MJBEM

Malaysian Journal of Business, Economics and Management

journal homepage: https://mjbem.com.my/

Effects of Entrepreneurial Framework Conditions and Psychological Capital on Informal Business Performance Run by Women Hawkers and Small Vendors

Nurul Hidayana Mohd Noor*[1], Azizan Zainuddin[2], and Afief El Ashfahany[3]

[1] *Faculty of Administrative Science & Policy Studies, Universiti Teknologi MARA (UiTM), Seremban, Negeri Sembilan, Malaysia*
[2] *Faculty of Administrative Science & Policy Studies, Universiti Teknologi MARA (UiTM), Shah Alam, Selangor, Malaysia.*
[3] *Department of Islamic Economic Law, Faculty of Islamic Studies, Universitas Muhammadiyah Surakarta, Java, Indonesia.*

KEYWORDS

Entrepreneurial Framework Conditions
Psychological Capital
Business Performance
Women Entrepreneurs

ARTICLE HISTORY

Received 17 August 2025
Received in revised form 16 May 2026
Accepted 27 May 2026
Available online 9 June 2026

ABSTRACT

The primary objective is to examine the impact of entrepreneurial framework conditions and psychological capital on sustainable business performance among women hawkers and small vendors. The second objective is to investigate the indirect impact of psychological capital. A study was conducted in Terengganu, Kelantan, Selangor, and Negeri Sembilan, Malaysia, to understand this phenomenon, involving 200 women hawkers and small vendors. The study data, obtained through a questionnaire, were analyzed using Structural Equation Modeling (SEM). This paper found that entrepreneurial framework conditions and psychological capital have a significant influence on sustainable business performance. Second, psychological capital mediates the relationship between entrepreneurial framework conditions and sustainable business performance. This study contributes to the literature by strengthening the underexplored theory of women's entrepreneurship in the informal sector through a holistic understanding of the influence of internal and external factors, thereby supporting the development of a more inclusive and contextual theory that aligns with the socioeconomic realities of women in the sector.

1. INTRODUCTION

Entrepreneurship has contributed to the Malaysian economy for several decades. It is more noteworthy and noticeable, particularly in the era of globalization, where businesses now not only depend on large enterprises but also include Micro, Small, and Medium Enterprises (MSMEs) (Lafuente et al., 2025). In addition, MSMEs are also a major contributor to the total growth of sectors such as hawkers and small traders, informal businesses, home-based businesses, and others (Anggadwita & Indarti, 2025). The Ministry of Entrepreneurship and Cooperatives Development has taken note of the need to increase efforts to develop hawkers and small traders in line with the government's goal to elevate this group to a higher level. Considering the influence of hawkers and small traders on the supply chain and retail, business transformation is necessary to enhance their competitiveness in the challenging business environment (Nungsari et al., 2024). Thus, the Hawkers and Small Traders Development Plan (P3PK) 2023–2027 has been set based on the National Entrepreneurship Policy 2030. In addition, the development of the P3PK 2023-2027 is an extension of the previous development plan, incorporating more inclusive strategic planning and initiatives, particularly in response to the impact of the COVID-19 pandemic on hawkers and small traders (Rahim & Yi, 2025).

SME Corp. Malaysia classifies hawkers and small traders as micro businesses with annual sales of less than RM300,000 for the manufacturing services and other sectors. In addition, the number of full-time employees is less than five (5) people (Mohamad et al., 2021). The informal sector comprises small traders and hawkers who are not registered with the Companies Commission of Malaysia (CCM) or local authorities. In Malaysia, the informal sector is one of the small business sectors most affected during the COVID-19 MCO period (Estevao et al., 2022).

*Corresponding author:
E-mail address: Nurul Hidayana Mohd Noor < nurulhidayana@yahoo.com >.
https://doi.org/10.56532/mjbem.v5i1.168
2948-4928/

The survival of hawkers and small trader groups is closely linked to the emergence of roadside stalls, night markets, farmers' markets, one-day markets, and mobile premises (Guo et al., 2022). Typically, most hawkers and small traders fall into the low-income (B40) category, operating their businesses part-time to supplement their income (Sultana et al., 2022). They usually operate alone, and most lack a business license, exhibit a deficiency in entrepreneurial knowledge, do not have specific business strategies, and do not possess adequate business capital (Estevao et al., 2022).

Among the problems faced by informal small businesses are a lack of uniformity and coordination in granting permit approvals, minimal or unsuitable business locations, difficulty in expanding businesses, competing to meet the needs and wants of consumers, and lagging in digital marketing changes and platforms (Anyidoho et al., 2025; Gunasegaran, 2024). Despite the various financing schemes available, women entrepreneurs in informal businesses often face challenges in meeting the eligibility criteria set by financial institutions (Noor & Omar, 2024). The absence of a comprehensive business plan, lack of guarantors, and incomplete financial records make it difficult for this group to access credit facilities (Noor et al., 2025). This leads banks to assume that lending to this group is high-risk, with a high likelihood of repayment failure. As a result, this group is often marginalized and unable to fully benefit from the financing schemes offered by formal banking institutions (Noor et al., 2024).

Thus, this study examines the effects of entrepreneurial framework conditions and psychological capital on the sustainable business performance of women hawkers and small vendors. The National Entrepreneurship Policy 2030 is a long-term strategic document outlining the objectives, targets, strategies, and initiatives for developing an entrepreneurial ecosystem across all industries, encompassing every level of entrepreneurs and society in Malaysia (Rahim & Yi, 2025). Assistance to entrepreneurs is a critical initiative in the country's economic reform agenda, based on the Madani principle. This principle emphasizes the values of justice, sustainability, and comprehensive inclusion, ensuring that no community group is left out of the economic development process (Rahim & Yi, 2025). This initiative is implemented through various ministries and support agencies, including TEKUN Nasional, SME Corp, MARA, Amanah Ikhtiar Malaysia (AIM), and industry partners. This program focuses on providing financial support and cultivating an entrepreneurial ecosystem from the ground up.

