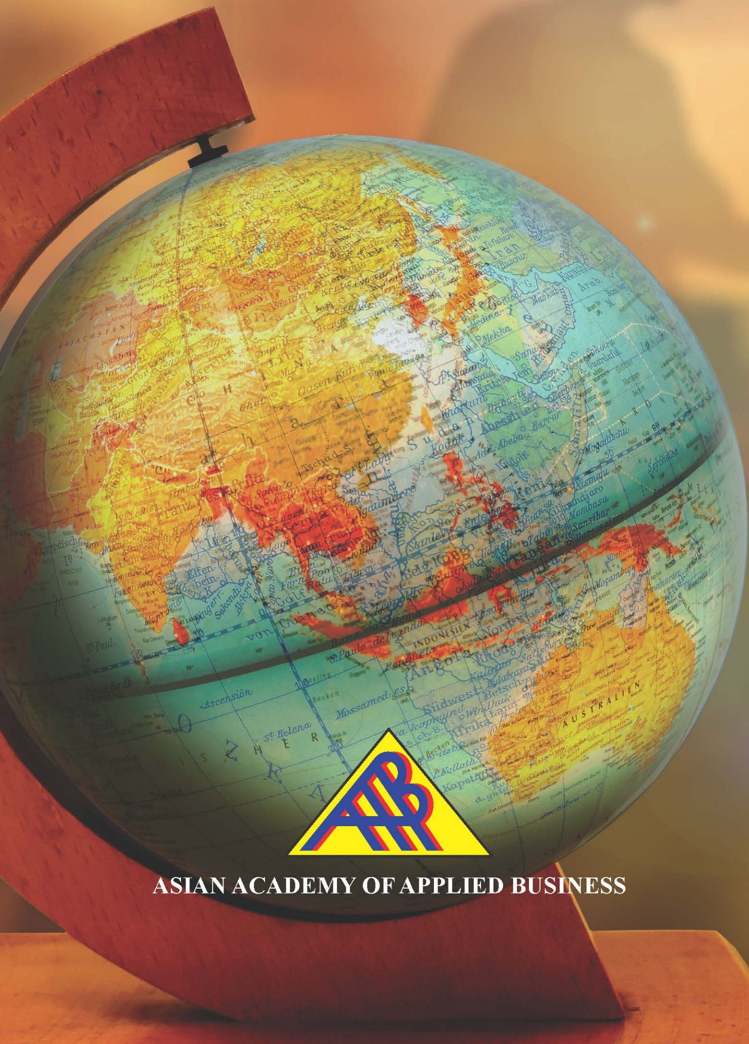
# Journal of the Asian Academy of Applied Business



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# JOURNAL OF THE ASIAN ACADEMY OF APPLIED BUSINESS

# EDITORIAL PREFACE

The Journal of the Asian Academy of Applied Business (JAAAB) is a refereed academic journal jointly published by the Asian Academy of Applied Business (AAAB) and Universiti Malaysia Sabah. AAAB is a non-profit, academic-based association which focuses on research and development activities particularly in the areas of business, economics and management. Apart from journal publication, AAAB is also actively involved in holding academic conferences through the biennial "International Conference of the Asian Academy of Applied Business", of which, the last conference was successfully held in Kota Kinabalu, Sabah on 20th to 22nd December 2017.

JAAAB encourages international scholars and professionals to submit their papers that would contribute to the advancement of knowledge in all areas of business and economics. Articles suitable for publication are those based on applied research and dedicated to the understanding and improvement of business and practices in ASEAN economies. This sixth volume of the JAAAB contains five papers on business, management, finance, human resource and international business-related topics.

On behalf of the Editorial Committee, I wish to extend my gratitude to all the reviewers for their constructive comments on the papers. Special thanks to the Editorial Committee members, and all the UMS Press staff members for their effort in producing this edition.

Finally, we thank all the authors for their effort in contributing and sharing their knowledge and research findings in this journal. We hope there will be more contributions from other scholars around the region.

***Dr Syed Azizi Wafa Syed Khalid Wafa***
President, AAAB

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# RELIGIOSITY AND ITS CONSEQUENCES IN HALAL FOOD PURCHASING BEHAVIOUR: AN EMPIRICAL EVIDENCE FROM TARAKAN, INDONESIA AND TAWAU, MALAYSIA

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## ABSTRACT

Halal is a religious issue and an opportunity to increase sale and acquire a competitive advantage. This study aims to present the structural relationship between religiosity, attitude, and behavioural intention towards purchasing halal products. A total of 299 valid and usable questionnaires were obtained from the respondents in Tarakan (Indonesia) and Tawau (Malaysia). Employing SEM-PLS approach, data was analyzed using SmartPLS Professional 3.0. The findings demonstrated that religiosity directly and significantly influenced attitude; religiosity directly and significantly influenced intention; attitude directly influenced behavioural intention; the mediating role of attitude towards the influence of religiosity on behavioural intention is partially mediated. Theoretically, the findings affected the development of consumer behaviour theory through Value-Attitude-Behaviour (VAB) Hierarchy Model. The results would benefit the industry players and

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policymakers to improve their marketing strategy and policy decisions of making Indonesia and Malaysia Muslim consumers be more aware and support the halal foods and products.

**Keywords:** VAB model, religiosity, attitude, purchasing behaviour, halal food

## INTRODUCTION

Islam possesses general guidance which must be obeyed by its followers, called *halal* and *haram. Halal* is an Arabic term which means 'to be allowed' or in accordance with Islamic law. While the opposite of *halal* is *haram,* which does not conform to Islamic law or is forbidden (Ifanca, 2014). Halal is a concept and a key aspect for Muslims to select and buy their foods (Bonne, Vermeir, I., Bergeaud-Blackler, F., & Verbeke, 2007; Jusmaliani & Nasution, 2009; Soesilowati, 2010; Zain & Altekreeti, 2015; Hasan, 2016). It also holds a significant meaning for marketers, as the demand for halal food keeps growing with the increasing number of the Muslim population from time to time. Muslims are supposed to make an effort to obtain halal foods and refrain from things that are doubtful to be sure to avoid consumption of haram (prohibited and unlawful) substances (Riaz & Chaundry, 2004). The halal logo on the package could give the necessary assurance and eliminate consumers' uncertainty (Shafie & Othman, 2006).

In 2010, Muslim population all over the world was approximately 1.6 billion (23.2%) and is expected to increase to 1.9 billion or 24.9 per cent of total world population by 2020 (Pew Research Center, 2015). The growth of the Muslim population is trailed by increasing demand and expenditure for halal food. The total expenditure for halal food and beverage (F&B) globally in 2014 reached USD 1.128 billion or 16.7 per cent of global expenditure and expected to grow to USD 1.585 billion or 16.9 per cent of global expenditure by 2020 (The State of The Global Islamic Economy Report, 2013). Meanwhile, Indonesia and its largest Muslim population in the world (approximately 200 million people) are the largest consumers for halal food products; while Malaysia consumers are known to possess a high level of awareness on halal food and have the most advanced rule and compliance system in producing halal food (The State of the Global Islamic Economy Report, 2013). The increasing demand and expenditure for halal food along with Muslim population growth and their higher awareness level indicate that halal segment increasingly becomes attractive to be selected as the target market. On this issue, halal labelling is a strategic and significant variable for marketers to appeal to Muslim consumers because behaviour towards consuming food is correlated to consumers' religion and individual's capability in interpreting and respecting their religious orders (Ahmad, Rahman, & Rahman, 2015).

Religious commitment, which is also known with 'religiosity', is a set of belief towards certain values and objectives to be held, be practised, and become an identity symbol (Mokhlis, 2008). It also represents relatively stable humanitarian values in a longer period, observable, and contains pragmatic values for the marketers (Khraim, 2010). Religiosity is an important study in terms of purchasing attitude of halal food (Simanjuntak & Dewantara, 2014). Previous studies that related to consumer behaviour towards purchasing halal products found that religiosity was an antecedent of behavioural intention and proven to significantly, positively, and directly influenced behavioural intention (Alam, Janor, Zanariah, Wel, & Ahsan, 2012; Ahmad et al., 2015; Kusumawardhini, Hati, & Daryanti, 2016; Varinli, Erdem, & Avcilar, 2016). However, those findings were not supported by Fara, Hati, and Daryanti's (2016), their findings revealed that religiosity did not directly influence behavioural intention to patronize the halal restaurant. Therefore, religiosity role as the antecedent of behavioural intention in purchasing and consuming halal food cannot be generalized yet. Besides, the findings from Alam et al., 2012, Ahmad et al. (2015), Kusumawardhini et al. (2016), and Varinli et al. (2016) were contradictive with the postulates of Value-Attitude-Behaviour Hierarchy Model (VAB Model) posited by Homer and Kahle (1988). According to VAB Hierarchy Model (Homer & Kahle, 1988), values are the direct predictors of attitude and attitude plays its role as the direct predictor of behaviour. In other words, religiosity, which is categorized as a part of values components, only influences behaviour through mediation from attitude.

Furthermore, attitude is a thorough evaluation of an alternative, from the positive to the negative one (Blackwell, D'Soura, Taghian, Miniard, & Engel, 2006, p. 80). Theoretically, attitude is the antecedent of behavioural intention (Fishbein & Ajzen, 1975; Ajzen, 1985; Homer & Kahle, 1988) and the consequence of value (Homer & Kahle, 1988). Some findings from an empirical study by Kordnaeij, Askaripoor, and Postgraduat (2013) to 384 consumers of halal brand's products in Kuala Lumpur (Malaysia) concluded that attitude is the consequence of religiosity. Meanwhile, the research findings from Alam et al. (2012), Khalek and Ismail (2015), and Hall and Sevim (2016) concluded that attitude is the antecedent of behavioural intention towards consuming halal food. Even though the role of religiosity as the antecedent of attitude and behavioural intention as the result of attitude has been tested in consumer behaviour study in terms of consuming halal food. However, there has been no model which tested the degree of influence of those three concepts in one model. Therefore, a specific model to test halal food's purchase behaviour which combines religiosity, attitude, and intention in one model still needs to be tested empirically to detect either a direct or indirect influence of religiosity on behavioural intention; as well as the role of attitude in mediating the influence of religiosity on behavioural intention.

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### Value-Attitude-Behavior Hierarchy Model

In marketing, value is often associated with the perceived value of a product which is measured by comparing cost and benefits received by consumers from a product. However, the value in this study refers to the core value as the belief system which underlies attitude and behaviour (Kotler & Keller, 2016, p. 187). Values in this perspective encompass personal values as the normal behaviour for an individual (Blackwell et al., 2006, p. 211) or ideas on life meaning, or at least something to be justified based on those values (Graeber, 2001, p.3). Values are forms of the most abstract social cognition and act as an organized system and are generally viewed as determinant factors in forming attitude and behaviour (Kahle, 1983; Schwartz, 1992). Therefore, consumers' decision in purchasing halal food is not only influenced by supply variables (such as product quality, distribution, and promotion) but also urged by consumers' values as the standards in behaving.

To comprehend the role of values in the formation of consumer behaviour, Homer and Kahle (1988) initiated Value-Attitude-Behaviour Hierarchy Model (VAB Hierarchy Model). VAB Hierarchy Model (Homer & Kahle, 1988) posited that values help to form and strengthening attitude; and in turn, attitude influences and elicits behaviour. VAB Hierarchy Model is a conceptual model which is developed and empirically tested by Homer and Kahle (1988) on 831 food buyers in several supermarkets and stores selling natural foods in Northwest City, United States. The study concluded that values directly influenced attitude; attitude directly influenced behaviour; and attitude mediated the influence of values on behaviour. The representation of the hierarchical relationship between values, attitude, and behaviour developed by Homer and Kahle (1988) was supported by Batra, Homer, and Kahle (2001). Batra et al. (2001) stated that values represented general and eternal cognition so that it logically preceded attitude and behaviour.

## Religiosity

As a cultural aspect, religion has a big influence on value, custom, and attitude of society; further, it can also influence consumers' lifestyle and behaviour (Delener, 1994; Mokhlis, 2008). Personal commitment towards religion is one of life principles' indicators which is categorized in 'tradition' or one of the 10 Motivational Types Values (Schwartz, 1992). Religious commitment, or commonly known as religiosity, is the level of belief towards certain values or goals which is held, practised, and act as a symbol of identity (Mokhlis, 2008). Religiosity is a complex concept which has attracted social scientists for several decades (Menayes, 2016). Religiosity also represents human values embedded within each individual and tend to be stable in a long-term, observable, and pragmatically valuable for marketers (Khraim, 2010). Johnson, Jang, Larson, and De Li (2001) defined religiosity as the extent of one's commitment to her/his religion and how religion is reflected in one's attitude and behaviour.

To measure Muslim's religiosity, Achour, Grine, Mohd Nor, and Mohd Yusoff (2013) suggested 11 indicators categorized into two dimensions. The first dimension is belief and worship which consist of 8 items related to faith and worship; including belief in the value of religion in Muslim life, belief that hardship is a test from God (ibtila'), and coping with life events by praying. While the second dimension is related to the practice of prayer which contains three items on the concept and also the impacts of Islamic prayers, such as achieving of satisfaction, happiness, and stress reduction (see Table 2). The study of Kordnaeij et al. (2013) on 384 customers of halal brand's products in Kuala Lumpur (Malaysia) concluded that religiosity positively and significantly influences attitude. A similar finding was also illustrated by Salman and Siddiqui's (2011) study on 528 respondents from two major clusters-university students and corporate sector in Pakistan. The study concluded that religious commitments and attitude toward halal products have a positive and significant relationship. Therefore, the first hypothesis of this research is formulated:

H1: *Religiosity positively influences attitude towards purchasing halal food.*

## Attitude

Attitude is a person's favourable or unfavourable evaluation, emotional feelings, and action tendencies towards some objects or ideas (Kotler & Keller, 2016, p. 197). An attitude is simply an overall evaluation of an alternative, ranging from the positive to the negative one (Blackwell et al., 2006, p. 80). People have an attitude towards almost everything: religion, politics, clothes, music, or food (Kotler & Keller, 2016, p. 197). The most common technique to measure by rating the objects on bipolar evaluative dimensions (good-bad, favourable-unfavourable, etc.) (Olson & Zana, 1993). According to Khalek and Ismail (2015), consumers' attitude towards consuming halal food can be measured in 8 indicators, such as (1) eating halal food is important for me; (2) I trust to consume halal food compared to non-halal food; (3) halal food is clean; (4) halal food is cleaner than non-halal food; (5) halal food is safe to eat; (6) halal food is safer to eat than non-halal food; (7) halal food is healthy; and (8) halal food is healthier than non-halal food (see Table 2). Some consumer behaviour studies conducted to test the influence of attitude on behavioural intention towards purchasing halal food. It revealed that attitude directly, positively, and significantly influences behavioural intention (Alam et al., 2012; Al-Otoum & Nimri, 2015; Khalek & Ismail, 2015; Hall & Sevim, 2016). Therefore, the second hypothesis is formulated as follows:

H2: *Attitude positively influences behavioural intention towards purchasing halal food.*

## Behavioural Intention

Consumer behaviour refers to human activity to obtain, consume, and dispose of goods and services (Blackwell et al., 2006, p.4). Knowing why and how consumers consume a certain product shall help marketers formulate ways to enhance the current products, launch products needed by the market, or entice consumers to buy their products (Blackwell et al., 2006, p. 8). Consumer behaviour can be predicted through behavioural intention; while purchase intention represents what consumers think they will buy (Blackwell et al., 2006, p. 275). In many respects, intentions may be viewed as a special case of belief, in which the object is always the person himself and his/her attribute represents a behaviour. As with belief, the strength of an intention is indicated by the person's subjective probability on whether or not she/he will perform the behaviour in question (Fishbein & Ajzen, 1975, pp.12 – 13). Thus, a high level of purchase intention illustrates the willingness of consumers to purchase a certain product which will be reflected in their actual behaviour in the future. According to Khalek and Ismail (2015), the behavioural intention in purchasing halal food can be measured through 7 indicators, such as (1) I will not eat if the food is not halal; (2) I will not eat if the food is doubted as halal; (2) I will eat only in halal food outlets; (3) I will eat only halal food; (4) I will make sure that the food is halal before I consume it; (5) I will make sure the food is halal before I purchase it; (6) I will not consume the food if it is prepared using any non-halal ingredients like alcohol (see Table 2). Previous studies on consumer behaviour in consuming halal food concluded that religiosity is the antecedent of behavioural intention and proven to have positive, significant, and direct influence on it (Alam et al., 2012; Ahmad et al., 2015; Kusumawardhini et al., 2016; Varinli et al., 2016; Salman & Siddiqu, 2011). Therefore, the third hypothesis is formulated as follows:

H3: *Religiosity positively influences behavioural intention towards purchasing halal food.*

## METHOD

### Sampling and Data Collection

This sample used non-probability sampling, which is convenience sampling. They were the active university and college students in Tarakan and Tawau. The method was selected, because there was no data about the number of *Halal* food's consumers, both in Tarakan and Tawau. The second reason was because the respondents were assumed capable in thinking rationally; thus, their responds for each questionnaire items can be accounted for. There were 200 questionnaires distributed in Tarakan and 183 (92%) of them were returned; while in Tawau, the returned rate was 89% (177 out of 200 distributed questionnaires). Overall, the return rate was reasonably high, which is 90%. Out of 360 returned questionnaires (90% of 400), there was only 299 (83%) questionnaires completely filled in and ready for further analysis. Meanwhile, the respondents of this research (as seen in Table 1) were mostly female (58.9%), single (62.2%), aged between 22-25 years old (26.4%), and Muslim (86.3%). The main information source for *Halal* issues was obtained from both television and other media, such as radio, internet, newspaper, magazine, and family (85%); while the rest of the respondents (15%) obtained information solely from radio, internet, newspaper, magazine, and family.

**Table 1** Respondents' profile

| | |
|---|---|
| Sample:<br>Tarakan (85%)<br>Tawau (81%) | Sex:<br>Male (41.1%)<br>Female (58.9%) |
| Status:<br>Single (62.2%)<br>Married (33.8%)<br>Separate-marriage life (1.3%)<br>Widow (2.0%)<br>Widower (0.7%) | Age:<br>Less than 22 years old (26%)<br>22 – 25 years old (26.4%)<br>26 – 30 years old (22.1%)<br>31 – 35 years old (10.0%)<br>More than 35 years old (15.4%) |
| Religion:<br>Islam (86.3%)<br>Christian (8.4%)<br>Catholic (4.3%)<br>Buddhism (1.0%) | Information source on halal Issue:<br>Television and other media (85%)<br>Other media besides television (15%) |

### Variables and Measurement

There were three variables in this research, namely religiosity, attitude, and behavioural intention. Religiosity is categorized as an exogenous variable; while attitude and behavioural intention are the endogenous variables. Indicators to measure religiosity were adopted from Achour et al. (2013) studies; while attitude and behavioural intention were measured using indicators developed by Khalek and Ismail (2015). Every indicator in this research was measured by 5-point Likert scales, from strongly disagree (1) to strongly agree (5).

