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**THE INFLUENCE OF ENTREPRENEURIAL ORIENTATION AND
SOCIAL CAPITAL ON THE BUSINESS PERFORMANCE AMONG
WOMEN ENTREPRENEURS ALONG WEST COAST SABAH,
MALAYSIA**

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ABSTRACT

The aim of this paper is to investigate the relationship between entrepreneurial orientation (i.e. proactiveness, innovativeness, risk taking) and social capital (e.g. structural, relational and cognitive) on business performance. A total of 128 women entrepreneurs participated in the survey. The outcome was based on analyses from Structural Equation Modelling (SEM) using the Partial Least Square (PLS) technique version 2.0. The results show that risk taking, structural social capital, relational social capital and cognitive social capital are positively related to business performance among women entrepreneurs. However, proactiveness and innovativeness was found not significantly related to business performance. Samples of our study is quite small, only involves women entrepreneurs in West Coast of Sabah. Therefore, this finding obtained is not representing the women entrepreneurs' performance in Malaysia. Social capital played important roles to women entrepreneurs and risk taking contribute to business performance. Therefore, this study gives some guideline to prospect women entrepreneurs who desire to embark in future business.

Keywords: Entrepreneurial Orientation, Social Capital, Business Performance

Paper type Research paper

1.0 Introduction

In many developed and developing countries, entrepreneurship has been regarded as an important element that contributes to economic growth. Government worldwide increasingly recognized the growing role of small enterprises as driver of growth and job creation as well as effective tools for poverty alleviation. Many previous studies on business performance suggested both behavioural and contextual factors have significant impact on enterprise performance. Nevertheless, it is found that most extant studies on enterprise performance are limited to companies which involved male entrepreneurs, and based on developed states. It is believed that female entrepreneurs who owned enterprises in less developed state or province, due to differences level in their business knowledge and abilities (Cromie, 1987; Fabeil, 2013),

as well as capital and resources (Cromie, 1987; Thien *et al.*, 2014) may not progress the same as male entrepreneurs.

Women across the country face many socio-cultural, legal, family, lack of management training, access to markets and economic barriers impeding the business performance of their enterprises. These challenges have impacted on the women's ability to exploit their entrepreneurial orientation, participate in social networks and hence grow their enterprises (Lois and Annette, 2005). In addition, some studies have also found that women entrepreneurs compared to men entrepreneurs, exhibited different entrepreneurial behaviours or entrepreneurial orientation dimensions in pursuing their business successfully. Lerner *et al.* (1997), in their study on factors influencing the performance of women-owned enterprises in a developing country, found that due to lack of business knowledge and abilities, network affiliations like membership of social or trade associations have provided potential markets for their products and services, thus increasing profitability. Lee and Tsang (2001) in their study on the effects of personality, background and network activities on venture growth suggest that entrepreneurs having connections with external people in the business network has positive effects on sales and profits of their enterprise. Therefore, it is believed that networking activities may also help women entrepreneurs and their enterprise to generate new ideas, solve problems and develop new business. These studies imply that women entrepreneurs may possess unique entrepreneurial orientation dimensions (proactiveness, innovativeness, and risk taking) that enhance their business performance and may need to rely on network affiliations for some aspects of social capital (knowledge and competencies) which may influence their business performance.

In Malaysia, the development of women-owned enterprises has been receiving support from the government as well as the non-government agencies, not only through provision of financial assistance, but also through training, physical infrastructure such as entrepreneur incubator, laboratory and business consultancy (Harper, 1991; Berma, 2001). Nevertheless, the contribution of women entrepreneur has not really discussed thoroughly and to the best of knowledge, the improvement of business performance has not tested well because of some issues and challenges in the marketplace. The expectations for women and their role in the family means they may have less opportunity to devote themselves full time to work endeavours, being subject to time fragmentation, career interruption, and frequently lower expectations for success and growth in their entrepreneurial endeavours (Birley and Muzyka, 2000).

The government has taken a number of initiatives, non-government organizations, both local and international to increase the business performance of women micro and small enterprises in Sabah. However, women enterprises are still predominantly micro and small, with very few women having growth-orientated enterprises. The failure of many of these women to exploit fully their entrepreneurial orientation and social networks to influence business performance may be attributed to the minimal growth observed among women owned enterprises. SMEs women owned and women entrepreneurs need to do networking among themselves and relevant party to grow their business. By networking, they will be able to get access to the knowledge and opportunities in leveraging their talents or services. It is about identifying the demand and supplies. According to Telegraph UK, they stated that in United Kingdom itself, 99% are SMEs and contributing to the country about 3,300 billion Pounds. However, in Malaysia, the statistic shows lower amount, where Malaysia socio-economy still depends on the government link companies and multi-national companies to contribute to the country. Therefore, this paper aims to address this gap by investigating the factors such as entrepreneurial orientation (proactiveness, innovativeness and risk taking) and social capital (structural, relational and cognitive) toward the business performance among SMEs women entrepreneurs in West Coast Sabah.

