

ENTREPRENEURIAL COMPETENCIES AND MICRO-ENTERPRISES PERFORMANCE: A STUDY AMONG THE POOR AND LOW-INCOME HOUSEHOLDS IN MALAYSIA

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ABSTRACT

This study examined the effect of relevant entrepreneurial competencies on micro-enterprise performance in Malaysia. A cross-sectional design was adopted to collect quantitative data from 300 randomly selected micro-entrepreneurs from the National Poverty Data Bank database in Malaysia. Results showed a significant positive effect of conceptual, commitment, opportunity recognizing, and organizing competencies on microenterprise performance. Findings further revealed a significant negative effect of micro-entrepreneurs' relationship competencies on their enterprise performance. It is recommended that in order to reduce poverty by creating an entrepreneurial economy, governments should make entrepreneurship the goal of public policy particularly focusing on the relevant competencies identified.

Keywords: Entrepreneurship, Competency, Microenterprises, Malaysia.

INTRODUCTION

Poverty as the deprivation of basic necessities and capabilities, such as access to food, healthcare services, clothes, social networks, public transport, education, owning or renting accommodation, potable water, security of property and life, along with the command over economic resources influence individuals' decision-making and restrict their freedom of choice (Zainol et al., 2014). According to Zainol et al. (2014), millions around the globe, particularly individuals in informal communal groups, live in constant short of resources, which leads to environmental degradation, pushing the poor further into extreme, hardcore poverty. Poverty remains a crucial issue in Asia where approximately 1.7 billion people, representing two-third of the world's poor are known to be in the state of poverty (Bruton et al., 2015). In Malaysia, circumstances are no different, as the government currently confronts the renewed challenge of poverty and income inequality (Zainol et al., 2014). In such regards, management and economic scholars increasingly acknowledge that entrepreneurship and new venture creation could forward sustainable solutions towards the poverty alleviation around the world (Bruton et al., 2015).

Entrepreneurship is not only crucial for new job creation, but it is also central and the established road to gain economic advancement, development and creating a sustainable economy (Bruton et al., 2015). Entrepreneurship, with its positive influence on economic growth and welfare of the poor, has been the driving engine of several economies since decades

(Churchill & Mishra, 2018). Entrepreneurship, particularly in terms of small businesses has advanced as a viable tool of poverty reduction and economic growth among economically frustrated communities (Bruton et al., 2015; Churchill & Mishra, 2018). According to Hammawa, et al. (2018) small entities, such as microenterprises contribute significantly towards socioeconomic development and are crucial for the well-being of rural poor, elevating poverty, enhancing rural economic growth and reducing income gap between communities. In developing nations 51% of new jobs are created by micro-entrepreneurships, which are usually household-based enterprises, managed by single owners and few employees without a permanent business location (Hammawa et al., 2018; Islam et al., 2018). In Malaysia, microenterprises as small entities with few (five or less) full time workers or less than USD 80,000 sales turnover represents 78.67 % of total business entities in the country and play significant role towards economic growth and national development (Hairuddin et al., 2012).

One of the most influential factors identified in entrepreneurship literature for the wellbeing of SMEs is the underlying behavioral, demographical, and psychological traits of entrepreneurs, known as competencies (Sánchez, 2012). According to Zainol et al. (2014), such individual characteristics along with the external environment where the firms operate are the most influential determinants of entrepreneurial choice. In an earlier study Lans et al. (2011) noted that core entrepreneurial processes require relevant competencies which could be learned, evaluated and improved over time. Considering the significant roles played by entrepreneurs in managing their ventures, Ahmad et al. (2010) proposed that a direct association exist between entrepreneurial competence and business success among small to medium sized enterprises. Particularly in Malaysian context, Suhaimi et al. (2018) stressed that in order to develop the social and economic conditions of low-income entrepreneurs, it is vital to enhance their level of competence that could facilitate them to acquire higher enterprise performance.

