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# **Social Networks And Future Orientation Of Females Entrepreneurs In Malaysia: The Mediate Effect Of Innovation And The Moderate Effect Of Access To Loan**

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## **Abstract**

**Women entrepreneurship development through extending small loan with purpose of start-up new business has become a global concern to address socio-economic development and women empowerment goals, especially in developing countries. However, most of the past studies paid attention on poverty reduction and women social empowerment through microcredit, particularly on household decisions making rather than business performance. this study explores the effect of future orientation, social networks on women small businesses' performance and examine the mediating effect of innovation activities between future orientation, social networks and small businesses' performance as well as the moderate effect of access to loan between innovation and small business performance. Methodology , Based on the questionnaire gathered from 149 of women entrepreneurs who received loan from Amanah Ikhair Malaysia (AIM), and 178 of women entrepreneurs who have not accessed to AIM loan. Finding, Our finding reveal that: (a) small business performance is significantly affected by the level of future orientation and the degree of social capital (b) innovation has positive effect in small business performance and plays a mediate role between future orientation, social capital and small business performance; (c) access to loan influence business performance positively moderate the relationship between innovation and business performance. Our finding provides theoretical implications notably to women entrepreneurship**

Originality/value, The activities of innovation have recognized to play an effective role in business development and growth. Nevertheless, the innovation literature in small business still scarcity, especially on women entrepreneurs. This study is one few studies investigated how the level of women social networks influences their innovation activities and business performance, and the first one that explores the effect of future on their innovation activities and businesses' performance.

Keywords: Future orientation, Social Networks, Innovation, Access to loan, Women, Entrepreneurs, Malaysia

## **Redes Sociales Y Orientación Futura De Las Mujeres Emprendedoras En Malasia: El Efecto Medio De La Innovación Y El Efecto Moderado Del Acceso Al Préstamo**

### Resumen

El desarrollo del emprendimiento femenino a través de la concesión de préstamos pequeños con el propósito de iniciar nuevos negocios se ha convertido en una preocupación mundial para abordar el desarrollo socioeconómico y los objetivos de empoderamiento de las mujeres, especialmente en los países en desarrollo. Sin embargo, la mayoría de los estudios anteriores prestaron atención a la reducción de la pobreza y al empoderamiento social de las mujeres a través del microcrédito, particularmente en la toma de decisiones de los hogares en lugar del desempeño comercial. Este estudio explora el efecto de la orientación futura, las redes sociales en el desempeño de las mujeres pequeñas empresas y examina el efecto mediador de las actividades de innovación entre la orientación futura, las redes sociales y el desempeño de las pequeñas empresas, así como el efecto moderado del acceso al préstamo entre la innovación y las pequeñas empresas. Rendimiento empresarial. Metodología, basada en el cuestionario recogido de 149 de mujeres empresarias que recibieron préstamos de Amanah Ikhtiar Malasia (AIM), y 178 de mujeres empresarias que no han accedido a préstamos AIM. Hallazgo, nuestro hallazgo revela que: (a) el rendimiento de las pequeñas empresas se ve significativamente afectado por el nivel de orientación futura y el grado de capital social (b) la innovación tiene un efecto positivo en el rendimiento de las pequeñas empresas y desempeña un papel mediador entre la orientación futura y el capital social y desempeño de pequeñas empresas; (c) el acceso al crédito influye en el desempeño del negocio moderando positivamente la relación entre innovación y desempeño del negocio. Nuestro hallazgo proporciona implicaciones teóricas, especialmente para el emprendimiento femenino. Originalidad / valor, las actividades de innovación han reconocido que desempeñan un papel eficaz en el desarrollo y el crecimiento empresarial. Sin embargo, la literatura sobre innovación en las pequeñas empresas sigue siendo escasa, especialmente en mujeres emprendedoras. Este estudio es uno de los pocos estudios que investigaron cómo el nivel de las redes sociales de las mu-

eres influye en sus actividades de innovación y desempeño empresarial, y el primero que explora el efecto del futuro en sus actividades de innovación y el desempeño de las empresas.

Palabras clave: orientación futura, redes sociales, innovación, acceso a préstamos, mujeres, emprendedores, Malasia

## Introduction

Women are considered the first equal partner of men in this life that goes beyond the limits of the family to support and develop the GDP. Therefore, countries have legislated to support women in education, industry and trade to fill the productive gap and accelerate the development of economic and social development. In line with the role of women in developing the economic bottom and reflecting on family support, countries including Malaysia have embarked on supporting women by facilitating access to credit for the operation of their small businesses and their integration into the labor market. The promotion of women entrepreneurship has become a global concern to attain economic development, mitigate the gender inequality gap and enhance the household welfare as well as alleviate poverty. The global donor agencies as well as the policymakers in the local governments, international public organizations in emerging countries have introduced policies and programs to promote women's entrepreneurship. They pledge programs for competency-development of entrepreneurial talents, delivering financial services, strengthening women's networks. They also designed policies that facilitate the development of women's small business. Yet, even though this emergent number of creativities and capitals made obtainable to indorse and improve women's entrepreneurship in emerging nations, women still manage and own smaller amount of businesses compared to men (S. S. A. Al-Shami, Majid, Mohamad, & Rashid, 2017) with less income and slow growth (Williams & Shahid, 2016), which tends to fail and be more necessity entrepreneurs (Vossenber, 2013). The prevalence of poverty and gender inequality differs from one country to another. However, it has a wide existent among poor people who have limited access to financial services due to their inability to provide eligible collateral.

