

An Analysis on the Financing Schemes and Business Strategies Offered by Microfinance and Development Institutions to Micro-Entrepreneurs in Malaysia

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Abstract

Micro-enterprises have been acknowledged to generate income and create employment for millions of people in many countries. Even though micro or small businesses contribute significantly to the economic development and growth of a country, existing literature indicates that there are several challenges that inhibit the small or micro-enterprises from realizing their true potential. Among the constraints faces by the micro or small business owners are lack of capital, marketing skills, and knowledge in strategic or business planning. This study examines the support given to the micro-enterprises by microfinance and government development institutions in Malaysia to assist the micro-entrepreneurs in their businesses. Four microfinance and government development institutions have been selected in this study to analyze the types of financial schemes and business training given to their respective members to assist them in running their business successfully. The institutions involved are Majlis Amanah Rakyat (MARA) Perlis, Amanah Ikhtiar Perlis Utara (AIM), Entrepreneurship Training Unit of Yayasan Hijrah Selangor and Tekun Nasional. Based on the findings, there are several financing schemes and technical assistance programs that can be applied by the Perlis State Islamic Religious Council (MAIPs) to ensure the success of their asnaf entrepreneurs (entrepreneurs receiving financial assistance from MAIPs). Among the services that can be provided is the setting up of the Asnaf Business Centre (ABC) by selecting a suitable and strategic center location, providing assistance in the setting up of businesses, recruiting and selecting suitable asnaf entrepreneurs to operate the business at the ABC, and providing necessities training and development business program.

Keywords: Micro-Enterprises, Microfinance, Financing Schemes, Business Strategy, Marketing Strategy

Introduction

Micro and small businesses make up a very high percentage of registered business entities in many countries, including Malaysia. These small businesses have been recognized to provide employment and generate income for millions of people. Despite the important contribution of small enterprises to the economic development and growth of a country, studies have shown that many small business owners are facing constraints that inhibit them from progressing and taking their businesses to a higher level. Lack of funding, inadequate knowledge of marketing skills, and lack of knowledge in strategic planning are among the problems faced by small enterprises.

Empirical evidence shows that small and medium-sized enterprises (SMEs) are a major source of job creation in many countries around the world. SMEs account for two-thirds of all jobs worldwide, and for many countries, more than 50 per cent of total net employment creation can be accredited to the smallest size classes of enterprises (ILO, 2015). Furthermore, SMEs also play an important role and regarded as one of the key drivers for nation economic development (Sun et al., 2023). Past studies such as Ahmed and Ali (2024); Ali, Rasli and Amin (2022) revealed that these enterprises formed the foundation of any country's economy including Malaysia. It is because they are among important generators and significantly contribute to the Growth Domestic Product (GDP), employment and export.

Based on the latest Miro Small and Medium Enterprises (MSMEs) profile in Malaysia, it indicated that majority of the MSMEs were microenterprises, forming 69.7% (767,421 firms), small-sized firms accounted for 28.5% (314,465 firms) and medium-sized firms constituted the balance 1.8% (19,839 firms) of total MSMEs in Malaysia. Since the majority of the firm's establishment are the MSMEs, they are significantly contributing to GDP at 39.1% (RM613.9 bil), export at 12.2% (RM152.2.9 bil) and employments at 48.5% (7.86 mil workers) in the year 2023 (SME Corp, 2025). Based on the above scenario, it is very crucial to explore this study by emphasizing on the financing schemes and business strategies offered by Microfinance and Development Institutions to Micro-entrepreneurs in Malaysia. By conducting this study, it will help the MSMEs to enhance and improve their financial capability, enhance business performance via utilizing the financial assistance, incentives, grants and entrepreneurships programs that offers and available in the market. These assistance will consequently, improve the income of MSMEs thus, alleviate the micro-entrepreneurs or the asnaf from the poverty. There is evidence showing that enterprise activities can help asnaf or zakat (religious financial assistance) recipients to come out of poverty. A study conducted by Hashim, Mohamad, and Othman (2020) shows there is an increase in asnaf income since engaging in entrepreneurship activities. However, these entrepreneurial activities need support from authorities and various agencies. The study finds that there are some issues such as lack of skills and knowledge in business management especially financial aspects, operation of production and marketing activities. The researchers mention that asnaf have problems growing their businesses due to lack of equipment, lack of capital, lack of focus on a product, limited space, hygiene issues, and many more. The asnaf have the opportunity and the potential to grow their businesses as they have regular customers and products that meet the needs of their customers' demand and taste, however, they are not able to grow due to the mentioned

shortcomings. Marketing strategy using online marketing can only be implemented if the asnaf entrepreneurs can meet the demand by increasing production capacity.