## DATA ANALYSIS

To achieve the research objectives, PLS-SEM approach was employed to test the hypotheses using SmartPLS Professional 3.0 software (Ringle, Wende, & Becker, 2015). PLS-SEM could be utilized for research aimed to predict target variables and using latent variable values in the subsequent analysis (Hair, Hult, Ringle, & Sarstedt, 2014, p. 19). PLS was an iterative combination between the analysis of main components and regressions to explain construct variants in a model (Chin, 1998). PLS allowed researchers to avoid biased and inconsistent parameter estimation; hence, it served as an effective analysis tool to test the interaction by reducing Type II error and allowed analysis for small sample (Chin, Marcolin, & Newsted, 2003; Hair et al., 2014, p. 19). A structural model developed with PLS-SEM did not need to be evaluated with GoF, because it would be sufficient to merely measure measurement model and structural model (Hair et al., 2014, p. 186).

# RESULTS AND DISCUSSION

## Results

### *Measurement Model*

The measurement of research variables employed reflective approach. Destination image variable was measured multidimensionally; while satisfaction and loyalty intentions were measured in a unidimensional way. The evaluations of the measurement model (Table 2) showed that all variable indicators in this research had more than 0.50 loading factor. Moreover, every latent variable recorded more than 0.70 composite reliability value; more than 0.50 Average Variance Construct (AVE); and a higher level of AVE's square root than the correlation of each variable. Therefore, the measurement model fulfilled both convergent and discriminant validity.

**Table 2** Evaluations of the measurement model

| Latent variables, indicators, and symbols | Outer loading | Composite reliability | AVE |
|---|---|---|---|
| Religiosity | | 0.934 | 0.569 |
| 1. Religion is important to me because it helps me cope with life events | 0.763 | | |
| 2. Religion is important to me because it answers many questions about the meaning of my life | 0.818 | | |
| 3. Religion is important to me because it teaches me how to deal with life events | 0.832 | | |
| 4. I try to place my religion into practice for dealing with life challenges | 0.718 | | |
| 5. Religion is important to me because it teaches me how to help others | 0.838 | | |
| 6. If any bad thing happens to me, I believe it is a test from Allah (ibtilaa) | 0.839 | | |
| 7. When something bad happens, I pray to Allah SWT to give me guidance and peace of mind | 0.816 | | |
| 8. While making a serious decision in my life, I shall "ask what is best and proper from Allah, the Merciful" (istikhara) | 0.808 | | |
| 9. The primary purpose of praying is to achieve satisfaction | 0.529 | | |
| 10. The primary purpose of praying is to achieve happiness | 0.692 | | |
| 11. The primary purpose of praying is to reduce stress | 0.557 | | |

| Latent variables, indicators, and symbols | Outer loading | Composite reliability | AVE |
|---|---|---|---|
| Attitude towards halal Food | | 0.947 | 0.692 |
| 1. Eating halal food is important for me | 0.822 | | |
| 2. I trust to consume halal food compared to non-halal food | 0.855 | | |
| 3. Halal food is clean | 0.810 | | |
| 4. Halal food is cleaner than non-halal food | 0.785 | | |
| 5. Halal food is safe to eat | 0.884 | | |
| 6. Halal food is safer to eat than non-halal food | 0.868 | | |
| 7. Halal food is healthy | 0.830 | | |
| 8. Halal food is healthier than non-halal food | 0.796 | | |
| Behavioural Intention | | 0.933 | 0.669 |
| 1. I will not eat if the food is non-halal | 0.833 | | |
| 2. I will not eat if the food is doubted as halal | 0.746 | | |
| 3. I will eat only in halal food outlets | 0.874 | | |
| 4. I will eat only halal food | 0.894 | | |
| 5. I will make sure that the food is halal before I consume it | 0.663 | | |
| 6. I will make sure the food is halal before I purchase it | 0.839 | | |
| 7. I will not consume the food if it is prepared using any non-halal ingredients for example alcohol | 0.850 | | |

Discriminant validity

| Variables | AVE | Sqrt AVE | Correlation | | |
|---|---|---|---|---|---|
| | | | Religiosity | Attitude | Intention behaviour |
| Religiosity | 0.569 | 0.832 | 1.000 | | |
| Attitude | 0.692 | 0.818 | 0.553 | 1.000 | |
| Intention behaviour | 0.669 | 0.754 | 0.186 | 0.667 | 1.000 |

LV: latent variable; AVE: average variance extracted; Sqrt: square root

### *Structural Model*

The evaluation results of structural model (Figure 1) illustrated that two out of three developed paths in the structural model, namely religiosity to attitude and attitude to behavioural intention recorded significant coefficients ($p$ = 0.000); while the path coefficient of religiosity to behavioural intention was also significant ($p$ = 0.001). The explicable change variation was the change occurred on each predictor and possessed a high predictive power because its

$R^2$ is greater than 0.20 (Hair et al., 2014, p. 175). Inter-variable relations in the model also had predictive relevance, because $Q^2$ value of every endogenous latent variable was marked positive (Hair et al., 2014, p. 184).

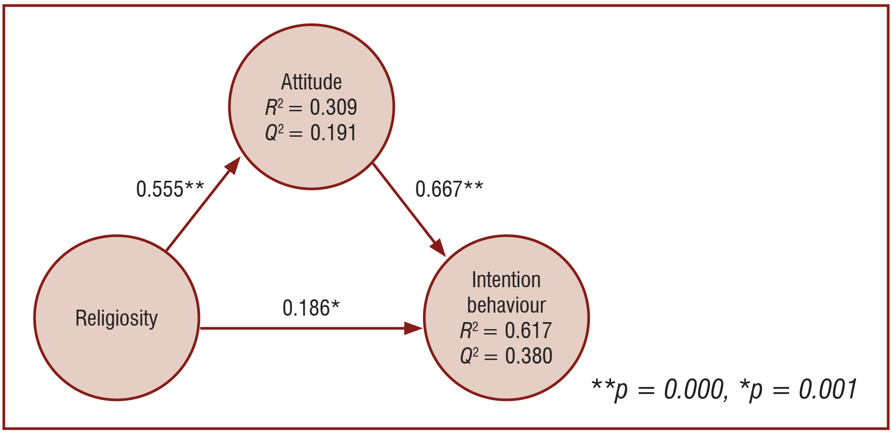


Figure 1 Results of the structural model

The test for attitude's mediating role in the model could be continued if the indirect effect of religiosity towards intention behaviour had a significant influence. In this case, the VAF (the variance accounted for) value used to determine the scale of indirect effect is related to the total effect. VAF value was obtained from the direct effect coefficient divided by total effect [formulated as VAF = (P12 • p23) / (p12 • P23 + p13)]. If the value of VAF was less than 20 per cent, it could be concluded that there was (almost) no mediation. On the contrary, when VAF recorded a very great result, namely above 80 per cent, it means that there was a full mediation happened. The situation where VAF was greater than 20 per cent and lesser than 80 per cent could be categorized as partial mediation (Hair et al., 2014, p. 225). Table 2 illustrated that religiosity's indirect impact was recorded at 0.370 and significant ($p<0.000$). With the VAF value of 66.56 per cent, it could be concluded that the impact of religiosity towards behavioural intention was partially mediated by attitude (Table 3).

**Table 3** Effects of religiosity on behavioural intention

| Effects | Original sample | *T* statistics | *P* values |
|---|---|---|---|
| Direct | 0.186 | 3.360 | 0.001 |
| Indirect | 0.370 | 7.810 | 0.000 |
| Total | 0.557 | 8.605 | 0.000 |

[a]VAF = (0.555* 0.667) / ( 0.555 * 0.667 + 0,186)
= 0.370 / 0.556
= 66.56% (partial mediation)

[a]VAF: Variance accounted for

## Discussion

Religiosity is specified as an exogenous variable which logically functions as a driving factor for consumers to be attracted, then pay attention to and consider purchasing halal food. Using the VAB Hierarchy Model (Homer & Kahle, 1988) as the basis to develop our research model, religiosity is specified as the antecedent of attitude and behavioural intention towards purchasing halal food.

The findings showed that religiosity had a direct effect on attitude toward purchasing halal food significantly and positively ($p < 0.000$). Therefore, the first hypothesis is supported. This empirical evidence illustrates that religiosity level in Tarakan and Tawau is an important determinant to consumer attitude toward purchasing halal food. This finding also supports the findings of Kordnaeij et al. (2013, which concluded that religiosity had a direct influence on attitude positively and significantly. Moreover, this finding also in line with Salman and Siddiqu's (2011) which revealed that religious commitment and attitude towards halal depended on the level of religiosity among the target market. Hence, the higher the religiosity level, the more positive the attitude they display towards purchasing halal food.

This study also revealed that attitude evokes a direct effect on behavioural intention towards purchasing halal food significantly and positively ($p < 0.000$). Therefore, the second hypothesis is supported and accepted. This illustrates that the more positive the attitude of Tarakan and Tawau people towards the purchase of halal food, the higher the possibility for them to purchase it. The findings confirmed the research findings by Alam et al. (2012), Al Otoum and Nimri (2015), Khalek and Ismail (2015) and Hall and Sevim (2016) which concluded that attitude directly, positively, and significantly influences behavioural intention in terms of purchasing halal food. Based on the finding, one of the marketing strategies possibly conducted to enhance demand on halal food is by promoting a guarantee or valid halal certification of the company food products.

The second consequence of religiosity is behavioural intention. This finding concludes that religiosity has a direct influence on behavioural intention positively and significantly ($p < 0.001$). Therefore, the third hypothesis of this study is supported. This fact indicates the higher the religiosity level among consumers in Tarakan and Tawau, the higher their purchase intention towards halal food. This finding confirms the findings from Alam et al. (2012); Ahmad et al. (2015); Kusumawardhini et al. (2016); and Varinli et al. (2016) which concluded that religiosity is the antecedent of behavioural intention and proven to have a direct influence on it positively and significantly. However, this research contradicts the study from Fara et al. (2016) which revealed that religiosity did not have a direct impact on behavioural intention to patronize halal restaurants. The evaluation results for both direct and indirect influence of religiosity on behavioural intention showed that both direct and indirect influences recorded a significant result ($p < 0.001$ for direct; $p < 0.000$ for indirect). Meanwhile, the mediator role of attitude towards religiosity and behavioural intention categorized as partial mediation. According to the findings, the religiosity influences attitude and consequently, attitude influences behavioural intention towards purchasing halal food. As mentioned by Mohamed, Rezai, Shamsudin and Chiew (2008), factors such as religious knowledge and awareness about halal food, good manufacturing and hygienic practices by the manufacturers also bring about trustworthiness on food products with halal logo. Therefore, government involvement in regulating and monitoring the halal logo used by the food manufacturers is also an important factor in convincing the consumers its halalness. Thus the Indonesian Ulema Council – *Majelis Ulama Indonesia* (MUI) in Indonesia and *Jabatan Kemajuan Islam Malaysia* (JAKIM) in Malaysia have to actively play their roles in ensuring the authenticity of the halal logo used especially on food products.

## CONCLUSION

This study proved that the VAB Hierarchy Model (Homer & Kahle, 1988) is one of the employable models to predict behavioural intention toward purchasing halal food. The specification of the model illustrates that the consequences of religiosity are attitude and behavioural intention; while the antecedents of behavioural intention are religiosity and attitude which were then developed into three hypotheses.

The first hypothesis ("religiosity positively influences attitude towards purchasing halal food") is supported, the second hypothesis, which stated that "attitude positively influences behavioural intention towards purchasing halal food, is also supported by data and accepted. Finally, the third hypothesis ("religiosity positively influences behavioural intention towards purchasing halal food") is also supported. Meanwhile, the mediating role of attitude towards the influence of religiosity on behavioural intention is partially mediated. Therefore, the consumer behaviour model on purchasing halal food can be specified to this following pattern: "Religiosity ®Attitude® Behavioural Intention". This model is one of the empirical evidence which supports VAB Hierarchy Model (Homer & Kahle, 1988) as an alternative model to learn about consumer behaviour, besides those derived from popular theories like Theory of Reasoned Action (Fishbein & Ajzen, 1975) and Theory of Planned Behaviour (Ajzen, 1985).

The findings further illustrated that religiosity is a determinant of attitude and behavioural intention towards purchasing halal food in Tarakan and Tawau. The study also believed that religiosity acts as "push factor" while supply attributes of halal food act as "pull factor". Therefore, market segmentation and target for halal food should be directed towards religious people. As the "pull factor", companies can put some religious messages on food packaging about the importance of consuming halal food according to Islamic teachings. Behaviour towards purchasing halal food in this research was measured by "attitudinal approach", which is "behavioural intention". Behavioural intention is expected to be similar to "actual behaviour". Therefore, future research can employ "behavioural approach" to find out about "actual behaviour" towards purchasing halal food. Furthermore, this study only sampled 299 students in Tarakan (Indonesia) and Tawau (Malaysia) which were mostly Generation Y from two border towns between two countries (Indonesia and Malaysia). As a suggestion for future study, to generate better generalization researcher can use samples involving several border towns and representing several generations (such as Baby Boomers, GenX, and GenY) using a probability sampling technique.

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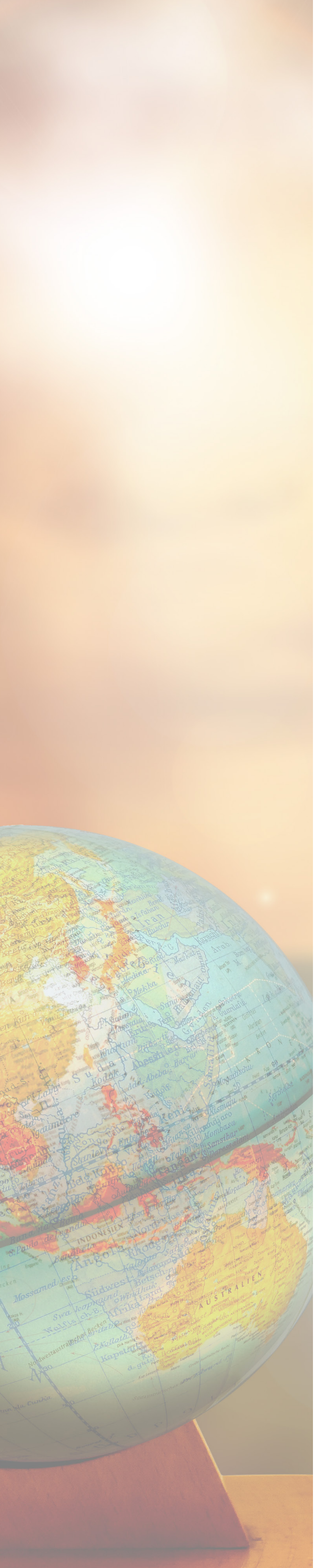

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# ROLE OF KNOWLEDGE, FINANCIAL CAPITAL AND BUSINESS PERFORMANCE IN FOODSERVICE SECTOR

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## ABSTRACT

This research aims to investigate the relationship between knowledge, financial capital and business performance in the foodservice sector. A total of 336 entrepreneurs from Kota Kinabalu, Sabah have participated in the study. The data were analysed using Partial Least Square (PLS) technique version 2.0. The results have shown that knowledge and financial capital are positively related to business performance among entrepreneurs'. This research might give some views among entrepreneurs' to improve their business performance. The findings of the research may extend existing knowledge in the business performance discipline as well as to impart valuable information to policymaker in strengthening and assists suitable support to entrepreneurs' to sustain in the marketplace. Therefore, knowledge and financial capital are important indicators to predict business performance among entrepreneurs.

**Keywords:** business performance, knowledge, financial capital

## INTRODUCTION

The foodservice sector significantly played an important role in the development of the economics of many nations. The foodservice sector in Sabah is growing because of the tourism destination. Sabah is well

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known as “Land below the wind” serves the gigantic mount Kinabalu, rich of biodiversity, beautiful islands and multiracial community which estimate of 42 ethnic groups. In the West Coast of Sabah context, bachelors, couples or parents mostly are working people who had to deal with hectic life to earn income for the household. This due to the cost of living is very high that different, where normally only men responsible to seek for money. Moreover, the poor condition of the road creates bad congestion that gives some fatigue to working people. Consequently, working people who are exhausted, late to reach their home as a result, they do not have enough time to cook their meal either for their family or for themselves. Due to this situation, working people decided to decide to eat outside either to get breakfast, lunch or dinner. Thus, many of the working people are rarely cooking at home. Some of the working people believe that eating outside is a lifestyle. Thus, eating outside in the urban area is not a new phenomenon in Malaysia but is the changing of lifestyles (Ali & Abdullah, 2012). Furthermore, the foodservice sector gives alternative in serving breakfast, lunch or dinner. In West Coast Sabah, a lot of small stalls, restaurant or café is growing to capture the situation where the food service is located near towns, city and along the road near to the residential area. In this study, our interest is to investigate the challenges faced by the entrepreneurs who owned and run the restaurant in the West Coast of Sabah. What makes entrepreneurs still in the marketplace? Thus, two factors as the indicator such as knowledge and financial capital to predict the business performance.

Thornhill (2006, p. 692) points out that “knowledge, as an asset, can possess the properties of value, rarity, inimitability, and organizational engagement”. Also, knowledge is an important asset in an individual’s life. Through knowledge, one can discover many aspects of his or her life. An individual can gain knowledge from formal education like schooling, workshop and training. While informal way to gain knowledge is obtained through life experience either industry experience or working experience. Moreover, an individual not only learns from his or her experience but also can learn from other people’s experience (Wang & Wang, 2012). Nonetheless, the resource-based view is undeniable about the role of knowledge in creating competitive advantage (Thornhill, 2006). The knowledge is the characteristics of human capital theory. The knowledge increases the individual cognitive abilities, leading to more productive and efficient potential activity (Schultz, 1959; Becker, 1964; Mincer, 1974). This perhaps led such an interest among many scholars to figure out the relationship between knowledge and business performance (Davidsson & Honig, 2003; Thornhill, 2006; Wang & Wang, 2012). According to Teixeira (2012), a study on the relationship between human capital of entrepreneurs and the survival of the small firm is scarce. Moreover, the contributions of human capital in the foodservice sector in Sabah still not clear.

