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Financial Services, Non-Financial Services, and Entrepreneurial Business Performance: A Study on MARA SPiM Loan Scheme

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ABSTRACT

This paper is aimed at examining the relationship among financial support, non-financial attributes, and entrepreneurial business performance. The paper studied how financial support, entrepreneurial skills/knowledge, entrepreneurial mindset, and entrepreneurial attitude play a significant role in influencing business performance (profitability, growth, and assets). Using a quantitative approach and cluster sampling technique, this study analyzed data from 96 respondents from a survey of 106 participants. All respondents are entrepreneurs who were loan takers of the MARA-SPiM scheme, which was approved from 2014 to 2015 from 10 districts in Perak State of Malaysia. The analysis was performed using SPSS and Smart-PLS statistical software. The findings established that financial support plays a significant role in influencing an entrepreneur's business performance. On the other hand, it was revealed that entrepreneurial attitude (one of the non-financial attributes) plays a significant role in influencing entrepreneur's business performance. This study also found that the arrangements of financial services and non-financial services are important for an entrepreneur's business success in terms of rising profitability, growing one's business, and increasing assets. Besides that, advisory services, entrepreneur skill/knowledge, and entrepreneur mindset were unable to show significant influence on an entrepreneur's business performance.

Keywords: Business Performance, Entrepreneurship, Financial Services, Malaysia

JEL Classification: L31, G23

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INTRODUCTION

Entrepreneurs play an important role in the Malaysian economy. According to Abdullah *et al*. (2016), 97.3% or 645,163 of 662,939 business establishments in Malaysia are categorized as entrepreneurs, and it is accounted for 35.9% of gross domestic product (GDP) and 65% of the total employment in the country. Due to tight and unsupportive economic conditions, the job market is squeezed (Winifred, 2015), resulting in individuals becoming entrepreneurs. Under those circumstances, small to medium enterprises (SMEs) will dramatically increase (OECD, 2009). The Malaysian government always appreciates initiatives from entrepreneurs to conduct and participate in business activities (Subhan *et al*., 2014). The government of Malaysia through ministries or other public institutions has started many financial schemes and programs to encourage young Malaysians specifically Bumiputera to be entrepreneurs (Economic Planning Unit, 2010). Likewise, the government recognizes that, by helping entrepreneurs, it is indirectly helping Malaysia's economy. Initially, Majlis Amanah Rakyat (MARA), an agency under the care of the Ministry of Rural and Regional Development, was established to help students to accomplish their ambition of pursuing higher education through MARA scholarship programs and MARA study loans. Most recently, the MARA business financing programme was introduced to develop viable entrepreneurs who are hardworking, competitive, and entrepreneurial (MARA, 2016). Furthermore, the MARA Business Financing Scheme offers financing facilities and services that are Shariah-compliant across various business sectors, including manufacturing, retail, construction, technopreneurship, and agro-based industry. Table 1 depicts various types of MARA loans.

Table 1 List of MARA Business Loans

S.no	Type of MARA Business Loan Facilities	Minimum Funding	Maximum Funding
1	Express Contract Financing Scheme (SPiKE)	RM1,000,000.00 (Total Limit)	
2	Business Improvement Loan Scheme (SPiM)	Sole Proprietorship / Partnership RM250,000.00 Private Limited Company RM500,000.00	
3	Business Financing Facility for Persons with Disabilities (PWD)	RM 50,000.00 (Total Limit)	
4	Business Financing Scheme Post IPMa (SEMAi)	RM50,000.00 (Total Limit)	
5	MARA Entrepreneur Guarantee Scheme (SJUM) - Bank Muamalat	Sole Proprietorship / Partnership RM200,000.00	RM500,000.00
		Private Limited Company RM200,000.00	RM5,000,000.00
6	MARA Entrepreneur Guarantee Scheme (MEGS) - Bank Rakyat	Sole Proprietorship / Partnership RM200,000.00	RM500,000.00
		Private Limited Company RM200,000.00	RM2,000,000.00
7	Global Entrepreneurs Financing Scheme MARA - EXIM (GEMS) - EXIM Bank	RM300,000.00	RM2,000,000.00

Source: Modified from MARA website (www.mara.gov.my)

In order to investigate the efficiency and effectiveness of MARA funding on business entrepreneurs and their developmental and growth mechanism, it is imperative to measure the performance of entrepreneurs, which are currently being funded by MARA business loan programs, particularly the SPiM scheme. The MARA development mechanism for entrepreneurs presently is executed by MARA, including financial (providing loans) and non-financial (providing consultancy) services.

