

ENTREPRENEURIAL ORIENTATION AND SOCIAL RESPONSIBILITY OF SMALL AND MEDIUM SIZED ENTERPRISES LOCATED IN SELANGOR

Mei Peng Low¹
Prof. T. Ramayah²

Abstract

Over last decade, entrepreneurial issues have received much attention due to its significant contribution towards the national economy. In Asia-Pacific Economic Cooperation (APEC) economies, Small Medium-Sized Enterprises (SMEs) share of gross domestic product (GDP) range from 20% to 50%. Meanwhile, SMEs in Malaysia are contributing about 32.7% of Malaysia's GDP (Department of Statistics, Malaysia, 2013). SMEs are regarded as business entities with smaller number of personnel. Therefore, entrepreneurial competencies of the owner/ manager and employees are the critical success factors for its survival and sustainability. Social responsibility is receiving attention in the 21st century due to its contribution in business sustainability. This leads to the opportunity to investigate the role of entrepreneurial orientation in SMEs social responsibility specifically the employee's aspect. This paper aims to study the impact of entrepreneurial orientation in the implementation of internal corporate social responsibility (CSR); and examine the moderating effect of the perceived role of ethics and social responsibility in the implementation of internal CSR. The findings provide some insights pertaining to EO in internal decision strategy and the perception of ethics and social responsibility in internal decision making.

Keywords: *entrepreneurial orientation, social responsibility, internal corporate social responsibility*

2016 GBSE Journal

¹ Senior Lecturer, Faculty of Accountancy and Management, Universiti Tunku Abdul Rahman, 43000 Kajang, Selangor, Tel: +60390860288 E-mail: lowmp@utar.edu.my

² Professor, School of Management, Universiti Sains Malaysia, 11800 Minden, Penang and UTM International Business School (UTM-IBS), Universiti Teknologi Malaysia Kuala Lumpur, Jalan Sultan Yahya Petra (Jalan Semarak), 54100 Kuala Lumpur., Tel: [+6046533888](tel:+6046533888) Email: ramayah@usm.my

Introduction

There has been an increasing interest in entrepreneurial issues over last decade. This development is due to its significant contribution towards the national economy and social growth. In the Europe 2020 Strategy, entrepreneurship is claimed as the catalyst of technological, social and economic output. Emőke–Szidónia (2005) added that small and medium sized firms with entrepreneurial orientation are potentially represent the most dynamic actors of the European transition economies. In Asia-Pacific Economic Cooperation (APEC) economies, Small Medium-Sized Enterprises (SMEs) share of gross domestic product (GDP) range from 20% to 50%. In Malaysia, SMEs are also gaining a foothold in the national economy. According to the Department of Statistics, SMEs are contributing about 32.7% of Malaysia's GDP (Department of Statistics, Malaysia, 2013). Despite the significant contributions, Ahmad and Seet (2009) highlighted that approximately 60% of SMEs in Malaysia failed and closed down within the first five years of operation. This relates to a critical lack of knowledge about the extent to which these firms may contribute to the achievement of broader objectives of sustainable and equitable development (Fox, 2005; Jeppesen, 2012). There is continuous debate whether SMEs could be meaningfully engaged in social and environment activities as compared to the types of Corporate Social Responsibility (CSR) activities of large firms (Jenkins, 2006). Jamali, Zanhour, and Keshishian, (2009) pointed out that SMEs involvement in CSR has been seen as less institutionalized and not involving specific CSR departments and/or the production of social and environmental sustainability reports as one might expect in large firms in both developed and developing countries. The role of SMEs in promoting CSR activities in developing countries remains as an under investigated area of research. As CSR activities encompass four aspects namely environment, workplace, marketplace and community, workplace is considered as the internal aspect which is within the control of the enterprise. This present research aims to examine the relationship between entrepreneurial orientation (EO) and the implementation of internal CSR. We propose perceived role of ethics and social responsibility as a possible moderator of the relationship between EO and internal CSR. The next section is the literature review and hypotheses development, followed by research methodology. The fourth section is the data analysis and result, while the fifth section presents the conclusions and implications. This paper concludes with limitation and directions for future research.

Literature Review and Hypothesis Development

Entrepreneurial Orientation

Miller (1983), Miller and Friesen (1982) were the first few researchers that defined entrepreneurial orientation. Subsequently, many researchers have used and further developed EO definitions across industries, countries, and cultures. According to Lumpkin and Dess (1996), entrepreneurial orientation (EO) is the decision-making styles, processes and methods that inform a firm's entrepreneurial activities. It is an important determinant in any enterprise as it forms the strategic orientation of enterprise (Wiklund & Shepherd, 2005). EO represents the policies and practices that provide a basis for entrepreneurial decision and actions. Therefore, it is the entrepreneurial strategy-making process that key decision makers use to enact their firm's organisational purpose, sustain its' vision and create competitive advantages.