Lack of capital is often cited by micro-entrepreneurs as one of the important factors that impede the success of their businesses. Even though the amount needed to start or expand micro-enterprises is not significant, normally less than USD1,000 for a person to start a basic food and beverage micro-business in Malaysia, the asnaf or B40 (people at the bottom 40% of household income) are not usually able to come up with this amount. It is also pertinent to highlight that financial assistance alone is not sufficient to ensure the success of micro-enterprises. Other types of trainings must be provided to assist micro-entrepreneurs to succeed in their businesses.

It is well recognized in the literature that training, consultations and other types of support offered by enterprise development institutions play a crucial role in contributing to improving poverty, inequality and vulnerabilities of less privileged households. These development institutions help develop the competencies and performance of small business entrepreneurs. In addition, programs developed by these institutions are found to equip the entrepreneurs with the ability to recognize and pursue market opportunities, strategize and organize their resources and improve their interaction and networks with others (Mamun, Muniady, Fazal & Malarvizhi, 2019). A study conducted in the state of Kelantan, Malaysia on 300 micro entrepreneurs reported that participation in training and support programs were found to have positive influences on household incomes and strengthened their economic conditions (Mustapa, Mamun & Ibrahim, 2018).

The purpose of this paper is to analyze the types of support given to the micro-enterprises by microfinance and government development institutions in Malaysia to assist the micro-entrepreneurs in their businesses. Four microfinance and government development institutions have been selected in this study to analyze the types of financial schemes and business training given to their respective members to assist them in running their business successfully.

Literature Review

Despite the many benefits of business support programs and initiatives, they face numerous barriers and challenges. In the UK, business development services tend to be supply focused and are usually isolated programs. They also face problems with information and market navigation and coordination (OECD, 2018). In South Africa, business incubation programs targeting SMEs have to deal with a lack of adequate funds and sponsors, production space, and limited technological facilities in addition to poor entrepreneurial and management skills of staff and incubation centres lacking the capacity to be self-sufficient and sustainable (Lose & Tengeh, 2015). Most business development services in developing countries are public-based and government-sponsored, providing free support to SMEs such as in the case of Indonesia. However, these free services tend to come with the cost of making their services too generalised and of lower quality which can discourage entrepreneurs to seek support and damage their confidence in BDS (Ghosh, 2001). Goyal, Sergi and Esposito (2015), identify 5 groups of challenges faced by BDS providers in different countries that limit their growth and sustainability.

- i. Market imperfections that lead to regulatory, information and competition challenges. Regulatory issues arise due to complex and unclear policy frameworks, poor regulatory mindsets among entrepreneurs and BDS as well as a lack of grassroots-level understanding by the government. Information challenges are attributed to inaccurate datasets on the real needs and problems among MSMEs. Inadequate regulatory frameworks and datasets along with price sensitivities force BDS providers to face competition with dishonest consultants, which reduces the trust and confidence in BDS.
- ii. Another problem is the poor level of belief and acceptance of MSMEs in the effectiveness of BDS providers for various reasons including a general lack of awareness of their benefits, and lack of accessibility to services, the perception that entrepreneurs do not need support, and that they already have the necessary skills and knowledge, and resource constraints forcing them to opt for less effective BDS providers.
- iii. BDS providers additionally face difficulties in matching their services to the dynamic, changing needs of MSMEs that require rapid and effective responses. The needs of MSMEs can also differ based on environmental and social influences in addition to the financial, legal, technical, and operational limitations of SMEs.
- iv. The lack of capital and skilled labour workforce resources are likewise a concern. BDS providers face funding and resource restrictions as well as the problem of financial constraints of MSMEs in affording to pay for support services.
- v. An ethical dilemma problem as well persists when providing services to MSMEs with respect to their choice of focus of target segment (whether to focus on only micro-entrepreneurs or all enterprises), the range of services offered (many different or few, specific) as well as the choices of taking a competitive or collaborative market approach.

In the case of SME business incubators in Malaysia, according to a World Bank study, there are issues with the lack of adequate training for managers and policymakers and challenges in allocating funds to incubators that are more likely to have a greater impact compared to those that are likely to fail and reduce SMEs confidence in them. There is also the issue of insufficient assessments of the actual impact and effectiveness of business incubators in the country. The primary obstacle, is, however, its huge reliance on public funds and subsidies which can have adverse impacts on the incubator's movement. With less than 10 % of them being privately based, it doesn't attract much private capital. Public-private partnerships for business incubators, meanwhile, remain debatable since they are dominated by the public sector, but 'hybrid' business incubators may be necessary to improve their creativity and sustainability (The World Bank, 2010).

