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## *Sociology*

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Yusoff, M. N. H., Al Mamun, A., Ibrahim, M. D. and Hassan, H. (2018).  
Measuring and Comparing Functional Business Skills and Knowledge among  
Asnaf Community in Malaysia. *Economics and Sociology*, 11(2), 229-247.  
doi:10.14254/2071-789X.2018/11-2/16

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## MEASURING AND COMPARING FUNCTIONAL BUSINESS SKILLS AND KNOWLEDGE AMONG ASNAF COMMUNITY IN MALAYSIA

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*Received:* February, 2018  
*1st Revision:* March, 2018  
*Accepted:* May, 2018

DOI: 10.14254/2071-  
789X.2018/11-2/16

**JEL Classification:** L26

**ABSTRACT.** This study aims (1) to determine the distribution of the components of functional business skills and knowledge among low-income households living across different geographical districts; (2) to assess the reliability of each dimension of entrepreneurial skills, and (3) to assess the validity and overall reliability of the entrepreneurial skills instrument. The study employed a cross-sectional approach. The sample of 800 low-income households in Kelantan, Malaysia, and the total of 200 respondents from each location were administered for the business skills and knowledge questionnaire for a period of one month, testing five dimensions of Financial Skills, Technical Skills, Communication Skills, Market Orientation, and Networking Skills. The study demonstrated that five dimensions were developed in the entrepreneurial skills construct. The validity of the formation of the five dimensions were proved through factor analysis. Based on the reliability and validity testing, this study ended with 34 items that fell into five dimension of Financial Skills, Technical Skills, Communication Skills, Market Orientation, and Networking Skills. Furthermore, it was found that the distribution of 'financial skills', 'technical skills', 'communication skills', 'marketing skills', and 'networking skills' are significantly different across the districts of Kelantan. Policy makers and other developmental organizations should therefore focus on interactive programs that could encourage participants towards increasing the level of knowledge and skills among the Asnaf particularly in the district of Jeli. Observing the positive business skills and knowledge which stimulates business success, this study recognizes the level of business knowledge among the Asnaf as moderately low.

**Keywords:** functional business skills; business knowledge; low-income households; Malaysia.

### Introduction

The issue of poverty remains a crucial problem of all developing economies, particularly Malaysia (Hussain *et al.*, 2014). This controversial issue mostly concerns rural

areas (Solaymani *et al.*, 2014). Failure to earn enough to fulfill basic survival needs such as food, shelter, and clothing, usually means being poor. However, in the context of Malaysia, it has been reported that the mean monthly household income has increased by more than twenty times, from RM264 in 1970 to RM6,958 in 2016. At the same time, the median income has also increased – from RM166 to RM5,228. According to the Eleventh Malaysia Plan (RMK11), the poverty rate in the country has reduced to 0.4% in 2016. This shows a great difference, as compared to the year 1970 when the poverty rate was as high as 49.3%.

Poverty alleviation remains to be the key challenge for underperforming communities in the rural areas of Malaysia. One of the strategies for tackling the poverty issue includes: promoting agriculture development, servicing, job opportunities and also more business opportunities for the poor together with government intervention programmes (Razid, 2013). For instance, the SME Master plan (2012-2020) promotes indigenous innovation to propel the transformation of the microenterprises in rural areas through grants, targeted funding, technical and management support (SME Annual report 2015/16). Development of microenterprises will open up economic opportunities in terms of employment, thus enhancing the standards of living for the affected households since microenterprises play a vital role in economic development and contribute to poverty alleviation in the first place (Alom *et al.*, 2016). In such a context, microentrepreneurship, as a form of entrepreneurship among the underprivileged, plays the role of a powerful tool for combating poverty and empowering the poor economically (Basargekar, 2011). This is especially relevant for Malaysia where a significant proportion of such underprivileged microentrepreneurs operate within the informal economy (Al-Mamun *et al.*, 2016). Perhaps this is one of the key reasons why policies and programmes of the Malaysian Government along with other development organizations in the country have been nurturing the entrepreneurship supportive environment in order to promote entrepreneurial activities among low-income and underprivileged entrepreneurs (Al-Mamun & Ekpe, 2016). Various government grants and funds are made available to low-income people through many private and non-governmental organizations agencies such as Amanah Ikhtiar Malaysia (AIM), People's Trust Council (MARA), The National Entrepreneurial Group Economic Fund (TEKUN); Kelantan Federal Development Department (JPP); Kelantan Islamic Religious Council (MAIK). In a way of reducing poverty, AIM allocated RM2.5 billion through the Ikhtiar Financing Scheme, thus financing poor households so that the latter could generate income for themselves (SME, 2015).

