



UNIVERSITI
TEKNOLOGI
MARA

THE DOCTORAL RESEARCH ABSTRACTS

Volume: 10, Issue 10 October 2016

TENTH
ISSUE

INSTITUTE of GRADUATE STUDIES

IGS Biannual Publication



Name : MELVIN MOJIKON

Title : LINKING ENTREPRENEURIAL ORIENTATION TO FIRM PERFORMANCE OF SMALL AND MEDIUM-SIZED MANUFACTURING FIRMS IN SABAH: MODERATING EFFECT OF THE GOVERNMENT'S ROLE

Supervisor : ASSOC. PROF. DR. AZIZAN ABDULLAH (MS)
ASSOC. PROF. DR. SOFIAN SHAMSUDDIN (CS)

Entrepreneurial Orientation (EO) has been defined as the strategic orientation employed by firms that deal with identifying ways and creating a specific set of methods with the help of various styles of making decision, where numerous ways and practices of entrepreneurial aspects can be eventually realized. Hence, this study was conducted based on the phenomenon experienced by a number of manufacturing firms in the State of Sabah, Malaysia within the context of Small and Medium-Sized Enterprises (SMEs). The EO, moreover, was deemed as a multidimensional construct encompassing five dimensions (i.e. autonomy, competitive aggressiveness, innovativeness, proactiveness, and risk taking). The manufacturing sector in Sabah vitally contributes to the growth of the economy in Sabah, but the sales growth performance was found to be inconsistent based on the eleventh position in the ranking, especially among SMEs involved in the manufacturing sector in Sabah compared to those from the other states in Malaysia; albeit there was more help from the government side, challenges were still faced in improving their sales growth performance. With that, the objectives of this study were to determine the relationship between EO and firm performance (i.e. sales growth), as well as to determine the moderating influence factor of the government's role in the relationship between EO and firm performance. The method applied in this study had been the quantitative method. In this study, proportionate stratified random sampling, as well as the drop-off and collecting technique was applied. The location of this study involved five divisions (i.e. Kudat Division, West Coast Division, Interior Division, Sandakan Division, and Tawau Division) in the State of Sabah. Meanwhile, the samples consisted of 278 responses among owners and managers of small and medium-sized manufacturing firms. The data analysis was carried out via Statistical Package of Social Science (SPSS) Version 21.0 and Partial Least Squares-Structural Equation Modeling (PLS-SEM) techniques by using the

SmartPLS 2.0 M3 software. The results demonstrated that the attributes of EO (i.e. competitive aggressiveness, innovativeness, proactiveness, and risk-taking) displayed statistically significant relationships with firm performance. Nonetheless, an insignificant relationship was discovered between autonomy and firm performance. Furthermore, the factor of government's role, as the moderator, was proven significant in the relationship between autonomy and performance, but otherwise, insignificant and non-influential in strengthening the relationships between other EO dimensions (i.e. competitive aggressiveness, innovativeness, proactiveness, and risk-taking) and firm performance. In addition, the implementation of the SMEs policies was not very encouraging as there was an insignificant relationship of the government's role factor, which was supposed to boost EO and firm performance. Other than that, the literature of EO has been expanded through this study via two other principal ways. First, it minimizes the gaps concerning the limited studies regarding how EO affects firm performance. Second, since previous studies pertaining to EO and the performance of firms have mainly concentrated on how the dimensions directly affected firm performance, this study bridges that literature gap by investigating the impact of EO, as well as the manner in which the government's role factor had an effect on the relationship between EO and firm performance. Hence, this study contributes to the literature, particularly concerning entrepreneurship and strategy research, by investigating the impact of EO on its sales growth performance and by the operationalization of the EO concept.