EFFECT OF ENVIRONMENTAL UNCERTAINTIES ON THE RELATIOSHIP OF ENTREPRENEURIAL ORIENTATION AND BUSINESS SUCCESS: CHILD CARE CENTRES IN MALAYSIA

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ABSTRACT

The main objective of this study is to examine the moderating role of environmental uncertainties on the relationships between entrepreneurial orientation (EO) and business success of child care centres in Malaysia. Data were collected from a sample of child care centres operating in the whole Malaysia using a quantitative survey design. The study adopted a cluster sampling approach. The respondents were the owners of the child care centre selected from the population of 3,490 child care centres in Malaysia. Questionnaires were distributed through the postal method and online survey method. A total of 117 usable questionnaires were returned, giving a response rate of 29.7%. Partial Least Squares-Structural Equation Modeling (PLS-SEM) was used to test the study hypotheses. The findings revealed that entrepreneurial orientations are important strategic orientations for the business success of child care centres in Malaysia. It further shows that innovativeness and pro-activeness positively influence the business success of the child care centre. However, there is no relationship between risk-taking and the business success of the child care center. For the moderating effect, perceived environmental uncertainties were found to moderate the relationship between innovativeness and business success, but does not moderate the relationship between risk-taking, pro-activeness and the business success of child care centre. The findings of this study provide important insights to owner/managers of child care centres in Malaysia, policy makers and researchers to further understand the effects of EO on performance of child care centres in Malaysia. Owner in the child care centres in Malaysia should also be encouraged to improve their entrepreneur orientation which may increase their performances. Finally, the study's implications, limitations as well suggestions for future research are discussed.

Keywords: entrepreneurial orientation, business success, perceived environmental uncertainties, child care centre

ABSTRAK

Objektif utama kajian ini adalah untuk menyelidik peranan penyederhana ketidakpastian alam sekitar terhadap hubungan di antara orientasi keusahawanan (EO) dengan kejayaan perniagaan pusat penjagaan kanak-kanak di Malaysia. Data dikumpulkan daripada pusat penjagaan kanak-kanak yang beroperasi di seluruh Malaysia menggunakan reka bentuk tinjauan kuantitatif. Kajian ini menggunakan pensampelan kluster. Respondennya terdiri daripada pemilik pusat penjagaan kanak-kanak yang dipilih daripada populasi yang berjumlah 3,490 pusat penjagaan kanak-kanak di Malaysia. Soal selidik diedarkan melalui kaedah tinjauan pos dan atas talian. Sejumlah 117 kaji selidik yang boleh digunakan telah dikembalikan, memberikan kadar maklum balas sebanyak 29.7 peratus. *Partial Least Squares-Structural Equation Modeling* (PLS-SEM) telah digunakan untuk menguji hipotesis kajian. Penemuan menunjukkan bahawa orientasi keusahawanan adalah orientasi strategic yang penting bagi pelaksanaan pusat penjagaan kanak-kanak di Malaysia. Penemuan kajian ini menunjukkan bahawa inovasi dan proaktif mempunyai pengaruh positif ke atas kejayaan perniagaan tetapi tiada hubungan yang wujud di antara pengambilan risiko dan kejayaan perniagaan. Bagi kesan penyederhanaan pula, ketidakpastian persekitaran yang ditemui didapati mempunyai pengaruh penyederhana bagi pemboleh ubah inovatif tetapi tidak kepada pembolehubah pengambilan risiko dan proaktif. Penemuan kajian ini memberikan pandangan penting kepada pemilik/pengurus pusat penjagaan kanak-kanak, pembuat dasar dan penyelidik untuk meningkatkan lagi pemahaman tentang kesan orientasi keusahawanan terhadap pusat-pusat penjagaan kanak-kanak di Malaysia. Pemilik/pengurus pusat penjagaan kanak-kanak juga disarankan supaya meningkatkan orientasi keusahawanan yang mungkin boleh meningkat prestasi mereka. Akhir sekali, implikasi kajian, batasan serta cadangan untuk penyelidikan pada masa hadapan turut dibincangkan.

Kata kunci: orientasi keusahawanan, kejayaan perniagaan, persepsi ketidakpastian persekitaran, pusat jagaan kanak-kanak

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LIST OF ABBREVATIONS

EO: Entrepreneurial Orientation

SEM-PLS: partial least squares structural equation modeling

IVs: Independent Variables

DV: Dependent Variable

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

According to the report by International Organisation for Standardization (ISO) (2017), about 90% of the firms worldwide are small and medium enterprise. These enterprises play an important role in job creation, economy stability and development of a country (Fritsch & Storey, 2014). Since small-and medium-sized enterprises (SMEs) form a large part of the business sector and due to their contributions to the nation economy, any research in this area would be justifiable (Rahman et al., 2014).

In Malaysia, SMEs are identified as the largest contributors towards economic growth (Aziz & Samad, 2016). Economic Census done in 2017 showed that SMEs account for 99.3% or 645,136 of total business establishments. Since 2004, the growth rate of SME GDP has been higher than country's overall economic growth rate. In the period 2005-17, the average compounded annual growth rate (CAGR) of SMEs was 7.0%, while the country's overall economy growth rate was only 4.9%. As a result, SME contribution to GDP has increased from 29.6% in 2005 to 36.3% in 2015. In 2017, SMEs also contributed to 65.5% of total employment in the country and 17.6% of total exports in the country. 90% of SMEs' are in the services sector with 580,985 establishments. Meanwhile, 6% of total SMEs are involve with manufacturing with 37,861 establishments. This is followed by 3% in the construction sector with 19,283 establishments. Only 1% are in the agriculture sector with 6,708 settlements and 0.1% in the mining and quarrying sector (SME Corp. Malaysia, 2017). The contribution of SME GDP to the national GDP increased to 36.3% in 2017 as compared to 35.9% recorded in 2014. In 2017, SME GDP rose to

RM385.6 billion from RM363.4 billion in 2014. It is proven that SMEs have contributed substantially to the economic growth (Department of Statistics Malaysia, 2017).

Due to the contribution of SMEs to the overall economy of the nation, it warrants the researchers to research into the factors that leads to the success of this business (Wiklund, 2011). Research has shown that small businesses tend to have a higher failure rate as compared to large organisations (Bloch & Bhattacharya, 2016; Lo et al., 2016).

Small businesses face many challenges due to the size of the firm, these challenges have slowed down the growth of the firm or even caused disruption in business. Some firms will be able to overcome the challenges and survive and finally achieved growth, however, not many firms are able to do that (Sallen et al., 2017). According to the report by the Asian Development Bank (2017), about 80-90% of SMEs fail within their first five years. This is further supported by a research done by Shikhar from Harvard University in 2017 that three out of every four venture-backed firms fail. U.S. Bureau of Labor Statistics, (2017), also reported that 50% of all new businesses survive for the first 5 years or more, however they were not able to survive further after that and only about one-third survive for 10-years or more. This shows that matured business has a better chance of survival whilst many new businesses do not survive.

Another statistic produced by Small Business Administration (SBA), 2016, showed that only 66% of small businesses survive in their first 2 years whereas 34% of them will fail during the first 2 years. The statistic also coincides with the U.S. Bureau of Labour Statistics that only 50% of the businesses will survive in their first 5 years.

Therefore, the sustainability of SME remains a question under present competitive and fast changing business environment. A study which investigates the factors that lead to business success is needed to improve the business success rate in Malaysia. As Malaysia is an emerging economy country, high business failure will cause Malaysia to face harmful social and economic consequences and will affect Malaysia's industrial development. As a result, it will delay Malaysia to become developed country in year 2020 (Abdullah et al., 2009).

This study focuses on the success factor of child care centre in Malaysia because demand for child care services is increasing in Malaysia. There are total 815,410 children receiving early child education (Children Statistic Malaysia, 2017). 198,573 children were enrolled in government-aided child care centre, 288,380 children were enrolled in educational institution and 328,456 children were enrolled in private kindergartens (Children Statistic Malaysia, 2017).

The reason for increase demand for child care centre is because of increase in maternal participation in labour force in Malaysia. Statistics of Malaysia Labour Force Survey (2018) shows that Malaysia's labour force had grown by 1.8% to 15.31 million persons in 2018 compared to 2017. The labour force participation rate (LFPR) has also increased by 0.3% in 2018 to 68.2%. Similarly, woman participation rate in labour force has also increased. According to Statistics of Malaysia Labour Survey (2018), female participation rate in the labour force has increased by 0.4% to 54.78% in 2018. The age group that has highest participation rate in the workforce is between the age of 25-54 years which makes up 58% of the total workforce. Hence, this group of woman labour force has to send their children to the child care centres which led to the increase demand in child care services (Chris, 2010).

High maternal labour participation rate is due to the increase in living cost and high inflation rate in Malaysia. Most of the parents especially those living in urban area simply have to work in order to support for the family. Due to the high cost of living in many families, two bread winners are simply required. Families with only one bread winner will find it hard to meet ends meet (Amin, 2014).

As all the companies are now focusing on bottom line, downsizing and retrenchment are common. Workers will face with the danger of losing their job or miss an opportunity for promotion if they fall ill, get pregnant, or need to take care of their love ones (William, 2017). In order to remain employable in the market, many parents resort to child care as a solution to look after their children rather than taken a break of their work. As child care service cost is not low, one of the parents who left their job thinking that it may not need to incur child care expenses was not a wise decision because they end up with facing more short-term economic pressure as the living cost is even higher. As there is no additional income to contribute to the household, the parents realised that sending their children to the child care centres will be more economically productive (Iram & Butt, 2004). As a result, the parents will still look for child care centre as the solution which leads to the increase in the demand for child care centres in Malaysia.

Other than increase in maternal participation in labour force in Malaysia, the importance of early education for the child also leads to the increase in demand for child care service. Children who have received early education will have better mental and emotional development (Barsha, 2015; Doherty et al., 2006; Iram & Butt, 2004; Liu et al., 2001). According to Iram and Butt (2004), human brain development is affected by the external environment where the human experienced from adolescence through to adulthood, those experience will finally affect the child

when he or she is growing up and will in turn affect his or her learning skill. Therefore, it is important to provide good education to the children in their first three years of their life because this experience will impact their life when they have grown up (Bitler et. al., 2014; Kim & Smith, 2007).

A high quality child care can have a positive influence on children's development and school readiness by providing valuable educational and social experiences. Research also showed that only high quality provision can deliver appropriate development to young children. As there is increasing number of mothers in the workforce and left their children attending a child care facility on a regular basis, it has become critical that young children from all backgrounds should have access to high-quality child care and early education (Campbell et. al., 2014; Liu et. al, 2001).

According to the psychologies, Edward Zigler (1994), the first five years of a child's life is important for the child. This is the formative years for the child and the child' experience in these period will have great impact on his or her development. Research has found positive effects on quality early childhood care and education on the children's development (Carneiro & Ginja, 2014). Hence, many researchers have been done to discuss on how to enhance children's learning experience in psychological, sociological, and pedagogical study. Researches had shown that environment plays an important factor in affecting the children's learning. Environment is important in shaping the children's thinking, feeling and behaviour and affects the children in developing their personality and identity (Conti et. al, 2015; Spencer & Blades, 2006), hence the importance of early childhood education.

According to research quality early childhood education will reduce the crime rate of the child when they are adults (Baker et. al., 2015). Children who received quality

early childhood education tend to dropout from school on a lesser degree thus reducing the need for government remedial action for this group of people. This will be a social cost saving for any government. As the awareness of the importance of early childhood education has been increasing, parents are more careful and alert in choosing a suitable child centre for their child (Omar et al., 2009).

Besides playing a role in shaping the children's mental and emotional develop, child care centre also assists in providing parental care when the child's parents were not around. Child care service enables the parent, especially the woman to participate in the workforce or have opportunity to upgrade themselves by accessing to education and training (Cunha, 2015).

As child care industry is a growing business, it has become one of the important business streams in generating GDP for the country. Child care industry provides opportunity for self-employed professionals or entrepreneur to start a new type of business (Spencer & Blades, 2006). It is not complicated to set up a child care business as it does not require high start-up cost and the procedure in setting up is simple as well. Some child care owner will start up their business in smaller scale where they will operate the business on their own in the comfort of their own home which allows them to generate comfortable income as the same time allowing them to do their work or even to take care of their own children. When the business grows, they might consider moving to a commercial site. There are others who start the business in a commercial location with the plan of expanding the business further (Havnes & Mogstad, 2014).

Since child care services is important to our young generation in Malaysia. It is justified to carry out a study on the entrepreneur who runs the child care centres in

Malaysia to examine what are the factors that determine the successfulness of this industry. There were several researches in the area of early childhood education which was done to understand the standard of quality and the types of physical environment needed in the child care centre in order to develop a child's cognitive, social, and emotional wellbeing (Whitebread, 2018, Egert et al., 2018, Heikka, 2018). There were also research in the areas of leadership of child care centre (Heikka, 2018, Johnston et al., 2018). To date, little research has explored the relationship between entrepreneurial orientation and business success of child care centre. Therefore, this research will contribute to the research in child care centers in business context.

This paper adopts a multidimensional EO approach to examine the degree of the three EO dimensions being innovativeness, risk-taking and pro-activeness and their individual contributions to affect business success of child care performance in Malaysia. A better understanding of this relationship could produce relevant policy, education and managerial implications. Activities and abilities such as risk-taking or innovativeness could be encouraged through public policy incentives or educational courses addressed to prospective or current entrepreneurs who are involve in this early childhood industry. For managers, it is highly relevant to assess the degree in which their firm is entrepreneurial and to understand how that is related to internal firm aspects, because knowledge of these aspects allows managers to make their firm more entrepreneurial.

Theoretically, there were extensive literatures investigating the factors contribute to business success. There was also extensive literature conducted to investigate the link between entrepreneur orientation and business performance (Herath & Mahmood, 2014; Koryaketal., 2015; Wiklund & Shepherd, 2003) but those

researches produced confusing results. Therefore, there is still theoretical gap which could be addressed in this study.

First, some of the literature reports inconclusive findings regarding entrepreneurial orientation and business performance relationship, which calls for more empirical attention in this area. There were some studies which found some direct and indirect relationship between entrepreneurial orientation and business performance (Al-Nuiami et al., 2014; Schepers et al., 2014;Van Doorn et al., 2013; Vij & Bedi, 2012).On the other hand, there are also studies which found no significant relationship between the entrepreneurial orientation and business performance (Fuentes et al., 2015;Dai, 2014; Kreiser et al., 2013; Tang & Tan, 2012; Baker & Sinkula, 2009; Stam & Elfring, 2008).

Second, most of the studies on the entrepreneurial orientation and business performance were conducted in developed countries. Furthermore, there were even lesser researches done at the child care industry. Although there were some studies conducted in developing countries but most of them are about the management and leadership issue in child care centres (Nor, 2006; Majzub, 2003). Hence, there were very limited studies which were done to investigate the relationship between entrepreneurial orientation and business success in child care center in developing countries like Malaysia.

A scientific gap in this line of research is the limited amount of studies on internal organizational moderators that further clarify the relationship between EO and organisations' performance (Gimenez & Ventura, 2002; Wales et al., 2015). Our study will address this gap by exploring how EO influences the performance of

different functions in an organisation and how these functions, in turn, influence overall organisations' performance.

Third, based on Contingency theory assertions, environmental uncertainties were proposed as a moderating variable in the relationship between entrepreneurial orientation and business success. Environmental uncertainties were chosen because according to the contingency theory, an organisation should align its strategy to the environment in order to achieve a competitive advantage over its rivals (Guzmán et al., 2012). Since there are inconsistent results from the past research on the two latent variables, Rosenbusch et al. (2013) have suggested that this could be due to the moderating variable of environmental uncertainties. The core objective of the study is to bridge literature gaps by examining the entrepreneurial orientation and business performance together with the moderating role of environmental uncertainties.

1.2 Problem statement

Research indicates that small businesses tend to have a higher failure rate as compared to large organisations, although they are commonly perceived as an engine of a country's economy (Bloch & Bhattacharya, 2016; Lo et al., 2016). In Malaysia, performance of SMEs deteriorated in first quarter of 2017 as compared to the first quarter of 2016(SME Corp, 2017). Studies by Abdullah et al. (2009) showed that 13% of entrepreneurs decided to close down their business after 5 years of their organizational inception in 2005 in Malaysia despite Malaysia is a developing country. The expected failure rate of small and medium enterprises (SMEs) in Malaysia is about 60% (Khalique, 2015).

Survival and performance of SMEs in Malaysia is an issue of great concern, as the failure rate is high and increasing, there is also negative impact on Malaysia's GDP. This has motivated us to do an empirical investigation on Malaysia SMEs performance in this regard. Although performance of the business has been the dependent variable in the past researcher (Rauch et al., 2009; Wales et al., 2015; Martens et al., 2016), however, business performance of child care centre in Malaysia was still very lack.

Most of the researches done on child care centre are on quality of teaching and management and leadership issues in child care centre. There are very few researches performed on the impact of entrepreneurial skill on the business success of a child care centre in Malaysia. More research is needed on the factors that contribute to the business success of child care centres in Malaysia. There are other earlier studies about child care service in Malaysia. For example, Nor (2006) looked at the quality of teachers, curriculum and classroom environment on the effect of the amount of benefit to preschool children. Majzub (2003) researched into the problems and challenges faced by the educators in the early childhood in Malaysia and the reasons contributed to the problems Since past literature only look into the leadership, management and quality issue of this industry, rarely this industry is being looks as in business view point. This could be related to a lack of entrepreneurial capabilities. This makes child care industry a particularly interesting context to see whether entrepreneurial orientation dimensions can make the difference in determining firms' success.

Similarly, majority of studies of EO to performance were conducted in Europe and Latin America (Gupta & Gupta, 2015; Shehu & Mahrnood, 2014). Wales et al.,

(2013) suggested it is needed have studies to be conducted in the countries that have different socio-culture from US.

The SMEs' success factors have captured the interest of many scholars and practitioners (Onkelinx et al., 2015; Khalique et al., 2015; Javalgi & Todd, 2011). According to the studies conducted by Onkelinx et al. (2015), national culture, environment and entrepreneurial orientation will affect business performance of a small firm.

Whereas for internal factor, characteristics of entrepreneur who are reactive, fire-fighting mentality, unfeasible strategies, flexible structures, failure in strategic planning will contribute to business failures (Gnizy, Baker, & Grinstein, 2014). Lack of social network, lack of innovation, lack of information, tax obligation, lack of entrepreneurial efficacy, lack of manpower are among the factors that contributed to the business failure too (Mwobobia, 2012; Sanya, 2013).

Besides, SMEs often face greater variance in profitability and sales as compared to larger and established firms. Furthermore, the company also faces the problem of shortage of collateral, this will affect SMEs' credit rating. As a result, SMEs are forced to borrow at a higher interest rates and have limited access to additional fund, hence, affecting the survival and growth of that SME (Colvin, Green & Slevin, 2006; Lucky, & Minai, 2012; Popadiuk & Choo, 2007; Bueno & Ordonez, 2004).

Past research studies always focuses on two areas. One was to investigate the ways of enhancing the organizational performance. The other was to investigate the relationship between the factors of success and performance (March & Sutton, 1997). Researchers from different disciplines such as economics, entrepreneurship, and strategic management are particularly interested in the factors affecting

organizational performance (Mitchell et al.,2002). Output-based approach is used in economics to explain the factors for success and is also able to explain the entrepreneurial outcomes (Low& MacMillan, 1988; Rumelt, 1987; Schumpeter, 1942). Trait-based studies were used by entrepreneurship researchers to explain these factors for success but inconsistent findings were found (Mitchell et al., 2002; Sexton & Bowman, 1991; Shaver, 1995; Brockhaus & Horowitz, 1986; Coulton & Udell, 1976). Multi-variant research models including variables from various fields of studies have been tested in strategic management (Zulkifli, 2011; Mancinelli & Mazzanti, 2009).

However, all studies concluded that firm performance is influenced by both external and internal factors (Molina et al, 2011). Among the external factors, the environment in which a firm operates has been considered to be an essential factor. Despite the importance of the external environment, the literature has found internal factors to be even more important for firm performance (Molina et al., 2011). Firm resources, strategy-making, human resource capabilities and entrepreneurial orientation are some of the well-known internal elements that affect the successfulness of the firms as well as their performance (Barney, 2001; Collis & Montgomery, 1995; Teece et al., 1997; Lumpkin & Dess, 1996).

Among the internal factors, entrepreneurial activities have been considered to be important drivers of firm performance (Miller, 2014; Covin & Miller, 2014). The term entrepreneurship holds many different meanings and attitudes. Innovation, risk-taking and proactive inclinations are some of the more acknowledged characteristics that have been used to define entrepreneurial firms. According to the entrepreneurial orientation (EO) construct, these factors are considered to be necessary dimensions for defining organizations as “entrepreneurial”. Owners of the organization or the

firms that practice entrepreneurial attitudes toward making or carrying out decisions are considered to be entrepreneurial (Miller, 2014; Covin & Miller, 2014). It has been shown that having an EO would probably lead to good performance.

Entrepreneurial ventures need to focus on developing EO as this serves as a competitive advantage that allows them to outperform their competitors. EO is becoming a popular subject in entrepreneurship literature (Covin & Lumpkin, 2011; Edmond & Wiklund, 2010; Rauch et al., 2009; Wales, 2016). Studies in the field of entrepreneurship have indicated that the better the EO of a firm, the better the performance of the firm (Swierczek & Thanh Ha 2003; Rauch et al., 2009). This is further supported by Razak (2011) that EO is critical in directing strategic entrepreneurial activities and an important means to achieving better productivity. Thus, the ability of SMEs to practise EO is essential for entrepreneurial success.

There are numerous studies done on entrepreneurial orientation in entrepreneurship literatures (Covin & Lumpkin, 2011; Edmond and Wiklund, 2010; Rauch et al., 2009; Wales et al., 2011). However, variation in the magnitude of the correlation between EO and business success has been found (Hughes & Morgan, 2009).

In recent years, there were some researchers who discovered that there might be a moderating link between entrepreneurial orientation and organization performance (Batjargal, 2007; Rauch et al., 2009; Burt & Burzynska, 2017). Hence, there have been studies that look into the possible moderating variable that might strengthen or weaken the relationship between entrepreneurial orientation and firm performance.

Stam and Elfring (2008) suggested external environment factor to be the moderating factor between entrepreneurial orientation and firms' performance. This is further supported by Suliyanto and Rehab (2012) who suggested to include external

environment factor as moderating variable in firm performance study. In addition, Awang et al., (2009) recommend the inclusion of external environment in entrepreneurship future studies.

The external environment uncertainty is one of the primary sources of uncertainties in the process of identifying entrepreneurial opportunities and threats. Most of the new ventures face this uncertainty (Foss et al., 2013) and most scholars have agreed that environmental uncertainties are the most important indicator of uncertainties (Li & Atuahene-Gima, 2005; Wei & Ling, 2015).

Environmental uncertainty is defined as the inability of the firm to respond quickly enough to the changes in the environment as it is unable to precisely predict changes in the environment which might affect the firm's normal operation (Duncan, 1972). According to Milliken (1987), there are a few situations that might lead to uncertainty, it could be the firms' lack of understanding of the condition it is currently facing or the management perception that the environment is unpredictable. Environmental uncertainty may affect the firm's performance positively as well as negatively (Samsami et al., 2015; Simangunsong et al., 2012).

An organizational strategy is contingent with the business environment (Aragón-Correa & Rubio-López, 2007). In a stable environment, there is less risk to the organization, the organization will tend to take lesser risk and less pro-active. On the other hand, in an unstable and unpredictable environment, the management will tend to take more risk and be more pro-active. In this situation the firms can still benefit from environment protection activities if they perceive this will bring long-term advantage to the organization (López-Gamero et al., 2011). This is further supported

by Jangga et al. (2015) and Samsami et al. (2015) that if the managers believe that there will be more opportunities under highly uncertain environment, they will perceived environmental uncertainty as a competitive advantage and be more proactive, take more risk and use innovative strategies. As a result, the organization may be more innovative by trying new way of doing business, coming out with new idea, producing more variety of products or entering into new market segment. Hence, it is the perception of the manager of whether environmental uncertainty is a threat or opportunity to the organization.

1.3 Research Objectives

In the flow of the above logic, our research contributes to entrepreneurial orientation, child care centers and environmental uncertainties literature in various ways. The objective of our research is to identify the business success factors among child care centre in Malaysia by focusing on EO and business success. The second research aim is to investigate the moderating effect of environmental uncertainties between entrepreneurial orientation and business success. The result of the studies is to raises a further need for organizations to apply an empirical EO model to be more proactively in improving their services to the customers. This includes not only to address the customers' needs, but alsoto create value to the customers as well.

The objective may be stated as follows:

i. To determine the influence of entrepreneurial orientation which comprises of innovativeness, risk-taking and pro-activeness on the perceived business success of child care centres in Malaysia.

ii. To determine whether perceived environmental uncertainties moderate the relationship between entrepreneurial orientation and perceived business success of child care centres in Malaysia.

1.4 Research Questions

The purpose of this paper is to identify the business success factors among child care centre in Malaysia by focusing on EO and business success. An appealing question is whether environmental uncertainty in which a center operates might moderate the EO and business success relationship. This question is central to this paper. Thus, the paper contributes to the understanding of the EO and business success relationship in the child care centre by seeking to answer the following questions:

i. Is there significant relationship between entrepreneurial orientation (which comprises of innovativeness, risk-taking and pro-activeness to perceived business success of child care centres in Malaysia?

ii. Does perceived environmental uncertainties moderate the relationship between entrepreneurial orientation and perceived business success of child care centres in Malaysia?

1.5 Scope of Study

This study focused on child care centre in Malaysia. There are a few legislations being enacted by the Malaysian government in order to safeguard and protect the children in Malaysia such as Child Protection Act, the Child Care Centre Act 1984 and the Education Act 1996. There were a total of 20,584 preschools registered with

the Social Welfare Department in 2017. Ministry of Education (MOE), Community Development Department (KEMAS) which is a part of the Ministry of Rural and Regional Development, National Unity Department (PERPADUAN) under the Ministry of National Unity and Social Integration and State Islamic Religion Department (SIRD) which operates in each Malaysian state operate and control the child care centre in Malaysia.

EO is viewed as strategic orientation of the firm (Covin &Lumpkin, 2011; Lumpkin & Dess, 1996) and a source of competitive advantage (Lumpkin & Dess 1996). Under a competitive business environmental, EO is believed to be tool for survival and a factor to outperform other competitors in the global markets (Knight, 2001). Therefore, it is necessary for the SMEs to practice entrepreneurial orientation in order to have better performance (Idar & Mahmood, 2011).

The respondents of the study are the owners of the child care centres. The owner must be the entrepreneur who set up the child care centre and treat the child care centre as his/her business. The successor of the child care centre or the employed director of the child care centre is not qualified as the respondents of this study. Hence, those child care centres run by charity organisation, non-government organisations (NGO), government child care centres are not included as they are not the entrepreneur who set up the child care centre and do not run the centre as a business. If the child care centres are not run by the entrepreneur but by someone who are being employed, they will have different mentality as compared to the entrepreneur who set up the child care centre as this is not their business. Therefore, the unit of analysis is the entrepreneur who set up the child care centres in Malaysia.

1.6 Significance of the Study

According to the research, it is proven that quality child care is able to enhance the children's development (Adams & Philips, 2001). Healthy environment where the child care provider provide attention and care to the children is necessary in children grow up process because this can provide positive effect to the child emotion, social and intellectual development (Colin, 1996). From the research by Ochiltree (1994), quality child care is necessary to the young children because it is beneficial to their growing up experience. Good quality child care will lead to positive children development (Sommer, 1992).

