

Entrepreneurial Orientation Among Malaysian Indian Ethnic Entrepreneurs: Some Preliminary Findings

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Abstract: *Entrepreneurial orientation of ethnic minority small businesses has prompted this study to explore entrepreneurial orientation (EO) of Malaysian Indian ethnic entrepreneurs. This paper, reveals an overview of profile of Malaysian Indian ethnic entrepreneurs' and the level of entrepreneurial orientation. The paper reports and analyses the findings of 201 questionnaires which were collected from selected areas in Malaysia such as Selangor, Kuala Lumpur, Perak, Penang and Kedah. The paper illustrates an overview entrepreneurial profile among Malaysian Indian ethnic entrepreneurs. Furthermore, the result also shows that there is no gender difference in terms of entrepreneurial orientation level among Malaysian Indian ethnic entrepreneurs. Discussion and implication of this study introduced in the last section on this paper.*

Keywords: *Entrepreneurial orientation, Social embeddedness, Malaysian Indian ethnic*

I. INTRODUCTION

The concept of entrepreneurship was established in the 1700s and the meaning has evolved ever since. Entrepreneurship is considered as an essential pillar of economic growth of any country. In addition, many are influenced that the solution to social development and economic growth, including job creation is to be found in innovation entrepreneurship (Phelps, 2013). Moreover, entrepreneurship has become significant to each country since the time that the period of globalization on the grounds that the development of entrepreneurial exercises will help in making employments for the general public, diminishing the unemployment rate (Azhar, Javaid, Rehman & Hyder, 2010). Thus, entrepreneurship is vital in creating, fulfilling a healthy economy (Dickson, Solomon & Weaver, 2008; Nafukho & Muyia (2010).

Entrepreneurial orientation (EO) is considered the important concept for improving a firm's competitive advantages and strategies in facing the increasing trends of

globalization. EO refers to the decision making styles, practices, process and behaviors that leads to 'entry' into new or established markets with new or existing goods or services (Lumpkin & Dess, 2001; Wiklund & Shepherd 2003; Welter et al 2006). More specifically, the term entrepreneurial orientation is used to refer to the set of personal psychological traits, values, attributes, and attitudes strongly associated with a motivation to engage in entrepreneurial activities (McClelland, 1962; Dunkelberg & Cooper, 1982).

Specifically, there is little known of the way the Malaysian Indian ethnic entrepreneur's profile and demographics surroundings that impact on the entrepreneurial orientation in Malaysia. In addition, a major conclusion of the literature on ethnic minorities is that the entrepreneurship is a significant form of economic action (Clark & Drinkwater, 2010) and a promising springboard for social integration (Hiebert, 2003). The relevance of expanding our understanding on entrepreneurial orientation among Malaysia Indian ethnic entrepreneurs can develop a leading model among the developing economies since Malaysian government

actively mediate to diversifying to industrial base alongside with the policy of addressing the development of various ethnics. Therefore, conducting a study to describe the profile of Malaysian Indian ethnic entrepreneurs is one of the objective of this study. This paper also describes on gender issued with references to entrepreneurial orientation among Malaysian Indian ethnic entrepreneurs.

II. ENTREPRENEURIAL ORIENTATION

ENTREPRENEURIAL ORIENTATION

Entrepreneurial orientation (EO) refers to how the entrepreneur undertake the methods, practices, and decision-making styles to act entrepreneurially. It has been defines as “the policy making processes that provide organizations with a necessary for entrepreneurial decision and action” (Rauch, et al., 2009). The original concept of EO was proposed by Miller (1983), which suggested that a firm’s degree of characteristics and management-related preferences with regards to overall business operation. It consist of three main factors such as innovativeness, pro-activeness and risk taking. Miller (1983) expresses that, these three components of EO consist a basic one-dimensional vital orientation that connected with entrepreneurial conduct and behaviour. This is further echo by Lee and Peterson (2000) the entrepreneurial process in which entrepreneurship activities relating to methods, practices, and decision-making processes for new entry into the market. Entrepreneurial orientation proves to be a decent indicator of the outcome of entrepreneurial conduct (Covin & Slevin, 1990; Merz, 1994). Wilklund (1998) found that is a dependable connection between entrepreneurial orientation and entrepreneurial conduct. Thus, specifically entrepreneurial orientation can be defined as entrepreneur’s disposition to innovativeness, takes initiatives and creatives, and takes risk and autonomy in facing challenges in existing and new market environment.

