


Do Women's Attitudes Matter in Acceptance of Islamic Microfinance? Evidence from Malaysia

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The study aims to investigate the factors pursuing the women entrepreneurs to accept Islamic microfinance (IMF) in urban and rural areas of Malaysia. For this purpose, the study applies the Theory of Planned Behavior (TPB) and Innovation and Diffusion Theory to explain Islamic microfinance adoption. Using the structural equation model (SEM) with primary data collected from 384-woman entrepreneurs in Malaysia, the current study uses a 5-point Likert scale. On the basis of theory and collected data, the seven hypotheses are developed. All hypotheses are validated by both directly and indirectly, as well as through a mediating factor. Among the factors, knowledge about IMF and subjective norms significantly influence the acceptance of IMF. On the other hand, the perceived complexity does not show any substantial relationship to the acceptance of IMF. This outcome will be helpful in supporting policymakers, academics, and future studies and must take into account the supported factors. Therefore, the study

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contributes to develop an innovative framework, to create self-employment for women entrepreneurs.

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I. Introduction

1. Islamic Microfinance

Islamic microfinance (IMF) offers such a system that pursue entrepreneurs to accept risk-sharing in financial activities. Its development policy that supports the vulnerable to reduce poverty is based on Islamic principles, referring to interest-free financial activities. In this system, the moral and ethical values of Islamic man are taking place in the center, and their religious ethics is considered a safeguard in the performance of Islamic microfinance (Muchnick and Kollamparambil, 2015). According to the Islamic financial system, Islamic microfinance is an interest-free loan to small entrepreneurs among the low-income groups. As an instrument, it contributes to enhancing the living standard of deprived people and reducing the inequality within the society that derives the economic development and solution for many economic problems.

Moreover, Islamic microfinance aims to create human capital that generates social wealth for balanced economic growth, apparently similar to conventional microfinance. However, the notion of social and human capital is far distinct since the prime objective of Islamic Shariah is to ensure brotherhood and cohesion within the society, freedom of expression, and information acquisition. By applying the Shariah, Islamic microfinance intends to postpone the vicious cycle of poverty and offers a new development path that gets the poor out of poverty.

In addition, Ashrafi (2017) pointed out that in most cases, traditional microfinance did not reduce the poverty cycle. And the poor people were caught in the trap of traditional microfinance, which followed a spiral of indebtedness, particularly for the hardcore poor people. Instead of microfinance, Shari'ah based instruments, like Qard Hasana (cost and interest free loan) and participatory commercial microfinance (Musharaka, Mudaraba, Ijara, etc.) could make the cycle of poverty and burden of indebtedness. In order to effectively alleviate poverty, many studies have recommended using an inclusive and comprehensive strategy that combines charitable and commercial

funding to help both the idle poor and the destitute (Obaidullah, 2008; Hassan et al., 2013; Shirazi, 2014).

The women are still lagging behind than their counterparts. Generally, the women invest their earnings to individual and family affairs (Samer et al., 2015). However, the woman entrepreneurs are trusted microcredit borrowers, and play a pivotal role to economic development (Md Isa et al., 2018), especially in Malaysia. It motivates to investigate factors influencing the women to receive the Islamic microcredit.

2. *The Distinction between Conventional Microcredit & Islamic Microfinance*

According to Baber (2019), Islamic banking encompasses not just interest-free banking (referred to as *riba*), but also the integration of ethics and money as a paradigm for serving and leading for an equal and better society. Islamic microfinance adheres strictly to Islamic Shariah rules and does not impose interest, whereas conventional

Table 1. The Differences between Conventional and Islamic Microfinance

Title	Islamic Microfinance	Conventional Microcredit
Liabilities (Fund's Source)	External Funds, Savings of Clients, Islamic Charitable source	Clients' Savings, External Funds
Mode of Finance	Shariah based Islamic Financial Modes	Interest-based Financial Modes
Integration of the Poorest	Extreme poor could be integrated with microfinance	Poorest are left out
Transfer of Fund	Not direct cash, but selling Goods	Give the cash
Deduction at Inception of Contract	No charges at inception	Initial fees from Part of the funds deduced
Focus group	Family	Women
Aim of Targeting Women	Ease of availability	Women empowerment
Liability of the advance	Recipient and spouse	Recipient
Work Incentive of workers	Monetary and religious	Monetary
Dealing with default	Group security within social and moral boundaries/ Spouse Guarantee/ Centre guarantees	Center & group pressure and threat
Social Development Program	Religious (comprises behaviour, ethics and social)	Social development, Material (non-Islamic) behaviour principled.

