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Entrepreneurial Specific Factors, Support Factors and Micro enterprises Performance: The Case of Malaysian Microcredit Program

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Abstract: The objective of the study is to analyze the influence of several elements related to entrepreneurial-specific factors and support factors on the performance of micro-enterprises. The study sample consisted of a total of 756 micro-entrepreneurs who were involved in the two main microcredit programs in Malaysia, namely Amanah Ikhtiar Malaysia (AIM) and The Venture Group Economic Fund (TEKUN). The study's findings, obtained through multiple regression analysis, revealed that factors such as personal entrepreneurial competencies, management practice, microcredit programs and government support exert a significant influence on the performance of micro-enterprises. This finding is consistent with the Resource Base View (RBV) theory which links the importance of internal and external resources as a catalyst for competitive advantage and the performance of a business. The influence of family and commitment to religious principles is less significant. It was associated with the attitude factor of micro-entrepreneurs, who frequently disregard the fundamental principles of religion while making judgments. The impact of family influence on micro enterprises' performance was determined to be negligible. Family members make minimal contributions in terms of finances, energy, or moral support. The formulation of policies is crucial for these insights, which highlight the importance of providing entrepreneurship training and implementing excellent management practices. Additionally, financial support is necessary to promote the growth of micro-enterprises in Malaysia. The government plays a crucial role in facilitating the growth of micro companies by implementing various support programs. An efficient distribution system can minimize the leakage of programs and maximize benefits for the recipients who are intended.

Keywords: *Entrepreneurial-specific factors, Support factors, Performance, Micro enterprises, Micro-entrepreneurs.*

1. Introduction

The development of the business sector is one of the important agenda of the country nowadays. This is evidenced by the existence of various initiatives to help strengthen business activities in the community (Ismail et al., 2016). Entrepreneurship and business activities play a crucial role in bolstering the country's economy and enhancing the quality of life for its people. Nowadays, the younger generation is also increasingly involved in the field of entrepreneurship and business. Young people's involvement in the business is significant and this will have a positive impact on the country's economy if the business continues to grow and grow (Sayitkhonov, 2020). Entrepreneurship is a global issue that is often widely discussed, especially entrepreneurship that can increase the success of a firm (Kasemsap, 2017). Scientific discussions and efforts to find a positive relationship that can be linked between entrepreneurial activities and firm success are on the rise. The researchers focus on the field of entrepreneurship because it is a strategic field that is constantly changing with the times. According to the 12th Malaysia Plan (RMK-12) document issued by the Economic Planning Unit (EPU), the government will continue enhancing the entrepreneurship development program to cultivate the right mindset for individuals interested in becoming entrepreneurs.

The government's three-pronged effort in the 12th RMK is to create innovative and sustainable entrepreneurs; encouraging inclusive participation through Micro, Small & Medium Enterprises (MSME), cooperatives and agriculture-based associations as well as improving the entrepreneurial ecosystem is expected to increase the contribution of MSME to Gross Domestic Product (GDP) to 45 percent and cooperative income to RM60 billion in 2025. The Small and Medium Enterprise (SME) sector serves as the backbone of the economy in both developed and developing countries. Researchers around the world who are focused on SMEs concur that SMEs play a significant role in generating job opportunities and fostering economic growth, whether in a high-income country or a low-income country. In Malaysia, the government, through various agencies, plays a role in

attracting the interest of the community, particularly the Bumiputera community, to venture into the field of SMEs (Suhaila et al., 2013). Business performance is one of the primary concerns of stakeholders, including the owner, investor, suppliers, and employees in some cases (Madrid-Guijarro et al., 2009). Every SME's primary goal is to achieve high performance.

