



THE INFLUENCE OF TRAINING ON WOMEN BUSINESS PERFORMANCE IN THE NORTHERN STATES OF MALAYSIA

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ABSTRACT

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The purpose of this study is to examine the effect of training on the performance of women's microenterprises in Malaysia's northern states that are members of the microfinance organisation Amanah Ikhtiar Malaysia. A model has been created based on comprehensive literature studies. There have been no conclusive conclusions about the effect of training on the success of women's microenterprises based on prior studies. The originality of this research originates from the significance of information and knowledge for any microentrepreneur or microfinance institution considering the impact of training on performance. This article undoubtedly added to the amount of knowledge about women's business performance. The data for this study were gathered by a cross-sectional survey of 221 female micro-enterprises using stratified random sampling. The data are examined using descriptive statistics and regression analysis, which are performed using SPSS and SmartPLS. This study revealed that training has a positive and significant effect on the performance of women microenterprises owned and managed by women entrepreneurs in the Northern States of Malaysia. In order to improve the socio-economic condition of low-income women micro-entrepreneurs and their families, development programmes and policies should place a strong emphasis on enhancing entrepreneurs' ability to recognize and take advantage of knowledge-generating opportunities and improve their ability to generate income. Micro-enterprises run by women must be recognised for the valuable contribution they make in reducing poverty as well as improving their own performance, which calls for building up relational and commitment skills among the women who run them.

KEYWORDS: mentoring, microenterprise, microfinance, micro-entrepreneurs, women business performance and poverty alleviation

1.0 INTRODUCTION

Large enterprises account for a modest proportion of total enterprise employment in both developed and developing nations (Tambunan, 2011), whereas micro, small, and medium-sized enterprises (MSMEs) account for a large proportion of total employment (Gindling & Newhouse, 2014). A study conducted by the OECD in 2017 found that these enterprises provide nearly 60 to 70 percent of job opportunities. Microenterprises are critical for any developing country's unavoidable progress by raising the income level of the middle and lower-middle classes, particularly women entrepreneurs.

Even though the number of female entrepreneurs appears to be on the rise (Jha, Makkad, and Mittal, 2018), data from the Global Entrepreneurship Monitor GEM report (Elam, Brush, Greene, Baumer, Dean, & Heavlow, 2019) shows that only a small percentage of women thrive in entrepreneurship. There are several possible explanations for this, including the social reality we live in, which differs from country to country, and a lack of support structures for female entrepreneurs, which implies that women do not always receive the attention or financial advantages they deserve.

In the Malaysian context, Small Medium Enterprises contributed 36.6 percent of the Gross Domestic Product (GDP) and approximately 65 percent of the total employment in 2016 (SME Corp report, 2017). SMEs are expected to produce products worth RM120 billion by the year 2020. Summarizing the discussion to women entrepreneurs, It is undoubted that they have made a significant contribution to the country's economic growth, both in jobs creation and in the generation of revenue. In Malaysia, the percentage of women in business is growing (Teoh and Chong, 2008). According to the Economic Census 2016, SMEs account for 98.5 percent or 907,065 of total business establishments in the year 2016. The Department of Statistics Malaysia's Census of Establishments & Enterprises revealed that the women entrepreneurs owned a total of 186,855 business out of 907,065.

Apart from encouraging more women to enter business in Malaysia, the government also took several measures to leverage different ethnic groups' participation in growth, most notably through Amanah Ikhtiar Malaysia (AIM). Recently, Indian women micro-enterprises have received special attention in fund allocation by the government to boost economic status. This support has resulted in an increase in Indian women entrepreneurs, from 5682 in 2013 to 8622 in 2016. While there has been an increase in the total number of Indian women micro-entrepreneurs in Malaysia, this increase is slower than that of other ethnic groups (Malay and Chinese).

