



THE INFLUENCE OF MENTORING ON WOMEN BUSINESS PERFORMANCE: A CONCEPTUAL FRAMEWORK

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ABSTRACT

This study examines the impact of mentoring on the performance of women's microenterprises in Malaysia's northern states as well as participants in Amanah Ikhtiar Malaysia. A proposed model has been constructed on the basis of thorough literature studies. Based on the literature, no clear conclusions about the impact of mentoring on the success of women's microenterprises have been reached. This study's originality stems from the implications of information and knowledge for any micro-entrepreneur or microfinance institution to consider the impact of mentoring on performance. Aside from that, the paper's other contribution is the microfinance institution's moderating function in providing microfinance. This paper will undoubtedly contribute to the body of information on women's business performance. The data for this study will be collected from 348 female micro-enterprises through a cross-sectional survey with stratified random sampling. Data will be analysed using descriptive statistics and regression using SPSS and SmartPLS.

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

1. INTRODUCTION

Despite the fact that many countries have yet to fully recover from the global economic crisis of 2007, 95 percent of OECD enterprises are micro, small, or medium-sized, accounting for 60 to 70 percent of job opportunities. (Source: OECD study, 2017). Despite the fact that 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. This could be due to the social reality we live in (which varies by country) and the lack of support mechanisms for female

entrepreneurs, which means that women do not always get the attention or financial benefits they deserve. Entrepreneurship is essential to the growth, development, and long-term viability of economies worldwide, according to Rudhumbu, du Plessis, and Maphosa (2020), and while entrepreneurial women provide numerous and varied benefits to this sector, they are viewed as an insignificant factor due to male entrepreneurs' dominance. Micro-enterprises contribute to wealth creation and unemployment reduction (Nordin et al., 2011; Osman et al., 2011; Salwa et al., 2013); creativity and innovation, and a nation's overall production (GDP), as is the case in Malaysia (Mahmood & Hanafi, 2013; Mahajar & Yunus, 2012).



Despite the fact that women-owned businesses perform poorly due to gender discrimination, particularly in developing countries (May, 2007; Roomi & Parrot, 2008), women contribute to their countries' economic development by increasing their involvement in credit (Osman et al., 2011).

Women's micro-enterprises were chosen because, in the majority of developing countries, women own and operate micro-enterprises as a means of survival (Selamat et al., 2011), and their contribution to the economic well-being of their families, communities, and countries is significant. Micro-enterprises account for nearly 88 percent of Malaysian women-owned businesses, according to statistics (SME Annual Report, 2011). A collaboration between Amanah Ikhtiar Malaysia and the Ministry of Women, Family, and Community Development resulted in roughly 1645 successful enterprises between 2013 and June 2014.

Apart from encouraging more women to enter business in Malaysia, the government also takes steps to balance different ethnic groups' participation in growth, most notably through AIM. Recently, Indian women micro-enterprises have received special attention and funding. This support has resulted in an increase in the number of 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).

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). (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, few research has examined the relationship between social learning 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 mentoring on micro-enterprise performance among Indian women entrepreneurs in Malaysia's Northern States, with microfinance as a moderating factor, is justified.

2.LITERATURE REVIEW

2.1 Women Micro-Enterprise Performance

Women's micro-enterprise performance research is concerned with the business performance of women entrepreneurs, 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 was used to define micro-enterprise performance (Cheston & Kuhn, 2002; Eversole, 2009; Shane, 2003). Performance, on the other hand, was described by Kuzilwa (2005) as net profit, change in production, change in investment, and change in employment. Kuzilwa's definition of micro-enterprise 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 help low-income people get out of poverty. As a result, this article is anticipated to offer a comprehensive picture of the elements that impact women entrepreneurs' success.

2.2 Mentoring and Women Micro-Enterprise Performance

Even though Rudhumbu, du Plessis, and Maphosa (2020) feel that entrepreneurship is vital to the growth, development, and sustainability of economies around the world and that entrepreneurial women provide various and varied benefits to this sector, they are considered a minor contributor.

Social learning theory proposes that learning may occur via observation of role models or mentors' conduct in the context of entrepreneurship (Bandura and Walters, 1977). It also recommends that entrepreneurs copy mentor behaviour if they find it to be socially beneficial and if it matches models, such as that entrepreneurs reproduce mentor behaviour if it is perceived as socially effective, therefore aiming to match relevant models (Bandura et al., 1963). As Minniti (2005) points out, social signals are the basis of an individual's decision-making, which means decisions regarding expanding or starting a new organisation are also influenced by external influences like mentors. According to Newman et al. (2014), who defined this type of learning by observing others. When only successful peers are present alongside entrepreneurs, an inspiration or sort of support may be detected (Bandura and Walters, 1977), and decision-making uncertainty can be decreased (Minniti, 2005), as well as supplying suggestions for future actions



(Bosma et al., 2012). The outcomes of the studies conducted by researchers above clearly confirm the applicability of this theory, and in conclusion, mentoring is a key component of social learning that allows for observation, debate, and learning about business-related difficulties and possibilities. According to Cho and Moon's (2019) literature study, the biggest challenges to starting a new company for prospective Latina entrepreneurs are "fear, perceived risk of failure, lack of financial management skills, inexperience, poor self-confidence, and prejudice" (p.337). According to other research, "lack of resources, gender inequality, low technological know-how, inadequate financial assistance, lack of awareness of governmental entrepreneurship development programs, poor government policy, among others," are some of the factors that contribute to entrepreneurial women's failure (Ibrahim & Ismail, 2020, p.183).