Despite its potential of significant impact, small business entrepreneurship received less attention and therefore research on such microenterprises is found somewhat limited (Bruton et al., 2015). Microenterprises, with distinctive features compared to their large or medium counterparts, such as limited financial, human and technological abilities; form the primary source of income for their owners and employees (Hairuddin et al., 2012). Thus, we argue that existing studies reveal little knowledge of determinants that facilitate the growth of small firms, specifically in relation to entrepreneurial competency development (Lans et al., 2011). Particularly in context of Malaysia, where socioeconomically vulnerable groups are still experiencing poverty despite relentless government efforts to elevate them (Zainol et al., 2014), this study could be extremely significant. We argue that this study is further important to addresses scholarly gap by showcasing that apart from micro finance-specific variables (e.g. working capital), which was focus of most previous studies on micro-entrepreneurship; individual traits and characteristics, such as entrepreneurial competencies play important role in microenterprise performance. Accordingly, it is expected that this study would extend current literature, enhance our understanding of micro-entrepreneurship and show low-income entrepreneurs that the way out of poverty through superior enterprise performance can be secured by developing their own competencies, instead of depending completely on Governments and socio-developmental organizations.

LITERATURE REVIEW

Theoretical and Empirical Foundation

Entrepreneurial competencies reflect the knowledge, skills, abilities, and motives, along with self-image, nature, and social engagement of individuals (Suhaimi et al., 2018). Man et al. (2002) proposed a framework based on competency approach to study the entrepreneurs' characteristics influencing competitiveness of small sized enterprises. The competency approach focuses on the role of entrepreneur's underlying characteristics and observable behaviors in determining small firm performance (Sánchez, 2012). The association between relevant competency and micro-firm performance could be further explained relying on the resource based perspective, which asserts that sustained competitive advantage is derived from available, unique resources (Barney, 1991; Hammawa et al., 2018). Entrepreneurial competencies for microenterprise, being complex and individual-specific, could act as resources that are unique and non-imitable by competitors, which could enhance firm related capabilities leading towards better enterprise performance.

Existing empirical evidence also suggest that entrepreneurs' competencies have the potential to not only influence firms' competitive scope and capabilities (both directly and indirectly), but it can further determine enterprise performance (Ahmad et al., 2010; Sánchez, 2012; Man et al., 2008). The root of the competency framework lies with identifying the underlying traits which capture managerial success (Sánchez, 2012). The comprehensive review of literature revealed that most existing studies emphasized much on characteristics, such as relationship orientation, conceptuality, commitment, opportunity recognizing, strategic and organizing capabilities of individuals as crucial and relevant competencies associated with successful work performance (Ahmad et al., 2010; Lans et al., 2011; Man et al., 2002; Man et al., 2008; Suhaimi et al., 2018). Therefore, we primarily focused on these identified constructs of interest to draw our hypotheses, as discussed in the following sections.

Relationship Competency

Relationship related competence, as the set of competencies relating to interactions with others, occupies a significant place, for its foundational association with other competencies (Lans et al., 2011; Mangione & Nadkarni, 2010). We follow Man et al. (2002) to perceive relationship competency as interactions within individual or group-level, related to cooperation and trust building process, employing persuasiveness communications, networking, along with interpersonal skills. Relationship competency involves the intellectual, cognitive, emotional, cultural, physical, and spiritual aspects of an individual, which always remains in a relationship with someone (Mangione & Nadkarni, 2010). This set of competencies could further be represented by the network of an entrepreneur with potential buyers and suppliers, which is highly significant for identifying and exploiting new opportunities, playing crucial role in the generation and development of innovative ideas, and for acquiring legitimacy and resources (Lans et al., 2011). Thus, following existing studies, we expect that relationship competency, as a unique resource and capability could determine microenterprise performance (Barney, 1991; Suhaimi et al., 2018).

