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**THE EFFECT OF LEADERSHIP STYLES, SOCIAL
CAPITAL, AND ENTREPRENEURIAL ORIENTATION
ON ORGANIZATIONAL EFFECTIVENESS OF SOCIAL
WELFARE ORGANIZATIONS IN MALAYSIA**



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UUM
Universiti Utara Malaysia

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**THE EFFECT OF LEADERSHIP STYLES, SOCIAL CAPITAL, AND
ENTREPRENEURIAL ORIENTATION ON ORGANIZATIONAL
EFFECTIVENESS OF SOCIAL WELFARE ORGANIZATIONS IN
MALAYSIA**

By

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In Fulfillment of the Requirement for the Degree of Doctor of Philosophy**



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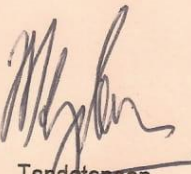
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ABSTRACT

This study provided a rare opportunity to thoroughly discuss the hampered effectiveness of the Social Welfare Organizations in Malaysia. In line with the above, this study aimed to examine the effect of leadership styles, social capital and entrepreneurial orientation on organizational effectiveness of the Social Welfare Organizations. In this quantitative research, simple random sampling was adopted as the sampling technique to draw conclusions about the entire population. Usable responses were received from 134 Social Welfare Organizations, which accounted to a 56.07% response rate. A combination of IBM SPSS statistical software version 22.0 (SPSS) and the Partial Least Square Structural Equation Modeling (PLS-SEM) was used as the statistical tools to analyse the collected data. Drawing upon the Resource- Based View Theory, the results indicated that the seven main hypotheses (both the direct and mediating hypotheses) were supported, whereas only eight out of fifteen sub-hypotheses were supported. In brief, the findings demonstrated the positive impact of leadership styles, social capital and entrepreneurial orientation on the organizational effectiveness of the Social Welfare Organizations in Malaysia. Also, this research provided evidence that entrepreneurial orientation had a full mediating effect on the relationship between leadership style and organizational effectiveness, while there was partial mediating effect on the relationship between social capital and organizational effectiveness. Correspondingly, Social Welfare Organizations should be encouraged to adopt those practices to enhance the effectiveness of their organizations. Further, the implications, limitations and suggestions of the study were discussed. It was also suggested that the policy-makers should focus on creating awareness regarding the importance of the social aspects and provide supportive national policies which could enhance the organizational effectiveness of Social Welfare Organizations.

Keywords: entrepreneurial orientation, leadership styles, organizational effectiveness, social capital, social welfare organization

ABSTRAK

Kajian ini membuka peluang bagi membincangkan dengan teliti tentang halangan terhadap keberkesanan organisasi-organisasi kebajikan sosial di Malaysia. Selaras dengan perkara di atas, kajian ini bertujuan untuk menyelidik kesan gaya kepimpinan, modal sosial dan orientasi keusahawanan terhadap keberkesanan organisasi kebajikan sosial. Dalam penyelidikan kuantitatif ini, pensampelan rawak mudah dipilih sebagai teknik pensampelan untuk mencapai kesimpulan yang berkaitan keseluruhan populasi kajian. Maklum balas yang dapat diguna pakai adalah daripada 134 buah organisasi kebajikan sosial, mewakili 56.07% kadar maklum balas. Gandingan di antara perisian statistik IBM SPSS versi 22.0 (SPSS) dan Pemodelan Persamaan Kuasa Dua Terkecil Separa Berstruktur (PLS-SEM) digunakan sebagai alat statistik untuk menganalisis data yang dikumpulkan. Dengan berpanduan teori perspektif berasaskan sumber, hasil kajian menunjukkan tujuh hipotesis utama (kedua-dua hipotesis langsung dan hipotesis pengantara) disokong sedangkan hanya lapan daripada lima belas sub-hipotesis disokong. Secara ringkasnya, hasil kajian menunjukkan gaya kepimpinan, modal sosial, dan orientasi keusahawanan mempunyai kesan positif kepada keberkesanan organisasi kebajikan sosial di Malaysia. Selain itu, kajian ini membuktikan bahawa orientasi keusahawanan mempunyai kesan pengantaraan penuh ke atas hubungan antara gaya kepimpinan dan keberkesanan organisasi, dan mempunyai kesan pengantaraan separa ke atas hubungan antara modal sosial dan keberkesanan organisasi. Sejajar dengan hasil kajian, organisasi kebajikan sosial digalakkan untuk mengamalkan tingkah laku tersebut untuk meningkatkan keberkesanan organisasi mereka. Di samping itu, implikasi, batasan dan cadangan kajian turut dibincangkan. Dapatan kajian juga mencadangkan bahawa penggubal dasar perlu memberikan fokus dalam mewujudkan kesedaran tentang kepentingan aspek sosial, dan menyediakan dasar-dasar nasional yang bermanfaat agar keberkesanan organisasi kebajikan sosial dapat dipertingkatkan.

Kata kunci: orientasi keusahawanan, gaya kepimpinan, keberkesanan organisasi, modal sosial, organisasi kebajikan masyarakat

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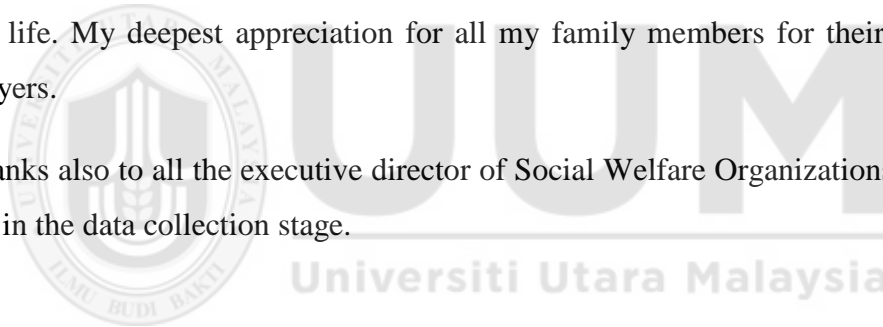


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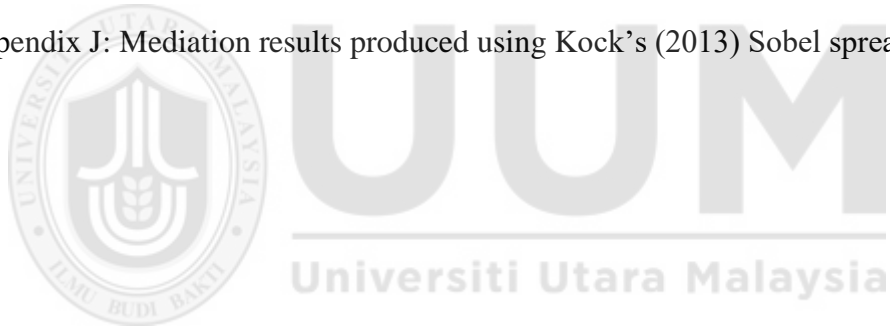


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LIST OF ABBREVIATIONS

Abbreviations	Equivalence
AVE	Average Variance Extracted
MLQ	Multifactor Leadership Questionnaire
MLQ-6S	Multifactor Leadership Questionnaire Form 6S
PLS	Partial Least Squares
RBV	Resource-Based View
SEM	Structural Equation Modeling
SME	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
SWO	Social Welfare Organization
VIF	Variance Inflated Factor



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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the new edge, Social Welfare Organizations (SWO) were expected to play a crucial role in environmental, welfare and economical reformation as it was the heart of the globalization phenomenon (Nicholls, 2009; Swanson & Zhang, 2010). SWOs, such as old folks home, orphanages, home for the disabled, as well as women and children's shelter were striving to provide better living for the underprivileged (Ling, 2012). Due to the crucial role of SWOs, the effectiveness and efficiency of these organizations were constantly being monitored. However, it was a painful reality that SWOs were facing the issue of being well-intentioned but poorly managed (Gandy, 2012). As a result, SWOs faced pressure to improve their efficiency in recent years, from both the public and their funding entities (Johansen & Leroux, 2012; Saxton & Guo, 2011). Moreover, criticisms regarding the ineffectiveness of SWOs were rising (Carman, 2010; Ebrahim & Rangan, 2010).

In Malaysia, it was even harder to achieve higher level of organizational effectiveness among SWOs due to the shaky economy, uncertain environment, and shifting workplaces (Nur Zehan & Abdul Halim, 2014). In fact, SWOs in Malaysia were facing problems like decreased funding, mismanagement and lack of volunteers and experienced staff which affect the effectiveness of organizations (Othman, Ali, Omar, & Abdul Rahman, 2012). One of the eye-catching phenomena of funding deficiency faced by SWOs in Malaysia was that of the orphanage. Recently, issues concerning orphans who had been used by certain parties to become beggars had

surfaced in the media (Sofian, Arffin, & Yasir, 2013). In this light, the orphans were forced to beg in public places such as banks, supermarkets, highway rest stops and others (Sofian *et al.*, 2013). According to Ishak (2012), most orphanages in Malaysia faced the problem of income deficit in relation to their expenditures. The author highlighted that the orphanages were burdened by huge costs, which range from RM8,536 to RM28,986 per month. Due to the lacking of fund, some orphanages operators had to use their own income to cover certain fixed expenses, such as food and accommodation expenditures (Ishak, 2012). Worse still, some orphans even needed to work to generate additional income for the make ends (Syed Ali, 2011). Orphans were supposed protected and being helped accordingly, rather than being forced to do work that should not be and being manipulated for the purpose of profit (Sofian *et al.*, 2013). Malaysia government did indeed provide such social organization amount of fund every year (Samad & Mansor, 2013), but then again; the above phenomenon reflected the insufficiency of such assistance; assistant provided by government was not enough as only minimum financial assistance and care were given by them to the social welfare services (Hamid & Tyng, 2013).

At the very foundation, volunteers were perceived as the most valuable resources in the social sector as SWOs could not perform without their service (Stoesz & Raber, 1997), and without sufficient financing to support the volunteers, their number would be decreased and the organizational effectiveness of SWOs were affected (Stoesz & Raber, 1997). To be heightenedly noted, Malaysians were not interested in taking up volunteer jobs as SWOs were known for their culture of overworked and underpaid employees (Othman *et al.*, 2012; Nur Zehan & Abdul Halim, 2014). Added to this, high living cost in Malaysia also discouraged the public involvement as volunteers

(Othman *et al.*, 2012). As SWOs relied upon volunteer service for a large percentage of their operation, leaders needed to pursue new strategies to capitalize on the small available pool of volunteer resources (Gandy, 2012).

Mismanagement was also one of the most noteworthy issues faced by SWOs (Othman *et al.*, 2012). Noted that, poor management practices in SWOs could result in the decrease of public support, especially from the donors (Petrovits, Shakespeare, & Shih, 2011). This issue arose due to the lack of knowledgeable and experienced staffs to manage the organization's financial assets (Othman *et al.*, 2012). Added to this, some SWO's treasurers did not even have any financial qualifications (Nasir, Othman, Said, & Ghani, 2009). SWOs were also lacking of workforces, such as marketing professionals who could devise some strategies to gain and sustain the organization's competitive advantage (Dolnicar & Lazarevski, 2009). Consequently, ineffective management of the SWOs might cause social problems in the future, especially when such SWOs and their volunteers were unable to provide basic needs like education, food, and a healthy environment to their occupants (Othman *et al.*, 2012; Petrovits *et al.*, 2011). When this happened, the old folks who had served the country and the underprivileged who needed assistance (eg., orphans, disabled people) would face a bleak future. Worse, the orphans who were the future builders of the nation would end up as vandals and resort to other illegal activities (Ibrahim, 2014).

Table 1.1

Number of Occupants of Social Welfare Organizations by Target Groups, 2009

No	Target Groups	Number of Occupants	Grants (RM)
1	Disability	5,246	7,230,824
2	Orphan	4,074	7,760,042
3	Old Folk	968	1,890,508
4	Family	-	42,000
5	Women/ Others	191	368,204
	Total	10,479	17,291,578

Source: Social Welfare Department of Malaysia

Table 1.2

Number of Occupants of Social Welfare Organizations by Target Groups, 2013

No	Target Groups	Number of Occupants	Grant (RM)
1	Disability	4,799	12,393,861
2	Orphan	5,188	8,147,800
3	Old Folk	2,079	4,545,520
4	Family	158	2,450,432
5	Women/ Others	252	474,000
	Total	12,476	28,011,613

Source: Social Welfare Department of Malaysia

To make the matter worse, charitable need was on the rise (Ling, 2012). This could be observed in Table 1.1 and Table 1.2 which provided the statistical evidences on the growing number of occupants of SWOs and expenses required to support the less fortunate community. It could be observed that the number of SWOs occupants had increased from 10,479 to 12,476 (2009-2013 years). In this regard, the elder population aged 60 years and above in Malaysia had grown from 0.5 million in 1970 to almost 2.3 million in 2010, making up to 8 percent of the current total population (see Figure 1.1) (Department of Statistics Malaysia, 2010). It was predicted that by 2020, one in ten Malaysians would be an elderly person (Tengku Aizan, 2012), thus, it was beyond doubt that the Malaysia population was aging rapidly. With respect to the above contention, it could be observed that the continued survival of SWO was challenged with increasing demand for their services, as well as, diminishing government supports (Farruggia, 2007; Kashif, Sarifuddin, & Hassan, 2015; Ling, 2012; Sargeant, Lee, & Jay, 2002). In addition, increased in the cost of electronic

equipment, devices and amenities and given their insufficient funding, the SWOs faced the difficulty in sustaining their operation costs (Samad & Mansor, 2013).

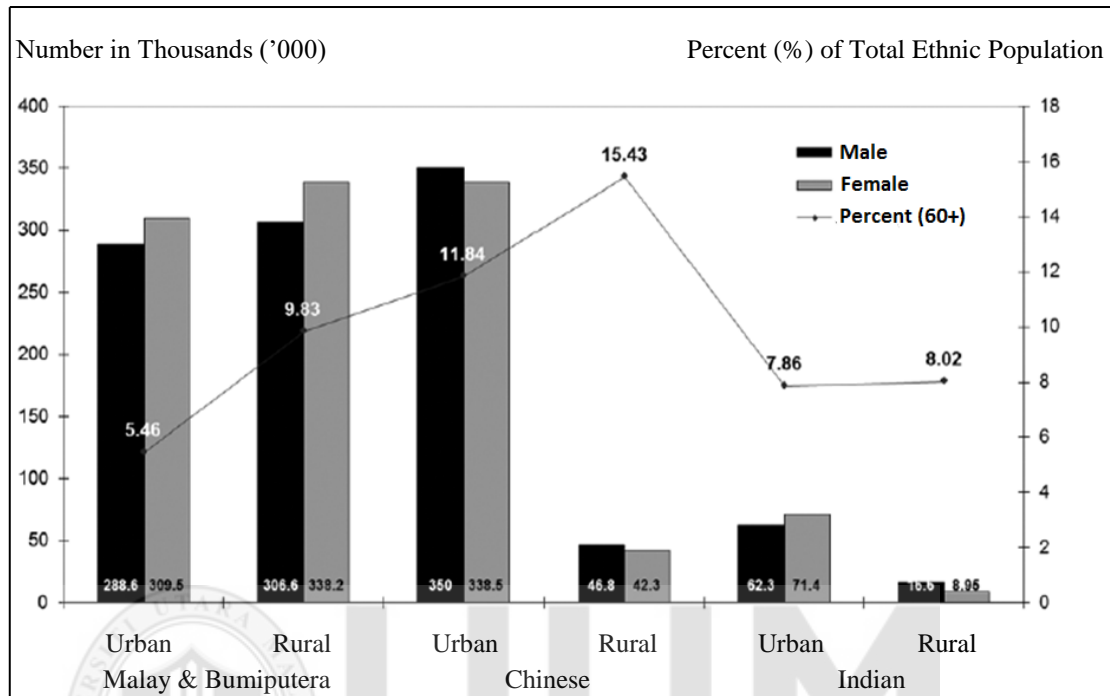


Figure 1. 1
Distribution of Older Malaysians by Sex, Ethnicity and Stratum (2010)
 Source: Department of Statistics Malaysia

In brief, the above phenomenon had highlighted a troubling issue constantly faced by SWOs. If this situation was left unresolved, SWOs sustainability would be risked and ultimately, the well-being of the underprivileged under their care would also be affected (Kashif *et al.*, 2015; Sargeant *et al.*, 2002). Further, this crisis combined with the growing scrutiny from donors and social watchdog groups who have repeatedly questioned and forced SWOs to look for new approaches simply to remain operational (Tucker, 2010). There was an emerging consensus that SWOs must do something to survive, and the traditional approach was deemed as insufficient (Galvin, 2006). Hence, further research was needed to render careful examination on SWOs' effectiveness and revealed the approaches that would make affirmative impact on it.

1.2 Scenario of Social Welfare Organizations in Malaysia

Governments always have the primary responsibility for the environmental, welfare and economical aspects of a country, however, with budgeting pressures, it was increasingly difficult for them to fulfill this role (Nur Zehan & Abdul Halim, 2014). This caused SWOs having to play a greater role in providing care and basic necessities to the underprivileged. To adequately understand the dichotomy between business enterprises that focus on the function of manufacturing goods as opposed to the objective of SWOs which to solve problems in the social welfare arena, the question of defining social welfare was paramount (McGuire, 2006). Dolgoff and Feldstein (1984) defined social welfare as “functions to meet the maintenance needs of society by preventing instability and by providing for social continuity” (p. 4). SWO was defined as the entity with a social mission (Young, 2001). In this study, a SWO referred to a charity organization with a social mission (Hasnan, Abidin, Mohamad, & Kamarudin, 2012). Generally, SWOs were primarily funded by the public donations and government grants.

In Malaysia, as nonprofit organizations, all SWOs must be registered with the Registrar of Societies (ROS) and enjoyed tax-exempt status (Nasir *et al.*, 2009). SWOs differed from other types of non-profit organizations in that it focused on charitable goals to serve those who were in need (Hasnan *et al.*, 2012). According to Social Welfare Department of Malaysia (JKMM), SWOs included children institutions, protection and rehabilitation institutions, senior citizens and epidemic patients, and institutions for the people of developmental disability (Social Welfare Department, 2009). SWOs usually run charitable activities and organize fund raising projects such as jumble sale to increase their source of income (Nasir *et al.*, 2009).

Nevertheless, there was no specific law in Malaysia on these charitable activities at present (Hasnan *et al.*, 2012).

1.3 Problem Statement

SWOs in Malaysia faced problems like decreased funding, mismanagement, and the lack of volunteers and experienced staff (Othman *et al.*, 2012). According to the Social Welfare Department, the number of SWOs receiving grants in Malaysia had increased from 203 to 254 (2009-2013 years), as shown in Figure 1.2. As observed, this suggested the phenomenon where new SWOs were actually increasing to meet the social needs which prior organizations had failed to fulfil (Helm, 2007). Such postulation made sense as asserted by Ott (2001, p. 2), “it is a means of reacting to marketplace failures by filling economic voids with volunteer time and charitable contributions and for filling voids left by government agencies that cannot or will not adequately serve citizens in need”. In this regard, it was notable that fewer funds were distributed to more SWOs, which would create a problem of funding deficiency in the long run (Farruggia, 2007; Kashif *et al.*, 2015; Rojas, 2000; Tucker, 2010; Warm, 2004). Regardless of the financial assistance over the years, this situation also to certain extent suggested the weaknesses and inability of SWOs to be financially independent (Gandy, 2012).

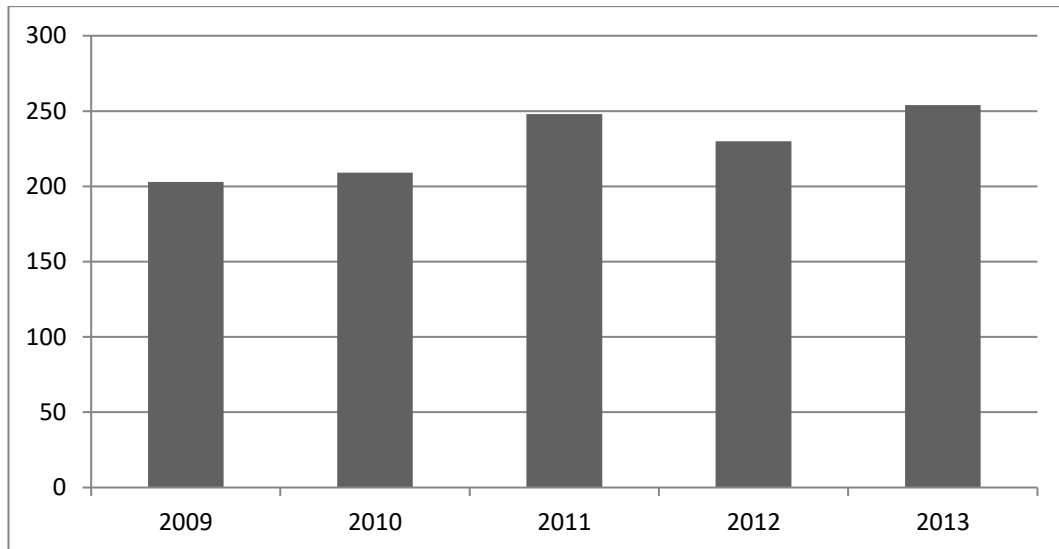


Figure 1.2

Number of Social Welfare Organizations of Malaysia which received grants, from 2009-2013.

Source: Social Welfare Department of Malaysia

Given the fact that issue faced by such SWOs in Malaysia posed critical impact on their effectiveness (Othman *et al.*, 2012; Syed Ali, 2011; Won, Sarif, & Wan, 2016). The vivid signs of inefficiency showed that this was not merely the case of performance deterioration of SWOs, but rather, it highlighted a more serious indication that such under performance threatening their survival (Samad & Mansor, 2013). Despite the background and statistics that had reflected the dire need to take care of the less-fortunate and the severity of poorly-managed phenomenon in such SWOs of Malaysia, not much research effort had been noted. Therefore, this study aimed to fill the void by carrying out an empirical research to further examine the effectiveness of SWOs in Malaysia. Hence, the variable of interest at stake was organizational effectiveness. In view of the alluded above, it was crucial to endeavour be fashioned in ways that addressing and revealing the approaches that would make an affirmative impact on organizational effectiveness.

As important as leadership a leading strategy for profit-oriented organizations, it was equally important for non-profit-oriented organizations liked SWO. It was noteworthy that although numerous research had been conducted into the nature of leadership style and organizational effectiveness over the past decades or so (Koech & Namusonge, 2012; Rukmani, Ramesh, & Jayakrishnan, 2010; Ukaidi, 2016; Wang, Jen, & Ling, 2010), most of them were either foreign based or lack empirical data to justify the essence of leadership style and how it affected the effectiveness of SWOs in the Malaysia context. To unknot this puzzle, it was essential to have a fair understanding of the characteristics of leadership style and its relationship with SWO's organizational effectiveness. Noted that, previous researchers had asserted the essential of leadership style in addressing a known driving force to the SWOs (Thompson, Strickland, & Gamble, 2005). Similarly, Rossouw and Van Vuuren (2013) reassured that one principal factor which makes organizations to survive, grow and adapt to environmental challenges was leadership. Added to this, several studies have been initiated to confirm the positive effect of leadership style on the organizational effectiveness (Rukmani *et al.*, 2010; Ukaidi, 2016; Wang *et al.*, 2010). In this day and age, effective leaders were needed to improve the effectiveness of an organization in this rapidly changing environment (Nanjundeswaras & Swamy, 2014). Broadly speaking, leadership style within the organization was often perceived as a potential factor to enhance organizational effectiveness (Ukaidi, 2016).

SWOs' behaviors were externally controlled as they were not internally self-sufficient, but requiring from the environment (Tepthong, 2014). Henceforth, there was a heavier reliance on social capital. Noted that, social capital was essential to develop mutual understanding, trusting relationships, and collective actions to

connect communities and organizations in the social sector (Loeffler *et al.*, 2004). In relation to this, researchers had recognized the positive impact of social capital on organizational effectiveness from past literature (Akhtar, Ismail, & Hussain, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta, Slawski, Xin, & Yao, 2011; Lee, 2015; Song, 2016). More importantly, previous researchers had shown such theories as resource dependence theory, goal theory, resource-based theory, and network theories explained the importance of social capital to encourage higher levels of organizational effectiveness in the social sector (Sherman, 2007). Nonetheless, research regarding the effect of social capital to the SWO's effectiveness was limited. It was crucial to note that social trust, networking, and public sector engagement derived from social capital could be performed as a special type of resource that embedded in an organization and non-transferable, and it improved the efficiency and effectiveness of other resources possessed by non-profit organization (Eisenhardt & Martin, 2000; Makadok, 2001; Teece, Pisano & Shuen, 1997). Although each dimension reflected different corrective actions, they nevertheless served similar purpose, that was, to facilitate immediate positive cash-flow of SWOs. More importantly, social capital would lead to the positive outcome of SWO effectiveness because theoretically such partnerships might work as bridging and linking network that generated benefits of information exchange and controlled over organization autonomy (Burt, 2000). Through participation in inter-organizational social networks (external social capital), a cyclic process that facilitated exchange was created (Putnam, 1993), which increased organizational vitality to improve organizational effectiveness. Basically, social capital contributed as the fundamental infrastructure of SWO to deal with others.

Though leadership style and social capital could potentially drive organizational effectiveness, however, the current study argued that, for leadership style and social capital to take effect on resource-constrained organizations like SWOs, the existence of entrepreneurial orientation was crucial to facilitate the undertaking of leadership style and social capital. A consensus emerged that the traditional approach was no more enough for SWOs to carry on, it must transform in order to survive (Galvin, 2006). SWOs were seeking for the best way to solve their current issues (Young & Salamon, 2002). It was essential for non-profit organizations to adopt innovative techniques and professional business operations to solve the problem of decreased funding and mismanagement (Reis & Clohesy, 1999). Entrepreneurial solution was the key to solve the current issue of SWOs (Young & Salamon, 2002). Besides, it was an approach that pursuing new opportunities to solve the problem encountered by SWOs to become as entrepreneurial, competitive and acting proactively without being limited to existing resources (Dees, 2009). Further, entrepreneurial orientation contributed greater organizational efficiency, comprising greater financial strength and capacity, more effective resource allocation, more sustainable solutions and increased accountability (Dees & Anderson, 2003). The very concept of entrepreneurial orientation placed a high degree of importance on the innovation and creativity of SWO. Hence, entrepreneurial orientation was an alternative to dependency on government assistance and public donation for the charitable mission (Frumkin, 2009).

However, limited empirical evidence existed to prove entrepreneurial orientation actually contributed to the organizational effectiveness of SWOs (Kiruki, 2016). The research sought to address the gap in the role of entrepreneurial orientation as a

mediator on the leadership styles-organizational effectiveness nexus and social capital-organizational effectiveness nexus. The potential of entrepreneurial orientation as a mediator could be traced back from previous researches which had shown entrepreneurial orientation as a significant mediator in organizational studies (Bakar, Mahmood, & Ismail, 2014; Farsi, Rezazadeh, & Najmabadi, 2013; Korry, Troena, Hadiwidjojo, & Noermijati, 2013). The discussion above clearly signified that the mediating nature of entrepreneurial orientation.

Further, Baron and Kenny (1986) portended that there was a possibility of having a particular construct to be a mediator if there were positive nexus among the constructs: independent variable and dependent variable; independent variable and mediating variable; and mediating variable and dependent variable. Positive relationship was found between leadership style and organizational effectiveness (Rukmani *et al.*, 2010; Ukaidi, 2016; Wang *et al.*, 2010); and the relationship between leadership style and entrepreneurial orientation (Arham, Abu Hasan, Ridzuan, & Sulaiman, 2015; García-Morales, Matías Reche, & Hurtado Torres, 2008; Mayberry, 2011; Nazem & Eftekhary, 2014); as well as the association between entrepreneurial orientation and organizational effectiveness (Abaho, Begumisa, Aikiriza, & Turyasingura, 2017; Lo, Wang, Wah, & Ramayah, 2016; Morris, Webb, & Franklin, 2011; Otache & Mahmood, 2015). Moreover, leaders had a responsibility to encourage the entrepreneurial capability of their subordinates and ensure the innovative ideas were raised and implemented (Covin & Slevin, 2002). This linked leadership style, entrepreneurial orientation, and organizational effectiveness.

In term of the mediating effect of entrepreneurial orientation on social capital-organizational effectiveness relationship, social capital was found to positively influence organizational effectiveness (Akhtar *et al.*, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta *et al.*, 2011; Lee, 2015; Song, 2016), positive relationship was also found between social capital and entrepreneurial orientation (Bhatt & Altinay, 2013; Doh & Zolnik, 2011; Jiao, 2011), as well as the connection between entrepreneurial orientation and organizational effectiveness (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015). Based on this exposition, and Baron and Kenny's (1986) supposition, entrepreneurial orientation was logically and empirically fit to be the mechanism (mediator) through which the identified lacunas would be resolved.

1.4 Research Questions

Referring to the discussion concerning the need for this research to be carried out earlier, the following research questions are addressed:

- i. Is there a positive relationship between leadership style and organizational effectiveness?
- ii. Is there a positive relationship between social capital and organizational effectiveness?
- iii. Is there a positive relationship between leadership style and entrepreneurial orientation?
- iv. Is there a positive relationship between social capital and entrepreneurial orientation?
- v. Is there a positive relationship between entrepreneurial orientation and organizational effectiveness?

- vi. Does the entrepreneurial orientation mediate the relationship between leadership style and organizational effectiveness?
- vii. Does the entrepreneurial orientation mediate the relationship between social capital and organizational effectiveness?

1.5 Research Objectives

Stemming from the aforesaid seven research questions, the research objectives framed for this research are as follows:

- i. To investigate the positive relationship between leadership style and organizational effectiveness.
- ii. To examine the positive relationship between social capital and organizational effectiveness.
- iii. To determine the positive relationship between leadership style and entrepreneurial orientation.
- iv. To scrutinize the positive relationship between social capital and entrepreneurial orientation.
- v. To ascertain the positive relationship between entrepreneurial orientation and organizational effectiveness.
- vi. To identify the mediating effect of entrepreneurial orientation on the relationship between leadership style and organizational effectiveness.
- vii. To explore the mediating effect of entrepreneurial orientation on the relationship between social capital and organizational effectiveness.

1.6 Significance of the Study

This section delineates some reasons why it is so important that this research needs to be carried out, without which regrettable consequences is possible. This research takes the form of both theoretical and practical significances.

1.6.1 Theoretical Significance

The research was expected to contribute to the body of knowledge by corroborating the relationships identified among the constructs of this study along with the mediating effects. Specifically, this study shed light on the effect of leadership styles, social capital and entrepreneurial orientation on SWO effectiveness, as well as filling in the void in the scant literature. The theoretical significances were as followed.

The very first theoretical significance sprang from the examination of organizational effectiveness of SWOs in Malaysia was its unique setting that had been largely ignored by previous studies. Most previous research on organizational effectiveness had examined the performance of profit organization that mainly focused on profit. The current study was distinct from this above line of studies inasmuch as the current study was expected to shed light on organizational effectiveness which focuses on charitable goals. At this juncture, the particular kind of sector intended to be studied was already inherent within the context where the study's main issue was cast.

Secondly, the current research had introduced leadership styles and social capital to operationalize and discuss the relationship with organizational effectiveness. The significance could be separated into twofold. In one lens, it would proffer a new

perspective to look at organizational effectiveness, while on the other, it provided an empirical evidence of the factors which significantly related to organizational effectiveness. As thus far, literature review demonstrated that although leadership styles and social capital had been considerably discussed in previous research, limited empirical works so far had demonstrated an empirical attempt to operationalize leadership styles and social capital as a potential surrogate to measure organizational effectiveness in social welfare-related. This research had broadened the scope of existing literature on variables of this study and particularly their relationship.

Thirdly, the current research had introduced entrepreneurial orientation as a mediator. The discussion focused on how entrepreneurial orientation worked as a mechanism to facilitate the translation of the capability of leadership style and social capital into organizational effectiveness and provided a theoretical contribution related to the potential mediation effect of entrepreneurial orientation. The introduction of entrepreneurial orientation as a mediator, to the knowledge of the researcher, was a very new attempt of its kind. The role of entrepreneurial orientation per as mediator was not much examined previously, either in the general case or in the specific case of leadership styles-organizational effectiveness relationship and social capital-organizational effectiveness relationship in the context of SWOs in Malaysia.

Lastly, in the theorization of entrepreneurial orientation's mediating effect, Resource-Based View theory, a less common theory of entrepreneurship was used. The application of this theory contributed to the expansion of knowledge in entrepreneurial orientation. Specifically, the theorization enriched the literature

regarding SWOs, particularly on concerned about the poorly managed issue. The introduction and understanding of the mediator would unearth the implicit mechanism behind. Moreover, this research applied RBV Theory in a less-deliberate and more emergent context. Inherently, the specific context of this study had provided a platform on which the researcher might see its importance in terms of their applicability in resource-scarce environment of social welfare sector.

1.6.2 Practical Significance

This research was destined to contribute to the thus-far-still-neglected issue faced by SWOs that being well-intentioned but poorly managed. The need to make further empirical research to provide more comprehensive information regarding practical solutions to the SWOs in Malaysia, where the effectiveness of SWOs could be improved in ways that gave rise to critical aspects (practices related to management and funding).

Additionally, the focus on organization-level variables and the close implication attached to sector-level pragmatism had made this research within the reasonable bond, as the interpretation of the research findings was made to simplify that it rendered the direct use to practitioners. Particular to the executive directors or SWOs, on a practical note, the findings on the leadership styles, social capital and entrepreneurial orientation provided practical guidance to executive directors as to “what to do” and “how” to go about in order to out-perform and improve the organizational effectiveness.

Aside from contributing to the social welfare sector, this study rendered meaningful implications for government and policy makers. As to the government and policy makers, they could understand the seriousness of the problem faced by the Malaysia SWOs. Particularly, government might gain some understanding of how SWOs could be improved and the type of solution which better solved the issue regarding of SWOs. Such understanding could help the government or the policy makers to develop policies that better fabricated assistance channelled to SWOs, so that the assistance could better facilitate SWOs in the remedial efforts.

The improvement and well-being of the SWOs were critical because they were closely concerned with the most vulnerable and important groups of a nation, namely the older folks who had served the country and those of the underprivileged who needed to be assisted (e.g. Orphans, disabled people, and single mother). Particularly, orphans were the future builders of the nation.

1.7 Scope of the Study

In this research, the scope of this research was the SWO. Hence, this study was conducted on the organizational level. The current study examined the organizational effectiveness of SWO in Malaysia, where the survey was responded by the executive directors of selected SWOs. The executive directors were meant to be persons who were actively involved in the operation, management, and decision making of the SWO. They were the people who held key positions with information flows, expertise, and full-time career commitments. Given their prominent roles in the organizations, they were qualified as key informants to comment on organization-wide phenomena and the implicit processes underlying the internal capabilities. The

analysis of the study would be based on the perception of executive director of SWOs. Their points of view were indeed the most representative of the organization.

1.8 Definition of Key Terms

This section consists of the definitions of key terms that have been used throughout this study.

Social Welfare Organization

Social Welfare Organization refers to charity organizations with social mission (Hasnan *et al.*, 2012). SWOs differed from other types of non-profit organizations in that it focused on charitable goals to serve those who were in need.

Organizational Effectiveness

Organizational effectiveness is defined as how well an organization performs effectively to accomplish its missions (Selden & Sowa, 2004). The ability of the non-profit to complete their mission and stability of financial status of an organization.

Leadership Style

The typical pattern of behavior that a leader uses to influence a group of people to work together in completing an established mission (Fiedler, 1969). The process of directing a group of individual to deal with the problem and clearly understand about how to solve the problem and achieve mission of the organization effectively.

Social Capital

Social capital is defined as a process of developing mutual understanding, trusting relationships, and collective actions that linking communities and organizations in social sector (Loeffler *et al.*, 2004). This process empowered cooperative action that created opportunity through social agency, networks and shared norms.

Entrepreneurial Orientation

Entrepreneurial orientation is defined as the practice of entrepreneurial management styles by top management within the organization and ability of top management to undertake higher risk in organization's strategic decision and adopt innovative and proactively operating management philosophies (Covin & Slevin, 1998). It reflected how an organization operated rather than what it did.

1.9 Organization of the Thesis

This section presented a short review of the thesis's structure. Firstly, chapter one sought to introduce the issues concerning the topic under study. Moreover, chapter one delivered the problem statement, research questions, research objectives, significance of the study, scope of the study, and definitions of key term. Chapter two presented an extensive review of literature related to the variables identified in this study, which are leadership style, social capital, entrepreneurial orientation, and organizational effectiveness. Further, the underpinning theory was explained at the end of the chapter. Referring to the literature described in chapter two, chapter three discussed the research framework as well as the twenty two hypotheses identified in this study. Also, the chapter presented the research design which including various aspects of research methodology and justified the practice of quantitative method and

statistical tools. After completing the process of data collection, chapter four was presented to report the results of data analysis and it contained descriptive as well as inferential statistics. Hypotheses testing results were also presented and summarised in this chapter. Chapter five offered the discussion of findings by providing interpretation according to the research objectives. Further, theoretical and practical implications had been derived from the findings of study. Chapter five also presented the limitations of the research and proposes suggestions for future research. And finally, the conclusions were made emanating from the overall findings of this research in that chapter.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an extensive review of literature related to the variables identified in this study, which are leadership styles, social capital, entrepreneurial orientation and organizational effectiveness. Further, the underpinning theory is explained at the end of the chapter.

2.2 Organizational Effectiveness

Due to the crucial role of SWOs, the effectiveness and efficiency of these organizations were constantly being monitored. However, it was a painful reality that SWOs were facing the issue of being well-intentioned but poorly managed (Gandy, 2012). As a result, SWOs faced pressure to improve their efficiency in recent years, from both the public and their funding entities (Johansen & Leroux, 2012). Moreover, criticisms regarding the ineffectiveness of SWOs were rising (Carman, 2010; Ebrahim & Rangan, 2010). In Malaysia, it was even harder to achieve higher level of organizational effectiveness among SWOs due to the shaky economy, uncertain environment, and shifting workplaces (Nur Zehan & Abdul Halim, 2014). In fact, SWOs in Malaysia were facing problems like decreased funding, mismanagement and lack of volunteers and experienced staffs which affect the effectiveness of organizations (Othman, Ali, Omar, & Abdul Rahman, 2012). Noted that, researchers regularly use the terms “effectiveness” and “performance” interchangeably (Herman & Renz, 1998; Balser & McClusky, 2005; Morris, Coombes, Schindehutte, & Allen, 2007; Mayberry, 2011). Nevertheless, organizational effectiveness would be used as

the primary term in the current study. Organizational effectiveness was an important element in organizational theory (Quinn & Rohrbaugh, 1983). In this study, organizational effectiveness was defined as how well an organization performed effectively to accomplish its missions (Selden & Sowa, 2004).

Plentiful scholar efforts had tried to define, measure, and identify approaches which able to improve social organization's effectiveness (Herman & Renz, 1998; Kiruki, 2016; Selden & Sowa, 2004). Regardless of the plenteous theoretical and conceptual models of organizational effectiveness, "the practical challenge of measuring organizational effectiveness persists" (Mitchell, 2013, p. 3). One that was extremely challenging due to the reason of multidimensional and difficult to define (Herman & Renz, 2004; Selden & Sowa, 2004; Yacinthe, 2004). An organization normally had more than one goal to attain, therefore, single dimension was not adequate to measure the organizational effectiveness effectively (Herman & Renz, 2004; Yacinthe, 2004). As such, multiple factors should be considered in measuring organizational effectiveness of SWOs (Light, 2008; Selden & Sowa, 2004). Nonetheless, one of the difficulties in assessing non-profit organizational effectiveness was determining what exactly to measure (Selden & Sowa, 2004). Table 2.1 had shown how nonprofit organizational effectiveness had been measured.

Table 2.1
Research on Organizational Effectiveness

Authors	Organizational Effectiveness Criteria
Herman and Renz (1998)	Financial management, fundraising, program delivery, public relations, community collaboration, working with volunteers, human resource management, government relations, and board governance
Balser and McClusky (2005)	Dealing with funders, community, clients, programs and services, and developing financial resources
Brown (2005)	Perceived organizational performance (customers saw improved service, more products, better at meeting goals, improved quality of service), financial performance, public support, and fund-raising efficiency
Morris et al. (2007)	Total revenue, changes in assets, fund-raising expenses, total expenses, and net revenues
Mayberry (2011)	Financial stability, mission accomplishment, and legitimacy
Gandy (2012)	Mission achievement, financial efficiency, employee learning and growth, customer perspective and internal processes.
Tepthong (2014)	Effectiveness and growth
Kiruki (2016)	Financial performance and social performance

Despite these difficulties in measuring organizational effectiveness, the relevance here was that each of these approaches included more than one variable for measuring effectiveness in the non-profit sector. Particularly, each of them focused on exhibiting a more complete picture of organizational effectiveness by considering at both financial and mission related outcomes (Kramer, 2005), scholars seemed to agree at a conceptual level that SWO's effectiveness should be measured through the ability of the non-profit to complete their mission and stability of financial status of an organization (Achleitner & Heister, 2009; Gandy, 2012; Mayberry, 2011). Further, Duncan (2007) had also come to an agreement that mission achievement and

financial efficiency were the two most important dimensions of SWOs' organizational effectiveness as researcher measured the level of organization to accomplish its goal and financial efficiency of the organization. In the same way, Achleitner and Heister (2009) claimed that social impact information and financial information were playing a crucial part in the selection process of funding projects.

Fundamentally, SWOs were created to fulfil an unmet need (Ott, 2001). Therefore, the mission they set were based on particular needs, and the effectiveness of a nonprofit organization depended on how well they achieved those missions (Duncan, 2007). Organizational effectiveness of non-profit was reliant on the exact mission of each organization (Olszak, 2002). SWO was effective if it achieved the aims it set for itself (Balduck & Buelens, 2008; Duncan, 2007; Tucker, 2010). Further, mission achievement was perceived as an important indicator of organizational effectiveness because it differentiated the very nature of social sector from the for-profit sector (Balduck & Buelens, 2008). Therefore, each organization's effectiveness must be assessed according to mission achievement. In this study, mission achievement was defined as how well the organization achieved the mission it set for itself effectively (Gandy, 2012).

Certainly using mission achievement as the sole indicator of SWOs' effectiveness was not practicable and additional factor needed to be taken into consideration. Researchers such as Hibbert, Hogg, and Quinn (2002) had noted the importance of financial efficiency in the assessment of non-profit organizational effectiveness. Additionally, cost-effectiveness had become a significant issue among SWOs (Dees, Emerson, & Economy, 2002). Economy shift and the rising of living cost had raised

the need for SWOs to become more financially efficient (Dees, 2007). More funds were available to solve social ills when an organization could improve the financial efficiency. In this study, financial efficiency referred to the availability and accessibility of the resource in an organization (Blackmon, 2008). SWOs commonly have multiple sources of funds, including donations, grants, membership fees, and income for products or services. The diversity of income, cash reserves, and ability to raise fund were all a function of the financial efficiency of the organization (Mayberry, 2011). Also, financial efficiency was significant in the social sector due to its accountability (Tucker, 2010). SWOs were pressured to prepare an account for the funds they received as contributors nowadays were more cautious on the operation of the organization. Donors wanted to make sure every cent they donate would be utilized efficiently to help those who were needed and solve social ills. Reports on how funds were being utilized to attain the mission of the organization was significant to the contributors (Duncan, 2007). Financial reporting provided a great insight to the effectiveness of an organization, even it did not represent the whole picture of social organization (Kaplan, 2001).

In brief, researchers had recognized that SWOs should be assessed on how well they achieved the specific mission as well as whether they were able to operate efficiently in term of financial setting (Gandy, 2012; Mayberry, 2011; Tepthong, 2014). While this point was asserted, mission achievement and financial efficiency combined as one to measure organizational effectiveness of SWOs in the current study.

2.3 Leadership Styles

Leadership styles had been a topic of interest, speculation and debate. Since the time of Plato, studies on leadership had examined leaders focusing on what leaders did in the physical world of human beings (Lawal, Ajonbadi, & Otokiti, 2014). Fiedler (1969), one of the utmost respected researchers on leadership style, claimed that the type of leader could significantly determine the success of a team, organization, or even an entire country. A general idea that ran through most definitions was the concept that leadership involved to influence in one form or the other (Jogulu, 2010). The very idea of leadership presumed the existence of followers. The activity of leadership could not be completed without followers to lead and what leaders would do was influencing the behavior, beliefs and feelings of group members in an intended direction (Ensley, Pearson & Pearce, 2003).