The second objective is to analyse the indirect effect of psychological capital on the relationship between entrepreneurial framework conditions and sustainable business performance. Past studies have recognised that the underlying mental processes are vital in improving entrepreneurs (Ibidunni et al., 2022). Aspects of psychological capital, for example, confidence and self-efficacy, are crucial for cognitively related entrepreneurial performance, including innovation and opportunity identification (Al Issa, 2022; Gao et al., 2021). This suggests that psychological capital is one of the cognitive investments to achieve the desired results (Wang et al., 2022). The results of this study are expected to increase the level of motivation and guide women entrepreneurs to achieve greater success in the Malaysian business industry. The implication is that the findings of this study will strengthen theories related to the resources and provide helpful information and guidance to stakeholders in designing programs for micro and small-sized entrepreneurs in Malaysia. The following are research questions that are in line with the study objectives:

1. To what extent do entrepreneurial framework conditions and psychological capital affect sustainable business performance among small-scale women traders and hawkers?
2. Does psychological capital have an indirect effect on influencing the relationship between entrepreneurial framework conditions and sustainable business performance of small-scale women traders and hawkers?

2. LITERATURE REVIEW

2.1 Resource-Based View (RBV)

The Resource-Based View (RBV) posits that a firm's resources serve as the basis for determining its competitive advantage and influencing performance (Lubis, 2022). A business's performance may differ even within the same industry because its internal resources possess competitive advantages (Chatterjee et al., 2023). Intangible assets are often recognized as valuable elements for creating superior performance compared to tangible assets (Ferreira & Ferreira, 2025). Resources are developed internally or nurtured to make them exclusive to their owners. The RBV has received much attention as a fundamental theory to explain the relationship between unique assets and organizational performance (Lopes et al., 2021). According to RBV, these assets must possess four important properties: valuable, inimitable, and irreplaceable, to create superior competitive advantages and enhance the efficiency and effectiveness of the company (Agrawal et al., 2025). This theory focuses more on internal resources because they are strengths that are difficult to obtain, cannot be imitated, and cannot be replaced (Barney, 1991).

Based on the RBV, entrepreneurial framework conditions, and psychological capital, valuable assets to help women entrepreneurs sustain themselves in the informal sector. Researchers also argue that the lack of access to external finance, a weak capital base, a lack of business experience, inadequate technical knowledge, insufficient management skills, and a lack of planning and market research are the primary causes of the failure of micro and small enterprises (Agrawal et al., 2025). Furthermore, adequate financial resources are needed to initiate innovation processes to maintain a competitive advantage (Ferreira & Ferreira, 2025).

RBV theory asserts that a competitive advantage is characterized by internal resources and capabilities that are significant, extraordinary, unique, and non-substitutable. In the context of women's entrepreneurship, these assets encompass physical assets, financial resources, networks, and psychological factors that influence their ability to start and develop a business (Ogundana et al., 2021). Tangible resources refer to physical and financial assets that can be clearly evaluated. For women entrepreneurs, this includes access to financing from banks, microfinance institutions, government grants, equipment and technology, as well as opportunities for the workforce (Khabbaz & Kuran, 2024). Intangible resources are a significant factor that often distinguishes women's entrepreneurship. In the RBV, intangible resources have greater potential to establish long-term competitive advantages because they are difficult to duplicate. These are crucial for women entrepreneurs, comprising self-confidence, self-efficacy, motivation, a proactive attitude, the courage to take risks, commitment to the business, and the ability to balance family and business responsibilities (Zahra, 2021).

2.2 Sustainable Business Performance

Sustainable business performance encompasses both financial and non-financial aspects (Bota-Avram, 2023). Small traders and street hawkers are a significant source of employment in developing countries, especially in helping to industrialize rural and underdeveloped areas. Small traders and street hawkers are also increasingly seen as engines for job creation and economic growth. Business financial performance is influenced by various factors, including economic conditions, government regulations, technological advancements, and macroeconomic shifts, which impact the cost of producing and delivering products and services (Amelia et al., 2024; Kanzari et al., 2022).

Non-financial performance has no intrinsic value. On the contrary, this non-financial performance can be a leading indicator of financial performance (Crous et al., 2022). Satisfied customers tend to buy more frequently and purchase additional products and services from the trader. Furthermore, the continuous delivery of products and services that satisfy customers could reduce the cost of failure and improve financial performance. A high reputation can also support the introduction of new products and services by reducing trial risks for buyers (Chaher & Lakhal, 2025). Reputation is also beneficial for establishing and maintaining relationships with key suppliers and distributors.

Triple Bottom Line (TBL) is an approach companies use to evaluate their overall performance, considering not only financial factors but also social and environmental factors (Singh & Srivastava, 2022). The first component of TBL is profit. This encompasses all aspects of finances, including revenue, net profit, and business growth (Nogueira et al., 2022). The second component of TBL is people. This is related to social well-being, employee well-being, community relationships, and the positive impact on society. This can include fair employee policies, training and development programs, and involvement in social and charitable activities (Nogueira et al., 2022). The third component of TBL is the planet or environment. This encompasses all aspects of the environmental impact of operations, including waste management, the use of natural resources, and environmental protection efforts (Nogueira et al., 2022).

2.3 Entrepreneurial Framework Conditions and Sustainable Business Performance

The government's involvement is repeatedly emphasized as crucial for rectifying market deficiencies and ensuring fair competition, particularly for small enterprises (Lafuente et al., 2025). Nonetheless, while Malaysia has proposed several entrepreneurship and business advancement programs specifically designed to improve women's economic participation, the success of these plans varies in scope and impact. Core programs—particularly those proposing capital support and financial aid—plan to increase living standards and encourage enterprise growth; nonetheless, their effects remain uneven across different groups of recipients (Noor et al., 2024; Nungsari et al., 2024).

Although these initiatives often emphasize the allocation of start-up capital, financial aid, and equipment provision to enhance entrepreneurial effectiveness (Anyidoho et al., 2025), arguments continue to be made about which forms of support yield the most viable solutions. For instance, Nyikos et al. (2021) argue that non-cash assistance—precisely equipment tailored to individual business needs—may offer significant long-term flexibility compared to traditional cash-based systems. These distinctions with the broader development literature remain to encourage financing as the prime apparatus for increasing entrepreneurship in developing economies (Estevao et al., 2022).

