International Academic Research Journal of Social Science

ISSN : 2289-8441
International Academic Research Journal of Social Science 1(1) 2015, Pages: 1-7
Accepted for publication: 5th January, 2015
www.iarjournal.com

The Influence of Entrepreneurial Orientation towards Academic Grades

Hardy Loh Rahim [1], Nurul 'Annisa Salamun[2] and Zanariah Zainal Abidin[3]

[1,3]Malaysian Academy of SME and Entrepreneurship Development, Universiti Teknologi MARA, Malaysia
[2]Faculty of Business Management, Universiti Teknologi MARA, Malaysia

Corresponding email: hardy@salam.uitm.edu.my

Abstract: Entrepreneurship education programs are proliferating in universities and colleges in the country due to the importance and increasing acceptance of entrepreneurship. However, one may argue the purpose of having entrepreneurship education to those who are not interested in starting a business. What do entrepreneurship subjects contribute towards students generally? The purpose of entrepreneurship education is not only to nurture entrepreneurs, but to inculcate entrepreneurial orientation and characteristics to the students. Therefore, this study investigates how entrepreneurial orientation that has been gained by students in entrepreneurship subjects, influence their academic grades. So far, there is lack of empirical study on this matter creating a literature gap. The study is done at Universiti Teknologi MARA, Malaysia. The result shows that three elements of entrepreneurial orientation (risk-taking, proactiveness and competitive aggressiveness) positively influence academic grades while the remaining elements of entrepreneurial orientation (autonomy and innovativeness) do not influence academic grades.

Keywords: Entrepreneurial Orientation, Academic Grades

To cite this paper:
Rahim H.L. , Salamun N.S. and Abidin Z.Z. (2015). The Influence of Entrepreneurial Orientation towards Academic Grades. *International Academic Research Journal of Social Science* 1(1): 1-7

INTRODUCTION

Today, stories about the enormous social, economic and educational benefits of entrepreneurship are widely reported. As a result, entrepreneurship education programs are proliferating in universities and colleges in the country. However, one may argue the purpose of having entrepreneurship education to those who are not interested in starting a business. What do entrepreneurship subjects contribute towards students generally? This issue needs to be addressed and empirical study has to be done in order to understand the purpose and benefit of entrepreneur education towards students. In other hand, it is believed that by having entrepreneurship education, it will inculcate the entrepreneurial characteristics towards the students. Previous studies have proved that by having entrepreneurship education, the student's entrepreneurial orientation will be developed. Gurol and Atsan (2006) had studied the entrepreneurial characteristics amongst university students in Turkey among those who studied entrepreneurship and those who do not. The result shows that all entrepreneurial traits are found to be higher in entrepreneurially inclined students, as compared to entrepreneurially non-inclined students. Therefore, this study investigates how entrepreneurial orientation that has been gained by students in entrepreneurship subjects, influence their academic grades. So far, there is lack of empirical study on this matter creating a literature gap. The study is done at Universiti Teknologi MARA, winner of the Most Entrepreneurial University 2012 and 2013 by Ministry of Education Malaysia, since the award was adopted from United Kingdom in 2012 (Rahim and Chik 2014).

LITERATURE REVIEW

Entrepreneurial Orientation

When considering the Entrepreneurial Orientation (EO) of individuals the question to be addressed is "What are the personal characteristics or attitudes a person possesses that might increase propensity to engage in and be successful at entrepreneurial activities?"(Levenburg and Schwarz, 2008). According to Sandra Schillo (2011), the most widely used definition of entrepreneurial orientation is based on work by Miller (1983), developed further by Covin and Slevin (1989) and many others, and augmented by Lumpkin and Dess (2008). Lumpkin and Dess (2008) suggested that EO is being characterized by the the dimensions of autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness

Risk Taking

The early entrepreneurship literature equated the idea of entrepreneurship with working for oneself (i.e., seeking self-employment rather than working for someone else for wages) (Cantillon, 1734; Shane, 1994b). Along with this type of work came the idea of assuming personal risk. Cantillon (1734), who was the first to formally use the term entrepreneurship, argued that the principal factor that separated entrepreneurs from hired employees was the uncertainty and riskiness of self-employment. Thus, the concept of risk taking is a quality that is frequently used to describe entrepreneurship. Risk has various meanings, depending on the context in which it is applied. In the context of strategy, Baird and Thomas (1985) identified three types of strategic risk: (a) "venturing into the unknown," (b) "committing a relatively large portion of assets," and (c) "borrowing heavily". The first of these definitions conveys a sense of uncertainty and may apply generally to some types of risk often discussed in the entrepreneurship literature, such as personal risk, social risk, or psychological risk (Gasse, 1982).