The term leadership style had been defined in various ways (Fiedler, 1969; Jogulu, 2010; Stamevski & Stamevska, 2017). Yukl (2002) defined leadership style as the process of directing a group of individual to deal with the problem and clearly understand about how to solve the problem and achieve mission of the organization effectively. Added to this, leadership style defined by Stamevski and Stamevska (2017) as the manner and way of offering direction, implementing plans, and motivating followers. In this study, Fiedler (1969) defined leadership style as the typical pattern of behaviors which the leader demonstrated that to influence a group of people to work together to achieve the established mission.

Despite superabundant of research in the field of leadership style, leadership style in social welfare sector had not received enough empirical attention. Previous research

had demonstrated the necessity of leadership in addressing a known driving force to the SWOs (Thompson, Strickland, & Gamble, 2005). Leader had a pivotal role to play in these circumstances, ensuring that they exhibit organizational values through their words and actions (Schein, 2010). In the social context, leaders of non-profit organizations focus on internal and external environment by motivating, coordinating, supervising, managing finances and raising funds (Gellis, 2001). In this day and age, effective leaders were needed to improve the effectiveness of organization in this rapidly changing environment (Nanjundeswaras & Swamy, 2014). Similarly, Rossouw and Van Vuuren (2013) reassured that one principal factor which makes organizations to survive, grow and adapt to environmental challenges was leadership. Broadly speaking, leadership style has been targeted as a potential area for enhancing organizational effectiveness (Ukaidi, 2016).

According to the early literature initial form of leadership styles were consideration and task-oriented (Fleishman, 1953). For task-oriented approach, the leader was understood as more autocratic and did not share the authority with the follower in the process of solving problems. In contrast, the leader who was giving his follower more flexibility to solve problem and willing to share authority was consideration approach. Noted that, Bass (1981) took this early literature and expanded the initial approach into the new concept of transformational and transactional leadership. This new leadership approach had been participated in forming a clear conceptualization of leadership and a fresh copy of an influential leadership style: transformational and transactional leadership theory. Transformational and transactional leadership were not viewed as contrasting leadership style. In other words, leaders could be both transformational and transactional (Lowe, Kroeck, & Sivasubramaniam, 1996).

In the simplest definition, transformational leadership was referred as leadership that tries to motivate followers to be externally focused on the needs of the organization instead of being internally focused on their own needs (Bass & Avolio, 1994). Further, Ghasabeh, Soosay, and Reaiche (2015) described transformational leadership as the leadership which focused on satisfying higher-order needs of followers through inspiration. Transformational leaders not only fulfilled the need of followers, but tend to deliver a higher level of development (Bass, 1985). As crucial as realizing that transformational leadership was viewed as a leadership style that strengthened the transactional leadership (Seltzer & Bass, 1990). Transformational leadership differed in that it created a deep internal desire for motivation to the follower through true inspiration or transformation (Kim & Yoon, 2015). Also, transformational leaders were more likely to transform the follower and bring positive impact to the followers. In this study, transformational leadership was well-defined as leadership that tried to motivate followers to be externally focused on the needs of the organization instead of being internally focused on their own needs (Bass & Avolio, 1994). According to Bass and Avolio (1994), transformational leadership encompassed the idealized influence, inspirational motivation, intellectual simulation, and individualized consideration.

Idealized influence: A leader with idealized influence showed great determination and persistence in achieving goal (Bass & Avolio, 2004). The leader instilled pride in the follower and respected by their follower. The idealized leader provided a vision and demonstrate astonishing capabilities and willpower to become a role models who are trusted by subordinates (Bass & Avolio, 1994). Besides, the

idealized leader earned credit from follower by considering their needs. In most situations, followers greatly respected the idealized influence leader (Northouse, 2001).

Inspirational motivation: Leader who inspired subordinates by offering meaning and challenge to them (Bass & Avolio, 1994). The enthusiasm and optimism of followers were stimulated while spirit of the team was aroused (Northouse, 2001). There were several ways to inspire follower such as tolerating followers' failure as a learning experience, continuously communicating, maintaining a commitment to social development and building on followers' desire to make positive change (Koech & Namusonge, 2012). Also, inspirational leader delivered the task goal clearly to the subordinates by using symbols and metaphors to increase the understanding (Bass & Avolio, 1994).

Intellectual stimulation: Leader who encouraged their subordinates to be creative and innovative in problem solving by reframing problems, questioning assumptions, and approaching old situations in new approaches (Northouse, 2001). The leaders did not make public criticism to the individual members' mistakes and generated solution to the problem by involving everyone in the situation. This kind of leader ensured the followers to perform by empowering them authority (Northouse, 2001). Hence, the followers were more likely to put their effort to produce better result when they had enough power. The intellectual leader shared some characteristics such as provocative, innovative and radical to their actions. Intellectual stimulation leader encouraged the subordinates to offer innovative perspectives, question assumptions and reframe problems (Koech & Namusonge, 2012).

Individualised consideration: The individualized consideration leaders focused on each followers' need for well-achievement of job and progression (Bass & Avolio, 1990). Most of the time, individualized consideration leader played a role as a coach or mentor to assist followers to reach their full potential. Individualized consideration leader provided learning opportunities to the follower by two-way communication in which leader paid attention to the follower's need (Bass & Avolio, 1992). Leader identified the need of follower in order to give specific attention to each individual. By this approach, individualized consideration leader could delegate tasks and assign specific direction to the followers (Northouse, 2001).

The role and function of each of the Four I's showed that specific aspect of follower development was cultivated in order to build a holistic foundation for leadership practice (Caillier, 2014). Each of the elements worked in combination to contribute to the transformational process on a deeper level demonstrating a high level of inspiration (Veríssimo & Lacerda, 2015).

Transactional leadership, on the other hand, was based on tentative support and subordinates were motivated through recognition or else corrected through punishment and due to this exchange relationship, the expected performance achievement led towards follower's promotion (Bass & Avolio, 1994). In the same vein, transactional leadership encouraged a group of individual to perform according to the leader's expectation by using compensation system and authorizations (Grundstein-Amado, 1999). In this study, transactional leadership was well-defined

as leadership that emphasized the transaction or exchange that took place between leaders and followers (Bass & Avolio, 1994).

Added to this, transactional leadership concerned the authority to perform certain tasks and bargaining exchange or reward systems (Burns, 1978). Scholar described transactional leadership happened when someone dealt with others for the means of exchange value. Thus, transactional leaders covered an interchange process which resulted in follower's obedience with leader's need, while not to be expected to create passion or enthusiasm to organizational goal (Yukl, 2002). Therefore, leaders who achieved the expectation of a group of individual were viewed as effective transactional leaders. Additionally, transactional leaders attained the task goal by achieving three objectives: defining what need to be attained, identifying the competencies of followers and mentioning the rewards that could get once complete the task (Bass, 1985). The function of transactional leadership was to meet task objectives. Transactional leaders only delivered a low level of effort with followers (Bass, 1985). Peters and Waterman (1982) stated that transactional leadership as an essential, but imperfect, method in the integrated of effective leadership skills. Primarily, transactional leadership was made up by three components: contingent reward, management by exception, and laissez-faire; though, laissez-faire was excluded later due to the representation of the absence of leadership (Barbuto, 2005). Hence, transactional leadership comprised two factors: contingent reward and management-by-exception.

Contingent reward: Contingent reward approach emphasized on both leaders and followers need to take part in the routine as it reflected mutual benefits behaviour

(Bass, 1985). Subordinates were promised rewards for good performance but if their performance was bad they would receive the punishment, as a result, followers showed less concern to the organizational mission compare to own interest (Bass, 1985; Avolio, Bass, & Jung, 1999). Contingent rewards were distributed in many forms such as bonuses, promotion, compliment, recognition for well-achieved work, wage increment and job enrichment (Barbuto, 2005).

Management by exception: Principally, management by exception was originated from contingent reinforcement theory, by which followers were compensated or penalized for certain action (Avolio *et al.*, 1999). Leaders who practised management by exception would not involve in the task given to subordinates until errors or problems occurred (Barbuto, 2005). Leaders only interfered if the subordinates failed to complete the task given. Action would take for the failures and punishment would be given in the management by exception environment. Followers were not encouraging to fix the problems themselves and did not provide chance to learn from mistakes. In a management by exception environment, leaders habitually gave negative response as they dealt with the subordinates when the problem arose (Bass & Avolio, 1994). On the other hand, management by exception could be in the form of active or passive. Leaders who practised passive management by exception were more likely to intervene only when needed and did not take any prearrange action (Bass & Avolio, 1994). Leaders were not willing to take precautions against error but took corrective action once the error occurred. In contrast, transactional leaders who practised active management by exception were tend to search for errors to prevent failures (Bass & Avolio, 1990). Leaders who practised management by exception

(active) took initiative to monitor the task progress of workers and counteractive action would be taken once they detected any error (Bass & Avolio, 1990).

2.4 Social Capital

Social capital had gained popularity in a wide range of social sciences, education and business sector within the past decade (Akhtar *et al.*, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta *et al.*, 2011; Lee, 2015; Song, 2016). The initial study of social capital was focused on personal relationships that serving as the basis of trust, cooperation and collective action of the certain people (Jacobs, 1965). To note, social capital did not have a clear, undisputed meaning, for substantive and ideological reasons (Dolfsma & Dannreuther, 2003; Foley & Edwards, 1997). As such, there was no single agreed upon definition for social capital and the particular definition used by a research depended on the area and level of investigation (Adler & Kwon, 2002). Further, researchers were struggling to define social capital from the diversify definitions (refers Table 2.2) and connected it to the understanding of social issues (de Souza Briggs, 1997; Portes, 1998).

Table 2.2

Definitions of Social Capital

Authors	Definitions
Coleman (1988)	Social capital was well-defined by its function. It was not a single unit, but a variety of different units, with two elements in common: they facilitate specific actions of actors within a structure and they encompass some aspect of social structures.
Putnam (1995)	Elements of the social organization such as social trust network, and norm that facilitated coordination and cooperation for mutual value.
Bourdieu (1997)	The totality of the resources in the form of actual or virtual, that accrue to an individual or group by virtue of processing a long-lasting network of established relationships of mutual recognition.
Portes (1998)	The capability of actors to secure benefits by virtue of membership in social networks or other social structures.
Nahapiet and Ghoshal (1998)	Social capital was well-defined as the summation of the and potential and actual resources embedded within, available through, and derived from the network of relationships possessed by a social unit.
Woolcock (1998)	The trust, norms or reciprocity inhering in one's social networks.
Adler and Kwon (2002)	Social capital referred as the helpfulness available to individuals or groups. Its source lies in the structure and content of the actor's social relations.
Loeffler et al. (2004)	A practice of developing mutual understanding, trusting relations, and collective actions that linking organizations and communities in social sector.
Tripp, Payne, and Diodorus (2009)	Social capital was referred as trust, social networks, and the norms of reciprocity that arose from them, and the application of these assets in achieving mutual goals.

Although social capital had been conceptualized differently by different researchers, it generally denoted to a certain set of values or norms, mutual concern, social networks and trust of a certain group of people that linked to each other (Fukuyama,

1995; Putnam, 1993). One of the notable notions of social capital, which proposed by Coleman (1988), was that social capital comprised of information channels, norms, trust and obligations. Putnam (1993) made the same statement as Coleman (1988), but with more highlighting on interpersonal networks by means of informal and formal associational engagement. Putnam (2002) discussed social capital in term of willingness of individuals to participate in public activities actively and connected with each other with trust on a regular basis.

By covering both internal and external ties, Adler and Kwon (2002) defined social capital as the helpfulness available to individuals or groups. Adler and Kwon (2002) separated social capital's definition into three groups of view: the external view, internal view and the integration between the external and internal view. The first group emphasized mainly on external social capital or a bridging view, which brought the meaning of the relation between social networks or among organizations. The social capital could help to define the variance of achievement for individuals and firms in their competitive contexts (Bourdieu, 1997; Portes, 1998). The second group stressed on internal social capital or the bonding view which means the relations between individuals or groups (Coleman, 1988; Putnam, 1995). Coleman (1988) claimed that social capital could be defined according to its role. Further, social capital defined by Putnam (1995) as elements of the social organization such as social trust, network, and norms that enabled collaboration for the common advantage. The third group was neutral on both the external and internal view (Nahapiet & Ghoshal, 1998; Woolcock, 1998) which brought a more general perspective.

In this study, the external view of social capital would be adopted in the research framework. Social capital would be referred to as a process of developing mutual understanding, trusting relationships, and collective actions that linking communities and organizations in social sector (Loeffler *et al.*, 2004). This process empowered cooperative action that created opportunity through social agency, networks and shared norms (Loeffler *et al.*, 2004). To note, social capital had been viewed in multidimensional aspects (Narayan & Cassidy, 2001).

The first dimension of social capital in this research was social trust. Social trust defined as the anticipation that arises within a community of honesty and cooperative behaviour which grounded on commonly shared norms (Putnam, 1995). Noticeably, social trust built through repeated transactions reduced the expectation of opportunistic behavior, encouraged open communication and enhanced behavioral transparency between the parties (Dyer & Singh, 1998). It was important to note that trust had been widely studied by different authors and identified as one core component of social capital, both at a community level and at an organizational level (Fukuyama, 1995; Leana & Van Buren, 1999; Putnam, 1993). The accumulation of trust through social interaction would appear to be among the most valuable resources needed in the process of establishing a social organization (Kunanusorn, 2014).

The second dimension of social capital was the network. A network was defined as a group of members that were directly linked to social structure (Nahapiet & Ghoshal, 1998). Further, network defined by Turkina and Thi Thanh Thai (2013) as an important mechanism to encourage cooperative behavior, developed the connection

between members in a society or create coordinated actions to meet the common goals. The basic feature of a network was connection, which was the set of elements that bind actors together to form the network (Casson & Della Guista, 2007). In this study, network was reckoned by elements comprising external alliances, a diversity of friendships in many areas, resulting in a positive effect for an organization, informal networks, and pivotal role of organization in networks (Tepthong, 2014).

The third dimension of social capital was public sector engagement. Scholars, practitioners, and policy makers had noted the vivid shift in the association between government and the nonprofit sector during the 1960s with the War on Poverty (Smith, 2005). To be heightenedly noted, government had provided ongoing funding support for non-profit organizations through grants to state and local governments that then contracted with nonprofit service agencies (Smith, 2005). Tepthong (2014) defined public sector engagement as the connectedness to public agencies by which mutual benefit relates to government supporting plan. Building connection with public agencies to involve in government supporting plan brought plentiful advantage to the nonprofit organization (Tepthong, 2014). The grant from government was an important source of income for the SWO. Government projects and government agencies' plans provided an outsource service to the social sector in many ways (Fatoki, 2011). Gaining support from public agency for the social organization's operating expenses was very vital for their survival (Lipsky & Smith, 1990; Lune, 2010).

2.5 Entrepreneurial Orientation

Entrepreneurial orientation had appeared under different but terminologically similar labels such as entrepreneurial behaviour, entrepreneurship (Bhuian, Mengue & Bell, 2005; Dimitratos, Lioukas & Carter, 2004; Lee & Hsieh, 2010; Salaran & Maritz, 2009), strategic orientation (Durand & Coeurderoy, 2001; Jantunen, Nummela, Puumalainen & Saarenketo, 2008; Meskendahl, 2010), and strategic posture or entrepreneurial posture (Covin & Slevin, 1989) in previous research. Nonetheless, literature review reflected that the term entrepreneurial orientation was one of the most adopted among others (Baker & Sinkula, 2009; Huang, Wang, Tseng & Wang, 2010; Lee & Peterson, 2000; Li, Liu & Zhao, 2006; Memili, Eddleston, Kellermanns, Zellweger & Barnett, 2010; Todorovic, McNaughton & Guild, 2010). The earlier notion by Miller (1983, p.771) defined an entrepreneurial organization as 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”.

Principally, entrepreneurial orientation referred to an organization’s strategic orientation, adopting specific entrepreneurial aspects of decision styles, methods and practices (Lumpkin & Dess, 1996). It reflected how an organization operated rather than what it did (Lumpkin & Dess, 1996). Besides, it reflected the degree to which organizations established the identification and exploitation of untapped opportunities as an organizing principle of the organization (Lumpkin & Dess, 1996). There were also other works which denoted entrepreneurial orientation to the strategic management processes and styles of organizations that engaged in entrepreneurial activities (Lumpkin & Dess, 2005).

Presently, there is no single definition of entrepreneurial orientation that can be used generally (Covin & Slevin, 1989; Miller, 1983; Lumpkin & Dess, 1996). Particularly, there was no single agreed-upon definition of entrepreneurial orientation that could be applied to the non-profit sector (Morris *et al.*, 2007). Plentiful definitions of entrepreneurial orientation, which focused on different facets, had been provided by previous researchers (refers Table 2.3). Lacking of unity of the definition of entrepreneurial orientation led to sluggish progression in this area of research (Morris *et al.*, 2007).

Table 2.3
Definitions of Entrepreneurial Orientation

Authors	Definition
Mintzberg (1973)	In the entrepreneurial approach, strategy-making was lead by the active search for new opportunities along with dramatic leaps forward in the circumstance of uncertainty.
Miller (1983)	An entrepreneurial organization was one that engaged in innovation management, undertook somewhat risky ventures, and was first to come up with proactive, innovations, beating competitors to the punch.
Lumpkin and Dess (1996)	Entrepreneurial orientation refers to the practices, processes, and decision making style that led to new entry as characterized by one, or more of the following dimensions: a propensity to act proactively and innovatively, and willingness to take-risks.
Morris and Paul (1987)	An entrepreneurial organization's strategic orientation capturing the specific entrepreneurial aspects of practices, method, and decision making style.
Covin and Slevin (1998)	Entrepreneurial orientation is defined as the practice of entrepreneurial management styles by top management within the organization and ability of top management to undertake higher risk in organization's strategic decision and adopt innovative and proactively operating management philosophies.
Pearce, Fritz, and Davis (2010)	Entrepreneurial orientation is conceptualized as a type of distinctive but correlated behaviors that had the qualities of innovativeness, proactiveness, competitive aggressiveness, risk taking, and autonomy.

Concern with all the definitions above, the definition used in this study was that entrepreneurial orientation was the practice of entrepreneurial management styles by top management within the organization and ability of top management to undertake higher risk in organization's strategic decision and adopt innovative and proactively operating management philosophies (Covin & Slevin, 1998).

In the profound consideration of entrepreneurial orientation as being resourceful for the context of social welfare sector, the present empirical researches had provided evidences that entrepreneurial orientation had indeed in some profound way demonstrated congruence and exhibited such potentials. To reflect, entrepreneurial orientation had emerged in previous researches reflecting the ability to address situation of resource scarcity (Hughes & Morgan, 2007). This particular ability tailored to the context of social sector where resource scarcity (Audretch, Horst, Kwaak, & Thurik, 2009; Brune-Jensen, 2009). From the viewpoint of resource inadequacy, entrepreneurial orientation was found studied in interaction in resource-related variables (Li, Huang, & Tsai, 2009; Wiklund & Shepherd, 2003). It had also been studied as a resource of competitive advantage (Tan, 2007), or purely resource (Ferreira & Azevedo, 2007; Erikson & Thunberg, 2006).

The large established body of research scrutinizing entrepreneurial orientation from various empirical and methodological perspectives vividly reflected the robustness and prevalence of entrepreneurial orientation in the entrepreneurship realm. However, to the knowledge of the researcher, it was surprising that entrepreneurial orientation was found absent in the empirical works that address the organizational effectiveness of SWO in the Malaysia context. To be heightenedly noted, the robustness and

predominance and of entrepreneurial orientation within the entrepreneurship realm were viewed in the various range of spectrums in which entrepreneurial orientation's understandings and implications were taken intensely in empirical research. Amongst others, such robustness of entrepreneurial orientation in entrepreneurship studies was reflected in the broad empirical attention that scrutinized entrepreneurial orientation as both a uni- (Bhuian, Menguc & Bell, 2005; Ferreira & Azevedo, 2007; Green, Covin, & Slevin, 2008; Hult, Hurley & Knight, 2004; Keh, Nguyen & Ng, 2007; Slater & Narver, 2000; Walter, Auer & Ritter, 2006) and multi- dimensional construct (Hughes & Morgan, 2007; Kreiser, Marino & Weaver, 2002; Li, Huang, & Tsai, 2009; Lumpkin & Dess, 1996; Lyon, Lumpkin & Dess, 2000; Richard, Barnett, Dwyer & Chadwick, 2004; Voss & Moorman, 2005).

Additionally, the extent to which entrepreneurial orientation had thoroughly saturated entrepreneurship was also obvious in the different variable roles entrepreneurial orientation had taken up in the prevailing entrepreneurship studies. Thus far, while the role of entrepreneurial orientation had emerges large as independent variable (Avlonitis & Salavou, 2007; Chow, 2006; Frishammar & Horte, 2007; Hughes & Morgan, 2007; Clereq, Dimov & Thongpapanl, 2010; Morgan & Strong, 2003; Tajeddini, 2010; Tan, 2007), it nonetheless had also been examined in the role of moderating variable (Atuahene-Gima & Ko, 2001; Bhuian, Menguc & Bell, 2005; Li, Liu & Liu, 2010; Li, Zhao, Tan & Liu, 2008; Meskendahl, 2010; Richard, Barnett, Dwyer & Chadwick, 2004; Wiklund & Shepherd, 2003), mediating variable (Bakar *et al.*, 2014; Barrett & Weinstein, 1998; Farsi *et al.*, 2013; Han, Kim & Srivastava, 1998; Korry *et al.*, 2013) and dependent variable (Green *et al.*, 2008; Salaran & Maritz, 2009). As a mediator, for instance, entrepreneurial orientation was

studied as the means by which the variable under examination was translated into organizational effectiveness (Bhuian, Richard & Shamma, 2010).

Beside the mentioned above, the predominance of entrepreneurial orientation in the context of entrepreneurship was also reflected in its methodological robustness. Henceforth, entrepreneurial orientation had been undertaken at different levels of analysis, that was, both the organizational (Lamadrid, Heena, & Gellynck, 2008; Li, Zhao, Tan & Liu, 2008; Runyan, Droge, & Swinney, 2008; Wiklund & Shepherd, 2005) and individual level (Krauss, Frese, Friedrich & Unger, 2005; Rauch & Frese, 2007). For example, while such studies as Krauss, Frese, Friedrich and Unger (2005), and Rauch and Frese (2007) examined entrepreneurial orientation at the individual level, others like Lamadrid, Heena and Gellynck (2008), Li, Zhao, Tan and Liu (2008), Walter, Auer and Ritter (2006), Wiklund and Shepherd (2005) and Runyan *et al.*, (2008) had undertaken the variable at the organizational level.

Further, the robustness of entrepreneurial orientation was also seen in previous researches in which entrepreneurial orientation's explanatory power to organizational effectiveness had received broad-scaled assessments by researchers across different countries all over the world. These amongst others included Asian and Eastern countries like China (Li, Liu & Zhao, 2006; Li, Zhao, Tan & Liu, 2008; Tang, Tang, Marino, Zhang & Li, 2008; Zhao, Li, Lee & Chen, 2011), Japan (Lee & Lim, 2009), Singapore (Keh, Nguyen & Ng, 2007), Taiwan (Li *et al.*, 2009), and the Western countries like United State (Runyan *et al.*, 2008), United Kingdom (Wang, 2008), Sweden (Wiklund & Shepherd, 2005), Canada (Clereq, Dimov & Thongpapanl, 2010), Greek (Avlonitis & Salavou, 2007), Africa (Krauss, Frese, Friedrich & Unger,

2005). There were also studies that had studied entrepreneurial orientation across-national setting in one sole study (Hansen, Deitz, Tokman, Marino & Weaver, 2009). In fact, in entrepreneurship research itself, entrepreneurial orientation had also been studied in tandem with a various group of organizational variables and issues, amongst which are leadership style (Todorovic & Schlosser, 2007), marketing (Keh, Nguyen & Ng, 2007), resources (Wiklund & Shepherd, 2003), sources of competitive advantage (Tan, 2007), internationalization of business (Liu, Li & Xue, 2010), project portfolio management success (Meskendahl, 2010), tourism (Tajeddini, 2010) and etc.

Previous literature demonstrated that entrepreneurial orientation could be measured using either uni- or multidimensional scale. Henceforth, this concern had been one of the most disputed issues in entrepreneurial orientation researches. Uni-dimensionality “means that all items in a scale or index fit together, or measure a single construct” (Neuman & Kreuger, 2003, p.189). Further, it also appeared in other terms such as summative approach, composite entrepreneurial orientation scale or combined gestalt construct (Hughes & Morgan, 2007). Other researchers such as Bhuian, Mengue and Bell (2005), Chow (2006), Covin (1994), Covin and Slevin (1989), Hult, Hurley and Knight (2004), Jantunen, Puumalainen, Saarenketo and Kylaheito (2005), Li, Liu and Zhao (2006), Miller (1983), Patel and D’ Souza (2009), Slater and Narver (2000), Tajeddini (2010), Walter, Auer and Ritter (2006), Wiklund and Shepherd (2003), and Zhao, Li, Lee and Chen (2009) examined entrepreneurial orientation as uni-dimensional construct.

The current research, nonetheless, claimed that investigating entrepreneurial orientation in the holistic context of social sector should consistent with the viewpoint of such researchers as Bhuian, Mengue and Bell (2005), Chow (2006), Covin (1994), Covin and Slevin (1989, 1990), Hult, Hurley and Knight (2004), Jantunen, Puumalainen, Saarenketo and Kylaheito (2005), Li, Liu and Zhao (2006), Miller (1983), Patel and D' Souza (2009), Slater and Narver (2000), Tajeddini (2010), Walter, Auer, and Ritter (2006), Wiklund and Shepherd (2003), and Zhao, Li, Lee and Chen (2009) who examined the effect of entrepreneurial orientation as uni-dimensional construct on organizational outcome. Most importantly, pertinent to this assertion was the fact that examination of entrepreneurial orientation-organizational effectiveness nexus in this study was considerably novel in the current study, however, reckoned that entrepreneurial orientation's dimensions were already broadly-tested measures in entrepreneurship studies, and that this study regarded them as sufficiently robust to establish standalone effect with the dependent variable. In sum, this study examined entrepreneurial orientation as uni-dimensional construct.

2.6 Underpinning Theory and Supporting Theory

Theory, as an explanatory lens, intensely influenced our capacity to understand phenomena (Aldrich & Martinez, 2001). In understanding how the research framework of this study answered the issues arose in theoretically sound way, related theories were reviewed.

2.6.1 Underpinning Theory: Resource-Based View Theory

Resource-Based View theory (RBV) was the main theory that intertwined the rationalization of the supporting theory which underpinned the entire research

framework. In the context of this research, RBV brought the main theory that provided holistic mark-out to guide the rigor of literature reviews was also suggestive of the parsimony of research framework (Pedhazur & Schmelkin, 1991). This view asserted that effective use of an organization's unique internal resources could lead to sustained competitive advantage (Barney, 1991). Previous research had come to mount on the credence of positive relationship between organization resource, capabilities and organizational effectiveness (Autry, Griffis, Goldsby & Bobbitt, 2005; Closs & Xu, 2000; Daugherty, Richey, Genchev & Chen, 2005).

The RBV, first theorized in the literature by Wernerfelt (1984), was built upon the theory that a organization's success was largely determined by the resources it owned and controlled. The Resource-Based approach focused on the characteristics of resources and strategies for competitive advantage, organizational performance, and organization survival (Barney, 1991). RBV perceived organization as having different levels of resources and capabilities which contributed to the basis for competitions and provided foundations for competitive advantage in favor of effective organizational strategies development. RBV was introduced in corollary to dissatisfaction on the earlier external approach which over-emphasized the importance of external environment as the principal source of a organization's competitive advantage. Hence, the most salient characteristics of RBV was the focus on the internal forces (Penrose, 1959), in which competitive advantages were generated from a unique set of non-replicable resource within the organization (Barney, 1986; Peteraf, 1993; Wernerfelt, 1984) and was meant to be productive (Penrose, 1959).

Particularly, this bundle of resource was valuable, rare, inimitable and non-substitutable which helped organization to achieve high performance (Barney, 1991). They could be in the forms of tangible and intangible (Collis, 1994, Peteraf, 1993). While the tangible resources were those such as the capital, access to capital and location, intangible resources consist of knowledge, skills, reputation, capabilities, competence, and entrepreneurial orientation, among others (Peteraf, 1993). In a broader definition, resource could be defined as either assets or capabilities (Collis, 1994). In this respect, assets could be tangible or intangible resource which were owned and controlled by organizations (Collis, 1994). Capabilities were intangible bundles of skills and accumulated knowledge exercised through organizational practises (Teece et al., 1997).

Further, the pertinence of RBV for the social welfare context had also been empirically heightened as it was argued that in environments and conditions where resources were not readily available and difficult to access, processes often shift focus back on existing resources and their ability to be effective given the sustainable idea (Steffens & Senyard, 2009). In this principle, it was crucial to note that organizational strategies (Wernerfelt, 1984; Porter, 1980), entrepreneurial orientation (Ferreira & Avezedo, 2007; Lamadrid, Heene, & Gellynck, 2008; Peteraf, 1993) and distinctive capability such as leadership styles and social capital were reasonable constituents of a organization resource. Indeed, while social capital and entrepreneurial orientation were very much internal approaches which were largely tacit, leadership style on the other hand was a highly rare and inimitable resource because leadership skill was hardly transferable. As such, these valuable capabilities were conceivable of its potentials to sustain competitive advantage by means of

valuable capabilities (Barney, 1986; Peteraf, 1993; Wernerfelt, 1984). In addition, incorporating these three distinct resources in the current framework also concurred with Schendel (1994) that competitive advantage was based on the combination of assets rather than on any asset or practice.

Hence, having to address the issue of resource constraint faced by SWO, this study adopted a RBV perspective to examine the organizational effectiveness. To add, the concept of resource by Barney (1991) was adhered to, and thus differentiating between the different types of resources was beyond the boundary of this research. According to Barney (1991), resource was defined as all assets, capabilities, organizational process, organization attributes, information, knowledge, etc., controlled by a organization to conceive of and implement strategies that improved its effectiveness. Considering the resource constraints faced by SWOs in Malaysia, intangible resource-based variables were believed to better-tailor to the resource constraints issue faced by SWO, as internally-initiated capabilities of an organization could render to be controllable. This advantage allowed firms to re-organize or reconfigure limited organizational resources to ensure the organization's survival. In this light, the RBV Theory perceived organizations as having different levels of capabilities which form the basis for competitions and provide foundations for effective organizational strategy development (Barney, 1991). Specifically, the effective use of a firm's capability could lead to sustain competitive advantage. In this study, leadership styles, social capital and entrepreneurial orientation were considered as organizational resources in forms of capabilities; they meant to be synergistic sources to enhance organizational effectiveness.

Leadership style was the first predictor variable of this study. Being a topic under the rubric of organizational effectiveness, the leadership style-organizational effectiveness nexus was explicable within the theoretical notion of RBV Theory. Hence, the executive director of SWO played a vital role in improving organizational effectiveness by exploiting the full potential of limited tangible and intangible resources. In this regard, leadership styles incorporated two dimensions, namely, transformational leadership and transactional leadership. The combination of these two dimensions was theoretically supported by the RBV Theory which stated that a leaders's capability to influence a group of people to work together in accomplishing an established mission was an intangible resource in an organization (Wernerfelt, 1984). Moreover, leadership was one with the most vital capability during individual and organizational interaction. As such, management capability to execute "collaborated effort" depends on leadership capability (Obiwuru Timothy, Okwu, Akpa, & Nwankwere, 2011) and based on the internal capability theorization, although each dimension of leadership styles reflected different corrective actions, they, nevertheless served the similar purpose, that was, to facilitate the effectiveness of an organization. The two distinct yet, correlated dimensions, collectively made leadership style a intangible resource which allowed organizations to better leverage on their competitive advantage.

The second predictor variable was social capital. In this study, social capital was tapped using three dimensions, viz., social trust, network and public sector engagement, were theorized as asserting positive influence organization's performance. Noted that, social trust, network, and public sector engagement derived from social capital performed as special types of intangible resources which

organizational embedded and non-transferable, and their presence improved the efficiency and effectiveness of an organization's other resources (Barney, 1986). Although each dimension reflected different corrective actions, they nevertheless served the similar purpose, that was, to facilitate immediate positive cash-flow of organizations. It was also noted that intangible resource might fit well to the social welfare context, because this capability was able to address the resource scarcity concern.

Apart from the empirical stance put forth above, the relevance to incorporate entrepreneurial orientation for the context of social sector was also embedded in the very notion of RBV Theory. In the foremost, the unique characteristic of entrepreneurial organization was one of the very concerns why entrepreneurial orientation was brought into and expected to give rise to the parsimony of a study pivoting organizational effectiveness of SWO. As decision-making styles, process, and practice were internally-initiated actions, the positive influence of entrepreneurial orientation on organizational effectiveness could generally be associated with capabilities that transform the an organization's core resource (Ferreira & Avezedo, 2007; Lamadrid et al., 2008; Peteraf, 1993). Thus, the capabilities of being proactive, innovative, and taking risk were vital to deploy the resource of an organization to create value. To be specific, entrepreneurial orientation was the mechanism hypothesized to mediate the nexus of leadership styles-organizational effectiveness and the nexus of social capital-organizational effectiveness, and entrepreneurial orientation was operationalized in this study as the mixture of innovation, proactiveness, and risk-taking to create change and add value into a society or an industry. Therefore, entrepreneurial orientation in itself, was also

intangible resource; entrepreneurial orientation stimulated the workers to adopt new financing method and influence the internal process of organization to exploit the full potential of those resources (Covin & Slevin, 1989). This viewpoint was in line with Barney's (1991) assertion that, particularly in dynamic environment, which internal processes and routines enabled organizations to renew and change its organizational capabilities. Additionally, the statement above was also supported by Chrisman, Bauerschmidt and Hofer's (1998) argument that entrepreneurial orientation was a special case of strategic management where acts of strategy involved a combination between opportunity and resources.

2.6.2 Review of Supporting Theory: Resource Dependence Theory

The supporting theory for this study was Resource Dependence Theory. Resource Dependence Theory was formally developed in the 1970s by Pfeffer and Salancik (1978), and this explained how external resources affected the behavior of the organization. Here, it was assumed that an organization was externally constrained by the environment and defined a resource as anything that an actor perceived as valuable, while dependence was a state in which one actor relied on the actions of another for achieving particular outcomes (Emerson, 1962).

There were four assumptions in the Resource Dependence Theory. The first was that the survival of an organization included the ability to obtain resources from the environment (Pfeffer, 1982). In other words, organizations did not have enough resources for their operation, hence, they needed to depend on the environment. Throughout the years, a particular organization would be selected out by the environment due its inability to respond. Therefore, organizational survival depended

on the organization's ability to acquire and maintain resources. Meanwhile the second assumption was that, the organization that controlled the flow of resources had the ability to influence other organizations. In the third assumption was that, in order to be able to sustain themselves within the environment, organizations must have the ability to acquire information from the environment, know how to react to the environment based on this acquired information, and have the ability to develop future responses based on past experiences (Pfeffer & Salancik, 1978). The final assumption was that organizations would always seek predictability and certainty regarding the resources they required (Oliver, 1991), and they needed to have strategies to acquire, maintain, and sustain their survival and prosperity.

In the case of this study, SWO lacked of access to critical resources was seen as the main problem. In this light, the Resource Dependence Theory supported the idea that the environment directly influences organizational behavior, however, the theory also recognized the organization's relations with the environment and as a result, there was an uncertainty in the distribution of scarce resources in the environment which cannot be accurately predicted (Pfeffer & Salancik, 2003). It put forward that SWO's behavior would become externally controlled as it was not internally self-sufficient, and dependent on the environment. Henceforth, organizations became interdependent from those elements they interact with in the environment. Social capital was essential to develop mutual understanding, trusting relationships, and collective actions that linked communities and organizations in the social sector (Loeffler *et al.*, 2004). Resource Dependence Theory lens also implied that no organization could survive alone (Pfeffer & Salancik, 1978) and that constant interaction with the environments was crucial and almost obligatory. As a result, an organization must be

capable of acquiring important resources and information from the environment, even though it was stipulated that organizations would never be completely self-contained in the sense that they typically rely on resources that were external to them (Richardson, 1972).

Similar to other non-profit organizations, SWOs were constrained by their external environment, and were unable to generate necessary resources internally, and one of the underlying factors was the scarcity of resource to fund their operations. Consequently, SWOs needed an approach that integrated for-profit and non-profit activities to solve this problem. It was noted that entrepreneurial orientation allowed SWOs to embark on for-profit activities to support and supplement their the nonprofit operations. Moreover, social entrepreneurship would maintain the ability to achieve an organization's social mission and provide an innovative response to the interaction between the organization and the environment.

2.7 Summary of the Chapter

This chapter sought to explain the boundaries of this thesis by elaborating the constructs which were to be empirically tested through the proposed model as deliberated in chapter three. Subsequently, the underpinning theory and supporting theory were explained with predictor variables of this study to support the hypothesized relationship.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The preceding chapter has reviewed literature on organizational effectiveness of SWOs in Malaysia as well as the variables, which are leadership styles, social capital and social entrepreneurship. This chapter discusses the methodology adopted to empirically examine the theoretical model. To note, this chapter is separated into fourteen sub-sections. Beginning with the introduction, follows by discussion of research framework developed for the study, hypotheses development, research design, population of the study, sampling design, questionnaire design, operationalization of variables and measurement, pretest, pilot test, reliability and validity of the instruments, data collection tool and method, and data analysis tools and techniques used in this research. Finally, the last section summarizes the chapter.

3.2 Research Framework

Grounded on the literature in chapter two, a schematic diagram illustrating the hypothesized relationship between leadership styles, social capital, entrepreneurial orientation and organizational effectiveness was presented in the following Figure 3.1. In this section, the research framework was explained with the incorporation of underpinning theory which supported the hypothesized relationships.

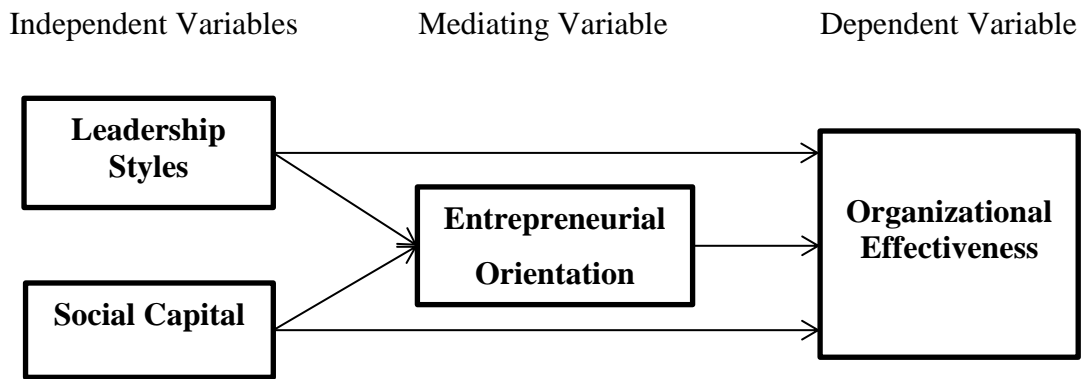


Figure 3.1
Research Framework

As demonstrated above, the research framework was developed based on the Resource-Based View theory (RBV) perspective. The Resource-Based approach focused on the characteristics of resources and strategies for competitive advantage, organizational performance, and organization survival (Barney, 1991). Considering the resource constraints faced by SWOs in Malaysia, internal forces (Penrose, 1959), in which competitive advantages were generated from a unique set of non-replicable resource within the organization (Barney, 1986; Peteraf, 1993; Wernerfelt, 1984) and was meant to be productive (Penrose, 1959) were believed to better solve the resource constraints issue faced by SWO. In this study, leadership styles, social capital and entrepreneurial orientation were organizational resources reflecting their capability and represent the synergistic sources to enhance organizational effectiveness. In this regard, the dependent variable of the study was organizational effectiveness. Organizational effectiveness was defined as how well an organization could perform effectively to accomplish its objectives and missions (Selden & Sowa, 2004).

Leadership style was the first predictor variable of this study. Fiedler (1996), one of the utmost respected researchers on leadership style, claimed that the type of leader

could significantly determine the success of a team, organization, or even an entire country. Fiedler (1969) defined leadership style as the typical pattern of behaviors which the leader demonstrated that to influence a group of people to work together to achieve the established mission. In this current study, leadership style was further divided into transformational leadership and transactional leadership.

Social capital was the second predictor variable. In this study, social capital was tapped using three dimensions, viz., social trust, network and public sector engagement, and was theorized to assert its positive influence on organizational effectiveness. Social capital was defined as a process of developing mutual understanding, trusting relationships, and collective actions linking communities and organizations in the social sector (Loeffler *et al.*, 2004). Social trust, network, and public sector engagement derived from social capital were considered as special type of resources that were organizationally embedded and non-transferable. Their presence, improved the efficiency and effectiveness of other resources possessed by an organization (Eisenhardt & Martin, 2000; Teece *et al.*, 1997).

Though leadership style and social capital could potentially drive organizational effectiveness, however, the current study argued that, for leadership styles and social capital to take effect on resource-constrained organizations like SWOs, the existence of entrepreneurial orientation was crucial to facilitate the undertaking of leadership styles and social capital. Hence, entrepreneurial orientation was the mechanism which hypothesized to mediate leadership styles-organizational effectiveness nexus and social capital-organizational effectiveness nexus. Entrepreneurial orientation defined by Covin and Slevin (1998) as the practice of entrepreneurial management

styles by top management within the organization and ability of top management to undertake higher risk in organization's strategic decision and adopt innovative and proactively operating management philosophies. It presented as an approach that pursuing new opportunities to solve the problem encountered by SWOs by becoming entrepreneurial, competitive and acting proactively without being restricted to the existing resources (Dees, 2009). Besides that, Besides, it reflected the degree to which organizations established the identification and exploitation of untapped opportunities as an organizing principle of the organization (Lumpkin & Dess, 1996).

3.3 Hypotheses Development

In the current research, seven main research hypotheses were postulated. The relationships conjectured were based on the theoretical associations between leadership styles, social capital, entrepreneurial orientation, and organizational effectiveness. Besides these seven main hypotheses, there were additional fifteen sub-hypotheses, which were theorized by the dimensions of the variables.

3.3.1 Leadership Style and Organizational Effectiveness

As important as leadership a leading strategy for profit-oriented organizations, it was equally important for non-profit-oriented organizations like SWOs. It was noteworthy that although the studies on relationship between leadership style and organizational effectiveness had been discussed often (Koech & Namusonge, 2012; Rukmani *et al.*, 2010; Ukaidi, 2016; Wang *et al.*, 2010), most of them were either foreign based or lack empirical data to justify the essence of leadership in SWO's effectiveness within the Malaysia context.

In this day and age, effective leaders were needed to improve the effectiveness of an organization in this rapidly changing environment (Nanjundeswaras & Swamy, 2014). Broadly speaking, leadership style within the organization was often perceived as a potential factor to enhance organizational effectiveness (Ukaidi, 2016). Several research studies had been initiated to confirm the positive effect of leadership style on the organizational effectiveness (Rukmani *et al.*, 2010; Ukaidi, 2016; Wang *et al.*, 2010).

Take a recent instance, the study of Ukaidi (2016) examined the leadership styles (Autocratic, Laissez Faire, Democratic) of two federal universities in Nigeria. Based on a sample of 370 academic and non-academic staffs from the faculty and departmental board, the researcher found a significant positive impact of leadership style on organizational performance. The researcher therefore reassured the importance of adoption of a proper leadership style by the university management to ensure the university function effectively. Further, Rukmani *et al.*, (2010) also demonstrated the positive relationship between leadership style and organizational effectiveness of public sector organizations in Tamil Nadu, India by using a sample of 300 managers.

In view of the foregoing differing perspectives on positive impact of leadership style on organizational effectiveness, the study conducted by (Lawal *et al.*, 2014) showed that the relationship between leadership style and organizational effectiveness of Nigerian Small and Medium Enterprises (SMEs) was not significant. From the review of related literature, it was evident that although some scholars believed that

leadership style enhanced organizational effectiveness while others contradict this, different concepts of leadership style have been employed in different studies, making direct comparisons virtually impossible. The literature also showed that empirical evidence on the association between leadership style and organizational effectiveness in an organizational context is limited and inconclusive (Koech & Namusonge, 2012). Gaps and unanswered questions remain. Therefore, the current study was intended to re-examine the proposed leadership styles-organizational effectiveness nexus. Therefore, the following hypothesis was put forth.