Notwithstanding the importance of human capital such as knowledge, most entrepreneurs in many sectors facing the financial capital issue that may influence their business performance. For example, at the introduction stage and growth of the business, entrepreneurs need some amount of money and other resources to operate the business. As argued by Zhou and Chen (2008), they identify that entrepreneur’s need financial capital to obtain physical resources to take advantage of business opportunities. Some studies focus on financial capital and business performance (Fatoki, 2011; Okafor, 2012). Therefore, our study contributes to the existing literature that aims to examine the effect of knowledge and financial capital on business performance. In our study, there are two specific research questions as below:

(i) Does knowledge significantly lead to business performance in the foodservice sector?
(ii) Does financial capital significantly lead to business performance in the foodservice sector?

Therefore, further discussion on the following parts such as literature review, research methodology, result, discussion and conclusion.

## LITERATURE REVIEW

In general, business performance may be influenced by internal and external factors. Business performance can be measured from the financial and non-financial aspects. Many previous studies investigate the factors contributing to business performance (Cooper, Gimeno-Gascon, & Woo, 1994; Storey, 1994; Chandler & Hanks, 1998; Davidsson & Honiq, 2003). In the studies, two indicators such as knowledge and financial capital that influence business performance are further discussed.

Coleman (1988) refers to human capital as skills, knowledge and abilities of individuals that influence them to think and act in a novel way. As elucidate by Bontis (1998), human capital as the firm's collection capability to extract the best solutions from the knowledge of its individuals. The important characteristics of human capital are education, experience, knowledge, genetic inheritances and attitude about life and business (Hudson, 1993; Writh, Smart, & McMahan, 1995). Furthermore, human capital divided into four dimensions, namely knowledge, experience, professional proficiency and cognitive ability (Felı´cio, Couto & Caiado, 2014). What is knowledge? Knowledge refers as, ''shared space for emerging relationships that can be either a physical space, virtual, mental or any combination of the above'' (Nonaka & Konno, 1998). Teece (2007) and Smith (2001) have pointed out that knowledge constitutes valuable intangible assets, solve problems and achieve goals for creating and sustaining competitive advantages. According to Grant (1996), knowledge embedded within people is sooner or later the only source of competitive advantage. Additionally, Stewart (1997) states that the knowledge assets, like money or equipment, exist and are worth cultivating only in the context of the strategy used to apply them. For example, a case study conducted in Kota Kinabalu, Sabah by Nasip and Sulong (2015) revealed that entrepreneurs who embark in the restaurant business are willing to learn to improve their knowledge in culinary through formal and non-formal education. Therefore, entrepreneurs can stay in the marketplace by bringing innovativeness. Moreover, human capital provided by entrepreneurs' abilities is a vital contributor to the success of the business (Cooper et al., 1994). As further argued by Senaji and Nyaboga (2011), knowledge is precious and a distinctive resource, which bestows a basis for a firm's competitive advantage. Omerzel and Antoncic (2008) found that there is a positive influence between entrepreneurial knowledge on profitability and business performance among 168 entrepreneurs in Slovenia. Another study conducted among 390 managerial staff in Malaysia by Samad (2013) found that knowledge is positively correlated with business performance. This led to the following hypothesis:

H1: *Knowledge has a positive influence on business performance.*

Next is the financial capital that being a crucial issue for the firm regardless of the firm size. According to Okafor (2012, p. 214), financial capital refers to the ability of a firm to secure external capital and it takes the form of equity and or debt capital infusions into a business. Also, financial capital means equipment and intangible assets (Klise, 1972). For example, initial equity comes from several sources, such as savings, mortgages on homes and personal property, partners, family, friends and relatives, and external investors and also the debt usually comes from the lending institutions (Klise, 1972; Van Auken & Carter, 1989; Chittenden, Hall, & Hutchinson, 1996; Abouzeedan, 2003; He & Baker, 2007). Furthermore, a firm who has higher startup capital be able to hire more workers, have a chance to have higher profits and sales and also less likely to close (Fairlie, 2008). Financial capital noted as "the availability of financial capital can affect the performance of the venture by creating a buffer against random shocks and by allowing the pursuit of more capital-intense strategies, which are better protected from imitation" (Cooper et al., 1994, p. 375). Financial capital availability influences firm growth and performance (Storey, 1994; Cooper et al., 1994). A study conducted by Fatoki (2011) revealed that financial capital is positively related to SME performance in South Africa. Abdullahi, Ghazali, Awang, Tahir and Salim (2015) found that finance has a positive and significant effect on the performance of SMEs in Nigeria. This discussion suggests the following hypothesis:

H2: *Financial capital has a positive influence on business performance.*

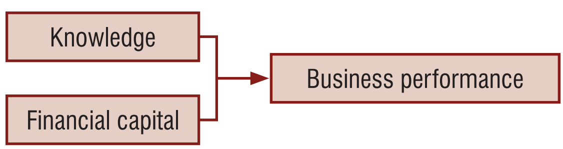


**Figure 1** Research framework

## RESEARCH METHODOLOGY

The respondents in our study are consisting of 336 entrepreneurs who own a restaurant in West Coast of Sabah (i.e. Tebobon, Telipok, Tuaran, Inanam, Damai, Kepayan, Kota Kinabalu City, Kota Belud, Lintas, Luyang, Papar, Penampang and Putatan). Data were collected in 2016 through a structured survey questionnaire obtained personally from the owners of the restaurant. Women entrepreneurs are the main player in the restaurant sector in the West Coast of Sabah 51.2 per cent and followed by 48.8 per cent owned by men entrepreneurs. In term of age, the majority at the age of 31 to 40 years old, 49.4 per cent and the majority married 44.3 per cent (see Table 1). Four items measuring business performance were adapted from Lerner, Brush and Hisrich (1997) and the two independent variables such as knowledge were adapted from Felicio, Couto, and Caiado (2014) and financial capital adapted from Fatoki (2011) and Okafor (2012) (refer to Appendix A). All items were rated on reflective 5-point Likert scales with the anchored of 1 – "strongly disagree" and to 5 – "strongly agree". The data collected were statistically analysed using Partial Least Squares (PLS) technique through the SmartPLS program version 2.0 software (Ringle, Wende, & Will, 2005).

**Table 1** Profile of the respondents

| Variables | Descriptions | Frequency | % |
|---|---|---|---|
| Gender | Male | 164 | 48.8 |
| | Female | 172 | 51.2 |
| Age | 20 – 30 | 94 | 27.9 |
| | 31 – 40 | 166 | 49.4 |
| | 41 – 50 | 66 | 19.6 |
| | 51 above | 10 | 2.98 |
| Marital status | Single | 69 | 20.5 |
| | Married | 149 | 44.3 |
| | Divorced | 36 | 10.7 |
| | Widowed | 82 | 24.4 |
| Education level | SPM/ O level | 102 | 30.4 |
| | STPM / Matriculation | 68 | 20.2 |
| | Bachelor | 163 | 48.5 |
| | Masters | 3 | 0.9 |
| Race | Kadazandusun | 55 | 16.4 |
| | Brunei | 64 | 19.0 |
| | Bajau | 52 | 15.5 |
| | Murut | 15 | 4.5 |
| | Rungus | 37 | 11.0 |
| | Bugis | 48 | 14.3 |
| | Melayu | 65 | 19.3 |
| Type of business | Sole proprietorships | 117 | 34.8 |
| | Partnership | 147 | 43.8 |
| | Company | 72 | 21.4 |
| Full-time employees | 2 | 5 | 1.5 |
| | 3 | 35 | 10.4 |
| | 4 | 76 | 22.6 |

| | | | |
|---|---|---|---|
| | 5 | 118 | 35.1 |
| | 6 | 72 | 21.4 |
| | 7 | 29 | 8.6 |
| | 8 | 1 | 0.3 |
| Part-time employees | Nil | 113 | 33.6 |
| | 1 | 94 | 28.0 |
| | 2 | 103 | 30.7 |
| | 3 | 26 | 7.7 |
| No. of restaurants | 1 | 333 | 99.1 |
| | 2 | 2 | 0.6 |
| | 3 | 1 | 0.3 |

## Results Measurement Model Estimation

Convergent and discriminant validity was performed to determine whether the indicators of each of the studied variables in this research were measuring what is supposed to measure. Measurement items on the research comprise of one endogenous variable (dependent variable) that is a business-performance which consists of four items and two independent variables such as knowledge (4 items) and financial capital (3 items) (i.e. exogenous variables). However, to fit with the requirements of convergent and discriminant validity several items were removed from each exogenous variable (i.e. BP4, KNOW1 and FC2) due to low loadings score (see Appendix A, for a full description of the items). For convergent validity, both indicator reliability and construct reliability were assessed (Peter, 1981) using two indices, namely composite reliability (CR) and average variance extracted (AVE). Composite reliability developed by Werts, Linn, and Joreskog (1974) is a measure of internal consistency. The average variance extracted (AVE) was originally proposed by Fornell and Larcker (1981) that attempts to measure the amount of variance that latent variable (LV) component captures from its indicators relative to the amount due to measurement error. Based on Table 2, the results of the measurement model showed that all the estimated indices were above the threshold (Bagozzi & Yi, 1988) of 0.7 for CR and 0.5 for AVE. More specifically, the results indicate that the CR for each of the constructs ranges between 0.915 to 0.927 and the AVE for each of the constructs ranges between 0.787 to 0.845.

**Table 2** Result of the measurement model

| Model constructs | Item | Loadings | AVE | CR |
|---|---|---|---|---|
| **Business performance (BP)** | BP1 | 0.859 | 0.787 | 0.917 |
| | BP2 | 0.883 | | |
| | BP3 | 0.919 | | |
| **Knowledge (KNOW)** | KNOW2 | 0.939 | 0.809 | 0.927 |
| | KNOW3 | 0.815 | | |
| | KNOW4 | 0.939 | | |
| **Financial capital (FC)** | FC1 | 0.951 | 0.845 | 0.915 |
| | FC3 | 0.885 | | |

Note: Average Variance Extracted (AVE) = (summation of the square of the factor loadings)/{(summation of the square of the factor loadings) + (summation of the error variances)}, Composite 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 BP4, KNOW1, FC2) were deleted due to low loadings.

In terms of discriminant validity, the measurement items of each of the studied constructs were examined by looking at the cross-loadings in which correlating the component scores of each latent variable with both their respective block of indicators and all other items that are included in the model (Chin, 1998). Table 3 indicates that all of the constructs in this research have met the criterion as suggested by Gefen and Straub (2005). To be exact, all of the studied constructs have shown acceptable discriminant validity. Table 3 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. Table 4 depicts the loadings and cross-loadings for all of the variable construct were included. The loadings on each respective construct were coloured (in 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 construct loads highest with its item. Taken together, this implies adequate discriminant validity (Esposito Vinzi, Chin, Henseler, & Wang 2010). These bold items were retained for further analysis (refer to Appendix A).

**Table 3** Discriminant validity of constructs

| Constructs | BP | FC | KNOW |
|---|---|---|---|
| **BP** | **0.887** | | |
| **FC** | 0.296 | **0.918** | |
| **KNOW** | 0.379 | 0.487 | **0.899** |

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

**Table 4** Loading and cross-loadings

| Items | BP | KNOW | FC |
|---|---|---|---|
| **BP1** | **0.859** | 0.176 | 0.337 |
| **BP2** | **0.883** | 0.303 | 0.362 |
| **BP3** | **0.919** | 0.299 | 0.305 |
| **FC1** | 0.316 | **0.951** | 0.505 |
| **FC3** | 0.210 | **0.885** | 0.368 |
| **KNOW2** | 0.315 | 0.436 | **0.939** |
| **KNOW3** | 0.376 | 0.433 | **0.815** |
| **KNOW4** | 0.315 | 0.436 | **0.939** |

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

## Structural Model

After knowing the items retained for further analysis, the next step is to test the explanatory power as well as the predictive power of the exogenous variables (Esposito Vinzi et al., 2010). The explanatory power is examined by looking at the squared multiple correlations ($R^2$) of the main endogenous variable and t-values were obtained through the bootstrap routine (Chin, 1998). Five thousand (5,000) valid sub-samples were extracted for bootstrapping technique in this research. The path coefficients and *t*-values results will confirm the significance of the hypothesized relationships. Table 5 presents the initial path coefficients and hypothesis testing of this research, which indicates that all two hypotheses of the research were supported and only one was not supported. Figure 2 shows the conceptual model and the bootstrap results of the research. More specifically, the results indicated that two independent variables namely knowledge ($\beta = 0.307$, $t = 5.926$) and financial capital ($\beta = 0.147$, $t = 2.858$) were positively related to business performance. Therefore, $H_1$ and $H2_6$ were supported.

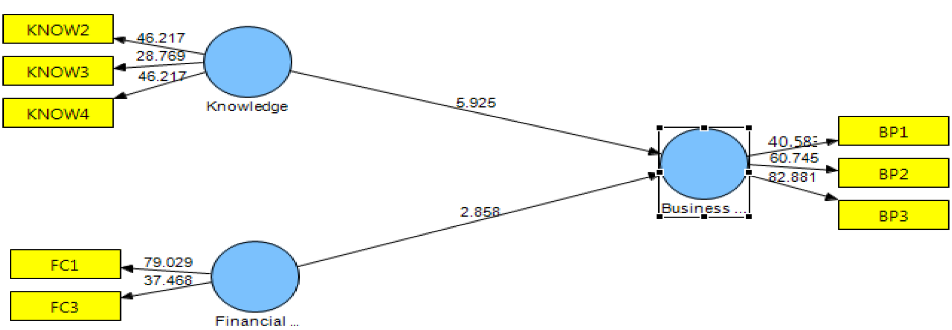


**Figure 2** Full entrepreneurial intention model

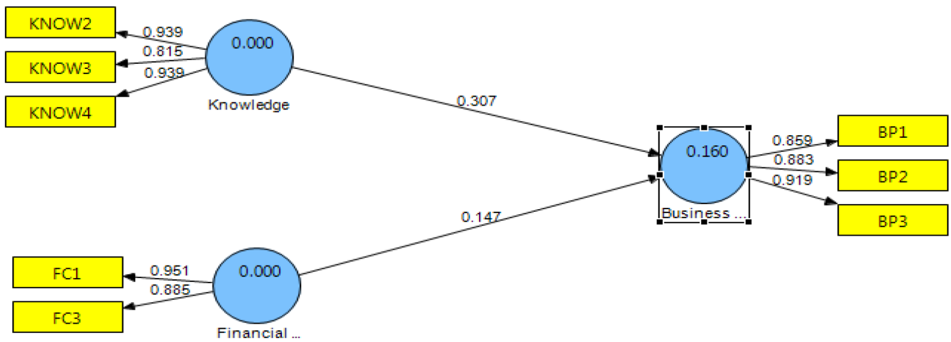


**Figure 3** Final structural model with path coefficients

**Table 5** Initial path coefficients and full hypothesis testing

| Hypothesis | Relationship | Std. Beta | Std. Error | *t*-value | Decision |
|---|---|---|---|---|---|
| $H_1$ | Knowledge -> Business Performance | 0.307 | 0.052 | 5.926*** | Supported |
| $H_2$ | Financial capital -> Business performance | 0.147 | 0.051 | 2.858** | Supported |

Notes*:* *t*-values are computed through bootstrapping procedure with 336 cases and 5000 re-samples, *$p<0.5$; **$p<0.01$; ***$p<0.001$

In terms of reporting the analysis for the inner recursive model can be analysed from the Adjusted *R*-square ($R^2$) for each endogenous variable (Latan & Ramli, 2013). The $R^2$ values should be high enough for the model to achieve a minimum level of explanatory power (Urbach & Ahlemann, 2010). According to Falk and Miller (1992), $R^2$ values should be equal to or greater than 0.10 for the variance explained of a particular endogenous construct to be deemed adequate. 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 2, our research applies the condition from Cohen (1988) where the $R^2$ result is moderate = 0.160 or 16% of the variances in business performance can be explained by the exogenous variables (i.e. KNOW and FC). Based on the beta score and *t*-value of the entire exogenous constructs in Table 5, knowledge appears to be the most important factor that contributes to the formation of business performance.

## DISCUSSION

The result of the study revealed the importance of knowledge and financial capital on business performance. Prospect entrepreneurs should gain more knowledge before embarking in the foodservice sector. Meanwhile, for the entrepreneurs in this sector, he or she have got to invest some amount of money to gain related knowledge especially with foodservice either in terms of the variety of the food, the service is given to consumers, how to grow the business or sustain in the marketplace and other related knowledge through formal or non-formal education. For examples, attend a business conference, trade exhibition, short courses and training. From there the entrepreneurs can learn more new knowledge and be able to build an entrepreneurial network to others that may bring help to access to financial capital support. Knowledge of the entrepreneurs is one of the crucial key important assets to sustain in the marketplace and be able to decide the best solution to expand the business. However, the study only covers the West Coast of Sabah. Future research may expand to other states in Malaysia and figure out the role of external factors such as environmental hostility and social support.

## CONCLUSION

In conclusion, our study answering the two questions that have been arises at the beginning of this study. First question, (i) does knowledge significantly lead to business performance in the foodservice sector. The study found that knowledge has a significantly positive effect on business performance. Second question, (ii) does financial capital significantly lead to business performance in the foodservice sector. The second result also found that financial capital is a significantly positive effect on business performance. Not end but least, our study give some insights to future entrepreneurs or existing entrepreneurs to emphasis more towards knowledge development to sustain in the marketplace. On the other hand, financial capital is important to indicate the business performance. From the knowledge stock, entrepreneurs and prospect entrepreneurs can manage their financial capital wisely.