Entrepreneurship is perceived as a behavioral characteristic of individuals including an input and an output where entrepreneurial behavior requires entrepreneurial skills and qualities (Wennekers & Thurik, 1999). Therefore, to be an entrepreneur, an individual needs the ability to generate ideas and knowledge, as entrepreneurship involves the development of skills to grow a business along with the personal competencies of the entrepreneur to transform it into a successful venture (Cooney, 2012). On the other hand, entrepreneurial knowledge is considered to be the factor through which entrepreneurs distinguish themselves from their competitors and thereby transform poorly organized businesses into well-organized ventures (Omerzel & Antoncic, 2008). Knowledge is an important tool used for strengthening firm's competitive advantage (Hsu *et al.*, 2006). Knowledge becomes important when entrepreneurs who are more knowledgeable are perceived as less worried because they possess enough knowledge to lower down the risks and develop their own knowledge to manage their firm better, thus enhancing *competitiveness* (Andreeva, 2012). Particularly in the context of developing economies, a recent study has found that knowledge of business has the tendency to bring about development among rural entrepreneurships (Afrin *et al.*, 2010). Thus, before any governmental or non-governmental intervention is introduced to any group, the level of knowledge on the functional skills of the target group should be identified, so that the development programs can be planned and arranged accordingly.

The idea of stimulating greater entrepreneurial activities has emerged as a prominent goal for several national governments across the globe as a response to current economic challenges they have been facing (Cooney, 2012). Moreover, contextually, in the case of the Asnaf entrepreneurs (those who receive financial assistance for entrepreneurship from the state Zakat organization in Malaysia), most capital assistance has been found to end in failed ventures, despite all the provided training, facilities, and monitoring (Muhamat *et al.*, 2013; Ramli *et al.*, 2017). In this regard, a recent research has conveyed that capital coupled with courses, training, and knowledge is important to poor entrepreneurs, such as those directly related to the Asnaf, which is helping the zakat recipients succeed in their businesses (Muhamat *et al.*, 2013). Answering the significant and timely call for this sort of research, this study was conducted to identify the level of entrepreneurship knowledge among low-income people and to investigate the distribution of such entrepreneurial knowledge across different geographical districts, using the low-income households of Kelantan, Malaysia as the data source.

Kelantan is the northernmost state in the East Peninsular Malaysia. It has an area of 15,099 square kilometers with 1.59 million population (Statistic Department, Jun 2009). Kelantan is known as an agrarian state with the majority of its people being involved in agricultural activities such as rice, rubber, and tobacco production. Fishing is another vital economic activity of Kelantan since this territory has vast untouched beaches on its coastline. Batik, woodcarving, and songket are less important cottage industries in the state of Kelantan. In recent years, tourism, especially on the offshore islands, has been gaining more and more importance. A few reputable hotels have been established and more modern shopping malls have been opened to cater for urban tourists. Kelantan was ranked as one of the poorest state in Malaysia with Gross Domestic Product (GDP) per capita in 2016 being at RM12,812 and contributing only 1.9% to the national GDP (<http://www.statistics.gov.my>). Bachok, Gua Musang, and Jeli are among the 11 districts which together constitute the State of Kelantan.

The agencies, which are directly involved in the poverty eradication programs, are as follows:

*MAIK (Majlis Agama Islam Kelantan)* – is an organization under the State of Kelantan, responsible for implementing investments and halal activities in order to lower the property rate and provide extra resources for the Muslim communities in the state of Kelantan.

*Federal Development Department* – The Kelantan Federal Development Department (KFDD) is the main agency when it comes to coordinating and monitoring the implementation of federal development projects in the State of Kelantan.

*Asnaf* – Asnaf stands for the parties that receive the aid of Zakat collected from the Muslims. The poor traditionally belong to those eligible to receive such aid.

*e-Kasih* – is the National Poverty Data Bank which contains information on poverty, ranging from individual profiles, assistance received by household head and household members. The data bank also provides information to the agencies involved in monitoring the effectiveness of governmental programs.

## 1. Literature review

Knowledge of functional skills refers to a person's existing talents or natural skills. It is perceived that knowledge of functional skills influences entrepreneurial success, as a socially embedded activity, wherein the idea underlines the significance of skills and knowledge related to dealing with other parties (Pyysiainen *et al.*, 2006). Knowledge is a factor through which entrepreneurs distinguish themselves from their competitors and transform poorly organized businesses into well-organized ventures. Knowledge acts as a significant source for organizations and it is evident that entrepreneurs with more knowledge

are less uncertain of their effectiveness and are able to learn and notice market changes faster (Omerzel & Antončič, 2008). Gibb (1987) forwarded the claim early on that training and education acquired both experimentally and culturally, consistently influence the entrepreneurial role. Therefore, it has been strongly argued that the traditional approach to entrepreneurship needs to change and the relevance of entrepreneurship training and education must be expanded. Recently, Cooney (2012) claimed that the concept of entrepreneurship involves more than just business start-ups; rather, it includes the development of skills required to grow a business along with the personal competencies necessary to make it a successful venture.