Indiran, Khalifah & Ismail (2018) also highlight similar obstacles in Malaysia; (i) lack of ample experienced, expert staff and poor management (human capabilities), (ii) lack of properly structured programs and unclear selection procedures (internal structure), (iii) limited access to networks such as universities and research institutes and poor coordination between them, (iv) limited access to funds and investments as well as misallocation of funds due to different incubators being under different uncoordinated agencies and ministries, complex bureaucracy issues and lack of venture capitalists and investors willing to invest in incubators. Looking specifically at agricultural technology incubator centres established by the Malaysian Agricultural Research and Development Institute (MARDI) in Kedah, Melaka, Terengganu, Sabah, and Sarawak that have successfully helped up to 375 entrepreneurs, they still face challenges in terms of marketing and financial management as well as with the selection system of incubator participants (Dardak, Masdek & Haimid, 2019).

Salih et al. (2008) created a tool to gauge how Malaysian SMEs perceive the business obstacles they face. Perceptions of government policies, human capital, infrastructure availability, business competition, and financial concerns are the five main aspects that the factor analysis reveals, according to the results. Perceptions of infrastructure availability and government policies receive the highest mean scores, according to the study. As a result, we can see that SMEs face numerous problems despite the fact that their number has been increasing annually, and they have contributed to the country's economic progress in terms of value added, productivity, and job creation.

Importance of Business and Marketing Strategies for SMEs

Strategic planning is important for all businesses including SMEs to help them make successful decisions by understanding the threats and opportunities in the market. This is especially necessary with today's fast-paced competition and continual advancements in technology. Strategic planning and management is considered one of the factors that are significant for the survival, growth, and performance of SMEs regardless of their size (Lim & Teoh 2021).

A strategy is about making decisions to establish a sustainable competitive advantage in the market. A business strategy presents a practical direction on how to compete, what products and services to focus on, how a business can succeed with the value proposition it provides, and how its undertakings support that value proposition. It pinpoints a business's uniqueness as well as its trade-offs and how its activities well match that strategy. A proper strategy should include the objectives, scope, and advantages of a business. It should be developed by first analyzing the external market to perceive the competition determined by market forces. Once a strategy is established, it has to be properly put into effect for it to be effective (Patel & Cespedes, 2015). Mathur and Kenyon (2001) define a business strategy as the decisions made to determine what products or services of value a business will provide, targeting which customers and in opposition to what competition in order to achieve its financial goals. Strategic planning is the process that details the path of a business within a specific environment and directs the allocation of resources and actions. Within this framework, different functional areas of a business such as marketing establish their own plans. Once a strategic plan is created, a business can come up with a marketing plan to apply the extensive strategies identified by the manager. A market plan involves setting marketing goals, strategies, and an action plan for a business (Berkowitz, 2011).

Many studies have investigated the importance of strategic planning for the success of businesses, including SMEs. Defining a business's purpose and identifying its competitive advantage is essential for SMEs. Competitive advantage is the distinctive position that a business establishes versus its competitors in the market. It is one of the key elements of strategic planning (Lobontiu, 2002). Business strategies are found to play a crucial role in achieving competitive advantages and in the survival, growth, and sustainability of SMEs (Abdulwase et al., 2020). Julius, Agbolade & Johnson (2016)'s review of the literature concludes that most studies find strategic management to be beneficial for SMEs although some studies indicate that the impact on SME performance is weak. Overall, it is affirmed that businesses with a proper strategy will surpass SMEs that lack strategic planning, and formal strategic plans are usually established by developed and emerging economies. Strategic management tools that are meant for large businesses may be required to be modified to suit the characteristics of SMEs such as market information, competitive advantage,

innovativeness, etc. Having appropriate strategies is so crucial that the failures of SMEs are largely attributed to inadequate planning and marketing strategies that suit SMEs. The failure rate of SMEs is quite high despite them accounting for the largest fraction of businesses worldwide. This is because many SMEs tend to prioritize sales over marketing since sales translate to immediate results and are needed for growth. However, the need for planning and marketing strategies becomes more critical once SMEs reach another stage of growth or expansion (Marjanova & Stojanovski, 2012).

In Malaysia, at least half of SMEs do not have a strategy in place according to Abdullah and Kadir (2019)'s review of research on SMEs. Even those that have a formal strategic plan do not necessarily apply it and many do not realize its value, preferring to rely on intuition and experience. Formal business plans or strategies are often only used for loan applications. The lack of strategic planning can be because some SMEs just don't have the time or resources, while others assume that strategic plans are more important for large businesses and not relevant for them. Sometimes, the fault also lies in the failure to properly implement strategies that do not bring the expected results in terms of performance. A business that successfully applies its strategies reflects them in its activities, training, hiring, developments, etc. Having a strategy is crucial, but it's the implementation that translates to success and performance in the end (Patel & Cespedes, 2015).