In Northern Europe in countries like Iceland, Sweden, Denmark, Norway and Finland, child care centre is seen as a place providing opportunities for the children to socialise with other children. This enables them to develop social skill so that they can be accepted in the group when they grow up. Research by Vandell (2004) in his past 20 years had found that quality child care services will produce positive behaviour in the child, the children whom are brought up in a pleasant and loving environment is found to be happier and more attached to the care giver under environment where the ratio of child to care giver is lower and are more cognitively competent during the free play like art, blocks and dramatic play. Furthermore, children who were caredfor by a care giver who has a college degree or specific early childhood training will develop better cognitive skill compared to others. This is further supported by Sims (2003), who found that quality child care service improves the children's social competence, they are able to demonstrate positive group behaviour and more able to gain acceptance in their social circle. This social skill is necessary when they have grown up.

The quality issues faced by most of child care centres are the qualification of teachers as most of the teachers do not have proper training. Hence the teaching and learning processes and provision of facilities has become the management and leadership aspects of the child care centre which provides early childhood education. According to Siraj-Blatchford & Manni (2006), teachers who are able to create warm environment, interact well with the children, display good qualities of leadership will improve the quality of preschool education and lead to better performance and success of the child care centre. Leadership issue in child care industry in Australia has become more and more important due to the fast development of this industry. Early childhood education has started to receive attention in the 90s.

This study is also important because child care education is a growing service industry and has not received much attention from management and marketing researchers. Child care education needs a high-involvement relationship between service deliverers and the recipients of the service (Kim & Smith, 2007). Therefore, this study is going to contribute to the child care service industry in Malaysia. The findings will help the owner of the child care centre to understand how entrepreneurial orientation contributes to the business success of their centre.

The entrepreneur who is running a child care centre or the entrepreneur who is planning to set up a child centre will be benefited from this study. This study will make them understand how entrepreneurial orientation can contribute to the business success of their centre. This study also contributes to the existing entrepreneurs who are currently running the child care business because this study had investigated the success requirements for their business. As a result, they will be able to understand what must they do in order to increase the success rate of their business. This study is also useful to the policies maker in Malaysia, as now ECCE Council requires all

child care providers to obtain at least a diploma in early childhood care and education. This study will investigate whether this requirement is really necessary for the child care provider.

1.7 Definition of terms

Current research is embarked on examining the influence of entrepreneurial orientation on business success of child care centres in Malaysia. For easy understanding of the study, definitions of key terms used are provided in the following.

1.7.1. Child care centre

This is a centre that provides care and supervision of a child or multiple children at the range of age between 4 to 6. This centre was set up with the objectives of assisting working parents so that their children get good care. Besides, it enhances the standard of living of the family. It also provides opportunities for people who love children to work in the child care centres (Adams, G. & Philip, D., 2001)

1.7.2 Child care centre owners

In this study, child care centre owners are the respondents of the study. The owner must be the entrepreneur who set up the child care centre and treats the child care centre as his/her business. The successor of the child care centre or the employed director of the child care centre or the employed directors of those child care centres run by charity organisation, non-government organisations (NGO), government child care centres are not included considered as child care centre owners in this study.

1.7.3 Business success

In this study business success is defined as survive or remain in business (Lussier & Pfeifer, 2001). In this study, it is the perception of the owner of child care centre in term of financial and non-financial performance of the child care centre. Financial measures are profitability, sales growth, market share and cash flow (Wall et al., 2004; Covin et al., 2006; Hill & Jones, 2011; Camisón & Villar-López, 2014). Non-financial measures are efficiency, employee commitment, job satisfaction, and image of the business (Masuo et. al., 2001; Wall et al., 2004).

1.7.4 Innovativeness

Innovativeness is developing on applying creative ideas or solutions to the challenges exist in the competitive business environment today (Clausen & Korneliussen, 2012; Covin & Miller, 2014) Innovativeness also means trying to solve the problems in a creative way (Lisboa et al., 2011; Chen et al.,2012).

1.7.5 Pro-activeness

Pro-activeness refers to the processes where the entrepreneurs are consistently seeking for new opportunities. These opportunities may or may not be related to the present line of operations. This process of introducing new products and brands is able to eliminate operations or products which are already at the mature or declining product life cycle (Davidsson, 2015).

1.7.6 Risk-taking

Risk-taking is defined as facing uncertainty in the environment for behaving entrepreneurially. Taking risk also means a behaviour of taking moderated or calculated risk instead of uncontrollable risk to invest resources to a project that may

fail (Morris & Kuratko, 2008). Risk taking is the extent to which managers are willing to make large and risky resource commitments that may have reasonable chance of facing costly failures (Song et al., 2017)

1.7.7 Perceived environmental uncertainties

Uncertainty is defined as an individual's perception to be unable to predict something accurately (Milliken, 1987). Uncertainty is focusing on an individual perception (Hoque, 2011). Hence, in this study environmental uncertainty is equated as perceived environmental uncertainty (PEU) (Miliken, 1987; Sharfman & Dean, 1991). PEU is usually due to lack of understanding of cause and effect relationships in the environment (Lawrence & Lorsch, 1967).

1.8 Organisation of the Dissertation

This paper is structured into five sections. Following this introductory section, literature review section discusses the premises behind the relationships among the constructs of the research model. Research methods and results are then presented. The section on theoretical and managerial implications ends the paper.

There are 5 chapters in this dissertation. The first chapter is the introduction of this study. It consists of 8 sections. They are introduction to this study, followed by problem statement, research questions, research objectives, scope of study, significance of the study, definition of terms and finally the organisation of this dissertation.

The second chapter started with discussion of business success. It continues with the discussion of the development of entrepreneurial orientation. This chapter also

discussed about the relationship between entrepreneurial orientation and business success. The second part of this chapter focuses on the literature review of independent variables and dependent variable. The dependent variable is business success and the independent variables are innovativeness, risk-taking and pro-activeness. It also discussed the moderating variable of perceived environmental uncertainties.

The third chapter discusses the research methodology. It starts with the research framework, hypothesis development and research design. In the later part, it continues with the discussion of the population, sample and unit of analysis of this study. It also discusses the content of the questionnaire used in this study. Finally pilot test, non-response bias and data analysis of PLS-SEM were also being discussed.

Chapter four discussed the respond rate of this study. It also briefly discussed the data screening and preliminary analysis process where normality test, multi-collinearity test and common method variance test. It continues with the discussion of the demographic of the respondents. The last section is the descriptive analysis of the latent constructs, assessment of the PLS-SEM path model result and assessment of the significance of the structural model.

Chapter five summarised the finding in chapter four. It discusses the theoretical, practical and methodological implications of this study. It concludes with the recommendation after analysing the finding of this study, limitation and recommendations for future research.

CHAPTER 2

LITERATURE REVIEW

2.1Introduction

The purpose of this chapter is to review all the literature that support the research for this thesis. It discusses the influence of dimensions of entrepreneurial orientation on business success of the child care centres in Malaysia. It is followed by looking at how perceived environmental uncertainties moderate this relationship in the child care centre. At the end of the chapter, the underpinning theory is being discussed which is Lumpkin and Dess (1996) classic figures of Conceptual Framework of Entrepreneurial Orientation and contingency theory.

2.2 Business Success

Business success is defined by scholars in many different ways. The most common definition of success is the ability of the firm to survive or remain in business (Lussier & Pfeifer, 2001). The definition of success is controversial in the entrepreneurship literature (Gorgieveski et al., 2011) despite having been researched extensively in past literature. Therefore, there has not been a general agreement of the definition of success.

Some researchers deem success as survival of the firm (Reijonen & Komppula, 2007). Survival refers to the continuation of a business whereas failure refers to going out of business. According to Van Praag et al. (2008), if the company did not

go out of business or close down, it is considered as successful in the early stage of business. However, some researchers believed that the firm must achieve a certain level of performance to be considered successful; a mere survival is not sufficient (Amato et al., 2016). In the later stage of business, success is termed as growth of the business because a business needs to survive first before it starts to grow (Amato et al., 2017). However, the terms, growth, success and survival, are very closely linked and interchangeably used in some of the literature (Mueller, 2017). In today's industrial world, entrepreneurs equate success as survival because entrepreneurs can only stay in the business if they can make profit; if their business incurred losses, they will have no choice but to exit from the business (Harada, 2003).

However, there are other studies that think that success and survival are two different concepts (Pérez & Canino, 2009). They believed even if some businesses are profitable and able to survive, they might not be successful because there are other factors that might result in the closure of the business. For example, business owners may decide to cease the operation due to other personal reasons, professional interests and other factors that may affect the entrepreneur's lifestyle (Pérez & Canino, 2009). Hence, business, economic, and qualitative indicators (such as meeting challenges or overcoming obstacles) should be used to identify the presence of business success (Brush,2008; Lim, 2017).

Some researchers measured success using financial measures such as profitability, sales growth, market share and cash flow (Wall et al., 2004; Covin et al., 2006; Hill & Jones, 2011; Camisón & VillarLópez, 2014). Business success can also be measured in terms of returns such as assets, sales, profits as well as non-financial measurement such as personal development and achievement and customer satisfaction (Masuo et. al., 2001; Wall et al., 2004). Some qualitative measurement

such as quality service, dedication and hard work, growth potential, innovation, quality improvement and efficiency are used as measurement of success (Amato et al., 2017). There are other intrinsic measurements being used such as freedom and independence, ability to control one's future, and being one's own boss; extrinsic measurement such as increased financial returns, personal income, and wealth are used as measurements of success too (Ağca et al., 2012; Urban, 2012).

2.2.1 Business Success Factors

Some factors that are able to lead to economic success of business are successful and proper strategies planning, innovation and being entrepreneurially oriented in tough environmental conditions (Rauch & Frese, 2009). Factors that lead to psychological success are high sense of achievement, ability to take reasonable risk, locus of control, possession of human capital, problem-solving skills, assertiveness, focus on interpersonal relationship, self-leadership, positive thinking and persistence (Caliendo &Kritikos, 2008; D'Intino et. al., 2007). According to Nel et al. (2008) self-efficacy is also one of the factors of psychological success. However, Sternberg (2004) believed that the entrepreneur must possess a combination of analytical, creative, and practical intelligence to be successful. According to Alstete (2008), an entrepreneur who enjoys the reward of work freedom and independence, job satisfaction and money is deemed successful.

The factors that lead to social success are strong social networks and social skills (Brush, 2008; Walske et al., 2007). Factors that lead to management success are also considered as antecedents for entrepreneurial success. They are visioning and bootstrapping (Brush, 2008). Entrepreneur's qualifications, aims pursued, and training schemes utilized are found to be positively related to entrepreneurial success

measured in terms of minimum cost output (Bonet et al., 2011). According to Wadhwa et al. (2009), learning from past successful or failed experiences and luck are two most important factors that contribute to success. A business which is able to survive beyond the start-up stage is deemed to have achieved success because it has passed through the first few years of volatile period.

As there are a lot of factors that affect business success, in this study, entrepreneurial orientation is chosen because research in entrepreneurship has confirmed that individual relevance will determine the success of business (Shane & Venkataraman, 2000). Therefore, the capabilities of the entrepreneur may act as a driver as well as a stumbling block to the success or failure of the company as well as the SMEs. In the competitive business environment today, both entrepreneurs' competencies and orientation will be able to affect how successful a business is (Oyeku, 2014). Hence this study does not look into other factors that may affect business success such as entrepreneurial characteristics, capabilities, supports and others.

Business success in this study is measured by the child care centre's owner perception toward business success. This is measured by to what extent they are satisfied with the financial and non-financial performance of their centres as compared to their competitors in terms of sales level, sales growth rate, effectiveness, better competitive position and employees' job satisfaction. In this study, respondents were asked to indicate their perception of success criteria ranging from ''strongly agree'' to ''strongly disagree''.

2.2.2 Challenges in the Literature

Numerous research had also been done to investigate the relationship between entrepreneurial orientation and business performance (De Clercq et al.,

2013; Filser& Eggers, 2014; Schepers et al., 2014; Shehu and Mahmood, 2014) Most of the findings were mixed. Some researchers argued that a high level of EO leads to superior performance (Al-Nuiami et al., 2014; Hughes et al., 2012; Madsen, 2007; Schepers et al., 2014; Van Doorn et al., 2013; Vij and Bedi, 2012; Wiklund, 1999) as well as positive effect on business growth (Alarape, 2013; Laukkanen et al., 2013; Moreno & Casillas, 2008; Soininen et al., 2012). Wales (2016) also explained that there is a positive relationship between EO and firm performance.

However, Slater and Narver, (2000), Stam and Elfring (2008), Baker and Sinkula (2009) found mismatch between EO and performance in organization. In some other studies, EO is found to have a U shaped relationship with firm performance (Tang et al., 2008; Tang & Tan, 2012; Kreiser et al. 2013; Su et al., 2015).

According to them, one possible reason for the variation is the existence of other variables that moderate the relationship between EO and business success. Li & Tang (2010) believed that there are third variables that moderate EO and performance of the firm. Although scholars are interested in finding out what are the possible variables that moderate the relationship between entrepreneurial orientation on business success, limited studies have been done in this aspect (Huang & Wang, 2011). Most of the studies only investigated direct relationship between EO and business success. However, there were very limited studies that reported on the moderating factor of EO and business success (Frese et al., 2002; Wiklund & Shepherd, 2003). Although the moderator between EO and business success were also discussed by Covin and Slevin, 1991; Lumpkin and Dess (2001); Yusuf (2002); Kraus et al. (2012); Boso et al. (2013); Wales et al. (2013); Su et al. (2015), however, there is little consensus about which are the suitable moderators to the relationship.

Hence, the moderating effect of EO and firm performance will contribute to greater understanding of the relationship between entrepreneurial orientation and business success.

2.3 Entrepreneurial Orientation

2.3.1 Entrepreneurial Orientation Definition and Development

Entrepreneurial orientation is believed to be one of the important factors in determining the success, development and sustainability of a business (Lechner & Gudmundsson, 2014; Lindsay et al., 2014; Shehu & Mahmood, 2014). It is believed that entrepreneurial orientation can lead to better business performance (Rauch et al., 2009; Wales et al., 2013; Gupta & Dutta, 2016).

Entrepreneurial orientation was initially initiated by Miller (2011). According to him, a firm that practices entrepreneurial orientation is a firm that engages in product and market innovation, is willing to undertake somewhat risky ventures, and is proactive in beating competitors. Entrepreneurial orientation involves processes like strategy-making, establishing policies and foundation for entrepreneurial actions and decisions (Rauch et al, 2009). Hence, an entrepreneur who practises entrepreneurial orientation has the ability to create new products or provide innovative service; he is also very pro-active in anticipating future opportunities; he is willing to take risk although the outcomes of the project may seem to be uncertain (Covin & Slevin, 1991; Kraus et al., 2012; Mahmood & Hanafi, 2013).

The difference between entrepreneurial orientation and entrepreneurship is entrepreneurship is a content and entrepreneurial orientation is a series of process on how to become an entrepreneur (McGuinness, 2008).

A firm that practices entrepreneurial orientation will see an improvement in social, economic and financial perspective of their business (De Clercq et al., 2013; Filser & Eggers, 2014; Schepers et al., 2014; Shehu &Mahmood, 2014). Entrepreneurial orientation will help new entrepreneurs in setting up their venture as it explains the necessary factors that will help new entrepreneurs at the beginning of their venture (Alarape, 2013; Laukkanen et al., 2013; Moreno & Casillas, 2008; Soininen et al., 2012). Besides, it also helps existing business ventures in running their business as all the dimensions of entrepreneurial orientation serve as building blocks in running of the business (Al-Nuiami et al., 2014; Hughes et al., 2007; Madsen, 2007; Schepers et al., 2014; Van Doorn et al., 2013; Vij & Bedi, 2012; Wiklund, 1999). The success factor of a business is the ability of the business to develop new products, services or processes that satisfy customers' needs (Drejer, 2006). It is very difficult to achieve success in business if the entrepreneur did not practice entrepreneurial orientation in the competitive world today (Rauch et al., 2009).

2.3.2 Dimensions of Entrepreneurial Orientation

The dimensions of entrepreneurial orientation are innovation, pro-activeness and risk taking. They are believed to be the driving forces for business survival and business success (Lechner & Gudmundsson, 2014; Lindsay et al., 2014; Shehu & Mahmood, 2014). These elements are considered as constructs of entrepreneurial orientation (Edmond & Wiklund, 2010). George and Marino (2011) also added on a few more dimensions of entrepreneurial orientation. According to them,

entrepreneurial orientation is described as a process, behavior and structure that involves being innovative, proactive, risk taking, competitive and having autonomy. These form the dimension of entrepreneurial orientation, which is believed to be able to lead to organizational success.

Most researchers agreed that entrepreneurial orientation is made up of three dimensions which are innovativeness, pro-activeness and risk-taking (Rauch et al., 2009; Wales et al., 2015). These three dimensions of entrepreneurial orientation created by Miller (1983) is followed and agreed by other scholars like Covin & Slevin (1989); Naman & Slevin (1993); Zahra & Garvis (2000); Kemelgor (2002). The dimension of entrepreneurial orientation as proposed by Lumpkin and Dess (2001) can vary (Stetz et al., 2000; Kreiser et al., 2002; Hughes & Morgan, 2009). Hence, it created multi-dimensions for some of the model. However, the discussion in the literature is not how much different the new model is from the original model, but is about the entrepreneurial orientation model which should include at least the original three dimensions (Covin et al. 2006).

Some moderated EO model combines all the three dimensions of risk taking, innovativeness and pro-activeness into one. For instances, research by Rauch et al. (2009) showed that, in their analysis, only 25% of the articles use a multidimensional model where the dimensions of EO also vary from each other. This is because all the dimensions of EO are equally important and carry same value, hence they can be combined as one variable. This is further supported by Yoo (2001) and Covin et al. (2006) who also found all the three dimension of EO to be equally important in contributing to organisation's performance. As a conclusion of the research on EO, most of the researchers found high correlation between the dimension and business

success, hence it is concluded that all the three dimensions of EO are positively related to business performance.

Innovation and pro-activeness are the driving forces to the survival of the firm as well as success of the firms. It is believed that other dimensions of EO like risk-taking, autonomy and competitiveness will add on further to the original two dimensions to contribute to the success of the firms in a competitive business world today (Wang, 2012; Stambaugh et al., 2017). Wales et al. (2016), Miller (2014) combined all the five dimensions which are innovativeness, pro-activeness, risk-taking autonomy and competitive aggressiveness to form EO. This has added on to the original model by Lumpkin and Dess (1996).

However, the dimension of EO may vary and it is not necessarily that all the dimensions will contribute to organizational success in all instances, in some instances it may not (Lumpkin & Dess, 1996).

2.3.3 Entrepreneurial Orientation Affect Business Success

Research has shown that entrepreneurial orientation results in higher levels of performance (Walter et al., 2006; Martin &Javalgi, 2016; Semrau et al., 2016). The relationship between entrepreneurial orientation and performance may depend on the key performance indicators used to measure performance in businesses (Lumpkin & Dess, 1996). Wang (2012) indicated that the dimensions of entrepreneurial orientation have been positively related to success. A business owner who develops new ideas and products and who takes more risks than his competitor is more successful than people with a lower level of entrepreneurial orientation (Rhee et al. 2010).

Entrepreneurial orientation is able to influence the behavior on a business which includes business strategy and decision making. As a result, it will affect the effectiveness and efficiency of a business which is also the performance of the output of a business. This also determines the success of a business (Ireland et al., 2009).

Business which has access to rare and valuable resources whether it is knowledge-based resources or property-based recourses has competitive advantage as compared to other businesses. This will result in the company to achieve better performance as compared to its competitors (Wiklund & Shepherd, 2003). Entrepreneurial orientation is an independent variable of recourses as business success is a dependent variable of the dimensions of entrepreneurial orientation (Frese et al., 2002). It is believed that there is a positive relationship between entrepreneurial orientation and a business' performance (Mahmood & Hanafi, 2013). Entrepreneurial orientation is therefore the process for the management to achieve better performance and be more competitive than its competitors (Gupta & Gupta, 2015; Wales, 2016).

There is a difference between entrepreneurial business and non-entrepreneurial business. An entrepreneurial business is more receptive to risk and are willing to take more risk, this includes venture into a new market, actively seeking for new business opportunities. As a result, it grows faster than non-entrepreneurial business (Miller & Le Breton-Miller, 2011).

There have been a significant number of research articles that have been published which build upon the construct that examined the link between EO and firm performance (Miller, 2011; Langkamp & Lane, 2012; Lechner & Gudmundsson, 2014; Covin & Miller, 2014; Wales, 2016). Positive effects of firms performance has been identified with firms that practised EO (Al-Nuiami et al., 2014; Hughes et

al., 2007; Madsen, 2007; Schepers et al., 2014; Van Doorn et al., 2013; Vij & Bedi, 2012; Wiklund, 1999). These company exhibited improvement in company growth, survival rate, sales figures, and perceptual performance (Alarape, 2013; Laukkanen et al., 2013; Moreno & Casillas, 2008; Soininen et al., 2012). Positive effects of firms' performance in terms of market share, profitability, and reputation were also identified by Lumpkin and Dess (1996) for firms that practised EO. Similar results have been supported by other researchers like Lim et al. (2008); Fairoz et al. (2010).

Numerous studies have been carried out in developed countries with different population to examine the effect of entrepreneurial orientation and business performance (Covin & Lumpkin, 2011; Edmond & Wiklund, 2010; Rauch et al., 2009; Wales et al., 2011) in particular, at firm level (Miller & Le Breton-Miller, 2011). Karacaoglu et al. (2013) carried out a research on a sample of 140 industrial manufacturing firms listed on Instanbul Stock Exchange (ISE). He has found a positive relationship between innovation, risk taking and pro-activeness to the financial performance of the firms. Kraus et al. (2012) carried out a research on 164 Dutch SMEs, the survey data show that during economic crisis, proactive SME exhibited better performance than non pro-active firms. Similarly, during turbulent environment, innovative firms which have taken in calculated risk and do not involve in high risk project exhibited better performance than non-innovative firms. Kaya & Agca (2012), carried out a research on 94 Turkish manufacturing foreign direct investment (FDI) firms and found that innovative and pro-activeness have positive and significant relationship with the performance of the firms. This is further supported by Coulthand (2007) that there is positive relationship between the firm performance and innovativeness and pro-activeness in his studies on firms in

different industries in Australia. However, he did not find consistent results in risk taking across the industries, the variation can be due to different definitions being used in this dimension by different researchers.

In Malaysia, majority of the research which investigate the relationship between entrepreneurial orientation dimension and performance of the firms focus on only small and medium enterprises (SMEs). Most of the research results show positive relationship between effect of entrepreneurial orientation and firm performance. For instance, positive relationship has been found between entrepreneurial orientation and SMEs' performance (Poon, Ainuddin & Junit, 2006). Similar result has been found between entrepreneurial orientation and performance for survey conducted in 162 SMEs in Klang Valley (Zainol & Wan Daud, 2011). Mahmood and Hanafi (2013) also supported the result conducted by Zainol & Wan Daud (2011). Positive relationship has been found between entrepreneurial orientation and the firm's growth among construction companies listed in Bursa Malaysia (Zain & Hassan, 2007).

In a hostile environment, EO is positively related to the performance of a small firm (Covin & Slevin, 1989). Autonomy, innovativeness and risk-taking which are the three dimensions of entrepreneurial orientation are positively related to performance in a hostile environment (Zainol & Wan Daud, 2011). Similar result was obtained by Hui et al., (2008) too. Innovativeness, pro-activeness and risk-taking are found to significantly affect the overall performance of the firms measured in terms of return on investment (ROI), sales performance and market performance in Sri Lanka (Samarakoon & Jasek, 2011) and innovativeness has found to most significantly affecting the performance of the firm in hostile environment. This is further supported by Islam and Hu (2012) that the entrepreneurial characteristics and firm

characteristics are positively related to business success in Bangladesh in hostile environment.

However, there were some contradictory results from the previous findings, for example, Quince and Whittaker (2003) found that innovativeness, pro-activeness and risk-taking did not totally contribute to the improved performance of the 142 high-tech firms. Pro-activeness and innovativeness did not show strong relationship to employment growth, only innovativeness has strong relationship to turnover growth.

This is further supported by Lim (2008) who investigated the relationship between autonomy, innovativeness, risk-taking and competitive aggressiveness with the performance of 137 service industries. He found that only competitive aggressiveness is positively related to the performance of the businesses. The rest of the dimensions of EO do not result in better performance of business. Innovativeness, pro-activeness and risk-taking are found to be not significant to firm's performance measured in term of sales growth, profit, employment growth and owner/manager satisfaction in 25 manufacturing firms in Sri Lanka (Fairoz et al., 2010).

Studies by Swierczek and Ha (2003), have found that only the dimension pro-activeness and innovativeness have positive relationship with the performance in his research on the firms from Vietnam and Thailand, while risk-taking was not. Similar result was also shown by Hughes and Morgan (2007) that only partial EO dimensions were positively related to the performance of incubating firm in UK. According to their research, only pro-activeness has positive relationship with the firm's performance while risk-taking and innovativeness are not significantly related to firm's performance. As a conclusion, research on various dimension of EO to the

performance of the firm produced mixed result. Some result showed positive relationship while some do not.

2.3.4 Innovativeness

Prajogo (2015) pointed out the importance of innovation in the entrepreneurial process. According to him, 'creative destruction' is disruptive innovation, this is because new products, services or processes have been created and they disrupt the current trend in the market and customers' taste. Innovativeness is also seen as developing or applying creative ideas or solutions to the challenges existing in the competitive business environment today (Clausen & Korneliussen, 2012; Covin & Miller, 2014). According to Lumpkin & Dess (1996), a business which is innovative will tend to engage in creating new ideas or new processes, this will enable the business to produce new products, services or technology.

Innovation means creating something entirely new to the world or entering into a totally new market (Vila & Kuster, 2007). To be competitive in the market, most of the firms adopt innovativeness by developing new products or make incremental changes to the existing products in order to seek growth (Gursoy & Guven, 2016; Mcgowan & Hu, 2014). Firms that introduced new products or services to the market apprehend the competition intensity in competitive world today. Organisations which are innovative are rewarded with greater financial reward due to the ability to offer new technology or various range of product (Overstreet et al., 2013). As a result, an organization with innovative strategic posture will have better performance because of its ability to seize opportunities in the new market (Wales, 2016).

Innovation is an important and main behaviour for an entrepreneur. An innovative entrepreneur will try to solve the problems in a creative way (Lisboa et al., 2011;

Chen et al., 2012). Innovation is the outcome of creativity, hence employees are encouraged to be creative or they are encouraged to utilize their creative minds (Rohilla, 2011).

An innovative entrepreneur always tries to find new markets or new products, this is considered as the first mover in the market. As a first mover, since there are no similar products or services in the market, the first mover has relative advantage and is able to dominate the market if there is a need for the products. Undeniably, eventually other businesses may follow and come in with similar products or services, however, the first mover would have already achieved its financial and prospective goals (Zhou et al., 2005; Schindehutte et al., 2008; Lisboa et al., 2011). Being an entrepreneur, innovativeness is very important because it enables the entrepreneur to become the first mover and gain its competitiveness as compared to his competitors as it is one step ahead of his competitors. Entrepreneurial orientation is a strategic process which means the entrepreneur is committed to innovation (Clausen & Korneliussen, 2012; Covin & Miller, 2014).

Innovativeness is believed to be one of the EO dimension that can affect the performance of the organization. According to a mail survey carried out by Hughes and Morgan's (2007) among the managing directors in emerging young high-technology firms in U.K, the study showed that innovation affected organisation's performance in young high-technology firms. According to Hult et al. (2004), mailed questionnaires were sent to marketing managers in a sample of Fortune 500 industrial companies and result has shown strong positive relationship between innovation and performance. However, they found that the result may be moderated by the environment of the market whether it is high or low turbulence.