H1: Leadership style is positively correlated with organizational effectiveness.

3.3.1.1 Transformational Leadership and Organizational Effectiveness

Research concerning the topic of organizational effectiveness suggested that transformational leadership was one of the most significant leadership style to consider when trying to build and improve their operations (Kroll, 2016). Transformational leadership had gained considerable attention in the literature because of its potential impact for the effectiveness of the organization (Orabi, 2016). Predominantly, transformational leadership was recognized as a unique approach to support employees and potentially revolutionize organizational effectiveness (Pradhan & Pradhan, 2015). Further, transformational leader was able to inspire their subordinates to raise their ability for success and develop subordinates' innovative problem solving skills to achieve the greatest organizational effectiveness (Bass, 1985).

Numerous studies had shown that transformational leadership had an positive effect on organizational effectiveness (Amin, Kamal, & Sohail, 2016; Giroux & McLarney, 2014; Hoxha, 2015; Iscan, Ersari, & Naktiyok, 2014; Orabi, 2016; Ojokuku, Odetayo, & Sajuyigbe, 2012; Rodrigue & Ferreira, 2015). For instance, the study of Orabi (2016) examined the impact of transformational leadership on the organizational performance of banks in Jordan. Responses obtained from 171 employees of three major banks revealed a significant positive association between transformational leadership and organizational performance; the likewise was also observed between its three dimensions (intellectual stimulation, inspirational motivation, and individual consideration) and performance. Orabi (2016) claimed that this type of leadership could collectively influenced employee behavior and commitment leading to the improvements in the work climate and knowledge sharing.

Similarly, on the basis of responses gathered from 118 project management experts of five projects based in public and private organizations in Pakistan, Amin *et al* (2016) reported the presence of strong significant positive impacts of transformational leadership (at both aggregate and dimension level) on project team performance. The transformational leadership dimensions examined were namely, inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration.

Remarkably, transformational leadership drove the workers to contribute more effort on the employment in the clothing business in the U.S. (McCann, 2008), improved organizational commitment of the workers in the financial sector in India, China and Kenya (Walumbwa & Lawler, 2003), optimized employee satisfaction and

commitment (Sparks & Schenk, 2001), enhanced levels of innovation (Lee & Chang, 2006), business performance (Brown & Moshavi, 2002) and corporate unit performance (Howell, Neufeld & Avolio, 2005).

Trmal, Bustamam, and Mohamed (2015) substantiated above assertion by noting that transformational leadership was positively related to the organizational effectiveness because it drove changes in individual behavior which led to the achievement of organizational goals. The very core of inspired outcome of transformational leadership style tallied to the essence of voluntariness required by social welfare undertakings. Rodrigue and Ferreira's (2015) claimed that transformational leaders were more capable in leading subordinates into taking actions that extend beyond their prescribed roles. In brief, to promote effectiveness in SWOs, an excellent leader must be in place to inspire subordinate's potential for the improvement of organizational efficiency, while concurrently upholding the subordinate's interest in the process of attaining organizational goals (Amin *et al.*, 2016). Therefore, the following hypothesis was put forth.

H1a: Transformational leadership is positively correlated with organizational effectiveness.

3.3.1.2 Transactional Leadership and Organizational Effectiveness

In order to have a successful organization, it was crucial to have a suitable leadership style to guide it. Transactional leadership was one of the most effective leadership style as it rewarded personnel for good performances and punished them for bad performances (Karami, Gholami, Qanbari, & Sahafi, 2014). Additionally,

transactional leadership could increase the performance of the organization to achieve its objectives much faster by creating healthy competition between co-workers to bring out the confidence of each employee to gain the reward (Yozgat & Kamanli, 2016).

Positive relationship between transactional leadership and organizational effectiveness had been proven in past empirical works (Rukmani *et al.*, 2010; Obiwuru Timothy *et al.*, 2011; Koech & Namusonge, 2012; Yozgat & Kamanli, 2016). Take a recent instance, the study of Yozgat and Kamanli (2016) found a significant positive impact of transactional leadership on organizational performance of SME in Turkish based on a sample of 103 entrepreneurs and 206 employees. Similarly, the study conducted by Obiwuru Timothy *et al.*, (2011) also showed that transactional leadership had significant positive effect on organizational effectiveness. Researchers concluded that transactional leadership was more appropriate in inducing performance of small scale enterprises in Ikosi-Ketu Council Development Area of Lagos state, Nigeria.

Practically, transactional leaders were successfully influencing workers to become effective in completing tasks (McCann, 2008), increasing the attainment of business goal (Elenkov, 2002), army squad performance (Bass, Jung, Avoilo & Berson, 2003), and profit growth (Ensley, Pearce & Hmieleski, 2006). Nevertheless, insignificant result between transactional leadership and organizational effectiveness was also found in past studies (Mayberry, 2011; Morris *et al.*, 2007). The inconsistent results of previous studies created a gap to study the impact of transactional leadership on organizational effectiveness. To sum, transactional leadership was expected to play a

vital role in enhancing the SWO's organizational effectiveness. Therefore, the following hypothesis was put forth.

H1b: Transactional leadership is positively correlated with organizational effectiveness.

3.3.2 Social Capital and Organizational Effectiveness

Non-profit organizations fostered their development through social capital. An important aspect of social capital was to build a strong network of relationships, which in return would enhance organizational effectiveness of non-profit organizations (Fatoki, 2011). Noted that, social capital was essential to develop mutual understanding, trusting relationships, and collective actions that linking communities and organizations in social sector (Loeffler *et al.*, 2004). Social capital influenced the effectiveness of organizations through knowledge sharing, cooperation and building relationships and networks (Basu, Pradhan, & Tewari, 2017). Nonetheless, research concerning the effect of social capital to the SWO's effectiveness was limited.

To look into some empirical instances, researchers had recognized the positive impact of social capital on organizational effectiveness from past literature (Akhtar *et al.*, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta *et al.*, 2011; Lee, 2015; Song, 2016). For example, Song (2016) examined the effect of social capital on the performance of public sector using 294 public officials of local government organizations in the city of Omaha in the United States and Wonju city in South Korea. The researcher also examined if the effect indeed varied across national cultures. Song's finding

revealed that higher levels of social capital are related to higher levels of organizational performance but did not differ across cultures.

Likewise, the 105 respondents sampled in the study by Ahmadi (2012) showed that there was a meaningful relationship between social capital and such organizational outcome as knowledge management effectiveness of Iran Khodro Diesel Company. Similarly, the study of Lee (2015) examined the effect of social capital on environmental and operational performances of the green supply chain through investigation of 207 supplying firms in South Korea. The significant roles of social capital on performance of supply chain were empirically proven. In the context of Malaysia, Akhtar *et al.*'s (2014) examination revealed a significant impact of social capital on the sustainability of SMEs. The sample used consisted of 335, both service and manufacturing SMEs in Malaysia. It was concluded that developing networks within firms' circles not only helped bridging gaps in terms of resources, it also helped firms develop and sustain themselves for longer period of time.

Previous researchers showed that such theories as resource dependence theory, goal theory, resource-based theory, and network theories explained the importance of social capital to encourage higher levels of organizational effectiveness in social sector (Sherman, 2007). It was crucial to note that social trust, networking, and public sector engagement derived from social capital were able to performed as special type of resource that were organizational embedded and non-transferable, and that it improved the efficiency and effectiveness of other resources possessed by nonprofit organization (Eisenhardt & Martin, 2000; Makadok, 2001; Teece *et al.*, 1997). Although each dimension reflected different corrective actions, they

nevertheless served the similar purpose, that is, to facilitate immediate positive cash-flow of SWOs.

More importantly, social capital would lead to positive outcome of effectiveness because theoretically such partnership might work as bridging and linking network that generated benefits of information exchange and control over organization autonomy (Burt, 2000). In fact, through participation in inter-organization social networks (external social capital), a cyclic process that facilitated exchange was created (Putnam, 1993), which increased organizational vitality to improve organizational effectiveness. Basically, social capital contributed as fundamental infrastructure of SWO to deal with others. Therefore, the following hypothesis was put forth.

H2: Social capital is positively correlated with organizational effectiveness.

3.3.2.1 Social Trust and Organizational Effectiveness

SWOs recognized that they were faced with turbulent circumstances from both internal and external forces which affecting their survival. Social trust, a part of social capital, was a vital source of resources. The long-term survival of organizations, both charity and business enterprises, depended on this factor. The good image background attracted a lot of private companies to support the SWO's funding (Tepthong, 2014). Social trust created widespread feeling among donors and other organizations to encourage them to support SWO.

With regards to this claim, it was noted that though there were ample past studies which demonstrated significant positive relationship between social trust and organizational effectiveness (Hoxha, 2015; Paliszkievicz, 2012; Zeffane & Al Zarooni, 2012). For example, Hoxha's (2015) findings found trust predicted higher levels of organizational effectiveness among the 457 participants randomly selected from different departments of a telecommunications organization in Kuala Lumpur, Malaysia.

Similarly, Paliszkievicz's (2012) study which sampled from 287 enterprises from Mazovia Province in Poland, also demonstrated a positive relationship between level of trust and organizational performance. Likewise, the study of Kunanusorn (2014) showed that the accumulation of trust through social interaction would be among the most valuable resources needed in the process of establishing a SWO in Malaysia. It helped to create a good reputation in society to gain resources. Strong and sustainable mission of social works could be reached and longer serving to needy people. Therefore, the following hypothesis was put forth.

H2a: Social trust is positively correlated with organizational effectiveness.

3.3.2.2 Network and Organizational Effectiveness

Nowadays, network in society had been very important and useful tool to understand relations among organizations (Borgatti, Mehra, Brass, & Labianca, 2009). For social organizations specifically, value was created when organizations working together (Selden, Sowa, & Sandfort 2006); it could impact on the organization and its clients. The significant association between network and organizational effectiveness

was also empirically endorsed (Chen, 2013; Johansen & Leroux, 2012; Paliszkievicz, 2012; Walker *et al.*, 2010). For an instance, Johansen and Leroux (2012) used survey data from a random sample of 314 nonprofit human service organizations in 16 U.S. states to examine the impact of community network on organizational effectiveness. Researchers found the former increases the latter. In another instance, Chen (2013) who used a secondary survey dataset of 640 community development associations in Taiwan had found that network beyond community enhanced a community based organizations' effectiveness.

Practically, the significance of network for organizational effectiveness could be easily understood in that SWO, network was grouping of organizations for purpose of mutual mission(s) where network should establish a linkage mechanism (Kunanusorn, 2014). Such linkage mechanism provided promotion of learning process; lesson learned visualizing, transformation of experiences in working of social welfare promotion, and knowledge sharing of plans and projects. It helped to build up understanding and coordinating among members in social sector of Malaysia.

More importantly, network helped nonprofit organizations to gain resources and tools they needed to survive (Sowa, 2009). Network helped to create a shared of values and norms, which was crucial for successful collaboration to improve organizational performance (O'Leary & Bingham, 2009). Hence, the following hypothesis was put forth.

H2b: Network is positively correlated with organizational effectiveness.

3.3.2.3 Public Sector Engagement and Organizational Effectiveness

Scholars, practitioners, and policy makers had noted the dramatic shift in the relationship between government and the nonprofit sector during the 1960s with the War on Poverty and the new federal role in social policy (Smith, 2010). Noted that, government was providing ongoing funding support for local nonprofit organizations through grants and local governments that then contracted with social organizations (Smith, 2010). Building connections with public agencies through government supporting plan brought plentiful advantage to the nonprofit organization (Tepthong, 2014). The grant from government was an important source of income for the SWO. Government projects and government agencies' plans provided an outsource service to the social sector in many ways (Fatoki, 2011). Gaining support from public agency for the social organization's operating expenses was very vital for their survival (Lune, 2010; Lipsky & Smith, 1990).

Take an recent instance, the study of Korry *et al.*, (2013) demonstrated that government role significantly affected Village Cooperative System's organization performance in Bali Province based on a sample of 73 managers or commissioners. Further, based on survey data from a random sample of 314 nonprofit human service organizations in 16 U.S. states, Johansen and LeRoux (2012) explored that the political networking increased advocacy effectiveness of non-profit human service organizations (Johansen & LeRoux, 2012). Similar but distinctive, Fraser, Zhang and Derashid (2006) found a positive association between political connections and leverage of organizations in Malaysia. The connectedness to government could improve the organizational effectiveness as well as the charitable contribution (Bakar, Arshad, Azman, & Omar, 2014).

Beside the above, previous researches had stressed the importance of political trust factors as significant indicators of effectiveness for nonprofit organizations (Anheier & Kendall 2002; Campbell, 2005; Saxton & Benson, 2005). Political trust played a vital role in the effectiveness of non-profit organizations (Saxton & Benson, 2005). The long-term survival of organizations, both charity and business enterprises, depend on this factor. A good image and reputation attracted many private companies to support SWOs by providing funding (Tepthong, 2014). And so, the following hypothesis was put forth.

H2c: Public sector engagement is positively correlated with organizational effectiveness.

3.3.3 Leadership Style and Entrepreneurial Orientation

The type of leadership behaviour shown could help to cultivate entrepreneurial behaviour within the organization (Arham, Muenjohn & Boucher, 2011). Leaders were capable to nurture the entrepreneurial ability of their personnel and ensure the innovative ideas are protected and applied (Covin & Slevin, 2002). Numerous claims had been raised in the theoretical literature regarding the relation between leadership style and entrepreneurial orientation (Arham *et al.*, 2015; Mayberry, 2011; Nazem & Eftekhary, 2014; Yang, 2008). For instance, Nazem and Eftekhary (2014) study reported a significant association between leadership style and employees' entrepreneurship. The result was drawn based on a sample of 260 employees in the Department of Environmental Protection Organization of Tehran. The study emphasized that leader of one organization should take the responsibility of the staff's results of creative and risky activities.

In another instance, Arham *et al.*, (2015) examined the impact of leadership behaviours on entrepreneurial orientation of Small and Medium Enterprises in Malaysia. The sample used in the study comprised of owners and top managers of Small and Medium Enterprises in Malaysia. The researchers concluded that, entrepreneurs who possessed effective leadership behaviour tend to enhance their entrepreneurial success. Besides, other researchers such as Mulgan, Tucker, Ali, and Sanders (2007) asserted that, having strong leaders who encouraged and rewarded visibly innovation and who could straddle different fields as one among the critical factors for the implementation of social innovation. In fact, the researchers further claimed that social innovator had the ability to communicate complex ideas to make things happen, and that this characteristic was vital to achieve mission of SWOs.

It was crucial to note that proactiveness requires vision and imagination to search for new opportunities, and innovativeness required strong leaders to find new solutions under organizational constraints (Mayberry, 2011). Hence, the following hypothesis was put forth.

H3: Leadership style is positively correlated with entrepreneurial orientation.

3.3.3.1 Transformational Leadership and Entrepreneurial Orientation

High intensity of transformation was very crucial to adapt to the external environment in a sector (Lumpkin & Dess, 1996). Building on the environmental dynamic perspective, there was no much difference between for-profit organizations and non-profit organizations (Morris *et al.*, 2007). The complex and competitive

environment would urge transformational leaders to encourage pursuance of innovative solution (Alvord, Brown & Letts, 2004).

In fact, as far as resource challenge was concerned, entrepreneurial orientation behaviour such as proactiveness would draw organizations into visioning and seeking new idea and opportunities (Lumpkin & Dess, 1996). Entrepreneurs transformed the organizations to form dynamic organizations which could encounter with social and environmental problems strongly (Leadbeater, 1997). Transformational leadership style was essential to steer the dynamic nature of non-profit to be more entrepreneurial (Morris *et al.*, 2007).

Empirical supports for the association between transformational leadership and entrepreneurial orientation were noticeable in past studies (Gross, 2016; Gumusluoglu & Ilsev, 2009; Iscan *et al.*, 2014; Lincoln, 2012). According to Gross's (2016) recent study, transformational leadership style was reported to have a statistical significant positive impact on the innovative behaviors among the 160 sampled Indian immigrant firms operated in the United States. Previous study conducted by Gumusluoglu and Ilsev (2009) also found that transformational leadership had positive effect on organizational innovation. Similarly, Visser, de Coning and Smit (2005) conducted a research on the both entrepreneurial traits and transformational leadership that exist in organizational leaders in small and medium size enterprises in South Africa and found that the transformational leadership has a positive relationship with the entrepreneurship traits. Noticeably, the skills needed to be an successful entrepreneur also can found in the transformational leader (Visser *et al.*, 2005).

In another instance, Arham *et al.*, (2015) examined the impact of transformational leadership behaviours on entrepreneurial orientation of Small and Medium Enterprises (SME) in Malaysia. The sample used in the study comprised of owners and top managers of Small and Medium Enterprises in Malaysia. The researchers concluded that, transformational leadership was found to have significant positive impact on entrepreneurial orientation. The essence of inspirational motivation and intellectual stimulation aspects of transformational leadership also closely tallied to the encourageous entrepreneurial behaviour such as innovativeness, proactiveness, and risk-seeking, particularly in the context of resource scarcity. Therefore, the following hypothesis was put forth.

H3a: Transformational leadership is positively correlated with entrepreneurial orientation.

3.3.3.2 Transactional Leadership and Entrepreneurial Orientation

Researchers had recognized the positive impact of transactional leadership on social entrepreneurship from past studies (Gross, 2016; Kathurima, 2004; Yozgat & Kamanli, 2016; Yang, 2008). Take a recent instance, the study of Gross (2016) had proven that transactional leadership had a statistical significant positive impact on the innovative behaviors among the 160 sampled Indian immigrant firms operated in the United States.

In the same way, Yang (2008) in the previous study proved that transactional leadership was positively correlated with development and implementation of

entrepreneurial orientation in small and medium enterprises in Taiwan. In another instance, Arham *et al.*, (2013) examined the effect of transactional leadership behaviors on entrepreneurial orientation of Small and Medium Enterprises (SME) in Malaysia. The sample used in the study comprised of top managers and owners of manufacturing and services SMEs in Malaysia. The researchers concluded that, entrepreneurs who possessed transactional leadership behavior would enhance their entrepreneurial success.

Previous research had mentioned about the impact of decentralized control to the innovation (Geiger & Chasen, 2002; Morris *et al.*, 2007). The statement highlighted that right control could increase the percentage of creative success. More importantly, transactional leader was more related to the daily operations and process of the organization (Bass, 1997). Both management-by-exception and contingent rewards had a significant relationship with the entrepreneurial leadership skills. Further, Whittington, Coker, Goodwin, Ickes, and Murray (2009) claimed that transactional leadership was crucial when employees' behavior was more conducive to exchanges, which could lead to more autonomous innovative behaviour. In brief, it was hypothesized that transactional leadership had a positive effect on entrepreneurial orientation.

H3b: Transactional leadership is positively correlated with entrepreneurial orientation.

3.3.4 Social Capital and Entrepreneurial Orientation

Social capital played a crucial role in the practice of entrepreneurship as social capital was a socioeconomic process that depended on social perspective and settings

from two facts (Anderson & Miller, 2003). Firstly, entrepreneurs were the outcome of their social environment. Secondly, entrepreneurship was a social action and actuality or lack of social associations and links would influence the nature of businesses. On the other hand, some scholars opined that social capital as determinant of entrepreneurship at various levels of analysis (Audretsch, Bönte, & Keilbach, 2008; Thornton & Flynn, 2003). Particularly, Thornton and Flynn (2003) claimed that social capital influenced entrepreneurship at the level which related to organizations and industries. However, research concerning the capability of the entrepreneur to seek opportunities through social capital was limited (Davidsson & Honig, 2003).

Based on earlier empirical studies, social capital was found to offer an excellent foundation to enhance entrepreneurial orientation (Antico-Majkowski, 2010; Bhatt & Altinay, 2013; Chisholm & Nielsen, 2009; Doh & Zolnik, 2011; Jiao, 2011; Kaasa, 2009). For instance, the finding of the (Bhatt & Altinay, 2013) study was highlighted the significant role of the social capital in the initiation and replication stages of the social innovation. Social connection (or social capital) was demonstrated as a variable which enabling entrepreneurs to identify social problems and contemplate novel solutions.

Such anecdotal evidence was also substantiated by other empirical credence (Eklinder-Frick, Eriksson, & Hallén, 2014). Social capital was found as an important variable in enhancing innovation (Eklinder-Frick *et al.*, 2014). Further, social innovation was found to be the result of new networks of norms, trust, and reciprocal behaviour pushed beyond the social field (Antico-Majkowski, 2010). The

significances above were in line with the concept of social capital, where it captured the external relations and enabled the social entity to benefit from a social structure that allowed them to recognise and exploit opportunities; it was also inextricably linked to new venture creation (Davidsson & Honig, 2003). Generally, social capital was found critical not only in the for-profit sector, but also in socially oriented organizations.

To sum up, the significant relationship between social capital and entrepreneurial orientation was aligning with Putnam's (1995) statement that communities and societies with high level of social capital was more likely to be creative. Grounded on the above theoretical literature related to the association between social capital and entrepreneurial orientation, the hypothesis was as following.

H4: Social capital is positively correlated with entrepreneurial orientation.

3.3.4.1 Social Trust and Entrepreneurial Orientation

In recent years, entrepreneurship scholars had shown a growing interest in the role of trust (Hohmann & Welter, 2005; Welter & Smallbone, 2006), which begged the question as to whether analysed of this construct was becoming increasingly popular. Of course, trust was seen to assist in lowering the transaction costs of commercial actions and the risks inherent in entrepreneurship; however, there were also similarities between both concepts, which might explain the increasing focus upon social trust in the recent entrepreneurial orientation literature.

Literature regarding the relationship between social trust and entrepreneurial orientation could be traced back from past studies which demonstrated positive association (Antico-Majkowski, 2010; Jimenez-Jimenez, Sanz Valle, & Hernandez-Espallardo, 2008; Neira *et al.*, 2013). For example, the study of Neira *et al.* (2013) contended social trust as an important variable to maintain a positive entrepreneurial dynamic. Social trust played a vital role to reduce the fear of failure, especially when executive director of SWO shared the problems with other members in the social sector since the time of launching of the idea, and the solutions that were adopted in the process of generating fund. In other evidence, while trust entailed willingness to take risks in a social context (Putnam, 1995), Jimenez-Jimenez *et al.*, (2008) showed that information could be transferred between organizations and eventually lead to new ideas and methods. More importantly, a high level of social trust in a society could enable social workers or volunteers to involve in risky new initiatives and not afraid of failure. It was most likely that social trust had better facilitate their exchanges and communication.

Moreover, social trust, was important in potential entrepreneurship, that was, individuals overall believed that entrepreneurship was a good thing. It was therefore necessary to promote the idea of entrepreneurship as something attainable and design policies to support the survival of new projects. Such actions could be carried out through seminars, workshops or activities to inform about the resources that were available for entrepreneurs. Given that trust was recognized as a major component of entrepreneurial orientation, it was worth noting that high level of trust among the members of the network, advancement of the mission of the organization could be achieved (Antico-Majkowski, 2010).

More importantly, a high level of social trust in a society enabled social workers or volunteers to engage in risky new initiatives because they could count on others and were not afraid of failure. It was most likely that members of SWO would have to collaborate with community, and social trust could facilitate their exchanges and communication. Hence, the following hypothesis was put forth.

H4a: Social trust is positively correlated with entrepreneurial orientation.

3.3.4.2 Network and Entrepreneurial Orientation

Given the importance of information to the entrepreneur, it was not surprising that network played an important role during entrepreneurial activities (Casson & Giusta, 2007). Noted that, network was a significant factor in improving innovation and generating new ideas (Burt, 2000). In addition, network was essential for entrepreneurial performance and to create innovative arrangements to deal with the social issue (Dees, Emerson, & Economy, 2002). More importantly, entrepreneurs often sense new opportunities and gain valuable ideas, information and resources from their networks (Giudici, 2013; Teece, 2007). Whether networks connected individuals, groups, or organizations to one another, or linked together actors from two or more of these categories, they were contexts that provided the social, financial, and human capital that fostered entrepreneurship (Thornton & Flynn, 2003).

A substantial body of research had suggested the importance of network in enhancing entrepreneurial orientation (Antico-Majkowski, 2010; Giudici, 2013; Neira *et al.*, 2013; Terjesen & Elam, 2009). For instance, previous study conducted

by Neira *et al.*, (2013) had shown that social networks had significant influence in the entrepreneurial decision. In other words, the fact of meeting people who were entrepreneurs (social networking) was positive and significant for potential entrepreneurship and entrepreneurial activity. Researchers indicated the importance of having social network as support during the early-stage of entrepreneurial activity was important to carry out such activity.

Network was also claimed to channel energy in one direction and maintain accountability, facilitate change, and nurture the entrepreneurship in various ways (Antico-Majkowski, 2010). Generally, previous researchers had come to an agreement that the network had proven its role in improving innovation and generating new ideas (Chell & Baines, 2000; Davidsson & Honig, 2003; Lechner & Dowling, 2003; Schutjens & Voßlker, 2010). In accordance with the above discussion, the following relevant hypothesis was inferred in this study.

H4b: Network is positively correlated with entrepreneurial orientation.

3.3.4.3 Public Sector Engagement and Entrepreneurial Orientation

Although government's efforts did not represent a coordinated, strategic approach to support entrepreneurial orientation, local, state, and federal government officials nonetheless have had significant impacts on every initiative considered in the development of entrepreneurial orientation. Government agencies and elected officials encouraged entrepreneurs by creating enabling environments for their efforts, rewarding their performance, helping scale their successes, and producing

knowledge to help them solve social problems (Wolk, 2007). In the same vein, government policy measures tend to foster entrepreneurship by changing the mind-set through education, creating an environment that accepts failure, allowing for free expression, which induced innovation and very strong financial incentives, and tax breaks (Bhasin, 2007).

Previous researchers had recognized the positive impact of public sector engagement on entrepreneurial orientation from past literature (Davis, 2012; Song, Rogoff, Foo, & Liu, 2015; Vossenberg, 2013). Take a recent instance, Song *et al.*, (2015) examined exterior factors that influence entrepreneurial adoption flow decision among small businesses. Researchers found government interventions, in light of regulations to be among the factors that influence SMEs to adopt new entrepreneurial activities. On a similar note, a study conducted by Vossenberg (2013) showed that government interventions, specifically legislations and regulations, were among the determinants of promoting entrepreneurship. Also, Davis (2012) contended that government enactments and legitimizations were the significant drivers to the promotion of entrepreneurial orientation.

The above evidences indicated that public sector engagement could be a significant factor that affects entrepreneurial orientation. Therefore, the following hypothesis was posited.

H4c: Public sector engagement is positively correlated with entrepreneurial orientation.

3.3.5 Entrepreneurial Orientation and Organizational Effectiveness

Most of the studies regarding entrepreneurial orientation had occurred in the for-profit sector because it seemed conceivable that entrepreneurship was a key factor on business success (Zahra & Garvis, 2000; Wiklund & Shepard, 2005; Kiruki, 2016). Transferring the concept of the entrepreneurial orientation literature to the non-profit sector was difficult (Morris *et al.*, 2007). Although this research focused on non-profit organizations, it did confirm that previous studies looking at entrepreneurial orientation and organizational effectiveness could be applied to non-profit organizations (Morris *et al.*, 2007).

It still lacked a unifying paradigm with lots of conceptual articles and empirical studies. These studies had centred on theoretical debates anchored on exploratory studies that utilize case studies and grounded theory which had greatly contributed to a better appreciation of the concept. However, there was a need to move to the next realm that called for a shift to hypothesis testing of this concept through conducting empirical studies based on an adequate sample size and research design that could offer generalizable findings.

It was crucial to note that entrepreneurial solution was the key to solve the current issue of SWOs (Young & Salamon, 2002). Besides, it was an approach that pursuing new opportunities to solve the problem encountered by SWOs to become as entrepreneurial, competitive and acting proactively without being limited to existing resources (Dees, 2009). Besides, entrepreneurial orientation contributed greater organizational efficiency, comprising greater financial strength and capacity, more effective resource allocation, more sustainable solutions and increased accountability

(Dees & Anderson, 2003). The above anecdotal statement was substantiated by other empirical credence (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

For instance, the study of Abaho *et al.*, (2017) which examined entrepreneurial orientation of 548 registered social enterprises in Kampala city of Uganda had shown the significant positive correlation between the entrepreneurial orientation and social enterprise's organizational effectiveness. Research claimed that innovation, proactiveness, and risk-taking were vital ingredients in entrepreneurial orientation which boosted the opportunities to generate capitals for the competitive advantage in social welfare sector. In another instance, the study of Otache and Mahmood (2015) on commercial banks in Nigeria also reported a positive impact of entrepreneurial orientation on organizational effectiveness. The very concept of entrepreneurial orientation placed a high degree of importance on the innovation and creativity on organization. The research conclusion emphasized that organizations must be entrepreneurial in their activities, processes, and operations in order to enhance the organization's effectiveness.

Beside the alluded above, supplementary evidence could also be traced back to past studies which found positive performance impact of entrepreneurial orientation. For example, Lo *et al.*, (2016) found entrepreneurial orientations as significant success factors for performance of SMEs in Malaysia. Lo *et al.*, 's result was generalized from a sample of 180 business owners and senior managers currently working in SMEs in the states of Selangor, Kuala Lumpur, and Sarawak.

Executive directors of SWOs who were entrepreneurial orientation would tend to be more innovative when solving problem and proactively sought ways to implement programs, policies, and services ahead of other organizations in the same field (Morris *et al.*, 2007). Further, entrepreneurial orientation pushed them to take risks and exploit opportunities that might not be apparent. Hence, the following hypothesis was formulated.

H5: Entrepreneurial orientation is positively correlated with organizational effectiveness.

3.3.6 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Leadership Style and Organizational Effectiveness

Though leadership style and social capital could potentially drive organizational effectiveness, this current study argued that, for leadership style and social capital to take effect in resource-constrained organizations like SWOs, the existence of entrepreneurial orientation was crucial to facilitate the undertaking of leadership style and social capital. A consensus was emerged that SWOs would not survive by relying on the traditional approach; they must transform to survive (Galvin, 2006). SWOs were seeking for the best way to solve their current issue (Young & Salamon, 2002), and they believed entrepreneurship was the solution for the current issue faced by SWOs. In this light, it was crucial to note that entrepreneurship was an approach that pursuing new opportunities to solve the problem encountered by SWOs to become entrepreneurial, competitive and proactive without being limited to existing resources (Dees, 2009).

However, the significance of entrepreneurial orientation role as a mediator between the association of the leadership style and the organizational effectiveness of SWO remained as a major gap in the literature. This research sought to address the gap in the role of entrepreneurial orientation as a mediator on the leadership styles-organizational effectiveness nexus. The potentials of entrepreneurial orientation as a mediator could be traced back to previous research where entrepreneurial orientation has been demonstrated as a significant mediator in organizational studies (Bakar *et al.*, 2014; Farsi *et al.*, 2013; Korry *et al.*, 2013). Take an instance, Bakar *et al.*,’s (2014) previous research had demonstrated the mediating effect of entrepreneurial orientation on the relationship between knowledge management and effectiveness of small and medium enterprises. The discussion above clearly signified that the mediating nature of entrepreneurial orientation.

Further, Baron and Kenny’s (1986) portended that there was a possibility of having a particular construct to be a mediator if there were positive nexus among the constructs: independent variable and dependent variable; independent variable and mediating variable; and mediating variable and dependent variable. Positive relationship was found between leadership style and organizational effectiveness (Rukmani *et al.*, 2010; Ukaidi, 2016; Wang *et al.*, 2010); and the relationship between leadership style and entrepreneurial orientation (Arham *et al.*, 2015; García-Morales *et al.*, 2008; Mayberry, 2011; Nazem & Eftekhary, 2014; Yang, 2005); as well as the association between entrepreneurial orientation and organizational effectiveness (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

Take an example of the direct relationship, Rukmani *et al.*, (2010) had demonstrated the positive relationship between leadership style and organizational effectiveness of public sector organizations in Tamil Nadu, India by using a sample of 300 managers. For the indirect relationship between leadership style and entrepreneurial orientation, the study by Mayberry (2011) found leadership style positively and significantly related to the entrepreneurial orientation of nonprofit organizations in the United States and Canada, meanwhile, the indirect path of entrepreneurial orientation-organizational effectiveness was evident in the study of Lo *et al.*, (2016) which discovered a significant positive effect of entrepreneurial orientation on the organizational performance of SMEs in Malaysia.

As mentioned above, a substantial set of studies had established positive relationships among leadership style, entrepreneurial orientation, and organizational effectiveness. Based on this exposition, and in consideration of Baron and Kenny's (1986) supposition, entrepreneurial orientation was logically and empirically fit to be the mechanism (mediator) through which the identified lacunas would be resolved. Further, leaders had a responsibility to encourage the entrepreneurial capability of their subordinates and ensure the innovative ideas were raised and implemented (Covin & Slevin, 2002). This linked leadership style, entrepreneurial orientation, and organizational effectiveness.

In accordance with the above discussion, the following hypothesis was inferred in this study.

H6: Entrepreneurial orientation significantly mediates the relationship between leadership style and organizational effectiveness.

3.3.6.1 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Transformational Leadership and Organizational Effectiveness

The mediating effect of entrepreneurial orientation on the relationship between transformational leadership and organizational effectiveness could also be traced back from previous empirical studies which demonstrated the positive direct and indirect paths: transformational leadership-organizational effectiveness nexus (Amin *et al.*, 2016; Giroux & McLarney, 2014; Hoxha, 2015; Iscan *et al.*, 2014; Orabi, 2016; Ojokuku *et al.*, 2012; Rodrigue & Ferreira, 2015); transformational leadership-entrepreneurial orientation nexus (Gross, 2016; Gumusluoglu & Ilsev, 2009; Iscan *et al.*, 2014; Lincoln, 2012); and entrepreneurial orientation-organizational effectiveness nexus (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

Apart from that, Parry and Proctor-Thompson (2003) confirmed the reciprocal relationship which exists between transformational leadership, innovative cultures and organizational effectiveness in the non-profit setting. Hence, it was crucial to realize that entrepreneurs transformed the organizations to form dynamic organizations, which could strongly encounter with social and environmental problems (Leadbeater, 1997). In this regard, transformational leadership was essential to drive the dynamic nature of non-profit organizations to be more entrepreneurial (Morris *et al.*, 2007).

The significance of the mediation discussed above was also explainable through RBV theory. The Resource-Based approach focused on the characteristics of resources and strategies for competitive advantage, organizational performance, and organization survival (Barney, 1991). Given the complexity of the operating environment of SWOs, as well as, the condition of limited resources, entrepreneurship could lead to sustainable solutions, effective resource allocation, greater financial stability and increased accountability of an organization (Dees & Anderson, 2003). By doing so, it also enabled SWO to enhance their organizations' abilities to gain new and innovative forms of competitive advantage (Barney, 1986). Thus, entrepreneurial orientation was considerably a unique capability in itself which was able to transform the impact of transformational leadership within scarce environment into a positive organizational outcome. In accordance with the above discussion, the following relevant hypothesis was inferred in this study.

H6a: Entrepreneurial orientation significantly mediates the relationship between transformational leadership and organizational effectiveness.

3.3.6.2 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Transactional Leadership and Organizational Effectiveness

The mediating effect of entrepreneurial orientation on the relationship between transactional leadership and organizational effectiveness could be traced back from previous empirical studies which demonstrated positive direct and indirect paths: transactional leadership-organizational effectiveness interconnection (Rukmani *et al.*, 2010; Obiwuru Timothy *et al.*, 2011; Koech & Namusonge, 2012; Yozgat & Kamanli, 2016); transactional leadership-entrepreneurial orientation interconnection

(Gross, 2016; Kathurima, 2004; Yozgat & Kamanli, 2016; Yang, 2005); and entrepreneurial orientation-organizational effectiveness interconnection (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

An example of the direct relationship, Yozgat and Kamanli (2016) found a significant positive impact of transactional leadership on organizational performance of SME in Turkish based on a sample of 103 entrepreneurs and 206 employees. In regards to the indirect path of transactional leadership-entrepreneurial orientation, Gross's (2016) study had proven that transactional leadership had a statistically significant positive impact on the innovative behaviors among the 160 sampled Indian immigrant firms operated in the United States. Lastly, as an example of indirect path between entrepreneurial orientation and organizational effectiveness, the study by Lo *et al.*, (2016) discovered a significant positive effect of entrepreneurial orientation behavior on the organizational effectiveness of SMEs in Malaysia.

As mentioned above, a substantial number of studies had established the positive relationships among transactional leadership, entrepreneurial orientation, and organizational effectiveness. In this regard, it proposed that entrepreneurial orientation could play as a mediator on the association between transactional leadership and organizational effectiveness. Hence, the following relevant hypothesis was inferred in this study.

H6b: Entrepreneurial orientation significantly mediates the relationship between transactional leadership and organizational effectiveness.

3.3.7 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Social Capital and Organizational Effectiveness

Entrepreneurial orientation was believed to reproduce social capital and sustain an organization. This point was consistent with earlier empirical studies, which demonstrated that social capital offers an excellent foundation for developing entrepreneurial activities and gaining competitive advantage (Chisholm & Nielsen, 2009; Huang & Wang, 2011; Kaasa, 2009). Aside from that, organizations with higher entrepreneurial orientation were also found to have greater ability to gain social capital and economic opportunities through their social network to improve the organization's performance (Lee, Lee, & Pennings, 2001). The above claims led to the crucial recognition that entrepreneurial orientation was potentially worked as a mediator on social capital-organizational effectiveness relationship.

Further, Baron and Kenny's (1986) portended that there was a possibility of having a particular construct to be a mediator if there were positive nexus among the constructs: independent variable and dependent variable; independent variable and mediating variable; and mediating variable and dependent variable. Social capital was found to positively influence organizational effectiveness (Akhtar *et al.*, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta *et al.*, 2011; Lee, 2014; Song, 2016), positive relationship was also found between social capital and entrepreneurial orientation (Antico-Majkowski, 2010; Bhatt & Altinay, 2013; Chisholm & Nielsen, 2009; Doh & Zolnik, 2011; Jiao, 2011; Kaasa, 2009), as well as the connection between entrepreneurial orientation and organizational effectiveness (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 201; Otache & Mahmood, 2015).

For an example of the direct relationship between social capital and organizational effectiveness, the 105 respondents sampled in the previous study by Ahmadi (2012) showed that there was a meaningful relationship between social capital and such organizational outcome as knowledge management effectiveness of Iran Khodro Diesel Company. For the indirect relationship between social capital and entrepreneurial orientation, the study of Doh and Zolnik (2011) indicated a positive relationship exists between social capital and entrepreneurship at both individual and country-levels, meanwhile, the indirect path of entrepreneurial orientation-organizational effectiveness was evident in the study of Lo *et al.*, (2016) which demonstrated a significant positive effect of entrepreneurial orientation behavior on the organizational effectiveness of SMEs in Malaysia.

As mentioned above, substantial set of studies had established positive relationships among social capital, entrepreneurial orientation, and organizational effectiveness. Going with this, it proposed that entrepreneurial orientation could play the role as mediator on social capital-organizational effectiveness association. In accordance with the above discussion, the following relevant hypothesis was inferred in this study.

H7: Entrepreneurial orientation significantly mediates the relationship between social capital and organizational effectiveness.

3.3.7.1 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Social Trust and Organizational Effectiveness

Entrepreneurs thought that they could better solve the social problems in their communities because of social trust, and the good relationships derived in there (Tepthong, 2014). Social entrepreneurs emphasized this fact, and social trust correlated with the organizational effectiveness. As such, entrepreneurship was one of the primary sources of competitive advantage; namely, unique capability that promoting risk taking and developing new competencies or encouraging the development of credibility between the SWOs (Tepthong, 2014). This enabled an organization to efficiently generate funding for survival and development.

Likewise, the support for potential mediating effect of entrepreneurial orientation on the relationship between social trust and organizational effectiveness could be traced back to some empirical studies which demonstrated positive direct and indirect paths: social trust-organizational effectiveness association (Goodwin, 2011; Hoxha, 2015; Paliszkiewicz, 2012; Zeffane & Al Zarooni, 2012); social trust-entrepreneurial orientation (Antico-Majkowski, 2010; Jimenez *et al.*, 2008; Neira *et al.*, 2013); and entrepreneurial orientation-organizational effectiveness association (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

For the example of direct relationship between social trust and organizational effectiveness, Hoxha's (2015) findings found trust predicted higher levels of organizational effectiveness among the 457 participants randomly selected from different departments of a telecommunications organization in Kuala Lumpur, Malaysia. An example of the indirect path of social trust and entrepreneurial

orientation was the study of Neira *et al.*, (2013) which indicated social trust as an important variable to maintain a positive entrepreneurial dynamic. Notably, social trust was important to reduce the fear of failure, especially when executive director of SWO shared the problems with other members in the social sector since the time of launching of the idea, and the solutions that were adopted in the process of generating funds. Lastly, for the example of indirect path between entrepreneurial orientation and organizational effectiveness, Lo *et al.*, (2016) discovered a significant positive effect of entrepreneurial orientation behavior on the organizational effectiveness of SMEs in Malaysia.

As mentioned above, substantial set of studies had established positive relationships among social trust, entrepreneurial orientation, and organizational effectiveness. Going with this, it proposed that entrepreneurial orientation could play the role as mediator on the association between social trust and organizational effectiveness. Hence, the following hypothesis was put forth.

H7a: Entrepreneurial orientation significantly mediates the relationship between social trust and organizational effectiveness.

3.3.7.2 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Network and Organizational Effectiveness

Interest concerning network which helped entrepreneurs to enhance their ability to sense new opportunities and improved organizational effectiveness (Teece, 2007). With regards to this, on one hand, the support for potential mediating effect of entrepreneurial orientation on the relationship between network and organizational

effectiveness could be traced back to some empirical studies which demonstrated positive direct and indirect paths: network-organizational effectiveness nexus (Chen, 2013; Johansen & Leroux, 2012; Paliszkiewicz, 2012; Walker *et al.*, 2010); network-entrepreneurial orientation nexus (Antico-Majkowski, 2010; Giudici, 2013; Neira *et al.*, 2013; Terjesen & Elam, 2009); and entrepreneurial orientation-organizational effectiveness nexus (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

For the example of direct path, Chen (2013) who used a secondary survey dataset of 640 community development associations in Taiwan showed that network beyond community enhanced a community based organizations' effectiveness. An example of the indirect path of network- entrepreneurial orientation, the study of Antico-Majkowski (2010) proven that networks channel energy in one direction and maintain accountability, facilitate change, and nurture the entrepreneurship in various ways, meanwhile, the indirect path of entrepreneurial orientation-organizational effectiveness was evident in the study of Lo *et al.* (2016) which demonstrated a significant positive effect of entrepreneurial orientation behavior on the organizational effectiveness of SMEs in Malaysia.

Additional credence to consolidate the above discussion was the study of Adel and Habib (2016) which demonstrated the significant mediating effect of entrepreneurial orientation on the relationship between network and competitive advantages of Tunisian contractors. Hence, the following hypothesis was formulated.

H7b: Entrepreneurial orientation significantly mediates the relationship between network and organizational effectiveness.

3.3.7.3 The Mediating Effect of Entrepreneurial Orientation on the Relationship between Public Sector Engagement and Organizational Effectiveness

It was appealing that the paramount importance of government agencies and elected officials on encouraging entrepreneurs by creating enabled environments for their efforts, rewarding their performance, helping scale their successes, and producing knowledge to help them solve social problems (Wolk, 2007). Aside from this point, the mediating potential of entrepreneurial orientation on the relationship between public sector engagement and organizational effectiveness could be traced back to some empirical studies which demonstrated positive direct and indirect paths: public sector engagement-organizational effectiveness nexus (Bakar *et al.*, 2014; Johansen & LeRoux, 2012; Korry *et al.*, 2013); public sector engagement- entrepreneurial orientation nexus (Davis & Paul, 2012; Song *et al.*, 2015; Vossenbergh, 2013); and entrepreneurial orientation-organizational effectiveness nexus (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

An example of direct path, previous study of Korry *et al.*, (2013) had demonstrated that government role significantly affects Village Cooperative System's organization performance in Bali Province based on a sample of 73 managers or commissioners. For the example of the former indirect path, the study of Vossenbergh (2013) showed that government interventions, specifically legislations and regulations, were among the determinants of promoting entrepreneurship, meanwhile, the latter indirect path of entrepreneurial orientation-organizational effectiveness was evident in the study of Lo *et al.*, (2016) which demonstrated a significant positive effect of entrepreneurial orientation behavior on the organizational effectiveness of SMEs in Malaysia.