In addition, Micro-enterprises in Perlis, Kedah, Pulau Pinang, and Perak (Northern Region) are not dynamic or active, despite several development programmes in Malaysia (e.g. AIM, TEKUN) that specifically target Indian women micro-enterprises. Some existing ones have also defaulted on their loans (Abdul Jamak, 2011). Several studies have been undertaken abroad (Kim & Sherraden, 2014; Stohmeyer, 2007; Eversole, 2009; Ojo, 2009; Khan et al., 2013), particularly in Malaysia (Kim & Sherraden, 2014; Stohmeyer, 2007; Eversole, 2009; Ojo, 2009; Khan et al., 2013), Paul et al., 2013; Aziz et al., 2012; Al- Mamun, 2010). However, little research has examined the relationship between training and women's microenterprise performance, notably in Northern regions (e.g., Aziz et al., 2012) and among Indian women micro-entrepreneurs. As a result, the necessity for this research to investigate the impact of training on micro-enterprise performance among Indian women entrepreneurs in Malaysia's Northern States is necessary.

2.0 LITERATURE REVIEW

2.1 Women Micro-Enterprise Performance

Women's micro-enterprise performance research is concerned with women entrepreneurs' business performance, which may be readily understood in terms of performance measurements. The operational definition of micro-enterprise performance might be based on their distinct features, such as their small size and incapacity to maintain conventional accounting records, particularly in developing nations. For example, net profit defined micro-enterprise performance (Cheston & Kuhn, 2002; Eversole, 2009; Shane, 2003). On the other hand, performance was described by Kuzilwa (2005) as net profit, change in production, change in investment, and change in employment. Kuzilwa's definition of microenterprise performance was used in this research (2005). Poverty is the basis for the study's focus on women entrepreneurs.

Furthermore, the major purpose of the microfinance system is to alleviate poverty. According to previous studies, microfinance institutions are a highly successful approach to helping low-income people get out of poverty. As a result, this study will offer a comprehensive picture of the elements that impact women entrepreneurs' success.

2.2 Training and Women Business Performance

Although Rudhumbu, du Plessis, and Maphosa (2020) believe that entrepreneurship is crucial for the growth, development, and viability of economies worldwide, entrepreneurial women contribute a variety of benefits to this sector they are regarded as minor contributors. According to Cho and Moon's (2019)

literature review, the most significant barriers to beginning a new business for prospective Latina entrepreneurs are "fear, anticipated risk of failure, lack of financial management skills, incompetence, inadequate self-confidence, and discrimination" (p.337). Besides that, "a shortage of resources, gender disparity, a lack of technological know-how, insufficient financial help, a lack of awareness of government-sponsored entrepreneurship development initiatives, and ineffective government policy, to name a few" are some of the factors that contribute to entrepreneurial women's failure (Ibrahim & Ismail, 2020, p.183).

The study carried out by Salwa, Azahari, A.M & Tamkin, B.J.(2013), pointed out that the Malaysian government provides few types of training required by microentrepreneurs through Amanah Ikhtiar Malaysia. Such training aims to equip microentrepreneurs with knowledge and skills related to entrepreneurship. The research also noted that only the selected entrepreneurs would attend the training session. According to them, such a policy is because the number of AIM members or participants is too large and growing, and it is costly to conduct to every individual. So, the possibilities gave a place to entrepreneurs like a group leader. It also hoped that the leader who has gone for training would carry out in house training to the others in the same group later when they are back. Consequently, some entrepreneurs may have benefited from such a program while some may be denied the opportunity and even worse when Indian women micro-entrepreneurs are not leaders in Amanah Ikhtiar Malaysia (AIM) groups, so they are also denied the opportunity.