Source: Ahmed (2002) and Abdul Rahman (2007).

microfinance adheres to the standard financial system and imposes financial interest. Thus, there are several critical distinctions between conventional and Islamic microfinance (Abdelkader and Salem, 2013). These products are oriented on commercial partnerships and profit-sharing (*mudhorobah*), which are critical components of establishing sharia-compliant financial institutions (Muhammad, 2020).

II. Literature Review

Several studies have found that Islamic Microfinance effectively faced financial challenges and contributed to alleviating the poverty level instead of conventional microfinance (Ahmad et al., 2020; Hussein Kakembo et al., 2021; Parvej et al., 2020). Islamic microfinance, with adaption to the ethical and participatory schemes- *qardhul hasan*, *murabahah*, and *ijarah*, has the great potential to alleviate poverty (Rahman, 2010). It can achieve social and economic levels of diminished poverty (Rokhim et al., 2016). It is an essential tool for poverty reduction, according to Schmidt (2015). Moreover, microfinance is introduced to provide the support for the small and medium enterprises and micro-entrepreneurs in a situation where they do not have any access to get the banking services due to high operating cost and less collateral and is generally applied to micro entrepreneurs, those have difficulties in reaching finance and insurance-related services due to economic resources limitations (Ameer, 2013). Therefore, microcredit shows the strength to develop the financial sources available to the bottom class of the community, particularly women, creating an opportunity for them to make better living standards (Hameed et al., 2020).

Islamic microfinance contributes to alleviating poverty and especially play a dominant role in empowering women. In this regard, the access of Islamic microfinance for women is an important pillar for social integration. Umar et al. (2021) concluded that subjective norms, perceived behavior, and attitude as factors of the Theory of Planned Behaviour directly influenced on Islamic microfinance. Conversely, the negative nexus between financial conditions and Islamic microfinance among agribusiness customers was concluded in the same study. Another research, using the self-administered 239 questionnaires in Tunis City, found the factors that are religious commitment, knowledge regarding Islamic finance and relative advantage of Islamic banking, and compatibility with customer ethics contributing to predicting the adoption of Islamic banking (Obeid and Kaabachi, 2016). Hence, in our research, we

will investigate whether factors of the TPB & IDT have any direct or indirect effect on the acceptance of Islamic microfinance by women entrepreneurs.

The factors such as relative advantage, knowledge regarding Islamic microfinance, subjective norms through social system norm as a mediating factor motivated women's intention to use Islamic microfinance. The behavioral norms contribute to developing the modern-day economy by reducing poverty and unemployment and empowering women (Islam et al., 2021). In this regard, the theory of planned behavior by scholar Ajzen (2005) analyzed the causes why an Islamic man embraces the Islamic microfinance programs. According to the theory's explanation, one of the crucial factors of real behavior is the intention of a person. The theory of Planned Behaviour defines intention as a cognitive illustration of a person's actions. Among other internal and external factors like religion, experience, the views and perspectives of close ones, social position, and economic solvency, personal norms that possibly shape individual behavior are considered as dominant factors (Mansori et al., 2020).

In general, by affirming or at least a reasonable attitude of society toward a given activity, an individual may be persuaded to have a more positive or supporting intention to carry out the certain action. For example, Muslims' intentions in microfinance programs are intimately tied to their behavioral beliefs and attitudes regarding the product (Ajzen, 2005). Suppose an individual believes in the law of Islamic Shariah that is compatible with a banking procedure. In that case, he may feel more optimistic about applying for Islamic microfinance-related services and goods.

Islamic microfinance, according to Hartarska et al. (2013), is a financial advantage offered to lower-income groups and entrepreneurs looking to launch a small or medium business. In Malaysia, Islamic microfinance has positively impacted earnings, standard education system, resources for financial access, women empowerment, poverty reduction, and improved health benefits. The significant findings in the study of Badri (2013) suggest that women's participation in microfinance programs contributes to women's empowerment, particularly regarding the sociocultural and economic aspects of empowerment. According to the outcomes, the project has aided in providing education, better-off, uses of utility, craft services, and fuel. Microfinance providers (MFPs), according to Siddig (2013), have significantly contributed to providing financial services for the disadvantaged and their businesses. According to the research of Elmola and Belal (2013), microcredit has a 16 percent beneficial influence on poverty reduction.

