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Nor Aishah Mohamed & Muhammad Hussi

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Factors of Entrepreneurial Thinking, Entrepreneurial Behaviour and Factor of Entrepreneurial Competency on the Success of AIM Entrepreneurs in the Aspect of Household Economic Well-Being

Nor Aishah Mohamed & Muhammad Hussin

Faculty of Education Universiti Kebangsaan Malaysia 43600, Bangi Selangor, Malaysia

Abstract

This study used Lussier's model (1995) to identify the level of economic well-being of Amanah Ikhtiar Malaysia's (AIM) borrowers in the variables of entrepreneurial thinking, entrepreneurial behaviour and entrepreneurial competency. This study used quantitative analysis based on survey research design involving a sample 641 respondents in Terengganu. The alpha reliability value of the whole variable ranges from 0.860 to 0.911. Quantitative data was depicted using mean scores, percentages, standard deviations, ANOVAs and multiple regressions. Correlation analysis showed that there is a strong relationship between entrepreneurial thinking and entrepreneurial competency with the level of economic well-being of the borrowers while there is a weak relationship between entrepreneurial behaviour and the level of family economic well-being of the borrowers. The implications of this study's suggest that AIM funding should be continued but some weaknesses need to be improved especially from the aspect of education and training for the AIM borrowers. While the implications of this study's theory show that Bird's Entrepreneurial Competency Theory (1995) and Nor Aishah's Entrepreneurial Thinking Model (2010; 2007) has proven that entrepreneurial competency and entrepreneurial thinking have a profound effect on the success factors of AIM borrowers in Terengganu.

Keywords: Amanah Ikhtiar Malaysia, Microcredit Scheme, Economic Well-being, Well-being, Entrepreneurship

Introduction

The main goal of microcredit program is to help poor households generate income through micro-activities thus improving their well-being (Francis, 2013). Numerous studies have proven that access to financial aid programs such as microcredit program can improve productivity, management skills and the quality of life of low-income households (Morduch & Haley, 2002; Parker & Nagarajan, 2001). It was proven that that microcredit program has successfully reduced income inequality in 61 developing countries (Hisako & Hamori, 2009). The findings from Hisako and Hamori's (2009) study is also supported by the findings of

studies in several countries such as Bangladesh (Jahangir 2002; Mahjaben 2007), Thailand (Shah 2010; Christian & Neville, 2008), and Nigeria (Akinlo & Oni, 2012).

This study focuses on the success factors of AIM entrepreneurs, namely entrepreneurial thinking, entrepreneurial behaviour and entrepreneurial competency which are seen to affect the success and well-being of AIM borrowers based on their the level of satisfaction in the borrowers' household economy such as satisfaction in asset ownership including housing and vehicles, total income as well as income distribution. The existence of AIM's micro-credit program has provided an opportunity to develop the potential of small-scale business owners to be actively involved and become successful entrepreneurs in business. The aim of this study is to identify the level of AIM borrowers' well-being in terms of household economy.

Literature Review

According to Lussier (1995), to measure an entrepreneur's success in general is to look at the total profit from the business earned, whether it is low or high. However, lately the performance of entrepreneurial success is also seen from another perspective. Muhamad & Zaimah (2012) stated that the measurement of Small and Medium Enterprises (SMEs) entrepreneurs' success can be measured by looking at the company's capital, number of employees, gross business income and its output produced.

However, Safura et.al (2016) contended that the increase of profitability in business is not the only measure of an entrepreneur's success. Instead there are other aspects that can be look into. For example, Syuhada et.al (2013) examined the effect on the total income and ownership of entrepreneurial assets as a measure for the success of entrepreneurs consisting of AIM borrowers in Kedah. This is similar to a study conducted by Mohd et.al (2013). However, according to Shahzihan and Hairunnizam (2017), the success of entrepreneurs should not be measured only through the economic achievements of a business, instead it should be more comprehensive by taking into account the needs in human life.

