

MONEY ATTITUDE DIMENSIONS AND LOAN REPAYMENT AMONG SMALL AND MEDIUM ENTERPRISES (SMES) OWNER-MANAGER IN KEDAH

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ABSTRACT

Small and Medium Enterprises (SMEs) are essential for delivering more globalization and growth of many country worldwide because they are among of the key players to strengthening the productivity in the economy as well as provide considerable positive impact on employment creation, innovation, productivity growth and competitiveness. However, boosting SMEs vital role for contributing in the nation's development and economic growth depend to a great degree on affective financial management and decision-making. SMEs are criticized for their high rate of bankruptcy which was caused by the non-performing loan (NPL) and repayment problem. This study provides a synthesis of the current state knowledge of SMEs diverse contributions to economic with the aim of investigates the potential influence of money attitude dimensions and loan repayment among owner-manager of Small and Medium Enterprises (SMEs) in Kedah. The theoretical underpinning Plan Behavior and Default Behavior serves as the basis framework of this study. The study employs a quantitative approach through self-administered survey structured questionnaires which were developed from prior research. Using purposive sampling technique, 612 questionnaires were distributed and 346 were returned, representing 57 percent of the response rate. The finding validates a significant effect of money attitude dimensions on loan repayment. This study concludes with discussions on the theoretical and practical contributions, study limitations and suggestions for future research.

Keywords: SMEs, money attitude dimensions, loan repayment

INTRODUCTION

Across the country, the intact business development dominates by Small and Medium Enterprises (SMEs) (Rahman, Yaakob & Radzi, 2016). It is estimated that over 500 million of these businesses are currently in operation over the world (World Bank, 2008). SMEs in ASEAN account for more than 96% of all enterprises in ASEAN member states (Celia, 2013). Within Southeast Asian or Association of Southeast Asian Nations (ASEAN) countries, Malaysia has the third largest total number of SMEs and represent 98.5% of the approximately 78,000 companies in Malaysia (*SME Annual Report 2012*). SMEs has been recognized making a significant contribution to the socio-economic and political infrastructure of many developed and developing countries and perceived to be crucial for sustainable competitive advantage and economic development at local, regional, and national levels (Salah & Ndubisi, 2006; Hussain, Millman & Matlay, 2006; Venkataramanaiah & Parashar, 2007; Tambunan, 2011). Since 1950, the Malaysian government commitment and concern for the development of SMEs has been clearly evident. Many effort have been initiate as to support the growth of SMEs for poverty alleviation in order to achieving developed nation status as the final goal. Accordingly, Kedah, one of the state in the Northern Malaysia Peninsular had established the Kedah Maju 2010 Action Plan, Strategic Plan Kedah Sejahtera (2010-2015) and hitherto continuing progressive plan until 2020 to achieve the goal parallel with the Rancangan Fizikal Negara for being well-developed country year 2020 in order to be in line with the national plan.

The significant contribution of SMEs in the country growth including Malaysia is evidenced (Salah & Ndubisi, 2006; Hussain, Millman & Matlay, 2006; Venkataramanaiah & Parashar, 2007; Tambunan, 2011). In the emerging economies, formal SMEs contribute up to 45% of total employment and up to 33% of national income (World Bank, 2015). SMEs represent almost the totality of the business population, account for about 70% of total employment and generate between 50% and 60% of value added, on average (OECD, 2018). In Malaysia, this sector contributes around 33% in GDP and around 58% of total employment (Department of Statistics, Malaysia, 2013). Meanwhile in year 2017, 97% of business establishments in Malaysia are SMEs which contributed to 37% to the country's GDP, 65% to employment, and nearly 18% to exports (The Star, July 13, 2017). This reflects the importance of SMEs in gearing up the nation's economy (SMEs GDP, Department of Statistic Malaysia, 2016).

The honored of importance roles of SMEs contributes in the social and economic growth is however, been criticized for their high rate of bankruptcy. Fast growing is balanced out with a high failure rate. While creating many jobs, SMEs also destroy a lot of jobs (Reiss, 2006; Ahmad & Seet 2009). It is estimated failure rate of SMEs is approximately of 60 percent and more than 50 percent of SMEs are collapse within first five years of operation (Ahmad & Seet 2009) especially during the economic downturn derived by the financial crisis 2007 – 2008 that impact business across world. The high failure rate and bankruptcy among SMEs in Malaysia needs special attention from the authority (Chong, 2012, Rahman, Yaakob & Radzi, 2016). Henceforth, it is important to continue study this sector in order to be able to make new policy, support and embark for further development. Government policy initiative should take account of financial and the new dynamic entrepreneurship environment to meet the challenge post by globalizing economic.

