

## **Entrepreneurial Orientation and Business Success of Malay Entrepreneurs: Religiosity as Moderator**

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### **Abstract**

*This paper presents a conceptual framework of the effects of entrepreneurial orientation on business success of Malay entrepreneurs. As Islam and the Malays are inseparable, the moderating role of religiosity in the relationship between entrepreneurial orientation and business success is incorporated and discussed in the framework. The implications of the framework for entrepreneurship theory and practices are also discussed. Propositions stated and model proposed in the paper can be tested in empirical studies in various economic sectors.*

**Key words:** entrepreneurial orientation, business success, religiosity, Malay entrepreneurs

### **1.0 Introduction**

Entrepreneurship is a global phenomenon. Entrepreneurship is increasingly regarded as an important activity to business firms. The author of entrepreneurship in both the popular press and scholarly literature has been praised important of entrepreneurship and often implicitly hold a positive relationship between entrepreneurship and performance results ( Lumpkin and Dess, 2001 ). In many countries, Small and Medium Size Enterprises ( SMEs) is important sector to spearhead the country's economy . Nowadays, SMEs are facing an increasingly pressure from the marketplace. Thus, entrepreneurial activities among SMEs has become even more crucial in achieving the firm sustainable competitive advantage ( Wiklund and Shepherd, 2003 ) and they are encouraged to implement an entrepreneurial strategic mindset in order to recognize the threats and capture the opportunities to ensure the firm's will continue to sustain the future ( Krueger, 2000 ).

In entrepreneurship and management literature, entrepreneurial orientation ( EO ) is considered the important concept for the firm strategy making. EO refers to the decision making styles, practices, process and behaviors that leads to 'entry' into new or established markets with new or existing goods or services ( Lumpkin and Dess; Wiklund and Shepherd 2003; Walter et al 2006 ). It uses to explain the minds of firms involved in pursuing a new venture and provides a useful framework to investigate entrepreneurial activities and reflects how a firms operates rather than what it does. (Lumpkin and Dess, 1996, 2001). The construct of EO has been discussed extensively in entrepreneurship literature. Recently, religiosity has become an important issue in entrepreneurship and management studies. To date, a lot of articles and academic papers have been published highlighted the role of this construct in enhancing motivation, job commitment, job satisfaction and leadership as well as organizational performance in the various setting. Similar to entrepreneurship, several studies have been made to establish the relationship between religiosity to business success.

Extensive literature suggests the significant impact of religiosity on human lives, where religious beliefs could significantly influence and guide people decision making and behavior. As such, various aspects of the role of this factor in entrepreneurship overlooked in the literature a long while should be explored. In this study, we add to previous studies that examined the effects of entrepreneurial orientation on business success. More specifically, this study proposes how religiosity enhances the relationship between entrepreneurial orientation and business success. This model is important for Muslim entrepreneurs, particularly the Malays.

## 2.0. The Three Concepts

### 2.1. Entrepreneurial Orientation

Entrepreneurial orientation is concerned with the firm-level strategic process that firms use to obtain a competitive advantage. There are many views on entrepreneurial orientation, some viewed EO dimension as one-dimensional ( eg; Covin and Slevin, 1986 ) and some agreement in recent theorizing considered EO dimension as a multidimensional ( Lumpkin and Dess, 1996; Knight 1997; Kreiser et al 2002 ). The original framework of entrepreneurial orientation was introduced by Miller (1983) using the dimensions of innovation, proactiveness and risk taking to measure entrepreneurship. It is held that an entrepreneurial orientation is required for a successful corporate entrepreneurship. These three dimensions have been adopted by subsequent studies (Covin and Slevin 1989; Lumpkin and Dess 1996; Lee and Peterson 2000; Kreiser et al 2002; Tarbishy et al 2005 ). Miller ( 1983 ) held that the entrepreneurial firm as “ one that engages in product-market innovation,, undertakes somewhat risky ventures and is first to come up with “pro-active” innovations, beating competitors to the punch” and also decided that entrepreneurial orientation incorporated three scopes : innovation, risk taking and pro-activeness.