Innovativeness refers to new idea generation, research and development activities than need to be taken by an entrepreneur to solve problems and needs in managing his business. It involves with inventive and experimental processes that may contribute to a new service, product and technological process (Lumpkin & Dess, 1996 and Walter, Auer and Ritter, 2006). In addition, the innovativeness is identified as a new product development and innovations for propensity a firm to get on (Garcia & Calantone, 2002). Thus, innovativeness establish practices and applied technologies as the supportive and propensity attribute is going from innovation. Pro-activeness reflects the process that involves to which a firm anticipates and acts upon future wants and needs in marketplace and tendency of firm to anticipate (Lumpkin & Dess, 1996). It connected with how firms pre-emptive in shaping current and future needs in market by seeking new opportunities, new launching, new products and services ahead of competition. Thus, it is more forward-looking perspective by contributing to introducing new and fresh product and service in front of competitors (Rauch, 2009). Risk taking involves manager’s willingness to make large and risky commitment on the resources for opportunities that have

a reasonable chance of costly failure and success (Miller & Friesen, 1982). Since entrepreneurs must face high level of uncertainty, risk taking is to work brave measures in order to reach the goals of the company.

Behind the many of EO article published in research journals and delivered at academic conferences, the debate relevant whether EO is most conceptualized. Accordingly, as a unidimensional constraint such as comprised of innovative, proactive, and risk-taking elements either as a multidimensional construct with competitive aggressiveness and autonomy. The arguments of conceptualization of EO dimensions into one or multiple construct have been discussed in many studies (Covin, Green, & Slevin, 2006; Lumpkin & Dess, 1996; Wilklund, 1998; Wilklund & Shephard, 2003). Added to the mixed has not even been resolved (Covin & Wales, 2012). Some noteworthy EO literature shows that the majority of the article published in this area about 80% rely on a one-dimensional concept (Covin & Slevin, 1989; Wales, Gupta, & Moussa, 2013). Thus, this study addressing the entrepreneurial orientation as unidimensionla consists of innovation, proactiveness and risk-taking. In this study, EO operationalise as unidimensional construct which in line to study by Covin et al, 2006.

III. METHODOLOGY

The population in this study were derived from Indian entrepreneurs in Malaysia. There is no authentic population frame of the Indian entrepreneurs in Malaysia, however population for this study based on the listing of from Secretariat for Empowerment of Indian Entrepreneurs (SEED). In determining the required sample size, the present study utilized Krejcie and Morgan (1970) sample size determination process. Thus, following Krejcie and Morgan’s sample size determination procedure, a sample size of 375 is needed for a general population of 13237 entrepreneurs resided under SEED. (SEED, 2015). The sampling method used is cluster sampling based on the areas. This method is also called as area sampling (Hair et. al., 2017), where the clusters are formed by geographic designation. By assuming that all the clusters are identical, the researcher can focus his or her attention on surveying the sampling units within one designed cluster and the generalize the results to the population (Hair et al., 2017). To ensure the minimal response number and taking into account that survey method has poor response rate, researchers decided to distribute 500 questionnaire to selected areas (states) that represents majority of Indian entrepreneurs in Malaysia. The data collection for the present paper has been conducted at Kuala Lumpur, Penang, Perak, Selangor and Kedah. There are five hundred self-administered questionnaires were distributed to all Indian entrepreneur in mentioned places. A total of 201 responses were usable and being used for subsequent analysis. Thus, the effective response rate is 43 percent. According to Sekaran (2003), response rate of 30% could be considered appropriate for cross-sectional study. Hence, a valid response rate of is sufficient for further analysis in the present study.

The entrepreneurs were asked a series of questions on the basis of background and their business operations. All these

questions were coded using SPSS and the data were analysed using descriptive statistics. For EO, a comprehensive review of previous studies was conducted to identify EO dimension and related questions. The scale developed by Miller (1983), which was further developed by Covin and Slevin (2012) and Naman and Slevin, (1993) was adopted by this study to measure entrepreneurs' entrepreneurial orientation. The twelve items scale of entrepreneurial orientation reflects entrepreneurs' innovativeness, pro-activeness and risk taking in order to achieve firm's objective. In the process of coding, the orderable options from Strongly Disagree to Strongly Agree in the five-point Likert Scale has been coded from '1' to '5'. This coding meant that a low value represented a low level for the variable (e.g. 1 = Strongly Disagree) while higher values indicated higher level of the variables.

IV. DATA ANALYSIS AND RESULTS

ENTREPRENEURS' CHARACTERISTICS

As showed in Table 1, 57.7% of the respondents are males and 42.3% are females. In terms of educational levels, majority of the respondents (42.7%) were completed secondary school, meanwhile only 4 % of respondents having completed Masters/PhD. Regarding the marital status of the respondents, majority of the respondents (77.1%) are married. Those who are single constitute 19.9% and a minimal 2.9% are widower. With regards to age of the respondents, majority of the respondents (47.3%) are at the ages of 31 to 40 years old. Respondents above 40 years old constitute of 27.9% and those ages between 20 to 30 years comprise of 24.9%.