There has been some debates in the literature in regards of the dimensionality of EO. Lumpkin and Dess (1996) suggested that EO is a multidimensional construct in which risk taking, innovativeness, proactiveness, competitive aggressiveness, and autonomy are treated as independent behavioural dimensions. This is congruent with some studies which firms that demonstrate more entrepreneurial strategic orientation will perform better, or may even lead to poor performance under certain conditions (Slater & Narver, 2000). Although, all EO dimensions are interrelated, the dimension of EO may vary independently (Larsen & Korneliusson, 2012; George & Marino, 2011; Wang, 2008), depending on the environmental, organisational, and cultural context when a firm engages in new entry (Zhao, Li, Lee, & Chen, 2011; Rauch, Wiklund, Lumpkin, & Frese, 2009; Knight, 1997). Nevertheless, the dimensions of EO that have been identified and used consistently in the literatures are autonomy, competitive aggressiveness, innovativeness, proactiveness and risk taking (Mason, Floreani, Miani, Beltrame, & Cappelletto, 2015).

Present research adopted Lumpkin and Dess (1996) five dimensions of EO with each defined as follow: Autonomy reflects the authority and independence given to an individual or team within the firm to develop business concepts and visions to carry them till completion (Callaghan & Venter, 2011). Competitive aggressiveness conveys the intensity with which a firm chooses to compete and efforts to surpass competitors reflecting a bias toward out-manoeuvring and out doing rivals. It is characterized by a combative stance and a vigorous response to the actions of competitors (Felicio, Rodrigues, & Caldeirinha, 2012). Innovativeness is the predisposition to engage in creativity and experimentation through the introduction of new services toward embracing and supporting creativity and experimentation, technological leadership, novelty and Research and Development (R&D) in the development of services and processes. Proactiveness is an opportunity-seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand. Proactiveness relates to a forward-looking perspective where enterprise actively seek to anticipate opportunities to develop and introduce new process as opposed to reacting to environmental changes. A firm can create a competitive advantage by anticipating changes in future demand (Lumpkin & Dess 1996). Risk taking is identified as the propensity involves taking bold actions by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain environments (Lumpkin & Dess 1996).

Internal Corporate Social Responsibility (CSR)

In past research, the focus of CSR had always been closely linked to external CSR aspects (e.g. community involvement and environment protection) resulting in less attention being focused on internal CSR (Cornelius, Todres, Janjuha-Jivraj, Woods, & Wallace, 2008). Therefore, it is not surprising that the concept of internal CSR is rather vague among researchers. However, the evolution of CSR has expanded its' focus from shareholders to stakeholders (Low, 2015). Employees are the main stakeholder in every organisation. Therefore, employee-centred CSR involves social responsibility practices for employees in the area of their safety, health and well-being, training and participation in the business, equality of opportunities and work-family relationship (Vives, 2006). The term Internal CSR is employed in present research. Internal CSR refer to CSR practices which are directly related to the physical and psychological working environment of employees (Turker, 2009a). It is expressed in concern for the health and well-being of employees, their training and participation in the business, equality of opportunities, work-family relationship (Vives,

2006). This term distinguishes from external CSR, that refers to corporate socially responsible for the local community, business partners and suppliers, customers, public authorities and NGOs representing local communities, and the environment such as philanthropy, volunteerism and environmental protection (European Commission, 2001).

Present research follows Turker's (2009a) definition and dimensions of internal CSR. There are six dimensions adopted, namely employee involvement in voluntarily activities, career opportunity, employees' needs and wants, family and work life balance, organisational justice and equality, training and education.

Perceived Role of Ethics and Social Responsibility (PRESOR)

Regardless of one's position, an appreciation of the role of ethics and social responsibility as components of business decisions affecting organisational effectiveness is essential (Singhapakdi, Vitell, Rallapalli & Kraft, 1996). Several articles referring to the perception of ethics and social responsibility have highlighted its influence on managers' ethical intention (Marta, Singhapakdi, Attia, & Vitell, 2004; Singhapakdi, *et al.*, 2008) and on the CSR practices implemented in firms due to their prominent position within the organisation (Kassinis & Panayiotou, 2006; Henriques & Sadosky, 1999). Specifically, managers' behaviour will be more ethical and reflect greater social responsibility if ethics and social responsibility are considered by these decision makers as something vital to organisational effectiveness (Singhapakdi, Karande, Rao, & Vitell, 2001).

