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Personal Values and Entrepreneurial Orientations of Malay Entrepreneurs in Malaysia: Mediating Role of Self-efficacy

1 Introduction

The aim of this research study is to discuss how personal values and self-efficacy motivation interact to influence entrepreneurial orientations among Malay entrepreneurs in Malaysia. Tremendous research efforts have been devoted to understanding nature, antecedents and consequences of personal values, self-efficacy motivation and entrepreneurial orientations. In particular, the construct of entrepreneurial orientation has been demonstrated to be an important predictor of business performance. The variables that were most studied and shown to have a positive influence on EO were personality traits and characteristics of owner managers of SMEs. Personal values have recently received attention by Western scholars (Kotey and Meredith, 1997; Shane et al., 2003; Morris and Schindehutte, 2005) and few Eastern scholars (Cheung and King, 2004). In Malaysia, although SMEs are given priority by the Malaysian government due to their high contribution to the GDP, research on SMEs is still at the infant stage as most research covers only SMEs' profile characteristics (Hashim, 2002; Mansor, 2005), problems and challenges (Hashim et al., 2010, Hashim, 2000). What and how to make them improve and grow is not widely researched.

Identifying the impact of personal value in entrepreneurial orientation will help SMEs to enhance their business performance and ultimately contribute to the economic development of the country. Entrepreneurial orientations are found in the literature to affect performance positively. But what drives SME owners to be entrepreneurial is not fully understood as there are not enough studies conducted to explain this relationship. Boyd and Vozikis (1994), Chen et al. (2001), Krueger (2003) and Segal et al. (2005) basically agree that self-efficacy is important to explain entrepreneurial success. However, most of the past studies on entrepreneurial orientation have been conducted in Western countries; few studies have been conducted elsewhere. A systematic investigation of the meaning of personal values and its effect on entrepreneurial orientation across cultures is needed in order to assess the generalizability of research findings. As Malaysia has unique multi-cultural traditions and has undergone sweeping economic reforms during past decades, it provides a good research setting in which to study Malay entrepreneurs' personal values and entrepreneurial orientation.

2 Research Objectives

Objectives of this study are as follows:

- To determine the relationship between personal values and entrepreneurial orientations
- To examine the mediating role of self-efficacy in the relationship between PV and EO.

3 Literature Review

3.1 Personal values

Values is considered one of the powerful factors explaining human behavior. Sagiv and Schwartz (1995) and Williams (1968) argued that values is the standard or criteria for evaluating information and assessing conduct and England (1967) postulated that it forms the basis of individual perception. Therefore, personal values determine management decisions and actions (Gao and Kotey, 2008). Rokeach (1973) defined personal values as "*a criterion by which a person judge himself or herself and others, is an enduring prescriptive and proscriptive belief that a specific mode of behavior is preferred to an opposite mode behavior – this belief transcends attitudes towards objects and situations.*" Schwartz (1992) conceptualized personal values as concepts or beliefs that pertain to desirable end states or behaviors and transcend specific situations in guiding selection or evaluation of behavior and events and are ordered by relative importance. In this concept, Schwartz (1992) highlights the five features of personal values namely: (a) concepts or beliefs, (b) pertains to desirable end states or behaviors, (c) transcends specific

situations, (d) guides selection or evaluation of behavior and events and (e) ordered by relative importance to one another.

The above five features are claimed by Schwartz (2009) to be common to all values; however, what distinguishes among them is the type of motivational goal they express in the content aspect. McDonald and Gandz (1991), Allport, Vernon, and Lindzey (1960), Rokeach (1973), and Hofstede (1980) identified a few prominent values taxonomies. The taxonomies these scholars constructed were all developed in the social psychology and sociology literature done quite some time ago. These scholars broke down values into various dimensions. For instance, as indicated by McDonald and Gandz (1991), Allport, Vernon, Lindzey (1960) categorized values in terms of six classifications of men: theoretical, economic, aesthetic, social, political and religious. As claimed by Vandello and Cohen (1999), I-C values constructs were largely responsible for the explosion of cross-cultural psychology during the past decade and continued to be the most prominent construct in the 1990s, making them perhaps the most important dimension in terms of cultural differences in social behavior.