According to the researchers, the firm's performance strength will allow the firm and society to benefit by withdrawing resources, creating jobs, and generating wealth. Low-performing companies are frequently less competitive and have financial difficulties (Brigham & Houston 2004). As a result of changing and uncertain business environments, it is critical for firms to assess their performance over time (Najmi et al., 2005). The significance of SMEs in influencing the performance of the domestic economy extends beyond developing countries to developed ones (Beaver & Hutchings, 2005). Even in some economies, the role of the inner sector in economic development is more significant than the contribution of large industries. The dynamic development of SMEs serves as a catalyst for economic growth through various contributions including the provision of job opportunities (Audretsch, 2002; Amoah et al., 2022) generating an increase in GDP (Mujahid, 2019), fostering industrial sector development (Caner, 2004), promoting balanced growth (Hu, 2010), and meeting domestic needs. In the context of SME development in Malaysia, the government makes the sector an important mechanism not only to stimulate economic growth but also as a strategy to ensure a fair distribution of the economy among the races. The government hopes to involve more Bumiputera people in the modern sector by establishing a Bumiputera Trade and Industrial Society. In addition, the government established a microcredit program to provide financial assistance through various agencies.

The most active microcredit programs in Malaysia are Amanah Ikhtiar Malaysia (AIM), which pioneered the microcredit program in Malaysia, and The Venture Group Economic Fund (TEKUN). Thus, the microcredit program not only provides financial capital through credit products but also emphasizes social development programs to enhance operational management efficiency. Although microcredit is important for the development of small businesses, a significant portion of the literature on small entrepreneurship and business management fails to consider various additional factors that also impact the performance of microenterprises (Rosman & Rosli, 2013). The microcredit program delivery system consists of three important cores. One of the main focuses of the development program is exposure to various training and guidance programs, with a specific focus on cultivating entrepreneurial characteristics and promoting noble values. This paper differs from other studies on micro-enterprise performance because it addresses the issue from several studies on microcredit and micro-enterprise performance that have placed excessive emphasis on the sole impact of microcredit while neglecting other factors (Rosman & Rosli, 2013; Hietalahti & Linden, 2006; Copestake et al., 2001; Khandker et al., 1998). Therefore, this study focuses on some elements related to specific factors of entrepreneurship (personal entrepreneurial competency, management practices, religiousness) and supporting factors (microcredit programs, the role of family members, government) in the performance of micro-enterprises.

2. Literature Review and Hypotheses

Business performance, as defined by the classical economic theory, is an evaluation of the accomplishment of company objectives including profit, sales revenue, and business expansion. Company performance is linked to the accomplishment of several company objectives, such as upholding social responsibility, meeting customer needs and wants, and satisfying the demands of stakeholders, including owners, managers, shareholders, and employees. Stojkić (2019) emphasizes the need for effective performance measurement systems in SMEs to gain a competitive advantage and adapt to the dynamic business environment. The Resource-based view (RBV) is a theoretical framework employed in the analysis of organizational performance, drawing upon principles of corporate strategy and strategic management. This strategy entails the creation of value advantages, such as a competitive advantage for a company, by possessing valuable resources (Barney, 1991). The RBV theory places a strong emphasis on the role that company capabilities, resources, and practices play in establishing and maintaining competitive advantage (Miller, 2019).

Several researchers collectively suggest that the RBV theory is relevant for analyzing the relationship between business performance and its contributing factors. Valuable resources owned by the business such as information technology (IT) (Liang, 2009; Osakwe, 2022), human and organizational resources (Gruber, 2010;

Salsabila, 2022) have a positive effect on the business performance. Kohlberg's moral development theory, which is internationally recognized and serves as the foundation for numerous studies, posited that individuals progress through six moral judgment phases. According to Kohlberg, individuals across cultures share fundamental moral principles such as justice, equality, love, respect, and authority (Cetin, 2019). In his investigation, Stapleton (2013) examines the impact of religiosity on moral reasoning and discovers that individuals who are religious may exhibit different levels of moral reasoning when compared to those who are not religious.

He explains further that individuals who identify as non-religious will exhibit varying levels of moral reasoning compared to their religious counterparts. The influence of entrepreneurship-specific factors on the performance of SMEs is a crucial subject of investigation within the realm of business and economics. These factors encompass distinctive attributes (Zainol, 2018), actions, and tactics (Kaya, 2015; Soto-Acosta, 2016), that are inherent to entrepreneurs and directly impact the operational outcomes of their SMEs. A succession of pivotal studies has contributed to a comprehensive understanding of the impact of entrepreneurship-specific characteristics on the performance of SMEs. In Surya's (2022) study, it was found that the integration of entrepreneurial orientation, innovation, and market orientation is strongly linked to an improvement in the performance of SMEs. Our analysis delves into several essential factors, including Personal Entrepreneurial Competencies (PEC), managerial practices, and religion, and their influences on SME operational outcomes. By examining multiple perspectives, our understanding of the intricate interplay of these factors within this domain is enhanced.