In contrast, providing financial means to the poor in the traditional microfinance system may be costly, inefficient, and undesirable for multi-functional goods, which is considered the major difficulty with vulnerable group's entrance to finance (Pareek and Raman, 2016). The disparity among financial institutions is sometimes attributed to high-level operating expenses (Ibrahim and Bauer, 2013). Furthermore, Ammar and Ahmed (2016) pointed out that geographic remoteness is a key barrier to disadvantaged individuals using traditional banking services. According to the report, banks can only aggressively target the vulnerable if they identify the potential to financially serve these clients (Agwu and Carter, 2014).

Malaysia's microfinance policy efforts have achieved moderate and significant progress toward their goals. By applying Microfinance, Malaysia has also shown an effective means of establishing business activity to alleviate poverty. According to Yousif et al. (2013), microfinance organizations now confront two major challenges: inefficiency in organizational structure and high operational expenses, both of which lead to high-interest rates. The IDT is defined as "innovations offering benefits, perceived compatibility with existing practices and beliefs and low complexity, possible trialability and observability will have a more generalized and rapid rate of spreading." Accepting the implementation of Islamic microfinance is thus a positive behavioral aim. According to the Theory of Reasoned Action (TRA), planned behavior theory (PBT) evaluates the influence of determination to accomplish in anticipate that the organization is capable of adopting the corporate sustainability policy (Ajzen, 1991). The mental and neural condition of the business stakeholders, which influences the implementation of a circular economy in the goods and operations of organizations, is characterized by attitude (Kumar et al., 2012). Therefore, the study framework was created using TPB and IDT, as presented in the methodology section.

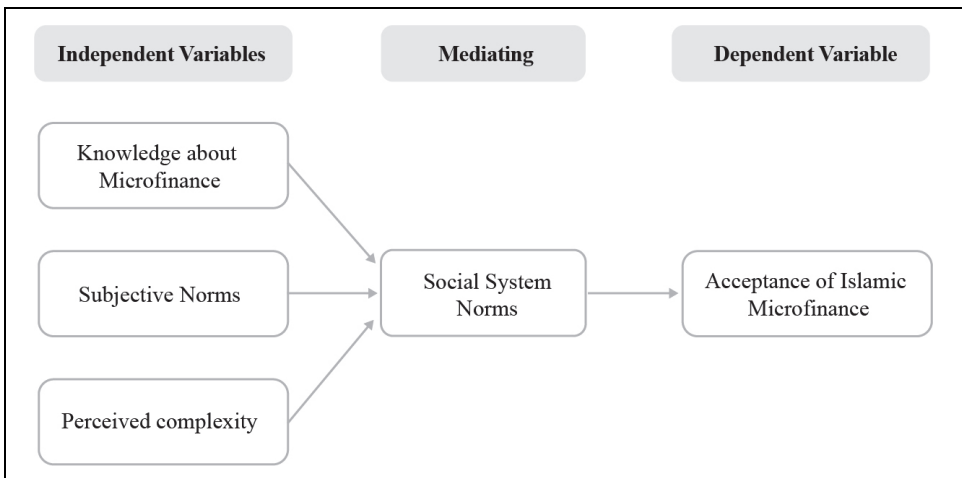
III. Methodology of Research

1. Hypotheses Formulation with Theoretical Background

A theoretical perspective is a quantitative reflection representing how a study formulates a reasonable understanding of the links among various factors which are critical to the problem (Sekaran and Bougie, 2016). Experimented theories are usually developed after the theoretical structure has been developed to see if the suggested assumption is justified based on the study findings.

Accordingly, the current study has focused on innovation, adoption, marketing services, and customer behavior since this research aims to examine women entrepreneurs’ participation in Islamic microfinance and its impacts on Malaysian society. It has taken to develop its structure by using the Planned Behaviour Theory (TPB) and Invention Diffusion Theory (IDT), which are now widely used in various innovation recognized studies. Ultimately, the research structure was created using IDT and TPB (Invention Diffusion Theory and Planned Behaviour Theory) (See Figure 1).