Meanwhile, Non-Performing Loans (NPLs) of SMEs are also on the high side and the quality of SMEs loan should also be given due attention as revealed by Datuk Zamani Abdul Ghani from Credit Guarantee Corporation Malaysia Bhd (Bernama, 2010).

Furthermore, Datuk Mohd Razif Mohd Yunus reported that on average, NPL is around 12% to 30% much higher than the NPL commercial bank loan which is around 0.95% to 3% (The Star, September 2, 2014). The NPLs is the “financial pollution” which may be harmful to the economic growth and social welfare (Zheng, 2013). Even with huge budget allocation of loan facilities and incentives provided to SMEs, the rate of NPL among SMEs on the average is still high compared to NPL commercial bank loan (Razif, 2014). There is an increment trend of SMEs financing outstanding since year 2010 (SME Annual Reports 2009 – 2015). Outstanding SME loans also continued to increase in 2015, but at a slightly slower pace (OECD, 2017a). Although the bankruptcy rate had reduced and turned negative started 2013 in some country compared during economic downturned 2007 (OECD, 2017b), the NPL ratio for the first half of year 2017 ten years later remained higher than the banking industry level due to the bigger risk present in the SME space (The Malaysian Reserve, September 26, 2017). Thus, it is important to study factors that cause high NPL because by understanding these factors would provide better picture for Malaysian government and financial institutions to manage the financial assistances given to SMEs.

Moreover, SME owners-managers make decisions ranging from acquiring funding to investments in the business. Therefore, the performance of SMEs depends on decisions concerning fund collection, allocation, savings, consumption, mortgages and even risk assessment and control (Hoque, 2017). Additionally, in the globalisation business driven, SMEs owner-manager should aware on the challenges, especially in terms of financial and management skill (Beh, 2013) because poor management leads to high failure (Wellalage & Locke, 2015; Agyei-Mensah, 2010). SMEs have been criticism with regard to the unstructured loan repayment and lack of planning or poor of financial management (Morduch, 1998; Knight, Hossain & Rees, 2009). Financial management is closely related to their money attitude as Falahati & Paim (2011), Joo & Grable (2004), Shim, Xiao, Barber & Lyons (2009) indicated that money attitude play an important role in determining a person financial management. Even financial assistance and training provided yet unable to enforce their business and therefore many of them tide with the loan repayment problem and bankruptcy. Hence, major curiosity arises to study the perceived money attitude of these SMEs in making financial decision and loan repayment behavior. Even bundle of studies on SMEs was conducted before, very few of those studies look at the effect of money attitude towards loan default or repayment behavior (Bhardwaj & Bhattacharjee, 2010; Timothy, 2015). Thus, it can be argued that there is a literature gap in the study that needs to be addressed.

Meanwhile, in the perspective of the overall performance and contribution of SMEs in state, Kedah is still far behind compare to the level of other developed status states depicted the GDP for state of Kedah (under-developed) as compared to Johor, Selangor and Pulau Pinang (developed) states from year 2010 to 2016. As compared to the others developed state, Kedah was left behind, thus needs to force their economic activity to higher level in order to raise up the GDP.

Table 1: GDP by States for year 2010 – 2016 (current prices)

Year	2016	2015	2014	2013	2012	2011	2010
Kedah	40,596	35,999	34,105	32,740	31,241	29,585	27,356
Johor	116,679	98,880	93,665	87,974	84,050	78,946	74,102
Selangor	280,698	239,968	226,964	212,645	200,906	187,434	177,718
P. Pinang	81,284	69,844	66,200	61,324	58,353	55,827	52,946

Source: Department of Statistics, Malaysia 2010 - 2016

Furthermore, the socioeconomic development in Kedah overall is still low. As exhibit in the Table 2 GDP per capita Kedah is left behind at the second lowest stage after Kelantan. These issues make it impossible to realize the aims of action plan and strategy for being Kedah Maju (developed status state) that have been put in the positioned since more than last a decade. Therefore, it is important to study the factor in order to give some ideas for the state’s development strategy.