Personal Entrepreneurial Competencies: The relationship between Personal Entrepreneurial Competencies (PECs) and the performance of SMEs has been extensively studied, with numerous research projects providing insights into this matter. Sarwoko (2013) and Pitakotuwa et al. (2017) have found a direct correlation between entrepreneurial traits and business performance. This assertion finds support in the work of Mamun & Fazal (2018), Baylie (2019) and Mejri & Zouaoui (2020). Agbenyegah (2020) further expanded upon this comprehension by demonstrating that the impact on SMEs' performance is not solely attributed to personal abilities, but also encompasses opportunity and strategic competencies in a collective manner. In addition, Fazal (2022) presented evidence that several motivational characteristics, such as self-confidence, openness to change, and pull factors, have a positive impact on the development of entrepreneurial skills. In turn, these competencies exert a significant influence on the sustainability performance of micro-enterprises. The significant role that PECs play in influencing the performance of SMEs is underscored by these collective findings. These findings also provide valuable insights into the way in which these competencies function as mediators between entrepreneurial qualities and business outcomes. Based on the consideration of these findings, we put forth the following hypothesis:
H1: Personal entrepreneurial competencies have a positive influence on the performance of micro-enterprises.

Management Practice: An extensive study has been conducted to explore the impact of management practices on the performance of SMEs, yielding several significant findings that indicate a favorable association between the two. According to Syed Abdullah (1991), the management practices of an organization, encompassing its philosophy, values, and strategies for addressing various corporate challenges, particularly those related to personnel, serve as indicators of its broader management approach. This statement emphasizes the crucial significance of management practices in shaping both the organizational culture and its resulting outcomes. Zakaria et al. (2016) highlighted the substantial influence of managerial practices on the success or failure of an organization, highlighting their overall significance. Additionally, in the context of performance management in SMEs, Ates (2013) conducted a comprehensive analysis of the discrepancy between theoretical concepts and practical implementation. The study emphasized the importance of these organizations cultivating proficient managerial strategies to enhance overall performance.

According to Forth (2018) and Forth (2019), SMEs can obtain notable benefits, including growth and improved productivity, through the adoption of formal management practices. This is especially true in areas such as human resource management and performance objective setting. The findings mentioned above collectively emphasize the practical importance of implementing excellent management practices to enhance the performance of SMEs. The significance of managerial practices in relation to company performance is readily apparent; yet Lindsköld (2018) observed that the extent of this impact may differ across SMEs and larger

corporations. However, it is important to note that these studies together emphasize the crucial significance of management practices in influencing the performance and growth trajectory of SMEs. Furthermore, they emphasize the necessity for SMEs to align their management methods with established best practices to achieve long-term success. Based on the considerations mentioned above, we put forth the following hypothesis:
H2: Management practices positively influence microenterprises' performance.

Religious Value Practices: Numerous studies have examined the impact of religion on the operations of SMEs, with varying and even contradictory results. The study conducted by Kamarudin (2013) on Malay entrepreneurs operating SMEs in Malaysia found that the influence of liberalism and religious faith on entrepreneurial ideals, strategy, and business performance varied. This emphasizes the intricate interplay between religion and business practices. Rasheed (2016) proposed how religion might influence financial decision-making by proposing a conceptual framework to investigate the influence of social and religious beliefs on SME owners' attitudes and intentions regarding formal finance adoption. Another example of the wider impact of religious beliefs on organizational culture was provided by Ghouri (2018), who hypothesized that the incorporation of religious orientation within SMEs, among other factors, could positively affect employee behavior. In contrast, Elias (2019) discovered that the level of religiosity among top management in Malaysian halal food and beverage SMEs did not significantly affect business performance, suggesting that the relationship between religion and business outcomes may vary depending on the specific context.