Bushido values dimensions are other personal values given less importance by researchers. There are eight important values found in Samurais, but only five values of Bushido: courage, loyalty, honor, hard work and discipline. These are considered relevant to business owners (Junid, 2010) and seen to be upheld by the Japanese, Chinese and Koreans SMEs. According to Junid (2010), these values need to be adopted by Malay-owned SMEs. Citing Ahmed (1985), the values that the Bushido inculcate serve to make them formidable warriors, the same characteristics that drive them to be where they are today, that is, in large economic enterprises.

These values are also taught in the Islamic teachings. Muslims who are committed to Islamic teachings uphold the values and portray the virtues in their behaviors. As stated by Junid (2010), the rise of Islam during the Dark Age of the West is also related to five values which are known as 'Muru'ah' values in Islam, which literally means 'manliness'. Every leader of Quraish who led Muslims at that time asked the Muslims to uphold and practice the 5 values. The same values were also given priority by the Sultan of Aceh in 1507 when he delivered his will which is called "the Aceh Code" (Junid, 2010).

Schwartz (2006, 2009) and Maio (1998) stated that actions in pursuit of any value have psychological, practical and social consequences that may conflict or may be congruent with the pursuit of other values. For example, the pursuit of achievement values may conflict with the pursuit of benevolence values - seeking success for self is likely to obstruct actions aimed at enhancing the welfare of others who need one's help. In the case of SMEs, the value conflict may always occur between the pursuit of benevolence values and seeking success for self.

For that reason, the present research will also take the five values of courage, honor, discipline, loyalty and hard work as another dimension of values to be studied and compared.

3.2 Self- efficacy

The literature indicates a growing number of studies on entrepreneurial motivation and orientation which include self-efficacy (SE) as an explanatory variable. SE has become one of the most studied topics today especially in psychology, since Bandura's (1977) seminal paper was published. SE became important because, as found by Bandura and other research scholars, SE can have an impact on everything from psychological state to behavior to motivation. Bandura found that an individual's SE plays a major role in how goals, tasks and challenges are approached.

Self-efficacy is defined as an individual's belief (or confidence) about his or her abilities to mobilize motivation, cognitive resources and courses of action needed to successfully execute a specific task within a given context (Bandura, 1997; Stajkovic and Luthans, 1998). Other concepts similar to self-efficacy found by Mitchell and Daniels (2003) that have been used by other research scholars include personal agency beliefs, personal efficacy, capacity beliefs and perceived competence.

A person with high self-efficacy is believed to also take negative feedback in a more positive manner and use that feedback to improve their performance. These motivational attributes are described by Shane et al. (2003) as important to the entrepreneurial process because they believe that business situations are

often ambiguous about which effort, persistence and planning are important. In addition, self-efficacy is a useful concept for explaining human behavior, as research reveals that it plays an influential role in determining an individual's choice, level of effort and perseverance (Chen et al., 2004). Simply stated, individuals with high self-efficacy for a certain task are more likely to pursue and then persist in that task than those individuals who possess low self-efficacy (Bandura, 1997). Based on the views of previous studies, this present study used SE as a motivational variable in understanding the motivational drive of Malay-owned SMEs to grow.

3.3 Entrepreneurial orientation

Entrepreneurial orientation research shows that entrepreneurs are found to be more innovative, competitive, risk taking and proactive than non entrepreneurs (Rauch and Frese, 2007; Okhomina, 2010). Lumpkin and Dess (1996) defined EO as a firm's strategic orientation, portraying entrepreneurial decision-making styles, methods and practices. Similarly, Burgelman (1983) described it as closely linked to strategic management and the strategic decision making process.

Entrepreneurial orientation (EO) has been operationalized in a number of ways in entrepreneurship literature. Drawing on a review of existing studies, Wiklund (1998:224), for example, argues that in general entrepreneurial orientation:

“... points to a number of actions that can be regarded as entrepreneurial, i.e. the development of new products and markets, proactive behavior, risk-taking, the start-up of new organizations and the growth of an existing organization.”