Figure 1. Chinese EPU and ASEAN5 Stock Market Returns



2. Variables Definition and Development of Hypothesis

(1) Knowledge regarding microfinance

Knowledge is the outcome of originating facts based on an individual’s dexterity and is affected by his/her behavior (Brimah et al., 2020). Moreover, Sveiby (2001) expanded by illustrating it as a “process of knowing” and an activity. The information is prepared in the brain (Alavi and Leidner, 2001). On the other hand, knowledge is defined as inculcating through insight, logic, opinion, understanding, or several other types of education (McInerney, 2002). In addition, understanding is defined by Kivumbi (2011) as knowledge of facts gained via research, interpretation, or personal observations. Thus, the present study looks at women entrepreneurs’ understanding of IMF projects as a motivating force, while a gap in the information on IMF schemes is

seen as a barrier. Therefore, in the research, microfinance practice is investigated as a motivating factor for IMF involvement, whereas limited access to credit amenities is considered a barrier. The following assumptions are then investigated:

Ha1: A significant nexus between knowledge and social system norms.

Ha2: A significant nexus between knowledge and acceptance of Islamic microfinance.

(2) Subjective norms

Subjective norms are people's assumptions or judgments about others' intentions and whether or not people will follow those actions (Huda et al., 2012). It is referred to as this dimension since this interpretation is subjective in nature. On the other hand, beliefs influence attitudes toward conduct and subjective standards in a similar way (Huda et al., 2012). Subjective norms are an outcome of social values that are formed by others (Hanno and Violette, 1996; Eagly and Chaiken, 1993; Fishbein and Ajzen, 1975; Huda et al., 2012). As a result, it is hypothesized that:

Hb1: A significant nexus between subjective norms and social system norms.

Hb2: A significant nexus between subjective norms and acceptance of Islamic microfinance

(3) Perceived complexity

Perceived complexity is linked to thinking about complexity. The researchers defined complexity has been understood as the output resulting from a specific perception of a condition made by a viewer, which can be designated as 'perceived complexity'. These are based on the premise that, while not being the same, the subject and object are not radically different. A complete (total) distinction would make it difficult to know. As it has been said, uncertainty lies as much in the beholder's eye as in the configuration and actions of a process it.

Hc1: A significant nexus between perceived complexity and social system norms.

Hc2: A nexus association between perceived complexity and intention to use Islamic microfinance.

(4) Norms of social system

Social system norms are an approach to pursuing behavior based on social standards. A repeatedly doing actions or behavior in a particular group, for example, a group of people writing reviews, is referred to as a social norm (Burtch et al., 2018). This kind of social norm is a descriptive social norm (Cialdini et al., 1991).

In a variety of situations, social norms are considered to be beneficial, including stimulating voter participation (Gerber and Rogers, 2009), inspiring the repeated use of financial products (Goldstein et al., 2008), decreasing energy usage (Allcott, 2011; Nolan et al., 2008; Schultz et al., 2007), diminishing water use (Ferraro and Price, 2013), and expanding the consumption of nutritious foods (Ferraro and Price, 2013; Robinson et al., 2014). As a result, the following theory has been put forward:

Hd1: A significant nexus between social system norms and acceptance of Islamic microfinance

(5) Acceptance of Islamic microfinance

The studies on microfinance, basically, focus on how microcredit can have an impact on people, loan repayment patterns, and savings practices that may curb the expansion of microfinance. Many research has affirmed that microfinance contributed to enhancing consumers' living standard and their facilities. (Girabi and Mwakaje, 2013). However, behavioral factors were ignored in many previous studies. For many factors such as high-interest rates and lack of knowledge, perceived complexity deter the women entrepreneurs in Malaysia from accepting the Islamic microfinance. Umar et al. (2021) confirmed that subjective norms, attitudes, and perceived behavioral control directly contribute to accepting Islamic microfinance. On the other hand, with these variables, relative advantage and religious commitment are dominant factors in predicting the adoption of Islamic banking (Obeid and Kaabachi, 2016).

Dahir (2015), Ahlén (2012), and Morduch and Haley (2002) all acknowledged microfinance's favorable impact on enhancing households' ability to satisfy consumer demands, increase investments, enhance living standards, and reduce vulnerability. The recognition of behavioral factors that promote individual acceptance of Islamic microfinance presents insightful guidelines for policymakers and practitioners, who intend to encourage microfinance use to improve their advantages.

(6) Estimation and result

In the research, survey-based methodologies are used. The women entrepreneurs are classified by industry, and then the sample is chosen using essential random selection (SRS). The instrument's final edition included several incentives and barriers for women entrepreneurs. They generally manage small enterprises to participate in Islamic microfinance.

