

**THE EXTENT OF ENTREPRENEURIAL COMPETENCY AND THE IMPACT ON  
SUSTAINABLE GROWTH AMONG MICRO ENTREPRENEUR UNDER AMANAH  
IKHTIAR MALAYSIA (AIM) IN TAIPING, PERAK**

**ERNA SHUHaida BINTI KHAIruDDIN**

A project report submitted in partial fulfilment of the requirement for the award of the degree of  
Bachelor (Hons.) of Technopreneurship

Faculty of Technology Management and Technopreneurship  
Universiti Teknikal Malaysia Melaka

**JUN 2019**

## SUPERVISORS DECLARATION

I certify that this thesis entitled **“THE EXTENT OF ENTREPRENEURIAL COMPETENCY AND THE IMPACT ON SUSTAINABLE GROWTH AMONG MICRO ENTREPRENEUR IN TAIPING, PERAK”** was prepared by **ERNA SHUHaida Binti Khairudin (B061510127)** has met the required standard for submission in partial fulfilment of the requirement for the award of Bachelor (Hons.) of Technopreneurship at Universiti Teknikal Malaysia Melaka.

Approved by,

Signature :  
Supervisor's Name : DR NOR AZAH BINTI ABDUL AZIZ  
Date :

Signature :  
Panel's Name : DR. ATHIRAH BINTI SUFIAN  
Date :

## STUDENTS DECLARATION

I, hereby declare that this thesis is based on my original work except for citations and quotations which have been duly acknowledged. I also declare it has not been previously and concurrently submitted for any degree or award at Universiti Teknikal Malaysia Melaka or other institutions.

Signature :  
Name : ERNA SHUHaida BINTI KHAIRUDDIN  
Matric No : B061510127  
Date :

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## **DEDICATION**

Specially dedicated to my beloved mom, dad n siblings. I LOVE YOU 3000.

## ACKNOWLEDGEMENT

Alhamdulillah, praise to Allah S.W.T, our creator, I am so blessed that I have managed to put an end to my Final Year Project successfully with Allah's blessings. I would like to thank Him for giving me good health and ability to go through my study peacefully and well.

With grateful heart, I would like to remember the persons who have helped me a lot during the course of my Final Year Project. I wish to place on record my words of gratitude to Dr. Nor Azah binti Abdul Aziz as my FYP supervisor for being enzyme and master mind behind my Final Year Project. I owe warm-hearted acknowledgment of gratitude to her for all the guidance and information on the task to be done and completed also given me an opportunity to learnt and gain something valuable within the period of my Final Year Project course.

I want to express my respect and thank to my parents and siblings who always support me with the decision I took in doing my FYP and always been my backbones during my study period for four (4) years by providing all my needs without hesitation. Do not forget also to all my colleagues, seniors and all that involved directly or indirectly in give me some moral support in finished this Final Year Project and bring best memory in my Degree's life.

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## ABSTRACT

The successful in business will give good impact towards the communities and country. We have known that, Small Medium Enterprise (SMEs), give a big impact towards country especially on Gross Domestic Product which is 37.1% on 2017 compared to 36.6% on 2016. Even though government have provide a variety of facilitating in businesses, but there are still grouping of SMEs that not able to contribute a positive impact toward nation such as due to some reasons and factors. Hence, this paper presents findings of a research study to study the extent of Entrepreneurial competency and the impact on sustainable growth among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak, and what are the factors that really can effects their business performances. The findings in Literature Review found that a construct of an entrepreneurial competency such as knowledge factors, attitude factor, self-motivation factors and capital factors. The method used in this study is based on quantitative method which is using survey questionnaire that distributed to 250 micro entrepreneur under AIM in Taiping, Perak but only 173 of them are answered fully and the data can be used to analyse using Statistical Package for the Social Sciences (SPSS 25). The finding have shown the result provide some insight into sustainable growth among micro entrepreneur under AIM in Taiping, Perak.

