

# Entrepreneurial Competencies and Microenterprises Sustainability

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## Abstract

In this article, we report a study undertaken to measure the effects of selected competency dimensions on the microenterprise sustainability in Malaysia under the premise of the resource-based view (RBV). We adopted a cross sectional approach. Quantitative data were collected from 300 micro-entrepreneurs in Malaysia who were selected using a random sampling technique. Commitment, conceptual, opportunity recognizing, organizing and relationship competencies had significant positive impacts on microenterprise sustainability. The empirical evidence forwarded in this article extends the current micro-entrepreneurship literature in Malaysia and recommends that relevant policy measures need to be enforced for improving microenterprise sustainability based on key entrepreneurial competencies.

## Key Words

Entrepreneurial Competency, Sustainability, Microenterprise, Malaysia

## Introduction

Entrepreneurship, which was particularly practised by small and microenterprises, had a substantial impact on the national economy, primarily through job creation and employment; therefore, micro- to medium-sized enterprises were regarded as a major multidimensional contributor towards economic growth and socio-economic development (Alam et al., 2011; Bruwer & Coetzee, 2016). Microenterprises were internationally recognized as an efficient tool to provide alternative incomes for the economically vulnerable poor populations (Silberg et al., 2017). According to Alam et al. (2011), the extent of micro-entrepreneurial activities as an established tool to address poverty had a key role in the economic growth and development of rural communities, mainly in developing nations. Alam et al. (2011) further mentioned that micro-entrepreneurships have made multidimensional contributions towards the socio-economic development in Bangladesh. In a recent study, Mustapa et al. (2019) noted that microenterprises work as critical instruments of

development for penurious communities in many underdeveloped countries such as Ethiopia and Nigeria. In a separate study, Bruwer and Coetzee (2016) stressed that small, medium and microenterprises account for 9 out of 10 existing entities in South Africa, which justify their particular importance towards the national economy in terms of extending employment opportunities along with their contribution towards national gross domestic product.

In Malaysia, microenterprises could be coined as legal entities that portray a turnover of less than RM 300,000 (three hundred thousand Malaysian Ringgits) and/or have less than five full-time employees (Bank Negara Malaysia, 2013). Microenterprises in Malaysia fall under small–medium-sized enterprises (SMEs) that inclusively make up 98.5% of all business entities in the country (Department of Statistics Malaysia, 2016). Specifically, microenterprises represent 75% of all SMEs in Malaysia (Mamun et al., 2019). In 2017, SMEs' contribution towards Malaysian GDP increased to 37.1%, 17.3% (increased) in terms of exports and 66.0% (increased) towards total

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