



ORIGINAL ARTICLE

Do Innovativeness, Proactiveness, and Risk-Taking affect Business Performance? : Entrepreneurial insights of FAMA's Entrepreneurs

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ABSTRACT

The study aimed to investigate the relationship between innovativeness, proactiveness, and risk-taking on the performance of FAMA's entrepreneurs in Malaysia. Following a comprehensive review, the study has proposed the dimensions that would correlate with the performance of FAMA's entrepreneurs include innovativeness, proactiveness, and risk-taking. This study was conducted via the gathering of primary data, and the questionnaire was sent to firms across Kedah state. Approximately 100 sets of questionnaires were distributed and the gathered data was transferred into statistical computing. The study's findings indicated that dimensions such as innovativeness and risk-taking have a strong correlation with the performance of FAMA's entrepreneurs. However, the proactiveness dimension does not have a correlation with business performance. The current study enables firms to investigate key factors that contribute to performance.

Keywords: Entrepreneurial Orientation, Performance, Innovativeness, Proactiveness
Risk-Taking, FAMA, Malaysia

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INTRODUCTION

It is necessary for self-entrepreneurs to have a strong focus on entrepreneurial orientations in their business operations in order to compete and sustain themselves in the marketplace. For entrepreneurs and non-entrepreneurs alike, the key difference lies in their competency to recognize and capitalize on available business opportunities and their capability to discover something completely new, such as an innovative idea that has been applied to any products or services that have existed or are currently in development.

The Federal Agricultural Marketing Authority, abbreviated FAMA, is a statutory body under the Ministry of Agriculture and Agro-Based Industry. FAMA's mission is to enhance the marketing of agro-food items such as vegetables, fruits, and agro-based industrial products. Malaysians have recognized that FAMA is one of the key contributors to Malaysia's economic growth. FAMA has generated the creation of new job opportunities and innovation, which has led to the advancement of technology.

FAMA, in particular, serves as a catalyst for the marketing of agro-food products on a national and international scale. As such, FAMA initiatives to increase the market size of agro-food products, enhance agricultural and agro-based industrial products, and ensure product availability at reasonable prices. In terms of carrying out the mandate, FAMA has constantly adopted measures aimed at enhancing the efficiency of the marketing chain on a continual basis. It focused on bolstering supply through contract-farming programs, expanding market access, and enhancing the export markets.

Entrepreneurial orientation is a key element to consider at the business level since it is one of the primary variables that influence performance (e.g., Covin & Lumpkin, 2011; Miller, 2011; Lechner & Gudmundsson, 2014; Rauch et al., 2009; David, 2007; Wiklund & Shepherd, 2005). It pertains to entrepreneurial innovativeness and proactiveness and the willingness to take risks, which are entirely associated as elements of an entrepreneurial-oriented approach. These have evolved into business performance metrics when they implement strategies to outperform rivals.

Numerous scholars have concluded, when firms fail to innovate, they will either fail or enter a declining stage in their business life cycle, and when firms do not proactively compete or fail to seize market opportunities, their performance will tend to decline (e.g., Covin & Lumpkin, 2011; Miller, 2011; Lumpkin et al., 2010; Rauch et al., 2009; Coulthard, 2007; Kuratko & Hodggetts, 2007; Wiklund & Shepherd, 2005).

Coulthard (2007) highlighted the readiness of businesses to accept risks and the need to take risks into consideration before making any decision on the future of the business. Therefore, entrepreneurial firms should constantly evaluate their firm's entrepreneurial orientation, which includes comprising dimensions of innovativeness, proactiveness, and risk-taking, in order to determine whether or not the strategy has been successful or effective (Covin & Lumpkin, 2011; Rauch et al., 2009).

Hence, FAMA Kedah was selected since the majority of FAMA's entrepreneurs in this state continue to implement classical model- business practices, which result in a lack of information and less knowledge related to their market position in comparison to rivals, despite the fact that the entrepreneurs have a high potential for success.

Although the number of new entrepreneurs registered each year continues to grow, it has been found that entrepreneurs in FAMAs have experienced a higher failure rate than their counterparts. There are particular issues problems that may impede their performance and rendering expansion more challenging, thereby, continuous monitoring of a business's

performance is necessary, and uncontrolled performance may have a detrimental effect on growth and stability (Mbonyane & Ladzani 2011; Bilal et al., 2016; Ladzani & Van Vuren, 2002). In Malaysia, FAMA has been successful in generating revenue, creating jobs, and exporting. Nonetheless, FAMA's total performance in Malaysia remains at a moderate level, despite the fact that the government has funded many development initiatives at a considerable cost.