Lumpkin's (1998) study revealed that five distinct dimensions are autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness. Some research scholars view proactiveness and competitive aggressiveness as similar. For instance, Venkatraman (1989) and Okhomina (2010) suggested that proactiveness refers to processes aimed at anticipating and acting on future needs by seeking new opportunities, introducing new products and brands ahead of competition and strategically eliminating operations that are in the mature or declining stages of the life cycle. Seeking new opportunities by introducing new products and brands ahead of competition are competitive strategies to remain successful in the business arena.

The measure of EO most commonly employed in the studies by those mentioned scholars was developed by Covin and Slevin (1989) and was based on the earlier work of Khandwalla (1977) and Miller (1983). This scale, which consists of three dimensions, innovation, proactiveness and risk taking, has been adopted by numerous studies (e.g., Becherer and Maurer, 1997; Dickson and Weaver, 1997; Naman and Slevin, 1993; Steensma, Marino, Weaver, and Dickson, 2000). Later, Lumpkin and Dess (1996) added another two dimensions: competitive aggressiveness and autonomy.

With regards to the relationships among dimensions, Miller (1983) and Covin and Slevin (1989) suggested EO as a unidimensional construct. These scholars insisted that these three dimensions can be combined into a single scale. On the other hand, Lumpkin and Dess (1996), Lumpkin and Erdorgan (2000) and Kreiser (2002) claimed that dimensions of EO can vary independently of each other. This argument is based on the point that each dimension represents a different and independent aspect which might have responded to performance differently. Moreover, these scholars argued that some SMEs may be cautious and risk averse under some circumstances and risk taking in others. The work of Lumpkin and Dess (1997, 1998) and Lumpkin and Erdogan (2000) provide a theoretical support and empirical evidence that the dimensions of EO may vary independently. Thus, based on the study of Lumpkin and Dess (1996), this study employs four dimensions of entrepreneurial orientations: autonomy, proactiveness, innovativeness and risk taking.

4 Malay entrepreneurs and their values

Malaysia is a multi-racial country; the majority is Malays. The other two races are Chinese and Indians. But Malay entrepreneurs are less capable of surviving and growing as they tend to be inexperienced, late in joining the business world with less business exposure and less innovative and creative, as compared to the Chinese entrepreneurs (Charlesworth, 1974). Malays now lag behind the Chinese in controlling the

whole Malaysian economic system because the British favored the Chinese for business. As a result, huge inequalities are found between the Chinese and the Malays in areas such as education, employment and entrepreneurship. However, the Malaysian government is leading a strong initiative in promoting Malay or Bumiputra entrepreneurship to produce competent, capable and strong business leadership.

Malay SMEs hold to values which have been shaped by religion, political power and economic and socio-cultural situations passed down from generation to generation. Generally, Malay owner managers, in Malaysia, have gone through various stages in the process of change, which may also have affected their value system either positively or negatively. The Malaysian government emphasizes the religious values that encourage one to be in harmony with the group, to prioritize others, to be modest and to help those needed. With all these values exposed and inculcated among the Malays, there are several issues related to the value concept of the Malays that are raised: how do these values affect their entrepreneurial orientations? Which values are common among Malay owner managers? Which of those values affect entrepreneurial orientations significantly? As contended by Mohamad (2003), an understanding of the value systems and ethical codes of the Malays is a prerequisite for the planning of their future as the values of most Malays are closely connected to religious beliefs

5 The relationship between personal values, self-efficacy and entrepreneurial orientation

The role of personal values in motivation and behaviors has been highlighted by Schwartz (1992) and McShane and Glinow (2008) in their definition of values. The early studies of values looked at the impact of values on behaviors. Weber (1930) has been reported to be a pioneer in the work of religious values and behavior. The findings have received support from other prominent scholars (Hofstede, 1980; Rokeach, 1973; Shane, 2003) who found that people who value achievement are achievement driven and motivated to continuously achieve performance. McClelland (1961) studied three different needs of humans that influence their different types and different degrees of motivation. McClelland suggests that entrepreneurs who value achievement have high achievement motivation and this make them different from non entrepreneurs.