Table 2: GDP per capita for year 2010 – 2016 (current prices)

Year	2016	2015	2014	2013	2012	2011	2010
Kuala Lumpur	101,420	94,722	90,464	82,208	77,073	70,675	64,693
Labuan	61,833	58,577	55,566	53,576	49,157	44,044	38,445
Pulau Pinang	47,322	44,847	42,130	38,490	37,053	35,527	33,597
Selangor	44,616	42,611	40,536	38,071	36,799	34,478	32,300
Sarawak	44,333	44,012	44,596	41,766	41,493	40,636	35,034
Melaka	41,363	39,853	38,656	35,699	34,965	32,421	29,366
N. Sembilan	38,559	36,699	35,865	34,118	33,761	32,136	29,363
Pahang	32,244	30,343	29,341	27,856	27,413	27,069	23,883
Johor	31,952	29,539	28,089	26,308	25,442	24,350	22,035
Terengganu	27,268	26,529	26,397	24,449	23,935	23,282	21,573
Perak	27,246	25,418	21,132	22,445	21,711	20,370	18,207
Perlis	22,479	21,394	20,999	20,196	19,537	18,299	17,410
Sabah	21,081	19,734	19,723	18,680	19,487	19,648	17,831
Kedah	19,152	18,249	17,329	16,616	16,088	15,563	14,034
Kelantan	12,812	12,075	11,748	11,284	11,217	10,894	9,806

Source: Department of Statistics, Malaysia 2010 - 2016

These dynamic, fast-moving firms make a special contribution to local economies. SMEs might also have specific strength and weaknesses that may require special policy response. Poor financial management problem which driven high failure of SMEs needs to be addressed with serious attention. It is important to explore the issue in order to ensure the viable, competitive and sustainable of SMEs business. Therefore, this paper aims to examine the relationship between money attitude dimensions comprised of power-prestige, retention-time, distrust, anxiety and loan repayment among owner-manager of SMEs in Kedah.

LOAN REPAYMENT

Principally, the typical process of paying off the debt balance on a loan over a period of time without any extra principal paid on the balance called loan repayment. Another method of repayment is a lump sum with interest at maturity. If the repayments of both principal and interest are up to date in accordance with the agreed repayment terms deemed to be performed. However, if the interest on principal is due or exceed 90 days postponed or transfer into a new loan it is deemed as non-performing (Nawai and Shariff, 2013; Obamuyi, 2007). According to Pearson and Greeff (2006) the point in the borrower's repayment history which had missed at least three time installments within 24 month period describes as default. Meanwhile, when it comes to a circumstances borrowers are fail to repay a loan according to the terms or condition of a loan agreed upon signed the **contract** will be recognized as loan default. Balogun & Alimi (1988), defined loan default as the inability of a borrower to fulfil their obligation as at when due. It could be either in term of voluntary or involuntary which explained that defaulted may occur if the borrower is either unwilling by their choices (voluntary default) or really unable (un-voluntary default) to make the repayment (Godquin, 2004). Numerous researchers, enlightened that default loan will reduces the loanable fund to enterprise, and negatively affected the enterprises especially those who need to obtain capital for their operation in order to grow and sustain in the industries (Al-Sharafat, Qtaishat & Majdalawi, 2013; Wongnaa & Awunyo-Vitor, 2013). Addae-Korankye (2014) explained that a defaulted loan is a driven of delinquent loan which happen when the chance of recovery become minimal, Murray (2011) had explained that a loan default occurs when borrower does not make required payments or in some other way does not comply with the loan terms. Meanwhile, Ameyaw-Amankwah (2011) stressed that, default occurs when a borrowers has not met their legal obligation according to the loan contract including the inability to make a schedule payment or has violated a loan covenant of the contract. This initially represents behavior indicator of point in time that shows arising in risk borrower fails to make the loan repayment. In initial, payment default does not imply that the borrower had completely quit paying the loan. It been alluded to collection or legitimate procedure, or from accounting view that the loan had been delegated awful or actually written-off (Addae-Korankye, 2014).