A SWOT analysis on strategic planning with the performance of 290 selected SMEs in Kuala Lumpur, indicates that strategic planning has an impact on performance (measured by sales and number of employees). Appropriate and effective strategic planning is crucial for SMEs to remain competitive and grow sustainably (Hashim, n.d.). Having a strategic entrepreneurial and market orientation is found to have a positive impact on SME performance based on a study on 473 SMEs in the service sector in Malaysia. Entrepreneurial orientation refers to the ability to find and take advantage of opportunities to get access to a new market while market orientation describes how much of a business's strategies can quickly respond to any market changes (Nasir, Mamum & Breen, 2017).

Strategic plans are found to help to also help to manufacture SMEs become more resilient and sustainable according to a study on 350 manufacturing businesses in Perak. It finds a positive moderate correlation between strategic planning and SME performance. Strategic planning, implementation, and control especially help them to perform better and meet their customer satisfaction and financial goals (Kee-Luen, Thiam-Yong & Seng-Fook, 2013). SMEs in the manufacturing sectors apply some type of reasonable strategic planning and business strategies based on a study on another 100 SMEs in Malaysia (Hashim & Wafa, 2003). The study found that 92% of SMEs conducted strategic planning, with 39% having a written strategic plan and 22% using consultants to help develop strategic plans. Most SMEs also gave attention to the 5 dimensions of business strategies: environment scanning, emphasizing the future, deciding on future resources, identifying objectives, and implementing specific strategies. Results also indicate that SMEs usually apply different business strategies (differentiation strategy, low strategy, niche strategy, etc.) for different industries (Hashim & Wafa, 2011).

Cheng, Kadir and Bohari (2014)'s study specifically looked at the importance of external environment scanning as part of formal strategic planning in the case of SMEs in the Northern

States of Perlis, Kedah, and Penang. Environment scanning is proven to help develop more effective strategies for the success of businesses. Findings indicate that the majority of SMEs do adopt some kind of formal strategic planning and environmental scanning has been gaining more importance in today's competitive environment.

To investigate if the marketing strategies of high-performance SMEs differ from those of low-performance ones, Mokhtar, and Wan-Ismael (2012) assess the performance of SMEs in the Batik industry in Malaysia in accordance with yearly sales and profits for 3 successive years. High sales performers are found to regularly advertise their business with various marketing tools and even managed to expand their business to other states. Overall, it concludes that marketing strategies do influence the performance of SMEs. A strong positive link is also concluded between the performance (market share, sales, growth rate, profitability) of halal-certified agro-food SMEs in Peninsular Malaysia and marketing strategies and innovative market orientation. Adopting more effective marketing is proven to be important for improving the performance of SMEs (Khairuddin, Kamarulzaman, Hashim & Hussin, 2019). Marketing strategies (relationship marketing strategy, market segmentation strategy, product quality strategy, market promotion strategy) are similarly found to bring a competitive edge and significantly influence the marketing performance of SMEs in a study on 289 SMEs in Kuala Lumpur. The greater the marketing strategies, the greater the market performance of SMEs (Fakha & Saed, 2014). Even in the case asnaf entrepreneurs in Malaysia, it is found that those that become successful use unique marketing strategies in addition to being creative and entrepreneurship-oriented (Halim, Said & Yusuf, 2012). For asnaf entrepreneurs to succeed, it is not enough to provide capital assistance, planning and management are vital in addition to having entrepreneurial characteristics and the correct attitude and commitment (Ramli, Ahmad, Wahid & Harun, 2011).

In addition, asnaf microentrepreneurs can accomplish long-term economic success by learning thoroughly about marketing strategies, accounting practices and digital entrepreneurship. This information enables individuals to raise their income and standard of living. Currently, many members in this group are unaware of marketing strategies, good accounting standards and digital entrepreneurship. Accounting procedures include fundamental concepts including accounting, transaction recording, measurement, financial statement preparation, and decision-making. Furthermore, many microentrepreneurs lack understanding and experience in running small enterprises using digital marketing, business model canvases, and effective copywriting.

To enhance their marketing strategy and accounting knowledge with sustainable practices, the community will require technological abilities to a certain degree. With a smart marketing strategy and proper accounting system, the community can become microentrepreneurs and contribute to the economy. In addition to contributing to the economic growth, microentrepreneurs who have adopted the marketing strategies and accounting procedures will also improve their morale as well as raise the value of their profits.