Empirical evidence proves that enterprises with entrepreneurs nurturing their own skills and knowledge are more likely to have higher profitability and growth compared to firms run by entrepreneurs lacking such attributes (Omerzel & Antončič, 2008). Research extends the fact that entrepreneurs' knowledge influences organizational performance and this construct has emerged as an important tool for strengthening a firm's competitive advantage (Hsu *et al.*, 2006). In the context of developing economies, a recent study found that business knowledge has the tendency to produce development, particularly among women rural entrepreneurs in Bangladesh (Afrin *et al.*, 2010). Particularly in the perspective of Asnaf entrepreneurs (the zakat recipients), a recent research demonstrated that capital assistance coupled with courses, training, and knowledge is important to the Asnaf entrepreneurs, in helping them succeed in their businesses (Muhamat *et al.*, 2013). On the contrary, a lack of skills has been found to result in business failure (Longenecker *et al.*, 1999). Norfadhilah and Norasmah (2012) posited that the increasing demand for skills among entrepreneurs has influenced the global economy dramatically as entrepreneurs frequently confront problems about the lack of basic skills required for an efficient daily running of a business – keeping records, managing inventory, product pricing, and credit control. Extending this, Acemoglu and Zilibotti (2001) inferred that a country with less skilled workers would have greater difficulty in implementing effective technologies belonging to the innovation possibilities frontier, because of the derived lack of absorptive capacity.

Previous literature reports that there is no prevalent measure for entrepreneurial knowledge (Omerzel & Antončič, 2008). Nevertheless, existing literature is fragmented regarding the indicators of business knowledge as majority of authors concentrate on the concept of knowledge in the context of the entrepreneurs' characteristics (Lynskey, 2004). Recent relevant study recognizing the requirement of utilizing an action oriented, group-work and mentoring approach towards entrepreneurship to ensure greater learning effectiveness, forwarded that problem solving and critical thinking are key entrepreneurial skills, along with innovation, risk-taking, creativity, and collaborative skills. As such, developing these skills needs to be better valued (Cooney, 2012). According to Omerzel and Antončič (2008), in the paradigm of entrepreneurial practice, the dimensions of entrepreneurial knowledge and skills include self-confidence, education, and functional knowledge, particularly in the context of small to medium sized firms. The most significant components of entrepreneur skills and knowledge are analytical/critical thinking; leadership abilities; and knowledge of company management and organization. Based on the above, the present study is an effort to measure functional business skills and knowledge among the entrepreneurs, confining its discussion within the constructs of immediate interest, and extensively defines, describes, and signifies financial skills, technical skills, communications skills, market orientation, and networking as dimensions of knowledge and skills.

### **1.1. Financial Skills**

Review of literature has identified financial skills as a vital requirement for managers that directly affect organizational success and profitability by enabling managers to better manage their businesses (Burgess, 2007). Traditionally, financial skills have been referred to as recording functions, being more analytical and supportive, including tasks of creating reports, explaining trends and variances, and forecasting potential future performance (Scapens & Jayazeri, 2003). Due to the development in systems, the processing aspects of financial skills have been reduced and the generic business management aspects have increased (Palmer *et al.*, 2004). Accountants need more commercial awareness and act more like business advisors, with added emphasis on a team approach (Scapens & Jayazeri, 2003). According to research, the present day financial competencies comprise three levels of management, including skills such as cost control, accounting and budgeting, control processes and mechanisms, financial management, analysis, resource utilization, and risk assessment (Burgess, 2007). Scapens and Jayazeri (2003) stress that the constant evolution of management accounting indicates that line managers are now required to possess greater financial information and knowledge and need to be more accountable for their actions. Research also suggests that managers can be more effective in their management of operations and in customer relationships (Souza & Awazu, 2004) only if they possess accurate knowledge and better financial skills to control the operations by utilizing the acquired information effectively. Improved financial skills could also enhance commitment towards the organization (Subramaniam *et al.*, 2002) and therefore managers with good financial skills are more likely to achieve organizational success (Harper *et al.*, 2005). Low-income individuals are in dire need of such skills since most of them have negative financial behaviours such as borrowing at high-interest, overlooking certain social services, and being involved in get-rich-quick schemes (Ranyard, 2017).

### **1.2. Technical Skills**

Technical skills refer to knowing and understanding complex technologies and being able to access and leverage such knowledge (Bassellier *et al.*, 2001). According to research, entrepreneurial roles reflect a pattern whereby more emphasis is placed on technical knowledge particularly in carrying out lower-level roles such as innovation (Hayton & Kelley, 2006). Technical skill is important for entrepreneurial development, particularly in rural areas to enhance their social, economic and environmental management. The study done by Afrin *et al.* (2010) points out that technical knowledge of a business is among the factors that contribute towards development in women's rural entrepreneurship in Bangladesh. Technical knowledge or "know-how" possessed by the managers is vital in today's business environment and the construct could be represented by the dimension of "experience" (as a proxy for tacit knowledge) where the execution of a task goes beyond the simple requirement of a broader awareness, and attention is sought towards non-task-specific competencies wherein awareness refers to a "familiarity with the capacities, advantages, limitations, and impact of innovative technologies" (Bassellier *et al.*, 2001). However, considering the scarce resources possessed by SMEs, most of them are unable to take advantage of technology, thus resulting in inefficient operations (Hakimin & Fakhrul, 2016). Technical skills are a major factor for innovative activities and improving quality in response to market changes (Norhasidah *et al.*, 2017).