According to the past researches, loan default or repayment performance could be influenced by numerous of factors comprising social economic attributes, demographic, management style, financial, loan characteristics, borrowers characteristics, group lending and cultural characteristics, information, training, business types, social ties and psychological. (Acquah & Addo, 2011; Addae-Korankye, 2014; Afolabi, 2008; Allen-Ile & Eresia, 2008; Brehanu & Fufa, 2008; Cassar, Luke & Wydick, 2007; Chang, 2013; Fidrmuc & Hainz, 2010; Epstein & Yuthas, 2010; Godquin, 2004; Guttman, 2007; Jouault & Featherstone, 2011; Kohansal & Mansoori, 2009; Magali, 2013; McHugh & Ranyard, 2012; McCann & McIndoe-Calder, 2012; Nawai & Shariff, 2013; Nguta, 2013; Onyeagocha, Chidebelu, Okorji, Ukoha, Osuji & Korie, 2012; Sharma & Manfred, 1997; Sinha, Dhaka & Mondal, 2014. The finding of each research mainly provided a fundamental of thought or ideas, not contrary to each other and might be essential for further study

MONEY ATTITUDE

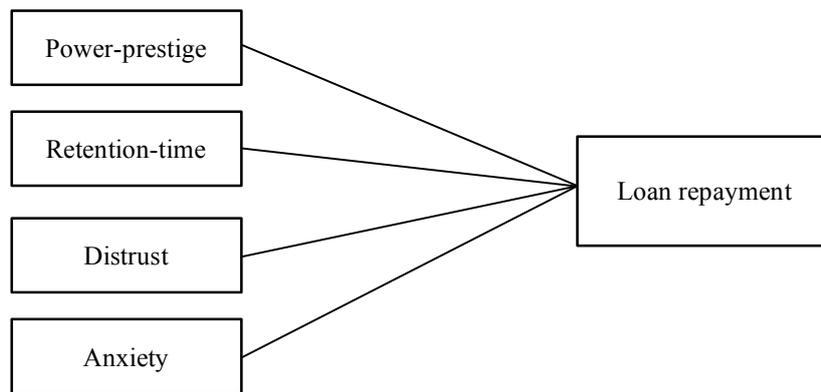
The previous literatures have interpreted various meanings of money, revealed different values held by people for money and have entrusted a range of facets to money (Rubinstein, 1981; Yamauchi & Templer, 1982; Furham, 1984; Tang, 1992; Mitchell, 1998). Money attitude is related to the understanding people attitude towards money because it determines the money behavior of an individual (Taneja, 2012; Yamauchi & Templer, 1982). Scholars discovered that different component and factors constitute the dimensions of money attitudes concept (Sabri, Hayhoe & Ai 2006; Taneja, 2012). Different scales have been developed by researchers to measure individual's money attitude such as Forman, 1987; Furham, 1984; Tang, 1992 and 1995; and Yamauchi and Templer, 1982. Specifically, for the purpose of study Money Attitude Scale (MAS), developed by Yamauchi and Templer 1982 was employed, to examine the respondents' money attitude. MAS represented four dimensions of money attitude, encompassed of (1) Power-prestige; (2) Retention-time; (3) Distrust and (4) Anxiety. According to Bhardwaj & Bhattacharjee (2010), this instrument specifically measures money attitudes rather than ethics, values or desires for money and widely used by many researchers to measure the money attitude of individual (Li, Jiang, Shen & Jin, 2009).

Researchers believed that there is a potential leads to the use of credit facilities as a means of showing power and prestige (Phau & Woo, 2008; Hou and Lin, 2009; Li, Jiang Shen & Jin, 2009; Durvasula & Lysonski, 2010; Hafez, El Shan & Rahman, 2013). Apart from that, for money attitude, the power-prestige dimension are one of the cause of credit misuse (Wang, Lv, & Jiang, 2011). Bhardwaj and Bhattacharjee (2010) in a study, confirmed that people with high power-prestige are associated with high on loan usage and tend to default for payment Bhardwaj and Bhattacharjee (2010) also indicated that there is conservative in spending money when people greatly owned the retention-time dimension. Nawai and Shariff (2013) who had the same thought had explained that borrowers who have regular savings tend to become good borrowers which usually manage their income well and not lavish with the profit received as well as believed that every debt must be repaid have higher chances to repay on time because they definitely decide to keep the surplus in current for future needs and avoiding loan (Shin & Ke, 2013; Hafez, El Shan & Rahman, 2013). Yet, against others Phau and Woo (2008) in their study had found that the retention-time dimension has no significant effect the credit use. Meanwhile, Roberts and Jones (2001), initiated that money attitude dimensions distrust did not lead to increment of credit uses which may leads to bankruptcy because heavy credit users have been found to be less price conscious. Individual with moderate or high level of distrust dimension having no motivation in using the loan facilities and did