The microcredit program has been introduced by many emerging countries to alleviate poverty and empower women through promoting women entrepreneurship, especially in developing countries. The idea of microcredit is based on wealth redistribution to deprived people, especially women

with purpose of start-up new business that generates income. The corresponding logic of targeting women entrepreneurs owes to the fact that the consumption behavior of women's income is often targeted household welfare and child's school and health. Although microcredit in particular (a component of microfinance) has positive effects on The level of poverty within households, however, has negative repercussions far outweigh those positive effects. There is ample empirical evidence of success. However, just reaching the target alone does not draw microfinance into a focus on women to doubt in a way that does not leave room. Empowering women has a real picture of the effects of microfinance on fighting. Funding is mainly because poverty is general especially smaller is unsustainable, despite claims of success in many quarters, particularly on the supply side see also look for all ills. The gap here is that the relationship Microfinance and self-help groups do not want to be a panacea. The critical link between microfinance and poverty reduction still needs to be demonstrated. In fact, there is also evidence that as a result of arrival. Deep in the countryside, the proportion of microcredit beneficiaries, the majority of whom are women, Enormous Microfinance Services. It became worse off and accumulated more debt after getting microcredit through a self-help group.

The process of financing poor borrowers is always associated with several challenges such as costly reviewing and screening microcredit applicants, monitoring borrowers, and writing and enforcing contract (Armendáriz et al. 2005). Those challenges are due to several causes; poor infrastructure such as transport and communication in the areas where the majority of poor borrowers are lived in, weakness in the judicial system, and a high level of illiteracy among the borrowers (Besley and Coate 1995), which deprive many poor and low income people from accessing into financial series (Ledgerwood, 2013). However, MFIs and informal group loaning organisations are well recognised for their use of group lending and peer observing as reputational instruments to safeguard payment and overwhelmed information and implementation problems (World Development Report 1999, p. 92). Women are the main clients of lending group model which is the key success of many MFIs (Al-Shami, Majid, Mohamad, & Rashid, 2019), because they are less risky in loan default compared to men (Armendáriz and Morduch, 2005). There are other reasons for targeting women in group lending microcredit which are women and economic development, gender inequality and the role of women in livelihood (Kabeer, 2012).

This contradictory conclusion raises an important question about the outcome of women businesses that are financed by microcredit. In this research, we argue that the performance of women small business relies not only on financial resources according to resource based view but also on entrepreneurial behavior and social network factors. In this research we identified four major factors that influence the women's small business performance, namely future orientation, social network, self-development competency and authority in decision making. Therefore, this study contributes to the development of women entrepreneurship through providing an empirical model that guide women entrepreneurs generally and those who are microcredit borrowers particularly to successfully develop their small business. Second, this study provides new insight that explains the mediating role of innovation in small business performance. This contributes significantly to the body of knowledge since the literature still lacks of innovation in small business studies generally and in developing countries particularity. Finally, women empowerment through entrepreneurship is at the heart of Malaysia national policy (MNP). As such, understanding the factors that are associated with women entrepreneurship development is an important to meet the MNP goal. The study setting is in Malaysia which was selected due to its popularity in small business development and women empowerment compared to others countries. It is also has a wide range of microcredit financing models include Islamic models and others in the Southeast Asia region

Microfinance Industry in Malaysia

For the developed and developing countries alike, economic development in our modern world is very important Economic studies and studies have shown that SMEs are the most important. The engines of economic development and one of the main pillars of the Renaissance, especially in recent year. As a source of income development, job creation, value creation and wealth creation. Since its independency, the Malaysian government has substantially transformed the economy from low income to upper income class and reduced the poverty to less than 5% (Al-shami et al., 2018). However, income disparity among the ethnics (Malay, Chinese and Indian) from one hand and gender equality from another hand form a challenge (Al-shami et al, 2017). Therefore, Amanah Ikhtiar Malaysia (AIM) was established to address socioeconomic development and women empower-

ment (Al-shami et al., 2016)

### Future Orientation

Future orientation refers to a small business's temporal thought which can be defined differently according to the methodological and theoretical approaches such as cognitive, and motivational approach. Based on a cognitive thought, future orientation refers to the organizing of future actions according to the chronological structure and causal order (Trommsdorff, 1983). Such expectant cognitive representations can be extra or less prolonged, distinguished, accurate, realistic and coherent. They can be dedicated on internal instead of external reasons of future actions, and on probable improvements of the self or the setting; they are planned and organized based on the thematic content of the respective expectations (Trommsdorff, 1983). According to the motivational view, future orientation is a main part of all inspired activities (Nuttin, 1964). The thematic content and situation context of the expectations can motivate individually related aims and motivations (Nuttin, 1964). The literature of psychology and medicine views future orientation as positive anticipation about the future (Michael Scheier & Carver, 1985) which apparently affects individual behaviour towards future events goals, wishes, fear and hopes (Wallace, 1956). In this respect,, emphases that for continue growth, the companies have to know the present asset and capital shortcomings and pay attention away from the immediate into the future. The future orientation described as more optimistic or pessimistic, which influences the individuals' behaviour towards the future events. Therefore, even though customer satisfaction or market orientation in the present may be a good thing for the small business, future orientation proposes that the aim of the company goes beyond at a greater image (Hooley, Nicoulaud, & Piercy, 2011). The fewest number of papers scrutinize the effect of future orientation on the availability of credit and market orientation by small business. (Dai, Ivanov, & Cole, 2017) found that there is a significant effect between future orientation optimism on banks' lending decisions among small businesses in the US. The future orientation fundamentally emphases on the achievement of longer term goals rather than current short term advantages (Venkatraman, 1989). But, there is no study has uncovered the effect of future orientation on small businesses' performance in small business, especially among women entrepreneurs. The small business that focuses on the development of their capacities over a period of time instead of merely exceeding short term financial anticipation are more probable to achieve

