RELATIONSHIP OF PERCEPTION AND AWARENESS TOWARDS UTILIZATION OF GOVERNMENT BUSINESS SUPPORT SERVICES (GBSS) IN MALAYSIAN SMES PERSPECTIVE

Jauriyah Binti Shamsuddin, School of Business Management, College of Business
Mohd Sobri Bin Minai, School of Business Management, College of Business
Ali Yusob Bin Md Zain, School of Business Management, College of Business
Salim Al Idrus, Universitas Islam Negeri Maulana Malik Ibrahim

ABSTRACT

This paper observed on the level of perception and awareness Malaysian SMEs in determining the utilization on Government Business Support Service (GBSS). A survey was conducted in West Malaysia in 3 months period with a response rate of 17.4%. About 139 of SME’s owner-managers has responded to the questionnaires. The findings reveal that perception and general awareness has a significant relationship toward utilization of GBSS. This paper proves the importance of GBSS in developing and assisting local SMEs, in particular, to position the companies in facing the competitive business environment, particularly with regard to enhancing the competitive strategies and policy formulation. Further, the results might help the SMEs in planning a proper plan for utilizing GBSS in order to support the company needs.

Keywords: GBSS, Perception, Awareness, SMEs, Small Firm Performance.

INTRODUCTION

The development of Small Medium-sized Enterprises (SMEs) has been recognized as a fundamental component in ensuring the country’s economic growth is sustainable. In Malaysia, Malaysian SMEs had been certifying as the most contribution towards development of Malaysia economic growth (Musa & Chinniah, 2016; Ibrahim et al., 2018). Suffice to say, the great economic achievement reflecting the strength of SMEs (Yusoff & Yaacob, 2010; Ismail et al., 2016; Shamsuddin et al., 2017; Raza et al., 2018). The SMEs has been retained in top position in government’s financial due to their great contribution in nation’s gross domestic product (GDP) and their employment of over half the population’s workforce (SME Corporation Malaysia, 2019; Star Online, 2019). The development of SMEs often relates to the collaboration and strategic plan planned by the government (Yusoff & Yaacob, 2010). GBSS also implemented in Malaysia and contributed to the success of SMEs development since the 1990s (Abdullah, 1999; Che Senik et al., 2010; Yusoff & Yaacob, 2010). Therefore, government business support services (GBSS) have significant roles to play in promoting entrepreneurship and supporting SMEs development around the world.

Malaysia’s government has put an effort to support SMEs by providing them several initiatives to facilitate and promote the SMEs expansion (SME Corporation Malaysia, 2017).
These initiatives is introduced to create the institutional and systematic conditions to support upgrading of firm-level capabilities, diversification, and creation of new firm. Besides supporting business activities, the government business interference to stimulate entrepreneurship practices among the people. The business support services can be categorized into two major sections (Yusoff & Yaacob, 2010; Gunto & Alias, 2013; Ombi et al., 2018). Firstly, the financial supports come in various forms such as property loan, working capital, and grant. Secondly, the non-financial supports includes advisory, technical training, marketing, management, networking, distribution and research and development (R&D).

The myriad business support services has been provided by government for SME’s development. This services indirectly exposed the SMEs to wide selection of choices. In effect to this, SMEs are liable to switch to other service providers or agencies. Thus, maintain the high performance is very importance to pursue sustainability and knowledge (Minai et al., 2018). In order to maintain high performance, it is essential for SMEs to understand the nature of their needs and having a positive perception on assistances from the government could be others way to tackle this problem. Moreover, maximizing the use of GBSS considered as one of the powerful tools in developing higher business performance. It is regarded as highly credible and can influence the firm in making a decision. Therefore, the aims of this study is to explore the relationship between perception of SMEs and utilization of GBSS.

Government interference is critical in SME development. Majority of SMEs are lacking on skills and resources (Musa & Chinniah, 2016; Razak et al., 2018). Thus, Malaysian government take a serious action to solve this problem. The continuous effort by government has been taken to support their activities (Yusoff & Yaacob, 2010). Moreover, GBSS has been use widely as a tools to ensure SMEs remain resilient and competent to face a dynamic economic environment. Malaysians’ government provides numerous business support services for SMEs development every year. For instance, in 2019, government had allocated around RM13.02 billion to undertake 162 SME development programmes through 17 ministries and more than 60 agencies (Star Online, 2019a). However, those business support services were not being fully utilized (Shamsuddin, 2014); and it would be interesting to examine the issues related to the under-utilization. This study is also motivated by the need to examine the effect of the awareness and the utilization of the GBSS in Malaysia.