Later, the study on personal values was on dimensions rather than achievement orientation. There are streams of research on personal values dimensions. Researchers believed that people from different parts of the world have different cultures and religions that affect their way of thinking and behaving (Tayeb, 2003; Schwartz, 1992). Globalization has brought these scholars to focus more on cultural based values. These research scholars wanted to see not only how people differ and are similar in terms of their personal values across countries but also to see the interaction between the personal values, motivation, behaviors and the environment. They believed that SMEs from the same environment share the same values and might have the same drives. They also believed that there are the right values to be upheld in the right environment (Morris and Schindehutte, 2005; Blackman, 2003).

In the aspect of motivational factors that drive entrepreneurs to behave entrepreneurially, many studies show that motivational factors like self-efficacy, achievement orientation and internal control are positively related to entrepreneurial orientation (either innovative, proactive or risk taking). For example, McClelland and Koestner (1992) suggested that people with high levels of achievement motivation will be future oriented and will take tasks seriously if they believe that current tasks will influence future goals. In addition, in a student sample, achievement motivation was positively correlated with proactiveness (Bateman and Crant, 1993). Achievement motivation may also be linked to the innovativeness of the organization. For instance, Lumpkin and Erdogen (2004) found that achievement motivation is positively correlated with proactive orientation and innovativeness.

Other than achievement motivation, internal locus of control motivation is found to influence entrepreneurial orientation. Research indicates that internals tend to estimate probability of failure as lower and decide in favor of risky options (Hendrickx, Vlek and Calje, 1992). As an example of this tendency, internals are found to plan for expansion of their businesses even when unemployment rates are high (Ward, 1993). These results have shown that firms in which founders have higher internal locus of control may be more risk taking.

Interestingly, Poon et al. (2006) found otherwise. Poon (2006) found that self-efficacy was negatively related to proactive behavior and achievement motivation was found to have no impact on people's willingness to introduce new products, to be proactive towards the environment and to take risks. These inconsistent findings need further investigation.

With regards to the studies on the mediating effect of internal motivation, very few studies demonstrated the significant role of internal motivation in mediating personal values and entrepreneurial orientation relationship. One of the few studies on mediating role of self-efficacy was conducted by Boyd and Vosikis (1994) and Zhao, Seibert and Hills (2005). Boyd and Vosikis (1994), extending Bird's 1988 model of entrepreneurial intention, found self-efficacy to be an important mediator in determining both strength of entrepreneurial intentions and the likelihood that those intentions could result in entrepreneurial actions. Rauch and Frese (2007) believed that in starting a new business, self-efficacy is a crucial factor in increasing the likelihood of business start-up activity.

However, in the study by Zhao et al. (2005), self-efficacy was found to mediate the relationship between perceived learning from experiences and courses and entrepreneurial intentions. Baum and Locke (2004) study showed that motivation mediates the personality-success relationship and Shane et al. (2003) provided evidence for self-efficacy to mediate the relationship between personal characteristics and entrepreneurial orientation. The mediating role of self-efficacy appears to be rarely studied and therefore there is too little literature to summarize the mediating effects of self-efficacy on personal values-entrepreneurial orientation relationship. Therefore, the present study fills this gap.

6 Research framework and hypotheses

According to research purposes and literature reviews, the study proposes the research frame as shown in Figure 1. In this framework, personal values (PV) is the independent variable and orientation (EO) is the dependent variable. Further, we believe that this relationship is mediated by self-efficacy (SE). The model suggests that there is a strong impact of self-efficacy in determining entrepreneurial orientations. Personal values are important to self-efficacy motivation.