According to a research by Wiklund and Shepherd (2011), they found that innovativeness has positive relationship with firm performance of the small business owners. This is further supported by Tang et al. (2012) and Zortea-Johnston et al. (2012), who found innovation to be positively related to the firm's profitability and other performance measurements like return on investment, return on sales ad return on assets. Casillas & Moreno (2010) also found innovation to be positively related to firm growth measured in sales, assets and employment among SMEs in Spain. Klomp & Van Leeuwen (2001) also found positive relationship between innovation and sales performance and employment growth. Soininen et al. (2012) found positive relationship between the introduction of new product and market performance. Wang & Yen (2012) found positive relationship between innovativeness and firm performance among Taiwanese SMEs in China. The same result has been found among SMEs in Pakistan (Hameed & Ali, 2011), Korea (Yoo, 2001) and companies listed on Istanbul stock exchange (Karacaoglu et al., 2013).

2.3.5 Risk-taking

According to Hughes and Morgan, (2007), Kraus et al., (2012), Wang and Yen (2012), DeClercq et al. (2013), Fern et al. (2012), risk is linked with an organization's willingness to make bold and daring resource commitments toward organizational initiatives with uncertain returns (Wales et al., 2013). Hence, risk-taking is described as facing uncertainty in the environment and behave entrepreneurially.

Taking risk also means a behavior of taking moderated or calculated risk instead of uncontrollable risk to invest resources to a project that may fail (Morris & Kuratko,

2008). However, a firm that has entrepreneurial behavior is bold in facing uncertainty instead of paralyzing fear of it.

According to the entrepreneur literature, entrepreneurship is equated as self-employed or working for oneself instead of working for other people and being paid for salaries or wages (Cantillon, 1755; Shane, 1994). Personal risk exists if someone works for oneself because uncertainties exist and the self-employed person has to face the risk themselves as compared to the hired employees whom do not have to face the risk. Hence, risk taking is one of the requirements needed for an entrepreneur (Franca & Rua, 2016). The self-employed person has to face three different types of strategic risks which are venturing into the unknown, committing a relatively large portion of assets and borrow heavily (Baird & Thomas, 1985). Other than strategic risk, the entrepreneur also faced personal risk, social risk and psychological risk which are the result of uncertainties faced by the entrepreneur (Gasse, 1982). In finance, risk is defined as the trade-off between risk and return with a probability of facing loss or negative outcomes.

As defined by Naldi et al. (2007), risk taking is the extent to which managers are willing to make large and risky resource commitments that may have a reasonable chance of facing costly failures (Song et al., 2017). Firms may face costly failures because they borrowed heavily or commit high amount of financial resources which lead to a firm to be highly leverage and taking risk. Hence, a firm which practice entrepreneurial orientation of risk taking need to be compensated with higher return due to high financial commitments (Martin & Javalgi, 2016).

Behaviour of risk taking ranges from low risk taking to high risk taking. Examples of low risk taking behavior are deposit money in the bank, investing in treasury bill and

investing in government bond. Examples of high risk taking are investing in new technologies, entering in new market or borrow extensively. Accounting measurements of risk taking vary widely. According to Brockhaus (1982), he measured risk taking according to risk propensity. Risk propensity is defined as "perceived probability of receiving the rewards" associated with the successful outcome of a risky situation (Brockhaus, 1982). Sitkin and Pablo (1992) distinguished risk into risk preferences, risk behavior and risk propensity. He also has the same definition of risk propensity as Brockhaus (1982) but he does not have the same opinion with Sitkin & Pablo (1992) in term of risk preferences. Sitkin and Pablo (1992) is of the opinion that risk propensity act as a mediator between risk preferences and risk behavior because they argued that the risk preferences of a person which is the desire of a person to avoid or pursue risks will affect someone's risk propensity to behave in more or less risky ways but does not determine specific risk behaviours.

There are many factors that may predict risk taking behaviour, for example framing of risk problem (Kahneman & Tversky, 1979), experience of undertaking the risk previously (Thaler & Johnson, 1990), and the ability to perform under risky conditions (Slovic et al., 1980). Researchers from the past were not able to find consistent patterns in predicting risk taking behaviour among entrepreneurs. In terms of risk involved new entry, there were inconsistent results in risk taking propensity (Brockhaus, 1982) inconsistent result was also found between risk taking and performance (Begley & Boyd, 1987). There were also lack of study on firm's risk taking, most studies were related to individuals. Therefore, there is a problem of how to measure. As a risk averse person, he/she will tend to study the risk in detail before making any investment decision, however, risk is only taken care among individual

level but not firm level. Therefore, operationalizing risk taking in firm level risk taking warrants future research.

In term of measurement of risk, researcher like Miller and Camp (1985) measured risk taking at firm level by asking managers' opinion on to what extent the firm is able to invest in risky projects and individual preferences for brave or careful actions to achieve firm objectives is accepted widely. Zahra & Garvis (2008) also used a similar approach by asking managers to what extent they are able to accept risk by following tried-and-true paths or tended or only support a project where the return is certain.

According to Wang and Yen (2012), Kollmann and Stöckmann (2014), Lechner and Gudmundsson (2014), both systematic and unsystematic risk are found to have a positive impact performance of the company which is measured in terms of return on investment, however, they found that systematic risk had a stronger effect on return on investment as compared to unsystematic risk.

Mixed result has been found between risk-taking and performance. Hughes and Morgan (2007) measured risk taking based on a firm's perception towards calculated risks as well as to what extent they explore the risk in the business. They found that risk-taking had a negative effect on product performance and no effect on customer performance. This is because in the early stage of a firm, the firms lack coordination to direct risk taking behaviour, and it resulted in waste of resources and very costly to the firm in order to respond to customers' requirements. As a result, risk taking did not improve the firms' performance but increased the cost of the firms. Hughes and Morgan (2007) found that risk taking may be more beneficial to a mature company as compared to a firm in the early stage of development because mature companies

have an established system to coordinate risk in an organized way, unnecessary resources might not be wasted, and since the company is responsive to customers' needs, there will be more repeated sales and improved the firm's performance. Similarly, Rauch et al. (2009) found negative effect of risk taking on firm performance. Zhao et al. (2010) found no significant effect of risk taking their analysis of 60 companies in their research. Kraus et al. (2012) argued that increased levels of unpredictability and dynamism lead to flawed understanding of uncertainty in the market place. This makes risk taking lower firm performance. This is further supported by Tang and Tang (2007) that higher levels of risk taking result in lower firm performance. According to Fiordelisi et al., (2011), firms that take excessive risk would impact the firm performance negatively.

2.3.6 Pro-activeness

Pro-activeness refers to the processes where the entrepreneurs are consistently seeking for new opportunities. These opportunities may or may not be related to the present line of operations. This process of introducing new products and brands is able to eliminate operations or products which are already at the mature or declining product life cycle (Davidsson, 2015). As a result of being pro-active, business will act ahead of its competitors and gain competitive advantage (Shane & Venkataraman, 2000). Frank et al. (2010) has consistently emphasised on the importance of having initiative in the entrepreneurial process. According to Lumpkin and Dess, (1996), a firm is able to gain competitive advantage by consistently anticipating changes in future demand. A firm which is proactive is an active participant in shaping their own environment rather than passive participant, this type of firm is able to gain competitive advantage as compared to its competitors (Dhliwayo, 2014).

Pro-activeness also means forward looking other than being innovative in new venturing activity (Covin & Lumpkin, 2011; Semrau et al., 2016; Linton & Kask, 2017). This is an important dimension of entrepreneurial orientation. In the early formulation of pro-activeness, Miller and Friesen (1978) defined pro-activeness as to what extent a firm is shaping the environment through introduction of new products, new technologies or administrative techniques. The firms which score high in pro-activeness shape the environment rather than react to the environment. They also refer pro-activeness as a process which aimed at anticipating and acting on future needs by seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle (Miller & Friesen, 1989).

Pro-activeness is measured by recognizing opportunities, taking initiative, taking actions to react rather than responding to the market. In the early stage of setting up a firm, pro-activeness is very important because this behaviour helps the new companies to secure future performance (Wales et al., 2013). Pro-activeness also helps a newly set up firm to anticipate market changes and act to the changes promptly. As a result, the firm is able to shape the competition in the market and establish a strong position in the market, this will improve the performance of the firms (Wales et al., 2013). In the later stage of the company life cycle, pro-activeness is described as a firm that was the first to introduce new products or services or quickest in responding to environmental changes. Miller (1983) described an entrepreneurial firm as one that is "first to come up with 'proactive' innovations.

An entrepreneurial manager is able to provide vision and imagination to the organization. This is important to the growth of the organisation because it enables

the organization to grow and to engage in business expansion (Uy et al., 2015). A proactive entrepreneur is always a first mover into the market. As a first mover, the entrepreneur is able to capitalize on a market opportunity. Besides, the first mover has an advantage of capturing higher profit as he is the only one who exists in the market and sets the standard in the industry (Uy et al., 2015). As a result, the brand established by the first mover will be positioned in the mind of the consumers. Therefore, in order to become a successful entrepreneur, he must consistently anticipate and pursue new opportunities in the emerging market (Swoboda & Olejnik, 2016). However, in the process of entrepreneurship, although it is important to anticipate future demand in the market, however being the first into the market is narrowly construed. A firm not being the first mover in the market does not mean not forward thinking and fast, this does not mean the business cannot be successful. A proactive firm might not be the first mover into the market but it takes actions to seize new opportunities in the market (Miller & Friesen, 1989).

Some scholars equate pro-activeness as competitive aggressiveness. In some literature, it has been used interchangeably (Le Roux & Bengesi, 2014). Although pro-activeness is closely related to competitive aggressiveness, there is still an important difference between pro-activeness and competitive aggressiveness (Linton & Kask, 2017). Pro-activeness means how receptive a firm is to the market opportunities and how fast it reacts to the market opportunities when it enters a new market. Usually a pro-active firm is aggressive in seizing opportunities and takes initiative to act on opportunities, it usually shapes the environment by creating demand and influencing the trends (Martin & Javalgi, 2016; Song et al., 2017). However, competitive aggressiveness refers to how the firm responds to its competitors, which is how responsive the firm is to the market trend and demand that

have already existed in the marketplace. In summary, pro-activeness refers to how responsive the firm is meeting the demand and competitive aggressiveness refers to the firm competing for demand (Wales, 2016).

Luño et al. (2011) carried out a survey investigating the relationship between pro-activeness and firm performance. They measure pro-activeness in terms of whether the firm is able to lead or to follow in the development of new procedures and technologies as well as the introduction of new products, and ability to anticipate future changes and needs. Firm performance is monitored over the past three years against competitors and was operationalised through sales growth, return on sales and average net and gross profit of the firms. They found that pro-activeness positively affects each performance measurement. The effect is stronger in the early stage of industry where the product is in the introductory or growth stage of product life cycle or the company is embryonic stage of business life cycle. Luño et al. (2011) also found pro-activeness to positively affect the firm in dynamic as well as in hostile environment. According to the research done by Wales et al. (2013), pro-activeness is positively related to both customer and product performance.

2.4 Moderator

From the past research, it has shown that entrepreneurial orientation will improve organization performance in term of growth and profitability (Covin & Slevin, 1988; Lumpkin & Dess, 2001; Kraus et al., 2012; Boso et al., 2013; Wales et al., 2013; Su et al., 2015). Organisations that implemented entrepreneurial orientation will perform better than the organisations that did not implement entrepreneurial orientation (Rauch et al., 2009).

However, there were some researchers that showed otherwise. Some researchers have found that entrepreneurial orientation only played a minimum effect on the organization performance. However, some researchers cannot even find a significant relationship between entrepreneurial orientation and organization's performance. Hence, Rauch et al., (2009) found that there might be an additional variable known as moderators that may moderate entrepreneurial orientation and the company's performance.

Some researchers have found that performance is moderated by other factors (Jantunen et al., 2005; Wiklund & Shepherd, 2005). Hence, the research results on entrepreneurial orientation vary (Tang et al., 2008). Zhang & Li (2008) found that the relationship may be moderated by some internal and external environmental factors. This is further supported by Lumpkin and Dess (1996) that there are not just cause and effect relationship between entrepreneurial orientation and performance, it is more complex as what it seems where there may be internal and external factor that may moderate the relationship between both.

The internal factors are organizational structure and culture. Whereas, the external factors are industry, the life cycle stage of a product or market, and to governmental regulation (Paulraj & Chen, 2007; Samsami et al., 2015). External environment was also seen as a contextual factor that affects entrepreneurial orientation and organization's performance (Martins & Rialp, 2013). Many scholars agreed with Lumpkin and Dess (1996) that there are internal and external moderators that may affect entrepreneurial orientation and performance.

There have been a number of literatures that discussed the variables that moderate entrepreneurial orientation and organisation's performance. The moderating

variables are found to vary, the extent of influences of the moderating variables is found to vary too. Some researchers have found positive relationship between environmental hostility and entrepreneurial orientation (Zahra & Garvis, 2008), however, there were other studies that found negative relationship between environmental hostility and entrepreneurial orientation (Rauch et al. 2009). According to Samsami et al. (2015) and Simangunsong et al. (2012), environmental uncertainties will affect organisation in positive as well as negative way. As a result, there is no consensus on what is the most suitable moderator that moderate entrepreneurial orientation and organisation's performance. Therefore, there still leave a gap in research in this area. Furthermore, most of the researches on the moderators of entrepreneurial orientation and organisation's performance were carried out in the West. Therefore, there are still some rooms of research to be carried out in the East like in Malaysia context.

2.4.1 Perceived Environmental Uncertainties (PEU)

Environment refers to internal and external elements of the organization. Internal environment are the social and physical factors of the organizations, decision-making behaviour of managers of the organisation. External environment is the environment which the organisation exists in (Qi et al., 2011). External environment can be classified into two dimensions which are complex dynamic and simple static environment. There is less perceived uncertainty in simple static environments as compared to the complex-dynamic environments (Duncan, 1972). According to Aragón-Correa and Rubio-López (2007), in the contingency-based management accounting research, external environment is a powerful contextual variable that can affect the organizations, this is because the external environment will create uncertainty to the organization where it is operating in (Daft, 2010).

Past researchers like Daft (2010), Robin & Judge (2012) have looked into the difference between the rate of change in the environment change and degree of uncertainty. However, a high rate of environmental change does not necessarily mean high level of uncertainty as the organisation is aware of the changes of the environment it is operating in. Uncertainty only applies to unpredicted changes in the environment (Chenhall, 2003).

Milliken (1987) defined environmental uncertainty as an individual's perceived inability to predict an organization's environment accurately due to a lack of information or an inability to discriminate between relevant and irrelevant data.

Environmental uncertainty can be caused by lack of understanding of cause and effect relationships in the environment. Due to this, the company managers may not have access to enough information and knowledge, hence it affects the effectiveness of their decision during the decision making process (Paulraj & Chen, 2007; Samsami et al., 2015).

In this study, environmental uncertainties were chosen because an entrepreneurial firm will always face with fast changing and turbulent external environments which make them consistently look for new information and knowledge to respond to the changing environment (Skerlavaj et al., 2010; Nobile & Husson, 2016). As the firms are getting more entrepreneurial, the firm needs to be proactive in scanning the environment in order to acquire and disseminate information throughout the whole firm (Neu & Brown, 2005; Qi et al., 2011). Therefore, entrepreneurial firms need to learn through experiment and constantly exploring new information, hence, they have to be innovative and risk-taking (Gölgeci & Ponomarov, 2015; Samsami et al., 2015).

Furthermore, as a result of environment uncertainty, an entrepreneurial firm needs to accept new knowledge, information and new ways of doing things as a process of learning. Besides, it also has to share information and interpret the information together to reach an agreement on the interpretation (Lee, 2011; Qi et al., 2011). Hence, environmental uncertainties will affect the firm.

Perceived environmental uncertainty is chosen as the moderator of EO and business success relationship in this study because an objective organisation's environment is more complex than perceived environment, hence perceived environmental uncertainty will be more appropriate. An individual does not have the abilities to assess all the information from the environmental, he/she also does not have the complete processing skill as well, therefore, an individual will respond to the perceived environment rather than the objective environment (Weick, 1969).

Past studies have examined the relationship between entrepreneurial orientation and firm's performance taking into consideration environmental uncertainty. Some studies also examined to what extent the firm adopt entrepreneurial orientation when the firms are faced with uncertainty in environment. Majority of the studies have reported that firms will become more entrepreneurial by being more innovative, pro-active, take more risk when they are faced with uncertain environment (Covin & Slevin 1989; Khandwalla 1977; Foxall 1984; Miller 1983; Smart & Vertinksy 1984; Yusuf, 2002). Studies have shown that entrepreneurial orientation is positively related to firm's performance under uncertain environment condition (Covin & Slevin, 1989). This is further supported by Smart & Vertinksy (1984) who found that a firm which adopts entrepreneurial orientation due to environmental uncertainty is not only a function of the entrepreneurial personality but is a conscious strategic response to environmental uncertainty. In order to achieve superior performance for

a firm, there must be a fit between environment, structure and strategy of the organization (Lawrence & Lorsch, 1967).

However, there are other researchers who have different findings. Kreiser et al. (2013) has found that environmental uncertainty has negative relationship with risk taking and innovativeness. This is further supported by Miles et al. (1993) who found that entrepreneurial orientation adoption is negatively correlated with the degree of environmental uncertainty. Hence, the finding of the role of environmental uncertainties as moderator between EO and firm's performance is still debatable.

2.5 Underpinning Theories

2.5.1 Conceptual Framework of Entrepreneurial Orientation

Lumpkin and Dess (1996) classic figures of Conceptual Framework of Entrepreneurial Orientation and Alternate Contingency Models of the Entrepreneurial Orientation Performance Relationship have provided a model for many scholars. Lumpkin and Dess (1996) have identified some differences in the dimension of entrepreneurial orientation for different firms although they still maintain some of the firm centric conceptual base. Therefore, it has helped in developing the next stage of entrepreneurial orientation development.

The development of the EO construct can be found in firm level strategy and individual level variables. Through its development, it has been positioned at various places in models, depending on the overriding focus of the research. From the contingency and configuration arguments in strategy literature, scholars were trying to determine what are the variables that best influence the performance of the

organization by identifying any contingent variables. Rauch et al. (2009) had identified environment changes as a contingency variable to measure how finance, process, competition, and management can affect strategy which is considered as the dependent variable. His lists of variables developed into what is now recognized as the most common EO measures.

Miller (1983) measured entrepreneurship as a dependent variable. He included organizational structure and strategy-making as factors that can affect the firm and the market. Miller proposed a definition which stated that an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures and is first to come up with proactive innovations, beating competitors to the punch. Miller conceptualized the three focal dimensions of EO as innovativeness, risk-taking and pro-activeness that are often combined to create a higher-order indicator of firm-level entrepreneurship.

From the period 1980 to 1989, Covin & Slevin (1989) identified entrepreneurial orientation as an independent variable and performance as dependent variable. They conceptualized business performance as business effectiveness, and standardised EO dimensions into innovation, pro-activeness and risk taking. Covin & Slevin (1989) theorized that the three dimensions of EO being innovation, pro-activeness and risk taking will act together to comprise a basic, uni-dimensional strategic orientation and should be aggregated together when conducting research in the field of entrepreneurship. They developed a nine-item self-response scale which has become one of the most popular instruments used to measure the level of EO in organizations with a large number of studies utilizing this instrument. They have listed the items clearly so that other researchers can replicate their work easily, furthermore they also delineated the methodology clearly enough so that others could test with the

construct. In their research, environment and organizational structure factors are used as moderator of entrepreneurial orientation on performance.

This conceptual work is continued by Lumpkin and Dess (1990) illustrated in Figure 2.1. It looked at the process of strategy-making and identified strategy as independent variables with other dimension such as autonomy, competitive aggressiveness and competitive/integrative positions in affecting the performance of the organization. Lumpkin and Dess (1996) suggested that EO can be conceived as a multidimensional phenomenon in which the dimensions represent independent variables and suggested two additional dimensions which are competitive aggressiveness and autonomy which go beyond the original three, to further describe the domain of EO. According to Lumpkin and Dess (1996) the key dimensions that characterize an EO include a propensity to act autonomously, a willingness to innovate and take risks, and tendency to be aggressive toward competitors and being proactive in relation to market place opportunities.

Lumpkin and Dess (1996) conceptualization of EO focused specifically where to look for EO whereas Miller (1983) conceptualization of EO focused specifically what EO looks like. As the usefulness of EO has been identified by academics, there has been a continuously increasing stream of literature concentrating on the concept EO (Lumpkin & Dess, 2001; Dess et al., 2005; Covin & Lumpkin, 2011; Wales & Gupta, 2011; Wiklund, 2011; Covin et al.,2006; Covin & Wales, 2012; Filser & Eggers, 2014). But there has been no significant or widely acknowledged adaptations as to how EO construct can or should be conceptualized since the publication of Lumpkin and Dess‘s work. Researchers have strongly associated the uni-dimensional view of EO with Miller (1983), Covin and Slevin (1991) and the multidimensional view of EO is associated most strongly with Lumpkin and Dess (1996).

There are other moderating variables that may moderate the relationship between EO and firm's performance. These factors can be environmental factors such as dynamism and munificence, or structural factors, such as the decentralization or centralized decision making that may influence the performance of firms. In the model of entrepreneurship as firm behavior, Covin and Slevin (1991) discussed the relationship of strategy, structure, and environment to the EO dimensions of innovativeness, risk taking, and pro-activeness. Using these three dimensions, several researchers have verified the importance of viewing the EO-performance relationship in a contingency framework (Covin & Slevin, 1989; Zahra & Covin, 1995).

2.5.2 Alternate Contingency Models of the Entrepreneurial Orientation Performance Relationship

Venkatraman (1989) and Boal & Bryson (1987) have proposed alternative models for investigating the impact of third variables as a means of exploring contingency relationships illustrated in Figure 2.1. This model provides a useful framework for gaining additional insight into the EO-performance relationship. The alternative model serves as an example of possible relationships that provide a framework for introducing tentative propositions. In this model, EO and environmental munificence are depicted as having independent effects on the dependent variable, firm performance. Environmental munificence may be defined as the profitability or growth rates of the industry in which a firm competes. This relationship is consistent with the traditional industrial organization paradigm (Porter, 1981), which posits that the industry within which a firm competes has a critical impact on its performance. Beard and Dess (1981), Rumelt (1982) and Lieberson and O'Connor (1972) found that a firm's environment was a significant predictor of performance. One may argue that firms or SBUs competing in munificent environments typically will generate

additional slack because of relatively higher levels of profits. Such slack resources can be used to facilitate experimentation with new strategies and practices (Bourgeois, 1981), thus enhancing a firm's overall EO.

2.5.3 Contingency Theory

The fundamental idea behind contingency theory in the EO field is that entrepreneurship needs to be aligned with context for best results (e.g. Lumpkin and Dess, 1996; Wiklund and Shepherd, 2011). Lumpkin and Dess (1996) suggest that EO needs to be aligned with many different contextual factors and that these can be divided between environmental (external) and organizational (internal) factors. Organizational factors can be, for example, structure, strategy, processes, and resources, while environmental factors can be the characteristics of markets, industry, and the environment. Hence, under contingency theory, organisation will adapt to external environment and constantly adjust their structure to different contingencies in order to improve organizational performance.

2.6 Summary

This chapter reviewed the definition and development of entrepreneurial orientation. It also reviewed the relationship between entrepreneurial orientation and business success. The chapter continued with review of the dependent variable which is business success and entrepreneurial orientation dimensions of innovativeness, pro-activeness and risk-taking. The moderator which is perceived environmental uncertainties was discussed finally. The chapter ends with conceptual framework and underpinning theory.

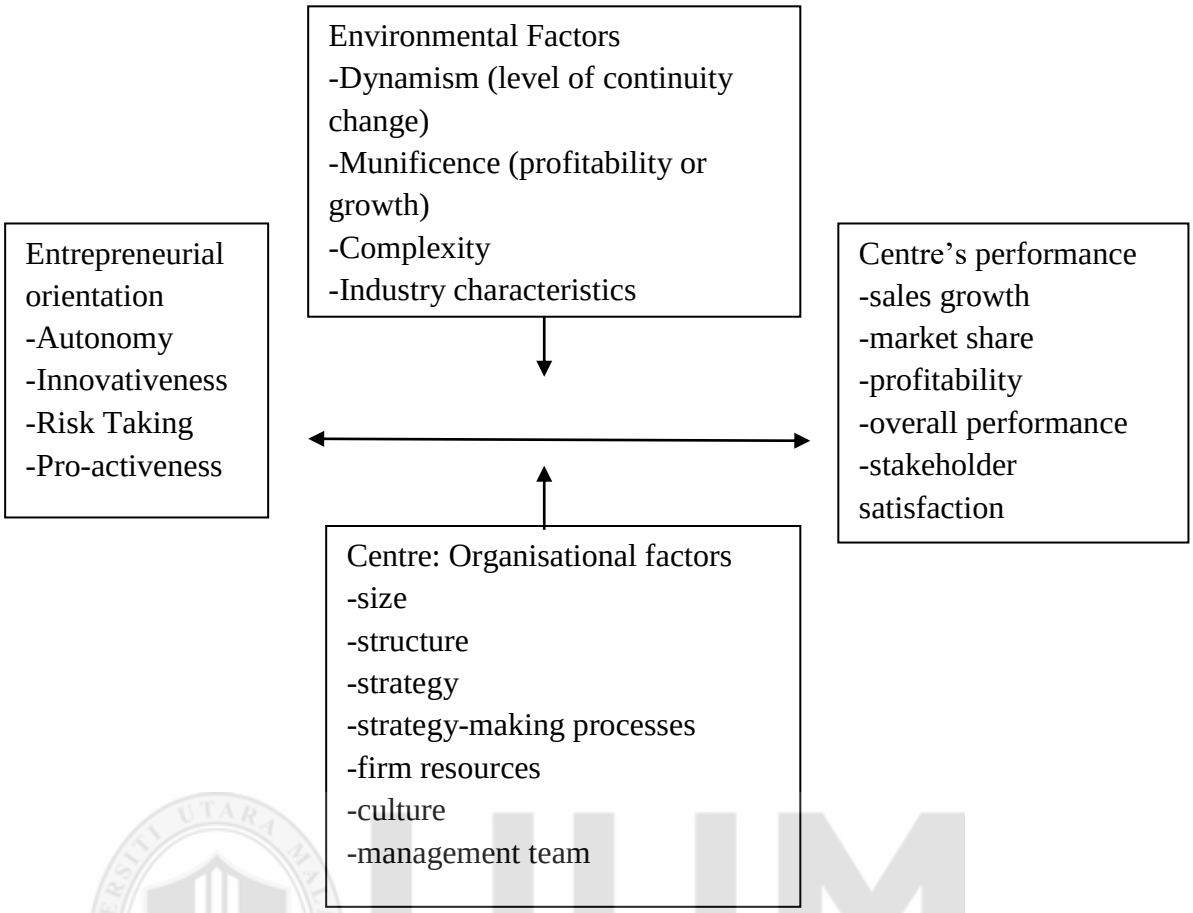

Figure 2.1
Lumpkin and Dess (1996) classic figures of Conceptual Framework of Entrepreneurial Orientation

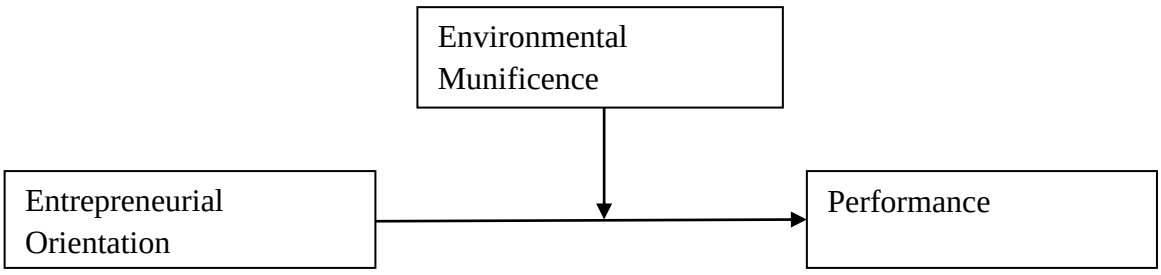

Figure 2.2
Venkatraman (1989b) and Boal & Bryson (1987) Alternate Contingency Models of the Entrepreneurial Orientation-Performance Relationship

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

In the beginning of Chapter 3, the research framework and the hypothesis that support the research framework will be discussed. It continues with the research design and the research method. Discussion of the population, sampling procedure and data collection method will also be discussed. Discussion of research instrument reliability and validity will be discussed in the later chapter. Non-response bias, data analysis on normality test, linearity, multi-collinearity, correlation analysis and regression analysis will be briefly discussed too at the end of the chapter.

