

Women Enterpreneurs in Micro Credit Performance: The Preliminary Study in Kelantan

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ABSTRACT

The application of the microcredit has undergone a very much interpretation among scholars. Some believe it would change the overall economic scenarios and some perhaps would rather picture it as a provision to service poor societies. The success factors of microcredit performance and its interpretation until now yet being highlighted. Thus, the aim of this paper is to look at intensity upon micro credit performance among women entrepreneurship where customer knowledge, customer managerial and customer attitude will use as a main variables. This study was preliminary tested via a random survey consists of 100 samples of customers at Amanah Ikhtiar Malaysia (AIM) in Kelantan. The data is analyzed using frequency distributions, reliability analysis, descriptive statistics, linear regression, pearson correlation and regression analysis via SPSS. Based on our findings we believed that all of variables selected are significant in the rank that customer managerial become the main success factors of microcredit to accelerate further in sustainability of women entrepreneurs in Kelantan as well as Malaysia in overall.

Keywords: Microcredit, Customer Performance, Knowledge, Managerial, Attitude

I. INTRODUCTION

Microcredit is a financial innovation that is generally considered to have originated with the Grameen Bank in Bangladesh. In that country, it has successfully enabled extremely impoverished people to engage in self-employment projects that allow them to generate an income and, in

many cases, begin to build wealth and exit poverty. Several literatures had extinguished agreed that the scheme provide a mechanism that together eliminated the poverty. Alam, Ellahi, Shahid, & Arif (2010) found that micro credit has shown its influence because it has enabled the borrowers to establish their own microenterprises since the study in Pakistan showed that most of the borrowers were running home based income generating activities. The experience from the parent's family of the borrowers and the option limit may also lead to the rural women borrowers to be entrepreneurial (Afrin, Islam & Ahamed, 2007). The Grameen Bank's approach began to be employed in Malaysia via researches in the north-western area of Selangor known as Projek Ikhtiar, which was conducted by USM and financed by Islamic Economic Development Foundation of Malaysia, Asia-Pacific Development Centre and the Selangor State Government in 1987. This Micro-Credit scheme is aimed at financing the efforts in increasing income and strengthening the poor via joint management with Amanah Ikhtiar Malaysia (non-governmental organization that designed to alleviate poverty programme), in order to achieve continuity and success of the programme. It started off with a pioneer project for two and a half years. This project involved 373 poorest households who received their first welfare loan. At the end of the Projek Ikhtiar, at least 90 percent repayments were made including the loan capital and cost of financing. This proved that the programme was successful. Together in Bangladesh, Idris (1999) agreed that micro credit programs have positive socioeconomic impact on the rural women. However, it is perceived that the micro credit programs help the rural women borrowers to survive only and do not help them to develop entrepreneurial capabilities. Hence, this paper aims at identifying the factors related to the development of entrepreneurship among

the rural women borrowers through micro credit programs. Moreover Ramli (2010) finds that not all customers know the meaning of micro credit. The main focus of customers is to obtain a capital; many of them not understand the meaning of micro credit. She proof that the customers lack of knowledge about micro credit and didn't know how to manage credit very well. This condition is not awakening because from the past literatures had arise the issue of knowledge, attitude and management upon the microcredit borrowers.

Therefore, the study is aimed to:

1. To identify the factor that affecting micro credit performance among women.
2. To indicate the relationship between the knowledge, managerial and attitude with microcredit performance.
3. To determine the major factors that affecting micro credit performance among women.

II. RELEVANT LITERATURES

A. Customer Performance

Company performance is traditionally related to increase shareholder value. Performance can, however, also be measured in terms of reduction of environmental footprint, improved occupational health and safety performance, increase customer satisfaction and so on. Performance measurement is the on-going monitoring and reporting of program accomplishments, particularly progress towards pre-established goals. It is typically conducted by program or agency management. Performance measures may address the type or level of program activities conducted (process), the direct products and services delivered by a program (outputs), and/or the results of those products and services (Westin, 2005). Thus the awareness of performance will be the subject to the thrust in determine overall succeed achievements in a particular programme. The literature on factors influencing loan repayment performance among financial institutions targeting the poor is very sparse and limited mainly to microfinance experience in low-income countries (Derban, Binner, & Mullineux, (2005); Silwal, (2003)). The results of the studies show mixed result. Based on past literature, the

factors affecting repayment performance can be divided into four factors namely individual/borrowers factors, firm factors, loan factors and institutional/lender factors. Several studies by Greenbaum & Thakor (1995), Hoque, (2010), Colye (2000) and Ozdemir & Boran (2004) show that when a loan is not repaid, it may be a result of the borrowers' unwillingness and/or inability to repay. Stiglitz and Weiss (1981) recommend that the banks should screen the borrowers and select the "good" borrowers from the "bad" borrowers and monitor the borrowers to make sure that they use the loans for the intended purpose. This is important to make sure the borrowers can pay back their loans. Greenbaum & Thakor (1995), suggest to look at a borrower's past record and economic prospects to determine whether the borrower is likely to repay or not. Some authors link the repayment performance with firm characteristics such as Nannyonga, (2000); Arene (1992) and Oke, Adeyemo, & Agbonlahor, (2007).