a high performance. The high level of future orientation among women entrepreneurs who are microloan borrowers was found to be associated with the success of their businesses, especially in employment (Bruton et al., 2011). The entrepreneurs with clear vision and strategy planning have the ability to enhance their small businesses' growth, income, and marketplace, amongst the techniques of strategic analysis paying unique interest to analysis to competition and the marketplace, and specifically framing normal enterprise techniques (Skr̄t & Antoncic, 2004).

Therefore, this study hypothesis that:

H1: women entrepreneur with high future orientation are more likely to achieve high small businesses' performance

The entrepreneurs who have a high level of future orientation cannot only predict the future events and standardize their vision, but also effectively planning and mobilizing the needed resources to achieve certain goals. The literature that advocates for small business's long-term success, innovation plays a significant role in their development and sustainability (Duarte, Alessandro, & Alonso, 2016) and organizational effectiveness and flexibility, readiness to alteration, and introduction of new products whereas reducing organizational complexity (Low, Chapman, & Sloan, 2007). Study by (Dibrell, Craig, & Neubaum, 2014) uncovers the association between strategic planning and innovativeness among 448 firms in a multi-industry in US. The strategic planning was defined as a formal process which focuses on the implementation of specific objectives over time, meanwhile the innovativeness was measured under the activities of the firms in product development process improvement, service introducing, incremental and radical innovations. The finding of this study emphasizes that there is significant positive relationship between strategic planning and firms' innovativeness.

Therefore, we hypothesises that:

H1a: Future orientation has a positive effect on innovation performance

### Social Network

Social capital involves the real and possible resources available over an actor's network of relations (Lin, 1999). The central core is that investments in social relationships, create a cooperative attitude obtainable to people and groups that can be militarized to attain certain objectives. Consequently, social capital generates worth by providing good linked players with advantaged gaining access into financial, intellectual and cultural assets (Salvato & Melin, 2008). Social capital has developed in the arena

of entrepreneurship as a contextual supplement to philosophies targeting individual behavior by recognizing that entrepreneurs are entrenched in a social surroundings that lets in and constrains behavior (Aldrich & Zimmer, 1986). The sound of the network-underlying theorizing is manifested in the growth of researchers investigating networks and entrepreneurial performance, including the effect of social capital in the development of new businesses (Xie & Lv, 2016), the outcome of corporate strategic creativities (Kijkuit & Van Den Ende, 2007), the innovativeness of local groups (Whittington, Owen-Smith, & Powell, 2009), and the alteration of organizational arenas. In the contemporary entrepreneurship literature the viewing of entrepreneurs as autonomy and self-decision-making has been shifted to include entrepreneurs as integrated with social ties (Stam, Arzlanian, & Elfring, 2014). Thus, network relations are appreciated and important capitals (Vismara, 2016). As an addition to this site, a small business entrenched in social networks is capable with social capital. The purpose of social networks is to allow the movement of data and trust together regarding to loan and relationships between small businesses, which helps to financial consequences for growth because of the interactions that are nurtured (Laud, Karpen, Mulye, & Rahman, 2015).

Even though earlier studies emphasized on the role that played by social networks in indorsing the development of new businesses (Xie & Lv, 2016; Zane & DeCarolis, 2016) and innovation development (Zeng, Xie, & Tam, 2010) few studies examined the effect of social networks of the entrepreneurs on their new business from the standpoint of woman entrepreneur. In addition, there is death in the literature with regard to the effect of social network on the small businesses' performance that owned by women who are microcredit borrowers which leaves incomplete understanding about women entrepreneurship through microcredit financing.

The entrepreneurs with social networks can simplify access into valuable capital, such as resources and information (Hoang & Antoncic, 2003) to overcome the restrictions that encounter the new ventures (Brush & Vanderwerf, 1992). In addition, the social networks can assist women to get access to economic services, which is the backbone for the development of new ventures (Nieva, 2015). The uncertainty of start-up new business that are owned and managed by women result is relatively high which leaves difficulty in accessing microcredit, while women who maintain strong relationships with their group members and the microfinance staffs could increase the possibility of reaching the needed capital (Al-Shami et

al., 2016). Moreover, women entrepreneurs with robust social networks can not merely more willingly gain financial services, nevertheless can likewise help women entrepreneurs to gain information that is important to identify and exploit market opportunity, access to additional economic saving which are important factors for small business performance (Khai & Hoa, 2014).

Thus, this study hypothesis that:

H2: The social networks of women entrepreneurs have a positive effect on their small businesses' performance.

