GROWTH STRATEGY, ENTREPRENEURIAL CAPABILITY AND BUSINESS SUCCESS OF SMEs IN KEDAH.

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ABSTRACT

The purpose of this research is to investigate the business strategy and performance in Small and Medium-Sized enterprises (SMEs). The research focused on SMEs because of the importance of SMEs in the economy and the high percentage of them in the Malaysian business population. The present research examined the relationship between entrepreneurial capability, growth strategy and SMEs business success. The entrepreneurial capability consisted of entrepreneurial self-efficacy and improvisational behaviour, and growth strategy included product development strategy, market penetration strategy and market development strategy. This research used a survey methodology, then analysed by using a descriptive analysis, correlation and regression analysis. Findings showed that each independent variable had mixed results on SMEs business success. This study contributed to the flow of RBV and provided important contributions for practitioners in developing policies and strategies for business success among SMEs in Malaysia.

Keywords: entrepreneurial capability, entrepreneurial self-efficacy, improvisational behaviour, growth strategy, product development strategy, market penetration strategy, market development strategy, business success.

ABSTRAK

Tujuan penyelidikan ini adalah untuk menilai strategi perniagaan dan prestasi dalam Perusahaan Kecil dan Sederhana (PKS). Penyelidikan ini memberi tumpuan kepada PKS kerana kepentingan PKS dalam ekonomi dan peratusan mereka yang tinggi dalam perniagaan di Malaysia. Penyelidikan sekarang menilai hubungan antara keupayaan keusahawanan dan strategi pertumbuhan ke atas kejayaan perniagaan PKS. Keupayaan keusahawan terdiri daripada keberkesanan kendiri keusahawanan dan penambahbaikan tingkah laku manakala strategi pertumbuhan termasuklah strategi pembangunan produk, strategi penembusan pasaran dan strategi pembangunan pasaran. Kajian ini menggunakan kaedah tinjauan, kemudian dianalisis dengan analisis deskriptif, analisis korelasi dan regresi. Dapatan menunjukkan bahawa setiap pembolehubah tidak bersandar mempunyai keputusan yang berbeza-beza ke atas kejayaan perniagaan PKS. Kajian ini telah menyumbang kepada aliran penyelidikan RBV dan memberikan sumbangan penting kepada pengamal industri dalam membangunkan dasar dan strategi untuk kejayaan perniagaan di kalangan PKS di Malaysia.

Kata kunci: keupayaan keusahawanan, keberkesanan kendiri keusahawanan, penambahbaikan tingkah laku, strategi pertumbuhan, strategi pembangunan produk, strategi penembusan pasaran, strategi pembangunan pasaran, kejayaan perniagaan.

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LIST OF ABBREVIATIONS

CEO	- Chief Executive Officer
GDP	- Gross Domestic Product
ICT	- Information Communication Technology
MITI	- Ministry of International Trade and Industry
MOSTI	- Ministry of Science, Technology and Innovation
RBV	- Resources Based View
R&D	- Research and Development
SME	- Small and Medium Enterprise

CHAPTER 1

INTRODUCTION

1.1 Background of Study

Many countries are focusing on entrepreneurial activities that drive the economy and provide job opportunities. According to Small Medium Enterprise (SME) Corporation Malaysia (2016), SME is a term used for segmenting businesses or firms which are somewhere between micro and large firms. Data from SME Annual report 2009/2010 showed that SMEs accounted for about 99% of total business establishments, 56% of total employment and 19% of the total exports of the country. However, the definition has expanded the edge of assembling firm turnover not surpasses RM50 million.

All SMEs must be certified by Suruhanjaya Syarikat Malaysia and it excluded public-listed companies, member of public-listed companies, worldwide corporations, government-linked companies, Syarikat Menteri Kewangan Diperbadankan and state-owned enterprises. The new details of SME definition with a sales uprising of RM300,000. In specifications of employees, SME counted deriving out of 5 but not more than 200 of permanent employees.

Malaysian SMEs are a vital component of the country's economic development. Value added products from SMEs are expected to be worth RM 120 billion — or 50 per cent of total production — in the manufacturing sector by 2020. Despite these statistics, Malaysian SMEs' shared a total exports approximately 20% lower than many other countries, such as the Philippines, Hong Kong, Taiwan and even the US (SMIDEC, 2002). SMEs in Malaysia are concentrated in the textile and apparel, food and beverages, metals and metals products and wood and wood products sectors. SMEs have always retained prime position on the government‘s financial radar by virtue of their sizeable contribution to the nation‘s gross domestic product (GDP) (SME Annual Report, 2011), while giving openings for job to a large portion of the population workforce, and as providers of goods and services to substantial organizations (Singh, Garg, & Deshmukh, 2008). SMEs have been identified as the engines of growth (Baharun, Abdul Hamid, & Hashim, 2003) to help this nation to become a developed and industrialized nation by the year 2020 (Abdul Hamid, 1993). In economy, SMEs are the fundamental components assuming a noteworthy part in driving advancement. Bozkurt and Kalkan (2014) mentioned that SMEs cover in most of the society, and generate an economic impact of 99.5 % shares.

SMEs profiling in Malaysia can be traced in the economic census conducted in 2011. The result showed that there was a total of 645,136 SMEs operating in the country. The numbers actually implied that SMEs covered the Malaysia business establishment up to 97.3%. Majority of SMEs involved in three main sectors, services, manufacturing and construction. Services sector is the largest sector with 580,356 establishments (90%) follow by the manufacturing sector was 37,861 (5.9%) while there were 19,283 SMEs (3%) in the construction sector (SME

Corporation Malaysia, 2016). Table 1.1 below shows detail contribution of SMEs according to their respective sectors.

Table 1.1
Sectorial Contribution to GDP in 2015

	Percentage share to total (%)	
	SME GDP	Overall GDP
Services	58.9	53.5
Manufacturing	21.7	23.0
Agriculture	12.0	8.9
Construction	5.7	4.4
Mining & Quarrying	0.4	9.0

Source: SME Corporation Malaysia, SME Annual Report (2016)

Kedah has been among the top five within manufacturing sector in SMEs with 2809 establishments (SME Corporation Malaysia, 2016). Otherwise, other than service sector which covers about 89 %, Kedah SMEs were actually dominated by manufacturing sector (8%), followed by agriculture (2%), construction (2%) as well as mining and quarrying (1%) (SME Corporation Malaysia, 2016). Kedah's economic growth has been contributed by the manufacturing sector for years. The state government of Kedah has put full support and encouraged manufacturing sector in the creation of an environment that conducive to the industrial investors.

In contemporary market conditions, the dynamic business environment may contribute opportunities or harm the organizations. One of the significant impacts is competitive environment where competition equally affects domestic and international firms as well as large firms and SMEs. Most studies have confirmed that large firms reported a nearly 100% survival rate, whereas SMEs do not enjoy such a survival rate due to the phenomenon of the rich are becoming wealthier, and the poor are becoming worst (Chen & Chen, 2013). In the heat of today's competition, most of SMEs are struggling to survive in the market. In order to be successful, SMEs need to possess various types of resources including tangible and intangible resources such as financial, technological, and human and knowledge resources (Brush et al., 2001). Following that, entrepreneurial capability and business strategy has long been considered as the key factors for the survival, growth and served as the competition instrument for firms; in which it become crucial within knowledge-based and technology driven industries (Castro, Delgado-Verde, Navas-López, & Cruz-González, 2013).

1.2 Problem Statement

In today's business, SMEs serve as significant supporters of the economy. SMEs are not only serving as wealth creation but they also provide job opportunity to reduce poverty level (Prajogo & McDermott, 2014). This scenario has also reflected Malaysian SMEs where SMEs' GDP growth exceeded country's GDP growth. SMEs' growth in 2011-2015 recorded an average annual growth of 6.7% which was depicted higher than the country's overall economic growth of 5.3%. As reported in the SME Annual report in 2009/2010, SMEs accounted for about 99% of total business establishments, 56% of total employment and 19% of the total exports of the country. Despite their importance in the national economy, studies have revealed that SMEs in Malaysia encountered various problems in their operations that affect not only their sustainability but also their business activities.

There are various theoretical perspectives which explain the growth of SMEs that associated with strategies and entrepreneurial capabilities. Dobbs and Hamilton (2007) assert that there is no single theory which can adequately give the explanation to this condition. According to Greiner (1972), cited in Gupta, Guha and Krishnaswami (2013), the organic/evolution theory represents that firms learn on their efficiency overtime and move through different stages. As a new entrant in the market, they are normally unaware of their true efficiencies but as they mature, they are able to uncover their productive efficiencies and adopt strategies befitting the circumstances (Staines, 2005). Typically, most companies have started their business as SME and after they stable and mature, they will expand into large corporation. SMEs are generally categorized in the business growth stage (Wheelen, Hunger, Hoffman & Bamford; 2018). Growth strategies are one of the popular strategies that most SMEs adopted in their business (Wheelen, et.al; 2018).

In other view, according to dynamic stage theory by Papadaki and Chami (1982), cited in Levie and Lichtenstein (2010), SMEs have certain characteristics that are associated with the propensity for entrepreneurial behaviour. SMEs with more of these characteristics are more likely to grow faster than those with fewer ones (Papadiki and Chami, 2002). In other words the attitude of the individual entrepreneur in taking risks, creative, tendency to improvise, motive of going into self-employment, his or her managerial abilities to raise capital and perceive new markets, will determine the growth of the firm.

SMEs in many countries face numerous challenges. At the theoretical level, studies have identified some of the barriers to SMEs' growth, (Hall, 2002; Moha, 1999; SMIDEC, 2002; Stuti, 2005, & Wan, 2003;). Wan (2003) in particular highlighted many challenges faced by SMEs especially in a globalized environment, such as funding difficulties, low productivity, managerial incapability, poor access to management and technology, and heavy regulatory burdens, etc. In the Malaysian context, SMEs have certain challenges, and these have been highlighted by many scholars. The challenges could hinder the firms' competitiveness. Therefore, companies should rooted the Resource Based-View (RBV) theory which emphasized on the role of resources and organizational capabilities in generating a firm's sustainable competitive advantages (Mills, Platts, & Bourne, 2003).

Organizational capabilities could be from entrepreneurial capabilities as well as the strategic adoption of a company. Some scholars argued that firms' strategies and performance depend significantly on the organizational capabilities. Meanwhile, to gain competitiveness, the company should have a combination of a good strategy and capabilities. Therefore, to face all challenges and be competitive in the market, SMEs need to focus on the best strategic adoption and capabilities of the firm.

Mixed findings were evidently revealed from previous study on the relationship between entrepreneurial capabilities and strategy toward business success. For example, there were positive and negative relationships found between entrepreneurial self-efficacy, improvisational behaviour and firm performance (i.e. Cumberland et al., 2015; Hallak, Assaker, & O'Connor, 2014; Hmieleski et al., 2013; Miao et al., 2016; Rosli & Hatinah, 2016) especially in SMEs setting. It also found vague results on the relationship between strategy and performance (Rodrik, 2005). Therefore, it is significant for this study to analyze the relationship between entrepreneurial capability (self-efficacy and improvisational behaviour), growth strategy and SMEs business success.

1.3 Research Questions

This study is conducted to examine whether the independent variables, that is an entrepreneurial capability and growth strategy are able to influence the SMEs business success as the dependent variable. In view of the issues over, a few inquiries have emerged which at that point turn into the reason for this examination. Thus, this study tries to identify and find the answers to the following questions:

a) What is the relationship between entrepreneurial capability and SMEs business success?

b) Does a growth strategy influence SMEs business success?

1.4 Research Objectives

This study purposely has been carried out to examine the relationship between SMEs' business success between entrepreneurial capability and growth strategy. With this aim, the objectives of the study are as follows:

a) To examine the positive relationship between entrepreneurial capability and business success.

b) To examine the influence of growth strategy and business success.

1.5 Significance of the Study

The research aims is to examine whether the independent variables which are entrepreneurial capability (entrepreneurial self-efficacy, improvisational behaviour) and growth strategy (product development strategy, market penetration strategy, market development strategy) are able to influence the firm success. This research expects to assist SMEs in Malaysia particularly SMEs in Kedah to share data and information among them which enable them to be ready to combat the high rivalry in their industries, to stay competitive and competence. Besides, it is hoped that this study is able to refer as a platform and useful information for future researches who are interested to study SMEs success.