Deliberately, national frameworks such as the National Entrepreneurship Policy 2030 and the Hawker and Small Trader Development Plan (P3PK) 2023–2027 set ambitious long-term goals for positioning Malaysia as a primary entrepreneurial nation. However, the policy highlighting alternative financing, which involves crowdfunding, stresses the existing restrictions in conventional financial channels for hawkers and small traders (Rahim & Yi, 2025). Complementary methods that emphasize capacity building, human capital improvement, and high-quality training modules (Torres & Godinho, 2022) suggest that financial interventions alone are insufficient without parallel efforts to support entrepreneurial competencies. The broader governance setting also plays a pivotal role.

While organized policies, well-structured programs, and rigorous assessment mechanisms are identified as methods for increasing the street hawker and small trader sector (Ibidunni et al., 2022), their attainment centers on reliable enforcement and supportive legal frameworks. Regulatory instruments—including business regulations and societal influence (Mohd Noor et al., 2023). These guidelines, informed by multidisciplinary responses, provide the procedural backbone necessary for effective business management (Hu et al., 2022). Nevertheless, the dispute persists in ensuring that such regulatory formations do not become overly restrictive, thus undermining the very entrepreneurial vitality they aim to foster. Thus, based on the above discussion, the following hypothesis is posited:

H1: Entrepreneurial framework conditions significantly predict sustainable business performance by women hawkers and small vendors.

2.4 Mediation Effect of Psychological Capital

Psychological capital is defined by Wang et al. (2022) as a set of positive psychological resources—specifically, self-efficacy, optimism, hope, and resilience—that influence how individuals associate with contentment and exert control over their environment. Nevertheless, Hu et al. (2022) develop this observation by highlighting psychological capital not simply as an internal condition, but as a strategic developmental method that enhances an individual's latent capability and, accordingly, increases work performance. This difference implies that while Wang et al. (2022) view psychological capital as an intrinsic psychological condition, Hu et al. (2022) position it as a focused resource that can be promoted for organizational outcomes.

Resilience, for instance, is portrayed by Al Issa (2022) as the application of internal and external forces to direct adversity; however, its role in entrepreneurship remains under consideration. Gao et al. (2021) argue that resilience is often used as a substitute for entrepreneurial success, particularly during the early stages when conventional financial metrics are insufficient to measure it. This perspective elevates resilience beyond personal capability to a performance indicator. Welter and Scrimpshire (2021) nevertheless emphasize that resilience is not a special trait, but a generic human capability, apparent when individuals rebound from life's challenges. These contradictory interpretations emphasise that resilience runs both as a measurable entrepreneurial asset (Gao et al., 2021) and as a standard psychological mechanism necessary for maintaining a business over time.

Self-efficacy is analogously translated with nuance. Al Issa (2022) associates self-efficacy with self-trust that inspires individuals to accomplish challenging tasks, aligning with Bandura's (2002) foundational statement that low self-efficacy weakens motivation and determination. This dissimilarity specifies that while Al Issa (2022) emphasizes the entrepreneur's confidence in managing complexity, Bandura (2002) stresses the functional consequences of self-efficacy, signifying that entrepreneurial performance is contingent not only on belief but also on the sustained determination that such belief enables.

Optimism, characterized by Ozgen et al. (2021) as a positive emotional state that encourages new entrepreneurs to predict favorable results, is observed differently by other scholars. Al Issa (2022) suggests that entrepreneurs tend to exhibit higher levels of optimism than non-entrepreneurs, characterizing it as a distinct entrepreneurial trait. Amore et al. (2021) adopt a broader perspective, suggesting that optimism stems from accumulated learning, self-discipline, and reflection on past experiences. Thus, optimism develops both as a natural entrepreneurial affinity (Al Issa, 2022) and as a learned psychological capacity (Amore et al., 2021).

Hope, as illustrated by Dimov et al. (2025) as goal-directed energy that improves satisfaction and motivation, is likewise inversely illuminated across authors. Welter and Scrimpshire (2021) theorize hope as the interface between agency and pathways, highlighting the cognitive process through which individuals develop approaches to achieve their required goals. In contrast, Al Issa (2022) views hope as a forward-looking mental orientation that enhances the individual's ability to achieve future goals. Cooperatively, these perspectives suggest that hope serves not only as a motivational status (Dimov et al., 2025) but also as a cognitive system that facilitates goal pursuit (Welter & Scrimpshire, 2021) and enhances future-oriented capabilities (Al Issa, 2022). Therefore, the following hypothesis is postulated:

H2: Psychological capital mediates the relationship between entrepreneurial framework conditions and sustainable business performance by women hawkers and small vendors.

Figure 1 shows the research model of the study.

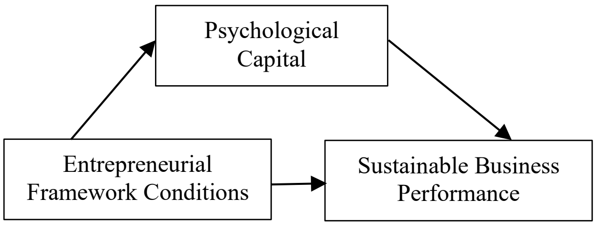

Fig. 1. Research Model

3. METHODOLOGY

3.1 Population and Sample

The research approach used in this study is cross-sectional. This study was conducted among women hawkers and small vendors in Terengganu, Kelantan, Selangor, and Negeri Sembilan, Malaysia. Since the study data were analyzed using structural equation modeling (SEM), Kline (2016) asserts that a minimum sample size of 200 is required. SEM generally requires samples between 200 and 400 to produce a stable model. Simple models (≤ 10 latent variables) can use 200 samples, while complex models (≥ 20 latent variables / > 60 indicators) require 300–500 samples. Thus, with three latent variables, 200 respondents were selected for this study. This study used cluster and purposive sampling techniques to collect data. The data collection first is cluster-based on four states: Terengganu, Kelantan, Selangor, and Negeri Sembilan, Malaysia. This method is appropriate when the population is very sizable or widely circulated, as selecting a random sample of individuals from the entire population may not be feasible. By choosing several states as clusters, the study can still catch the range of socioeconomic and cultural conditions within the population of women entrepreneurs in the informal sector.