B. Knowledge

Knowledge is a key instrument of empowerment. Knowledge transfer however has to go beyond knowledge related to saving, book-keeping, accounting, investment and information about the banking system. Women's groups needs their capacity build in end-to-end planning and execution of micro project. A part from micro credit, women require information and knowledge related to livelihood option, finance as well as political proses. According to the Bernasek, 2003 the Grameen Bank in Bangladesh has become an international model for "microcredit" as a poverty alleviation strategy. The conclusions that are drawn from this evaluation are that Grameen Bank is not a panacea for poverty alleviation and improving women's lives, that it has increased the income of borrowers, has led to improvements in specific aspects of their lives, and that it has potential if used in conjunction with other progressive social and economic policies to contribute to long-term, sustainable, progressive social change. Human capital is the knowledge and skills people accumulate through formal instruction, training and experience that facilitate the creation of personal, social and economic well-being (Becker, 1993).

C. Managerial of Micro Credit

Micro credit programs lend money to poor borrowers using innovative mechanism such as group lending under joint liability while successfully accounting for the presence of asymmetric information in underdeveloped financial markets. Micro credit programs have achieved what the conventional financial institutions and the government have not been able to lend the poor, impressive loan recuperation, and a positive impact on poverty reduction (Gustawa & Sandra, 2009; Stephen, 2008). The lack of access to credit is identified as a barrier for self-employment throughout the world. Many potentially excellent women entrepreneurs are constrained by poor understanding of the importance of savings, poor access to credit (especially at reasonable interest rates), lack of business knowledge, and limited access to formal sector financial services, as well as by the constant pressure of household responsibilities. The importance and effect of training programs to improve household's abilities to take advantage of income generating opportunities has been addressed by almost every study measuring the performance of microcredit program (Otero, 1999; Zaman, 1999; Pitt, Khandker, & Cartwright, 2003; Matin & Begum, 2002 and Rahman, Rafiq, & Momen, 2009).

D. Attitude

According to Welter (2004) asserted that access to entrepreneurship support in Germany seen to be gender biased. In addition there was some structural shortcoming in the political and societal environment ultimately restricting women's entry in to new ventures. Micro finance has contributed a great deal towards empowerment of women. However this momentum has to be maintained. The empowerment cannot be a single cycle process. Micro women entrepreneurs require a defined set of service needs as today's micro enterprises are tomorrow's small firms and should be given an opportunity to grow. Sustainable financial services for micro enterprises must be designed and put in place. Experience indicates that growth oriented micro and small enterprises need timely access for working capital and fixed investments. The self employed women producers must have access to timely credit, savings and insurance services. The women require assistance in the form of technical

services on productivity management and quality control (Gustawa & Sandra, 2009). The micro entrepreneurs need to be equipped to deal with complexity in their businesses, specialization in management functions, technological advancements and improvised marketing channels. It is essential that the micro entrepreneurs be allowed the space to change their objectives as their experience and confidence grow. Services should be flexible enough to evolve with the firms' dynamic shape as they move from survival to growth patterns. Attitude toward behavior refers to personal evaluations being favorable or unfavorable to perform the behavior. According to Ajzen (1985), an individual is more likely to undertake a certain behavior if he/she has a positive attitude toward undertaking the behavior.

III. METHODOLOGY

The sample of study was taken by a random survey over 100 respondents at Kelantan. In order to examine the result, we follow the methodology of Madhavi, 2008 by using the cross sectional and descriptive analysis, correlation and regression analysis. We assumed a function of;

$$CP = \alpha + \beta_1 CK_1 + \beta_2 CM_2 + \beta_3 CA_3 + \varepsilon \quad (\text{Equation 1})$$

Where;

α = Constant

β_1 = Customer Knowledge (CK)

β_2 = Customer Managerial (CM)

β_3 = Customer Attitude (CA)

ε = Random error

IV. DATA FINDINGS AND ANALYSIS

Acknowledge to the objectives of study, the sample of study was taken by a survey to 100 women entrepreneurship at Kelantan the application of data was processed by using the software of Statistical Package for Social Science (SPSS) version 16.0. The first objective of the study is to identify the factor that affecting micro credit performance among women. Majority of the respondent's in this research range between

38 years to 47 years old age groups. This age of group dominated 43.8%. It followed by respondent who are in the category of 48 years to 57 years with 25%, 28 years to 37 years with 21.3%, then 18 years to 27 years with 6.3% and the last 58 years old above with 3.8%. 65% of respondents are already married, followed by single status with 22.5% and divorce status with 12.5%. Based on the reliability analysis, it can be concluded that Cronbach Alpha for all variables was reliable and without bias (error free) with the Cronbach Alpha for customer performance is 0.870, customer knowledge 0.843, customer managerial 0.891, and customer attitude. Table 1 below revealed that the correlations (significant at 2 tailed) between 3 variables with customers performance.