1.6 Scope of the Study

Firstly, this research only focused the SME status firms in Kedah. SME was selected in this study because SME could be categorized in growth stage in which the growth strategy adoption is the likely popular strategy; and was mainly influenced from entrepreneurial capabilities to be succeed in the business.

Secondly, this research was obtained from owner or entrepreneur or manager or other top management of the SMEs manufacturing firms as the respondents. Those respondents were assumed expert on their company's plans, strategies, future directions and performances of their company. Finally, this study examined self-efficacy and improvisational behaviour as the factors of entrepreneurial capabilities and market development, product development and market penetration as the scheme in growth strategy.

1.7 Definition of Term

1.7.1 SME

SME Corporation Malaysia has published 'Guideline For New SME Definition' which defined manufacturing SME as firm whose sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers (SME Corporation Malaysia, 2013).

1.7.2 Business Success

A firm's tendency to gain an efficiency, profit, liquidity, size, growth, success/failure, leverage and market share (Lucky, 2011).

1.7.3 Entrepreneurial Capability

The exploitation of human resources into interpersonal capabilities (including self-efficacy and improvisational behaviour (Zhang, 2006).

1.7.4 Entrepreneurial Self-efficacy

An individual's belief in his or her personal capability to complete a job or a specific set of tasks (Bandura, 1997).

1.7.5 Improvisational Behaviour

The simultaneous act of creativity and spontaneity (Vera and Crossan, 2005).

1.7.6 Growth Strategy

A formulation and execution of a strategic plan for expanding firm performance (Andrews, 2001); in which consists of two dimensions: the market and the product.

1.8 Organization of the Chapter

This report consisted of 5 chapters. Chapter 1 introduced to the background of this study, discussion of problem statement, research question, and objectives of the study, significance and scope of the study as well as the definition of key terms. The next chapter (chapter 2) emphasized on literature reviews pertaining the subject of SME, business strategy, growth strategy and performance. Chapter 3 continues with research methodology, including theoretical model, hypotheses, research design, sampling and data collection procedure as well as the instrumentation used in this study. The following chapter 4 presents findings of analysis, hypotheses testing and discussion of the result. Finally, chapter 5 concludes and summarizes the whole study, then followed by recommendation and an insight into future research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter discussed the literature review of SMEs setting, SMEs success, entrepreneurial capability and growth strategy. It is useful to review the related areas of the current studies to understand the perspective of independent variables used in this study, and its relationship with dependent variable.

2.2 SMEs in Malaysia

SME in Malaysia has been classified categorized into five sectors namely 1) manufacturing which refers to physical or chemical transformation of materials or components products, 2) services which refer to services including distributive hotels and restaurants trade, business professional and ICT services, entertainment, private education and health, financial intermediation and manufacturing related services, 3) agriculture including perennial crops and cash crops, forestry and logging, livestock and aquaculture, 4) construction which covers infrastructure as well as residential and non-residential, and 5) mining and quarrying (SME Corporation Malaysia, 2016).

SME in Malaysia is well renowned as an economic agent. The government has put priority on SME development so that SME may strives since the global economic crisis 2008/2009. The focus of SME development was to achieve inclusive and sustainable growth. As SMEs serves as a mean to reduce poverty, creating jobs and contribute to the economy, Malaysia has put a proper policy framework, activities to encourage the start-up of small businesses and financial assistant. The focus has an impact where SME in Malaysia reported to contribute a growth of 6.1 percent in 2015 GDP. The number reflected growth across major SMEs economic sectors. SMEs' GDP supported by domestic demand, particularly from consumer consumption as well as government and private investment activities (SME Corporation Malaysia, 2016).

In sectorial contribution, manufacturing contributed to a total of 21.7 percent of SME GDP as the second largest contributor after services sector (58.9%). Other sector contribution includes agriculture (12%), construction (5.7%) and, mining and quarrying (0.4%). Manufacturing SME value-added growth expanded by 6.0 percent in 2015 compared to year 8.6 percent in the year 2014. Customer related cluster, which mainly produces food and beverages has the largest shares with 21.3 percent of overall manufacturing growth. Then, the contribution of SME comes from other primary sectors such petroleum related products as well as plastic and rubber products.

According to Department of Statistics Malaysia (2016), Kedah has contributed about 5.6 percent of total Malaysia GDP. Manufacturing has been one of the main sectors contributed to the economy in Kedah with 28.6 percent contribution shares after services sector at 53.4 percent. Agriculture contributed for a total of 15.1 percent and construction being the least at 1.8 percent. In SME particularly, Kedah has been among the top five manufacturing states with 2809 establishments translated into 7.4 percent of total SMEs manufacturing in Malaysia (SME Corporation Malaysia, 2016).

In Kedah, manufacturing sector covers about eight percent and being second largest sector after services (89%). Kedah's economic growth has long been contributed by the manufacturing sector. In the first quarter of 2014, manufacturing in Kedah boosted by the RM4 billion investment in the manufacturing sector that put Kedah at second place in the highest investment in Malaysia after Sarawak for that year ('Kedah gets RM4b investment', 2014). The state government of Kedah has assured full support to encourage manufacturing sector in the creation of an environment that is conducive for the industrial investors with the proposed of the Kulim International Airport for example. Currently, Kedah has several industrial parks namely Kulim High-Tech Park, Sungai Petani Industrial Estate, Kedah Science and Tech Park as well as Kedah Halal Park to offer comprehensive industrial infrastructures and facilities. Kedah also has a prominent role within the automotive industry with automotive hubs located in Gurun.

2.3 Business Success

Business success has a several definition in the study of entrepreneurship. According to Zinger et al. (2001) and Rhodes and Butler (2004), the success of entrepreneurs has been identified in two factors which is the financial and non-financial. Entrepreneurial success is measured by financial performance in term of return on assets (Masuo et al., 2001), the return of investment (Gadenne, 1998), assests (Paige and Littrell, 2002), income (Paige and Littrell, 2002).

Several researchers who are interested in the relationships between entrepreneurship and success have emphasized the significance of the entrepreneur in the process of entrepreneurial success. Prior studies have shown that human and financial capital (Unger et al., 2011) and social capital (Liao and Welsch, 2003) are essential for the formation, success, and survival of small businesses.

Richard et al. (2009) identified 207 different variables of performance in their review of 213 papers published from 2006 to 2009. They stated that organization performance comprises the actual output of an organization as measured against its intended outputs, which encompass three specific areas of firm outcomes:

(1) Financial performance (profit, return on assets, return on investment, etc.);

(2) Product market performance (sales, market share, etc.); and

(3) Shareholder return (total shareholder return, economic value added, etc.).

Masuo et al. (2001) stressed that business success is measured by financial revenue, profits, return of assets, employees and rates; and no financial measures, such as personal fulfillment, customer satisfaction and individual development. However, some scholars (Vesper, 1990; Watson et al, 1998; Taormina & Lao, 2007) revealed that business success measures were based on the ability to handle the company in more than three years.

In addition, business success also denotes to include an entire business or even to control unanticipated state of affairs element within a stated parameter, where the financial and non-financial items can be the parameter (Moha Asri & Ferdous, 2015). Meanwhile, Rogoff et al. (2004) determined the non- financial measures which derived from the internal factors and external factors influence the business success. The internal elements involve entrepreneur's characteristics and business owner; the size and years in business; the capability to execute foreign capital investment, management, financing, planning, experience, and skills; to carry out such project identified. Meanwhile the external factors or environment is such as resource availability, business opportunities, government regulations, economic conditions, competition, mortgages, corporate debt and market conditions (Rogoff et al., 2004).

Therefore, this study conceptualizes business success as financial and non-financial performance of the SMEs. Success of business in this present study will be presented by financial and non-financial business performance; where performance can be a good proxy to explain the success of a business (Johannessen, Olaisen, and Olsen, 1999).

2.4 Entrepreneurial Capability

He (2006) lists entrepreneurs' capabilities as strategic capability, management capability, government service capability, and social capability. Most importantly, Tu (2005) categorizes entrepreneurs' capabilities as knowledge management capability, innovative capability, learning capability, and decision-making capability. Based on previous research, Zhang (2006) lists three types of entrepreneur capabilities: conceptual capabilities (including understanding, judging, analyzing, and decision-making capabilities), interpersonal capabilities (including expressing, relationship-dealing, and concerning public affairs capabilities) and leading and operating capabilities (including planning, organizing, directing, coordinating, and controlling capabilities). Taking all of these studies into account, it can be concluded that entrepreneurial capabilities are the exploitation of various resources and abilities of the entrepreneurs.

Previous scholars defined entrepreneurial capabilities as "underlying characteristics such as generic specific knowledge, motives, traits, self-images, social roles, and skills which result in venture birth, survival, and/or growth" (Bird, 1995); whereas Baum et al. (2001) defined this concept as "individual characteristics such as knowledge, skills, and/or abilities required to perform a specific job". Building on this view, Kiggundu (2002) conceptualized entrepreneurial capabilities as "the total sum of entrepreneurs' attributes such as attitudes, beliefs, knowledge, skills, abilities, personality, expertise and behavioural tendencies needed for successful and sustaining entrepreneurship".

Man and Lau (2005) revealed that the entrepreneurial capabilities or competencies consist of 1) components that are more deeply rooted in the entrepreneur's background (i.e. traits, personality, attitudes, self-image, and social roles, behavior) and; 2) components that could be acquired at work or through theoretical or practical learning (i.e. skills, knowledge, and experience) (Man and

Lau, 2005). This study highlighted the components that entrenched from entrepreneur's background, in which deemed into entrepreneurial self-efficacy and improvisational behaviour.

2.4.1 Entrepreneurial Self-efficacy

Self-efficacy refers to an individual's belief in his or her personal capability to complete a job or a specific set of tasks given. This element is an important element who first introduced by Bandura (1977). Entrepreneurial self-efficacy is also reflects to the cognitive estimation of capabilities of individual's entrepreneur to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over task demand (Miao, Qian & Ma, 2016).

An important aspect of self-efficacy is its level of specificity can be measured through general traits and narrow (entrepreneurial) traits (Torre's, Gura'u, & Khedhaouria, 2014). At the general traits, self-efficacy can be completely general referring to confidence about any and all tasks (Torre's et al., 2014). The narrowest self-efficacy or entrepreneurial self-efficacy (ESE) is referring to the beliefs about one's confidence in completing one specific task successfully (Cassar & Friedman, 2009). According to Bandura (1977), self-efficacy to be most effective in predicting behavior in context, such as that associated with a set of interrelated tasks in entrepreneurship. This study is therefore will follow Bandura's recommendation and define ESE as an entrepreneur's belief on the ability that he/she has to perform different entrepreneurial task.

2.4.2 Entrepreneurial Improvisational Behaviour

Many definitions and concepts explained by prior scholars on improvisational. According to Moorman and Miner (1998), improvisation is a form of intuition that lead the action in a spontaneous way and is something done to produce on the encouragement of the moment rather than through a purposive process of thought and evaluation. Whereas, Hmielski (2013) noted that improvisational behaviour is the deliberate extemporaneous composition and execution of novel action. This means, improvisation is the "can be the ability to spontaneously recombine knowledge, processes and structure in real time, resulting in creative problem solving that is grounded in the realities of the moment (McKnight and Bontis (2002). Improvisation could be strategically exhibited at the emergent of behavior of the individual (Ibrahim, Mahmood, & Shukri, 2016; Hodgkinson, Hughes, & Darwina, 2016).

Improvisational behaviour is the greatest strategy for entrepreneurs to cope and adapt with the rapid environment business changing because it contributes the entrepreneurs and firm with capabilities and flexibilities (Hmieleski, Corbett, & Baron, 2013). Thus, a business which does not have a space to plan may meet improvisational benefit as a strategy (Baker & Nelson, 2005). Improvisation is also views as a new technique for firm strategic choice and constructs performance (Hmieleski et al., 2013).

Based on the above literature on improvisation, this study will conceptualize entrepreneur improvisational behaviour as the ability of the entrepreneur to act creatively and spontaneously. Creativity and spontaneity represents one of the most evident and important aspects of improvisation (Vera & Crossan, 2005). Moorman and Miner (1998a) described spontaneity as the convergence of composition and execution in time. Spontaneous response describes the ability of the individual to respond to some form of stimuli in a seemingly automatic, unanticipated, and no conscious manner (Vera & Crossan. 2004).

