Attitude, Values and Belief Towards Money: Gender and Working Sector Comparison. *Journal Social Science and Humanity*. 14, 121-130
- Salah, S. A and Ndubisi, O. N. (2006). An Evaluation of SME Development in Malaysia. *International Review of Business Research Papers*, 2, 1-14.
- Salleh, M. S. (2012). Religiosity and Development: A Theoretical Construct of an Islamic-Based Development. *International Journal of Humanities and Social Science*. 2, 266-274.
- Sanusi, N.A, A. Bakar, A.S and M. Ba, N.F (2005). *Ke Arah Kedah Maju: Antara Perancangan dan Keupayaan*. UUM Press.
- Sauders, M., Lewis, P. and Thornhill, A. (2007). *Research Method for Business Students* (4th ed.). New York, NY: Prentice Hall.
- Schmitz, H. (1995). Collective Efficiency: Growth Path for Small Scale Industry. *Journal of Development Studies*, 31, 529–66.
- Schultz, P. W., Zelezny, L., Dalrymple. N. J. (2000). A multinational perspective on the relation between Judeo-Christian religious beliefs and attitudes of environmental concern. *Environment and Behavior*, 32, 576-591.

Sekaran, U. (2000). *Research methods for Business: A skill-building approach*. New York: John Wiley & Sons.

Sekaran, U. and Bougie, R. (2010). *Research methods for business: A skill building approach (5th ed.)*. UK: John Wiley & Sons.

Shariff, A. F., and Norenzayan, A. (2007). God Is Watching You Priming God Concepts Increases Prosocial Behavior in an Anonymous Economic Game. *Psychological Science*, 18, 803-809.

Sharma M. and Manfred Zeller M. (1997). Repayment Performance in Group –Based Credit Program in Bangladesh: An Empirical Analysis. *World Development*, 25, 1731-1742.

Shih, T. Y. and Ke, S. c. (2013). Determinant of Financial Behavior” Insight into Consumer Money Attitude and Financial Literacy. *Service Business*. 8, 217-238.

Shim, S., Xiao, J. J., Barber, B. L. and Lyons, A. (2009). Pathway to life Success: A Conceptual Model of Financial Well-being for Young Adults. *Journal of Applied Development Psychology*. 30, 708-723.

Sinha, M. K, Dhaka, J. P and Mondal, B. (2014). Analysing social attributes of loan default among small Indian Dairy farms: A discriminating approach. *Academic Journal*. 9, 2354-2558.

Siringiringo. H. Prihandoko, Trintri, D. and Kowanda, A. (2009). Problem Faced by Small and Medium Business in Exporting Products. *Delhi Business Review*, 10, 49-56

SME Annual Report 2012/2013). Retrieved from www.smecorp.gov.my/vn2/node/717 on 3/7/2015

SME Report 2013/2014). Retrived from www.smecorp.gov.my/vn2/node/1475 on 3/7/2015

Souiden, N. and Rani, M. (2015). Consumer attitude and purchase intentions towards Islamic banks: the influence of religiosity. *Journal of Bank Marketing*, 33. 143-161.

Spykerman, N. (2014). Wee: NGOs can aid loan process. The Star. Retrieved from <http://www.thestar.com.my/News/Nation/2014/10/30/Wee-NGOs-can-aid-SME-loan-process-Govt-will-work-with-groups-to-select-genuine-applicants-says-minis/>

Stark, R. and Glock, C. Y. (1968). *American Piety: The nature of religious commitment*. Berkeley: University California Press.

Stern, P. C. (2000). New environmental theories: toward a coherent theory of environmentally significant behavior. *Journal of Social Issues*, 56, 407-424.

Stolz, J.(2008). *The Explanation of Religiosity: Testing Sociology Mechanisms Empirically*. Working Paper Observation des Religion eu Suisse ORS. Paper 8.

Swain, R. B, Sanhb, N. V and Tuanc, V.V. (2008). Microfinance and Poverty Reduction in the Mekong Delta in Vietnam. *African and Asian Studies*, 7, 191-125

- Tabachnik, B.G. & Fidell, L.S. (2013). *Using Multivariate statistics (6th ed.)* Boston: Pearson Education
- Taiwo Awiyemi T. T & Olowa O. W (2010). Determinant of loan repayment Potential of Group Brrowers in Oyo state of Nigeria. *Agriculture Journal*, 5, 12-18.
- Tambunan, T. T. H. (2011). The Indenesian case of Enterprising Communities: People and Places in the Global Economy. *Journal Development of Small and Medium Enterprise in A Developing Country*, 5, 68-82.
- Taneja, R. M. (2012). Money Attitude_ An Bridgement. *Journal of Arts, Science and Commerce*. 3, 94-98.
- Tang T. L. P. (1993). The meaning of money revisited. *Journal of Organizational Behavior*, 14. 197-202.
- Tang T. L. P. (1993). The meaning of money: Extension and Exploration of the Money Ethic Scale in a sample of university student in Taiwan. *Journal of Organizational Behavior*, 14. 93-99.
- Tang T. L. P. and Gilbert, P. R. (1995). Attitude Toward Money as Related Intrinsic and Extrinsic job satisfaction, stress, and work-related attitude. *Personality and Individual Difference*, 19, 327-332.
- Teah, M., Lwin, M and Cheah, I. (2014). Moderating role of religious beliefs on attitudes towards charities and motivation to donate. *Asia Pacific Journal of Marketing and Logistic*. 26, 738-760.

- Teoh, W. M., Lin, B. and Chua, J. W. (2013). Factors Affecting Consumers Perception of Electronic Payment: An Empirical Analysis. *Internet Research*. 23, 465-485
- United State International Trade Commission (2010). Small and Medium Size Enterprises: Overview of Participation of U.S Export. USITC Publication.
- Wei-Shein, W. (2014, September). SME Bank aims to cut non-performing loans. The Star. Retrieved from <http://www.thestar.com.my/Business/Business-News/2014/09/02/SME-Bank-aims-to-cut-NPLs-Its-targets-to-bring-the-figure-down-to-about-5-in-three-years/?style=biz>.
- Vandenberg, P (2006). *Poverty Reduction through Small Enterprises*. SEED Working Paper No. 75.
- Venkataramanaiah, S. and Parashar, S, P. (2007). Enhancing the Competitiveness of SMEs through industrial cluster: The Indian experience. *International Journal of Technology Management and Sustainable Development*, 6, 227-243.
- Veludo-de-Oliveira, T. M., Falciano, M. A., and Perito, R. B. V. (2014). Effects of credit card usage on young Brazilians' compulsive buying. *Young Consumers*, 15, 111-124.
- Veronica R. Nyahende, V. R. (2013). The Influence of Students' Loans Borrowers' Characteristics on Default Rate in Tanzania. *Higher Education Studies*, 3, 26-49
- Verse: 283: Al-Baqarah: Al-Quran

- Ward, M. and Rhodes, C. (2014). Small Business and the UK Economy. Economic Policy and Statistics. House of Commons Library. SN/EP/6078
- Watson, P., Hood, R., Morris, R. and Hall, J. (1984). Empathy, religious orientation, and social desirability. *Journal of Psychology*, 117, 211-216.
- Wernimont, P. and Fitzpatrick, S. (1972). "The Meaning of Money", 56, 218-226.
- Wang, L., Lv, W. and Jiang, L. (2011). The impact of Attitude variables on the credit debt behavior. *Nankai Business Review International*. 2, 120-139.
- Wong, J. (2010). An Analysis of Money Attitudes: Their Relationships and Effects on Personal Needs, Socidentity and Emotion. *Journal of Leadership, Accountability and Ethics*. 8.
- Wongnaa, C. A and Awunyo-Vitor, D. (2013). Factor Affecting Loan Repayment Performance among Yam Farmers in the Sene District, Ghana. *Agris on-line Papers in Economics and Informatics*. 6, 111-121
- World Bank. (2008a). *Accelerating catch-up: Tertiary Education for Growth in Sub-Saharan Africa*. Washington, DC: World Bank.
- World Bank. (2008b). *Project Appraisal Document; Science and Technology Higher Education Program, Tanzania*. Washington DC: World Bank
- Worthington, E. L., Wade, N. G., Hight, T.L., Ripley, J.S., McCullough, M. e., Berry, J. w., Schmitt, M. M., Berry, J. T., Bursley, K. H. and O'Connor, L. (2003). "The religious commitment inventory-10: development, refinement and

validation of a brief scale for research and counseling”. *Journal of Counseling Psychology*, 50, 84-96.

Yamauchi, K. T. and Templer, D. I. (1982). “The Development of Money Attitude Scale”. *Journal of Personality Assessment*, 46, 522-528.

Yang, B., & Lester, D. (2002). Internal Consistency of the Yamauchi/Templer Money Attitude Scale. *Psychological Reports*, 91-994.

Yartey C. A. (2011). Small business finance in Sub-Saharan Africa: the case of Ghana. *Management Research Review*, 34, 172-185. Retrieved from DOI 10.1108/014091711111102795

Zeng, S. (2011). “Bank Non-Performing Loans (NPLS): A Dynamic Model and Analysis in China.” *Modern Economy*, 3(1): 100-110.