Covin and Slevin ( 1989 ) further discussed EO when they labeled it as entrepreneurial strategic posture ( ESP ) and measured the ESP of small manufacturing firms. As Miller (1983), they stressed that firms are entrepreneurial if they pursue innovative, risk taking and proactive. They also stressed that the ESP is an important property of high-performance firms. Kreiser et al (2002) then describes the psychometric properties of EO. They also supported modelling EO with the same three sub dimensions of innovation, proactiveness, and risk taking. Tarabishy et al (2005) also adopted the original framework developed by Miller, with focus on innovativeness, risk-taking and pro-activeness measure ESP. Lumpkin and Dess (1996) described the EO as a process, practice and decision making activities that lead to new entry. They also differentiate between the EO and entrepreneurship. They identified the five dimensions of EO including autonomy, innovation, risk-taking, proactive and aggressive competitive, which form the basis of almost all the entrepreneurial process. Lee and Peterson (2000) also characterized the EO as entrepreneurial process in which entrepreneurship is implemented in terms of methods, practices and decision-making process for new entrants into the market. They also adopted the same five dimensions introduced by ( Lumpkin and Dess, 1996). Therefore, we have developed a measure of the five dimensions of EO.

### 2.2. Religiosity

The term religiosity is commonly used interchangeably with the term “ spirituality”. However religiosity is easier to explain than spirituality ( Rulindo et al, 2007 ). The early famous definition of religion was given by Taylor (1891) who defines religion as “the belief in spiritual beings”. Mohapatra ( 1990 p.5 ) states :

“Religion is a growing, dynamic thing, elemental, personal and broad in scope. In fact, religion is something which must be realized and experienced, not defined”

Religiosity can also be something like metaphysical or concerned with the ground and purpose of the world people call as God ( Rahner and Vorgrimler, 1981). Perveen and Maqbool ( 2007 ) categorized the three domain of religiosity into concrete, abstract, and metaphysical. Concrete religiosity refers to the behaviors and practices carried out by individuals who profess to a faith ( Doyle, 1992 ). Delener ( 1990 ) defined religiosity as “ the degree to which beliefs in specific religious values and ideals are held and practiced by an individual”. Thus, religiosity can be a means of unity among members of a society. But in different vein, religion is a major source of culture differences. For instance, Humpreys ( 1996 ) had mentioned that there is certainly a significant gap between Judeo-Christian Western traditions in the UK and USA and also be found in the Islamic culture.

Religiosity in Islamic perspectives comes from the word spirituality originates from the word ‘spirit’ which mean *ruh* in Arabic. *Ruh* is element given by Allah to all mankind. ( Rulindo et a,l 2007 ) While spirit is translated as *ruh*, spiritual in Arabic can be translated as *ruhiyyah*, something that is related to *ruh* or the sense of *ruh*. Thus, spirituality can be translated as *ruhaniyyah* or a condition of the *ruhiyyah*. Mohd Husein Yaakob ( 2000 ), notes that *ruhaniyyah* is the condition of someone realizes the presence of a relationship between man and God.

Therefore, the main difference between Western view and the Islamic perspectives on spirituality is the belief of spirituality toward religion. From Western viewpoints, there are two thought on this issue. First, views spirituality is rooted in religion but the other separate spirituality and religion. In the Islamic context, religion is the relationship between man and God, in particular how man worship to his God. When Muslim professes Islam, it means that, he had accepted this religion as a code of conduct for his life. This will set as a criterion for his actions. Muslim considered the instruction from religion as system of divine regulations; thus, religion provides divine guidelines to the right way of believing and living. Al-Attas (1992) explained the concept couched in the term of *din*, which is generally understood to mean religion. The concept of *din* is different from the concept of religion as understood through Western religious.

Based on these facts, the definition of Islamic religiosity is as follow :

“The degree level of individual commitment, involvement and practice internally and externally to the fundamental principles of Islam”.

### 2.3. Business Success

Small business success can be defined in various ways by different scholars, In simplest way, small business success may be defined as the firm ability to survive or to sustain in business ( Lussier and Pfeifer, 2001 ). However, some researchers have used criteria based on financial measures to gauge business success eventhough these criteria may not fully appropriate to small business entities such as profitability, sales growth, market share and cash flow to define success ( Chaganti and Chaganti, 1983; Hornaday and Wheatley, 1986; Storey et al; 1987 Thorpe, 1989; Kelmar, 1990 ). Masuo et al ( 2001 ) in their studies defined business success in terms of economic or financial analysis which include return on assets, sales, profits, employees and survival rates ; and non pecuniary measures such as personal development and achievement and customer satisfaction. Jennings and Beaver ( 1997 ) stress that determinants of small firms success or failure is a complex, dynamic and problematic issues.