*Keywords: Entrepreneurial Competency, Sustainable Growth, Micro Entrepreneur*

## ABSTRAK

*Kejayaan dalam perniagaan akan memberi kesan yang baik terhadap komuniti dan negara. Kita telah mengetahui bahawa, Perusahaan Kecil Sederhana (UKM) memberikan impak yang besar ke arah negara terutamanya pada Keluaran Dalam Negara Kasar iaitu 37.1% pada tahun 2017 berbanding 36.6% pada 2016. Walaupun kerajaan telah menyediakan pelbagai kemudahan dalam perniagaan, tetapi terdapat masih beberapa kumpulan kecil PKS yang tidak dapat menyumbang kesan positif ke arah negara seperti disebabkan oleh beberapa sebab dan faktor. Oleh itu, kertas kerja ini membentangkan penemuan kajian penyelidikan untuk mengkaji sejauh mana kecekapan keusahawanan dan kesan terhadap pertumbuhan mampan di kalangan usahawan mikro di bawah Amanah Ikhtiar Malaysia (AIM), Taiping, Perak, dan apakah faktor-faktor yang benar-benar boleh mempengaruhi pembangunan perniagaan mereka. Penemuan dalam Kajian Sastera mendapati bahawa membina kecekapan keusahawanan seperti faktor pengetahuan, faktor sikap, faktor motivasi diri dan faktor modal. Kaedah yang digunakan dalam kajian ini adalah berdasarkan kaedah kuantitatif yang menggunakan boring kaji selidik tinjauan yang diedarkan kepada 250 usahawan mikro di bawah AIM di Taiping, Perak tetapi hanya 173 daripadanya dijawab sepenuhnya dan data boleh digunakan untuk menganalisis menggunakan Pakej Statistik untuk Sosial Sains (SPSS 25). Temuan itu menunjukkan hasil yang memberikan beberapa pandangan tentang pertumbuhan yang mampan di kalangan usahawan mikro di bawah AIM di Taiping, Perak.*

Kata Kunci: Kompetensi Keusahawanan, Pertumbuhan Mampan, Usahawan Mikro



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**LIST OF SYMBOLS**

<b>SYMBOLS</b>		<b>MEANING</b>
$\geq$	=	More than
$\leq$	=	Less than
$\beta$	=	Beta value
%	=	Percentage

## ABBREVIATION

<b>ABBREVIATION</b>	<b>DISCRIPTION</b>
SME	Small Medium Enterprise
GDP	Gross Domestic Product
TEKUN	Tabung Ekonomi Usaha Niaga
MARA	Majlis Amanah Rakyat
JPK	Jabatan Pembangunan Koperasi
MKM	Maktab Kerjasama Malaysia
SEDCs	Syarikat Pembangunan Ekonomi Negeri
AIM	Amanah Ikhtiar Malaysia
MFIs	Microfinance Institutions
SSM	Suruhanjaya Syarikat Malaysia
TRA	Theory Reasoned Action
UTeM	Universiti Teknikal Malaysia Melaka
IV	Independent Variables
DV	Dependent Variables
<b>SPSS</b>	Statistical Package for the Social Science
RO	Research Objective
RQ	Research Question

**LIST OF ATTACHMENT**

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## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND OF STUDY

SMEs or known as Small Medium Enterprises are one of type business that can help people and countries in economy sector. Among the sector mentioned are sectors manufacturing, agriculture, construction and others sector in small and medium scale of business forming. The terms proven the contribution to SME in economic development is a reality unanimously recognised. Citing data from the Statistics Department, SME Corp Malaysia said that the higher SME GDP growth was reflected across all major economic sector, particularly in the services, manufacturing and agriculture sectors. In 2017, SMEs are contributed RM 435.1 billion to Malaysia's economy or 7.2% compared to 5.2% in 2016. The contribution of SMEs effected Malaysia's Gross Domestic Product (GDP), which is rose to 37.1% last year from 36.6% in 2016. The small and medium-sized enterprises (SMEs) play an important role in the economy of a country. It supported by Habibah Abdul Talib (2014), which said that the role entrepreneurial sector is to reduce the unemployment rate, increase nation income performance, and create growth in nation economy.

Small and Medium Enterprise (SMEs) have several of definitions in terms of its function, roles and related organizations. On 14<sup>th</sup> National SME Development Council

Meeting in October 2013 (SME Corp. Malaysia, 2014) has given a new definition for SMEs that apply from January 1, 2014 such as the following, for the manufacturing sector, annual sales not exceeding RM 50 million or the number of full-time employees does not exceed 200 people and while service sectors and others refer to annual sales that are not exceeding RM 20 million or full-time employees not exceeding 75 people.

A part of SMEs types is micro enterprise or microenterprise owned by Bumiputera. When talking about microenterprise, surely it is related to the entrepreneurs. Entrepreneurs are regarded as the backbones for the development of an economy society and the country as well as the business itself. Peoples nowadays are more open and accepted the entrepreneurial sector which is bring a benefits and advantages as well. There are a lot of entrepreneur nowadays. Lately, in Malaysia, women are more opened to accept these sector. There are a lot of business is owned by women entrepreneur. Its supported by (Ramadani, 2015) that said in this recent decades, women entrepreneurship has been increasing around the world.