2.0 Theoretical background

2.1 Business Performance

In today's economic environment, measuring business performance is a critical concern for academic scholars and practicing managers. It is important to consider the aspects of differentiation that may be potentially confounded between subjective (also described as perceived or perception performance) and objective measures. In general, it is difficult to measure business performance due to the distinction on the nature of industry and mode of profit. Most empirical researchers have varied definition and measurement of business performance. Scholars have chosen concepts of different levels of performance according to the objective in empirical study, such as financial performance (e.g. Zahra and Covin, 1995) long-term performance (e.g. Wiklund, 1999) as well as innovation performance (e.g. Stam and Elfring, 2008).

Performance could be evaluated in both subjective and objective methods. Three types of indicators have been generally adopted in organizational performance studies including the growth, profitability and market share expressed by either financial or non-financial indicators. Dess and Robinson (1984), explained that the financial indicators of performance measurement are even more thin, especially in the changing competitive environment, non-financial performance should be considered in order to fill the gap in case of insufficient information.

According to Covin and Slevin (1991), enterprises involved in entrepreneurial activities had more emphasis on growth rate and profit margin which can be estimated by financial indicators of sales growth and return on investment. In addition, Wiklund (1999) examined the relationship between entrepreneurial orientation and performance, using sales growth, employee growth, market value growth and sales growth compared with competitors, as a measure of growth performance; and gross margin has been selected as a benefit of financial indicator. Furthermore, Dess, Lumpkin and Covin (1997), stated that the sales growth, profitability, returns on investment and overall performance as performance measurement.

Besides that, regular indicators used in measuring business performance are profit, return on investment (ROI), and turnover or number of customers (Wood *et al.*, 2006). However, Mann and Kehoe (1994) and Franco-Santos *et al.* (2007) suggest measuring business performance through the business performance measurement (BPM) system, as it is an important tool within many research areas, particularly in business and social science studies.

Performance is a multidimensional concept and the relationship between entrepreneurial orientation (EO) and performance may depend upon the indicators used to assess performance (Lumpkin and Dess, 1996). The empirical literature reports a high diversity of performance indicators (reviews by Combs *et al.* 2005; Venkataraman and Ramanujam, 1986) a common distinction are between financial and non-financial measures. Financial measures are frequently used alone apart from the growing importance of others environmental aspects (Lumpkin and Dess, 1996), and numerous studies represent firm performance as unidimensional constructs. In addition, Crook *et al.* (2008) also recognized the difficulties posed by multiple performance measures and lack of precise definition of the performance construct.

On a conceptual level, one can distinguish between business performance measures and measures of profitability. While these concepts are empirically and theoretically related, there are also important differences between them (Combs *et al.*, 2005). For example, businesses may invest heavily in long-term growth, thereby sacrificing short-term profits. The conceptual argument of the EO performance relationship focuses mainly on financial aspects of performance. In summary, it is difficult for researchers to accurately estimate performance, particularly when using mailed questionnaires, as the data will be

subject to measurement errors caused by the confidential nature of the data and variance in accounting procedures among participating firms (Dess and Robinson, 1984). The study conducted by Zulkifli (2011) used the seven-point-likert scale in empirical research in evaluating business performance. In terms of financial performance, studies can rely on self-report or archival data collected from secondary sources. While self-reported data may offer greater opportunities for testing multiple dimensions of performance, such as comparisons with competitors (e.g., Wiklund and Shepherd, 2005), such measures may be subject to bias because of social desirability, or common method variance.

2.2 Entrepreneurial Orientation

EO proposes a framework which is reflected in current processes of the company and organizational culture. EO provides the latest knowledge that help in exploiting the new and innovative market opportunities (Li, 2009). An entrepreneurial climate could create a knowledge sharing aptitude in the organization and this in turn would help different divisions of the organization to discover new opportunities and drive it toward becoming innovative in the future (Li, 2006). Majority of entrepreneurship researchers believe that organizations with a strong EO achieve their goals more efficiently (Dess and Lumpkin, 2005).

EO has its roots in the strategy making process literature (e.g., Mintzberg, 1973). Strategy making is an organization wide phenomenon that incorporates planning, analysis, decision making, and many aspects of an organization's culture, value system, and mission (Hart, 1992). Consistent with Mintzberg, who noted that strategy making is "important, in terms of the actions taken, the resources committed, or the precedents set" (1976, p.246), EO represents the policies and practices that provide a basis for entrepreneurial decisions and actions. Thus, EO may be viewed as the entrepreneurial strategy making processes that key decision makers use to accomplish their firm's organizational purpose, sustain its vision, and create competitive advantages. Therefore, we can summarize EO is a strategy-making process that portray an organization's entrepreneurship.

Most literatures in an entrepreneurship's field examine the relationship between EO and organizational performance with beliefs that firms with strong EO perform much better than those that do not adopt an EO (Covin and Slevin, 1986; Hult *et al.*, 2003; Wiklund and Shepherd, 2003). However, the research findings have mixed results. Some studies show no significant or lower correlation relationship between EO and performance (Covin, Slevin and Schultz, 1994; Lumpkin and Dess, 2001).