The results of this study will corroborate prior literature on the innovativeness, proactiveness, and risk-taking of entrepreneurs in FAMA. Thus, the present study will contribute to the FAMA organization, the business community, government, and academia by enhancing awareness of the critical role of innovativeness, proactiveness, and risk-taking in the business performance of FAMAs' entrepreneurs in Malaysia. Ideally, this study will inform FAMA's senior management regarding the relevancy of the management theory. It may offer benefits, or if more research is necessary to enhance the results. As a policymaker, the government may utilize the findings of this research to create policies and well-managed strategies to accelerate the growth of FAMA's businesses in Malaysia.

In this study, entrepreneurial characteristics such as innovativeness, proactiveness, and risk-taking are considered predictors of business performance. The scope of business performance assessment is limited to subjective self-reporting, which considers only business growth and financial performance since the respondents' reluctance to disclose or expose the financial information, there is no objective evaluation (e.g., Vij, & Bedi, 2016; Díaz-Pichardo et al., 2014; Kropp et al., 2006; Jennings, & Young, 1990).

Accordingly, the limited scope of this study is only FAMA's entrepreneurs who are active in Kedah. Since the researchers performed this study inside the FAMA organization, the responders were the FAMA's entrepreneurs. Given this, the entrepreneurs will give detailed information on their business operations on the basis of their previous experience of business performance.

Business performance

The performance of the business is the highlight theme addressed in this study. When it comes to conducting business, business performance is also a critical factor for key business persons, such as owners, investors, suppliers, and workers. A successful business's performance is contingent upon its capability to acquire an advantage through source availability and the creation of new challenges (e.g., Covin & Lumpkin, 2011; Miller, 2011; Lechner & Gudmundsson, 2014; Lumpkin et al., 2010; Rauch et al., 2009; Madrid-Guijarro et al., 2007).

Businesses should create an advantage from the availability of resources and the creation of unique challenges to achieve a high degree of performance. Most businesses will confront particular issues, and when businesses operate inefficiently and consistently perform below the level of competition. It is more probable that these will occur due to changes to the business environment, such as internal factors (Hanifah et al., 2019; Brigham & Houston, 2009; Madrid-Guijarro et al., 2007; Najmi et al., 2005). Hence, businesses have to regularly monitor changes in their business environment activities to assess their current level of performance accurately.

Businesses should have an appropriate orientation and have a better ranking in the future. Therefore, businesses should take the necessary measures to alter their strategic direction, including measuring and assessing businesses' performance. Numerous scholars have been drawn to the variety of theoretical and practical performance assessment techniques (e.g. Cicea et al., 2019; Kloviené & Speziale, 2015; Anggadwita & Mustafid, 2014; Hernaus et al., 2012;

Cocca & Alberti, 2010; Najmi et al., 2005; Henry, 2004; [Parker](#), 2000). Parker highlighted some reasons why businesses should assess the degree of performance. Among the reasons include identifying success and assisting businesses in comprehending their processes. It also elucidates why an issue occurs and the measures that need to be taken. It is essential to verify that the solution selected is factually accurate and evaluate whether the goal has been accomplished.

Business Performance Measurement

Although there is no consensus on the appropriate approach for measuring business performance, the evaluation of performance remains fascinating to discuss from a variety of viewpoints due to its multifaceted character (e.g., Cicea et al., 2019; Klovienè & Speziale, 2015; Anggadwita & Mustafid, 2014; Rauch, 2009; Wiklund & Shepherd, 2005). Wiklund and colleagues asserted that business performance is a multidimensional construct. Hence, there are a range of measuring instruments that researchers may employ to assess the performance of businesses; financial measures and non-financial measures. There are two approaches to measuring business performance; a) Financial measurements are objectively assessed in absolute value based on performance; b) Financial measurements rely on subjective factors to assess performance and are self-reported by the organization (e.g., Hernaus et al., 2012; Cocca & Alberti, 2010; Rauch, 2009; Najmi et al., 2005; Henry, 2004; Jusoh & Parnell, 2008).

Jusoh and her colleagues discussed previous works of the studies that used objective financial data to assess business performance. Scholars and academics have utilized accounting data to objectively evaluate businesses' performance through the Return on Assets (ROA), Return on Investment (ROI), and Return on Sales (ROS), and some recent studies had used contemporary financial measures such as Economic Value Added (EVA), Market Value Added (MVA), and Balanced scorecard. Nonetheless, one of the justifications why this study prefers subjective performance reports is that objective measurements are too complicated to comprehend and utilize (Vij & Bedi, 2016; Idar et al., 2012) in particular, for FAMA's entrepreneurs.