Table 1 : Correlation

		meanck	mean cm	meanca	meancp
meanck	Pearson Correlation	1	.923**	.765**	.880**
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
meancm	Pearson Correlation	.923**	1	.855**	.908**
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
meanca	Pearson Correlation	.765**	.855**	1	.868**
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
meancp	Pearson Correlation	.880**	.908**	.868**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Based on table above, it shows that customer knowledge, managerial and attitude has a positive relationship over customer performance of micro credit by 0.880, 0.908 and 0.868. Based on the theory from Guilford's, this result is including in high correlation, marked relationship.

Table 2: Model summary

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	.954 ^a	.910	.906	.15357	.910	256.042

a. Predictors: (Constant), meanca, meancm, meanck

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b. Dependent Variable: meancp

The linear regression test of the model reveals that the R-square of the model is 0.910. This means the model explained 91% of the variance in the dependent variable, customer performance of micro credit. Meanwhile, the remaining 9% cannot be explained. This is significant; meaning the fitness of the model in explaining the customer performance of micro credit is good. The value of adjusted $R^2 = 0.906$, means that 90.6% of the dependent variable (Customers performance of micro credit) was explained by customer knowledge, customer managerial and customer attitude. Meanwhile, the remaining 9.4% cannot be explained. This is significant; meaning the fitness of the model in explaining the Customers performance of micro credit is good.

Table 3 : Test of Significance

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.115	3	6.038	256.042	.000 ^a
	Residual	1.792	76	.024		
	Total	19.907	79			

The F calculated produced is significant at 0.000 levels. Therefore it would agree to say that overall model is fit in explaining the changes of all variables.

The second objective of the study is to explore the relationship between the knowledge, managerial and attitude with micro credit performance. The result can be measured based on the t- statistic coefficient application.

V. CONCLUSIONS

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	.187	.405		.461	.646
	meanck	.298	.073	.368	4.068	.000
	meancm	.457	.064	.644	7.181	.000
	meanca	.225	.029	.283	7.856	.000

a. Dependent Variable: meancp

According to the result above, calculated T-value for customer knowledge, managerial and attitude is 4.068, 7.181 and 7.856 which is significance at 99% confidence level. It is shows that there is significant relationship between customer knowledge, managerial and attitude and customer performance of micro credit. Supported by Becker, 1993, human capital is the knowledge and skills people accumulate through formal instruction, training and experience that facilitate the creation of personal, social and economic well-being The importance and effect of training programs to improve household's abilities to take advantage of income generating opportunities has been addressed by almost every study measuring the performance of microcredit programs (Otero (1999); Zaman (1999); Pitt, S.R.Khandker, & Cartwright, (2003); Matin & Begum, (2002) and Rahman, Rafiq, & Momen, (2009). Meanwhile, attitude toward behavior refers to personal evaluations being favorable or unfavorable to perform the behavior. An individual is more likely to undertake a certain behavior if he/she has a positive attitude toward undertaking the behavior (Ajzen,1985).

The last objective of the study was to determine the major factors that affecting micro credit performance among women. Customer managerial becomes the major factors that affecting micro credit performance among women because high value of B which is 0.457, followed by customer knowledge which is 0.298 and the lowest factors is customer attitude with value 0.225.

From the finding, all of the researches were answered. All the independent variable became the factors that affecting micro credit performance among women. This answer was supported by Becker, 1993 quoted that human capital is the knowledge and skills people accumulate through formal instruction, training and experience that facilitate the creation of personal, social and economic well-being (Otero (1999); Zaman (1999); Pitt, S.R.Khandker, & Cartwright, (2003); Matin & Begum, (2002) and Rahman, Rafiq, & Momen, (2009). Further extend the importance and effect of training programs to improve household's abilities to take advantage of income generating opportunities has been addressed by almost every studies measuring the performance of microcredit programs. According to Ajzen (1985), an individual is more likely to undertake a certain behavior if he/she has a positive attitude toward undertaking the behavior. It can be concluded that customer knowledge, customer managerial, and customer attitude (independent variable) have a positive relationship with customer's performance. Customer managerial becomes the major factors that affecting micro credit performance among women because high value of B which is 0.457, followed by customer knowledge which is 0.298 and the lowest factors is customer attitude with value 0.225.

VI. LIMITATIONS AND FUTURE RESEARCH DIRECTION

It is worth to acknowledge that there are several limitations in this study that should be the bases for improvement in future researches. More research will be necessary in the future in order to strengthen up the microcredit performance as major analytical items in decision making. This study had eliminated the externals factors associated with the implications of return and thus require for future research. For example, a broader sample of the market, the addition of new variables, the support vehicles by government, the micro and macro economics variables to a better solutions in microcredit performance.

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