The conceptual arguments of previous research converge on the idea that firms benefit from highlighting newness, responsiveness, and a degree of boldness. Extensive discussion of the arguments can be found in Lumpkin and Dess (1996). Indeed, these suggestions form the basis for the interest in studying the relationship between EO and performance (Miller, 1983). In an environment of rapid change and shortened product and business model lifecycles, the future profit streams from existing operations are uncertain and businesses need to constantly seek out new opportunities. Therefore, firms may benefit from adopting an EO. Efforts to anticipate demand and aggressively position new product or service offerings often result in strong performance (Ireland, Hitt and Sirmon, 2003). Thus, conceptual arguments suggest that EO leads to higher performance. However, the magnitude of the relationship seems to vary across studies.

Based on previous studies, there are two primary approaches in conceptualizing EO: the composite dimension and multidimensional approach. The first approach, which is the composite approach suggested by Covin and Slevin (1989), EO represents an undimensional construct characterized by innovativeness, risk-taking, and pro-activeness. The second approach proposed by Lumpkin and Dess (1996), EO is characterized by innovativeness, autonomy, risk-taking, pro-activeness, and competitive

aggressiveness (Lumpkin and Dess, 1996), which vary independently depending on the external and internal context. Although a unidimensional construct does not adequately represent the various factors involved in entrepreneurial processes and their varying impact on performance outcomes, most previous researchers on EO use the composite dimension approach.

The EO construct has generally sought to capture and measure the degree to which an organization consistently acts entrepreneurially rather than conservatively (Covin and Wales, 2012). The three original dimensions of EO risk taking, innovativeness, and pro-activeness, suggested by (Miller, 1983) were derived from a review of the strategy-making process including the work of (Mintzberg, 1973) among others and also from entrepreneurship literature (Miller, 2011). Miller (1983) defines an entrepreneurial company as one which is involved in the markets with innovative products, including slight risk, leads in innovation, and puts its rivals in a tight spot. Another research study from Wiklund and Shepherd (2005) also describe EO by using three dimensions: innovativeness, pro-activeness, and risk-taking. These three dimensions shape the EO as a single construct and therefore regard it as a reflective indicator, with assumption that there is a positive relation between EO and business performance: the higher the EO, the higher the firm's performance will be. Based on Miller's (1983) conceptualization, three dimensions of EO have been identified and used consistently in the literature: pro-activeness, innovativeness, and risk taking.

2.2.1 Proactiveness

Pro-activeness 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 (Miller, 1983). It is intended to measure the firm's tendency to lead, rather than follow, in terms of developing new procedures, technologies, and new products or services (Covin and Slevin, 1989). Although pro-activeness is a characteristic of firms that are the first to introduce new products or services, some researchers have found that the second firm to enter a new market can be just as pioneering as the first entrant and just as likely to achieve success via proactiveness (Miles *et al.* 1978). Therefore, we hypothesize:

H1: Proactiveness is positively associated with business performance.

2.2.2 Innovativeness

Innovativeness refers to a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes (Lumpkin and Dess, 1996). Such firms innovate frequently while taking risks in their product market strategies (Miller and Friesen, 1982). Miller (1983) also define innovativeness is the reflection of a company's tendency toward new ideas and creative processes, the result of which may exist in new products, services or technological processes. It is also a reflection of the people within the company to engage in creativity and experimentation who are willing to try new ways of doing things and actively introduce improvements and innovations in their organization such as of new products or services as well as processes. By adopting a strong EO and organizational learning, and facilitating social ties between companies, an organization could promote the required knowledge to create innovation (Zahra and George, 2002). Therefore, we hypothesize:

H2: Innovativeness is positively associated with business performance.

2.2.3 Risk Taking

Miller and Friesen (1982) define risk-taking as “the degree to which managers are willing to make large and risky resource commitments, that is, those which have a reasonable chance of costly failures.” Firms with an EO tend to engage in risk-taking behaviour, such as incurring heavy debt or making large resource commitments. Another study conducted by Miller (1983) stated that risk taking involves taking bold actions by venturing into the unknown, borrowing heavily, and or committing significant resources to ventures in uncertain environments. It also motivates team members to take greater ownership of projects and tolerate greater risks (Swink, 2003). In summary, it indicates the tendency of companies toward allocation of basic resources to the projects that have success or failure possibility in them. Therefore, we hypothesize:

H3: Risk taking is positively associated with business performance.

2.3 Social Capital

Social capital plays a major role in entrepreneurial activities because it is a socio-economic process that relies on the social context and circumstances from two points of views; first, entrepreneurs are products of their social environment. Second, entrepreneurship is a social activity and existence or lack of social links and connections affects the nature of businesses (Anderson and Miller, 2003).

Fukuyama (1995) defines social capital as a set of informal norms, while Putnam (1996) refers social capital with focuses on aspects of social life. Nahapiet and Ghoshal (1998) explain that social capital is a set of values that are hidden and stem from a network of personal and organizational links. It includes norms, values, orientations, networks and social relations governing behaviours and interactions among individuals. It involves trust building with direct effect on competitive advantage (Fussel *et al.*, 2006). It helps the members to cooperate to achieve their shared goals (Chou, 2006).

Akdere and Roberts (2008) suggest that social capital occurs in three levels, micro, middle and macro levels. At micro level, it is formed wherever human relations exist. At middle level, it is formed among members of a group. Relations created as a result of group membership and belongingness can provide opportunities for development of social capital. At macro level, social capital happens in larger social environments and includes formal relations and structures, such as rules and regulations and legal frameworks (Akdere and Roberts, 2008).