MARA delivers non-financial and financial services in fulfilling its primary objective, which is, "Developing viable global entrepreneurs who are resilient and competitive in accordance to the aims of MARA Entrepreneurship Programme" (MARA, 2016). Essentially, MARA financial services and non-financial services are a combination of working capital facilities as well as advisory services and entrepreneurial development programs (training, business consultation, market development, technopreneurial development), of which practices are given to entrepreneurs under (1) SPiKE, (2) SPiM, (3) PWD, (4) SEMAi, (5) SJUM, (6) MEGS, and (7) MARA-EXIM (GEMS) schemes. These programs constitute the incubator financial scheme initiatives by MARA for entrepreneurs. This study focused on entrepreneurs who have received MARA-SPiM loan facility between 2014 and 2015 and measured their business performance (profitability, growth, and assets). Their performance is crucial because if they cannot perform they might not be able to pay back the MARA-SPiM loan.

On the other hand, apart from entrepreneurs, it is important to ascertain whether these financing schemes really do contribute to business performance and/or are helpful to the entrepreneurs' overall business success (Obloj, 2013; Heskett, 2007). In addition, it is also important to measure the influence of entrepreneur skills/knowledge, mindset, and attitude in growing and making their business profitable (Neneh, 2012; Cooney, 2012).

In 2016, MARA chairman Tan Sri Annuar Musa noticed that there were quite a number of cases of MARA loan borrowers who failed to achieve the required outcomes. For that reason, the defaulting loan borrowers are facing legal action regarding the loans. As a result, a 50 percent discount of the loan balance was introduced to borrowers as a relief. It was clearly noted that, in most instances, borrowers who had accessed loan funds since 2010 did not have the capability to return 100 percent or even half (50 percent) of the borrowed amount.

Meanwhile, MARA-SPiM plays an important role in supporting entrepreneurs via three basic performance indicators, i.e., (1) profitability, (2) growth, and (3) assets. The entrepreneurial expansion activities availed by this scheme include entrepreneurial development programs and advisory services together with grooming mindset, skills/knowledge, and attitudes of participants. On the other hand, the effectiveness and best utilization of the fund is also an in-built mechanism of the program.

Primarily, the focus of this study is on the entrepreneurial business performance availed by the loan facility. Thus, the main objective of this paper is to examine the association between financial services and entrepreneur's business performance. Likewise, this study investigates the relationship between non-financial services and entrepreneur's business performance.

REVIEW OF LITERATURE

Business Performance

In this study, business performance is treated as a dependent variable, and it is considered as the best predictor for measuring MARA-SPiM loan effectiveness. The success or performance of any firm can be indicated by its profitability, growth, expansion of assets. Wiklund and Shepherd (2005) conducted a study on 413 Swedish firms based on a longitudinal data collection approach. The authors found that entrepreneur orientation positively influences small business performance. In much the same way, Teoh and Chong (2007) noted a significant relationship between women entrepreneurship practices and their performance levels in the Malaysian context. Kamunge and Tirimba (2014) conducted a study in Kenya on 161 small- and medium-enterprise (SME) traders in Kenya and measured business performance in terms of the growth in profit, additional stock, and growth of employees. Their study concludes that access to finance and availability of management experience are the main socioeconomic attributes influencing the performance of small and medium businesses. However, the existing literature still steadfastly regards financial profitability as the best gauge to measure organization performance (Pervan & Visic, 2012).

Quite a number of scholars such as Irfan *et al*. (2014); Kennerley and Neely (2002); Lane *et al*. (2010); and Li *et al*. (2012) have noticed that organizational performance can be measured in two categories, i.e., financial and non-financial performance measures. These include productivity, quality, revenue, profitability, return on investment, profit to revenue growth ratio, innovativeness, market orientation, growth, competitive advantage, and many more (Salaheldin, 2009). The next sections will discuss the influence of financial and non-financial services on organizational or business performance.

Financial Service

Financial services are the funding packages offered by financial institutions to entrepreneurs to help them fund their business activities. In this regard, incubators are made and supported by governments for financial support and consultation on financial matters with loan takers. In a way, business incubators benefit entrepreneurs by providing platforms that involve incubator affiliates, support systems, and tenant companies (Bathula *et al*., 2011). Likewise, incubators should stress financial support and provide financial packages that deliver additional services other than the conventional financial services, which create a friendly, easy, doable, and positive environment for entrepreneurship.

Financial services are important to entrepreneurs because they enable them to be financially empowered and in the process support their firms to help achieve profitability, growth, and performance, particularly in new start-up business (Adegbite, 2001). In addition, Kamunge and Tirimba (2014) found that entrepreneur access to finance positively influence SME's performance. The authors further observed that access to finance provides better opportunities to a great extent and ultimately improves their business performance.