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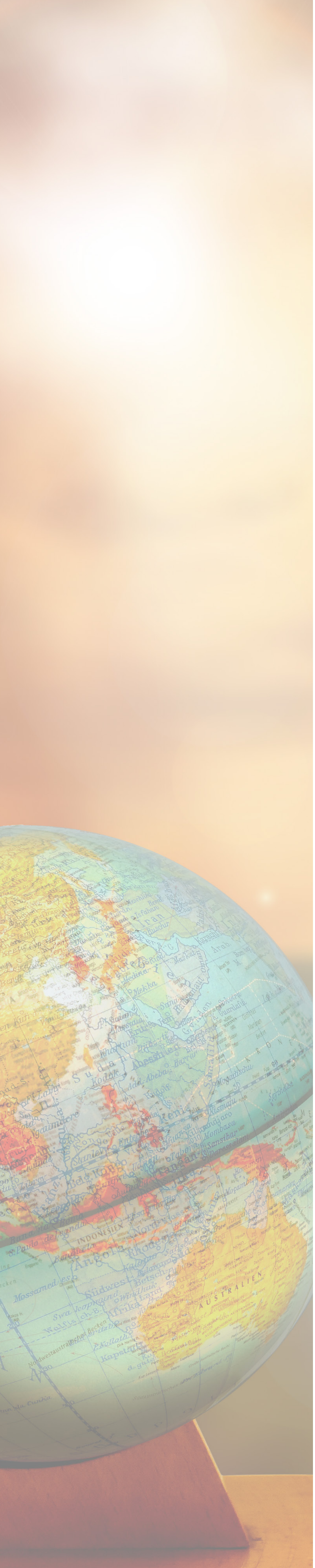
# APPENDIX A

| Constructs | Code | Item | Sources |
|---|---|---|---|
| Knowledge | KNOW1 | Academic level of the business owner is important in my business. | Felicio et al. (2014) |
| | KNOW2 | Academic level of the manager is important in my business. | |
| | KNOW3 | Specific training of the business owner is important in my business | |
| | KNOW4 | Specific training of the manager is important in my business. | |
| Financial capital | FC1 | My business is willing to take the form of equity and/ or debt capital infusion into my business. | Fatoki (2011) and Okafor (2012) |
| | FC2 | My business is willing to borrow in order to run my business. | |
| | FC3 | My business is willing to get access to financial capital (debt) to run my business. | |
| Business performance | EI1 | I am satisfied with the profit after three years of my business operations | Lerner, Brush and Hisrich (1997) |
| | EI2 | I am satisfied with the gross profit after three years of my business operations | |
| | EI3 | I am satisfied with the product / service excellence after three years of my business operations | |
| | EI4 | I am satisfied with the revenue and sales growth after three years of my business operations | |



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# THE IMPACT OF HR STRATEGY ON KNOWLEDGE CAPABILITY IN THE MALAYSIAN ELECTRICAL AND ELECTRONICS FIRMS

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## ABSTRACT

This paper identified the impact of the human resource (HR) strategy on knowledge capability in the Malaysian electrical and electronics firms. Due to the importance of electrical electronics firms to the Malaysian economy, the objectives investigate the impact of human resource strategy on knowledge capability in this sector. A quantitative approach using a questionnaire as the research tool was adopted using a 5-point Likert scale. The respondents of this study consist of 287 managers from electrical and electronic firms across Malaysian states including Kuala Lumpur, Selangor, Penang, Johor, Kedah, and Melaka. The list from the Federation of Malaysian Manufacturers (FMM) indicated that most of the firms were located in these states. Statistical package for social science was used to generate the descriptive statistics besides the partial least squares structural equation modelling (PLS SEM) as the statistical instrument to examine the measurement model and structural model. The results confirmed that human resource strategy (facilitation, accumulation, utilization, etc.) is significant to knowledge capability (T-shaped skills, IT support, learning culture, centralized structure, etc.) in Malaysian electrical and electronics firms. Based on the results, the HR strategy adopted by a firm has a significant effect and can be a strong predictor of the knowledge. Some guidelines are suggested for top management and decision-makers in electrical and electronics firms on how to encourage the application of human resource strategy

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that enhances the level of knowledge and skills, besides developing appropriate behaviour. Eventually, management and decision-makers would identify the necessary steps on how to encourage and generate knowledge capability in their organizations.

**Keywords:** human resource strategy, knowledge capability, electrical and electronics firms

## INTRODUCTION

Individuals and technology are considered to be important factors for successful knowledge application (Mehta, 2008). Organizations focus on knowledge sharing and exchange to enhance employees' skills and abilities. Consequently, employees are important elements in this process. Their behaviour will determine the achievement or breakdown of knowledge application (Bollinger & Smith, 2001). Knowledge capabilities or infrastructures such as IT systems and applications help organizations to store, filter and apply knowledge (Gold, Malhotra, & Segars, 2001), with the help of individuals who are dedicated to spread the values of knowledge and take the responsibility of offering training and monitoring knowledge management (KM) duties (Davenport & Prusak, 1998). Employee's behaviour is important in protecting knowledge, as some components of technology infrastructure act as a protection to knowledge (Hansen, Nohria, & Terney, 1999). Therefore, KM infrastructure requires assistance from HR; for instance, HR can help to create an environment of using knowledge through IT applications to ease the process of sharing (Mehta, 2008).

### HR Strategy

HR strategy has played a significant role in the improvement in research related to industries through the utilization of high-performance work practices and performance in these industries. The contribution brought about by the involvement of certain practices that enhance employee outcomes such as strict methods of selecting employees, new ways of training methods to sharpen skills, broad incentives, for instance, to enhance their self-esteem and involvement. For productivity purposes, a combination of involvement of the above-mentioned methods should be implemented by firms because organizations succeed and gain better market positions through the use of humans and good business procedures (Appelbaum, Bailey, & Berg, 2000; Boxall, 1996). Thus, the primary role of HR strategy is to train and prepare, develop, motivate, and compensate employees and to spread knowledge among them based on the strategy of the firm (Evans, 2003). HR strategy has been viewed from different perspectives in the literature. For instance, some experts in the field such as Wright and Macmahan (1992) defined HR strategy as "the pattern of planned resource deployments and activities intended to enable the organization to achieve its goals". The definition looked at strategy from the management perspective where it meant to utilize HR methods, and rules to enhance employee behaviour to achieve organizational strategy (Schuler & Jackson, 2005). Armstrong and Long (1994) also linked HR strategy to organizational outcomes, claiming that it should be considered as a strategic partner for the entire organization because it contributes to future plans as well as improving employee behaviour and work-related matters. HR strategy is intended to find ways of managing people to reach organizational objectives (Fombrun, Tichy, & Devanna, 1982).

### Knowledge Capability

The talent of distribution knowledge can be referred as knowledge capability; in this, the role of the humans is vital, as are also the suppliers and distributors of knowledge (Ju, Li, & Lee, 2006). Additionally, Gold et al. (2001) highlighted the importance of knowledge capability by arguing that capabilities are important for successful knowledge management because they consist of information technology, organization structure, and organizational culture. Lee and Choi (2003) suggested that knowledge capabilities can be regarded as knowledge management infrastructure because such infrastructure is an important tool of knowledge success. Information technology plays a significant factor in knowledge capability because it enables the sharing and distributing knowledge through the codification strategy of knowledge management. Information technology is an enabler of knowledge (Raven & Praser, 1996). IT support is a tool that accelerates knowledge easily and can then enhance it within organizations. The utilization of IT infrastructure facilitates the transfer of knowledge and the sharing of such knowledge (Davenport & Prusak, 1998; Yang, Tu, & Yang, 2009). Culture is considered to be one of the most important elements in developing knowledge because of the role it plays in facilitating knowledge within organizations (Davenport & Klahr, 1998). Interaction among employees is important, as it is vital for the creation of new ideas in organizations. Employees need to participate in discussions and other types of interactional communication that will help develop a culture of sharing and learning to enhance knowledge within their firms (O'Dell & Grayson, 1998). Organizational structure minimizes the human factor in sharing information; it can enhance the technical aspects of an organization to emphasis on sharing information (Gold et al., 2001). Furthermore, it concerns the distribution of responsibilities and duties and the way methods are carried out (Nahm, Vonderembse, & Koufteros, 2003). T-shaped skills are very valuable to organizations because of their ability to generate and combine different types of knowledge that will result in the development of a new knowledge that will make possible the discovery of new areas of knowledge (Madhavan & Grover, 1998).

## THEORETICAL FRAMEWORK

### Human Resource Strategy and IT Support

Hansen et al. (1999) affirmed that two types of strategies support the sharing and management of knowledge within organizations. These strategies are characterized as (1) the personalization strategy and (2) the codification strategy. The personalization strategy helps in distributing knowledge through direct communication between employees. On the other hand, codification is the knowledge that is stored in databases for individuals to use in the organization; it is accessible to all members and it is easy to retrieve. IT systems and applications help organizations to store, filter and apply knowledge (Gold et al., 2001), though with the help of individuals who are dedicated to spreading the values of knowledge and take responsibility for offering training and monitoring KM duties (Davenport & Prusak, 1998). Results are in line with Mehta (2008) who claimed that IT infrastructure requires the assistance of HR, for instance, to create the environment of using knowledge through IT applications and to ease the process of sharing.

H1: *There is a positive relationship between human resource strategy and IT support.*

### Human Resource Strategy and Learning Culture

Martins and Terblanche (2003) argued that the key elements of a learning culture are a climate of trust and openness in an environment where constant learning and experimentation are highly valued, appreciated and supported. Cultures that explicitly favour knowledge sharing and knowledge integration encourage debate and dialogue in facilitating contributions from individuals at multiple levels of the organisation (Davenport & Prusak, 1998). Interaction among employees is important as it is essential for enabling the creation of new ideas in organizations. Therefore, employees need to have opportunities to participate in discussions and different types of communication to develop the culture of sharing and learning to enhance knowledge within their firms (O'Dell & Grayson, 1998).

H2: *There is a positive relationship between human resource strategy and learning culture.*

### Human Resource Strategy and Centralized Structure

The organizational structure aims to minimize the human factor and to enhance the technical aspects of an organization, and it focuses on the sharing of information and simplicity (Gold et al., 2001). Wang and Ahmed (2003) argued that organizational structure is an important element in organizations because it concerns decisions and internal processes. Furthermore, it concerns the allocation of responsibilities and tasks and the way methods and processes are carried out (Nahm et al., 2003).

H3: *There is a positive relationship between human resource strategy and a centralized structure.*

### Human Resource Strategy and T-shaped Skills

Leonard-Barton (1995) described T-shaped skills as "matching the vertical type of T and the horizontal type of T"; that is, skills that are both broad and deep. Employees who possess T-shaped skills are very valuable to organizations because of their ability to generate and combine different types of knowledge that will result in the creation of new knowledge that will make possible the discovery of new areas of knowledge. Such employees also have the skill to come up with different types of knowledge and can recognize which area of the organization a particular type of knowledge is suited to. In this way, expertise would be enhanced in different sections of the organization (Madhavan & Grover, 1998).

H4: There is a positive relationship between human resource strategy and T-shaped skills.

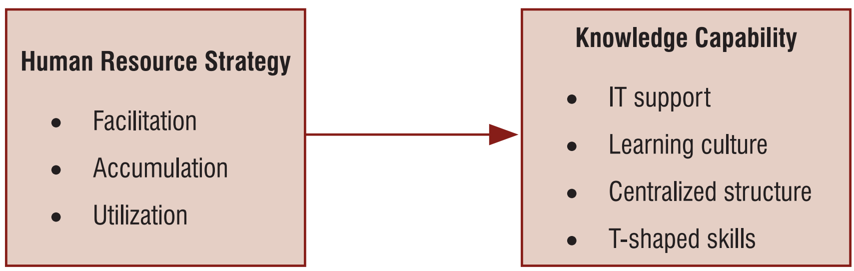


**Figure 1** Research framework

## METHODOLOGY

The study conducted quantitative research using a questionnaire. Variables were measured based on prior studies using Likert's 5-point scale. Respondents have to disagree or agree with statements either negatively or positively. The questionnaire consists of three parts. The first part contains general demographic information about the survey participants. The second part contains 13 items to measure HR strategy adopted from Huang (2001, using the same 5-point Likert scale. The third part consists of 15 items to measure knowledge capability (T-shaped skills, learning culture, organizational structure and IT support) adopted from Lee and Choi (2003), and Lee and Lee (2007), using the same 5-point Likert scale. The researcher visited the manufacturing firms in person in different Malaysian states, including Kuala Lumpur, Selangor, Penang, Johor, Kedah, Melaka, Sabah, and Sarawak. The list from the Federation of Malaysian Manufacturers (FMM) indicated that most of the firms were located in these states. The FMM Directory was used for the study because it classifies the industries based on international standards and provides contact numbers, email addresses and names for each firm listed. The sample for this study includes electronics and electrical firms in Malaysia, either local or foreign. Based on the federation of Malaysian manufacturers directory 2013 (FMM), there are 287 electrical and electronics firms across Malaysia.

## Analysis

In this paper, the Statistical Package for Social Science SPSS 22.0 was used to analyze the descriptive statistics such as mean, the standard deviation of constructs and the demographic characteristics of respondents and organizations, besides Smart PLS 3.0 Structural equation modelling to examine the measurement model and the structural model. Mean scores for human resource strategy (utilization, facilitation and accumulation) were 3.67, 3.65 and 3.61, respectively. Regarding, knowledge capability (T-shaped skills, IT support, learning culture and centralized structure) shows mean scores of 3.84, 3.87,3.78 and 3.15 respectively.

**Table 1** Descriptive statistics

| Construct | Mean | Standard deviation |
|---|---|---|
| Utilization | 3.67 | .54 |
| Facilitation | 3.65 | .56 |
| Accumulation | 3.61 | .61 |
| T-shaped skills | 3.84 | .56 |
| IT support | 3.87 | .67 |
| Learning culture | 3.78 | .63 |
| Centralized structure | 3.15 | .72 |

## Validity and Reliability

Average variance extracted (AVE) of the measurement model displays the following: Accumulation 0.647, Structure 0.559, Centralized Structure 0.559, Facilitation 0.515, IT Support 0.729, Learning culture 0.638, T-shaped skills 0.6, and Utilization 0.555. All constructs expressed an AVE that is considered an adequate score for measuring the convergent validity of the measurement model.

Composite reliability (CR) of constructs reveals the following: Accumulation 0.846, Structure 0.83, Facilitation 0.84, IT Support 0.931, Learning culture 0.898, T-shaped skills 0.882, and Utilization 0.832. The composite reliability of the constructs represents a satisfactory internal consistency since CR is greater than 0.7. Also, average variance extracted AVE of the measurement model displays the following: Accumulation 0.647, Structure 0.559, Centralized Structure 0.559, Facilitation 0.515, IT support 0.729, Learning culture 0.638, T-shaped skills 0.6, and Utilization 0.555. All constructs expressed an adequate AVE score for measuring the convergent validity of the measurement model. Table 2 shows item loadings, composite reliability and average variance extracted of constructs.

**Table 2** Validity and reliability

| Construct | Item | Loadings | CR | AVE |
|---|---|---|---|---|
| Accumulation | ACCMHR1 | 0.791 | 0.846 | 0.647 |
| | ACCUMHR2 | 0.797 | | |
| | ACCUMHR3 | 0.824 | | |
| Structure | CTST1 | 0.864 | 0.83 | 0.559 |
| | CTST2 | 0.888 | | |
| | CTST3 | 0.566 | | |
| | CTST4 | 0.619 | | |
| Facilitation | FACHR2 | 0.759 | 0.84 | 0.515 |
| | FACIHR3 | 0.645 | | |
| | FACIHR5 | 0.606 | | |
| | FACIHR6 | 0.777 | | |
| | FACILHR4 | 0.782 | | |
| IT support | ITSP1 | 0.874 | 0.931 | 0.729 |
| | ITSP2 | 0.901 | | |
| | ITSP3 | 0.9 | | |
| | ITSP4 | 0.79 | | |
| | ITSP5 | 0.797 | | |
| Learning culture | LECU1 | 0.852 | 0.898 | 0.638 |
| | LECU2 | 0.789 | | |
| | LECU3 | 0.806 | | |
| | LECU4 | 0.78 | | |
| | LECU5 | 0.764 | | |
| T-shaped skills | TSSK1 | 0.778 | 0.882 | 0.6 |
| | TSSK2 | 0.791 | | |
| | TSSK3 | 0.816 | | |
| | TSSK4 | 0.729 | | |
| | TSSK5 | 0.757 | | |
| Utilization | UTHR2 | 0.781 | 0.832 | 0.555 |
| | UTIHR1 | 0.769 | | |
| | UTIHR3 | 0.653 | | |
| | UTIHR4 | 0.768 | | |

With regard to the hypothesis 1, H1 (HR Strategy -> IT support), the results display HR strategy is positively related to IT support ($\beta = 0.588$, SR = 0.093, TV = 6.35), the hypothesis is supported. Hypothesis 2 (HR Strategy -> Learning culture), the results reveal a positive relationship between HR strategy and learning culture ($\beta = 0.71$, SR = 0.08, TV = 8.917), as such the hypothesis is supported. Hypothesis 3 (HR Strategy -> Centralized structure), the results show HR strategy is positively related to centralized structure (β = 0.32, SR = 0.083, TV = 3.832), the hypothesis is supported. Hypothesis 4 (HR Strategy -> T shaped skills), the results confirm the positive relationship between HR strategy and T-shaped skills (β = 0.565, SR = 0.084, TV = 6.759), the hypothesis is supported.

**Table 3** Hypothesis testing

| | Hypothesis | Std. beta | Std. error | *T*-value | Result |
|---|---|---|---|---|---|
| H1 | HR Strategy -> IT support | 0.588 | 0.093 | 6.35** | **Supported** |
| H2 | HR Strategy -> Learning culture | 0.71 | 0.08 | 8.917** | **Supported** |
| H3 | HR Strategy -> Centralized structure | 0.32 | 0.083 | 3.832** | **Supported** |
| H4 | HR Strategy -> T shaped skills | 0.565 | 0.084 | 6.759** | **Supported** |

Note: Significance level: $t$-value > 2.33**; ($p < 0.01$); $t$-value > 1.65* ($p < 0.05$)

## DISCUSSION AND CONCLUSION

The objective of this paper was to identify the impact of the HR strategy on knowledge capability in Malaysian electrical and electronics firms. The study adds to the body of knowledge by making a significant contribution to the area of HR strategy and knowledge capability. Knowledge capability model consists of IT support, learning culture, T-shaped skills and a centralized structure. The direct relationship shows that HR strategy has a significant impact on knowledge capability, which in return positively affects Malaysian electrical and electronics firms.

Managers in electrical and electronics manufacturing firms should develop HR strategies that consist of (facilitation, accumulation and utilization) which are compatible with knowledge capability to develop the electrical and electronics sector.