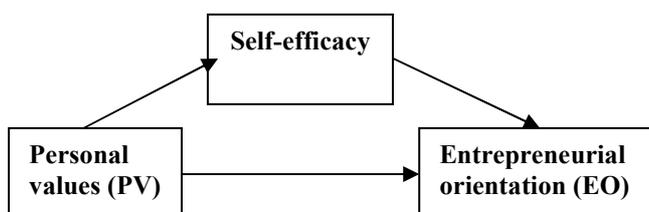


Figure 1: The conceptual framework of this research

Hypotheses

Based on the review of literature, the following hypotheses are proposed:

H1: there is a significant relationship between personal values and entrepreneurial orientation

H2: self-efficacy mediates the relationship between personal values and entrepreneurial orientation

7 Methods

A cross-sectional research design was used to examine the relationships between personal values, self-efficacy motivation and entrepreneurial orientation among small scale Malay SMEs. In order to focus on SMEs, lists were sought from the Majlis Amanah Rakyat (MARA). Malay was chosen for this study because Malaysia has a majority of the Malay population as compared to other races. Data were gathered based on mailed and personally administered questionnaires. A packet of 1500 survey instruments, enclosing a return envelope was sent to randomly selected individuals from the list. The respondents for this study were targeted as owners of the organizations because in small scale SMEs, the owners make every decision related to business, thus projecting the entrepreneurial orientations more clearly.

To maximize the return rate, three subsequent reminders were sent over telephone and the mail lists maintained by Majlis Amanah Rakyat (MARA) after the initial surveys were mailed. Telephone inquiries were conducted only three weeks later as a last resort for those SMEs that had not responded. The response rate for the survey was 14.46 per cent (217 responses). Due to missing values for at least two sections of the responses, 7 samples were discarded from this research and finally 210 samples were then processed and analyzed.

The majority of respondents were male who made up more than half of the sample group. The samples were mostly in the age group of 41 to 50 and 66 percent were married. More than 50 percent of the respondents have been in business for four years with less than 8 employees. The majority of them had between 3 to 5 employees.

Table 1: The number of respondents and the percentage according to their profiles

		No of respondents	%
Age	Less than 30	33	15.72
	Between 30 to 40	109	51.90
	Between 41 to 50	55	26.19
	More than 50	13	6.19
Marital status	Single	75	35.72
	Married	132	62.85
	Separated	3	1.43
Gender	Male	113	53.80
	Female	97	46.20
Education level	Secondary school	91	43.34
	Diploma	47	22.38
	First degree	53	25.24
	Masters	14	6.66
	PhD	5	2.38
Organizational form	Sole proprietorship	126	60
	partnership	84	40
Age of firm	3 years	73	34.76
	4 years	105	50.0
	5 years	32	15.24

8 Measurement

Based on the study by Junid (2010) and an exhaustive review of literature, an initial list of items that correspond to various dimensions of Bushido values was generated and tested with owner managers of SMEs. As a result of the interviews, 7 items for each value dimension were identified, except for 'honor' and 'hard work' which were 6. The questionnaires were then constructed and distributed to ten other Malay owned SMEs in the manufacturing sector.

The questionnaire underwent a couple of rounds of pretests with a group of SME owners located in the Klang Valley in Malaysia to improve the item wording and to ensure the items were also understood by the target respondents. This resulted in some modifications to several questions: on 'courage', 'loyalty',

'hard work' and 'honor' where the negatively worded questions were misunderstood. Therefore, the instrument was reconstructed by rewording the negative questions.

Respondents were asked to indicate the degree of importance of the values to their life and business. They had to circle a '1' if the value was opposed to their values, a '2' if it was not important, a '3' if it was not relevant, a '4' if it was important and a '5' if it was very important to them. This instrument was redistributed until the whole meaning of the questions were understood.

The list was then evaluated by the researcher with the help of literature in the field for its face/content validity. The completed items were submitted to three expert people in the organizational behavior field.

For the internal motivation, self-efficacy variable, Chen et al.'s (2004) instrument was adopted. There were 22 items which were measured using a 5 point-Likert scale. The questions asked the respondents to rate the degree of surety in performing well each of the roles and tasks listed in the questionnaire.

Entrepreneurial orientation dimensions, which are employed by Awang et al. (2010), were used in the study with measures adopted from Lumpkin and Dess (1996). The dimensions were: proactive, risk taking, innovative and autonomy, with a 12-item scale ranging from 1 (Strongly Agree) to 5 (Strongly Disagree).