Recently, the role of innovation on small business sustainability and growth has well documented (Audretsch, Coad, & Segarra, 2014; Eiriz, Faria, & Barbosa, 2013) and attracted the academicians' attention to explore the factors that affect innovation development. Social capital through intra and inter-organizational relationship has stated to the prominence of social interactions for the development and dissemination of innovation (Martín-*ez*-Cañas, Sáez-Martínez, & Ruiz-Palomino, 2012; Yli-Renko, Autio, & Sapienza, 2001). Knowledge sharing at intra-organizational level has the possibility to enhance small business' capacity to innovative through supporting its creativity and stimulating new ideas that consolidate organizational competitiveness (Loebbecke, van Fenema, & Powell, 2016; Vuori & Okkonen, 2012). Study by (Perry-Smith & Mannucci, 2017) stated that social network influence the journey of innovation development in several aspects which include idea generation, idea elaboration, idea championing, (Al-Shami et al., 2019) and idea implementation. Based on (Shaw & Ching Liu, Madhavan, & Sudharshan, 2005), stated the network criticality of an individual node will be positively related to its innovation potential. Therefore, this study hypothesis that

H2: The social networks of women entrepreneurs have a positive effect on their innovation performance

### **Innovation and Small Enterprises**

Even though the activities of the innovation can be perilous and consequences indeterminate (Harmancioglu, 2016; Leiponen & Helfat, 2010) and not all companies do benefit from innovation (Olmos-Peñuela, García-Granero, Castro-Martínez, & D'Este, 2017), the benefits and the essential need for companies to innovate have also been deliberated (Ferdousi, 2015; Mahmoud, Blankson, Owusu-Frimpong, Nwankwo, & Trang, 2016).

There is contradictory indication about the impact of business size on innovation. On one hand, (Schumpeter, 1934) theory emphasizes that innovations typically start in the new and smaller company and those that succeed grow into large companies. (Acs & Audretsch, 1990) propose that small companies who engage in strategic innovation can recompense for size-related difficulties. Likewise, there is evidence that small companies have less strong management structures and they tend to be adaptable (Rogers, 2004), thus allowing them to carry out smaller incremental innovations. However, (Roper, Du, & Love, 2008) argues that small business size affects innovation in different ways; whereas there is no effect on product innovation, size is important for process innovation.

We argue that even though small business size is important for innovation performance, innovation also plays an important role in the performance of micro and small business. According to (Duarte et al., 2016), innovation plays a major role in the performance of wine micro and small business in Italy. It improves the product quality as well as the process efficiency which resulted in improving the sales and growth. Innovation plays a crucial role in promoting women entrepreneurship sustainability. Study by (Ferdousi, 2015) find positive significant relationship between innovation and business income among women who received microcredit.

Therefore, this study hypothesis that:

H3: Innovation has positive significant relationship with women small business performance

Innovation development is important for business survival and growth. It requires an effective strategic planning and managing to transform tangible and intangible resources to completed innovation that boost small business performance. The literature suggests that the firms' capability in innovation is the core player in pushing up their performance (Camisón & Villar-López, 2014; Wang, Chang, & Shen, 2015). Innovation also plays as a mediate effect between firm's future orientation and their performance. Study by (Dibrell et al., 2014) found that firm innovativeness fully mediates strategic planning and firm financial performance in a multi-industry in US.

H3 a: Innovation has a mediate effect between the future orientation and women's' small business performance

In the contemporary entrepreneurship literature the viewing of entrepreneurs as autonomy and self-decision-making has been shifted to include entrepreneurs as integrated with social ties (Stam et al., 2014). Social networks network facilities innovation performance by inspiring the collabo-

ration, communication, and organisation among different memberships in a company (Zeng et al., 2010), while innovative start-up businesses have positive effect in business survival (Colombelli, Krafft, & Vivarelli, 2016) and growth (Ferdousi, 2015).

Therefore, this study hypothesis that:

H3 b: Innovation has a mediate effect between the social network and women's small business performance

Based on behaviour theory, social capital theory and entrepreneurial theory, we have developed a correlated model of entrepreneurs' future orientation, social network and entrepreneurs' small enterprises performance, which is illustrated in Fig. 1.

This model exposed that there is a strong association between the level of future orientation, social networks of women entrepreneurs and innovation and start-up new business performance. It also demonstrates that women with women entrepreneurs who have successfully develop new innovation are more likely to achieve high business performance.

Access to loan

Access to loan has been recognized to be a crucial dynamic to the growth of small business income, particularly in markets are less developed (Rotich, Lagat, & Kogei, 2015). Study by (Hyder & Lussier, 2016), found that the lack of capital and credit is one of the main causes of micro and small business in Pakistan. Thus, extending financial resources to women entrepreneurs must be part of the development agenda (Ahmad & Arif, 2015). It helps women entrepreneurs to upgrade their income through extending their micro and small businesses (Ferdousi, 2015). Hence, we hypothesize that: -

H4: Access to loan has positive effect on small business performance.

Study by (Shang, Song, & Wu, 2017) find that credit market development improves the likelihood of companies' product innovation and innovation performance in China. Study by (Lee, Sameen, & Cowling, 2015) states that the innovative firms are more likely to play for loan among SMEs in UK. Even though entrepreneurs can successfully innovation with adequate funds, the capital and credit availability afterwards is the key factors for their business sustainability and growth (Hyder & Lussier, 2016). Hence, this study hypothesizes that: -

H4: access to loan is moderator between innovation and small business performance

Methodology

The target sample of this paper is the start-up business. But, the delineation

tion of start-up business lack to general consensus. Past studies classified based on the age of establishment ranging from 42 months (Reynolds et al., 2002), 5 years (Pelham, 1999), 8 years (Li & Zhang, 2007; Zahra, Nielsen, & Bogner, 1999) and within 10 years (Miller & Friesen, 1984). In a line with (Verhees & Meulenberg, 2004) we define small business as one that is operated and organized with direct management by the owner.