	Frequency	Percentage
Gender		
Male	116	57.70
Female	85	42.30
Educational Level		
Secondary School	86	42.72
Degree	49	24.37
Master/PhD	09	04.50
Professional	35	17.41
Others	22	11.00
Marital Status		
Single	40	19.91
Married	155	77.11
Widow	6	02.98
Age		
20-30	50	24.90
31-40	95	47.30
41 Above	56	27.90

Table 1: Entrepreneurs' Background Characteristics

As Table 2, indicates, for the number of years in operation, most of them were operating for 6-10 years (35.8%), and followed by 11-15 years having 24.9%. However, only 12.90 fall on the bracket of more than 21 years of operation, and 14.40% was new in the business which falls on below 5 years. This suggest that majority of the respondents operate the business between 6 years to 15 years.

Based on number of number of workers (company size), majority of entrepreneurs (71,9%) having below than 9 workers. This means that almost majority of Indian entrepreneurial business operated by few workers only with limited capital. Also from the table, in terms of ownership, majority fall under sole proprietorship which obtained the highest frequency of 117 or 58.2%, followed by 35.8% of the respondents who were in private limited and minimal percentage of 6% business entity runs as partnership. Most of respondents acknowledge that they chose sole proprietorship for the reason that it is easier to establish, handle and supervise.

	Frequency	Percentage
Years Operation		
Below 5	29	14.40
6-10	72	35.80
11-15	50	24.90
16-20	24	11.90
21 And Above	26	12.90
Company Size		
Below Than 9 Workers	143	71.90
9-50 Workers	58	28.90
Business Types		
Sole Owner	117	58.20
Private Enterprises	72	35.80
Partnership	12	6.00

Table 2: Characteristics of the Businesses

As regards to initial business start-up (Table 3), most of the entrepreneurs acknowledge that they as owners has developed the business which obtained the highest frequency 116 or 57.7%, followed by 18.9% of the respondents who developed the business from family business. Meanwhile, 14.42 % of respondents developed the business after bought over from relatives and 8.9% respondents who bought over from outsiders. Overall, most of the Indian entrepreneurs start-up their business by the owners.

	Frequency	Percentage
Business Start Up		
Develop By Owner	116	57.72
Buy From Outsiders	18	8.96
Buy From Relatives	29	14.42
Family Business	38	18.90

Table 3: Business Start Up

ENTREPRENEURS' ENTREPRENEURIAL ORIENTATION

The exploratory factor analysis of the EO scale was conducted by including all the 12 items based on the sample of 201 cases. One factor was generated, explaining 63 percent of variance. The factor loading ranged from 0.49 to 0.78 (Table 1). The Cronbach's alpha of the EO was .88. This finding is consistent with the single-factor solution as stated by Wang and Altinay (2012).

Items	Mean	SD	Factor Loading
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Our business undertakes market research in order to identify market opportunities".	3.61	.877	.69
In the past Five years, our business has marketed a large variety of new products or services".	3.54	1.06	.55
In the past five years, our business has introduced novel products or service".	3.39	1.05	.49
Our business always looks for new business or markets to enter".	3.67	.87	.77
Our business constantly introduces new products or services in order to serve new customers or markets".	3.78	.86	.68
Our business often leads the competition (that our competitors have to follow)".	3.46	.92	.60
Our business has a strong tendency to make on highly risky projects with chances of very high return".	3.58	.96	.77
Because of the competition, our business must be very proactive in the marketplace in order to achieve our business objectives".	3.58	.90	.72
When our competitions develop a new product or a new business method, our business quickly responds to it and adopted it".	3.65	.86	.73
We are willing to try new ways of doing things and seek the unusual, novel solution".	3.65	.87	.62
In our business, staff are encouraged to think and behave defiantly	3.74	.88	.65
We constantly introduce new processes (e.g. technology, distribution, management system etc) to improve our business	3.55	.97	.69

Table 4: Entrepreneurial orientation items

The internal consistency reliability was measured for EO, to test whether questions, which are designed to measure same construct show the same score from respondents. Cronbach's alpha value was used to measure internal consistency reliability which gave the degree of relatedness of the individual items. The Cronbach's alpha of the EO scale was 0.902. Thus, the 12 items were aggregated as overall measure of EO when performing T-test analysis.