not significantly increase repayment default (Phau & Woo, 2008; Bhardwaj & Bhattacharjee, 2010; Durvasula & Lysonski, 2010; Hafez, El Shan & Rahman, 2013; Timothy, 2015). Besides that, numerous researcher had argued that individual with the anxiety-relieving behavior are usually feel comfort to hold cash on hand instead of make repayment and often seek for loan in order to feel protected (Desarbo & Edwards, 1996)). Individual with high level of anxiety had more significant increase in chance to default a loan repayment (Timothy; 2015). To simplify, anxiety is important factor in deciding loan default behavior which they argued that the attitude overall influence people to access loan thus initially would becoming the defaulters and as the result, the bigger total loan received by the borrowers', the higher the probability to default (Durvasula and Lysonski, 2010; Bhardwaj & Bhattacharjee, 2010; Nawai & Shariff; 2013). However, research conducted by Phau and Woo (2008) as well as Wang, Lv and Jiang (2011) had discovered that anxiety did not influenced on the credit behavior and having no significant effect to loan repayment.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Initially, based on the Theory of Planned behavior and Behavioral Finance Theory, the following research framework was developed to illustrate the relationship between money attitude dimensions as the independent variables and loan repayment default as the dependent variable.



- H1: There is a significant relationship between power-prestige and loan repayment among SMEs owner-manager in Kedah.
- H2: There is a significant relationship between retention-time and loan repayment among SMEs owner-manager in Kedah.
- H3: There is a significant relationship between distrust and loan repayment default among SMEs owner-manager in Kedah.
- H4: There is a significant relationship between anxiety and loan repayment among SMEs owner-manager in Kedah.

METHODOLOGY

In order to investigate how each of the money attitude dimensions of SMEs owner-manager's influence their loan repayment, the quantitative cross sectional survey was conducted. Firstly, the multistage cluster sampling focusing the SMEs in Kedah was employed and secondly, systematic sampling technique involved 334 owner-managers from total 612 sampling size.

In summary, respondent mainly comprised approximately 204 of male or 69.9 percent, and 130 or 38.9 percent female respondents. More than half of them (68.2 percent) aged between 25 – 35 years olds and 36 – 45 years olds. The numbers of household typically in between 2 – 5. Majority of them (40.7 percent) had pass their secondary school. The mainstream of business they involved is services sector. Approximately quarter of them (35.3 percent) had established the business for more than 8 years. Half of them (50 percent) of the respondent generated less than RM5000. And also, about half of them (52.7 percent) obtained only 1 loan. Meanwhile, majority of them (34.7 percent) carried less than RM10000 amount of loan whereby nearly 41.3 percent of the respondents prefer to use cash deposit machine as the method of payment as compared to the others methods of payment.

MEASUREMENT

For the purposed of the study, each variables explored as individual-level variable and questionnaire developed based on the theoretical research framework accordingly. The five-point multi-item Likert scale was used to measure the independent variables and dependent variables. This study adapted the empirical validated scale Money Attitude Scale (MAS) developed by Yamauchi and Templer to assess the respondents money attitude. This scale represented 29 items which includes all of money attitude dimensions (power prestige, retention-time, distrust and anxiety. Meanwhile, the modified Loan Default Scale by Bhardwaj and Battacharjee (2010) been used to predict the loan repayment behavior. People scoring high on this scale could be viewed as using loans extensively whereby items three, eight, nine and ten were reverse scored to reflect this coding scheme. For this study, researcher used a five point Likert-scale index ranging from 1 = Strongly Disagree to 5 = Strongly Agree to measure both the money attitude dimensions and loan repayment.

