

AN EXPLORATORY STUDY ON ENTREPRENEURIAL ORIENTATION OF TUNAS MEKAR PROGRAMME PARTICIPANTS

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Abstract

Tunas Mekar Programme is a smart partnership arrangement between Bumiputera graduates and SME entrepreneurs using mentor-mentee concept. In this programme, the SME entrepreneur will be the mentor where they will share the experiences of being an entrepreneurs while the Bumiputera graduates will be the mentee by providing the sharing the knowledge and expertise that they had acquired in their studies. The purpose of this paper is to determine the entrepreneurial orientation dimensions of Tunas Mekar participants. Entrepreneurial orientation is methods, processes, practices, styles and decision making activities engaged by entrepreneurs that lead into new marketplaces. The dimensions use for this study is based on Colvin and Slevin (1989). The survey questionnaire was distributed using simple random sampling to the participants of the Tunas Mekar Programme. A total of 150 respondents' responded and only 104 are usable. The study reveals that the participants of Tunas Mekar Programme were all entrepreneurial oriented. This study also provides some insights in understanding the entrepreneurial orientations of Bumiputera entrepreneurs.

Keywords: Entrepreneurial orientation and Tunas Mekar Programme

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Introduction

Small Medium Enterprises (SMEs) have become an important source of employment and maximize the efficiency of the resource allocation and distribution by mobilizing and utilizing both local human and material resources (Cunningham & Rowley, 2007). SMEs in Malaysia are acknowledged as one of the major contributors for the economic development (Abd Aziz & Mahmood, 2011). The number of SMEs in Malaysia has increased tremendously from year to year. Although these numbers keep on increasing, the percentage of Bumiputera ownership is still small and yet to achieve 30% of business equity. Many

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assistance and programmes has been lined up to build resilient Bumiputera entrepreneurs in order to rectify these imbalances of income and wealth at the same time to ensure Bumiputera entrepreneurs are given opportunities as well as platforms to progress.

Tunas Mekar Programme is one of the programmes that have been introduced in May 2005. This program is the initiative idea of former Prime Minister, Tun Abdullah Ahmad Badawi to create more Bumiputera entrepreneurs. The Tunas Mekar Programme is a collaborative effort between Implementation and Coordination Unit (ICU) of the Prime Minister's Department and Universiti Teknologi MARA (UiTM) where UiTM has been given the responsibility to manage and run the program. Malaysian Academy of SME and Entrepreneur Development (MASMED) which is one unit in UiTM were given the authority to manage the Tunas Mekar Programme. This programme is a smart partnership arrangement between Bumiputera graduates and SME entrepreneurs using mentor-mentee concept where the SME entrepreneurs (mentor) will share the experiences of being an entrepreneurs while the Bumiputera graduates (mentee) will provide the sharing of knowledge and expertise that they had acquired during their studies. It is based on a simple and practical concept of placement of graduates with SMEs as apprentices cum consultant for one year so that a win-win relationship can be created.

There are three parties involved in the Tunas Mekar Programme; the participants (mentee) who is selected after the interview session conducted by MASMED, the entrepreneurs (mentor) who are willing to teach these participants all about setting and managing business and UiTM lecturers (advisor) who acted as counselors. The Tunas Mekar Programme has completed its 5th series and now is coming into its 6th series by year end of 2016. The main objective of Tunas Mekar Programme is to produce at least 33 percent graduate who can start a new business after they have completed the program. Second, is to improve the business performance of the entrepreneur by measuring the monthly sale, profit, quality of product and international standard such as ISO 9000:2001, HACCP and GMP. Lastly, to increase the number of entrepreneurs among the Bumiputera. This study is conducted to determine the level of entrepreneurial orientation dimensions of Tunas Mekar participants. The organization of this study is presented accordingly where relevant literature is explained followed by the methodology section, the results of the study and ends with the conclusion of the study.

Literature Review

In today's complexity of doing business, entrepreneurs can be seen as an important factor to ensure the success of a business. Entrepreneurial orientation is methods, processes, practices, styles and decision making activities engaged by entrepreneurs that lead into new marketplaces (Lumpkin and Dess, 1996). It is seen as a process reflected in recurring as organizational behavior rather than the actions of individual processing certain characteristics or attributes (Quince & Whittaker, 2003). This study uses Covin and Slevin (1989) dimensions of entrepreneurial orientation which are innovativeness, pro-activeness and risk-taking. These dimensions are more widely researched (Kreiser *et al.*, 2002; Tarabishy *et al.*, 2005).