Conceptual Competency

Conceptual competencies reflect an individual's ability such as problem-solving, which enable them to separate facts from mere opinions and thereby seeing the bigger picture (Lans et al., 2011). We follow Man et al. (2002) to define conceptual competency as observable and identifiable responses; including cognitive, analytical, problem solving, learning, and decision-making capabilities, as well as the ability to innovate, sustain tension, and cope with uncertainties and risks that can determine business success. In a recent study, Suhaimi et al. (2018) suggested that entrepreneurs with higher conceptual competencies are able to make quick decisions and act accordingly in relation to market opportunities, risks associated with the market, employees' needs, development of problems, and needs of the enterprise for improvement.

Commitment Competency

Achieving goals require both individual and collective actions that are determined by commitment competency, courage, and compassion (Davidson et al., 2013). Man et al. (2002) coined commitment competency as a basic trait for successful entrepreneurship reflected by determination, diligence, dedication, initiative, as well as proactive behavior. According to Davidson et al. (2013), commitment is necessary to develop novel frameworks, which are individual-centric, evidenced-based, interdisciplinary in nature, and outcome focused. In Lans et al.'s (2011) opinion, commitment competency has both volition and moral connotation, encompassing critical observable behavior that is crucial for higher-order learning; leading towards performance outcomes. Recently, Suhaimi et al. (2018) further expressed that commitment competency in terms of persistence towards development while confronting crises, obstacles and tough competitive conditions positively influences enterprise performance.

Opportunity Recognizing Competency

Opportunity recognition marks the starting line for entrepreneurial endeavors (Kreuzer & Weber, 2017). Entrepreneurial processes as the identification and encashment of opportunities require competent entrepreneurs who are able to recognize and use an opportunity in specific contexts (Lans et al., 2011). Man et al. (2002) defined such competence as the search and assessment ability of an entrepreneur that is used to recognize, select, and explore appropriate opportunities while pursuing entrepreneurship related activities. Man et al. (2008) empirically confirmed that entrepreneurs' opportunity recognizing opportunity enhances firms' capabilities along with their competitive scope. In context of low-income entrepreneurs, Suhaimi et al. (2018) noted the competence of recognizing opportunities as the most vital competency that enables poor entrepreneurs to analyze and exploit potential opportunities (that can ensure their survival), which can positively enhance enterprise performance.

Strategic Competency

Strategic competence refers to the knowledge in relation to strategies (Fauré & Rouleau, 2011). Man et al. (2002) outlined strategic competence as the capacity of an individual perusing

entrepreneurship to formulate, evaluate, and implement strategies for their enterprises. According to Lans et al. (2011) strategic competency enables activities aimed at short/long-term planning, such as exploring future opportunities, anticipating, and focusing on sustaining firm performance in long run. It is perceived that strategic competency is significant for an entrepreneur's ability to formulate vision and direction for their business through planning, estimating financial needs of the firm, setting goals, exploiting opportunities and abilities, making strategic changes, and employing tactics (Man et al., 2002; Suhaimi et al., 2018).

Organizing Competency

Organizing competence encompasses introducing new products, services as well as processes that require organizing several external, internal, physical, human, technological, and financial assets (Lans et al., 2011). According to Man et al. (2002), organizing competency requires skills as well as knowledge necessary for leading, delegating, coaching, and training. From a resource based perspective, Tallman et al. (2004) expressed that organizing competence could facilitate gaining competitive advantage by providing rear and enterprise-specific ways to organize knowledge and related resources that delivers added value to patrons.

METHODOLOGY

We followed a cross-sectional research design and employed quantitative data in order to investigate the effect of selected competencies on microenterprise performance. Data was collected through face-to-face interview sessions using a structured questionnaire. The respondents (i.e. micro-entrepreneurs), who were all members of various developmental organizations hailed from low-income households in Malaysia. Information regarding the developmental organizations was retrieved from the eKasih National Poverty Data Bank. On the other hand, the details of respondents were collected from their respective socioeconomic developmental organizations.