Proactiveness

Economics scholars since Schumpeter have emphasized the importance of initiative in the entrepreneurial process. The term proactiveness is defined in Webster's Ninth New Collegiate Dictionary (1991) as "acting in anticipation of future problems, needs, or changes." As such, proactiveness is crucial to an entrepreneurial orientation because it suggests a forward-looking perspective that is accompanied by innovative or new-venturing activity. Proactiveness refers to how a person relates to opportunities. It does so by seizing initiative and acting opportunistically in order to shape the environment, that is, to influence trends and, perhaps, even create demand. Proactiveness involves taking the initiative in an effort to shape the environment to one's own advantage; responsiveness involves being adaptive to challenges (Lumpkin and Dess, 2008). An EO, therefore, involves both proactiveness in pursuing opportunities and the will to respond aggressively to challenges.

Innovativeness

Schumpeter (1934, 1942) was among the first to emphasize the role of innovation in the entrepreneurial process. Schumpeter (1942) outlined an economic process of "creative destruction," by which wealth was created when existing market structures were disrupted by the introduction of new goods or services that shifted resources away from existing firms and caused new firms to grow. The key to this cycle of activity was entrepreneurship: the competitive entry of innovative "new combinations" that propelled the dynamic evolution of the economy (Schumpeter,1934). Thus "innovativeness" became an important factor used to characterize entrepreneurship. Innovativeness reflects a person's tendency to engage in and support new ideas, novelty, experimentation, and creative. Although innovations can vary in their degree of "radicalness" (Hage, 1980), innovativeness represents a basic willingness to depart from existing technologies or practices and venture beyond the current state of the art (Kimberly, 1981).

Autonomy

Lumpkin and Dess (2008) defined autonomy as the independent action of an individual or a team in bringing forth an idea or a vision and carrying it through to completion. In general, it means the ability and will to be self-directed in the pursuit of opportunities. In an organizational context, it refers to action taken free of stifling organizational constraints. Thus, even though factors such as resource availability, actions by competitive rivals, or internal organizational considerations may change the course of new-venture initiatives, these are not sufficient to extinguish the autonomous entrepreneurial processes that lead to new entry: Throughout the process, the organizational player remains free to act independently, to make key decisions, and to proceed. Discussions of entrepreneurial activity in the strategy-making process literature often emphasize the role of autonomous behavior, but in two distinct contexts.

Mintzberg (1973) and Mintzberg and Waters (1985) described an entrepreneurial strategy-making mode, in which decisive and risky actions are taken by a strong leader. This is similar to Hart's (1992) command mode and Bourgeois and Brodwin's (1984) commander model, both of which suggest entrepreneurial behavior that is characterized by centralized vision and strong leadership. This type of autonomy, which may be regarded as autocratic (Shrivastava & Grant, 1985).

Competitive Aggressiveness

Competitive aggressiveness refers to a person's propensity to directly and intensely challenge in order to outperform others. Competitive aggressiveness is characterized by responsiveness, which may take the form of head-to-head confrontation. Competitive aggressiveness also reflects a willingness to be unconventional rather than rely on traditional methods of competing such as dopting unconventional tactics to challenge (Cooper et al., 1986), analyzing and targeting a competitor's weaknesses (Macmillan & Jones, 1984).

Academic Grades

Grading in education is the process of applying standardised measurement of different level of achievement in a course. In some countries, all grades from all current classes are averaged to create a grade point average (GPA) for the marking period. Malaysia also applies the same system of marking the examination paper. Student academic grades are determined by current grade point average (CGPA). Higher academic grades show the student academic performance is better. In Malaysia, student who get pointer 3.5 to 4.0 in their GPA are the student who excellent in their academic.