Indeed, social capital is a concept that has been accepted as a valuable asset for protection and safety of society, empowerment of organizations and likelihood of civil society (Timberlake, 2005). Social capital is known to be valuable in facilitating knowledge sharing, value creation, competitive advantage, better and faster performance, and further development of organizations (Abili and Faraji, 2009). It plays a vital role in meeting organization’ needs and contributing to their survival in today’s world of competition. It acts as a management tool for fulfilling organizations’ goals more effectively and with less cost. This article focuses on the organizational approach as highlighted in the work of Nahapiet and Ghoshal (1998). In that, it refers social capital in three main aspects i.e. relational, cognitive, and structural aspects (Nahapiet and Ghoshal, 1998).

2.3.1 Structural

Structural social capital indicates the overall pattern of connections between members (Nahapiet and Ghoshal, 1998). Structural social capital is about the strength of the relationships, the amount of time spent in interactions and the frequency of communication with the members of the related group.

According to Nahapiet and Ghoshal (1998), structural dimension which refers to non-personal links between individuals or units. It shows whom and how individual have access to and how individual interact in order to learn, share and exchange information, ideas and knowledge. Measurement for structural social capital in this research is adapted from Chiu *et al.* (2006) and Chen (2007) on four items. In that, it assesses the extent to which members maintain close social relationships and familiar relations with other members, spend time interacting with other members and communicate with other members within their group. Therefore, we hypothesize:

H4: Structural Social Capital is positively associated with business performance.

2.3.2 Relational

The relational aspect of social capital is indicative of a type of personal relationship in which individuals form relationships based on the background of their interactions. It focuses on the particular relationships that members have with one another, such as respect and friendship (Nahapiet and Ghoshal, 1998). Anderson and Narus (1990) argue that the most important aspects in relational social capital are trust, norms, requirements and expectations, and identity. It is explained that trust is the source for discourse and the main pillar of communication (Anderson and Narus, 1990). While Starbuck (1992) emphasizes social norms, honesty and teamwork as key characteristics of knowledge-based firms; Coleman (1990) discriminate the requirements from generalized norms and takes it as expectations formed within personal relationships. Kramer and Tyler (1996) affirm that the sense of identification developed in individuals or commonly known as identity can increase the anxieties about processes, collective results and the possibility of information transfer (Andrews, 2010). Therefore, we hypothesize:

H5: Relational Social Capital is positively associated with business performance.

2.3.3 Cognitive

Cognitive social capital refers to shared language, code, and narratives among members (Nahapiet and Ghoshal, 1998). In other words, the cognitive aspect of social capital is indicative of the fact that as long as individuals interact as members of a group, they can form better sets of shared goals for organizations. Leana and Pil (2006) claim that shared views and goals create values that facilitate the development of integrity and shared responsibility. In brief, the cognitive aspect includes but not limited to, goals, perspectives, and shared values between the agents of a social system that enables them to acquire information and classify them to perception groups (Nahapiet and Ghoshal, 1998). Therefore, we hypothesize:

H6: Cognitive Social Capital is positively associated with business performance.

3.0 Research Methodology

3.1 Participants and procedure

Table 1 shows the demographic profile of the respondents. A total of 128 respondents were involved in the final sample. The respondents consist a total of 128 women entrepreneurs. Approximately 0.8% (1 respondent) of the respondents was below the age of 20, 10.2% (13 respondents) were in the age range of 20 to 30, 48.4% (62 respondents) in the age of 31 to 40 and 40.6% (52 respondents) were in the range of age of 41 to 50 years old.

The analysis of the respondents' information reveals that 45.3% of the respondents were married (58

respondents), 40.6% (52 respondents) were single, and the divorced and widowed are 11.7% (15 respondents) and 2.3% (3 respondents) respectively.

As for educational achievement, this study had collected information of the entrepreneur and their father, mother and spouse. From the analysis, 32% (41 respondents) have skills certificates, 27.3% (35 respondents) have diploma and 21.9% (28 respondents) have their first degree. On the other hand, SPM, primary school, never attended school, Master/PhD and A-level leaves 7% (9 respondents), 5.5% (7 respondents), 3.1% (4 respondents) and 0.8% (1 respondent) respectively.

From the analysis, 57.8% (74 respondents) of the respondents have children, while the remaining 42.2% (54 respondents) do not have children. Before doing business, 42.2% (54 respondents) were employed, 18.8% (24 respondents) were a student, 17.2% (22 respondents) were in another business, 11.7% (15 respondents) were unemployed and 10.2% (13 respondents) were housewife.