One of the limitations is the level of caution among Malaysian managers regarding surveys, especially online surveys and postal surveys, and the response was slow for this study. However, the face-to-face interview also faced many delays and challenges, partly because of the wariness of managers in dealing with surveys in general and also because potential respondents are busy people. Second, the study was limited to electrical and electronics manufacturing firms; future research could investigate the situation in other sectors of Malaysian manufacturing.

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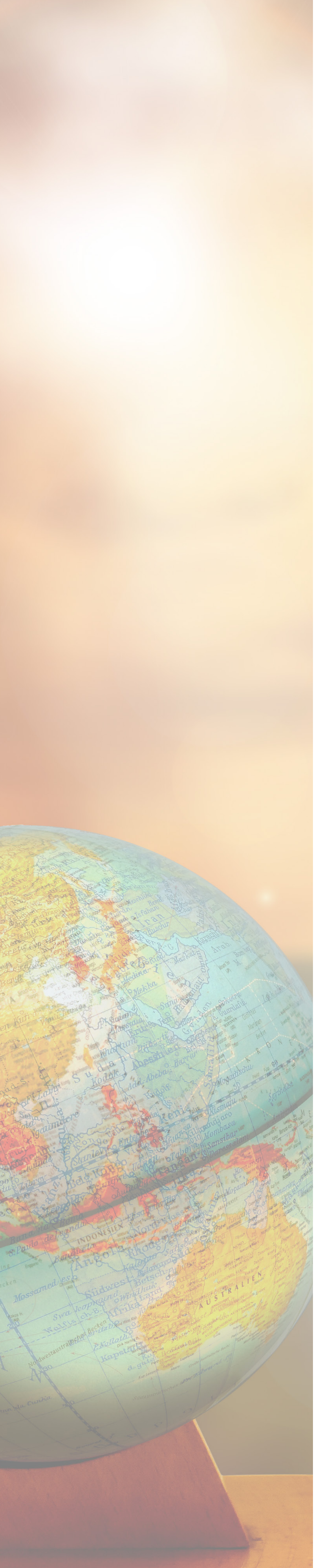

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# AN EXAMINATION OF FIRM'S ENTREPRENEURIAL ORIENTATION, INNOVATION AND PERFORMANCE OF LARGE MANUFACTURING FIRMS IN PAKISTAN

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## ABSTRACT

The purpose of this paper is to extend the understanding of relationships between entrepreneurial orientation, and performance of large manufacturing firms in Pakistan and to examine the role of innovation as a mediator of the above relationship. The paper presents a review of studies containing empirical research incorporating entrepreneurial orientation, innovation and firm performance. On the basis of literature, a model of the relationship of variables has been developed. In total, 320 owners/managers of manufacturing firms in Pakistan completed the survey questionnaire and the data was analyzed using PLS-SEM. The study found a negative relationship between entrepreneurial orientation and performance, however, further reveals that innovation mediates the relationship between entrepreneurial orientation and performance. The major contribution of this paper is to explore the mediating impact of innovation on the relationship between entrepreneurial orientation, and

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performance of large manufacturing firms in Pakistan. The originality of this paper is that it provides useful implication for different types of organizations to understand the relationship of entrepreneurial orientation, and innovation to introduce innovative products and processes and to improve a firm's performance.

**Keywords:** entrepreneurial orientation, innovation, firm performance, large manufacturing firms of Pakistan

## INTRODUCTION

The role played by the manufacturing sector in income generation, poverty alleviation and job creation have been documented worldwide (Zindiye, 2008). Similarly, the manufacturing sector has been always a catalyst for improving the economy of Pakistan. Its progress boosts high benefits on both external and domestic fronts. According to evaluations, keeping all other aspects constant, a roughly 2.37 per cent rise in the growth of manufacturing sector would raise gross domestic product (GDP) progress of Pakistan by one per cent (Karachi Chamber of Commerce & Industry, 2015). It has been shown that GDP has frequently grownup synchronously with the progress in manufacturing firms/sectors. Furthermore, the manufacturing sector is the second major sector of the economy of Pakistan accounting for 13.6 per cent of GDP (Pakistan Economic Survey, 2015).

The potential success of a business is determined by its firm performance, which means its ability to excellently implement strategies to achieve its objectives (Randeree & Al Youha, 2009). Performance has been a topic of research to scholars over the years (Daud, Remli, & Muhammad, 2013; Kennerley & Neely, 2003). Nevertheless, despite the attention the concept of organizational performance has "enjoyed", researchers still find it difficult to measure and define (Murphy, Trailer, & Hill, 1996; Odumeru, 2013). As stated by Daft (2000) performance is the firm's capacity and ability to accomplish and achieve its goals by utilizing all the firm's resources effectively and efficiently.

Whereas, few researchers look at organizational performance from the perspective of values an organization creates for their stakeholders while others look at it from the perspective of the accomplishment of stated organizational objectives (Carton, 2004). Performance is a core concern for the firm that refers to the firm's success and the attainment of its goals. some scholars studied the predictors of firm performance and Some tried to investigate the ways of improving the firm performance (Mahmood & Hanafi, 2013). According to March and Sutton (1997) and Rogers and Wright (1998) in most of the organization research, performance has extensively been studied as a dependent variable.

In literature, different researchers have defined entrepreneurial orientation (EO) i.e. Miller (1983) and Covin and Slevin (1989) on one side whereas Lumpkin and Dess, (1996) on the other side. Covin and Slevin's (1989) classification is based on three factors of EO namely, innovativeness, proactiveness and risk-taking. While Lumpkin and Dess (1996) described EO as the tendency of a firm to act autonomously, aggressively, try to innovate, take risks and act proactively to explore the market opportunities.

Firms with strong EO can discover and use new market opportunities. Hence, it has a paramount significance for both the survival of a business and their performance (Polat & Mutlu, 2012). The most prevalent views of entrepreneurship encompass the uncertainty, risk-taking and efforts on the part of the entrepreneur who strives to convert visions into business activities. Entrepreneurship focuses to identify new business opportunities and introduce new ideas in the marketplace (Eisenhardt & Martin, 2000; Eisenhardt & Brown, 1998; McCline, Bhat, & Baj, 2000). EO has been examined in various types of organizations including small to large organizations and with different categories of ownership structures (Covin & Wales, 2010). Scholars argued that entrepreneurial behaviour has a considerable influence on the success of firm regardless of size (Miller, 1983; Covin & Slevin, 1988; Lumpkin & Dess, 1996). Wiklund (1999) considered EO as a possible positive force to utilize emerging opportunities and take first-mover advantage. Due to turbulent business environment, cutthroat competition, firms have to look for new opportunities continuously to address the increasing customer’s expectations and demands for products and services (Hamel, 2000; Rauch, Wiklund, Lumpkin, & Frese, 2009). Firms should focus on EO because EO is regarded as being associated with superior FP (Kraus & Kauranen, 2009; Rauch et al., 2009).

Importantly, recent studies on innovation suggest that organizational innovation plays a key role on firm performance and competitiveness (Baker & Sinkula, 2002; Damanpour, 1991; Farley, Hoenig, & Ismail, 2008; Jimenez-Jimenez & Sanz-Valle, 2011; Luk et al., 2008). We believe that innovation and firm performance are critical characteristics which can contribute to a developing economy’s growth and competitiveness (Kelly & Kumar, 2009). Firms that have higher innovation capabilities are more successful in responding to changing conditions and developing new capabilities to adopt changes and as a result achieve better performance (Arshad & Arshad, 2018; Javier et al., 2004). Innovation is related to organizations’ adoption of a new idea or behaviour (Zaltman, Duncan, & Holbek, 1973). Innovation orientation is a strategic behaviour that reflects an openness to new ideas as well as the active seeking of such ideas (Olson, Slater, & Hult, 2005). The strategic orientation supports risk-taking and enhances the possibility of designing and developing completely new and innovative products (Olson et al., 2005).

This paper reviews literature on the EO, innovation and firm performance then a conceptual framework has developed. Secondly, this paper is underpinned by a famous theory i.e. Resource-Based View. Lastly, there will be a summated discussion and recommendations for future research.

## REVIEW OF LITERATURE

By reviewing the literature in detail, the impact of EO has been acknowledged on innovation leading to outstanding firm performance and also highlights the relationship of EO, innovation and firm performance.

### Entrepreneurial Orientation and Firm Performance

Fairoz, Hirobuni, and Tanaka, (2010) studied EO and firm performance of the Hambantota district of Sri Lanka. They employed quantitative and qualitative methods through multiple regressions for data analysis. The outcome proved a strong association between the EO and performance. Several studies conducted have used EO in its association with firm performance (Lumpkin & Dess, 2001; Yang, 2008; Fairoz et al., 2010; Madhoushi, Sadati, Delavari, Mehdivand, & Mihandost, 2011; Mehrdad, Abdolrahim, & Hamidreza, 2011; Sharma & Dave, 2011; Zhang & Zhang, 2012).

In contrast, Anderson (2010) in his important study employed a sample of 172 firms from the manufacturing division in Sweden. The result of their study indicated a negative association between EO to firm performance in terms of growth and profitability. Tang, Tang, Marino, Zhang, and Li (2008) described an inverted U-shape association between EO and firm performance relationship among Chinese ventures. Furthermore, Su, Xie, and Li (2011) research confirmed a mixed curvilinear EO to firm performance results. The link between EOs to firm performance is found to be an inverse U-shape in new ventures, however, such association was found to be positive in developed firms. The study of Filser and Eggers (2014) which examined EO and firm performance using multiple regression method for data analysis. The outcome from this study reported a mixed finding, the link between innovativeness and risk-taking to firm performance was found to be significant, while proactiveness relationship to firm performance was negatively associated. Based on the above arguments, this study seeks further to find out the relationship between EO and firm performance in the context of large manufacturing firms in Pakistan. Hence, a testable hypothesis can be formulated:

H1: *There is a positive link between entrepreneurial orientation and performance of large manufacturing firms in Pakistan.*

### Entrepreneurial Orientation and Innovation

Damanpour (1991) exhibited that types of innovation are according to their purposes, for example, technical or administrative. Technical innovation involves the adoption of new technologies and administrative innovation involves the adoption of new policies for example (Evan, 1966; Hage, 1980; Normann, 1971; Tushman & Nadler, 1986). Firms that incorporate technical and managerial innovations in the structures of their organizations can face challenges of the competitive environment and show superior performance. If organizations want to show superior organizational performance then they must enhance their innovative capabilities (Liu, 2013).

EO refers to strategic activities of an organization and depicts the way firms exploit and discover new opportunities (Wiklund & Shepherd, 2003; Teng, 2007). EO defines an inclination of the firm towards involvement in hunting market opportunities and reviewing operational fields (Hult & Ketchen, 2001). EO recommends a firm to create an innovative, proactive, and risk-taking climate in the firms (Lumpkin & Dess, 1996). By implementing a strong EO and helping social ties between companies, a firm could encourage the required knowledge to create innovation (Arshad & Arshad, 2019; Zahra & George, 2002). EO offers the latest knowledge that supports in exploiting innovative and new market opportunities (Li, Huang, & Tsai, 2009). An entrepreneurial environment could create a knowledge-sharing ability in the firm and this, in turn, would assist different departments of the firm to determine new opportunities as well as drive it towards becoming innovative in time to come (Li, Liu, & Zhao, 2006).

Moreover, research done by Hisrich and Peters (1989) claims that entrepreneurship in itself is a practical manner leading towards innovation and new venture establishment by assuming higher risks and rewards linked to the new venture. Additionally, Hult, Hurley, and Knight (2004) also narrated that innovation partially mediates the link between EO and FP. Based on the literature, it can be said with assurance that innovation is a function of EO.

Likewise, according to a study conducted by Zehir, Can, and Karaboga (2015) indicated that innovation performance mediates the impact of EO on firm performance. Research by Kocak, Carsrud, and Oflazoglu (2017) showed that EO impacts performance directly and indirectly via innovation. Similarly, Zhou, Yim, and Tse (2005) find EO positively impact breakthrough innovations. According to literature, a testable hypothesis can be developed to test in the context of a large manufacturing firm in Pakistan:

H2: *Entrepreneurial orientation is positively related to innovation.*
H3: *Innovation mediates the link between entrepreneurial orientation and performance of a large manufacturing firm in Pakistan.*

## Conceptual Framework

This section of the paper presents a proposed framework that includes all the themes covered in the review of the literature, which concluded that entrepreneurial orientation, and innovation influence overall firm performance. Moreover, entrepreneurial orientation has a significant influence on innovation, which influences the overall performance of any organization (Figure 1).


**Figure 1** Proposed conceptual framework

## METHODOLOGY

### Sample and Data Collection Instrument

According to Zikmund (1994), survey method seeks to elaborate a phenomenon and looks for the causes of any specific activity. As discussed by Neuman (1997), the survey method is quite useful as it facilitates the researcher to gather data from a large number of respondents in order to measure multiple variables and testify many hypotheses. Therefore, the current study has employed the self-administered survey method as survey method is very popular and is quite frequently employed for conducting quantitative research in the field of business and management (Hair, Bush, & Ortinau, 2003; Cooper & Schindler, 2006). The advantages of self-administered survey method include access to a large number of respondents, less costly to administer, and is free from interviewer bias (Sekaran & Bougie, 2010; Bryman & Bell, 2003). Thus, it was quite appropriate to employ the self-administered survey method for conducting this study.

As far as the sample is concerned, when the sample units in the target population under study are limited, the researcher may select the whole population rather than taking a sample for the study (Zikmund, 2003). There are different views of researchers to determine sample size. Sample size which is less than 500 and larger than 30 are usually considered appropriate to conduct the research study (Roscoe, 1975). The population of this study is large manufacturing firms in Pakistan and the list was obtained from the Pakistan stock exchange website. Hence, survey questionnaires were distributed to 399 large manufacturing firms listed in Pakistan stock exchange and 341 of them were returned. 21 of the returned questionnaires were eliminated due to insufficient data and the remaining 320 surveys were analyzed for research findings.

## Measurements

### *Independent Variable*

The first scale established to measure the EO was introduced by (Khandwalla, 1977) followed by the five-item scale suggested by (Miller & Friesen, 1983). After that, many studies have been conducted by the number of scholars to develop these measures such as the work of (Covin & Slevin, 1986; Smart & Conant, 1994). Following the vast majority of research conducted on EO that considered only the three dimensions namely proactiveness, innovativeness, and risk-taking, this study employed the measure used recommended by Covin and Slevin (1989) having ten-item scale.

### *Dependent Variable*

The dependent variable in this research is FP, thus in this study items of subjective measures for performance have been adopted from Jabeen (2014) who adapted from previous works of (Valmohammadi, 2011) and (Jaworski & Kohli, 1993) to measure FP. This study has utilized six items, sales growth rate, profitability, market share, customer satisfaction, the overall performance of firms relative to competitors and overall FP to measure the performance of large manufacturing firms in Pakistan. Respondents were asked to report their satisfaction and assessment regarding the firm’s performance.

### *Mediator Variable*

In this study, innovation was used as a mediator variable and two main dimensions have been used to measure innovation namely, product and process innovation. Product and process innovation dimensions were measured by five and ten items, respectively. To define the dimensions for innovation and the measurement scale, we referred to a scale developed by (Camisón & Villar López, 2010)process, and organizational based on (OECD, 2005) guidelines and adopted from (Camisón & Villar-López, 2012)diffusion of shared competences is not as easy and free as postulated in the literature. Using the resource-based view, we study whether clustered firms perform better than non-clustered firms, by providing empirical evidence that location of firms in an industrial district does not directly create innovation capabilities or economic rents. This research question is important because it enables us to better understand how firms benefit from this external knowledge flow, both to create advantages in technological innovation and to obtain superior organizational performance. To stand out in capabilities that are often localized at the centre of the same industrial district, a firm needs to develop a learning internal micro-environment capable of better absorbing localized knowledge spillovers. In particular, the organic form is revealed as a configuration well suited to combining structural flexibility with the productive flexibility offered by the district and to strengthening technological innovation capabilities, thus improving organizational performance. [ABSTRACT FROM AUTHOR]”,”author”:[{“dropping-particle”:””,”family”:”Camisón”,”given”:”César”,”non-dropping-particle”:””,”parse-names”:false,”suffix”:””},{“dropping-particle”:””,”family”:”Villar-López”,”given”:”Ana”,”non-dropping-particle”:””,”parse-names”:false,”suffix”:””}],”container-title”:”British Journal of Management”,”id”:”ITEM-1”,”issue”:”3”,”issued”:{“date-parts”:[[“2012”]]},”page”:”361-382”,”title”:”On How Firms Located in an Industrial District Profit from Knowledge Spillovers: Adoption of an Organic

Structure and Innovation Capabilities”,”type”:”article-journal”,”volume”:”23”},”uris”:[“http://www.mendeley.com/documents/?uuid=fddbbbe0-ea89-48ba-838f-47ae69db14d8”]}],”mendeley”:{“formattedCitation”:”(Camisón & Villar-López, 2012.

*Measurement Scale*

The Likert scale is found to be more appropriate for this study due to the nature of the respondents and the information they are required to provide (Alreck & Settle, 1995). Additionally, Krosnick and Fabrigar, (1997) stated that a scale between five and seven points is more reliable than higher or lower scales and a scale with no midpoint may increase the measurement error. Additionally, psychometricians have recommended using a seven or nine-point scale because they produce slightly higher mean scores relative to the highest possible attainable score with greater variance adequacy (Dawes, 2008). Thus, this study has used a seven-point Likert scale to measure all variables from 1 = strongly disagree to 7 = strongly agree (EO, innovation and FP).

Before proceeding the collection of complete data, a pilot study was conducted. The questionnaires were distributed among 40 respondents out of the distributed questionnaires, 32 were collected and 2 were not properly completed but only 30 responses were considered for analysis. The high response rate of about 75% was achieved due to the distribution and collection of questionnaires personally. The reliability coefficient of Cronbach’s alpha was used to assess the consistency of the scale. All the variables met the threshold value of Cronbach’s alpha (i.e. 0.7). The Cronbach’s alpha value of EO, innovation, and FP were 0.891, 0.914 and 0.885 respectively. The study used structural equation modelling (SEM) and applied partial least squares (PLS) using Smart PLS 3.2.7 to assess the measurement model and the structural model. The first step in this study focuses on construct reliability and validity (Measurement Model), whereas the second step tests structural relationships among the latent constructs (Structural Model).

## RESULTS

Primarily data analysis has been conducted to meet the assumption of running the PLS-SEM. After that measurement model and structural model have been assessed by PLS-SEM.