Multiple procedures are employed to compute all factors, each with a corresponding anchor on a Likert Scale ranging from 1 to 5, with notion one as “Strongly Disagree” and five as “Strongly Agree.” The participants were asked to select one of five options for each item included. Micro women entrepreneurs in Malaysia’s urban and rural areas were given 415 questionnaires, of which 400 were sent back. However, only 384 were deemed appropriate for the research.

- Data analysis

By using frequencies and percentages, the descriptive statistics analyzed the data. For this analysis, the SPSS-23 and SmartPLS-3.0 have been used.

- Reliability of the Instrument

The data’s internal consistency was initially checked by SPSS (Statistical Package for the Social Sciences) to examine it. The Cronbach’s alpha for microfinance customer variables is shown in the following table. A value greater than 0.70 for microfinance consumers indicates that data reliability is sufficient.

Table 2. Construct Reliability and Validity

Variables	Cronbach’s Alpha	Items
Acceptance of Islamic Microfinance	0.928	6
Knowledge	0.862	7
Perceived Complexity	0.914	7
Social System Norms	0.904	6
Subjective Norms	0.857	6

IV. Result and Discussion

1. Respondent Demographic Profiles

In this study, all respondents were women entrepreneurs. The age categories are dominated by the 36-45 years, who account for 75.3 percent of the total, followed by the group of 26-35 years, who account for 14.6 percent. The majority of the respondents are married, with 126 respondents (72.5%), while the remaining 11.8 percent are single. Most of the participants (56.75 percent) have a certificate or diploma, followed by SPM/STPM (25.85%) and a bachelor’s degree, which is 9.55%. Malay Muslims receive the most responses (92.10%), followed by Indians. Most of the respondents

Table 3. Respondent Demographics Profile

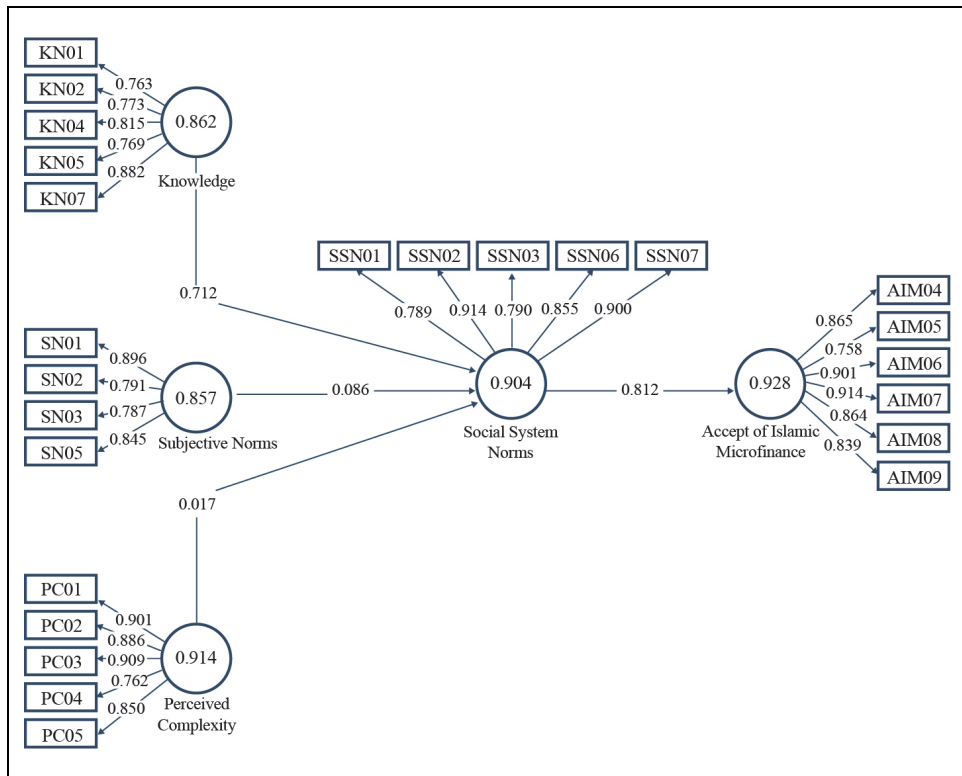
Variables	Particulars	Frequency	Percentage
Age	Below 25	30	7.81
	26-35	56	14.58
	36-45	289	75.26
	46-55	7	1.82
	Above 56	2	0.52
	Total	384	100
Marital Status	Single	46	11.98
	Married	272	70.83
	Divorced	35	9.11
	Widowed	31	8.07
	Total	384	100
Level of Education	Secondary	17	4.43
	SPM/STPM	99	25.78
	Certificate/Diploma	218	56.77
	Bachelor's degree	37	9.64
	Master's degree	13	3.39
	Doctorate/PhD	0	0.00
Total	384	100	
Race	Malay	353	91.93
	Chinese	11	2.86
	Indian	20	5.21
	Total	384	100
Income Level	Below RM 2000	95	24.74
	RM2,001 – RM4,000	252	65.63
	RM4,001 – RM6,000	35	9.11
	RM6,001 – RM8,000	2	0.52
	Total	384	100
Locations	Selangor	308	80.21
	Kuala Lumpur	34	8.85
	Negeri Sembilan	11	2.86
	Melaka	13	3.39
	Johore	18	4.69
	Total	384	100