Consequently, a sampling frame of 400 low-income micro-entrepreneurs from Kelantan, Kedah, Terengganu, and Perlis was derived using random sampling technique. Prior collection of data, we reached out to the selected respondents for explaining the purpose of the survey and setting appointments for the actual interview. Data was collected between October and November of 2017. Out of the 400, a total of 300 respondents agreed and participated in the survey for this study. As for analysis, we used structural equation modeling (PLS-SEM) to analyze the data of this study.

Research Instrument

In order to capture the constructs of interest, our questionnaire used simple words and subjective measures adopted from previous studies. Using questions from Man et al. (2008), the instrument measured relationship, conceptual, commitment, opportunity recognition, strategic, and organizing competencies. Finally, items for micro enterprise performance were adopted from Norshafizah (2012) with minor modifications to suit the context of this study.

Determining Sample Size

The G-Power (version 3.1) analysis revealed that based on power of 0.95 and effect size of 0.15, we required a sample size of 146 in order to test the model with six predictors. However,

to avoid any possible limitation arising from a small sample size, we collected data from all 300 low-income entrepreneurs, who agreed and were interviewed in the premise of their respective micro-enterprises.

RESULTS

Profile of Respondents

The majority of the respondents (53.7%) were males. A total of 111 (37%) respondents were in the age range of 31 to 40 years old, followed by 85 (28.3%) respondents between 41 and 50 years old, and 66 (22%) within the range of 51 to 60 years old. However, only 10 (3.3%) respondents were between 20 to 30 years old. In terms of marital status, 243 (81.0%) respondents were married, while the rest were either separated from their partners (1.3%) or widowed (7%). With respect to educational background, most respondents (31.7%) achieved primary school education while 81 (27%) of them completed secondary school education. Surprisingly, only 2 (0.7%) respondents attained a master's degree. The rest (17%) never attended school. Finally, the majority of the respondents (72%) relied on single household income source, 76 (25.3%) households relied on two sources of income, and the remaining eight households (2.7%) relied on three sources of income.

Reliability and Validity

The Cronbach's Alpha values for relationship competency, conceptual competency, commitment competency, opportunity recognizing competency, strategic competency, organizing competency, and microenterprise performance are all more than 0.8 (Table 1), which is higher than 0.7 and hence considered reliable. For composite reliability, the indicators have different loadings for all items at more than 0.8, which further confirms reliability (Hair et al., 2013). Moreover, the Dillon-Goldstein rho values for all constructs are found to be more than 0.8, further assuring the items' reliability (see Table 1). Finally, as observed in Table 2, the absolute standardized outer loadings for all items used to measure relationship competency, conceptual competency, commitment competency, opportunity recognizing competency, strategic competency, organizing competency, and microenterprise performance are higher than 0.5, which further indicates adequate reliability.

Variables	Items	CA	DG rho	CR	AVE	VIF
Relationship Competency	6	0.867	0.885	0.900	0.602	1.199
Conceptual Competency	7	0.879	0.922	0.907	0.589	1.116
Commitment Competency	4	0.879	0.887	0.916	0.733	1.490
Opportunity Recognizing Competency	6	0.907	0.909	0.929	0.685	2.172
Strategic Competency	5	0.776	0.841	0.839	0.518	1.136
Organizing Competency	4	0.941	0.942	0.958	0.850	1.910
Microenterprise Performance	4	0.822	0.823	0.883	0.653	-

Note: CA: Cronbach's Alpha; DG rho - Dillon-Goldstein's rho; CR - Composite Reliability; AVE - Average Variance Extracted; VIF - Variance Inflation Factors

Source: Author's data analysis

Since the average variance extracted (AVE) value for all items is higher than 0.5; we could conclude that sufficient convergent validity exist across the indicators of the study (Hair et al., 2011) (see Table 1). In line with Hair et al. (2013), we found that the cross loading values are below the outer loadings, which suggest good discriminant validity (see Table 2). Moreover, the Fornell-Larcker criterion in Table 2, expectedly failed to detect any lack of discriminant validity. Furthermore, employing the Heterotrait-Monotrait Ratio (HTMT) that uses 0.9 as threshold, we confirm that there is no evidence of a lack of discriminant validity and all the constructs meet the criteria. Finally, to check multicollinearity, we used variance inflation factors (VIF); wherein VIF values for all variables are found to be far below 3.0 (see Table 1), indicating absence of multicollinearity between variables (c.f. Diamantopoulos & Siguaw, 2006).