Table 1. Profile of Respondents

Demographic Variables	Categories	Frequency	Percentage
Age	Below 20	1	0.8
	20 to 30	13	10.2
	31 to 40	62	48.4
	41 to 50	52	40.6
Marital Status	Married	58	45.3
	Single	52	40.6
	Divorced	15	11.7
	Widowed	3	2.3
Owner's Level of Education	Never attended school	4	3.1
	Primary School	7	5.5
	SPM	9	7.0
	A-Level Secondary School	1	0.8
	Skills Certificate	41	32
	Diploma	35	27.3
	First Degree	28	21.9
Spouse Level of Education	Never attended school	2	1.6
	Primary School	1	0.8
	Skills Certificate	23	18
	Diploma	22	17.2
	First Degree	11	8.6
	Others	69	53.9
Father Level of Education	Never attended school	32	25
	Primary School	30	23.4
	SPM	7	5.5
	Skills Certificate	24	18.8
	Diploma	24	18.8
	First Degree	10	7.8
	Master/ PhD	1	0.8
Mother Level of Education	Never attended school	12	9.4
	Primary School	57	44.5
	SPM	33	25.8
	A-Level Secondary School	2	1.6
	Skills Certificate	14	10.9
	Others	10	7.8
Father's Main Occupation	Government	42	32.8
	Non-government	32	25

	Self-employed	28	21.9
	Unemployed	26	20.3
Mother's Main Occupation	Self-employed	36	28.1
	Unemployed	78	60.9
	Not answer	14	10.9
Spouse's Main Occupation	Government	23	18
	Non-government	18	14.1
	Self-employed	11	8.6
	Unemployed	1	0.8
	Not answer	75	58.6
Children	Yes	74	57.8
	No	54	42.2
Family Structure	Alone	19	14.8
	Extended Family	82	64.1
	Nuclear Family	27	21.1
Before Doing Business	Unemployed	15	11.7
	In another Business	22	17.2
	Housewife	13	10.2
	Employed	54	42.2
	Student	24	18.8

Table 2 shows the demographic profile of the respondents' firm. From the analysis, 64.8% (83 respondents) are sole proprietorship and 35.2% (45 respondents) are in a partnership business ownership. All of the respondents have business license. As for business sector, 43% (55 respondents) are in business trade, 37.5% (48 respondents) are in services, while the remaining 19.5% (25 respondents) are in manufacturing. In terms of company size 61.7% (79 respondents) are small, 37.5% (48 respondents) are micro and 0.8% (1 respondent) is medium.

Table 2. Profile of Respondents Enterprise

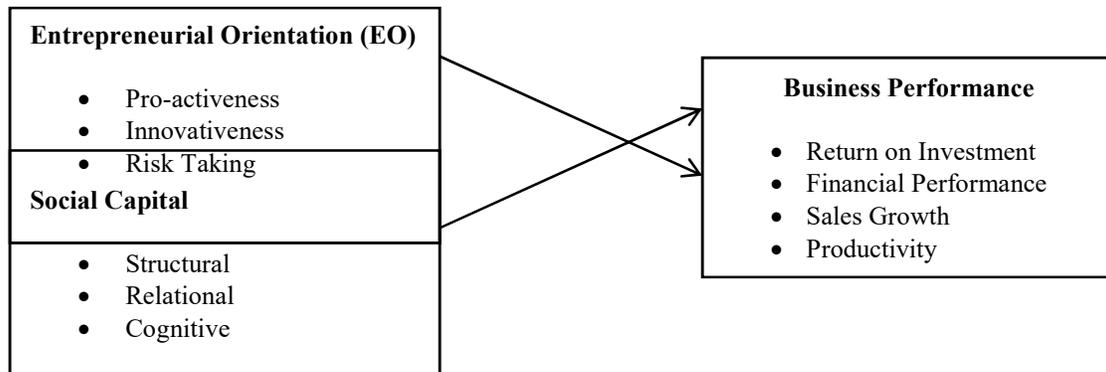
Demographic Variables	Categories	Frequency	Percentage
Business Ownership	Partnership	45	35.2
	Sole Proprietorship	83	64.8
Business License	Yes	128	100
Business Sector	Manufacturing	25	19.5
	Services	48	37.5
	Trade	55	43
Company Size	Medium	1	0.8
	Small	79	61.7
	Micro	48	37.5

3.2 Measure

Our study is to investigate the relationship between the constructs of entrepreneurial orientation (proactiveness, innovativeness and risk taking) and social capital (structural, relational and cognitive) towards the business performance (See Figure 1). Women entrepreneur answers 25 items of the entrepreneurial orientation, social capital and business performance and also demographic section. The measurement of entrepreneurial orientation was adapted which included the first dimension proactiveness 3 items (Hughes and Morgan, 2007), innovativeness 6 items (Miller & Friesen, 1983; Hurt *et.al*, 1977; Hughes & Morgan, 2007), and risk taking 6 items (Lumpkin and Dess, 1996; Hughes, 2007). Social capital measurement also adapted from Chiu *et.al*, (2006) Chen (2007), Wasko and Faraj (2005) and Tsai and Ghoshal (1998). The business performance measurement is from Ramayah, *et al*. (2011). The appendix summarized the detail items deploy in this study. For the data entry, researchers are using SPSS

20.0 and statistically analyzed using Partial Least Squares (PLS) technique through the SmartPLS program version 2.0 software (Ringle, *et al.* 2005).

Figure 1. A model of the hypothesized relationships



4.0 Results

In order to fit with the requirements of convergent and discriminant validity several items were removed from each exogenous variables (i.e. items P3, I1, I3, I5, I6, R3 = item negative statement, R4, R5, R6, SSC2, SSC3, RSC2, RSC4 and BP4) due to low loadings score. Based on Table 3, the results of the measurement model showed that all the estimated indices were above the threshold (Bagozzi and Yi, 1988) of 0.7 for Composite Reliability (CR) and 0.5 for Average Variance Extracted (AVE). More specifically, the results indicate that the AVE for each of the constructs was in the ranged of 0.676 to 0.931 and the composite reliability for all of the constructs were ranged between 0.736 to 0.976.