LITERATURE REVIEW

Concept of Perception

Perception is reflect the human’s behavior. Literally, perception is referring individual’s impression towards oneself, other people and daily life experiences. The process of perception started from the individual information received and later on, this information will be organize and interpret based on their environment (French et al., 2015; Qiong, 2017) then perform effectively within the organization. According to Mullins (2013), the attitude formation and possibly actual behaviour are spur from peoples’ perception on reality. Ergo, the concept of perception relates to the process by which people select, organize, interpret, retrieve and respond to the information from their environment. All information was gathered using five senses (touch, sight, sound, smell, and taste) in any situation.
Basically, there are three factors influencing perception (Robin, 2004) which are, (1) perceiver (attitudes, motives, interest, experiences, expectations), (2) target (novelty, motions, sounds, size, background, similarity) and (3) situation (time, work setting, social situation). In addition, Kelley & Michela (1980) propose that the general model of perception in Figure 1 below:

**FIGURE 1**
COMPONENTS OF PERCEPTION

The role of perception contributes to (1) access for information needed, (2) current information and (3) understanding needs, and (4) characteristics communication process (Lin et al., 2002; Love & Roper, 2015; Neely et al., 2005; Nonaka & Takeuchi, 1995; Pasanen, 2003; Singh et al., 2010). Figure 2 shows the stages of perception.

**FIGURE 2**
STAGES OF PERCEPTION

**Concept of Awareness**

Awareness is an extremely wide concept depends on situations and conditions. Bud Craig (2011) indicates that awareness underlies of feelings or emotion from the body which motive to behavior. Awareness implies knowledge gained through perceptions. In fact, it is based not only in personal awareness but also controlled by the environment (Summers-Effler, 2004). The
concept of awareness explores self-awareness and other awareness (Slater & Nelson, 2013). Therefore, the development of awareness also created by knowing and understands how people felt.

Awareness is not something that is central to a specific decision; it is not things people focused on every moment of the day. It is arises when someone paying attention in particular way; on purpose, in the present moment and non-judgmentally towards people’s life experience. Options for awareness are based on one’s history. Therefore, there is three level of awareness as suggested by Sigmund Freud (Paskaukas, 1993) (1) conscious, (2) pre-conscious, and (3) unconscious.

Awareness is important in interactions with others that escalate into conflicts (Froming et al., 1985). It helps to reduce interpersonal conflicts and essential for identifying areas for improvement (Okpara & Edwin, 2015). However, a high level of awareness could bring bad perceptions (Silvia & Phillips, 2013) and bad self-attributes (Bucchianeri & Corning, 2012). In order to improve awareness, we need to (1) aware on certain knowledge in order to tackle the problem occurred, (2) stable, consistent and viable self-interpersonal and (3) familiar with certain characteristics, functional and attributes.

Concept of Utilization

Utilization refers to any activities that influenced by certain factors (Jasma et al., 2011). Utilization could depend on (1) difference resources (due to attitude, social norms and facilitating conditions) (Yi et al., 2016), or (2) explicit and tacit knowledge assets (Cepeda & Vera, 2007; Liebowitz & Wilcox, 1997). Majumdar (1998) proposed that in order to utilize some resources, firms should combine the needed resources information through three steps the as in Figure 3 below:

![FIGURE 3 COMPONENTS OF UTILIZATION](image)

In addition, according to Social Cognitive Theory, cognition plays an active role in an individual’s capability to construct reality (Bandura, 1977, 1986), actively seek and interpret information, self-regulate, and perform behaviors. Different people have differences in individuals’ behavior as cognitive processes depend on the situation (Bandura, 1977, Harinie et
al., 2017). Thus, human behavior interacts with personal factor, behavior and external environment (Bandura, 1986). It is also known as triadic reciprocal determinism identifies. The way people think, believe and feel affects how they behave. It will influence patterns and emotional reactions. Also, appropriate behavior is modified by the environment (Bandura, 1986).