A number of studies have reported diverse factors as measurement for success and failure in small business venture. As surveyed by Larson (1987) factors such as service and quality, dedication and hard work, growth potential, innovation, emphasis on quality and efficiency are crucial to succeed in business. Some scholars included intrinsic criteria such as freedom and independence, controlling a person’s own future, and being one’s own boss; whilst extrinsic factors are, among others, increased financial returns, personal income, and wealth Paige and Littrell ( 2002 ); innovation and risk taking behavior ( Bird, 1989 ), prior start-up experience, an effort to reduce business risk, long working hours, ability to communicate well, good customer service, devoting more time in planning, flexibility, participation and adaptive organization ( Duchesneau and Gartner, 1990 )

Determinants of business success are diverse in nature. Therefore, it is difficult to attribute success or failure of a small firm to a universal set ( Coy et al, 2007 ) and measurement used to gauge business successes are suitable for large corporation and sometimes may not appropriate for small business. Thus, the actual root of success may lie in a combination of internal and external factors within which the small business operates.

Research also indicates that business success can be improved when key variables are correctly aligned ( Naman and Slevin, 1993 ). The correlation between the entrepreneurial orientation of the business and its success has been discussed, conceptually ( Covin and Slevin, 1991 ); ( Lumpkin and Dess, 1996 ) and empirically ( Wiklund and Shepherd, 2005 ; Covin and Slevin 1989; Lumpkin and Dess, 2001 ). Unfortunately, a lot of question remain unsolved ( Moreno and Cassillas, 2008 ). According to contingency theory, congruence or “fit” among key variables such as industry conditions and organizational process is crucial for obtaining optimal business success ( Lawrence and Lorsch, 1967 ). This theory holds that the relationship between two variables depends on the level of a third variable. (Rosenberg, 1968, pg 100), suggests that introducing moderators into bivariate relationship would produce “more precise and specific understanding” of contingency relationship.

There are also literatures discusses variables that potentially moderate the entrepreneurial orientation and performance relation ( e.g Lumpkin and Dess, 1996; Zahra and Covin, 1995; Zahra and Garvis, 2000 ) but there are little consensus and agreement on what are the suitable moderators.

Rauch et al ( 2009 ), found considerable variation in the magnitude of the correlation between EO and business success. They have concluded that other variables moderate the strength of the EO and business success. Although scholars are interested in figuring out if additional moderator variables simultaneously affect market and entrepreneurial orientation on business success, limited empirical studies have existed. ( Huang, S.K and Wang, Y. L, 2011 )

To date, the huge numbers of EO studies assume a direct effect of EO and business success. However, studies empirically testing and reporting moderator effects found support for them ( Frese, Brantjes and Hoorn, 2002; Wiklund and Shepherd, 2003 ). The research design of previous studies limited the assessment of moderators, Rauch et al ( 2004 ). Thus, further examination of the conditions under which EO is particularly beneficial to business success is an area where substantial theoretical and empirical contributions can be made. Taken together, these findings suggest that developing new and improved measures of EO could possibly benefit on EO study. Further research to redefined measurements, exploring the underlying processes related with entrepreneurial activity and recognizing multidimensional nature of entrepreneurial orientation will contribute to the greater understandings of entrepreneurial orientation and its relationship towards business success.

### ***3.0. Modeling Business Success***

The success factors of business establishment are influence by internal and external factors. As reported by Yusof (1995) found that South Pacific entrepreneurs rated the level of education and training were key business success. Surveyed by Kader et al ( 2009 ) found that external factor such as government assistance in training and extension services, the external environment, market support by the government, market accessibility and networking were seen highly regarded by rural entrepreneurs for business success. As for internal factors, the entrepreneurial quality was seen as utmost important in small business success as well as pricing, delivery and services and human resources. The findings of the study implicitly supports the concept of managerial skills and management competence as vital characteristics of successful small business. As mentioned by Ibrahim and Goodwin ( 1986 ) that “ inadequate management skill ” was the main cause of business failure and therefore “increased management education “ would be able to minimized small business failure.