According to Jeyanthi (2015), financial services can assist entrepreneurs to improve their

customer satisfaction and loyalty, which ultimately could improve business performance. In a related study, Reichold *et al*. (2004) found that most of the entrepreneurial companies in Germany and Switzerland have financial services, which relate to varying business performance and success.

On the other hand, lack of focus on the impact of non-financial attributes will generate various problems in having a fuller picture of the dynamics of business performance. For example, Neneh (2012) found that lack of entrepreneurial mindset contributes to the high failure rate of SME performance. Similarly, Adeyemo (2009) discovered that acquisition and critical understanding of essential entrepreneurial skill are crucial to predict the entrepreneurs' outcomes. He suggested that entrepreneurs have to find the gaps and leakages and prepare themselves for the entrepreneurial path ahead regardless of other circumstances.

Meanwhile, Blasco *et al*. (2012) revealed that the positive image of the entrepreneur will exert positive influence on his or her work operations and productivity. Another study by Hussain (2005) established that non-financial services such as advisory services also were crucial in entrepreneurial business growth because the sole provision of financial services would not be hugely beneficial to most entrepreneurs. As such, entrepreneurs also need navigators or mentors to guide them with entrepreneurial training, including explaining to them technicalities of critical business advisory. As can be seen, most studies have been largely concerned with the entrepreneurial abilities of entrepreneurs and have thus neglected the combined effect of financial services and non-financial services on entrepreneurial business performance.

Eeden (2004) who conducted a study in South Africa concluded that financial service is the most important and permanent constraint facing entrepreneurs. The author noted that problems related to finance included inadequate financing, deficiency of access to finance, absence of information on where to source for finance, restrictive lending offered by commercial banks, deficiency of track record essential by the banks, limited access to collateral, and the fact that financial institutions lacked appropriate structure for dealing with SMEs.

Lee and Osteryoung (2004), in their study on "Critical Success Factors for Effective Operations of University Business Incubator in the United States and Korea," found that the acute success factor of a business incubator is financial support. In addition, Lumpkin and Dess (1996) noted that entrepreneurial strategies require considerable financial resources to be successful. Cusmano (2013) presented a strong case about the role, impact, and sustainability of financial services mechanisms in combination with government support and financial institutions. The author identified structural and emerging challenges for the financial sustainability and the financial and economic benefits of financial schemes, in a quickly fluctuating regulatory and economic environment. Therefore, on the basis of the above literature review, this study hypothesizes that:

H1: There is a significant influence of financial service on business performance.

Non-Financial Service

In this study, non-financial service is explained as a type of service such as advisory services for the entrepreneurial mindset, skills/knowledge, and attitude. Xiang and Worthington (2013) noted that smaller enterprises are less resourceful and capable to employ formal operating

structures and less likely to obtain expensive professional consultation and advice as compared with their larger counterparts. Therefore, entrepreneurs, if given these non-financial services, can dramatically improve their profitability, growth, and assets. In addition, Akcomak (2009) revealed that the perception of entrepreneurs' incubators has progressed in time according to market and firm needs. Most successful entrepreneurs' incubators display a creative and innovative character in approaching difficulties of financing companies.

The author concluded that there is an association between the qualities of the incubator management staff. Furthermore, entrepreneurs' incubators reflect the institutional setup, creativity, and policy innovativeness in a society.

Advisory Service

Hussain (2005) revealed that basically non-financial services are made up of (1) advisory services and (2) entrepreneurial development agendas such as entrepreneur connection program (vendor and mentor or mentee), seminar activities and entrepreneurial training, business advisory, integrated factory buildings and technical advisory being availed to entrepreneurs at a supported or subsidized rate under MARA financial schemes.

Haron *et al*. (2010) found that business advisory services are useful at the developmental stage (start-up, fast-growth, or sustainable stage) of entrepreneurs. However, their case study also revealed that business advisory services have not really helped the SMEs in attaining competitive advantage or to succeed in their business. The authors' study concluded that business advisory services do not significantly influence SMEs success. This might be due to the amount of fees paid to the small and medium practices (SMPs) or consultants by the rapidly growing SMEs. But the researchers believe that it is important for entrepreneurs from time to time to receive advisory services such as (a) technological, (b) networks, (c) skills, (d) taxation, (e) financial accounting, (f) management accounting, (g) strategic planning, (h) process efficiency, (i) operational excellency, and (j) advisory regarding concepts such as just in time (JIT), total quality management (TQM), balance score card, etc.

Advisory services are the provision of specific advice tailored to the challenges unique to a specific firm at a given time, e.g., a form of customized coaching (Hjalmarsson & Johansson, 2003). Small firms (SMEs) at early stage of business, in many cases, are unable to afford or acquire professional advice and, hence, receive most of their support and coaching from informal sources such as family and friends or seek assistance from government-initiated publicly funded advisory services (Cumming & Fischer, 2010; Hjalmarsson & Johansson, 2003).