3.2Research Framework

The conceptual framework of this study is illustrated in Figure 3.1. Entrepreneurial orientation is the independent variable which consists of three dimensions: innovativeness, pro-activeness, and risk taking. The dependent variable is perceived business performance which consists of financial and non-financial performance. The present study conceptualised that influence of entrepreneurial orientation dimensions toward business performance depends on the value of environmental uncertainty. In other words, environmental uncertainty moderates the relationship between entrepreneurial orientation and business performance.

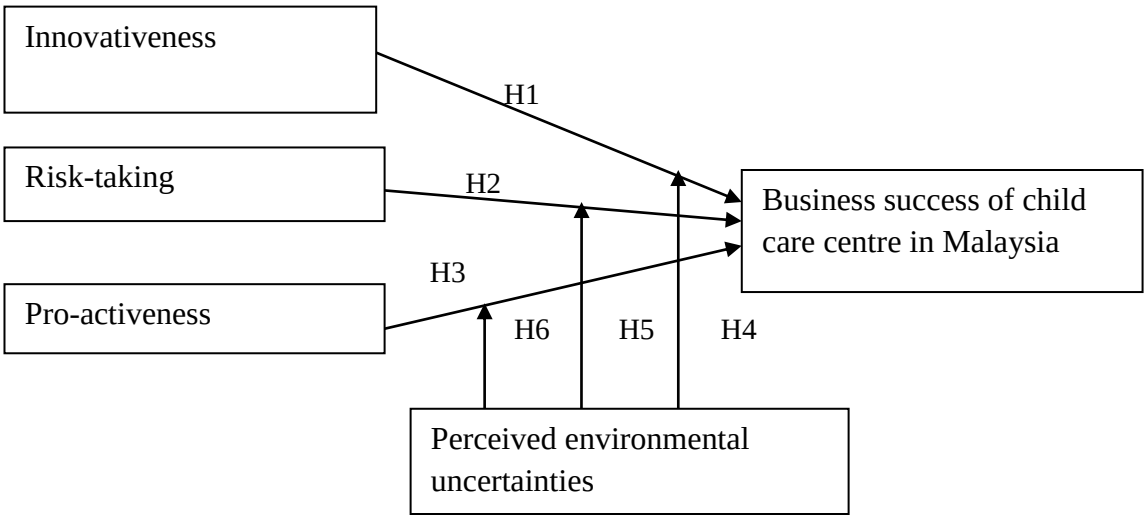

Figure 3.1
Research Framework

3.3 Hypothesis Development

This section will establish hypothesis that were discussed in chapter 2. Hypothesis development refers to establishing the logical relationship among the variables. According to Sekaran and Bougie (2010), hypothesis is used to predict and test the relationship between variables from the empirical data collected. It was used by researchers to define research problem (Davis et al., 2005; Hair, et al, 2013). In this dissertation, the researcher devised the hypothesis based on the prior theoretical work in chapter two.

The multidimensional method to the EO study recommends the importance of assessing each dimension's relationship with organizational performance. Hence, EO dimensions namely innovativeness, pro-activeness and risk-taking should be individually examined when studying the mentioned relationship (Davis, 2007).

1) Relationship between Innovativeness and Business Success

Innovation is seen as an activity that is within the control of a firm in which the management can control or manipulate (Prajogo, 2015). It is also referred to

engaging in experimentation and creative processes that may result in new products, services or technological processes (Dhliwayo, 2014). Innovativeness is an important element in the entrepreneurship definition (Shane & Venkataraman, 2000). According to Kropp et al. (2006), an entrepreneurial organisation will always practise innovativeness in their daily activities. In addition, innovative and creative firms outperform their competitors, hence it is expected that innovativeness is one of the factors that will affect the firm's performance (Covin & Miller, 2014). The hypothesis is stated below.

Hypothesis 1

Innovativeness is positively related to business success of child care centres.

2) Relationship between Risk-taking and Business Success

Risk taking refers to the degree to which managers are willing to make large and risky resource commitments which may have a reasonable chance of costly failure (Covin & Miller, 2014; DeClercq et al., 2013; Fern et al., 2012). Risk acceptance is one of the characteristics seen in an entrepreneur (Morrison, 2006). This is because an entrepreneur will see a situation as opportunities although other people might see it as risks. Therefore, in some instances, entrepreneur must take the risk of the possibility that things may go wrong and cause them costly failure even if they have already put in effort, time and money without returns (Shane & Venkataraman, 2000).

In the firm's view point, the firm will have to invest in some amount of resources in their business activities without knowing how the outcome will turn out to be. It might have to face the possibility of failure and the possibility of losing a better opportunity which is the opportunity cost (Herath & Mahmood, 2014). However, this

risk is still needed because in the absence of this, the firm will lose out the opportunities of taking advantage in the market (Hughes & Morgan, 2007).

Besides, a firm will also lose the opportunity of developing new products or effective strategies in a dynamic market if it does not take risk (Chen et al., 2012; Fern et al., 2012; Wright et al., 2012; Madhok & Marques, 2014). Therefore, researchers advocated risk-taking to ensure competitive performance of the firm (Hughes & Morgan, 2007). Hence, risk taking is positively related to business success. The hypothesis is stated as below.

Hypothesis 2

Risk-taking is positively related to business success of child care centre.

3) Relationship between Pro-activeness and Business Success

Proactive firms try to be the pioneers in the market to capture opportunities when it emerges (Wiklund & Shepherd, 2003). A proactive firm always seek opportunities, is forward looking and introduces new product and services ahead of its competitors (Davidsson, 2015). Therefore, a proactive firm is able to anticipate change or needs in the marketplace and gain competitive advantage which finally contributes to the organisation's success (Dhliwayo,2014).

Prior researchers have proved that pro-activeness has a positive relationship with organisation's performance (Tamas & Kolos, 2015; Koryak et al., 2015). In other research, Luño et al. (2011) has also found pro-activeness to positively affect the firm's performance. The hypothesis is thus stated as below.

Hypothesis 3

Pro-activeness is positively related to business success of child care centre.

4) Perceived Environmental Uncertainties Moderates the Relationship between Innovativeness and Business Success

Major entrepreneurship studies reported that environmental uncertainty was found to increase the propensity of business firms to become more entrepreneurial through increased innovativeness, pro-activeness, and acceptance of risky measures (Covin and Slevin, 1989; Khandwalla 1977; Foxall 1984; Miller 1983; Smart & Vertinksy 1984; Yusuf, 2002).

According to Kropp et al. (2006), an entrepreneurial organisation will always practise innovativeness in their daily activities especially in an uncertain environment. Environmental uncertainties may drive an organisation to be innovative and find ways to respond to the uncertainties faced by the organisation. As a result, the organisation may build up their momentum by channelling their internal efforts to achieve the goal of turning opportunities into a profitable reality (Gonzalez, 2010; Lee& Peterson, 2004). An entrepreneurial firm will grow more innovative in the process as the uncertainties in the environment grow (Covin & Miller, 2014). In addition, innovative and creative firms outperform their competitors in uncertain environment, hence it is expected that innovativeness is one of the factors that will affect the firm's performance under uncertain environment (Covin & Miller, 2014). The hypothesis is stated as below.

Hypothesis 4

Perceived environmental uncertainties positively moderate the relationship between innovativeness and business success of the child care centre.

5) Perceived Environmental Uncertainties Moderates the Relationship between Risk-taking and Business Success

A firm is able to respond to competitor's action if it takes reasonable calculated risk or being more proactive (De Clercq et al., 2010; Miller, 1983). A firm which adopts expansion strategies by aggressively introducing new products and enter into new markets will be able to achieve higher growth under uncertain environment (Moreno & Casillas, 2008). Therefore, the manager will tend to take higher business risks and is more innovative to try new strategies in order to respond to change rather than remain passive and reactive (Covin & Slevin, 1989). A firm which is risk averse will lose out to its competitor in terms of market share in an uncertain environment (Casillas et al., 2010). Therefore, in order to succeed in uncertain environment, entrepreneurs must take more risk. Researchers believed that risk taking is positively related to business success in an uncertain environment (Miller 1983; Smart & Vertinksy, 1984; Yusuf, 2002). The hypothesis is stated as below.

Hypothesis 5

Perceived environmental uncertainties positively moderate the relationship between risk-taking and business success of the child care centre.

6) Perceived Environmental Uncertainties Moderates the Relationship between Pro-activeness and Business Success

Some organisations consider environmental uncertainties as a risk to their organisation and may pose a threat to the performance or survival of their organisation (Lee& Peterson, 2004; Meredith &Francis, 2000). However, an entrepreneurial firm will consider environment uncertainties as an opportunity rather than threat to the organisation (Martin & Rialp, 2013). This is because under uncertain environment, the organisation will tend to leave the comfort zone and compete with new capabilities and offerings. It will be more proactive in looking for opportunities, try to engage more new customers, enter into new market and adopt new technology (Bao et al., 2012; Rudd et al., 2008). As a result, it will gain competitive advantage and lead to growth of the organisation. A study by Smart and Vertinksy (1984) found that the firm's pro-activeness is not only a function of the entrepreneurial personality but also a conscious strategic response to environmental uncertainty. Hence, pro-activeness is positively related to firm's performance under uncertain environment. The hypothesis can be stated as below.

Hypothesis 6

Perceived environmental uncertainties positively moderate the relationship between pro-activeness and business success of the child care centre.

In chapter 4, all the six hypothesis above will be tested to identify whether there is any significant relationship between the dependent and the independent variables and the moderating effects of the moderator.

3.4 Research Design

Research design is the strategy chosen by the researcher to address the research problem. In this process, different components of study will be combined in a logical way to answer the research question (Burns & Grove, 2003). This process also describes the method of collecting data, measuring and analysing the data. In the research design the researcher will plan the study. After obtaining the necessary information, the researcher will implement the study to test the study (Burns & Grove 2003). Parahoo (1997) describes a research design as "a plan that describes how, when and where data are to be collected and analysed". It is the researcher's overall plan for answering the research question or testing the research hypothesis (Polit, 2001).

There are three types of research in business studies, they are exploratory, descriptive and explanatory (Zikmund, 2003; Sekaran, & Bougie, 2010). The researcher's research issue will determine the type of research; each type of research serves different purposes for the researchers. Exploratory design is employed to collect information on a specific issue but it does not offer conclusive outcomes. In other words, it only provides the researcher with an insight of a new phenomenon, further studies need to be conducted to obtain conclusive evidence (Hair et al., 2010).

Descriptive design is employed to examine distinct situations where there is only little knowledge known concerning the nature of the issue. Therefore, this research design is carried out to provide a description to a problem (Zikmund, 2003; Sekaran, & Bougie, 2010). The purpose of descriptive study is to establish association. In descriptive research, hundreds or thousands of samples are needed. This is because it wants to reduce biasness in the study and the sample must be selected randomly from

a population. In descriptive research, the researchers may reduce the effect of biasness by using less heterogeneous sample of subjects to measure the characters and include them in the analysis (Zikmund, 2003; Sekaran & Bougie, 2010).

Explanatory design is employed to provide specific knowledge of the variables' relationships in terms of their nature (Zikmund, 2003; Sekaran & Bougies, 2010). It is either descriptive where the subjects are usually measured once or experimental research where the subjects are measured before and after an experiment. The purpose of descriptive study is to establish association between the variables whereas an experiment intends to establish causality between variables. Due to the difference in nature of both research design, the samples needed for experiment are lesser than that of descriptive study. This is because in experiment, samples are measured before and after the experiment, hence, only tens of samples are needed for experiment but hundreds or thousands of samples are needed for descriptive study. In order to reduce biasness in descriptive study, preferably the sample must be selected randomly from a population. Similarly, in experiments, biasness can be reduced if subjects are randomly assigned to treatments, and the subjects and researchers are not aware of the identity of the treatments.

The present study employs an explanatory type of study as it attempts to identify the relationships between entrepreneurial orientation and business success of the child care centre. The data collection method is survey using questionnaire with closed-ended questions. This data gathering method using questionnaire is usually more reliable (Balsley, 1970) as it enables the elimination or minimisation of judgment subjectivity (Kealey & Protheroe, 1996). The results will provide numerical data that can be analyzed statistically as the researcher looks for a correlation between the independent variables and business success of child care centre. Other research

design aspects include study on population and sample, sampling method, data collection method and data analysis.

This study uses quantitative method because this study believed that there is relationship between the independent variables and the business success of the child care centre. The approach in quantitative research method aims to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) in a population. Hence, this study will focus on the independent variables which is the success factors and the dependent variable which is the business success of child care centre in Malaysia.

In quantitative research, it is assumed that social reality has an objective ontological structure and the individuals will respond to objective environment (Morgan & Smircich, 1980). It also involves counting and measuring of events and finally it uses statistical analysis to analyse the numerical data (Smith, 1988). The assumption behind the positivist paradigm is that the objective truth that exists in the world can always be measured and explained scientifically.

In quantitative paradigm, the measurement is reliable, valid, and can be generalized. It is also possible to predict the cause and effect relationship between the events (Cassell & Symon, 1994). In this research method, the researcher needs to formulate the research hypothesis and the data needs to be empirically verified (Frankfort-Nachmias & Nachmias, 1992). The advantage of scientific hypothesis is it is free from the biasness of the researcher. The researcher's own values, perceptions and preferences will not be introduced in the quantitative approach.

Quantitative data analysis usually can be analysed using diagrams and statistics because quantitative data are usually in numerical form and they are standardized

(Saunders et al., 2009). In this study, the process starts from data preparation, collection of data, descriptive analysis and finally inferential analysis. SPSS and PLS SEM were used in this study to study the relationship between the independent variables and dependent variables (Babbie, 2010).

3.5 Population and Sample

3.5.1 Research setting

Research setting refers to the location or place where the research is to be carried out, in this study the data will be collected from the child care centres in Malaysia. It will include all the child care centres in the whole Malaysia.

3.5.2 Population

Population refers to a large collection of individuals or objects which are of interest to the researcher, these individuals or objects conform to a set of specifications, as a result, the researcher is able to generalize the research result (Polit & Hungler, 1999).

In this study, the research population are all the entrepreneurs who set up a child care centre in Malaysia. In this study, the participants have to be entrepreneurs who set up child care centres and are currently running the child care centres themselves. Those entrepreneurs who hire managers to run the child care centres on their behalf or the owner who bought the business from other people or the principal from a NGO or government owned child care centres are not qualified.

The population size is tabulated in table 3.1 as follows

Table 3.1
Population Size

State	Number
Putrajaya	102
Kedah	308
Johor	337
Kelantan	123
Melaka	97
Negeri Sembilan	215
Pulau Pinang	167
Pahang	226
Perak	264
Perlis	34
Sabah	171
Sarawak	115
Selangor	948
Terengganu	151
Kuala Lumpur	217
Labuan	15
Total	3490

Source: Kementerian Pembanguan Wanita, Keluarga dan Masyarakat

3.5.3 Sample

LoBiondo-Wood and Haber (1998) described a sample as a portion or a subset of the research population selected to participate in a study, representing the research population. By studying the sample, the research is able to draw conclusions of the character of the whole population. According to Sekaran & Bougies, (2010) the reason to collect data from samples instead of population is because it is not practical to collect data from the whole population because it is time consuming and not practical. Besides, it will produce more reliable result using sample as compared to entire population. However, sample size must be sufficient and broad enough to adequately estimate the features of the population in order to ensure outcome is reliable and realistic (McMillan & Schumacher, 2003).

3.5.4 Sample size

As suggested by Sekaran & Bougies, (2010), the guiding principle developed by Krejcie and Morgan (1970) for sample size was adopted in this study. Based on the information obtained from Kementerian Pembanguan Wanita, Keluarga dan Masyarakat, there are a total of 3,490 child care centres registered in Malaysia. According to Krejcie and Morgan (1970) table, different sample size is needed for different number of population, the maximum sample size is 384 with population size of 1,000,000; if the population size is more than 1,000,000 a sample size of 384 will be still sufficient as the characters the population will still be the same even with the larger population size. According to Roscoe (1975), sample size must be larger than 30 but less than 500 for most of the studies. Scholars like Gay and Airasian (2003) mentioned a sample size of 400 would be sufficient for a population size of 5,000 and above.

In addition, Cohen (1988) also argued that in order to determine the required sample size of the study, the researcher might need to decide the importance of criterion and the preferred amount of statistical power to be attained. Therefore, the effect size, which is referred to as anticipated population, must be specified. Usually the larger the sample size, the smaller the error and more accurate the results (Cohen, 1988). It is also recommended that the research should choose a sample that represents the whole population rather than taking large but biased samples which will not accurately represent the population. In this study, the researcher was very careful in selecting the sample bearing in mind the suggestions from previous researchers.

In this study, the total population is 3490, according to Krejcie and Morgan (1970) the desired sample size is 346. Hence, the percentage extracted for each child care

centre was 10%, which is the total population of 3490 divided by 346. The desired sample size for each child care centre as shown in Table 3.2 as below

Table 3.2
Desired Sample Size for Child Care Centre

State	Population	Sample
Putrajaya	102	10
Kedah	308	30
Johor	337	33
Kelantan	123	12
Melaka	97	10
Negeri Sembilan	215	22
Pulau Pinang	167	16
Pahang	226	23
Perak	264	26
Perlis	34	3
Sabah	171	17
Sarawak	115	11
Selangor	948	95
Terengganu	151	15
Kuala Lumpur	217	22
Labuan	15	1
Total	3490	346

The sample size is 346 samples from 3,490 child care centres registered with the Social Welfare. According to Krejie and Morgan (1970), sample size is formulated with a 5.0% margin of error, and 95% confidence interval. The estimated response rate of questionnaire in Malaysia is 25%. The actual number of questionnaire that need to be sent to the respondents according to Saunders et al. (2009), are based on the following formulas: na= n/re%, re% =estimated respond rate in % , na=346/0.25 = 1,384

Hence, the number of questionnaires needed to be sent out to the entrepreneurs of the child care centre is 1,384 pieces with estimated response of 265 pieces of questionnaires. The researchers will mail out the questionnaire and send the questionnaire through e-mail to the child care centre since the sample selected are all over Malaysia. The purpose of questionnaires distribution was to obtain responses

from the entrepreneurs of the child care centres where the questionnaires were mailed to.

In this dissertation, the researcher will use multistage sampling method. There were two clusters in the population being West Malaysia and East Malaysia. These two regions will be divided into cluster of child care centres. The researcher will systematically select the sample from each of the strata. In order to ensure that every sample has equal chance of being selected, the researcher will randomly select sample from each of the strata. The researcher will use proportionate random sample method because this method is able to reduce the common survey bias and highlight the heterogeneity of the respondents. It reduces sampling error and improves the representativeness of the sample (Sekaran & Bougie, 2010). As a result, the sample drawn is proportionate to the population of child care centres in Malaysia.

The sampling frame is the entrepreneurs of the child care centres in Malaysia who might be from diverse socioeconomic backgrounds and races. Before the start of the survey, the participants will be asked if they are the owners who set up the child care centres because if they do not set up the child care centre themselves, they might have different mind-sets.

3.5.5 Unit of analysis

The respondents are the entrepreneurs who set up the child care centre. The reason why this study will only want to survey from these people because they are running the child care business themselves, they understand the entrepreneurial orientation factors that can contribute to the business success of their centre. Besides, they also understand the environmental uncertainties that will moderate the business success of their centre.

3.6 Instruments and Measurement

In the study, the questionnaire used five-point Likert scale. Five point Likert scale is being used because this enables the collection of data. The scale can help in evaluating the importance of the entrepreneurial orientation factors affecting the business success of child care centre in Malaysia. In this five point Likert scale, an ordinal scale of 1 to 5 is being used because it enables the researcher to weigh the importance of the factors that can affect the success of the child care centre according to the perceptions of the child care owners. Hence, the researcher is able to decide which factors are more important and which are less important. This produces homogeneous scales and enhances the probability that a unitary attitude is being measured (Gliem & Gliem, 2003). As a result, the results are usually valid and reliable.

3.6.1 Questionnaire Design

There are six sections in this questionnaires, it will start with background information, business success of the centre, entrepreneurial orientation dimensions being innovativeness, risk-taking and pro-activeness and finally perceived environmental uncertainties.

Detailed description of research constructs in this study is achieved by conceptualising and operationalising the term from the original source. Concept is a very general idea or very abstract that was taken from a specific example. In order to conceptualise a concept, we need to explain, define and formulate the idea or to provide concrete meaning for it so that we can study them; in operationalising the construct, we need to measure the construct, hence we need to translate the construct into a measurable term by specifying the procedure on how to do it (Cohen et al.,

2007). This thesis also shows the source of the construct, which published literature it was taken from.

Perceived business success was operationalized based on the definition by Govindarajan (1988). The entrepreneur will be asked about their perception of the success of their business. There are ten (10) items scales being adopted in the questionnaires and the Cronbach's Alpha of business success was adopted from Govindarajan (1988) which was 0.85 (refer to Table 3.8). This variable is considered as reliable according to Hair, et al. (2010) as it was more than 0.5. The measurement items for perceived business success are shown in Table 3.3 below:

Table 3.3
Measurement Items of Perceived Business Success

No.	Item
1	Our business has experienced growth in turnover over the past few years.
2	The competitive position of our business has improved over the past few years.
3	Our business has experienced growth in market share over the past few years.
4	Our business has experienced growth in profit over the past few years.
5	The efficiency (doing things right) of our business has improved over the past few years
6	The effectiveness (doing the right things) of our business has improved over the past few years
7	Our employees are highly committed to our business.
8	In our business, employees are viewed as the most valuable asset of the business.
9	The moral (job satisfaction) of our employees has improved over the past few years.
10	The image (stature) of our business, relative to our competitors, has grown over the past few years.

The entrepreneurial orientation is separated into three dimensions. Hence in this study, the questionnaire is separated into three sections too in order to measure

entrepreneurial orientation. The questionnaires for innovativeness in this study was adapted from Covin and Slevin (1989) and Lumpkin and Dess (1996). There were a total of nine (9) items in the questionnaire used to measure innovativeness construct. The Cronbach's Alpha of innovativeness was 0.87 (refer to Table 3.8). This variable is considered as reliable according to Hair, et al. (2010) as it was more than 0.5. The measurement items for innovativeness are shown in Table 3.4 below:

Table 3.4
Measurement Items of Innovativeness

No.	Item
1	Our business regularly introduces new services
2	Our business places a strong emphasis on new and innovative services.
3	Our business has increased the number of services offered during the past two years
4	Our business is continually pursuing new opportunities.
5	Over the past few years, there is changes in services offered
6	In our business there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented
7	Our business places a strong emphasis on continuous improvement in service delivery.
8	Our business has a widely held belief that innovation is necessary for the business future.
9	We seek to maximise value from opportunities.

The questionnaires for risk-taking in this study was adapted from Covin and Slevin (1989) and Lumpkin and Dess (1996). There were a total of five (5) items in the questionnaire used to measure risk-taking construct. The Cronbach's Alpha of innovativeness was 0.71 (refer to Table 3.8). This variable is considered as reliable according to Hair, et al. (2010) as it was more than 0.5. The measurement items for risk-taking are shown in Table 3.5 below:

Table 3.5
Measurement Items of Risk-taking

No.	Item
1	When confronted with uncertain decisions, our business will be brave to exploit opportunities.
2	Our business has a strong inclination towards high-risk projects.
3	Owing to the environment, our business believes that bold, wide-ranging acts are necessary to achieve the business' objectives.
4	Employees are often encouraged to take calculated risks concerning new ideas.
5	The term 'risk-taker' is considered a positive attribute for employees in our business.

The questionnaires for pro-activeness in this study was adapted from Covin and Slevin (1989) and Lumpkin and Dess (1996). There were a total of six (6) items in the questionnaire used to measure pro-activeness construct. The Cronbach's Alpha of pro-activeness was 0.8 (refer to Table 3.8). This variable is considered as reliable according to Hair, et al. (2010) as it was more than 0.5. The measurement items for pro-activeness are shown in Table 3.6 below:

Table 3.6
Measurement Items of Pro-activeness

No.	Item
1	Our business typically initiates actions that competitors respond to.
2	Our business continuously seeks out new services
3	Our business continuously monitors market trends and identifies future needs of customers.
4	Our business is very aggressive and intensely competitive.
5	Our business is aggressive in facing trends that may threaten our survival or competitive position.
6	Our business knows when it is in danger of acting overly aggressive

The questionnaires for perceived environmental uncertainties in this study were adapted from Gordon and Narayanan (1988). There were a total of six (6) items in

the questionnaire used to measure perceived environmental uncertainties construct. The Cronbach's Alpha of perceived environmental uncertainties was 0.77 (refer to Table 3.8). This variable is considered as reliable according to Hair, et al. (2010) as it was more than 0.5. In the questionnaire, the respondents were asked about the intensity of perceived uncertainties in the environment. In short, they were asked about how intense the competition in term of manpower as child care centre is highly labour intensity. Furthermore, the price competition in the day care centre is also very intense due to competition. The measurement items of perceived environmental uncertainties are shown in Table 3.7 below

Table 3.7
Measurement Items of Perceived Environmental Uncertainties

No.	Item
1.	How intensive is each of the following in your industry? a. Competition for manpower? Very intensive? not intensive? b. Price competition? Very intensive? not intensive?
2.	How stable/dynamic is the external environment facing your firm? Changing fast? Changing slowly?
3.	How would you classify the market activities of your competitors during the past 5 years? Becoming more predictable? Becoming less predictable?
4.	During the past 5 years, the tastes and preference of your customers have become? Easy to predict? Hard to predict?
5.	During the past 5 years, the legal, political and economic constraints surrounding your firm have remained the same? Changed a lot?

There are two sections in the questionnaire. The first section asks about background information which intends to gather data from the entrepreneurs of the child care centres. The demographic information includes gender, age, education level, previous employment, number of years of experience and some information about the previous employment. All the questions asked in the questionnaire intend to

collect data and to test the research hypothesis in order to achieve all the objectives of the research as stated in Chapter 1. All the measurements in the questionnaire were depicted in Table 3.8 below

Table 3.8
Operationalisation of Measurement of Variables

VARIABLE	OPERATIONAL DEFINITION/	NO OF ITEMS	RELIABILITY FROM ADAPTED SOURCE	SOURCE OFADOPTION
Business success	This is defined as the perception of the owner about business growth and efficiency.	Item 1-10	Cronbach's Alpha Result from adapted source=0.85	Govindarajan (1988).
Innovativeness	This is defined as the ability of the centre to innovate and continuously improve	Item 1- 9	Cronbach's Alpha Result from adapted source=0.87	Covin & Slevin (1989), Lumpkin & Dess (1996).
Risk-taking	This is defined as the ability to take risk and to exploit opportunities	Items 1 - 6	Cronbach's Alpha Result from adapted source=0.71	Covin & Slevin (1989), Lumpkin & Dess (1996).
Pro-activeness	This is defined as being aggressive and respond to competitions	Items 1 - 5	Cronbach's Alpha Result from adapted source=0.8	Covin & Slevin (1989), Lumpkin &Dess (1996).