The relationship between religion and SME performance is multifaceted and complex, even though these researches offer a variety of results. Mahmood and Zahari's (2021) study emphasizes the importance of religion in influencing the performance of micro companies. They emphasized the significant influence of religious beliefs on business practices with their list of principles, which includes zakat pledges, humility, fairness in trade, and honesty. Based on research findings by Kissi et al. (2021), Raza et al. (2023) and ChoudhuryKaul et al. (2023) religious factors significantly have a positive influence on business performance. Overall, these studies highlight the importance of gaining a comprehensive understanding of the complex relationship between religion and SME performance, while also accounting for contextual changes that may impact this relationship. Taking into account the previously mentioned factors, we propose the following hypothesis:
H3: Religious value practices positively influence microenterprises performance.

Microcredit Programme: Significant findings from studies on how microcredit facilities affect the performance of SMEs demonstrate the favorable correlation between company success and microcredit availability. Mahmood et al. (2016) discovered a significant positive relationship between enterprise success and managerial competency, highlighting the significance of efficient management for the performance of SMEs. Notably, they discovered that the training components have an impact on the recipients of microcredit facilities, highlighting the need for skill development and training in utilizing microcredit to enhance company outcomes. Further research strengthens the validity of these conclusions. Three studies, Ekpudu (2016), Monge (2016), and Trisnasih (2020), all supported the beneficial effects of microfinance bank loans on the performance of SMEs, demonstrating the observable advantages of having access to capital.

More evidence that microcredit can stimulate revenue growth comes from Ruslan's (2020) discovery that SMEs with access to credit achieved higher sales than those without. To further highlight the complex relationship between microcredit and SMEs, Ramli and Zain (2022) provided evidence that the loan amount, management fees, and help and support from multiple organizations all had a substantial impact on the business success of microcredit borrowers in Kelantan. The papers presented in this collection, when taken together, provide a persuasive argument for the beneficial impact of microcredit facilities on the performance of SMEs. The articles demonstrate that SMEs when they have access to credit and are equipped with effective management and training, experience significantly improved chances of achieving success and growth. Based on these factors, we propose the following hypothesis:
H4: The microcredit program has a positive influence on the performance of micro-enterprises.

Family Members' Role: The impact of family members on the performance of SMEs is a subject of considerable complexity and diversity, as indicated by a number of scholarly investigations. According to Chu (2009) and González-Cruz (2016), their research indicates that family ownership has a notable and favorable impact on

the performance of SMEs. This underscores the potential advantages associated with familial participation in the management and operation of businesses. Nonetheless, Massis (2015) offered a nuanced viewpoint, suggesting that the relationship between family ownership and performance is represented by an inverted U-shaped curve. This suggests that while modest family ownership can be advantageous, excessive or insufficient family involvement can be detrimental to the success of SMEs, highlighting the significance of finding a balance. Additionally, Farrington (2018) stressed the importance of branding and marketing strategies in the context of family-owned SMEs, finding that the only factor that may potentially impact these companies' financial success was product differentiation. This emphasizes the particular elements of family-owned SMEs that may influence performance results. Adriansah and Mubarok (2023) contributed to the conversation by emphasizing the value of competent management and family engagement in the growth of small, family-run businesses.