Financial performance is a critical factor that businesses consider when evaluating the model of venture firms before making any investment (Shepherd et al., 2000; 2003). In addition, previous studies used productivity ratios, sales growth index, profit margins, and other financial factors to evaluate business performance (e.g., Lafuente et al., 2020; Kiyabo & Isaga, 2020; Vij & Bedi, 2016; Idar et al., 2012). However, relying only on quantitative indicators may overlook a valuable intangible asset, which has an effect on the competitiveness of businesses (Kaplan & Norton, 2004). Furthermore, since most of FAMA's entrepreneurs are private and are not required by law to disclose financial and accounting information, it is possible that public information is biased. Therefore, the respondents may provide actual data when they are at their disposal to do so (Atuahene-Gima & Li, 2002).

Although there is a significant correlation between objective and subjective measurement, both have been well-documented. Several studies have utilized a subjective approach to the measurement of self-reports to elicit information on the businesses' performance in order to mitigate difficulties associated with eliciting responses from entrepreneurs (e.g., Vij & Bedi, 2016; Hernaus et al., 2012; Cocca & Alberti, 2010; Jusoh & Parnell, 2008; Najmi et al., 2005; Schulze et al., 2001; Pearce et al., 1987).

Subjective measures are used to assess the performance of a business, which is related to the financial performance and growth of the business. The more reliable approach to performance assessment might be achieved by using subjective business performance indicators (e.g., Vij & Bedi, 2016; Hernaus et al., 2012; Schachter, 2010; Jusoh & Parnell,

2008; Najmi et al., 2005). Accordingly, only subjective measures will be used to assess the overall performance of the businesses in this study.

The concept of Entrepreneurship

In recent years, many concepts of entrepreneurship have been proposed and debated among scholars and academics. There is disagreement regarding the paradigm that constitutes entrepreneurship. As a consequence of this issue, many scholars believe this is a novel area of study and attempt to offer a new definition. In reality, the lack of agreement on a definition of entrepreneurship stems from the belief among particular academics. Some academics believe that there has been a dearth of paradigm development and particular theories regarding the constitutes of entrepreneurship (e.g., Wales et al., 2020; Covin & Wales, 2012; Covin & Lumpkin, 2011; Kuratko & Hodgetts, 2007; Ireland et al., 2005; McDaniel, 2005; Davidsson, 2003; Hayton et al., 2002; Wiklund et al., 2003; Lumpkin & Dess, 1996; McGrath, 1992).

Kuratko and Hodgetts (2007) assert that the term "entrepreneur" stems from the French phrase "entreprendre," which translates as "go-between." An entrepreneur is anyone who is ready to take a new chance and risk. On the other hand, entrepreneurs are risk-takers or self-employed individuals who see opportunities for profit and take the necessary measures to capitalize on them while anticipating potential losses (e.g., Hayton et al., 2002; McGrath, 1992).

Furthermore, Kuratko and colleagues stated that Schumpeter was widely regarded as a pioneer in entrepreneurship theory, who has been referred to and agreed upon by a significant number of scholars and academicians throughout history. He postulated that entrepreneurial activity is a key driving factor behind economic development, and it is associated with dynamic power and proactive thinking. It is also asserted that entrepreneurial activities will have an impact on the balance of the economy through innovation and will cause the economy to change from its current condition to a different one. Innovation may be viewed as a unique method of conducting business, either through the development of something entirely new or the creation of whole new delivery networks (McDaniel, 2005).

The emergence of new entrepreneurs is a critical part of the manifestation of the entrepreneur idea. It pertains to new companies entering either new or established markets with new or existing products or services by setting up another firm, the establishment of another branch, or the acquisition of an existing business (Morris & Kuratko, 2002; Lumpkin & Dess, 1996). In line with Lumpkin and colleagues, it is necessary for new entrants into entrepreneurial businesses to emphasize the importance of an entrepreneurial posture approach while starting their business. Considered the idea of entrepreneurial orientation, which constitutes the processes, methods, and decision-making activities that prompt new entrants, such as those associated with innovation, proactive behavior, and risk-taking.

Entrepreneurial innovativeness

Previous studies highlighted that innovation is a critical element of the entrepreneurial process, particularly in terms of clarifying the business's performance (e.g., Kreiser & Davis, 2010; Davis, 2007; Covin & Miles, 1999; Lumpkin & Dess, 1996).