3.7 Validity and Reliability

The instruments used to measure the variables in this study were all subjected to reliability and validity test conducted during the pilot test. According to Cavana et al. (2001), researcher must ensure the validity and reliability of the survey instruments before carrying out the actual study. Both concepts of reliability and validity are emphasised during the measurement and evaluation process. Reliability is defined as internal consistency, this means the degree to which instrument accurately and repeatedly measure the proposed construct (Peter, 1981; Ruekert & Churchill, 1984). Validity refers to the extent to which a measurement tool actually measures the construct that is supposed to measure (Peter, 1981). Validity will try to answer the question of whether the scale used serves the purpose. The constructs used in this study have been tested by previous researchers and have been explained in the literature review.

In this study, there were several steps which were taken to ensure reliability and validity of the measures. For instance, all the constructs were taken from prior researcher finding. Furthermore, in the survey questions, all the items in the questionnaire were taken from scales previously created. They have been confirmed to be valid by academic, researchers, and organizations.

3.7.1 Reliability

Reliability is an assessment of the degree of consistency between multiple measurements of a variable (Hair et al., 2010). Reliability is defined as the degree to which the measuring tool is free from error, consistent and stable through time and between items in the scale (Sekaran & Bougie, 2010). It is also termed as the level of

internal constancy of the evaluating device over the period of time (Wiersma & Jurs, 1985; Kubiszyn & Borich, 1987; Borg & Gall, 1989).

According to Babbie (2010), as reliability test is to test consistency of item, it also means when the same techniques were being used in the same study, the same result will be obtained. In order to assess reliability of a measurement scale in a questionnaire, Cronbach's coefficient alpha is being used to measure reliability (Hayes, 1998).

Alpha coefficient index ranges from 0 to 1, the rule of thumb is the higher the score, the more reliable the scale is. According to Nunnally & Bernstein (1994), a coefficient index value of 0.7 is considered to be acceptable. Coefficient index value of less than 0.5 of a variable is totally unacceptable due to low consistency.

3.7.2 Validity

Validity is the degree or extent to which a test measures what it intends to measure. In the validity test, the researcher is able to study the extent of differences between the intended value and the variation of the value among the respondents (Cooper & Schindler, 2008).

There are two ways of assessing validity (Huck, 2004). They are content and construct validity. The content validity is through face validity that is based on expert assessment (Green, Tull & Albaum, 1988). This is achieved through consulting a small sample of panel to decide the suitability of the items to be measured (Sekaran & Bougie, 2010; Hair et al., 2014).

In this study, in order to achieve face validity, the researcher will ask the opinion of the primary children day care centre at the pilot test. During the pilot test, the

participants will be asked to read the questions and evaluate the questions, they were asked to identify any questions they found difficult to understand or confusing (Nunnally, 1978). The purpose of pilot test is to establish efficiency in the data collection. As a result, the researcher will be able to identify the strengths and weaknesses of the questionnaire with regards to the wording, order and order of the questions. Hence, the researchers will be able to update the wording of the questionnaire.

Construct validity consists of an exploratory analysis using Varimax rotation and principal components analysis for ascertaining the construct validity. Factor analysis was used as a technique. It is seen as an asset of technique for studying the interrelationship among the variables, and also used to verify factor items loading on the correct factors as identified by prior researchers (Venkatraman, 1989). It also decreases large set of variables into manageable, meaningful and interpretable set of factors (Cavana, et al., 2001).

It is recommended that the factor loading of more than 0.3 is set as a minimal level (Hair et al., 2012; Tabachnick & Fidell, 2014) However, loading of 0.4 loading are regarded as important and factor loading of 0.5 and above are considered as significant. According to Tabachnich and Fidell (2014), it is at the researcher preference to decide the acceptable factor loading, the rule of thumb is, factor loading of more than 0.5 will be considered acceptable. Hence in this study, the factor loading of more 0.5 is acceptable.

3.8 Common Method Variance

A lot of researchers agree that common method is the possible problem of social and behavioural research. This variance occurs due to the error in measurement method being used rather than the error in the variables (MacKenzie et al., 2003). Previous researcher, Campbell & Fiske (1959) and recent researchers like Bagozzi & Yi (1990); Campbell & O'Connell (1982); Conway (1998); Cote & Buckley (1988); Lindell& Brandt (2000); Lindell & Whitney (2001); Millsap (1990); Parker (1999); Schmitt et al. (1995); Scullen (1999); Williams & Anderson (1994); Williams & Brown (1994); Kline et al. (2011) were of the opinion that common method variance can cause serious problem and may distort the conclusion validity of the research. Therefore, in this research, in order to solve the problem of common measure variance, the questionnaire is being distributed to the entrepreneurs operating a primary school children care in Penang. The customers for primary school children care are children from 7 to 12 years old who are actually older than the customers in child care centre, however, as both are in the educational environment, the entrepreneurs operate both centres are also facing the same situations and problems as well. Entrepreneurs in both centres will also need to possess the same attributes. Hence, distributing the questionnaire to entrepreneurs operating a primary school children care is one of the way to reduce common method variance as both group of entrepreneurs operate in the same environment. If there is no variance found in both result, it shows that, common method variance does not exist in this study.

3.9 Pilot Test

According to Gay& Airasian (2003) pilot test is explained as a trial before the actual full-scale study. The scale is usually small where 30 samples will be enough to ensure cost efficiency. The purpose of pilot test is to make sure that every respondent in the survey understood and perceived the questions consistently. In the pilot test, the researcher is able to identify whether it took too long for the respondents to answer the questionnaire or not in order to redesign the questionnaire to make the respondents feel more comfortable in answering it.

In order to test for the reliability and validity of the measurement, pilot test is being carried out (Sproull, 2004). Therefore, the data must be collected from the respondents who come from the same pool of study (Bradburn et al., 2004). Cronbach's Alpha reliability coefficients of previous instrument is being referred to or used as a benchmark to ensure internal consistency. This Cronbach's Alpha can be found in the finding of previous researchers (Hair et al., 2010).

It is advisable to have 30 to 40 respondents to answer the questionnaire in the pilot test because too many respondents will not be cost efficient (Hair et al., 2010). 30 respondents are enough to ensure readability and understand ability of the content of the questionnaire. One of the important process of pilot test is that the respondents are asked for their opinions about the readability of the content of the questionnaire. Based on the feedback of the respondent, the researcher can eliminate the difficult and ambiguous question to eliminate misunderstanding in the questionnaire (Hair et al., 2010). In this study, the researcher will use a convenience sampling technique to distribute the questionnaire to 30 respondents who are the entrepreneurs in the child care centres in Penang. The researcher will personally distribute the questionnaires to

them and wait for them to complete the questionnaire before collecting it back from them, hence the response rate is 100%.

3.10 Data Collection

Polit and Hungler (1999) defined data as "information obtained during the course of an investigation or study". In this study, questionnaires were used to obtain data relevant to the study's objectives and research questions. The purpose of this study was to identify factors that contribute to the business success of child care centres in Malaysia. The researcher will mail out the questionnaire to the entrepreneurs in the child care centres in Malaysia together with respond envelopes. The respondents do not have to spend any money to mail back the respond envelope because the respond envelope has already been affixed with a stamp together with the address printed on the envelope. Other than mail questionnaire, the researcher will also send email to the respondents, the questionnaire was designed using google doc, after the emails have been sent to the respondents, the researcher will follow up with a phone call to remind them to reply to the email.

3.10.1 Data collection instrument

The devices used to collect data from the respondents are called data collection instruments. Data collection instrument can be in the form of tests, interview, checklist or questionnaire (Seaman, 1998). In this study the data collection instrument is questionnaire. According to the definition provided by Polit and Hungler (1999), respondents are able to express their feelings, beliefs, attitudes and knowledge in the questionnaire. All the questionnaires in this study were designed in

such a way that all the questions being asked are to collect information about success factors of child care centre in Malaysia.

Questionnaires were being used in this research because according to previous research questionnaire have the following advantages which are suitable to this study:

Questionnaires do not require much time and energy to administer, the researcher can just mail out the questionnaire and wait for the respondent to mail back, it is not like interview, the researcher needs to travel to meet the respondents and take time to interview them.

The respondents are anonymous to the researchers, as the questionnaires are not being answered in front of the researcher, the respondents are able to provide honest and sincere answers as they are not being seen and known to the researcher when they are completing the questionnaires.

It is less likely to have biasness in the questionnaire because the questions in the questionnaire were designed in such a way that the questions are consistent because the variables tested in the questionnaires have fulfilled the reliability test. Furthermore, pilot test has already been carried out before the actual handing out of questionnaire to the respondents.

Lastly, all the questions in the questionnaire are closed types of questions, hence the researcher is able to compare the response of each item.

However, according to Burns & Grove (2003), there are also some weaknesses in validity and accuracy in using a questionnaire. Some respondents might not answer according to their sincere opinion, some of them might only want to please the researcher and give a positive answer. Hence, some of the genuine and valuable

information may be lost. Sometimes, lack of time in answering the questions or too brief questions will also affect the quality of the questionnaire

In this study, the questionnaires were in English. There are two sections in the questionnaire. Section A of the questionnaires consisted of questions designed to obtain data about demographic for example age, gender, education level and previous experience. The questions in this section are able to help the researcher to interpret the results according to whether the respondents manage the centre well due to their education level or prior experience. Section B aimed to determine the entrepreneurial orientation factors affecting the business success of the child care centre.

3.11 Non Response Bias

Sometimes, the respondents in the survey refuse, or are unwilling, or are not able to answer the questions in the questionnaire. Hence non-response bias occurs as the respondents differ from respondents. Usually in a mail survey, non-response is very common as the respondents do not have incentive to respond, furthermore, the researcher is not waiting in front of the respondents as in interview. Hence, the respondents can choose not to answer which will result in a very low respond rate. As a result of non-response bias, the sample size will be very small and the researcher might not have enough samples to validate the result.

Non response bias creates problems for the researcher because the answers provided by the respondents differ significantly from the answers provided by the non-respondents. Hence, the results obtained from the researcher might not be valid. There are a few reasons that caused non response.

1. Sometimes, the researcher asks for embarrassing, sensitive or private information, hence the respondents feel reluctant to answer because they feel if they answer honestly it will affect their integrity. Hence, they choose not to respond or even if they respond, they will not respond honestly.

2. Sometimes the questions in the survey were structured in such a way that the respondents do not understand the question, as a result they refuse to respond.

3. Sometimes, the researcher uses the wrong survey approach to the target population. For example, if the researcher used snail mail to request for response from the younger generation and use smartphone survey to request information from older generation, the approach is wrong and it is expected that the response rate will be very low for both groups of people.

4. We are living in a busy world, sometimes the respondents will forget to return back the survey in the business of their daily life.

5. Sometimes, the survey questions may not reach the respondents, for example in a mail survey, the questionnaires might have gone into the spam folder that usually respondents will not notice or be bothered to read.

6. Some people are more inclined to answer certain types of question because this might be what they are interested in and familiar with. For example, someone might not want to answer question about cycling if they do not own a bicycle or have cycling experience.

From the researcher experience, non-response groups of people are usually respondents from lower income group and single males.

3.12 Data Analysis

3.12.1 Normality test

Before the researcher start a statistical test, the researcher must ensure the data collected are normally distributed. According to Hair et al. (2010), statistical analysis and structural equation model assume all the data are normally distributed. Normality refers to the shape of the data distribution; it is assumed that individual variable corresponds to the normal distribution of the benchmark for statistical methods. Skewness and kurtosis are the commonly used statistical method to check normality (Hair, et. al., 2010; Kline, 2011; Tabachnick & Fidell, 2014). However, even if the skewness and kurtosis do not show that the data is normally distributed, but if there are more than 200 samples been collected, there will not be substantial differences in the analysis (Tabachnick & Fidell, 2014). According to Kline et al. (2011), the acceptable value for skewness must be less than 3 and the accepted value for kurtosis must be less than 10 for the samples to be studied. If the skewness value is more than 3 and kurtosis value is more than 10, it will show that there is a problem within the samples, if the Kurtosis value is more than 20, the samples are not normally distributed and there is problem with the sample.

3.12.2 Multi-collinearity

The relationship between two or more independent variables can be explained by multi-collinearity. If the independent variables show correlation with each other or one another, it means that there is multi-collinearity (Hair et al., 2010). High multi-collinearity between the independent variables will create a problem for the questionnaire because it simply means that it contains unnecessary information (Hair, et. al., 2010; Pallant, 2010; Tabachnick & Fidell, 2014). Multi-collinearity shows that

not all of the data are needed in the analysis as their existence leads to error because high multi-collinearity leads to increase in standard error of regression coefficient and the statistical significance of these coefficients will be less reliable.

There are 4 methods to test multi-collinearity:

1) Correlation matrix – The generally rule of thumb is the correlation coefficient must be lesser than 1 for Pearson's Bivariate Correlation.

2) Tolerance – The general rule of thumb is the tolerance is if T is less than 0.1, there might be multi-collinearity in the data, if T is less than 0.01, multi-collinearity definitely exists in the data. Tolerance measures the extent to which the independent variable is influenced by all other independent variables.

3) Variance Inflation Factor (VIF) – The general rule of thumb is if VIF is more than 100, there might be multi-collinearity in the data, if VIF is more than 100, multi-collinearity definitely exists in the data. VIF is defined as 1/T.

4) Condition Index – The rule of thumb is if condition index value is between 10 to 30, there might be slight multi-collinearity among the variables in linear regression. If the value is more than 30, multi-collinearity definitely exists.

3.12.3 Descriptive Analysis

After data collection procedure, descriptive and inferential statistics were used for data analysis. In particular, the PLS-SEM method was employed to analyze the collected data (Ringle et al., 2012). Descriptive analysis describes or summarises raw data into a form that is understandable and easy to be interpreted by humans (Zikmund, 2003; Sekaran & Bougie, 2010). Descriptive data usually describes the past and they can be analysed. The past refers to a specific point of time for example

a minute ago, a month ago or a year ago. This kind of information is useful to the researchers because researchers may make a prediction of future outcomes based on past data. Descriptive statistics can be used to identify a location tendency (mean, median, mode), spread (variance, standard deviation, range, interquartile range) and shape (skewness and kurtosis) (Cooper & Schindler, 2008). Descriptive data provides guidelines for more advanced statistical analysis because it provides the researchers with broader overview of the data collected. Finally, it enables the researchers to describe the characters of the population in terms of shape, spread and skewness.

3.13 PLS-SEM

In terms of data analysis, this study will suggest Structural equal modelling for the development and testing of theories (Hair et al., 2012; Ringle et al., 2012; Shook et al., 2004; Steenkamp & Baumgartner, 2000). There are two parts in structural equation models estimation which are covariance-based SEM (CB-SEM) (Diamantopoulos & Siguaw, 2000; Rigdon et al., 2012) and variance-Based Partial Least Squares path modeling (PLS-SEM) (Hair et al., 2013; Lohmeoller, 1989; Rigdon, 2012). PLS-SEM is getting more and more popular in academic research (Hair et al., 2012, Ringle et al., 2012; Lee et al., 2011). Hair et al., (2014), Reinartz et al., (2009) has also supported partial least squares structural equation modeling approach. This approach has gained popularity in accounting (Lee et al., 2011), operations management (Peng & Lai, 2012), marketing literature (Hair et al., 2014), strategic management (Hair et al., 2014), management information systems (Ringle et al.,2012) and organizational research (Sosik, Kahai, & Piovoso, 2009).

PLS is suitable for research in order to predict the relationship between two constructs. It is also useful in a complex model, research with new theoretical model, model which is not well-formed, model with latent variables or structural paths (Chin & Newsted, 1999). In the present study, Smart PLS 3.0 path modelling is being used. This is because, in this study, the researcher would like to estimate the relationship between two constructs (structural model) and relationship between indicators and their corresponding latent constructs (the measurement model) simultaneously (Duarte & Raposo, 2010; Chin, Marcolin, & Newsted, 2003; Geladi & Kowalski, 1986).

Besides, the researcher would like to investigate the moderating role of perceived environmental uncertainties on the relationship between entrepreneurial orientation and business success; hence, Smart PLS is useful in identifying the moderating effect. Smart PLS software is user friendly with its graphical user interface, it helps to create moderating effect of path models with interaction effects (Temme et al., 2010). Hence, it is more preferred than other path modelling software like AMOS – Analysis of Moment Structures.

In term of data analysis in chapter 4, a few steps will be carried out. First, the researcher will screen through the data using SPSS before ensuring it is fit to be analysed using PLS. Second, the researcher will calculate the individual item reliability, internal consistency reliability, convergent validity and discriminant validity to ascertain the measurement model (Hair et al., 2011; Henseler & Sarstedt, 2013). Third, standard bootstrapping is being carried out to evaluate the structural model. In doing so, the researcher will calculate the significance of the path coefficients, level of the R squared values, effect size and predictive relevance of the model (Hair et al., 2014). Fourth, two stage approach for testing the moderating

effect of perceived environmental uncertainties on entrepreneurial orientation and business performance is being performed (Henseler & Chin, 2010; Henseler & Fassott, 2010). Lastly, the researcher will ascertain the strength of the moderating effects using Cohen's (1988) effect size formula in this study.

3.13.1Reflective and Formative Operationalization of Construct

According to Jarvis, MacKenzie and Podsakoff (2003), reflective model is widely used in marketing research. Reflective model is based on classic testing theory where changes in an indicator will affect the latent construct (Bollen & Lennox, 1991). This means the latent variable is caused by the changes of all the constructs and there is a linear relationship between the constructs and the latent construct. In reflective model, variation of construct does not cause variation in the item measures. Variation in the item measures causes variation in the construct (Bollen&Lennox,1991; Edwards & Bagozzi, 2000; Rossiter, 2002; Jarvis et. al., 2003).

Formative model is proposed by Curtis & Jackson in 1962. According to them, although there is a positive relationship between the construct, there might be negative or null value even if they are measuring the same concept. In formative model, variation of construct causes variation in the items measure. Variation in the item measures does not cause variation in the construct (Bollen K.A. & R. Lennox, R.,1991; Edwards & Bagozzi, 2000; Rossiter, J. ,2002; Jarvis et. al., 2003).

A number of recent papers have presented second order construct models. This is called hierarchical component model (HCM). Hierarchical component model (HCM) is used to examine the complex constructs as well as operationalised at higher levels of abstractions. As suggested by Hair et al. (2014) one of the main reasons to include second order construct in research is to reduce the number of relationships in the

structural model, making the PLS path model easier to understand. In the context of PLS-SEM, HCM consists of four types, they are Type I: Reflective-reflective. This is where the first order construct is reflective and second order construct is reflective too. Type II: Reflective-formative. This is where the first order construct is reflective and second order construct is formative. Type III: Formative-formative. This is where the first order construct is formative and second order construct is formative. Type IV: Formative-reflective. This is where the first order construct is formative and second order construct is reflective. The present model is type I: Reflective-reflective model.

3.14 SUMMARY

This chapter started with proposing a research framework and discussion of the hypothesis. It then discussed the research design, sample and population and unit of analysis in this research. It also discussed the instruments being used in collecting data. Then, it is followed by the discussion of operationalization of the variables. Finally, it explained validity, reliability, common method variance, pilot test, data collection method, non-response bias and Smart PLS data analysis that will be used in the subsequent chapter.

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Introduction

Current study uses PLS path modeling to analyse the result. There are two sections in this chapter. Basically, the first part will use SPSS to analyse the data. There are six sections in the first part. First, the chapter will report on the response rate of the survey. Second, is data screening to identify if there is any data that violates the multivariate technique of analysis. Third, is normality test where skewness and kurtosis test are being carried out to ensure data are normal. Fourth, is multi-collinearity test where HTMT and VIF are being examined. Fifth, is the examination of common method variance where principal component factor analysis was being performed. Sixth, will be the analysis of the demographic profile of the respondents. In the second section, there will be a two-step process to assess the measurement model and the structural model using SmartPLS. The first step is to examine the individual item reliability being internal consistency reliability, convergent reliability and discriminate validity. During the second step of assessing the structural model, the researcher needs to assess the path coefficient, the R squared and the effect size. Lastly the moderating effect on the model will be examined.

4.2Response Rate

A total number of 346 questionnaires and online survey forms and questionnaires were being mailed and emailed directly to respondents throughout Malaysia. After the mailing and emailing of the questionnaires and online survey form, the researcher

followed up with the phone call to the respondents in order to increase the response rates (Silva, Smith, & Bammer, 2002; Traina et al., 2005). Similarly, the researcher will call up the respondents after the questionnaires have been sent out. After one month, researcher started to receive respond. As a result, 117 usable questionnaires were received with total response rate of 29.7% as showed in table 4.1 below, this is a very typical Malaysia survey respond rate. This is also a sufficient and acceptable surveys response rate stated by Sekaran & Bougie (2010).

Table 4.1
Response Rate of the Questionnaires

State	Distributed	Return and usable	Respond Rate (%)
Putrajaya	10	4	40
Kedah	30	12	40.3
Johor	33	8	24.24
Kelantan	12	5	41.67
Melaka	10	3	30
Negeri Sembilan	22	5	22.73
Pulau Pinang	16	8	50
Pahang	23	7	30.43
Perak	26	12	46.15
Perlis	3	1	33.33
Sabah	17	6	35.29
Sarawak	11	4	36.36
Selangor	95	29	30.5
Terengganu	15	5	33
Kuala Lumpur	22	7	31.82
Labuan	1	1	100
Total	346	117	33.8

Statistical procedure can be used to determine the correct samples size for a research (Bruin, 2006). In this study, after the collection of data, priori power analysis using G*Power 3.1 software was being used to determine the minimum sample size. The parameters used are as follows: Power (1- β err prob; 0.85), an alpha significant level (α err prob; 0.05, medium effect size f2 (0.15) and seven main predictor variables.

The result from G*Power using the criterions above was shown in Figure 4.1 below. The result has determined 115 samples for current study (Cohen, 1992; Faul et al., 2009). It was concluded that the suggested minimum 115 responses were needed according to the output of priori power analysis in the current study. In this study, the total returned and usable questionnaires were 117 responses. Hence, it met the minimum sample requirement of priori power analysis. Therefore, all the returned and usable questionnaires will be used in data analysis in the later chapter.

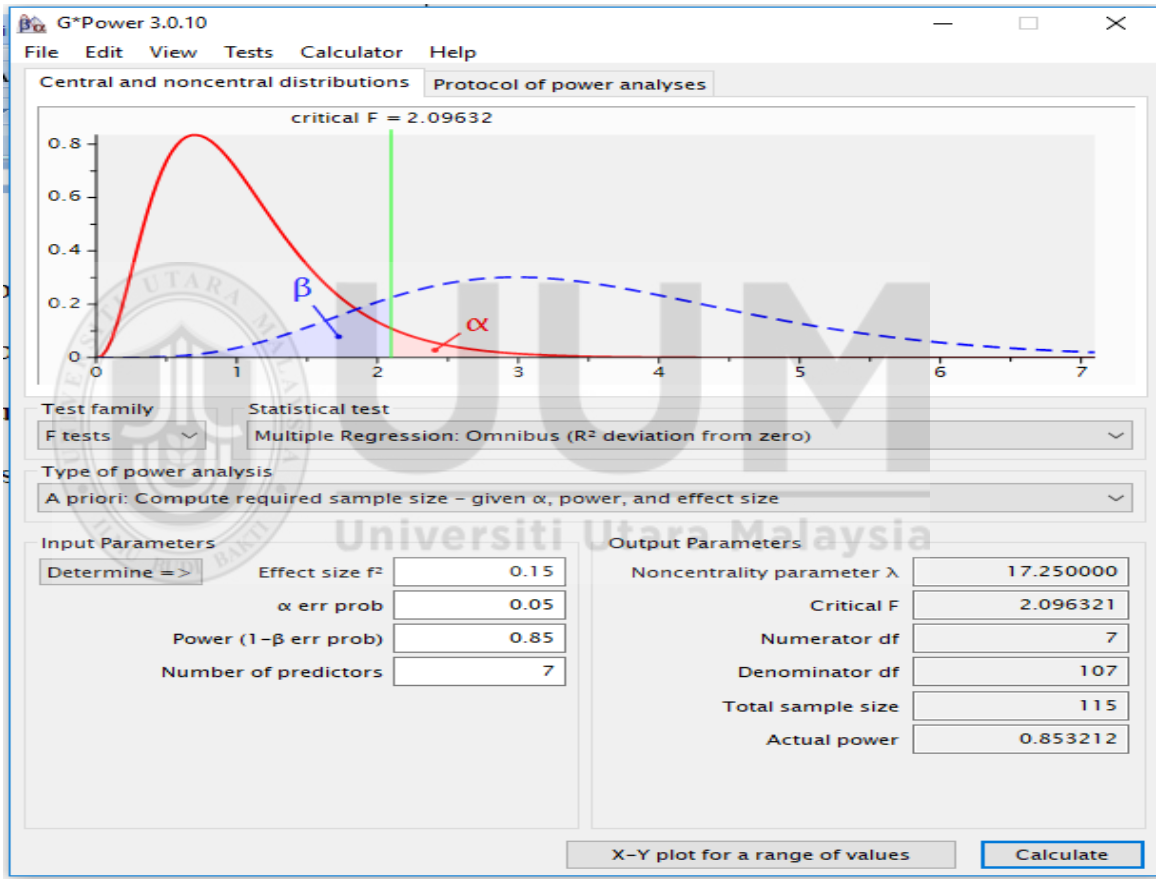

Figure 4.1
*G*Power result*

4.3 Data Screening and Preliminary Analysis

Initial screening of data is an important process because it helps to identify if the data collected violated the key assumption of multivariate techniques of data analysis

(Hair et al., 2010). This also helps to enable the researcher to understand the data collected better before analysis.

After data coding, assessment of outliers, normality test and multi-collinearity test were performed (Hair et al., 2010; Tabachnick & Fidell, 2007).

4.3.1 Normality Test

Normality test is to test whether the data is normally distributed and whether there is a linear relationship among the variable (Hair et al., 2006). Correlation and regression tests are performed in normality test. In the research, data must be normally distributed, there must be no noticeable skewness, a bell-shaped curve histogram is needed to be considered as good data (Coakes & Steed, 2001). Normality test can be tested by drawing a histogram, if the graph is drawn as a bell-curved chart, the data can be considered as normally distributed. Besides, normality test can also be confirmed by focusing on the vertical lines of the histogram (Norusis, 1997). Other than plotting the normal probability plot or drawing a bell-curved histogram to observe whether the data is normally distributed, researcher can also use SPSS to calculate the skewness and kurtosis to test for data normality (Hair et al, 2012). The rule of thumb is the data is considered as normally distributed if the skewness and kurtosis value falls between -2 and +2 (Chua, 2006). This is further supported by Hair et al, (2010) that if the skewness values falls outside the range of -1 to +1, the data is considered as substantially skewed distribution (Hair et al, 2010). However, it is challenging to get a perfectly normal distributed date due to sampling limitation

Table 4.2
Skewness and Kurtosis Table

Statistics

		BS	IN	RT	PA	PEU
N	Valid	117	117	117	117	117
	Missing	0	0	0	0	0
Skewness		-.998	-.131	.097	-.003	-.310
Std. Error of Skewness		.224	.224	.224	.224	.224
Kurtosis		2.446	-.812	-.025	-1.058	.382
Std. Error of Kurtosis		.444	.444	.444	.444	.444

Table 4.2 depicted the skewness and kurtosis values of all the variables in the current study. It was noticed that the skewness and kurtosis values for all the variables fall between the range of -2 and +2, hence, we can conclude that the data in this study are normally distributed and they are good data to be proceed for further analysis.