The instrument developed by Singhapakdi, *et al* (1996) consists of items reflecting different dimensions of ethics and social responsibility within an organisation and the importance of ethics and social responsibility relative to conventional criterion measures of organisational effectiveness. This measurement is employed in present research as it deem meet the criteria of reliability and validity in term of measuring managers' and employees' perceptions of the role of ethics and social responsibility in achieving organisational effectiveness.

Research Framework and Hypotheses Development

The relationship between EO of a firm and its performance has been thoroughly investigated (Covin & Slevin, 1991; Lumpkin & Dess, 1996) but scant research is conducted to examine the relationship between EO and internal strategy. Lumpkin and Dess (1996) defined EO as the decision-making styles, processes and methods that inform a firm's entrepreneurial activities. Present research is a pioneer research which link EO to the internal strategy, namely internal CSR practices that relates to human resource management practices. This relationship consider relevant for three reasons. Firstly, Edmondson (1996) also argued that leadership is an important antecedent for human capital development. Against this backdrop, investigating the impact of entrepreneurial orientation in the internal strategy, i.e., internal CSR is deem timely. Secondly, according to Lumpkin and Dess' (1996) definition of EO, it is the decision-making styles, process and methods used within the enterprise for entrepreneurial activities. In this context, internal CSR is a decision-making style within the enterprise pertaining to human resource management process on the employees and a method to manage the employee by discharging social responsibilities internally. Thirdly, the five dimensions of EO are considered to be closely related to internal CSR. First dimension of autonomy gives employees the authority and independence to make constructive decisions for the enterprise. This give rise to employee morale by boosting employee's psychological needs to be regarded as part of the enterprise. Second dimension of competitive

aggressiveness is link to internal CSR by competing with other organisations to attract talented employees by offering internal CSR within their human resource management practices. It also relates to the third dimension of innovativeness, to be innovative employer to attract and sustain employees by ways of practising social responsibility through their stakeholders. The second and third dimensions are inter-related by competing with other employer to offer some sort of innovative human resource management practice to attract high performing potential employees. The fourth dimension of proactiveness is relevant in the aspect of forward-thinking to blend in social responsibility in internal strategy prior to government or authority to announce it as mandatory practice. The fifth dimension of risk taking is also make sense here as this practice could present as a risky act as the focus is every much employee-oriented. If the enterprise fails to get a pool of talented high performing employees, practising these EO dimension may risk the enterprise's performance. With these justification set forth, this research attempts to link EO five dimensions to internal CSR as shown in Figure 1.

Singhapakdi, Vitell, Rallapalli and Kraft (1996) pointed out that an appreciation of the role of ethics and social responsibility as components of business decisions affecting organisational effectiveness is essential. In view of present research attempt to investigate the practice of internal CSR, which is closely link to ethics and social responsibility, hence, the role of ethics and social responsibility (PRESOR) is proposed to moderate the relationship between EO and internal CSR.

Figure 1 illustrates the research framework for present research. EO is hypothesised as a multidimensional construct consisting five dimensions, PRESOR as a moderator and internal CSR as the dependant variable. The following hypotheses are developed to test research framework.

H1: There is a positive relationship between entrepreneurial orientation (EO) and internal CSR.

H2: Perceived role of ethics and social responsibility moderates the relationship between EO and internal CSR.

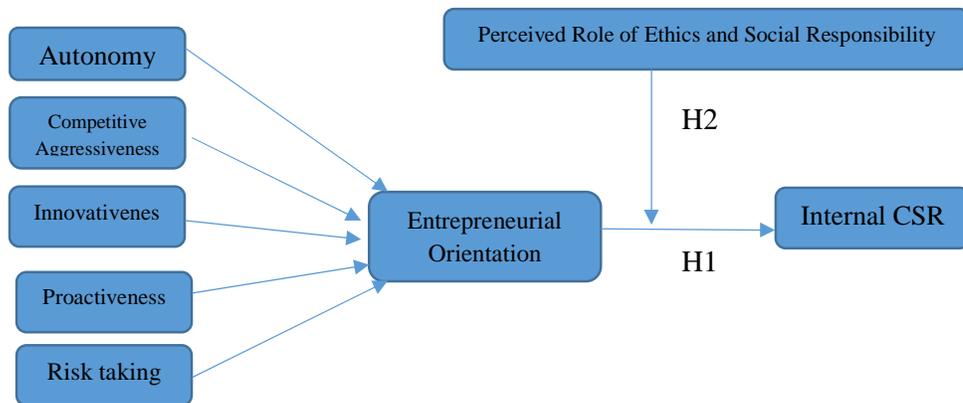


Figure 1 Research Framework

Methodology

Research Design and Sampling

This research is a cross-sectional study whereby data was collected once at a point of time (Sekaran & Bougie, 2010). Multistage sampling is used in the present research. Multistage sampling is carried in stages using smaller and smaller sampling units at each stage. It is employed due to an exhaustive listing of target population cannot be compiled. The first stage involves locating the highest number of SMEs establishment in Malaysia, and followed by the second stage of selecting the sample. According to the Department of Statistics, Malaysia, the highest numbers of SMEs is found in the state of Selangor with 125,904 establishments as at 2012. Hence, the present research frame is set in Selangor and followed by non-probability sampling, i.e., judgement (purposive) sampling.

