

UNIVERSITI TEKNOLOGI MARA

**THE EFFECT OF BUSINESS
DEVELOPMENT SERVICES ON
SMEs PERFORMANCE IN SABAH:
THE MEDIATING ROLE OF
ENTREPRENEURIAL
ORIENTATION**

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ABSTRACT

This study sets to examine the relationship between business development services (relating to financial services and non-financial services) and the performance of small and medium enterprises (SMEs) in Sabah. The present study also looks at entrepreneurial orientation as a mediator variable between business development services and SMEs performance. A self-administered questionnaire was used to collect data from 200 SMEs in Sabah between August until November 2016. Data collected were analysed using SPSS 19.0 and Partial Least Square (PLS) software. PLS is used to interrogate the relationship between business development services and SMEs performance and the mediating effect of entrepreneurial orientation. The results of this study revealed a positive relationship between financial services and entrepreneurial orientation on the SMEs performance. In addition, the results also showed that non-financial services are significant to entrepreneurial orientation. However, entrepreneurial orientation was found to mediate only the relationship between non-financial services and SMEs performance. The outcome of this study provides new knowledge and important insights for the government agencies, such as SME Corp. This information will allow them to appraise advisably all programmes and guidelines and enforce better policies towards improving the performance of SMEs throughout Malaysia.

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TABLE OF CONTENT

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF TABLES	xi
LIST OF FIGURES	xiv
LIST OF SYMBOLS	xv
LIST OF ABBREVIATIONS	xvi
CHAPTER ONE: INTRODUCTION	1
1.1 Research Background	1
1.2 Problem Statements	2
1.3 Objectives of The Study	4
1.4 Research Question	5
1.5 Scope of Study	6
1.6 Significance of Study	7
1.7 Definition of Key Terms	9
1.7.1 Small and Medium Enterprises	9
1.7.2 Business development services	9
1.7.3 SMEs Performance	9
1.7.4 Entrepreneurial Orientation	10
1.8 Organisation of The Dissertation	10
1.9 Research Gaps	11
1.10 Summary	12

CHAPTER TWO: RESEARCH CONTEXT	13
2.1 Introduction	13
2.2 Various Definition of Small and Medium Enterprises	13
2.3 Small and Medium Enterprises in Malaysia	17
2.3.1 SMEs Manufacturing sector in Malaysia	19
2.4 Summary	22
CHAPTER THREE: LITERATURE REVIEW	23
3.1 Introduction	23
3.2 The Resource Based View Theory	23
3.2.1 Business Development Services on Resource Based View (RBV)	25
3.2.2 Entrepreneurial Orientation On Resource Based View (RBV)	26
3.3 SMEs Performance	27
3.4 Business Development Services	30
3.4.1 Non-Financial Services	32
3.4.2 Financial Services	33
3.5 Entrepreneurial Orientation	33
3.6 Business development Services and SMEs Performance	37
3.6.1 Non-Financial Services and SMEs Performance	41
3.6.2 Financial Services and SMEs Performance	43
3.7 Entrepreneurial Orientation and SMEs Performance	45
3.8 Business Development Services and Entrepreneurial Orientation	46
3.8.1 Non-Financial Services and Entrepreneurial Orientation	47
3.8.2 Financial Services and Entrepreneurial Orientation	50
3.9 Entrepreneurial Orientation as a Mediator to The Relationship Between Business development Services and SMEs Performance	51
3.10 Summary	53
CHAPTER FOUR: RESEARCH METHODOLOGY	54
4.1 Introduction	54
4.2 Conceptual Framework	54
4.3 Research Hypotheses	56
4.4 Questionnaire Development	56
4.4.1 Business Development Services	58