RESEARCH DESIGN

A survey by was done in Universiti Teknologi MARA nationwide and 200 valid respondents were successfully received. Only respondents that have taken entrepreneurship subjects were chosen for this study. Questionnaire is made in a form of closed-ended questions. 5-point Likert scales ranging from strongly disagree to strongly agree was employed. Frequency, reliability, correlation and regression analysis were tested in this study. Figure 1 illustrates the conceptual framework of this study.

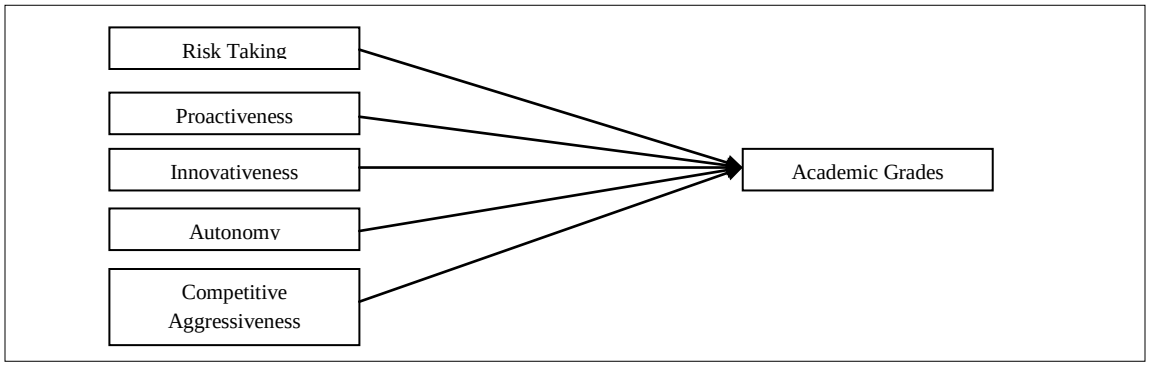

Figure 1: Conceptual Framework

The research questions are as follows:

i. Does risk taking has significant relationship with academic grades?
ii. Does proactiveness has significant relationship with academic grades?
iii. Does innovativeness has significant relationship with academic grades?
iv. Does autonomy has significant relationship with academic grades?
v. Does competitive aggressiveness has significant relationship with advertising value?

FINDINGS

Demographic Analysis

From the table, female respondents are the major sampling that is being tested in the conducting research with 130 (65.0%) respondent followed by male with 70 (35.0%). From the 200 respondents, Selangor has the most respondent (n=51, 25.5%). The lowest number of respondent is from Perlis, (n=1, 0.50%) . The group age 23 – 27 has the most respondents which is 143 (71.5%) out of 200 individuals. The least respondent from this group is the individual from 28 to 32 years old (n=5, 2.50%). The respondents comes from Science and Technology faculties (n=105, 52.50%) and Social Science and Humanities faculties (n=95, 47.50%)

Variable	Attributes	N	%
Age	18-22	52	26.00
	23-27	143	71.50
	28-32	5	2.50
Gender	Male	70	35.0
	Female	130	65.0
State	Perlis	1	0.50
	Kedah	10	5.00
	Kelantan	8	4.00
	Terengganu	14	7.00
	Perak	17	8.50
	Pahang	14	7.00
	Pulau Pinang	13	6.50
	Selangor	51	25.50
	Negeri Sembilan	8	4.00
	Melaka	10	5.00
	Johor	21	10.50
	Sabah	11	5.50
	Sarawak	8	4.00
	W.P.K. Lumpur	14	7.00
Study	Social Science & Humanities	95	47.50
	Science & Technology	105	52.50

Table 1: Demographic

Reliability Analysis

In this study, Cronbach Alpha is used as an estimate of the reliability of the questions in each constructs. This is to ensure that the data is appropriately proceeded to be tested on the real respondents with sample size of 200 respondents. Cronbach's Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. According to Sekaran (2006), the closer the Cronbach's Alpha is to 1.00, the higher internal consistency reliability. The recommended value is above 0.6. The variables' Cronbach's Alpha ranges from 0.660 to 0.821 which are within the recommended value. Thus the constructs are deemed reliable.