### Measurement Model Assessment

Hair, Ringle, and Sarstedt (2013) and Hair, Hult, Ringle, Sarstedt and Thiele (2017)”mendeley”:{“formattedCitation”:”(2017 recommended a two-step process in the assessment of PLS-SEM. The approach involves the determination of the measurement model and the structural model. According to Henseler, Ringle, and Sinkovics (2009), testing the structural model may be meaningless unless the measurement model has been evaluated. Therefore, the present study assessed the measurement model before the structural model to determine the extent to which the data collected fits the model.

The results from this study revealed that composite-reliability (CR) values are 0.913 (FP), 0.928 (innovation), and 0.913 (EO) as shown in Table 1. The Cronbach Alpha values are and 0.885 (FP), 0.914 (innovation), 0.891 (EO) as shown in Table 1 and Figure 1.

**Table 1** Reliability and validity

| | Cronbach's Alpha | rho_A | CR | AVE |
|---|---|---|---|---|
| EO | 0.891 | 0.896 | 0.913 | 0.570 |
| EOI | 0.882 | 0.885 | 0.922 | 0.748 |
| EOP | 0.776 | 0.791 | 0.870 | 0.692 |
| EOR | 0.880 | 0.881 | 0.926 | 0.807 |
| FP | 0.885 | 0.890 | 0.913 | 0.638 |
| INO | 0.914 | 0.918 | 0.928 | 0.521 |
| IPI | 0.800 | 0.795 | 0.861 | 0.556 |
| IPR | 0.916 | 0.920 | 0.930 | 0.572 |

Convergent-validity assessed by AVE which values are 0.638 (FP), 0.521 (Innovation), and 0.570 (EO) as shown in Table 1. However, discriminant validity for this model has been measured by Fornell-Larcker Criterion (Hair, Black, Babin, & Anderson, 2010) as shown in Table 2. It indicates that the square root of AVE (diagonal) is higher than the correlations (off-diagonal) for all reflective constructs.

**Table 2** Fornel-Larcker Criterion

| | EO | EOI | EOP | EOR | FP | INO | IPI | IPR |
|---|---|---|---|---|---|---|---|---|
| EO | **0.955** | | | | | | | |
| EOI | 0.703 | **0.865** | | | | | | |
| EOP | 0.745 | 0.665 | **0.832** | | | | | |
| EOR | 0.688 | 0.797 | 0.548 | **0.898** | | | | |
| FP | 0.665 | 0.623 | 0.521 | 0.618 | **0.798** | | | |
| INO | 0.751 | 0.694 | 0.632 | 0.658 | 0.747 | **0.822** | | |
| IPI | 0.705 | 0.665 | 0.600 | 0.599 | 0.529 | 0.772 | **0.796** | |
| IPR | 0.710 | 0.650 | 0.609 | 0.618 | 0.656 | 0.583 | 0.673 | **0.756** |

Note: EO = Entrepreneurial Orientation, INO = Innovation, FP = Firm Performance

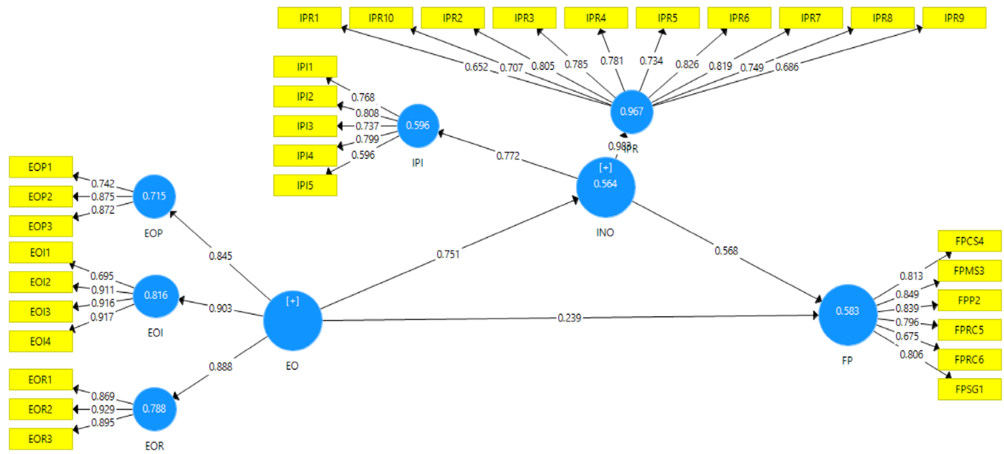


**Figure 2** Measurement model
Note: EO = Entrepreneurial Orientation, INO = Innovation, FP = Firm Performance

## Structural Model Assessment

Once the reliability and validity have been achieved in the measurement model, we have assessed the structural model. In the structural model, we have examined the path coefficient (hypothesis testing), Coefficient of determination (R2 value). The coefficient of determination (R2 value) of this study is 58.3% and 56.4% in FP and innovation. For evaluating the path coefficient (hypotheses testing), we run the bootstrapping in Smart-PLS. one-tailed test with 5% level of significance to assess the *P*-value and *T*-statistics to test the significance or insignificance of hypothesis. Baron and Kenny (1986) are used to test for mediation effect of innovation on the relationship between EO and FP. This method proposed that an explanatory variable (which is EO in this study) must be related independently to both a mediator variable (which is innovation) and dependent variable (which is FP). In our regression analyses, EO was included as an independent variable while innovation was included as both independent and mediator variable. The premise that EO is related to both innovation and FP is based on our analysis of the correlation results. The results of the structural model, also known as the inner model, are presented in Table 3 below. The first hypothesis H1 (i.e., EO is significantly related to FP) proved to be supportive at 0.05 level of significance ($\beta = 0.239$, $t = 3.536$, $p < 0.05$). Based on hypothesis 2 (H2), the results obtained show that EO is significantly related to innovation ($\beta = 0.751$, $t = 25.284$, $p < 0.01$). Likewise, third hypothesis H3 (i.e., Innovation mediates the relationship between EO and firm's performance.) was also proved to be empirically at 0.01 level of significance ($\beta = 0.426$, $t = 7.846$, $p < 0.01$).

**Table 3** Results of the structural model path coefficient hypothesis testing

| **Direct Hypothesis testing** | | | | |
|---|---|---|---|---|
| | **Mean (Beta)** | **Standard Deviation (STDEV)** | ***T* Statistics (\|O/STDEV\|)** | ***P* Values** |
| EO -> FP | 0.239 | 0.068 | 3.536 | 0.000 |
| EO -> INO | 0.751 | 0.03 | 25.284 | 0.000 |
| **Mediating Hypothesis Testing** | | | | |
| | **Mean (Beta)** | **Standard Deviation (STDEV)** | ***T* Statistics (\|O/STDEV\|)** | ***P* Values** |
| EO -> INO -> FP | 0.426 | 0.054 | 7.846 | 0.000 |

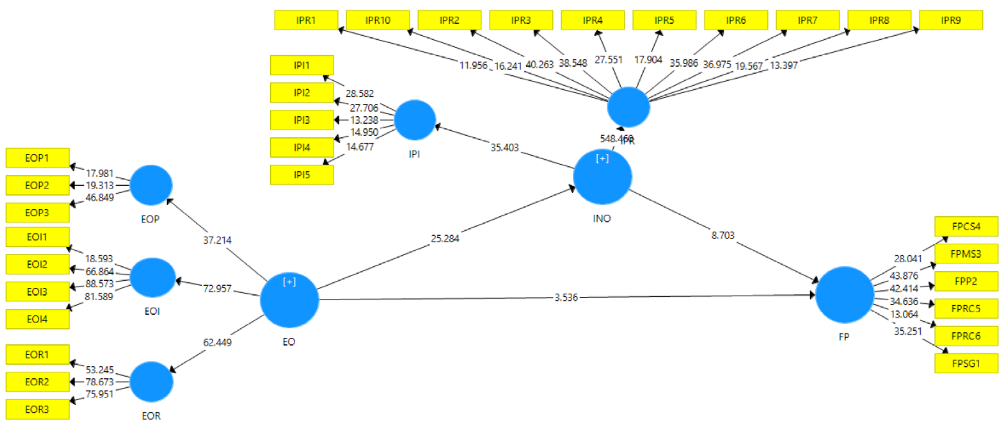


**Figure 3** Structural model
Note: EO = Entrepreneurial Orientation, INO = Innovation, FP = Firm Performance

## DISCUSSION AND CONCLUSION

The result of this research revealed that EO affects the performance of large manufacturing firms in Pakistan. For this research, the link between EO and firm's performance appears to be significant, which indicated that managers/owners of firms believe that EO influence performance. Therefore, H1 is supported. Despite the extensive studies reported in entrepreneurship literature soliciting that EO helps improve performance. In other words, any improvement in EO may result in a substantial impact on the performance of large manufacturing firms in Pakistan. These significant findings are consistent with the previous studies on EO and firm performance link i.e. (Lumpkin & Dess, 2001; Yang, 2008; Fairoz et al., 2010; Madhoushi et al., 2011; Mehrdad et al., 2011; Sharma & Dave, 2011; Zhang & Zhang, 2012).

The analysis outcome of this study discovered that EO has a positive effect on the innovation of large manufacturing firms in Pakistan. For this study, EO appears to be significant to the innovation of large manufacturing firms in Pakistan which indicates that owners/senior managers of large manufacturing firms believe that their firm has better innovation with the implementation of EO. H2 anticipated a positive link between EO and innovation. As proved by analysis, EO has a positive association on innovation, therefore, H2 is supported. EO makes a company create an innovative, proactive, and risk-taking climate in the organization (Lumpkin & Dess, 1996). By adopting a strong EO and facilitating social ties between companies, an organization could promote the required knowledge to create innovation (Zahra & George, 2002). The finding of this research is in line with the previous recent researchers who examined the EO and innovation relation (Khalili, Nejadhussein, & Fazel, 2013; Zehir et al., 2015).

Finally, this study developed a proposition that innovation mediates the relationship between EO and firm performance, which is confirmed by analysis of this study therefore, H3 is supported. Moreover, a study carried out by (Zehir et al., 2015) indicated that innovation performance mediates the impact of EO on firm performance. Additionally, (Hult et al., 2004) also confirmed that innovation partially mediates the connection between EO and performance. Research done by (Kocak et al., 2017) showed that EO impacts performance indirectly via innovation. The finding of this research is similar to earlier studies therefore, H3 is supported.

This research entails understanding the different measures of success in an organization by testing the proposed framework, which might show that some factors may be omitted or added to the model to enhance its efficacy. In addition to this, it will be interesting to know whether the proposed framework differs in organizations of different contexts. Therefore, a comparison of the proposed framework in different countries and organizations may yield insights about different factors that contribute to organizational performance. Thus, the framework can be further developed based on insights in different contexts. Additionally, this paper would encourage leader/ owners to consider entrepreneurial orientation, and innovation to boost their firm performance. Moreover, it can be beneficial to the decision-makers (owner/ manager) of the firms. Hence, this research is expected to make a significant contribution to both academic and practical dimensions.

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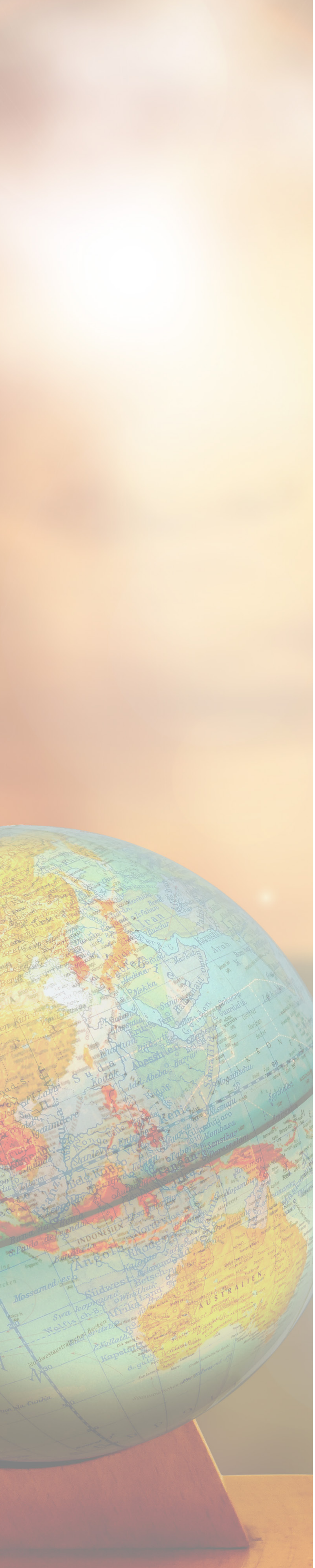

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# FAKTOR PENERIMAAN MEDIA SOSIAL DALAM PEMASARAN DI KALANGAN INDUSTRI KECIL DAN SEDERHANA (IKS) DI LABUAN

# *SOCIAL MEDIA ACCEPTANCE FACTOR IN MARKETING AMONG SMALL MEDIUM ENTERPRISES (SME) IN LABUAN*

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## ABSTRAK

Dalam arus globalisasi dan liberalisasi, teknologi maklumat dan komunikasi merupakan kaedah yang paling kos efektif untuk membantu sesebuah syarikat memperolehi pasaran yang lebih luas serta meningkatkan kemampuan bersaing dengan syarikat yang lebih besar. Walaubagaimanapun, ketidakmampuan dan ketidakupayaan mereka untuk memanfaatkan kemudahan dan kelebihan pemasaran melalui media sosial menjadikan pengusaha IKS hilang daya saing dalam pemasaran. Tahap penerimaan dan penggunaan media sosial yang rendah dilihat sebagai punca kepada permasalahan ini. Oleh yang demikian, melalui kaedah "*mixed method*" kajian ini cuba untuk mengeksplorasi secara mendalam faktor-faktor dalaman dan

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luaran yang mempengaruhi penerimaan media sosial sebagai strategi saluran pemasaran dalam kalangan pengusaha IKS di Malaysia khususnya di WP Labuan. Keputusan kajian ini membuktikan bahawa faktor-faktor yang berkaitan dengan ciri-ciri penerima (CCP) dan faktor persekitaran (PR) mempunyai pengaruh yang signifikan, manakala faktor berkaitan dengan ciri-ciri inovasi (CCI) tidak mempunyai pengaruh yang signifikan terhadap penerimaan media sosial dalam pemasaran di kalangan IKS. Turut dibuktikan adalah faktor yang berkaitan dengan ciri-ciri penerima adalah faktor yang paling kuat mempengaruhi penerimaan media sosial di kalangan IKS Labuan. Kesimpulan dan cadangan kajian di masa depan turut dibincangkan.

**Kata kunci:** penerimaan media sosial, ciri-ciri inovasi, ciri-ciri penerimaan, pengaruh persekitaran

## *ABSTRACT*

In the era of globalisation and liberalisation, information technology and communication seem to be the most cost-effective method to help a company obtained a much bigger market as well as to increase its ability to compete with bigger companies. However, their incapability and inability to optimise their facilities and advantages in marketing through social media makes the Small Medium Enterprises (SMEs) lose their competitiveness in the market. The low level of acceptance and usage of social media is seen as the source towards this problem. As the result, through the "mixed method", this research tries to explore the internal and external factors in depth that influence the acceptance of social media as a marketing channel strategy among SMEs in Malaysia specifically in Labuan FT. The result of this research proves that the factors related to the characteristics of acceptance and environmental factors have a significant influence while factors related to characteristics of innovation did not have significant influence towards acceptance of social media in marketing among SMEs. In addition, it is proven that the factors related to the characteristics of acceptance were the strongest factor influencing the acceptance of social media among SMEs in Labuan. Conclusion and suggestions for future research are discussed.

***Keywords:*** social media acceptance, innovation characteristics, acceptance characteristics, environmental forces

## PENGENALAN

Kemunculan media sosial telah banyak mengubah cara di mana ramai orang, masyarakat atau organisasi berkomunikasi dan berinteraksi (Ngai, Tao, & Moon, 2015). Media sosial telah mempromosikan bentuk komunikasi baru antara orang dan syarikat yang menggunakan alat dan perkhidmatan yang terdapat di internet, seperti Facebook, Linkedin, Twitter, Blogger, Wikipedia, YouTube, Instagram, Whatsapp dan beberapa applikasi yang lain. Salah satu industri yang mula memanfaatkan kelebihan ini, adalah Industri Kecil dan Sederhana (IKS) yang turut membantu menembusi pasaran yang lebih luas serta meningkatkan kemampuan bersaing. Hakikatnya, untuk kekal bersaing di pasaran yang kompetitif, para pengusaha IKS perlu memanfaatkan kemudahan pelbagai platform media sosial untuk memaksimumkan capaian pasaran dan hasil perniagaan mereka. Terbukti bahawa hari ini, platform seperti media sosial mempunyai pengaruh dan kuasa yang sangat besar dalam dunia penyebaran maklumat (*Astro Awani*, 2015, September 4).

Di negara-negara maju terutama di Barat dan Eropah, telah dibuktikan bahawa pengusaha IKS yang menggunakan media sosial sebagai saluran pemasaran telah mendapat jualan dan keuntungan purata yang tinggi (Nazari & Hasbullah, 2008). Walau bagaimanapun, amat menyedihkan dewasa ini daripada 645,136 usahawan IKS Malaysia yang berdaftar hanya 27% sahaja yang menggunakan teknologi ini, yang mana majoritinya hanya untuk urusan biasa sahaja dan bukan untuk tujuan pemasaran. Persoalannya, mengapa IKS tempatan tidak menggunakan peluang ini untuk bersaing di pasaran? Apakah faktor penyebab kepada isu ini? Berdasarkan situasi semasa yang berlaku dalam kalangan pengusaha IKS di Malaysia terutamanya di WP Labuan, wujud keperluan yang mendesak untuk mengenalpasti secara terperinci dan mengkaji permasalahan dan faktor-faktor yang mempengaruhi penerimaan media sosial sebagai strategi pemasaran dalam kalangan pengusaha IKS. Kajian ini jelas bertujuan untuk membantu dalam meningkatkan aktiviti pemasaran perniagaan dalam kalangan pengusaha IKS melalui media sosial, terutamanya di WP Labuan.