To date, researchers have argued that business success is driven by entrepreneurial orientation ( Covin and Slevin, 1991, Lumpkin and Dess, 1996; Wiklund and Shepherd 2004 ). Awang et al (2009) reported the significant and positive relationship of autonomy and innovative dimension of EO to business success. Innovative and risk taking have direct impact on performance supported studies in EO-success relationship ( Covin and Slevin 1989, Begley and Boyd, 1987; Kreiser et al 2002, Lumpkin and Dess ,1996 ). In entrepreneurship literature, the role of religion in entrepreneurship has been the subject of debate from the time of Adam Smith tried to understand what impact religious beliefs had on economic behavior. Recently, there are some researchers to study the influence of religion and entrepreneurship. For instance, Dodd and Seaman ( 1999 ) argued that drawing upon theory, and empirical evidence, that religion and enterprise enjoy a complex, and interdependent relationship.

In their study, they have found that religion operates as an environmental munificence factor of the relationship between society and enterprise. The study also indicates that individual religion affects believer’s entrepreneurial activity , and influencing the decision to become entrepreneurs, enterprise management, and entrepreneur’s contact network. However, spectre of Weber still haunts some analyses of the role of entrepreneurial middle class, and that the entrepreneurship literature does not provide consistent support for the development of an understanding of the level if religiosity in the entrepreneur.

### ***4.0. Entrepreneurial Orientation and Business Success***

The vast majority of study the relationship of entrepreneurial orientation ( EO ) and business success started in the United States of America. Other researchers has performed the EO study in other places for instance, Sweden ( Wiklund and Shepherd 2003, 2005 ), Slovenia ( Antonic and Hisrich 2001,2004; Antonic 2006 ), South Africa ( Goosen et al, 2002 ), China ( Chen et al, 2005 ), Greece ( Dimitratos et al, 2004 ) Finland ( Jantunen et al , 2005 ), Germany ( Walter et al, 2006 ) Vietnam and Thailand ( Swierczek and Ha, 2003 ), Netherland ( Kemelgor 2002; Stam and Elfring 2008 ), United Kingdom ( Hughes and Morgan, 2007 ) and Turkey ( Kaya 2006 ). Entrepreneurship scholars have attempted to explain success by investigating the relationship between these two constructs.

Recently, Rauch et al (2009) performed a meta-analysis of the relationship between EO and business success. Their study of 51 articles from various aspects showed a significant positive relationship between EO and business success. Of the 51 articles studied, only four studies reported mixed or insignificant results. Swierczek and Ha (2003) found a partial positive relationship, where as Walter et al ( 2006 ) found EO has indirect relationship with business success.

Some studies found that entrepreneurial orientation enables small and new venture firms which is less than ten years to perform better ( Lussier, 1995 ) and enhance firm success ( Ireland, Hitt, and Sermon, 2003; Lumpkin and Dess 2001; Wiklund and Shepherd, 2005; Zahra and Gravis, 2000 ). While some other studies on entrepreneurial orientation ( EO ) continually found the significant effect on business success ( Covin and Sevin, 1991; Lumpkin and Dess, 1996 : Zahra and Covin 1995 ). There were also researchers' found each EO dimension affect business success differently ( Kreiser, Marino and Weaver, 2002; Lumpkin and Dess 1996, 2001 ). High innovativeness exhibits positive relationship with sales growth, while pro-activeness is reported to produce positively relationship with sales level, sales growth and gross profit ( Kreiser et al, 2002 ). On another study, risk taking yields inverted curvilinear relationship with sales level and sales growth (Begley & Boyd, 1987; Kreiser et al 2002; Miller and Friesen , 1982 ). In other notes, pro-activeness and competitive aggressiveness are related to business success differentially ( Kreiser et al 2002; Lumpkin and Dess 2001 ) and innovation and pro-activeness were found not equally critical in determining firm's success ( Kreiser et al, 2002 ). Sascha et al ( 2011 ) found that proactive firm behavior positively contributes to SME performance during the economic crisis. The study also discovered, innovative SMEs do perform better in turbulent market environments, but the firms' should avoid too risky activity.

Based on the literature review the first proposition can be drawn as:

**PI:** Entrepreneurial orientation has a significant positive impact on business success of Malay entrepreneurs.

### ***5.0. Religiosity, Entrepreneurial Orientation and Business Success***

Many studies see direct relationship between religiosity and business success such as Anderson et al ( 2000 ) study on the one macro aspect of munificence enterprise and the tradition of Christian religion found that religion played a significant roles on enterprises culture. Pio ( 2010 ) study the role of spiritual and ethnic entrepreneurship among immigrant ethnic Dawoodi Bohras in Sweden found that women among the Dawoodi Bohras ethnic able to negotiate their spirituality within their role as ethnic minority women entrepreneurs, which gives meaning to their existence and increases their honour in their community. John et al ( 2010 ), uncover some of the effects of Islam and Shari'a on female entrepreneurship on various socio-economic factors in Muslim country found that human capital to be instrumental in respondent's choice of business, type of financing sought and level of networking. They also discovered religious groups would not confer an advantage when doing business and female entrepreneur who are abided by Islamic customs were accepted in a typically male-dominated market