Innovation relates to entrepreneurial performance, and it is often a key factor to predict entrepreneurial orientation and business growth (Lumpkin & Dess, 1996). Moreover, Lumpkin and his colleague argued that the importance of development in the entrepreneurial process is more closely associated with creative destruction. It refers to the activities of new combinations in which entrepreneurs will have a chance to contribute to the development of new practices.

Therefore, the introduction of new products, new methods for product development, expansion into new markets, the pursuit of new raw resources, and the establishment of new businesses in any industry are related to new combinations.

Innovation is also mentioned as a business's propensity to surpass rivals via the encouragement of new ideas, experimentation, and the creative process (Covin & Miles, 1999). Davis (2007) argued that the initial stages of innovation are mainly focused on the development of new products, technologies, or processes that have not previously been on the market or in a particular industry. The concept of innovation is needed in an organization as one of its efforts to promote its products, services, processes, technology, and system design or new structure. Entrepreneurship-oriented firms should regard innovation activity as a constant process in order to achieve success. It has been proven that entrepreneurial firms are more successful than conservative firms since they will embrace innovations only when they are necessary. Accordingly, entrepreneurial innovation is a key direction for business since it entails a range of activities aimed at developing businesses to outperform competitors in the market.

A prior study has identified two types of innovation: product-market innovation and technical innovation. A business that puts a priority on technological innovation endeavors will prioritize product and process development, engineering, and research while prioritizing technical knowledge and industry experience. Businesses that emphasize product development, market research, advertising, and promotion are often known as product-market innovation businesses (Lumpkin & Dess, 1996).

Entrepreneurial proactiveness

It has become essential to take a proactive approach in order to enhance the performance of entrepreneurial businesses (e.g., Kreiser & Davis, 2010; Lumpkin & Dess, 2011; Coulthard, 2007; Davis, 2007; Zahra & Covin, 1995; Covin & Slevin, 1989; Venkatraman, 1989). In his review, Venkatraman highlighted that proactive management is characterized by the foresight of a process and the demonstration of the capability to identify and exploit new opportunities that may emerge throughout the operation's course. There is also discussion about the need to stop any activity that is in the maturity phase or decline phase of an item's life cycle, in addition to the introduction of new products and brands in order to compete more fiercely with existing rivals. The essence pertains to the anticipation of a process and discovering new opportunities, the introduction of new goods and brands to push competitors aggressively.

Businesses that are proactive would engage in aggressive rivalry with competitors to ensure that the accomplishment movement continues (e.g., Zahra & Covin, 1995; Covin & Slevin, 1989; Lieberman & Montgomery, 1988). Liberman and his colleagues argued that proactive firms would benefit, as would any business seeking to be the first to enter a market. Proactive firm-level activities include the introduction of new products and the capability of innovations to enhance the intensity of the search for new things to provide in the market on a continuous basis. Hence, the bottom line is that any business trying to enter a market for the first time would profit from a proactive orientation.

Considering that there is no competition, the principal firm to enter the market will have the capability to decide on the price and dominate the market, which, in turn, will give it an advantageous position. A second business entering the market is similarly well-positioned to prosper via aggressive activity that outperforms the market leader and garners the industry's attention. By taking a proactive stance, a new firm entering the market may potentially overrun the market's leading firm (Davis, 2007; Zahra & Covin, 1995).

Proactive as an activity to explore opportunities with a view to anticipating the introduction of new goods or products by being one step ahead of rivals and acting on the basis of anticipated future interest in change and the development of the business environment (Lumpkin & Dess, 2011). In a sense, adopting a proactive approach, a new business entering the market has the potential to overtake the dominant firm in the market and the industry. Exploring business possibilities with the goal of predicting market interest in new goods or products and preparing ahead of competitors in order to establish a healthy business climate is what opportunity searching is all about.

Entrepreneurial risk-taking

According to the context in which it is used, the term "risk" may imply many different things. Entrepreneurial risk-taking is a critical component in the study of entrepreneurial orientation, and it is becoming more prevalent with each passing year. The degree to which a manager is prepared to involve a significant commitment with available resources and the possibility of risk in situations when the likelihood of failure is high is referred to as risk-taking. Among the risks encountered by entrepreneurial companies are those involving going into something that can not be recognized, those involving significant assets and debt commitments, and those involving borrowing huge sums of money (e.g., Zahra, 2018, 2005; Tipu, 2017; Kreiser, 2010; Lumpkin & Dess, 1996; 2001), which are to mention a few examples.

