

Conceptualizing recourses as antecedents to the economic performance of family-based microenterprise – the moderating role of competencies

Performance of
family-based
microenterprise

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Abstract

Purpose – The development of family-based microenterprises has attracted the attention of regulators, microfinance institutions and other stakeholders in either developing or least developed countries. In the finance literature, several studies have examined the determinants of the family-based microenterprises development; however, there are several venues that need to be examined. The study aims to explain the economic profit of microenterprises from resource-based theory and human capital perspectives.

Design/methodology/approach – Based on critical review and theoretical grounding, this study proposes a conceptual framework, which bridges intangible resources with economic growth of microenterprises.

Findings – After reviewing previous studies and based on the underpinning theoretical framework, the study finds that human capital is one of the variables that has received a little attention and yet to be examined as a moderating role. Based on the human capital theorist, individual's competencies help enterprises to perform better in business, as enterprises that possess competencies and capabilities are more likely to have higher levels of growth and profitability.

Practical implications – This finding provides useful implications for the stakeholders and policymakers and contributes in the future literature.

Originality/value – Based on critical review and theoretical grounding, this study proposes a conceptual framework, which bridges intangible resources with economic growth of microenterprises.

Keywords Family-based microenterprise, Microfinance, Resource-based view, Human capital, Competencies, Business performance

Paper type Conceptual paper

1. Introduction

Microenterprises are the backbone for most countries in the world (Harvie, 2003; Jamak *et al.*, 2014). The economic importance of microenterprises has been recognized as an essential factor for country growth (Berrone *et al.*, 2014). Therefore, microenterprise creates an opportunity to generate income and employment for a significant number of workers in rural and urban areas through the production of essential goods and services such as the making of traditional foods, fisheries, livestock and poultry, handicrafts, small trade and business, timber business/carpentry, phone/fax, garments and tailoring and so on for the need of rapidly growing populations (Jamak *et al.*, 2014).



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