	REL	CON	COM	ORC	STR	ORG	MEP
REL -1	0.837	0.194	-0.034	-0.216	0.096	-0.092	-0.098
REL -2	0.735	0.142	-0.010	-0.222	0.159	-0.140	-0.116
REL -3	0.867	0.118	0.000	-0.232	0.110	-0.098	-0.167
REL -4	0.674	0.137	-0.002	-0.182	0.046	-0.086	-0.094
REL -5	0.690	0.114	-0.041	-0.210	0.076	-0.137	-0.148
REL -6	0.832	0.178	-0.064	-0.207	0.066	-0.095	-0.134
CON -1	0.151	0.859	0.035	0.123	-0.001	-0.042	0.120
CON -2	0.135	0.664	0.020	0.053	-0.021	-0.034	0.074
CON -3	0.154	0.800	-0.017	0.113	-0.027	-0.011	0.095
CON -4	0.148	0.750	0.029	0.106	0.000	-0.029	0.101
CON -5	0.143	0.505	0.051	0.005	-0.042	-0.023	0.061
CON -6	0.149	0.820	0.035	0.153	-0.021	0.004	0.112
CON -7	0.138	0.901	-0.016	0.152	-0.017	0.031	0.153
COM -1	0.017	0.065	0.828	0.448	0.220	0.445	0.525
COM -2	-0.078	0.045	0.866	0.480	0.276	0.474	0.515
COM -3	-0.083	-0.009	0.887	0.434	0.273	0.394	0.480
COM -4	0.047	-0.052	0.841	0.284	0.257	0.296	0.380
ORC -1	-0.197	0.147	0.388	0.860	0.134	0.570	0.533
ORC -2	-0.147	0.096	0.393	0.767	0.175	0.538	0.512
ORC -3	-0.252	0.114	0.422	0.810	0.134	0.528	0.549
ORC -4	-0.242	0.108	0.431	0.850	0.094	0.559	0.580
ORC -5	-0.274	0.126	0.394	0.800	0.065	0.507	0.533
ORC -6	-0.244	0.121	0.408	0.871	0.152	0.545	0.581
STR -1	0.084	-0.025	0.282	0.074	0.661	0.128	0.091
STR -2	0.123	-0.018	0.216	0.128	0.760	0.147	0.166
STR -3	0.086	-0.038	0.184	0.029	0.491	0.089	0.063
STR -4	0.098	0.022	0.232	0.171	0.810	0.195	0.233
STR -5	0.059	-0.047	0.217	0.082	0.824	0.187	0.193
ORG -1	-0.148	-0.046	0.487	0.605	0.219	0.922	0.721
ORG -2	-0.106	0.005	0.431	0.606	0.189	0.917	0.697
ORG -3	-0.104	-0.034	0.422	0.581	0.181	0.920	0.664
ORG -4	-0.156	0.023	0.425	0.617	0.213	0.927	0.719
MEP -1	-0.136	0.121	0.491	0.565	0.220	0.592	0.834
MEP -2	-0.136	0.085	0.451	0.521	0.153	0.640	0.765
MEP -3	-0.144	0.105	0.417	0.489	0.177	0.606	0.776
MEP -4	-0.131	0.139	0.459	0.566	0.201	0.620	0.855
Fornell-Larcker Criterion							
REL	0.776						