(65.75 percent) earn between RM2,001 and RM4,000 per month, with 24.72 percent earning less than RM2000. The research was based on five Malaysian states. Selangor has the highest percentage of responders (80.35%), followed by Kuala Lumpur (9%).

2. Measurement Model Assessment

Here are five factors (constructs) that are assessed by using a measurement model, and their indicators are used to see how the latent construct is weighted using the practiced indicators. For this reason, the average variance extracted (AVE), composite reliability, factor loading, and discriminant validity were investigated. This was accomplished using SmartPLS-3.0. It is beneficial to discover instrument flaws (Cooper and Schindler, 2001) factor loading in the instrument is depicted in Figure 2.

Figure 2. Measurement Model Assessment



(1) Reliability of indicator

According to the validity criterion, indicator consistency is good when each item’s loading is at least 0.7, and this is significant at the 0.05 level. Ramayah et al. (2018) argued that if the overall AVE is at least 0.5, any item with a loading lower than 0.7 is acceptable. Moreover, the value of AVE should be at least 0.5 to determine convergence (Hair et al., 2010). In the study, the AVE for all microfinance consumer

Table 4. Average Variance Extracted (AVE), Internal Consistency, and Convergent Validity

Variables	Item Codes	Loading of Initial Model	Modified Model	Cronbach’s α	rho_A	CR	AVE	
Acceptance of Islamic Finance	AIM04	0.894	0.865	0.928	0.935	0.944	0.737	
	AIM05	0.728	0.758					
	AIM06	0.852	0.901					
	AIM07	0.899	0.914					
	AIM08	0.820	0.864					
	AIM09	0.785	0.839					
Knowledge	KN01	0.718	0.763	0.862	0.883	0.900	0.643	
	KN02	0.723	0.773					
	KN04	0.819	0.815					
	KN05	0.805	0.769					
	KN07	0.868	0.882					
Perceived Complexity	PC01	0.857	0.901	0.914	0.919	0.936	0.745	
	PC02	0.851	0.886					
	PC03	0.892	0.909					
	PC04	0.791	0.762					
	PC05	0.802	0.850					
Subjective Norms	SN01	0.789	0.896	0.849	0.885	0.884	0.524	
	SN02	0.756	0.791					
	SN03	0.768	0.787					
	SN05	0.791	0.845					
Social System Norms	SSN01	0.775	0.789	0.904	0.915	0.929	0.725	
	SSN02	0.908	0.914					
	SSN03	0.789	0.790					
	SSN06	0.851	0.855					
	SSN07	0.895	0.900					

variables contains values that are larger than 0.5, referring to the good convergent validity (Fornell and Larcker, 1981). In exploratory research, the composite reliability values are accepted between 0.60 to 0.70, while in the more advanced stage, the value must be greater than 0.70 (Ab Hamid et al., 2017). As seen in Table 3, all constructs in our study exceeded this criterion. Table 4 also shows that factor loading is more significant than 0.7 for each item, composite reliability is greater than 0.7, and the AVE is greater than 0.7. As a result, all numbers are outside the permitted range. A value of rho above 0.8 indicates good internal consistency, while 0.7 represents the lower limit of adequacy (Cicchetti, 1994) where the Table 4 also shows that factor loading is more significant than 0.7 for each item, composite reliability is greater than 0.7.

(2) Validity of discriminant

The construction of validity discriminant reflects more variance with its given variables than any other construct, according to Fornell and Larcker (1981), which refers to the square root of AVE higher than the construct of other correlation. The AVE is the mean variation in a construct's indicator variables expressed as a percentage of indicators' total variance. With the significant diagonals equaling the square root of the AVE, Table 5 presents the construct's correlation matrix.