Zikmund, W. G. (2003). *Business Research Method*. Oklahoma: South-Western.

Appendix 1

Questionnaire English Version



UUM

Universiti Utara Malaysia



Universiti Utara Malaysia

Survey of Small and Medium Enterprises (SMEs) in Malaysia 2015

Dear Respondent,

Let me first congratulate you as you have been chosen to be one of our valuable respondents. To introduce myself, I am Jihan Bt Ahmad, a Malaysian doctoral candidate in the area of Business Finance at Universiti Utara Malaysia, Sintok, Kedah. Here, we kindly request you to spend around 30 minutes of your valuable time in order to fill out this questionnaire which is related to the owner-manager behavior within Malaysian Small and Medium Enterprises (SMEs). This questionnaire is the research instrument I am using in order to complete the doctoral requirement of my dissertation.

For your information, I have provided two copies of questionnaire in both English and Bahasa Malaysia versions. I am kindly requesting you to complete the one you prefer its language.

Dear Respondent,

Your responses are very important and will be kept strictly confidential for the sake of knowledge. If you have questions, please contact me at: E-mail: jihan.kajiselidiksmeuum@gmail.com; Tel: 0194772328 @ 047311770; Mailing address: A77, Jln Permai 9, Taman Sri Permai Fasa 2, 05460 Alor Setar, Kedah. Or my supervisors: Assoc. Prof. Dr. Abdul Rahim B. Othman at: 0194783587 and Dr. Yaty Bt. Sulaiman at: 0192735239.

Once again we would like to express sincere appreciation for your cooperation.

Most cordially,


Jihan Bt. Ahmad

Universiti Utara Malaysia, 06010 Sintok Kedah

Small and Medium Enterprises (SMEs) Survey 2015

Section I

In this section, we are interested in your opinion about the money attitude of owner-manager. Please read the following statements and circle the number that most accurately reflects your opinion on each statement.


 Strongly Disagree Strongly Agree

Power-prestige						
1	I use money to influence people to do things for me.	1	2	3	4	5
2	I must admit that I purchase things because I know they will impress others.	1	2	3	4	5
3	In all honesty, I own nice things in order to impress others.	1	2	3	4	5
4	I behave as if money were the ultimate symbol of success.	1	2	3	4	5
5	I must admit that I sometimes boast about how much money I make.	1	2	3	4	5
6	People I know tell me that I place too much emphasis on the amount of money a person has as a sign of his success.	1	2	3	4	5
7	I seem to find that I show more respect to people with money than I have.	1	2	3	4	5
8	Although I should judge the success of people by their deeds. I am more influenced by the amount of money they have	1	2	3	4	5
9	I often try to find out if other people make more money than I do.	1	2	3	4	5
Retention-time						
10	I do financial planning for the future.	1	2	3	4	5
11	I put money aside on a regular basis for the future.	1	2	3	4	5
12	I save now to prepare for my old age.	1	2	3	4	5
13	I keep track of my money.	1	2	3	4	5
14	I follow a careful financial budget.	1	2	3	4	5
15	I am very prudent with money.	1	2	3	4	5
16	I have money available in the event of another economic-depression	1	2	3	4	5

Strongly
Disagree

Strongly Agree

Distrust						
17	I argue and complain with the cost of things I buy.	1	2	3	4	5
18	It bothers me when I discover I could have gotten something from less somewhere.	1	2	3	4	5
19	After buying something, I wonder if I could have gotten the same for elsewhere.	1	2	3	4	5
20	I automatically say. "I can't afford it," whether I can or not	1	2	3	4	5
21	When buy something, I complaint about the price I paid.	1	2	3	4	5
22	I hesitate to spend money even on necessities.	1	2	3	4	5
23	When I make major purchase, I have suspicion that I have been taken advantage of.	1	2	3	4	5
Anxiety						
24	It's hard for me to pass up a bargain.	1	2	3	4	5
25	I am bothered when I have to pass up a sale.	1	2	3	4	5
26	I spend money to make myself better.	1	2	3	4	5
27	I show sign of nervousness when I don't have enough money.	1	2	3	4	5
28	I show worrisome when it comes to money.	1	2	3	4	5
29	I worry that I will not be financially secure.	1	2	3	4	5

Section II

In this section, we are interested in your religiosity level. Please read the following statements and circle the number that most accurately reflects your opinion on each statement.

		<div style="display: flex; justify-content: space-between; align-items: center;"> Strongly Disagree Strongly Agree </div>				
1	I regularly offer prayer five times a day.	1	2	3	4	5
2	I fast regularly in the month of Ramadhan.	1	2	3	4	5
3	I pay Zakat Fitrah every year if I meet the prescribed criteria.	1	2	3	4	5
4	I always pray Friday (Zummah) prayers every week	1	2	3	4	5
5	I try to follow Islamic injunctions in all matters of my life.	1	2	3	4	5
6	I always keep myself away from earning through haram (prohibited) means.	1	2	3	4	5
7	I regularly recite the Holy Quran.	1	2	3	4	5
8	I always try to avoid minor and major sin.	1	2	3	4	5

Section III

In this section, we are interested in your loan default level. Please read the following statements and circle the number that most accurately reflects your opinion on each statement.

		<div style="display: flex; justify-content: space-between; align-items: center;"> Strongly Disagree Strongly Agree </div>				
1	I have taken too many loans to repay.	1	2	3	4	5
2	I frequently use loans to make payment on another loan.	1	2	3	4	5
3	I always pay off my loans according to the installment schedule.	1	2	3	4	5
4	I worry whether I will pay off my loan.	1	2	3	4	5
5	I am less concerned with the price of a product when I use the loan.	1	2	3	4	5
6	I am more impulsive when shop with loan facility.	1	2	3	4	5
7	I spend more when I use a loan.	1	2	3	4	5
8	I am seldom delinquent in making payments on the loan.	1	2	3	4	5
9	I rarely defer my payments of loan installment.	1	2	3	4	5
10	I have too many loans.	1	2	3	4	5

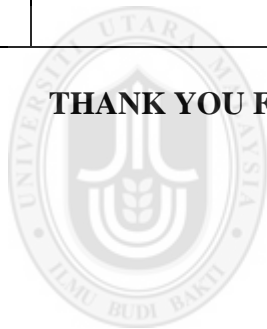
Section IV

In this section, we ask your personal and business information. Please be assured that your responses to these questions are confidential. Please tick the most accurately reflects your personal and business information.

1	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
2	Age	<input type="checkbox"/> less than 25 years old <input type="checkbox"/> 25 – 35 years old <input type="checkbox"/> 36 – 45 years old <input type="checkbox"/> Above 45 years old
3	Level of education	<input type="checkbox"/> Primary school <input type="checkbox"/> Secondary school <input type="checkbox"/> Certificate <input type="checkbox"/> Diploma <input type="checkbox"/> Bachelor Degree <input type="checkbox"/> Master <input type="checkbox"/> PhD/DBA
4	Number of dependent	<input type="checkbox"/> less than 2 people <input type="checkbox"/> 2 – 5 people <input type="checkbox"/> 6 – 9 people <input type="checkbox"/> More than 9 people
5	Types of business	<input type="checkbox"/> Agriculture <input type="checkbox"/> Manufacturing related services <input type="checkbox"/> Construction <input type="checkbox"/> Tourism <input type="checkbox"/> ICT <input type="checkbox"/> Distributive Trade /Wholesale/Retail <input type="checkbox"/> Services Provider <input type="checkbox"/> Food Beverage <input type="checkbox"/> Electrical & Electronic/Telecommunication <input type="checkbox"/> Papers & Printing <input type="checkbox"/> Logistics <input type="checkbox"/> Education and Training <input type="checkbox"/> Healthcare <input type="checkbox"/> Pharmaceutical <input type="checkbox"/> Others: _____
6	Year of establishment	<input type="checkbox"/> less than 3 years <input type="checkbox"/> 3 – 5 years <input type="checkbox"/> 6 – 8 years old <input type="checkbox"/> More than 8 years

7	Income per month	<input type="checkbox"/> less than RM 5 000 <input type="checkbox"/> RM 5 001 – RM 10 000 <input type="checkbox"/> RM 10 001 – RM 15 000 <input type="checkbox"/> RM 15 001 – RM 20 000 <input type="checkbox"/> RM 20 001 – RM 30 000 <input type="checkbox"/> Above RM 30 000
8	Number of loan	<input type="checkbox"/> 1 loan <input type="checkbox"/> 2 – 3 loans <input type="checkbox"/> 4 – 5 loans <input type="checkbox"/> More than 5 loans
9	Size of loan	<input type="checkbox"/> less than RM 10 000 <input type="checkbox"/> 10 001 – RM 15 000 <input type="checkbox"/> 15 001 – RM 30 000 <input type="checkbox"/> RM 30 001 – RM 45 000 <input type="checkbox"/> Above RM 45 000
10	Mode of loan repayment	<input type="checkbox"/> Cash at counter <input type="checkbox"/> Cash Deposit Machine <input type="checkbox"/> Online banking transfer <input type="checkbox"/> Others: _____

THANK YOU FOR YOUR PARTICIPATION IN THIS SURVEY



UUM
Universiti Utara Malaysia

Appendix 2

Borang Soal Selidik Versi Bahasa Malaysia





Universiti Utara Malaysia

Kaji selidik Industri Kecil dan Sederhana (IKS) di Malaysia 2015

Responden yang dihormati,

Terlebih dahulu saya ingin mengucapkan tahniah kepada saudara/i kerana telah terpilih untuk menjadi salah seorang daripada responden kami yang amat berharga. Untuk memperkenalkan diri, saya Jihan Bt. Ahmad, calon pelajar kedoktoran di dalam bidang Kewangan Perniagaan dari Universiti Utara Malaysia, Sintok, Kedah. Di sini, kami dengan segala hormatnya meminta anda memperuntukkan masa lebih kurang 30 minit daripada masa berharga anda bagi mengisi borang soal selidik berkaitan dengan sikap terhadap wang pemilik perniagaan industri kecil dan sederhana di Malaysia. Borang soal selidik ini merupakan alat penyelidikan yang digunakan untuk menyempurnakan keperluan kedoktoran bagi tesis saya.