Rachagan and Satkunasingam (2009) pointed out that in Malaysia about 72% of SMEs are family owned, reflecting the situation in many emerging economies. Consequently, the objective of the present research is to examine the relationship between EO and internal CSR implementation, therefore, the firm is selected as the unit of analysis. Firstly, the researcher randomly select SMEs located in Selangor based on the SMEs directory. Secondly, these SMEs were contacted to explain and seek their voluntarily cooperation to participate in present research. The owner/ manager who is involved in the enterprise decision-making is the best person to interpret the extent of EO and implementation of internal CSR. This research used judgement (purposive) sampling to select the respondents, whereby the contacts for the respective SMEs in Selangor were briefed on the nature of present research. The respective contacts and respondents were closely followed up to ensure smooth data collection process.

Pilot study or pre-test of questionnaire is a crucial step in quantitative research to discover any problems either in the instruction or in the questions. A brief pilot study is an excellent way to determine the feasibility of a research. A pilot testing was conducted prior to the full testing to ensure the usability of the questionnaire survey. Minor amendments such as rewordings were done to ensure the understandability of the questionnaires before sending out the questionnaire to the target respondents.

Measurement Instrument

A structured self-administered, anonymous questionnaire was adopted to collect data from the SMEs owner/ manager. There were three sections in the questionnaire. Section A consist of respondent's and enterprise demographic information. Section B are questions pertaining to EO, while Section C and D cover questions of internal CSR and perceived role of ethics and social responsibility.

Entrepreneurial Orientation (EO)

The present research adopted the definition of entrepreneurial orientation (EO) by Lumpkin and Dess (1996), whereby it is the decision-making styles, processes and methods that inform a firm's entrepreneurial activities. Accordingly, EO has also been described as a form of strategic orientation of the enterprise (Wiklund & Shepherd, 2005). In this context, EO relates to how SMEs owner/ manager make strategic plans and decisions in term of enterprises human resource management, i.e., internal CSR. Lumpkin and Dess' (1996) five

dimensions of EO was adopted by using six-point Likert scale (1 = strong disagree and 6 = strongly agree).

Internal Corporate Social Responsibility (CSR)

Internal CSR refers to CSR practices which are directly related to the physical and psychological working environments of employees (Turker, 2009a). It focused on six dimensions of internal CSR practices, specifically employee involvement in voluntarily activities, career opportunity, employees' needs and wants, family and work life balance, organisational justice and equality, training and education. A six-point Likert scale was also used to measure the multi-item construct of internal CSR.

Perceived Role of Ethics and Social Responsibility (PRESOR)

The perception of ethics and social responsibility have highlighted its influence on managers' ethical intention (Marta, Singhapakdi, Attia, & Vitell, 2004; Singhapakdi, 1999; Singhapakdi et al., 2008) and on the CSR practices implemented in firms due to their prominent position within the organisation (Henriques & Sadorsky, 1999; Kassinis & Panayiotou, 2006). The instrument of PRESOR consists of items selected to reflect different dimensions of ethics and social responsibility within an organisation and the importance of ethics and social responsibility relative to conventional criterion measures of organisational effectiveness. This measure is collected by using a six-point Likert scale.

Data Analysis and Results

Respondents and Enterprises' Profile

A total of 250 questionnaires were sent out to the selected SMEs in Selangor, only 140 responses were received, which yield a response rate of 56%. The respondents' profile can be analysed according to their personal particulars and years of working with current enterprise as shown in Table 1. The enterprises' profile is analysed based on the type of industry and the size of enterprise as shown in Table 2.

Majority of the respondents are male, and below the age of 30. Most of the respondents are Chinese and they hold a degree. In terms of the year of working in the current enterprise, it was ranged between 1 year to 25 years with a mean of 6 years and standard deviation of 6.1.