As mentioned above, substantial set of studies had established positive relationships among public sector engagement, entrepreneurial orientation, and organizational effectiveness. Going by this, it proposed that entrepreneurial orientation could play the role as mediator on the association between public sector engagement and organizational effectiveness. Hence, the following hypothesis was put forth.

H7c: Entrepreneurial orientation significantly mediates the relationship between public sector engagement and organizational effectiveness.

3.4 Research Design

Development of research design came into place after the research problem of a study had been crystallized (Zikmund, Babin, Carr, & Griffin, 2010). By having a proper research design, the quality of conclusions and recommendations drawn from research outcome could be enhanced (Bordens & Abbot, 1996). In general, research design was a “blueprint for fulfilling research objectives and answering the question” (Cooper & Schindler, 2014, p. 82). It provides “a plan of action for research”, in which the pre-determined research objectives of a study were imparted to ensure that data collected would be sufficient and appropriate to answer the research problem at stake (Zikmund *et al.*, 2010). The research design practically structured a research in a manner which showed how all major parts of a research coalesced to resolve a central research question (Cooper & Schindler, 2014). In line with these assertions, this study put forth several methodological remarks which identified the research design of this research.

As important as realizing that quantitative and qualitative studies differed in the appropriate choices for research designs (Creswell, 2013), the current study applied a quantitative research design and methodology to cater for, first and foremost, the need of an explanatory research aimed at explaining the variance in the dependent variable as predicted by the predictor variables. By using numeric data, closed ended questions, and programmed approaches (Creswell, 2013), quantitative research was able to generalize finding with correlations between variables. Furthermore, Creswell (2013); Harrison and Reilly (2011) claimed that quantitative study was the preeminent way to verify theories and determine significant variables in the future research. Specifically, the current study explained the association between leadership styles, social capital, entrepreneurial orientation and organizational effectiveness. This explanatory nature was clearly observed in the hypotheses formulated to test the statistical significance of the associations amongst the variables of interest.

Secondly, the current study was also in part a descriptive study in that it described the phenomenon under investigation while attempting to determine the associations among the variables, and seeking to predict a future phenomenon (Sekaran, 2003). The study described the phenomenon at stake based on the past understandings of the nature of the research problem, which in turn purported for developing empirical generalization. Particularly, the descriptive task of the study was guided by the research problem pre-determined at the outset.

Thirdly, the current study was strictly a correlational study (as opposed to causal study) in that it was purported to examine the influence of three predictor variables (two exogenous variables and one mediating variable), namely leadership styles,

social capital and entrepreneurial orientation on organizational effectiveness of SWOs. In other words, the study sought to examine the association amongst the variables of interest. Practically, the researcher collected data to verify whether or not, and the degree to which relationships existed between the quantifiable variables understudied (Gay & Diehl, 1996) which was in turn be used for prediction purpose (Bordens & Abbott, 1996; Gay & Diehl, 1996). No examination on the cause and effect relationships among the variables were undertaken, as the pre-determined research issue did not require the identification of cause-and-effect relationships amongst the variables of interest (Zikmund *et al.*, 2010). The mediation analysis undertaken in this study was one of that noted by Hayes (2013), which aimed at understanding the mechanism by which the effect operates.

Fourthly, this research was a survey-based research, where a carefully constructed standardized questionnaire was the main research instrument used to collect data (Babbie, 1999). Survey research provided quantitative description of trends, attitudes, or opinions of a population by studying a sample of the population (Creswell, 2009). While it was the most commonly used observation mode in social science research, it was an efficient and low cost approach to study large population (Babbie, 1999). Being a survey research, careful probability sampling was used to provide a group of respondents whose characteristics reflect those of the population.

Fifth, this study used primary data and adopted the cross-sectional design, as opposed to the longitudinal one. While cross-sectional studies are “carried out once and represent a snapshot of one point in time”, “longitudinal studies were repeated over an extended period” (Cooper & Schindler, 2014, p. 128). This study was aware

of the advantages the longitudinal data could offer in tracking changes over time and render better capture for the constructs understudied (Cooper & Schindler, 2014). However, considering the time constraint for an academic research (Sekaran, 2003), and the fact that cross-sectional data had been granted as the acceptable second best option to counter the shortcomings of collecting longitudinal data (Augusto & Coelho, 2009), the cross-sectional design was chosen for this study.

3.5 Population of the Study

Population could be defined as a whole group of individual, occasion or objects of interest that scholars intended to study, while the sample was referred as a subset of a specific population (Sekaran & Bougie, 2010). In Malaysia, all Social Welfare Organizations (SWO), as one type of non-profit organizations, must register with the Registrar of Societies (ROS) and enjoy tax-exempt status (Nasir *et al.*, 2009). SWOs differed from other type of non-profit organizations in that it focused on charitable goals to serve those who were in need (Hasnan *et al.*, 2012). In this study, SWO referred to charity organizations with social mission (Hasnan *et al.*, 2012). Example of the SWOs according to Social Welfare Department of Malaysia were children institutions, protection and rehabilitation institutions, senior citizens and epidemic patients, and institutions for the people of developmental disability (Social Welfare Department, 2009). According to the statistic provided by the Social Welfare Department in 2014, there were approximately 271 SWOs registered in Malaysia. Therefore, the statistic given was used as the population in this study.

The reason for using the directory from the Social Welfare Department was that all important information needed by the research was provided. For example,

information on the name of the executive director provided this study the first-hand information to decide who going to be the respondent targeted. Most importantly, the directory was also equipped with contact numbers and email address of organizations which enabled the researcher to communicate and locate the intended respondents.

3.6 Sampling Design

Sampling was a method to draw the conclusion about the whole population by selecting some of the elements in that specific population (Malhorta, 2007). In this study, probability sampling technique was adopted. The technique offered every single unit an equal chance of being selected as the sample object (Sekaran, 2003). One of the foremost advantages of using the sampling technique was that there is no bias of the researcher against the choice of sample objects (Salkind, 2003). This technique was also considered for high generalizability (Cavana, Dalahaye, & Sekaran, 2001).

3.6.1 Determination of Sample Size

Considering the huge number of population, it was not practical to carry out survey upon the whole population. To form the representativeness of the sample for generalizability, having the right sample size was very important (Sekaran, 2003). Sample size played a crucial role on the detection of significant differences and relationships (Bartlett, Kotrlik & Higgins, 2001). Although it was generally accepted that samples of larger size were better than those of the smaller, however, it was also notable that, while too large a sample could lead to erroneous conclusions, too small a sample could distort the generalizability of the study regardless of how well it was

selected (Gay & Diehl, 1996). Therefore, the determination of sample size was carefully dealt with.

There were several heuristics regarding the appropriate sample size required for an empirical study. For instance, Pallant (2010) recommended that for social science research, about 15 subjects per predictor were needed for a reliable equation. Tabachnik and Fidell (2007, p.123) provided the rule of thumb of “ $N > 50 + 8m$ (where m = the number of independent variable)”. Additionally, while there was referable threshold in absolute number of minimum 100 (Coakes & Steed, 2007), the item-to-respondent ratio such as the 1:5 (Hair, Black, Babin, Anderson, & Tatham, 2006; Meyer, Gamst & Guarino, 2006) and the 1:10 (Hair *et al.*, 2006; Nunnally, 1978) were also available.

In this research, the sample size for survey distribution were decided based on the estimations of two complementary approaches, namely, i) Krejcie and Morgan’s sampling table, and ii) a priori G*Power Analysis. Krejcie and Morgan’s sampling table was a widely used method in determining sample size for social science and behavioral studies (Sekaran, 2003). The table provided a rough estimation of sample based on the population size. On the other hand, the centre of G* Power Analysis lay in its statistical power (ability) to detect an effect if one exists. G*Power Analysis measured the ability of a test to reject the null hypothesis when it should be rejected (McCrum-Gardner, 2010). The G*Power 3.1.9.2 program used in this study was available for free download (Faul, Erdfelder, Buchner, & Lang, 2009). Particularly, G*Power Analysis was necessary for analysis using PLS SEM (Hair, Hult, Ringle, & Sarstedt, 2014).

Practically, Krejcie and Morgan's (1970) sampling table was first used to determine the appropriate sample size based on the number of the population. Later, minimum sample size was computed using a priori G*Power Analysis to cross check if the sample size estimated from the Krejcie and Morgan's table was sufficient to render satisfactory level of statistical power. Based on the directory of Malaysia Social Welfare Department, the total population of SWO in Malaysia was 271. Referring to Krejcie and Morgan Table (Sekaran, 2003), while a population of 271 requires a sample size of 159.

A priori G*Power Analysis (versus posteriori) was computed based on the desired level of power, desired alpha level (error rate), desired effect size, and the known number of parameter. The minimal acceptable level for statistical power was .80, and .05 for alpha level (McCrum-Gardner, 2010; Cohen, 1992). Effect size for correlation studies might be referred to one of the three categories, namely: .02 as small, .15 as medium and .35 as large (Cohen, 1988). By using the medium effect size .15, with .80 power, at the alpha level of .05, the power analysis demonstrated that a sample of 109 was needed. The result was depicted in the following Figure 3.2.

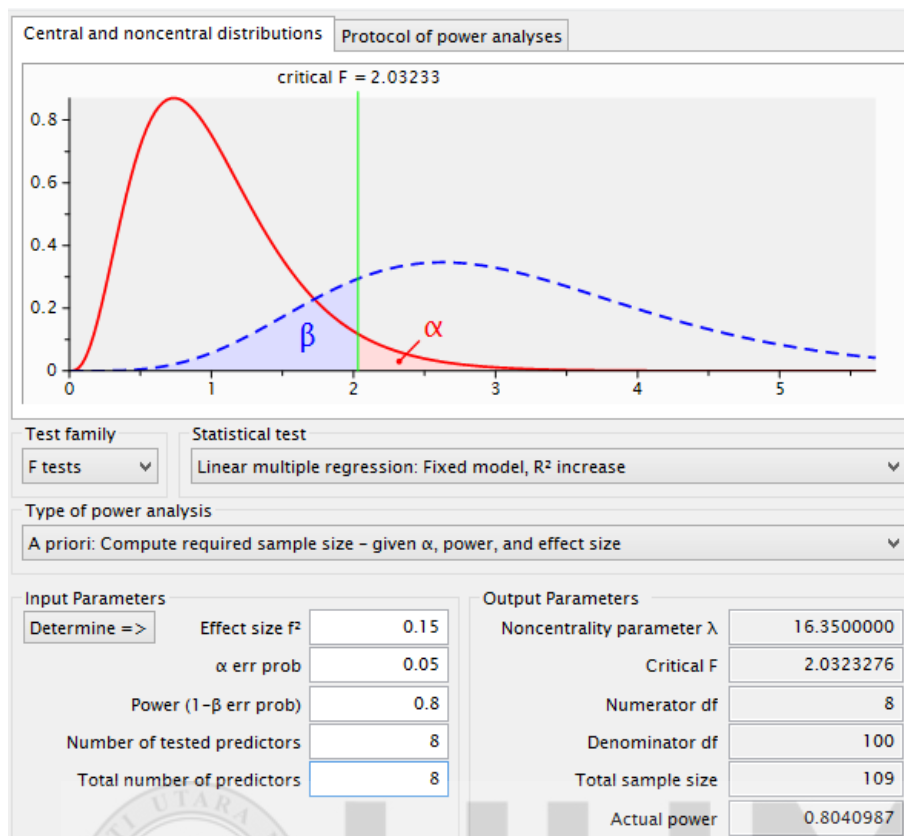


Figure 3.2
A Priori Power Analysis to Estimate Minimum Sample Size

The sample size estimated by priori power analysis ($n=109$) confirmed the sample size calculated from Krejcie and Morgan's table ($n=159$) as sufficient, as the latter was not lower than the estimation. However, heeding on Bartlett et al.'s (2001, p. 46) recommendation to follow Salkin's (1997) advisory step to increase the estimated minimal sample size by 50% to account for "lost mail and uncooperative subject" in survey study, 239 questionnaires set was distributed.

3.6.2 Sampling Technique

Though there was no sample which would "have a composition precisely like that of the population" however, research which applied the appropriate sampling technique would reduce the odd of drawing a bias and under representative sample (Gay &

Diehl, 1996, p.141). As opposed to non-probability samplings, the current study employed the probability sampling techniques. Only probability samples would provide estimates of precision, and only probability samples offer the opportunities to generalize the findings to the population of interest (Cooper & Schindler, 2014). In probability sampling, the determination of who would end up in the sample was determined by nonsystematic and random rules, and thus the chance that the sample would truly represent the population was increased (Salkind, 2012). In addition, probability sampling was indeed demanded for an explanatory study (Cooper & Schindler, 2014).

As a probability sampling techniques, simple random sampling used in this study was theoretically sound with regards to generating an unbiased sample because the sampling list for the pre-defined bona fide sample was available. Of heightened note, simple random sampling only required that a researcher to has a list of all the members of the population, which allowed him or her to get access to my members who might be chosen. The random selection could be achieved manually by using random number table, or computer, or through an online number generator. However, Microsoft Excel software that applied a mathematical formula $\{= \text{rand} ()\}$ was used to enable selection of the sample in this study.

The simple random sampling method was most ideal compared to other probability samples. According to Sekaran (2003), simple random sampling was the best method to get a representative sample which provided the most generalizability and had least prejudice. Indeed, it was the best single way to obtain a representative sample (Gay & Diehl, 1996). Adopting this sampling technique, every element in the defined

population had a known and equal and independent chance of being selected as the sample (Gay & Diehl, 1996; Sekaran, 2003). Equal probability and independence were two essential characteristics in this sampling technique. Equal probability allowed all members an equal chance to be selected from the sampling frame. This meant that there was no bias that one organization would be chosen rather than another, and that the probability of any particular organization being chosen was same with probability of any other organization being chosen. The quality of independence meant that the selection of one member did not bias researchers for or against the selection of another member (Salkind, 2012). When sampling randomly, the characteristic of the sample was very close to that of the population (Salkind, 2012).

3.7 Questionnaire Design

In this research, questionnaire was used as the tool for collection of data. Dillman (2007) suggested four guidelines for structuring and designing a good questionnaire which included:

- i. Started with more important and useful questions.
- ii. Group similar questions together in the same section.
- iii. Created a kind of rapport among the groups of questions.
- iv. Placed the questions that were most likely to be unpleasant to respondents.

It was important to note that questionnaire format, physical arrangement of items on the pages and general appearances were imperative in attracting respondents and success of the research (Creswell, 2003). Besides, a well-designed and carefully constructed questionnaire facilitated the collation and analysis of the data collected

as well as increasing the response rate (Trochim, 1999). Also, in order to increase the response rate, clear and brief instructional information, coherent arrangement of questionnaire items, transitional phrases and an aesthetic arrangement of questions appear to be rewarding (Dillman, 2007). Following these guidelines, the questionnaire used in this study was divided into five main sections as shown in Table 3.1.

Table 3.1
Distribution of Variable

Section	Title	Item
A	Demographic	Organization background and owner's profile
B	Dependent variable	Organizational effectiveness
C	Independent variable	Leadership styles
D	Independent variable	Social capital
E	Mediating variable	Entrepreneurial orientation

Firstly, section A contained questions regarding the demographic information of respondents. The demographic information was collected to compare the sub-group and cross-tabulate responses among groups within the sample. The demographic questions were separated into two parts. The first part was demographic questions regarding the organization background of the respondents. These questions comprised of the name of organization, type of the social organization, length of years the organization had been established, size of organization. The second part was the personal information on the respondent, such as gender, age, ethnicity origin, marital status, level of education, and position holded in the organization.

The design used in Section B, Section C, Section D and Section E was same. It comprised of survey questionnaires constructed to get responses from respondents

who met the requirement of the study. The survey questionnaires used an interval measurement scale level. The questionnaires utilized five point Likert-scale with (1= strongly disagree and 5= strongly agree) aimed to seek agreement on the item. All the questionnaires would be grouped together in a survey. Due to the reason that some of the respondents were made by foreigners who could read and understand only English instead of Malay, English was chosen as the language in the instrument.

The items deployed in the questionnaire were based on related previous studies (Blackmon, 2008; Bass & Avolio 1992; Helm, 2007; Tepthong, 2014). Questionnaires were adopted in their original form from previous studies to ensure that the questionnaires would obtain complete and accurate information possible. For those cannot be adopted due to new population, location, language, mode or any combination of these, an adaption would be made to the question content, format, response options or visual presentation (Harkness, 2012). Modifications of the wording and sentence structure were made to give way to more comprehensible items in the context of this study. Questionnaires adapted for this study was followed the six procedural guidelines by Harkness (2012):

- i. Determined the policy, people, and procedures for adaptation for the project.
- ii. Recruited an expert in the subject to work on adaptations.
- iii. Reviewed, as relevant, the source questionnaire for adaption needs.
- iv. Reviewed the translate questionnaire or instrument for adaption needs.
- v. Documented adaptations and the rationale for making them.
- vi. Pre-test or pilot adapted instrument to find out whether the questions were understood as intended and could be answered without undue burden.

It was imperative to provide high quality questionnaires in order to collect dependable data. Appendix A represented the complete questionnaire.

3.8 Operationalization of Variables and Measurements

This section provides operational definitions for all the variables in the conceptual model and generates items that represent manifestations of these variables.

3.8.1 Operational Definitions

i. Operationalizing Organizational Effectiveness

Organizational effectiveness is operationalized as how well an organization performs effectively to accomplish its missions (Selden & Sowa, 2004).

ii. Operationalizing Leadership Style

Leadership style is operationalized as the typical pattern of behavior that a leader uses to influence a group of people to work together in completing an established mission (Fiedler, 1969).

iii. Operationalizing Social Capital

Social capital is operationalized as a process of developing mutual understanding, trusting relationships, and collective actions that linking communities and organizations in social sector (Loeffler *et al.*, 2004).

iv. Operationalizing Entrepreneurial Orientation

Entrepreneurial orientation is operationalized as the practice of entrepreneurial management styles by top management within the organization and ability of top management to undertake higher risk in organization's strategic decision and adopt innovative and proactively operating management philosophies (Covin & Slevin, 1998).

3.8.2 Measurement

Measurement was the conversion of numbers or symbols to the features or characteristics of objects according to a pre-specified set of rules (Sekaran & Bougie, 2010). This study used a set of questionnaire that employed a standardized set which are estimated to be consistently associated. The measurement of the variables in this study was adapted from past studies. Above all, the adaption involved making words and sentences changed to better-tailor to the context of this study. This study involved three categories of variables. The first category was independent variables (leadership style and social capital). The second category was mediating variable (entrepreneurial orientation). The third category was dependent variable (organizational effectiveness).

In this study, all the constructs were measured using multiple-item scales, all of which were gauged using a standard five-point Likert-scale. Multiple-item scale allowed researchers to sample from a wider range of content for a conceptual definition, and was less likely to have systematic error (Neuman & Kreuger, 2003). The scale point was chosen on the basis of the nature of the respondents (Malhotra,

2007), and the “respondents’ ability to discriminate meaningfully” (DeVellis, 2003, p.75). Respondents in this study were executive directors of SWO, the person who was not involved in highly technical tasks which required fine discrimination. According to Malhotra (2007), for respondents who did not lend themselves to fine discrimination, a small number of scale categories were deemed sufficient. Therefore, it was reasonable that the five-point Likert-scale should render an appropriate level of comfort.

In addition, though incorporating reversed item on a scale was advantageous in several aspects such as detecting reckless respondents, this study, however insisted on using positively-worded items considering that reversed items might decrease the internal consistency reliability (Schrieheim & Hill, 1981). Further, it was also to heed upon the concern that “the appearance of a negation in a questionnaire item paved the way for easy misinterpretation” (Babbie, 2008, p.276).

3.8.2.1 Measure Instrument of Organizational Effectiveness

The instrument of organizational effectiveness, which utilized in this study was adapted from Blackmon (2008). Blackmon (2008) developed the instrument grounded on Niven’s (2003) work in using the Balanced Scorecard approached for SWOs. Blackmon modified the instrument slightly from its original use. Previously, the Balanced Scorecard studied organizational effectiveness in four aspects: business processes, employee learning and growth processes, customer processes, and financial processes (Kaplan, 2001). Blackmon (2008) incorporated mission achievement as a new dimension into organizational effectiveness in the context of

social sector. Therefore, there were altogether five components in Blackmon's instrument for organizational effectiveness.

Due to the reason that the other three dimensions: business processes; customer processes; employee learning and growth processes were not relevant in this study, the three dimensions were excluded from this particular study. In this study, a modified version of Blackmon's instrument which comprised of two most important dimensions, financial efficiency and mission achievement would be used. Previous researchers had heightend these two components as the most important elements when looking at non-profit organizational effectiveness (Duncan, 2007; Gandy, 2012; Mayberry, 2011). Additionally, the seven point Likert-scale of the original instrument were modified to five point Likert-scale with (1 = strongly disagree and 5 = strongly agree) for the reason of standardization and easy understanding for the respondent.

The first dimension- financial efficiency considered both the availability and accessibility of the resource in an organization (Blackmon, 2008). Five questions were associated with the financial perspective, and the responses were accumulated into a single financial efficiency score. Next, the second dimension- mission achievement was well-defined as how well the organization achieved the mission it set for itself effectively (Gandy, 2012). In other words, a SWO was effective if it met the objectives it set for itself (Duncan, 2007). Fifteen questions were asked regarding the dimension of mission achievement.

Validity and reliability of organizational effectiveness had been established by Blackmon (2008). Cronbach's Alphas for Blackmon's instrument were mission achievement (.8789) and financial efficiency (.8852). Each of the measures met the minimum recommended level of .7 (Norušis, 2006). Further evidence of the reliability and validity of the instrument had recently used in a study conducted by Franklin (2011). Given the length of the total scale, original and revised scales of the construct were presented in Table 3.2.



Table 3.2

Organizational Effectiveness: The Original and Revised Scales

No	Revised Scale (20 items)	Original Scale	Adaptation Sources
1.	Our mission helps us to monitor performance.	Our mission is used to monitor Performance.	Blackmon (2008)
2.	Our mission helps us to make better decision.	Our mission is used to make decisions.	
3.	I understand how my job helps achieve our mission.	I understand how my job helps achieve our mission.	
4.	Our mission statement helps me to understand how my organization sets priorities.	Our mission statement help me to understand how my organization sets priorities.	
5.	Strategy is an important element in our mission.	Strategy is important to our mission.	
6.	Our strategy is achievable.	Our strategy is achievable.	
7.	My day-to-day duties help us to achieve our mission.	My day-to-day duties help us to achieve our mission.	
8.	My co-workers' day-to-day duties help us to achieve our mission.	My co-workers' day-to-day duties help us to achieve our mission.	
9.	Our mission is the driving force for this organization.	Our mission is the driving force for this Organization.	
10.	Our organization's actions are consistent with our mission.	Our organization's actions are consistent with our mission.	
11.	Our organization's actions are consistent with our vision.	Our organization's actions are consistent with our vision.	
12.	Our organization's actions are consistent with our core values.	Our organization's actions are consistent with our core values.	
13.	We consistently meet the foundation for performance established in our mission statement.	We consistently meet the foundation for performance established in our mission statement.	
14.	We consistently meet the criteria for performance established in our vision statement.	We consistently meet the criteria for performance established in our vision statement.	
15.	We consistently meet the criteria for performance established in our values statement.	We consistently meet the criteria for performance established in our values statement.	
16.	We are effective at cost saving.	We seem to be more effective at cost containment.	
17.	We maintain low expenses.	We seem to maintain low expenses.	
18.	We work well with other nonprofits.	We seem to work well with other nonprofits.	
19.	We have sufficient funds to provide service programs.	We seem to have sufficient funds to provide service programs.	
20.	We are able to appropriately allocate our financial resources across programs.	We seem to appropriately allocate our financial resources across programs.	

3.8.2.2 Measure Instrument of Leadership Style

The most well-known and effective tool for leadership style measurement was the Multifactor Leadership Questionnaire (MLQ) (Kirkbride, 2006). Originally, MLQ was an instrument developed by Bass (1985) to measure transformational, transactional, and laissez-faire leadership style. The original instrument comprised 90 items which were divided into 13 scales (Bass, 1985). Previous scholars had used the MLQ in different types of organizations, including private, government, and army to study respondents' perceptions of leadership behaviours (Bass, 1997; Lowe, Kroeck, & Sivasubramaniam, 1996; Van Muijen, Den Hartog, & Koopman, 1997). This questionnaire was applied to a wide range of organizational settings as well as with leaders in different cultures (Bass, 1985).

The MLQ had undergone a number of revisions. For this quantitative study, the shortened form of Multifactor Leadership Questionnaire Form 6S, (MLQ-6S) was adopted (Bass & Avolio, 1992). The Leader/Self Form, one of the two forms of the MLQ-6S, was completed by the leader themselves, measuring how they perceived themselves with regard to specific leadership behaviors. The MLQ-6S survey consisted of 21 items. Three items measuring laissez-faire leadership style were removed as the MLQ-6S had been compressed into transformational and transactional variables (Bass, 1997; Van Muijen *et al.*, 1997). Hence, the instrument would focus on 18 items, with 12 items relating to the transformational leadership factors and 6 items relating to the transactional leadership factors. Items in the instrument requested respondents to indicate how they would behave in some situations.

The MLQ 6s's five-point Likert-scale (0=not at all; 1=once in a while; 2= sometimes; 3=fairly often; 4=frequently, if not always) were modified to five point Likert-scale with (1 = strongly disagree and 5 = strongly agree) aimed to seek agreement on the item. Elenkov, Judge, and Wright (2005) measured 223 organizations using the MLQ 6s, and found the Cronbach alphas of the measurement as followed: Idealized Influence ($\alpha = .78$), Inspirational Motivation ($\alpha = .81$), Intellectual Stimulation ($\alpha = .75$), Individual Consideration ($\alpha = .74$), Contingent Reward ($\alpha = .73$), and Management-by-Exception ($\alpha = .72$). Each of the subscales met the basic requirement level of $\alpha = .7$ (Norušis, 2006), thus reliability was established for the instrument. Given the length of the total scale, original and revised scales of the construct were presented in Table 3.3.

Table 3.3
Leadership Style: The Original and Revised Scales

No	Revised Scale (18 items)	Original Scale	Adaptation Sources
1.	I make others feel good to be around me.	I make others feel good to be around me.	Bass and Avolio (1992)
2.	I express with a few simple words what we could and should do.	I express with a few simple words what we could and should do.	
3.	I enable others to think about old problems in new ways.	I enable others to think about old problems in new ways.	
4.	I help others develop themselves.	I help others develop themselves.	
5.	I tell others what to do if they want to be rewarded for their work.	I tell others what to do if they want to be rewarded for their work.	
6.	I am satisfied when others meet agreed upon standards.	I am satisfied when others meet agreed upon standards.	
7.	Others have complete faith in me.	Others have complete faith in me.	
8.	I provide appealing images about what we can do.	I provide appealing images about what we can do.	
9.	I provide others with new ways of looking at complicated things.	I provide others with new ways of looking at puzzling things.	
10.	I let others know how I think they are doing.	I let others know how I think they are doing.	
11.	I provide recognition/ rewards when others reach their goals.	I provide recognition/rewards when others reach their goals.	
12.	As long as things are working, I do not try to change anything.	As long as things are working, I do not try to change anything.	
13.	Others are proud to be associated with me.	Others are proud to be associated with me.	
14.	I help others find meaning in their work.	I help others find meaning in their work.	
15.	I get others to rethink ideas that they had never questioned before.	I get others to rethink ideas that they had never questioned before.	

Table 3.3 (Continued)

No	Revised scale (18 items)	Original scale	Adaptation sources
16.	I give personal attention to others who seem rejected.	I give personal attention to others who seem rejected.	
17.	I call attention to what others can get for what they accomplish.	I call attention to what others can get for what they accomplish.	
18.	I tell others the standards they have to know to carry out their work.	I tell others the standards they have to know to carry out their work.	

3.8.2.3 Measure Instrument of Social Capital

The measurement of social capital utilized in this study was adopted from Tepthong (2014). In this study, the external view of social capital definition was used in the research framework. Narayan and Cassidy (2001) claimed that social capital had been viewed in multidimensional aspects. In the questionnaire, social capital items were divided into three aspects: trust, network, and public sector engagement. There were totally thirteen questions for the construct of social capital.

The first dimension of social capital in this research was social trust. Social trust referred as the expectation that risen within a community of regular, honest, and cooperative behavior, based on commonly shared norms (Tepthong, 2014). Four itmes were associated to the social trust, which were reputation of organization, media, perception on employees'performance, and site visit. Next, the second dimension of social capital was network. A network was defined as a group of members that are directly linked to social structure (Nahapiet & Ghoshal, 1998). Network was measured by items comprising external alliances, a diversity of friendships in many areas, resulting in a positive effect for an organization, informal networks, and pivotal role of organization in networks (Tepthong, 2014). The third dimension of social capital was public sector engagement. Tepthong (2014) defined public sector engagement as the connectedness to public agencies by which mutual

benefit relates to government supporting plan. Public sector engagement was measured by items comprising the policy role, the mission is related to the government supporting plan, government needs, and contact with government decisionmakers.

The original likert scale type questions with responses ranging from one to seven were modified to five point likert-scale with (1= strongly disagree and 5= strongly agree) to make it standardized and provided easy understanding for the respondent.

Cronbach's Alpha for the three dimensions of social capital were social trust ($\alpha = .82$), networking ($\alpha = .81$) and public sector engagement ($\alpha = .88$). Each of the three subscales met the minimum suggested level of $\alpha = .7$ (Norušis, 2006), thus reliability was established for the instrument. Given the length of the total scale, original and revised scales of the construct were presented in Table 3.4.

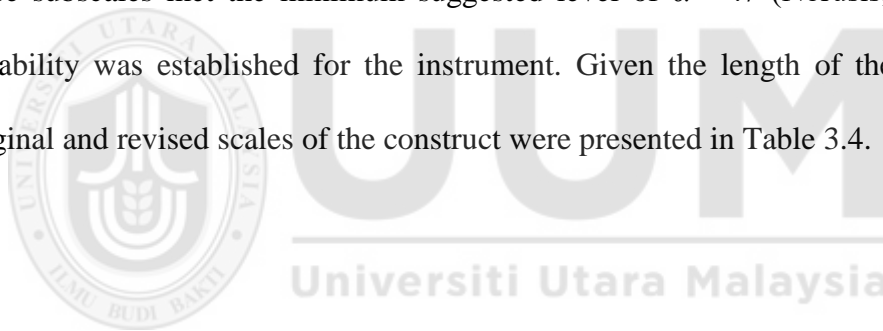


Table 3.4

Social Capital: The Original and Revised Scales

No	Revised scale (13 items)	Original scale	Adaptation sources
1.	My organization has a good reputation in society.	My organization has a good reputation in society.	Tepthong (2014)
2.	My organization's information has been referred to in the media.	My organization's information has been referred to in the media.	
3.	Members or people have recognized my organization as the first priority compared with other organizations.	Members or people have recognized my organization as the first priority compared with other organizations.	
4.	Other organizations pay us a visit often times.	Other organizations pay us a visit oftentimes.	
5.	My organization has external alliances.	My organization has external alliances.	
6.	I have a diversity of friendships in many areas resulting in a positive effect for the organization.	I/our administrators have a diversity of friendships in many areas resulting in a positive effect for the organization.	
7.	My organization has informal networks.	My organization has informal networks.	
8.	When my organization needs help, we can count on other members of the network.	When my organization needs help, we can count on other members of the network.	
9.	My organization plays a significant role in networks.	My organization plays a significant role in networks.	
10.	My organization plays an important role in proposing policy or procedures for social problem solving.	My organization plays an important role in proposing policy or procedures for social problem solving.	
11.	Our mission is related to government-supporting plans.	Our mission is related to government supporting plans.	
12.	Government agencies need the support of my organization.	Government agencies need the support of my organization.	
13.	My organization has contacts with government.	The organization has contacts with government decision-makers.	

3.8.2.4 Measure Instrument of Entrepreneurial Orientation

The state of instrument in the field of entrepreneurial orientation was in its infancy even though scholars cited a great amount of evidence to support entrepreneurial orientation (Kramer, 2005; Tinkelman & Donabedian, 2007). Scholars came to an understanding that more measurement was required in the area of entrepreneurial orientation, however, the issue on how it should measure was more important than what should be measured (Galvin, 2006; Nicholls, 2009). To discover a better approach in measuring the level of entrepreneurial orientation and its activity was

always a challenge for the researchers (Harding, 2004). Moreover, scholars also concerned about the assessment of entrepreneurial orientation, especially when comes to study what specific practices lead to sustainable, pattern-breaking change (Kramer, 2005).

Ashoka (2006) also agreed with Kramer (2005) that good instruments of entrepreneurial orientation were essential to indicate the causal relationships between specific practices and those pattern-breaking changes. The instrument of entrepreneurial orientation of this study was adapted from Helm (2007). In Helm (2007) research, the researcher found that there were none of the quantitative instruments available to measure entrepreneurial orientation. Therefore, the researcher carried out a seven-step process to produce and validate the quantitative instrument to measure entrepreneurial orientation in social sector.

In previous studies, entrepreneurial orientation is found measured using five-point (Fairoz *et al.*, 2010; Li *et al.*, 2009), and seven-point Likert-type scale (Chow, 2006; Dimitratos *et al.*, 2004; Green *et al.*, 2008; Hughes & Morgan, 2007; Jantunen *et al.*, 2008; Jantunen *et al.*, 2005; Li *et al.*, 2006; Liu *et al.*, 2010; Morgan & Strong, 2003; Patel & D'Souza, 2009; Walter, Auer & Ritter, 2006), entrepreneurial orientation has also been measured using semantic differential scale of seven-point (Avlonitis & Salavou, 2007; Green *et al.*, 2008; Lumpkin & Dess, 2001) and ten-point scale (Baker & Sinkula, 2009). However, as to adhere to the argument put forth in the section 3.8.2, five-point scale was proposed for entrepreneurial orientation measurement.

This instrument consist ten questions in total: four questions to measure innovation; three questions to measure proactiveness; and three questions to measure risk-taking.

The original Likert scale type questions with responses ranging from one to eight were modified to five point Likert-scale with (1= strongly disagree and 5= strongly agree) to make it standardized to provide easy understanding for the respondent. Norušis (2006) proposed that Cronbach's alpha greater than .7 indicated an acceptable level of internal reliability, but a score larger than .8 was anticipated. Cronbach's Alpha for the three dimensions of entrepreneurial orientation were innovation ($\alpha = .843$), proactiveness ($\alpha = .825$) and risk-taking ($\alpha = .719$). All the three subscales were above the acceptable level of internal reliability. As a result, the reliability of the instrument was established. Given the length of the total scale, original and revised scales of the construct were presented in Table 3.5.

Table 3.5
Entrepreneurial Orientation: The Original and Revised Scales

No	Revised scale (10 items)	Original scale	Adaptation sources
1.	My organization places a strong emphasis on the development of new products or services.	Placed a strong emphasis on the development of new products or services.	Helm (2007)
2.	My organization places a strong emphasis on the development of new organizational processes.	Placed a strong emphasis on the development of new organizational processes.	
3.	My organization introduces many new processes, policies, products, and services.	Introduced many new processes, policies, products, and services.	
4.	My organization makes major changes in processes, policies, products, and services.	Made major changes in processes, policies, products, and services.	
5.	My organization is very often the first organization to introduce new products/ services, administrative techniques, operating technologies.	Is very often the first organization to introduce new products/ services, administrative techniques, operating technologies, etc.	
6.	My organization exploits changes in the field.	Exploited changes in the field.	
7.	My organization provides the lead for similar service providers.	Provided the lead for similar service providers.	
8.	My organization conducted well against behavioral norms in the operating environment.	Conducted itself in conflict with the behavioral norms of the operating environment, industry, or sector.	
9.	My organization selects projects that may alter the organization's public image.	Selected projects that may alter the organization's public image.	
10.	My organization makes decisions that created changes in staff stability.	Made decisions that created changes in staff stability.	

3.9 Pretest

Before conducting the actual survey, an initial draft of the questionnaire was pretested by asking experts to go through it and identify if there were any ambiguities which had not been noticed by the researcher. Pre-test was the leading statistical analysis, which referred to a trial application of an instrument to identify flaws and eliminate potential errors (Malhotra, 2007). Researchers had pointed up that instrument should be tested before the data collecting process no matter how much developmental work was done on the questionnaires (Oksenberg & Kalton, 1991).

The current research followed Lynn's (1986) recommendation by using three qualified experts from academic field. As the current study cross-disciplined among three main fields (entrepreneurship, organizational behaviour, and social development), the academic expert panels from each field were chosen for the expert validity assessment. Each member of the expert panels was given a copy of survey-like document within which all items are organized as per a structured questionnaire. The experts were also provided with the list of definitions of the variable of interests. They were carefully briefed on each construct's definition to ensure that their understanding of the conception is consistent with what the current research intended.

Expert panels were requested to pay heed on the wordings of measures adapted from existing instruments and those pooled through literature study, so as to check if items in both cases were appropriate, precise and coherently reflect the intended measure within. Notably, precise wordings gave rise to discriminant validity. Further, in particular to ensure clarity, understandability, and readability of the items, experts

were requested to check against the use of jargons, compounded words carrying multiple meanings, double-barreled items, leading items, and emotionally loaded items. The expert panels were informed that sessions of discussion were welcome if there was a need for further clarification. The expert panels were allowed to review the question at their convenience. They were requested to contact the researcher to collect the form upon completion. During the collection back of the expert validity forms, short discussions were held.

After making the amendments accordingly, interview sessions were conducted with three voluntary field experts who have had many years of working experience in the SWO. During the interview sessions, the field experts reviewed the instrument in the sense of real world practice and provided feedback on the relevancy of the questionnaires. Later, a student and lecturer were invited to participate in the face validity. By face validity, the measurement looks, on the face of it, as if it measured the construct intended. Face validity provided insights into how respondents might interpret the items (DeVon *et al.*, 2007). This step helped to detect ambiguous questions and technical jargon that might jeopardize the understanding of their respondents. It, therefore, improved the language clarity, readability, and comprehensibility of the items from the layman stance. There were also asked as to how many times an item had to be read before a choice was made. Based on these evaluation criteria, corrections and improvements were noted, which were later included in the survey instrument.

3.10 Pilot Test

While pretest was the initial testing of one of more aspect of the study design, pilot test was important as it served as a miniaturized walk-through of the entire study design (used in the final study) (Babbie, 1990, p.220). It was a small-scale version of a study used to establish procedures, materials and parameters used in the full study (Bordens & Abbott, 2011). Therefore, pilot testing assisted to improve the reliability of scales (Nueman & Kreuger, 2003). It helped researchers to determine if the items are generating the anticipated pattern of correlations. In cases which the pattern was not achieved, the sample correlation matrix could be adopted to detect the problem items. These items could then discard or revise based on a careful analysis of the content of each item (Summers, 2001).

In the practical sense, the pilot study attested the feasibility of the constructs for the specific context of the current study, that was, its workability under the real life condition and whether it worked well in the population for which it is intended for (Harris, 2010). This was important so because reliability of a construct scale might vary across samples. A scale which achieved good reliability in one past study did not grant their generalizability in producing the same findings in other study of different context. Therefore, it was necessary to check that each of the construct scales was reliable with the particular sample of the current study (Pallant, 2011).

Pilot test was conducted by using a sample list from the website, [Hati.my](http://hati.my). on convenient sampling basis. At the stage of pilot study, convenient sampling was generally acceptable (Gay & Diehl, 1996). A number of 30 sets of questionnaires were returned. This sample size concurred with the recommendation of at least thirty

subjects to establish the existence or non-existence of a relationship (Gay & Diehl, 1996). Further, SPSS Version 22 was used for the Cronbach's Alpha internal consistency reliability test. The minimal reliability coefficient of .70 was required to claim a measure construct as consistently reliable (Nunnally, 1978). The results presented in the following Table 3.2 revealed strong reliability coefficients (above .70) in all constructs.

3.11 Reliability and Validity of the Instrument

Measuring reliability and validity of the instrument were significant procedure in the research as to assure the stability and consistency of the instrument and avoiding bias (Sekaran, 2003). Generally, while reliability related to the accuracy and stability of measure, validity related to the appropriateness of the measure to assess the construct it purported to gauge (Burns & Burns, 2008).

Reliability related to the findings of the research; the findings were reliable if the same result was obtained when one repeats the research. This research used Cronbach's alpha to indicate the reliability of the instrument as it was a common method of estimating the internal consistencies of items (Onwuegbuzie & Daniel, 2002). It was appropriate for instruments that used Likert scale and dichotomous scales. Based on behavioural science studies, a reliability coefficient of .70 and above was considered as more than acceptable (Nunnally & Bernstein, 1994). The closer the value was to 1 indicated that the instrument was more reliable and possessed a high internal consistency. Table 3.6 presented the Cronbach's alpha coefficient for all the constructs used in the current study. It could be seen that all Cronbach's alpha values of the constructs were more than .7 which was in line with

what was suggested by Nunnally and Bernstein (1994) as a minimum acceptable limit. And as such, no items were deleted on this basis. As a whole, all items included in the instrument sufficiently proved to reflect an adequate level of internal consistency pertaining to their respective measures.

Table 3.6
Reliability Analysis

Construct	No. of Original Items	Cronbach's Alpha
Organizational Effectiveness	20	.718
Mission Achievement	15	.813
Financial Efficiency	5	.703
Leadership Style	18	.838
Transformational Leadership	12	.781
Transactional Leadership	6	.743
Social Capital	13	.885
Social Trust	4	.720
Network	5	.860
Public Sector Engagement	4	.736
Entrepreneurial Orientation	10	.890
Innovation	4	.861
Proactiveness	3	.818
Risk Taking	3	.778

Validity, on the other spectrum, related to whether the findings represented an actual picture of the situation (Sekaran, 2003). For validity assessment, content validity and construct validity (convergent and discriminant validity) were addressed. Content validity reflected the extent to which the content of a measurement intended to be investigated (Burns & Burns, 2008). In the current study, the content validity involved validations of experts and face validity. The expert validity assessment involved solicitation of opinions, knowledge and experience of both the academic and field expert (practitioner). Expert panels (academic) were reminded to pay heed on the wordings of measures adapted from existing instruments and those pooled through literature study, so as to check if items in both cases were appropriate, precise and coherently reflected the intended measure within. Noted that, precise

wordings give rise to discriminant validity. Further, in particular to ensure clarity, understandability, and readability of the items, experts were requested to check against the use of jargons, compounded words carrying multiple meanings, double-barreled items, leading items, and emotionally loaded items. Also, the field expert (practitioner) reviewed the instrument in the sense of real world practice.

As all of the questions were adopted from previous studies, face validity was there. Face validity indicated that on the surface, the questions looked like what they were going to measure (Sekaran, 2005). Face validity provided insights into how respondents might interpret the items (Devon *et al.*, 2007). This step helped to detect ambiguous questions and technical jargon that might jeopardize the understanding of the respondents. It, therefore, improved the language clarity, readability, and comprehensibility of the items from the layman stance.

Next, construct validity was examined by assessing the convergent and discriminant validity. Convergent validity was the extent to which “a set of indicators represents one and the same underlying construct, which can be demonstrated through their unidimensionality” (Henseler, Ringle, & Sinkovics, 2009). Conversely, discriminant validity indicated the extent to which a given construct was distinct from other latent constructs, and that the measures of one construct could not have been correlated unreasonably high with other constructs (Sekaran, 2003). Both convergent and discriminant validity were mainly assessed at the confirmatory factor analysis stage, that was, the measurement model stage. Sufficient convergent validity was considered evident when a construct achieved the minimal average variance extracted (AVE) of .50 (Fornell & Larcker, 1981). On the other hand, discriminant

validity was established when the square root of the AVE was greater than other correlations within the row and columns of a particular construct (Fornell & Larcker, 1981). Discriminant validity was also considered established when the standardized loading of an indicator exceeds all its corresponding cross loading (Chin, 1998).

3.12 Data Collection Tool and Method

Collecting data was the dominant procedure of every research. There were fundamentally two approaches of collecting data (primary and secondary data collection) (Sekaran & Bougie, 2010). In general, primary data collection was practiced in this research. Further, particular corresponding to quantitative approach inquiry in the current study, the current study decided to collect data using the questionnaire.