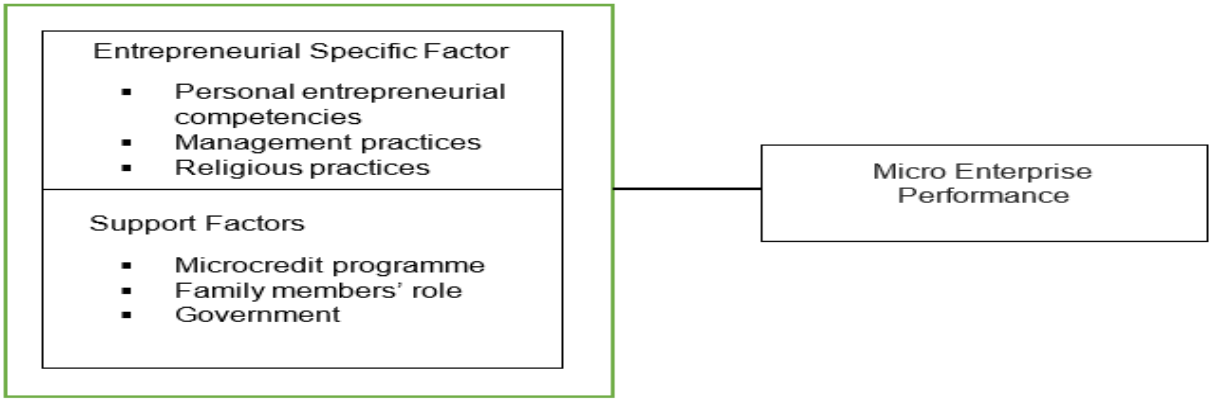
Their study underscored the importance of sound management and decision-making within the context of family enterprises. In summary, the body of research indicates that family engagement can impact SMEs' performance in both favorable and unfavorable ways. While there are benefits to family ownership, it is important to find a balance, and the exact impact of family engagement may vary depending on factors such as branding strategy and managerial techniques. The main takeaway is that, while family involvement in SMEs is important for economic success, it requires thoughtful consideration and skillful management to optimize benefits. Based on an extensive literature review, we propose the following hypothesis:
H5: Family members' role positively influences microenterprises performance.

Government Support: Numerous scholarly investigations underscore the noteworthy influence of the government on the operations of SMEs. Even though most researchers agree on the favorable outcome when SMEs receive government support, the support provided can vary across regions. Among the facilities provided by the government agencies are financial support (Liu, 2014; Wanambisi, 2017; Candiya Bongomin, 2018; and Aslam, 2023), government procurement (Liu, 2014 and Wanambisi, 2017), ICT facilities (Okundaye, 2019) and education support (Candiya Bongomin, 2018; Aslam, 2023). Wang (2017) clarifies the benefits of SME participation in public policy processes, demonstrating that SMEs who have a voice in determining government policy typically perceive the business environment more favorably. It emphasizes how crucial it is to include SMEs in the decision-making process when it comes to laws that directly impact their day-to-day operations. The study conducted by Campos et al. (2021) reveals a positive relationship between government support and the entrepreneurial behavior of firms, leading to increased internationalization in the marketplace.

This highlights the significance of recognizing the effectiveness of government support in stimulating business activity. Furthermore, Olayemi (2022) shows how well-planned government efforts can promote the establishment and expansion of SMEs, demonstrating how government intervention policies and programs greatly contribute to the growth of SMEs in Nigeria. However, research by Zulu-Chisanga et al. (2021) surprisingly reveals that government support does not have a significant effect on SME financial performance. These studies highlight the beneficial effects of government involvement and assistance in enhancing SME performance and fostering their expansion. A conducive atmosphere for SMEs to thrive and significantly impact the wider economy is mostly dependent on government incentives, policy participation, and intervention programs. Based on the extensive literature review, we propose the following hypothesis:
H6: Government support positively influences microenterprises' performance.

3. Research Framework and Method

Figure 1: Research Framework



Sample: This research focuses on two of Malaysia's most active microcredit programs, AIM and TEKUN. According to Table 1, the total population in the state for the two microcredit programs is 30,466 (AIM) and 16,432 (TEKUN). The data, as well as the list of program participants, were obtained from the state of Kelantan, a predominantly Malay state on Peninsular Malaysia's East Coast. As a result, the information was gathered from the AIM office and the TEKUN headquarters in Kelantan. The majority of the beneficiaries of these two schemes in Kelantan have been rural or sub-urban MSEs. A stratified sampling method is employed, where the population by the district is identified, and the sample size for each stratum is determined according to the population ratio. The population was then divided into strata (districts). The sample size for each stratum was determined by the population ratio of each stratum per total population. Following Sekaran (1992), 380 samples were chosen from AIM and 376 samples representing TEKUN based on Krejcie and Morgan's (1970) sampling table. Because the AIM microcredit program is only for women, all AIM samples are female. Women make up 42.6% of the TEKUN program. According to this distribution, women constitute the vast majority (71.4%) of the study sample.