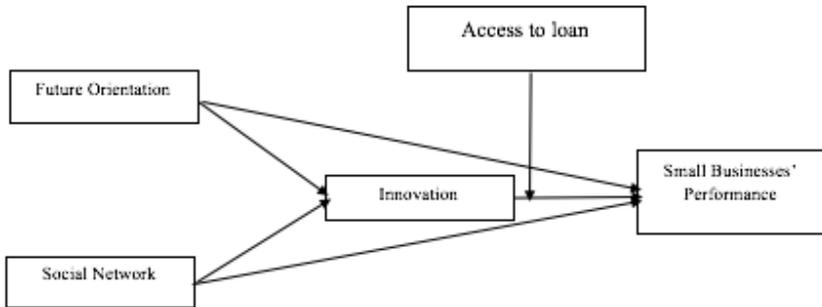


Figure 1: Conceptual Model

The survey method was adopted in this paper as a tool of data collection. The sample was selected from the women entrepreneurs who received loan from AIM for start-up new businesses. To ensure the validity and accuracy of the gathered data, all respondents were the owners of the businesses who received loan in the past of five years. Before data collection in a large scale, 25 small businesses were asked to contribute in a pre-test. According to pre-test results, we amended and enhanced the survey. Moreover, we participated in group meeting and observed the process of loan disbursement and repayment during weekly meeting that always take place in AIM offices. While women entrepreneurs who have not received any loan were conducted by social media (Facebook). During the group meeting we conducted intensive training for the participants, to ensure they had a good understanding about the survey objectives. A total of 442 questionnaires were sent to both those who received loan and non-received and 327 surveys were received back. Bias method is a common problem causes the quality and effectivity of research analysis (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To scrutinise whether or not common method bias occurred, Harman's single factor analysis (Podsakoff et al., 2003) was used in this study. The results illustrated that the cumulative variance influence rate of the first unrotated factor was only 26.64%, less than the standard 50 %, emphasizing that the common method bias in this study is not a big problem (Huang, 2016).

Respondent’s characteristics

The characteristics of participants involved their location, ages and education. Table 1 demonstrates that, 191 of the respondents about 58.4% are urban residents compared to 136 about 41.6% of rural residents. The majority of the respondents are relatively old ranging from 112 about 35.8% between 45 to 60 following by 98 of the respondents about 34.3% from 30-44 and finally 98 about 30% from 18-29. The majority of the respondents tends to be from low education category where 187 about 57.2% have a middle school compared to 90 to 27.5% and 50 of the 15.3 who have secondary school and diploma respectively.

**Table 1: Respondents Characteristics**

Respondents Characteristics	Number	Percent (%)
Respondents' location		
Urban	191	58.4
Rural	136	41.6
Respondents Age		
>18<30	98	30.0
>30<45	112	34.3
>45<60	117	35.8
Level of education		
Middle School	187	57.2
Secondary	90	27.5
Diploma	50	15.3

Loan and Micro and Small Business Characteristics

The total number of the sample is 327 who were randomly selected from three urban cities namely Shah Alam, Melaka town and Alor Setar. Among of them 149 women who received loan to start-up micro and small businesses from AIM since three years and another 178 of women entrepreneurs who have not received AIM microcredit.

**Table 2: Loan and Small Business Characteristics**

Business type and access to loan	N	(%)
Type of Business		
Food and Beverages Producers	90	27.5
Grocery and Hijab shop	85	26%
Accessories and phone items	84	25.70%
Makeup service	68	20.80%
Access to loan		
< Received loan	149	45.60%
> Not received	178	54.40%

## Measurements

### Start-up new business performance:

There is vary of indicators for measuring micro and small businesses performance. According to (Bruton et al., 2011) (Ferdousi, 2015) (Xie & Lv, 2016) the performance of start-up new business can be evaluated over 4 measurements: (a) the growth of their business sales; (b) the share of their market; (c) the net income after taxes; and (d) the loyalty of their consumer. In this questionnaire participants were requested to evaluate the performance of their business over the earlier 3 years' comparative to major rivals. All measurements were measured based on Likert scale, from 1 = 'very low' to 7 = 'very high'.

### Innovation

Taking into consideration that there are many types of innovation, in this study and following (Ferdousi, 2015) three key types of innovations are deliberated namely product, process and market. Product innovation describes as the improvements through on the combination of new products and their development (Johne & Davies, 2000). Product innovation in small business is often incremental, based on improving the exiting product which helps small businesses in their competitive setting while maintains market presence (Bhaskaran, 2006), not merely in radically altered products however likewise in distinguishing (Craig & Hart, 1992). Second, market innovation refers to the company mechanism in the mix markets which includes the thoughtful select and entry into market segment which is new to the company (Johne & Davies, 2000) which directly affects company sales and then the overall performance (Choi & Williams, 2014). Finally, process innovation refers to the development of the operations and capabilities of the company internally (Johne & Davies, 2000). Women respondents were requested to indicate the significant of each indicator based on a given 7-point scale, ranging from '1= not at all to 7=very highly agree'.