An entrepreneurial company should have the capacity to venture into debt or borrow money to leverage earnings for the business, leverage the organization's assets to maximize profits, and seek out high-risk market opportunities. Risk is the chance that a business will choose to take aggressive measures, such as exploring undiscovered new markets, investing the majority of its resources in the endeavor, and/or borrowing significant sums. Indeed, risks take on a range of connotations depending on their context of usage.

Research Framework

The theoretical framework for hypothetico-deductive inquiry is the source of the hypotheses. All research initiatives require the existence of variables, and the research framework model enables us to comprehend the relationships between particular variables. Experts believe these variables are related, and the scientific community's explanation for why this is the case is referred to as a theory (Sekaran & Bougie, 2011). Each research seeks to characterize and explain the world's variations, either natural or caused by human activity. However, particular variables may be straightforward to quantify and define, while others are more complex to identify. Following identification of the highlighted research topic, the study will begin to determine the relevant variables.

In light of the theoretical framework mentioned earlier, the study proposed three testable hypotheses to determine the variable interrelationships theorized in the study's objectives and research questions. The primary hypotheses will examine the relationship between innovativeness towards business performance, proactiveness towards business performance, and risk-taking towards business performance. Accordingly, the formulated hypotheses are listed as follows.

H1: There is a relationship between innovativeness and business performance among FAMA's entrepreneurs.

H2: There is a relationship between proactiveness and business performance among FAMA's entrepreneurs.

H3: There is a relationship between risk-taking and business performance among FAMA's entrepreneurs.

METHODS

This section starts with a discussion of the study's conceptual framework. In the following sections, we will develop the research hypothesis, research methods, and research approach. This research approach demonstrates how to get data. It discusses the population and the sampling procedure used to get a sample. SPSS software, which is often used for statistical analysis, was utilized to analyze the data. The study's methodology section discusses the methods and techniques used to gather data.

Research Design

This study focused on the FAMA entrepreneurs, which are located in Kedah. The responders are entrepreneurial members of FAMA. Representatives from these industries were given a total of 100 questionnaires. Descriptive research is designed to provide a picture of a situation as it happens naturally, and it may be used to verify established practice, make judgments, and expand ideas. In order to choose an appropriate questionnaire, the first step is to define the data that will be gathered. Study questions, study objectives, hypotheses, and exploratory research are all utilized to discover various variables, and after the exploratory research is completed, a literature review is performed.

The questionnaire was chosen in line with the variable definitions used for the study. Questionnaires aid researchers in collecting data for analysis and each responder is presented with the same questionnaire, which has the same questions and structure. When creating an effective questionnaire, questions must be concise and capable of providing respondents with the information they want. The quantitative approach is used to address the research goals in this study. The researchers used a quantitative method by distributing questionnaires to FAMA entrepreneurs. This question is intended to be straightforward for entrepreneurs to comprehend and incorporate many factors from this research.

Sampling & Data Collection

This study's population will include entrepreneurs who are members of FAMA in Kedah. Entrepreneurs that have previously registered with the Small and Medium-Sized Enterprise Corporation of Malaysia (SME Corp Malaysia), formerly known as the Corporation for the Development of Small and Medium-Sized Industries (SMIDEC), may also be responders. The FAMA in Kedah may collect information about entrepreneurs. According to a table created by Sekaran and Bougie (2011), the sample size required to determine the sample sizes generated for a population of 135 was 130. As a result, this research surveyed a random sample of 100 FAMA entrepreneurs.

The authors of this study employed a probability sampling method to ensure that each member of the population is randomly selected as a subject sample. Additionally, these samples are critical to ensure the study is comprehensive and diverse. In order to choose a subject sample of the population, the standard random sampling technique was employed. This method has the advantage of minimizing researchers bias in sampling, ensuring that all respondents are fairly represented. Additionally, the sampling method incorporates a substantial amount of sampling error, and each randomly selected sample is believed to represent the population as a whole (e.g., Leedy & Ormrod, 2005; Salkind, 2006; Cavana et al., 2001). Random sampling

was employed in this study since the objective was to get a representative sample of the Malaysian agricultural sector.

Information may be gathered using a number of methods, including interviews, surveys, and direct observation (Sekaran & Bougie, 2011). Primary data collection methods include observation, semi-structured interviews, in-depth interviews, and focus groups (Saunders et al., 2007). Additionally, researchers determined that the questionnaire approach is the most appropriate strategy for collecting data in this thesis in order to accomplish the study's primary objective. It is suggested that the questionnaire may be an effective method of eliciting responses from respondents when used in conjunction with an appropriate sampling approach. The questionnaire was linked to the theories provided in the previous section of the report.