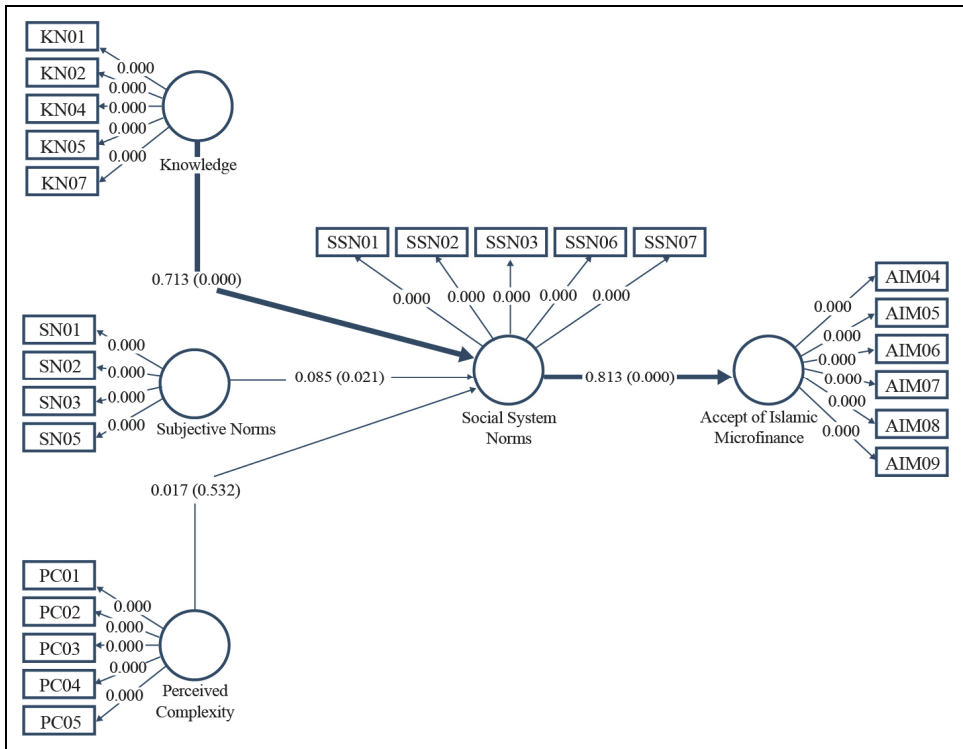
Table 5. Fornell and Larcker's Criterion

Variables	Acceptance of Islamic Finance	Knowledge	Perceived Complexity	Social System Norms	Subjective Norms
Acceptance of Islamic Finance	0.858				
Knowledge	0.817	0.802			
Perceived Complexity	0.257	0.231	0.863		
Social System Norms	0.812	0.741	0.193	0.851	
Subjective Norms	0.346	0.299	0.133	0.301	0.831

3. Structural Model Assessment

A structural model is a criterion that is used for hypothesis checking (Hameed et al., 2018; Hameed and Naveed, 2019). A measurement model takes into consideration latent variables or composite variables (Hoyle, 1995, 2011; Kline, 2010), whereas a structural model tests all possible dependencies using path analysis. (Hoyle, 1995, 2011; Kline, 2010). The following figure illustrates the structural model assessment for all of the factors and their items.

Figure 3. Structural Model Assessment



(1) Testing of hypothesis

In the following table, the p-value, if less than 0.05, shows the significant relationship between variables. Here, all factors except perceived complexity belong to p-values less than 0.5, which means a significant relationship. In addition, the positive beta

value indicates that the independent variables have a significant relationship with the dependent variables. In this regard, the perceived complexity shows the p-value greater than 0.05, referring to the insignificant relationship with social system norms and acceptance of Islamic microfinance. However, all other-five hypotheses hold a significant nexus, such as, the knowledge about Islamic microfinance has a significant positive influence on social system norms. Wahyudi (2015) concluded the same kind of study. In addition, the social system norms has a pivotal role on the adoption of Islamic Microfinance, affirmed by the study of Purwanto et al. (2022). The subjective norms through moderating channel affect in the acceptance of Islamic microfinance and also directly affect social system norms (Bananuka et al., 2019).