2.5 Growth Strategy

Growth strategy refers to a strategic plan formulated and executed to expand firm's performance (Andrews, 2001). Ansoff (1957) cited in Andrews (2001) invented a scheme that businesses commonly use to pursue growth and expansion. The scheme consists of two dimensions which namely the market and the product. Market can be explained as a demand-side dimension in which one looks at the size and composition of the product market and the level of the firm's penetration of that market. On this dimension, Ansoff claimed that a company might seek growth opportunities either in an existing market or in new markets. The product dimension is essentially a supply-side dimension in which one looks at the strength of the firm's product lines and the core competencies of the firm in marketing its product offerings in the chosen market (Prahalad and Hamel, 1990). On the product dimension, Ansoff also classified two ways of seeking corporate growth; either through the firm's existing products or by introducing new products.

Based on two dimensions, product and market, growth strategies can be categorized into three major forms that is, product development strategy, market penetration strategy and market development strategy.

2.5.1 Product Development Strategy

According to Watts et al. (2008) the most suitable growth strategies for a small firm are those concerning product development and market development. Smallbone et al. (2005) supports this view suggesting that high growth can best be achieved by identifying new markets for existing products or by developing new products or services for existing customers. In this way SMEs can evolve from having an established core activity into more complex businesses. Nooteboom (2004) suggests that SMEs pursue product development strategies in emerging markets and marketing development strategies in mature niche markets.

Product development allows companies to gain competitive advantage, attract new customers, retain existing customers, and strengthen ties with their distribution network (Kotler and Keller, 2006; Cooper and Kleinschmidt, 1990). In this regards, companies must creatively and innovatively introduce new products through a well-developed process that leads them to a successful launch of the product by focusing on satisfying specific consumer needs.

2.5.2 Market Penetration Strategy

Market penetration is a growth strategy that aims to increase the firm's existing share of products and markets through aggressive promotion. The adoption of this strategy has made the firm penetrates deeper into the market to gain a larger share of the market. Mascarenas et al., (2006) explain that market penetration involves the expansion of what a firm is doing currently to a more potential customer. The company must identify segments of a market that it can serve most effectively. A market segment consists of a large identifiable group within a market with similar wants, purchasing power, among other attributes (Kotler, 1999).

However, although the firm stays in the existing market and is selling its product lines in this market, to increase market share is not about doing 'business as usual'; rather, it involves much more aggressive marketing effort to penetrate more deeply into its existing market and tapping into all available opportunities for sales growth in that market. SMEs are essentially categorized as firms with low market share.

SMEs will be successful and profitable if they segmented their business operation into niche but profitable market. With market segmentation, the firm is able to set its marketing objectives more precisely and to allocate its marketing resources more efficiently. Additionally, firm can also build a close relationships with customers that it faces no real competition in that market segment. This will enable the firm to increase sales by getting a much larger share of the business in the market segment.

2.5.3 Market Development Strategy

Market development strategy is the introduction of existing products to new markets or customer groups. It implies that the companies and increase its sales by selling present products in the new markets. Prior research stated that companies with an emergent market development strategy had better sales growth in less dynamic industries (Leitner, 2014). However, lack of study revealed the importance of market development strategy among SMEs. To extend the findings, the research is therefore significant to investigate the market development strategy among SMEs.

2.6 The Relationship between Entrepreneurial Capability and Business Success

In predicting future performance, entrepreneurial capability shows an extensive theoretical and empirical research support (Miao et al., 2016). According to Bandura (1977), entrepreneur's self-efficacy can conduct to task-specific effects. This means that a person who organized the business that have the self-efficacy construct can strong hold on the believe that in their own capabilities to accomplish task in entrepreneurial activities (Cumberland, Meek, & Germain, 2015).

There are various studies have been explored on the relationship between entrepreneurs self-efficacy (ESE) and business success. The study revealed that entrepreneur's ESE is positively connected with firm performance (Miao et. al., 2016). Other study that support that ESE and business performance is positively related and that ESE influence business performance (Cumberland et al., 2015; Hallak, Assaker, & O'Connor, 2014; Rosli & Hatinah, 2016).

Otherwise, there are a contradictory finding has also been revealed in the literature on the relationship between ESE and firm performance. Hardy (2016) explored the influenced of ESE towards entrepreneurial success that is measure by entrepreneurial performance among entrepreneurs in Tunisia. Result indicated that ESE is not significantly related to entrepreneur performance.

This study recommends the use of specific context of self-efficacy to explain entrepreneurial success because it has been shown to have a greater predictive power when describing entrepreneurial activity (Cassar & Friedman, 2009; Miato et al., Rosli & Hatinah, 2016). Bandura notes that general self-efficacy has the least predictive power and that task specific self-efficacy is most useful in predicting behavior related to a narrowly defined task (Schjoedt & Craig, 2017).

Thus, since there is inconclusive stand on this relationship due to inconsistent findings, there is a need for further research on this linkage. In addition, a study on the influence of ESE especially among SMEs in Malaysia is still limited. Therefore, study will try to fill the gap by investigating the influence of ESE towards business performance of SMEs in the context of Malaysia.

With regards to entrepreneurial improvisational behaviour, some studies revealed that improvisation has significant relationship towards performance. There a numerous study identify that improvisation has significant relationship towards firm performance (Arshad, Razali, Julienti, Ahmad, & Mahmood, 2015; Hatinah et al., 2015; Rosli & Hatinah, & Nik Nor Hasimah, 2015); corporate entrepreneurship (Ibrahim et al., 2016). However, Rosli and Hatinah (2016) restate that there is still less of investigation on the relationship between improvisation and performance as a whole. Therefore, this study will further examine the significant relationship between entrepreneur improvisational behaviour and performance of SMEs especially in the context of Kedah, Malaysia.

2.7 The Relationship between Growth Strategy and Business Success

In small business and entrepreneurship studies, scholars have often discussed firm growth at the center of their inquiry, whilst scholars such as Sexton and Smilor (1997) have gone as far as to place growth at the heart of entrepreneurship theory (Steffens et al., 2009). Similarly, the business media and policy-makers have also remained fixated by the issue of small firm growth (Nicholls-Nixon, 2005; Storey, 2011).

Growth is one of the primary goals of most firms (Mishina et al., 2004), and studies have evidenced the importance of growth (McKelvie & Wiklund, 2010). Penrose (1959) cited in McKelvie & Wiklund (2010) highlighted growth as containing a double-sided strategy of diversifying into new markets and new products within the constraints of a firm's pool of available resources. She further indicated that to grow in a business, a firm can enter new markets with current products or introduce new products into current markets.

However, without deploying a growth strategy to take advantage of these opportunities, a firm can hardly capitalize on market orientation to achieve higher performance. A lot of researchers have highlighted the challenges which SME are facing all around the world to run their business in a successful manner (Vaaland & Heide, 2007). Researchers have explained that when business move from their start-up phase to another, then growth is compulsory and company should think about the external opportunities by keeping in mind their internal strengths. If companies fail to do so, then their competitors will steal their market share by availing opportunities. Therefore, SME should develop long-term plans for their business growth because these strategies always have a direct impact on business success (Levy & Powell, 2004). Since there is an inconclusive finding on the previous study on the relationship between growth strategy and business success, this study will further investigate the relationship between growth strategy and business success among SMEs in Malaysia especially in Kedah.

2.8 Resource-Based View Theory

Literature in the area of strategic management has been growing fast specially studies on resource-based view (RBV) (Galbreath, 2005). Resource-based view (RBV) in the strategic management study has been popularized by Barney since 1991. The theory explained the manner and focuses on the link between strategy and firm's internal resources through the value, rareness, imitability and non-substitutable framework (VRIN). Those frameworks suggested that firm resources were sustained sources of firm's competitive advantage. In fact, firm higher performer firm was a firm which able to manage this resources advantage efficiently rather than created imperfectly competitive condition over other rivals (Barney, 1991).

Valuable resources mean that when they enable a firm to implement a strategy that in turn will improve firm's efficiency and effectiveness. It may occur in terms of costs related to that activity and outcomes than similar resources in other firms. In addition, such resources also improve firm's strategy to exploit opportunities and neutralize threats. Rare resources imply to the resource that makes firm enjoy competitive advantage not simultaneously implemented by other firms in large number. If a large number of firms able to implement the same strategy, those strategies are not rare and will not be a source of competitiveness. On the other hand, rare resources mean when it delivers unique advantages and strategy for the firm as compared to the rival firms. Inimitable refers to the valuable source, if the firm does not possess, these resources cannot be obtained or at least difficult to imitate. Where a resource is valuable and rare, but easily copied, such resources cannot be ruled. Though competing firm cannot possibly imitate another firm's resources, that firm may be able to substitute with similar resources. In the end, those firms enable to implement exactly the similar strategy. Then, such resources are not a source of sustained competitive advantage where it is substitutable. In another word, non-substitutable means that resources cannot be functional substitutes with any and unable to be replaced, whether by other strategically equivalent valuable resources (Barney, 1991).

According to RBV, organizations competitive advantage and performance results when they implement strategies that exploit their internal resources and capabilities (Barney, 1991; Conner & Pralahad, 1996; Wernerfelt, 1984). Therefore RBV argues that the resources of the firm are main factors in determining the sustainable competitive advantages (Barney, 1991). RBV highlight that firm's resources are important for the development and the sustainability of firm, therefore, organization should make the best use of available resources that has a great value to achieve organizations goa;s and objectives (Akio, 2005).

Barney amends the VRIN framework to include organization (VRIO) with an explanation that resources alone are insufficient to generate a competitive advantage. Resources then must be deployed to generate sustained competitive advantage, suggesting that an organization of each company is crucial to exploit and deploy those resources. Barney (2001), further explained that a firm competitive advantage was defined in two ways. Firstly, a firm has a competitive advantage when it engages in activities that increase its efficiency or effectiveness. At the same time, competing firms have not applied those activities in the same way. Secondly, competitive advantages can be defined with respect to return expectations where stockholders favour firms which can generate higher returns than their expectation. The latest study of competitive advantage continuously agreed that making firm resources more difficult for competitors to substitute, duplicate, and simultaneously implement can aid a firm in acquiring sustained competitive advantages. These types of resources are too amorphous to define, to create or definitively acquire (Chen & Chen, 2013).

Despite RBV contribution in strategic management research, the theory has been criticized for being tautological and makes the relationship between resources and performance difficult to assess. Thus, to overcoming the tautological flaws of RBV, scholars urge researchers to study the relationship between the resources and the performance of firms in more detail covering other dimension (Andersén,

2011) like innovation. Similarly, study also needs to understand on how firm's resources success to develop barriers for a competitor (Chen & Chen, 2013). Finally, J. Barney, Ketchen Jr. and Wright (2011) reviewed that the empirical of RBV have been remarkable and hoping the progress will continue and further innovate to avoid decline.

RBV perhaps is the most proper way to explain SME practices regard to growth strategy since RBV stressed on internal firm sources that readily available. Considering SME were small and struggle with financial constraint, manipulating available sources within firm is more practical rather than acquiring external resources. A through literature review reveals that variable chosen in this study will be underpinned by the RBV. For example, ESE is one of the entrepreneurial characteristics that are intangible and valuable among the organizational resources that will give a firm competitive advantage over its competitors Shamsudeen, Keat, & Hassan, 2016). Improvisation is also considered as an organizational process and often an intergral part of strategic decision making (Baker et al., 2003). In conclusion, firm resources are very important sources of firm's competitive advantage that can be sustained over the time.

2.9 Summary of the Chapter

This chapter presents the literature on SME and the concepts entrepreneurial capability and growth strategy on SMEs business success. Based on the reviews, there is a positive influence between the independent variable with the dependent variable. After reviewing the literature, the following chapter will be focusing on the research methodology which will explain the methods that have been done by the researcher in order to obtain the data of this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of this chapter is to present the methodology used to test the hypotheses. Thus, this chapter elaborates on a theoretical model, hypotheses, research design, data sampling, research instrument as well as analysis of data.