RESULT

Preliminary data analysis

The factor analysis was employed in order to confirm the validity of the construct together. The Kaiser-Meyer Olkin measure of sampling adequacy for the items was 0.845, exceeding the recommended value representing that the items were consistent and had shared frequent factors. Principal component analysis revealed the presence of four components with eigenvalues exceeding 1 explaining of 22 percent, 17 percent, 10 percent and 7.5 percent of the variance respectively. The factor loading for power-prestige, retention time, distrust and anxiety is between .698 – .805, .807 – .856, .414 – .817 and .496 – 0.788 respectively. Thus, items in the money attitude constructs that were below 0.5 were eliminated.

The reliability for the money attitude dimensions were above 0.07, which signified .912, .934, .750 and .810 for power prestige, retention time, distrust and anxiety respectively. Among the money attitude variables, retention time contributed the highest mean value 3.868, compared to other dimensions (power-prestige 2.667; distrust 3.335; anxiety 3.652; loan repayment 2.354) explained that the owner-managers in the investigated SMEs had a high perception regarding the retention time in the financial management

Table 3: Factor loading of Money attitude Scale

Items	Component			
	1	2	3	4
I use money to influence people to do things for me.	.698			
I must admit that I purchase things because I know they will impress others.	.774			
In all honesty, I own nice things in order to impress others.	.805			
I behave as if money were the ultimate symbol of success.	.786			
I must admit that I sometimes boast about how much money I make.	.786			
People I know tell me that I place too much emphasis on the amount of money a person has as a sign of his success.	.729			
I seem to find that I show more respect to people with money than I have.	.722			
Although I should judge the success of people by their deeds. I am more influenced by the amount of money they have	.747			
I often try to find out if other people make more money than I do.	.775			
I do financial planning for the future.		.850		
I put money aside on a regular basis for the future.		.842		
I save now to prepare for my old age.		.853		
I keep track of my money.		.852		
I follow a careful financial budget.		.856		
I am very prudent with money.		.798		
I have money available in the event of another economic-depression		.807		
I argue and complain with the cost of things I buy.			.414	
It bothers me when I discover I could have gotten something from less somewhere.			.472	
After buying something, I wonder if I could have gotten the same for elsewhere.			.534	
I automatically say. "I can't afford it," whether I can or not			.785	
When buy something, I complaint about the price I paid.			.794	
I hesitate to spend money even on necessities.			.817	
When I make major purchase, I have suspicion that I have been taken advantage of.				.645
It's hard for me to pass up a bargain.				.734
I am bothered when I have to pass up a sale.				.788
I spend money to make myself better.				.568
I show sign of nervousness when I don't have enough money.				.620
I show worrisome when it comes to money.				.496
I worry that I will not be financially secure.				.518
KMO				.845
Chi Square Value				5556.0
				35
Bartlett's Test				0.00
Eigenvalue	6.468	4.945	2.986	2.183
Variance Extracted percent	22.3	17.1	10.3	7.5

Table 4: Summary of result analysis

Construct	No. of Items	Cronbach's Alpha	Mean	SD	Std. Beta	Sig
Power-prestige	9	.912	2.667	1.039	.237***	0.000

Retention-time	7	.934	3.868	.912	-.107*	0.000
Distrust	6	.750	3.335	.798	.204***	0.044
Anxiety	4	.810	3.652	.905	.025	0.648
Loan Repayment	7	.861	2.354	.881	-	-

Hypothesis Testing

Specifically, the hypothesis were examined with multiple regression analysis by regressing the money attitude dimensions (power prestige, retention-time, distrust and anxiety) and the dependent variable, loan repayment. The result analysis revealed two out of four variables which encompassed of power prestige and distrust were positively significant at $p < .001$. These showed that both power prestige and distrust with beta coefficient = .237 and .204 respectively were significantly affected the loan default. Based on the result, retention-time also significant at $p < .05$ but represented negative relationship direction. This means, the increasing level of retention-time will lower down the loan default. In contradict, the result discovered that anxiety money attitude dimensions relation with loan default was not significant because the p value is above the acceptable significant level since the value is equal to 0.648.