Even though many studies have attempted to measure the impact of advisory services per se and have yielded mixed results (Hjalmarsson & Johansson, 2003; Storey, 2000), we still need a better understanding of whether advisory services by government agencies (in this study is MARA) can actually have an impact on the loan borrowers' business performance.

Cumming, Fischer, and Peridis (2015) found numerous methods of advisory services that explicitly should be considered in assessing the factors that contribute to entrepreneurial firms' performance and help them to enrich their dynamic capabilities. Advisory service is helpful

particularly when enterprises are thoughtful of employing new staff, making partnerships, or receiving finance to support their sales. Furthermore, Dyer and Ross (2007) revealed that the type of advisory should depend on minds and attitude of entrepreneurs/owners because advisory is a sensitive matter and requires openness and acceptance. The authors explained that the nature and time of advice keeps on changing, and it is not necessary that the advice an enterprise receive at first stage might be different from other stages of their relationship. These advisory services could increase their competitiveness and keep helping them to perform well. Therefore, on the basis of the above literature background, this study hypothesizes that:

H2: There is a significant influence of advisory services on business performance.

Entrepreneurial Skills/Knowledge

Skills are different forms of individual inner capacities but can be developed through education, training, practice, and experience, which can ultimately influence the quality of performance (Adeyemo, 2009). In addition, Islam *et al*. (2011) conducted a study on 95 owners and employees of small firms in Bangladesh and found that entrepreneur skills are significant factors for business success. The authors added that small firms are required to improve their (a) strategic position, (b) focus on its core business, (c) enter international markets, (d) reduce transaction costs, (e) learn new skills, and (f) cope positively with rapid technological changes.

Furthermore, Radam *et al*. (2008) highlighted that SMEs need to develop their managerial and technical skills, especially in creating innovations and generating economic values from their knowledge. Training programs should target at enhancing entrepreneurial skills in the area of business planning, marketing, and financial management among the owners/managers. In addition, Mohammed and Obeleagunzelibe (2014) conducted a study in Nigeria and found that entrepreneurial skills were significant factors for business performance. Entrepreneurial skills can be useful in resource acquisition strategies to make SMEs successful and new ventures profitable.

Furthermore, Stam *et al*. (2014) conducted a study on 61 samples and discovered that knowledge and skills of entrepreneurs might condition the value of social capital. In the same connection, their results revealed that social capital and performance association depend on the age of small firms. Likewise, Blasco *et al*. (2012) conducted a study on 1,244 students from secondary education in Murcia and revealed differences in entrepreneurial skills developed by students who prefer to work for others and students who prefer to start their own business. The author also found that students will desire to be entrepreneurs if they have a sophisticated positive perception about the designated skills and if their role model has his or her own businesses.

In the present study, the researchers believe that if entrepreneurs want to start a business, it is crucial to learn or upgrade the particular skills (technical or non-technical) and acquire knowledge that underpins these qualities. It is also significant to keep maturing their entrepreneurial skills, where they are expected to develop, expand, and grow their businesses. Therefore, on the basis of the above theoretical background, this study hypothesizes that:

H3: There is a significant influence of entrepreneurial skills/knowledge on business performance.

Entrepreneur Mindset

The term "entrepreneur mindset" is explained as an "individual way of thinking about business and its opportunities that capture the benefits of uncertainty" (Dhliwayo & Vuuren, 2007, p. 128). Setting up an entrepreneurial mindset is essential to continue the aggressiveness of economic links and the socioeconomic lifestyle of the entrepreneurs through value and employment (Thompson, 2004).

Entrepreneur mindset is posited as "the successful future strategists will exploit an entrepreneurial mindset…the ability to rapidly sense, act, and mobilize, even under uncertain conditions" (Ireland *et al*., 2003: 963–989). Haynie *et al*. (2010) learned that entrepreneurial mindset offers potential insights to numerous situations in understanding entrepreneurship in terms of opportunity recognition, entrepreneurial action, new venture formation, business performance, etc.

Neneh's (2012) study confirmed that lack of an entrepreneurial mindset contributes to the high failure rate of SMEs in South Africa. The author revealed a need for understanding factors that are directly connected with the entrepreneurial mind. These factors are continuous education, growth mindset, creativity, motivation, and risk-taking propensity. Furthermore, Pihie and Sani (2009) noted that entrepreneurial skills and behavior are required for the development of an entrepreneurial mindset. An entrepreneurial directed approach enables individuals to have a positive entrepreneurial mindset. The author emphasises learning techniques of operating a real business and takes examples of people who have gone through the process, by visiting and interviewing entrepreneurs, which can be helpful for those who have entrepreneurial mindset and will to start their own business.