Carswell et al (2007) study the influence of religion and entrepreneurship among 2000 respondents in New Zealand. The study indicates that increasing in ethnic and religious diversity is not negatively influence on entrepreneurship. The study also found that non-Christian have shown more entrepreneurial attitude than Christian. Conroy et al ( 2004 ) found religious attitudes among university students in the United States of America who taking business ethics courses, found that the overall impact on students were minimal. They found that the religiousness have significant influence on the perception of ethics, but through religious and ethics courses, changes on the ethical behavior was minimal. They concluded that external factors are more dominant in the formation of individual attitudes than taking the religious and ethics courses.

Mardahatillah et al ( 2007, 2008 ) uses a simple correlation analysis and qualitative analysis respectively to explore the relationship between entrepreneur's spirituality and their business performance. The result shows that spirituality of micro-entrepreneur influence the business performance. Neck and Milliman ( 1994, 1999 ) found that spirituality may enhance organizational performance and teamwork and also employee commitment in the organization. In relation to creativity, Neck and Milliman ( 1994 ) mentioned that spirituality could lead in enhancing innovation, in condition the organization willingness to provide the employees with purposeful and compelling organizational vision. Employee becomes even more creative when they feel and get enough support from the employer.

Some research suggests that leader's religiosity may be associated with organizational success, including entrepreneurial effort, sales growth rate and ROI ( Bellu and Fiume, 2004; Ibrahim and Angelidis, 2005; Weber, 1905 ) while other studies have found no relationship between leaders' religious motivation and business success ( Dodd and Seaman, 1998; Nair and Pandey, 2006 ). Dodd and Seaman (1998) found that the religious motivation of small company leaders may have particularly strong effects in influencing business contacts and conducting business decision. Research support that leaders' religious values and belief effect and guide business decision and behavior ( Giacalone and Jurkiewicz, 2003 ). Study shows that there are two views of leader's religious and their effect to organization. The positive side views religious leaders' as a person who will be able to create successful, humane organizations because of their inner belief provides a foundation to build strong, ethically-based personal values ( Waever and Agle, 2002; Wong, 2008 For example, study on Malaysian Evangelical Christians found that those who had practiced their religion longer were less tolerant of unethical practices than those newer to the faith ( Wong, 2008 ).

In contrast, from a negative views there is significant evidence that religiosity does not consistently predict ethical behavior ( Agle and Van Buren 1999, Batson et al 1993; Clark and Dawson, 1996; Hood et al, 1996 ), although more actively religious people may say they would behave more ethically ( Conroy and Emerson, 2004; Kennedy and Lawton, 1998; Maclean et al , 2004 ). Researchers agreed that an individual's religious orientation had a significant impact on personal attitudes and behaviors. It was found that intrinsic religious orientation has a significant positive correlation with emotional intelligence, but extrinsic religious orientation has a negative correlation with emotional intelligence ( Liu, 2010 ). While some empirical literature found religious belief and entrepreneurship activity are somewhat mixed, but most studies suggests a positive relationship between religious belief and entrepreneurial activities ( Hirschmeier, 1964; Woodrum, 1985; Kwon 1997; Iyer 1999; Martes and Rodriguez, 2004 ). Other studies ( Dodd and Gotsis, 2007; Dodd and Seaman, 1998) suggests the relationship between religious belief and entrepreneurial activity is not significant. Researchers in religious belief tends to classify a significant relationship of economic growth appear from both developed and emerging countries, while non significant relationship derived from more stagnant European economies and do not clearly distinguish between early stage entrepreneurs and long-term small business owners.