Perception of SMEs and Utilization of GBSS

The government started to put an effort in supporting the SMEs since a few years before Malaysia independence. In early 1970s, the clear evidence was written formally (Gunto & Alias, 2013). The government helps the SMEs in many ways. One way to help the SMEs by promoting them to the foreign investors. Moreover, the government also encourage the domestic and foreign investment to grow up in order to boost up the economic growth. Furthermore, in order to achieve National Economic Policy and Vision 2020, the government had establish few policies and agencies to ensure that Malaysia’s rapid development is stabilize.

Saleh & Ndubisi (2006) specifies several obstacle faced by Malaysian SMEs related to government business support services (GBSS) into (1) lack of coordination among services providers, (2) low usage rate of the government business support services, (3) low level of awareness on the government business support services, and (4) bureaucracy on the government agencies. Mokri (1988) suggests that government intervene helps to (1) increase the supply of the entrepreneur, and (2) increase the chance of survival. However, the information generally appertain to services are fail to disseminate by SMEs. They are more relies on friends as their source of information (Yusoff & Yaacob, 2010, Yusoff et al., 2010). Consequence of this, the information is not accurate and comprehensive compare to those who are obtained the information from first-hand sources. Even though GBSS are notorious known by SMEs as financial support providers, the other services such as technical and marketing support left unattended due to SMEs fail in disseminating the information.

The government business support services (GBSS) fail to optimize the usage due to poor utilization rate among the SMEs. Consequently, the GBSS performance are not effectively perform and fully maximize the resources. One of the reason SMEs continuously lacking in technical skill is they are lack of external support (Mole et al., 2017). About 3.06% of the respondents who are possessed technical skill has shown good utilize the business performance. The lack of utilization of the government business support services has affected the SMEs’ performance (Yusuf, 2010). Based on these issues that mentioned above, it is proven that there are still lots of issues that need to be considered by the government in ensuring the success of the business support services provided to SME in Malaysia. Therefore, there is a need to study the perception and utilization of GBSS in Malaysia.

Awareness of SMEs and Utilization on GBSS

The literature suggests that the role of government support plays an important role in success in firms’ performance (Ayob & Freixanet, 2014; Hashim et al., 2011; Songling et al., 2018; Yusuf, 2010). However, the environments (players/firms) need to be able to recognize the supports, taking good response behavior and strong emotions on business assistance provided. Considering firms’ need to have a proper and systematic perception on how to manage their knowledge management in order to utilize their resources (Najmaei & Sadeghinejad, 2009),
utilization of information and resources are needed in order to develop firms’ strategies (Radzi et al., 2017; Tippins & Sohi, 2003). Therefore, government support should also include competitive awareness in order to maximize the use of assistance provided. Moreover, according to Rashid et al. (2018), slightly more than half (50.3%) of the batik SMEs manufacturers in Malaysia have become a beneficiary of the GBSS.

Despite various support services offered by the government to SMEs, the rate of utilization remains relatively low, which is about 23% of the SMEs are not aware of the services (Yusoff et al., 2014). Among the reasons cited by the authors are (i) the long and complicated process and procedures, (ii) do not know how to apply for the services and (iii) long waiting time for the assistance to be provided.

RESEARCH FRAMEWORK

In this study, we are going to explore the perception and awareness of GBSS among SMEs on utilizing GBSS. The framework for this study is illustrated in Figure 4.

![Research Framework Diagram]

**FIGURE 4**
RESEARCH FRAMEWORK

The main objective of this study is shown as below:

1. The hypothesis on the relationship between perception and utilization:

   \[ H1: \text{There is a significant relationship between perception and utilization of GBSS.} \]

2. The hypothesis on the relationship between awareness and utilization:

   \[ H1: \text{There is a significant relationship between awareness and utilization of GBSS.} \]

From the main objective 2, a number of sub-hypotheses between awareness and utilization are identified:

- \[ H1a: \text{The general awareness of GBSS (representing awareness) significantly affects the current needs of the company (measurement for utilization).} \]
- \[ H1b: \text{The awareness of financial services of GBSS (representing awareness) significantly affects the current needs of the company (measurement for utilization).} \]
- \[ H1c: \text{The awareness on non-financial services of GBSS (representing awareness) significantly affects the current needs of the company (measurement for utilization).} \]
METHODOLOGY

The qualitative approach was apply in this study. The data was collected using a set of questionnaire. The eligible respondents were only top management who are participation at various SMEs related exhibitions and expos organized by various government agencies. A total of 139 valid samples were obtained for analysis out of 195 questionnaires returned, thereby giving a valid response rate of 17.4%. The result was obtained after analysing the data using SPSS 22 software.