It is assumed that PLS-SEM provides accurate model estimations even if the data is extremely non-normal (Cassel, Hackl, & Westlund, 1999; Reinartz, Haenlein, & Henseler, 2009; Wetzels, Odekerken-Schroder, & Van Oppen, 2009), hence normality test is not needed in PLS-SEM. However, in PLS-SEM, the bootstrapped standard error estimation can be inflated because data can be highly skewed or kurtotic (Chernick, 2008), hence, it will underestimate the statistical significance of the path coefficients (Dijkstra, 1983; Ringle, Sarstedt, & Straub, 2012). Therefore, in this study, normality test using statistical method in calculating skewness and kurtosis was still being performed to test whether the data is normally distributed as shown in table 4.2. (Hair et al., 2012)

4.3.2 Multi-collinearity Test

Multi-collinearity refers to the degree of relationship between the independent variables used in the model. If there is a strong correlation between the independent variables, there will be multi-collinearity and it will create problem in interpreting the effects of different variables in regression analysis (Hair et al, 2010) as the exogenous latent constructs are highly correlated. As a result, it will distort the estimation of regression coefficients and their statistical significance tests substantially (Hair et al., 2010; Chatterjee & Yilmaz, 1992). Furthermore, it will increase the coefficient's standard errors and render the coefficients as statistically insignificant (Tabachnick & Fidell, 2014). In the research, there should be no linear relationship between independent variables in multiple-regression (Stevens, 2012).

In this study, correlation matrix of the exogenous latent constructs, variance inflated factor (VIF) and tolerance values will be examined to identify whether multi-collinearity exists (Chatterjee & Yilmaz, 1992; Peng & Lai, 2012). The rule of thumb is if the correlation coefficient is 0.90 and above, multi-collinearity exists, any figure that is below 0.90, there is no problem of multi-collinearity (Hair et al, 2010). As shown in Table 4.3, all the exogenous latent constructs correlations were lower than the defined threshold of 0.90. Hence, multi-collinearity problem does not exist. It can be concluded that all the exogenous latent constructs in this study were not highly correlated.

Table 4.3
Correlation Matrix of the Exogenous Latent Constructs

No. Latent Constructs	1	2	3	4	5
1. Business success	1				
2. Innovativeness	.588**	1			
3. Risk-taking	.483**	.752**	1		
4. Pro-activeness	.578**	.773**	.705**	1	

5. Perceived environmentaluncertainties	.260**	.367**	.492**	.346**	1

Note : ** Correlation is significant at the 0.01 level (1-tailed).

Beside correlation matrix of the exogenous latent constructs. Variance inflated factor (VIF) and tolerance values were also examined. The rule of thumb is VIF value must not be more than 5 and tolerance values must be more than 0.20 to be considered as acceptable as there is no multi-collinearity problem (Hair, Ringle, & Sarstedt, 2014). Table 4.4 shows the result of collinearity statistics, all the latent constructs have tolerance value of more than 0.20 and VIF value of less than 5. Therefore, we can conclude that there is no multi-collinearity problem in this study.

Table 4.4
Tolerance and Variance Inflation Factors (VIF)

Latent construct	**Collinearity Statistics**	
	Tolerance	VIF
Innovativeness	.317	3.150
Risk-taking	.351	2.848
Pro-activeness	.367	2.724
Perceived environmental uncertainties	.758	1.320

4.4 Common Method Variance Test

Common method variance (CMV) is defined as the amount of spurious covariance shared among variables because the common method is used in the collection of data (Buckley et al. 1990). This will create problem because the actual situation investigated is difficult to differentiate from measurements artifacts (Hufnagel & Conca, 1994, Avolio & Bass, 1995). Two main reasons that cause this bias are ambiguous wording (Hufnagel & Conca, 1994) and scale length (Harrison et al. 1996). Common method variance (CMV) can also be resulted from measurement

method rather than the construct of interest (Podsakoff et al., 2003) which is the result of self-reporting survey method (Spector, 2006; Podsakoff et al., 2003; Lindell & Whitney, 2001). This is further supported by Conway & Lance (2010) that self-reporting will result in common method bias and distorts the relationship between variables. Organ and Ryan (1995) also found high level of correlations between variables on studies conducted using self-report survey method which cause common method variance.

For minimizing the effects of common method variance the present study followed on several procedural remedies (MacKenzie & Podsakoff, 2012; Podsakoff et al., 2012; Viswanathan & Kayande, 2012; Podsakoff et al., 2003; Podsakoff & Organ, 1986). First, it was informed to the respondents that there exists no right and wrong answer to the statements (items) which they were supposed to be responded.

Additionally, the respondents were also assured in terms of their responses confidentiality. Secondly, the present study employed improving-scale items approach to reduce method biases. For doing so, the items used in the scale were written using simple, specific, and clear language.

Apart from the above remedies, the Harman's single factor test was adopted for examining the common method bias (Podsakoff & Organ, 1986). Under the CMV process, all the variables of the study were subjected to an exploratory factor analysis and from where the results of the un-rotated factor solution were assessed for ascertaining the number of factors necessary to account for the variance in the variables (Podsakoff & Organ, 1986). As per the main assumption of Harman's (1967) single factor test, if a substantial amount of common method exists, either a single or a general factor emerges, this would then account for most of the

covariance in the predictor and criterion variables (Podsakoff & Organ, 1986). Following on these guidelines, all the items in the present study were subjected to a principal component factor analysis. The result was shown at Table 4.5, the results of first factor explained 42.674% of the total variance. This variance is below than 50% (Kumar, 2012). Therefore, this result has proven that there is no single factor accounted for the majority of covariance amongst the predictor and criterion variables (Podsakoff et al., 2012). Therefore, the common method bias is unlikely to inflate relationship between variables in this study. Hence, common method variance is not an issue in this study.

Table 4.5
Extraction Method: Principal Component Analysis.

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15.363	42.674	42.674	15.363	42.674	42.674
2	3.598	9.994	52.668	3.598	9.994	52.668
3	2.567	7.131	59.799	2.567	7.131	59.799
4	1.762	4.895	64.694	1.762	4.895	64.694
5	1.309	3.637	68.331	1.309	3.637	68.331
6	1.221	3.390	71.722	1.221	3.390	71.722
7	1.021	2.835	74.557	1.021	2.835	74.557
8	.816	2.267	76.823			
9	.761	2.113	78.937			
10	.702	1.949	80.886			
11	.644	1.789	82.675			
12	.606	1.683	84.357			
13	.577	1.602	85.959			
14	.536	1.488	87.447			
15	.473	1.314	88.761			
16	.414	1.151	89.913			
17	.370	1.027	90.939			
18	.338	.938	91.877			
19	.334	.928	92.805			
20	.323	.896	93.700			

21	.279	.776	94.476			
22	.250	.694	95.170			
23	.224	.621	95.791			
24	.205	.569	96.360			
25	.190	.528	96.888			
26	.183	.508	97.396			
27	.154	.427	97.824			
28	.142	.394	98.218			
29	.129	.359	98.576			
30	.099	.275	98.851			
31	.092	.257	99.108			
32	.086	.240	99.347			
33	.076	.211	99.559			
34	.069	.191	99.750			
35	.050	.139	99.889			
36	.040	.111	100.000			

4.5 Demographic Profile of the Respondents

The demographics of the respondents are described in this section. The characteristics that were examined were age, gender, education background, work experience, number of year of working experience and whether their previous job experience is relevant to the current job. In this section the demographics of the respondents are described. Table 4.6 presents a comprehensive view of these demographics.

Table 4.6
Demographic Characteristics of the Respondents

Characteristics	Frequency	Percentage
Gender		
Male	4	3.4
Female	113	96.6
Age		
18-24	3	2.5
25-45	63	54
>45	51	43.5
Qualification		
High school	24	20.5
Diploma	24	20.5

Degree	40	35
Master	28	23.9
PHD degree	1	0.1
Possess previous work experience		
Yes	115	98.3
No	2	1.7
Number of years of previous experience		
<2 years	19	16.5
2-5 years	31	26.95
6-10 years	25	21.74
11-20 years	23	20
>20 years	17	14.81
Was the previous work experience relevant ?		
Yes	69	59
No	48	41

From the summary of the demographic profile above, a total of 117 data have been collected, 96.6% of the respondents were female and only 3.4% of them are males. This shows that women are more interested to venture into this industry than men. Regarding the age group, majority of the participants belonged to the age group of 25-45 which is 54% with total number of 63 persons; the second largest age group is the respondents with age >45 years, they make up 43.50% of the total respondents with total number of 51 persons; the smallest age group is the respondents between the age group of 18-24. They only made up 2.5% of the total respondents with total number of 3 persons. It can be concluded that most of the owners of child care centres are above 25 years old. Regarding the education background, from the summary above, it can be concluded that majority of the respondent posse a bachelor degree as it makes up 35% of the total respondents with total 40 persons; The second largest group of respondent posse a master degree and made up 23.9% of the total respondents with total 28 persons. It is followed by respondents with high school qualification and diploma qualification. Both group of respondents made up 20.50% of the total respondents respectively with total 24 persons. 0.1% of the respondent

posse PHD degree. It can be concluded that majority of the owners of child care centre posse high education qualifications. Majority of the respondents 115(98.3%) of them have previous work experience, only 2(1.7%) of the respondents do not have previous work experience. Furthermore, out of these total 115 respondents, 31(26.95%) of them have 2-5 years of working experience, it is followed by another group of respondents who have 6-10 years of experience with total number of 25(21.74%) of respondents; the third group of respondents have 11-20 years of experience with total number of 23(20%) of respondents. The forth group of respondents have <2 years of experience with total number of 19(16.5%) of respondents. The last group of respondents have >20 years of experience with total number of 17(14.81%) of respondents.

4.6 Descriptive Analysis of the Latent Constructs

The descriptive statics for the latent constructs are provided in this section. The purpose of this section is to explain the general situation of innovativeness, risk-taking, pro-activeness and perceived environmental uncertainties in affecting business success of child care center in Malaysia. The result is summarized from the questionnaire which was expressed in five-point Likert scale where strongly agree is labeled as 5 points and strongly disagree is labeled as 1 points. The means and standard deviations of the latent variables were computed, the effect of innovativeness, risk-taking, pro-activeness and perceived environmental uncertainties is reflected in the results. The results of the descriptive statistics are shown in table 4.7 below.

Table 4.7
Descriptive Statistics

Latent Construct	Mean	Standard deviation
Business success	3.87	0.742
Innovativeness	3.93	0.674
Risk taking	3.74	0.656
Pro-activeness	3.97	0.649
Perceived environmental uncertainties	3.49	0.731

The descriptive statistics in Table 4.7 has revealed that pro-activeness had the highest mean (3.97) value amongst all other entrepreneurial orientation factors with 0.649 standard deviation. This has shown that the owner of the child care centres think that pro-activeness is the most importance entrepreneurial orientation factor in achieving business success. In additions, the standard deviation value of 0.649 suggested that the owners of the child care centres had no significantly different opinions with regards to the importance of pro-activeness and overall business success of his/her centres.

Result from Table 4.7 has revealed that innovativeness had the second highest mean (3.93) value amongst all other entrepreneurial orientation factors, this is the next important entrepreneurial orientation factor from the perspective of the entrepreneurs of child care centres in Malaysia. Hence, we can conclude that the entrepreneurs of the child care centres in Malaysia also regard this factor as important in achieving business success. The standard deviation is 0.674, it is regarded as high which suggests that the entrepreneurs of the child care centres in Malaysia had no significantly different opinions with regards to the importance of innovativeness and overall business success of his/her centres.

Finally, the results show that risk-taking had the lowest mean value of 3.74 with standard deviation of 0.656. The results have indicated that there is lesser attention

being paid towards risk-taking by the entrepreneurs of the child care centres in Malaysia. This can be due to the child care services is education services, the entrepreneur in child care centres are more conservative, hence they do not see taking additional risk will contribute to the success of their centre. However, the standard deviation is 0.656, it is regarded as high which suggests that the entrepreneurs of the child care centres in Malaysia had no significantly different opinions with regards to the importance of risk-taking and overall business success of his/her centres.

The above analysis discusses on individual entrepreneur opinion towards the importance of entrepreneurial orientation toward business success. In this study, perceived environmental uncertainties were also be evaluated. The result in Table 4.7 has shown that the mean value is 3.49 and standard deviation value is 0.731 which means that the entrepreneur in the child care centres considered perceived environmental uncertainties as an important component of entrepreneurial orientation in contributing to business success. The standard deviation value of 0.731 also suggested that the entrepreneurs in the child care centres had no significantly different opinions with regards to the importance of perceived environmental uncertainties and overall business success of his/her centres.

With reference to the descriptive analysis results shown in Table 4.7, business success variable also has high mean value which is 3.87. This indicated that entrepreneurs in child care centres consider business success as an important factor. Business success has standard deviation value of 0.742, this indicated that the entrepreneurs in the child care centres had no significantly different opinions with regards to the importance of business success. Therefore, it can be concluded that all

the entrepreneurs in the child care centres think that their centre's business success is their responsibility as the owner of the centre.

4.7 Assessment of PLS-SEM Path Model Results

This study employed a two-step process for evaluating and reporting PLS SEM results (Henseler et al., 2009). This study will not employ the goodness-of-fit (GoF) index as it is not suitable for model validation because it is not able to separate the valid and invalid models (Henseler & Sarstedt, 2013; Hair et al., 2014). However, this problem can be overcome by using PLS path models (Hair, Ringle, & Sarstedt, 2013). In this two-step process, the first step is to assess the measurement model and the second stop is to assess the structural model.

4.8Assessment of Measurement Model

During the first step of assessing the measurement model, first, the researcher needs to examine the internal consistency reliability, convergent validity and discriminate validity. During the second step of assessing the structural model, the researcher needs to assess the path coefficient, then, evaluate the R squared, determine the effect size, ascertain the predictive relevance and lastly examine the moderating effect (Hair et al., 2014; Hair et al., 2010; Henseler et al., 2009).

4.8.1 Convergent Validity

The extent to which each item truly represents the intended latent variable is measured by convergent validity. It also measures the correlation with other latent

variable (Hair et al., 2006). The convergent validity of each of the latent construct is assessed by average variance extracted (AVE), factor loading and composite reliability.

Three assessment principles were proposed as follows:

(1) The factor loadings of all indicators achieved high level of significance of >0.7;

(2) The indicators Composite Reliability (CR) is between 0.6 to 0.9; and

(3) The Average Variance Extracted (AVE) is higher than 0.5(Chin, 1998).

With reference to table 4.8 below, the AVE scores are between 0.52 and 0.768, it is more than 0.50, hence, there is adequate convergent validity (Chin, 1998). All the factor loadings have also achieved significant level as shown in table 4.8 below.

4.8.2 Internal Consistency Reliability

Internal consistency reliability measures the extent to which all the items in the scale measure the same concept (Bijttebier et al., 2000; Sun et al., 2007). Cronbach's alpha and composite reliability coefficients are used to estimate internal consistency reliability (Bacon, Sauer, & Young, 1995; McCrae, Kurtz, Yamagata, & Terracciano, 2011; Peterson & Kim, 2013).Composite reliability coefficients is less biased than cronbach's alpha coefficients because cronbach's alpha coefficients assumes that all the items contribute equally to the construct, however composite reliability coefficients will take into consideration of individual loadings and eliminate the assumption of cronbach's alpha coefficients (Barclay, Higgins, & Thompson, 1995; Gotz, Liehr-Gobbers, & Krafft, 2010). Furthermore, Cronbach's alpha may over or under-estimate scale reliability but this problem will be overcome by composite reliability coefficients because it will take into consideration that individual

indicators have different loadings. The rule of thumb is if the composite reliability coefficient (CR) is more than 0.70, it is considered as satisfactorily with adequate internal consistent reliability, if the CR is less than 0.60, it means there is a lack of internal consistent reliability (Bagozzi & Yi, 1988; Hair et al., 2011). In this study, composite reliability coefficient is looked at to ascertain internal consistency reliability of the measures. With reference to table 4.8 below, the composite reliability coefficient (CR) is between 0.826 and 0.92. This means there is satisfactorily internal consistency reliability because the value is more than 0.80 (Bagozzi and Yi, 1988; Hair et al., 2011).

In examining the internal reliability, the outer loadings measures of each construct will be examined (Hair et al., 2014; Hair et al., 2012; Duarte & Raposo, 2010; Hulland, 1999). In order to determine whether to retain or delete the item, the rule of thumb is to retain items that are between .50 and .70 loading (Hair et al., 2014). In the present study, there are total 35 items. After the deletion of item with loading less than 0.5, the PLS Algorithm Graph for IN, PR, RT on BS was shown at Figure 4.2 below.

Table 4.8
Results of measurement model (n=117)

Latent Variable	Indicators	Convergent Validity			Internal Consistency Reliability	
		Loadings	VIF	AVE	Composite Reliability	Cronbach's Alpha
		> 0.70	< 5.0	> 0.5	0.60-0.90	0.60-0.90
BS	BS1	0.739	2.348	0.59	0.92	0.9
	BS10	0.739	2.665			
	BS2	0.772	2.552			
	BS3	0.815	2.650			
	BS6	0.854	3.004			
	BS7	0.710	1.840			
	BS8	0.785	2.627			
	BS9	0.718	2.537			
INV	INV1	0.795	1.659	0.546	0.826	0.72

	INV4	0.714	1.499			
	INV5	0.628	1.172			
	INV8	0.804	1.434			
	PA1	0.755	1.735			
	PA2	0.620	1.362			
PA	PA3	0.791	1.822	0.511	0.839	0.758
	PA4	0.703	1.483			
	PA5	0.694	1.585			
	PEU1	0.870	1.799			
PEU	PEU2	0.865	2.259	0.768	0.908	0.85
	PEU3	0.893	2.468			
	RT1	0.742	1.438			
	RT2	0.669	1.459			
RT	RT3	0.666	1.464	0.522	0.845	0.774
	RT4	0.797	1.728			
	RT5	0.730	1.374			

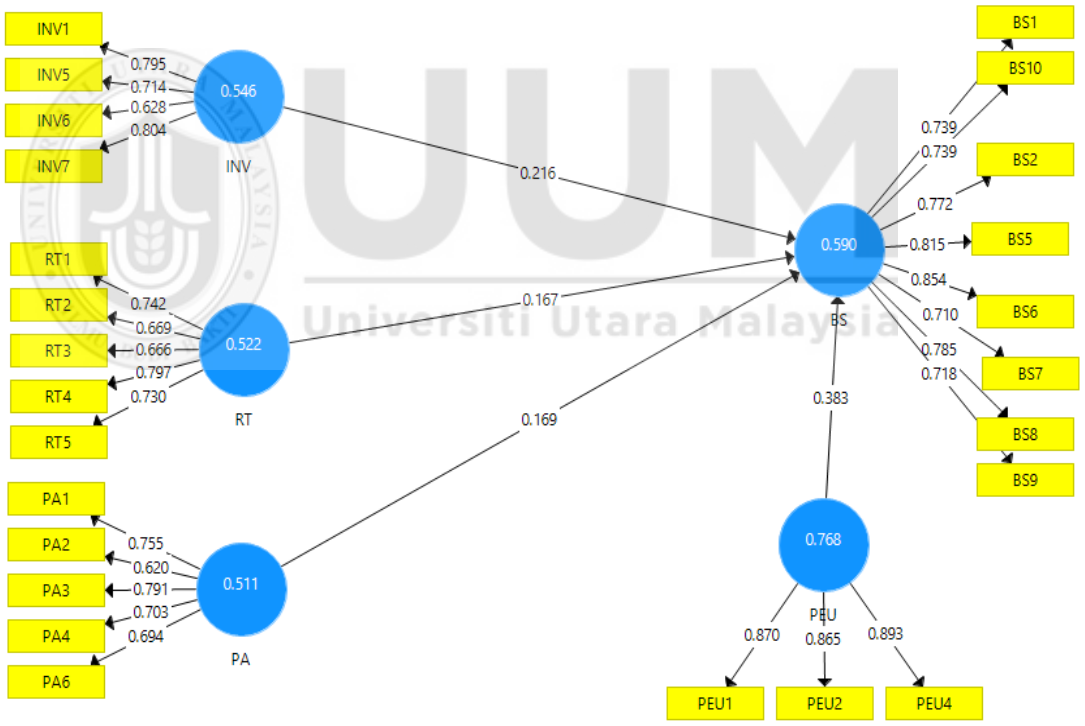

Figure 4.2
PLS-Path analysis of Beta value and AVE values (n=117)

4.8.3 Discriminant Validity

The extent to which a specific latent construct is different from other latent constructs is defined as discriminant validity (Duarte & Raposo, 2010). HTMT criterion is a building block to assess discriminant validity of a partial least squares structural equation modeling. HTMT criterion helps the researcher to confirm whether the result hypothesized from the structural paths are real and not merely the result of statistical discrepancies. The HTMT criterion is more superior than Fornell-Larcker criterion and (partial) cross-loadings approach because HTMT criterion clearly outperforms classic approaches to discriminant validity assessment such as Fornell-Larcker criterion and (partial) cross-loadings, which are largely unable to detect a lack of discriminant validity.

The rule of thumb is as long as the value is less than 0.85, discriminate validity exists (Henseler, 2013) HTMT results in Table 4.9 below indicated that discriminant validity exists because all the values are less than 0.85. This means that HTMT criterion did not detect any collinearity problems among the latent constructs (multi-collinearity). Therefore, there is not overlapping items from the constructs and they did not measure the same thing.

Table 4.9
Discriminant validity of measurement model-Heterotrait-Monotrait Ratio (HTMT) (n=117)

	BS	INV	PA	PEU	RT
BS					
INV	**0.678**				
PA	0.622	**0.719**			
PEU	0.668	0.503	**0.456**		
RT	0.601	0.731	0.707	**0.403**	

4.9 Assessment of Significance of the Structural Model

After the first step of assessing the measurement model, the second step is to assess the structural model.

4.9.1 Assessment of Variance Explained in the Endogenous Latent Variable

Another important criterion shown by PLS-SEM structural model assessment is R-Squared value. The R-square is also called coefficient of determination (Hair et al., 2012; Hair et al., 2011; Henseler et al., 2007). R-squared value explains the proportion of variation in the dependent variable(s) that could be explained by one or more predictor variable (Hair et al., 2010; Elliott & Woodward, 2007; Hair et al., 2006). Change in R-square value is affected by the context of a research being conducted. The rule of thumb is as long as the R-square value is 0.10, it is acceptable (Falk & Miller, 1992). The R-squared value of 0.60 can be considered as substantial, 0.33 can be considered as moderate and 0.19 can be considered as weak (Chin, 1998). The R-squared value obtained for this study is reported as 0.519 as shown in Table 4.10. Hence, we can conclude that the present model explains 51.9% of the total variance in business success of the child care centre. This means that the three variables being innovativeness, pro-activeness and risk-taking explain 51.9% of business success. The level of variance explained by the present model is moderate according to Chin, (1998). This level is acceptable (Falk & Miller, 1992) as it is above the minimum cut-off of 10%.

4.9.2 Assessment of Effect Size (f2)

Effect size is the relative effect of a specific exogenous latent variable on endogenous latent variable(s) by means of changes in the R-squared values (Chin, 1998). The effect size is calculated as the increase in R-squared value of the latent

variable to which the path is connected relative to the latent variable's proportion of unexplained variance (Chin, 1998).

If the f-squared value is 0.02, the effect is described as weak, f-squared value which are 0.15, and 0.35 are described as moderate and strong effects respectively (Cohen, 1988). In this study, the f-squared value is depicted in the table 4.11 below with value of 0.056 for innovativeness, 0.034 for risk-taking and 0.037 for pro-activeness. It can be concluded that the effect size for all the three variables are small.

4.9.3 Assessment of Predictive Relevance

Using blindfolding procedure, the present study employed Stone-Geisser test for predictive relevance of the research model (Geisser, 1974; Stone, 1974). In the partial least squares structural equation modeling, the Stone-Geisser test of predictive relevance is normally applied as a supplementary assessment of goodness-of-fit (Duarte & Raposo, 2010). According to Sattler, Volckner, Riediger, and Ringle, (2010) "blindfolding procedure is only applied to endogenous latent variables that have a reflective measurement model operationalization". The reflective measurement model "specifies that a latent or unobservable concept causes variation in a set of observable indicators (McMillan & Conner, 2003). As all the endogenous latent variables in this study are reflective, hence, a blindfolding procedure was applied specifically to the endogenous latent variables. Particularly, a cross-validated redundancy measure (Q2) was also applied for assessing the predictive relevance of the model as per the recommendations of Hair et al. (2013); Ringle, Sarstedt, & Straub (2012); Chin (2010); Geisser (1974). According to Hair et al., (2014) and Chin, (1998) the Q2 is a criterion to a measure how well a model predicts the data of omitted cases.

Henseler et al., (2009) and Chin (1998) stated that if Q2 value(s) is found greater than zero in any research model, there is a predictive relevance in the model. Table 4.10 below shows the cross-validated redundancy Q2 test results. As the result is 0.287 (> 0), hence, there is predictive relevance in this model.

Table 4.10
R square and predictive value (n=117)

Endogenous Variable	Q2	R2
Business Success	0.287	0.519

4.10 Testing the Moderating Effect

In this study, Partial Least Squares Structural Equation Modelling was used to detect and estimate the strength of moderating effect of perceived environmental uncertainty on business success in the child care centre with innovativeness, pro-activeness and risk-taking. In this study, the researcher will use the product term approach as the product term approach are usually equal or superior to those of the group comparison approach (Henseler & Fassott, 2010) to test moderating effects of perceived environmental uncertainties on business success of child care centre. Perceived environmental uncertainties also serve as the moderation between innovativeness, pro-activeness and risk-taking on business performance. The product terms between the indicators of latent independent constructs and indicators of the latent moderating variable required to be created. These product-terms are used as indicators of the interaction term in the structural model (Kenny & Judd, 1984).

In this study, perceived environmental uncertainties (PEU) was being added as a moderating variable to the original model. Bootstrapping process is being carried out with 5000 bootstraps samples and 249 cases to determine the significance of the path

coefficients (Hair et al., 2014; Hair et al., 2011; Hair et al., 2012; Henseler et al., 2007). Figure 4.3 provides the bootstrapping graph and Table 4.11 provides full estimates of the structural model with statistics.

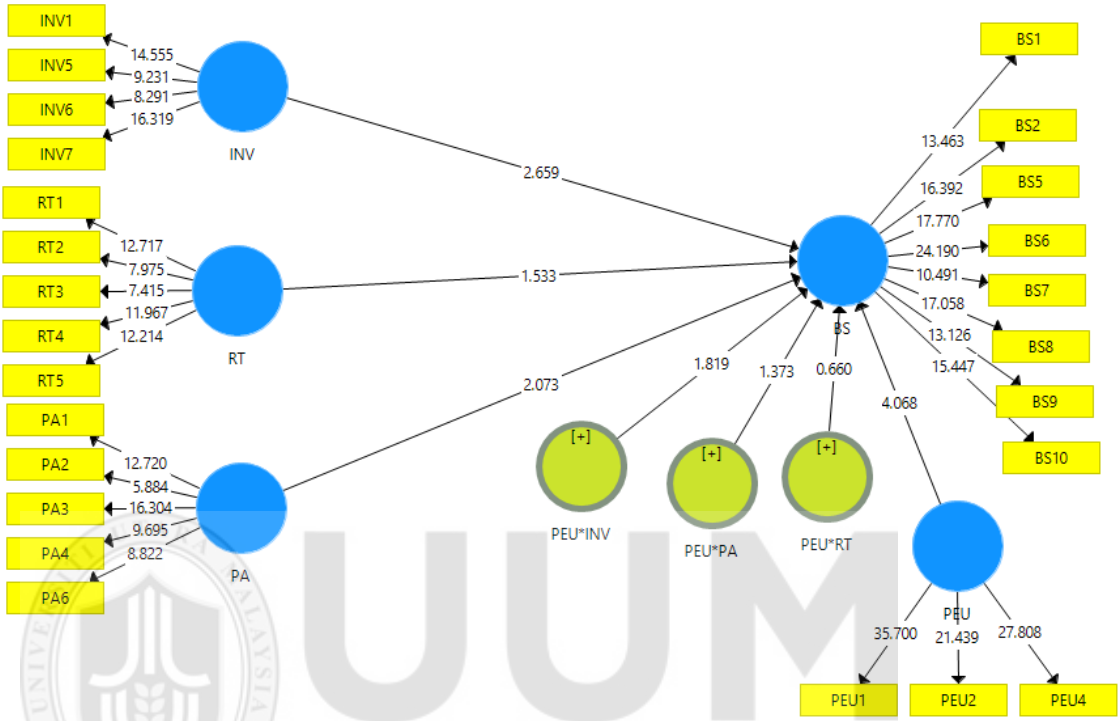

Figure 4.3
PLS-Path analysis of t-values (n=117)

Hypothesis 1 proposed that innovativeness will be positively related to business success. Results in Table 4.11 showed a significantly positive relationship between innovativeness and business success (β=0.254, t=2.659). Confidence interval is between 0.063 and 0.441, the value 0 (zero) does not fall within this interval. There is a significant relationship since T value is > 1.645. Hence, the hypothesis is accepted.