CON	0.185	0.767					
COM	-0.033	0.020	0.856				
ORC	-0.274	0.143	0.491	0.827			
STR	0.120	-0.021	0.299	0.151	0.720		
ORG	-0.140	-0.014	0.479	0.654	0.218	0.922	
MEP	-0.169	0.139	0.563	0.663	0.233	0.761	0.808
Heterotrait-Monotrait Ratio							
REL	-						
CON	0.225	-					
COM	0.076	0.072	-				
ORC	0.307	0.152	0.538	-			
STR	0.151	0.074	0.376	0.164	-		
ORG	0.154	0.046	0.516	0.708	0.240	-	
MEP	0.194	0.164	0.652	0.767	0.257	0.864	-

Note: REL: Relationship Competency; CON: Conceptual Competency; COM: Commitment Competency; ORC: Opportunity Recognizing Competency; STR: Strategic Competency; ORG: Organizing Competency; MEP: Microenterprise Performance

Source: Author's data analysis

Path Coefficients

Once reliability and validity of the constructs were established, path coefficients have been estimated in order to confirm proposed hypotheses. As presented in Table 3 below, the path coefficients of conceptual, commitment, opportunity recognizing, and organizing competency portrayed a positive and statistically significant effect on microenterprise performance (at the chosen 5% level of significance). Interestingly, relationship competency is found to have a negative significant effect on microenterprise performance. On the other hand strategic competency is found to have a positive but no significant (statistically) effect on microenterprise performance at the chosen 5% level of significance. In terms of the effect sizes (f^2) as shown in Table 3, conceptual, commitment, and opportunity recognizing competencies are found to have a small to medium effect on microenterprise performance. Organizing competency is found to have a large effect (size) on microenterprise performance; while relationship competency and strategic competency is found to have a near to zero effect on microenterprise performance.

	Coefficient	t-value	p-value	f^2	Decision
Hypothesis 1: REL → MEP	-0.071	2.236	0.013	0.013	<i>Accept</i>
Hypothesis 2: CON → MEP	0.132	3.151	0.001	0.048	<i>Accept</i>
Hypothesis 3: COM → MEP	0.208	4.484	0.000	0.089	<i>Accept</i>
Hypothesis 4: ORC → MEP	0.167	2.738	0.003	0.039	<i>Accept</i>
Hypothesis 5: STR → MEP	0.040	1.056	0.146	0.004	<i>Reject</i>
Hypothesis 6: ORG → MEP	0.535	9.518	0.000	0.461	<i>Accept</i>

Note: REL: Relationship Competency; CON: Conceptual Competency; COM: Commitment Competency; ORC: Opportunity Recognizing Competency; STR: Strategic Competency; ORG: Organizing Competency; MEP: Microenterprise Performance

Source: Author's data analysis

DISCUSSIONS

Considering the significance of small entrepreneurship, as the fundamental engine for formation and growth of viable businesses leading towards economic growth and poverty reduction (c.f. Bruton et al., 2015; Churchill & Mishra, 2018), we assessed the impact of various

entrepreneurial competencies on enterprise performance among microenterprises; a context which is found to suffer limited attention and inconsistency of results in existing literature. Our findings show that relationship competency have a negative and significant effect on microenterprise performance (Hypothesis 1). In line with Man et al. (2008), this advocates the relevance of entrepreneurs' relationship capabilities to achieve competitiveness in small enterprises. However, the negative coefficient value could indicate that poor micro-entrepreneurs possibly lack in interaction and networking skills which takes a toll on their microenterprise performance. As hypothesized, conceptual competency is found to have a positive significant effect on microenterprise performance (Hypothesis 2). This finding validated Man et al. (2002), indicating that cognitive, analytical, problem solving, learning, and decision making capabilities, along with the ability to innovate, sustain tension, and cope with uncertainties and risks facilitates superior enterprise performance. In case of commitment competency, we found a significant positive effect on microenterprise performance (Hypothesis 3). In line with existing literature (Suhaimi et al., 2018), this finding indicates that both low-income entrepreneurs' dedication and determination is required to gain microenterprise competitiveness. Opportunity recognizing competency is also found to have a positive significant effect on microenterprise performance (Hypothesis 4). Concurring with Man et al. (2008), this indicates that low-income entrepreneurs' ability to recognize and choose relevant opportunities impacts the performance of their microenterprises in Malaysia.