However, the study conducted by Shamilah, Halimah and Pazim (2015) revealed that the training element carried out by AIM is just a prerequisite and to make sure borrowers fully utilize the loan given by AIM. They also noted that creating awareness to enhance education among borrowers was lacking and was a critical component to ensure the survival and development of the business. Al Mamun (2016) further noted that education level, competencies needed as an entrepreneur and capital (micro-credit) received by the entrepreneur contribute significantly to the performance of women micro-entrepreneurs. He also indicated that Amanah Ikhtiar Malaysia has no specialized training programme to improve the competencies. Fardous Alom, Mohd Asri Abdullah, Abdul Rashid Moten and Ferdous Azam (2016) identified, almost 70% of the respondents did not have the opportunity to attend any related training. They have also concluded that training should be part of the programs organized by government institutions besides making it more relevant to the needs of the participants. These findings suggest that the module should be revised and the duration of the training given should be

extended. The reason for such a result is that training carried out with the existing module and time frame did not reflect well in terms of participants' performance.

However, according to Dean Karlan and Martin Valdivia (2011), the study on the effect of training on microfinance clients in Peru found less or even no evidence of training given to the changes in the performance (business revenue, profits, or employment). Nevertheless, they noted improvements in enterprise understanding and enhanced retention rates for microfinance institutions for clients. They further noted that their research has wider implications to the theories about what will constrain the entrepreneurs with less money to expand their business. The gap has prompted the researcher to research the influence of training on Indian women entrepreneurs in the Northern Region of Malaysia.

Empirical studies were undertaken by Al Mamun et al. (2012) on the less privileged members of Amanah Ikhtiar Malaysia have shown that access to credit and training has considerably boosted business and lowered the amount of financial vulnerability among participating families. Al Mamun (2016) used the human capital theory. Thus the effects of training on micro-entrepreneurs in Amanah Ikhtiar Malaysia can be rationalized based on human capital theory. Knowledge and training acquired by any entrepreneur is an essential element of human capital, making one's capabilities to perform better in any economic activities (Milgrom and Roberts, 1993, p. 385).

Training is a critical instrument for improving the performance of microenterprises throughout the world. However, in developing countries like Malaysia, the microfinance institutions and other government departments give the least importance to microenterprise owners. Due to a lack of access to such abilities, the owner is unable to expand their firm beyond a certain point, and their growth remains static (Asad, Haider, Akhtar, & Javaid, 2011). Numerous studies have demonstrated the critical role of capital and entrepreneurial skills in strengthening and growing microenterprises (Rodrigues, Dinis, Paço, Ferreira, & Raposo, 2012). Thus, in light of the preceding debate, it is clear that access to financing alone is insufficient to accelerate the expansion of microenterprises; training and imparting business skills are equally critical. Thus, this study elicited empirical evidence regarding the critical nature of training in enhancing microenterprise performance. The purpose of this study is to ascertain the distinction in the performance of finance by microfinance institutions based on training and skills development. Therefore, this study is based on the hypothesis that :

H1: Training influence the women business performance

The framework for the study is as below:

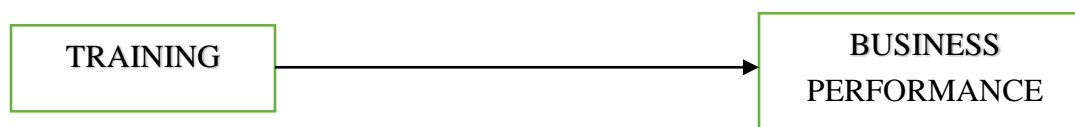


Figure 1: Framework

3.0 METHODOLOGY

3.1 Survey Procedures

This research was conducted between 2020 and 2021. Data was collected from 221 Indian women micro-entrepreneurs using a cross-sectional survey approach with stratified random sampling. These individuals are Amanah Ikhtiar Malaysia (AIM) participants who have been in business for longer than three years. This is because the majority of research suggests that at least three (3) years of company experience is needed to appraise a candidate (Allen et al., 2008; Antoncic, 2006; Carter & Shaw, 2006; Harrison & Mason, 2007; Kuzilwa, 2005; Salman, 2009). These Indian female entrepreneurs are from Malaysia's four northern states (Kedah, Pulau Pinang, Perak and Perlis). Specifically, the study focused on Indian women entrepreneurs in Kedah, Pulau Pinang and Perlis who have received any loan from Amanah Ikhtiar Malaysia (AIM) and whose activities and characteristics are consistent throughout Malaysia; therefore, the result is appropriate for generalization. Amanah Ikhtiar Malaysia (AIM) offered microfinance to assist the hardcore and poor households in these

states and branches in the three selected states. Most of the branches are located in small towns or rural areas. Besides that, the unit of analysis was the business firm as in the context of SMEs, owner-managers are key informants and represent the top management. Questionnaires delivered to Indian women business owners who have taken out AIM loans.

