



**Newcastle Graduate School of Business**

Faculty of Business & Law

**Entrepreneurial Orientation  
and Managerial Competence:  
Are they Complementary or  
Contradictory to SME Performance  
in Malaysia?**

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## Statement of Originality

*The dissertation contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying subject to the provisions of the Copyright Act 1968.*

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## **SYNOPSIS**

Research interest of this dissertation is sparked by a phenomenon in Malaysian SMEs sector. The contemporary issue of “why experienced professional managers could fail in starting their small businesses and why SME entrepreneurs could not sustain their business success” becomes questionable to both academicians and practitioners. This study conceptualizes the integration of entrepreneurial orientation (EO) and managerial competence (MC) in relation to Malaysian SME performance (SME-p). It is intended that the research findings will be of high scholastic value to the advancement of entrepreneurial intelligence and intellectual while providing practical approach to reducing the failure rate of SME formation and development in Malaysia.

The research problem of whether there is a complementary or contradictory relationship between EO and MC towards Malaysian SME-p leads to hypotheses development that postulates the moderating effect of MC on the relationship between EO and SME-p in Malaysia.

This dissertation necessitates a quantitative research design with positivism as its research philosophy. The methodology entails the design of Likert scale questionnaire to collect measurable data for analysis by scientific instrument such as SPSS 20 software. 1068 samples have been identified using non-probability sampling techniques. These SME respondents are approached with self-administered mail questionnaire method. Their returned data (26.4% response rate) have been statistically and rigorously analyzed.

The research findings suggest that there is no impact of MC as moderator on the relationship between EO and Malaysian SME-p. This means MC cannot integrate with any dimension of EO to predict Malaysian SME-p. However, it is found that MC has direct, significant impact on Malaysian SME-p.

The most important finding is that a person need not to be both entrepreneurially oriented and managerially competent because integrating these two characteristics produces no better improvement over Malaysian SME performance. However, there is a complementary relationship between EO and MC due to the latter's direct, significant impact on Malaysian SME-p. It therefore concludes that successful SMEs in Malaysia should develop two categories of company staff displaying different sets of behavioural characteristics. One group being strongly entrepreneurially orientated while another one being managerially competent. These two distinctive groups will complement, rather than contradict each other differences in order to substantially and sustainably improve their company performance in the Malaysian SMEs sector.