Secara ilmiahnya, terdapat beberapa kajian terdahulu yang cuba merungkai permasalahan ini. (Mohamad & Ishak, 2013; Uran, 2014; Nelmapius & Boshoff, 2016; Iannacci & Pole, 2016; Howell, 2016; Wamba, Bhattacharya, Trinchera & Ngai, 2017; Wirawan, Suyoto & Budiyanto, 2017). Walau bagaimanapun, kajian terdahulu tidak menentukan pendekatan yang jelas untuk mengukur penggunaan pemasaran media sosial secara spesifik (Dahnil, Marzuki, Langgat, & Fabeil, 2014). Teori-teori popular (contohnya TRA, TPB, TAM, dan UTAT) yang digunakan sebelum ini lebih banyak menjurus kepada aspek individu dan amat terbatas kajian yang melihatnya dari sudut organisasi (De Araujo & Zilber, 2016). Memandangkan kajian ini merujuk kepada faktor penerimaan oleh organisasi IKS, maka ianya memerlukan penilitian lanjut. Dengan kewujudan faktor-faktor baru (yakni inovasi pemasaran) yang dikenalpasti telah menyumbang kepada keperluan kajian lanjutan terhadap ciri-ciri dan atribut-atribut yang sedia ada. Memperluaskan lagi pengenalpastian ciri dan atribut terkini, dilihat sebagai langkah terbaik untuk menambahbaik kerangka kerja teori yang sedia ada. Di samping itu, ciri-ciri dan atribut yang berkaitan dengan media sosial masa kini mempunyai pengaruh yang berbeza-beza mengikut peranan mereka masing-masing. Oleh yang demikian, kajian ini cuba untuk mengeksplorasi secara mendalam faktor-faktor spesifik yang mempengaruhi penerimaan media sosial sebagai strategi saluran pemasaran dalam kalangan pengusaha IKS di Malaysia khususnya di WP Labuan.

# KAJIAN LITERATUR

## Pemasaran dan Inovasi Media Sosial

Media sosial merujuk kepada aplikasi dalam talian yang mempunyai ciri-ciri sejajar dengan aplikasi internet (Kaplan & Haenlein, 2010). Oleh itu, terdapat bukti penting untuk mengkategorikan pemasaran media sosial sebagai sebahagian daripada pemasaran internet. Malah menurut Mangold dan Faulds (2009), media sosial dianggap sebagai pilihan yang jelas sebagai alat pemasaran dan dilihat sebagai sebahagian daripada strategi komunikasi pemasaran terbaik bagi sesebuah firma perniagaan. Dengan kata lain, media sosial boleh dianggap sebagai komponen baru dalam campuran promosi pemasaran (Eagleman, 2013). Di samping itu, menurut Eagleman lagi, media sosial menawarkan kaedah komunikasi pemasaran yang unik dan merupakan lanjutan kepada aktiviti untuk memenuhi pemasaran tradisional. Walaupun mempunyai halangan, pelaksanaan pemasaran melalui media sosial boleh mewujudkan peluang penembusan pasaran yang lebih luas. Ini disebabkan oleh penggunaan media sosial tidak memerlukan pelaburan kewangan yang besar dengan kos perlaksanaan yang rendah (Michaelidou, Siamagka, & Christodoulides, 2011), dan mampu menyampaikan mesej dengan lebih mudah dan pantas (Mohamad & Han, 2017).

Keupayaan media sosial mempromosikan komunikasi dan perbualan di kalangan berjuta-juta orang (Safko, 2010), menjadikan medium media sosial ini sebagai platfom terbaik untuk memasarkan produk. Hasrat ini boleh tercapai kerana terdapat peningkatan dalam peratusan penggunaan internet, terutamanya media sosial, untuk komunikasi, membeli-belah, pembelajaran, rangkaian sosial, perbankan, dan banyak fungsi lain (OECD, 2005). Di beberapa tempat di dunia, syarikat dan perniagaan menggunakan media sosial sebagai penyelesaian kepada pelbagai isu seperti peningkatan hubungan pelanggan (Brynjolfsson, 2011), promosi produk baru (Chauhan, 2011), menambah nilai, kepuasan dan kesetiaan pelanggan (He, Za, & Li, 2013). Amalan menggunakan media sosial sebagai alat untuk menambah nilai perniagaan dapat dianggap sebagai adaptasi inovasi (yakni adaptasi inovasi dalam pemasaran). Oleh yang demikian, kajian ini, dengan mengambilkira penggunaan inovasi (yakni pemasaran melalui media sosial) merujuk kepada keputusan individu (yakni pemilik atau pengurus IKS) atau organisasi untuk menggunakan inovasi (Rogers, 1983, 1995). Dengan kata lain, adalah penting untuk memahami proses saluran pemasaran dengan menggunakan inovasi media sosial oleh IKS yang dapat meningkatkan kecekapan proses pemasaran syarikat dan meningkatkan produktiviti.

## Ciri-ciri Inovasi

Pemasaran melalui media sosial merujuk kepada penggunaan teknologi dan inovasi media sosial untuk menjalankan aktiviti pemasaran. Meskipun menghadapi pelbagai halangan, perlu diakui inovasi pemasaran menerusi media sosial tersebut mampu meningkatkan jualan dan dilihat sebagai saluran komunikasi yang efektif. Dari perspektif yang lebih luas, inovasi boleh ditakrifkan sebagai "pelaksanaan produk baru atau ketara baik (baik atau perkhidmatan), atau proses, atau kaedah pemasaran baru, atau kaedah organisasi baru untuk amalan perniagaan , organisasi tempat kerja atau hubungan luar" (OECD, 2005, p.46). Berdasarkan kajian lepas, inovasi ini banyak dibincangkan dengan menggunakan beberapa teori inovasi iaitu Roger (1983), *technology acceptance model (TAM)* oleh Davis (1989), dan *unified technology acceptance model* oleh Venkatesh, Morris, Davis, dan Davis (2003). Walau bagaimanapun, fokus mereka lebih khusus kepada keputusan individu berbanding perspektif organisasi. Menyedari kelemahan model-model terdahulu, Tornatzky dan Fleischer (1990) dan Frambach dan Schillewaert (2002) cuba menambahbaik model sedia ada. *Model Technology, Organization and Environment (TOE)* yang dibina oleh Tornatzky dan Fleischer (1990) cuba mengenalpasti tiga aspek penting dalam organisasi yang mempengaruhi proses di mana ianya mengadaptasi inovasi teknologi dari konteks teknologi, organisasi, dan juga alam sekitar. Manakala, Frambach dan Schillewaert (2002) cuba mengembangkan lagi model TOE, namun terhad kepada pembinaan rangka kerja konseptual tanpa sebarang unit pengukuran untuk mengenal pasti faktor utama yang menyebabkan oganisasi mengadaptasi inovasi teknologi. Kajian ini menggunakan pembolehubah "ciri-ciri inovasi" dan beberapa atribut yang diadaptasi daripada beberapa kajian lepas seperti Tornatzky dan Fleischer (1990), Frambach dan Schillewaert (2002), dan De Araujo dan Zilber (2016). Antara atribut tersebut adalah (1) Keserasian, (2) Kelebihan relatif, (3) Pemerhatian, dan (4) Ketidakpastian. Walaubagaimanapun, dua atribut yang dirasakan sangat penting dalam pengaruh penerimaan (iaitu mudahguna dan kebolehgunaan) tidak diambilkira. Oleh yang demikian, untuk memantapkan lagi dapatan kajian ini, kedua-dua atribut ini dimasukan untuk melengkapkan pembolehubah "ciri-ciri inovasi". Pertimbangan ini disokong oleh Roger (1995), El-Gohary (2012), dan Dahnil et al. (2014), yang menyatakan bahawa atribut mudahguna (PEOU) dan kebolehgunaan (PU) dalam TAM masih sah dan lebih sesuai untuk mengkaji penggunaan/ penerimaan teknologi oleh organisasi perniagaan seperti IKS. Berdasarkan perbincangan di atas hipotesis berikut dicadangkan:

H1: *Ciri-ciri inovasi mempengaruhi penggunaan media sosial organisasi IKS.*

## Ciri-ciri Penerima Adaptasi

Dalam konteks penggunaan media sosial dalam kalangan IKS tempatan, inovasi boleh diukur dengan keperluan inovasi tersebut dalam membantu kelangsungan operasi IKS tersebut dan penyertaan aktif oleh pemilik dan pekerja mereka dalam penerapan inovasi. Dengan kata lain, ciri-ciri penerima sesuatu inovasi tersebut memainkan peranan penting. Pandangan ini bertepatan dengan Carayannis dan Provance (2008), yang menyatakan bahawa inovasi boleh dilihat dari sudut penglibatan organisasi untuk memanfaatkan budaya penerimaan sesuatu inovasi tersebut melalui proses dan aktiviti harian mereka. Tambahan pula, ciri-ciri penerima adalah yang paling utama dalam penggunaan inovasi (Rogers, 1983; Tornatzky & Fleischer, 1990; Frambach & Schillewaert, 2002).

Masalah yang dihadapi oleh IKS di Malaysia adalah kelembapan jualan dan kelemahan daya saing pasaran dan akibat tidak menggunakan teknologi terkini dalam operasi mereka (Hashim, 2007). Meskipun industri IKS secara umumnya memiliki keunikan dari segi sumber, modal, dan manusia, tetapi mereka tetap ketinggalan dari sudut penggunaan teknologi (Davis & Vladica, 2006). Oleh yang demikian, memiliki ciri-ciri inovatif terhadap sesuatu yang baru amat dituntut di kalangan pengusaha IKS untuk terus kekal berdaya saing. Di samping melihat sifat inovatif, menurut Frambach dan Schillewaert (2002), ciri-ciri penerima (*adopter*) juga dikenal pasti dari sudut saiz syarikat (diukur oleh jumlah jualan atau bilangan pekerja dalam organisasi) dan struktur organisasi (yang melibatkan kerumitan struktur, darjah formalisasi dan pemusatan keputusan) turut mempengaruhi tahap penerimaan media sosial di kalangan pengusaha IKS. Oleh yang demikian, hipotesis berikut dikemukakan:

H2: *Ciri-ciri penerima mempengaruhi penerimaan media sosial oleh organisasi IKS.*

### Pengaruh Persekitaran

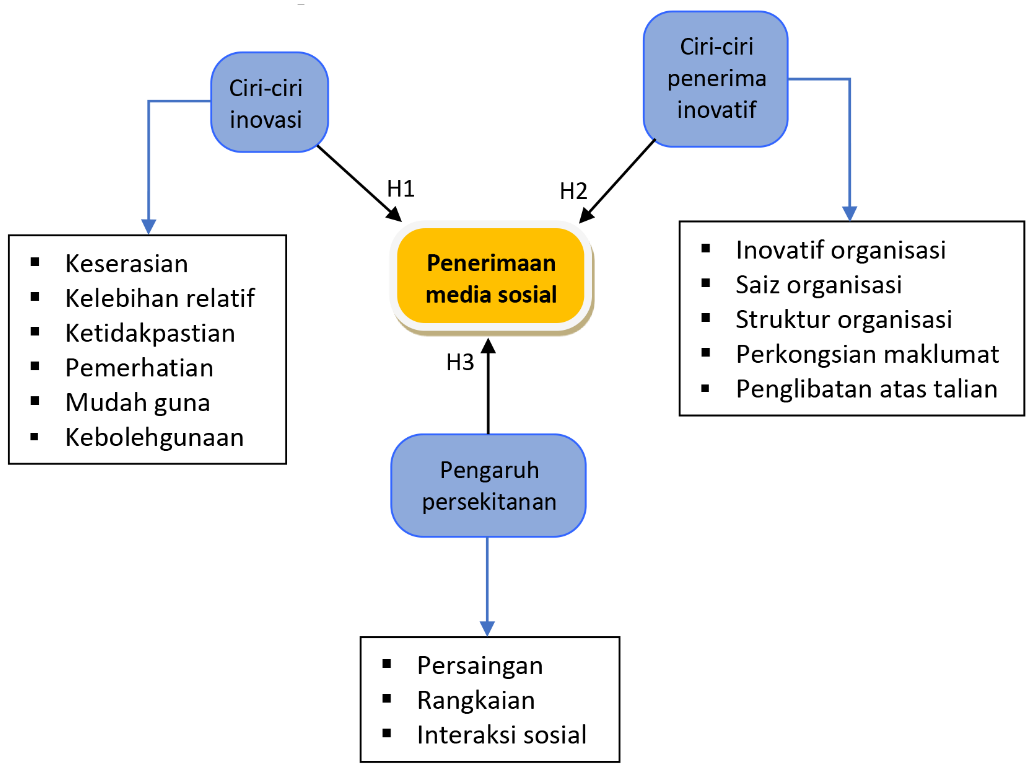
Perusahaan menengah kecil (IKS) diiktiraf sebagai salah satu penyumbang utama kepada pertumbuhan ekonomi, pembangunan dan pekerjaan. Walaupun ianya memainkan peranan utama dalam ekonomi pada masa kini, IKS turut terkenal dengan halangan dalam mengadaptasi teknologi baru (yakni pemasaran melalui sosial media) walaupun terbukti revolusi saluran pemasaran dan internet (yakni pembelian atas talian) telah mengubah cara orang menjalankan perniagaan hari ini. Pandangan oleh Frambach dan Schillewaert (2002) menyatakan bahawa pengaruh persekitaran boleh datang dari dua sudut berbeza, iaitu melalui tekanan persaingan dan juga eksternaliti rangkaian. Namun begitu, dapatan yang berbeza oleh De Araujo dan Zilber (2016) yang menyatakan bahawa pengaruh persekitaran tidak mempengaruhi tahap penerimaan media sosial di kalangan IKS. Sehubungan dengan itu, hipotesis berikut dikemukakan:

H3: *Pengaruh persekitaran mempengaruhi penerimaan media sosial oleh organisasi IKS.*

## METODOLOGI

Reka bentuk kajian ini adalah bersifat deskriptif yang menggunakan pendekatan kuantitatif. Manakala, borang soal selidik akan digunakan untuk proses pengumpulan data. Sementara itu, ujian rintis dan proses *face validity* digunakan untuk proses penambahbaikan isi kandungan borang soal selidik sebelum diedarkan kepada responden sebenar. Manakala, pendekatan "*Expert opinion*" digunakan untuk memperolehi maklumat tambahan bagi mengenalpasti atribut-atribut yang baru yang turut mempengaruhi penerimaan media sosial di kalangan IKS. Perisian *Partial Least Square* (*Smart PLS v.2.0*) pula akan digunakan untuk menganalisis data kuantitatif.

Reka bentuk kajian ini juga adalah berdasarkan saranan daripada Hair, Black, Babin, Anderson dan Tatham, (2006). Seramai 165 orang pemilik IKS di sekitar Wilayah Persekutuan Labuan (berdaftar dengan Jabatan Perpaduan dan Lembaga Pertubuhan Peladang). Oleh kerana jumlah populasi kajian yang kecil, maka semua IKS yang berdaftar di Labuan diambil kira sebagai responden kajian. Jadual 1 dan Rajah 1 adalah pemboleh ubah yang terlibat dan cadangan rangka kerja kajian ini. Pemboleh ubah tidak bersandar adalah, ciri-ciri inovasi dan ciri-ciri penerima dan pengaruh persekitaran. Manakala pemboleh ubah bersandar adalah penerimaan media sosial.




Sumber: Diadapatasi daripada kajian Tornatzky dan Fleischer (1990), Frambach dan Schillewaert (2002) dan De Araujo dan Zilber (2016)

**Rajah 1** Cadangan rangka kerja kajian

**Jadual 1** Pemboleh ubah kajian

| Bil. | Pemboleh ubah | Jumlah item | Sumber |
|---|---|---|---|
| 1 | Ciri-ciri Inovasi<br>• Keserasian (5)<br>• Kelebihan relatif (9)<br>• Ketidakpastian (7)<br>• Kebolehpercayaan (6)<br>• Pemerhatian (5)<br>• Mudah guna (5)<br>• Kebolehgunaan (5) | 42 | Rogers (1983,1995); Frambach & Schillewaert (2002); De Araujo & Zilber (2016) |
| 2 | Ciri-ciri Penerima Inovatif<br>• Inovatif organisasi (5)<br>• Saiz organisasi (5)<br>• Struktur organisasi (9)<br>• Perkongsian maklumat (5)<br>• Penglibatan atas talian (10) | 34 | Rogers (1983, 1995); Frambach & Schillewaert (2002); Ilie et al. (2005); De Araujo & Zilber (2016) |
| 3 | Pengaruh Persekitaran<br>• Persaingan (7)<br>• Rangkaian (4)<br>• Interaksi sosial (6) | 17 | Rogers (1983, 1995); Frambach & Schillewaert (2002); Ilie et al. (2005); De Araujo & Zilber (2016) |
| 4 | Penerimaan media sosial | 13 | Frambach & Schillewaert (2002); De Araujo & Zilber (2016) |

## DAPATAN KAJIAN

### Profil Responden

Jadual 2 mewakili latar belakang sosio-demografi responden (lihat Jadual 2). Sebanyak 165 responden mengambil bahagian dalam sampel akhir. Berdasarkan maklum balas yang dikumpulkan, 54.5% responden adalah lelaki dan baki 42.4% adalah wanita. Kira-kira, 15.2% responden berumur 18 hingga 25 tahun, 15.2% responden berumur 26 hingga 35 tahun, 23.6% responden berumur 36 hingga 45 tahun, 34.5% responden berumur 46 hingga 55 tahun, manakala 11.5% berumur 56 dan ke atas.