Then, using purposive sampling, a group of subjects with specific characteristics is selected as study respondents. These criteria include 1) women entrepreneurs, 2) informal sector businesses, 3) Malaysian citizens, 4) aged between 18 and 60 years old, and 5) low-income (B40) households. This approach enables the study to focus on subpopulations that are relevant to the study's objective. By selecting respondents based on specific characteristics, the data gathered is more significant and appropriate, supporting precise and detailed inquiries into the target group. This study has attained ethical approval from Universiti Teknologi MARA (UiTM). All respondents were provided with a comprehensive description of the study's purpose, data collection procedures, and their rights under the law. The questionnaire was conducted ethically, ensuring that the privacy of respondent data was fully maintained and that the data obtained were used solely for research purposes.

3.2 Data Measurement

The survey study was conducted by distributing questionnaires using the online questionnaire method through the Google Docs application. The Google Docs application received responses from 195 respondents over the four-month study period. Entrepreneurial framework conditions items were adapted from Reynolds et al. (2005) and Levie and Autio (2008). Psychological capital was evaluated using items by Djourova et al. (2019). Measurement items for sustainable business performance were taken from Agrawal et al. (2022). All items were constructed as statements and measured using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Table 1 shows the measurement items and Cronbach's Alpha reliability coefficient. The Cronbach's Alpha reliability coefficient was above 0.70, which meets the minimum level for the measure's validity, as suggested by Nunnally (1978).

Table 1. Measurement Items

Variables	Items	*α*
Entrepreneurial Framework Conditions	In my country ... 1. The support for new and growing businesses is a high priority for policy at the national government level. 2. The support for new and growing businesses is a high priority for policy at the local government level. 3. There are adequate government programs for new and growing businesses. 4. Government policies (e.g., public procurement) consistently favor new business. 5. Teaching in primary and secondary education provides adequate instruction in market economic principles. 6. Teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation. 7. Primary and secondary education teaching encourages creativity, self-sufficiency, and personal initiative. 8. Colleges and universities provide reasonable and adequate preparation for starting and growing a new business. 9. There is sufficient equity funding available for new and growing businesses. 10. There are sufficient government subsidies available for new and growing businesses. 11. Sufficient venture capitalist funding is available for new and growing businesses. 12. A new or growing business can get good access to communications (telephone, internet, etc.) in about a week. 13. It is not too expensive for a new or growing business to get good access to communications (phone, internet, etc.) 14. New or business firms can get good access to utilities (gas, water, electricity, and sewer) in about a month.	0.870
Psychological Capital	SELF-EFFICACY 1. I am confident in representing my work area in meetings with management. 2. I am confident in contributing to business strategy discussions. 3. I am confident in presenting information to a group of colleagues. HOPE 4. If I were in a jam at work, I could think of many ways to escape it. 5. I am pretty successful at work. 6. I can think of many ways to reach my current work goals. 7. At this time, I am meeting the work goals that I have set for myself. RESILIENCE 8. I can be "on my own," so to speak, at work if I have to. 9. I usually take stressful things at work in stride. 10. I can get through difficult times at work because I have experienced difficulty before. OPTIMISM 11. I always look on the bright side regarding my job. 12. I am optimistic about what will happen to me in the future regarding work. 13. When things are uncertain at work, I usually expect the best.	0.790
Sustainable Business Performance	1. My customers are highly content. 2. I have a well-managed relationship with suppliers. 3. I tried to minimize energy consumption. 4. I tried to reduce the waste. 5. I tried to reduce the emission of air pollutants. 6. Sales are increasing. 7. Net profit is increasing.	0.810

3.3 Data Analysis

Data obtained in this study were processed using the Statistical Package for the Social Sciences (SPSS) version 28 software. Next, inferential statistical analysis was conducted using Structural Equation Modeling (SEM) to infer the population from the sample. Specifically, Structural SEM was conducted to test a set of relationships between the variables as proposed in the research hypothesis. Meanwhile, the mediator testing of this study applied bootstrapping analysis.

4. FINDINGS

4.1 Demographic Profiles

A response rate for a survey is around 70%-90% (Bryman, 2016). A total of 195 questionnaires were returned from 200 questionnaires distributed to respondents, with a reasonable response rate of 97.5%. After the questionnaires are collected, the next step is to guarantee the cleanliness and validity of the data before the analysis is conducted. This procedure is known as data cleaning. Data cleaning is vital because inadequate data or data containing outliers can impact the study's findings and the precision of the statistical analysis. Table 2 shows the demographic distribution of respondents. Most respondents are between 31 and 39 years old, comprising 100 women entrepreneurs (51.3%). Fifty respondents (25.6%) live in Kelantan, Selangor, and Negeri Sembilan, respectively. Forty-five respondents are living in Terengganu (23.2%). Then, most respondents reported a monthly income of RM3,970 – RM4,849 (n = 190, 97.4%). From the data, 112 respondents obtained a secondary education or *Sijil Pelajaran Malaysia (SPM)* (57.4%).

Table 2. Demographic Profiles

Profiles	*Frequency*	*Percentage*
Age		
18–30	52	26.7
31–39	100	51.3
40–49	33	16.9
50–60	10	5.1
State		
Kelantan	50	25.6
Terengganu	45	23.2
Selangor	50	25.6
Negeri Sembilan	50	25.6
Household Monthly Income		
Less than RM2,500	0	0
RM2,500 – RM3,169	0	0
RM3,170 – RM3,969	5	2.6
RM3,970 – RM4,849	190	97.4
Academic Qualifications		
Peperiksaan Menengah Rendah (PMR)	12	6.2
Sijil Pelajaran Malaysia (SPM)	112	57.4
Sijil Tinggi Pelajaran Malaysia (STPM)	3	1.5
Foundation	0	0
Diploma	56	28.7
Bachelor's degree	10	5.1
Post-graduate	2	1.1
Others	0	0

4.2 Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis (CFA) was employed to verify that the items used could accurately measure the study model (Hair et al., 2010). To examine the suitability of the measurement model, the analysis relies on fit indices such as 1) Chi-square divided by degrees of freedom (CMIN/df≤ 3), 2) Comparative of Fit Index (CFI ≥ 0.90), 3) Tucker Lewis Index (TLI≥ 0.90), 4) Goodness of fit Index (GFI≥ 0.90), and 5) Root Mean Square Error of Approximation (RMSEA≤ 0.08) (Hair et al., 2010). Figure 2 presents the results of the fitness indices, which reach the specified levels (i.e., CMIN/df = 2.790, RMSEA = 0.057, GFI = 0.950, CFI = 0.970, and TLI = 0.960). To ensure the model's strength, alternative specifications and nested models were also examined. Nonetheless, the original hypothesized model proved a superior fit compared to these alternatives.