Responden yang dihormati,

Maklum balas anda adalah sangat penting dan dianggap sulit untuk tujuan ilmu pengetahuan. Jika anda ada sebarang soalan, sila hubungi saya di: E-mail: jihan.kajiselidiksmeuum@gmail.com; Tel: 0194772328 @ 047311770; Alamat: A77, Jln Permai 9, Taman Sri Permai Fasa 2, 05460 Alor Setar, Kedah. Atau Penyelia saya: Prof. Madya Dr. Abdul Rahim B. Othman di: 0194783587 dan Dr. Yaty Bt. Sulaiman at: 0192735239.

Sekali lagi kami ingin merakamkan penghargaan yang ikhlas di atas segala kerjasama anda.

Sekian terima kasih,


Jihan Bt. Ahmad

Universiti Utara Malaysia, 06010 Sintok Kedah

Kaji Selidik Industri Kecil dan Sederhana (IKS) 2015

Bahagian I

Di dalam bahagian ini, kami berminat untuk mengetahui pendapat anda mengenai sikap terhadap wang anda. Sila baca kenyataan-kenyataan berikut dan bulatkan nombor yang paling tepat bagi menggambarkan pendapat anda untuk setiap kenyataan.


 Sangat tidak
setuju

Sangat setuju

Kuasa-prestij (Power prestige)						
1	Saya guna wang untuk mempengaruhi orang melakukan sesuatu untuk saya.	1	2	3	4	5
2	Saya akui bahawa saya membeli barang kerana saya tahu ia akan membuat orang kagum.	1	2	3	4	5
3	Sejujurnya, saya mempunyai barangan yang menarik untuk mengagumkan orang.	1	2	3	4	5
4	Kelakuan saya menunjukkan seolah-olah wang adalah simbol kejayaan paling utama.	1	2	3	4	5
5	Saya akui yang kadang kala saya bangga dengan jumlah wang yang boleh saya perolehi.	1	2	3	4	5
6	Kenalan berpendapat saya menganggap bahawa jumlah wang yang dimiliki menjadi simbol penting kejayaan seseorang.	1	2	3	4	5
7	Saya hormat pada orang yang mempunyai wang yang lebih banyak daripada saya.	1	2	3	4	5
8	Walaupun kejayaan seseorang patut dinilai melalui pencapaian, saya lebih tertarik dengan jumlah wang yang dimilikinya.	1	2	3	4	5
9	Saya selalu tercari-cari jika terdapat sesiapa yang mampu memperolehi wang lebih dari saya.	1	2	3	4	5
Pengekalan-masa (Retention-Time)						
10	Saya membuat rancangan kewangan untuk masa depan.	1	2	3	4	5
11	Saya biasanya mengasingkan sejumlah wang untuk masa depan.	1	2	3	4	5
12	Saya berjimat sekarang untuk masa depan.	1	2	3	4	5
13	Saya mengikuti aliran wang saya.	1	2	3	4	5
14	Saya mengikut belanjawan yang dibuat dengan teliti.	1	2	3	4	5
15	Saya sangat cermat menggunakan wang.	1	2	3	4	5
16	Saya mempunyai simpanan yang boleh diguna bila berlaku masalah ekonomi.	1	2	3	4	5

Sangat tidak
setuju

Sangat setuju

Kesangsian (Distrust)						
17	Saya mempertikai kos barang yang dibeli.	1	2	3	4	5
18	Saya tidak puas hati bila barang yang saya beli boleh didapati di tempat lain dengan harga yang lebih murah.	1	2	3	4	5
19	Selepas membeli sesuatu, saya tertanya-tanya samada barang yang sama boleh didapati ditempat lain.	1	2	3	4	5
20	Saya secara automatik katakan sama ada “saya tidak mampu”, “saya boleh” atau “tidak”.	1	2	3	4	5
21	Saya merungut tentang harga barang yang saya bayar.	1	2	3	4	5
22	Saya tidak suka berbelanja walaupun untuk membeli barang keperluan.	1	2	3	4	5
23	Bila banyak keluarkan belanja, saya syak saya telah ditipu.	1	2	3	4	5
Kerisauan (Anxiety)						
24	Saya biasanya kalah dalam tawar-menawar.	1	2	3	4	5
25	Saya sukar mengatasi jualan murah.	1	2	3	4	5
26	Saya membelanjakan wang untuk membuatkan diri lebih selesa.	1	2	3	4	5
27	Saya tunjukkan kerisauan apabila tidak mempunyai wang yang cukup.	1	2	3	4	5
28	Saya bimbang dalam perkara berkaitan wang.	1	2	3	4	5
29	Saya bimbang tidak cukup dari segi kewangan.	1	2	3	4	5

Bahagian II


Di dalam bahagian ini, kami berminat di dalam tahap keagamaan anda. Sila baca kenyataan-kenyataan berikut dan bulatkan nombor yang paling tepat bagi menggambarkan pendapat anda untuk setiap kenyataan.

—————→
Sangat tidak setuju Sangat setuju

1	Saya sentiasa melaksanakan solat 5 waktu.	1	2	3	4	5
2	Saya berpuasa sepanjang bulan Ramadhan.	1	2	3	4	5
3	Saya bayar Zakat Fitrh setiap tahun mengikut kriteria yang ditentukan.	1	2	3	4	5
4	Saya mengerjakan solat Jumaat setiap minggu (bagi perempuan, soalan ini tidak perlu dijawab)	1	2	3	4	5
5	Saya cuba menuruti perintah Islam dalam semua aspek kehidupan.	1	2	3	4	5
6	Saya sentiasa menjauhkan diri daripada memperoleh sesuatu yang haram (dilarang).	1	2	3	4	5
7	Saya selalu membaca Al-Quran.	1	2	3	4	5
8	Saya sentiasa cuba mengelak dosa kecil dan besar.	1	2	3	4	5

Bahagian III

Di dalam bahagian ini, kami berminat di dalam tahap kegagalan pinjaman anda. Sila baca kenyataan-kenyataan berikut dan bulatkan nombor yang paling tepat bagi menggambarkan pendapat anda untuk setiap kenyataan.



 Sangat tidak setuju Sangat setuju

1	Saya telah mengambil banyak pinjaman untuk dibayar balik.	1	2	3	4	5
2	Saya kerap menggunakan pinjaman untuk membuat bayaran keatas pinjaman lain.	1	2	3	4	5
3	Saya sentiasa membuat bayaran mengikut jadual ansuran.	1	2	3	4	5
4	Saya bimbang sama ada saya akan membayar pinjaman saya	1	2	3	4	5
5	Saya kurang prihatin dengan harga barang apabila saya menggunakan pinjaman.	1	2	3	4	5
6	Saya lebih mengikut gerak hati apabila berbelanja menggunakan kemudahan pinjaman.	1	2	3	4	5
7	Saya berbelanja lebih bila menggunakan pinjaman.	1	2	3	4	5
8	Saya jarang melanggar terma dan syarat dalam membuat bayaran pinjaman.	1	2	3	4	5
9	Saya jarang menangguhkan bayaran ansuran pinjaman.	1	2	3	4	5
10	Saya mempunyai pinjaman yang sangat banyak.	1	2	3	4	5

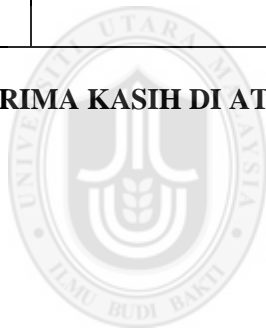
Bahagian IV

Di dalam bahagian ini, kami bertanya mengenai maklumat peribadi dan maklumat asas berkaitan pinjaman anda. Segala maklumbalas anda terhadap soalan-soalan yang diberikan adalah sulit. Sila tanda jawapan anda yang paling tepat bagi menggambarkan maklumat peribadi dan perniagaan anda.