### Future orientation

Building on the findings of previous works (Bruton et al., 2011; Johnson, Martin, & Saini, 2012) and according to the characteristics of women entrepreneurs', we measure future orientation by six items: long term goal, access to market information, postpone gratification, competitiveness for long term, continue learning, awareness about loan terms. A Likert scale with seven points, from 1 = 'strongly agree' to 7 = 'strongly disagree', was used to explain the significance of these items to small business performance.

### Social networks

In line with (Hallen, 2008; Xie & Lv, 2016) and based on the characteristics women entrepreneurs' network connections, four indicators were used to measure social network in this study: (a) the size of network; (b) mutual values of network memberships; (c) shared respect and trust among partners; and (d) regularity of network connections. A Likert scale with seven points, from 1 = 'strongly agree' to 7 = 'strongly disagree', was employed to explain the significance of these items to small business performance.

### Access to loan

Access to loan has been recognized to be a crucial dynamic to the development of small business income as well as household income. In addition, the extension of loan has positive effect on product innovation and innovation performance in China. In this study access to loan was coded dichotomous scale in which those who received loan were coded 1, while those who did not received coded 0.

### Empirical Results

The standard deviations (S.D.), means (M), and correlation findings for all the factors are shown in Table 4. The future orientation and social network of women entrepreneur are significant correlated with their small business performance, which initially support H1 and H2. The innovation also is exposed to be significant positive correlated with small business performance H3. Likewise, the future orientation and social network of women entrepreneurs are significantly positively related with innovation of their micro and small business, which initially support H3a and H3b. Finally, the access to loan is significantly positively associated with innovation as well as small business performance which support H4.

### Validity and Reliability

The validity and reliability of the sample were tested before undertaking regression analysis. Table 5 illustrates, Cronbach's alpha coefficients for future orientation, social networks, innovation and small business performance were all above 0.7, ensuring that the scale is reliable and in an satisfactory level (Klein, Astrachan, & Smyrniotis, 2005). Factor analysis conducted to measure the validity scale for the construct. The validity of the construct known as the aptitude of the indicators to test the magnitude of the probable theoretical structure of concept (Churchill 1979). As illustrated in Table 5, the value of Kaiser-Meyer-Olkin (KMO) in all the factors were more than 0.75.

Table 3: correlation Analysis

Variables	Mean	SD	1	2	3	4	5	6	7	8	9
Age	2.1	.810	1								
Education	1.57	.754	-.057	1							
Type of Business location	2.4	1.10	-.253**	.039	1						
FO	.58	.494	.191**	.052	-.034	1					
SN	5.8	.671	.036	-.112*	.029	.033	1				
Innovation	4.7	.729	.089	-.043	.013	.147**	.256**	1			
Access to loan performance	5.1	1.16	-.001	-.082	.155**	.013	.220**	.263**	1		
	.48	.50	.115*	.107	-.066	-.005	.057	.159**	.154**	1	
	4.3	1.09	-.059	.107	.129*	-.072	.236**	.215**	.355**	.382**	1

Notes: Level of significance \* $p \leq 0.01$ , \*\* $p \leq 0.001$ , P\*\*\*  $\leq 0.0001$

As shown in Table 5, Bartlett's spherical is significant at 0.000 for all the indicators, which supports scale validity. Moreover, the average extracted variance (AVE) of all latent factors was upper than 0.5, demonstrating that the scale has great convergent validity (Xie & Lv, 2016).

Table 5: validity and reliability tests

Indicators		Social Network	Future Orientation	Innovation	Performance
Cronbach's $\alpha$		0.88	0.92	0.91	0.95
KMO		0.799	0.849	0.851	0.882
AVE		0.703	0.711	0.741	0.797
Bartlett's test	Approx. $\chi^2$	705.36	1806.88	843.74	2096.125
		6	15	6	10
		0.000	0.000	0.000	0.000

Notes: Level of significance \* $p \leq 0.01$ , \*\* $p \leq 0.001$ , P\*\*\*  $\leq 0.0001$

### Empirical Results

In line with past literature, this study conducted hierarchical regression to certify the study proposition (Raudenbush & Bryk, 2002; Xie & Lv, 2016). The outcomes are shown in Table 6. Model 1 was the basin model and Model 2 presented the independent variables of future orientation (FO) and social networks (SN) of women entrepreneurs into Model 1. This shows that, the power of Model 2 of new small business performance improved and the fit of the model is good. The outcomes of the analysis also indicate that the future orientation have a positive effect on the performance of their small business in ( $\beta = 0.352$ ,  $p < 0.001$ ) which is consistent with (Bruton et al., 2011), who emphasizes that women with high future

orientation achieved high performance. Therefore, H1 is supported. In addition social networks of women entrepreneurs has a significant positive effect on innovation performance ( $\beta = 0.249$ ,  $p < 0.01$ ) which is consistent with study by (Xie & Lv, 2016) suggests that social networks of women entrepreneurs could advance small business performance. Therefore, H2 is supported. Model 3 illustrates the association between independent variables (FO) and SN and mediating variable innovation activities (INA). It shows that there is positive association between (FO) and (INA) ( $\beta = 0.206$ ,  $p < 0.05$ ). which supports study by (Bruton et al., 2011), women with high future orientation achieved high performance in innovation. Hence H1a is supported. It also shows, the (SN) is positively influence the innovation activities ( $\beta = 0.318$ ,  $p < 0.001$ ) which is consistent with study by (Ferdousi, 2015) emphasizes that social networks of women entrepreneurs in Bangladesh has positive effect on their small business innovation. Therefore, H2a is supported.