In helping them continuous growth, Government have put numerous efforts that have been done for microenterprise in Malaysia such as providing training and development of entrepreneurs, providing Islamic capital loans, and providing an agencies that can help them growth but they are still in worrying (Hassan, Ramli, & Desa, 2014).

The government helps entrepreneur's especially micro entrepreneurs a lot in terms of financial support and training development. Besides Amanah Ikhtiar Malaysia (AIM) which is the most popular microfinance institutions (MFIs) in Malaysia other agencies Tabung Ekonomi Usaha Niaga (TEKUN) and Majlis Amanah Rakyat (MARA) are the examples of agencies that responsible for the development of micro entrepreneur. (Yahya, 2014).

Even microenterprise get those benefits and priority, unfortunately, they are mostly doesn't have a long way strategy and even have a small market place in order to make businesses. This means that, they don't have any strategy planning and that's why

from generation to generation they have not yet to reach the benchmark that have been set.

Main focus in these studies is entrepreneur under AIM in Taiping, Perak. AIM is an agency that help the poor to increase their living standards. In conclusion, this research was to investigate the extent of Entrepreneurial competency and the impact on sustainable growth among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak.

## **1.2 PROBLEM STATEMENT**

Although SMEs contributes positive effects to country, but there are still some groups which is microenterprise that does not achieve the benchmark that have been sets by government it-self and fail to face challenges. This effect can be seen by contribution SMEs in GDP nation on 2016 which is only 32% and percentage of export only 19% (BNM, 2016), besides there were 79,310 small business were not continues their business on 2002 and this amount will expect to increase (Che Rose, Kumar and Yen, 2006).

Even though SMEs have given positive impact to nation, but they are still unable to compete globally. Most microenterprise in Malaysia including Sabah district do not complying with standards and do not obtain certifications for their businesses. Thus, they are not yet able to position its-self effectively in the international market (Wilfred Madius Tangau, 2017). This can be seen by micro entrepreneur where they have their own weaknesses in managing the business such lack of business knowledge, lack of funding, lack of facilities and even he or she does not know how to manage the business well. On March 2017, Tan Sri Dr Abdul Rahim Tambi Chik; manager of Gagasan Badan Ekonomi Melayu (Gabem) in Program Konsolidasi Patriotisme Ekonomi Bumiputera at University Kuala Lumpur Malaysia France Institute (UniKL MFI) voice-out that unsatisfied towards SMEs performance which is from 100 companies that registered with Suruhanjaya

Syarikat Malaysia (SSM), only 18 from them were successfully in 5 years period (Bernama, 2017). Moreover, Chair main of the Entrepreneur and Co-operative Development Committee, Consumer Affairs, NGOs and Civil Society of the state, Datuk Samsudin Abu Hassan said that more than 80% from 60,000 entrepreneurs in Perak is in the micro category with sales revenue of less than RM 200,000 a year (Suara Perak, 2017).

Facing challenging in lacking of management skills, business skills, cash flow, technical skills and the ability to recruit qualified staff as a challenging for micro entrepreneur have outlined by the previous researcher to Gobagoba and Littrell where the researcher found that those items is the examples of barriers for the micro entrepreneur in order to growth more and facing difficulties to sustain growth. 1. In addition, the authors found that they have limited access to the appropriate technology and have difficulties in creating sustainable networks.

In reality perception, there are reasons why some entrepreneur can successfully achieve their business performance and why some entrepreneur are not. Therefore, by looking at those problems mentioned above, the researcher wants to investigate the extent of Entrepreneurial competency and the impact on sustainable growth among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak.

### **1.3 RESEARCH OBJECTIVE**

The main objective in this research is to investigate the extent of Entrepreneurial competency and the impact on sustainable growth among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak. Therefore, the following are the primary purpose of this study:

- 1) To investigate the extent of Entrepreneurial competency among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak.
- 2) To examine the impact on sustainable growth among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak.
- 3) To examine the most influential Entrepreneurial competency that impact on among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak.

### **1.4 RESEARCH QUESTION**

In order to achieve the research objectives, the researcher should come out with the research question as a guideline to conduct the study. The following are the research question:

- 1) What are the extent of Entrepreneurial competency among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak?
- 2) How was the impact on sustainable growth among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak?
- 3) What are the most influential Entrepreneurial competency that impact on among micro entrepreneurs under Amanah Ikhtiar Malaysia (AIM), Taiping, Perak?