1	Jantina	<input type="checkbox"/> Lelaki <input type="checkbox"/> Perempuan
2	Umur	<input type="checkbox"/> kurang dari 25 tahun <input type="checkbox"/> 25 – 35 tahun <input type="checkbox"/> 36 – 45 tahun <input type="checkbox"/> lebih dari 45 tahun
3	Tahap Pendidikan	<input type="checkbox"/> Sekolah rendah <input type="checkbox"/> Sekolah menengah <input type="checkbox"/> Sijil <input type="checkbox"/> Diploma <input type="checkbox"/> Ijazah Sarjana Muda <input type="checkbox"/> Ijazah Sarjana <input type="checkbox"/> PhD/DBA
4	Jumlah tanggungan	<input type="checkbox"/> kurang dari 2 orang <input type="checkbox"/> 2 – 5 orang <input type="checkbox"/> 6 – 9 orang <input type="checkbox"/> lebih dari 9 orang
5	Jenis Perniagaan	<input type="checkbox"/> Pertanian <input type="checkbox"/> Perkilangan dan perkhidmatan berkaitan <input type="checkbox"/> Pembinaan <input type="checkbox"/> Pelancongan <input type="checkbox"/> ICT <input type="checkbox"/> Pengedar/Pemborong/Peruncit <input type="checkbox"/> Penyedia perkhidmatan <input type="checkbox"/> Makanan <input type="checkbox"/> Elektrik & Elektronik/Telekomunikasi <input type="checkbox"/> Percetakan <input type="checkbox"/> Logistik <input type="checkbox"/> Pendidikan dan Latihan <input type="checkbox"/> Penjagaan Kesihatan <input type="checkbox"/> Farmasi <input type="checkbox"/> Lain-lain: _____
6	Tempoh ditubuhkan	<input type="checkbox"/> kurang dari 3 tahun <input type="checkbox"/> 3 – 5 tahun <input type="checkbox"/> 6 – 8 tahun <input type="checkbox"/> lebih dari 8 tahun

7	Pendapatan sebulan	<input type="checkbox"/> kurang dari RM 5 000 <input type="checkbox"/> RM 5 001 – RM 10 000 <input type="checkbox"/> RM 10 001 – RM 15 000 <input type="checkbox"/> RM 15 001 – RM 20 000 <input type="checkbox"/> RM 20 001 – RM 30 000 <input type="checkbox"/> lebih dari RM 30 000
8	Bilangan pinjaman	<input type="checkbox"/> 1 pinjaman <input type="checkbox"/> 2 – 3 pinjaman <input type="checkbox"/> 4 – 5 pinjaman <input type="checkbox"/> lebih dari 5 pinjaman
9	Jumlah pinjaman	<input type="checkbox"/> kurang dari RM 10 000 <input type="checkbox"/> RM 10 001 – RM 15 000 <input type="checkbox"/> RM 15 001 – RM 30 000 <input type="checkbox"/> RM 30 001 – RM 45 000 <input type="checkbox"/> lebih dari RM 45 000
10	Cara pembayaran (tanda hanya satu iaitu yang paling kerap digunakan)	<input type="checkbox"/> Tunai di kaunter <input type="checkbox"/> Mesin deposit tunai <input type="checkbox"/> Pemindahan perbankan atas talian <input type="checkbox"/> Lain-lain: _____

TERIMA KASIH DI ATAS PENGLIBATAN ANDA DI DALAM SOAL SELIDIK INI



UUM
Universiti Utara Malaysia

Appendix 3

Reliability Analysis of Pilot Study

Scale: Power Prestige

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.863	.862	9

Item Statistics

	Mean	Std. Deviation	N
P1	2.20	1.186	30
P2	2.53	1.224	30
P3	2.83	1.262	30
P4	2.57	1.135	30
P5	2.83	1.315	30
P6	2.60	1.070	30
P7	2.77	1.331	30
P8	2.87	1.383	30
P9	2.80	1.126	30

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
P1	21.80	49.683	.446	.287	.862
P2	21.47	48.947	.473	.327	.860
P3	21.17	48.006	.512	.372	.857
P4	21.43	49.013	.519	.513	.855
P5	21.17	44.489	.703	.752	.838
P6	21.40	47.490	.672	.685	.843
P7	21.23	43.978	.725	.693	.835
P8	21.13	43.223	.738	.710	.833
P9	21.20	48.648	.549	.395	.853

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
24.00	58.552	7.652	9

Scale: Retention Time

Case Processing Summary

	N	%
Cases Valid	29	96.7
Excluded ^a	1	3.3
Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.805	.811	7

Item Statistics

	Mean	Std. Deviation	N
R1	4.38	.677	29
R2	4.17	.966	29
R3	4.03	.944	29
R4	3.59	1.181	29
R5	3.79	1.114	29
R6	3.97	.778	29
R7	3.86	.990	29

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
R1	23.41	16.966	.633	.572	.772
R2	23.62	14.530	.746	.836	.740
R3	23.76	14.833	.719	.817	.746
R4	24.21	15.813	.399	.323	.812
R5	24.00	15.429	.490	.640	.791
R6	23.83	19.148	.176	.499	.830
R7	23.93	14.567	.716	.630	.745

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
27.79	20.956	4.578	7

Scale: Distrust

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.598	.620	7

Item Statistics

	Mean	Std. Deviation	N
D1	3.53	1.306	30
D2	3.43	1.073	30
D3	3.10	.845	30
D4	3.33	1.061	30
D5	2.87	1.106	30
D6	2.73	1.258	30
D7	2.70	1.088	30

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
D1	18.17	14.282	.184	.322	.614
D2	18.27	13.513	.398	.242	.531
D3	18.60	14.317	.434	.609	.532
D4	18.37	14.585	.258	.421	.578
D5	18.83	13.868	.329	.396	.554
D6	18.97	14.033	.232	.483	.593
D7	19.00	13.103	.447	.491	.513

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
21.70	17.803	4.219	7

Scale: Anxiety

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.599	.609	6

Item Statistics

	Mean	Std. Deviation	N
A1	2.93	1.230	30
A2	2.77	1.165	30
A3	3.47	1.167	30
A4	3.43	1.251	30
A5	3.50	1.225	30
A6	3.87	1.008	30

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
A1	17.03	15.344	-.028	.261	.696
A2	17.20	11.614	.455	.401	.502
A3	16.50	15.431	-.023	.081	.687
A4	16.53	11.085	.473	.591	.489
A5	16.47	9.844	.682	.766	.385
A6	16.10	11.334	.624	.716	.445

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
19.97	16.585	4.072	6

Scale: Religiosity

Case Processing Summary

		N	%
Cases	Valid	25	83.3
	Excluded ^a	5	16.7
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.708	.774	8

Item Statistics

	Mean	Std. Deviation	N
RL1	4.64	.569	25
RL2	4.76	.436	25
RL3	4.80	.408	25
RL4	4.80	.408	25
RL5	4.60	.645	25
RL6	4.84	.374	25
RL7	3.64	.860	25
RL8	4.60	.645	25

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RL1	32.04	4.540	.769	.684	.592
RL2	31.92	5.327	.601	.639	.648
RL3	31.88	5.610	.491	.648	.669
RL4	31.88	5.527	.538	.620	.661
RL5	32.08	5.577	.241	.230	.718
RL6	31.84	5.973	.335	.341	.694
RL7	33.04	5.707	.068	.398	.795
RL8	32.08	4.660	.592	.645	.630

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
36.68	6.727	2.594	8

Scale: Loan Default

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.750	.755	10

Item Statistics

	Mean	Std. Deviation	N
LD1	3.3333	1.12444	30
LD2	2.4333	1.22287	30
RLD3	2.3333	.84418	30
LD4	3.0000	1.14470	30
LD5	2.3333	.99424	30
LD6	2.3333	1.29544	30
LD7	1.9333	.82768	30
RLD8	2.4000	.96847	30
RLD9	2.5000	.97379	30
LD10	2.8667	1.25212	30

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
LD1	22.1333	28.051	.531	.691	.711
LD2	23.0333	26.585	.599	.665	.698
RLD3	23.1333	30.464	.479	.698	.723
LD4	22.4667	37.016	-.193	.309	.813
LD5	23.1333	28.809	.547	.806	.711
LD6	23.1333	25.499	.647	.757	.688
LD7	23.5333	30.947	.435	.659	.729
RLD8	23.0667	30.823	.360	.787	.736
RLD9	22.9667	30.171	.422	.784	.728
LD10	22.6000	28.317	.432	.676	.727

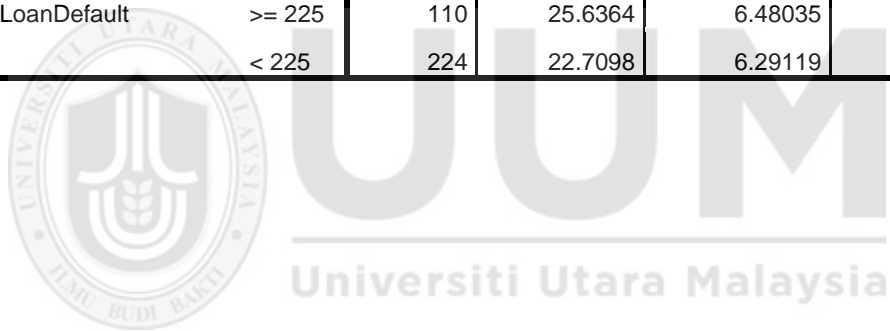
Scale Statistics

Mean	Variance	Std. Deviation	N of Items
25.4667	35.637	5.96966	10

Appendix 4

Tests for Non-response Bias

Group Statistics					
	id	N	Mean	Std. Deviation	Std. Error Mean
PowerPrestige	>= 225	110	2.7343	1.03063	.09827
	< 225	224	2.6027	1.03316	.06903
Distrust	>= 225	110	3.2234	.75258	.07176
	< 225	224	3.2003	.77304	.05165
Anxiety	>= 225	110	3.4955	.67255	.06413
	< 225	224	3.3504	.80378	.05371
Religiosity	>= 225	110	4.3917	.48046	.04581
	< 225	224	4.4162	.55668	.03719
RRetentiontime	>= 225	110	14.1273	5.14043	.49012
	< 225	224	15.3125	6.88930	.46031
RLoanDefault	>= 225	110	25.6364	6.48035	.61788
	< 225	224	22.7098	6.29119	.42035



Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
PowerPrestige	Equal variances assumed	.090	.764	1.095	332	.274	.13166	.12019	-.10477	.36810
	Equal variances not assumed			1.096	217.262	.274	.13166	.12009	-.10503	.36836
Distrust	Equal variances assumed	.245	.621	.259	332	.796	.02312	.08923	-.15240	.19864
	Equal variances not assumed			.262	222.073	.794	.02312	.08841	-.15111	.19736
Anxiety	Equal variances assumed	2.729	.099	1.632	332	.104	.14501	.08886	-.02978	.31980
	Equal variances not assumed			1.734	254.365	.084	.14501	.08364	-.01971	.30973
Religiosity	Equal variances assumed	.012	.913	-.394	332	.694	-.02442	.06204	-.14646	.09762
	Equal variances not assumed			-.414	247.507	.679	-.02442	.05901	-.14064	.09180
RRetentiontime	Equal variances assumed	9.630	.002	-1.599	332	.111	-1.18523	.74144	-2.64374	.27329
	Equal variances not assumed			-1.763	279.719	.079	-1.18523	.67239	-2.50881	.13835
RLoanDefault	Equal variances assumed	.093	.760	3.956	332	.000	2.92654	.73977	1.47132	4.38176
	Equal variances not assumed			3.916	211.137	.000	2.92654	.74731	1.45341	4.39968

Appendix 5

Profile of Respondents

Statistics

		Respondent's Gender	Level of Education	Types of Business	Method of Payment
N	Valid	334	334	334	334
	Missing	0	0	0	0

Respondent's Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 25	36	10.8	10.8	10.8
	25 - 35	113	33.8	33.8	44.6
	36 - 45	115	34.4	34.4	79.0
	> 45	70	21.0	21.0	100.0
	Total	334	100.0	100.0	

Number of household

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 2	84	25.1	25.1	25.1
	2 - 5	177	53.0	53.0	78.1
	6 - 9	64	19.2	19.2	97.3
	> 9	8	2.4	2.4	99.7
	10	1	.3	.3	100.0
	Total	334	100.0	100.0	

Years of Establishment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 3	57	17.1	17.1	17.1
	3 - 5	91	27.2	27.2	44.3
	6 - 8	67	20.1	20.1	64.4
	> 8	118	35.3	35.3	99.7
	10	1	.3	.3	100.0
	Total	334	100.0	100.0	

Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 5000	167	50.0	50.0	50.0
	5001 - 10000	86	25.7	25.7	75.7
	10001 - 150000	29	8.7	8.7	84.4
	15001 - 20000	17	5.1	5.1	89.5
	20001-30000	18	5.4	5.4	94.9
	>30000	17	5.1	5.1	100.0
	Total	334	100.0	100.0	

Number of Loan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	176	52.7	52.7	52.7
	2 - 3	131	39.2	39.2	91.9
	4 - 5	16	4.8	4.8	96.7
	> 5	11	3.3	3.3	100.0
	Total	334	100.0	100.0	

Total of loan

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 10000	116	34.7	34.7	34.7
	10001 - 15000	54	16.2	16.2	50.9
	15001 - 30000	70	21.0	21.0	71.9
	30001 - 45000	38	11.4	11.4	83.2
	> 45000	53	15.9	15.9	99.1
	6	3	.9	.9	100.0
	Total	334	100.0	100.0	

Respondent's Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	130	38.9	38.9	38.9
	Male	204	61.1	61.1	100.0
	Total	334	100.0	100.0	

Level of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary School	12	3.6	3.6	3.6
	Secondary School	136	40.7	40.7	44.3
	Certificate	62	18.6	18.6	62.9
	Diploma	83	24.9	24.9	87.7
	Bachelor Degree	35	10.5	10.5	98.2
	Master Degree	2	.6	.6	98.8
	PhD/Doctor	4	1.2	1.2	100.0
	Total	334	100.0	100.0	

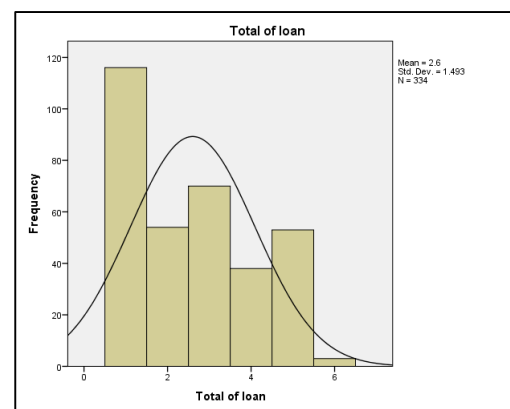
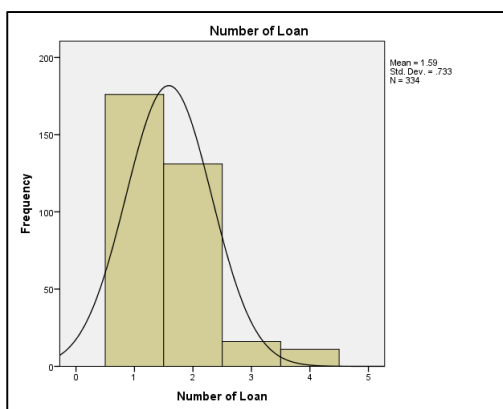
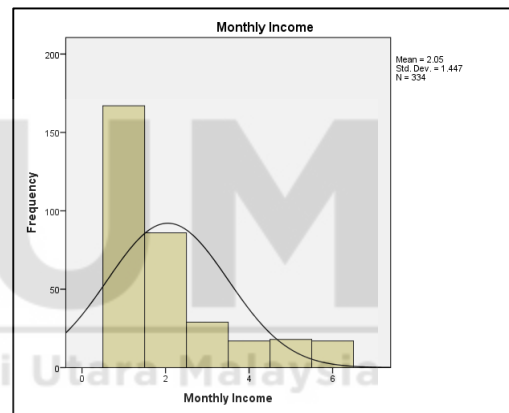
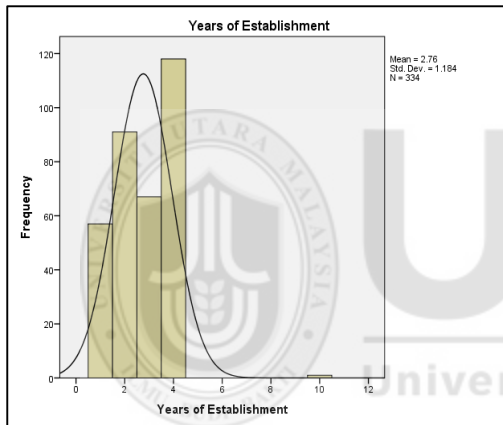
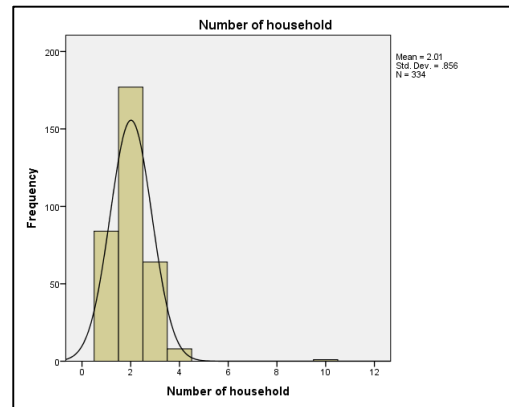
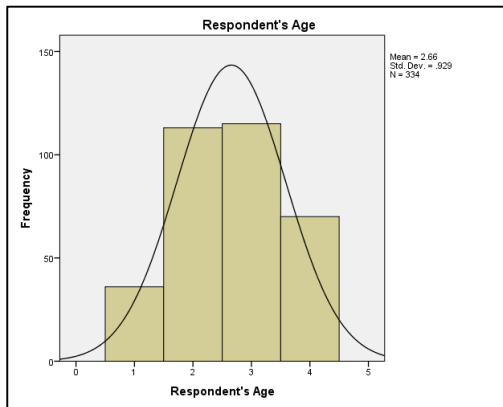
Types of Business