In regard of the enterprises' profile, 79% are from the Service sector, followed by Manufacturing, 11%, Construction, 8% and the least from Agriculture, 1%. Meanwhile, there is no respondents from Mining and Quarry. Majority of the enterprises are from Small enterprises constituting 44% followed by Micro enterprise with less than 5 employees, constituting 33% and the least from Medium enterprises, whereby number of employees is above 30, constituting 23%.

Table 1: Respondents' Profile

Profile	Description	No of Respondents	Percentage
Gender	Male	73	52%
	Female	67	48%
Age Group	Less than 30	57	41%
	30 to 39	46	33%
	40 to 49	28	20%
	50 to 59	7	5%
	59 above	2	1%
Ethnicity	Malay	35	25%
	Chinese	92	66%
	Indian	13	9%
Education	SPM	12	9%
	Diploma	30	21%
	Degree	76	54%
	Postgraduate	19	14%
	Professional Qualification	3	2%
Number of years working in current firm		Mean = 6 years, Standard deviation = 6.1	

Table 2: Enterprises' Profile

Profile	Description	No of Respondents	Percentage
Industry	Services	111	79%
	Manufacturing	16	11%
	Agriculture	2	1%
	Construction	11	8%
Size	Micro	46	33%
	Small	62	44%
	Medium	32	23%

Results

The partial least squares structural equation modelling (PLS-SEM) using SmartPLS version 2.0.M3 was utilised as statistical tool to test the model and the hypotheses proposed. PLS-SEM is a causal-predictive method of analysis in which the problems explored are complex and the theoretical knowledge about them is limited (Wold, 1985; Chin, 1998). Present research attempts to examine EO on internal CSR implementation and currently, theoretical knowledge in this area is considered scarce. Another reason for the use of PLS instead of covariance-based structural equation modelling is that PLS is more robust, as less restriction is placed on the unbiased estimates of the sample size (Falk & Miller, 1992). Furthermore, PLS does not place many rigid assumptions on population, scale measurement

or distribution (Haenlein & Kaplan, 2004). PLS is capable to handle statistical analysis for formative and reflective indicators (Ringle, Sarstedt, & Straub, 2012). This current research adopted a two-step analysis approach suggested by Anderson and Gerbing (1988), whereby first we examined the measurement model and then we scrutinised the structural model. Following studies by Chin (1998) and Gil-Garcia (2008), bootstrapping method (200 resample) was done to determine the significance levels for loadings, weights and path coefficients.

Measurement Model

Firstly, convergent validity, which is the degree to which the multiple items that are used to measure the same concept are in agreement, was tested. As suggested by (Hair, Black, Babin, & Anderson, 2010), factor loadings, composite reliability and average variance extracted (AVE) were the indicators used to assess the convergent validity. The findings indicated that each factor loading of the reflective indicators ranged from 0.570 to 0.938 and exceeded the recommended level of 0.50 (Hair, et al, 2010). The composite reliability values (see Table 3), which depict the degree to which the construct indicators indicate the latent construct, ranged from 0.887 to 0.947, which exceeded the recommended value of 0.7 (Hair et al. 2010). The AVE which reflects the overall amount of variance in the indicators accounted for by the latent reflective construct, were in the range of 0.622 and 0.857, which exceeded the recommended value of 0.5 (Hair, *et al.* 2010). Cronbach's alpha coefficient was computed to test the reliability of constructs, which exceeded the minimum acceptable values and proved good internal consistency for each latent construct (Burton, Lichtenstein, Netemeyer, & Garretson, 1998). Table 3 depicts the results of convergent validity.

Discriminant validity is the extent to which the measures do not reflect other variables and it is indicated by low correlations between the measure of interest and the measures of other constructs (Cheung & Lee, 2010). Adding on, Fornell and Lacker (1981) pointed out that discriminant validity is examined by comparing the squared correlations between the constructs and the variance extracted for a construct. Table 4 reveals that the squares correlation for each constructs is less than the square root of the average variance extracted by the indicators that measured the construct, demonstrating adequate discriminant validity. In total, the measurement model demonstrated adequate convergent and discriminant validity.

Table 3: Construct validity for reflective and formative scales

Construct	Items	Scale	Loadings	CR	AVE	Cronbach Alpha
Autonomy	Auto1	Reflective	0.757	0.932	0.698	0.912
	Auto2	Reflective	0.873			
	Auto3	Reflective	0.857			
	Auto4	Reflective	0.916			
	Auto5	Reflective	0.823			
	Auto6	Reflective	0.774			
Competitive Aggressiveness	CA1	Reflective	0.785	0.905	0.762	0.842