Table 3. Result of the measurement model

Model Constructs	Items	Loadings	AVE ^a	CR ^b
Business Performance (BP)	BP1	0.780	0.676	0.861
	BP2	0.758		
	BP3	0.919		
Proactiveness (P)	P1	0.901	0.720	0.736
	P2	0.792		
Innovativeness (I)	I2	0.832	0.738	0.837
	I4	0.886		
Risk-Taking (R)	R1	0.755	0.752	0.752
	R2	0.967		
Structural Social Capital (SSC)	SSC1	0.942	0.879	0.935
	SSC4	0.933		
Relational Social Capital (RSC)	RSC1	0.943	0.931	0.976
	RSC3	0.998		
	RSC5	0.953		
Cognitive Social Capital (CSC)	CSC1	0.861	0.799	0.922
	CSC2	0.875		
	CSC3	0.943		

Note: ^aAverage Variance Extracted (AVE) = (summation of the square of the factor loadings)/{(summation of the square of the factor loadings) + (summation of the error variances)}, ^bComposite Reliability (CR) = (square of the summation of the factor loadings)/ {(square of the summation of the factor loadings) + (square of the summation of the error variances)}, items P3, I1,I3,I5,I6, R3 = item negative statement, R4,R5,R6, SSC2, SSC3, RSC2, RSC4 and BP4 were deleted due to low loadings.

Table 4 indicates that all of the constructs in this study have met the criterion as suggested by Gefen and Straub (2005). To be exact, all of the studied constructs have showed acceptable discriminant validity. Table 4 represents the square root of AVE and the correlations between constructs. The results showed that the square root of AVE is larger (in bold) than the correlation with other constructs. In Table 3 depicts the loadings and cross-loadings for all of variable construct were included. The loadings on each respective construct were bold across the rows reveals that each item, loads higher on its respective construct than on any other construct. Going down a column also shows that a particular constructs loads highest with its own item. Taken together, this implies of adequate discriminant validity (Chin *et al.*, 2010).

Table 4. Discriminant validity of constructs

Constructs	BP	CSC	I	P	RSC	R	SSC
BP	0.822						
CSC	0.375	0.894					
I	0.049	0.096	0.859				
P	-0.052	-0.020	0.034	0.849			
RSC	0.262	0.115	-0.084	-0.106	0.965		
R	-0.224	-0.221	-0.102	-0.065	0.066	0.867	
SSC	0.387	0.448	0.049	0.003	0.257	-0.084	0.937

Note: Diagonals (in bold) represent the average variance extracted while the other entries represent the squared correlations

Table 5. Loading and Cross Loadings

Items	BP	CSC	I	P	RSC	R	SSC
BP1	0.780	0.349	-0.090	-0.010	0.208	-0.266	0.275
BP2	0.758	0.236	0.108	-0.027	0.090	-0.143	0.240
BP3	0.919	0.323	0.117	-0.082	0.302	-0.142	0.412
CSC1	0.166	0.861	-0.082	0.070	0.222	-0.216	0.297
CSC2	0.314	0.875	0.052	-0.085	0.059	-0.226	0.408
CSC3	0.425	0.943	0.179	-0.003	0.092	-0.174	0.444
I2	0.036	0.093	0.832	0.006	-0.058	-0.099	0.117
I4	0.048	0.075	0.886	0.047	-0.083	-0.080	-0.014
P1	-0.054	0.025	0.126	0.901	-0.164	-0.101	-0.086
P2	-0.024	-0.114	-0.192	0.792	0.074	0.045	0.205
R1	-0.151	-0.036	0.015	-0.016	0.057	0.755	0.042
R2	-0.229	-0.300	-0.159	-0.085	0.059	0.967	-0.151
RSC1	0.242	0.151	-0.146	-0.058	0.943	0.040	0.313
RSC3	0.300	0.116	-0.033	-0.117	0.998	0.120	0.244
RSC5	0.195	0.056	-0.074	-0.136	0.953	0.005	0.175
SSC1	0.336	0.427	0.116	0.066	0.251	-0.130	0.942
SSC4	0.386	0.412	-0.016	-0.052	0.232	-0.033	0.933

Note: Bold values are loadings for items which are above the recommended value of 0.5