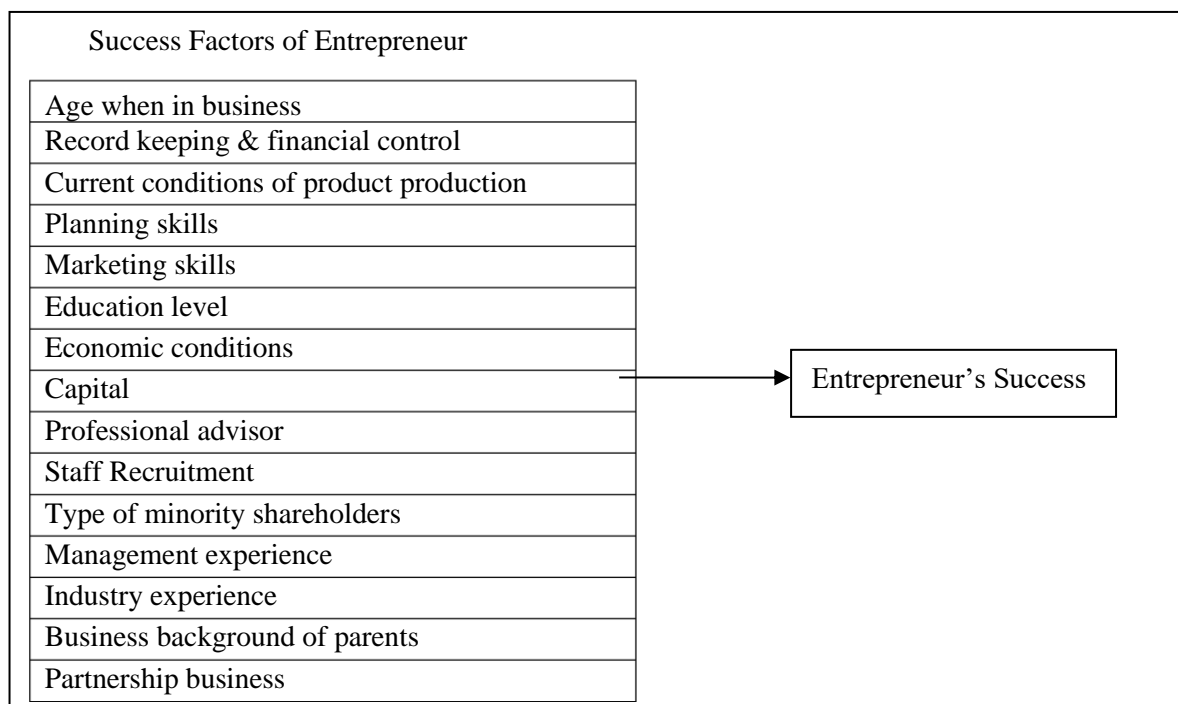


Figure 1: Lussier's Entrepreneur's Success Prediction Model (1995)

Methodology

The design of the study emphasised on quantitative data analysis. The quantitative approach used survey methods through deductive descriptive surveys. This means that this study begins with the construction of the hypothesis before the empirical data measurement is done and then ends with a critical analysis (Neuman, 2002). This study basically aimed to identify the relationship between the factors of entrepreneurial thinking, entrepreneurial behaviour and entrepreneurial competency on the success of AIM entrepreneurs in Terengganu from the aspect of family economic well-being.

Data Analysis and Results

The findings of descriptive analysis have shown a high level of entrepreneurial thinking (mean = 4.21; s.p = 0.47) among AIM borrowers on becoming successful entrepreneurs. While the level of entrepreneurial competency was at moderate (mean = 3.39, s.p = 0.57). On the other hand, the level of entrepreneurial behaviour was at a low level (mean = 2.33, s.p = 0.51). Nevertheless, in overall, the level of family economic well-being AIM borrowers is at a moderate level (mean = 3.03; s.p = 0.40). Next, the research hypothesis for inference analysis was analysed using Pearson correlation test after taking into account all the pre-requisites of correlation test analysis to identify the relationship between the variables. Hence, the findings from Pearson correlation analysis found that there is a significant and strong relationship between entrepreneurial thinking ($r = 0.50$, $p < 0.01$) and entrepreneurial competency ($r = 0.51$, $p < 0.01$) with the family economic well-being of the AIM borrowers. Meanwhile, it was found that there is a weak relationship between entrepreneurial behaviour ($r = 0.331$, $p < 0.01$) with the family economic well-being of the AIM borrowers.

For inference analysis using t-test, the findings of the study showed that there is no difference in entrepreneurial thinking [($t = 3.274$, $p < 0.05$), ($p = 0.64$, $p < 0.05$)], entrepreneurial behaviour [($t = 3.198$, $p < 0.05$); ($p = 0.79$, $p < 0.05$)] and entrepreneurial competency [($t = 2.943$, $p < 0.05$); ($p = 0.81$, $p < 0.05$)] based on their business location, either urban or rural. However, in the analysis using ANOVA test, it showed that there are differences in entrepreneurial thinking, entrepreneurial behaviour and entrepreneurial competency on the level of family economic well-being of AIM borrowers based on their age, education level, total years of AIM loans, duration of business establishment and total loans received. Meanwhile, the results of the analysis of the influence of various regressions showed that the three predictor variables namely entrepreneurial thinking, entrepreneurial behaviour and entrepreneurial competency have a significant impact and contribution on the family economic well-being of the AIM borrowers.

Conclusion

Consequently, the researcher found that the findings of this study are in line with Bird's Entrepreneurial Competency Theory (1995) which states that entrepreneurial competency refers to the quality of entrepreneurial actions that contribute to business results. Entrepreneurial competency is associated with the formation, survival and growth of business (Bird, 1995; Colombo & Grilli, 2005). There are evidences that entrepreneurial competency leads to entrepreneurial success in expanding and consolidating business (Bird, 1995; Lerner & Almor, 2002). Past study have also shown that entrepreneurs' competency in entrepreneurial skills also contribute to business profitability and growth (Chandler & Jansen, 1992). Besides that, past study focuses on different mechanisms by which efficiency can affect performance. Firstly, competent entrepreneurs are looking for better business opportunities.

Secondly, entrepreneurial management competency is related to designing more appropriate business strategies in their business.

Therefore, it can be concluded that AIM borrowers in the state of Terengganu have a moderate level of competency but are positively and strongly related to the level of their family economic well-being. Two of the four sub-constructs, namely attitude and experience, show a high level while the competency for the level of entrepreneurial knowledge and entrepreneurial skill are both at a moderate level. These findings lead to the implication that competencies in entrepreneurial knowledge and skills among AIM borrowers need to be further enhanced to the highest level. Stakeholders need to emphasise on business knowledge and entrepreneurial skills. This is in line with the views of Wickham (2006) and Zimmerer et al (2008) who stated that competency in entrepreneurial skills possessed by an entrepreneur give an advantage to the competitiveness of the business. Hence, according to Vijaya et.al (2015), entrepreneurship education and training play an important role in building entrepreneurial competency at a high level.

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