Questionnaire was “reformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives” (Sekaran, 2003, p.233). First and foremost, questionnaire was deemed most appropriate for this study because the researcher had already known exactly what was required and how to measure the variables of interest (Cavana, Delahaye, & Sekaran, 2001; Sekaran, 2003). Secondly, questionnaires rendered reachable to a larger number of respondents. It superseded other methods such as interview, personal or telephone call, which were time consuming and impractical with respect to the size of the research population (Sekaran, 1992).

While questionnaire administration could be carried out by means of personal administration, mail, and online questionnaire (Cavana *et al.*, 2001), the current

study opted for online questionnaire, by means of Google Documents Online Questionnaire. The Google Documents questionnaire was sent to email address obtained from Malaysia Social Welfare Department. This survey method greatly reduced the cost of data collection (Ilieva, Baron, & Healey, 2002). Data collection through email allowed the researcher to distribute the instruments to respondents from all over the country in a very limited time (Wilson & Laskey, 2003) and provided flexibility to the respondents to complete the survey at their own free time (McDonald, 2003). The completed questionnaires were automatically recorded upon submission into an excel spreadsheet, which simplified the process of transferring data. This method of data collection provided a personal effect and high degree of anonymity among the respondents and increased the self-commitment as well response rate of the survey (Heerwegh, 2005). It eventually reduced the possibility of missing data.

Survey research typically faced the problem of low response rate (Babbie, 1999). Therefore, this research adopted the methodological suggestions by Babbie (1999) on the subject of follow-up mailing after the sending of questionnaires to increase the response rate. Babbie (1999) proposed that three mailings (an original and two follows-ups) seem more efficient, and, two or three week period was a sensible space between mailing. Building on this principle, this research used the timing of follow-up stimuli by Babbie (1999), but changing the mailing with follow-up calls, which spaced approximately two weeks from the first distribution and another follow-up for the following two weeks to those organizations which had no replied. This first call was vital to confirm the availability of respondent and the right email address (Gonzalez-Benito & Gonzalez-Benito, 2005). Besides, it was essential to explain to

the respondent that the research was only for academic use. Respondents were also briefed about the academic nature and objective of the research through telephone calls. This approach gave the advantage in two ways. It yielded high response and return rate for the questionnaires. Additionally, staffs from the Social Welfare Department had also aided in the collection and completion of questionnaires.

The survey would be carried out using English language. This step was practically necessary as some of the respondents were foreigners who only able to answer the survey written in English. In addition, the questionnaire survey first page was started with cover letter with brief instruction.

3.13 Data Analysis Tools and Techniques

In the current research, Statistical Package for Social Sciences (SPSS) version 22.0 and Smart PLS 2.0 M3 software were two main analysis tools used to analyse data. On one hand, SPSS was a powerful tool that catered for numerous statistical tasks in the current study. These included tasks of data entry and coding, preliminary data cleaning, descriptive statistics, t-test for detecting non-response bias, internal consistency assessment for Cronbach's alpha, missing data detection and treatment, outliers detection, assessment of multivariate assumptions (normality, linearity, multicollinearity, homoscedasticity, and common method variance).

Further, Smart PLS 2.0 M3 software developed by Ringle, Wende and Will (2005) was used to estimate measurement and structural models in the confirmatory factor analysis stage. Particularly, the structural model was used for hypotheses testing. Structural equation modeling (SEM) allowed researchers to assess interrelated

dependence relationships simultaneously. Researchers who were using PLS path modeling for SEM purpose were obliged to justify substantially the rationale of choosing PLS (Chin, 2010). The choice for PLS SEM in this study was made on the basis of several considerations tailoring to the specific context and needs of the current study. These considerations were pre-clarified as in the following explanation.

Firstly, the ultimate research model of the current study was conceivably complex. It had a considerable large number of indicator variables, and involves many paths. Chin (2010) defined a complex model as a larger model with many latent indicators, such as 50 or more items. With such complexity, PLS SEM was deemed most suitable as it was highly competent in analysing and explaining the complex relationship (Chin, 2010; Fornell & Bookstein, 1982). Particularly, PLS was capable of handling complex models without leading to estimation problems (Chin, 1998, 2010; Chin & Newsted, 1999; Hair, Anderson, Babin, & Black, 2010), given its limited information procedure characteristics (Barclay, Higgins & Thompson, 1995). Moreover, using PLS to estimate complex model afforded greater theoretical parsimony and reduced the model complexity (Chin, 2010; Wetzels, Odekerken-Schroder, & Van Oppen, 2009).

Secondly, PLS was also chosen to address the problem of small sample size (Chin, 1998; Chin, Marcolin & Newsted, 2003; Chin & Newsted, 1999), as PLS imposed less stringent requirements on sample size as well as residual distributions compared to other alternatives of SEM techniques, such as LISREL and AMOS which are both covariance-based SEM techniques. In particular to the 134 usable responses for the PLS-SEM in this study, PLS was able to afford higher statistical power to address the

rather complex model of the current study with limited sample size (Reinartz, Haenlein & Henseler, 2009).

Finally, PLS was also chosen because the current research was a correlational study where prediction was deemed more important than parameter estimation (Chin, 1998; Chin & Newsted, 1999). PLS was the preferable approach when researchers focus on prediction and theory development, as PLS demanded only about half as many observations to reach a given level of statistical power CBSEM did (Reinartz, Haenlein & Henseler, 2009).

3.14 Summary of the Chapter

This chapter had discussed the research framework as well as the twenty two hypotheses. Also, the chapter presented research design which including various aspects of research methodology. Specifically, it outlined population of the study, sampling design, questionnaire design, operationalization of variables and measurement, pretest, pilot test, reliability and validity of the instruments, data collection tool and method, and data analysis techniques.

CHAPTER FOUR

ANALYSIS AND RESULTS

4.1 Introduction

There are eleven main sections covered in this chapter beginning with an introduction which is further followed by response rate and non-response bias tests in the second section and data screening in the third section. The following sections discuss common method variance assessment, multicollinearity assessment and homoscedasticity assessment. The seventh section deals with descriptive analysis. The next section elaborates PLS SEM path model results, includes the analyses and findings of measurement model and structural model.

4.2 Response Rate and Non-response Bias Tests

4.2.1 Response Rate

Response rate of survey was significant concern in a study because it ensured the questionnaires collected were valid for data analysis (Hair *et al.*, 2010). Response rate defined by Hamilton (2009) as the percentage of respondents who participated in the survey from the sample size determined for the research. In this study, a total of 239 questionnaires were distributed to respondents, however, 137 questionnaires were collected back from the respondents. Therefore, a response rate of 57.32% was considered greatly sufficient for the analysis based on Sekaran's (2003) argument that response rate of 30% was acceptable for surveys (see Table 4.1). Further, three questionnaires were excluded from the analysis due to outlier problem. Excluded such number of questionnaires or data was important because they did not represent

the sample (Hair, Black, Babin, Anderson, & Tatham, 1998; Meyers, Gamst, & Guarino, 2006). This accounted for 56.07% valid response rate.

Table 4.1

Response Rate of the Questionnaires

Response	Frequency/ Rate
No. of distributed questionnaires	239
Returned questionnaires	137
Returned and usable questionnaires	134
Returned and excluded questionnaires	3
Questionnaires not returned	102
Response rate	57.32%
Valid response rate	56.07%

4.2.2 Non-response Bias Test

It was well explained in the previous research that “there is no minimum response rate below which a survey estimate is necessarily biased and, conversely, no response rate above which it is never biased” (Singer, 2006, p. 641). Nevertheless, there was a potential bias which must be examined no matter how minor the non-response, (Pearl & Fairley, 1985; Sheikh, 1981). The issue of non-response bias arose when there was a difference in the answers between non-respondents and respondents (Lambert & Harrington, 1990). Non-response bias could affect the findings of the research and the generalization of the result to the population. Henceforth, there was a need to conduct the non-response bias test to detect this type of error before moving to the main analysis.

Non-response bias defined by Lambert and Harrington (1990) as “the differences in the answers between non-respondents and respondents” (p. 5). In regard to the possibility of non-response bias issue, this research followed a time-trend

extrapolation method (Armstrong & Overton, 1977) by comparing the early and late respondents. The researchers claimed that late respondents share similar characteristics with non-respondents. Furthermore, to minimize the issue of non-response bias, Lindner and Wingenbach (2002) suggested that a minimum response rate of 50% should be achieved.

Regarding Armstrong and Overton's (1977) approach, this study divided the respondents into two main groups: those who responded within 30 days (i.e., early respondents) and those who responded after 30 days (i.e., late respondents) (Vink & Boomsma, 2008). These groups were compared on all variables and their dimensions. Majority of the respondents in the sample; that was 99 (73.88%) responded to the questionnaire within 30 days, while the remaining 35, representing 26.12% responded after 30 days.

In order to detect non-response bias, this study resorted to employing independent sample t-test to check that whether any kind of discrepancy exists between the two by comparing the means of the two groups (Pallant, 2011). As depicted in Table 4.2, the results of independent-samples t-test showed that the equal variance significance values for all the variables and the dimensions were greater than the 0.05 significance level of Levene's test for equality of variances (Field, 2009; Pallant, 2011). Henceforth, it could be concluded that the assumption of equal the variances between early and late respondents has not been violated. Additionally, concerning Lindner and Wingenbach's (2002) recommendation, since the research achieved 57.32% response rate, it could be considered that non-response bias was not a major concern.

Table 4.2

Results of Independent Sample T-Test

		Levene's Test for Equality of Variances		T-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Differe nce	Std. Error Differe nce	95% Confidence Interval of the Difference	
									Lower	Upper
Miss_ mean	Equal variances assumed	.650	.422	.304	132	.762	.04256	.14012	-.23461	.31974
	Equal variances not assumed			.296	52.356	.768	.04256	.14357	-.24549	.33062
Finan_ mean	Equal variances assumed	.219	.640	-.169	132	.866	-.02748	.16214	-.34822	.29325
	Equal variances not assumed			-.176	58.378	.861	-.02748	.15582	-.33935	.28438
TransF_ mean	Equal variances assumed	2.293	.132	-1.133	132	.259	-.16192	.14290	-.44458	.12075
	Equal variances not assumed			-1.257	66.175	.213	-.16192	.12879	-.41904	.09521
Transac_ mean	Equal variances assumed	1.243	.267	1.253	132	.212	.17457	.13928	-.10093	.45007
	Equal variances not assumed			1.161	48.448	.251	.17457	.15034	-.12764	.47678
STrust_ mean	Equal variances assumed	.182	.671	.114	132	.910	.01485	.13057	-.24344	.27314
	Equal variances not assumed			.107	49.815	.915	.01485	.13824	-.26283	.29254
Netw_ mean	Equal variances assumed	1.559	.214	-.205	132	.838	-.03150	.15363	-.33540	.27239
	Equal variances not assumed			-.222	63.087	.825	-.03150	.14175	-.31476	.25175
PubSE_ mean	Equal variances assumed	.018	.893	1.125	132	.263	.17432	.15492	-.13213	.48076
	Equal variances not assumed			1.108	53.134	.273	.17432	.15727	-.14112	.48975

Table 4.2 (Continued)

		Levene's Test for Equality of Variances		T-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Differe nce	Std. Error Differe nce	95% Confidence Interval of the Difference	
									Lower	Upper
Innov_ mean	Equal variances assumed	2.038	.156	-.089	132	.929	-.01523	.17129	-.35405	.32360
	Equal variances not assumed			-.082	48.191	.935	-.01523	.18561	-.38837	.35792
Proac_ mean	Equal variances assumed	.182	.671	-1.153	132	.251	-.19382	.16809	-.52631	.13867
	Equal variances not assumed			-1.143	53.691	.258	-.19382	.16955	-.53379	.14615
Risk_ mean	Equal variances assumed	2.156	.144	-.154	132	.878	-.03120	.20236	-.43148	.36908
	Equal variances not assumed			-.146	49.763	.885	-.03120	.21439	-.46186	.39946

4.3 Data Screening

Data screening implicated certain requirements in the quantitative research process. It was vital to conduct data screening to identify any potential violation of the basic assumptions related to the application of multivariate techniques (Won, Wan, & Sharif, 2017; Pallant, 2011). Moreover, initial data examination enabled the researcher to gain a deeper understanding of the data collected. First of all, it was crucial to meet the assumptions of psychometric properties concerning the data, therefore making it safe to proceed for statistical analyses. Next, followed certain procedures for error detection and correcting those errors, if any, in the data file. Failure to do this might resulted in distorting the following data analysis (Pallant, 2011). To meet these requirements, this study adopted the approach of detection and

treatment of missing values, identification of outliers, normality assessment and linearity assessment (Pallant, 2011).

4.3.1 Missing Data Detection and Treatment

The indication of a missing data was when a respondent failed to deliver answer concerning one or more questions thus making the data collected not appropriate for ensuing analysis (Hair *et al.*, 2010; Howel, 2007). Data coding error or entry error were sources of the occurrence of missing data except in a situation where the respondents were asked to skip questions. In this study, following the advice of Howel (2007); steps were taken to prevent the problem of missing data by the style of distribution and administration of the questionnaire. In this study, the Google Document online survey was adopted and respondent could not proceed to the next page if they left out any question unanswered to prevent missing data. The other source of missing data that was dealt with was the occasion of missing data that may arise from the data entry process. After running the data on IBM SPSS version 22 for frequency analysis, no missing value was found (refers Appendix C).

4.3.2 Multivariate Outliers Detection and Treatment

Outliers were extreme scores or values of data sets that may significant affect on the analysis and the result of the study (Hair *et al.*, 2010). Presence of outliers in the data set could utterly distort the following data analysis and lead to erroneous results (Verardi & Croux, 2008). Mahalanobis distance (d^2) was employed to detect the outliers. Mahalanobis distance (d^2) defined by Tabachnick and Fidell (2007) as “the distance of a case from the centroid of the remaining cases where the centroid is the point created at the intersection of the means of all the variables” (p. 74).

With degree of freedom equating the number of items (61 items), the chi-square value was 100.8878 ($p = .001$). Respondent with Mahalanobis distance value that exceeded the chi-square value were deleted (Tabachnick & Fidell, 2007). Following this criterion, three multivariate outliers (respondent 28 = 105.0353, respondent 88 = 110.2931, respondent 96 = 111.1706) were identified and deleted from the dataset because they could affect distort the result of the data analysis (see Appendix D). Henceforth, after removing three multivariate outliers, the final dataset in this study was 134.

4.3.3 Normality Assessment

Though PLS granted accurate model estimation even with the presence of extreme non-normal data (Henselar *et al.*, 2009), Hair *et al.*, (2014) claimed that the bootstrapping procedure used in PLS was prone to standard error if the data was highly skewed or Kurtotic. Hence, Hair *et al.*, (2014) suggested that researchers should carry out a normality assessment on the data. In this study, the assumption of normality was inspected using two methods. The first method was examining the shape of data distribution graphically (Tabachnick & Fidell, 2007). The data collected in the present study had followed the normal pattern since all the bars on the histogram were close to a normal curve (refers Appendix E). Therefore, normality assumptions were not violated in the present study.

The second method was evaluating the skewness and kurtosis value (Garson, 2012). According to Garson (2012), the accepted range of absolute value of skewness and kurtosis was ± 2 . The values of both skewness and kurtosis in this study all fell

within the prescribed range. Skewness was within the range of -.773 to .049 while kurtosis was within the range of -1.137 to 1.081 as shown in Table 4.3 below. It meant that the normality assumptions were not violated in this study.

Table 4.3
Skewness and Kurtosis

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Miss_mean	-.390	.209	-.468	.416
Finan_mean	-.544	.209	-.446	.416
TransF_mean	-.435	.209	-.429	.416
Transac_mean	-.499	.209	-.438	.416
STrust_mean	-.773	.209	1.081	.416
Netw_mean	-.430	.209	.020	.416
PubSE_mean	-.447	.209	.150	.416
Innov_mean	-.097	.209	-.894	.416
Proac_mean	-.414	.209	-.654	.416
Risk_mean	-.017	.209	-1.137	.416
OrgEffe_mean	-.460	.209	-.245	.416
Leader_mean	-.503	.209	-.346	.416
SC_mean	-.432	.209	-.208	.416
EO_mean	.049	.209	-.727	.416

4.3.4 Linearity Assessment

Linearity of relationship as an assumption in multiple regressions was used to denote the degree to which the change in the dependent variable was related to the independent variable (Hair *et al.*, 2010). As multiple regression models were based on the linearity of multivariate relationships, the linearity assumption was necessary (Hair *et al.*, 2010). The linearity test was conducted through the graph-legacy diagrams-scatter/dot-simple scatter procedures in SPSS 22. Linearity of data could be tested by examination of scatter plots or linearity residual plot (Hair *et al.*, 2010; Pallant, 2013).

Visual examination of the plots in the Appendix F showed a roughly straight line and not a curve. This meant that the residuals had a straight-line relationship with the predicted values of the dependent variable (organizational effectiveness). Hence, there were a linearity of the relationship between the dependent variable of organizational effectiveness and the independent variables of leadership style, social capital and entrepreneurial orientation from each of the scatter plots. The data by this meant to satisfy the linearity assumption of multiple regressions.

4.4 Common Method Variance Assessment

Common method variance could be defined as variance that was perpetually attributable to the measurement procedure rather than to the actual constructs the measures represent (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Common variance method was basically that of a measurement issue rather than constructs involved in the study. It was of interest due to its potential of bias when estimating the relationship among the theoretical constructs of the research (Podsakoff *et al.*, 2003). Such errors might cause by social desirability or having a common rater; items ambiguity or item characteristics effects; the effects of grouping items or items context effects and measurement effects which occurred through simultaneous measurement of predictor and criterion variables (Meade, Watson & Kroustalis, 2007).

Some procedural and statistical controls were adopted to deal with the issue of common method variance (MacKenzie & Podsakoff, 2012; Podsakoff *et al.*, 2003; Viswanathan & Kayande, 2012). The first step was the procedure in which the questionnaire design subjected to expert evaluation. These experts were selected

through objective basis to avoid social effects. Secondly, the respondents were given an assurance that the research is meant for academic purposes; and that their responses were not about being right or wrong; and their responses were confidential. Efforts were also made to improve the scale items. This was achieved by avoiding vague concepts in the questionnaire and survey was written in a simple, specific and concise language.

Besides the procedural and statistical controls described above, the present study also adopted one of the most widely used statistical approaches, namely Harman's single factor test to inspect common method variance (Podsakoff & Organ, 1986). The main assumption of Harman's (1967) single factor test was that if a substantial amount of common method variance was present, either a single factor might emerge, or one general factor would account for most of the covariance in the predictor and criterion variables (Podsakoff & Organ, 1986). The data did not have the problem of common method variance which serious enough to inflate relationships between the variables as the first (largest) factor accounting for 21.501% of the variance (see Appendix G) which was less than 50% (Podsakoff *et al.*, 2003).

4.5 Multicollinearity Assessment

Multicollinearity referred to the situation in which one independent variable is actually a combination of the other variables or when the independent variables were highly correlated (Hair *et al.*, 2010). The occurrence of multicollinearity among the exogenous latent constructs could potentially affect the estimates of regression coefficients and the statistical significance tests (Chatterjee & Yilmaz, 1992; Hair, Black, Babin, Anderson, & Tatham, 2006). Specifically, multicollinearity upturned

the standard errors of the coefficients, which led to decrease in the predictive power of the independent variables on the dependent variables (Tabachnick & Fidell, 2007). This was due to the reason that the variables cancelled out each other (Pallant, 2010). Two approaches were employed to examine multicollinearity in this study (Chatterjee & Yilmaz, 1992; Peng & Lai, 2012). First, the correlation matrix of the exogenous latent constructs was assessed. Statistically, a correlation coefficient of .90 and above indicated the presence of multicollinearity between exogenous latent constructs (Pallant, 2010, Hair *et al.*, 2010). Secondly, Tolerance and Variance Inflation Factor (VIF) were examined to identify multicollinearity issue. Hair, Ringle and Sarstedt (2011) recommended that multicollinearity was a concern if VIF value was higher than 5 and tolerance value was less than .20. Table 4.4 indicated that multicollinearity did not exist among the exogenous latent constructs as all VIF values were less than 5 and tolerance values exceeded .20 as suggested by Hair *et al.* (2011). Thus, multicollinearity was not an issue in the present study.

Table 4.4
VIF Values, Tolerance Values and Correlation Matrix of All Exogenous Latent Constructs.

	Correlations								Collinearity Statistics	
	TransF_mean	Transac_mean	STrust_mean	Netw_mean	PubSE_mean	Innov_mean	Proac_mean	Risk_mean	Tol.	VIF
TransF_mean	1								.388	2.580
Transac_mean	.629**	1							.420	2.384
STrust_mean	.430**	.463**	1						.563	1.777
Netw_mean	.404**	.325**	.483**	1					.685	1.460
PubSE_mean	.256**	.562**	.421**	.271**	1				.599	1.670
Innov_mean	.647**	.446**	.443**	.232**	.222**	1			.531	1.884
Proac_mean	.151	.11	.044	-.04	-.105	.101	1		.929	1.077
Risk_mean	.271**	.261**	.298**	.086	.190*	.292**	-.01	1	.857	1.166

4.6 Homoscedasticity Assessment

Assumption of homoscedasticity was also a concern to the researchers as how the values of the data were being spread out among the variables was very crucial in a study. Pallant (2011) defined homoscedasticity as the variance of the residuals about predicting DV scores should be the same for all predicted scores”. If the assumption of homoscedasticity was unmet, the data was not appropriate for conducting a test of differences like ANOVA.

In the present study, scatter plot was used to test the homoscedasticity. It was expected to display a fairly even cigar shape along its length (Pallant, 2011). The data for this study met the assumptions of homoscedasticity as all the scatter plots in Appendix H showed a cigar shape which were demonstrating both linearity in relationship between the variables and even spread of data for the study.

4.7 Descriptive Analysis

4.7.1 Profile of Respondents

This section outlined the demographic profile of respondents. The demographic characteristics examined in this study include gender, age, race, level of education, position, tenure, state, organizational type, target group, organization age, number of employees, and sources of income (see Table 4.5).

Table 4.5

Demographic Characteristics of the Respondents

Description	Frequency	Percent
Gender		
Male	83	61.9
Female	51	38.1
Age		
Below 30 years old	3	2.2
31-40	18	13.4
41-50	25	18.7
51-60	47	35.1
61 and above	41	30.6
Race		
Malay	61	45.5
Chinese	38	28.4
Indian	32	23.9
Others	3	2.2
Education		
Primary school education	1	.7
PMR	1	.7
SPM	33	24.6
STPM	3	2.2
Certificate level	5	3.7
Diploma holder	27	20.1
Degree holder	49	36.6
Master holder	7	5.2
PhD holder	4	3.0
Others	4	3.0
Position		
President	77	57.5
Chief Executive Officer	3	2.2
Executive Director	10	7.5
Manager	37	27.6
Others	7	5.2
Tenure		
Less than one year	11	8.2
1-5 years	37	27.6
6-10 years	21	15.7
More than 10 years	65	48.5
State		
Selangor	39	29.1
Kuala Lumpur	13	9.7
Sarawak	5	3.7
Johor	13	9.7
Penang	12	9.0
Sabah	1	.7
Perak	16	11.9
Pahang	3	2.2
Negeri Sembilan	9	6.7
Kedah	5	3.7
Malacca	8	6.0
Terengganu	4	3.0
Kelantan	4	3.0
Perlis	2	1.5

Table 4.5 (Continued)

Description	Frequency	Percent
Organizational Type		
Foundation	101	75.4
Company	22	16.4
Association	1	.7
Others	10	7.5
Target Group		
Children	55	41.0
Women / Single Mother	5	3.7
Elderly	9	6.7
Disabled	53	39.6
Others	12	9.0
Organization Age		
1-5 years	6	4.5
6-10 years	5	3.7
More than 10 years	123	91.8
Number of Employee		
Less than 5 full-time employees	46	34.3
Between 5 and 50 full-time employees	82	61.2
Between 51 and 150 full-time employees	6	4.5
Sources of Income		
Sale of Products and Charge for Services	36	26.9
Donated by Individual	86	64.2
Transferred from Parent Organization	5	3.7
Donated from Government	94	70.1
Other Private Organizations	56	41.8
Donated from Abroad	2	1.5
Membership Fees	9	6.7
Public Donation	114	85.1
Interest	3	2.2
Others	6	4.5

As presented in Table 4.5, the majority of the respondents in the sample, that is 83 (61.9%), were males while the remaining 51, representing 38.1% were females. Concerning the age group, 35.1% of the participants were in the age group of 51-60 years. This was followed by those in the age group of 61 and above with 41 respondents (30.6%), 41- 50 years with 25 respondents (18.7%), 31- 40 years with 18 respondents and below 30 years old with 3 respondents (2.2%). Additionally, in terms of race, Table 4.5 showed that 45.5% of the participants were Malay, followed by Chinese (28.4%), Indian (23.9%) and others (2.2%).

Table 4.5 also showed a high proportion of the respondents were degree holders, which accounted for 36.6% or 49 respondents. This was followed by SPM (24.6%), diploma holder (20.1%), master holder (7%), certificate level (5%), PhD holder (3%) and others (3%). While the remaining were PMR and primary school education which shared the same percentage (7%). In addition, to verify whether the respondents were qualified to complete the survey and to know who was managing the organization, respondents were asked to specify their position in the organization. In terms of position, Table 4.5 indicated that 57.5% of the participants were president, followed by manager (27.6%); executive director (7.5%); others (5.2%) and chief executive officer (2.2%). In respect of job tenure, high proportion of the respondents (48.5%) of the participants spent more than 10 years working in SWO; 27.6% spent 1-5 years; 15.75% spent 6 -10 years while the remaining 8.2% had less than 1 year in the SWO.

Table 4.5 also displayed that most of the respondents were from Selangor (29.1%), followed by Perak (11.9%), Kuala Lumpur (9.7%), Johor (9.7%), Penang (9.0%), Negeri Sembilan (6.7%), Sarawak (3.7%), Kedah (3.7%), Terengganu (3.0%), Kelantan (3.0%), Pahang (2.2%), Perlis (1.5%) and Sabah (.7%). Organizational type of SWO categorized into foundation (75.4%), company (16.4%), others (7.5%) and association (0.7%). Approximately 41% of the target group were children; women or single mother (3.7%); elderly (6.7%); disabled (39.6%) and the others (9.0%).

Number of employees represented the organization size in this study. Respondents were requested to indicate the size of their organization by selecting one of the three options provided in the questionnaire. Table 4.5 indicated that most of the SWOs had

between 5 to 50 full-time employees (61.2%), followed by 34.3% of SWO which had less than 5 full time employees, and 4.5% of SWO which had between 51 to 150 full-time employees. Most of the sources of income of SWO were generated from public donation (114 cases), followed by governmental donation (94 cases), individual donation (86 cases), private organization donation (56 cases), sales of products and charge for services (36 cases), membership fees (99 cases), others (6 cases), transferred from the parent organization (5 cases), interest (3 cases) , and donations from abroad (2 cases).

4.7.2 Descriptive Analysis of the Constructs

The general statistical description of the constructs in the current research was analysed descriptively, by determining the statistical values of mean, standard deviation, minimum and maximum values for all the constructs. All the constructs were measured on a five-point Likert-type scale. The results of descriptive statistics were depicted in Table 4.6.

Table 4.6
Descriptive Analysis of Constructs

Constructs	Number of Items	Mean	Standard Deviation	Minimum	Maximum
Miss_mean	15	3.4159	.69644	1.53	5.00
Finan_mean	5	3.5672	.80569	1.40	4.80
TransF_mean	12	3.6381	.71344	1.58	5.00
Transac_mean	6	3.7326	.69610	2.00	5.00
STrust_mean	4	3.7612	.64879	1.25	4.75
Netw_mean	5	3.4672	.76343	1.20	4.80
PubSE_mean	4	3.5784	.77339	1.00	5.00
Innov_mean	4	3.3825	.85108	1.25	5.00
Proac_mean	3	3.3085	.83933	1.67	4.67
Risk_mean	3	3.2189	1.00550	1.33	5.00

For easier interpretation, the five-point scale adopted in the current research was classified into three categories, namely, low, moderate and high. Scores of less than three were considered as small; scores of more than three were considered high while three was seen as moderate. Tables 4.6 indicated that all the latent constructs possessed a mean ranging from 3.2189 to 3.7612 which were all above the average value. This indicated a somewhat optimistic attitude amongst the respondents for each scale.

The standard deviation of all latent constructs ranged from .64879 to 1.00550 which was also considered acceptable. As such, it could be established that on the basis of responses, i.e. opinions of respondents collected in this study explicitly reflected in an acceptable and satisfactory level of implementation with regard to all latent constructs.

4.8 Assessment of PLS-SEM Path Model Results

Previous study conducted by Henseler and Sarstedt (2013) claimed that goodness-of-fit (GoF) index was not suitable for model validation (Hair *et al.*, 2014). For example, using PLS path models with simulated data, the researchers found that goodness-of-fit index was not suitable for model validation because it could not separate valid models from invalid ones (Hair *et al.*, 2014). Hence, this study adopted a two-step process to evaluate and report the results of PLS-SEM path, as recommended by Henseler *et al.* (2009). The two-step process used in current study comprised (1) the assessment of a measurement model, and (2) the assessment of a structural model, as depicted in Figure 4.1 (Hair *et al.*, 2014; Hair *et al.*, 2011; Henseler *et al.*, 2009).

Assessment of measurement model	Examining individual item reliability ↓ Ascertaining internal consistency reliability ↓ Ascertaining convergent validity ↓ Ascertaining discriminant validity
Assessment of structural model	Assessing the significance of path coefficients ↓ Evaluating the level of <i>R</i> -squared values ↓ Determining the effect size ↓ Ascertaining the predictive relevance

Figure 4.1

A Two-Step Process of PLS Path Model Assessment

4.9 Assessment of Measurement Model

An assessment of a measurement model comprised of determining individual item reliability, convergent validity, internal consistency reliability, and discriminant validity (Hair *et al.*, 2014; Hair *et al.*, 2011; Henseler *et al.*, 2009) as shown in Figure 4.2.

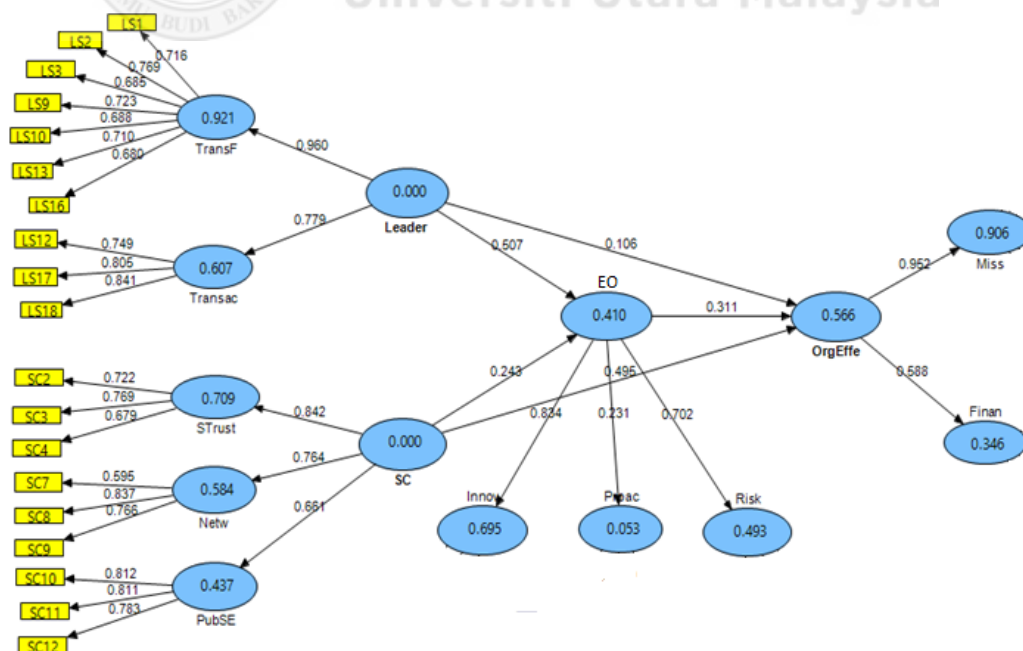


Figure 4.2

Measurement Model

4.9.1 Individual Item Reliability

Individual item reliability denoted the reliability of each individual item (Hair *et al.*, 2014). Individual item reliability was assessed by examining the outer loadings of each construct they intend to measure (Hair *et al.*, 2010). However, the problem of weak outer loadings had frequently occurred in social science researches (Hulland, 1999).

Item with lower loading (within the range of .40 to .70) should be considered for deletion if the deletion leads to an increase in the composite reliability and average variance extracted (AVE) above the recommended cut-off value (Hair *et al.*, 2010). Thus, in the whole model, 40 items were retained as they had loadings between .514 and .860 (see Table 4.7).

4.9.2 Internal Consistency Reliability

Internal consistency reliability referred as the degree to which all items on a particular scale are measuring the same concept (Bijttebier *et al.*, 2000). Cronbach's alpha coefficient and composite reliability coefficient were the most generally used estimators of the internal consistency reliability of an instrument in organizational research (Bacon, Sauer, & Young, 1995; McCrae, Kurtz, Yamagata, & Terracciano, 2011; Peterson & Kim, 2013). Nonetheless, composite reliability was employed to determine the internal consistency reliability of measures adapted in this research (Hair *et al.*, 2011).

There were two main reasons to justify for choosing composite reliability coefficient instead of Cronbach's alpha. Firstly, composite reliability coefficient offered a much

less bias estimate of reliability as compared to Cronbach's alpha coefficient because the latter assumed all indicators were equally weighted or in other words, had the same loadings (Barclay, Higgins, & Thompson, 1995; Gotz, Liehr-Gobbers, & Krafft, 2010). Secondly, Cronbach's alpha might either underestimate or overestimate the scale reliability. Inversely, composite reliability took into account that indicators had different loadings. Therefore, composite reliability recognized the individual loadings and highlighted the contribution of each item.

The interpretation of internal consistency reliability using composite reliability coefficient was based on the rule of thumb provided by Bagozzi and Yi (1988) as well as Hair *et al.*, (2011), who recommended that the composite reliability coefficient should be at least .70 or more. Table 4.7 displayed the composite reliability coefficients of the latent constructs. The breakdown was as follows: Transformational = .877; Transactional = .841; Social Trust = .767; Network = .781; Public Sector Engagement = .844; Innovation = .801; Proactiveness = .780; Risk Taking = .793; Mission Achievement = .897; Financial Efficiency = .817. All of them exceeded the threshold of .70 which signified adequate internal consistency reliability of the measures used in this research (Bagozzi & Yi, 1988; Hair *et al.*, 2011).

4.9.3 Convergent Validity

Convergent validity was the extent to which items truly represent the intended latent construct and indeed correlate with other measures of the same latent construct (Hair *et al.*, 2006). Convergent validity was inspected by examining the Average Variance

Extracted (AVE) of each latent construct, as recommended by Fornell and Larcker (1981).

To achieve adequate convergent validity, Chin (1998) recommended that the AVE of each latent construct should be greater than .50. Following Chin (1998), the AVE values presented in Table 4.7 displayed high loadings ($> .50$) on their respective constructs, demonstrating adequate convergent validity.

4.9.4 Discriminant Validity

Discriminant validity referred to the extent to which a particular latent construct was empirically distinct from other latent constructs (Hair *et al.*, 2014). This research employed Fornell and Larcker's (1981) AVE criterion and cross loadings criterion (Chin, 1998) to examine discriminant validity.

Grounded on Fornell and Larcker's (1981) criterion, discriminant validity was established if the square root of the AVE was greater than other latent variable correlations. Table 4.8 showed all the square root of the average variances extracted were greater than the correlations among latent constructs, signifying adequate discriminant validity (Fornell & Larcker, 1981).

Table 4.7

Standardized Loadings, Average Variance Extracted, Composite Reliability, and Cronbach's Alpha

	Items	Standardized Loading	AVE	Composite Reliability	Cronbach's Alpha
Transformational	LS1	.716	.505	.877	.836
	LS2	.769			
	LS3	.685			
	LS9	.723			
	LS10	.688			
	LS13	.710			
	LS16	.680			
Transactional	LS12	.749	.639	.841	.716
	LS17	.805			
	LS18	.841			
Social Trust	SC2	.722	.524	.767	.547
	SC3	.769			
	SC4	.679			
Network	SC7	.595	.547	.781	.581
	SC8	.837			
	SC9	.766			
Public Sector Engagement	SC10	.812	.644	.844	.726
	SC11	.811			
	SC12	.783			
Innovation	EO1	.759	.574	.801	.627
	EO2	.792			
	EO3	.719			
Proactiveness	EO5	.737	.547	.780	.605
	EO6	.598			
	EO7	.860			
Risk Taking	EO8	.734	.562	.793	.615
	EO9	.803			
	EO10	.709			
Mission Achievement	OE4	.783	.523	.897	.867
	OE6	.718			
	OE7	.731			
	OE8	.753			
	OE9	.778			
	OE10	.751			
	OE11	.722			
Financial Efficiency	OE15	.514	.530	.817	.701
	OE16	.673			
	OE17	.648			
	OE19	.718			
	OE20	.856			

Table 4.8

Latent Variable Correlation and Square Root of AVE

	Finan	Innov	Miss	Netw	Proac	PubSE	Risk	STrust	TransF	Transac
Finan	(.728)									
Innov	.521	(.757)								
Miss	.313	.293	(.723)							
Netw	.137	.312	.588	(.740)						
Proac	.107	.063	.138	.000	(.739)					
PubSE	.192	.199	.304	.191	-.111	(.802)				
Risk	.154	.234	.511	.251	.013	.182	(.750)			
STrust	.203	.308	.595	.518	.109	.371	.287	(.724)		
TransF	.613	.697	.361	.369	.116	.194	.190	.355	(.711)	
Transac	.482	.413	.123	.090	.210	.199	.110	.139	.572	(.799)

Table 4.9

Cross Loading

	TransF	Transac	STrust	Netw	PubSE	Innov	Proac	Risk	Miss	Finan
LS1	.716	.310	.341	.354	.149	.606	.214	.034	.255	.308
LS2	.769	.363	.280	.324	.149	.506	-.007	.156	.244	.453
LS3	.685	.357	.254	.273	.093	.419	.107	.150	.295	.509
LS9	.723	.557	.170	.195	.173	.434	.032	.128	.224	.517
LS10	.688	.487	.153	.150	.172	.435	.106	.231	.188	.466
LS13	.710	.480	.229	.196	.114	.486	.012	.077	.272	.484
LS16	.680	.255	.362	.365	.106	.600	.137	.168	.332	.288
LS12	.495	.749	.106	.094	.143	.348	.098	.174	.175	.448
LS17	.420	.805	.108	.067	.153	.307	.147	.014	.036	.322
LS18	.452	.841	.117	.053	.181	.331	.257	.071	.078	.381
SC2	.228	.127	.722	.350	.154	.178	.029	-.019	.182	.072
SC3	.202	.012	.769	.361	.350	.211	.050	.189	.259	.049
SC4	.335	.167	.679	.408	.281	.272	.148	.415	.809	.307
SC7	.177	.065	.271	.595	.068	.162	.062	.058	.510	.133
SC8	.411	.106	.471	.837	.196	.365	-.052	.265	.483	.192
SC9	.193	.022	.380	.766	.138	.134	.015	.197	.340	-.026
SC10	.267	.241	.363	.252	.812	.248	-.070	.068	.230	.171
SC11	.120	.126	.295	.093	.811	.127	-.103	.183	.275	.120
SC12	.048	.091	.216	.091	.783	.079	-.097	.209	.229	.172
EO1	.530	.290	.351	.329	.091	.759	.164	.169	.267	.253
EO2	.537	.305	.141	.223	.114	.792	-.044	.128	.174	.428
EO3	.515	.342	.202	.154	.245	.719	.016	.233	.221	.507
EO5	.116	.177	.146	.059	-.091	.040	.737	-.009	.105	.127
EO6	.098	.069	.007	.020	-.154	.001	.598	-.027	.021	.012
EO7	.067	.188	.069	-.051	-.052	.073	.860	.039	.141	.079
EO8	.201	.054	.269	.156	.132	.250	.119	.734	.558	.291
EO9	.040	.057	.200	.181	.123	.132	-.060	.803	.252	.005

Table 4.9 (Continued)

	TransF	Transac	STrust	Netw	PubSE	Innov	Proac	Risk	Miss	Finan
EO10	.177	.149	.158	.238	.156	.122	-.059	.709	.294	.001
OE4	.258	.130	.606	.393	.251	.220	.125	.315	.783	.307
OE6	.195	.116	.537	.309	.386	.160	.055	.375	.718	.245
OE7	.281	.062	.370	.468	.178	.253	.040	.404	.731	.226
OE8	.284	.091	.393	.350	.268	.214	.138	.442	.753	.215
OE9	.160	-.042	.406	.495	.171	.151	.158	.289	.778	.118
OE10	.145	.018	.333	.431	.116	.073	.150	.193	.751	.088
OE11	.373	.190	.330	.306	.171	.313	.082	.589	.722	.385
OE15	.424	.146	.475	.761	.217	.329	.036	.330	.514	.200
OE16	.415	.366	.145	.093	.163	.282	.190	-.001	.141	.673
OE17	.430	.329	.173	.089	.103	.344	.061	.125	.228	.648
OE19	.470	.332	.098	.093	.103	.453	-.060	.097	.230	.718
OE20	.473	.386	.174	.122	.188	.423	.132	.191	.290	.856

4.10 Assessment of Structural Model

Having ascertained the measurement model, the next step in the present study was to assess the structural model.

4.10.1 Assessing the significance of path coefficients

Following the recommendations of Hair *et al.*, (2014) and Henseler *et al.*, (2009), the present study applies the bootstrapping procedure in PLS with bootstrap of 5000 samples to treat 134 cases for the purpose of assessing the significance of the path coefficient. The application of bootstrapping in PLS was necessary according to Hair *et al.*, (2014) because PLS SEM did not assume the data being analysed were normally distributed. Also, the bootstrapping technique was able to produce more reasonable standard error estimates (Tenenhaus, Esposito Vinzi, Chatelin, & Lauro, 2005).

According to Chin (1998) explanation, path coefficient gave the reflection of the strength of relationship between independent variables and dependent variables and other hypothesized relationship. Presented in Table 4.9 were the results of all hypotheses testing. As the hypothesis testing was carried out at different levels of estimation, several structural models were used in the estimation procedure (refers Figure 4.4; Figure 4.5; Figure 4.6; Figure 4.7; Figure 4.8; Figure 4.9).

For this study, semi-partial correlation was chosen (versus the PLS estimation) for the testing of the sub-hypotheses (Abdi, 2007). The decision was made based on two reasons. Firstly, this study reckoned the need for an approach which was able to estimate the correlations between predictors (herein, the leadership styles and social capital dimensions) and the dependent variable, while being able to partition succinctly the variance explained among these predictors (Abdi, 2007). This was so-heeded because the dimensions of leadership styles and social capital were indeed correlated constructs. They were not plainly independent predictors. Being correlated constructs, the effects of the covariates of other predictor dimensions on one particular dimension would not allow us to capture the unique relationship between each of the predictor and the dependent variable (Weinberg & Abramowitz, 2008). It was crucial to find out how much of the criterion variance explained by regression was uniquely attributable to each specific predictor (Field, 2009). The need to appropriately address the partitioning of variance had also received attention recently. As it was reinforced by Tonidandel and LeBreton (2011), “a predictable variable may explain only a small proportion of predictable variance and yet be very meaningful” in some situation (Martell, Lane, & Emrich, 1996); and conversely “a

larger percentage of the variance but” was of “little practical utility” in other situation (Cortina & Landis, 2009).

Secondly and concomitantly, semi-partial correlation was able to cater for accurate relative importance analysis. As leadership styles and social capital had been an established construct in social science, this study was also keen to find out which among the two predictive variables’ dimensions were indeed significant drivers for entrepreneurial orientation and organizational effectiveness. Though the examination of entrepreneurial orientation-organizational effectiveness nexus in this study was considerably novel, the current study, however, reckoned that entrepreneurial orientation’s dimensions were already broadly-tested measures in entrepreneurship studies, and that this study regarded them as sufficiently robust to establish standalone effect with the dependent variable. By the simplest way, relative importance analysis was best done by semi-partial correlation (Weinberg & Abramowitz, 2008).

In this study, the residualization approach was used for semi-partial correlation. The working principle of semi-partial correlation was that estimated the relationship between a specific predictive variable (herein, dimensions) and a dependent variable (herein, organizational effectiveness) after controlling the effects of the covariates of other predictive variables in the model on either that particular predictive variable or the dependent variable (Field, 2009).