Hypothesis 2 proposed that risk-taking will be positively related to business success. Results in Table 4.11 showed no significantly positive relationship between risk-taking and business success (β=0.135, t=1.533). Confidence interval is between -

0.018 and 0.329, the value 0 (zero) fall within this interval. There is no significant relationship since T value is < 1.645. Hence, the hypothesis is not accepted.

Hypothesis 3 proposed that pro-activeness will be positively related to business success. Results in Figure Table 4.11 showed significantly relationship between pro-activeness and business success (β=0.246, t=2.073). Confidence interval is between 0.017 and 0.479, the value 0 (zero) does not fall within this interval. There is significant relationship since T value is > 1.645. Hence, the hypothesis is accepted.

Hypothesis 4 proposed that perceived environmental uncertainties moderate the relationship between innovativeness and business success. Specifically, this relationship is stronger in child care centre with higher innovativeness than it is for centre with low innovativeness. The interaction term is represented by innovativeness x perceived environmental uncertainties. As expected in the result shown in figure 4.3 and table 4.11where (β=0.193, t=1.819), there is a significant relationship as T value is > 1.645. Hence, the hypothesis is accepted as the hypothesis is significant. The result indicated moderating effect of environmental uncertainties on the association between innovativeness and the centre's performance.

Hypothesis 5 proposed that perceived environmental uncertainties moderate the relationship between risk-taking and business success. The interaction term is represented by risk-taking x perceived environmental uncertainties. As the result shown in figure 4.3 and table 4.11 where (β=0.092, t=0.660), there is no significant relationship since T value is < 1.645. Hence, the hypothesis is not accepted as the hypothesis is not significant.

Hypothesis 6 proposed that perceived environmental uncertainties moderate the relationship between pro-activeness and business success. The interaction term is represented by risk-taking x perceived environmental uncertainties. As the results

shown in figure 4.3 and table 4.11 where (β=-0.214, t=1.373), there is no significant relationship as T value is < 1.645. Hence, the hypothesis is not accepted as the hypothesis is not significant.

The hypothesis can be summarised as below:

H1: Innovativeness is positively related to business success of child care centres is supported with $\beta = 0.254$, $t = 2.659$, $p < 0.01$.

H2: Risk-taking is positively related to business success of child care centre is not supported with $\beta = 0.135$, $t = 1.533$, $p < 0.01$.

H3: Pro-activeness is positively related to business success of child care centre is supported with $\beta = 0.246$, $t = 2.037$, $p < 0.01$.

H4: Perceived environmental uncertainties positively moderate the relationship between innovativeness and business success of the child care centre is supported with $\beta = 0.193$, $t = 1.819$, $p < 0.01$.

H5: Perceived environmental uncertainties positively moderate the relationship between risk-taking and business success of the child care centre is not supported with $\beta = 0.092$, $t = 0.660$, $p < 0.01$.

H6: Perceived environmental uncertainties positively moderate the relationship between pro-activeness and business success of the child care centre is not supported with $\beta = -0.214$, $t = 1.373$, $p < 0.01$.

Table 4.11
Significance of direct effects- Path coefficients (n=117)

Hypothesis	Relationship	Beta-value	SE	t-value	f^2	Confidence Interval Effect		
						LL	**UL**	**Decision**
H1	INV -> BS	0.254	0.095	2.659	0.056	0.063	0.441	Supported
H2	RT -> BS	0.135	0.088	1.533	0.034	-0.018	0.329	Not Supported
H3	PA -> BS	0.246	0.119	2.073	0.037	0.017	0.479	Supported
H4	PEU*INV -> BS	0.193	0.106	1.819	0.022	0.044	0.370	Supported
H5	PEU*RT -> BS	0.092	0.140	0.660	0.012	-0.164	0.382	Not Supported
H6	PEU*PA -> BS	-0.214	0.157	1.373	0.022	-0.5	0.114	Not Supported

4.11 Importance-Performance Map Analysis (IPMA)

IPMA was conducted using Smart PLS version 3.0 to examine two dimensions, namely the importance and performance of constructs in the structural model for drawing conclusions to prioritise managerial actions (Ringle & Sarstedt, 2016). The results of the IPMA for the importance and performance of each construct items in the context of business success are demonstrated in Figure 4.4. Innovativeness, risk-taking and environmental uncertainties showed high importance in the context of business success. Consequently, it is preferable to primarily focus on these that exhibit high importance in the model.

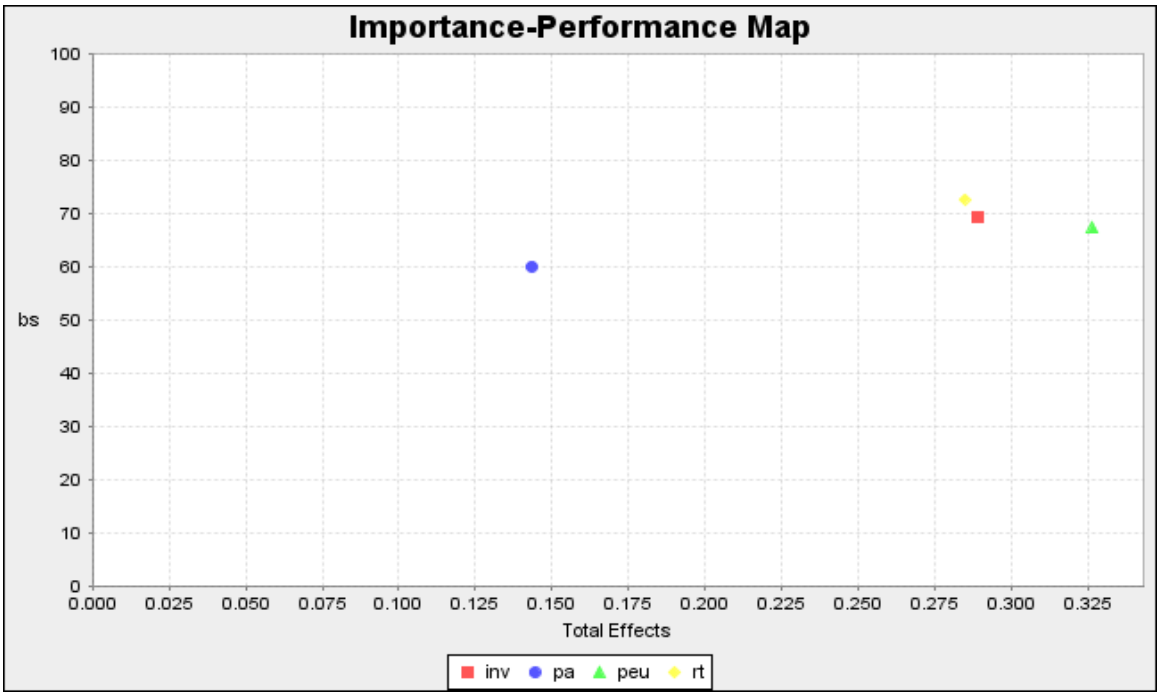

Figure 4.4
Importance-Performance Map Analysis (Business Success)

4.12 Summary

The beginning of the chapter reported the respond rate of the questionnaire from the target respondents who are the entrepreneurs of the child care centre. After that, it continued with data screening and preliminary data analysis using SPSS. This step is important to ensure that the data is fit to be used for Smart-PLS analysis.

In the second section, are the two-step process to assess the measurement model and the structural model using SmartPLS. The first step is to examine the reliability and validity of the construct.

This chapter also investigated the relationship between innovativeness, risk-taking and pro-activeness and business success. Particularly, the results revealed the significant path coefficients between innovativeness and business success; risk-taking and business success; pro-activeness and business success.

After the discussion and elaboration of assessment of significance of the path coefficients, this chapter also looked into the moderating effects of perceived environmental uncertainties between dimensions of entrepreneurial orientation and business success of child care centre in Malaysia.

The bootstrapping revealed that out of the 6hypothesis, 3 were statistically significant. In particular, perceived environmental uncertainties moderate the relationship between innovativeness and business performance. There are also significant relationship between innovativeness and business performance and pro-activeness and business performance. In chapter 5, the findings of the present study are further discussed. Following this, the chapter presents the implications, limitations, future research suggestions and conclusions.

CHAPTER FIVE

DISCUSSION, IMPLICATIONS AND CONCLUSION

5.1 Introduction

Important findings of chapter 4 will be discussed in this chapter. This chapter will discuss the theoretical perspective findings and connects the findings to previous literatures on how it affects the business performance. Section 2 will discuss the key findings. Section 3 will discuss the key findings and connects it to the underpinning theories and past literatures. Section 4 provides theoretical and practical implication of the research. Section 5 discusses the conclusion, limitations and recommends future research.

5.2 Key Findings

This study tested on the moderating effect of perceived environmental uncertainties on business success with innovativeness, risk-taking and pro-activeness among the entrepreneur in child care centre in Malaysia. This study has succeeded in adding on the current understanding of business success and entrepreneurial orientation along with its dimensions. The study attempted to answer the following questions:

1. Is there significant relationship between entrepreneurial orientation (which comprises of innovativeness, risk-taking and pro-activeness to perceived business success of child care centres in Malaysia?
2. Does perceived environmental uncertainties moderate the relationship between entrepreneurial orientation and perceived business success of child care centres in Malaysia?

The PLS path modeling results suggested that innovativeness has significant relationship with business success. Pro-activeness also has significant relationship with business success. However, risk-taking was not found to have significant relationship with business success. As for moderating effect of perceived environmental uncertainties on innovativeness, the findings support perceived environmental uncertainties moderate the relationship between innovativeness and business success. On the contrary, perceived environmental uncertainties were not found to moderate pro-activeness and risk-taking on business success relationship.

5.3 Discussion

This section presents discussion of the key findings of the current study in connection with its underpinning theories and conclusions from prior investigations. The subheadings provided here under are in accordance to the research questions.

5.3.1 Innovativeness and Business Success of Child Care Centre

As predicted, the result of this study supports the hypothesis that innovativeness has significant positive influence on business success of child care centre ($\beta = 0.254$, $t = 2.659$, $p < 0.01$). Therefore, it was demonstrated that hypothesis 1 is supported. The significant positive relationship shows that as innovativeness increases business success of child care centre in Malaysia will also increase. On the other hand, this shows that a higher level of innovativeness would result in a higher level of business success of child care centre in Malaysia and vice-versa.

The bootstrapping result against the firm performance shows that, innovativeness revealed a beta coefficient score of 0.254 compare to the score of 0.135 and 0.246 as recorded by risk-taking and pro-activeness respectively. The result therefore pointed out that entrepreneur's innovativeness contribution to the business success of child

care centre in Malaysia was high as compared to risk-taking and pro-activeness to business success of child care centre. Therefore, this shows that in the context of Malaysian child care centre high performing child care centre rely more on innovativeness than risk-taking and pro-activeness.

This finding coincides with the prior research findings on innovativeness positively affecting business success of child care centre conducted by Overstreet et al. (2013); Mcgowan & Hu (2014); Gursoy & Guven (2016); Wales (2016).

Innovativeness also shows significant high importance based on the IPMA in the context of business success of child care centre because the entrepreneur in the child care centre in Malaysia perceived that innovativeness is an important component in order to enhance business success. Furthermore, the results of the present study have confirmed the importance of innovativeness to business success as suggested in the previous literatures. This suggests that the entrepreneurs in the child care centre in Malaysia agreed that being innovative is important to ensure the business success of the centre. This also means that the entrepreneurs in the child care centre think that they have to be innovative in dealing with their customers whom are the parents and the children in the centre. They have to actively introduce new services and new ideas in their centre.

Besides, innovativeness has a stronger internal orientation toward business processes and self-renewal. Innovative firms encourage people to tolerate mistake and seek unusual solutions (Hult et al., 2004; Miller & Friesen, 1983). Therefore, individual in the firms are more motivated to learn and more receptive to new information. Furthermore, organisation structure in an innovative firm is cross-functional teams rather than authoritarian and hierarchical structures. This structure encourages communication among the organisation, instil values of commitment to learning,

open mindedness, and shared vision, as a result it will lead to goal congruence and finally to business success (Kuratko et al., 2001).

Furthermore, respondents averagely agreed that innovativeness plays a key role in influencing the business success of the child care centre with second highest mean resulted.

5.3.2Risk-taking and Business Success of Child Care Centre

Hypothesis 2 claimed that there is a significant relationship between risk-taking and business success. However, the result from this study has shown otherwise (β = 0.135, t = 1,533, $p < 0.01$), there is no significant relationship between risk-taking and business success in child care centre. Therefore, it was demonstrated that hypothesis 2 is not supported. The relationship does not indicate that as risk-taking increase business success of child care centre in Malaysia will increases. This finding is unexpected and suggests that risk-taking does not increase their business success of child care centre in Malaysia. This is because entrepreneurs of the child care centre consider taking risk is not suitable in the child care industry. Child care centre is operating in a more conservative environmental as compared to other manufacturing, service or industrial environment where risk taking is one of the most important dimensions in the entrepreneurial orientation construct. In education industry where child care centre is operating in, taking risky actions are not conducive and finally do not contribute to business success. The entrepreneurs in the child care centre think that taking additional risk will not be good for their business, they will rather be more conservative, this can be due to the nature of the industry where it is based in.

The finding is also in line with the study of (Hughes and Morgan, 2007) who found mixed results between risk-taking and firm performance. This is further supported by

Tang and Tang (2007); Rauch et al. (2009); Zhao et al. (2010) ; Fiordelisi et al., (2011) ; Kraus et al, (2012) that firms that take excessive risk would impact the firm performance negatively.

5.3.3 Pro-activeness and Business Success of Child Care Centre

As predicted, the result of this study supports the hypothesis that pro-activeness has significant positive influence on business success of child care centre ($\beta = 0.246$, $t = 2.073$, $p < 0.01$). Therefore, it was demonstrated that hypothesis 3 is supported. The significant positive relationship shows that as pro-activeness increases business success of child care centre in Malaysia will also increase. On the other hand, this shows that a higher level of pro-activeness would result in a higher level of business success of child care centre in Malaysia and vice-versa.

The bootstrapping result against the firm performance shows that, pro-activeness revealed a beta coefficient score of 0.246 compare to the score of 0.254 and 0.135 as recorded by innovativeness and risk-taking respectively. The result points out that pro-activeness contribution to the business success of child care centre in Malaysia was high as compare to the contribution of risk-taking to business success. Therefore, this shows that in the context of Malaysia successful child care centres rely on pro-activeness than risk-taking. In addition, the result shows that the contribution of pro-activeness to the business success of child care centre in Malaysia context was least weighted as compared to the contributions of innovativeness to performance.

The result is consistent with previous literature from Luño et al. (2011); Wales et al. (2013); Uy et al. (2015); Swoboda & Olejnik (2016). This suggests that the entrepreneurs in the child care centre in Malaysia agreed that being proactive is important to ensure the business success of the centre. This also means that, the

entrepreneurs think that they have to actively and pro-active to seek for opportunities in the market, they agreed that they have to be responsive to the market.

The results from this study has confirmed and acknowledged the importance of entrepreneurial orientation for the business success of child care centres in Malaysia. We live in a world that is very fast paced, there are a lot of changes in the business, with the intensity of technology and globalization, business and product life cycles are getting shorter. Due to the changes of technology, a lot of products are experiencing continuous improvements and the current business environment has become very dynamic, competitive and complex. Therefore, the entrepreneurs of child care centres should increase their level of entrepreneurial orientation in order to survive in the ever changing and competitive business environment.

5.3.4 The Moderating Effect of Perceived Environmental Uncertainties on Innovativeness and Business Success

The fourth hypothesis of the study was to find out whether environmental uncertainties moderate the relationship between innovativeness and business success of child care centre in Malaysia. The hypothesis states that perceived environmental uncertainties moderate the relationship between innovativeness and business success of child care centre in Malaysia. Specifically, this relationship is stronger for firm with high innovativeness than those with low innovativeness. The result of moderation test for perceived environmental uncertainties on the relationship between innovativeness and business success of child care centre in Malaysia indicated that perceived environmental uncertainties moderate the relationship between innovativeness and business success of child care centre in Malaysia ($\beta = 0.193$, $t = 1.819$, $p < 0.01$). Therefore, hypothesis 4 is accepted.

The finding is in line with the previous study of Khandwalla (1977); Foxall (1984); Miller (1983); Smart &Vertinksy (1984); Covin & Slevin (1989); Yusuf, (2002) who also used perceived environmental uncertainties as moderating variable. Perceived environmental uncertainties have moderating effect between innovativeness and business success of child care centre in Malaysia because perceived environmental uncertainties can act as opportunities well as threats to the child care centre (Kuratko & Hodgetts, 2004).

In order to survive in a competitive business environment, the centre needs to consistently monitor and screen their internal and external environment to identify whether there are any challenges or opportunities exist. Constant evaluation of the environment will help the owners or the entrepreneurs of the firms to understand different factors that may affect their firms and understand the effects of these different factors on their firms. Therefore, under uncertain environment, the owner of the child care centre has to be innovativeness enough to respond to the changes in the environment (Ramlall, 2002)

5.3.5The Moderating Effect of Perceived Environmental Uncertainties on Risk-Taking and Business Success

Hypothesis 5 claimed that perceived environmental uncertainties moderate the relationship between risk-taking and business success of child care centre in Malaysia. The result of moderation test for perceived environmental uncertainties on the relationship between risk-taking and business success of child care centre in Malaysia indicated that perceived environmental uncertainties does not moderate the relationship between risk-taking and business success of child care centre in Malaysia ($\beta = 0.092$, $t = 0.660$, $p < 0.01$). Hence, the finding is unable to demonstrate significant moderating role of perceived environmental uncertainties on risk-taking

and business success of child care centre in Malaysia. Therefore, hypothesis 5 is rejected. This finding is unexpected and suggests that perceived environmental uncertainties do not increase business success of child care centre in Malaysia.

5.3.6The Moderating Effect of Perceived Environmental Uncertainties on Pro-activeness and Business Success

Hypothesis 6 claimed that perceived environmental uncertainties moderate the relationship between pro-activeness and business success of child care centre in Malaysia. The result of moderation test for perceived environmental uncertainties on the relationship between pro-activeness and business success of child care centre in Malaysia indicated that perceived environmental uncertainties does not moderate the relationship between pro-activeness and business success of child care centre in Malaysia (β = -0.214, t = 1.373, p < 0.01). Hence, the finding is unable to demonstrate significant moderating role of perceived environmental uncertainties on pro-activeness and business success of child care centre in Malaysia. Therefore, hypothesis 6 is rejected. This finding is unexpected and suggests that perceived environmental uncertainties do not increase business success of child care centre in Malaysia.

The finding is in line with the previous study of Kreiser et al. (2013) and Miles et al. (1993) who found that entrepreneurial orientation adoption is not correlated with the degree of environmental uncertainty.

There are certain reasons that cause inconsistencies in result. First, this may be caused by the use of aggregated measures for entrepreneurial orientation as employed by Covin and Slevin (1989) and Yusuf (2002) instead of sub-dimensions of entrepreneurial orientation (i.e. innovativeness, pro-activeness, and risk taking).

Second, an uncertain environment is perceived as lack of resources, which are not only financial resources but also non-financial resources such as manpower and knowledge. Furthermore, uncertain environment also means there are more competition which will lead to lower profit, hence the organization has to be more careful in spending, trying new ideas, taking risk or to do something different will lead to unnecessary expenses despite the organization has to try to conserve more resources (Miller & Friesen 1983). Therefore, an organization which still insist on emphasizing on taking risk by entering into a new market or trying to sell new products will be considered as hazardous. As a result, this strategy will be considered as a bad strategic choice for the organisation and eventually it will affect the business's performance (Goll & Rasheed 1997; Kreiser et al. 2002; Miles et al. 1993; Miller & Friesen 1983; Slater & Narver1994; Zahra & Bogner 1999; Zahra & Garvis 2000).

Third, the entrepreneurs are found to be discouraged from being pro-active in the perceived uncertain environment in the current study because in an uncertain environment, firms are facing with fierce competition and the environment are hostile and a lot of changes are happening making the environment very unpredictable to the entrepreneurs. Therefore, practicing the old way of doing thing will be more favourable as the entrepreneurs are familiar with the old normal practices rather than experiencing new strategy (Bourgeois, 1981; Pfeffer & Leblebeci, 1973).

Fourth, the inconsistent findings across the study in the entrepreneurship field could be simply caused by the difference of cultural background where the studies were conducted. Lee and Peterson (2000) proposed that an entrepreneurship study should

acknowledge the entrepreneur as an individual and part of social environment whose personalities and behaviour intertwined and originate from national culture.

Most of the past empirical studies that investigated the moderating roles of environmental on entrepreneurial orientation and business success were done mostly in the western countries. For example, the research done by Miles et al. (1993); Becherer & Maurer, (1997); Kreiser et al. (2002); Jantunen et al. (2005); Wiklund & Shepherd, (2005); Martins & Rialp (2013). In the western countries, economy is more developed, the environment is more institutional, resources are abundance and there is presence of entrepreneurial role models. However, the business environment in developing countries like Malaysia might not be the same, the business environment in developing countries are more dynamic, hence the moderating role of perceived environmental uncertainties in eastern countries might be different from western countries. However, there are still lack of research on the moderating effect of environmental between entrepreneurial orientation and business success in eastern countries.

5.4 Additional Empirical Evidence to Lumpkin and Dess Conceptual Framework of Entrepreneurial Orientation

The findings provide support to Lumpkin and Dess conceptual Framework of Entrepreneurial Orientation and Venkatraman (1989b) and Boal & Bryson (1987) Alternate Contingency Models of the Entrepreneurial Orientation-Performance. The study highlighted the importance of the owner of child care centre to possess innovation, and pro-activeness in order to realize performance especially in small scale industry like early childhood industry in Malaysia. In addition, the finding of

the study shows that entrepreneurs that are innovative and pro-active are more likely to perform better and improve their centre's performance.

5.4.1 Empirical Evidence

From both theoretical and empirical standpoints, we attempted to bridge the research gap and introduce discussion of conceptualization of EO. In order to achieve this aim, we firstly constructed a theoretical framework which can be briefly divided into three parts: entrepreneurship, entrepreneurial orientation and child care industry research. Throughout the review of previous academic studies, we found that EO construct is important to entrepreneurship research and has received much attention. As Dess and Lumpkin (2001) suggested, theoretical development and empirical research directed at this construct is important for the enhancement of both normative and descriptive theory. We noticed that these measurement scales built to define entrepreneurial proclivity are only limited to traditional manufacturing firms and fail to adequately consider the unique characteristics of EO in the child care industry context.

Our research is based on child care centres in Malaysia. These child care centres differ in size, services, targeted customers and market orientations etc., which we believed would be helpful for us to generalize the conceptualization of EO in a bigger scope. In the analyzing process, we adopted the multidimensional construct of EO suggested by Dess and Lumpkin (1996) that consists of innovativeness, risk taking and pro-activeness as a framework. Through empirical studies of the child care centres, we conclude that: (1) innovation in child care centre involves new methods of teaching in more creative ways which can enhance the children's learning experience; (2) Pro-activeness is about taking the initiatives to outperform other competitors and identify opportunities to win potential customers and expand to a new location; (3) Risk-taking is not encouraged in the child care industry. Based

on these empirical findings, we introduce a new scale that provides measurement for EO specifically for the child care industry.

5.4.2Theoretical Implications

There are a few theoretical contributions that contribute to the literatures of entrepreneurial orientation in this research. The study provides for some empirical evidence for theoretical relationships as shown in the research framework. Specifically, it emphasises on the moderating role of environmental uncertainties between entrepreneurial orientation and performance of child care centres in Malaysia. As suggested by Suliyanto and Rehab (2012), moderators like external environment can be introduced as moderating variable as this factor is believed to be able to affect organisation's performance. This is further supported by Awang, et al., (2009) who recommended to include external environment in the studies of entrepreneurship. Thus, Hereath and Mahmood (2013) suggested a moderator to be included in entrepreneurial orientations to performance relationship. The study has 6 hypothesis, out of which 3 hypothesis were supported, while 3 were not.

This research explores the conceptualization of EO concerning the child care industry. It provides empirical insights into the EO construct suggested by Dess and Lumpkin (1996) incorporating three separate reflective scales to the EO sub-dimensions. The paper agrees with the theory provided by these authors in the sense that the concept of an entrepreneurial orientation is potentially important to entrepreneurship research.

Besides, this study was to examine the role of perceived environmental uncertainties on entrepreneurial orientation and business success relationship. Based on the existing literature, the suitability of environmental uncertainties as a moderating variable was subjected to debate. Therefore, this study will contribute to the body of

knowledge by investigating the relationship between entrepreneurial orientation and business success. The major purpose of this study was to examine the extent to which entrepreneurial orientation and business success are in a good fit with the perceived environmental uncertainties and how these relationships influence the overall business success of child care industry.

Furthermore, the present study proposed perceived environmental uncertainties as a moderator on the relationship between entrepreneurial orientation and business success because the empirical evidence on the relationship between entrepreneurial orientation and business success appears to be inconsistent (Kreiser, Marino, Kuratlco, & Weaver, 2013; Su et al., 2011; Tang, Tang, Marino, Zhang, & Li, 2008; Tang & Tang, 2012). As there were a number of literatures that reported inconsistent results between entrepreneurial orientation and organisation's performance, it was believed that it was due to a moderating variable (Baron & Kenny, 1986). The effectiveness of various control mechanisms could be contingent upon internal and external contingency variables (Jaworkski, 1988). The direction or strength of the relationship between independent (predictor) and dependent (criterion) variable can be affected by a moderator (Rauch et al., 2009).

Therefore, inclusion of environmental uncertainties and examining the causal relationship between EO and firm performance is likely to contribute to the body of knowledge. In this study, it was confirmed that there is a causal positive association between EO and firm performance. Therefore, it can be concluded from this study that there is empirical evidence that supports the recommendation of Hereath and Mahmood, (2013) and Awang et al., (2009) that external environment can be considered as a moderating variable in firm performance relationship.

There is a lack of research of the extent of the dimensions of EO practice in the child care business. There was also a limited focus on the relationship between early childhood industry and entrepreneurship, this is because, early childhood industry is rarely seen as a business entity, rather it was seen as an educational entity. However, child care centre is also a business entity because it also needs profitability in order to survive. The owner of the child care centre also needs to develop business strategies and make decision in the organisation. The decision made may affect the success of the business. Furthermore, most of the research was done in the area of SMEs in the manufacturing industries or service industries of a developed company. There is hardly any research being done in small scale business like child care centre. Therefore, more research is required to add more entrepreneurship-related topics in the child care industry context. This study is among the few that covers the early childhood industry in Malaysia.

Furthermore, from the past literature review, most of the research on the topic of performance relationship was done in developed countries like US, Europe, developed part of Asia and Eastern Europe, there were very few research being done in developing Asian countries like Malaysia. Although there was some research being done in developing countries, most of them were concentrating on the big corporations (Heralth & Mahrnood 2013; Wales et al., 2013). Therefore, the current research which was done in Malaysia was trying to contribute to the understanding of small organisation's performance in Malaysia and other developing countries.

