

UNIVERSITI TEKNOLOGI MARA

**THE MODERATING EFFECT OF
RISK MANAGEMENT PRACTICES
ON THE RELATIONSHIP BETWEEN
ENTREPRENEURIAL
ORIENTATION AND FIRM
PERFORMANCE OF MALAYSIAN
MANUFACTURING SMEs**

ROSLIDA BINTI ABDUL RAZAK

PhD

September 2020

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Roslida Binti Abdul Razak
Student I.D. No. : 2009450296
Programme : Doctor of Philosophy (Business Management) - BM
990
Faculty : Faculty of Business Management
Thesis Title : The Moderating Effect of Risk Management Practices
on the Relationship between Entrepreneurial
Orientation and Firm Performance of Malaysian
Manufacturing SMEs



Signature of Student :

Date : September 2020

ABSTRACT

SME continues to play a vital role and contribute significantly in the country's economic development. It is acting as the largest provider of employments, medium of poverty reduction and competitive and efficient market. Yet to date, the valuable and proficient contributions of the SME unachievable and little is known. SMEs are also leading by some challenges and facing dynamic nature of a highly global economy. One of the key factors that need to be possessed in ensuring firm's longevity in today's competitive landscape is Entrepreneurial Orientation (EO). However, the role of EO in relation to the performance relationship, especially Malaysian SMEs is still an area of confusion. Studies have pointed out that there are still doubts about EO that attract the interest of many researchers and certain areas remain unexplored. Thus, the present thesis serves as a bridge to fill the gap, remedy the undiscovered of the empirical findings and provides a deeper understanding of the cross-functional activities in the behaviour-embedded nature of EO construct and expanding on its five sub-constructs (Innovativeness, Pro-activeness, Competitive Aggressiveness, Autonomy and Self-Renewal Activities) by evaluating the effects of the EO on firm performance (FP). Theoretically, the objective of the study is to demonstrate the value of EO model as independent variables, and by considering risk management practices (RMP) as a moderating variable which is potentially influential on the relationship between EO and FP. Empirical assessment of the theoretical framework includes a survey of 272 manufacturing SMEs. The sampling technique used was the stratified random sampling. The resulting data were analysed using the SPSS for Windows Version 20.0 and multivariate analysis namely, AMOS 20.0. The finding enhances our understanding of EO in several ways. The results indicated: (1) EO and all its sub constructs excluded Autonomy had a significant effect on FP, (2) innovativeness was the most significant which influences FP, and (3) the effect of EO and its sub dimensions and FP were moderated by RMP. The results also contributed to the existing body of knowledge in the form of methodological contribution. The research method process used was the second-generation methods of multivariate analysis, namely SEM. Nevertheless, with regards to practical implication, this current research offers indication to the relevancy of SME and managerial approaches or best practices to the SMEs in manufacturing industry in dealing with the RMP.

ACKNOWLEDGEMENT

In the name of Allah, the Almighty God and the Ruler of the universe. Alhamdulillah. I would like to extend my greatest gratitude to Allah s.w.t for His showers of blessings and giving me the strength, spirit and determination to complete this research successfully.

I would like to express my gratitude for the support of Ministry of Higher Learning Institution for awarding me the scholarship and financial support.

I would also like to take this opportunity to express my appreciation and deep thanks to my main supervisor, Associate Professor Dr. Hayati Mohd Dahan for her academic ad-vice, initial guidance, and encouragement, thus, setting me in the right direction from the very beginning. She has also provided invaluable support, assistance, motivation and un-derstanding over my PhD journey in the past few years. Then, her role is taken over by Dr Azreen Roslan and Dr. Muhammad Hafiz Abd Rashid since she comes to end of her ser-vice with UiTM. A thousand thanks also go to Professor Dr. Ahmad Shukri Yazid, ex-Dean of the Faculty of Business and Management, Universiti Sultan Zainal Abidin (UniSZA), Malaysia, for his advice, opinions, encouragement and guidance in the course of the study. Not to forget Associate Professor Dr. Nathakumar, Dr. Wan Amalina Wan Abdullah, Dr Nurazan Mohamad Rouyan and Dr Habsah Muda, for their patience, advice and guidance over the past few years. Further, my gratitude goes to the entire PhD Cohort in UniSZA, DGS, and my peers for their support, which critically facilitated me to complete the study. Furthermore, I would like to extend my gratitude to Professor Dr Zainudin Awang for helpful assistance on the analysis of Structural Equation Modeling (SEM) using AMOS.

Finally, this thesis is dedicated especially to my beloved parents; Arwah Hj Abdul Razak Mohd Amin and Hjh. Siti Khatijah Jusoh, for the vision and determination to educate me. Last but not least, I wish to convey my deepest gratitude to my beloved late husband, Associate Professor Dr. Hj. Mohd Shahril Othman, for the continuous support in overcoming numerous obstacles that I have throughout of my PhD journey, for his patience, motivation, enthusiasm and immense knowledge. His guidance helped me along the way of research and writing this thesis. Unfortunately, Allah loves him most. With that, I pray for Allah's mercy and forgiveness on him and make Jannatul Firdausi as his final abode, Ameen Ya Rabbal Aalameen.

Also to all my children-Muhammad Saif Ridhaudeen, Nur Saiedatur Rahmah, Nur Syadi-atur Rahmah and finally, Nur Sofiyatur Rahmah for extending me their love, under-standing and fullest support, sacrifices and prayers, as well as my sisters, brother, sister-in-law and brother-in-law for their love and moral support throughout the course of com-pleting this thesis. Last but not least, my thanks also go to all the people who have sup-ported me to complete this thesis either directly or indirectly and this piece of victory is dedicated to all of you, Alhamdulillah.

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