Finally, the mediation effect was tested. Theoretically, mediation was tested to explain why a relationship exists between an exogenous and endogenous construct

(leadership styles-organizational effectiveness nexus and social capital-organizational effectiveness nexus) (Hair *et al.*, 2014). In this study, Kock's (2013) Sobel spreadsheet was used to conduct the mediation test (see Appendix J). Besides, testing of the mediation was done so in accordance with Baron and Kenny's (1986) description of mediation (see Figure 4.3 for an illustration of the paths).

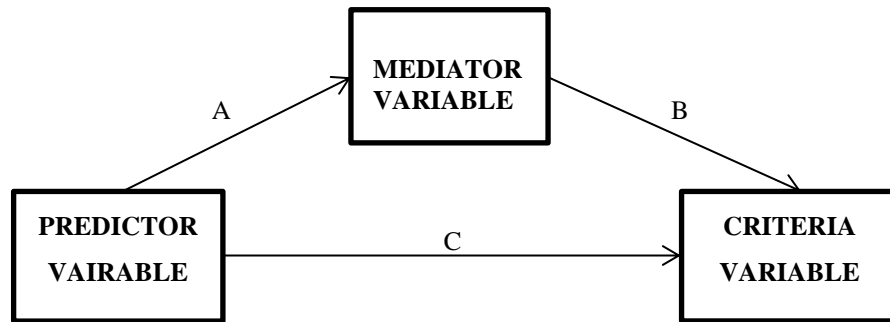


Figure 4.3
Mediation Paths as described by Baron and Kenny (1986)

Table 4.10
Hypothesis Testing of The Relationship Between Constructs

Hypo	Relationship Between Constructs	Beta Value, β	Std. error	t-value	p-value	Significance Level	Decision
H1	Leader -> OrgEffe	.267	.09	2.972	.0018	$p < .01$	Supported
H1a	TransF -> OrgEffe	.544	.084	6.506	.0000	$p < .0001$	Supported
H1b	Transac -> OrgEffe	.002	.084	.024	.4906	Not Significant	Not Supported
H2	SC -> OrgEffe	.566	.077	7.324	.0000	$p < .0001$	Supported
H2a	STrust -> OrgEffe	.608	.07	8.688	.0000	$p < .0001$	Supported
H2b	Netw -> OrgEffe	.276	.065	4.253	.0000	$p < .0001$	Supported
H2c	PubSE -> OrgEffe	.066	.06	1.099	.1368	Not Significant	Not Supported
H3	Leader -> EO	.507	.089	5.686	.0000	$p < .0001$	Supported
H3a	TransF -> EO	.592	.084	7.053	.0000	$p < .0001$	Supported
H3b	Transac -> EO	.065	.079	.829	.2043	Not Significant	Not Supported
H4	SC -> EO	.243	.089	2.727	.0036	$p < .01$	Supported
H4a	STrust -> EO	.371	.117	3.181	.0009	$p < .001$	Supported
H4b	Netw -> EO	.152	.114	1.326	.0935	$p < .10$	Supported
H4c	PubSE -> EO	.057	.107	.531	.2981	Not Significant	Not Supported
H5	EO -> OrgEffe	.311	.093	3.358	.0005	$p < .001$	Supported

Table 4.10 (Continued)

Hypo	Relationship Between Constructs	Beta Value, β	Std. error	t-value	p-value	Significance Level	Decision
H6	Leader -> EO-> OrgEffe	.158	.055	2.859	.0025	$p < .01$	Supported
H6a	TransF -> EO-> OrgEffe	.261	.072	3.6	.0002	$p < .001$	Supported
H6b	Transac -> EO-> OrgEffe	.029	.036	0.792	.215	Not Significant	Not Supported
H7	SC -> EO-> OrgEffe	.076	.037	2.062	.0206	$p < .05$	Supported
H7a	STrust -> EO-> OrgEffe	.099	.041	2.435	.0081	$p < .01$	Supported
H7b	Netw -> EO-> OrgEffe	.04	.033	1.223	.1117	Not Significant	Not Supported
H7c	PubSE -> EO-> OrgEffe	.015	.030	.511	.3052	Not Significant	Not supported

Note: Hypo denotes hypothesis; std. error denotes standard error

As indicated in Table 4.10, hypothesis H1 ($\beta = .267$, t -value = 2.972, $p < .01$) and hypothesis H1a ($\beta = .544$, t -value = 6.506, $p < .0001$) were found supported. while hypothesis H1b ($\beta = .002$, t -value = .024, $p > .10$) was not. Thereafter, hypothesis H2 ($\beta = .566$, t -value = 7.324, $p < .0001$), hypothesis H2a ($\beta = .608$, t -value = 8.688, $p < .0001$), and hypothesis H2b ($\beta = .276$, t -value = 4.253, $p < .0001$) were found significant and supported, while hypothesis H2c ($\beta = .066$, t -value = 1.099, $p > .10$) was not. Leadership style was also predicted to be positively related to entrepreneurial orientation (Hypothesis 3). Result showed a significant positive relationship between leadership style and entrepreneurial orientation ($\beta = .507$, t -value = 5.686, $p < .0001$). This same went to hypothesis H3a ($\beta = .592$, t -value = 7.053, $p < .0001$) which was also found significant. With respect to Hypothesis H3b on the influence of transactional leadership on entrepreneurial orientation, results in Table 4.10 showed no significant positive relationship between transactional leadership on entrepreneurial orientation ($\beta = .065$, t -value = .829, $p > .10$). Hence, this hypothesis was not supported. Additionally, hypothesis H4 ($\beta = .243$, t -value = 2.727, $p < .01$), hypothesis H4a ($\beta = .371$, t -value = 3.181, $p < .0001$) and hypothesis

H4b ($\beta = .152$, $t\text{-value} = 1.326$, $p < .10$) were found significant and supported, while H4c ($\beta = .057$, $t\text{-value} = .531$, $p > .10$) was not. Furthermore, hypothesis H5 ($\beta = .311$, $t\text{-value} = 3.358$, $p < .001$) was supported showing that organizational effectiveness was positively influenced by entrepreneurial orientation.

In addition, hypotheses H6 was supported showing that entrepreneurial orientation fully mediated the relationship between leadership style and organizational effectiveness ($\beta_{ab} = .158$, $t\text{-value} = 2.859$, $p < .01$). Testing of the stated hypothesis was done so in accordance with Baron and Kenny's (1986) description of mediation (see Figure 4.3 for an illustration of the paths): A variable functioned as a mediator when it met the following conditions: (i) variations in levels of the independent variable significantly accounted for variations in the dependent variable ($\beta = .267$, $t\text{-value} = 2.972$, $p < .01$), (ii) variations in levels of the independent variable significantly accounted for variations in the presumed mediator (Path A, $\beta = .507$, $t\text{-value} = 5.686$, $p < .0001$), (iii) variations in the mediator significantly accounted for variations in the dependent variable (Path B, $\beta = .311$, $t\text{-value} = 3.358$, $p < .001$), and (iv) when Paths A and B were controlled, a previously significant relationship between the independent variable and dependent variable ($\beta = .267$, $t\text{-value} = 2.972$, $p < .01$) was no longer significant (Path C, $\beta = .106$, $t\text{-value} = 1.161$, $p > .10$), with the strongest demonstration of mediation occurring when direct effect was zero.

Further, hypothesis H6a ($\beta_{ab} = .261$, $t\text{-value} = 3.6$, $p < .001$) was found significant and supported. Testing of the stated hypothesis was done so in accordance with Baron and Kenny's (1986) description of mediation (see Figure 4.3 for an illustration of the paths): A variable functioned as a mediator when it met the following

conditions: (i) variations in levels of the independent variable significantly accounted for variations in the dependent variable ($\beta = .544$, $t\text{-value} = 6.506$, $p < .0001$), (ii) variations in levels of the independent variable significantly accounted for variations in the presumed mediator (Path A, $\beta = .592$, $t\text{-value} = 7.053$, $p < .0001$), (iii) variations in the mediator significantly accounted for variations in the dependent variable (Path B, $\beta = .311$, $t\text{-value} = 3.358$, $p < .001$), and (iv) when Paths A and B were controlled, a previously significant relationship between the independent variable and dependent variable ($\beta = .544$, $t\text{-value} = 6.506$, $p < .0001$) became less significant (Path C, $\beta = .273$, $t\text{-value} = 2.553$, $p < .01$), therefore, the mediation was partial.

However, hypothesis H6b ($\beta_{ab} = .029$, $t\text{-value} = 0.792$, $p > .10$) was not supported. In order to assess this hypothesis, Baron and Kenny's (1986) criteria for mediation was followed. According to the scholars, the first step was showing direct positive relationship between predictor variable and independent variable. However, the results showed that direct relationship between transactional leadership and organizational effectiveness was not significant ($\beta = .002$, $t\text{-value} = .024$, $p > .10$). Therefore, the next steps for mediation could not proceed. Hence, there was no mediation.

Hypothesis H7 was supported showing that entrepreneurial orientation partially mediated the relationship between leadership style and organizational effectiveness ($\beta_{ab} = .076$, $t\text{-value} = 2.062$, $p < .05$). Testing of the stated hypothesis was done so in accordance with Baron and Kenny's (1986) description of mediation (see Figure 4.3 for an illustration of the paths): A variable functioned as a mediator when it met the

following conditions: (i) variations in levels of the independent variable significantly accounted for variations in the dependent variable ($\beta = .566$, $t\text{-value} = 7.324$, $p < .0001$), (ii) variations in levels of the independent variable significantly accounted for variations in the presumed mediator (Path A, $\beta = .243$, $t\text{-value} = 2.727$, $p < .01$), (iii) variations in the mediator significantly accounted for variations in the dependent variable (Path B, $\beta = .311$, $t\text{-value} = 3.358$, $p < .001$), and (iv) when Paths A and B were controlled, a previously significant relationship between the independent variable and dependent variable ($\beta = .566$, $t\text{-value} = 7.324$, $p < .0001$) became weaker (Path C, $\beta = .495$, $t\text{-value} = 6.204$, $p < .0001$), therefore, the mediation was partial.

Similarly, hypothesis H7a was supported showing that entrepreneurial orientation partially mediated the relationship between social trust and organizational effectiveness ($\beta_{ab} = .099$, $t\text{-value} = 2.435$, $p < .01$). Testing of the stated hypothesis was done so in accordance with Baron and Kenny's (1986) description of mediation (see Figure 4.3 for an illustration of the paths): A variable functioned as a mediator when it met the following conditions: (i) variations in levels of the independent variable significantly accounted for variations in the dependent variable ($\beta = .608$, $t\text{-value} = 8.688$, $p < .0001$), (ii) variations in levels of the independent variable significantly accounted for variations in the presumed mediator (Path A, $\beta = .371$, $t\text{-value} = 3.181$, $p < .0001$), (iii) variations in the mediator significantly accounted for variations in the dependent variable (Path B, $\beta = .311$, $t\text{-value} = 3.358$, $p < .001$), and (iv) when Paths A and B were controlled, a previously significant relation between the independent variable and dependent variable ($\beta = .608$, $t\text{-value} = 8.688$, $p < .0001$) became weaker (Path C, $\beta = .496$, $t\text{-value} = 6.070$, $p < .0001$), hence, the mediation was partial.

Conversely, hypothesis H7b ($\beta_{ab} = .04$, $t\text{-value} = 1.223$, $p > .10$) was not supported. So, there was no mediation. Likewise, hypothesis H7c ($\beta_{ab} = .015$, $t\text{-value} = .511$, $p > .10$) were not supported. In order to assess hypothesis H7c, Baron and Kenny's (1986) criteria for mediation was followed. According to the scholars, the first step was showing direct positive relationship between predictor variable and independent variable. However, the results showed that direct relationship between public sector engagement and organizational effectiveness was not significant ($\beta = .066$, $t\text{-value} = 1.099$, $p > .10$). Therefore, the next steps for mediation could not proceed. Hence, there was no mediation.

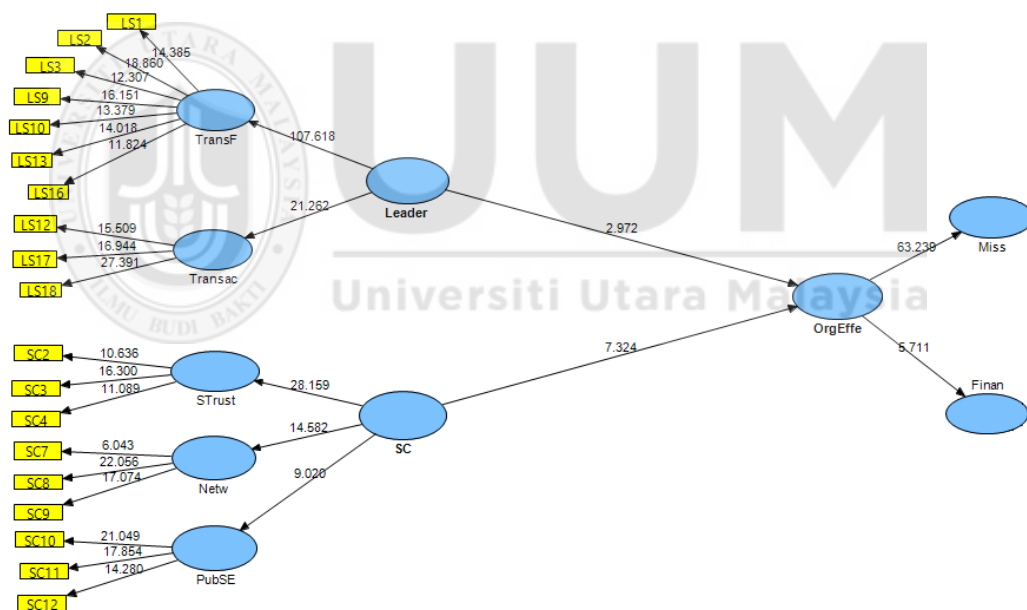


Figure 4.4
Structural Model of Hypothesis H1 and H2

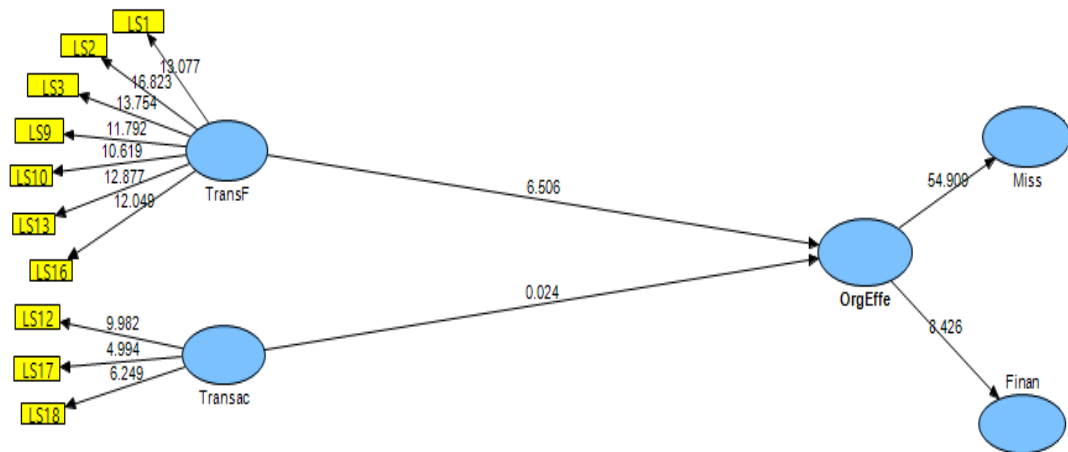


Figure 4.5
Structural Model of Hypothesis H1a and H1b

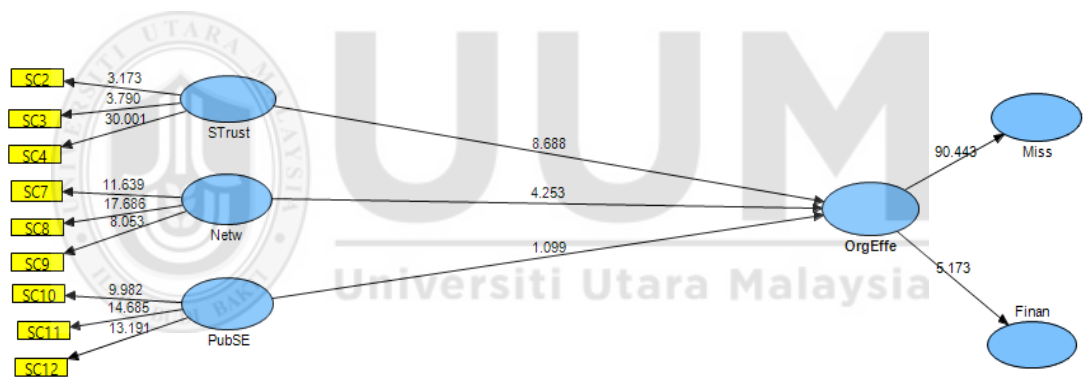


Figure 4.6
Structural Model of Hypothesis H2a, H2b, and H2c

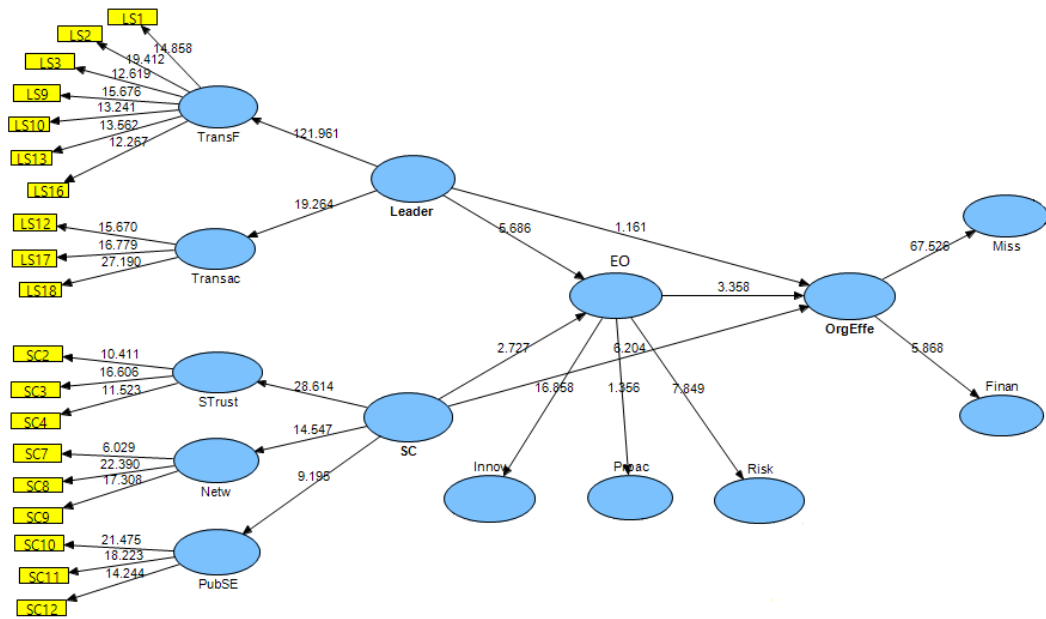


Figure 4.7
Structural Model of Hypothesis H3, H4, H5, H6 and H7

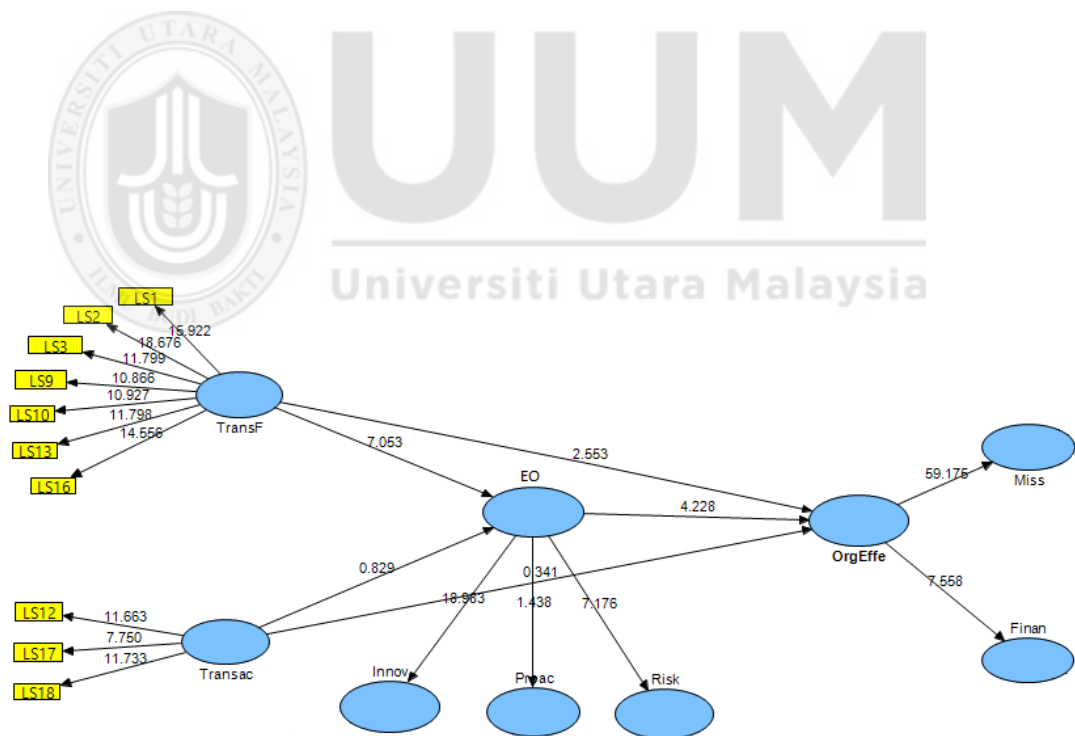


Figure 4.8
Structural Model of Hypothesis H3a, H3b, H6a, and H6b

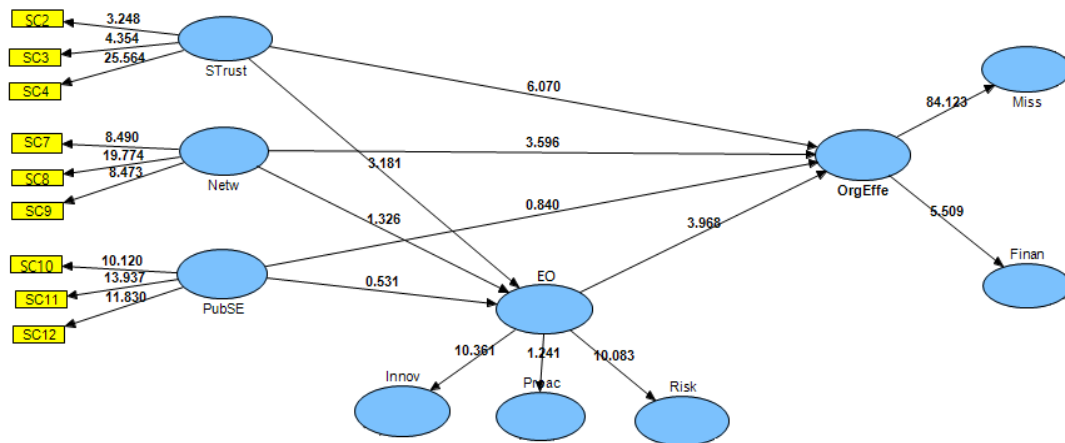


Figure 4.9

Structural Model of Hypothesis H7a, H7b, H7c, H4a, H4b, and H4c

4.10.2 Evaluating the Level of R -squared Values

Another important criterion for assessing the structural model in PLS-SEM was the R squared value, which was also known as the coefficient of determination (Hair *et al.*, 2011; Henseler *et al.*, 2009). The R -squared value represented the proportion of variation in the dependent variable(s) that could be explained by one or more predictor variable (Elliott & Woodward, 2007; Hair *et al.*, 2010). Higher R^2 indicated greater lever of predictive accuracy, the greater explanatory power of the predictors in the model (Hair *et al.*, 2014).

Even though the acceptable level of R^2 value depended on the research context (Hair *et al.*, 2010), Falk and Miller (1992) proposed an R -squared value of .10 as a minimum acceptable level. Further, Chin (1998) recommended the R -squared value of .67, .33, and .19 as substantial, moderate and weak, with acceptable path coefficients ranging from .12 to .30.

Basically, the PLS algorithm was used to compute R^2 statistics for two endogenous constructs in the structural model, namely organizational effectiveness and social entrepreneurship. The R^2 values of organizational effectiveness and social entrepreneurship were reportedly .566 and .41 respectively as indicated in Table 4.11. Applying Chin's (1998) cutoff of .67 (substantial), .33 (moderate) and .19 (weak), this study interpreted both organizational effectiveness and social entrepreneurship as exhibiting moderate R^2 , and hence a moderate predictive accuracy for both respectively.

Table 4.11
R-squared Values of Endogenous Variable

Endogenous Variable	Predictors	R^2 Included	R^2 Excluded	Effect Size, f^2	Effect Size Rating
Organizational Effectiveness	Leadership Style	.566	.562	.009	Very small
	Social Capital	.566	.391	.403	Large
	Entrepreneurial Orientation	.566	.505	.141	Near to medium
Entrepreneurial Orientation	Leadership Style	.41	.193	.368	Large
	Social Capital	.41	.369	.069	Small

4.10.3 Determining the Effect Size

Effect size, f^2 implied the relative effect of a particular exogenous latent variable on endogenous latent variable(s) by meant of changes in the R -squared (Chin, 1998). It was calculated as the change in R -squared of the latent variable to which the path was connected, relative to the latent variable's proportion of unexplained variance (Chin, 1998). The effect sizes (f^2) were computed using the following formula (Cohen, 1988; Selya, Rose, Dierker, Hedeker, & Mermelstein, 2012; Wilson, Callaghan, Ringle, & Henseler, 2007):

$$\text{Effect size, } f^2 = \frac{(R^2_{\text{included}} - R^2_{\text{excluded}})}{(1 - R^2_{\text{included}})}$$

As indicated in Table 4.11, the effect sizes for the leadership style, social capital, and entrepreneurial orientation on organizational effectiveness, were .009, .403, and .141 respectively. Following Cohen's (1988) guideline, the effect sizes of these three exogenous latent variables on organizational effectiveness could be considered as very small, large, and near to medium respectively.

Additionally, Table 4.11 denoted that the effect sizes for the leadership style and social capital on entrepreneurial orientation were .368, and .069 respectively. Likewise, on the basis of Cohen's (1988) guideline for classifying of the effect size, the results suggest that the effect sizes of these two exogenous latent variables on entrepreneurial orientation could be considered as large, and small respectively.

4.10.4 Ascertaining the Predictive Relevance

Predictive relevance of a model could be defined as how well a model predicts the data of omitted cases (Chin, 1998; Hair *et al.*, 2014). In this research, predictive relevance was evaluated only for the two endogenous latent variables in a reflective measurement model, which were organizational effectiveness and entrepreneurial orientation. This was done by using Stone-Geisser test of predictive relevance of the research model through blindfolding procedures (Geisser, 1974; Stone, 1974). Particularly, a cross-validated redundancy measure (Q^2) was applied to assess the predictive relevance of the research model (Chin, 2010; Geisser, 1974; Hair *et al.*, 2013; Stone, 1974).

According to Henseler *et al.*, (2009), a research model with Q^2 statistic greater than zero was indicated to have predictive relevance, Q^2 statistic less than zero indicated no predictive relevance. Table 4.12 presented the results of the cross-validated redundancy blindfolding procedure results. As presented in Table 4.14, the cross-validation redundancy measure Q^2 for all endogenous latent variables were above zero, models were proven has predictive relevance (Chin, 1998; Henseler et al., 2009).

Table 4.12

Cross-validated Redundancy Blindfolding Procedure Results

Total	SSO	SSE	$Q^2 (1-SSE/SSO)$
Organizational Effectiveness	1596	1265.1578	.2073
Entrepreneurial Orientation	1197	1085.4531	.0932

Note: SSE denotes sum of the squared predictor errors; SSO denotes sum of the square observation

In addition, the Q^2 statistics were calculated by means of blindfolding resampling approach. “The Q^2 values assessed by the blindfolding procedure denote a measure of how well the path model can predict the originally observed values (Hair *et al.*, 2014). The omission distance of 8 was used. This omission distance (d) was within the acceptable distance of 5 to 10, and it was also in agreement with the requirement that when dividing the number of cases (herein: $n=134$) by the omission distance (herein: 8), it did not result in an integer. Therefore, when the omission distance of 8 was chosen for 134 cases used in the model estimation, a non-integer value was produced ($134/8= 16.75$). Next, the relative impact of the predictive relevance was assessed by manually computing measures of q^2 , using the following formulae:

$$\text{Effect size of predictive relevance, } q^2 = \frac{Q^2 \text{ included} - Q^2 \text{ excluded}}{1 - Q^2 \text{ included}}$$

Just as the case for effect size, the computation procedure and the interpretation of the effect size of predictive relevance (q^2) was similar to those of the effect size based on R square. Thus, the value .02, .15 and .35 were used to signify small, medium and large effect size of predictive relevance on the basis of Cohen's (1988) guideline.

Table 4.13

Effect Size of Predictive Relevance, q^2 of Predictors on Endogenous Variables

Endogenous Variables	Predictors	Q ² Included	Q ² Excluded	Effect size, q^2	Effect Size Rating
Organizational Effectiveness (OE)	Leadership Style	.2073	.2069	.0005	Very small
	Social Capital	.2073	.1338	.0927	Small
	Entrepreneurial Orientation	.2073	.1839	.0295	Small
Entrepreneurial Orientation (EO)	Leadership Style	.0932	.0464	.0516	Small
	Social Capital	.0932	.0816	.0128	Less than small

The respective Q² value of corresponding predecessors on organizational effectiveness and entrepreneurial orientation were presented in the following Table 4.13. The results revealed that the endogenous latent organizational effectiveness and entrepreneurial orientation had a Q² included value of .2073 and .0932 respectively.

For the former, the omission of the predecessors leadership style, social capital and entrepreneurial orientation in separate runs of blindfolding had resulted in Q² excluded value of .2069, .1338, and .1839 respectively, and hence denoting very small ($q^2 = .0005$), small ($q^2 = .0927$) and small ($q^2 = .0295$) effect size of predictive relevance respectively. In the like manner of the procedure, and predecessors leadership styles denoted small ($q^2 = .0516$) and social capital denoted less than small ($q^2 = .0128$) effect size of predictive relevance was revealed for the endogenous entrepreneurial orientation.

4.11 Summary of the Chapter

This chapter discussed the findings and the interpretation of empirical results from the study. Data cleaning was conducted regarding missing data and outliers. Descriptive statistics was done on the profile of the respondents. The results of normality, linearity, multicollinearity and homoscedasticity test showed no violation of the accepted assumptions, which grant for further multivariate analysis. The measurement models had been examined to ensure the reliability and validity of the measurement model. Validity and reliability were satisfied with all the minimum requirements of the conventional rule of thumbs. All hypotheses testing had been tested and the findings confirmed most of the theoretical expectations as predicted.



CHAPTER FIVE

DISCUSSION, IMPLICATION AND CONCLUSION

5.1 Introduction

This chapter deals with the analysis results pertaining to research objectives as stated in chapter one. This chapter discusses the main research findings presented in the preceding chapter by relating them to the theoretical perspectives and previous studies. Precisely, the rest of the chapter is organized as follows. Section 2 recapitulates the summary of the study. Section 3 discusses the findings of the study in the light of underpinning theories and previous studies. Theoretical and practical implications of the research are discussed in Section 4. In Section 5, limitations of the study are noted and based on these limitations, suggestions for future research directions are drawn in Section 6. In the last section, a conclusion is made.

5.2 Recapitulation of the Study

This study carried out empirical study to examine the effect of leadership styles, social capital, and entrepreneurial orientation among organizational effectiveness of SWO in Malaysia. Leadership styles, social capital and entrepreneurial orientation were all unique capabilities of organization in line with Resource-Based View theory, which provided additional understandings to the theorized relationships. The study was an organizational level study, where executive director of SWOs was used as key informants to respond to the survey. They were most qualified to comment on organization-wide phenomena of their organizations due to prominent involvement in the organization.

The first research objective of the study was to investigate the positive relationship between leadership style and organizational effectiveness. Secondly, this study aimed to examine the positive relationship between social capital and organizational effectiveness. Thirdly, it aimed to determine the positive relationship between leadership style and entrepreneurial orientation. Fourthly, it aimed to scrutinize the positive relationship between social capital and entrepreneurial orientation. Fifthly, it aimed to ascertain the positive relationship between entrepreneurial orientation and organizational effectiveness. Sixthly, it aimed to identify the mediating effect of entrepreneurial orientation on the relationship between leadership styles and organizational effectiveness. Lastly, it aimed to explore the mediating effect of entrepreneurial orientation on the relationship between social capital and organizational effectiveness.

This study covered all the SWOs in Malaysia. The unit of analysis was organization and executive directors as respondents to the mailed questionnaires. A total of 239 questionnaires set were distributed. However, 137 questionnaires were collected back from the respondents. Specifically, three questionnaires were excluded from the analysis due to outlier problem. This accounted for 56.07% valid response rate. A combination of IBM SPSS statistical software version 22.0 (SPSS) and structural equation modeling (SEM) were chosen as the statistical tools to analyse the collected data. The results indicated that the seven main hypotheses (both the direct and mediating hypotheses) were supported, whereas only eight out of fifteen sub-hypotheses were supported. Furthermore, grounded on limitations of the current study, several future research directions were drawn. In brief, the present study had

added valuable theoretical and practical implication to the growing body of knowledge in the field of social welfare sector.

5.3 Discussion of the Findings

The following section discusses the findings by providing interpretation according to the research objectives.

5.3.1 Leadership Style and Organizational Effectiveness

The first research objective of current study was “To investigate the positive relationship between leadership style and organizational effectiveness.” While leadership style was examined as a multidimensional construct compassing two dimensions, the current study also investigated the relationships between each of these dimensions with organizational effectiveness. By doing this, the current study was able to determine which among the dimensions drove organizational effectiveness. Altogether, the first research objective was corresponded by three hypotheses; one of which concerned the direct relationship of overall leadership style and organizational effectiveness (hypothesis H1), and the remaining were related to relationships between each leadership styles’ dimensions with organizational effectiveness (hypotheses H1a and H1b). The current study found significance for hypothesis H1 ($\beta = .267$, $t\text{-value} = 2.972$, $p < .01$) and hypothesis H1a ($\beta = .544$, $t\text{-value} = 6.506$, $p < .0001$), however, insignificant result was found for hypothesis H1b ($\beta = .002$, $t\text{-value} = .024$, $p > .10$).

The significant result of hypothesis H1 was in agreement with the proposition of the past studies in which leadership style were found greatly influencing the performance

and organizational output ((Koech & Namusonge, 2012; Rukmani *et al.*, 2010; Ukaidi, 2016; Wang *et al.*, 2010). For example, the study of Ukaidi (2016) examined the leadership style (Autocratic, Laissez Faire, Democratic) of two federal universities in Nigeria. Based on a sample of 370 academic and non-academic staffs from the faculty and departmental board, the researcher found a significant positive effect of leadership style on organizational effectiveness. The researcher therefore emphasized the importance of adoption of a proper leadership style by the university management to ensure the university function effectively.

Likewise, the significant positive relationship found between transformational leadership and organizational effectiveness is also traceable in past empirical works which revealed direct positive influence of transformational leadership on organizational outcomes (Amin *et al.*, 2016; Giroux & McLarney, 2014; Hoxha, 2015; Orabi, 2016; Ojokuku *et al.*, 2012). For instance, the study of Orabi (2016) examined the impact of transformational leadership on the organizational performance of banks in Jordan. Responses obtained from 171 employees of three major banks revealed a significant positive association between transformational leadership and performance; the likewise was also observed between its three dimensions (intellectual stimulation, inspirational motivation, and individual consideration) and performance. Similarly, on the basis of responses gathered from 118 project management experts of five projects based in public and private organizations in Pakistan, Amin *et al.*, (2016) reported the presence of strong significant positive impacts of transformational leadership (at both aggregate and dimension level) on project team performance. The transformational leadership

dimensions examined were namely, inspirational motivation, idealized influence, intellectual stimulation, and individualized consideration.

Coversely, even though a positive association between transactional leadership and organizational effectiveness was proposed as consistent with past studies (Rukmani *et al.*, 2010; Obiwuru Timothy *et al.*, 2011; Koech & Namusonge, 2012; Yozgat & Kamanli, 2016), the insignificant result emerged from the current study, however, was not totally baseless on the basis of empirical evidence. Such insignificant result between transactional leadership and organizational effectiveness was observable in past studies (Howell & Avolio, 1993; Morris *et al.*, 2007; Mayberry, 2011; Ojokuku *et al.*, 2012; Iscan *et al.*, 2014). Take an instance. In Mayberry's (2011) study, transactional leadership was found not significantly influencing on the effectiveness of 177 nonprofit organizations sampled from the United States and Canada. Again, Awamleh and Fernandes (2011) claimed that transactional leadership style was not related at all to self-perceived performance. Data was collected from employees working in international companies operating in the United Arab Emirates. Researchers concluded that transactional style was not that complementary in some settings and suspected that the environment was a major factor for the insignificant result.

In fact, in the array of empirical evidence were also studies which produced result similar to the current work, where the performance impact of both transformational and transactional leadership style was found to be positive and negative for the former and the latter respectively. One such patterned result was Ojokuku *et al.*'s (2012) work, which examined the influence of transformational and transactional

leadership on the organizational performance of banks in Nigeria, employing a sample of 60 respondents (branch managers, branch managers, heads of operations and accountants). In addition, there were also notable evidence where past studies which examined leadership styles within the milieu of performance outcome or other organizational behaviors under the specific conditions of non-reward or nonprofit orientation, had found distinctive results for transformational and transactional (Morris *et al.*, 2007; Ojokuku *et al.*, 2012; Rodrigues & Ferreira, 2015).

As important as leadership a leading strategy for profit-oriented organizations, it was equally important for non-profit-oriented organizations like SWOs. In the specific context of SWOs in which philanthropy and charity drive organizations for non-profit undertakings, leading subordinates in such a work place would mean requesting commitment from subordinates for non-reward-based work. Therefore, transactional leadership which basically rewarded appropriate behaviors and punishes counterproductive behaviours (Burns, 1978) was not amenable to the context of SWO context. Further, follower's obedience gained through exchange process under transactional leaders would not suffice to create passion or enthusiasm to organizational mission (Yukl, 2002). Hence, a non-significant impact of transactional leadership of SWOs in the current study was rational. In the reverse, the very core of inspired outcome of transformational leadership tallied to the essence of voluntariness required by social welfare undertakings. Indeed, to promote effectiveness in non-profit and non-reward organizations, an excellent leader must be in place to inspire subordinate's potential to enhance efficiency, while concurrently upholding the subordinate's interest in the process of attaining organizational goals (Lee & Chuang, 2009). Further, Rodrigue and Ferreira's (2015) claimed that

transformational leaders were more capable in leading subordinates into taking actions that extend beyond their prescribed roles.

5.3.2 Social Capital and Organizational Effectiveness

The current study was also set out to examine the positive relationship between social capital and organizational effectiveness of SWOs. While social capital was examined as a multidimensional construct encompassing three dimensions, the current study also investigated the relationships between each of these dimensions with organizational effectiveness. By doing this, the current study was able to determine which among the dimensions drove organizational effectiveness. Indeed, the examination of each social capital's dimensions with organizational effectiveness was a theoretical gap to discover. Altogether, the second research objective was corresponded by four hypotheses; one of which concerned the direct relationship of overall social capital and organizational effectiveness (hypothesis H2), and the remaining were related to relationships between each social capital's dimensions with organizational effectiveness (hypotheses H2a, H2b and H2c). Significant results were found for hypotheses H2 ($\beta = .566$, $t\text{-value} = 7.324$, $p < .0001$), H2a ($\beta = .608$, $t\text{-value} = 8.688$, $p < .0001$), and H2b ($\beta = .276$, $t\text{-value} = 4.253$, $p < .0001$). Conversely, insignificant result was found for hypothesis H2c ($\beta = .066$, $t\text{-value} = 1.099$, $p > .10$).

As to hypothesis H2, the significant positive relationship between social capital and organizational effectiveness found in the current study could be explained in the consistency of the result portrayed with past literature (Akhtar *et al.*, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta *et al.*, 2011; Lee, 2014; Song, 2016). For example, Song (2016) examined the impact of social capital on the performance of public sector

using 294 public officials of local government organizations in the city of Omaha in the United States and Wonju city in South Korea. The researcher also examined if the effect indeed varied across national cultures. Song's finding revealed that higher levels of social capital were related to higher levels of organizational performance but did not differ across cultures.

Likewise, the 105 respondents sampled in a study by Ahmadi (2012) showed that there was a meaningful relationship between social capital and such organizational outcome as knowledge management effectiveness of Iran Khodro Diesel Company. Similarly, the study of Lee (2014) examined the effect of social capital on environmental and operational performances of the supply chain through investigation of 207 supplying firms in South Korea. The significant roles of social capital on performance of supply chain were empirically proven. In the context of Malaysia, Akhtar *et al.*'s (2014) examination revealed a significant influence of social capital on the sustainability of SMEs. The sample used consisted of 335 both service and manufacturing SMEs in Malaysia. It was concluded that developing networks within firms' circles not only helped bridging gaps in terms of resources, it also would help firms to develop and sustain themselves for longer period of time.

The significant relationship between social capital and organizational effectiveness found in the current study was also theoretically supported. Previous researchers had shown such theories as resource dependence theory, goal theory, resource-based theory, and network theories explained the importance of social capital to encourage higher levels of organizational effectiveness in social sector (Sherman, 2007). Social capital would lead to positive outcome of effectiveness because theoretically such

partnership might work as bridging and linking network that generated benefits of information exchange and controlled over organization autonomy (Burt, 2000). In fact, through participation in inter-organization social networks (external social capital), a cyclic process that facilitating exchange was created (Putnam, 1993), which increase organizational vitality to improve organizational effectiveness. Social capital contributed as fundamental infrastructure of SWO to deal with others.

As to the significant results of H2a and H2b, empirical clarification could also be found in their consistency with past empirical evidence. While there were ample past studies which demonstrated significant positive relationship between social trust and organizational effectiveness (Hoxha, 2015; Paliszkievicz, 2012; Zeffane & Al Zarooni, 2012), the significant association between networking and organizational effectiveness was also empirically endorsed (Chen, 2013; Johansen & Leroux, 2012; Paliszkievicz, 2012; Walker *et al.*, 2010).

An instance to the former, Hoxha's (2015) findings found trust predicted higher levels of organizational effectiveness among the 457 participants randomly selected from different departments of a telecommunications organization in Kuala Lumpur, Malaysia. Similarly, Paliszkievicz's (2012) study which sampled from 287 enterprises from Mazovia Province in Poland, also demonstrated a positive relationship between level of trust and organizational performance. Likewise, the study of Kunanusorn (2014) showed that the accumulation of trust through social interaction would be among the most valuable resources needed in the process of establishing a SWO in Malaysia. It helped to create good reputation in society to gain

resources. Strong and sustainable mission of social works could be reached and longer serving to needy people.

As to the significant positive relationship between network and organizational effectiveness postulated in H2b, the result established consistency in line with findings of some past studies such as ones by Walker *et al.*, (2010), Johansen and Leroux (2012), and Chen (2013). For an instance, Johansen and Leroux (2012) used survey data from a random sample of 314 nonprofit organizations in 16 U.S. states to examine the effect of community network on organizational effectiveness. The researchers found the former increased the latter. In another instance, Chen (2013) who used a secondary survey dataset of 640 community development associations in Taiwan had found that network beyond community enhanced a community based organizations' effectiveness.

Practically, the significance of network for organizational effectiveness could be easily understood in that SWO's network was grouping of organizations for purpose of mutual mission(s) where network should establish a linkage mechanism (Kunanusorn, 2014). Such linkage mechanism provided promotion of learning process; lesson learned visualizing, transformation of experiences in working of social welfare promotion, and knowledge sharing of plans and projects. It helped to build up understanding and coordination among members in social sector of Malaysia. More importantly, network helped nonprofit organizations to earn the resources and capitals they needed to survive (Sowa, 2009). Particularly, it helped to create a shared of values and norms, which is crucial for successful collaboration to improve organizational performance (O'Leary & Bingham, 2009). And so, the future

demand on resources would make it even more important to work together in an efficient and effective manner that avoided duplication and draws upon mutual strengths.

