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THE RELATIONSHIP OF SOCIAL ENTREPRENEURIAL BEHAVIOUR, ENTREPRENEURIAL LEADERSHIP AND ORGANIZATIONAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN MALAYSIA

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THE RELATIONSHIP OF SOCIAL ENTREPRENEURIAL BEHAVIOUR, ENTREPRENEURIAL LEADERSHIP AND ORGANIZATIONAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN MALAYSIA

Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
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in Partial Fulfillment of the Requirements for the Doctor of Business Administration
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ABSTRACT

Small and medium enterprises (SME) play a huge role towards the economic performance of countries all over the world. In Malaysia, the SMEs play a major role as well in steering the development of the country. However, the organizational performance of Malaysian SME is still considered weak and has not been realized to its full potential. To improve the organizational performance, SMEs have to adopt and adapt best industry business practices that could assist them in becoming more competitive. Previous studies have examine the predictors of organizational performance, however little has been done in examining the relationship of social entrepreneurial behaviour and entrepreneurial leadership towards organizational performance as a cohesive framework. Therefore, this study examines the mediating effect of entrepreneurial leadership between social entrepreneurial behaviour and organizational performance of SMEs in Malaysia. Respondents were chosen by systematic random sampling and 401 respondents participated in this study. This study uses structural equation modelling for analysis and the findings show that entrepreneurial leadership mediates the relationship between social entrepreneurial behaviour and organizational performance. Based on the result, the best path to achieve organizational performance is by following the mediating path. Both entrepreneurial leadership and social entrepreneurial behaviour are considered new and in their infancy stage. As a result, this study fills the literature gap in the particular fields. In addition, this study provides empirical evidence on the relationship between the constructs, it is able to contribute practically towards the leaders of the organizations as they will understand better the role of social entrepreneurial behaviour and entrepreneurial leadership towards its organizational performance. Future research could venture into studying the effect of social entrepreneurship activities towards SME’s performance. There is a huge literature gap in assessing the effect of social entrepreneurship activities within organization as there is a dearth of reliable and valid instrument.

Keywords: Social entrepreneurial behaviour, entrepreneurial leadership, organizational performance, SME, Malaysia.

Kata kunci: Ciri-ciri keusahawanan sosial, kepimpinan keusahawanan, prestasi organisasi, PKS, Malaysia.
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<tr>
<td>DNA</td>
<td>The set of non-genetic traits, qualities, or features that characterize a person or thing</td>
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<tr>
<td>EL</td>
<td>Entrepreneurial Leadership</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GLOBE</td>
<td>Global Leadership and Organizational Behaviour Effectiveness</td>
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<td>GST</td>
<td>Goods and Service Tax</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NSDC</td>
<td>National SME Development Council</td>
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<td>OP</td>
<td>Organizational Performance</td>
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<td>SE</td>
<td>Social Entrepreneurship</td>
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<td>SEB</td>
<td>Social Entrepreneurial Behaviour</td>
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<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>SMECorp</td>
<td>SME Corporation Malaysia</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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CHAPTER 1
INTRODUCTION

1.0 Introduction

The first chapter of this thesis offers an overview of the study. This chapter is divided into nine sections. Firstly it discusses on the background of the study and followed by problem statement. These two sections discuss on the scenario as well as problems and how those aspects lead to this study. Next, the research questions and research objectives are listed. Subsequently, the scope of the study and significance of the study are discussed. These sections focus on scope of the study as well as the implication and contribution it may provide in the academic along with practical world. Then, the definition of variables is discussed, followed by the assumption of the study and lastly organization of the study.

1.1 Background of the Study

It is a well-known fact that the small and medium enterprises (SME) play a huge role towards the economic performance of countries all over the world (Aziz & Mahmood, 2011) and they wield a powerful influence in on the world economy (Ghobadian & Gallear, 1996; Ladzani & Van, 2002). SMEs are important in a nation’s economy as they have been the source of employment creation (Ghobadian & Gallear, 1996; Ladzani & Van, 2002), sustaining technological lead in the market place (Bovee et al., 2007), creating new ideas as well as providing dynamism to the market place (Griffin & Ebert, 2006). Habaradas (2008) argued that SMEs contribute to the development of nations by (i) addressing poverty by creating jobs and 
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