Table 1: Population and Sample

Microcredit Program	Population	Sample*
AIM	30,446	380
TEKUN	16, 432	376
Total	46,878	756

*Sekaran (1992)
Source: Based on the sample survey.

The process of data collection through questionnaires is self-administered by the researcher with the assistance of several enumerators, conducted face-to-face with micro-enterprise operators who have been identified from the list of program participants. This method promises a higher response rate compared to other methods such as email and Google Forms. Before further analysis, several statistical tests were performed to ensure the reliability of the study data and the appropriateness of the analysis method. In reference to Table 2, the value of Cronbach's α for all study variables is above 0.7, as suggested by Nunnally (1978). This indicates the reliability of the variables utilized in the study model. The One-sample Kolmogorov-Smirnov test, which exceeds 0.5, confirms that the research data is parametric. This indicates that analysis can be conducted through multiple regression to clarify the research hypothesis.

Table 2: Reliability and One-Sample Kolmogorov-Smirnov Test

Construct	Reliability test		One-sample Kolmogorov-Smirnov test	
	Items	Cronbach's α	Kolmogorov-Smirnov Z	Asymp. sig. (two-tail)
Personal Entrepreneurial Competencies	15	0.908	1.077	0.197
Management Practice	15	0.895	1.136	0.151
Religious values	15	0.887	1.070	0.203
Microcredit program	14	0.816	1.179	0.124
Microenterprise performance	13	0.895	0.980	0.292

Source: Based on the sample survey.

Measurement of Variables: This study involves one dependent variable (micro-enterprises performance) and four independent variables (personal entrepreneurial competencies, management practice, religious values practices, and microcredit program). Measurement of the dependent variable is conducted through subjective methods commonly used by researchers such as Kotey and Meredith (1997), Gadenne (1998), and Swinney et al., (2006). There is a total of 13 items used for measurement, including sales revenue, profit earned, the number of jobs created and customer satisfaction. Respondents are required to evaluate their business performance over a three-year period on a scale of frequency ranging from, "1 - strongly dissatisfactory" to "7 - strongly satisfactory", The construct of personal entrepreneurial competencies is evaluated based on 15 items related to entrepreneurial characteristics possessed by respondents, such as leadership, willingness to take risks, creative and innovative, self-confidence and constant search for opportunities. Measurements for personal entrepreneurial competencies are made using a seven-point scale with a frequency of "1 = extremely low" to "7 = extremely high." Meanwhile, the management practice construct is evaluated based on 15 items covering four main aspects, namely marketing, finance, operations and human resources.

Respondents are required to state their level of agreement with the statement of management characteristics listed, based on a seven-point scale ranging from "1= strongly disagree" to "7= strongly agree." For the construct of religious values practices, there are 15 elements used to measure the religious values practices of an entrepreneur. These virtues include humility, patience, honesty, conducting transactions without usury, avoiding illegal income, being fair when dealing, no element of coercion in transactions, and halal sources. The measurement is based on a seven-point scale, with a frequency of "1 - extremely unimportant" to "7 - extremely important". Microcredit program variables are measured based on respondents' satisfaction with the delivery system, involving three important elements; credit product, operational efficiency and social development programme. This multidimensional measurement method aligns with the objective of the study to evaluate the performance of the business involved. Based on a seven-point scale, with a frequency of "1 = strongly dissatisfactory" to "7 = strongly satisfactory" respondents are required to state their level of satisfaction with the services and facilities provided.

4. Findings

The results of the descriptive analysis, including the mean and standard deviation, are presented in Table 3. Five variables exhibit a high mean, whereas only two variables display a lower mean value. The variable for religious practice has the highest mean value, which is 6.141, while the variable for government support has the lowest mean value, which is 1.694. In terms of the relationship between the variables, all show a positive value except for the relationship between the religious practice variable and the microcredit program, as well as family involvement. Most of the correlations between the variables are of a moderate level, however, the relationship between the variables of family involvement and government support exhibits a relatively weak connection. The results of the Collinearity statistics test indicate that the research data is parametric in nature, based on the values of tolerance (greater than 0.2) and VIF (less than 10). According to Pallant (2011), this explanation states that there is no issue of multicollinearity in the study data. This allows for the analysis of the study data using the multiple regression method.