### ***1.3. Communication Skills***

High capabilities in social interaction and communication, particularly in the forms of higher trust, learning capability, and networking competencies are significantly associated with social and economic success of an enterprise (Morgan & Cooke, 1998). In terms of entrepreneurship, high levels of internal communication coupled with coordination and integration are more likely to facilitate corporate entrepreneurship by reinforcing the exercise of a competent behaviour (Morris, 1998; Hayton & Kelley, 2006). According to research, communication skill is one of the factors that guides development, selection, and evaluation of entrepreneurship simulation activities whereby the credibility of such simulation activities depends, in part, on unambiguous communication (Honig, 2004). In the context of a work setting, communication skills remain the most significant for teams typically needing to reach outside their projects and engaging in a mix of communications with various individuals and groups within the organization, which is particularly important for projects demanding a greater depth of knowledge involving highly complex tasks (Hayton & Kelley, 2006). Research further conveys that communication networks are formed and cultivated over time, and vital for leveraging the strengths of different organizations (Hayton & Kelley, 2006). People with good communication skills will be able to interact with other people easily (Armanurah *et al.*, 2014). Thus, for low-income people, having good communication skills paves the way to being a better entrepreneur.

### ***1.4. Market Orientation***

Market orientation is defined as an organization's orientation towards promoting and supporting the activities of collection, dissemination, and responsiveness towards market intelligence in order to fulfill the needs of both existing and potential customers and thereby leading the firm towards high quality performance by offering a higher level of attention to individuals and departments for their efforts and projects within the firm (Kohli & Jaworski, 1990). Market-driven entrepreneurial activities will foster the success of entrepreneurs, resulting in overall national economic growth (Suntornpithug & Suntornpithug, 2008). Abdul-Mohsin *et al.* (2012) highlight that market orientation is composed of behavioural dimensions including customer orientation and competitor orientation. Customer orientation is one of the dimensions of market orientation that necessitates a culture where every employee puts customer's satisfaction first in their daily activities. Competitor orientation, on the other hand, involves active monitoring of all existing and potential competitors in the market place, and collecting competitive intelligence to differentiate the competitor's approaches. Narver and Slater (1990) describe market orientation as an organizational culture that generates the much needed behavior of creating superior value for buyers most efficiently, thereby leading the organization towards continuous superior performance. To meet the current needs, market orientation motivates and supports the refinement and adaptation of existing innovations (Atuahene-Gima & Ko, 2001). Previous relevant literature further upholds that market orientation is an adaptive ability through which enterprises react or respond to changing conditions within the market environment (Kohli & Jaworski, 1990; Narver & Slater, 1995).

### ***1.5. Networking Skills***

Existing literature reveals that the concept of entrepreneurial networking has been prevalent in terms of both scope and sophistication (Dodd *et al.*, 2006). The term network could be regarded as a linkage either between social and economic dimensions of human behavior, or between different types of discipline and methodology, or between the scholarly

community and the world of practice. Entrepreneurial networking provides the framework for different processes, which aims at organizing resources according to opportunities (Johannisson & Mønsted, 1997). Larson (1992) argues that entrepreneurial dyadic ties are the building blocks of networks that are built upon a history of preconditions for exchange, including both organizational and personal reputation along with prior relations. Networking is a skill required by entrepreneurs (Chell, 2001), which enables them to display personal credibility as well as for the development of the business (Armanura *et al.*, 2014). Since the context of entrepreneurship represents change, entrepreneurs need to create and respond to changes; thus, networking in such scenarios emerges as the mechanism for not only dealing with the environment and the conditions of entrepreneurship but also for coping with such changes. The network and the nature of networking have been found to impact start-ups and the developmental stages of an enterprise significantly (Dodd *et al.*, 2006). Low-income people who intend to be entrepreneurs need to develop relationships with others as a form of business capability.

## 2. Methodology

This study adopted a cross-sectional design to identify and determine the distribution of entrepreneurial knowledge and functional skills across districts, gender, education level, occupation, and experience levels in Kelantan, Malaysia. The target population for this study is the low-income households of the poorest state in Peninsular Malaysia, i.e., Kelantan. This study selected four locations in Kelantan, including Bachok, Tumpat, Jeli, and Gua Musang. The population of this study consists of low-income households registered under '*Majlis Agama Islam dan Adat Istiadat Melayu Kelantan (ASNAF)*'. A total of 3,090 low-income households form the population across the four districts, i.e., Bachok (1394), Tumpat (1257), Jeli (233), and Gua Musang (206).