Model 4 introduced INA as mediating variable between independent variables (FO & SN) and new small business performance into the model. The analysis outputs show that the activities of the INA have a positive effect on women small business performance ( $\beta = 0.277$ ,  $p < 0.001$ ). This finding supports study (Ferdousi, 2015) who emphasises that the activities of the innovation increase the performance of women small business. Thus, H3 is supported. Model 5, introduced access to loan into the model. The results show that access to loan has significant positive effect on small business outcomes. This finding is in line with studies by (Ferdousi, 2015) and (Rotich et al., 2015) found that increase access to loan is associated with borrowers income and their business performance. Thus, H4 is supported. Finally, Model b which refers to the interaction terms (INA) and LZ) is introduced to Model 4. The analysis findings show that access to loan positively controls the association among the small business innovation activities and small business outcomes.

To exclude the effect of multicollinearity on the analysis outcomes, the values of the variance inflation factor (VIF) were measured. Table 6, shows the values of VIF which are less than 3 in each regression model, enlightening that the current models have no significant multicollinearity.

Table 6: Results of Hierarchical regression analysis

Variables	Basim Model 1		Model 2 (Business performance via FO & SN)		Model 3 (Innovation Performance Via FO & SN)		Model 4 Business performance Mediating by INN		Model 5 Business performance		Model 6 business performance	
	B	VIF	B	VIF	B	VIF	B	VIF	B	VIF	B	VIF
Age	-0.004 (0.48)	1.115	-0.036 (0.473)	1.123	-0.036 (0.461)	1.123	-0.05 (0.634)	1.124	-0.089 (1.3)	1.135	-0.086 (1.3)	1.135
Education	0.153 (1.917)	1.008	0.198 (2.6*)	1.021	0.097 (1.1)	1.021	0.225 (3**)	1.026	0.160 (2.28*)	1.046	0.186 (2.6**)	1.076
Business Type	0.130 (2.3)	1.073	0.107 (1.97*)	1.080	0.179 (3.12**)	1.08	0.06 (1.1)	1.113	0.083 (1.7)	1.119	0.090 (1.83)	1.125
location	-0.183 (1.47)	1.042	-0.23 (1.9)	1.057	-0.064 (0.507)	1.057	-0.213 (1.85)	1.058	-0.168 (1.6)	1.062	-0.188 (1.74)	1.07
FO			0.352 (3.7***)	1.078	0.206 (2.1*)	1.078	0.295 (3.3**)	1.093	0.294 (3.5**)	1.147	0.285 (3.4**)	1.095
INN			0.249 (2.96**)	1.087	0.318 (3.6***)	1.087	0.162 (1.96*)	1.131	0.10 (1.3)	1.147	0.093 (1.2)	1.149
access to loan Moderator							0.277 (5.4***)	1.114	0.232 (4.8***)	1.136	0.253 (5.16***)	1.178
R2	0.036		0.119		0.102		0.194		0.294		0.122 (2.2*)	0.305
Adjusted R2	0.024		0.102		0.085		0.176		0.276		0.285	0.285
F-statistic	3*		7.1***		6***		10.82***		16.736***		15.25***	15.25***

(Al-Shami, Razali, Majid, AhmedRozelan, & Rashid, 2016), indorse the growth of local technology and add value to the accomplishment of macro goals such as employment (Munoz, Welsh, Chan, & Raven, 2015) and alleviate poverty (Samer et al., 2015).

#### Discussion and conclusion

Women entrepreneurship is an effective development method to enhance the activities of entrepreneurship. The development of women micro and small businesses plays an important role in socioeconomic development notably jobs creation (Munoz et al., 2015) and household welfare (Al-shami et al., 2017). However, the majority of women worldwide particularly in developing countries are encountered with several challenges such as market opportunity discrimination, lack accessing into credit (Karlan, Knight, & Udry, 2015), and entrepreneurial skills (Jamali, 2009). The advocates of women empowerment argue that the provision of microcredit has potential advantage to drive the strategy of women empowerment from relief in international and government subsidies into entrepreneurial culture. It does so, through financing women small businesses which are the proxies to drive women empowerment and enhance the socioeconomic development. Thus, microcredit financing has received a considerable attention and a large size of studies emphasized to the role of microcredit in poverty reduction and women social and economic empowerment.

However, past research has mostly focus on the effect of microcredit on poverty reduction and women decisions making empowerment and few studies focus on women entrepreneurial activities notably in developing their small businesses (Al-Shami et al., 2016) (S. S. A. Al-Shami et al., 2017) due to the entrepreneurship is detained to be a men-controlled activity (Welsh, Memili, & Kaciak, 2016). This raises a question in the role of microcredit on women entrepreneurship development.