The information was gathered via the distribution of questionnaires, which were disseminated to FAMA's businesses using basic random sampling and selective sampling. When it comes to data collection for this research, the questionnaire technique was used since it is a cost-effective and efficient means of collecting information from respondents. Frequently, questionnaires enable the researchers to thoroughly analyze the results while also providing the respondents with more time to consider the questions before responding to them thoughtfully in return. As a result, the quality of the data obtained will be much improved. When it comes to data collecting, the questionnaire is an effective tool since it allows researchers to tailor surveys to more educated respondents and therefore get higher-quality data (Sekaran & Bougie, 2011). The researchers were able to gather information from the FAMA's entrepreneurs without encountering any difficulties and with their assistance.

Self-reporting is used in a survey to get information from a sample of individuals. To put it another way, the participants reply to a series of questions posed by the research team. Self-administered questionnaires that were given to the entrepreneurs in FAMA were used to gather data for this investigation. The Likert scale is employed in the questionnaire to assess the answers of the participants in the study. Listed below is the primary scale that was utilized in this study: The words (1) "Strongly Disagree" and (2) "Disagree" are used to express disagreement. (3) "Neutral," (4) "Agree," and (5) "Strongly Agree" are the three possible responses.

Table 1. Measurement of Innovativeness, Pro-activeness, and Risk-Taking

	NO	STATEMENT
Adopted & Modified from (Covin & Slevin, 1989; Lumpkin & Dess, 1996)	A1	High availability of new product line
	A2	High consistency in product lines
	A3	Strength of emplacements on R&D, technologies, and innovations
	A4	Usage of experimental and original approaches towards problem-solving
	A5	The quickness of response to spending money on the potential solution if the problem occurs
	A6	Proactively seize opportunities that they think will give a good payoff.
	A7	Proactively creating unique new processes and methods of production.
	A8	Always being ahead of other competitors to introduce new products, administrative techniques, and operating technologies.
	A9	High in competition, determination when introducing novel ideas or products.
	A10	High propensity or learning for high-risk projects with chances of very high returns
	A11	High intensity to make competitors fall
	A12	High urgency in actions before competitors start to act.
	A13	High consideration of the environment, determination, and actions to achieve the firm's objectives that need to be decided before taking risks
	A14	High on risk-taking towards exploiting the potential opportunities

The technique of Data Analysis

The data were analyzed using the Statistical Package for Social Sciences (SPSS) version 22.0, which was used to analyze the data. SPSS is a method that helps researchers construct the whole research process, from planning to data collection to writing the final report. Since it will generate data correctly and rapidly, SPSS is ideal for users who need to do a variety of different kinds of analysis. It also saves time due to its ability to provide precise and fast results.

RESULTS & DISCUSSION

This part addressed the findings from the data collection process and the results of a statistical analysis conducted in accordance with the study goals and hypotheses established in the preceding section. The data were analyzed using SPSS statistical software to demonstrate pertinent analyses.

Demographic profile

We distributed closed-ended questionnaires in a total of 100 sets, with each set being returned to the sender. As a consequence, the study response rate was 100 percent, and the sample demographic profile of participants is given in the following table below.

Table 2. Results on Demographic profile

Subject	Frequency	Percent
Gender		
Male	59	59
Female	41	41
Total	100	100
Age		
Below 30 Years	39	39
31-40 Years	39	39
41-50 Years	15	15
51-60 Years	7	7
Total	100	100
Marital status		
Single	37	37
Married	63	63
Total	100	100
Education Level		
PhD	1	1
Master Degree	7	7
Degree	42	42
Diploma	19	19
Secondary School	31	31
Total	100	100
Duration work		
Less than 5 Years	38	38
5-10 Years	35	35
11-15 Years	13	13
16-20 Years	6	6
More than 20 Years	8	8
Total	100	100
Duration the firm has been established		
5-10 Years	4	4
11-15 Years	62	62
16-20 Years	30	30
More than 20 Years	4	4
Total	100	100

The table 2 above shows that out of 100 respondents, 59% of respondents are male, while 41% are female. The percentage makes a difference because the respondents are selected randomly. In addition, observation shows that males are a high percentage of those involved in the business than females. Moreover, the proportion of respondents aged. Out of 100 respondents, both categories for below 30 years and 31 to 40 years old are the same, which is 39%, followed by 41 to 50 years old with 15%, and lastly, 51 to 60 years old with only 7%. It shows that most of the respondents are energetic entrepreneurs. In addition, most respondents are already married with 63%, and the balance is single with 37%. The percentage has a big difference because most married couples are more passionate about doing business.