In determining the sample size, the researchers used Krejcie and Morgan's (1970) sample size determination table. According to Krejcie and Morgan (1970), the right sample size from the total population of 3090 is 341. Subsequently to obtain a suitable sample size, 800 low-income respondents were randomly selected, with a total of 200 respondents from each district to compare across location and other antecedents. The study hired enumerators to collect the data and the enumerators were trained to deliver the closed-ended questions to the respondents.

After the pretest, revising and restructuring were required to make the questionnaire more effective. The questionnaire was administered to 800 low-income households via face-to-face interviews and the questionnaire used the local language and the researchers explained all the parts of the questionnaire to the respondents properly. The reasons for this approach include to obtain more accurate data, minimize bias, and to ensure that the data collection is on track with a high rate of return (Abdelhak *et al.*, 2012). The study aimed at avoiding non-response bias in the data collection process by implementing several approaches proposed in the literature to facilitate response, such as a proper questionnaire design, the management of length, and the establishment of the survey's importance (Yu & Cooper, 1983). For instance, before implementing a field study of the total sample ( $n = 800$ ), letters of notification were sent to each local authority officer of each district (i.e., Majlis Daerah Bachok, Majlis Daerah Tumpat, Majlis Daerah Jeli, and Majlis Daerah Gua Musang). As the areas were identified, the study first met the district officer to get particular information (i.e., head of village, the areas of the study). After some information were identified, the researchers went to meet the head of the village to show the respondents' house according to the name listed. The study utilized face-to-face interviews to avoid unresponsive feedback and to get the completion rate on track.

Given the facts, a special study was carried out in the rural areas of Kelantan, the state with the highest percentage of poverty in Peninsular Malaysia (DOS, 2014). As the nature of population is widely dispersed geographically, it would be too time consuming to get the probability sample unit of the study. In order to represent the whole district, the best sampling technique to be adopted is cluster sampling, as it would represent the whole population of the study and it could be conducted within the time frame effectively and economically. The districts that were involved in this study include (a) Jeli and Gua Musang (representing the Northern region); and (b) Bachok and Tumpat (representing Southern region) The four districts were selected since the highest percentage of hard-core poor were recorded in Bachok and Tumpat at 21.05 and 31.05, respectively while the other two districts of Jeli and Gua Musang recorded the lowest percentage of hard-core poor at 3.43 and 3.93, respectively. These inconsistencies in the rates require further research to be conducted in these four districts.

The questionnaire was translated into Malay and checked for inter-translator consistency. The questionnaire was developed based on the review of the existing entrepreneurship indices and tested through a pilot survey and the instrument was enhanced based on the comment and feedback from the pilot survey. This study used a five-point Likert scale ranging from one to five to denote strongly disagree to strongly agree to avoid confusion and biases of fatigue.

### 3. Results and discussion

The findings of the study are divided into three sub-sections: (1) validity and reliability test results; (2) demographic information of the respondents; and (3) the respondents' level of functional business skills. Details of the finding are in the following sub-sections.

#### 3.1. Validity and Reliability of Entrepreneurial Skills

To test the internal consistency of the items in measuring the variables, the validity and reliability tests were conducted. For such an assessment, the first and foremost criterion is typically the internal consistency reliability where Cronbach's alpha presumes that all the used indicators are uniformly reliable (Hair *et al.*, 2013). *Table 1* shows the Cronbach's alpha values for Financial Skill, Technical Skills, Communication, Market Orientation, and Networking Skills ranging from 0.863 to 0.938 and exceeding 0.6 so as to retain in an adequate scale (Sekaran & Wagner, 1980). Thus, all the five constructs of entrepreneurial skills and the 34 items used in the study are considered valid and reliable.

Table 1. Reliability Analysis of Entrepreneurial Skills

Construct	Number of items	Cronbach's Alpha
Financial Skill	3	0.888
Technical Skills	5	0.875
Communication	3	0.863
Market Orientation	14	0.938
Networking Skills	9	0.934



Table 2. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.88	46.70	46.70	15.88	46.70	46.70	7.26	21.35	21.35
2	3.12	9.17	55.87	3.12	9.17	55.87	5.92	17.42	38.77
3	1.57	4.63	60.50	1.57	4.63	60.50	3.98	11.70	50.47
4	1.52	4.47	64.98	1.52	4.47	64.98	3.30	9.70	60.17
5	1.05	3.10	68.07	1.05	3.10	68.07	2.69	7.91	68.07
6	0.99	2.91	70.98						
7	0.87	2.56	73.54						
8	0.70	2.05	75.59						
9	0.67	1.96	77.55						
10	0.55	1.62	79.16						
11	0.53	1.55	80.72						
12	0.50	1.46	82.17						
13	0.46	1.35	83.53						
14	0.45	1.31	84.84						
15	0.43	1.27	86.11						
16	0.41	1.20	87.31						
17	0.39	1.14	88.45						
18	0.36	1.05	89.50						
19	0.31	0.91	90.42						
20	0.30	0.87	91.29						
21	0.29	0.85	92.14						
22	0.28	0.84	92.98						
23	0.26	0.77	93.75						
24	0.25	0.75	94.49						
25	0.24	0.71	95.21						
26	0.23	0.67	95.88						
27	0.23	0.66	96.54						
28	0.22	0.64	97.18						
29	0.21	0.60	97.78						
30	0.19	0.57	98.35						
31	0.16	0.46	98.82						
32	0.16	0.46	99.28						
33	0.14	0.40	99.68						
34	0.11	0.32	100.00						