Innovativeness is encouraging and supporting new ideas, creativity and experimentation the possible to come out with new products and services (Miller and Friesen, 1983). This dimension is important to organizations because it is the basis of ideas that lead to developments and new goods and therefore helps in sustaining a thriving firm (Lumpkin, Brigham and Moss, 2010). Pro-activeness is viewed as the extent to which firms effort to lead rather than follow their competitors in such main business areas as to introduce of new goods or services, administrative techniques as well as operating technology (Antoncic and Hisrich, 2001). As put forward by Rauch, Wiklund and Frese (2004), pro-activeness is future-looking and seeking change which allows organization to introduce new goods and services earlier than others firm by anticipating the future demand. On the other hand, risk taking is willingness to pursue change that has a chance to uncertainty and chance of getting losses or considerable performance inconsistencies (Morris, 1998). The firm is ready to accept any consequences in the future if firm assume to responsible for a specific amount of risk (Hughes and Morgan, 2007). Nonetheless individuals who take calculated risk is a successful entrepreneur (Kuratko and Hodgetts, 2007).

Methodology

A quantitative method using survey questionnaire is adopted to collect the data. The survey questionnaires were distributed using online survey as well as a mail survey to the participants of Tunas Mekar Programme. The database of the participants who have participated in the Tunas Mekar Programme was provided by Malaysian Academy of SME and Entrepreneur Development (MASMED). A total of 370 questionnaires were distributed to Tunas Mekar participants using a simple random sampling method in which only 150 participants responded to the survey. Out of this amount only 104 responses were deemed to be usable. According to Roscoe's (1975) rule of thumb, a sample size between 30 and 500 is sufficient.

The respondents of the survey questionnaires were the participants of Tunas Mekar Programme who have set up their own business and the owner of the business. These respondents y were selected due to their expertise, knowledge and involvement in the setting up and direction of the firm. To add further, they are the most informed individuals about the firms' overall operational activities.

The questionnaire consists of three sections. The first section identifies the profile of the respondents and the business. The second section determines the dimensions of entrepreneurial orientation (innovation, pro-activeness and risk-taking). This study uses Statistical Package for Social Science (SPSS) 16.0 to analyze the data obtained from the sample of the population. The data analysis technique consists of descriptive analysis and reliability analysis.

Result

The profile of the respondents and business information on the Tunas Mekar Programme is shown in Table 1. It can be seen that from a total of 104 respondents who took part in the survey, there were 67 female respondents representing 64.5% of the sample population and 37 male respondents represented by 5.6%. The majority of the respondents were relatively young, aged between 26-30 representing 47.1% and 28.8% aged between 20

and 25 years old. With regards to the educational level, the majority of the respondents had at least a Diploma with 59% followed with a Bachelor Degree with 32.7%. Only a total of 6 respondents had a Master's degree representing 5.8% of the sample while only 5 respondents had secondary education. For the business sector, the majority of the respondents were from service sector representing 54.8% of the total population. This is followed with manufacturing sector and agriculture sector of 23.1% and 22.1%. These respondents were majority from Kelantan with 19.2%, Selangor with 15.2%, Perak and Pahang with 14.4% respectively. The number of employees with less than 5 is seen representing the majority of the sample with 72.1%. Only 15.4% of respondents have employees between 6 to 19 while the balance of 12.5% has more than 20 employees. For the sales turnover, only 63.5% of the respondents has sales less than RM15,000 annually, 16.3% has sales between RM15,001 to RM20,000 followed with 20.2% has sales more than RM20,000 annually.

Table 1: Descriptive Analysis

		Frequency	Percentage
Sex	Male	37	35.6
	Female	67	64.4
Age	20-25 years old	30	28.8
	26-30 years old	49	47.1
	31-35 years old	18	17.3
	36-40 years old	7	6.7
Education	SPM and below	5	4.8
	Diploma	59	56.7
	Degree	34	32.7
	Master	6	5.8
Business Location	Kelantan	20	19.2
	Terengganu	7	6.7
	Pahang	15	14.4
	Kedah	8	7.7
	Pulau Pinang	8	7.7
	Selangor	16	15.4
	Perak	15	14.4
	Perlis	6	5.8
	Negeri Sembilan	4	3.8
	Kuala Lumpur	5	4.8
Business Sectors	Agriculture	23	22.1
	Manufacturing	24	23.1
	Service	57	54.8
Number of employees	Less than 5	75	72.1
	6-19	16	15.4
	More than 20	13	12.5
Sales Turnover	Less than RM10,000	37	35.6
	RM10,001- RM15,000	29	27.9

	Frequency	Percentage
RM15,001-RM20,000	17	16.3
More than RM20,000	21	20.2

The results of the reliability test which was conducted to determine the internal consistency of the measures is shown in Table 2. It was found that all measures have a Cronbach Alpha value of more than 0.6 which is higher than that recommended by Hair, Black, Babin, Anderson, and Tatham (2006). Thus this indicates that the variables were internally consistent and the scales deemed reliable for further analyses.