Barhem et al (2009) on the study of religious and work stress amongst Muslim found that self-evaluation of faith ( role conflict, role ambiguity, role overload quantitative, quantitative role overload, career development, and responsibility for others) is not related significantly to any dependent variables and the faith level among respondent were reported low. The result also indicated Muslim female found to experience more job stress as compared to male . Barhem et al ( 2009 ) examined the relationship between religiosity and the feeling of work stress, as represented by Muslim attitudes towards religiosity. The majority of respondents reported a low level of faith. Muslim females were identified to experience more work stress than males

At macro-level study, in a cross-country growth regression framework, Barro and McCleary ( 2003 ), analyzing data from 59 mostly developed, countries found that Hinduism, Islam, Orthodox Christianity and Protestantism were negatively associated with per capita income growth relative to Catholicism, while Sala-I Martin, Doppelhofer, and Miller ( 2004 ) in larger sample of 88 countries, obtained the result that Islam, and in specifications, Confucianism, were positively associated with per capita income growth relative to an excluded category apparently consisting of everyone except Confucians, Muslims, Buddists, Protestants, Hindus, Catholics and Orthodox Christians. Barro and McCleary ( 2003 ) also find that the intensity of belief ( though not church attendance ) is positively associated with per capita income growth while Sala-I-Martin, Doppelhofer and Miller do not uncover any relationship between intensity of belief and per capita growth.

Barro et al ( 2003 ) in their study on religion and economic growth, stated that “ Our central perspective is that religion affects economic outcomes mainly by fostering religious beliefs that influence individual traits such as honesty, work ethic, thrift, and openness to stranger. For example, beliefs in heaven and hell might affect these traits by creating perceived rewards and punishments that relate to ‘good’ and ‘bad’ life time behavior. From this perspective, organized religion, and more specifically, attendance at religious service, would affect economic performance mostly indirectly, that is through influences on the religious beliefs. Hence, we envision a chain whereby church attendance affects religious beliefs, which affect individual traits, which affect individual and aggregate economic outcomes”.

The entrepreneurship researchers also attempt to link EO with several moderator for instance, Covin and Slevin (1989) found that there is a significant effect of entrepreneurship on business success in hostile environment, but seems to be not significant relationship in benign environment. Some researchers, have included environment as a moderator or as a control variable. For instance, Lumpkin and Dess (2001) found environmental hostility to be a significant moderator in the relationship between entrepreneurial orientation and firm profitability. As Wiklund and Shepherd (2003) has included environmental munificence and heterogeneity as control variables in their research found that environment munificence to be a significant control variable in the relationship between knowledge-based resources and entrepreneurial orientation. Li et al (2008) has measured technological turbulence as a moderator on EO in China's transitional economy study. The result indicates positively moderating relationship.

Stam et al (2008) included the moderating role of intra-and extra-industry social capital on the relationship of EO and new venture performance reveals that the moderating effect can explain both positive and negative performance effects of a firm's entrepreneurial orientation. Richard et al (2009) found CEO industry tenure positively moderates and CEO position tenure negatively moderates, the EO to performance relationship. De Clercq et al (2010), found internal social context which consist of procedural justice, trust, and organizational commitment as significant moderator in the relationship between entrepreneurial EO and performance in Canadian based firms. There are also researchers included EO itself as a moderator such as Li et al (2008) and Casillas et al (2011). A surveyed by Pearce et al (2010), found that the religious organization benefited from the utilization of entrepreneurial orientation concepts. They found religious organization engaged in effective combination of innovativeness, autonomy, pro-activeness, competitive aggressiveness and risk taking and thereby enhance the organizational success.

Based on the literature review the second proposition can be drawn as :

**P2:** The positive relationship between EO and business success is moderated by religiosity, such that this positive relationship is stronger at higher levels of religiosity of entrepreneur.

The two propositions give rise to the business success model as shown in Figure 1. This model, however, should include some other control variables, such as firm size, firm age, educational level of entrepreneurs, and resource and capability of firms due to their considerable impact on business success in theory and previous empirical studies (Kallerberg and Leicht,1991, Kraut and Grambsch,1987, Rowe et al 1993; Masuo et al 2003 2001, ).

## **6.0. Conclusion**

This conceptual paper outlines the effects of entrepreneurial orientation on business success of the Malay entrepreneurs. We have argued that, the firm EO has significant impact on business success. In the study, we also incorporated the moderating role of religiosity in the relationship between entrepreneurial orientation and business success. The results of the study would provide implications for managers and business operators who attempt to enhance their business to view this relationship very significantly. Vast majority of previous studies had shown positive and significantly relationship of implementing the entrepreneurial orientation processes in enhancing the business success. In relations to religiosity as moderator, it is misnomer to limit the religiosity benefit only to society and community. As Islam is universal, thus there is no separation between Islamic religiosity and the Malays entrepreneurs. We argued religiosity is positively moderates the relationship between EO and business success. Although the empirical study on the relationship of entrepreneurial orientation, Islamic religiosity and business success is scarce. Drawing upon extant empirical evidence on Western studies, we believed the Islamic religion and enterprise enjoy the similar characteristics.