Data analyzed through Statistical Package for Social Science (SPSS) and Smart PLS using descriptive statistics and regression methods.

4.0 RESULTS

Hypothesis 1 : Training is positively related to Business Performance

The hypothesis was tested in a structural model using SmartPLS bootstrapping technique, while t-value (minimum 1,96) was examined to reject or not the hypothesis. Moreover, the relationship direction between variables of interest was examined through the path coefficient. Table 4.1 shows the structural model assessment that the independent variable training have a significant relationship with business performance (t-value = 3.362),

Table 4.1 Structural Model Assessment

Relationship	Beta	SE	t-value	Decision
Training -> Business Performance	0.348	0.104	3.362	Supported

As shown in Table 4.1 significant relationship between the training towards business performance was found. This direct relationship demonstrates value $\beta = 0.348$, $t = 3.362$ and $p < 0.01$. Hence, Hypothesis 1 is supported, as shown in Table 4.1

Finally, the quality of the model was assessed through predictive relevance (Q²) is more than zero. As

Henseler et.al. (2009) stated, the value of predictive relevance (Q²) should be more than zero. Hence the current model has attained the required level of quality as stated in Table 4.2

Table 4.2

Q ²			
Construct	SSO	SSE	Q ² (=1-SSE/SSO)
Business Performance	1768	1340.5	0.242

5.0 DISCUSSION

According to the findings, AIM is one of the most important institutes for women's self-sufficiency since its financial and non-financial services are critical for improving women's self-sufficiency, particularly in

Kedah, Perlis and Pulau Pinang. The success of women's micro-businesses is dependent on the availability of these services. Training programmes (which are provided as a non-financial service by AIM) have, on the other hand, made a significant positive

contribution to the performance of women in business. Increased AIM training activities will directly influence women's microenterprise initiatives, increasing revenue and, eventually, improving the operation of the businesses. As a result, our findings corroborate the findings of Isdore Ekpe (2012), Al-Mamun (2016), Hameed et al. (2017), and Hameed et al. (2018), (2018a). Providing financial and non-financial services directly impacts income-generating activities, resulting in increased women's empowerment and improved business performance.

6.0 Conclusion

According to the data, it can be stated that the training provided by AIM programmes impacts the performance of Indian women entrepreneurs. The findings revealed that AIM initiatives for impoverished individuals are extremely beneficial in empowering female community members by lowering poverty levels and eliminating gender discrimination. Previous studies have also shown that Amanah Ikhtiar Malaysia (AIM) might be one of the most effective tools for poverty reduction and women's empowerment. AIM's services are now available throughout Malaysia. Microfinance (AIM services) are essential for running micro-businesses. Women's capacity to use loans effectively and other required skills are also enhanced by training programmes, which teach them how to use resources wisely. Additional government effort through AIM's support has played a significant role in boosting beneficial impact on women-owned businesses. Women's business performance has improved in Kedah, Perlis and Pulau Pinang due to Amanah Ikhtiar Malaysia (AIM)'s support and other government initiatives that have helped alleviate poverty in the region. Amanah Ikhtiar Malaysia (AIM) could be an important programme for other governments, particularly for developing economies, to reduce poverty. It is possible that microfinance institutions could have a significant impact on the empowerment of the public and the growth of entrepreneurship. Since human capital is so important, it should be protected and strengthened to benefit women in developing countries. Additionally, it is suggested that future studies should expand the current framework to include social capital elements such as networking and mentoring.

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