No	Variable	No of items	Cronbach's Alpha
1	Risk Taking	5	0.759
2	Proactiveness	4	0.660
3	Innovativeness	5	0.637
4	Autonomy	4	0.745
5	Competitive Aggressiveness	3	0.752
6	Academic Grades	5	0.821

Table 2: Reliability Analysis

Pearson Correlation Analysis

Pearson correlation coefficient analysis has been conducted to determine the strength and direction of relationships of each construct. Table 3 indicates that there are positive relationship between academic grades with risk taking (0.368), proactiveness (0.189), innovativeness (0.343), autonomy (0.317) and competitive aggressiveness (0.409).

Variable	Risk Taking	Proactiveness	Innovativeness	Autonomy	Competitive Aggressiveness
Academic Grades	.368**	.189**	.343**	.317**	.409**

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

Table 3: Pearson Correlation Coefficient Analysis

Multiple Regression Analysis

Further analysis was performed using multiple regression. In table 4, the adjusted R square result is 0.233 which means that this model explained 23.3% of variance in academic grades based on the independent variables. The Durbin-Watson value (1.881) indicates independence of residual and there is no problem of serial correlation.

	Construct	Adjusted R Square	Durbin-Watson
Model	Risk taking Proactiveness Innovativeness Autonomy Competitive Aggressiveness	0.233	1.881

DV-Academic Grades

Table 4: Model Summary 1

Table 5 shows the result of the ANOVA model which indicates that the model is statistically significant ($p<0.000$), thus indicating the model of both dependent and independent variables is fit for this research (Hair et al., 2010).

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.894	5	4.779	11.818	.000[b]
	Residual	78.451	194	.404		
	Total	102.345	199			

a. Dependent Variable: Academic Grades

b. Predictors: (Constant), Competitive Aggressiveness, Proactiveness, Innovativeness, Risk Taking, Autonomy

Table 5: ANOVA

Table 6 indicates that all of the variables significantly influence academic grades except for autonomy and innovativeness. Competitive aggressiveness, risk taking and proactiveness positively influence academic grades while innovativeness negatively influence academic grades. Competitive aggressiveness is the most significant predictor ($\beta = .306$, $p<0.00$), followed by innovativeness ($\beta = -.222$, $p<0.01$), risk taking ($\beta = .214$, $p<0.01$) and proactiveness ($\beta = .212$, $p<0.01$). The collinearity statistic indicates that there is no multicollinearity issue as VIF ranges from 1.550 to 1.765, below the cut of point of 10 (Hair et al., 2010).

Construct	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Risk taking	239	.107	.181	2.229	.027	.602	1.662
Innovativeness	-.168	.091	-.141	-1.839	.068	.674	1.484
Proactiveness	.275	.111	.192	2.464	.015	.652	1.535
Autonomy	.041	.104	.033	.399	.691	.576	1.736
Competitive Aggressiveness	.339	.100	.281	3.398	.001	.577	1.732

Table 6: Coefficient Analysis

CONCLUSION

Based on the result, it shows that three of the five entrepreneurial orientation, risk taking, proactiveness and competitive aggressiveness positively influence academic grades. Autonomy and innovativeness do not influence academic grades. Looking at the result, it may be interpreted as:

1. Risk taking is being defined as "venturing into the unknown" (Gasse, 1982) and it is a characteristic that is heavily linked with entrepreneurship (Rahim and Mohtar, 2015). Thus by having this characteristic embedded in students, they are more ready to pursue subjects that are new and unknown to them, removing fear of the unknown that could deter their interest in studying. This leads to the increase of academic grades.
2. Proactivessness is being defined as the act of taking initiative and acting in anticipation of future problems, needs, or changes. This characteristic urges students to take the initiative to do more and act necessarily when needed. Thus it is not surprising that this characteristic positively influence the academic grades of the students.
3. Competitive aggressiveness refers to a person's propensity to directly and intensely challenge in order to outperform others. It is essential to have this characteristic in an academic environment, in such that the students will strive in order to outperform the others in terms of academic performance, consequently increasing their academic grades.
4. Autonomy and innovativeness do not influence academic grades possibly due to the fact that the students need guidance and follow the path that has been outlaid by the academician. It is a fact that students in Malaysia rely heavily on the direction and supervision of their lecturers to do well.