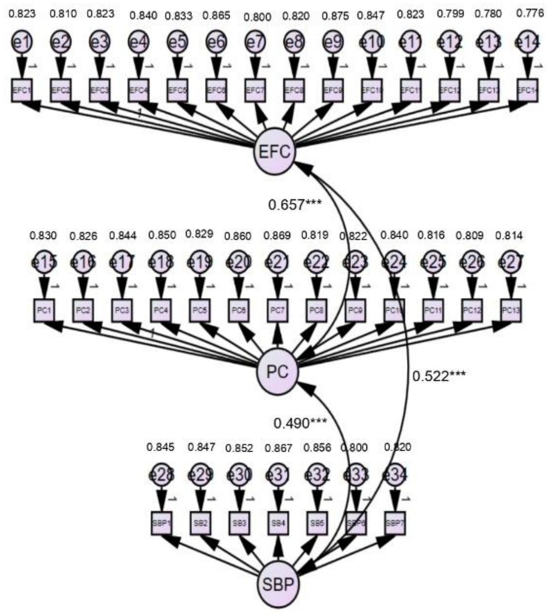

Fig. 2. CFA Model

4.3 Validity and Reliability Tests

Convergent validity ensures that each item used in the study measures the variable it represents, with threshold values for average variance extracted (AVE) and composite reliability (CR) set at 0.50 and 0.70, respectively (Nunnally & Bernstein, 1994). Table 3 reports the results of the CV and AVE. The results of these tests successfully prove that the study data are suitable for analysis at the next stage using SEM.

Table 3. Composite Reliability (CR) and Average Variance Extracted (AVE) Results

Variable	*Item*	*Loadings*	*AVE*	*CR*
Entrepreneurial Framework Conditions	EFC1	0.823	0.677	0.967
	EFC2	0.810		
	EFC3	0.823		
	EFC4	0.840		
	EFC5	0.833		
	EFC6	0.865		
	EFC7	0.800		
	EFC8	0.820		
	EFC9	0.875		
	EFC10	0.847		
	EFC11	0.823		
	EFC12	0.799		
	EFC13	0.780		
	EFC14	0.776		
Psychological Capital	PC1	0.830	0.694	0.967
	PC2	0.826		
	PC3	0.844		
	PC4	0.850		
	PC5	0.829		
	PC6	0.860		
	PC7	0.869		
	PC8	0.819		
	PC9	0.822		
	PC10	0.840		
	PC11	0.816		
	PC12	0.809		
	PC13	0.814		

Variable	Item	Loadings	AVE	CR
Sustainable Business Performance	SBP1	0.845	0.707	0.944
	SBP2	0.847		
	SBP3	0.852		
	SBP4	0.867		
	SBP5	0.856		
	SBP6	0.800		
	SBP7	0.820		

4.4 Discriminant Validity

Discriminant validity ensures that each concept from each latent variable differs from others. The model has good discriminant validity if the squared root AVE value exceeds the correlation between the construct and other constructs (Fornell & Larcker, 1981). The results of the discriminant validity test can be seen in Table 4. Thus, it can be concluded that the model has met discriminant validity.

Table 4. Discriminant Validity

Variable	1	2	3
Entrepreneurial Framework Conditions	**0.822**		
Psychological Capital	0.657***	**0.833**	
Sustainable Business Performance	0.522***	0.490***	**0.840**

Note: Values in the diagonal show the square root of AVE

4.5 Hypotheses Testing

As shown in Table 5, the results of the direct relationship analysis indicate that entrepreneurial framework conditions (β = 0.545, p < 0.001) and psychological capital (β = 0.346, p < 0.001) significantly predict sustainable business performance. 0.545 means that if entrepreneurial framework conditions increase by 1-unit, sustainable business performance is expected to increase by 0.545 units. On the other hand, 0.346 means that if psychological capital increases by 1-unit, sustainable business performance is expected to increase by 0.346 units. Therefore, H1 is supported. Next, the analysis of direct relationships revealed that entrepreneurial framework conditions (β = 0.245, p < 0.001) significantly predict psychological capital. 0.245 means that if entrepreneurial framework conditions increase by 1-unit, psychological capital is expected to increase by 0.245 units. By generating a sample of 10,000, evidence of the presence of mediation was shown through the 95% bias-corrected bootstrap confidence interval (CI) value, which indicates that the indirect effect (product a*b) is said to be significant when the value between the Lower Limit CI (LLCI) and the Upper Limit CI (ULCI) does not contain a null value. The results of the bootstrapping analysis revealed that the indirect effect of entrepreneurial framework conditions on sustainable business performance, mediated by psychological capital, was significant (β = 0.085, p < 0.001; LLCI = 0.052; ULCI = 0.119). Thus, H2 is accepted.

Table 5. Assessment of the Structural Model

Direct Path	β	S.E.	C.R.	95% CI	
				Lower	Upper
Entrepreneurial Framework Conditions → Sustainable Business Performance	0.545***	0.113	5.589	0.033	0.180
Psychological Capital → Sustainable Business Performance	0.346***	0.057	3.870	0.036	0.320
Entrepreneurial Framework Conditions → Psychological Capital	0.245***	0.089	2.324	0.048	0.250
Indirect Path via Psychological Capital					
Entrepreneurial Framework Conditions → Sustainable Business Performance	0.085***	0.099	9.560	0.052	0.119
Total Path					
Entrepreneurial Framework Conditions + Psychological Capital → Sustainable Business Performance	0.630***	0.076	8.670	0.015	0.890

5. DISCUSSION

The primary objective is to examine the impact of entrepreneurial framework conditions and psychological capital on sustainable business performance among women hawkers and small vendors. The second objective is to analyse the indirect effect of psychological capital. This paper found that entrepreneurial framework conditions and psychological capital have a significant influence on sustainable business performance. The government plays a crucial role in correcting market failures and promoting fair and competitive markets. This is achieved through capital, financial, and equipment assistance, which is complemented by non-cash assistance (Ibidunni et al., 2022; Hu et al., 2022; Mohd Noor et al., 2023). Second, psychological capital mediates the relationship between entrepreneurial framework conditions and sustainable business performance. In short, psychological capital encompasses self-confidence, optimism, hope, and resilience, which enhance individual satisfaction and performance (Al Issa, 2022; Amore et al., 2021; Gao et al., 2021). It is not only an internal state, but also a development strategy that can be promoted for the benefit of the organization (Ozgen et al., 2021; Welter & Scrimpshire, 2021). Theoretically, this mediation can be described through psychological instruments linked with self-efficacy, hope, optimism, and resilience. Mutually, these psychological assets enhance the likelihood that entrepreneurial framework conditions will yield profound performance and behavioral outcomes. Hence, the mediator acts as a psychological conduit, transforming the effects of entrepreneurial framework conditions into tangible outcomes through enriched motivation, goal-directed behavior, and adaptive survival approaches.