Dhliwayo and Vuuren (2011) conducted a study on 232 businesses registered on JSE Securities Stock Exchange in South Africa and found a positive relationship between corporate entrepreneurship and performance. In another study, Neneh (2012) conducted a study on 86 entrepreneurs in Africa and established that lack of an entrepreneurial mindset contributes to the high failure rate of SMEs. This might be due to the low level of growth mindset and entrepreneurial education, implying that measures should be put in place to enhance these factors as a means of fostering SMEs success. Therefore, on the basis of the above literature, this study hypothesizes that:

H4: There is a significant influence of entrepreneurial mindset on business performance.

Entrepreneur Attitude

Ajzen and Fishbein (2005) defined the term entrepreneur attitude as attitudes that can be predicted from beliefs and evaluations. Generally speaking, Fitzsimmons and Douglas (2005) found entrepreneurial attitudes are significant in explaining decisions in all four countries (India, China, Thailand, and Australia) with some variation in the relative importance of each of these attitudes. Moreover, Chloe and Loo (2013) in a study that investigated the effect of entrepreneurial attitude on the performance of 113 Malaysian SMEs found that entrepreneurial attitude is positively related to firm performance. The authors utilised five subdimensions of entrepreneurial attitude such as achievement, self-esteem, personal control, innovation, and

opportunity recognition. They further demonstrated that training and education can shape the entrepreneurial attitude. Furthermore, Blasco *et al*. (2012) conducted a study on 1,244 students from secondary education in Murcia and found that high school students who show willingness to be entrepreneurs have a higher entrepreneurial attitude (creativity, risk aversion, and proactivity) than those who prefer to be employed in the future. Therefore, on the basis of the above literature review, this study hypothesizes that:

H5: There is a significant influence of entrepreneurial attitude on business performance.

Conceptual Framework

The measurement of this study was adapted and modified from Lee and Osteryoung (2004), Hussain (2005), and other scholars (see Table 2). The authors studied 14 factors, which emerged as important to the effective operation of the incubator system such as goal/operation strategy, easy access to facility and equipment, common access to service space, networking, expert organization, technology transfer, business law consulting, financial support, entrepreneurial education institutional networking, networking of tenant, networking of business, and government support. This paper modified and simplified the framework to be adjusted with the Malaysian context (Ismail, 2012; Wiklund & Shepherd, 2005).

Table 2 Source of Measurement

Variables	Authors
Financial support	Cusmano (2013); Hussain (2005)
Advisory service	Haron et al. (2010); Hussain (2005)
Entrepreneurial mind-set	Israel and Johnmark (2014); Neneh (2012)
Entrepreneurial skills	Israel and Johnmark (2014)
Entrepreneurial attitude	(Blasco et al., 2012; Fitzsimmons and Douglas, 2005)
Business performance	Hussain (2005), Al-ansari (2014)

Figure 1 captures the conceptual framework of this research, which hypothesizes that financial and non-financial services influence entrepreneur business performance.