As for Strategic competencies, a positive but insignificant effect on microenterprise performance is confirmed (Hypothesis 5). This finding is not surprising as micro-entrepreneurs are mostly driven by basic needs; they remain busy meeting day-to-day ends and therefore perhaps pay little attention towards strategizing. Finally, organizing competency showed a significant positive effect on microenterprise performance (Hypothesis 6). In line with Man et al. (2002) and Tallman et al. (2004), we conclude that low-income entrepreneurs' ability to allocate resources effectively facilitates their microenterprises to achieve superior performance. In line with previous studies (c.f. Ahmad et al., 2010; Lans et al., 2011; Man et al., 2008; Sánchez, 2012; Suhaimi et al., 2018), overall our results indicate that entrepreneurs with higher levels of entrepreneurial competencies tend to scan and manage their respective business environment in order to find novel opportunities and thus achieve competitive positions. The findings are significant for microenterprises that have limited resources, as our results imply that micro-entrepreneurs can channel their competencies (as resources where they have more control) to generate high impact on their enterprise performance.

IMPLICATIONS AND CONCLUSION

Microenterprises as vehicles of income and new job creation using minimum resources plays significant role in national economy, particularly in terms of providing opportunities for the underprivileged, low-income communities (Hammawa et al., 2018). Overall our findings supported the key theoretical positions upon which the present study was drawn. This study contributes both towards literature on the implications of entrepreneurial characteristics as well as the literature on determinants of microenterprise performance. Forwarding empirical support towards the competency approach and resource based perspective we found that superior enterprise performance is derived from unique firm-specific resources and capabilities, such as entrepreneurial competencies. This study also validates and extends the model of Man et al. (2002) advocating the positive influence of entrepreneurial competencies on enterprise performance.

Microenterprises, as the backbone of industrial development, significantly contributes towards the Malaysian economy, particularly by providing new jobs and raising the standards of living for the low-income households (Hairuddin et al., 2012). Thus for practical implications, insights from this study could support policymakers to design relevant entrepreneurship policies and intervention programs for eradicating poverty through micro-entrepreneurship focusing on financing, easing business formation, as well as the enhancement of relevant competencies, through education and training that convert microenterprises into entities of superior performance. We urge that future policy developments for poverty eradication should focus more on promoting entrepreneurial activities among low-income bracket families than providing annual handouts, which cannot provide any sustainable solution.

Furthermore, as organizing competency shows highest impact on microenterprise's performance, it is important that government agencies provide affordable and accessible training initiative for micro-entrepreneurs as majority of them may have low competency level in basic business acumen such as bookkeeping and resource management. Our results showcase the greater and significant role of entrepreneurial competencies in creating opportunities for the low-income entrepreneurs through superior microenterprise performance. This study forwards evidence of entrepreneurs' significant role in determining microenterprise performance. Hence the findings will be beneficial to low-income entrepreneurs for enhancing their income by upgrading their own entrepreneurial competencies, without depending completely on government and micro-finance institutions.

As for limitations that suggest caution in interpreting our findings, it is admitted that we could only accommodate few entrepreneurial competencies into the study's model, which makes it non-exhaustive. The other limitation would be the lack of financial data to measure enterprise performance. As we focused on microenterprises that generally do not use a dedicated bookkeeping system, we had to depend on perceptual measures of performance, which is not rear in firm-level research. As noted in related literature, the subjective and objective measures, though separate constructs; are much correlated (Sánchez, 2012).

Notwithstanding the identified limitations, this study contributes to a more nuanced understanding of relevant competency and their impact on enterprise performance from an emerging economy's perspective. However, it is recommended that future research could integrate other relevant constructs into the research model to reveal holistic understanding of micro-entrepreneurship, as a tool of poverty reduction. It could also be worthwhile to investigate the long-term effects of such competencies on performance in different countries, which calls for longitudinal research approach aiming to explain why performance of microenterprises is not homogenous across countries.

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