The common method variance test was conducted before analyzing the model further. The common method variance test was performed to test the validity of the data collected. This indicates how much of the variability in the data has been modelled by the extracted factors to ensure the questions asked relate to the construct that is intended to measure.

Table 2 shows the result of the rotation formed by the five factors that have eigenvalues exceeding one (1). Eigenvalues reflect the ratio of variance that belongs to each factor. It is described by the total extraction of sums of squares loading. In this study, factor one has the highest eigenvalue of 7.26, followed by factor two at 5.92, dimension three at 3.98, dimension four at 3.30, and dimension five has the lowest eigenvalue of 2.69. These five factors explain 68% of the total variance of entrepreneurial skills. The result indicates that each of these constructs is unidimensional and factorially distinct and all 34 items are used to measure a particular construct loaded on a single factor.

Table 3 shows the Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy at 0.96 indicating sufficient intercorrelations while the Bartlett's Test of Sphericity is significant (Chi

square=22002.44,  $p < 0.00$ ). This indicates that the adequacy of all 34 items used was retained to perform the factor analysis test, since all the items have fulfilled the required conditions.

Table 3. KMO and Bartlett's Tests

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.96
Bartlett's Test of Sphericity	Approx. Chi-Square	22002.44
	Df	561.00
	Sig.	0.00

Table 4. Rotated Component Matrix

	Component					Factor and factor loading
	1	2	3	4	5	
1	0.548					Market Orientation (0.61)
2	0.704					
3	0.615					
4	0.452					
5	0.319					
6	0.605					
7	0.726					
8	0.442					
9	0.755					
10	0.732					
11	0.557					
12	0.787					
13	0.755					
14	0.592					
15		0.656				Networking Skills (0.669)
16		0.658				
17		0.743				
18		0.496				
19		0.734				
20		0.731				
21		0.761				
22		0.718				
23		0.527				
24			0.670			Financial Skill (0.717)
25			0.695			
26			0.786			
27				0.665		Technical Skills (0.646)
28				0.799		
29				0.367		
30				0.795		
31				0.604		
32					0.587	Communication Skills (0.65)
33					0.672	
34					0.690	

The test was conducted using SPSS 23, into which 34 items from 5 constructs, were entered to run the factor analysis. The result reveals that the 5 factors and the variance range from 7.91% to 21.35% with the total variance explained in the model as 68.07%.

*Table 4* shows the result of the rotated component matrix; the five-factors sets of 34 items. It indicates that the 34 items in the entrepreneurial skills instrument could be grouped according to five factors.

### 3.2. Demographic Profile

The majority of the respondents are females (68.0%) than males (32.0%). In terms of the level of education, 35.5% have completed Form 5 secondary education (the highest level achieved) while 25.1% have no formal education. None of the respondents have attained tertiary education. The majority of the respondents (36.5%) are aged above 55 years old followed by the age group of between 31 to 45 years old (31.3%). Only 10.1% of the respondents are aged 30 years old and below.

Table 5. Demographic Profile

Characteristics	N	%	Characteristics	N	%
<i>Gender</i>			<i>Age</i>		
Male	256	32.0	Less than 30	81	10.1%
Female	544	68.0	31 – 45	250	31.3%
			46 – 55	177	22.1%
			More than 55	292	36.5%
<i>District</i>			<i>Education</i>		
Gua Musang	250	25.0	Primary 6	151	18.9
Jeli	250	25.0	PMR/ SRP	158	19.8
Tumpat	250	25.0	SPM/Form 5	284	35.5
Bachok	250	25.0	Religious school	6	0.8
			No formal education	201	25.1

### 3.3. Level of Skills

The findings show that generally, the level of knowledge of the respondents is moderately low. The mean value indicated in *Table 5* reflects that the technical knowledge is the lowest among the five constructs (2.877). The highest score is recorded by communication skills (3.97), which shows that respondents tend to have relatively higher communication skills compared to other functional skills. Perhaps, it is the skills derived from daily social activities. The following sub-sections will discuss further details.