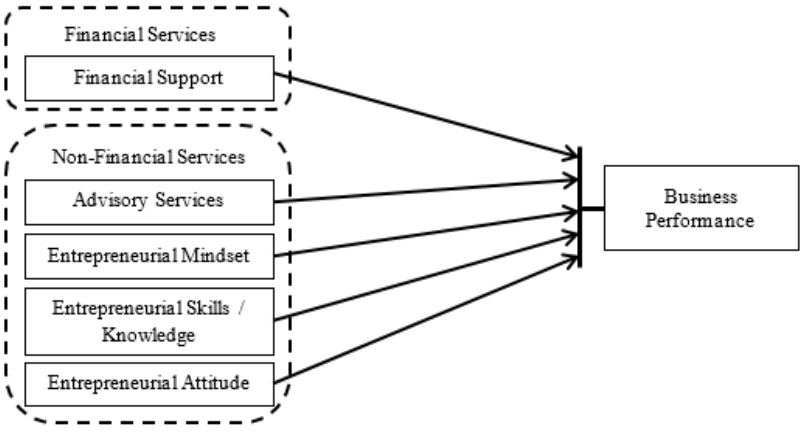

Figure 1 Conceptual Framework

RESEARCH METHODOLOGY

This study used a cluster sampling approach, as the nature of the population of MARA loan borrowers is quite homogenous in every state in Malaysia. In a cluster sampling approach, all population in the cluster will be the samples (Jackson, 2011). The data in this study were collected from those entrepreneurs who have taken the MARA-SPiM loan from Perak State, Malaysia. These respondents are at the business start-up stage, and they have limited working experiences, skill, and knowledge in doing businesses. The population of this cluster consisted of 106 entrepreneurs under MARA-SPiM loan schemes whose loans were approved between 2014 and 2015. This study used a quantitative approach where data were collected through the distribution of the questionnaire. The researchers used multiple attempts to reach these entrepreneurs in order to achieve all stipulated samples in the cluster. The data were analyzed using Statistical Package for Social Science (SPSS), version 22, and Smart-PLS version 3 for Windows. The demographics profiles are presented via descriptive analysis frequencies using SPSS and PLS-Algorithm was use to investigate the measurement model (AVE, R-square, composite reliability, Cronbach's alpha, discriminant validity), and bootstrapping was run to check the structural model.

RESULTS AND DISCUSSION

From a total of 106 questionnaires distributed, only 96 participants responded. Table 3 represents all the finding of AVE, Cronbach's alpha, composite reliability, and loadings. These items were included after removing all the weak items, which were reported to be below 0.5. The acceptable value of average variance extracted (AVE) is greater than 0.5 because value of AVE measures the amount of variance that each construct captures from its indicators due to measurement errors. Results show that each AVE value was accepted because it ranges from 0.572 to 0.803.

Table 3 Results of Measurement Model

Latent variables	Items	Loadings	bAVE	aCR	Cronbach's Alpha
Advisory Service	AS1	0.894	0.803	0.961	0.951
	AS2	0.883			
	AS3	0.901			
	AS4	0.908			
	AS5	0.912			
	AS6	0.879			
Business Performance	BP1	0.85	0.787	0.936	0.909
	BP2	0.917			
	BP3	0.907			
	BP4	0.872			

Table 3 (Cont.)

Financial Support	EFS10	0.796	0.572	0.936	0.925
	EFS11	0.734			
	EFS12	0.807			
	EFS13	0.751			
	EFS15	0.804			
	EFS2	0.733			
	EFS1	0.779			
	EFS3	0.756			
	EFS4	0.643			
	EFS5	0.712			
	EFS9	0.788			
Entrepreneurial Attitude	EA1	0.828	0.652	0.929	0.911
	EA2	0.781			
	EA3	0.815			
	EA4	0.762			
	EA5	0.87			
	EA6	0.784			
	EA7	0.808			

***AVE>0.5

**CR>0.7

*CA>0.7

Discriminant validity is utilized to differentiate measures of a construct from one another. In contrast with convergent validity, discriminant validity tests whether the items do not unintentionally measure something else (Urbach & Ahlemann, 2010). In this study, we calculate that the square root of AVE is written in bold on the diagonal of the table. Table 4 reports all the constructs had the values of AVE larger than 0.5; apart from that, all constructs also had the diagonal values of square root (√) of AVE, which were more than the square correlation with other constructs in the off-diagonal (Hair *et al*., 2011).

Table 4 Correlation and Discriminant Validity

	Advisory Service	Business Performance	Financial Support	Entrepreneur Attitude	Entrepreneur Mindset	Entrepreneur Skills
Advisory Service	0.896					
Business Performance	0.337	0.887				
Financial Support	0.528	0.625	0.756			
Entrepreneurial Attitude	0.183	0.644	0.516	0.807		
Entrepreneurial Mindset	0.222	0.514	0.485	0.544	0.801	
Entrepreneurial Skills	0.134	0.603	0.562	0.616	0.638	0.886

The measurement model placed emphasis on several estimating analysis techniques such as factor loading, composite reliability, AVE, Cronbach's alpha, and discriminant validity.

Hypothesis Testing and Model

The given below section presents the hypothesis testing of this study. It discusses hypothesis testing for direct relationships included in this study. Table 5 shows relationship hypothesis testing in this study.

Table 5 Direction Relationship Hypothesis Testing

	Relationships	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/ STDEV)	P Values	Hypothesis
H1	Financial Support → Business Performance	0.259	0.274	0.122	2.114	0.035	Accepted
H2	Advisory Service → Business Performance	0.099	0.093	0.117	0.846	0.398	Rejected
H3	Entrepreneurial Skills → Business Performance	0.202	0.19	0.113	1.781	0.075	Rejected
H4	Entrepreneurial Mindset → Business Performance	0.052	0.062	0.088	0.593	0.553	Rejected
H5	Entrepreneurial Attitude → Business Performance	0.34	0.338	0.106	3.196	0.001	Accepted

* (Acceptance is made on the basis: T>1.96 at 95% level of confidence)

The validation of the structural model demonstrated satisfactory results. The structural model (Figure 2) exhibited two significant independent variables (financial support and entrepreneurial attitude); influence on dependent variable (business performance) was recorded.