	CA2	Reflective	0.922			
	CA3	Reflective	0.905			
Innovativeness	IN1	Reflective	0.898	0.944	0.849	0.911
	IN2	Reflective	0.927			
	IN3	Reflective	0.938			
Proactiveness	Pq1	Reflective	0.927	0.947	0.857	0.917
	Pq2	Reflective	0.928			
	Pq3	Reflective	0.830			
Construct	Items	Scale	Weight	VIF	t-value	Decision
Risk Taking	RT1	Reflective	0.900	0.887	0.725	0.809
	RT2	Reflective	0.821			
	RT3	Reflective	0.809			
Internal CSR	InCSR1	Reflective	0.570	0.906	0.622	0.876
	InCSR2	Reflective	0.822			
	InCSR3	Reflective	0.920			
	InCSR4	Reflective	0.840			
	InCSR5	Reflective	0.743			
	InCSR6	Reflective	0.791			
PRESOR	PRESOR1	Reflective	0.840	0.9410	0.7272	0.9245
	PRESOR2	Reflective	0.904			
	PRESOR3	Reflective	0.912			
	PRESOR4	Reflective	0.861			
	PRESOR5	Reflective	0.794			
	PRESOR6	Reflective	0.799			
EO	Autonomy	Formative	0.415	1.538	17.108	supported
	Competitive			2.184		
	Aggressiveness	Formative	0.198		18.158	supported
	Innovativeness	Formative	0.241	2.840	20.773	supported
	Proactiveness	Formative	0.243	2.990	22.571	supported
	Risk Taking	Formative	0.141	1.944	7.987	supported

CR = composite reliability, AVE = average variance extracted

Table 4: Discriminant validity of reflective constructs

Construct	Auto	CA	EO	Inno	Internal CSR	PRESOR	Proac	Risk Taking
Auto	0.836							
CA	0.444	0.873						
EO	0.834	0.749	Formative					
Inno	0.561	0.604	0.851	0.921				
Internal	0.695	0.560	0.725	0.586	0.952			

CSR								
PRESOR	0.520	0.492	0.604	0.415	0.559	0.970		
Proac	0.607	0.679	0.877	0.743	0.560	0.547	0.926	
Risk Taking	0.349	0.394	0.617	0.564	0.339	0.387	0.480	0.942

Note: Diagonal elements are the square root of the AVE of the reflective scales while the off diagonals are the squared correlations between constructs.

Structural Model

Structural model depicts the causal relationship among the constructs in a research model (Sang, Lee & Lee, 2010), that includes the estimates of the path coefficients and the R² value, which determine the predictive power of the said model. Both R² and path coefficients represented by loadings and significance indicate how well the data support the hypotheses posited (Chin, 1998; Sang, *et al*, 2010). Using a bootstrapping technique with a re-sampling of 200, the path estimates and t-statistics were calculated for the hypothesized relationships. The results reveal that entrepreneurial orientation and perceived role of ethics and social responsibility (PRESOR) explained 55.9% ($\beta = 0.605$, $p < 0.05$) of the implementation of internal CSR, which H1 is supported. However, the results do not confirm H2, which proposes that PRESOR moderates the relationship between EO and internal CSR. Nevertheless, the results show that there is a direct relationship between PRESOR and internal CSR. In term of the five EO orientations, the results reveal that the five relations are shown to be significant. Autonomy, proactiveness and innovativeness orientation demonstrate a greater extent in the implementation of internal CSR while risk taking and competitive aggressiveness are observed to have lesser extent in the implementation of internal CSR.

Conclusions and Implications

The results reveal that implementation of internal CSR is explained by entrepreneurial orientation (EO). This finding contributes to current literatures that EO could link to internal strategy implementation as compared to past research which relates to firm performance. This finding congruent with Lumpkin and Dess (1996) definition of EO whereby it is the firm decision making and method that involves entrepreneurial activities of the enterprises. Among the five dimensions of EO, it was observed that autonomy, proactiveness and innovativeness oriented SME owner/ manager have a greater extent to implement internal CSR as compared to competitive aggressive and risk taking oriented. Perceived role of ethics and social responsibility (PRESOR) has a direct relation on implementation internal CSR, whereby SMEs owner/ manager tends to implement internal CSR if they perceived that ethics and social responsibility are considered important to organisational effectiveness. However, it was surprised to learn that PRESOR does not moderate the relationship between EO and internal CSR. The rational of the findings could be due to Asia is considerable different from the West (Welford, 2005). The SMEs owner/ manager may in the opinion that ethics and social responsibility is crucial at different aspects and degree. The is consistent with the findings by Nejati and Azlan (2009) who highlighted that CSR is still considered to be in its infancy stage in Malaysia. The findings from previous studies indicate that awareness is low,

most Malaysian firms and the local communities are still unfamiliar with the concept (Azlan, 2006).