Conversely, the insignificant relationship between public sector engagement and organizational effectiveness of hypothesis H2c, implied the lack of connection or support from government to SWOs in Malaysia. A plausible explanation for this insignificant finding might be due to the fact that many, if not all, executive directors of SWOs did not receive government funding. They, therefore, placed policy and political matters lower on their list of organizational priorities, which subsequently led them more likely to choose to invest less time in public sector engagement and more time interacting with those who may be useful in helping the organization increased its general effectiveness (Johansen & Leroux, 2012).

Such finding of statistical insignificance was also referable to similar past studies. For instance, Tepthong (2014) found that high level of public sector engagement did not contribute significantly to the organizational effectiveness of social enterprises in Thailand. Further, such insignificant impact of government engagement was also found in other past studies of different organizational setting (Chen, Sun, Tang, & Wu, 2011; Zhang, Zhou, & Zhou, 2014). One such instance was the study by Zhang et al (2014), which found insignificant effect of political connections on the financial performance of solar energy manufacturing companies in China. Similarly, based on a survey data from 4759 state-owned enterprises and 1634 listed private enterprises in China, Chen *et al.*'s (2011) finding demonstrated that government intervention in state-owned enterprises, either through majority state ownership or the appointment

of connected managers, distorts the investment behavior and harms investment efficiency. Specifically, political connection was found to reduce the investment efficiency among state-owned enterprises.

5.3.3 Leadership Style and Entrepreneurial Orientation

Research objective three was set to answer hypotheses H3, H3a and H3b. Hypothesis H3 aimed at determining the positive relationship between leadership style and entrepreneurial orientation. While H3a was hypothesized to investigate the relationship between transactional leadership and entrepreneurial orientation, H3b was hypothesized to investigate the relationship between transformational leadership and social entrepreneurship. The current study found significance for H3 ($\beta = .507$, t -value = 5.686, $p < .0001$) and H3b ($\beta = .592$, t -value = 7.053, $p < .0001$); however, insignificant result was found for H3a ($\beta = .065$, t -value = 0.829, $p > .10$).

The significant association between leadership style and entrepreneurial orientation as stated in hypothesis H3 could be understood from some consistencies observed in past studies (Arham *et al.*, 2013; Mayberry, 2011; Nazem & Eftekhary, 2014; Yang, 2008). For instance, Nazem and Eftekhary (2014)'s study reported a significant association between leadership style and employees' entrepreneurship. The result was drawn based on a sample of 260 employees in the Department of Environmental Protection Organization of Tehran. The study emphasized that leader of one organization should take the responsibility of the staff's results of creative and risky activities. In another instance, Arham *et al.* (2013) examined the effect of leadership style on the success of entrepreneurial firms in Malaysia. The sample used in the study comprised of top managers and owners of manufacturing and services SMEs in

Malaysia. The researchers concluded that, entrepreneurs who possessed effective leadership behaviours tend to enhance their entrepreneurial success. In addition, other researchers such as Mulgan et al. (2007) asserted that, having strong leaders who encourage and reward visibly innovation and who can straddle different fields as one among the critical factors for the implementation of social innovation. In fact, the researchers further claimed that social innovators had the ability to communicate complex ideas to make things happened, and that this characteristic was vital to achieve mission of SWOs.

As to the significant positive relationship discovered between transformational leadership and entrepreneurial orientation in this study, empirical supports were noticeable in such past studies as Gumusluoglu and Ilsev (2009), Brydell (2010), Lincoln (2012) and Gross (2016). In the recent instance of Gross's (2016) study, transformational leadership style was reported to have a statistical significant positive impact on the innovative behaviors among the 160 sampled Indian immigrant firms operated in the United States. A plausible explanation for this significant relationship might be that, the more complex and competitive environment had urged transformational leaders to encourage pursuance of innovative solution, while leading the organization under challenge of resource (Alvord, Brown & Letts, 2004). In fact, as far as resource challenge was concerned, social entrepreneurial behaviour such as proactiveness would draw firms into visioning and seeking new idea and opportunities (Lumpkin & Dess, 1996). Further, the essence of intellectual stimulation and inspirational motivation aspects of transformational leadership also closely tally to the encouraging entrepreneurial

behaviour such as innovativeness, proactiveness, and risk-seeking, particularly in the context of resource scarcity.

On the reverse, even though the current study proposed positive relationship between transactional leadership and entrepreneurial orientation as consistent with past studies (Gross, 2016; Kathurima, 2004; Yang, 2005; Yozgat & Kamanli, 2016), insignificant result was found for hypothesis H3a. This insignificant relationship might due to the reason that higher level of transactional leadership could diminish the very entrepreneurial nature of the SWO. Particularly, the distant and rigid principle of exchange-based and compensation-based components of transactional leadership could potentially diminish the creativity and innovation needed by SWO leaders to deal entrepreneurially under resource constraint. Such diminishing entrepreneurial behaviour of SWOs were not impossible, because their quest for greater effectiveness was challenged by a totally different kind of needs, monitoring and controlling, unsimilar to profit-oriented organizations which are heavily motivated by exchange of mutual benefit.

Further, the insignificant impact of transactional leadership on entrepreneurial orientation could also be partly supported by past studies of the similar results (Howell, Neufeld, & Avolio, 2005; Pieterse, Van Knippenberg, Schippers, & Stam, 2010; Mayberry, 2011; Iscan *et al.*, 2014). For instance, Howell, Neufeld and Avolio (2005) found transactional leadership not having significant influence on entrepreneurial orientation. Likewise, Mayberry (2011) found that transactional leadership did not have a significant relationship with entrepreneurial orientation based on a survey of 177 nonprofit organizations in the United States and Canada.

Based on a sample of 230 employees from a government agency, Pieterse *et al.*, (2010) pointed out that transactional leaders focus less on stimulation of novel activities, which could be detrimental to employees who otherwise might engage in innovative behavior. In the very context of Malaysia, this finding was also consistent with past studies which demonstrated that leaders of SWOs in Malaysia made better use of the practice under transformational leadership than the transactional leadership (Arham *et al.*, 2013).

5.3.4 Social Capital and Entrepreneurial Orientation

Research objective four of current study was “To scrutinize the positive relationship between social capital and entrepreneurial orientation.” While social capital was examined as a multidimensional construct compassing three dimensions, the current study also investigated the relationships between each of these dimensions with entrepreneurial orientation. By doing this, the current study was able to determine which among the dimensions drove entrepreneurial orientation. While hypothesis H4 is hypothesized to examine the direct relationship between the overall social capital and entrepreneurial orientation, each dimension of social capital, namely social trust, network and public sector engagement was hypothesized to have positive relationship with social entrepreneurship (hypotheses H4a, H4b, and H4c). The current study found significance for hypothesis H4 ($\beta = .243$, $t\text{-value} = 2.727$, $p < .01$), hypothesis H4a ($\beta = .371$, $t\text{-value} = 3.181$, $p < .0001$) and hypothesis H4b ($\beta = .152$, $t\text{-value} = 1.326$, $p < .10$). Conversely, insignificant result was found for hypothesis H4c ($\beta = .057$, $t\text{-value} = .531$, $p > .10$).

The significant impact of the overall social capital (H4) and part of its underlying dimensions (social trust, H4a; network, H4b) on entrepreneurial orientation were supported by the consistent results found in past studies (Antico-Majkowski, 2010; Bhatt & Altinay, 2013; Doh & Zolnik, 2011; Eklinder-Frick *et al.*, 2014; Jiao, 2011; Jimenez-Jimenez *et al.*, 2008; Terjesen & Elam, 2009). Generally, social innovation had proven to be the result of new networks of norms, trust, and reciprocal behavior pushed beyond the social field (Antico-Majkowski, 2010). Further, social capital was also found playing important roles in enhancing innovation (Eklinder-Frick *et al.*, 2014). Findings of other researchers such as (Bhatt & Altinay, 2013) also highlighted the significant role of the social capital in the initiation and replication stages of the social innovation. In fact, social connections (or social capital) was demonstrated as enabling entrepreneurs to identify social problems and contemplate novel solutions. The significances above were in line with the concept of social capital, where it captured the external relations and enabled the social entity to benefit from a social structure that allowed them to recognise and exploit opportunities; it was also inextricably linked to new venture creation (Davidsson & Honig, 2003). Specifically, past empirical evidence had found a significant positive relationship between the overall social capital and entrepreneurship at both individual and country-levels. This significant relationship was also aligning with Putnam's (1995) statement that communities and societies with high levels of social capital and trust are more likely to be creative.

Similarly, the significant association between social trust and entrepreneurial orientation (H4a) could also be traced back to past studies which demonstrated how trust one organization garnered could encourage on the willingness of an

organization to take risk, to innovate, to take proactive action, and the like when operating under the lack of resource (Antico-Majkowski, 2010; Jimenez-Jimenez *et al.*, 2008; Neira *et al.*, 2013). For example, the study of Neira *et al.*, (2013) contended social trust as an important variable to maintain a positive entrepreneurial dynamic. Social trust played a vital role to reduce the fear of failure, especially when executive director of SWO shared the problems with other members in the social sector since the time of launching of the idea, and the solutions that were adopted in the process of generating funds. In other evidence, while trust entailed willingness to take risks in a social context (Putnam, 1995), Jimenez-Jimenez *et al.*, (2008) showed that information could be transferred between organizations and eventually lead to new ideas and methods. More importantly, a high level of social trust in a society could enable social workers or volunteers to involve in risky new initiatives and not afraid of failure. It was most likely that social trust had better facilitated their exchanges and communication.

Likewise, the significant positive relationship between network and social entrepreneurship as postulated in hypothesis H4b was also found empirically supported by findings of the like in the past (Antico-Majkowski, 2010; Burt, 2000; Neira *et al.*, 2013; Terjesen & Elam, 2009). For instance, previous study conducted by Neira *et al.*, (2013) had shown that social networks positive related to the entrepreneurial decision. In other words, the fact of meeting people who were entrepreneurs (social networking) was positive and significant for potential entrepreneurship and entrepreneurial activity. Researchers indicated the importance of having social network as support during the early-stage of entrepreneurial activity was important to carry out such activity. Generally, previous researchers had come to

an agreement that the network had proven its role in improving innovation and generating new ideas (Chell & Baines, 2000; Davidsson & Honig, 2003; Lechner & Dowling, 2003; Schutjens & Voßlker, 2010). Network was also claimed to able channel energy in one direction and maintain accountability, facilitate change, and nurture the social entrepreneurship in various ways (Antico-Majkowski, 2010).

In fact, as trust was generated through frequent interaction among partners acted as a governance mechanism (Uzzi, 1999), networks in cohesion with trust when fostered could stimulus or provide a contexts which allowed information to flow easily. These were characteristics that were central to reducing the risk of investment in innovation. Whether networks connected individuals, groups, or organizations to one another, or linked together actors from two or more of these categories, they were contexts that provided the social, financial, and human capital that fostered entrepreneurship (Thornton & Flynn, 2003).

On the contrary, the insignificant result found for hypothesis H4c could mean that public sector's engagement with SWOs was, to a certain extent, not sufficiently appealing in a manner that would encourage SWOs to act entrepreneurship. It might also imply that public sector could have made very little effort to support and monitor the performance of SWOs. The unsound efforts might include phenomena such as little regulatory policy formed and dedicated to provide assistance and consultation to SWOs. Therefore, with this weak connection, how entrepreneurial (innovativeness, risk-taking, proactiveness) a social organization would be while facing resource shortage was not contributed by the public sector. Such insignificance was also consistent with the contention that public policies were not a

strong factor to influence entrepreneurial activities in developing Asian countries (Teo, Singh, & Tan, 2013). Noticeably, although some efforts had been made by the Malaysia government through the provision of financial schemes, skills development and business development plan to support women entrepreneurs in achieving their truest entrepreneurial potential, there were still decreasing trend in the rates of total early-stage entrepreneurial activity, as well as participation of women in entrepreneurship (Teoh & Chong, 2014).

There were also other prohibitive situations or reason reported as to such insignificant impact of public sector engagement on entrepreneurial behaviours. For instance, the study by Iakovleva, Solesvik, and Trifilova (2013) demonstrated that while it was reported that government support programmes and funding were available for entrepreneurs in Russia, such programmes or support however were not actively used. Entrepreneurs were reported either not knowing about the existence of the programmes, or that they perceived obtaining such support to be too complex and demanding. Particularly in Malaysia, one such example is that, social enterprises that operated as a society, charitable or nonprofit entities were facing substantial risk of legal non-compliance if they engaged in commercial activities to earn some income in order to sustain their operations and increase their impact (Kadir, Bahari, & Sarif, 2016). While not receiving supports such deficiency in legal entity structure limited many social enterprises in Malaysia from operating properly.

5.3.5 Entrepreneurial Orientation and Organizational Effectiveness

The fifth research objective of the current research was “To ascertain the positive relationship between entrepreneurial orientation and organizational effectiveness.” Parallel to the fifth research objective, hypothesis H5 was tested. The analysis finding supported the existence of a significant positive relationship between entrepreneurial orientation and organizational effectiveness ($\beta = .311$, $t\text{-value} = 3.358$, $p < .001$). This finding was congruent with previous researches such as ones by Abaho *et al.*, (2017), Lo *et al.* (2016), Morris *et al.* (2011), and Otache and Mahmood (2015). Take an instance, the study of Abaho *et al.*, (2017) which examined entrepreneurial orientation of 548 registered social enterprises in Kampala city of Uganda had shown the significant positive correlation between the entrepreneurial orientation and social enterprise’s organizational effectiveness. Research claimed that innovation, proactiveness, and risk-taking were vital ingredients in entrepreneurial orientation which boosted the opportunities to generate capitals for the competitive advantage in social welfare sector. In another instance, the study of Otache and Mahmood (2015) on commercial banks in Nigeria also reported a positive impact of entrepreneurial orientation on organizational effectiveness. The research conclusion emphasized that organizations must be entrepreneurial in their activities, processes, and operations in order to enhance the organization’s effectiveness.

Beside the alluded above, supplementary evidence could also be traced back from past studies which found positive performance impact of entrepreneurial orientation. For example, Lo *et al.*, (2016) found entrepreneurial orientations as significant success factors for performance of SMEs in Malaysia. Lo *et al.*,’s result was

generalized from a sample of 180 business owners and senior managers currently working in SMEs in the states of Selangor, Kuala Lumpur, and Sarawak. The positive relationship found in the current research could be understood in that proactiveness, innovation, and risk-taking were significant ingredients in entrepreneurial orientation (Covin & Slevin, 1998), which boosted the opportunities to generate capitals for the competitive advantage in social welfare sector. More specifically, executive directors of SWOs who practiced entrepreneurship behaviour would tend to be more innovative when solving problem and proactively in pursuing new approaches to implement programs, policies, and services ahead of other organizations in that sector. In fact, entrepreneurial orientation pushed them to take risks and exploit opportunities that might not be apparent. Henceforth, this study had provided evidence that the underlying constructs of entrepreneurial orientation had correlations of similar magnitude with organizational effectiveness.

5.3.6 Mediating Effect of Entrepreneurial Orientation on the Relationship between Leadership Style and Organizational Effectiveness

The sixth research objective gave rise to the potential mediating role of entrepreneurial orientation. Entrepreneurial orientation could be understood as the practice of entrepreneurial management styles by top management within the organization and ability of top management to undertake higher risk in organization's strategic decision and adopt innovative and proactively operating management philosophies (Covin & Slevin, 1998). The corresponding sixth research objective was answered by results of hypotheses H6, H6a and H6b. Hypothesis H6 aimed at identifying the mediating effect of entrepreneurial orientation on the relationship between leadership style and organizational effectiveness. While H6a was

hypothesized to determine the mediating effect of entrepreneurial orientation on the relationship between transactional leadership and organizational effectiveness, H6b was hypothesized to determine the mediating effect of entrepreneurial orientation on the relationship between transformational leadership and organizational effectiveness. The PLS SEM findings provided evidence to claim the existence of a full mediating effect of entrepreneurial orientation on the relationship between leadership style and organizational effectiveness ($\beta_{ab} = .158$, $t\text{-value} = 2.859$, $p < .01$). Correspondingly, current study found significant partial mediation for H6a ($\beta_{ab} = .261$, $t\text{-value} = 3.6$, $p < .001$), but, no mediation was found for H6b ($\beta_{ab} = .029$, $t\text{-value} = .792$, $p > .10$).

The full mediating effect of entrepreneurial orientation on the relationship between leadership style and organizational effectiveness could be understood from past studies which demonstrated positive relationship between leadership style and entrepreneurial orientation in organizations (Arham *et al.*, 2011, García-Morales *et al.*, 2008; Jung, Wu & Chow, 2008; Mayberry, 2011); positive relationship between entrepreneurial orientation and organizational effectiveness (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015). Both leadership style-entrepreneurial orientation nexus and entrepreneurial orientation-organizational effectiveness relationship were found in concomitant significance, a given variable might be said to function as a mediator to the extent that it accounted for the relation between the predictor and the criterion (Baron & Kenny, 1986).

Likewise, the support for the partial mediating effect of entrepreneurial orientation on the relationship between transformational leadership and organizational effectiveness could be traced back from previous empirical studies which

demonstrated positive direct and indirect paths: transformational leadership-organizational effectiveness nexus (Amin *et al.*, 2016; Giroux & McLarney, 2014; Hoxha, 2015; Iscan *et al.*, 2014; Orabi, 2016; Ojokuku *et al.*, 2012; Rodrigue & Ferreira, 2015); transformational leadership-entrepreneurial orientation nexus (Gumusluoglu & Ilsev, 2009; García-Morales *et al.*, 2008; Jung *et al.*, 2008); and entrepreneurial orientation-organizational effectiveness nexus (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015). Baron and Kenny's (1986) portended that there was possibility of having a particular construct to be a mediator if there were positive nexuses among the constructs: independent variable and dependent variable; independent variable and mediating variable; and mediating variable and dependent variable; and independent variable and dependent variable.

The significance of both mediations discussed above could also be explained within Resource-Based View theory. The Resource-Based approach focused on the characteristics of resources and strategies for competitive advantage, organizational performance, and organization survival (Barney, 1991). RBV perceived organization as having different levels of resources and capabilities which contributed to the basis for competitions and provided foundations for competitive advantage in favor of effective organizational strategies development. Given the complexity within the operating environment of SWO as well as the condition of limited resources, entrepreneurial orientation gave rise to sustainable solutions, effective resource allocation, greater financial stability and increased accountability of an organization (Dees & Anderson, 2003). By doing so, it also enabled SWOs to enhance organization's abilities to gain new and innovative forms of competitive advantage (Barney, 1991). Thus, entrepreneurial orientation was considered a unique capability

in itself which was able to transform the impact of leadership within scarce environment into positive organizational outcome. This was especially applicable for the mediating effect on the association between transformational leadership style and organizational effectiveness.

The insignificant mediating effect of entrepreneurial orientation on the relationship between transactional leadership and organizational effectiveness implied that the unique capability within entrepreneurial orientation might not be appropriate to match with the transaction-oriented leadership practice in ways and the extent that gave rise to the philanthropic atmosphere—a fundamental element promoting the goal of a SWO. In transactional leadership, dealings with others were based on the advantage for the means of exchange value (Burns, 1978), and hence transactional leaders practised compensation system and authorizations to encourage a group of individual to give commitment to achieve mission of organization (Grundstein-Amado, 1999). Such nature of transactional leadership was contradictory to the philanthropic-oriented SWOs. Further, the interchange process of transactional leadership which required followers' obedience with leader's need (Yukl, 2002) could not give rise to the crucial development of passion or enthusiasm in the followers towards achieving the charitable actions which in line with the SWOs' goal. Therefore, it was difficult for entrepreneurial orientation behavior to winkle out capacity from transactional leadership and put it to work for organizational effectiveness.

5.3.7 Mediating Effect of Entrepreneurial Orientation on the Relationship between Social Capital and Organizational Effectiveness

Research objective seven was set to answer hypotheses H7, H7a, H7b and H7c. Hypothesis H7 aimed at exploring the mediating effect of entrepreneurial orientation on the relationship between social capital and organizational effectiveness. H7a was hypothesized to determine the mediating effect of entrepreneurial orientation on the relationship between social trust and organizational effectiveness while, H7b was hypothesized to determine the mediating effect of entrepreneurial orientation on the relationship between network and organizational effectiveness; H7c was hypothesized to determine the mediating effect of entrepreneurial orientation on the relationship between public sector engagement and organizational effectiveness. The current study found hypothesis H7 ($\beta_{ab} = .076$, $t\text{-value} = 2.062$, $p < .05$) and hypothesis H7a ($\beta_{ab} = .099$, $t\text{-value} = 2.435$, $p < .01$) as significant partial mediation, however, hypothesis H7b ($\beta_{ab} = .04$, $t\text{-value} = 1.223$, $p > .10$) and hypothesis H7c ($\beta_{ab} = .015$, $t\text{-value} = .511$, $p > .10$) had shown non-significant results (no mediation).

The significant partial mediating effect of entrepreneurial orientation on the relationship between social capital and organizational effectiveness could be understood from past studies which demonstrated the positive relationship between social capital and organizational effectiveness (Akhtar *et al.*, 2014; Ahmadi, 2012; Fatoki, 2011; Gupta *et al.*, 2011; Lee, 2014; Song, 2016); positive relationship between social capital and entrepreneurial orientation (Bhatt & Altinay, 2013; Jimenez *et al.*, 2008; Terjesen & Elam, 2009); and the positive relationship between entrepreneurial orientation and organizational effectiveness (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015). Baron and Kenny's

(1986) proposed the possibility of having a particular construct to be a mediator if there were positive nexuses among the constructs: independent variable and dependent variable; independent variable and mediating variable; and mediating variable and dependent variable.

Likewise, the support for the significant partial mediating effect of entrepreneurial orientation on the relationship between social trust and organizational effectiveness could be traced back to empirical studies which demonstrated positive direct and indirect paths between variables like social trust-organizational effectiveness nexus (Hoxha, 2015; Paliszkievicz, 2012; Zeffane & Al Zarooni, 2012); social trust-entrepreneurial orientation nexus (Antico-Majkowski, 2010; Jimenez *et al.*, 2008; Neira *et al.*, 2013); and entrepreneurial orientation-organizational effectiveness nexus (Abaho *et al.*, 2017; Lo *et al.*, 2016; Morris *et al.*, 2011; Otache & Mahmood, 2015).

Entrepreneurial orientation was believed to reproduce social capital to sustain the organization. Such point was consistent with earlier empirical studies, which demonstrated that social capital offered an excellent foundation for developing entrepreneurial activities and gaining competitive advantage (Chisholm & Nielsen, 2009; Huang & Wang, 2011; Kaasa, 2009). Aside from that, organizations with higher entrepreneurial orientation were also found to have greater ability to gain social capital and economic opportunities through their social network to improve the organization's performance (Lee, Lee & Pennings, 2001). Entrepreneurial orientation helped SWOs to transform existing rich opportunities in the external environment (social capital) into superior performance levels.

In the same vein, entrepreneurs thought that they could better solve the social problems in their communities due to social trust, and the good relationships obtained there where, entrepreneurial orientation emphasized the fact that social capital, including trust was correlated with the organizational effectiveness. As such, entrepreneurial orientation could act as one of the primary source for competitive advantage; unique capability within the organization to promote risk taking and develop new competencies as well as encourage the development of credibility between the SWOs (Barney, 1986). The relationships between the organization in the social sector, more particularly, indicated the relational aspect of social capital. In this light when it was solid and sturdy, it could enhance the feeling of trust among them, which in turn led to innovative ideas, risk-taking, proactiveness in exploiting opportunities, dynamic competitiveness, and organizational autonomy (Farsi, Rezazadeh, & Najmabadi, 2013). This also enabled SWO to efficiently generate funding for survival and development.

On contrary to expectations, the hypothesis linking the mediating effect of entrepreneurial orientation on the relationship between network and organizational effectiveness was found to be statistically insignificant. As discussed earlier, research had shown that both network-entrepreneurial orientation nexus and entrepreneurial orientation-organizational effectiveness nexus were concomitant significant, however, the non-profit motivation of SWOs might hinder entrepreneurial orientation to facilitate the translation of networking capability to the extent of improving their performance. Intense competition for resources and opportunities, as well as other constraints associated with hostile environment which faced by SWOs might affect the mediating effect of social entrepreneurship on the relationship between network

and organizational effectiveness. Moreover, organizations which operated in hostile environments faced difficulties in acquiring resources, such as financial and human capital. Organizations needed such resources to pursue entrepreneurial strategies to improve their efficiency. Another explanation for the lack of statistical significance relationship was that some SWOs served not only clients in the cities where the organizations were located, but they also provided services to a broader geographic region, including clients from outside of the community the organization was based on (Kunanusorn, 2014). In this light, lack of systematic and comprehensive coordination would affect the efficiency of SWOs.

One plausible explanation for the rejection of hypothesis H7c could be explained by the insignificance of the direct correlation. As discussed earlier, the direct relationship of public sector engagement and organizational effectiveness was found insignificant. Hence, there was no mediation (Baron & Kenny, 1986). It was critical to note that the insignificant relationship between public sector engagement and organizational effectiveness as stated in hypothesis H2c, had implied the lack of connection or support from government to SWOs in Malaysia. In this light, executive directors of SWOs, therefore, placed policy and political matters at the bottom of their organizational priorities, this subsequently led them to be more likely to choose to invest less time in engaging with the public sector (Johansen & Leroux, 2012). Moreover, there were a lot of limitations regarding government service mechanism in dealing with social issues, and SWOs were just partly supported by government agencies.

In the same vein, such insignificant finding was also referable to previous study conducted by Korry et al. (2013) which demonstrated entrepreneurial orientation did not have mediating effect on the relationship between government role and Village Cooperative System's organizational effectiveness in Bali Province. The researcher opined that local government role did not have significant impact on the improvement of entrepreneurial orientation among KUD's managers or officers. Added to this, another factor that might be responsible for the insignificant relationship between public sector engagement and entrepreneurial orientation was the fact that public sector engagement were embedded in the organization and were well-known by the society, but they had been laid in the air without benefit if the opportunities were not spent by the organizations.

5.4 Implications of Research

The implication of this study was presented in its theoretical and practical contributions.

5.4.1 Theoretical Implications

Generally, the empirical results of this study offered ample evidence by corroborating the relationships identified among the constructs of this study along with the mediating effects. Specifically, this study shed light on the effect of leadership styles, social capital and entrepreneurial orientation on SWO effectiveness, as well as filling in the void in the scant literature. Several specific theoretical contributions were as per discussed below.

The very first theoretical contribution sprang from the examination of organizational effectiveness of SWOs in Malaysia was its unique setting that had been largely ignored by previous studies. Most previous research on organizational effectiveness had examined the performance of profit organization that mainly focused on profit. The current study was distinct from this above line of studies inasmuch as the current study was expected to shed light on organizational effectiveness which focused on charitable goals. At this juncture, the particular kind of sector intended to be studied was already inherent within the context where the study 's main issue was cast.

Secondly, the current research had introduced leadership styles and social capital to operationalize and discuss the relationship with organizational effectiveness. The contribution could be separated into twofold. In one lens, it would proffer a new perspective to look at organizational effectiveness, while on the other, it provided an empirical evidence of the factors which significantly related to organizational effectiveness. As thus far, literature review demonstrated that although leadership styles and social capital had been considerably discussed in previous research, limited empirical works so far had demonstrated an empirical attempt to operationalize leadership styles and social capital as a potential surrogate to measure organizational effectiveness in social welfare-related. This research had broadened the scope of existing literature on variables of this study and particularly their relationship.

Thirdly, the current research had introduced entrepreneurial orientation as a mediator. The discussion focused on how entrepreneurial orientation worked as a mechanism to facilitate the translation of the capability of leadership style and social capital into

organizational effectiveness and provided theoretical contribution related to the potential mediation effect of entrepreneurial orientation. The introduction of entrepreneurial orientation as a mediator, to the knowledge of researcher, was a very new attempt of its kind. The role of entrepreneurial orientation per as mediator was not much examined previously, either in the general case or in the specific case of leadership styles-organizational effectiveness relationship and social capital-organizational effectiveness relationship in the context of SWOs in Malaysia.

Lastly, in theorization of entrepreneurial orientation's mediating effect, Resource-Based View theory, a less common theory of entrepreneurship was used. The application of this theory contributed to the expansion of knowledge in entrepreneurial orientation. Specifically, the theorization enriched the literature regarding SWOs, particularly on concerned about the poorly managed issue. The introduction and understanding of the mediator would unearth the implicit mechanism behind. Moreover, this research applied Resource-Based View theory in a less-deliberate and more emergent context. Inherently, the specific context of this study had provided a platform on which the researcher might see its importance in terms of their applicability in resource-scarce environment of social welfare sector.

5.4.2 Practical Implications

This research was destined to contribute to the thus-far-still-neglected issue faced by SWOs that being well-intentioned but poorly managed. The need to make further empirical research to provide more comprehensive information regarding practical solutions to the SWOs in Malaysia, where the effectiveness of SWOs could be

improved in ways that gave rise to critical aspects (practices related to management and funding).

Additionally, the focus on organization-level variables and the close implication attached to sector-level pragmatism had made this research within the reasonable bond, as the interpretation of the research findings was made to simplify that it rendered the direct use to practitioners. Particular to the executive directors or SWOs, on a practical note, the findings on the leadership styles, social capital and entrepreneurial orientation provided practical guidance to executive directors as to “what to do” and “how” to go about in order to out-perform and improve the organizational effectiveness.

Aside from contributing to the social welfare sector, this study rendered meaningful implications for government and policy makers. As to the government and policy makers, they could understand the seriousness of the problem faced by the Malaysia SWOs. Particularly, government might gain some understanding of how SWOs could be improved and the type of solution which better solved the issue regarding effectiveness of SWOs. Such understanding could help the government or the policy makers to develop policies that better fabricated assistance channelled to SWOs, so that the assistance could better facilitate SWOs in the remedial efforts.

The improvement and well-being of the SWOs were critical because they were closely concerned with the most vulnerable and important groups of a nation, namely the old folks who had served the country and those of the underprivileged who

needed to be assisted (e.g. Orphans, disabled people, and single mother). Particularly, orphans were the future builders of the nation.

5.5 Limitations of Research

In the realm of social science, there were several worth-noting limitations in this research. The first limitation was related to the sample size. The current study was only able to test the research model with a comparatively smaller sample of empirical data. This was due to the difficulty of collecting data from SWOs in Malaysia. This research only afforded 159 datasets. Therefore, with the small sample size used in this study, the findings herein should be treated as indicative rather than conclusive. Note that, though PLS-SEM was capable of and suitable for dealing with small sample sizes, PLS SEM produced a better estimation in line with consistency at large (Henseler et al., 2009).

Next, the questionnaire used in this study was responded by the executive director in each organization. In this situation, self-reporting bias could exist as the respondent may overrate the evaluation to secure their organization's reputation. Furthermore, individual respondent might bias on answering the survey in terms of social desirability.

The third limitation stemmed from the use of cross-sectional design which could limit the capture of full materialization of leadership styles, social capital and entrepreneurial orientation. The short time framework in cross-sectional design might not give adequate time for leadership styles, social capital and entrepreneurial

orientation to materialize their full effect, and hence also jeopardizing their corresponding impact on effectiveness measure.

The fourth limitation was the data collection issue. Organizational effectiveness data were collected on a subjective basis. The organizational effectiveness data in this study were evaluated according to the executive director's perception, instead of from real financial and output data. Hence, it was hard to reflect the actual financial aspect of the organization.

5.6 Suggestion of Future Research

There were also several worth-noting avenues for further research. Firstly, as has been noted in the research limited section earlier, future research may test the research model with different settings and larger sample. The study may replicate either the whole or the part of the research model into other settings to further verify such significant results found. In addition, future replication should pursue larger sample size.

Secondly, investigating the potential moderating effect of entrepreneurial orientation on leadership style-organizational effectiveness relationship and social capital-organizational effectiveness relationship can be another opportunity for future research. Having empirically proven entrepreneurial orientation as the mechanism which facilitates the undertaking of leadership styles and social capital in pursuit of higher organizational effectiveness. This view is theoretically feasible because a mediator can be a potential moderator, and vice-versa (Hayes, 2013; James & Brett, 1984, Sharma, Durand, & Gur-Arie, 1981). According to Hayes (2013), whether a

variable should be a mediator or a moderator is dependent on how the phenomenon under investigation is conceptualized and tested. It also depends on the theory being tested (Frazier, Barron, & Tix, 2004).

Thirdly, probably the most important area for future research centers around the idea of causation. The real dilemma for researchers studying social entrepreneurship is how to link outcomes back to specific practices. Knowing something worked is not enough; the causes of change must be isolated to help develop an empirically based collection of best practices for social entrepreneurs. The need for a set of best practices based on solid research might represent the essential quest of the social welfare sector.

Fourthly, although the research assumption tried to investigate the mutual characteristics of all SWO characteristics and to treat them as the same types of organization, there are many points of their personality that are different in reality. Future research should study exact organization forms separately in order to observe the level of relationships among the factors and their model fit.

Fifthly, as all the variables in this study; leadership styles, social capital, entrepreneurial orientation and organizational effectiveness, are changing over time, then, a longitudinal approach could be taken to test the research model. Longitudinal data offer advantages of tracking changes over time (Cooper & Schindler, 2014), and therefore renders better capture for the constructs understudied.

5.7 Conclusion

Taken together, the present study had contributed to the body of knowledge by addressing the issue of hampered effectiveness among SWOs in Malaysia. Specifically, this study shed light on the effect of leadership styles, social capital and entrepreneurial orientation on organizational effectiveness of SWO, as well as filling in the void in the scant literature. Particularly, the current study had successfully answered all of the research questions and objectives despite some limitations.

Drawing upon Resource-Based View theory, the results indicated that the seven main hypotheses (both the direct and mediating hypotheses) were supported, whereas only eight out of fifteen sub-hypotheses were supported. In brief, the findings demonstrated the positive impact of leadership styles, social capital, and entrepreneurial orientation on organizational effectiveness of SWOs in Malaysia. Also, this research provided evidence that entrepreneurial orientation had a full mediating effect on the relationship between leadership style and organizational effectiveness, while the partial mediating effect on the relationship between social capital and organizational effectiveness. This research had addressed the theoretical gap by demonstrating how entrepreneurial orientation worked as a mechanism to facilitate the translation of the capability of leadership style and social capital into organizational effectiveness.

On the other spectrum, the findings provided some important practical guidance to executive directors as to “what to do” and “how” to go about in order to out-perform and improve the organizational effectiveness. Furthermore, on limitations of the current study, several future research directions were drawn. In this regard,

investigating the potential moderating effect of entrepreneurial orientation on leadership styles-organizational effectiveness relationship and social capital-organizational effectiveness relationship could be another opportunity for future research. Nonetheless, the policy makers should focus on creating awareness regarding the importance of social aspects, and provided supportive national policies that would facilitate and enhance the organizational effectiveness of SWOs in Malaysia.



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APPENDIX A: QUESTIONNAIRE



SURVEY OF SOCIAL WELFARE ORGANIZATIONS IN MALAYSIA

Dear Sir/ Madam,

My name is Ng Chun Won. I am a doctoral candidate of College of Business, University Utara Malaysia. My research is aimed at having a better understanding of Social Welfare Organization in Malaysia. Specifically, this study is interested to find out the effective ways to improve the organizational effectiveness of Social Welfare Organizations. Research interest is pertinent to the executive director or person-in-charge of Social Welfare Organizations of Malaysia.

It takes about 10 to 15 minutes to complete this questionnaire. I highly appreciate your participation in this research.

Please be informed that the findings of the study will be used for academic purpose only.

Thank you.

Sincerely yours,

Ng Chun Won

College of Business

Universiti Utara Malaysia.

Contact Number: 0122456189

Email: wcng.2t@gmail.com

SECTION A: GENERAL INFORMATION ABOUT RESPONDENT AND ORGANIZATION

General Instruction: Please fill in the blank or tick (✓) the appropriate boxes that correspond to your answer to each of the questions below.

I) GENERAL INFORMATION ABOUT RESPONDENT

1. Gender: ☐ Female ☐ Male

2. Age: ☐ Below 30 years old
☐ 31-40
☐ 41-50
☐ 51-60
☐ 61 and above

3. Race: ☐ Malay
☐ Chinese
☐ Indian
☐ Others. Please state.....

4. Education: ☐ Primary school education
☐ PMR
☐ SPM
☐ STPM
☐ Certificate level
☐ Diploma holder
☐ Degree holder
☐ Master holder
☐ PhD holder
☐ Others. Please state.....

5. Position:

☐ Executive Director ☐ President ☐ Chief Executive Officer
☐ Manager ☐ Other (Please specify).....

6. How long have you held this position?

☐ Less than one year
☐ 1-5 years
☐ 6-10 years
☐ More than 10 years

II) GENERAL INFORMATION ABOUT ORGANIZATION

1. Name of organization

(Optional):

2. State:

3. Organizational Type: ☐ Company ☐ Foundation ☐ Association ☐ Other

4. Target group:

☐ Children ☐ Women/ Single Mother ☐ Elderly ☐ Disabled

☐ Other (Please specify)

5. Organization Age:

☐ Less than one year

☐ 1-5 years

☐ 6-10 years

☐ More than 10 years

6. Number of Employees:

☐ Less than 5 full-time employees

☐ Between 5 and 50 full-time employees

☐ Between 51 and 150 full-time employees

7. Sources of Income (May check more than one option)

☐ Sale of Products and Fees and Charge for Services

☐ Donated by Individual

☐ Transferred from Parent Organization

☐ Donated by Government

☐ Other Private Organizations

☐ Donated from Abroad

☐ Membership fees

☐ Public Donation

☐ Interest

☐ Others (Please specify)

Section B: Organizational Effectiveness

This section is designed to assess your opinion as it relates to your organizational effectiveness at achieving its mission. Please respond to the following statements based upon your view of the organization's mission achievement and financial efficiency.

Please mark (✓) in the space to indicate your level of agreement with each statement with (1) being strongly disagree and (5) being strongly agree.

1	2	3	4	5				
Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree				
Mission Achievement								
1.	Our mission helps us to monitor performance.			1	2	3	4	5
2.	Our mission helps us to make better decision.			1	2	3	4	5
3.	I understand how my job helps achieve our mission.			1	2	3	4	5
4.	Our mission statement helps me to understand how my organization sets priorities.			1	2	3	4	5
5.	Strategy is an important element in our mission.			1	2	3	4	5
6.	Our strategy is achievable.			1	2	3	4	5
7.	My day-to-day duties help us to achieve our mission.			1	2	3	4	5
8.	My co-workers' day-to-day duties help us to achieve our mission.			1	2	3	4	5
9.	Our mission is the driving force for this organization.			1	2	3	4	5
10.	Our organization's actions are consistent with our mission.			1	2	3	4	5
11.	Our organization's actions are consistent with our vision.			1	2	3	4	5
12.	Our organization's actions are consistent with our core values.			1	2	3	4	5
13.	We consistently meet the foundation for performance established in our mission statement.			1	2	3	4	5
14.	We consistently meet the criteria for performance established in our vision statement.			1	2	3	4	5
15.	We consistently meet the criteria for performance established in our values statement.			1	2	3	4	5
Financial Efficiency								
1.	We are effective at cost saving.			1	2	3	4	5
2.	We maintain low expenses.			1	2	3	4	5
3.	We work well with other nonprofits.			1	2	3	4	5
4.	We have sufficient funds to provide service programs.			1	2	3	4	5
5.	We are able to appropriately allocate our financial resources across programs.			1	2	3	4	5

Section C: Leadership Styles

The following statements are description about leadership styles. The word others may mean your followers, clients, or group members.

Please mark (✓) your level of agreement on each statement which best describes your leadership styles on the scale of 1 (strongly disagree) to 5 (strongly agree).

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
1.	I make others feel good to be around me.			1 2 3 4 5
2.	I express with a few simple words what we could and should do.			1 2 3 4 5
3.	I enable others to think about old problems in new ways.			1 2 3 4 5
4.	I help others develop themselves.			1 2 3 4 5
5.	I tell others what to do if they want to be rewarded for their work.			1 2 3 4 5
6.	I am satisfied when others meet agreed upon standards.			1 2 3 4 5
7.	Others have complete faith in me.			1 2 3 4 5
8.	I provide appealing images about what we can do.			1 2 3 4 5
9.	I provide others with new ways of looking at complicated things.			1 2 3 4 5
10.	I let others know how I think they are doing.			1 2 3 4 5
11.	I provide recognition/ rewards when others reach their goals.			1 2 3 4 5
12.	As long as things are working, I do not try to change anything.			1 2 3 4 5
13.	Others are proud to be associated with me.			1 2 3 4 5
14.	I help others find meaning in their work.			1 2 3 4 5
15.	I get others to rethink ideas that they had never questioned before.			1 2 3 4 5
16.	I give personal attention to others who seem rejected.			1 2 3 4 5
17.	I call attention to what others can get for what they accomplish.			1 2 3 4 5
18.	I tell others the standards they have to know to carry out their work.			1 2 3 4 5

Section D: Social Capital

Please mark (✓) in the space to indicate your level of agreement with each statement with (1) being strongly disagree and (5) being strongly agree.

1	2	3	4	5
Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Social trust				
1.	My organization has a good reputation in society.			1 2 3 4 5
2.	My organization's information has been referred to in the media.			1 2 3 4 5
3.	Members or people have recognized my organization as the first priority compared with other organizations.			1 2 3 4 5
4.	Other organizations pay us a visit often times.			1 2 3 4 5
Network				
1.	My organization has external alliances.			1 2 3 4 5
2.	I have a diversity of friendships in many areas resulting in a positive effect for the organization.			1 2 3 4 5
3.	My organization has informal networks.			1 2 3 4 5
4.	When my organization needs help, we can count on other members of the network.			1 2 3 4 5
5.	My organization plays a significant role in networks.			1 2 3 4 5
Public Sector Engagement				
1.	My organization plays an important role in proposing policy or procedures for social problem solving.			1 2 3 4 5
2.	Our mission is related to government-supporting plans.			1 2 3 4 5
3.	Government agencies need the support of my organization.			1 2 3 4 5
4.	My organization has contacts with government.			1 2 3 4 5

Section E: Entrepreneurial Orientation

This scale is designed to measure your organization's level of entrepreneurial orientation.

Please mark (✓) in the space to indicate your level of agreement with each statement with (1) being strongly disagree and (5) being strongly agree.