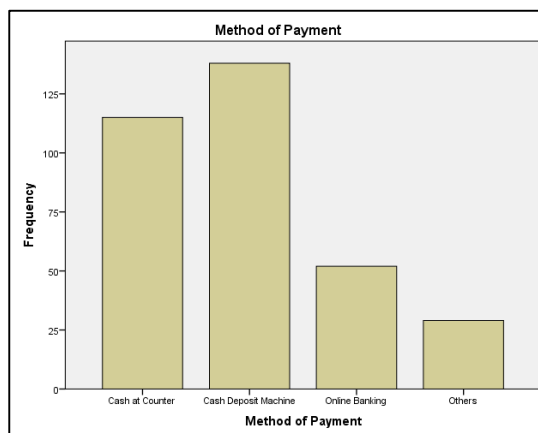
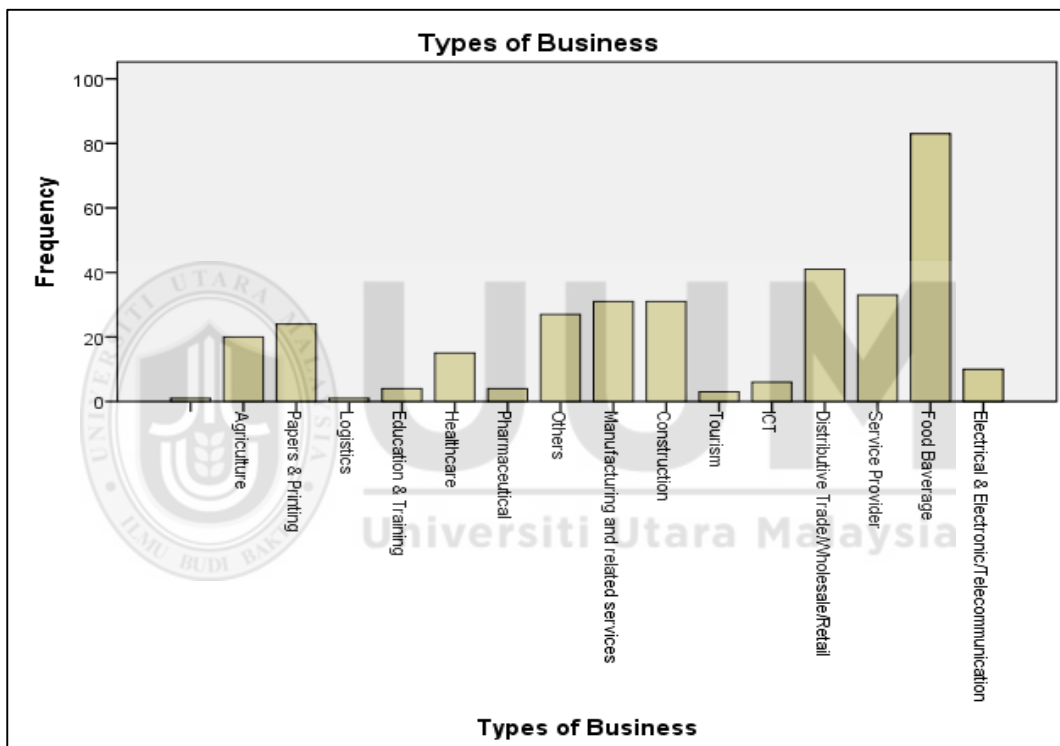
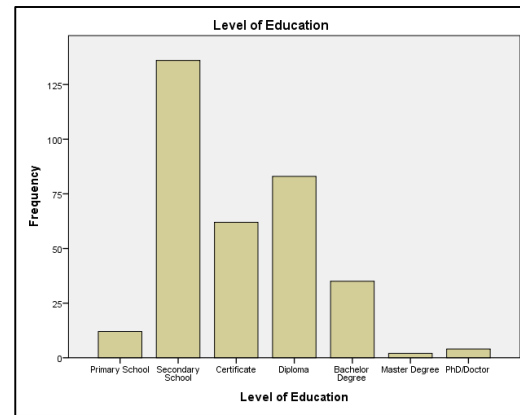
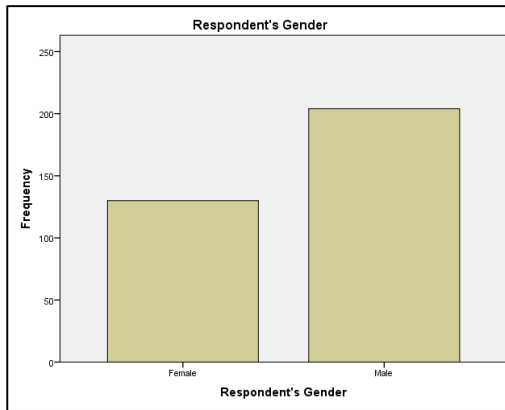
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.3	.3	.3
	Agriculture	20	6.0	6.0	6.3
	Papers & Printing	24	7.2	7.2	13.5
	Logistics	1	.3	.3	13.8
	Education & Training	4	1.2	1.2	15.0
	Healthcare	15	4.5	4.5	19.5
	Pharmaceutical	4	1.2	1.2	20.7
	Others	27	8.1	8.1	28.7
	Manufacturing and related services	31	9.3	9.3	38.0
	Construction	31	9.3	9.3	47.3
	Tourism	3	.9	.9	48.2
	ICT	6	1.8	1.8	50.0
	Distributive Trade/Wholesale/Retail	41	12.3	12.3	62.3
	Service Provider	33	9.9	9.9	72.2
	Food Beverage	83	24.9	24.9	97.0
	Electrical & Electronic/Telecommunication	10	3.0	3.0	100.0
	Total	334	100.0	100.0	

Method of Payment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cash at Counter	115	34.4	34.4	34.4
	Cash Deposit Machine	138	41.3	41.3	75.7
	Online Banking	52	15.6	15.6	91.3
	Others	29	8.7	8.7	100.0
	Total	334	100.0	100.0	

Bar Chart





Appendix 6

Factor Analysis of Money Attitude Dimensions

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.845
Bartlett's Test of Sphericity	Approx. Chi-Square	5556.035
	df	406
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.468	22.303	22.303	6.468	22.303	22.303	5.399	18.619	18.619
2	4.945	17.051	39.355	4.945	17.051	39.355	5.280	18.208	36.827
3	2.986	10.298	49.653	2.986	10.298	49.653	3.008	10.371	47.199
4	2.183	7.526	57.179	2.183	7.526	57.179	2.894	9.980	57.179
5	1.454	5.012	62.191						
6	1.201	4.142	66.334						
7	1.005	3.467	69.800						
8	.944	3.257	73.057						
9	.758	2.612	75.669						
10	.691	2.384	78.053						
11	.618	2.130	80.183						
12	.581	2.002	82.186						
13	.535	1.847	84.032						
14	.464	1.601	85.633						
15	.421	1.451	87.084						
16	.408	1.406	88.489						
17	.377	1.300	89.790						
18	.375	1.294	91.084						
19	.325	1.120	92.204						
20	.306	1.056	93.260						
21	.278	.957	94.217						
22	.271	.934	95.151						
23	.260	.898	96.049						
24	.248	.857	96.906						
25	.233	.802	97.708						
26	.192	.661	98.369						
27	.168	.578	98.946						
28	.161	.554	99.500						
29	.145	.500	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component			
	1	2	3	4
P3	.805			
P4	.786			
P5	.786			
P9	.775			
P2	.774			
P8	.747			
P6	.729			
P7	.722			
P1	.698			
R5		.856		
R3		.853		
R4		.852		
R1		.850		
R2		.842		
R7		.807		
R6		.798		
A6			.817	
A5			.794	
A4			.785	
A3			.534	
A2			.472	
A1			.414	
D3				.788
D2				.734
D1				.645
D5			.301	.620
D4				.568
D7				.518
D6		-.304		.496

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Appendix 7

Factor Analysis of Religiosity

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.895
Bartlett's Test of Sphericity	Approx. Chi-Square	867.184
	df	28
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.570	57.126	57.126	4.570	57.126	57.126
2	.945	11.816	68.942			
3	.618	7.727	76.669			
4	.509	6.364	83.033			
5	.452	5.648	88.681			
6	.351	4.390	93.071			
7	.316	3.949	97.020			
8	.238	2.980	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
RL1	.834
RL4	.821
RL5	.812
RL2	.800
RL8	.708
RL6	.705
RL7	.672
RL3	.671

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Appendix 8

Factor Analysis of Loan Default

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.817
Bartlett's Test of Sphericity	Approx. Chi-Square
	1421.639
	df
	45
	Sig.
	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.937	39.367	39.367	3.937	39.367	39.367
2	2.109	21.085	60.452			
3	.955	9.554	70.006			
4	.764	7.645	77.651			
5	.531	5.306	82.957			
6	.449	4.491	87.448			
7	.373	3.729	91.177			
8	.349	3.491	94.668			
9	.291	2.909	97.576			
10	.242	2.424	100.000			

Extraction Method: Principal Component Analysis.