Nevertheless, present research has achieved its objectives and established a significant result between EO and internal CSR. The three EO orientation that found to dominate the implementation of internal CSR are autonomy, proactiveness and innovativeness. Even though PRESOR is relevant in the research context of EO and internal CSR, however the findings are otherwise.

Limitations and Future Research

Despite the contribution made, there are several limitations to this research. Firstly, the sample size of the current research is considered small. Future research may consider enlarging the sample size. Secondly, as the present research discuss on the implementation of internal CSR which focuses on employee's well-being, future research might be conducted by solely on the service sector, instead of all the sectors. It will be interesting to make a comparison study between the SMEs with and without internal CSR practices.

In summary, this research offers a new perspective of EO in looking at internal strategy implementation and provides insights to SMEs owner/ manager on the implementation of internal CSR in smaller organisation setting.

References

- Ahmad, N. H., & Seet, P. S. (2009). Understanding business success through the lens of SME founder-owners in Australia and Malaysia. *International Journal of Entrepreneurial Venturing*, 1(1), 72-87.
- Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step approach. *Psychological bulletin*, 103(3), 411.
- Azlan, A. (2006). Corporate social reporting in Malaysia: An institutional perspective. PhD diss., University of Malaya, Kuala Lumpur, Malaysia.
- Burton, S., Lichtenstein, D. R., Netemeyer, R. G., & Garretson, J. A. (1998). A scale for measuring attitude toward private label products and an examination of its psychological and behavioral correlates. *Journal of the academy of marketing science*, 26(4), 293-306.
- Callaghan, C., & Venter, R. (2011). An investigation of the entrepreneurial orientation, context and entrepreneurial performance of inner-city Johannesburg street traders. *Southern African Business Review*, 15(1), 28-48.
- Cheung, M. K. & Lee, K. O. (2010). A theoretical model of intentional social action in online social networks, *Decision Support Systems*, 49, 24-30.
- Chin, W. W. (1998). The partial least squares approach to structural equation modeling. *Modern methods for business research*, 295(2), 295-336.
- Cornelius, N., Todres, M., Janjuha-Jivraj, S., Woods, A., & Wallace, J. (2008). Corporate social responsibility and the social enterprise. *Journal of Business Ethics*, 81(2), 355-370.
- Covin, J. G., & Slevin, D. P. (1991). A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship: Critical perspectives on business and management*, 3.
- Edmondson, A. (1996), Three faces of Eden, *Human Relations*, 49(5), 571-595.
- Emöke-Szidónia, F. (2015). International Entrepreneurial Orientation and Performance of Romanian Small and Medium-sized firms: Empirical Assessment of Direct and Environment Moderated Relations. *Procedia Economics and Finance*, 32, 186-193.

- European Commission. (2001). *Employment and social affairs, promoting a European framework for corporate social responsibility*, Brussels: Green Book.
- Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling*. University of Akron Press.
- Felício, J. A., Rodrigues, R., & Caldeirinha, V. R. (2012). The effect of entrepreneurship on corporate performance. *Management Decision*, 50(10), 1717-1738
- Fox, T. (2005). Small and medium-sized enterprises (SMEs) and corporate social responsibility: A discussion paper. *London: IIED*.
- George, B. A., & Marino, L. (2011). The epistemology of entrepreneurial orientation: Conceptual formation, modeling, and operationalization. *Entrepreneurship Theory and Practice*, 35(5), 989-1024.
- Gil-Garcia, J. R. (2008). Using partial least squares in digital government research. *Handbook of research on public information technology*. Idea Group, Hershey, 239-253.
- Haenlein, M., & Kaplan, A. M. (2004). A beginner's guide to partial least squares analysis. *Understanding statistics*, 3(4), 283-297.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2010). Advanced diagnostics for multiple regression: A supplement to multivariate data analysis.
- Henriques, I., & Sadosky, P. (1999). The relationship between environmental commitment and managerial perceptions of stakeholder importance. *Academy of management Journal*, 42(1), 87-99.
- Jamali, D., Zanhour, M., & Keshishian, T. (2009). Peculiar strengths and relational attributes of SMEs in the context of CSR. *Journal of Business Ethics*, 87(3), 355-377.
- Jenkins, H. (2006). Small business champions for corporate social responsibility. *Journal of Business Ethics*, 67(3), 241-256. <http://dx.doi.org/10.1007/s10551-006-9182-6>
- Jeppesen, S. (2012). *Corporate Social Responsibility and Competitiveness for SMEs in Developing Countries: South Africa and Vietnam*. Agence française de développement.
- Kassinis, G. I., & Panayiotou, A. (2006). Perceptions matter. *Journal of Corporate Citizenship*, 2006(23), 67-80.
- Knight, G. A. (1997). Cross-cultural reliability and validity of a scale to measure firm entrepreneurial orientation. *Journal of business venturing*, 12(3), 213-225.
- Larsen, N. M., & Korneliussen, T. (2012). Effects of entrepreneurial orientation on online retail performance. *International Journal of Electronic Marketing and Retailing*, 5(1), 77-93.
- Low, M. P. (2015). Corporate Social Responsibility and the Evolution of Internal Corporate Social Responsibility in 21st Century. *Asian Journal Of Social Sciences And Management Studies*, 3(1), 56-74.
- Lumpkin, G.T., & Dess, G.G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), 135-172.
- Marta, J. K. M., Singhapakdi, A., Attia, A. & Vitell, S. J. (2004), Some Important Factors Underlying Ethical Decisions of Middle-Eastern Marketers, *International Marketing Review* 21(1), 53-67.
- Mason, M. C., Floreani, J., Miani, S., Beltrame, F., & Cappelletto, R. (2015). Understanding The Impact of Entrepreneurial Orientation on Smes' Performance. The Role of The Financing Structure. *Procedia Economics and Finance*, 23, 1649-1661.
- Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management science*, 29(7), 770-791.