Figure 2. Business Performance model

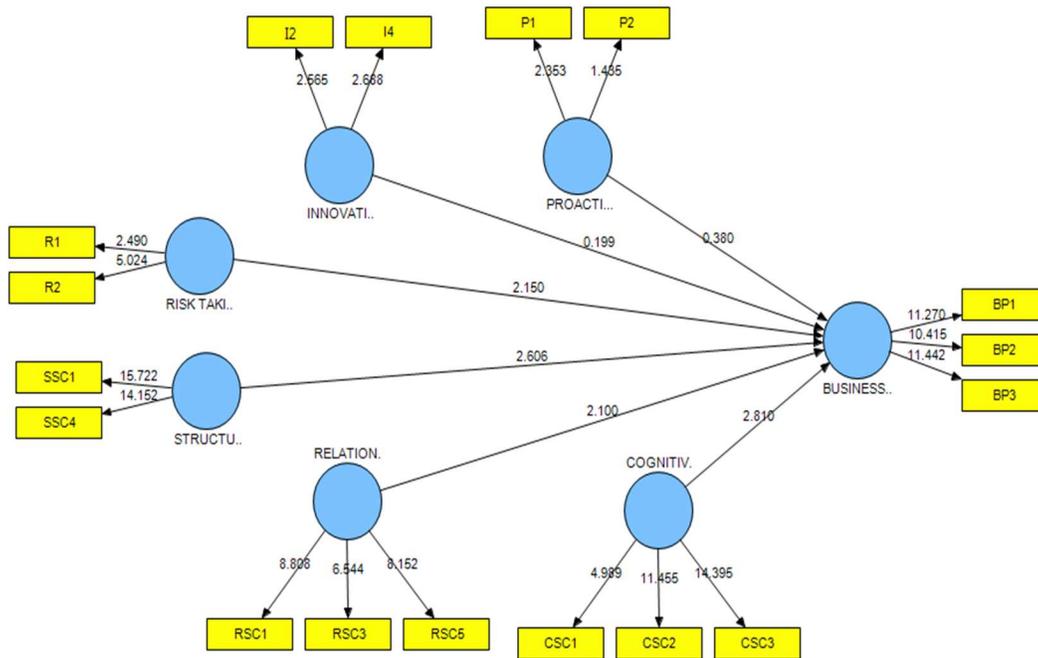


Figure 3. The PLS algorithm results

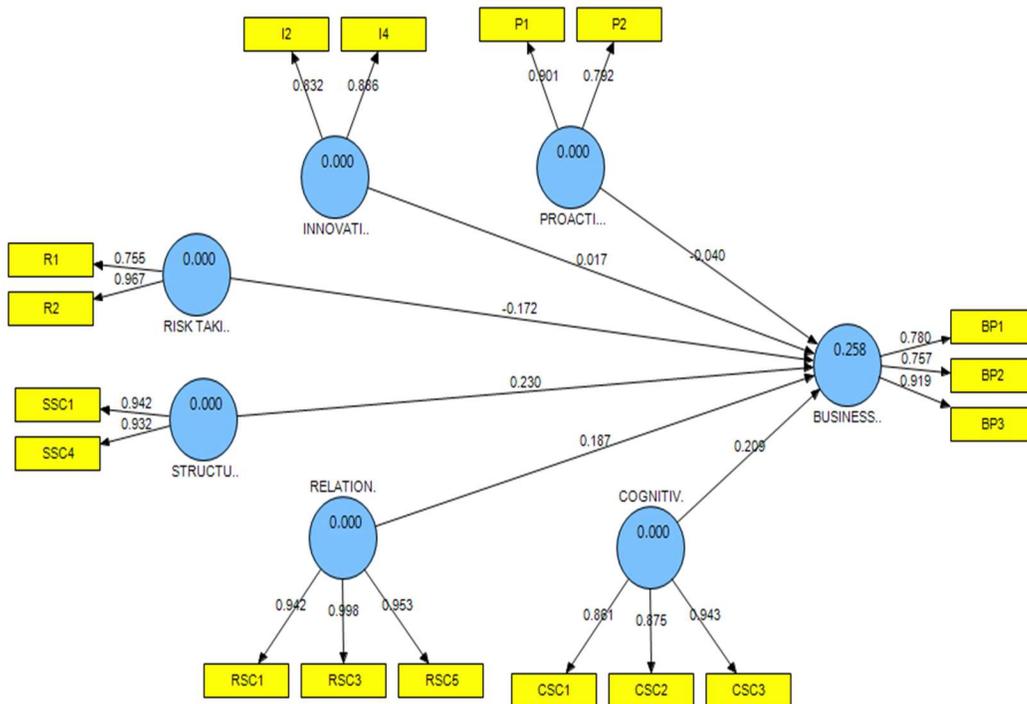


Table 6. PLS path model results

Hypothesis	Relationship	Beta (β)	Standard Error (SE)	T-Value ^a	Decision
H1	Proactiveness -> business performance	-0.041	0.088	0.380	Not supported
H2	Innovativeness -> business performance	0.017	0.080	0.199	Not supported
H3	Risk-taking -> business performance	-0.172	0.089	2.150**	Supported
H4	Structural -> business performance	0.230	0.107	2.606**	Supported
H5	Relational -> business performance	0.187	0.088	2.100**	Supported
H6	Cognitive -> business performance	0.209	0.075	2.810**	Supported

Notes: t-values are computed through bootstrapping procedure with 128 cases and 5000 re-samples, * $p < 0.5$; ** $p < 0.01$; *** $p < 0.001$

Figure 2, shows the conceptual model and the bootstrap results of the study. More specifically, the results indicated that entrepreneurial orientation, namely proactiveness ($\beta = -0.041$, $t = 0.380$) and innovativeness ($\beta = 0.017$, $t = 0.199$) has no significant influence on business performance, but only risk taking ($\beta = -0.172$, $t = 2.150$) were accepted. Three dimension of social capital has significant influence on business performance such as structural ($\beta = 0.230$, $t = 2.606$), relational ($\beta = 0.187$, $t = 2.100$) and cognitive ($\beta = 0.209$, $t = 2.810$). Therefore, H3, H4, H5 and H6 were supported whereas H1 and H2 were not supported. Cohen (1988) recommended that R^2 values for endogenous latent variables could be assessed as 0.26 (substantial), 0.13 (moderate) and 0.02 (weak). Based on figure 3, our study applies the condition from Cohen (1988) where the R^2 result is substantial = 0.256 or 26% of the variances in business performance can be explained by the exogenous variables (i.e. R, SSC, RSC and CSC). The t-value of the entire exogenous constructs in Table 6 shows that, the cognitive social capital is the most important influence factor on business performance.