Table 6. Hypothesis Testing

Hypo	Link	Beta	SD	T Value	P Values	Decision
H ₁	Knowledge -> Social System Norms	0.713	0.03	19.74	0.000	Supported***
H ₂	Perceived complexity -> Social System Norms	0.017	0.02	0.60	0.547	Not Supported
H ₃	Social System Norms -> Acceptance of Islamic Finance	0.813	0.02	32.31	0.000	Supported***
H ₄	Subjective Norms -> Social System Norms	0.085	0.0	2.06	0.039	Supported***
H ₅	Perceived Complexity -> Social System Norms -> Acceptance of Islamic Finance	0.016	0.022	0.602	0.547	Not Supported
H ₆	Knowledge -> Social System Norms -> Acceptance of Islamic Finance	0.581	0.043	13.560	0.000	Supported***
H ₇	Subjective Norms -> Social System Norms -> Acceptance of Islamic Finance	0.070	0.034	2.053	0.041	Supported***

Note: Significance level (*** p<.05, ** p<.10).

(2) R-squared & F-squared

The value of R-squared refers to the variations in regressand that is explained by regressors. The higher value of R-squared, the more fitted model. The value of R-squared 0.60, 0.33, and 0.19 show substantial, moderate, and weak values consecutively

(Chin, 1998). Table 6 demonstrates the value of R-Square, which explains 0.66 and 0.659 of variance in micro-enterprise success. According to Chin (1998), this value is substantial. In addition, Hair et al. (2011, 2013) recommended the rule of thumb for R-squared values i.e., 0.75, 0.50, and 0.25, which referred to substantial, moderate, and weak consecutively for endogenous latent variable.

Table 7. R-squared

Variables	R Square	Adjusted R Square
Accept of Islamic Microfinance	0.660	0.659
Social System Norms	0.557	0.553

F-square means the variation in r-Square while removing exogenous variables from the model. Cohen (2013) defined the f-squared effect size: 0.02, 0.15, and 0.35 as small, medium, and large sequentially.

Table 8. F Square

Variables	Acceptance of Islamic Microfinance	Knowledge	Perceived Complexity	Social System Norms	Subjective Norms
Acceptance of Islamic Microfinance					
Knowledge				0.998	
Perceived Complexity				0.001	
Social System Norms	1.941				
Subjective Norms				0.015	

(3) Mediating effects

The P-value less than 0.05 refers to a significant relationship. In Table 10, except for perceived complexity, all other variables show the significant relationship of independent variables with dependent variables through mediating variables.

Table 9. Summary of Hypotheses

Hypotheses	Particular
H ₁	A significant nexus between knowledge about Islamic microfinance and social system norms.
H ₂	A significant nexus between knowledge and acceptance of Islamic microfinance.
H ₃	A significant nexus between subjective norms and social system norms.
H ₄	A significant nexus between subjective norms and acceptance of Islamic microfinance
H ₅	A significant nexus between perceived complexity and social system norms.
H ₆	A nexus association between perceived complexity and intention to use Islamic microfinance.
H ₇	A significant nexus between social system norms and acceptance of Islamic microfinance

Table 10. Mediating Effects

Path	T Statistics	P Values	Decision
Perceived Complexity -> Social System Norms -> Accept of Islamic Microfinance	0.629	0.530	Not Supported
Knowledge -> Social System Norms -> Accept of Islamic Microfinance	12.729	0.000	Supported
Subjective Norms -> Social System Norms -> Accept of Islamic Microfinance	2.313	0.021	Supported

V. Conclusion

The research has focused on the factors that encourage women entrepreneurs to accept Islamic microfinance in Malaysia. In this study, the Theory of Planned Behaviour model's validity along with the Innovation & Diffusion Theory is also proved. On the basis of theory and collected data, the seven hypotheses are developed for the study. All hypotheses are validated by both directly and indirectly, as well as through a mediating factor. The study has investigated the effects of knowledge about Islamic microfinance, subjective norms, and perceived complexity on women entrepreneurs' acceptance of Islamic microfinance in urban and rural areas of Malaysia. These outcomes indicate that knowledge about Islamic microfinance and

subjective norms significantly influence the acceptance of Islamic Microfinance. On the other hand, the perceived complex does not show any substantial relationship to the acceptance of Islamic microfinance. Although the study has done a comprehensive study, there are two limitations. Firstly, the contribution of the research is constrained only to certain explanatory variables. Second, the study was confined to particular geography. Despite these limitations, the current study provides new insights into the factors contributing to the woman entrepreneurs' acceptance of Islamic microfinance in urban and rural areas of Malaysia.

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