- Miller, D., & Friesen, P. H. (1982). Innovation in conservative and entrepreneurial firms: Two models of strategic momentum. *Strategic Management Journal*, 3, 1-25.
- Nejati, M. & Azlan, A. (2009). Corporate social responsibility and SMEs: Exploratory study on motivations from a Malaysian perspective. *Business Strategy Series*, 10(5), 259–265.
- Rachagan, S., & Satkunasingam, E. (2009). Improving corporate governance of SMEs in emerging economies: a Malaysian experience. *Journal of Enterprise Information Management*, 22(4), 468-484.
- Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship theory and practice*, 33(3), 761-787.
- Ringle, C. M., Sarstedt, M., & Straub, D. (2012). A critical look at the use of PLS-SEM in MIS Quarterly. *MIS Quarterly (MISQ)*, 36(1).
- Sang, S., Lee, J. D., & Lee, J. (2010). E-government adoption in Cambodia: a partial least squares approach. *Transforming Government: People, Process and Policy*, 4(2), 138-157.
- Sekaran, U., & Bougie, R. (2010). *Research Method for Business, A Skill Building Approach*. John Wiley & Sons Inc.
- Singhapakdi, A., Vitell, S. J., Rallapalli, K. C., & Kraft, K. L. (1996). The perceived role of ethics and social responsibility: A scale development. *Journal of Business Ethics*, 15(11), 1131-1140.
- Singhapakdi, A., Karande, K., Rao, C. P., & Vitell, S. J. (2001). How important are ethics and social responsibility?-A multinational study of marketing professionals. *European Journal of Marketing*, 35(1/2), 133-153.
- Slater, S. F., & Narver, J. C. (2000). The positive effect of a market orientation on business profitability: A balanced replication. *Journal of business research*, 48(1), 69-73.
- Turker, D. (2009a). Measuring Corporate social responsibility: A scale development study. *Journal of Business Ethics*, 85(4), 411–427.
- Turker, D. (2009b). How corporate social responsibility influences organizational commitment. *Journal of Business Ethics*, 89(2), 189-204.
- Vives, A. (2006). Social and environmental responsibility in small and medium enterprises in Latin America. *Journal of Corporate Citizenship*, 2006(21), 39-50.
- Wang, C.L. (2008), Entrepreneurial orientation, learning orientation, and firm performance, *Entrepreneurship Theory and Practice*, 32(4), 635–657.
- Welford, R. (2005). Corporate Social Responsibility in Europe and Asia: Critical Elements and Best Practice. *Corporate Social Review*, 13(1), 31–47.
- Wiklund, J. (1999). The sustainability of the entrepreneurial orientation–performance relationship. *Entrepreneurship Theory and Practice*, 24(1), 37–48.
- Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurationally approach. *Journal of Business Venturing*, 20(1), 71–91.
- Wold, H. (1985). Systems analysis by partial least squares. *Measuring the unmeasurable*, 221-251.
- Zahra, S. A., & Covin, J. G. (1995). Contextual influences on the corporate entrepreneurship–performance relationship: A longitudinal analysis. *Journal of Business Venturing*, 10(1), 43–58.
- Zhao, Y., Li, Y., Lee, S. H., & Chen, L. B. (2011). Entrepreneurial orientation, organizational learning, and performance: Evidence from China. *Entrepreneurship theory and practice*, 35(2), 293-317.