Table 3: Descriptive Statistics and Correlation

Variable	Mean	SD	1	2	3	4	5	6
1. Personal Entrepreneurial Competencies	5.381	0.603	1					
2. Management Practice	5.158	0.721	0.548***	1				
3. Religious practice	6.141	0.487	0.152***	0.155***	1			
4.Microcredit program	4.855	0.652	0.319***	0.489***	-0.048	1		
5. Family members' role	1.694	1.053	0.117***	0.102***	-0.038	0.124***	1	
6. Government	2.106	1.151	0.082**	0.213***	0.071*	0.204***	0.017	1
7. Micro enterprises performance	5.076	0.690	0.446***	0.648***	0.092**	0.542***	0.126***	0.218***

Notes: $N = 756$, ***$P < 0.01$
Source: Based on the sample survey

Table 4 displays the results of the standard multiple regression analysis involving all six independent variables with the dependent variable. The total variance explained by the model was 50.6 percent, F (6,701) = 119.55, p < 0.01. According to the R2 value, all six independent variables considered in the study model can explain 50.6 percent of the variation in microenterprise performance. Referring to Table IV, the analysis of the study shows that the variable personal entrepreneurial competencies have a significant positive influence on the performance of micro-enterprises (β = 0.126, p < 0.001), therefore the study confirms H1. This finding is consistent with most previous studies (Pitakotuwa et al., 2017; Baylie, 2019; Mejri & Zouaoui (2020) which conclude that the higher the value of competencies, the better the performance of small businesses. The findings also show that management practice variables have an influence significant positive effect on the performance of micro-enterprises (β = 0.406, p < 0.001). Based on the empirical evidence, the study confirms H2, which is in line with previous studies, including Ates (2013), Zakaria et al. (2016), and Forth (2018). These studies indicate that efficient management contributes to overcoming challenges and positively impacts the development of the firm.

In relation to the religious variable, the analysis of the study indicates that this factor does not exert a significant influence on the performance of micro-enterprises. Consequently, the study does not provide confirmation for H3. The failure of entrepreneurs to adhere to noble values and perform religious practices thoroughly, along with the use of more rational judgment in decision-making, is an important factor in the achievement of less encouraging business performance (Rohaizat & Suzilawati, 2001; Glover, 1997). Analysis of the variables of the microcredit program and the performance of micro-enterprises also empirically shows that there is a significant positive relationship between the two variables (β = 0.317, p < 0.001). The findings of the study are consistent with the results of studies conducted by Mahmood et al., (2016), Ekpudu (2016), Monge (2016) and Trisnasih (2020). Based on the findings, the study confirms H4. In terms of family involvement, the study discovered that it does not affect business performance. This finding contradicts the findings of Chu (2009), Gonzalez-Cruz (2016), Massis (2015), and Farrington (2018). As a result, the study was unable to confirm H5. An empirical study of the government's role in assisting micro enterprises discovered a significant positive relationship between the two variables (β = 0.039, p < 0.05). The findings are consistent with the findings of Campos et al. (2016) and Olayemi (2022). As a result, H6 is supported.

Table 4: Multiple Regression Analysis

Model	Collinearity Statistics		Unstandardised Coefficients		Standardized coefficients	t	Sig
	Tolerance	VIF	β	Std Error	Beta		
(Constant)			0.451	0.296		1.522	0.128
Entrepreneur specific factors							
Personal Entrepreneurial Competencies	0.694	1.440	0.126	0.037	0.110	3.445	<0.001
Management Practice	0.571	1.750	0.406	0.034	0.420	11.951	<0.001
Religious practice	0.951	1.052	0.029	0.040	0.020	0.741	0.459
Support Factors							
Microcredit programme	0.718	1.393	0.317	0.034	0.296	9.458	<0.001
Family members' role	0.976	1.025	0.022	0.018	0.033	1.224	0.222
Government	0.937	1.068	0.039	0.017	0.065	2.374	0.018

Model Summary

Model	R	R2	Adjusted R2	Std Error of the Estimate	Change Statistics				
					R2 Change	F change	df1	df2	Sig. F Change
1	711[a]	0.506	0.502	0.49569	0.506	119.555	6	701	< 0.001

Predictors: (constant), personal competencies, management, religious, microcredit, family, government

Dependent variable: micro enterprises performance

Source: Based on the sample survey.