9 Research Analysis and Result

9.1 Reliability, Multicollinearity and Regression Analysis

The study adopted Cronbach's α to measure the internal consistence reliability of the questionnaire. The reliability reported by Moore and Benbasat (1991) for the scale and Cronbach's alpha for scale reliability obtained for our sample. The results showed that Cronbach's α of personal values, self-efficacy and entrepreneurial orientations were 0.944, 0.906 and 0.811, respectively. It indicated that the design of the questionnaire had a high internal consistence.

The impact of multicollinearity is a concern for interpreting the regression variate (Hair et al., 1998). Highly collinear variables can distort the results substantially and thus are not generalizable. According to Bryman and Cramer (2001), the Pearson's r between each pair of independent variables should not exceed 0.80, otherwise the independent variables that show a relationship at or in excess of 0.80 may be suspected of exhibiting multicollinearity. The result in Table 2 show that none of the correlations between all independent variables exceed 0.80, which indicates that multicollinearity is not a problem in this study. Another two common measures for assessing multicollinearity are the tolerance and variance inflation factor (VIF) values. A common cut-off threshold is a tolerance value of 0.10, which corresponds to a VIF value above 10 (Hair et al., 1998). In the current study, the tolerance values of all variables are above 0.10. Likewise the VIF value is less than 10, thus further confirming that the multicollinearity problem is not a concern. The acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis the Durbin – Watson value of 1.909, which is between the acceptable ranges, shows that there were no auto correlation problems in the data used in this research. Thus, the measures selected for assessing independent variables in this study do not reach levels indicative of multicollinearity.

Table 2: Pearson Correlations Analysis

		SE	EO	PV
SE	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	210		
EO	Pearson Correlation	.589(**)	1	
	Sig. (2-tailed)	.001		
	N	210		
PV	Pearson Correlation	.736(**)	.561(**)	1

Sig. (2-tailed)	.000	.001	
N	210	210	

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

Table 3: Test of Collinearity

Variable	Tolerance	VIF
Perceived value	.811	1.315
Self-efficacy	.753	1.521
Entrepreneurial Orientation	.760	1.237

The results of regression analysis show that personal values ($\beta=0.484$, $p<0.001$) is positively and significantly related to entrepreneurial orientation (See Table 4). Therefore, H1 is supported. It could be concluded that due to the different nature of Malay entrepreneurs compared to other races, Malay entrepreneurs practice their own value in business in Malaysia. The Chinese started their business earlier than the Malay entrepreneurs. And Malay entrepreneurs were late in joining the business world with less business exposure, less innovativeness and creativeness generally, as compared to Chinese entrepreneurs. So their personal value is significantly influenced by the entrepreneurial orientation.

Table 4: The regression analysis among variables

Variables	β	R^2	F	Sig.
Personal values to Entrepreneurial Orientation	.484	.234	58.670	.001

9.2 Mediation Test

The study follows Baron and Kenny (1986, p.1177) suggestions to examine the mediating effects in three steps: (1) the independent variable must affect the mediator in the second equation, (2) the independent variable must be shown to affect the dependent variable in the first equation, and (3) the mediator must affect the dependent variable in the third equation. If these conditions all hold in the predicted direction, then the effect of the independent variable on the dependent variable must be less in the third equation than in the second. Perfect mediation holds if the independent variable has no effect when the mediator is controlled. As shown in Table 2, the study follows Baron and Kenny's (1986) suggestions to enact the mediation test. To test hypotheses two (H2), a regression analysis was needed to examine whether self-efficacy has mediation effect between personal values and entrepreneurial orientation.

First, the study let personal values as independent variable and self-efficacy as mediator variable. The results show that personal value is significantly and positively affected to self-efficacy ($\beta = 0.619$, $p<0.001$). Second, personal value and self-efficacy are the independent variable and entrepreneurial orientation is the dependent variable. The results indicate that personal values is significantly and positively affected to entrepreneurial orientation ($\beta= 0.484$, $p<0.001$). Moreover, self-efficacy is significantly and positively accounted for entrepreneurial orientation ($\beta= 0.619$, $p<0.001$). Third, personal values and self-efficacy regressed with entrepreneurial orientation ($\beta= 0.163$, $p<0.024$; $\beta= 0.519$, $p<0.001$). The results indicate that the β value of personal values is reduced from 0.484 to 0.163 and self-efficacy is significantly related to entrepreneurial orientation. Therefore, hypotheses two (H2) is supported. Self-efficacy provides a full mediation effect between personal value and entrepreneurial orientation (See Table 5).