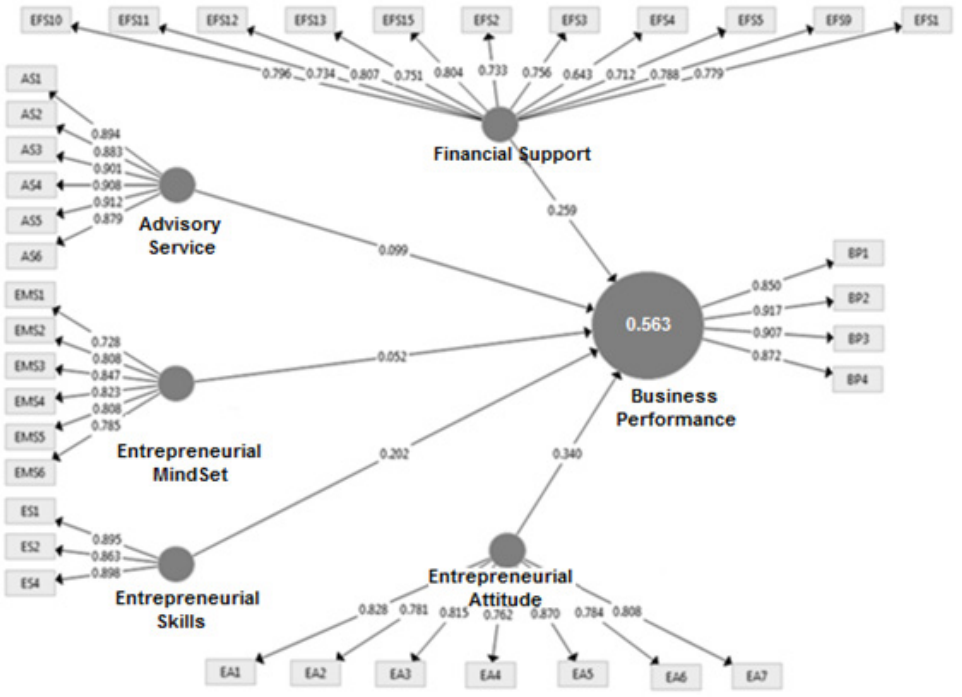

Figure 2 Measurement model

Financial service or financial support has a significant influence on business performance (t=2.114); this might be because the entrepreneurs believe that only financial access can ensure their business survival (refer to Figure 3 on bootstrapping of the variables). This reflects the importance of capital supports to any entrepreneur to conduct businesses. This finding is in line with the findings from other studies by Suff *et al*. (2012) and Bryson *et al*. (2011). Terano *et al*. (2015) revealed that microcredit programs among the small-scale business are able to move the individual utility in the difference curve to the next level. The findings also suggested that the easy repayment scheme of a loan makes it more attractive for the loaners to take microcredit financed from MARA. On the other hand, entrepreneurs' attitude in this study has played the highest significant influence on business performance (t=3.196). As in this study, entrepreneurs' attitude was measured to reflect innovativeness and creativity of entrepreneurs; the result confirmed another comprehensive study on this relationship by Njeru (2012).

Similar findings also were endorsed by Mongia (2013), which indicated that entrepreneurial attitude is significant to entrepreneur success because they express the general feelings of the population toward entrepreneurs and entrepreneurship. Interestingly, the other three notions in this study, which were expected to contribute to the business performance, were found to be insignificant. These findings are in contrast with a number of studies in this field such as those by Njeru (2012) and Neneh (2012). The differences are derived from different measurements used to measure the notions. Neneh (2012), for example, put creativity and risk-taking attitude under an entrepreneurs' mindset, while this study has grouped the variable under entrepreneurs' attitude. This study revealed that innovation, creativity, difference, and other risk-taking-

related attitudes are perceived to have more influence on the SME businesses' performance than challenging the entrepreneurs through non-attitude means such as advisory support, skill workshop, and similar activities. Hence, it is recommended that MARA as of this study or other financial loan scheme providers should provide greater access to capital or financial to SME businesses based on entrepreneurs' attitude to ensure the entrepreneur's business performance success and pay back the loan effectively.