DISCUSSION

Initially, the main purpose of this study was to empirically investigate the relationship between independent variables, the money attitude dimensions (power-prestige, retention-time, distrust and anxiety) and loan repayment as the dependent variables concerned among owner-manager of SMEs in Kedah. The finding of the current study coincides with previous research concerning the relationship between power-prestige money attitude dimensions and loan repayment as confirmed by Bhardwaj and Bhattacharjee (2010) who indicated that people with high power-prestige are associated with extensive loan usage and repayment default. The researchers concluded that the prediction of loan repayment is allied with the money attitude. Accordingly, Hou and Lin (2009) also contended that use of loan facilities resulted from individual intuitive of using money a toll of power-prestige. These would initially delaying payment, increase debt, hence default on loan and create financial problem to company. Consequently, as the suggested by Robert and Jones (2001) power-prestige has leads to increment use of money which will leads to bankruptcy as the whole. Therefore, the finding support Hypothesis 1.

This study found that people with the retention-time keep the surplus money for future needs and escape from loan similar to the finding in line with Bhardwaj and Bhattacharjee (2010). The finding also confirmed that borrowers who have regular savings tend to become good borrowers which usually manage their income well and not lavish with the profit received similar to Nawai and Shariff (2013). Therefore, the finding in fact supported Hypothesis 2. It describes that manager's borrower who set in their mind that every debt must be repaid have higher chances to repay on time, thus would not initially default on loan. In addition, this study associated with the previous research finding by Timothy (2015) who indicated that people having moderate or higher level of distrust did not significantly increase loan default, aligned with Bhardwaj and Bhattacharjee (2010) which indicated that high distrust dimension will not be inclined to use the loan facilities and agreed with Roberts and Jones (2001) who explained that usually heavy credit users found to be less price conscious contradict to the attitude of people with distrust dimension hence would not lead to increment of credit uses. Consequently, Hypothesis 3 clearly supported. Nonetheless, the result for anxiety dimension in this study was not in the same direction with Desarbo and Edwards (1996), Bhardwaj and Bhattacharjee (2010), and Timothy (2015) arguments. This study found that, the anxiety-relieving of owner-managers and managers do not convey or even influence them to seek for loan. This finding eventually in line with Wang, Lv and Jiang (2011) who had also obtained the same insignificant result of anxiety impact on credit revolving. The attributes of the individual traditional values might hindered them from using money as the protection.

This study in practical provides a valuable approach to how money attitude could encourages positive attitude in overcoming the loan repayment behavior. The result of finding discussed could be presumed as a guide to the SMEs to predict the money attitude they hold and improves their attitude related to money matters as well as the financial management commitment in order to effectively manage finance and to avoid further unwelcome circumstances such as bankruptcy. Besides could be served as a reference to the financial aids providers, this current study in further, provides parameters for policy-makers to develop an effective financial aids scheme and supported programs for SMEs with the vision of creating sustainable business in the market. Theoretically, result of this study proves the relationship between money attitude dimensions and loan repayment as depicted in model. Its provide a directions for further knowledge to explore and demonstrate the importance of the money attitude dimensions as predictors of loan repayment behavior. The utmost important is that the finding had supported both the Theory of Plan Behavior and the Default Behavior Theory that explained the importance of subjective norms, attitude and control to describe one's behavioral intention besides the choices to default which are driven by different determinant across domains.

For future research, a case study approach should be considered order to be capable to examine the relationships among money attitude on loan repayment because the feature of cross-sectional data employed in this study, had restricted the researcher from observing, and, consequently, examining the dynamic feature of the effects of money attitude on loan repayment. Furthermore, a longitudinal research is highly recommended since it would help the researchers to validate the findings attained from the cross-sectional method regarding the change in human views, behaviour and attitudes. This is because a longitudinal approach could explain the complex relationships among money attitude and loan repayment over a long period of time. Finally, as the money attitude preference notion was based on the continuing financial management focus by business organization, which was intended for the owner-managers, the possibility of reciprocal causation should be recognized. Therefore, the future studies might need to develop other analytical methods, for example, Structural Equation Modelling, in order to ascertain the reciprocal relationships among the study variables.

CONCLUSION

The main objective of the current study is to examine the relationship between the money attitude dimensions and loan repayment among SMEs owner-manager. The findings of the current study validated the significant effects of each dimensions on behavior of loan repayment. Basically, the current study was inspired by the lack of studies in the recent relevant literature relating to the relationships among money attitude and loan repayment default especially within SMEs.

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