This study can provide significant insights for decision makers, such as development unit for asnaf, as well as relevant authorities, such as regulators and policymakers, by choosing the best method to help the asnaf in sustaining their businesses. These findings can be used to inform future practices and decision making in the field, resulting in greater uniformity and

accuracy in helping the asnaf. This research can also help to further the growth of marketing strategy, accounting practices and digital marketing literature and understanding in the subject.

On the whole, SMEs are increasingly realizing the importance of having strategies and most of them tend to apply a mix of different strategies rather than a single specific strategy (Lobontiu, 2002). Compared to larger businesses, however, SMEs tend to have informal, less structured strategic plans (Kraus & Schwarz, 2005). It is also found that SMEs tend to place more importance on preparing strategies compared to implementing and assessing the strategies in place. In addition, they generally tend to give more attention to short-term plans over long-term plans (Hashim, n.d.). The degree of strategic planning is understood to depend on the motivation of owners and managers of SMEs with those that focus on profit and growth tend to engage in more strategic planning and those with noneconomic agendas such as personal fulfilment and autonomy less likely to have strategic plans. SMEs in the latter category are not as entrepreneurial and are satisfied with their present size and performance, hence placing less value on strategic planning (Wang, Walker & Redmond, 2007).

Methodology

In order to understand the width and depth of business trainings and financial schemes offered by entrepreneurship development institutions in Malaysia, 4 separate interviews were conducting involving 4 selected entrepreneurship development institutions in Malaysia. These institutions are as follows:

- i. Majlis Amanah Rakyat (MARA) Perlis
- ii. Amanah Ikhtiar Perlis Utara
- iii. Yayasan Hijrah Selangor
- iv. Tekun Nasional

These interviews took place between 3rd June until 9th August 2022. All the interviewees from the four institutions were very responsive to the interview requests and willing to share the details of financial schemes and trainings offered by the institutions that they are affiliated with. The followings are list of the interviewees and their positions at respective institutions:

- i. Encik Azam, Director of MARA, Perlis
- ii. Encik Nor Azrul Mat Ros, Manager, Amanah Ikhtiar Perlis Utara
- iii. Puan Normaiza, Acting Chief Executive Officer, Yayasan Hijrah Selangor
- iv. Puan Elyani Iza Zuber, Manager, Entrepreneurship Training Unit, Yayasan Hijrah Selangor
- v. Tuan Sheikh Nurazhar Sheikh Mohamad, Head of Financing Division and Branch Management, Tekun Nasional
- vi. Puan Suhaily Raini Md Hamdan, Head of Strategic Planning Division, Tekun Nasional
- vii. Cik Mariani, Head of Research Division and Innovation

Results and Discussions

Financing Schemes

According to En. Azam, Director of MARA, Perlis, in Malaysia, there are 77 government agencies offering business entrepreneurship development programs. MARA is one of the agencies that has a complete and comprehensive entrepreneurship development unit known as MARA entrepreneurship eco-system consists of:

Entrepreneurs Development

To train human capital development by selecting existing or new entrepreneurs. There are three main programs under Entrepreneurs Development:

- i. Entrepreneurship training.
- ii. Coaching and Mentoring.
- iii. Experts/Resource Persons. Experts or certified consultants are appointed to assist MARA in carrying out entrepreneurship program.

Business Development

Develop new entrepreneurs in selected industries through special programs introduced about three to four years ago. For example, UniKlinik, UniPharmacy, UniDental. In the year 2022, MARA started a program to develop entrepreneurs in the accounting field to set up accounting firms.

Support Facilities

- i. Financing Schemes
- ii. Business premises for rent
- iii. Development of selected industries

The main focus is to develop a dynamic, energetic, innovative, and sustainable entrepreneurship community. At the individual entrepreneurship level, MARA has the following focuses:

- Sustainability of the entrepreneur
- Making sure that the entrepreneur experiences business growth
- Upscaling the capacity of the entrepreneur
- Developing new entrepreneurs

Under Support Facilities, there are 14 schemes offered to the entrepreneurship community, at various levels, micro, small and medium. Entrepreneurs who want to borrow more than the offered amount will have to approach the various development banks, e.g., SME Bank, etc.