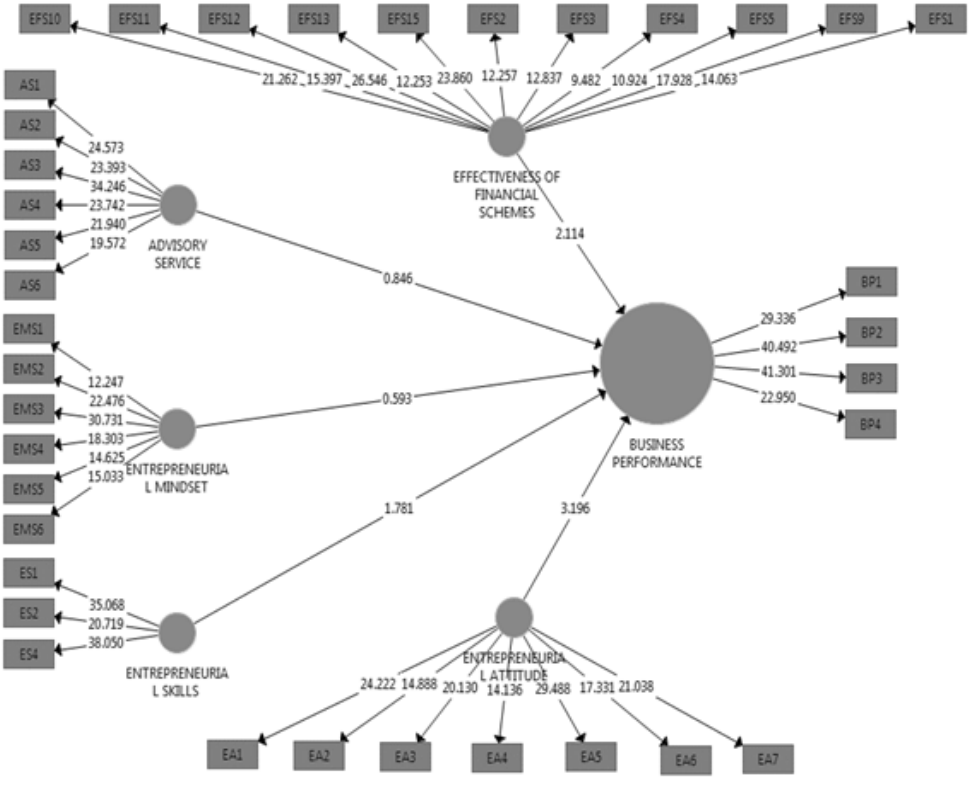

Figure 3 Bootstrapping of item

CONCLUSION

This paper showed that the financial support and entrepreneur's attitude variables have a significant influence on the entrepreneur's business performance. The entrepreneurial attitude played as the highest contributor to the business performance among the entrepreneurs. Even though their relationships are statistically not significant, the respondents in this study revealed that the entrepreneurial mindset has the least contribution to business performance followed by advisory services and entrepreneurial skills. Therefore, it is recommended that all parties involved in the development of small and medium enterprises, including government, higher education institutions, and financial institutions, should provide more training and education on how to foster the entrepreneurial attitude as an integral part of an entrepreneurs' life. Other

than that, any financial institution should carefully or meticulously select the borrower to avoid nonpayment loans (NPL). The borrower should possess the right attitude in ensuring the loan would assist in business expansion. A special program should be developed, which is meant to shape the borrower's attitude prior to loan approval. The program may incorporate attitude and personality tests to further identify the right borrower. The reason being is that the money for the loan scheme comes from the Malaysia government; therefore, MARA should use it wisely.

Implications of the Study

This study has a few implications. First, MARA needs to develop a more rigorous system of selecting the right borrowers. The borrowers must exhibit the right entrepreneurial mindset, skills and knowledge, and attitude, as suggested in the literature. The current MARA borrowers only perceived financial support and entrepreneurial attitude as factors that may influence their business performance. It is suggested that MARA does a thorough background checking before approving the loan. Second, in line with the first implication, MARA should be aware that many of the borrowers are not "born to be an entrepreneur" or even inherit the businesses from their family. The majority of borrowers are involved in business just for economic survival or they are not educated. Thus, MARA should come out with a compulsory module of training for at least a month before offering a loan. In the module, the importance of costing, simple accounting, and marketing should be highlighted. Third, many borrowers are involved in simple food and beverages (F&B), such as selling banana fritters, burgers, and nasi lemak—as long as they have premises, the borrowers are lacking the entrepreneurial mindset.

Limitation and Suggestions for Future Studies

The present study simplified previous literature by examining only five variables. As mentioned in early part of this paper, 14 variables could be used to measure business performance by SMEs. It could be interesting to know the influence of the rest of variables to be examined in Malaysian SME context. On other side, the present study only examined the direct relationship among the variables. It would be interesting for future research to have a mediating or moderating role in these relationships.

Methodologically, this present study used the quantitative approach in the data collection and analysis. Future research in this field should employ a different approach, either qualitative or mixed-method, to see more comprehensive and concrete results of the study. Furthermore, using a non-cluster sampling approach also will be interesting for future studies to confirm that, statistically, the populations in different states in Malaysia are similar or different with regards to Bumiputera's loan–borrower characteristics.

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