5. Discussion and Conclusion

The purpose of this study is to analyze various factors that are associated with the internal environment, specifically personal entrepreneurial competencies, as well as external factors, such as support factors. These factors have the potential to impact the performance of micro-enterprises. The study sample consisted of a total of 756 micro-entrepreneurs who had participated in the AIM and TEKUN microcredit programs. The data was analyzed through the standard method of multiple regression to explain the six research hypotheses. The research findings indicate that the performance of micro-enterprises is significantly influenced by four factors: personal entrepreneurial competencies, management practice, microcredit programs, and government support. Among those factors, it has been empirically shown that the management practice factor is the most significant element in influencing the performance of small companies. This finding is consistent with the resource base view (RBV) theory. According to Barney (1991), the ownership of various resources including human resources and organizations that have a certain uniqueness allows a firm to create a competitive advantage and subsequently business performance.

Although religion is thought to have a significant impact on business performance, the study's findings show otherwise. This failure can be attributed to the attitude of the majority of entrepreneurs, who frequently disregard religious values (beliefs and practices) when making business decisions. Their actions and behavior favoring more on rational considerations as explained by Kohlberg's theory. Family involvement, on the other hand shows no noticeable impact on the performance of micro-enterprises. This outcome may be attributed to a lack of family support, especially in financial terms, posing a major constraint for micro-entrepreneurs in managing their business. In terms of policy implications, the research findings clearly show the need for the formation of high entrepreneurial values to make micro-entrepreneurs more resilient, creative and innovative in line with the needs of the current environment. The emphasis on the innovation aspect is consistent with the core of the Economic Development Theory (Schumpeter, 1934) which emphasizes the role of entrepreneurs in economic development. Mastery of micro-entrepreneurs in aspects of management, especially finance and marketing, should be given priority to ensure that they can manage their business more effectively. Both

elements (personal entrepreneurial competencies and management practice) are seen as complementary to the microcredit program that involves financial assistance as business capital.

The provision of business capital through the microcredit program necessitates a high level of entrepreneurial ability, encompassing both elements, to guarantee the attainment of improved business performance. Entrepreneurs, in addition to the involvement of family members, also require the support of the Government to receive various assistance and advisory services. To ensure the effectiveness of the planned program with minimal leakage, it is necessary to design a specific delivery system mechanism. The application of religious values in its entirety is also perceived as an effective measure in guaranteeing the attainment of improved business performance. Entrepreneurs must adhere to values that touch on aspects of beliefs, which include keeping promises, being honest, exhibiting trustworthiness, refraining from practicing riba, and avoiding illegal income. From the perspective of religious practice, the practice includes prayer, fasting, and paying zakat. Adhering to all religious elements without exception and refraining from selective practice is imperative.

Limitations and Future Research

According to Kjellman et al. (2004), the performance of a firm is influenced by various factors including external and internal factors. However, this study only analyses two elements, namely the entrepreneurial-specific factor and the support factor. To obtain a more comprehensive picture, future research should broaden its scope and may take into account more factors including those related to human capital (level of education, business experience and training) along with other factors such as start-up capital, economic condition, business networks and business age. A more comprehensive approach will yield a more nuanced understanding of the multifaceted influences on firm performance. Although this study has made significant discoveries and contributions, it is important to recognize that there are some limitations. Initially, the research was limited to the geographical area of Kelantan, which is primarily inhabited by Malays and located in Malaysia. The limited scope of this study may restrict the applicability of the results to different cultural or geographical settings within Malaysia or other nations. Subsequent investigations could broaden the scope of the study by incorporating other geographical areas to improve the applicability of the findings. Furthermore, the study primarily focused on female participants, particularly those from the AIM microcredit program. The gender disparity may have impacted the results, as gender can influence entrepreneurial skills, managerial strategies, and the use of microcredit services. Future research endeavors should aim to achieve a more equitable gender distribution to comprehensively examine any potential disparities in micro-enterprise performance based on gender.

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