MARA offers three financial schemes to micro-entrepreneurs:

- i. Putra Financing Offered to youth entrepreneurs aged 40 and below with a maximum amount of RM10,00
- ii. Mudah Jaya Financing Scheme Offered to all categories of entrepreneurs, with a maximum of RM500,000
- iii. Spek Nano Financing Scheme Microfinancing scheme, up to RM10,000

In Malaysia, in addition to MARA, other development and microfinance institutions Amanah Ikhtiar Malaysia (AIM), Yayasan Hijrah Selangor (Hijrah), and TEKUN Nasional (Tekun) also offer similar financing scheme with various focuses. For example, according to En.Nor Azrul, the Manager of Amanah Ikhtiar at the northern Perlis branch, AIM offers two financing schemes which are:

Economic schemes

There are 4 types of economic schemes

- i. Mesra: Initial financing for new members, between RM5,000 to RM10,000
- ii. Srikandi: Between RM10,000 – RM30,000

- iii. Wibawa: Seasonal, financing for working capital during festive seasons with a maximum capital of RM5,000
- iv. I-Muda: introduced in March 2022 for women of 40 years and below, between RM5,000-RM10,000

Social Scheme

Sejahtera. Financing for purchase of vehicle, etc., with repayment period in 3 years. As for Hijrah, Madam Normaiza, the Acting Chief Executive Officer explained that the institution offers 7 different types of financing schemes as follows:

- i. Skim I Bisness
- ii. Skim Zero to Hero
- iii. Skim Nadi
- iv. Skim Go Digital
- v. Skim I Lestari
- vi. Skim I Agro
- vii. Skim I Bermusim

Similar to Hijrah, Tekun also offers seven financing schemes to its members, which are:

- i. Tekun Niaga, Financing given to micro-entrepreneurs which include ex-convicts, disabled people, aborigines, and university graduates, between RM1,000 to RM100,000.
- ii. Spumi. For marginalized Indians
- iii. Kontrak-i. Shariah compliant financing using tawarruq to small contractors, between RM1,000 – RM100,000.
- iv. Teman Tekun. Group-based financing similar to that of AIM with a maximum of RM20,000.
- v. Spim (Skim Peniaga Informal dan mikro). Informal scheme for unregistered micro-entrepreneurs, with 0% rate of return.
- vi. Spot (Skim Pembiayaan Online Tekun). Tekunonline financing scheme, introduced in 2022
- vii. Groom Big. Financing scheme in collaboration with other development financial institutions like PUNB, Bank Rakyat, and SME Bank.

All of the financing schemes offered by TEKUN are Shariah-compliant.

Most of the schemes offered by the four institutions being interviewed are based on financing. MARA however offers semi-grant scheme called Program Skim Usahawan Teknikal (PUTEK) to entrepreneurs in technical industries like automotive, tailoring, furniture, etc. In terms of the repayment rates, all institutions reported that their members have been good paymasters, with repayment rates between 70-100%.

Strategic Business Plan and Marketing Trainings

Since its establishment on March 1, 1966, MARA offers different types of entrepreneurship training under its entrepreneurs' development ecosystem (structured trainings) in order to develop new entrepreneurs or to increase the functionality or competencies of the existing ones. Among the modules offered to new entrepreneurs are:

- i. Module 1. Achievement Motivation Training (AMT). Basic competency training to entrepreneurs in the form of theoretical, games, outdoor, and team building

- ii. Module 2. Business Motivation Training (BMT). Entrepreneurs are taught of the whole ecosystem in business (operation/management of company, financial management, marketing, business organizational structure, and business networking)
- iii. Module 3. Preparation for Business Plan. Since the early stage, entrepreneurs need to think about what kind of business they want to undertake. In module 3, entrepreneurs have to present their business plans to the committee consisting of MARA officers and external jurists to evaluate the viability of the business project and the panel will also decide whether the business project should be given financing.

In addition to the above training, MARA also offers training based on selected/specific industries, e.g., automotive, food and beverages (F&B), life-style business (spa, homestay), etc. Moreover, there are also trainings that are mixed with motivation program. Some of the programs are one-off and others are based on series. At the end of the training period, entrepreneurs will be awarded with relevant certificate, for example, in the F&B industry, MARA will engage with other relevant parties for the entrepreneurs to get certifications on Halal, Mesti, Best, etc. These certifications are value-added from the training courses to ensure sustainability of the entrepreneurs' businesses.

In 2022, MARA introduced a training program called Digital Biz to digitalize the businesses of MARA clients to be in-line with the current business trend and as a back-up plan after the Covid 19 pandemic whereby the business trend, operation, marketing, recruiting of agents, and delivery has changed to online. This training program is on the form of development grant whereby the entrepreneurs contribute 10% of the cost and the other 90% in the form of grant. This program has 3 modules:

- i. Digital transformation
- ii. Digital manufacturing
- iii. Digital marketing

In the case where the entrepreneurs need coaching and mentoring, MARA would appoint consultants to coach and provide mentoring to them for between 3 to 6 months. Coaches will facilitate and guide the entrepreneurs as well as monitor the businesses by making visits to the business premises for 3-6 months. Coaching and mentoring can be on one-to-one basis or group based (about 4-5 people). Bench-marking visits are also organized to give exposure to the entrepreneurs to visit successful entrepreneurs in other states.