Meanwhile, the result shows most entrepreneurs have a degree background, which is 42%, while the secondary school with 31%, followed by a diploma background with 19%, then a Master's Degree with 7%, and lastly, a Ph.D. background with only 1%. These results show that most entrepreneurs have high education and knowledge. In respondents' experience, many respondents have experienced less than five years with 38%, followed by 5 to 10 years with 35%, then 11 to 15 years with 13%. Meanwhile, more than 20 years experience with 8% and lastly, 16-20 years experience with 6%. The results show that most entrepreneurs started their businesses in less than five years and are still in infancy. The duration of the firm has been established. The highest percentage is 11 to 15 years with 62%, followed by 16 to 20 years with 30%. Then, both durations, which are from 5 to 10 years and more than 20 years, are the same at 4%. Most firms have a strong ranking in their business.

Reliability Analysis

Cronbach's Alpha is used to assess the stability and consistency of a variable and the internal consistency of scales. When the Cronbach's alpha coefficient gets close to one implies the internal consistency's dependability increases. Generally, a range of 0.7 to 0.8 coefficient alpha values is considered acceptable, while 0.8 coefficient alpha values are considered good (Sekaran & Bougie, 2011). The table below summarizes the reliability analysis for all independent and dependent variables.

Table 3. Reliability Test

No	Variables	No of items	Cronbach's Alpha	Remarks
1	Business Performance	8	0.809	Good
2	Innovativeness	5	0.747	Acceptable
3	Proactiveness	4	0.726	Acceptable
4	Risk-Taking	5	0.797	Acceptable

According to table 3, the reliability test for Business Performance (dependent variables) is 0.809, which is considered good. While Cronbach's Alpha for innovativeness is 0.747, proactiveness is 0.726, and risk-taking is 0.797, which shows acceptable results as independent variables. In conclusion, all the questions asked in this research are reliable.

Descriptive Analysis

Table 4 Descriptive Analysis

Variables	N	Min	Max	Mean	Standard Deviation
Innovativeness	100	1.40	4.40	3.5860	0.55140
Pro-activeness	100	1.75	4.50	3.6525	0.53406
Risk-Taking	100	1.75	4.75	3.5925	0.58458
Business Performance	100	1.75	4.63	3.5562	0.52295

All of the variables have a mean value greater than four (4), with the mean value ranging from 3.55 to 3.65 in the dataset. It represents the degree to which the respondents agree. All mean values more than 2.5 are considered acceptable. When it came to innovativeness, the respondents gave a maximum score of 4.40. Also, the proactiveness aspect of a firm is agreed upon by respondents with 4.50 max values more than innovation and risk-taking with 4.75 max value. Hence, the respondents showed they have high performance in business with a max value of 4.63. The standard deviation value of innovativeness is 0.55140 while proactiveness is 5.3406, followed by risk-taking with 0.58458 and, lastly, business performance with 0.52295.

Correlation Analysis

Pearson correlation is a metric used to determine the values of correlation coefficients. When values are close to +1, these are stronger associations. Correlations of moderate strength are seen when coefficient values range between 0.2 and 0.5.

Table 5. Relationships between variables

	Innovativeness	Pro-activeness	Risk-Taking	Business Performance
Independent Variables				
Innovativeness (IV1)	1			
Pro-activeness (IV2)	0.704**	1		
Risk-Taking (IV3)	0.565**	0.692**	1	
Dependent Variable				
Business Performance (DV)	0.601**	0.649**	0.728**	1

** Correlation is significant at .01 level (2-tailed)

*Correlation is significant at .05 level (2-tailed)

The correlation between three independent factors (Innovativeness, Proactivity, and Risk-Taking) and dependent variables (Business Performance) is shown in Table 5. The first correlation is between innovativeness and business performance. The r-value is 0.601 or 60.1 percent, with a 95 percent confidence range. By rule of thumb, this number denotes a strong correlation. Proactiveness and business performance are the second correlation. The result indicates that the r-value is 0.649, or 64.9%, at a 95 percent confidence range. This number indicates a strong correlation by the rule of thumb—additionally, the correlation between risk-taking and business performance. The r-value is 0.728, or 72.8 percent, at a confidence level of 99 percent. The correlation of 72.8 percent between independent and dependent variables indicates a more robust correlation.