Table 6. Mean Construct

Construct	N	Mean	Std. Deviation
Financial Skill	800	3.256	1.158
Communication Skill	800	3.956	0.703
Technical Skill	800	2.877	1.082
Marketing Skill	800	3.727	0.671
Networking Skill	800	3.521	0.777

#### 3.3.1. Level of Education and Financial Skills

*Table 6* shows the mean level of education according to the four districts. As for the level of education (i.e., Primary 6, PMR/ SRP, SPM/Form 5, Religious school, and No formal

education) among the respondents, Bachok recorded the highest mean among the other districts, followed by Tumpat, Gua Musang, and Jeli, respectively. The chi-square test shows that there is a statistically significant difference in the level of education of the respondents across the districts in Kelantan, Malaysia (see *Table 8*).

Table 7. Mean Level of Education (District)

District	N	Mean	Std. Deviation
Bachok	200	3.917	0.551
Tumpat	200	3.657	0.734
Jeli	200	1.837	1.017
Gua Musang	200	3.615	0.870

The Kruskal-Wallis Multiple test as shown in *Table 8* has a statistically significant difference in the financial skills of the respondents across the districts in Kelantan, Malaysia (Kruskal-Wallis Test Multiple Group,  $p$ -value < 0.000). Moreover, *Table 9* shows the comparison of financial skills, which indicates that financial skills are the highest among the respondents of Bachok with a mean rank of 533.10, followed by Tumpat, Gua Musang, and Jeli with the lowest mean rank of 158.47.

Table 8. Chi-square Test on the Level of Education

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	120.33	60	0.000
Likelihood Ratio	118.786	60	0.000
Linear-by-Linear Association	20.631	1	0.000

Table 9. Comparison of Financial Skills (Kruskal-Walis Test) – Cross District Analysis

District	N	Mean Rank
Bachok	200	533.10
Tumpat	200	467.05
Jeli	200	158.47
Gua Musang	200	443.39

### 3.3.2. Level of Communication Skills

As for the communication skills among the respondents, Bachok recorded the highest mean among all the districts, followed by Tumpat, Gua Musang, and Jeli respectively (*Table 10*). As noted in *Table 11*, it is observed that communication skills are the highest among the respondents of Bachok with a mean rank of 454.71, followed by Tumpat, Jeli, and Gua Musang with the lowest mean rank of 339.63. The chi-square test shows that there is a statistically significant difference in the level of communication skills of the respondents across the districts in Kelantan, Malaysia (see *Table 11*).

Table 10. Mean Communication Skill (District)

District	N	Mean	Std Deviation
Bachok	800	4.152	0.474
Tumpat	800	4.097	0.433
Jeli	800	3.788	0.895
Gua Musang	800	3.788	0.807

Table 11. Comparison of Communication Skills (Kruskal-Wallis Test)

	District	N	Mean Rank
Mean Communication Skills	Bachok	200	454.71
	Tumpat	200	440.10
	Jeli	200	367.57
	Gua Musang	200	339.63
<i>Test Statistic</i>			
Chi-Square	39.424		
Df	3		
Asymp. Sig.	0.000		

### 3.3.3. Level of Technical Skills

As for the technical skills among the respondents, Bachok recorded the highest mean among the districts, followed by Gua Musang, Tumpat, and Jeli, respectively (*Table 12*). As noted in *Table 13*, it is observed that technical skills are the highest among respondents of Bachok with a mean rank of 470.51, followed by Gua Musang, Tumpat, and Jeli with the lowest mean rank of 211.19. The Kruskal-Wallis Test shows that there is a statistically significant difference in the level of technical skills of the respondents across the districts in Kelantan, Malaysia (see *Table 13*).

Table 12. Mean Technical Skills (by District)

	District	N	Mean	Std Deviation
Mean Communication Skills	Bachok	200	3.233	0.807
	Tumpat	200	3.093	1.118
	Jeli	200	1.979	0.967
	Gua Musang	200	3.203	0.879

Table 13. Comparison of Technical Skills (Kruskal-Wallis Test)

	District	N	Mean Ranks
Mean Technical Skills	Bachok	200	470.510
	Tumpat	200	453.660
	Jeli	200	211.190
	Gua Musang	200	466.640
<i>Test Statistic</i>			
Chi-Square	180.356		
Df	3		
Asymp. Sig.	0.000		

### 3.3.4. Level of Marketing Skill

As for the marketing skills among the respondents, Tumpat recorded the highest mean among the other districts, followed by Gua Musang, Bachok, and Jeli respectively (*Table 13*). As noted in *Table 14*, it is observed that marketing skills are the highest among the respondents of Tumpat with a mean rank of 493.685 and the lowest among the respondents is from Jeli, with a mean rank of 267.845. The Krustal-Wallis Test shows that there is a statistically significant difference in the level of marketing skills of the respondents across the districts in Kelantan, Malaysia (see *Table 15*).

