

**THE MEDIATING EFFECTS OF ENTREPRENEURIAL
ORIENTATION ON THE RELATIONSHIP BETWEEN
LEADERSHIP STYLES AND PERFORMANCE OF
SMEs IN MALAYSIA**

By

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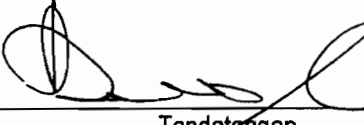
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ABSTRAK

Tujuan kajian ini adalah untuk mengkaji hubungan di antara gaya kepemimpinan, orientasi keusahawanan dan prestasi Industri Kecil dan Sederhana di Malaysia. Soal-selidik yang mengandungi Soal-Selidik Kepimpinan Pelbagaifaktor MLQ 5X (Bass & Avolio, 1995, 2000, & 2004), Soal-Selidik Orientasi Keusahawanan EOQ (Covin & Slevin, 1991), Soal-Selidik Prestasi Perniagaan BP (Dess & Robinson, 1984; Allen & Helms, 2002; Choi & Lee, 2003; O'Regan, Ghobadian & Sims, 2005) dan Soal-Selidik Demografi telah dihantar kepada pemilik/pengurus IKS. Seramai 391 orang pemilik/pengurus telah melibatkan diri dalam kajian ini. Daripada 391 soal-selidik yang dijawab oleh pemilik/pengurus, hanya 371 soal-selidik dapat digunakan untuk kajian ini. Data yang diperolehi telah di analisis menggunakan SPSS versi 16. Statistik deskriptif, analisis korelasi dan analisis regresi telah digunakan dalam kajian ini. Kajian ini mendapati bahawa terdapat hubungan positif yang ketara di antara : (i) kepimpinan transformasi dan prestasi perniagaan ; ii) kepimpinan transaksi dan prestasi perniagaan ; (iii) kepimpinan transformasi dan orientasi keusahawanan ; (iv) kepimpinan transaksi dan orientasi keusahawanan dan (v) orientasi keusahawanan dan prestasi perniagaan. Kajian ini juga mendapati bahawa kepimpinan pasif-elak mempunyai hubungan yang negatif terhadap prestasi perniagaan atau orientasi keusahawanan. Walaupun orientasi keusahawanan sepatutnya menjadi perantara yang penuh terhadap hubungan di antara gaya kepimpinan dan prestasi perniagaan, keputusan yang didapati ialah orientasi keusahawanan hanyalah menjadi perantara yang tidak sepenuhnya. Hasil kajian ini bolehlah di generalisasikan seperti berikut : (i) kajian ini mendapati bahawa kepimpinan transformasi dan kepimpinan transaksi masih merupakan kepimpinan yang unggul yang ditunjukkan oleh pemilik/pengurus IKS ; dan (ii) hubungan yang terus antara gaya kepimpinan dan prestasi perniagaan adalah lebih rapat daripada kesan orientasi keusahawanan sebagai perantara. Hasil kajian menunjukkan bahawa pengurus/pemilik IKS perlu meningkatkan kemahiran kepimpinan dan orientasi keusahawanan untuk memastikan syarikat terus hidup dalam suasana pasaran yang lebih kompetitif. Pemilik/pengurus mestilah berusaha untuk menjadi lebih inovatif, proaktif dan berani mengambil risiko yang tinggi. Untuk memastikan IKS akan terus menyumbang kepada pertumbuhan ekonomi nasional, kerajaan di syorkan untuk mencipta program-program latihan yang tinggi yang dapat membantu pemilik/pengurus meningkatkan lagi kemahiran kepimpinan. Kajian ini juga menyediakan peluang untuk dikembangkan kepada industri-industri yang lain seperti industri perkilangan, pembinaan, pertanian dan telekomunikasi. Pengkaji-pengkaji yang akan datang mungkin juga ingin mengkaji tentang kesan gaya kepimpinan dan orientasi keusahawanan syarikat yang ingin melebarkan perniagaan ke luar negara kerana pelebaran perniagaan ke peringkat internasional menawarkan satu cara yang berpotensi untuk syarikat-syarikat ini meningkatkan pertumbuhan dan memperbaiki prestasi.

ABSTRACT

The purpose of this study is to investigate the relationship between leadership styles, entrepreneurial orientation and business performance of SMEs in Malaysia. A total of 391 owner/managers participated in this research. The owner/managers were sent a package of questionnaires which comprised the Multifactor Leadership Questionnaire MLQ 5X (Bass & Avolio, 1995, 2000, 2004), the Entrepreneurial Orientation Questionnaire EOQ (Covin & Slevin, 1991), the Business Performance BP (Dess & Robinson, 1984; Allen & Helms, 2002; Choi & Lee, 2003; O'Regan, Ghobadian & Sims, 2005) questionnaire and the demographic questionnaire. Out of 391 questionnaires answered only 371 questionnaires were usable for this research. The collected data were analyzed using the SPSS version 16. Descriptive statistics, correlation and regression analysis were used to analyze the data. This study found that there were significant positive relationships between i) transformational leadership and business performance, ii) transactional leadership and business performance, iii) transformational leadership and entrepreneurial orientation, iv) transactional leadership and entrepreneurial orientation, and v) entrepreneurial orientation and business performance. This study also found that passive-avoidant leadership was negatively correlated with either business performance or entrepreneurial orientation. Although entrepreneurial orientation was supposed to be fully mediating the relationship between leadership styles and business performance, the results showed that the mediating effect was only partial. The findings can be generalized as follows: (i) the study found that transformational and transactional leadership styles were the dominant form of leaderships displayed by the owner/managers of the SMEs and (ii) the direct effect relationships between leadership styles and business performance were more significant than the effect of using the entrepreneurial orientation as a mediator. The findings demonstrated that SMEs owner/managers need to upgrade their leadership skills and improved the company's entrepreneurial orientation in order for them to survive the competitive market environment. The owner/managers must be willing to be more innovative, pro-active and able to take higher risk. In ensuring that SMEs will continue to contribute to the national economy, the government is urged to develop higher level training programs that will help the owner/managers to upgrade their leadership skills. This study also provides an opportunity to expand the research on other industries such as manufacturing, constructions, agricultures and telecommunications. Future researchers perhaps may want to investigate the effect of leadership styles and entrepreneurial orientation on Malaysian SMEs going abroad, as international expansion offers a potential way for these firms to increase growth and improve performance.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In the fast changing and increasingly competitive global market environment, small and medium enterprises (SMEs) are found to exert a strong influence on the economies of many countries (Ghobadin & Gallar, 1996; Ladzani & Van Vuuren, 2002). SMEs provide the economy with economic growth, employment and innovation. The SMEs have contributed significantly to job creation, social stability, and economic welfare of the countries.

In the United States, SMEs account for three out of every four new jobs and contribute to providing over half of the gross domestic product (Underwood, 2003). From 1992-1999, the number of SMEs that were involved in exporting increased over 100%, to nearly 97% of all exporting firms in the United States, and accounting for \$168.5 billion in value (Underwood, 2003). According to Underwood (2003), the strategic importance of SMEs has been identified as the following:

- (i) They are responsible for growing employment at a faster rate than larger organization;

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