Several suggestions have been identified to help women entrepreneurs further enhance their achievements while addressing challenges and supporting their future success. Knowledge in the field of business is important in addition to experience. Therefore, they can take courses offered by the government or the private sector, or participate in seminars, talks, and entrepreneurial conventions organized by specific parties (Hu et al., 2022). This can help them obtain information about business opportunities. The increasingly fierce competition has seen the need for entrepreneurs to prepare themselves with extensive knowledge. If the knowledge provided is sufficiently high, this can help entrepreneurs make informed decisions that benefit them (Noor et al., 2024). The government can provide training that emphasizes developing self-confidence, risk management, and decision-making skills; therefore, women entrepreneurs are more confident in taking initiatives and running businesses. The informal sector is often vague, with financial encounters and varying markets. Training focused on psychological traits can emphasize resistance, stress management, and adaptation skills, enabling women entrepreneurs to persist in challenging situations. Women entrepreneurs in the informal sector must collaborate with customers, suppliers, and the broader community to succeed. Psychological training can also emphasize emotional intelligence, communication skills, and diplomatic skills.

Moreover, obtaining assistance for women entrepreneurs should not be too burdensome (Torres & Godinho, 2022). This can attract more people to venture into entrepreneurship. It can also prevent entrepreneurs from seeking help from irresponsible parties such as unlicensed lenders (Mohd Noor et al., 2023). Since many entrepreneurs face financial challenges in their businesses, advice on financial management is essential (Welter & Scrimpshire, 2021). Women entrepreneurs can compete effectively if they are aware of the types of assistance available to support their business growth and how to manage their finances efficiently. Women entrepreneurs should also refer to and discuss business-related problems with skilled parties, such as MARA, Tekun, or business associations, through the proper channels. This is because these parties have extensive expertise in the ins and outs of business. Business associations or related organizations should continually monitor the development and progress of their members, identifying the problems they face (Lafuente et al., 2025).

Therefore, women entrepreneurs are also advised to join any business organization or association. This enables their problems to be identified and solutions to be found. Additionally, the government and entrepreneurial agencies must continue to provide appropriate training and assistance (Lopes et al., 2021). Monitoring needs to be carried out to ensure that businesses run by women entrepreneurs are running as planned (Noor et al., 2024). Thus, technical and financial assistance can be provided. Going forward, the Malaysian government must continue to prioritize the development and sustainability of small and medium-sized enterprises. By addressing the challenges faced by small businesses and building on the achievements of existing initiatives, the government can create an environment that continues to support small businesses in growing and making significant contributions to the country's economic growth (Rahim & Yi, 2025).

6. CONCLUSION

Environmental factors play a crucial role in helping entrepreneurs explore the field of entrepreneurship. This environment encompasses the general external environment, also referred to as the macroenvironment. Past studies have emphasized the importance of training assistance, external environment, government policy, raw material suppliers, government market support, market access, and social networks (Anyidoho et al., 2025; Estevao et al., 2022; Nyikos et al., 2021).

Moreover, some studies have also highlighted the individual factors (Hu et al., 2022; Wang et al., 2022). Individual factors focus on the psychology of social behavior, while structural studies examine how culture and institutional support, in terms of resources, influence the formation of personality. Thus, the primary objective of this study is to investigate the impact of entrepreneurial framework conditions and psychological capital on sustainable business performance. The second objective is to analyse the indirect effect of psychological capital. This paper found that entrepreneurial framework conditions and psychological capital have a significant influence on sustainable business performance. Second, psychological capital mediates the relationship between entrepreneurial framework conditions and sustainable business performance. Comprehensive measures need to be implemented to promote the growth of women entrepreneurs, considering key aspects of the ecosystem, including market conditions, human capital, finance, innovation, infrastructure, and governance.

The study on the factors contributing to the success of women entrepreneurs has significant implications for the national plan, as it can support women's economic empowerment, inspire economic development and job creation, and promote innovation and digitalization in the business sector. By understanding success factors such as management skills, social capital, family support, and approach to financing, government policies and programs can be proposed more effectively to enhance women's involvement in entrepreneurship. In addition, this study also confirms the importance of social development and gender equality by facilitating inclusive plans to be progressed, in line with the national plan to develop a comprehensive, sustainable economy and an advanced society.

When discussing the results of this study, its limitations must also be considered. Firstly, this study only focuses on four states, so the sample size may not be sufficient to represent the study population. As a result, the ability to provide a more representative sample is limited. Future studies should expand the study sample to include other states or contexts. Secondly, the weakness of the cross-sectional research design is that it is used. In this case, a longitudinal study is necessary to reflect the natural dynamics of the relationships. Future research is also expected to focus on comparisons between different segments (e.g., male and female entrepreneurs) or across cultures, which is likely to be an interesting area of study. Studies using questionnaires rely immensely on the accuracy and sincerity of respondents. Respondents may likely provide socially desirable answers or modify their responses to appear more favorable. Future studies should employ data triangulation or a multi-method approach to enhance the validity of their findings. When all variables are measured using the same method, the relationships between variables may be overstated by the measurement method itself, rather than the true association between the variables. Hence, future studies should perform statistical analysis to identify common method variance (CMV). Furthermore, purposive sampling can result in a sample that is not representative of the actual population, thereby limiting the study's results to a specific group. Therefore, using a greater, more diverse sample will enhance representativeness and permit broader generalizability.