3.2 Theoretical Model

This study focuses on examining the influence of independent variables, namely entrepreneurial capability (entrepreneurial self-efficacy, entrepreneur improvisational behaviour), growth strategy (product development, market penetration, market development) on SMEs business success as the dependent variable. To examine the relationship between these variables, a theoretical framework model is formed as shown in Figure 3.1 below. Figure 3.1 below illustrates how the entrepreneurial capability and growth strategy influence and exert impacts on SME's business success.

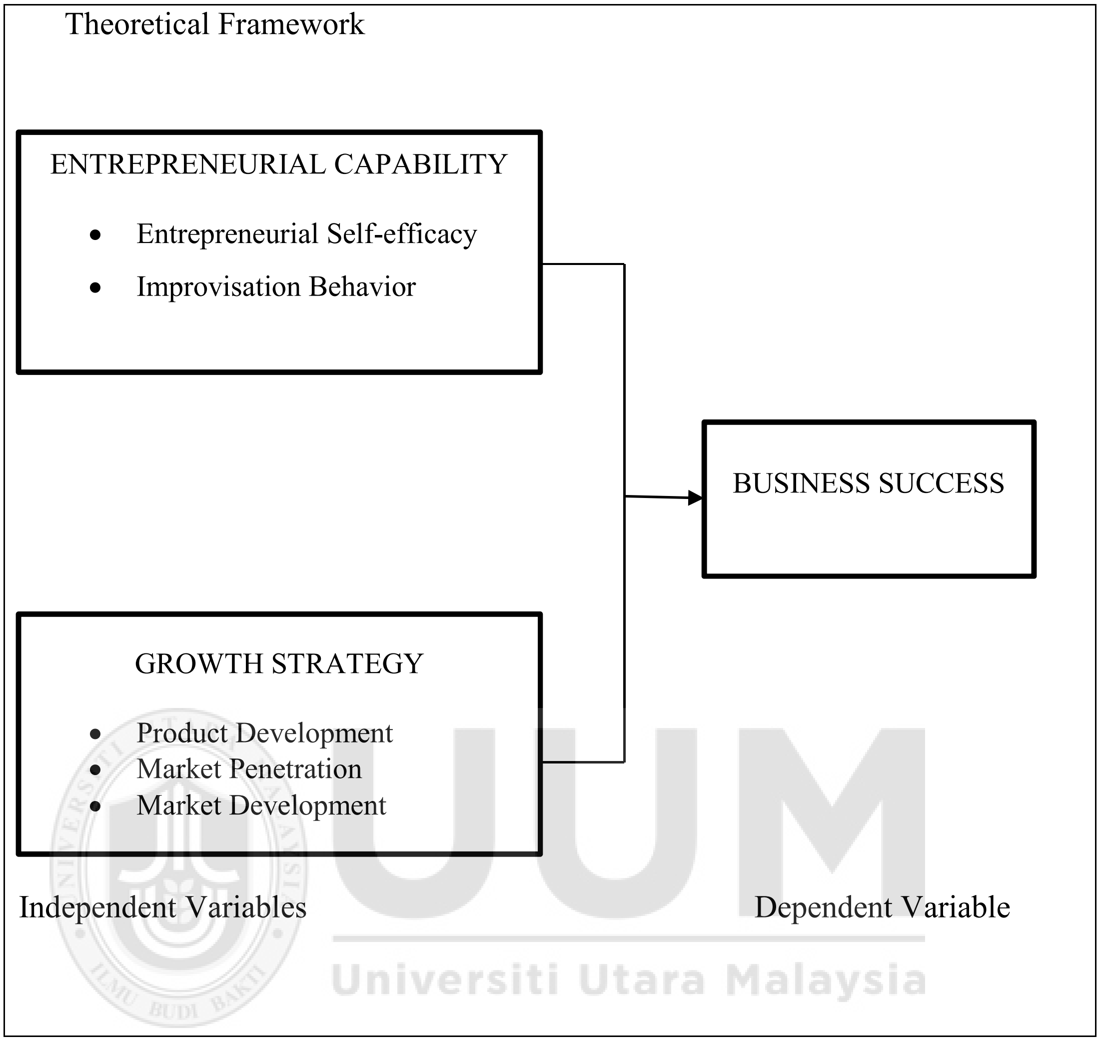

Figure 3. 1
Relationship between business strategy and growth strategy

3.3 Hypotheses

Given the discussion of a business success and growth strategy, entrepreneurial capability the hypotheses will be as follows:

H1: The entrepreneurial self-efficacy has a positive significant influence on SMEs business success.

H2: The improvisational behaviour has a positive significant influence on SMEs business success.

H3: The product development strategy has a positive significant influence on SMEs business success.

H4: The market penetration strategy has a positive significant influence on SMEs business success.

H5: The market development strategy has a positive significant influence on SMEs business success.

3.4 Research Design

The research design is a blueprint for the collection, measurement, and analysis of data (Sekaran & Bougie, 2013). Thus, it is very useful to structure the study properly and plan ahead to overcome the problem rose effectively in the research. The study conducted is a descriptive study where the researcher collects data in an attempt to describe systematically about a situation, problem, phenomenon, programmed, or provide information towards the issue. The descriptive study intends to explain situation or phenomenon occurs and allow the researcher to understand the characteristics of the variables involved. This study also used quantitative approach and correlational research in nature to describe the relationship between independent variables towards dependent variable. By strategy, study applied survey research using questionnaires and data was gathered from cross-sectional studies or one-shot.

3.5 Sampling Procedure

Research sampling is a significant methodology where it is the process of selecting the right subjects that represent the entire population (Sekaran & Bougie, 2013). For the purpose of this study, the population covers the SMEs firms in manufacturing located in Kedah. According to statistic released in 2016 SMEs total number of SMEs firm in Kedah is 48981 from total SMEs firm in Malaysia (SME corps, 2016). This state provided several industrial parks like Kulim High-Technology Park, Sungai Petani Industrial Estate, Kedah Halal Park and Gurun Industrial Area. The target element or sampling unit within the population for this study is the owner or managers of the SME firms. The reason is because the owner or manager of the company is the most reasonable person who knows the company very well in term of its internal resources and firm performance. On the other hand, this study obtained the directory of SMEs firms in Kedah from SME Corporation as the sampling frame.

According to information obtained from the website, the total number of SMEs firms in Kedah is 48981 firms. Therefore, to determine the sample size for a finite population, the study follows Krejcie and Morgan (1970) table. According to the table, when population size, N= 40000 and above, sample size, s = 380 is sufficient to get an accurate result. This study then used simple random sampling because of its convenience to select any elements or respondents in the population to be a subject. As the population consider was too huge it turn out to be high and hard impediment towards scientist to acquire the entire examples. In this manner, analyst chooses to confine the example into littler respondent example measure. The example utilized by the analyst was 380 respondents.

3.6 Research Instrument

One of the most integral parts in research is data collection. The generation of data for this study is solely obtained from primary data collection. There are various methods to attain data whether through observations, interviews or questionnaire in survey research. This study then applied questionnaire method as it is known to have the advantage of obtaining data efficiently in terms of cost, time and energy (Sekaran & Bougie, 2013). By using questionnaire, respondents were asked questions which relate to the tested variables.

The questionnaire consists of three sections altogether. Section A consists of 6 items that are geared towards respondent demographic information such as employment position, gender, age, total sales turnover per year, total employee at the company and years of establishment. Section B of the questionnaire is about growth strategy consists of product development, market penetration and market development strategy. Section C asked on entrepreneurial capabilities which are entrepreneurial self-efficacy, improvisational behaviour. In section D, question is for dependent variables which are regarded to firm performance with ten items. The performance measurement combined both financial and non-financial aspects.

3.6.1 Measurement of Business Success Scale

Business success is an outcome and usually measured by financial and nonfinancial measures (Simpson, Padmore, & Newman, 2012) while Balk, Kwant and Neudecker (2014) refer innovation performance when it adds value for better products, process, more profit or larger market share for example. Thus, this study accepted performance as financial and non-financial measures. The feedback on these measurements will be given using the 7-point Likert Scale (from 1 = strongly disagree to 7 = strongly agree). These items employ to measure business success construct for SMEs along with their sources are illustrated in Table 3.1.

Table 3. 1
Business Success Measurements

Variable	**Operational Definition**	**Measurement Items**	**Source**
Business Success	Performance is an outcome and usually measured by financial and nonfinancial measures (Simpson, Padmore, & Newman, 2012)	1. Numbers of product 2. Success of new product launch 3. Reduction in waste 4. Improved product innovations 5. Improved work methods and processes 6. Increased overall quality 7. Sales growth	Sok et al. (2013)

3.6.2 Measurement of Entrepreneurial Capability

Ibrahim and Soufani (2002) present the defense that the effective business person must have capacities, for example, key ability, financial administration capacity, administration capacity, strengthening ability, and systems administration ability. He (2006) records business visionaries' capacities as key ability, administration ability, taxpayer driven organization capacity, and social ability. Above all, Tu (2013) orders business visionaries' abilities as information administration capacity, creative capacity, learning ability, and basic leadership capacity. In light of past research, Zhang (2006) records three sorts of business person abilities: reasonable capacities (counting understanding, judging, examining, and basic leadership capacities), relational capacities (counting communicating, relationship-managing, and concerning open undertakings abilities) and driving and working capacities (counting arranging, arranging, coordinating, organizing, and controlling capacities). The feedback on these measurements will be given using the 7-point Likert Scale (from 1 = strongly disagree to 7 = strongly agree) on how strongly agree or disagree on their confidence they had in their ability.

Table 3.2
Entrepreneurial Capability Measurement

Code	Operational Definition	Measurement Items	Source
Entrepreneurial Capability	A person's belief in his/her ability to successfully launch an entrepreneurial venture.	1. We can brainstorm (come up with) a new idea for a product or service. 2. We can identify the need for a new product or service. 3. We can design a product	Mcgee et al., (2009) Vera and Crossan (2005).

		or service that will satisfy customer needs and wants. 4. We can estimate customer demand for a new product or service. 5. We can determine a competitive price for a new product or service. 6. We can design an effective marketing/advertising campaign for a new product or service. 7. We can get others to identify with and believe in my vision and plans for a new business. 8. We can clearly and concisely explain verbally or in writing my business idea in everyday terms. 9. We can supervise employees efficiently. 10. We can recruit; hire employees and delegate tasks and responsibilities to employees. 11. We can deal effectively with day-to-day problems and crises. 12. We can Inspire, encourage, and motivate my employees. 13. We can train employees and maintain the financial records of my business. 14. We can manage the financial assets of my business. 15. We deal with unanticipated activity immediately. 16. We adjust effectively and intelligently to new product / services	

		development or changing circumstances. 17. We try new approaches to solve problems. 18. We respond in the moment to unexpected problems. 19. We take risks in term of producing new idea. 20. We demonstrate originality in my work. 21. We identify opportunity for new work process. 22. We get a lot of support from my team if I want to try new ways of doing things. 23. We do things in a different way. 24. We are willing to try new ways of doing things and seek unusual and novel solutions. 25. We think and behave in original and novel ways.	

3.6.3 Measurement of Growth Strategy

Ansoff (1965) concocted a plan that organizations generally use to seek after development and extension. The plan comprises of two measurements: the market and the item. Market might be depicted as a request side measurement in which one takes a gander at the size and synthesis of the item showcase and the level of the company's infiltration of that market. On this measurement, Ansoff proposed that an organization may look for development openings either in a current market or in new. The feedback on these measurements will be given using the 7-point

Likert Scale (from 1 = strongly disagree to 7 = strongly agree) on how strongly disagree or agree on their growth strategies practice.

Table 3.3
Growth Strategy Measurements

Code	Operational Definition	Measurement Items	Source
Growth Strategy	Ansoff (1965) devised a scheme that businesses commonly use to pursue growth and expansion. The scheme consists of two dimensions: the market and the product.	1. We achieved high growth by identifying new markets for new but related product. 2. Our product development strategy targets a specific group of people. 3. We have evolved from our main core activity into more complex business since we embarked on product development strategy. 4. Our firm has penetrated deeper into the markets to capture a larger share of the market. 5. We have increased the firm's existing share of product and markets as a way of market penetration strategy. 6. We have improved our product and services by branding, labeling and packaging to attract various market segments. 7. We have increased sales by selling present products in the new market. 8. Through market	Nancy Adhiambo (2013)

		development we remain competitive and grow in the markets. 9. We have improved our products by branding, labeling and packaging so as to attract new customers in the new market.	