Thus, based on survey data with 327 women entrepreneurs. Of them 149 who received productive loan from Malaysian microfinance Amanh Ikthiar Malaysia to start-up new businesses, and 178 who have not, this study explored the relationship between future orientation, social network and small business outcome. We found that the future orientation of women entrepreneurs is significantly associated with their small businesses innovation and performance. Thus, it is important for women to understand their future businesses and have the skills to plan and manage their businesses and resources. The social network of women entrepreneurs was significantly associated with businesses innovation and 'performance. Therefore, it is important for women to effectively participate and fully manage their

social networks. This study also found that the activities of innovation have positive significant effect on small businesses' performance and plays a significant mediating effect between social networks, future orientation and businesses' performance. We also found a positive significant moderate effect of access to loan between innovation and small businesses' performance. Therefore, microcredit institutions should extend the access to loan of active women entrepreneurs who successfully developing innovation activities.

#### Theoretical contribution

The outcome of our research contribute three theoretical insights. First, this study created a theoretical framework about small business performance from the perspective of women entrepreneurs' future orientation and social networks. Even though, some studies suggest that an individual's immediate environment can affect future orientation (Bruton et al., 2011), the majority of past research paid attention on the role of future orientation on the childhood. We scrutinise the effect of future orientation on women small business performance, which enriches psychological theory in the arena of women entrepreneurship. Second, this research contributes to the social capital theory in the area of women entrepreneurship through bringing new evidence regarding to the effect of social networks on women's small business outcomes. Third, the outcomes of this study contribute to the theory of innovation suggested by (Downs & Mohr, 1979) enabling a more in-depth understanding of innovation among micro and small wineries.

Second, the mediate effect of innovation on small business performance has also enhanced entrepreneurship theory. Even though several studies advocate that innovation activities can improve business performance most of them focus on large corporation. Few empirical researches examined the association between innovation and women's small business performance, especially among women entrepreneurs who are microcredit borrowers. This study provides a new evidence regarding to the effect on innovation in women's small business performance. Finally, the introduction of innovation and access to loan has further contributes to the entrepreneurship theory. Despite, many studies argue that the activities of innovation can improve small business performance, most of them focus on large small business and to our best information there is no empirical study examines the moderate influence of access to loan between the innovation activities and small business performance. An empirical evidence about the significant moderate effect of access to loan between the activities of innovation

and women's small business performance is provided in this study.

#### **Managerial Contribution**

The outcomes of this study have important implications for the practitioners and those interested in women empowerment through the development of their small businesses, which in turn are one of the main axes to support the social economy of poor families in developing countries. Sustainability in the development and growth of small businesses is not only based on the financial, financing, but also on the development of women's learning capacity to effectively plan and efficiency organize their businesses (Bruton et al., 2011). It also depends on women's ability to build horizontal and vertical social relationships with suppliers, customers, financiers and others which help them to gain the needed knowledge and resource that are important to exploit the market opportunities and develop their businesses (Khai & Hoa, 2014). Microcredit institutions should therefore activate the role of capacity building through continuous training and rehabilitation in financial literacy (Ratna, Al-shami, Rahim, & Setya, 2018) for women to keep in line with market changes and enable them to identify and exploit successful market opportunities. It also requires the government to encourage women's small business development and sustainability.

The rapid growth of market competition and the uncertain changes in market demand have created significant challenges for the sustainability of microenterprises especially that are owned by women entrepreneurs (Al-shahmi, Majid, Hamid, & Rashid, 2014) due to their characteristics of small size, lack capacity and learning. The modernity and creativity in the development of a new product or service are considered as the most important factors to overcome market competition (Duarte et al., 2016). Thus, entrepreneurs must work to modernize and diversify their products by developing their products, improving their services and expanding their business in the market (Al-Shami et al., 2015; Ferdousi, 2015)

However, the development of new innovation either product or service required the mobilization of both financial and non-financial sources. Thus, the microcredit institutions should provide flexible access to loan and other terms to cope with the need of women businesses development rather than extending standardized loan. In addition, the governments have to support infant industries through subsidizing them technically and regularly.

#### **Research Limitations and Future Trend**

Developing socioeconomic wellbeing has become a main concern to many countries around the world especially in emerging nations. It is because the wealth disparity between nations and individuals has been continuously growing which affect all aspects of human life such as accessing to food, health education and justice. This in long term creates a big obstacle to country stability and prosperity. Thus, many countries struggled hard to develop new mechanisms to bridge this gap and address socioeconomic development from women entrepreneurship. The accomplishment of this study was accompanied by several limitations. First, the scope of this study is narrowed to women entrepreneurs who received loans from AIM in Malaysia which may have conditional effect according to several factors such as economic and cultural. Thus, extending the scope to include multiple countries or regions is recommended to generate a wide scope of understanding. Second, the purpose of this study was to uncover the relationship between social networks, future orientation on women's small business performance. However, there are other factors such as entrepreneurial alertness which affect the entrepreneurial process of identifying and exploiting the opportunities. Thus, future research has to incorporate other variables that affect small business performance. Third, this study found that innovation activities have significant mediate effect in small business performance. However, we didn't explain how to improve the activities of innovation in small business. Thus, we recommend that future research to explore the factors that affect innovation performance in small business of women entrepreneurs, especially those that are financed by microcredit. Finally, we found that access to loan has positive moderate effect in the relationship between innovation activities and women small business outcomes. However, there is another moderating factors such as gender discrimination in accessing to resources and loan terms. Thus, future research is recommended to explore the moderate effect of loan terms and gender discrimination on women small businesses performance.

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