ACKNOWLEDGEMENT

The research presented in this paper was funded by the FRGS-EC/1/2024/SS01/UITM/02/40 grant code from the Ministry of Higher Education (MoHE), Malaysia. The researchers are grateful to Universiti Teknologi MARA (UiTM) for its support of the research and appreciate the participation of the study's participants.

REFERENCES

Agrawal, R., Majumdar, A., Majumdar, K., Raut, R. D., & Narkhede, B. E. (2022). Attaining sustainable development goals (SDGs) through supply chain practices and business strategies: A systematic review with bibliometric and network analyses. *Business Strategy and the Environment, 31*(7), 3669–3687. doi: https://doi.org/10.1002/bse.3057

Agrawal, R., Samadhiya, A., Banaitis, A., & Kumar, A. (2025). Entrepreneurial barriers in achieving sustainable business and cultivation of innovation: A resource-based view theory perspective. *Management Decision, 63*(4), 1207–1228. doi: https://doi.org/10.1108/MD-11-2023-2032

Al Issa, H. E. (2022). Psychological capital for success: The mediating role of entrepreneurial persistence and risk-taking. *Journal of Entrepreneurship in Emerging Economies, 14*(4), 525–548. doi: https://doi.org/10.1108/JEEE-09-2020-0337

Amelia, N., Ananta, M. D., Magdarina, M., & Pandin, M. Y. R. (2024). The effect of firm value and financial performance on stock prices in LQ45 for the 2022 period. *Malaysian Journal of Business, Economics and Management*, 26-32.

Amore, M. D., Garofalo, O., & Martin-Sanchez, V. (2021). Failing to learn from failure: How optimism impedes entrepreneurial innovation. *Organization Science, 32*(4), 940–964. doi: https://doi.org/10.1287/orsc.2020.1359

Anggadwita, G., & Indarti, N. (2025). Thematic analysis of women entrepreneurship in the internationalization of small and medium-sized enterprises (SMEs). *Journal of Entrepreneurship in Emerging Economies*, 17(1), 45-72. doi: https://doi.org/10.1108/JEEE-03-2024-0125

Anyidoho, N. A., Gallien, M., Rogan, M., & van den Boogaard, V. (2025). The taxed informal economy: Fiscal burdens and inequality in Accra. *World Development, 187*, 106879. doi: https://doi.org/10.1016/j.worlddev.2024.106879

Bota-Avram, C. (2023). Bibliometric analysis of sustainable business performance: where are we going? A science map of the field. *Economic research-Ekonomska istraživanja, 36*(1), 2137-2176. doi: https://doi.org/10.1080/1331677X.2022.2096094

Bryman, A. (2016). *Social Research Methods* (5th Ed.). Oxford University Press.

Chaher, D., & Lakhal, L. (2025). The impact of TQM on financial and non-financial performance: The mediating role of corporate social responsibility. *The TQM Journal, 37*(6), 1687-1715. doi: https://doi.org/10.1108/TQM-08-2023-0244

Chatterjee, S., Chaudhuri, R., Vrontis, D., & Thrassou, A. (2023). Revisiting the resource-based view (RBV) theory: From cross-functional capabilities perspective in post COVID-19 period. *Journal of Strategic Marketing,* 1–16. doi: https://doi.org/10.1080/0965254X.2023.2182447

Crous, C., Battisti, E., & Leonidou, E. (2022). Non-financial reporting and company financial performance: A systematic literature review and integrated framework. *EuroMed Journal of Business, 17*(4), 652–676. doi: https://doi.org/10.1108/EMJB-12-2020-0134

Dimov, D., Johnsen, C. G., & Sørensen, B. M. (2025). The future within: Commitment, hope, and values in entrepreneurship. *Journal of Business Venturing Insights, 23*, e00543. doi: https://doi.org/10.1016/j.jbvi.2025.e00543

Djourova, N., Rodriguez, I., & Lorente-Prieto, L. (2019). Validation of a modified version of the psychological capital questionnaire (PCQ12) in Spain. *Revista Interamericana de Psicología Ocupacional, 37*(2), 96–106 doi: https://doi.org/10.21772/ripo.v37n2a02

Estevao, J., Lopes, J. D., & Penela, D. (2022). The importance of the business environment for the informal economy: Evidence from the Doing Business ranking. *Technological Forecasting and Social Change, 174*, 121288. doi: https://doi.org/10.1016/j.techfore.2021.121288

Ferreira, N. C., & Ferreira, J. J. (2025). The field of resource-based view research: Mapping past, present, and future trends. *Management Decision, 63*(4), 1124-1153. doi: https://doi.org/10.1108/MD-10-2023-1908

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research, 18*(3), 382–388.

Gao, J. L., Li, D. S., & Conway, M. L. (2021). Family support and entrepreneurial passion: The mediating role of entrepreneurs' psychological capital. *Social Behavior and Personality: An International Journal, 49*(3), 1–15. doi: https://doi.org/10.2224/sbp.9791

Gunasegaran, H. (2024). Housewives entrepreneurial intention: A review on key determinants and challenges. *Malaysian Journal of Business, Economics and Management,* 117-124.

Guo, F., Huang, Y., Wang, J., & Wang, X. (2022). The informal economy at times of COVID-19 pandemic. *China Economic Review, 71*, 101722. doi: https://doi.org/10.1016/j.chieco.2021.101722

Hair, J. F., Anderson, R. E., Babin, B. J., & Black, W. C. (2010). *Multivariate data analysis: A global perspective.* Pearson Education.

Hu, W., Xu, Y., Zhao, F., & Chen, Y. (2022). Entrepreneurial passion and entrepreneurial success—the role of psychological capital and entrepreneurial policy support. *Frontiers in Psychology, 13*, 792066. doi: https://doi.org/10.3389/fpsyg.2022.792066

Ibidunni, A. S., Ogundana, O. M., & Okonkwo, A. (2022). Entrepreneurial competencies and the performance of informal SMEs: The contingent role of business environment. In *Entrepreneurship and the Informal Sector* (pp. 28–50). Routledge.