3.7 Data Collection Procedure

In order to accomplish this research, a total of 380 questionnaire form was distributed to the SMEs owner or manager to obtain required responses. A questionnaire has been distributed randomly from 3rd November 2017 until 30th November 2017 through emails and personal administrated. The questionnaire forms were delivered in several events, considering geographical distribution of SMEs in Kedah. The researcher brought along a letter to describe the purpose of this survey.

3.8 Data Analysis

Data analysis has been carried out to obtain meaning from the collected data. Analysis was done through a number of data analysis techniques including descriptive statistics, correlation analysis and regression analysis. A statistical package (SPSS version 22.0 for Windows) used to analyze the data for this study.

3.8.1 Descriptive Analysis

This study used descriptive analyses to determine the basic characteristics of respondents. The descriptive analyses of profile comprised of respondent's position, gender, age, educational background and number of employees in that particular firm. The descriptive analyses involved were a statistical test for frequency.

3.8.2 Correlation Analysis

A connection investigation is utilized to assess the quality and heading of the straight connections between two factors (Field, 2009). It means that it tests the relationship and direction between the dependent variable and independent variable. The analysis serves as an early stage of hypotheses investigation. The strength of correlation can be checked between the range of -1 to +1, while the direction can be confirmed based on (1) positive value which indicates positive relationship and (2) negative value which indicates a negative relationship.

3.8.3 Multiple Regression Analysis

Multiple regression analysis adopted to test hypotheses in examining the direct association between several predictors (independent variables) and the dependent variable (Field, 2009). The multiple regressions then able to analyze whether the independent variable (growth strategy and business strategy) influences the dependent variables (firm performance). The analyses also able to determine which variable in a set of independent variables greatly influences firm performance.

3.9 Summary of the Chapter

This chapter has explained on the method of this research which covered research design, sampling process and instrument, data collection method as well as how data will be analyzed. The development and operationalization of the questionnaire also have been presented to show its alignment with the research objectives. The next chapter will present the findings and discussions of results.

CHAPTER 4

FINDINGS AND DISCUSSION

4.1 Introduction

This chapter will discuss the findings of this study, which based on the research objectives as described in Chapter 1. Researcher will explain the findings of the statistical analysis and the results of hypotheses testing. The surveyed data obtained were analyzed by the software of SPSS version 22. The presentation of the findings will be explained in the following categories, 1) Descriptive Analysis, 2) Pearson's Correlation Analysis and 3) Multiple Regression analysis. Furthermore, the researcher elaborates and discusses the results in order to enhance the researcher's knowledge.

4.2 Descriptive Analysis

A total of 380 questionnaires was distributed to the respective respondents who are the owner, the top management or at least the manager of the SME manufacturing firms. After the process, the researcher gained back a total of 105 responses. Then, the data collected was entered in SPSS to complete the analysis processes. Frequency analysis was conducted to analyze and describe respondent demographic as regard to section A of the questionnaire.

Table 4.1
Summary of Distributed Questionnaires

Response Rate	**Total**	**Percentage**
Number of questionnaires distributed	380 copies	100%
Number of questionnaires usable	105 copies	28%

4.2.1 Frequency Distribution

Table 4.2
Position

	Frequency	Percent	Valid Percent	Cumulative Percent
OWNER	49	34.0	46.7	46.7.1
MANAGER	56	38.9	53.3	100
Total	105	100	100	

Based on Table 4.2, the respondents are only from the owners of a firm who comprised of 49 (46.7%) and the managers are 56 (53.3%) respectively.

Table 4.3
Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
MALE	40	27.8	38.1	38.1
FEMALE	65	45.1	61.9	100.0
Total	105	100.0	100.0	

Based on the result showed in Table 4.3, the largest respondents were female comprising of 65 respondents (61.9%) and the rest were male respondents comprising of 40 (38.1%).

Table 4.4
Age

	Frequency	Percent	Valid Percent	Cumulative Percent
26-30	10	6.9	9.5	9.5
31-35	15	10.4	14.3	23.8
36-40	49	34.0	46.7	70.5
41-45	19	13.2	18.1	88.6
46-50	12	8.3	11.4	100.0
Total	105	100.0	100.0	

Based on the Table 4.4, 10 of (9.5%) the respondents were aged of 26-30 year old. This was followed by 15 (14.3%), 49 (46.7%) and 19 (13.2%) of the respondents were aged about 31-35 year old, 36-40 year old and 41-45 year old respectively. The result showed 12 (11.4%) of the respondents were at age 46-50 year old.

Table 4.5
Company Established

	Frequency	Percent	Valid Percent	Cumulative Percent
LESS THAN 5 YEARS	37	25.7	35.2	35.2
5-10 YEARS	59	41.0	56.2	91.4
11-15 YEARS	9	6.3	8.6	100.0
Total	105	100.0	100.0	

Based on the Table 4.5, only 37 (35.2%) companies were established less than 5 years. The result showed 59 (56.2%) and 9 (8.6%) companies were established 5-10 years and 11-15 years respectively.

Table 4.6
Number of Employees

	Frequency	Percent	Valid Percent	Cumulative Percent
LESS THAN 5 EMPLOYEES	28	26.7	26.7	26.7
5-49 EMPLOYEES	77	53.5	73.3	100.0
Total	105	100.0	100.0	

Based on the Table 4.6, most of the companies have 5-49 employees, 77 (73.3%) while other companies have less than 5 employees, 28 (26.7%).

Table 4.7
Sales Turnover

	Frequency	Percent	Valid Percent	Cumulative Percent
RM 50,001 - RM 100,000	39	27.1	37.1	37.1
RM 100,001 - RM 500,000	64	44.4	61.0	98.1
ABOVE 500,001	2	1.4	1.9	100.0
Total	105	100.0	100.0	

Based on the Table 4.7, 33 (31.4%), 65 (61.9%) and 7 (6.7%) have a sales turnover at the range of RM 50,001-RM100,00, RM 100,001-RM500,000 and above RM 500,001 respectively.

Table 4.8
Types of Industry

	Frequency	Percent	Valid Percent	Cumulative Percent
Food, Beverages and Tobacco	63	43.8	60	69.5
Chemical Furniture	3 4	2.1 2.8	2.9 3.8	7.6
Household	28	19.4	26.7	73.3
Electrical	2	1.4	1.9	9.5 100.0
Total	105	100.0	100.0	

Based on the Table 4.8, the popular industries lead by food, beverages and tobacco, 63 (60%), then household appliances 28 (26.7%), furniture 4 (3.8%), Chemical 3 (2.9%) and lastly electrical 2 (1.9%).

4.3 Reliability Analysis

The measure of reliability was established to test for consistency and stability (Sekaran, 2010). In order to do so, Cronbach alpha is being used. Cronbach alpha is computed in terms of the average inter-correlation among the items to measure the concept. It is also a reliability coefficient that indicates how well the terms of a set are positively correlated to one another. The closer the Cronbach alpha is to 1, the higher is the internal consistency reliability.

Table 4.9
Reliability Test

Variables	No. of Items	Cronbach's Alpha
Growth Strategy	9	0.788
Entrepreneurial Capability	25	0.904
Business success	10	0.806

4.4 Correlation Analysis

The researcher used Pearson's Correlation Analysis to predict whether the innovation practices has a relationship with SMEs performance or not. Correlation analysis able to predict the relationship between two variables only.

Table 4.10
Correlation Analysis

Correlations							
		PD	MP	MD	EFE	IP	BS
PRODUCT DEVELOPMENT (PD)	Pearson Correlation	1	.306**	.576**	.632**	.462**	.291**
	Sig. (2-tailed)		.002	.000	.000	.000	.003
	N	105	105	105	105	105	105
MARKET PENETRATION (MP)	Pearson Correlation	.306**	1	.183	.828**	.835**	.374**
	Sig. (2-tailed)	.002		.061	.000	.000	.000
	N	105	105	105	105	105	105
MARKET DEVELOPMENT (MD)	Pearson Correlation	.576**	.183	1	.429**	.300**	.564**
	Sig. (2-tailed)	.000	.061		.000	.002	.000
	N	105	105	105	105	105	105
ENTREPRENEURIAL SELF-EFFICACY (EFE)	Pearson Correlation	.632**	.828**	.429**	1	.862**	.539**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	105	105	105	105	105	105
IMPROVISATIONAL BEHAVIOUR (IB)	Pearson Correlation	.462**	.835**	.300**	.862**	1	.635**
	Sig. (2-tailed)	.000	.000	.002	.000		.000
	N	105	105	105	105	105	105
BUSINESS SUCCESS (BS)	Pearson Correlation	.291**	.374**	.564**	.539**	.635**	1
	Sig. (2-tailed)	.003	.000	.000	.000	.000	
	N	105	105	105	105	105	105
**. Correlation is significant at the 0.01 level (2-tailed).							

Result in table 4.10 shows that improvisation (r = .635, p = .000) has a moderate positive relationship with business success, marketing development (r = .564, p = .000) has a moderate positive relationship with business success and also entrepreneurial self-efficacy (r = .539, p = < .000) product development and market penetration has a weak positive relationship with business success (r = .291, p = < .005) and (r = .374, p = < .000).

4.5 Multiple Regression Analysis

If more than two variables used to make a prediction towards dependent variable, the multiple regression analysis is appropriate to analyze the data. The purpose of using multiple regression analysis was to analyze whether the independent variables (i.e., product development, market penetration, market development, entrepreneurial self-efficacy, and improvisational behaviour) influence the dependent variables (business success).

Table 4.11
Analysis of Multiple Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834[a]	.695	.680	.56022

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.949	5	14.190	45.212	.000[b]
	Residual	31.071	99	.314		
	Total	102.020	104			

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.116	.485		-.239	.812
Product Development	-.438	.087	-.442	-5.045	.000
Market Penetration	-.717	.145	-.616	-4.933	.000
Market Development	.527	.069	.526	7.619	.000
Self-Efficacy	.438	.247	.279	1.771	.080
Improvisational Behaviour	1.140	.144	.956	7.901	.000

a. Dependent Variable: Business Success
b. Predictors: (Constant), Product Development, Market Penetration, Market Development, Self-Efficacy, Improvisational Behaviour

As shown in Table 4.11, criterion validity was checked by examining the R-square value (0.695). These values suggested that the model used in this study has an acceptable degree of criterion validity where it can explain 69.5 percent of the variance in manufacturing SMEs performance. Where the F value = 45.212 ($p = 0.000$), it means that the growth strategy and entrepreneurial capability model are able to influence business success.

However, the individual results of analysis vary between independent variables. Hypothesis 1 shows an insignificant relationship, with entrepreneurial self-efficacy dimension scored $\beta = 0.438$, $t = 0.800$ ($p > 0.1$). For hypothesis 2, the improvisational behaviour has a positive significant link with business success, with $\beta = 1.140$, $t = 7.901$ ($p < 0.000$).

With regard to the link between growth strategy and SMEs success, three hypotheses were tested. For the dimension of product development strategy showed $\beta = -0.438$, $t = -5.045$ ($p = 0.000$), which means that this strategy has a negative significant relationship with SME success. Secondly, the dimension of market penetration gave a result of $\beta = -0.717$, $t = -4.933$ ($p < 0.000$) shows that it has a significant relationship with SME performance in a negative direction. Thirdly, the dimension of market development also has a significant relationship with SME performance with $\beta = 0.527$, $t = 7.619$ ($p < 0.000$).

4.6 Hypotheses Testing

Multiple regression analysis gave variations of the hypotheses results in this study. Overall, the result shows 69.5 percent of the variance in business success were explained by growth strategy and entrepreneurial capability.

However, the individual analysis shows variation in result where two hypotheses (H2 and H5) were accepted which means the dimensions have positive significant relationships and the ability to influence business success (dependent variable). Meanwhile, the other two hypotheses (H3 and H4) have a negatively significant influence on business success. One hypothesis (H1) result was rejected due to insignificant relationships thus unable to influence the dependent variable. Table 4.4 indicates about the hypotheses results of this study.