As for AIM, training courses are only given at the headquarters level. Some of the training courses given to members are:

- i. Halal Certification Workshop
- ii. Business Cash Flow
- iii. Digital Marketing
- iv. Grocery Store Transformation
- v. Marketing Medium
- vi. Social Medium
- vii. Restaurant/Cafe
- viii. Product Development
- ix. Small Business Cash Flow

According to En. Nor Azrul Mat Ros, the Manager of AIM at Perlis northern branch, as AIM's main focus is providing financing to its members, therefore, training at AIM is limited at the headquarters and have not reached to his branch. However, this particular branch takes the

initiatives to offer 5 workshops (on motivation and business management) in collaboration with the Women Development Department. The branch also worked together with the National Entrepreneurship Institute (INSKEN) to offer training on business cash flow. In addition, there are also training programs conducted together with Universiti Malaysia Perlis and Univerisiti Teknologi MARA, Perlis.

As for Hijrah Selangor, according to Puan Neli, the Manager of Entrepreneurship Training Unit, there were no business trainings given to members since its establishment in 2010. However, Hijrah has started to give intensive training to its members in order to support and provide relevant business knowledge to ensure the members' business sustainability. Training offered are as follows:

- i. Basic business training
- ii. Business Development
- iii. Product Development/Service
- iv. 11 Business Packages
- v. Sales Target Development. Uses magic number or backward strategy

In addition to the above training, Hijrah also includes the elements of strategic business planning in its training modules. These modules are divided into two:

- i. Scope 1: Brand Development

This particular scope gives tips and exposure to participants in developing brand for their businesses. Participants are given tips on developing brand name and logo for the brand.

- ii. Scope 2: Product Development/Service

Participants will develop cost of production/service by identifying 4 basic costs in business. They are also taught how to correctly price their products/services to ensure that the price is competitive and profitable.

Another important element included in the training schemes offered by Hijrah is strategic marketing. The presence of this crucial element is explained in scopes 3 until 5:

- iii. Scope 3. Developing Business Package

Each participant starts to develop his/her own business package based on 4 basic costs identified in Scope 2. The package developed is treated as a "weapon" for marketing strategy that they will learn in the next module.

- iv. Scope 4: Developing Business Channel

A concept known as "1 SKU Multi-channels sales is introduced in this scope whereby participants will be exposed to "Spiderweb" Technique in which they will identify potential channels for them to market their products and consequently getting sales.

- v. Scope 5: Developing Sales Target

Known as Magic Numbers Technique. Participants will undergo mind mapping phases to succeed in the businesses that they are involved in. They will begin to create strategies to achieve the sales target that they have developed

Tekun, on the other hand, offers only basic business training to its members. However, in contrast to other 3 organizations that do not make trainings compulsory, Tekun makes it compulsory for its members to attend a one-day Basic Entrepreneurship Course to give

exposure to the members on the basics of finance, marketing, and giving emphasis on the importance of repayment of the financing given to them. Members are charged RM100 per person and this amount is deducted from the financing that they received from Tekun.

Additional Trainings Required to Succeed in Business

At the end of each interview, interviewees were informed that the State Religious Council of Perlis (MAIPs) is planning to establish an Asnaf Business Centre. Each interviewee was asked to give suggestions on the additional training and other elements needed in order to ensure the success and sustainability of Asnaf Business Centre in Perlis.

The Director of MARA Perlis is of the opinion that the Asnaf Development Centre has to have the right “mould”, otherwise, the outcome would not as expect. He explained in detail what is meant by the right “mould”:

- i. The location of the Centre is very important and has to be at a suitable place
- ii. The need to conduct a market survey in order to identify the demand and supply for the Centre
- iii. The asnaf entrepreneurs selected to do business at the Centre must be filtered. Selection process must be comprehensive as sometimes some asnafs are reluctant to change. It is quite difficult to change this attitude and character. Here it is important to focus on quality, rather than quantity.
- iv. Proper and comprehensive trainings are given to asnafs
- v. Cooperation with other agencies
- vi. Monitoring. There has to be a capable and qualified assigned officer or person in charge (PIC) to monitor the progress, raise problems and issues faced by the asnafs to the management. The PIC must be able to give advice, facilitate, guide, and have good rapport with the asnafs
- vii. Coaching and mentoring, either based on group or one-to-one basis

The manager of Amanah Ikhtiar Perlis Utara opined that in addition to business trainings, spiritual development programs is also important as it can inculcate the sense of responsibility to asnaf in making repayment of financing given to them. In addition, he also stated the importance of choosing a strategic location to establish the Centre. He also added that the set-up of the Centre is also very crucial and viewed that the mall concept is suitable as it caters for various types of businesses.