GENDER AND ENTREPRENEURIAL ORIENTATION

In order to understand whether is there any gender influences the entrepreneurial orientation, we conducted an independent sample T-test (Table 5). In the first step, we conducted Levene's test of equality of variance to check whether equal variances could be assumed for both genders. The data showed, the was equality of variance ($F=2.703$; $p>0.05$) and the T-test showed that there were no significant differences between male and female entrepreneurs in term of entrepreneurial orientation.

		Levene's Test of Equality of Variances		t-test for Equality of Mean			
		F	Sig.	t	df	Mean differences	Sig.
Entrepreneurial orientation	Equal variances assumed	2.703	.102	1.39	199	.123	.164
	Equal variances not assumed			1.43	195.317	.123	.152

Table5: Gender differences across entrepreneurial orientation

V. DISCUSSION

The descriptive statistic of the study revealed that most of the entrepreneurs owned small size company or in other words, they involved in small and micro size business activities. This means that the owners started the firm or enterprises with a small amount of capital that sufficient to start a business. They have might use their personal money or managed to get a small loan from private or authentic organizations. Furthermore, majority of businesses entity started or developed by the owner himself/herself and very much related to family business.

Prior research studies in management and entrepreneurial have stated EO as a multidimensional construct (Lumpkin & Dess, 1996; Lee & Peterson, 2000; Lee, Lim, Pathak, 2011; Wiklund, 1998). In this study, EO which include pro-activeness, risk taking and innovation has been treated as one-factor entrepreneurial practices by Malaysia Indian ethnic entrepreneurs. These findings may be due to the majority of entrepreneurs involved in this study fall into a micro company who treated multidimensional EO as a similar disposition of perception. This outcome supported by Altinay and Wang (2011), who study entrepreneurial orientation among Turkish ethnic entrepreneurs in London. The authors argued that this may be due to small firms (micro firms), the founders are often the managers of the firms who are involved in the decision-making and implementation along all the dimensions of EO.

The study also does not find any significant differences between gender with regards to entrepreneurial orientation. The finding contradicts with the argument of Grilo and Thurik (2005) and Wilson et al., (2007), who believed that more engagement of males in better ways in entrepreneurship than females. On the other hand, the finding supports the assertions made by Civelek, Rahman and Kozubikova (2016) who state that gender does not play significant differences in relation with all components of EO. This provides us to make a suggestion that Malaysian Indian ethnic women entrepreneurs in our sample could behave as same as their male counterparts in the overall EO. This can be interpreted as Malaysian Indian ethnic women are equally embedded with entrepreneurial orientation as their male counterparts. This is may be due to the economic pressure among them to improve their family's living standards by self-employed.

Findings from this study, as discussed above, the study has contributed by extending knowledge in entrepreneurial orientation in context of minority Indian entrepreneurs in Malaysia. Thus, there are invisible obstructions or challenges that faced by minority Indian entrepreneurs in obtaining opportunities in mainstream population markets as well as obtaining knowledge about supports resources in mainstream networks such as training and business advice by local and also mainstream financial institution and access to mainstream skilled workers. Other reasons that emerged from the findings is that the Malaysian Indian ethnic entrepreneurs more likely to feel discouraged to access mainstream network supports. This is may be due to other factors such as inexperience and lack of education, misperceptions about government policy and supports as well as lack of financial skills.

VI. CONCLUSION

The findings significantly contributed for a general and interesting view of Malaysian Indian ethnic entrepreneur's profile and characteristics. The results also describe that most of the Malaysian Indian ethnic entrepreneurs have not embedded themselves into global or bigger opportunity stream beyond the family business model and co-ethnic market. The results of this study also show that there is no gender-based difference in entrepreneurial orientation among Malaysian Indian ethnic entrepreneurs. There are several limitations

faced by the present study. The most significant limitation of the present study was sampling and time-factor due to lack of a complete and accurate number of populations for Malaysian Indian ethnic entrepreneurs. It would be meaningful, in the future to conduct an empirical research by surveying a wider range of populations with various backgrounds in each state in Malaysia. It would also be meaningful a longitudinal study to observe the empirical impact of entrepreneurial orientation on firm performance. In summary, this study holds particular valuable information for government agencies, commercial enterprises as well as Malaysian Indian business associations and chambers to work and inspire an entrepreneurial culture towards enhance the Indian entrepreneurial orientation of SMEs. Moreover, this research may deliver beneficial facts for Malaysia Indian ethnic entrepreneur and SMEs owner or managers in relative to their different level of entrepreneurial orientation as a transformation in increasing their creativeness, awareness, talents, self-inspiration and high self-confident level.

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