Table 4.12
Summary of Hypotheses Testing

	Hypotheses	Result
H1	The entrepreneurial self-efficacy has a positive significant influence on SMEs business success	Rejected
H2	The improvisational behaviour has a positive significant influence on SMEs business success	Accepted
H3	The product development has a positive significant influence on SMEs business success	Refuted
H4	The market penetration have positive significant influence on SMEs business success.	Refuted
H5	The market development have positive significant influence on SMEs business success	Accepted

4.7 Summary of the Chapter

In this chapter, the researcher discussed the findings to answer formulated hypotheses. This study has found a significant influence of the entrepreneurial capability and growth strategy towards the overall business success. Two independent variables, namely improvisational behaviour and market development were able to influence business success while, entrepreneurial self-efficacy was found unable to influence business success. The dimension of product development and market penetration, were negatively influenced business success. To conclude, two hypotheses (H2 and H5) were accepted, one hypotheses (H1) was rejected and two (H3 and H4) were refuted. The next chapter will bring to the conclusion and recommendation as a concern to the topic of study.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter, the researcher summarizes the findings which obtained from previous chapter. The presentation starts with the contribution of this study, practical implications, limitations, as well as a recommendation for future research.

5.2 Recapitulation of the Study

This study attempted to determine the relationship between the independent variables which are entrepreneurial capability (improvisational behaviour, entrepreneurial self-efficacy) and growth strategy (product development, market penetration, market development) towards the dependent variable which is business success. The data was collected from SMEs in Kedah, Malaysia. This research had also set up to accomplish the following particular objective:

1. To examine the relationship between entrepreneurial self-efficacy and business success.
2. To examine the relationship between improvisational behaviour and business success.
3. To examine the relationship between product development and business success.
4. To examine the relationship between market penetration and business success.

5. To examine the relationship between market development and business success.

5.3 Discussion

The main focus of this study is SMEs business success. Business success is important so as to determine if business success is explained by entrepreneurial self-efficacy, improvisational behaviour, product development, market penetration and market development. If the answer was yes, SMEs can focus on these determinants of their business success.

5.3.1 Entrepreneurial Self-Efficacy and Business Success

The first question deals with the relationship between entrepreneurial self-efficacy and business success. The dimension of entrepreneurial self-efficacy has demonstrated significant correlation towards business success with r = .539, (p = < .000). However, regression analysis shows insignificant influence with β = 0.438, t = 0.800 (p > 0.1). Therefore hypotheses H1 has been rejected.

The outcome was contradicted from the prior studies by Miao et al. (2016) and Johnson (2016) who found that there were a positive association between entrepreneurial self-efficacy and business success. This finding perhaps indicates that the entrepreneur's confidence has not a significant dimension to develop a business success of a firm. Other dimensions may be more suited to be used for entrepreneurial capabilities.

Second question deals with the relationship between improvisational behaviour and business success. Hypothesis 2 states, "There is a significant relationship between improvisation and business success". The study found that improvisation is a predictor of business success and it is positively and significant with business success ($\beta = 1.140$, $p < 0.000$) which supported the research hypothesis 2. This study supports the previous research findings that evidently prove the positive significant association between improvisation and business success (i.e. Arshad, et al., 2015; Hatinah et al., 2015; Rosli & Hatinah, Hasimah, 2015). This means that the more improvisational action of the entrepreneur, the stronger the achievement to business success.

5.3.2 Growth Strategy and Business Success

This study also discusses on the relationship between growth strategy and business success. Question 3 deals with the relationship between product development and business success. Overall growth strategy variable has demonstrated significant correlation result towards business success but, independently, product development strategy has shown negative significant regression with $\beta = -0.438$, $t = -5.045$ ($p = 0.000$); thus refuting hypothesis H3. The result refuted hypotheses due to β indicates a negative value contradicted against hypotheses.

Interestingly, the negative effects of product development strategy showed that the more SMEs focus on product development, the lesser the business success of a firm. From the result, it can be concluded that the entrepreneurs who focus more on product development will find less business success. It may be entrepreneurs has to spend more on cost in product development and the sales price will increase with relate to quality improvement that need to meet customer demands.

Fourth question deals with the relationship between market penetration and business success. Formal structure dimension has demonstrated significant correlation result towards business success but negative significant regression with $\beta = -0.717$, $t = -4.933$ ($p < 0.000$), thus refuting hypothesis H4. The result refuted hypotheses due to β indicates a negative value contradicted against hypotheses. Interestingly, the negative effects market penetration showed that the more SMEs focus on market penetration the lesser the company achieve its business success.

Last question deals with the relationship between market penetration strategy and business success. Hypothesis 5 states, "There is a significant relationship between market penetration strategy and business success". The study found that market penetration has a significant relationship with business success in a negative direction through $\beta = -0.717$, $t = -4.933$ ($p < 0.000$) which supported the research on hypothesis 5. This study thus contra with result from prior scholar (Mishina et al., 2004) which reveals that expansion into new market could boost the firm performance.

5.4 Contribution of the Study

This research study might be useful to many parties due to its significance to the entrepreneurs in SME sector. Thus, the finding provides contribution and implications that are classified in the following section.

5.5 Contribution to Body of Knowledge

In the field of strategic management, RBV has gained popularity to understand firm's performance and its competitive advantage. However, the field of SME, entrepreneurial capability and growth strategy are an emerging subject in strategic management studies.

This research contributes to the research in entrepreneurial capability and growth strategy by providing further supportive evidence to substantiate the significant practice of these variables into a business success. Specifically, this study contributes to add to the body of knowledge pertaining to the relationship between SME's entrepreneurial capability and growth strategy toward SMEs success.

5.6 Practical Implication

The findings of this study which relate to SMEs resource performance confirmed that the growth strategy and entrepreneurial capabilities as influential determinants that drive firm performance. Good strategies able to re-align and coordinate diverse groups within an organization. The strategy also clarifies objectives and priorities, helping management team and employees to focus. In addition, entrepreneurial capabilities are also an antecedent factors which could lead to business success.

The findings of the study can be utilized by entrepreneurs in their effort to enhance the possibility of business success by considering the factors involved in this study particularly in focusing on the self-efficacy, improvisation, product development, market penetration and market development to achieve business success.

5.7 Limitations of the Study

Research has limitations and it is important to be recognized and acknowledged. There are several limitations of the study where firstly, the study is only focused on SME limited to a firm established in Kedah. Therefore, the finding and the result of this study was unable to be generalized to all populations of the SMEs firm in Malaysia particularly.

Secondly, the limitation applies to the variability of SME size, whereby the size of SME ranges from five employees up to two hundred employees, SME size may have interfered the scope of findings. By definition, there are differences between small and medium-sized enterprises in term of their number of employees and annual sales turnover. Probably, medium size manufacturers in this study have more employees and ability in implementing innovation practices than small SMEs (Lee & Ging, 2007).

Thirdly, the responses were based on SME's owners and managers self-reporting in a questionnaire. This procedure has constraints in term of positive response bias. Therefore, it is recommended to investigate the relationships by obtaining multiple data within each firm. A survey using questionnaire also puts the respondents struggle with time constraints, then are less likely to respond correctly because of overworked feeling. Survey questionnaire also often forcing respondents into particular response categories, thereby, limiting the ranges of response. Unlike interview, where the respondent can ask to clarify questions, the response is limited to the text in survey's questions. The survey also cannot capture emotional feelings, unlike the interview method.

Fourthly, this study only includes two independent variables with five dimensions which form limitation with respect to the generality of the findings. The presence of other unmeasured variables puts limits to the inference. Thus, again, the researcher was unable to generalize the result from this study.

5.8 Directions for Future Research

The researcher proposes that future research would extend the study into a specific type of industry in order to understand more specifically result base on single industry study. For example the study that focuses only in SMEs' food and beverage manufacturing industry only. Future research also may examine other dimensions of entrepreneurial like supporting by government in area of product development, working capital and marketing, so that will improve the understanding of this topic from different lenses.

5.9 Concluding Remarks

This study encompassed on the dimension of entrepreneurial capability and growth strategy applied in the SMEs firm. First, it identifies five dimensions, namely entrepreneurial self-efficacy, improvisational behaviour, product development, market penetration and market development within the SME business success. Second, it explored the direct relationship between those dimensions with business success through correlation analysis. Then, it also investigated whether those practices able to influence SMEs performance in a positive way through regression analysis.

The findings of the research discovered that entrepreneurial capability and growth strategy has an influenced on SMEs success. Individual results, however, show that only dimension of improvisational behaviour and market development able to influence SMEs performance. Interestingly, the product development strategy and market penetration strategy show negative significant results, thus, this study agrees with extensive development and penetration from the company would inhibit the business success within SMEs. Curiously, entrepreneurial self-efficacy does not give significant influence towards business success which calls for more studies to achieve greater performance.

Through this study, the researcher found that improvisational behaviour and market development are the most fundamental internal resources firm should instill, before gearing towards other steps. In a highly-competitive environment, an SME is considered as a collection of evolving capabilities that is managed vigorously in search of profits and reputation, with the aims to become a larger player in the future. Considering that SMEs as an essential element in most economies, it is appropriate for future research to emphasize SMEs capabilities and resources in expanding academic knowledge.

Finally this study accomplishes its objective in studying the determinant factors of business success among SMEs that provide significant implications in both theoretical and managerial.

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APPENDIX A

Dear respondents,

I am a MSc Management student from Universiti Utara Malaysia. I am conducting research on "The Business Strategy and Performance of SMEs in Malaysia". I request you to participate in this study by answering the attached questionnaire that will hardly take10 minutes.

The questionnaire is anonymous, and your response will be used for the academic research purpose only. If you have any questions or concerns about the questionnaire or about participating in this study, you may contact me at rns_agro@hotmail.com., you can also request for research findings through same email address.

Thanks for your cooperation.

Sincerely,

…………………………………
Ahmad Rafiq Bin Muda
Msc management
School of Business Management
College of Business
Universiti Utara Malaysia

Responden yang dihormati,

Saya seorang pelajar Pengurusan MSc dari Universiti Utara Malaysia. Saya sedang menjalankan penyelidikan mengenai "Strategi Perniagaan dan Prestasi PKS di Malaysia". Saya meminta anda untuk mengambil bahagian dalam kajian ini dengan menjawab soal selidik yang dilampirkan yang tidak akan mengambil masa 10 minit.
Soal selidik adalah tanpa nama, dan respons anda akan digunakan untuk tujuan penyelidikan akademik sahaja. Sekiranya anda mempunyai sebarang pertanyaan atau kebimbangan mengenai soal selidik atau mengenai penyertaan dalam kajian ini, anda boleh menghubungi saya di rns_agro@hotmail.com., Anda juga boleh meminta penemuan penyelidikan melalui alamat e-mel yang sama.

Terima kasih atas kerjasama anda.