RESULTS

Respondents’ Background

The proportion of respondents in each item for the respondent background is presented in Table 1.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>f</th>
<th>%</th>
<th>Characteristic</th>
<th>f</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td>Job Designation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>75</td>
<td>54.0</td>
<td>Manager</td>
<td>64</td>
<td>46.7</td>
</tr>
<tr>
<td>Female</td>
<td>64</td>
<td>46.0</td>
<td>Owner Manager</td>
<td>75</td>
<td>54.0</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td>Years of Working with Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>34</td>
<td>24.6</td>
<td>&lt; 1</td>
<td>21</td>
<td>15.1</td>
</tr>
<tr>
<td>31-40</td>
<td>41</td>
<td>29.5</td>
<td>1-10</td>
<td>98</td>
<td>70.5</td>
</tr>
<tr>
<td>41-50</td>
<td>45</td>
<td>32.4</td>
<td>&gt; 10</td>
<td>20</td>
<td>14.4</td>
</tr>
<tr>
<td>&gt;50</td>
<td>18</td>
<td>12.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highest Education Level</td>
<td></td>
<td></td>
<td>Years of Company Established</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PMR/SPM/STPM</td>
<td>23</td>
<td>16.5</td>
<td>&lt; 1</td>
<td>17</td>
<td>12.2</td>
</tr>
<tr>
<td>Diploma or equivalent</td>
<td>50</td>
<td>36.0</td>
<td>1-10</td>
<td>90</td>
<td>64.7</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>46</td>
<td>33.1</td>
<td>&gt; 10</td>
<td>32</td>
<td>23.0</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>20</td>
<td>14.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size of the Company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Micro Enterprises</td>
<td>42</td>
<td>30.2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>70</td>
<td>50.4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium Enterprises</td>
<td>27</td>
<td>19.4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Level of Perception on Government Business Support Program

Table 2 below shows that the highest mean score is 4.05 where the respondents believe that process of getting GBSS is lengthy with too many terms and conditions to comply before application being approved (second highest mean=4.03). But, the respondent believes that getting an additional package of services is easy once the first service is obtained (mean=3.92). Respondent also believes that GBSS is easily accessible (lowest mean=3.58). The lowest standard deviation is 0.86 and the highest standard deviation score is 1.02.
In addition, the majority of the respondents think that SMEs needs business networking (highest mean=4.45), financial support (second highest mean=4.36) and training/mentoring programs (third highest mean=4.24). It is followed by the need for the business seminar (mean=4.23) and technology support (mean=4.20) and finally, consultancy services (mean=4.12).

**Level of Utilization on Government Business Support Program**

Table 3 shows the respondents’ opinion on the utilization of GBSS in the company. Majority of respondents employs the GBSS which SMEs seeking for the GBSS to support the firm’s current need support the firm’s current need (highest mean=4.23). The respondent makes use GBSS to maximizing the management skills and knowledge (second highest mean=4.01) and also increase the company capabilities (mean=4.01). The lowest mean is 3.57 where respondent being into the frequent client to GBSS.

In term of opinion on their utilization of which GBSS that benefited for sustaining business among Malaysia SMEs, the majority of SMEs utilize business seminar services in sustaining SMEs’ business (highest mean=4.17). It is followed by financial support (second highest mean=4.14) and business networking (mean=4.08). The lowest GBSS is technology support (mean=4.04).

<table>
<thead>
<tr>
<th>Table 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERCEPTION OF GBSS</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>The process of getting GBSS is lengthy.</td>
</tr>
<tr>
<td>There are too many terms and conditions to comply with the application being approved.</td>
</tr>
<tr>
<td>Getting an additional package of services is easy once the first service is obtained.</td>
</tr>
<tr>
<td>GBSS favors SMEs that have been established for more than 5 years.</td>
</tr>
<tr>
<td>Information regarding GBSS is up-to-date.</td>
</tr>
<tr>
<td>It is easy to deal with the person who processes the application(s).</td>
</tr>
<tr>
<td>The requirements for participation in GBSS are made known clearly.</td>
</tr>
<tr>
<td>The government business support program is easily accessible.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>UTILIZATION OF GBSS</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>I am seeking the GBSS to support the firm’s current need.</td>
</tr>
<tr>
<td>I need GBSS to help me in maximizing the management skills and knowledge.</td>
</tr>
<tr>
<td>I found that government support increases my company capabilities.</td>
</tr>
<tr>
<td>I am happy with the service provided by the GBSS.</td>
</tr>
<tr>
<td>I found that the GBSS has achieved its objective within the context of my company.</td>
</tr>
<tr>
<td>I applied for the GBSS once the new scheme is launched (become available).</td>
</tr>
<tr>
<td>I apply for other services that are relevant to my company.</td>
</tr>
<tr>
<td>I am a frequent client to GBSS.</td>
</tr>
</tbody>
</table>