Kanzari, A., Rasmussen, J., Nehler, H., & Ingelsson, F. (2022). How financial performance is addressed in light of the transition to circular business models-A systematic literature review. *Journal of Cleaner Production, 376,* 134134. doi: https://doi.org/10.1016/j.jclepro.2022.134134

Khabbaz, L., & Kuran, O. (2024). Empowering rural Lebanese female entrepreneurs: A resource-based perspective. *Journal of Developmental Entrepreneurship*, 29(01), 2450002. doi: https://doi.org/10.1142/S108494672450002X

Kline, R. B. (2016). *Principles and practice of structural equation modeling* (4th Ed.). Guilford Press.

Lafuente, E., Rabetino, R., & Leiva, J. C. (2025). Learning from success and failure: Implications for entrepreneurs, SMEs, and policy. *Small Business Economics, 64*(1), 1-10. doi: https://doi.org/10.1007/s11187-024-00889-0

Levie, J., & Autio, E. (2008). A theoretical grounding and test of the GEM model. *Small Business Economics, 31*(3), 235–263. doi: https://doi.org/10.1007/s11187-008-9136-8

Lopes, J., Ferreira, J. J., & Farinha, L. (2021). Entrepreneurship and the resource-based view: What is the linkage? A bibliometric approach. *International Journal of Entrepreneurial Venturing, 13*(2), 137-164.

Lubis, N. W. (2022). Resource-based view (RBV) in improving company strategic capacity. *Research Horizon, 2*(6), 587-596. doi: https://doi.org/10.54518/rh.2.6.2022.587-596

Mohamad, A., Mustapa, A. N., & Razak, H. A. (2021). An overview of Malaysian small and medium enterprises: Contributions, issues, and challenges. *Modeling Economic Growth in Contemporary Malaysia*, 31–42.

Mohd Noor, N. H., Mohamad Fuzi, A., & El Ashfahany, A. (2023). Institutional support and self-efficacy as catalysts for new venture performance: A study of iGen entrepreneurs. *Journal of Entrepreneurship and Public Policy, 12*(3/4), 173–196. doi: https://doi.org/10.1108/JEPP-02-2023-0015

Nogueira, E., Gomes, S., & Lopes, J. M. (2022). The key to sustainable economic development: A triple bottom line approach. *Resources, 11*(5), 46. doi: https://doi.org/10.3390/resources11050046

Noor, N. H. M., & Omar, N. (2024). Balancing motherhood and entrepreneurship: A phenomenological study of mumpreneur business restraining and enabling factors. *Global Business Management Review (GBMR), 16*(1), 19–35. doi: https://doi.org/10.32890/gbmr2024.16.1.2

Noor, N. H. M., Omar, N., Zaini, S. M., Beta, R. M. D. M., & Chang, L. W. (2024). From superwomen to economic catalysts: A phenomenological evaluation of B40 mumpreneurs' performance pull and push factors. *Journal of Administrative Science, 21*(2), 66–90.

Noor, N. H. M., Zainuddin, A., & Zaini, S. M. (2025). The intersection of marriage and entrepreneurship: Insights from mumpreneurs in Malaysia. *Quantum Journal of Social Sciences and Humanities, 6*(3), 206–222.

Nungsari, M., Chin, K. Y., Chua, S., & Jamalolail, F. N. (2024). Conditions of Precarity and Strategies of Resilience: The Malaysian Hawker Community and COVID-19 Pandemic. In *SDGs in the Asia and Pacific Region* (pp. 141–166). Cham: Springer International Publishing.

Nunnally, J. (1978). *Psychometric theory*. McGraw-Hill.

Nunnally, J. C., & Bernstein, I. H. (1994). *Psychometric theory* (3rd Ed.). New York: McGraw-Hill.

Nyikos, G., Soha, B., & Béres, A. (2021). Entrepreneurial resilience and firm performance during the COVID-19 crisis-evidence from Hungary. *Regional Statistics, 11*(3), 29-59. doi: https://doi.org/10.15196/RS110307

Ogundana, O. M., Simba, A., Dana, L. P., & Liguori, E. (2021). Women entrepreneurship in developing economies: A gender-based growth model. *Journal of Small Business Management, 59*(sup1), 42-72. doi: https://doi.org/10.1080/00472778.2021.1938098

Ozgen, S., Lapeira, M., & Pissaris, S. (2021). I got this! Resource bundles and adversity: A situated entrepreneurial optimism perspective. *Journal of Business Research, 136*, 127–136. doi: https://doi.org/10.1016/j.jbusres.2021.07.018

Rahim, M. A. R. A., & Yi, G. H. (2025). *Hawkers and Hawking Space in Malaysia: A Case Study*. Khazanah Research Institute.

Reynolds, P. D., N. Bosma, & E. Autio. (2005). Global Entrepreneurship Monitor: Data collection design and implementation 1998–2003. *Small Business Economics, 24*(3), 205–231. doi: https://doi.org/10.1007/s11187-005-1980-1

Singh, S., & Srivastava, S. K. (2022). Decision support framework for integrating triple bottom line (TBL) sustainability in agriculture supply chain. *Sustainability Accounting, Management and Policy Journal, 13*(2), 387–413. doi: https://doi.org/10.1108/SAMPJ-07-2021-0264

Sultana, N., Rahman, M. M., & Khanam, R. (2022). The effect of the informal sector on sustainable development: Evidence from developing countries. *Business Strategy & Development, 5*(4), 437–451. doi: https://doi.org/10.1002/bsd2.217

Torres, P., & Godinho, P. (2022). Levels of necessity of entrepreneurial ecosystems elements. *Small Business Economics, 59*(1), 29–45. doi: https://doi.org/10.1007/s11187-021-00515-3

Wang, R., Zhou, H., & Wang, L. (2022). The influence of psychological and social capital on the entrepreneurial performance of the new generation of entrepreneurs. *Frontiers in Psychology, 13*, 832682. doi: https://doi.org/10.3389/fpsyg.2022.832682

Welter, C., & Scrimpshire, A. (2021). The missing capital: The case for psychological capital in entrepreneurship research. *Journal of Business Venturing Insights, 16*, e00267. doi: https://doi.org/10.1016/j.jbvi.2021.e00267

Zahra, S. A. (2021). The resource-based view, resourcefulness, and resource management in startup firms: A proposed research agenda. *Journal of Management, 47*(7), 1841-1860. doi: https://doi.org/10.1177/01492063211018505