## **7.0. Suggestions for Future Research**

Some research opportunities can be recognized from the study of entrepreneurial orientation (EO) and their association to business success. Initially, the study held up prepositions that EO has positive relationship with business success. Since the context in this study were Malays entrepreneurs from both service industries and manufacturing with the common characteristics in terms of location and experience. Future research could consider single industries or/and large businesses to determine outcome similarities or differences.

Family own business of various races are also possible. Secondly, this study examine the relationship of EO to business success at a particular time. Thus, the insight of the study is restricted by the “snapshot” taken in this study. Future research should also incorporate a longitudinal study. A longitudinal study, such as few years, would indicate or not consequential improvements in business success show in the result. Thirdly, this study depends on perceptual data by a single person from SMEs business. Future research should initiate to use objective measures as a comparative with the perceptual data gathered in order to increase confidence in analysis.

Lastly, in relation to construct of EO, future research could explore the possible antecedents of EO. Valuable insight could be obtained to determine the potential influence of the antecedent of EO and its effects on business success. Another moderator test could also significant in the future study.

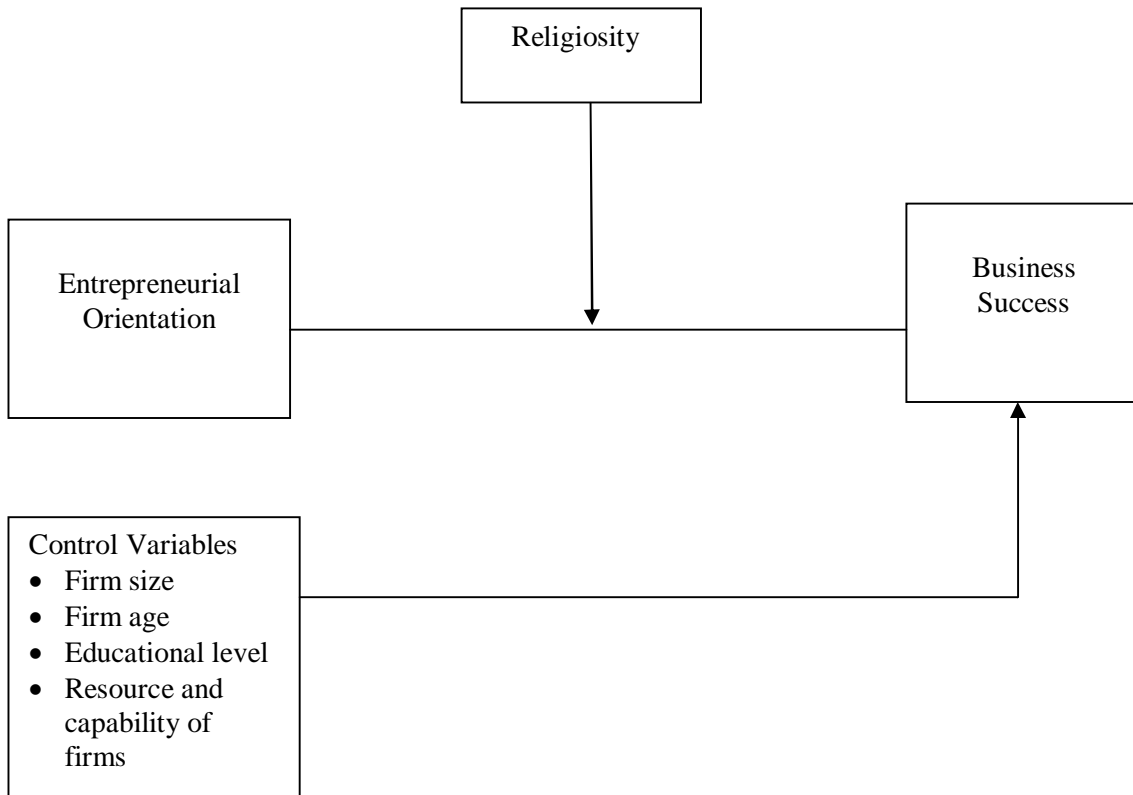


Figure 1. A proposed business success model

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