Table 2: Reliability test results

Measures	Items	Cronbach's Alpha
Innovation	4	0.728
Pro-activeness	4	0.701
Risk taking	4	0.818

Table 3 to Table 5 presents descriptive analyses for the items of all the three entrepreneurial orientation dimensions. The results of the study shown in Table 3 indicate the mean ranging between 3.67 to 3.73 respectively. The result reveals that innovation has some influence on the business performance. The highest mean is 'firm give special attention to research and development' and 'firm spends a large amount in research and development' (m=3.73). The lowest means is 'firm considers new idea or approach as very important' (m=3.67). For 'employees are free to spark new ideas in development product or services', the mean is 3.68. This indicates the respondents' realized that research and development are very important to make sure their products are able to compete in the market, thus, special attention must be given to research development and they must be willing to spend large amounts on R&D. Moreover, the findings suggest that respondents see that innovation is important for them in order to ensure they are able to sustain and grow.

Table 3: Descriptive statistics for innovation

Items	Mean
Our firms give special attention to research and development.	3.73
Our firm considers new idea/approach as very important.	3.67
Our employees are free to spark new ideas in development product/service.	3.68
Our firm spends a large amount in research and development.	3.73

Table 4 shows descriptive statistics for entrepreneurial orientation which is pro-active. Results of the study indicates the range mean for pro-activeness is between (m=3.29) to (m=4.03). The highest mean is 'firm considers that changes in new product or services are important' (m=4.03), followed by 'firm always the first offer new product', (m=3.29) and 'firm always the first to introduce new design' (m=3.38). While the lowest mean 'firm always the first to introduce new technology'.

Tunas Mekar participants consider that changes in new product or service are important from time to time. It's because, they said that, customers taste always changes by

times. So, they also need changes product according to customers taste and preference. They also said that, they are the first introduce in new technology but because majority of them have no expertise on that and technology need a lots of money, it make means is lowest. Descriptive statistics for pro-activeness shows that majority of respondents agree their firm considers that changes in new product or service are important from time to time and they always the first to offer new product.

Table 4: Descriptive statistics for pro-activeness

Items	Mean
Our firm always the first to offer new product.	3.65
Our firm always the first to introduce new technology.	3.29
Our firm always the first to introduce new design.	3.38
Our firm considers that changes in new product/ service are important from time to time.	4.03

Table 5 presents the final dimension which is risk-taking. The mean ranging between 3.17 and 3.61. The highest mean is ‘firm willing to sell the new product in new market’ (m=3.61) while the lowest mean is ‘firm spend substantially large amount in marketing’ (m=3.17). The findings reveals that ‘firm invest in high cost project’ has a lower mean compared to ‘firm spends substantially large amount in new product and services’ which is (m=3.24) and (m=3.49) respectively. Highest mean for risk-taking shows that Tunas Mekar participants are willing to expand their product line to increase profit. It is because, they are worried that the existing product are not able to generate sufficient profit which requires them to sell others product to other market. On the other hand, the lowest mean shows that these participants are not willing to spend a large amount on marketing. This is because their capital is limited and they may not have enough capital if they spend a lot on marketing.

Table 5: Descriptive statistics for risk-taking

Items	Mean
Our firm invest in high cost project	3.42
Our firm spend substantially large amount in marketing	3.17
Our firm spends substantially large amount in new product and services	3.49
Our firm willing to sell the new product in new market	3.61

Conclusion

In conclusion, the objective of the study is to determine the entrepreneurial orientation dimensions of Tunas Mekar participants. It was found that the study to Tunas Mekar participants can provide some insights in understanding the entrepreneurial orientations of Bumiputera entrepreneurs. Despite many incentives provided to the Bumiputera especially the Malays, the objective of 30% Bumiputera equity stake in the share markets is still far and away from the targets. Nevertheless this study found that the Tunas Mekar participants are entrepreneurial oriented. They are innovative, proactive and also are risk-takers. This is consistent with earlier studies (Covin and Slevin, 1991; Lumpkin and Dess, 1996; Kraus et

al., 2005; Al-Swidi and Mahmood, 2011). This study also indicates that The Tunas Mekar Programme is one way to boost performance of Bumiputera entrepreneurs by providing entrepreneurship training to those interested in the business field. This program will help young entrepreneurs in managing their own business after they have graduated. At the same time, it can help to promote innovative culture and change the mindset of students.

There are few limitations that were observed throughout the study. The data used in this study were collected from a relatively small number of respondents comprising owners of SMEs who took part in Tunas Mekar Programme. This is because they are busy and have limited time to answer and return the questionnaire. Difficulties also arise when collecting data in ~~on~~ business performance information as it requires a lot of persuasion and cajoling before information is received. Future studies should cover a wider range of respondents and preferably, a comparative study can be conducted to investigate the differences between Bumiputera entrepreneurs and non-Bumiputera entrepreneurs. A qualitative study also could be carried out to investigate the challenges faced by these participants when doing business.

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