5.4.3 Practical Implications

The purpose of child care centre is to provide service to others. In order to sustain its competitive advantage, they have to differentiate from its competitors in terms of the services provided. One thing that needs to be noticed is that entrepreneurial

orientation explored in this study is a multidimensional construct and each individual dimension may play different roles in determining the business success of the child care centre. For example, since providing competitive service and creative teaching is essential for the success of child care, steps must be taken by the child care centres to ensure that their customers get the service that they expect from the teaching staff. In this case, innovativeness may take its indirect effect on the customer satisfaction. Therefore, by gaining such insight of what items would be key to its development and making strategy in line with the situation, child care centres will benefit from becoming more entrepreneurial oriented and have better performance. From a practical business point of view, it can be argued that it is important to understand the relationship between entrepreneurial orientation and business success of child care centre.

The result of this study will benefit the practitioners to understand and confirm the significant relationship between the major constructs and moderating constructs. From the statistical result, practical recommendations can be drawn. Practical recommendations can be provided to the entrepreneurs and the managers of the child care centres so that they can have a better understanding of the implication of entrepreneurial orientation to their centre's performance in an uncertain environment. The owners or managers of child care centre in Malaysia must monitor the external environment as child care centres operates in an open environment. They should focus on the new trends, possible legislative changes or competition and best practices of the industry.

The owners of the child care centre should focus their efforts on initiatives to become more innovative and pro-active. There is a positive relationship between business success and innovation and pro-activeness and therefore, if the owner of the child

care centre can become more innovative and pro-active, the business will be more successful. The owner of the child care centre should strengthen entrepreneurial orientation as this is a strategic method of thinking in the child care centre. The services and products offered should be determined from an entrepreneurial perspective.

The owner of the child care centre should revisit the business structure of the centre from time to time so that highest possible level of entrepreneurial orientation is adhered to. They should not just concentrate on their daily task, they should think strategically and plan ahead for their business. Furthermore, they should devise strategies to achieve the objectives for their organisation.

The owner of the child care centre should ensure that activities carried out in the centre are more entrepreneurial in order to contribute to the financial performance of the centre. As early childhood business is a competitive industry, the owners have to be pro-active in seizing the opportunities when it arises. As a result, this will improve their competitive position in the market.

The owner of the child care centre should provide training and development emphasizing on entrepreneurial orientation to the employees in order to enhance the business success. The employees must be made aware of the implication of entrepreneurial orientation to their business. Besides, as entrepreneurial orientation is considered as one of the aspects to enhance business success, all the entrepreneurs must consistently upgrade their education level and be pro-active to learn new knowledge in a competitive environment. The entrepreneurs can be encouraged to take up courses related to their industry, for example, classroom management, business management, children psychology and others.

5.4.4 Methodological Implications

The present study has a number of methodological implications. First, this study is using PLS-SEM3.0 and 2.0 to produce result, this programme is believed to be one of the most robust programme. In the best knowledge of the researcher, most of the previous research was using SPSS and or AMOS to study the performance of SMEs, hence, it is believed that this study will have methodology contribution to the researchers.

The measurement scales in this study were adopted and operationalised from previous literatures, therefore repeating them in another context would be able to ensure enough validity and reliability (Long, 2013; Mahmood & Yusif, 2012). All the measurements used in this study have achieved the minimum required Cronbach's alpha. Hence, we can conclude that there was enough reliability.

This study used PLS path modelling to assess each variable, this is another methodological contribution of this study. Composite reliability, convergent validity, as well as discriminant validity were all being assessed and reported. Properties studied on individual item reliability, composite reliability and average variance explained (AVE) of each latent variable are found to be satisfactory and they are above the required threshold. The value of AVE of each latent variable was assessed to ensure convergent validity. In addition, discriminate validity is also being ensured by comparing the correlations between the variables using square root of AVE. Besides, cross loadings of the variables were being assessed to further confirm discriminant validity of the proposed framework.

Common method bias was being minimised in this study because the organisation performance related variables were drawn from different sources, hence biasness has been minimised.

Therefore, this study represents an additional contribution to methodology of child care centres' performance by establishing validity and reliability of the modified measures in Malaysia context. This study contributes by empirically establishing the reliability and validity of the adapted scales in the context of child care centres' in Malaysia. The PLS confirmatory and validation processes of the measurements for this study represent methodological contributions to the literature on entrepreneurial orientation, environmental uncertainties and firm performance by providing additional validation about the constructs in a new methodological perspective.

5.4.5 Policy Implication

The study findings would be important to policy makers such as Early Childhood Care and Education (ECCE), Council Ministry of Education (MOE), Community Development Department (KEMAS) in designing the policies and programs on entrepreneurship for early childhood educators in the country.

From the empirical evidence from this research, it was shown that the dimensions of entrepreneurial orientation which are innovativeness, pro-activeness and risk-taking will significantly affect the centre's performance. Therefore, the policy makers should encourage the practice of entrepreneurial orientation as this is believed to be able to enhance child care centre's performance. Therefore, the entrepreneur or the manager of the child care centre should be more concerned on keeping innovativeness, risk-taking and pro-activeness in order to improve their performance.

Finally, the findings also help owners, managers of SMEs and policy makers to improve the firm performance, gain competitive advantage and develop good strategies for the business development through the given empirical tested outcome.

5.5 Limitations of Study

This study is subjected to several limitations, these limitations must be put into mind before interpreting and using the results.

First, the sampling method used in this study is cluster sampling method, this method may not be able to represent the whole population, hence the results must be interpreted with care. Furthermore, the current study adopts a cross-sectional design for the survey, this survey method only takes in the respondents' views at one specific period and this does not allow causal inferences to be made from the population (Sekaran & Bougie, 2010). It is recommended that future studies may consider to use other research design for example longitudinal design to measure the theoretical constructs at different points in time so that the outcomes can be compared to this study.

Second, this study adopts quantitative method and the data was collected through a self-reported survey and this may be subjected to cognitive biases and errors. This is because the respondents may not answer the questions properly or may not read the questions properly and simply answer the questions. As a result, the variables measured may not be accurate based on the responses obtained. Hence, it is suggested that both quantitative and qualitative approaches to be adopted in order to investigate the child care centre's performance in Malaysia.

Third, our study was conducted in Malaysia only, the entrepreneurs of child care centre are influenced by culture of Malaysia which might have different features from other cultures. Child care centre entrepreneurs in other culture context may exhibit different responses. Hence, it cannot be generalised to worldwide child care centre entrepreneurs. Causal relationships cannot be deduced from this study.

Forth, in this study, entrepreneurial orientation was defined in terms of three dimensions being innovativeness, pro-activeness and risk taking and business success was measured using ten measures. There are other factors that may affect organisational performance such as firm size, entrepreneur's characteristics and others, however, all of these factors were not considered in this study. This study also does not include mediating factors.

Fifth, the data reported in this study was subjective because the responses were based on human's perception. Objective data cannot be obtained because most of the entrepreneurs in SME's are reluctant to disclose real information due to competitiveness issue (Zulkiffli & Parera, 2011). Furthermore, subjective measure is vulnerable to many types of judgmental biases (Dunlop & Lee, 2004; Leitao & Franco, 2008). However, it does not mean that subjective measures are entirely flawed. According to Suliyanto & Rahab (2012) and Tang & Tang (2012) subjective data is valid and reliable if objective data cannot be obtained. It is recommended that future research could use objective measure of firm performance to replicate the findings.

Sixth, this research model only explained 28.7% of the total variance in firm performance and 51.9% of the entrepreneurial orientation, this means there are others latent variables that may have significant relationships with organisational performance. In short, the remaining 71.3% and 48.1% of the variance for firm performance and entrepreneurial orientation respectively could be explained by other factors. It is recommended to investigate other factors other than entrepreneurial orientation that may affect organisational performance.

Finally, there is no significant moderating influence of perceived environmental uncertainties between risk-taking and pro-activeness on the business success of child care centre in Malaysia was found. Therefore, it is recommended that future research should look into the possible moderating factors. More research is needed to verify what other moderating variable that may strengthen the relationship between entrepreneurial orientation and business success of child care centre in Malaysia.

5.6 Suggestions for Further Research

The present study mainly focused on the relationship between EO and business success of child care centres in Malaysia, it is suggested that such relationships can be investigated in other industries.

In defining EO, autonomy and competitive aggressiveness can be incorporated in addition to above three measures. There may be many measures categorized under financial (Net profit, Return on investments etc.) and non-financial (objectives achievement level, manager/employee/customer satisfaction etc.).

Only entrepreneurs operating in child care centre have participated in the questionnaires. The study was limited to Malaysia only. The environment in Malaysia where a child care centre operates may be different from other countries. There are different challenges faced in different geographical locations and the end result might be completely different. Hence, it is recommended to conduct the study in other geographical areas.

Examining the effects of other factors posited by theoretical and empirical literature that affect the strength or the direction of entrepreneurial orientation and business success were not included in the present study. In the future measurements of

business success, researchers can include other key performance indicators such as business growth, sustainability of business or other non-financial measures.

A longitudinal analysis should complement the findings in this research in order to confirm causal relationships.

5.7 Summary

This chapter provided the conclusions and recommendations of the empirical study for this research. This chapter concluded this study on the influence of entrepreneurial orientation on business success. This study also addressed the theoretical gap by incorporating perceived environmental uncertainties as a moderating variable. The study successfully provided theoretical and empirical support for the moderating role of perceived environmental uncertainties on the entrepreneurial orientation and business success relationship.

Despite some of its limitations, the answers to all the research questions and objectives have been successfully provided by the present study.

From the conclusions, a set of recommendations were made to various parties involved in order to improve on the general current situation, these recommendations include educating entrepreneurs towards entrepreneurial orientation and for entrepreneurs and managers to improve on applying the dimensions of entrepreneurial orientation in the business environment.

Suggestions for future research were also being discussed. The subject of entrepreneurial orientation proved to be strategically important for the entrepreneurs and it deserves more attention by the entrepreneurs as well as the researchers.

In conclusion, there are valuable theoretical, practical, and methodological implications to be contributed to the body of knowledge in the field of entrepreneurship, strategic management, and human resource management in the present study.

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Appendix A: Questionnaire

A Study on Entrepreneurial Orientation among Child Care Centre in Malaysia

Dear Sir/ Madam

I am a candidate of Doctor of Business Administration in OYA Business College, University Utara Malaysia, Kedah. I sincerely invite entrepreneurs of child care centers to fill out the attached questionnaire. The study results will be published as part of my DBA dissertation and also for the use and assist management of owners of child care centers. Completing the questionnaire will require not more than 15 minutes of your time. If you have any questions or concerns, please contact me at 011-12501069 or email at iseller2106@gmail.com. The information that you provided is very important to the success of this study. Thank you for your time and co-operation. I deeply appreciate for your help in this study.

Thank You,

Yours sincerely,

(Tan Hong Hooi)

SURVEY OF NORTH UNIVERSITY MALAYSIA RESEARCH PROJECT

This questionnaire consists of several parts. You are required to answer all the questions. There is no right or wrong answers. Honest and spontaneous responses from you are very important in the success of this study.

Section A : Here are some questions to seek socio-demographic information of the entrepreneur.

1. Your age: 18-24 25-45 > 45

2. Your gender: Male Female

3. Your educational level? None Primary level Lower secondary level Upper secondary level University diploma Bachelor degree Master degree PhD degree Other (Please specify):

4. Have you had any previous work experience? Yes No

4a. If yes, for how long did you work before you started up your current business?

< 2 years 2-5 years 6-10 years 11-20 years > 20 years

5. Was your previous work experience relevant to your current business? Yes No

Section B : This section seeks your views on the success of your business.

1. How would you describe the success of your business? (Please indicate your opinion regarding each statement by ticking the appropriate box)

   5 = Strongly agree; 4 = Agree; 3 = Disagree; 2 = Strongly disagree; 1 = No opinion

	BUSINESS SUCCESS	5	4	3	2	1
1	Our business has experienced growth in turnover over the past few years.					
2	The competitive position of our business has improved over the past few years.					
3	Our business has experienced growth in market share over the past few years.					
4	Our business has experienced growth in profit over the past few years.					
5	The efficiency (doing things right)					

	of our business has improved over the past few years					
6	The effectiveness (doing the right things) of our business has improved over the past few years					
7	Our employees are highly committed to our business.					
8	In our business, employees are viewed as the most valuable asset of the business.					
9	The moral (job satisfaction) of our employees has improved over the past few years.					
10	The image (stature) of our business, relative to our competitors, has grown over the past few years.					

Section C :Entrepreneurial orientation

2. (Please select the appropriate answer by ticking the appropriate box) (5=most important, 4=important, 3=neutral, 2=not important, 1=mostly not important)

	Innovativeness	5	4	3	2	1
1	Our business regularly introduces new services					
2	Our business places a strong emphasis on new and innovative services.					
3	Our business has increased the number of services offered during the past two years					
4	Our business is continually pursuing new opportunities.					
5	Over the past few years, there is changes in services offered					
6	In our business there is a strong relationship between the number of new ideas generated and the number of new ideas successfully implemented					
7	Our business places a strong emphasis on continuous improvement in service delivery.					
8	Our business has a widely held belief that innovation is necessary for the business future.					
9	We seek to maximise value from					

	opportunities.					

	Risk-taking	5	4	3	2	1
1	When confronted with uncertain decisions, our business will be brave to exploit opportunities.					
2	Our business has a strong inclination towards high-risk projects.					
3	Owing to the environment, our business believes that bold, wide-ranging acts are necessary to achieve the business‟ objectives.					
4	Employees are often encouraged to take calculated risks concerning new ideas.					
5	The term ‘risk-taker’ is considered a positive attribute for employees in our business.					

	Pro-activeness	5	4	3	2	1
1	Our business typically initiates actions that competitors respond to.					
2	Our business continuously seeks out new services					
3	Our business continuously monitors market trends and identifies future needs of customers.					
4	Our business is very aggressive and intensely competitive.					
5	Our business is aggressive in facing trends that may threaten our survival or competitive position.					
6	Our business knows when it is in danger of acting overly aggressive					

Section D : Perceived environmental uncertainties

1.	How intensive is each of the following in your industry?	Not intensive				Very intensive
		5	4	3	2	1
a	Competition for manpower					
b	Price competition					

		changing slowly				changing fast
2.	How stable/dynamic is the	5	4	3	2	1

	external environment facing your firm?					

		Becoming more predictable				Becoming less predictable
3.	How would you classify the market activities of your competitors during the past 5 years?	5	4	3	2	1

		Easy to predict				Hard to predict
4.	During the past 5 years, the tastes and preference of your customers have become:	5	4	3	2	1

		Remained the same				changed a lot
5.	During the past 5 years, the legal, political and economic constraints surrounding your firm have	5	4	3	2	1

APPENDIX B : SEM-PLS Output

Path Coefficients

	BS	INV	PA	PEU	RT
BS					
INV	0.216				
PA	0.169				
PEU	0.383				
RT	0.167				

Total Effects

	BS	INV	PA	PEU	RT
BS					
INV	0.216				
PA	0.169				
PEU	0.383				
RT	0.167				

Outer Loadings

	BS	INV	PA	PEU	RT
BS1	0.739				
BS10	0.739				
BS2	0.772				
BS5	0.815				
BS6	0.854				
BS7	0.710				
BS8	0.785				
BS9	0.718				
INV1		0.795			
INV5		0.714			
INV6		0.628			
INV7		0.804			
PA1			0.755		
PA2			0.620		
PA3			0.791		
PA4			0.703		
PA6			0.694		
PEU1				0.870	
PEU2				0.865	
PEU4				0.893	

RT1					0.742
RT2					0.669
RT3					0.666
RT4					0.797
RT5					0.730

Outer Weights

	BS	**INV**	**PA**	**PEU**	**RT**
BS1	0.150				
BS10	0.158				
BS2	0.177				
BS5	0.172				
BS6	0.173				
BS7	0.160				
BS8	0.160				
BS9	0.152				
INV1		0.340			
INV5		0.279			
INV6		0.314			
INV7		0.415			
PA1			0.295		
PA2			0.260		
PA3			0.295		
PA4			0.298		
PA6			0.248		
PEU1				0.432	
PEU2				0.337	
PEU4				0.372	
RT1					0.341
RT2					0.197
RT3					0.233
RT4					0.288
RT5					0.316

Latent Variable

	BS	**INV**	**PA**	**PEU**	**RT**
	1.171	0.313	0.423	0.852	-0.019
	0.541	-0.715	-0.989	0.307	0.746
	0.348	0.767	0.211	-0.223	0.694

	-1.576	1.221	0.844	-2.726	1.472
	0.699	0.228	-0.751	-0.645	-0.113
	0.699	-0.254	-0.554	-0.645	-0.113
	1.122	0.700	0.807	0.921	-0.877
	0.435	0.526	0.363	-0.423	-0.243
	-0.487	-0.101	0.198	-0.162	-0.107
	1.389	0.789	1.163	1.060	0.482
	0.477	0.891	-0.646	0.652	1.210
	-0.576	0.277	0.213	-0.706	1.207
	0.874	0.286	0.687	1.328	0.286
	0.712	0.558	1.310	0.452	1.391
	1.256	1.199	1.207	0.721	1.391
	1.235	1.199	1.369	1.128	1.416
	1.396	1.199	1.369	1.128	1.389
	0.699	0.526	1.168	-1.029	1.332
	-1.329	-0.911	-0.293	-0.838	-0.444
	1.167	-0.159	-1.350	0.322	0.093
	0.687	0.366	-0.832	0.445	0.975
	0.400	-0.613	-0.158	1.328	0.278
	-0.621	-1.067	0.517	-0.023	0.792
	-1.386	0.548	-0.802	-1.106	-0.265
	-0.556	-0.826	-1.270	-1.106	-0.891
	0.474	0.634	0.016	0.514	1.332
	-0.024	1.132	0.334	0.652	0.819
	-0.105	0.388	-0.407	-0.492	-1.130
	0.904	0.402	0.779	0.177	0.217
	0.384	0.548	-0.190	0.245	0.180
	-0.175	0.388	-0.407	-0.292	-0.678
	0.934	-0.662	1.141	-0.485	0.474
	-1.261	0.593	-0.033	-1.506	0.470
	0.344	-0.226	0.139	0.177	0.099
	-0.753	0.015	-1.000	0.714	0.471
	-0.204	-0.725	0.582	0.115	-0.456
	0.555	1.381	-1.246	0.452	0.638
	-0.920	0.548	0.669	0.652	0.459
	-0.548	1.300	1.255	-1.520	1.154
	-0.372	0.331	1.320	0.591	0.665
	1.211	-0.115	1.147	1.128	-0.237
	0.562	0.447	-0.515	1.121	0.513
	-2.567	-2.309	-2.330	-1.989	-2.544
	1.379	1.359	1.682	1.328	1.068
	0.046	1.359	2.010	0.921	0.970
	-2.241	0.023	-0.619	-2.319	-1.331
	-0.721	-0.751	-0.747	0.115	-1.330
	-0.845	-1.673	-0.562	1.328	-0.824

	-2.328	-1.018	0.076	-0.215	-1.108
	0.408	-0.515	0.861	1.328	1.668
	-1.016	-1.679	-0.496	-1.926	-0.291
	-0.108	0.789	-0.515	0.652	0.459
	-0.187	1.140	0.472	1.060	-0.004
	-0.782	-1.804	-0.825	-1.658	-1.504
	0.922	0.789	0.435	0.652	0.780
	1.631	0.958	1.173	1.128	0.792
	-0.787	1.541	1.173	-1.368	0.792
	-0.073	-0.226	-0.235	-0.885	-0.496
	1.631	1.541	2.010	1.128	1.668
	0.560	0.860	0.435	-0.699	-1.308
	1.309	1.541	1.150	0.652	-0.453
	1.366	0.856	1.150	0.652	-0.133
	1.378	1.132	1.013	1.060	0.746
	-0.227	0.366	-0.836	-0.223	0.792
	0.237	-0.465	-1.900	0.791	0.900
	0.347	-0.706	0.111	-1.299	-0.131
	-0.458	0.206	-0.228	-0.699	0.349
	0.431	0.673	0.641	1.328	-0.353
	1.173	-1.418	0.335	-0.906	-0.160
	-0.651	-0.381	-1.734	0.038	-0.473
	-0.387	0.860	-0.910	0.115	-3.127
	0.773	1.038	0.933	0.384	1.235
	0.455	-0.190	0.626	0.038	0.948
	-1.144	-2.338	-0.148	0.245	-2.616
	0.765	0.789	-1.595	0.114	0.359
	-1.359	-0.782	-1.637	-0.285	-1.216
	-1.594	-0.034	-2.073	1.060	-1.319
	-0.837	-0.635	-1.175	-0.899	-0.504
	-1.143	-0.386	0.023	-1.299	0.359
	0.648	0.518	-0.502	-0.829	-0.871
	-0.831	-1.418	0.864	1.128	0.287
	0.055	-0.056	-0.208	-0.230	-0.269
	-1.096	-2.572	-1.002	-0.906	-0.711
	0.205	-0.047	0.940	0.652	-1.746
	1.631	0.037	0.669	-0.093	0.436
	-0.780	-1.343	-1.633	-2.189	-1.525
	-2.185	-2.068	-1.034	-1.989	-0.615
	-0.240	-0.035	-0.317	0.322	-0.710
	0.959	0.877	-0.209	0.860	0.359
	0.415	0.548	0.679	0.384	0.359
	-1.167	-0.182	-0.483	0.652	-0.314
	-0.103	0.410	0.725	0.652	0.401
	-0.627	-1.338	-0.365	0.115	-1.251

	-1.005	-1.338	-1.196	0.384	-1.251
	0.914	-0.765	-1.552	0.860	0.261
	0.570	-0.124	-0.400	0.177	0.051
	0.654	0.183	1.726	0.860	0.973
	0.052	-0.207	0.691	0.652	0.197
	-2.667	-2.622	-2.500	-2.726	-2.712
	-0.540	-2.298	-0.427	-1.443	-1.079

Latent Variable Correlations

	BS	INV	PA	PEU	RT
BS	1.000	0.554	0.515	0.591	0.520
INV	0.554	1.000	0.530	0.398	0.576
PA	0.515	0.530	1.000	0.369	0.544
PEU	0.591	0.398	0.369	1.000	0.357
RT	0.520	0.576	0.544	0.357	1.000

Latent Variable Covariances

	BS	INV	PA	PEU	RT
BS	1.000	0.554	0.515	0.591	0.520
INV	0.554	1.000	0.530	0.398	0.576
PA	0.515	0.530	1.000	0.369	0.544
PEU	0.591	0.398	0.369	1.000	0.357
RT	0.520	0.576	0.544	0.357	1.000

Quality Criteria

	R Square	R Square Adjusted
BS	0.519	0.499

f Square

	BS	INV	PA	PEU	RT
BS					
INV	0.056				
PA	0.037				
PEU	0.243				
RT	0.034				

Construct Reliability and Validity

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
BS	0.900	0.902	0.920	0.590
INV	0.720	0.737	0.826	0.546
PA	0.758	0.763	0.839	0.511
PEU	0.850	0.860	0.908	0.768
RT	0.774	0.786	0.845	0.522

Discriminant Validity

Fornell-Larcker Criterion

	BS	INV	PA	PEU	RT
BS	0.768				
INV	0.554	0.739			
PA	0.515	0.530	0.715		
PEU	0.591	0.398	0.369	0.876	
RT	0.520	0.576	0.544	0.357	0.722

Cross Loadings

	BS	INV	PA	PEU	RT
BS1	0.739	0.466	0.331	0.394	0.356
BS10	0.739	0.440	0.420	0.417	0.373
BS2	0.772	0.467	0.460	0.483	0.411
BS5	0.815	0.479	0.449	0.423	0.478
BS6	0.854	0.430	0.339	0.508	0.464
BS7	0.710	0.404	0.475	0.438	0.331
BS8	0.785	0.357	0.344	0.492	0.401
BS9	0.718	0.353	0.339	0.467	0.365
INV1	0.406	0.795	0.360	0.263	0.373
INV5	0.333	0.714	0.456	0.227	0.274
INV6	0.375	0.628	0.317	0.404	0.432
INV7	0.495	0.804	0.436	0.286	0.573
PA1	0.387	0.369	0.755	0.162	0.378
PA2	0.342	0.383	0.620	0.382	0.330
PA3	0.387	0.387	0.791	0.256	0.399
PA4	0.392	0.429	0.703	0.346	0.457
PA6	0.326	0.319	0.694	0.171	0.372
PEU1	0.581	0.394	0.335	0.870	0.428
PEU2	0.454	0.248	0.259	0.865	0.203
PEU4	0.501	0.389	0.367	0.893	0.278
RT1	0.452	0.492	0.376	0.317	0.742
RT2	0.260	0.321	0.346	0.125	0.669
RT3	0.308	0.343	0.372	0.171	0.666

RT4	0.382	0.449	0.536	0.335	0.797
RT5	0.419	0.431	0.336	0.277	0.730

Heterotrait-Monotrait Ratio (HTMT)

	BS	**INV**	**PA**	**PEU**	**RT**
BS					
INV	0.678				
PA	0.622	0.719			
PEU	0.668	0.503	0.456		
RT	0.601	0.731	0.707	0.403	

Collinearity Statistics (VIF)

Outer VIF Values

	VIF
BS1	2.348
BS10	2.665
BS2	2.552
BS5	2.650
BS6	3.004
BS7	1.840
BS8	2.627
BS9	2.537
INV1	1.659
INV5	1.499
INV6	1.172
INV7	1.434
PA1	1.735
PA2	1.362
PA3	1.822
PA4	1.483
PA6	1.585
PEU1	1.799
PEU2	2.259
PEU4	2.468
RT1	1.438
RT2	1.459
RT3	1.464
RT4	1.728
RT5	1.374

Inner VIF Values

	BS	**INV**	**PA**	**PEU**	**RT**
BS					
INV	1.730				

PA	1.616				
PEU	1.254				
RT	1.718				

Path Coefficients

Mean, STDEV, T-Values, P-Values

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
INV -> BS	0.254	0.256	0.095	2.659	0.008
PA -> BS	0.246	0.246	0.119	2.073	0.038
PEU -> BS	0.396	0.376	0.097	4.068	0.000
PEU*INV -> BS	0.193	0.178	0.106	1.819	0.069
PEU*PA -> BS	-0.214	-0.198	0.156	1.373	0.170
PEU*RT -> BS	0.092	0.095	0.140	0.660	0.509
RT -> BS	0.135	0.147	0.088	1.533	0.125

Confidence Intervals

	Original Sample (O)	Sample Mean (M)	2.5%	97.5%
INV -> BS	0.254	0.256	0.063	0.441
PA -> BS	0.246	0.246	0.017	0.479
PEU -> BS	0.396	0.376	0.161	0.550
PEU*INV -> BS	0.193	0.178	-0.044	0.370
PEU*PA -> BS	-0.214	-0.198	-0.500	0.114
PEU*RT -> BS	0.092	0.095	-0.164	0.382
RT -> BS	0.135	0.147	-0.018	0.329

Confidence Intervals Bias Corrected

	Original Sample (O)	Sample Mean (M)	Bias	2.5%	97.5%
INV -> BS	0.254	0.256	0.003	0.053	0.431
PA -> BS	0.246	0.246	0.000	0.018	0.483
PEU -> BS	0.396	0.376	-0.020	0.197	0.565
PEU*INV -> BS	0.193	0.178	-0.014	-0.022	0.381
PEU*PA -> BS	-0.214	-0.198	0.017	-0.523	0.084
PEU*RT -> BS	0.092	0.095	0.003	-0.159	0.390
RT -> BS	0.135	0.147	0.012	-0.034	0.305