Yang ikhlas,

…………………………………

Ahmad Rafiq Bin Muda
Msc management
School of Business Management
College of Business
Universiti Utara Malaysia

Section A: Demographic / *Demografi*

Please tick (√) in the appropriate box / *Sila tandakan di petak yang berkenaan.*

1.	Your position / *Posisi anda*: □ Owner / *Pemilik* □ CEO / *Ketua Pegawai Eksekutif* □ Senior Manager / *Pengurus Kanan* □ Manager / *Pengurus* □ Other(please specify) / *Lain-lain (sila nyatakan)*:________________________
2.	Gender / *Jantina* □ Male / *Lelaki* □ Female / *Perempuan*
3.	Your Age/*Umur anda* □ 21 - 25 □ 26 – 30 □ 31 – 35 □ 36 – 40 □ 41 – 45 □ 46 - 50 □ More than/*melebihi* 50
4.	How long your company has been established / *Berapa lama syarikat anda beroperasi?* □ Less than / *kurang dari* 5 years / *tahun* □ 11 – 15 years / *tahun* □ More than / melebihi 20 years / *tahun* □ 5 - 10 years / *tahun* □ 16 – 20 years / *tahun* □ > 20 years / *tahun*
5.	How many permanent employees does your company hire? / *Berapa jumlah pekerja tetap* *di syarikat anda?* □ <5 employees / *pekerja* □ 5 - 49 employees / *pekerja* □ 101 - 150 employees / *pekerja* □ 50 - 100 employees / *pekerja* □ 151 - 200 employees / *pekerja*

	□ > 200 employees / *pekerja*
6.	How much does your company sales turnover for one year? / *Berapa jumlah perolehan jualan anda setahun?* □ Below / *Bawah* RM 50,000 □ RM 50,001 – RM 100,000 □ RM 100,001 – RM 500,000 □ Above / *Atas* RM 500,001
7.	Please select the type of industry which most closely represents your company / *Sila pilih jenis industri yang paling sesuai untuk mewakili syarikat anda.* □ Automotive & Component Parts / *Bahagian Automotif & Komponen* □ Building Materials & Related Products / *Bahan Bangunan & Produk Berkaitan* □ Chemical & Plastic Products / *Produk Kimia & Plastik* □ Electrical & Electronics Products / *Produk Elektrik & Elektronik* □ Food, Beverages and Tobacco / *Makanan, Minuman dan Tembakau* □ Furniture & Wood Related Products / *Perabot & Produk Berkaitan Kayu* □ Household Appliances / *Perkakas rumah* □ Industrial & Engineering Products/ *Industri & Produk Kejuruteraan* □ Iron & Steel Products / *Produk Besi & Keluli* □ Packaging, Labeling & Printing / *Pembungkusan, Pelabelan & Percetakan* □ Pharmaceutical, Medical Equipment, Cosmetics, Toiletries & Household / *Farmaseutikal, Peralatan Perubatan, Kosmetik, Kelengkapan Mandi dan Isi Rumah* □ Rubber Products / *Produk Getah* □ Textiles & Wearing Apparel / *Tekstil & Pakaian* □ Others / *Lain-lain*: ______________________

Section B: Growth Strategies/Strategi Pertumbuhan

Please circle 1= strongly disagree, 2= disagree, 3= mildly disagree, 4= Niether agree nor disagree, 5= mildly agree, 6= agree, 7= strongly agree

Sila Bulatkan 1=sangat tidak setuju, 2=tidak setuju, 3=sedikit tidak setuju, 4=tidak pasti, 5=sedikit setuju, 6=setuju, 7=sangat setuju

A. Growth strategy/Strategi Pertumbuhan								
The following statements describe the strategy growth in your organization./ *Penyataan berikut menerangkan perlaksanaan strategi pertumbuhan di organisasi anda.*								
1.	We achieved high growth by identifying new markets for new but related product./ *Kami mencapai pertumbuhan yang tinggi dengan mengenal pasti pasaran baru untuk produk baru tetapi berkaitan.*	1	2	3	4	5	6	7
2.	Our product development strategy targets a specific group of people./ *Strategi pembangunan produk kami mensasarkan kumpulan orang tertentu.*	1	2	3	4	5	6	7
3.	We have evolved from our main core activity into more complex business since we embarked on product development strategy./ *Kami telah berkembang dari aktiviti utama kami menjadi perniagaan yang lebih kompleks sejak kami memulakan strategi pembangunan produk.*	1	2	3	4	5	6	7
4.	Our firm has penetrated deeper into the markets to capture a larger share of the market./ *Firma kami telah menembusi pasaran dengan lebih mendalam untuk menguasai sebahagian besar pasaran.*	1	2	3	4	5	6	7
5.	We have increased the firm's existing share of	1	2	3	4	5	6	7

	product and markets as a way of market penetration strategy./ *Kami telah meningkatkan bahagian produk dan pasaran sedia ada sebagai strategi penembusan pasaran.*							
6.	We have improved our product and services by branding, labeling and packaging to attract various market segment./ *Kami telah meningkatkan produk dan perkhidmatan kami dengan penjenamaan, pelabelan dan pembungkusan untuk menarik pelbagai segmen pasaran.*	1	2	3	4	5	6	7
7.	We have increased sales by selling present products in the new market./ *Kami telah meningkatkan jualan dengan menjual produk sekarang di pasaran baru*	1	2	3	4	5	6	7
8.	Through market development we remain competitive and grow in the markets./ *Melalui pembangunan pasaran, kami kekal berdaya saing dan berkembang di pasaran*	1	2	3	4	5	6	7
9.	We have improved our products by branding, labeling and packaging so as to attract new customers in the new market./ *Kami telah meningkatkan produk kami dengan penjenamaan, pelabelan dan pembungkusan untuk menarik pelanggan baru di pasaran baru.*	1	2	3	4	5	6	7

Section B: Entrepreneurial Capability

Please circle 1= strongly disagree, 2= disagree, 3= mildly disagree, 4= Niether agree nor disagree, 5= mildly agree, 6= agree, 7= strongly agree
Sila Bulatkan 1=sangat tidak setuju, 2=tidak setuju, 3=sedikit tidak setuju, 4=tidak pasti, 5=sedikit setuju, 6=setuju, 7=sangat setuju

I have the ability to ….. **Saya berkeupayaan untuk…..**								
1.	Brainstorm (come up with) a new idea for a product or service./Membuahkan idea baru untuk produk dan servis.	1	2	3	4	5	6	7
2.	Identify the need for a new product or service. / Mengenal pasti akan kehendak untuk produk terbaru atau servis.	1	2	3	4	5	6	7
3.	Design a product or service that will satisfy customer needs and wants. / Mencipta produk atau servis yang dapat memenuhi kemahuan dan kehendak pelanggan.	1	2	3	4	5	6	7
4.	Estimate customer demand for a new product or service./ Menganggar kehendak pelanggan untuk produk atau servis terbaru.	1	2	3	4	5	6	7
5.	Determine a competitive price for a new product or service. / Menetapkan harga yang kompetitif untuk produk atau servis baru.	1	2	3	4	5	6	7
6.	Design an effective marketing/advertising campaign for a new product or service. / Menghasilkan kempen pemasaran dan pengiklanan yang berkesan untuk produk atau servis baru.	1	2	3	4	5	6	7
7.	Get others to identify with and believe in my vision and plans for a new business. / Melibatkan semua pihak dalam mengenal pasti dan mempercayai visi dan perancangan saya untuk perniagaan baru.	1	2	3	4	5	6	7

8.	Clearly and concisely explain verbally or in writing my business idea in everyday terms. / Memberi penerangan secara jelas akan idea perniagaan dalam semua terma.	1	2	3	4	5	6	7
9.	Supervise employees efficiently. / Menyelia pekerja secara berkesan.	1	2	3	4	5	6	7
10.	Delegate tasks and responsibilities to employees. / Mendelegasikan tugas dan tanggungjawab kepada pekerja.	1	2	3	4	5	6	7
11.	Deal effectively with day-to-day problems and crises. / Menguruskan masalah dan krisis harian secara berkesan.	1	2	3	4	5	6	7
12.	Inspire, encourage, and motivate my employees. / Memberi inspirasi, galakan dan motivasi kepada pekerja.	1	2	3	4	5	6	7
13.	Maintain the financial records of my business. / Menyusun dan menyemak rekod kewangan perniagaan.	1	2	3	4	5	6	7
14.	Manage the financial assets of my business. / Mengurus aset kewangan perniagaan saya.	1	2	3	4	5	6	7
15.	I deal with unanticipated activity immediately. /Saya menguruskan aktiviti yang tidak di jangka dengan segera.	1	2	3	4	5	6	7
16	I adjust effectively and intelligently to new product / services development or changing circumstances. /Saya menyelaras pembangunan atau penukaran produk baru atau servis secara efektif dan bijaksana.	1	2	3	4	5	6	7
17.	I try new approaches to solve problems. /Saya mencuba pendekatan baru untuk menyelesaikan masalah.	1	2	3	4	5	6	7
18.	I respond in the moment to unexpected problems. /Saya bertindak balas dengan segera terhadap masaalah yang di luar jangka.	1	2	3	4	5	6	7
19.	I take risks in term of producing new idea. /Saya mengambil risiko dalam menghasilkan idea baru.	1	2	3	4	5	6	7

20.	I demonstrate originality in my work. /Saya mempamerkan keaslian dalam kerja saya.	1	2	3	4	5	6	7
21.	I identify opportunity for new work process. /Saya mengenal pasti proses baru dalam kerja.	1	2	3	4	5	6	7
22.	I get a lot of support from my team if I want to try new ways of doing things. / Saya mendapat sokongan daripada pasukan saya sekiranya saya ingin mencuba cara baru untuk melakukan sesuatu.	1	2	3	4	5	6	7
23.	I do things in a different way./ Saya melakukan sesuatu perkara dengan cara tersendiri.	1	2	3	4	5	6	7
24.	I am willing to try new ways of doing things and seek unusual and novel solutions./ Saya bersedia mencuba cara-cara baru untuk melakukan sesuatu perkara dan mencari penyelesaian yang luar biasa dan baharu.	1	2	3	4	5	6	7
25.	I think and behave in original and novel ways./ Saya berfikir dan bertindak dalam cara yang asli dan baharu.	1	2	3	4	5	6	7

Section C: Business Success

Please circle 1= strongly disagree, 2= disagree, 3= mildly disagree, 4= Niether agree nor disagree, 5= mildly agree, 6= agree, 7= strongly agree

Sila Bulatkan 1=sangat tidak setuju, 2=tidak setuju, 3=sedikit tidak setuju, 4=tidak pasti, 5=sedikit setuju, 6=setuju, 7=sangat setuju

Section C: Performance measures / *Ukuran Pencapaian*								
The following statements describe the strategy growth in your organization./ *Penyataan berikut menerangkan perlaksanaan strategi pertumbuhan di organisasi anda.*								
1.	Sales are increasing in my business. / Jualan perniagaan saya meningkat.	1	2	3	4	5	6	7
2.	Profits are increasing in my business. / Keuntungan perniagaan saya meningkat.	1	2	3	4	5	6	7
3.	My business has been observing overall growth. / Perniagaan saya menunjukkan peningkatan keseluruhan.	1	2	3	4	5	6	7
4.	My business has low debt levels. / Perniagaan saya mempunyai hutang yang rendah.	1	2	3	4	5	6	7
5.	Overall, the financial condition of the business is satisfactory. / Kedudukan kewangan perniagaan saya secara keseluruhan memuaskan.	1	2	3	4	5	6	7
6.	My business creates more jobs for local community. / Perniagaan saya menawarkan peluang pekerjaan kepada warga tempatan.	1	2	3	4	5	6	7
7.	My business obtains customer trust and confidence. / Perniagaan saya mendapat kepercayaan dan keyakinan dari pelanggan.	1	2	3	4	5	6	7
8.	My business is contributing to the community development. / Perniagaan saya menyumbang kepada pembangunan setempat	1	2	3	4	5	6	7
9.	My business has satisfied customers. / Pelanggan saya berpuas hati dengan khidmat yang saya berikan	1	2	3	4	5	6	7
10.	Overall, my business is performing well. / Pada keseluruhannya, prestasi perniagaan saya dalam keadaan yang baik.	1	2	3	4	5	6	7

Thank you for your co-operation

Name :

Organization :

Address :

Phone :

E-mail :

APPENDIX B

1. Outliers
2. Normality Test
3. Factor Analysis
4. Reliability Analysis
5. Descriptive Analysis
6. Correlation Analysis
7. Multiple Regression
8. Scatterplot

Frequencies

Statistics

		Position	Gender	Age	Operation	Employees	Sales turnover	Industry
N	Valid	105	105	105	105	105	105	105
	Missing	0	0	0	0	0	0	0
Mean		2.6000	1.6190	4.0762	1.7333	1.7333	2.6476	5.3048
Median		4.0000	2.0000	4.0000	2.0000	2.0000	3.0000	5.0000
Mode		4.00	2.00	4.00	2.00	2.00	3.00	5.00
Std. Deviation		1.50384	.48795	1.08038	.60870	.44434	.51852	1.38761
Variance		2.262	.238	1.167	.371	.197	.269	1.925
Skewness		-.136	-.497	-.061	.209	-1.071	-.200	-1.116
Std. Error of Skewness		.236	.236	.236	.236	.236	.236	.236
Kurtosis		-2.020	-1.787	-.216	-.553	-.871	-1.040	2.517
Std. Error of Kurtosis		.467	.467	.467	.467	.467	.467	.467
Minimum		1.00	1.00	2.00	1.00	1.00	2.00	1.00
Maximum		4.00	2.00	6.00	3.00	2.00	4.00	7.00
Sum		273.00	170.00	428.00	182.00	182.00	278.00	557.00