Component Matrix^a

	Component
	1
LD2	.838
LD7	.803
LD1	.796
LD10	.793
LD6	.700
LD5	.663
LD4	.533
RLD3	.197
RLD9	.197
RLD8	.186

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Appendix 9

Reliability Coefficient of Constructs

Scale: PowerPrestige

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.912	.912	9

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
P1	21.53	71.078	.608	.471	.908
P2	21.41	69.240	.688	.631	.903
P3	21.20	68.257	.736	.624	.899
P4	21.17	67.491	.729	.581	.900
P5	20.89	67.735	.732	.555	.899
P6	20.81	69.072	.676	.544	.903
P7	21.05	70.093	.676	.536	.903
P8	21.12	68.794	.698	.569	.902
P9	21.33	69.214	.710	.551	.901

Scale: RetentionTime

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.934	.934	7

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
R1	23.03	30.095	.815	.746	.922
R2	23.11	30.241	.795	.725	.923
R3	22.99	30.231	.819	.729	.921
R4	23.36	29.865	.805	.705	.922
R5	23.45	29.593	.800	.702	.923
R6	23.32	30.902	.732	.569	.929
R7	23.21	30.913	.745	.576	.928

Scale: Distrust

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.749	.750	6

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
D1	16.34	16.527	.550	.429	.697
D2	16.28	15.835	.626	.504	.676
D3	16.51	15.055	.666	.506	.661
D4	16.63	18.373	.328	.206	.754
D5	16.76	16.244	.496	.353	.711
D7	17.52	18.262	.294	.124	.766

Scale: Anxiety

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.806	.810	4

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
A3	11.13	8.898	.419	.176	.850
A4	11.03	7.173	.658	.469	.739
A5	10.86	7.625	.721	.584	.710
A6	10.80	7.710	.721	.577	.712

Scale: Religiosity

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.887	.895	8

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
RL1	30.79	21.599	.754	.667	.864
RL2	30.74	21.780	.704	.672	.869
RL3	30.63	23.711	.540	.417	.884
RL4	30.80	21.093	.751	.592	.864
RL5	30.76	22.025	.749	.598	.866
RL6	30.73	22.910	.662	.534	.874
RL7	31.42	20.376	.578	.462	.890
RL8	30.99	22.042	.638	.478	.875

Scale: LoanDefault

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.860	.861	7

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
LD1	14.15	27.615	.687	.607	.832
LD2	14.31	26.888	.753	.633	.822
LD4	13.44	30.854	.400	.178	.873
LD5	14.20	29.656	.566	.402	.849
LD6	14.15	29.017	.600	.491	.844
LD7	14.29	27.721	.724	.580	.827
LD10	14.33	28.192	.686	.562	.832

Appendix 10

Descriptive Analysis of Constructs

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Power Prestige Mean	334	1.00	5.00	2.6665	1.03993
Retention Time Mean	334	1.00	5.00	3.8683	.91188
Distrust Mean	334	1.00	5.00	3.3348	.79795
Anxiety Mean	334	1.00	5.00	3.6519	.90519
Religiosity Mean	334	1.88	5.00	4.4839	.59905
Loan Default Mean	334	1.00	5.00	2.3541	.88054
Valid N (listwise)	334				



UUM
Universiti Utara Malaysia

Appendix 11

Pearson Correlation Analysis

Correlations

		Money Attitude	Power Prestige	Retention Time	Distrust	Anxiety	Religiosity	Loan Default
MoneyAttitude	Pearson Correlation	1	.692**	.530**	.526**	.694**	.244**	.232**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	334	334	334	334	334	334	334
Power Prestige	Pearson Correlation	.692**	1	.118*	.192**	.282**	-.010	.271**
	Sig. (2-tailed)	.000		.031	.000	.000	.860	.000
	N	334	334	334	334	334	334	334
Retention Time	Pearson Correlation	.530**	.118*	1	-.025	.196**	.417**	-.079
	Sig. (2-tailed)	.000	.031		.648	.000	.000	.151
	N	334	334	334	334	334	334	334
Distrust	Pearson Correlation	.526**	.192**	-.025	1	.231**	.055	.258**
	Sig. (2-tailed)	.000	.000	.648		.000	.320	.000
	N	334	334	334	334	334	334	334
Anxiety	Pearson Correlation	.694**	.282**	.196**	.231**	1	.151**	.119*
	Sig. (2-tailed)	.000	.000	.000	.000		.006	.030
	N	334	334	334	334	334	334	334
Religiosity	Pearson Correlation	.244**	-.010	.417**	.055	.151**	1	-.167**
	Sig. (2-tailed)	.000	.860	.000	.320	.006		.002
	N	334	334	334	334	334	334	334
Loan Default	Pearson Correlation	.232**	.271**	-.079	.258**	.119*	-.167**	1
	Sig. (2-tailed)	.000	.000	.151	.000	.030	.002	
	N	334	334	334	334	334	334	334

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

* . Correlation is significant at the 0.05 level (2-tailed).

Appendix 12

Multicollinearity Test

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.376	.298		4.617	.000		
Power Prestige Mean	.201	.046	.237	4.359	.000	.898	1.114
Retention Time Mean	-.103	.051	-.107	-2.018	.044	.951	1.052
Distrust Mean	.225	.059	.204	3.808	.000	.922	1.084
Anxiety Mean	.025	.054	.025	.457	.648	.858	1.166

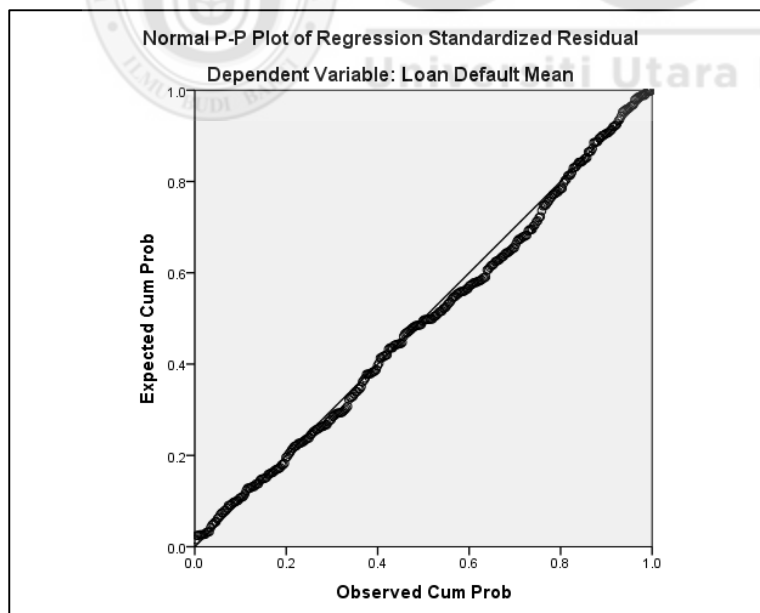
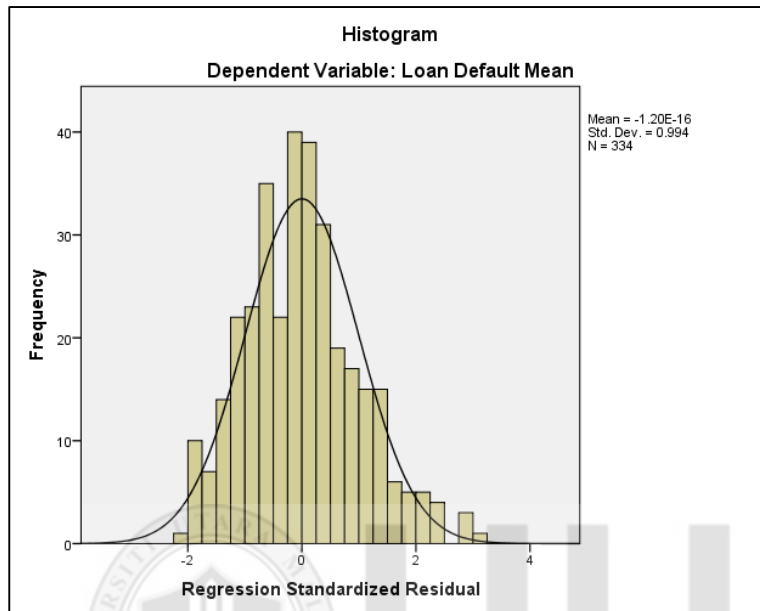
a. Dependent Variable: Loan Default Mean