5.0 Discussion and Conclusions

The current study has been carried out to gain a better understanding of the relationship between entrepreneurial orientation, social capital and business performance. The specific research objectives of this study i.e. a) to investigate the relationship between social capital (structural, relational and cognitive) and business performance among SMEs women entrepreneurs in West Coast Sabah and b), to investigate how entrepreneurial orientation (proactiveness, innovativeness and risk-taking) has an impact towards the social networking factor in business performance. There is considerable evidence that supports the idea provision of network development opportunities for women micro-entrepreneurs could improve business performance by connecting women to valuable business resources and overcoming inequality caused by structural gender discrimination (Seon and Sherraden, 2014).

Much as there is growing acceptance among scholars that entrepreneurial orientation and social capital contribute to performance of enterprises, the study found out that the social capital such as structural, relational and cognitive did significantly influence the performance of women entrepreneurs. However, only risk-taking, one of the entrepreneurial orientation that had been studied have significant influence in the performance of their business, while the other two dimension, innovativeness and proactiveness did not significantly influence the performance of their business. The reason might due to nature and size of the businesses is different. This shows that perhaps many factors could possibly explain business performance, but the study only focused on women entrepreneurial orientation and social capital. By understanding the impact of entrepreneurial orientation dimensions and social capital towards business performance, firms can plan their strategy effectively to achieve their business goals. Moreover, there is a need to understand the important roles of each dimension of entrepreneurial orientation such as the proactiveness, innovativeness and risk taking and also social capital dimensions, namely, structural, relational and cognitive, in order to enhance the firms' business strategy. This paper provides evidence about what makes women businesses grow successfully. The results are useful to provide insights to the

Malaysian government to improve support measures that are specifically tailored to women entrepreneurs by providing the right incentives to their enterprises.

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Appendix

Constructs	Code	Items	Source
Proactiveness	P1	People within the company initiate actions to which other organizations respond.	Adapted from Hughes and Morgan (2007)
	P2	The company excels at identifying opportunities.	
	P3	People within our organization always try to take the initiative in every situation (e.g., in projects and when working with others).	
Innovativeness	I1	Management actively responds to the adoption of “new ways of doing things” by main competitors.	Adapted from Miller and Friesen (1983)
	I2	We are willing to try new ways of doing things and seek unusual, novel solutions.	
	I3	We encourage people to think and behave in original and novel ways.	Adapted from Hurt et al. (1977)
	I4	People within the company actively introduce improvements and innovations in our organization.	Adapted from Hughes and Morgan (2007)
	I5	The company is very creative in its methods of operation.	
	I6	Company continually seeks out new ways to do things.	
Risk Taking	R1	In general, I have a strong propensity for high-risk projects (with chances of very high return).	Adapted from Lumpkin and Dess (1996)
	R2	I believe owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve our organization objectives.	
	R3R	When there is uncertainty, our organization typically adopts a “wait and see” posture in order to minimize the probability of making costly decisions.	
	R4	The term 'risk taker' is considered a very positive attribute for people in the company.	Adapted from Hughes and Morgan (2007)
	R5	People working in the company are very much encouraged to take calculated risks with new ideas.	
	R6	I have strong emphasis on both exploration and experimentation for new opportunities.	
Structural Social Capital	SSC1	I maintain close social relationships with some of the members of the group.	Adapted from Chiu <i>et al.</i> (2006) and Chen (2007)
	SSC2	I know some of the members of the group.	
	SSC3	I have frequent communication with some members of the group.	
	SSC4	I spend a great deal of time interacting with some members of the group.	

Relational Social Capital	RSC1	Members of the group will not take advantage of others even when the opportunity arises	Adapted from Chiu <i>et al.</i> (2006) and Wasko and Faraj (2005)
	RSC2	Members of the group will always keep their promises to one another.	
	RSC3	Members of the group would not knowingly do anything to disrupt a conversation	
	RSC4	Members of the group behave in a consistent manner.	
	RSC5	Members of the group are truthful in dealing with one another.	
Cognitive Social Capital	CSC1	Members of the group share the vision of helping others to solve their professional problems.	Adapted from Tsai and Ghoshal (1998)
	CSC2	Members of the group share the same goal of learning from each other.	
	CSC3	Members of the group share the same value that helping others is pleasant.	
Business Performance	BP1	Return of Investment	Adapted from Ramayah <i>et al.</i> (2011)
	BP2	Financial Performance	
	BP3	Sales Growth	
	BP4	Productivity	

R: Reverse coding