Table 14. Mean Marketing Skills

	District	N	Mean	Std Deviation
Mean Marketing Skills	Bachok	200	3.797	0.516
	Tumpat	200	3.979	0.394
	Jeli	200	3.304	0.805
	Gua Musang	200	3.830	0.695

Table 15. Comparison of Marketing Skills (Krustal-Wallis Test)

	District	N	Mean Ranks
Mean Marketing Skills	Bachok	200	412.143
	Tumpat	200	493.685
	Jeli	200	267.845
	Gua Musang	200	428.328
<i>Test Statistics</i>			
Chi-Square	101.908		
Df	3		
Asymp. Sig.	0.000		

### 3.3.5. Level of Networking Skills

As for the networking skills among the respondents, Tumpat recorded the highest mean among the districts, followed by Gua Musang, Bachok, and Jeli, respectively (*Table 15*). As noted in *Table 16*, it is observed that networking skills are the highest among respondents of Tumpat with a mean rank of 495.47 and the lowest among the respondents of Jeli, with a mean rank of 189.84. The Krustal-Wallis Test shows that there is a statistically significant difference in the level of networking skills of the respondents across the districts in Kelantan, Malaysia (see *Table 17*).

Table 16. Mean level of Networking

	District	N	Mean	Std. Deviation
Mean Networking Skills	Bachok	200	3.711	0.555
	Tumpat	200	3.818	0.472
	Jeli	200	2.837	0.823
	Gua Musang	200	3.716	0.764

Table 17. Mean level of Networking (Kruskal-Wallis Test)

	District	N	Mean Ranks
Mean Networking Skills	Bachok	200	455.448
	Tumpat	200	495.465
	Jeli	200	189.838
	Gua Musang	200	461.250
<i>Test Statistic</i>			
Chi-Square	226.113		
Df	3		
Asymp. Sig.	0.000		

## Conclusions and Recommendation

This study concentrates on the theory of poverty and entrepreneurship theories. According to the World Bank, poverty reflects conditions when people have no access to education resulting in groups of people with very low knowledge. Based on this definition and the theory of poverty, this study strongly argues that knowledge, particularly in terms functional business skills, is crucial for poor entrepreneurs, such as Asnaf members involved in entrepreneurial activities. On the other hand, entrepreneurship theories posit that a successful venture is influenced by managerial capabilities (financial, technical, communication, market, and network knowledge) related to business environments, such as the market demand, competition, technology development, product development, social, and networking.

The notion of stimulating greater entrepreneurial activities has emerged as a prominent goal for several national governments across the globe as a response to the current economic challenges (Cooney, 2012). In this aspect, literature confirms that entrepreneurial skills and knowledge are crucial in determining success in business (Cooney, 2012; Omerzel & Antončič, 2008). Moreover, contextually in the case of Asnaf entrepreneurs of Malaysia, most capital assistance has ended in failed ventures despite providing training, facilities, and monitoring (Ramli *et al.*, 2011; Muhamat *et al.*, 2013). According to recent research, capital coupled with courses, training, and knowledge is important for the success of poor entrepreneurs, such as the Asnaf members (Muhamat *et al.*, 2013). Against such a backdrop, the present study measured and provided empirical evidence on the components of functional business skills and knowledge and their distribution among entrepreneurs living across different geographical districts, using Asnaf entrepreneurs of Kelantan, Malaysia, as a data source, concentrating on financial skills, technical skills, communication skills, market orientation, and networking skills as components of functional business skills and knowledge. Based on the reliability and validity testing, this study finalized the instrument to 34 items yielding five factors, i.e., Financial Skills, Technical Skills, Communication Skills, Market Orientation, and Networking Skills. Findings of the study revealed that the level of business knowledge among the Asnaf entrepreneurs is moderately low. Furthermore, it was found that Communication Skills are the highest skill possessed by the respondents, and significant differences in the distribution of business knowledge and skills exist across the districts of Kelantan. Policy makers and other developmental organizations should therefore focus on interactive programs in order to increase the level of knowledge and skills among the Asnaf particularly in the district of Jeli. There was a circumstance skill and managerial can be trained (Abdul Razak *et al.*, 2010). In a nutshell, by implementing programs to enhance skills and knowledge, the low-income people are expected to gain some knowledge to venture into business by acknowledging all the entrepreneurship needs especially in terms of skills.

However, the findings of the present study are not without limitations. Although the sample size of this study is statistically adequate, however, data have only been collected from one state of Malaysia, which might limit the generalization of the study's findings. Moreover the reasons for such an unequal distribution of entrepreneurial knowledge and skills among respondents remain unanswered in this research. Therefore, it is recommended that future studies could focus on the reasons for the unequal distribution, and identify key factors contributing to the low level of functional business skills and knowledge among different income groups living across the globe.

### Acknowledgements

This research was funded by the Ministry of Higher Education, Malaysia under the grant entitled "Developing a Comprehensive Rural Entrepreneurship Model for Poverty Eradication (REMODE)" (R/NRGS/A01.00/00047A/006/2014/000149).

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