UUM
Universiti Utara Malaysia

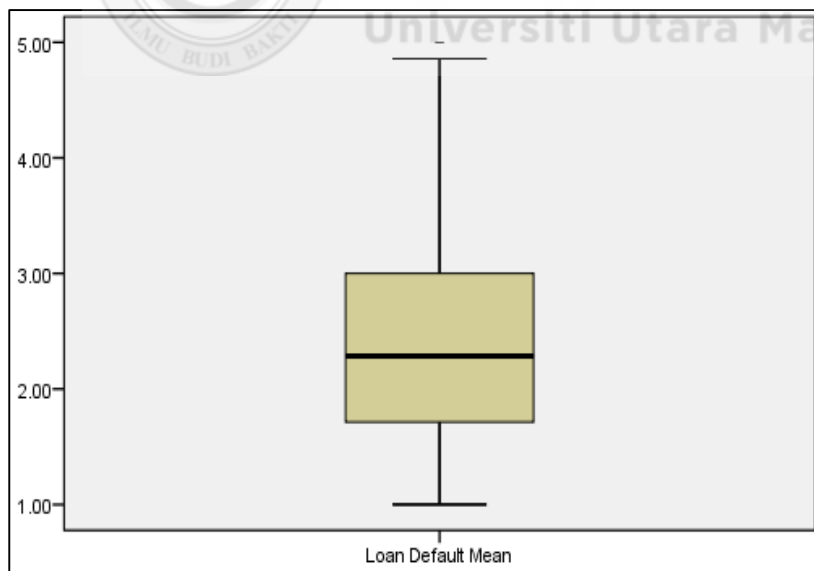
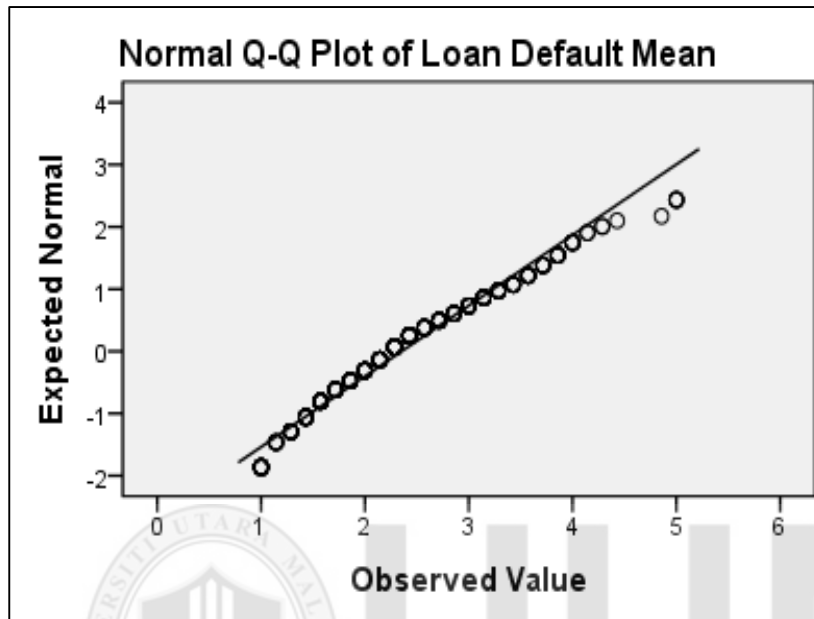
Appendix 13

Normality Testing – Histograms and P-P Plots



Appendix 14

Normality Testing – Q-Q Plots and Boxplots



Appendix 15

Normality Testing - Skewness and Kurtosis

Descriptives			Statistic	Std. Error
Loan Default Mean	Mean		2.3541	.04818
	95% Confidence Interval for Mean	Lower Bound	2.2594	
		Upper Bound	2.4489	
	5% Trimmed Mean		2.3178	
	Median		2.2857	
	Variance		.775	
	Std. Deviation		.88054	
	Minimum		1.00	
	Maximum		5.00	
	Range		4.00	
	Interquartile Range		1.29	
	Skewness		.600	.133
	Kurtosis		-.046	.266

Appendix 16

Normality Test of Residuals

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Loan Default Mean	.103	334	.000	.962	334	.000

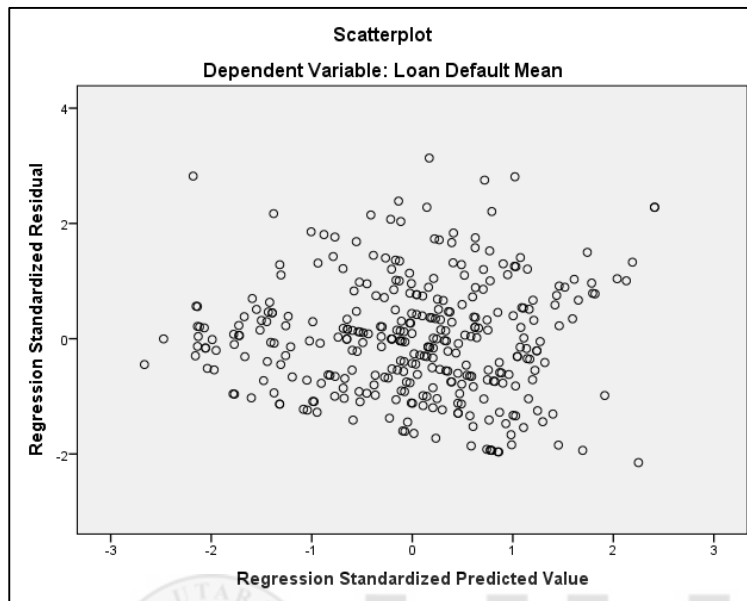
a. Lilliefors Significance Correction



UUM
Universiti Utara Malaysia

Appendix 17

Testing the Linearity, Homoscedasticity and Independence of Errors – Scatterplots



UUM

Universiti Utara Malaysia

Appendix 18

Multiple Regression Result of Money Attitude Dimesion (Power-prestige, Retention-time, Distrust and Anxiety) on Loan Default

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.358 ^a	.128	.118	.82714

a. Predictors: (Constant), Anxiety Mean, Retention Time Mean, Distrust Mean, Power Prestige Mean

b. Dependent Variable: Loan Default Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.101	4	8.275	12.096	.000 ^b
	Residual	225.090	329	.684		
	Total	258.191	333			

a. Dependent Variable: Loan Default Mean

b. Predictors: (Constant), Anxiety Mean, Retention Time Mean, Distrust Mean, Power Prestige Mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.376	.298		4.617	.000
	Power Prestige Mean	.201	.046	.237	4.359	.000
	Retention Time Mean	-.103	.051	-.107	-2.018	.044
	Distrust Mean	.225	.059	.204	3.808	.000
	Anxiety Mean	.025	.054	.025	.457	.648

a. Dependent Variable: Loan Default Mean

Appendix 19

Multiple Regression Result of Money Attitude on Loan Default

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.232 ^a	.054	.051	.85771

a. Predictors: (Constant), MoneyAttitude

b. Dependent Variable: Loan Default Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.950	1	13.950	18.963	.000 ^b
	Residual	244.241	332	.736		
	Total	258.191	333			

a. Dependent Variable: Loan Default Mean

b. Predictors: (Constant), MoneyAttitude

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.124	.286		3.928	.000
	MoneyAttitude	.091	.021	.232	4.355	.000

a. Dependent Variable: Loan Default Mean

Appendix 20

Hierarchical Multiple Regression Result of Religiosity on Money Attitude Dimensions (Power-prestige, Retention-time, Distrust and Anxiety) and Loan Default

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.358 ^a	.128	.118	.82714	.128	12.096	4	329	.000
2	.388 ^b	.151	.138	.81754	.023	8.769	1	328	.003

a. Predictors: (Constant), Anxiety Mean, Retention Time Mean, Distrust Mean, Power Prestige Mean

b. Predictors: (Constant), Anxiety Mean, Retention Time Mean, Distrust Mean, Power Prestige Mean, Religiosity Mean

c. Dependent Variable: Loan Default Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.101	4	8.275	12.096	.000 ^b
	Residual	225.090	329	.684		
	Total	258.191	333			
2	Regression	38.962	5	7.792	11.659	.000 ^c
	Residual	219.229	328	.668		
	Total	258.191	333			

a. Dependent Variable: Loan Default Mean

b. Predictors: (Constant), Anxiety Mean, Retention Time Mean, Distrust Mean, Power Prestige Mean

c. Predictors: (Constant), Anxiety Mean, Retention Time Mean, Distrust Mean, Power Prestige Mean, Religiosity Mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.376	.298		4.617	.000
	Power Prestige Mean	.201	.046	.237	4.359	.000
	Retention Time Mean	-.103	.051	-.107	-2.018	.044
	Distrust Mean	.225	.059	.204	3.808	.000
	Anxiety Mean	.025	.054	.025	.457	.648
2	(Constant)	2.168	.398		5.449	.000
	Power Prestige Mean	.187	.046	.221	4.097	.000
	Retention Time Mean	-.036	.055	-.037	-.654	.513
	Distrust Mean	.237	.059	.215	4.046	.000
	Anxiety Mean	.038	.054	.039	.709	.479
	Religiosity Mean	-.246	.083	-.167	-2.961	.003

a. Dependent Variable: Loan Default Mean

Appendix 21

Hierarchical Multiple Regression Result of Religiosity on Money Attitude and Loan Default

Model Summary^c

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.232 ^a	.054	.051	.85771	.054	18.963	1	332	.000
2	.328 ^b	.108	.102	.83437	.053	19.832	1	331	.000

a. Predictors: (Constant), Money Attitude

b. Predictors: (Constant), Money Attitude, Religiosity Mean

c. Dependent Variable: Loan Default Mean

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.950	1	13.950	18.963	.000 ^b
	Residual	244.241	332	.736		
	Total	258.191	333			
2	Regression	27.757	2	13.878	19.935	.000 ^c
	Residual	230.434	331	.696		
	Total	258.191	333			

a. Dependent Variable: Loan Default Mean

b. Predictors: (Constant), Money Attitude

c. Predictors: (Constant), Money Attitude, Religiosity Mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.124	.286		3.928	.000
	Money Attitude	.091	.021	.232	4.355	.000
2	(Constant)	2.388	.398		6.007	.000
	Money Attitude	.114	.021	.291	5.429	.000
	Religiosity Mean	-.351	.079	-.238	-4.453	.000

a. Dependent Variable: Loan Default Mean