According to Puan Normaiza, the Acting Chief Executive Officer and Puan Neli, the Manager of Entrepreneurship Training Unit of Yayasan Hijrah Selangor, there is a need to create a sales platform to provide an ecosystem for the sustainability of entrepreneurs’ businesses. They informed that Hijrah is has a plan to establish Hijrah Mall, an electronic platform to the members to market their products. Puan Neli stressed the need to have collaboration with other agencies to provide necessary assistance to entrepreneurs. For example, there has to be a one-stop centre where entrepreneurs can receive guide and support in any aspect of their businesses. It is also critical to develop the community or locality where the entrepreneurs are operating their businesses because a vibrant community would be able to support the sustainability of the entrepreneurs’ businesses.

Similar to the other interviewees Tekun Nasional expressed the importance of networking. There has to be an association of asnaf under MAIPs to support each other businesses. In

addition, the officers from Tekun expressed to need to have the following necessary elements:

- The existence of continuous guidance and support to the asnaf/entrepreneurs. Suggestion to form Asnafpreneurs and MAIPs to provide guidance to asnaf entrepreneurs.
- Small scale entrepreneurs have problems in digitalizing their businesses. Most of them have not yet fully understood the current business trend. MAIPs is suggested to give attention on this issue.
- Continuous element of coaching to change the mindset and economic status of asnaf. There is a need to create a mentor-mentee system.
- Establishment of Asnaf Entrepreneurs Development Unit with capable and qualified staff to ensure the success of asnaf' businesses.
- To create sales contracts for products produced by asnaf.

In addition to the above recommendations, officers from Tekun had also made an offer of a collaboration between Tekun Nasional and MAIPs to enable the sharing of expertise and experience to ensure the success of the Asnaf Business Centre envisioned by MAIPs.

The Significance of Study

The study may contribute to both theoretical and pragmatic contributions. In terms of theoretical first, this study enhances the body of knowledge in the scope entrepreneurship research field by exploring the MSMEs specifically in the context of emerging countries such as Malaysia. Second, this study also contributes insight findings that focusing to the financing schemes and business strategies offered by Microfinance and Development Institutions to Micro-entrepreneurs in Malaysia. Finally, this study also can be a foundation for future study to the researchers and academician to embark on this study by exploring the protocol that no being addressed in the study.

In terms of pragmatic contributions firstly, from the findings this study allows the policy maker i.e. government in order to formulate and improve the existing policies related to the entrepreneurship specifically to enhance and strengthens the program and strategies related to this matter. Secondly, to the financial institutions, this study may serves guideline for them to formulate and improve the existing programs as well as to strengthens financial incentives for their targeted customers specifically marginalize group of entrepreneurs (Asnaf). Again, this insight findings may also improve business strategies i.e. product and service promotion of Microfinance and Development Institutions that can be offered to the customers mainly to the asnaf. Finally, specifically to the entrepreneurs i.e. asnaf, this study may increase an awareness and enhance the knowledge towards enhancing their financial capabilities, opportunities, programs and business strategies eventually enhance the business performance.

Conclusion

This study employs qualitative approach by conducting several interview sessions with selected government agencies such as Majlis Amanah Rakyat (MARA) Perlis, Amanah Ikhtiar Perlis Utara (AIM), Entrepreneurship Training Unit Yayasan Hijrah Selangor and Tekun Nasional. These are the important agencies that play an important role in assisting and developing entrepreneurs in Malaysia.

The study also highlights a number of problems and difficulties that micro-entrepreneurs encounter. One of the main problems is the lack of understanding and awareness regarding marketing strategy, accounting practices and digital marketing, which resulted in the largest barriers to the expansion of the micro-entrepreneurs' businesses.

Based on the findings, there are several suggestion and assistance programs that can undertaken by those agencies. Among the services that can be provided to the Asnaf Business Centre (ABC) are selecting a suitable and strategic center location, assistance in setting up businesses, recruiting and selecting suitable asnaf entrepreneurs to operate the business at the ABC, providing necessities training and development business program and many more.

Thus, those suggestions and assistance programs can be utilized by Islaic Religious Council of Perlis (MAIPs) to ensure the project can be undertaken successfully with minimum risk and cost. Its effects go beyond improving individual skills; it may also help the asnaf microentrepreneurs' long-term financial success. Through empowering participants with proper marketing skills and financial literacy skills, the programs will encourage the growth of sustainable business practices that can lessen reliance on outside funding, turning asnaf microentrepreneurs from zakat recipients into zakat contributors to the economy. Subsequently, the establishment and successful operation of this ABC to may improve their income and elevate their economic status.

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