Table 5: Mediation test of self-efficacy in the relationship between personal values and entrepreneurial orientation

Variables	Model 1	Model 2		Model 3
	Self-efficacy	EO	EO	EO
Personal Values (PV)	.619**	.484**		.163
Self efficacy (SE)			.619**	.519**
R Square	.383	.234	.384	.400
Adjusted R Square	.380	.230	.381	.394
F	119.064	58.670	119.570	63.703

*Note: significance at ** $p < 0.001$*

10 Conclusion

The result of this study shows that personal values is significantly related to self-efficacy, personal values is significantly related to entrepreneurial orientation and self-efficacy is significantly related to entrepreneurial orientation. Importantly, the findings of the study support that self-efficacy is a full mediator between personal values and entrepreneurial orientation. It means self-efficacy is not only indirectly a predictor of entrepreneurial orientation, it is also a central mechanism that leverages personal values influences on entrepreneurial orientation. It can be concluded that self-efficacy plays an important role in determining entrepreneurial orientations. Moreover, the results are convincing. These findings are in line with the findings of previous studies (Bird, 1988; Boyd and Vozikis, 1994; Rauch and Frese, 2007). Even though their studies were looking at the relationship between entrepreneurial intentions and the likelihood that those intentions would result in entrepreneurial actions, the mediating role of self-efficacy on this relationship shows that self-efficacy is important to initiate positive actions. An overall finding from most studies that examined the direct impact of self-efficacy on either entrepreneurial orientation or formation of entrepreneurial firms, results in an observation that individuals with higher self-efficacy have higher entrepreneurial orientations. The findings of this present study were convincing enough to conclude so. The findings revealed that self-efficacy has great influence on entrepreneurial orientations of Malay SMEs in the manufacturing industry. This influence has formed a new model of entrepreneurship.

The present study also indicates that Malay SMEs in Malaysia have good values, are confident and entrepreneurial. This is shown in the higher mean score of all the three variables: personal values, self-efficacy and entrepreneurial orientations. A possible interpretation could be that the individuals who have courage, loyalty, honor, discipline, and hard work have high self-efficacy to be innovative, proactive, risk taking and autonomous. However, does this remain true in all conditions or environment? This is yet to be uncovered. Therefore, in future research, it would be good if this relationship was studied in different environments so that we could see whether the impact of self-efficacy on entrepreneurial orientation remains the same under different environment.

11 Limitations of the study and future research

Among the limitations are time and situational constraints, where the respondents are only limited to the Klang Valley in Malaysia. A wider geographical area would have been preferable for generalizing the results to the overall population. Nevertheless, the response rate for this study is encouraging enough and this could be the basis for the future research. The result was generated from Malay entrepreneurs in Malaysia. Thus, the research result might not be representative of SMEs in other races in Malaysia and other countries as well. It is also important to note that it is possible that there might be regionalization of the respondents, and one therefore needs to be cautious in generalizing the results of this study to the overall population. Finally, the small sample size might not be substantive enough for this kind of

behavioral research. Moreover, all the respondents are Malays; hence, the results of this study cannot be generalized to the entire Malaysian population.

Future research to verify the results of this study could be conducted through more empirical cross-cultural and cross-country studies. In addition, attempts to investigate similarities and distinguishing characteristics of SMEs from various nationalities, industries and sizes could also be done in future research. Moreover, those studies could also be based on a broader set of cultural values. Potentially, a cross-cultural study investigating differences between Malays and non-Malays could provide additional insights in terms of motivation and entrepreneurial orientations. Potential correlations between some of the independent variables (e.g. gender, race, education, religion) are other implications that could also be revealed from future research.

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