**Jadual 2** Latar belakang sosio-demografi responden

| | Jumlah | Peratusan |
|---|---|---|
| ***Jantina pemilik IKS*** | | |
| Lelaki | 90 | 54.5 |
| Perempuan | 70 | 42.4 |
| ***Umur*** | | |
| 18 – 25 | 25 | 15.2 |
| 26 – 35 | 25 | 15.2 |
| 36 – 45 | 39 | 23.6 |
| 46 – 55 | 57 | 34.5 |
| 56 ke atas | 19 | 11.5 |
| ***Agama*** | | |
| Islam | 123 | 74.5 |
| Kristian | 14 | 8.5 |
| Buddha | 18 | 10.9 |
| Hindu | 10 | 6.1 |
| ***Bangsa*** | | |
| Melayu | 111 | 67.3 |
| Cina | 23 | 13.9 |
| India | 12 | 7.3 |
| Bumiputera Sabah | 16 | 9.7 |
| Bumiputera Sarawak | 3 | 1.8 |
| Lain-lain | | |
| ***Pendidikan*** | | |
| SRP/PMR | 40 | 24.2 |
| SPM | 55 | 33.3 |
| STPM | 15 | 9.1 |
| Diploma | 35 | 21.2 |
| Ijazah Sarjana Muda | 18 | 10.9 |
| Ijazah Sarjana | 2 | 1.2 |
| ***Pendapatan*** | | |
| Kurang dari RM1,000 | 63 | 38.2 |
| RM1,001 – RM2,000 | 57 | 34.5 |
| RM2,001 – RM3,000 | 32 | 19.4 |
| RM3,001 – RM4,000 | 4 | 2.4 |
| RM4,001 – RM5,000 | 2 | 1.2 |
| Lebih daripada RM5,001 | 7 | 4.2 |

Dari aspek agama pula sebanyak 74.5% adalah beragama Islam, 8.5% responden beragama Kristian, 10.9% beragama Buddha dan selebihnya 6.1% responden beragama Hindu. Peratusan dari bangsa pula ialah sebanyak 67.3% adalah Melayu, 13.9% Cina, 7.3% India, 9.7% adalah Bumiputera Sabah dan 1.8% adalah Bumiputera Sarawak. Tahap pendidikan responden pula ialah sebanyak 24.2% adalah SRP/PMR, 33.3% adalah SPM, 9.1% pula adalah STPM, 21.2% pula adalah Diploma, manakala 10.9% pula Ijazah Sarjana Muda dan seterusnya 1.2% adalah Ijazah Sarjana. Pendapatan responden yang dilaporkan dalam Jadual 1 pula ialah kurang dari RM1,000 sebanyak 38.2%, RM1,001 hingga RM 2,000 adalah 34.5%, RM2,001 hingga RM 3,000 adalah 19.4%, RM3,001 hingga RM4,000 adalah 2.4% manakala RM4,001 hingga RM5,000 adalah 1.2% dan seterusnya pendapatan lebih daripada RM5,001 adalah 4.2%.

## ANALISIS KEBOLEHPERCAYAAN

### Kesahihan Konstruk

Berdasarkan Barclay, Higgins, dan Thompson (1995), pemuatan faktor perlu mencapai nilai sekurang-kurangnya 0.7 dengan tiada butiran pengukuran yang memuatkan lebih tinggi daripada pembinaan faktor yang bertujuan untuk mengukur. Seperti yang ditunjukkan dalam Jadual 3, keputusan analisis faktor menunjukkan bahawa semua item pengukuran melebihi nilai yang disarankan (CCI: 0.8596 – 0.7463; CCP: 0.8859 – 0.7770; PMS: 0.8113 – 0.7066; dan PR: 0.9187 – 0.8497). Oleh yang demikian, dapat disimpulkan bahawa pengukuran dalam kajian ini boleh dipercayai dan boleh meneruskan analisa berikutnya. Walau bagaimanapun, terdapat beberapa item seperti PMS5, 7, 8, 9, dan 12 telah dipadam kerana gagal memenuhi pemuatan faktor minimum sebanyak 0.7.

**Jadual 3** Pemuatan faktor (*factor loadings*)

| Konstruk | Ciri-ciri inovasi (CCI) | Ciri-ciri penerima (CCP) | Penerimaan media sosial (PMS) | Persekitaran (PR) |
|---|---|---|---|---|
| K | **0.7463** | 0.5722 | 0.5205 | 0.4991 |
| KG | **0.7713** | 0.7310 | 0.6187 | 0.6885 |
| KP | **0.8803** | 0.6325 | 0.5342 | 0.5732 |
| KR | **0.8648** | 0.6929 | 0.5643 | 0.6096 |
| MG | **0.7517** | 0.5918 | 0.5480 | 0.5359 |
| P | **0.8596** | 0.6518 | 0.6166 | 0.6073 |
| PH | **0.8130** | 0.7340 | 0.6857 | 0.7067 |
| IO | 0.6868 | **0.8600** | 0.7891 | 0.7409 |
| PAT | 0.7010 | **0.8859** | 0.7935 | 0.8109 |
| PM | 0.6624 | **0.8526** | 0.7370 | 0.7473 |

| | | | | |
|---|---|---|---|---|
| SO | 0.7832 | **0.8785** | 0.7542 | 0.7578 |
| SOO | 0.6348 | **0.7770** | 0.6510 | 0.6609 |
| PMS1 | 0.5307 | 0.6085 | **0.7603** | 0.6634 |
| PMS10 | 0.5324 | 0.7288 | **0.7385** | 0.6377 |
| PMS11 | 0.5029 | 0.6280 | **0.7897** | 0.6628 |
| PMS13 | 0.5664 | 0.6466 | **0.7066** | 0.6322 |
| PMS2 | 0.5403 | 0.5946 | **0.7597** | 0.6225 |
| PMS3 | 0.4862 | 0.6191 | **0.7483** | 0.6345 |
| PMS4 | 0.6236 | 0.7511 | **0.8113** | 0.7087 |
| PMS6 | 0.5974 | 0.7175 | **0.7461** | 0.6832 |
| IS | 0.6286 | 0.7761 | 0.7665 | **0.9187** |
| PR | 0.7333 | 0.8345 | 0.8386 | **0.9132** |
| R | 0.6420 | 0.7313 | 0.7121 | **0.8497** |

Nilai dalam "**Bold**" adalah beban bagi item pengukuran yang melebihi nilai disyorkan sebanyak 0.7.

## Kesahan Konvergen dan Analisis Kebolehpercayaan Konstruk

Kebolehpercayaan konstruk, kebolehpercayaan komposit (CR) dan purata varians yang diekstrak (AVE) digunakan untuk menilai kesahan konvergensi. Seperti yang dicadangkan oleh Hair, Black, Babin dan Anderson (2010), kesahihan konvergen meneliti tahap persetujuan antara pelbagai item yang mengukur konsep yang sama.

**Jadual 4** Keputusan model pengukuran

| Konstruk | Item pengukuran | Alfa Cronbach (α) | Kebolehpercayaan komposit (CR) | Varians purata diekstrak (AVE) |
|---|---|---|---|---|
| Ciri-ciri inovasi (CCI) | K<br>KR<br>KP<br>P<br>PH<br>MG<br>KG | 0.914 | 0.932 | 0.662 |
| Ciri-ciri penerima (CCP) | IO<br>SO<br>SOO<br>PM<br>PAT | 0.904 | 0.929 | 0.725 |
| Persekitaran (PR) | PR<br>R | 0.874 | 0.923 | 0.800 |

| | | | | |
|---|---|---|---|---|
| Penerimaan media sosial (PMS) | PMS1<br>PMS2<br>PMS3<br>PMS4<br>PMS6<br>IS<br>PMS10<br>PMS11<br>PMS13 | 0.894 | 0.915 | 0.574 |

Berdasarkan Jadual 4 di atas, nilai Alpha Cronbach (α) untuk semua item melebihi nilai yang disyorkan iaitu antara 0.914 – 0.874. Keputusan ini menjelaskan bahawa nilai kajian semasa boleh dipercayai kerana nilai Alpha Cronbach melebihi indeks yang ditentukan iaitu sekurang-kurangnya 0.7 (Nunnally & Berstein, 1994). Dengan kata lain konstruk dan pemboleh ubah yang diuji dapat dipercayai dan sesuai dalam model penyelidikan. Manakala nilai kebolehpercayaan komposit (CR) turut menunjukkan nilai yang melebihi nilai yang disyorkan sebanyak 0.7 (Hair et al., 2010). Semua konstruk menunjukkan nilai antara 0.932 – 0.915. Varians purata diekstrak (AVE), berada dalam lingkungan 0.574 dan 0.800 (Fornell & Larcker, 1981). Secara keseluruhannya, keputusan menunjukkan bahawa semua empat konstruk yang dikaji adalah pengukuran yang sah berdasarkan anggaran parameter masing-masing dan juga kepentingan statistik (Chow & Chan, 2008).

## Kesahihan Diskriminasi

Analisis kesahihan diskriminasi merujuk kepada ujian secara statistik sama ada dua binaan itu berbeza (Farrell, 2009). Berdasarkan Jadual 5 di atas, varians purata diekstrak (AVE), berada dalam lingkungan 0.574 dan 0.800. Keputusan ini menunjukkan bahawa semua empat konstruk yang dikaji adalah pengukuran yang sah berdasarkan anggaran parameter masing-masing (AVE > 0.5). Walaubagaimanapun, didapati bahawa nilai AVE lebih rendah berbanding nilai korelasi konstruk lain di dalam Jadual 5. Berdasarkan keputusan di dalam Jadual 5, antara konstruk adalah sangat berkorelasi iaitu antara 0.724 – 0.866, dan masih benar-benar berbeza, tanpa bertindih makna atau kandungan.

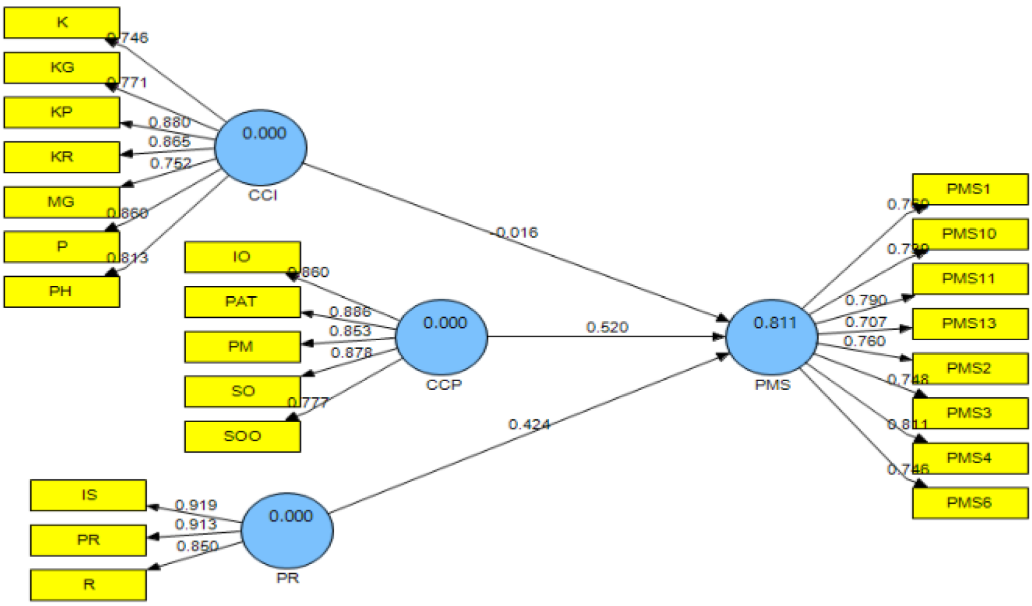
**Jadual 5** Kesahihan diskriminasi

| Konstruk | CCI | CCP | PR | PMS |
|---|---|---|---|---|
| Ciri-ciri inovasi (CCI) | **0.662** | | | |
| Ciri-ciri penerima (CCP) | *0.815*** | **0.725** | | |
| Persekitaran (PR) | *0.748*** | *0.874*** | **0.800** | |
| Penerimaan media sosial (PMS) | *0.724*** | *0.877*** | *0.866*** | **0.574** |

**Korelasi adalah signifikan pada tahap 0.01 (2-*tailed*).

## Pekali Laluan dan Ujian Hipotesis

Rajah 2 dan Jadual 6 menunjukkan keputusan analisa laluan (*path analysis*) dan ujian hipotesis. Nilai $R^2$ ialah 0.811 menunjukkan bahawa 81.1% daripada varians dalam tahap "penerimaan media sosial" (PMS) dapat dijelaskan oleh ciri-ciri inovasi (CCI), ciri-ciri penerima (CCP), dan persekitaran (PR).




**Rajah 2** Keputusan dan pekali laluan

**Jadual 6** Pekali laluan dan ujian hipotesis

| Hipotesis | Hubungan | Pekali laluan | Nilai-*t* | Keputusan |
|---|---|---|---|---|
| H1 | CCI → PMS | −0.016 | 0.205 | Tidak disokong |
| H2 | CCP → PMS | 0.520 | 4.671 | Disokong** |
| H3 | PR → PMS | 0.424 | 4.169 | Disokong** |

** Korelasi adalah signifikan pada tahap 0.01 (2-*tailed*).

Berdasarkan keputusan dalam Jadual 6 di atas, ciri-ciri penerima (CCP: $\beta = 0.520$, $p = 0.01$) dan persekitaran (PR: $\beta = 0.424$, $p = 0.01$) mempunyai hubungan yang signifikan terhadap penerimaan medial sosial (PMS). Walau bagaimanapun, ciri-ciri inovasi (CCI) pula didapati bahawa tidak mempunyai hubungan yang signifikan. Keputusan di atas menjelaskan bahawa hipotesis H2 dan H3 disokong manakala H1 ditolak. Di samping itu, keputusan ini menunjukan bahawa faktor ciri-ciri penerima (CCP) adalah sebagai ramalan yang paling ketara terhadap penerimaan media sosial (PMS), diikuti oleh faktor persekitaran (PR). Keputusan ini turut membayangkan bahawa semakin tinggi nilai dalam ciri-ciri penerima maka semakin tinggi tahap penerimaan mereka terhadap media sosial. Keputusan di atas selari dengan pandangan pakar yang turut menjelaskan bahawa "...perkara yang terpenting dalam pemasaran melalui media sosial adalah membina hubungan dan rangkaian. Contohnya berkongsi maklumat, berinteraksi dan berkomunikasi secara efektif dengan pelanggan dan bakal pelanggan anda, bukannya menjual produk semata-mata". Pandangan ini sangat bertepatan dengan pemboleh ubah yang terdapat dalam CCP dan PR iaitu "interaksi social", "perkongsian maklumat" dan "penglibatan atas talian".

Mengulas tentang ciri-ciri inovasi (CCI) yang didapati tidak mempunyai hubungan yang signifikan, keputusan di atas menggambarkan bahawa pengaruh faktor CCI wujud tetapi bukanlah sebagai faktor pendorong yang kuat dalam mempengaruhi pengusaha IKS untuk menggunakan media sosial. Mereka menyedari akan kepentingan media sosial dalam pemasaran tetapi tidak melihat CCI tersebut sebagai elemen penting dalam mempromosikan barangan mereka. Selain itu, faktor produk dan perkhidmatan ditawarkan ketika ini dilihat tidak mempunyai keperluan yang mendesak ke arah penggunaan inovasi media sosial. Bagi mereka teknik pemasaran sedia ada sudah mencukupi kerana produk keluaran mereka adalah berskala kecil.

## KESIMPULAN DAN CADANGAN

Penerimaan media sosial untuk tujuan kelangsungan perniagaan pada hari ini tidak dapat dinafikan lagi. Kepentingannya dalam pemasaran semakin diyakini oleh kebanyakan organisasi perniagaan dalam pelbagai industri di dunia tidak kira sama ada organisasi bersaiz besar atau kecil. Ini telah dibuktikan melalui dapatan kajian terdahulu yang menunjukkan medium secara dalam talian telah menjadi pilihan utama kepada kebanyakan organisasi perniagaan khususnya IKS untuk tujuan pemasaran dan berhubung dengan pelanggan (El-Gohary, 2012; Jonscher, 2011; Alrashid, 2012). Selain daripada itu, kajian-kajian terdahulu juga telah membuktikan media sosial turut diterima oleh pengguna sebagai medium pembelian secara dalam talian (Yusniza, 2007; Romero et al., 2011; Sin, Khalil & Al-Agaga, 2012). Ini jelas membuktikan bahawa, kepentingan media sosial sebagai medium dalam talian untuk aktiviti perniagaan telah diterima sama ada dari sudut organisasi perniagaan mahupun pengguna.

Kajian ini menyokong pandangan konvensional mengenai pengaruh pemboleh ubah daripada pengalaman atau pun pandangan terhadap penerimaan media sosial dalam pemasaran di kalangan IKS di WP Labuan. Ia juga mengkaji sejauh mana faktor penerimaan IKS terhadap media sosial dalam aktiviti pemasaran ini dapat membantu meningkatkan pendapatan IKS di masa akan datang dengan memperluaskan lagi aktiviti pemasaran mereka khususnya melalui media sosial. Kajian ini juga melihat kebaikan ukuran dengan menilai kesahan dan kobolehpercayaan yang dijalankan menggunakan pendekatan PLS. Keputusan menunjukkan bahawa langkah-langkah yang digunakan menunjukkan kesahihan konvergen dan diskriminasi. Nilai-nilai Alpha Cronbach dan nilai kebolehpercayaan komposit adalah selaras dengan kriteria yang ditetapkan oleh kajian terdahulu. Kajian ini telah memenuhi jurang penyelidikan yang kurang memberi tumpuan khususnya terhadap faktor penerimaan media sosial oleh organisasi (IKS) dalam aktiviti pemasaran. Hal ini berlaku disebabkan oleh ramai pihak yang tidak sedar tentang kepentingan dan sumbangan media sosial dalam perniagaan dan pemasaran produk IKS. Apatah lagi, penglibatan mereka dalam dunia ICT untuk tujuan kelangsungan perniagaan masih perlahan (Alam & Nilufar, 2007).

Hasil dapatan kajian ini telah membuktikan bahawa faktor penerimaan (ciri-ciri penerimaan dan pengaruh persekitaran) memberi pengaruh yang signifikan kepada organisasi IKS sebagai medium pemasaran mereka. Dapatan kajian ini juga membuktikan bahawa ciri-penerimaan dan pengaruh persekitaran mempunyai kesan perantaraan yang signifikan kepada hubungannya dengan penerimaan media sosial. Penerimaan media sosial dalam kalangan organisasi IKS membuktikan wujud kecenderungan dalam organisasi mereka untuk mengaplikasikan media sosial dalam urusan perniagaan. Elemen-elemen penting seperti “interaksi sosial”, “perkongsian maklumat” dan “penglibatan atas talian” dilihat sebagai pendorong kepada penerimaan media sosial.

Berdasarkan kepada dapatan kajian di atas, terdapat beberapa kelemahan dan cadangan kajian lanjutan. Yang pertama adalah nilai AVE yang rendah berbanding nilai korelasi telah dicatatkan dan ini perlu penambahbaikan. Meskipun, nilai AVE tersebut memenuhi syarat yang ditetapkan (AVE > 0.5), namun ianya perlu penilitian lanjut terutamanya dalam pembinaan item dan soalan kajian. Selain itu, daripada faktor-faktor yang diketengahkan oleh kajian ini, kajian lanjutan dicadangkan untuk mengambil kira faktor-faktor lain yang turut berpotensi untuk mempengaruhi penerimaan media sosial sebagai aktiviti pemasaran seperti mana yang telah dibuktikan oleh ulasan literatur. Konteks dan skop kajian ini juga boleh diaplikasikan dalam sektor dan industri selain IKS.

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