**Citation Information:** Shamsuddin, J.B., Bin Minai, M.S., Bin Md Zain, A.Y., & Al Idrus, S. (2019). Relationship of perception and awareness towards utilization of government business support services (GBSS) in Malaysian SMEs perspective Journal of Entrepreneurship Education, 23(1).
Relationship between Perception and Utilization of GBSS

To test the hypothesis (H1), regression analysis was tested. The outcome revealed that perception and utilization have positive correlation (r=0.596, p<0.01). Later on, regression prediction model was run for testing individual hypothesis. As shown in Table 4, perception is positively related to utilization (β=0.601; p<0.01). Therefore, the hypothesis was supported with 35.6 present of the variance in the dependent variable (utilization) was explained by the variation in the independent variable (perception).

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>β</th>
<th>T-Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilization</td>
<td>Perception</td>
<td>0.601</td>
<td>8.630</td>
<td>0.000</td>
</tr>
<tr>
<td>R²</td>
<td></td>
<td>0.356</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td></td>
<td>0.351</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>74.474</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01, ***p<0.001

Relationship between Awareness and Utilization of GBSS

In evaluating the dimension of awareness (IV) and utilization (DV), the data cleaning was performed. The outliers and missing data were removed. Cronbach’s alpha from reliability testing was conducted on the dimensions of awareness and utilization for company current needs. The outcome of the testing has shown that the IV and DV have acceptable reliability levels (Table 5).

The regression analysis was tested to seek the relationship between awareness and utilization. The outcome on awareness is 16.4% for the utilization variance. One out of three awareness dimension is significant with utilization, which is general awareness. The outcome of the testing summarized in Table 6.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Validity (%)</th>
<th>Cronbach's Alpha</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness (IV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• General Awareness</td>
<td>100</td>
<td>0.842</td>
<td>3.877</td>
<td>0.680</td>
</tr>
<tr>
<td>• Financial services.</td>
<td>100</td>
<td>0.892</td>
<td>3.927</td>
<td>0.735</td>
</tr>
<tr>
<td>• Non-financial services.</td>
<td>100</td>
<td>0.763</td>
<td>3.889</td>
<td>0.695</td>
</tr>
<tr>
<td>Utilization (DV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Current Needs</td>
<td>100</td>
<td>0.804</td>
<td>3.947</td>
<td>0.713</td>
</tr>
</tbody>
</table>

**Table 6**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>Sig.</th>
<th>T-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Needs.</td>
<td>General Awareness.</td>
<td>0.311</td>
<td>0.010*</td>
<td>2.625</td>
</tr>
<tr>
<td></td>
<td>Financial services.</td>
<td>0.071</td>
<td>0.613</td>
<td>0.506</td>
</tr>
<tr>
<td></td>
<td>Non-financial services.</td>
<td>0.053</td>
<td>0.719</td>
<td>0.361</td>
</tr>
<tr>
<td>R²</td>
<td></td>
<td>0.164</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted R²</td>
<td></td>
<td>0.145</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td>8.569</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01, ***p<0.001

**DISCUSSION AND CONCLUSION**

The result reveals that the perception of SMEs is positively associated with the utilization of GBSS. This shows that in order to support company needs, SMEs needs to utilizing GBSS that can improve their skills, knowledge, and capability. The results has revealed that general awareness is significant to current needs in the utilization of GBSS in Malaysia. In other words, the SMEs cannot utilized GBSS without awareness. Moreover, the current needs of the company also will be affected. The outcome also further confirm that SMEs did not even aware of business support services. This is due to there are various agencies that provide assistance. Therefore, SMEs need to able to find the best assistance on their own. Therefore, the result of this study may help enlighten the need for perception and awareness towards utilization of GBSS in order to support the SMEs development, to the industry as well as the academician.

**REFERENCES**