Frequency Table

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	49	46.7	46.7	46.7
	Manager	56	53.3	53.3	100.0
	Total	105	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	40	38.1	38.1	38.1
	Female	65	61.9	61.9	100.0
	Total	105	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	26-30	10	9.5	9.5	9.5
	31-35	15	14.3	14.3	23.8
	36-40	49	46.7	46.7	70.5
	41-45	19	18.1	18.1	88.6
	46-50	12	11.4	11.4	100.0
	Total	105	100.0	100.0	

Operation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5	37	35.2	35.2	35.2
	11-15	59	56.2	56.2	91.4
	More than 20	9	8.6	8.6	100.0
	Total	105	100.0	100.0	

Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<5	28	26.7	26.7	26.7
	5-49	77	73.3	73.3	100.0
	Total	105	100.0	100.0	

Salesturnover

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	50001-100000	39	37.1	37.1	37.1
	100001-500000	64	61.0	61.0	98.1
	>500001	2	1.9	1.9	100.0
	Total	105	100.0	100.0	

```
CORRELATIONS
  /VARIABLES=MEANPD MEANMP MEANMD MEANESE MEANIMP MEANBS
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

Correlations

Correlations

		MEANPD	MEANMP	MEANMD	MEANESE	MEANIMP	MEANBS
MEANPD	Pearson Correlation	1	.306**	.576**	.632**	.462**	.291**
	Sig. (2-tailed)		.002	.000	.000	.000	.003
	N	105	105	105	105	105	105
MEANMP	Pearson Correlation	.306**	1	.183	.828**	.835**	.374**
	Sig. (2-tailed)	.002		.061	.000	.000	.000
	N	105	105	105	105	105	105
MEANMD	Pearson Correlation	.576**	.183	1	.429**	.300**	.564**
	Sig. (2-tailed)	.000	.061		.000	.002	.000
	N	105	105	105	105	105	105
MEANESE	Pearson Correlation	.632**	.828**	.429**	1	.862**	.539**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	105	105	105	105	105	105
MEANIMP	Pearson Correlation	.462**	.835**	.300**	.862**	1	.635**
	Sig. (2-tailed)	.000	.000	.002	.000		.000
	N	105	105	105	105	105	105
MEANBS	Pearson Correlation	.291**	.374**	.564**	.539**	.635**	1
	Sig. (2-tailed)	.003	.000	.000	.000	.000	
	N	105	105	105	105	105	105

**. Correlation is significant at the 0.01 level (2-tailed).

```
REGRESSION
  /DESCRIPTIVES MEAN STDDEV CORR SIG N
  /MISSING LISTWISE
  /STATISTICS COEFF OUTS R ANOVA COLLIN TOL CHANGE ZPP
  /CRITERIA=PIN(.05) POUT(.10)
  /NOORIGIN
  /DEPENDENT MEANBS
  /METHOD=ENTER MEANPD MEANMP MEANMD MEANESE MEANIMP
  /SCATTERPLOT=(*ZRESID ,*ZPRED)
  /RESIDUALS DURBIN HISTOGRAM(ZRESID) NORMPROB(ZRESID).
```

Regression

Descriptive Statistics

	Mean	Std. Deviation	N
MEANBS	4.8000	.99044	105
MEANPD	5.2635	.99967	105
MEANMP	5.1587	.85121	105
MEANMD	5.1429	.98910	105
MEANESE	5.2571	.63159	105
MEANIMP	5.1850	.83062	105

Correlations

		MEANBS	MEANPD	MEANMP	MEANMD	MEANESE	MEANIMP
Pearson Correlation	MEANBS	1.000	.291	.374	.564	.539	.635
	MEANPD	.291	1.000	.306	.576	.632	.462
	MEANMP	.374	.306	1.000	.183	.828	.835
	MEANMD	.564	.576	.183	1.000	.429	.300
	MEANESE	.539	.632	.828	.429	1.000	.862
	MEANIMP	.635	.462	.835	.300	.862	1.000
Sig. (1-tailed)	MEANBS	.	.001	.000	.000	.000	.000
	MEANPD	.001	.	.001	.000	.000	.000
	MEANMP	.000	.001	.	.031	.000	.000
	MEANMD	.000	.000	.031	.	.000	.001
	MEANESE	.000	.000	.000	.000	.	.000
	MEANIMP	.000	.000	.000	.001	.000	.
N	MEANBS	105	105	105	105	105	105
	MEANPD	105	105	105	105	105	105
	MEANMP	105	105	105	105	105	105
	MEANMD	105	105	105	105	105	105
	MEANESE	105	105	105	105	105	105
	MEANIMP	105	105	105	105	105	105

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	MEANIMP, MEANMD, MEANPD, MEANMP, MEANESE[b]	.	Enter

a. Dependent Variable: MEANBS

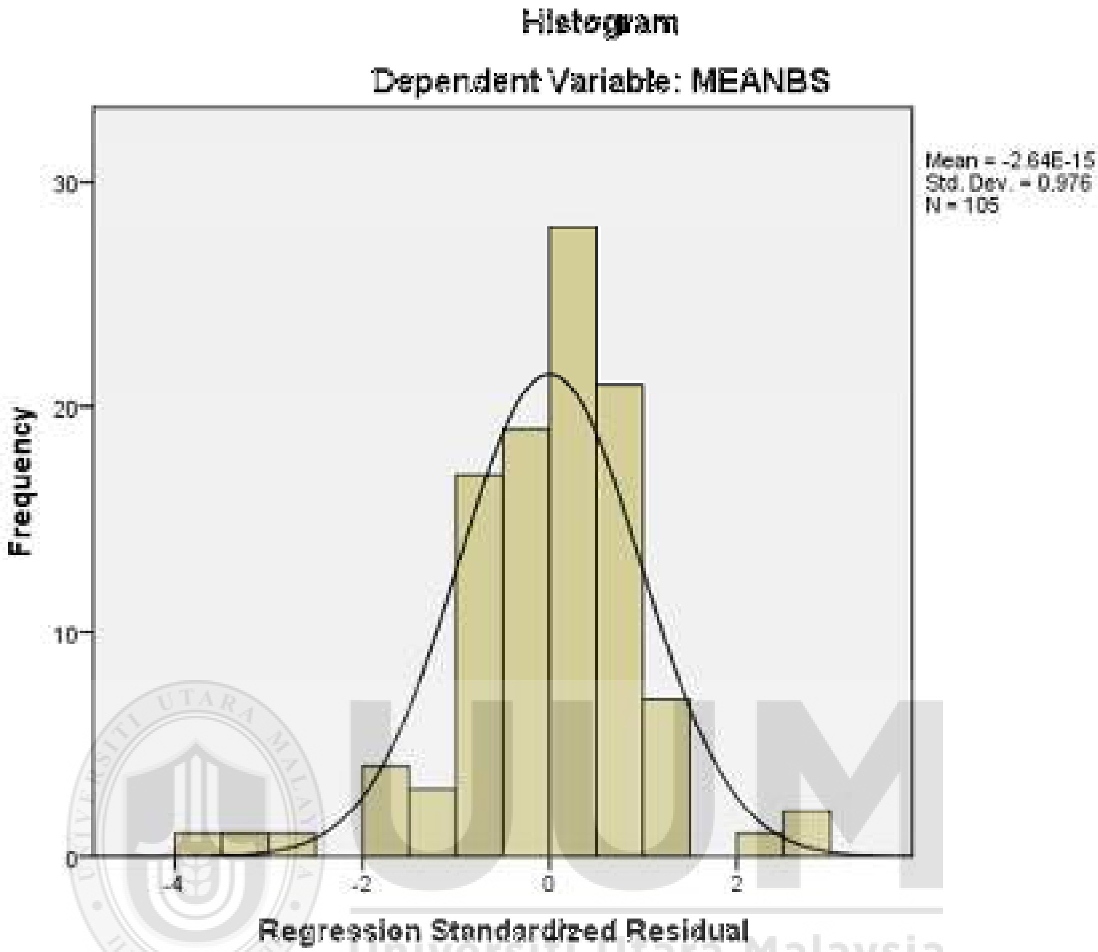
b. All requested variables entered.

ANOVA[a]

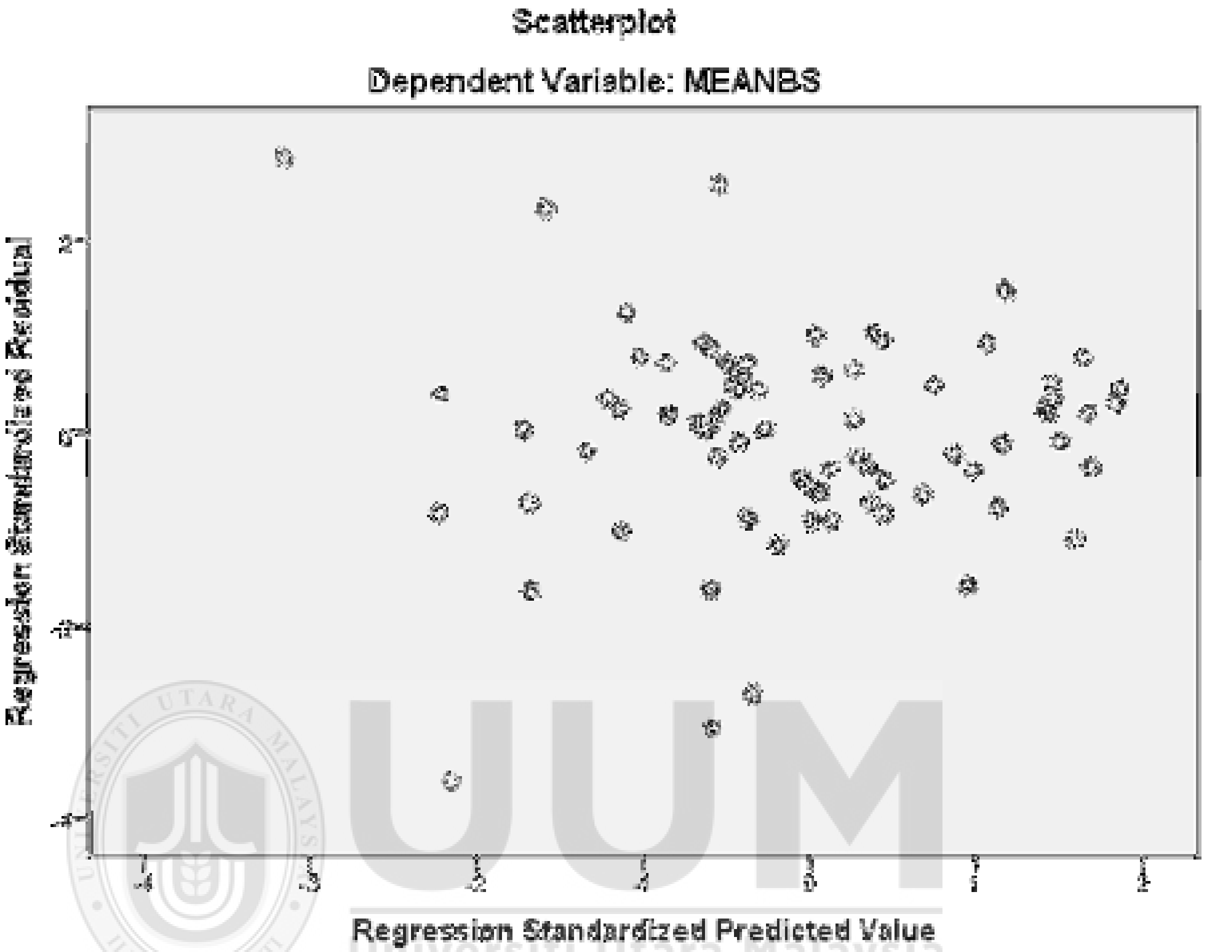
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.949	5	14.190	45.212	.000[b]
	Residual	31.071	99	.314		
	Total	102.020	104			

a. Dependent Variable: MEANBS

b. Predictors: (Constant), MEANIMP, MEANMD, MEANPD, MEANMP, MEANESE



Histogram
Dependent Variable: MEANBS
Mean = -2.64E-15
Std. Dev. = 0.976
N = 105
Frequency
30
20
10
0
-4
-2
0
2
Regression Standardized Residual


Scatterplot
Dependent Variable: MEANBS
Regression Standardized Residual
Regression Standardized Predicted Value