	1	2	3	4	5
	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
Innovation					
1.	My organization places a strong emphasis on the development of new products or services.				1 2 3 4 5
2.	My organization places a strong emphasis on the development of new organizational processes.				1 2 3 4 5
3.	My organization introduces many new processes, policies, products, and services.				1 2 3 4 5
4.	My organization makes major changes in processes, policies, products, and services.				1 2 3 4 5
Proactiveness					
1.	My organization is very often the first organization to introduce new products/ services, administrative techniques, operating technologies.				1 2 3 4 5
2.	My organization exploits changes in the field.				1 2 3 4 5
3.	My organization provides the lead for similar service providers.				1 2 3 4 5
Risk-taking					
1.	My organization conducted well against behavioral norms in the operating environment.				1 2 3 4 5
2.	My organization selects projects that may alter the organization's public image.				1 2 3 4 5
3.	My organization makes decisions that created changes in staff stability.				1 2 3 4 5

APPENDIX B: CODE

Construct	Nature	Code
Organizational Effectiveness	DV/Outcome	OE
Mission Achievement	DV/Outcome	Miss
Financial Efficiency	DV/Outcome	Finan
Leadership Style	IV/Predictor	LS
Transformational Leadership	IV/Predictor	TransF
Transactional Leadership	IV/Predictor	Transac
Social Capital	IV/Predictor	SC
Social Trust	IV/Predictor	STrust
Network	IV/Predictor	Netw
Public Sector Engagement	IV/Predictor	PubSE
Entrepreneurial Orientation	Mediator/ Intervening	EO
Innovation	Mediator/ Intervening	Innov
Proactiveness	Mediator/ Intervening	Proac
Risk-taking	Mediator/ Intervening	Risk

APPENDIX C: MISSING VALUE

Statistics		
	N	
	Valid	Missing
OE1	137	0
OE2	137	0
OE3	137	0
OE4	137	0
OE5	137	0
OE6	137	0
OE7	137	0
OE8	137	0
OE9	137	0
OE10	137	0
OE11	137	0
OE12	137	0
OE13	137	0
OE14	137	0
OE15	137	0
OE16	137	0
OE17	137	0
OE18	137	0
OE19	137	0
OE20	137	0
LS1	137	0
LS2	137	0
LS3	137	0
LS4	137	0
LS5	137	0
LS6	137	0
LS7	137	0
LS8	137	0
LS9	137	0
LS10	137	0
LS11	137	0
LS12	137	0
LS13	137	0
LS14	137	0

	N	
	Valid	Missing
LS15	137	0
LS16	137	0
LS17	137	0
LS18	137	0
SC1	137	0
SC2	137	0
SC3	137	0
SC4	137	0
SC5	137	0
SC6	137	0
SC7	137	0
SC8	137	0
SC9	137	0
SC10	137	0
SC11	137	0
SC12	137	0
SC13	137	0
EO1	137	0
EO2	137	0
EO3	137	0
EO4	137	0
EO5	137	0
EO6	137	0
EO7	137	0
EO8	137	0
EO9	137	0
EO10	137	0

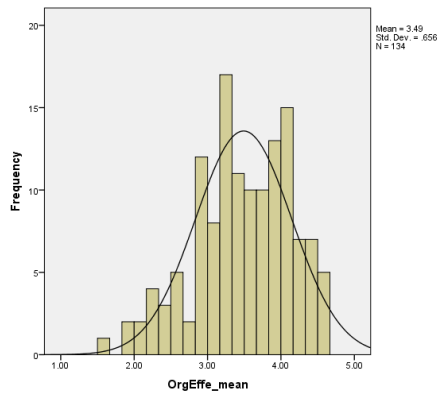
APPENDIX D: RESULTS OF OUTLIERS DETECTION

Multivariate outliers detection- Mahalanobis Distance test ($n = 137$)

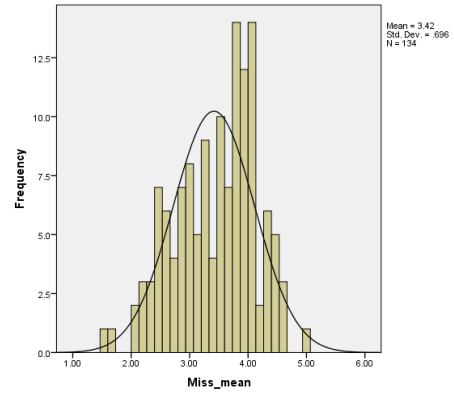
Chi-square (χ^2) = 100.8878

No	Mahalanobis Distance	No	Mahalanobis Distance	No	Mahalanobis Distance
1	57.95682	51	71.20510	101	84.69821
2	50.58932	52	80.87125	102	54.36025
3	51.46629	53	36.03356	103	67.95534
4	66.76122	54	80.88578	104	40.70038
5	62.61735	55	66.36307	105	68.56773
6	52.71731	56	60.34124	106	46.73553
7	46.20565	57	60.11980	107	59.29941
8	69.84763	58	58.81618	108	82.07609
9	66.72235	59	56.74075	109	65.44113
10	68.09397	60	78.39782	110	58.35694
11	74.04586	61	44.31766	111	68.63401
12	58.77971	62	51.88364	112	58.53575
13	66.66974	63	43.52654	113	51.59237
14	61.36703	64	70.38147	114	89.57584
15	73.80618	65	50.16437	115	66.21788
16	62.99424	66	54.86901	116	64.78968
17	64.09278	67	33.05488	117	69.45617
18	60.81971	68	55.76084	118	71.02634
19	62.88047	69	69.84109	119	40.20975
20	72.57811	70	65.91113	120	59.93580
21	62.59242	71	66.45207	121	63.69218
22	69.20469	72	43.42560	122	83.31184
23	51.14964	73	50.83709	123	77.50290
24	57.93375	74	60.21040	124	61.31101
25	44.55719	75	36.00432	125	56.10858
26	66.73707	76	70.06679	126	32.19160
27	61.11490	77	49.32146	127	45.35777
28	105.0353	78	54.59223	128	63.66406
29	43.60529	79	80.77699	129	59.63546
30	62.95110	80	45.08882	130	87.26741
31	63.85805	81	51.80370	131	87.20498
32	54.54524	82	57.52428	132	71.63911
33	65.77828	83	68.24000	133	63.92332
34	54.63783	84	64.06153	134	65.95353
35	63.72481	85	59.16949	135	56.56989
36	84.18611	86	66.47432	136	68.35525
37	50.81026	87	58.48126	137	79.86836
38	54.43728	88	110.2931		
39	47.04855	89	41.08907		
40	68.40966	90	49.02654		
41	46.66812	91	71.65628		
42	40.43044	92	45.25040		
43	67.15962	93	47.90329		
44	65.89563	94	50.47980		
45	59.31405	95	43.68154		
46	73.31239	96	111.1706		
47	55.20903	97	56.78018		
48	64.61765	98	51.43305		
49	60.33235	99	57.86536		
50	63.11167	100	59.75225		

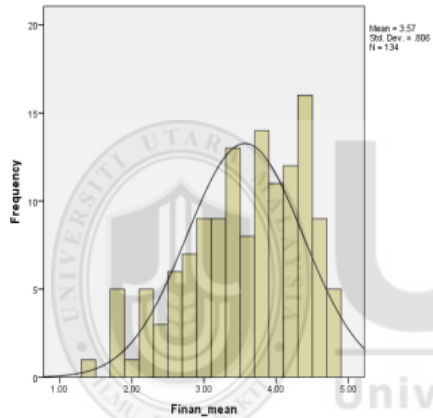
APPENDIX E: NORMALITY ASSESSMENT



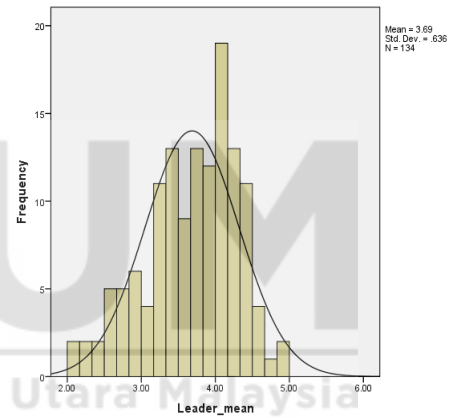
Organizational Effectiveness



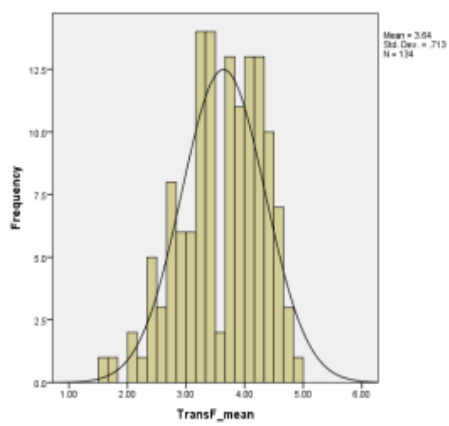
Mission Achievement



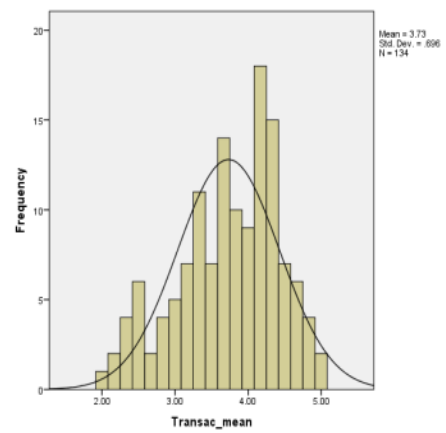
Financial Efficiency



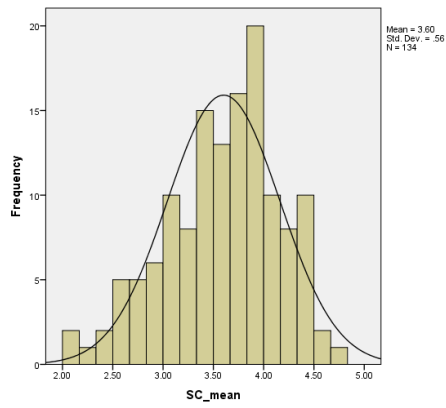
Leadership Style



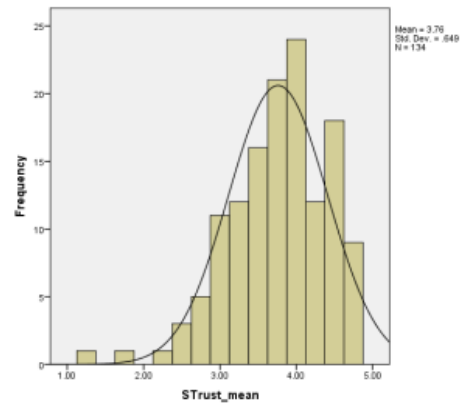
Transformational Leadership



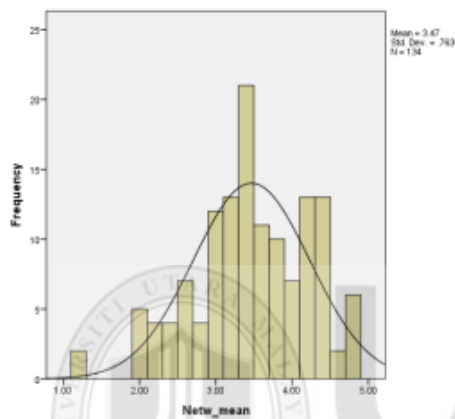
Transactional Leadership



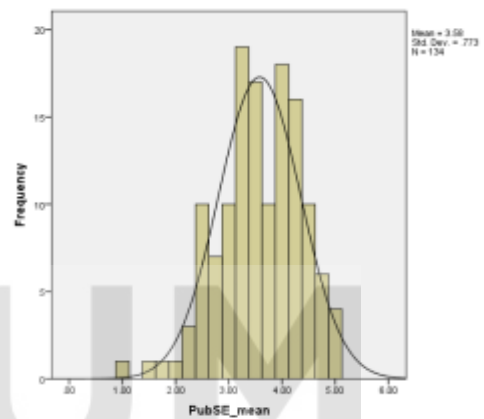
Social Capital



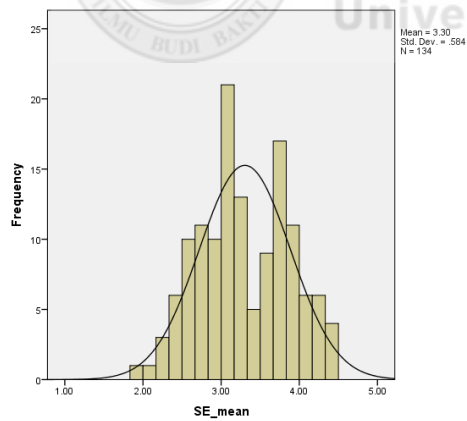
Social Trust



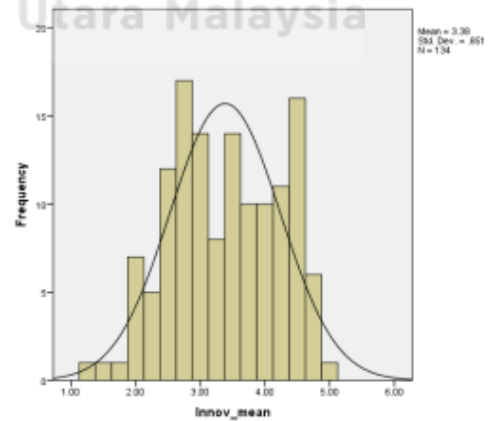
Network



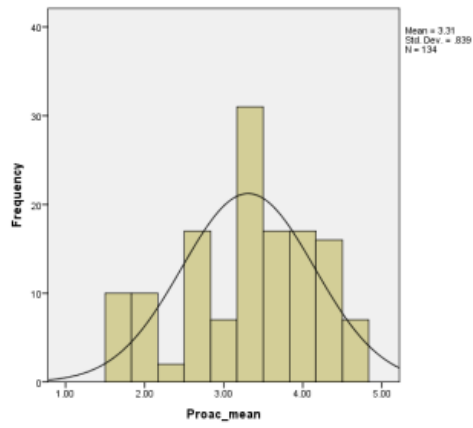
Public Sector Engagement



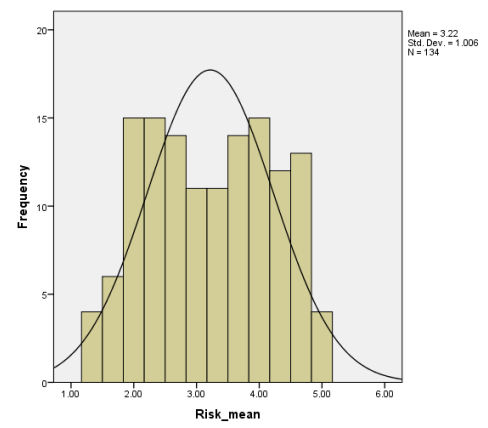
Entrepreneurial Orientation



Innovation



Proactiveness

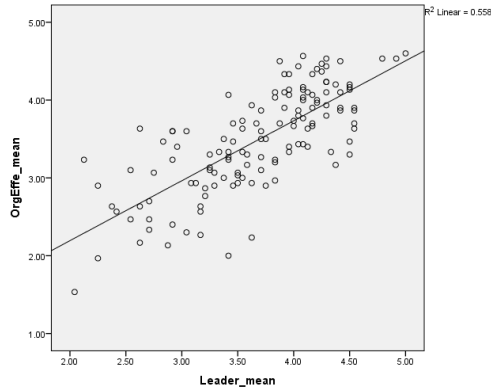


Risk-taking

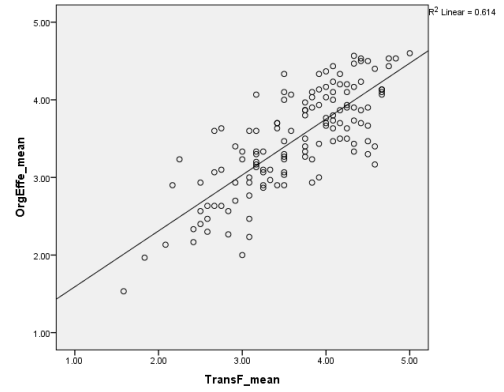


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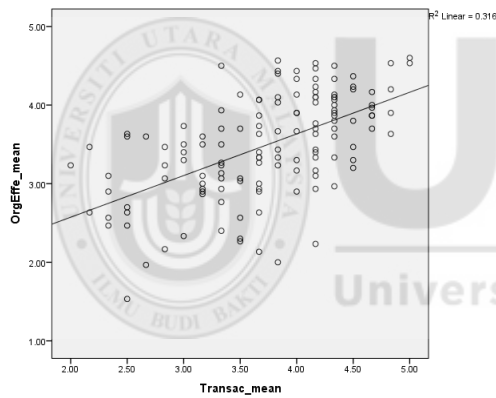
APPENDIX F: LINEARITY ASSESSMENT



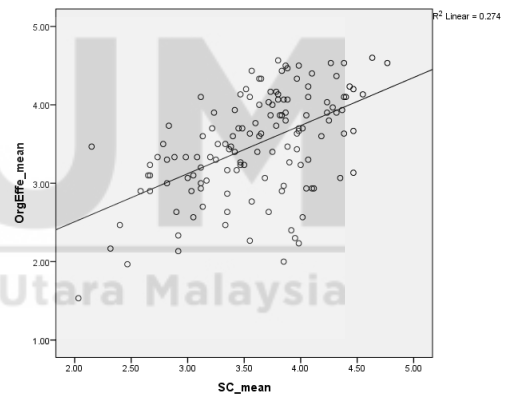
Leadership Style



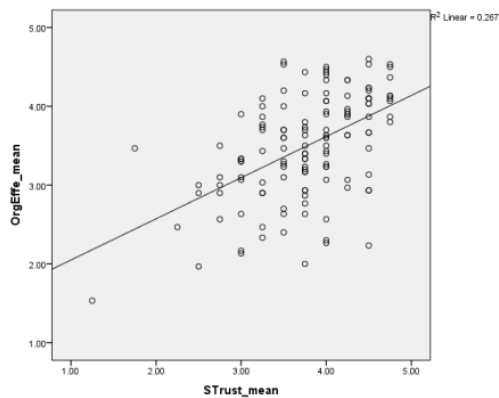
Transformational Leadership



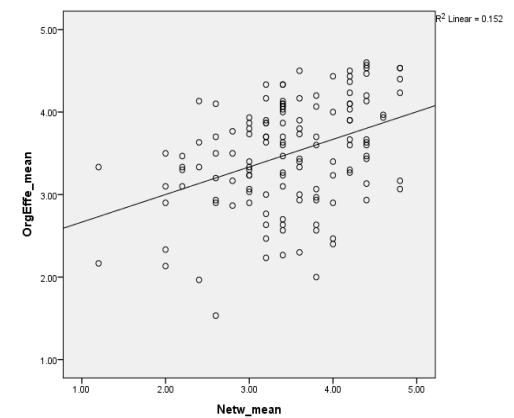
Transactional Leadership



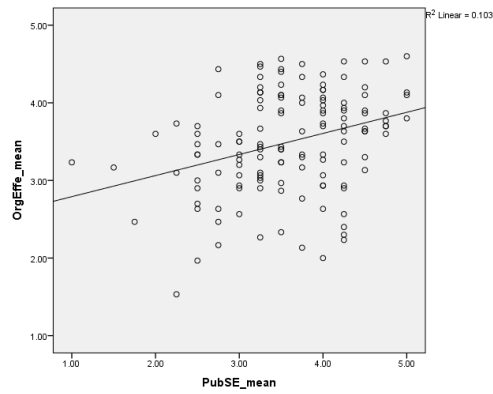
Social Capital



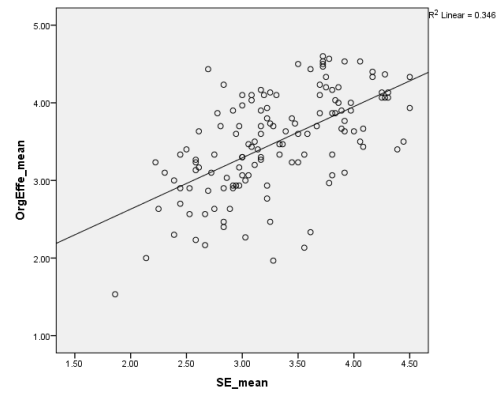
Social Trust



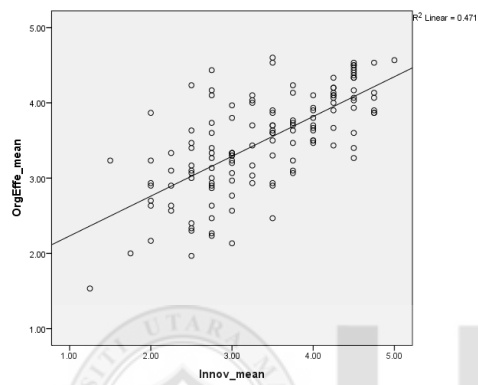
Network



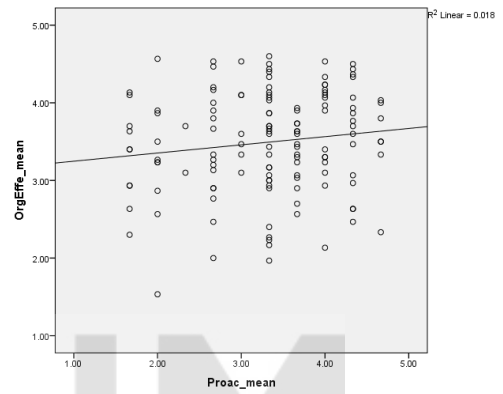
Public Sector Engagement



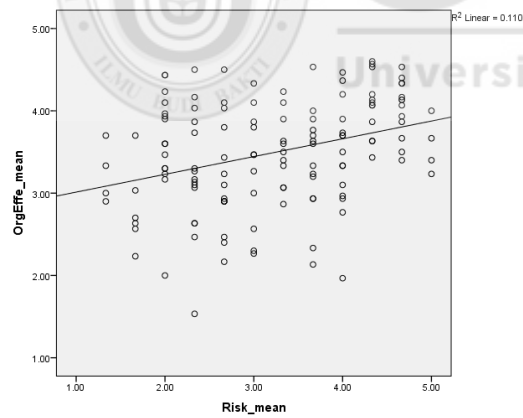
Entrepreneurial Orientation



Innovative



Proactiveness



Risk-taking

APPENDIX G: COMMON METHOD VARIANCE ASSESSMENT

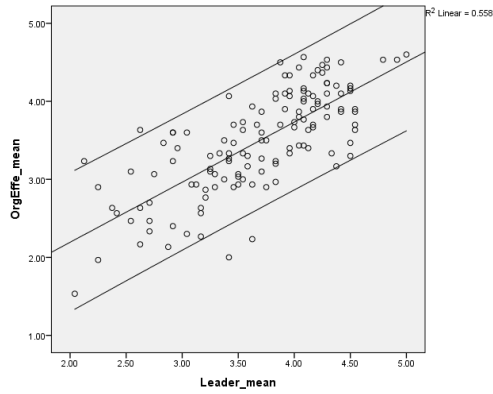
Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.116	21.501	21.501	13.116	21.501	21.501
2	5.237	8.586	30.087			
3	5.104	8.367	38.453			
4	3.209	5.261	43.714			
5	2.663	4.365	48.079			
6	2.235	3.664	51.744			
7	1.910	3.131	54.875			
8	1.834	3.006	57.881			
9	1.696	2.781	60.662			
10	1.615	2.647	63.309			
11	1.463	2.399	65.708			
12	1.267	2.078	67.786			
13	1.230	2.016	69.802			
14	1.197	1.962	71.764			
15	1.069	1.753	73.518			
16	1.007	1.650	75.168			
17	.935	1.532	76.700			
18	.897	1.470	78.171			
19	.852	1.396	79.567			
20	.828	1.357	80.924			
21	.749	1.228	82.153			
22	.726	1.190	83.342			
23	.711	1.165	84.508			
24	.677	1.110	85.617			
25	.635	1.041	86.658			
26	.586	.961	87.620			
27	.564	.925	88.544			
28	.543	.890	89.435			
29	.498	.817	90.251			
30	.473	.776	91.027			
31	.428	.702	91.729			
32	.412	.675	92.403			
33	.364	.596	93.000			
34	.362	.593	93.593			
35	.341	.558	94.151			
36	.304	.498	94.649			
37	.291	.477	95.126			
38	.273	.447	95.572			
39	.245	.401	95.973			
40	.241	.394	96.368			
41	.215	.353	96.720			
42	.208	.341	97.062			
43	.198	.324	97.386			
44	.182	.299	97.684			
45	.174	.285	97.969			
46	.146	.239	98.208			
47	.138	.227	98.434			
48	.122	.200	98.634			

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
49	.113	.185	98.819			
50	.104	.171	98.989			
51	.099	.162	99.151			
52	.090	.148	99.300			
53	.081	.133	99.433			
54	.066	.109	99.542			
55	.057	.094	99.636			
56	.054	.088	99.724			
57	.044	.073	99.796			
58	.037	.061	99.857			
59	.035	.057	99.914			
60	.028	.047	99.961			
61	.024	.039	100.000			
Extraction Method: Principal Component Analysis.						

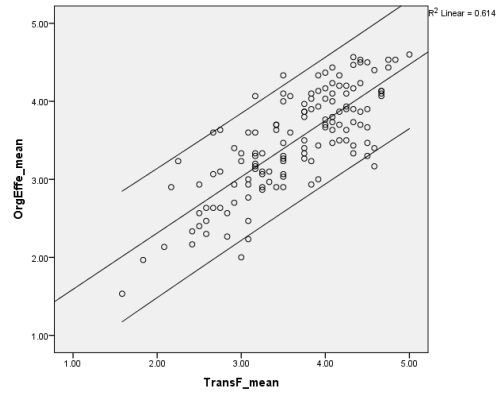


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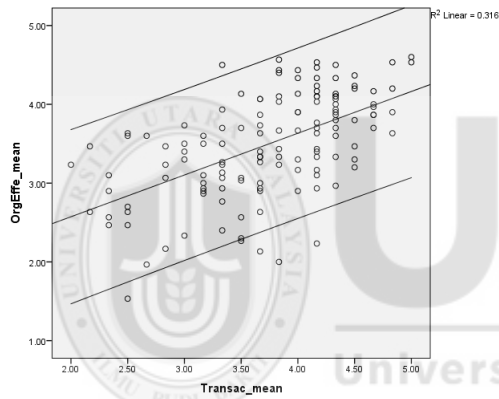
APPENDIX H: HOMOSCEDASTICITY ASSESSMENT



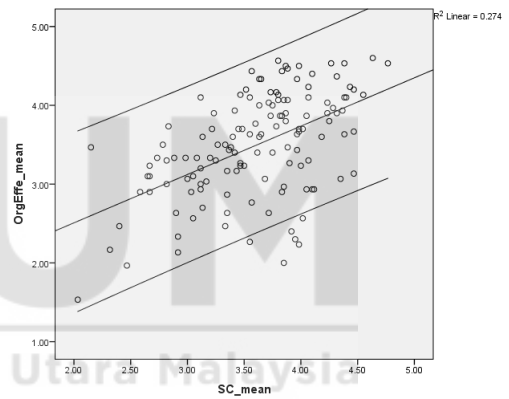
Leadership Styles



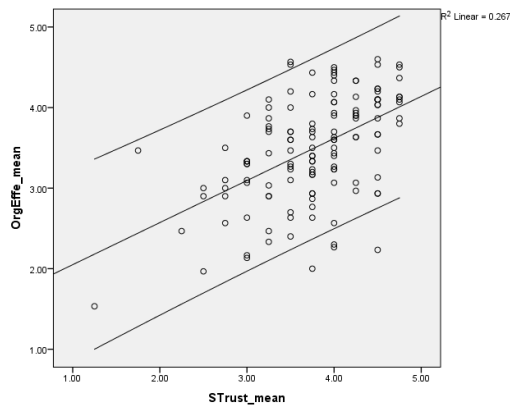
Transformational Leadership



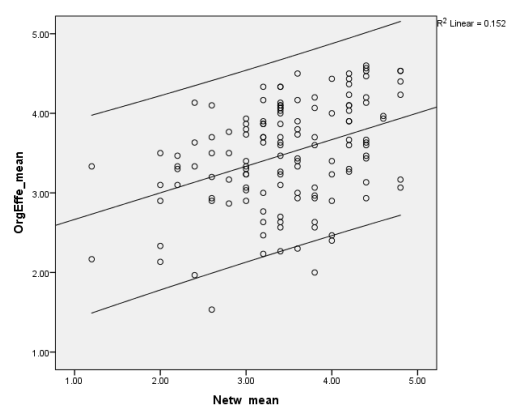
Transactional Leadership



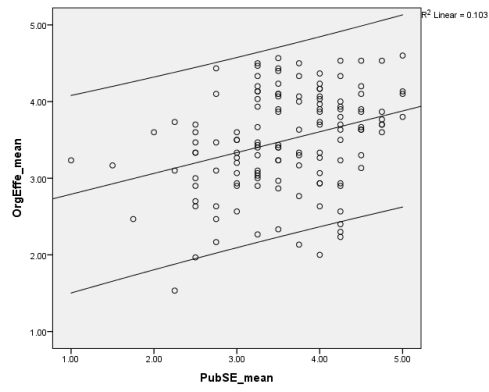
Social Capital



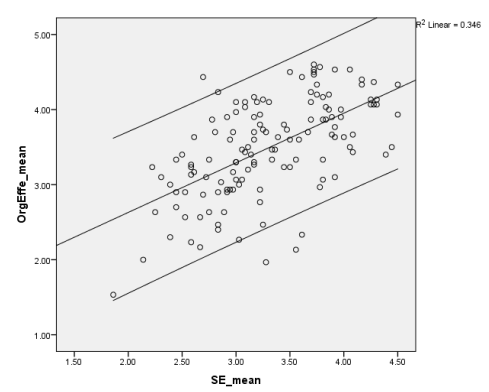
Social Trust



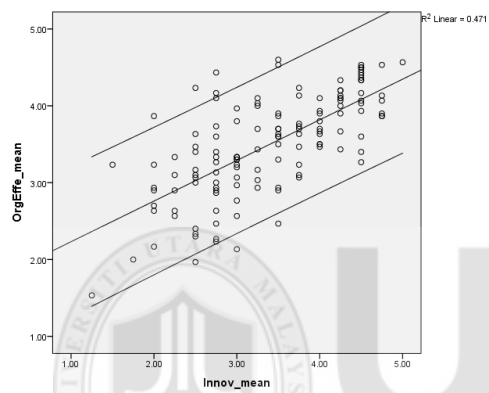
Network



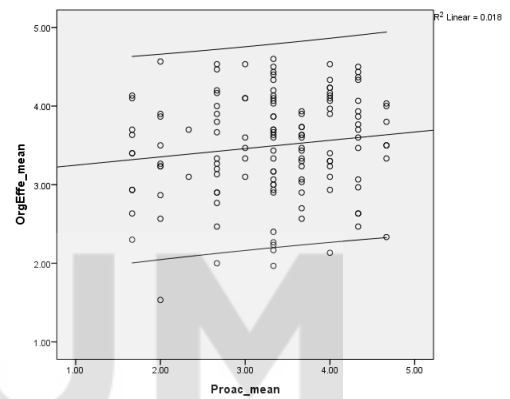
Public Sector Engagement



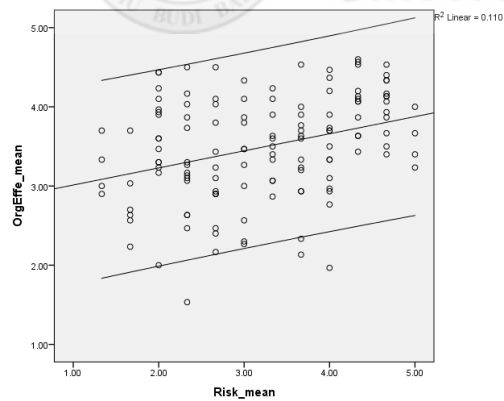
Entrepreneurial Orientation



Innovative



Proactiveness



Risk Taking

**APPENDIX I: BLINDFOLDING PROCEDURE RESULTS: CROSS-
VALIDATED REDUNDANCY**

Total	SSO	SSE	1-SSE/SSO
Finan	532	435.6241	0.1812
Innov	399	240.9077	0.3962
Miss	1064	557.0283	0.4765
Netw	399	272.0655	0.3181
OrgEffe	1596	1265.1578	0.2073
Proac	399	388.0059	0.0276
PubSE	399	288.9532	0.2758
Risk	399	292.5865	0.2667
EO	1197	1085.2317	0.0934
STrust	399	253.3046	0.3652
TransF	931	499.9984	0.4629
Transac	399	245.5011	0.3847

Case 1	SSO	SSE	1-SSE/SSO
Finan	63.3971	56.7726	0.1045
Innov	55.0932	25.7997	0.5317
Miss	119.1999	57.7844	0.5152
Netw	35.2315	30.1299	0.1448
OrgEffe	207.2806	175.4612	0.1535
Proac	55.8545	55.9453	-0.0016
PubSE	54.8873	34.5591	0.3704
Risk	54.2482	41.9217	0.2272
EO	142.6112	132.382	0.0717
STrust	58.0989	44.4458	0.235
TransF	107.0582	66.5453	0.3784
Transac	44.5034	27.5416	0.3811

Case 2	SSO	SSE	1-SSE/SSO
Finan	61.8197	52.8819	0.1446
Innov	37.6641	30.2292	0.1974
Miss	131.8887	79.8725	0.3944
Netw	57.7824	36.5541	0.3674
OrgEffe	189.0389	143.0219	0.2434
Proac	48.931	45.1593	0.0771
PubSE	47.1366	45.1713	0.0417
Risk	50.405	42.3488	0.1598
EO	144.8163	127.1643	0.1219
STrust	46.2164	17.9158	0.6123
TransF	129.2972	45.1166	0.6511
Transac	42.2007	24.3433	0.4232

Total	SSO	SSE	1-SSE/SSO
Case 3	SSO	SSE	1-SSE/SSO
Finan	56.4072	49.3095	0.1258
Innov	53.1191	27.8946	0.4749
Miss	140.5038	69.1093	0.5081
Netw	55.5391	42.2548	0.2392
OrgEffe	228.2514	183.4457	0.1963
Proac	44.4318	44.9927	-0.0126
PubSE	48.4185	29.6298	0.388
Risk	40.7964	34.9705	0.1428
EO	152.158	139.1415	0.0855
STrust	37.8754	32.1082	0.1523
TransF	103.3524	53.1697	0.4855
Transac	53.7569	33.1336	0.3836
Case 4	SSO	SSE	1-SSE/SSO
Finan	61.6525	50.4486	0.1817
Innov	48.4435	25.3651	0.4764
Miss	133.2541	82.1893	0.3832
Netw	54.1752	29.1276	0.4623
OrgEffe	187.0495	141.9845	0.2409
Proac	49.4486	45.4978	0.0799
PubSE	27.656	24.1531	0.1267
Risk	44.7191	29.0277	0.3509
EO	167.054	148.3559	0.1119
STrust	42.1983	23.9383	0.4327
TransF	111.5178	51.4256	0.5389
Transac	41.8922	30.0844	0.2819
Case 5	SSO	SSE	1-SSE/SSO
Finan	67.6709	52.2317	0.2282
Innov	48.6013	29.3587	0.3959
Miss	131.8314	58.5091	0.5562
Netw	42.6889	31.8694	0.2535
OrgEffe	205.2652	177.56	0.135
Proac	50.9487	53.4173	-0.0485
PubSE	67.9799	45.3902	0.3323
Risk	45.2663	31.2791	0.309
EO	149.8173	142.295	0.0502
STrust	51.6857	28.701	0.4447
TransF	132.1016	74.4065	0.4367
Transac	46.9446	34.315	0.269

Total	SSO	SSE	1-SSE/SSO
Case 6	SSO	SSE	1-SSE/SSO
Finan	71.6499	51.2203	0.2851
Innov	58.3364	36.5926	0.3727
Miss	151.3566	89.687	0.4074
Netw	39.8978	28.6548	0.2818
OrgEffe	193.6071	155.0036	0.1994
Proac	34.7348	31.6163	0.0898
PubSE	42.936	30.8552	0.2814
Risk	59.0868	39.5508	0.3306
EO	165.1958	142.9978	0.1344
STrust	38.7587	28.1448	0.2738
TransF	108.6834	55.3901	0.4904
Transac	65.104	29.3451	0.5493
Case 7	SSO	SSE	1-SSE/SSO
Finan	74.7672	60.5897	0.1896
Innov	55.9467	33.4641	0.4019
Miss	117.2168	54.0912	0.5385
Netw	58.55	37.8411	0.3537
OrgEffe	184.2083	142.0299	0.229
Proac	61.91	62.7352	-0.0133
PubSE	56.416	37.4117	0.3369
Risk	49.1973	33.6099	0.3168
EO	137.0001	126.533	0.0764
STrust	65.6089	42.3794	0.3541
TransF	110.6742	81.1105	0.2671
Transac	53.006	36.1329	0.3183
Case 8	SSO	SSE	1-SSE/SSO
Finan	74.6354	62.1698	0.167
Innov	41.7958	32.2036	0.2295
Miss	138.7485	65.7856	0.5259
Netw	55.1351	35.6337	0.3537
OrgEffe	201.299	146.6511	0.2715
Proac	52.7405	48.6421	0.0777
PubSE	53.5697	41.7829	0.22
Risk	55.2809	39.8781	0.2786
EO	138.3473	126.3622	0.0866
STrust	58.5577	35.6712	0.3908
TransF	128.3152	72.8342	0.4324
Transac	51.5922	30.6051	0.4068

Total	SSO	SSE	1-SSE/SSO
Finan	532	435.4074	0.1816
Innov	399	279.4307	0.2997
Miss	1064	562.4176	0.4714
Netw	399	271.9569	0.3184
OrgEffe	1596	1272.638	0.2026
Proac	399	386.3022	0.0318
PubSE	399	288.9399	0.2758
Risk	399	295.0383	0.2606
EO	1197	1085.453	0.0932
STrust	399	253.4354	0.3648
TransF	931	499.7188	0.4632
Transac	399	245.2606	0.3853

Case 1	SSO	SSE	1-SSE/SSO
Finan	63.3971	57.5231	0.0927
Innov	55.0932	29.4428	0.4656
Miss	119.1999	57.7333	0.5157
Netw	35.2315	30.1343	0.1447
OrgEffe	207.2806	177.9744	0.1414
Proac	55.8545	55.3953	0.0082
PubSE	54.8873	34.4379	0.3726
Risk	54.2482	39.6665	0.2688
EO	142.6112	133.2094	0.0659
STrust	58.0989	44.5225	0.2337
TransF	107.0582	66.5224	0.3786
Transac	44.5034	27.4166	0.3839

Case 2	SSO	SSE	1-SSE/SSO
Finan	61.8197	53.1568	0.1401
Innov	37.6641	33.2484	0.1172
Miss	131.8887	78.6188	0.4039
Netw	57.7824	36.3626	0.3707
OrgEffe	189.0389	143.3742	0.2416
Proac	48.931	46.1243	0.0574
PubSE	47.1366	45.3065	0.0388
Risk	50.405	42.1483	0.1638
EO	144.8163	126.5825	0.1259
STrust	46.2164	17.9258	0.6121
TransF	129.2972	45.0278	0.6517
Transac	42.2007	24.4119	0.4215

Total	SSO	SSE	1-SSE/SSO
Case 3	SSO	SSE	1-SSE/SSO
Finan	56.4072	48.5482	0.1393
Innov	53.1191	33.7679	0.3643
Miss	140.5038	68.5613	0.512
Netw	55.5391	42.1646	0.2408
OrgEffe	228.2514	184.9385	0.1898
Proac	44.4318	45.0795	-0.0146
PubSE	48.4185	29.7061	0.3865
Risk	40.7964	38.0007	0.0685
EO	152.158	138.9155	0.087
STrust	37.8754	32.1322	0.1516
TransF	103.3524	53.1951	0.4853
Transac	53.7569	33.0938	0.3844
Case 4	SSO	SSE	1-SSE/SSO
Finan	61.6525	49.2244	0.2016
Innov	48.4435	29.1343	0.3986
Miss	133.2541	86.2557	0.3527
Netw	54.1752	29.2607	0.4599
OrgEffe	187.0495	142.7862	0.2366
Proac	49.4486	44.5585	0.0989
PubSE	27.656	24.1141	0.1281
Risk	44.7191	29.6753	0.3364
EO	167.054	150.7016	0.0979
STrust	42.1983	24.0302	0.4305
TransF	111.5178	51.4553	0.5386
Transac	41.8922	30.0454	0.2828
Case 5	SSO	SSE	1-SSE/SSO
Finan	67.6709	51.8024	0.2345
Innov	48.6013	32.8403	0.3243
Miss	131.8314	61.6404	0.5324
Netw	42.6889	31.8731	0.2534
OrgEffe	205.2652	178.4738	0.1305
Proac	50.9487	52.9406	-0.0391
PubSE	67.9799	45.3722	0.3326
Risk	45.2663	29.9386	0.3386
EO	149.8173	142.7152	0.0474
STrust	51.6857	28.6812	0.4451
TransF	132.1016	74.004	0.4398
Transac	46.9446	34.3918	0.2674

Total	SSO	SSE	1-SSE/SSO
Finan	71.6499	52.7248	0.2641
Innov	58.3364	44.0565	0.2448
Miss	151.3566	89.4953	0.4087
Netw	39.8978	28.639	0.2822
OrgEffe	193.6071	156.3176	0.1926
Proac	34.7348	32.3805	0.0678
PubSE	42.936	30.8972	0.2804
Risk	59.0868	38.7825	0.3436
EO	165.1958	143.0443	0.1341
STrust	38.7587	28.1194	0.2745
TransF	108.6834	55.3805	0.4904
Transac	65.104	29.3553	0.5491

Case 7	SSO	SSE	1-SSE/SSO
Finan	74.7672	60.9279	0.1851
Innov	55.9467	39.0329	0.3023
Miss	117.2168	53.1485	0.5466
Netw	58.55	37.9103	0.3525
OrgEffe	184.2083	141.5494	0.2316
Proac	61.91	60.6303	0.0207
PubSE	56.416	37.2575	0.3396
Risk	49.1973	34.7644	0.2934
EO	137.0001	125.3029	0.0854
STrust	65.6089	42.4227	0.3534
TransF	110.6742	81.2559	0.2658
Transac	53.006	35.9396	0.322

Case 8	SSO	SSE	1-SSE/SSO
Finan	74.6354	61.4998	0.176
Innov	41.7958	37.9077	0.093
Miss	138.7485	66.9643	0.5174
Netw	55.1351	35.6122	0.3541
OrgEffe	201.299	147.2241	0.2686
Proac	52.7405	49.1932	0.0673
PubSE	53.5697	41.8482	0.2188
Risk	55.2809	42.0621	0.2391
EO	138.3473	124.9817	0.0966
STrust	58.5577	35.6014	0.392
TransF	128.3152	72.8779	0.432
Transac	51.5922	30.6063	0.4068

**APPENDIX J: MEDIATION RESULTS PRODUCED USING KOCK'S (2013)
SOBEL SPREADSHEET**

LS -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.5073	(Path coefficient calculated by WarpPLS)
<i>b</i>	.3106	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.0892	(Standard error calculated by WarpPLS)
<i>Sb</i>	.0925	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0551	(Sobel's standard error for mediating effect)
<i>ab</i>	.1576	(Product path coefficient for mediating effect)
<i>Tab</i>	2.8589	(T value for mediating effect)
<i>Pab</i>	.0025	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.0049	(P value for mediating effect, two-tailed)

SC -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.2432	(Path coefficient calculated by WarpPLS)
<i>b</i>	.3106	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.0892	(Standard error calculated by WarpPLS)
<i>Sb</i>	.0925	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0366	(Sobel's standard error for mediating effect)
<i>ab</i>	.0755	(Product path coefficient for mediating effect)
<i>Tab</i>	2.0622	(T value for mediating effect)
<i>Pab</i>	.0206	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.0412	(P value for mediating effect, two-tailed)

TransF -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.5919	(Path coefficient calculated by WarpPLS)
<i>b</i>	.4402	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.0839	(Standard error calculated by WarpPLS)
<i>Sb</i>	.1041	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0724	(Sobel's standard error for mediating effect)
<i>ab</i>	.2606	(Product path coefficient for mediating effect)
<i>Tab</i>	3.6005	(T value for mediating effect)
<i>Pab</i>	.0002	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.0004	(P value for mediating effect, two-tailed)

Transac -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.0651	(Path coefficient calculated by WarpPLS)
<i>b</i>	.4402	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.0786	(Standard error calculated by WarpPLS)
<i>Sb</i>	.1041	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0362	(Sobel's standard error for mediating effect)
<i>ab</i>	.0287	(Product path coefficient for mediating effect)
<i>Tab</i>	.7918	(T value for mediating effect)
<i>Pab</i>	.2150	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.4299	(P value for mediating effect, two-tailed)

STrust -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.3713	(Path coefficient calculated by WarpPLS)
<i>b</i>	.2665	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.1167	(Standard error calculated by WarpPLS)
<i>Sb</i>	.0672	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0406	(Sobel's standard error for mediating effect)
<i>ab</i>	.0990	(Product path coefficient for mediating effect)
<i>Tab</i>	2.4350	(T value for mediating effect)
<i>Pab</i>	.0081	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.0162	(P value for mediating effect, two-tailed)

Netw -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.1516	(Path coefficient calculated by WarpPLS)
<i>b</i>	.2665	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.1143	(Standard error calculated by WarpPLS)
<i>Sb</i>	.0672	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0330	(Sobel's standard error for mediating effect)
<i>ab</i>	.0404	(Product path coefficient for mediating effect)
<i>Tab</i>	1.2234	(T value for mediating effect)
<i>Pab</i>	.1117	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.2234	(P value for mediating effect, two-tailed)

PubSE -> EO-> OE

Inputs		
<i>N</i>	134	(Sample size)
<i>a</i>	.0569	(Path coefficient calculated by WarpPLS)
<i>b</i>	.2665	(Path coefficient calculated by WarpPLS)
<i>Sa</i>	.1071	(Standard error calculated by WarpPLS)
<i>Sb</i>	.0672	(Standard error calculated by WarpPLS)
Outputs		
<i>Sab</i>	.0297	(Sobel's standard error for mediating effect)
<i>ab</i>	.0152	(Product path coefficient for mediating effect)
<i>Tab</i>	.5109	(T value for mediating effect)
<i>Pab</i>	.3052	(P value for mediating effect, one-tailed)
<i>Pab'</i>	.6103	(P value for mediating effect, two-tailed)



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