It is hoped that this empirical study would answer the literature gap in terms of how entrepreneurial orientation could affect academic grades of students. This result could also be a guide towards teaching personnel in understanding the needs of students in order to improve their academic grades.

REFERENCES

Baird, I. S., & Thomas, H. 1985. Toward a contingency model of strategic risk taking. Academy of Management Review, 10: 230-243.

Bourgeois, L., & Brodwin. D. 1984. Strategic implementation: Five approaches to an elusive phenomenon. Strategic Management Journal, 5: 241-264.

Cantillon, R. 1734. Essai sur la nature du commerce en general [Essay on the nature of general commerce]. (Henry Higgs, Trans.). London: Macmillan.

Cooper, A. C., Willard, G. E., & Woo, C. W. 1986. Strategies of high-performing new and small firms: A re-examination of the niche concept. Journal of Business Venturing, 1: 247-260

Covin, J. G., & Slevin, D. P. 1989. Strategic management of small firms in hostile and benign environments. Strategic Management Journal, 10: 75-87.

Gasse, Y. 1982. Elaborations on the psychology of the entrepreneur. In C. A. Kent, D. L. Sexton, & K. H. Vesper (Eds.), Encyclopedia of entrepreneurship: 209-223. Englewood Cliffs, NJ: Prentice Hall.

Gurol, Y and Atsan, N.(2006) "Entrepreneurial characteristics amongst university students: Some insights for entrepreneurship education and training in Turkey", Education + Training, Vol. 48 Iss: 1, pp.25 – 38

Hage, J. 1980. Theories of organizations. New York: Wiley.

Hair, J.F., Black W.C., Babin B.J. and Anderson R.E. (2010), Multivariate data analysis, 7Th Edition, Prentice-Hall.

Hart, S. L. 1992. An integrative framework for strategy-making processes. Academy of Management Review, 17: 327-351.

Kimberly, J. R. 1981. Managerial innovation. In P. C. Nystrom & W. H. Starbuck (Eds.), Handbook of organizational design, vol. 1: 84-104. New York: Oxford University Press.

Lumpkin, G T. and Dess, G. G. (2008). Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance.

MacMillan, I. C., & Jones, P. E. 1984. Designing organizations to compete. Journal of Business Strategy, 4: 11-26.

Miller, D. 1983. The correlates of entrepreneurship in three types of firms. Management Science, 29: 770-791.

Mintzberg, H. 1973. Strategy making in three modes. California Management Review, 16(2): 44-53.

Mintzberg, H., & Waters, J. A. 1985. Of strategies, deliberate and emergent. Strategic Management Journal, 6: 257-272.

Rahim, H.L. and Chik, R. (2014) Graduate Entrepreneurs Creation: A Case of Universiti Technologi MARA, Malaysia. *Aust. J. Basic & Appl. Sci., 8(23): 15-20*

Rahim H.L. and Mohtar, S. (2015). Social Entrepreneurship: A Different Perspective. *International Academic Research Journal of Business and Technology* 1(1): 9-15

Schillo S. (2011). Entrepreneurial Orientation and Company Performsnce: Can the Academic Literature Guide Managers?. Technology Innovation Management Review.

Schumpeter. J. A. 1934. The theory of economic development. Cambridge, MA: Harvard University Press.

Schumpeter, J. A. 1942. Capitalism, socialism, and democracy. New York: Harper & Brothers.

Sekaran, U. (2006). Research Methods For Business: A Skill Building Approach. (4ed.). New Delhi: Sharda Ofsett Press

Shane, S. A. 1994b. Why do rates of entrepreneurship vary over time? Academy of Management Best Paper Proceedings: 90-94.

Shrivastava. P., & Grant, J. H. 1985. Empirically derived models of strategic decision-making processes. Strategic Management Journal, 6: 97-113.

Webster's ninth new collegiate dictionary. 1991. Springfield, MA: Merriam Webster.