Micro entrepreneurs, according to Aldrich and Zimmer (1986), may be successfully directed to locate opportunities via mentoring provided there are established links and continual entrepreneurial activity (Cooper et al., 1994). Learning from successful people via observation (Bandura, 2003; Bandura et al., 1963) may help micro entrepreneurs a lot, particularly in terms of the obstacles they confront and potential ways to improve their performance (Cooper et al., 1994). Mentoring is important in a network because it reduces the uncertainty that micro entrepreneurs have while making choices. It may also provide extra information and expertise for improved decision-making and have a favourable impact on a company's success. As a result, Newman et al. (2014) claimed that any venture development is influenced by relational social capital.

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The impact of mentoring on micro-enterprise success has been shown in the literature, particularly in

developing nations. As a result, we may formulate the following hypothesis:

H1: Mentoring influence women micro-enterprise performance

2.3 Microfinance moderates mentoring and women entrepreneur performance

Loans aid in the formation of businesses, while mentoring aids in the proper management of micro-enterprises. However, when impoverished individuals misuse credit/loans, it may have a detrimental impact (Hameed, Mohammad & Shahar, 2018a). Furthermore, credit has a good influence on global performance (Hameed et al., 2017). Nonetheless, a proper financing helps entrepreneurs succeed (Gatewood et al., 2004; Ojo, 2009). Loans benefit entrepreneurs, particularly women, by improving their income, investment, production, and wellbeing (Kuzilwa, 2005; Peter, 2001).

Given the research, it's possible that women entrepreneurs' capacity to employ mentoring to improve their company's performance is influenced by the microfinance provided by Amanah Ikhtiar Malaysia. As a result, the link between mentoring and the success of women micro entrepreneurs should be moderated by financing. This depends on the women's assessment of the potential impact of joining peer groups on business success through access to knowledge and resources (Cheston & Kuhn, 2002; Fernando, 2006; Karnani, 2007; Tata & Prasad, 2008). Many studies have shown that the majority of female entrepreneurs succeed when they have a mentor to advise them and share their experiences with. Mentoring, according to Doyle and O'Neill (2001), is a significant benefit to women entrepreneurs since it helps them handle difficulties that are particular to their talents. It is also emphasized that human capital, such as training, and social capital, such as networking and mentoring, may be included into the performance of women micro entrepreneurs in Amanah Ikhtiar Malaysia via the moderating effect of microfinance. As a result, it is necessary to comprehend the impact of mentoring with microfinance as a moderator. As a result, according to Baron and Kenny (1986), this situation necessitates the use of a moderator. As a result, researcher proposes that:

H2: Microfinance moderates the relationship between mentoring and women micro-enterprise performance.

The Conceptual Framework for this study is as shown in Figure 1.

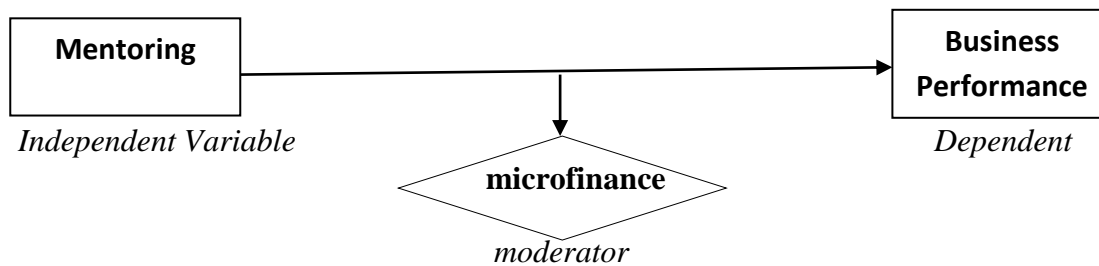


Figure 1 : Conceptual framework

3.METHODOLOGY

3.1 Survey Procedures

This research will be conducted between 2020 and 2021. Data will be collected from 348 Indian women micro-entrepreneurs using cross-sectional survey approach with stratified random sampling. These individuals are AIM participants who have been in business for longer than three years. These Indian female entrepreneurs are from Malaysia's four northern states (Kedah, Pulau Pinang, Perak and Perlis). Questionnaires will be delivered to Indian women business owners who have taken out an AIM loan. Aside from that, the unit of analysis will be women-owned businesses registered with Amanah Ikhtiar Malaysia (AIM) whereby the list will be given by AIM from the earlier mentioned states. This is because the majority of research suggests that a minimum of 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). Specifically, the study focused on Indian women entrepreneurs in the states of Kedah, Pulau Pinang, Perlis, and Perak who have received any kind of loan from AIM and whose activities and characteristics are consistent throughout Malaysia; therefore, the result is appropriate for generalization. Besides that, the unit of analysis is the business firm as in the context of SMEs, owner-managers are key informant and represent the top management. It will be based on the list provided by AIM from the states mentioned earlier.

Data will be analyzed through Statistical Package for Social Science (SPSS) using descriptive statistics, t-test statistics, regression methods and Smart PLS.

4. CONCLUSION

Given the importance of micro-enterprises in developing nations, policymakers and other relevant agencies may use this study's findings to encourage the steady expansion of micro-enterprises among

Malaysian women. According to the findings, women entrepreneurs need not just skill development via training, but also mentoring in order to have access to knowledge and other resources such as counsel and guidance. AIM's microfinance can help to strengthen the link between mentoring and company success. It is suggested that the government, particularly via AIM workers, raise awareness among women about the presence and advantages of mentoring. Senior members of AIM who are successful entrepreneurs may also help the younger and less experienced members by offering guidance.

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