Regression Analysis

Table 6. Linear Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769	.592	.579	.33918

A: Predictors : (Constant), Innovate, Pro-active, Risk-Taking

B: Dependent Variable: Performance

Table 6 above illustrates the regression for all variables. R is the coefficient of correlation between predictor variables and business performance. As a result, the adjusted R square value is 0.579, suggesting that the model accounts for 57.9 percent of business performance variance. The R square indicates that the variance is 0.592, indicating that the dependent and independent variables are related by 59.2 percent.

Table 7 ANOVA

Model	Sum of Squares	d.f	Mean Square	F	Sig.
Regression	16.030	3	5.343	46.449	.000 ^b
Residual	11.044	96	.115		
Total	27.074	99			

A. Predictors: (Constant), Innovate, Proactive, Risk-taking

B. Dependent Variable: Business Performance

The ANOVA findings are summarized in Table 7. The F-value is 46.449, which is significant at the 0.000 level, according to the table. It indicates that the independent variables account for 57.9 percent (see Table 6) of the variation in business performance.

Table 8. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.678	.255		2.659	.009
Innovativeness	.197	.088	.207	2.235	.028
Pro-activeness	.151	.104	.154	1.452	.150
Risk-Taking	.451	.082	.504	5.518	.000

a. Dependent Variable: Business Performances

According to table 8, two hypotheses are accepted, and one is rejected. It is since we consider findings statistically significant when they have a p-value < 0.05. It implies that when the p-value (Sig.) is less than or equal to 0.05, the corresponding beta is significant in the equation with the value of (sig.t=0.028). The impact of innovativeness on business performance was shown to have a significant value, and the suggested hypothesis was accepted.

In contrast, the proactiveness metrics value (sig.t=0.150) in this study resulted in a negative association between proactiveness and business performance. Another variable that accepted a significant score-value is risk-taking (sig.t=0.000), which has a significant impact on business performance. The R-square for this study is approximately 59.2 percent. The regression analysis's condition index is 46.449.

Table 9. Summary table for hypotheses testing

	Hypothesis	Assessment
H ₁	Innovativeness has a significant relationship with business performance.	Supported
H ₂	Pro-activeness has not a significant relationship with business performance.	Not Supported
H ₃	Risk-taking has a significant relationship with business performance.	Supported

Discussion

This study was conducted to determine the relationship between innovativeness, proactiveness, and risk-taking towards business performance that contributed to the performance of FAMA's entrepreneurs in Malaysia. The first hypothesis was supported since a significant relationship which is indicated in the result ($\text{sig.t}=0.028$). Innovation is required of an organization as one of its efforts to promote its products, services, processes, technology, and system design or new structure. Entrepreneurs believe that through innovations, their businesses can grow in the future. FAMA's entrepreneurs also believe that the economic environment could influence business performance in the future. Most entrepreneurs have enough financial support to put a strong emphasis on research and development, technology, and innovations.

Meanwhile, the second hypothesis was rejected since there is no significant relationship which is indicated in the result ($\text{sig.t}=0.150$). It implies that fifty percent of FAMA's entrepreneurs in Kedah may think that they already know everything about business and feel comfortable with their situation. From this research, it can be concluded that most entrepreneurs do not always seek new opportunities in their business. Entrepreneurs did not have a strong tendency to be ahead of other competitors in introducing new ideas for services or products. On the bottom line, businesses have lower productivity and proactiveness in finding new opportunities and are very weak at managing company cash flow compared with large firms.

The third hypothesis was supported since a significant relationship is indicated in the result ($\text{sig.t}=0.000$). It implies that many entrepreneurs of FAMA in Kedah believe that being involved in high-risk businesses will give them a high return on profit for their business. Entrepreneurs believe that being afraid of doing something new often creates more challenges in the end stages of their business. Also, entrepreneurs of FAMA in Kedah are more like to stand behind their decisions and be risk-takers. Taking risks can cause entrepreneurs to become more creative.

Implication of study

The study's findings are anticipated to result in advantages and improvements, particularly for businesses. The study's contributions and consequences may be evaluated from a practical standpoint. In practical words, the results of this study indicate that businesses, governments, and other stakeholders interested in the growth of firms, particularly in Kedah, should make specific changes.

This study discovered empirical evidence that characteristics such as innovativeness and risk-taking have a strong positive connection with business performance, as prior studies proposed (e.g., Wiklund & Shepherd, 2005; Davis, 2007). The findings indicated that innovation and risk-taking mindsets were critical in enhancing the performance of FAMA's entrepreneurs in Kedah.

Since the uncertain economic situation led FAMA's entrepreneurs in Malaysia to put more emphasis on the exploration and exploitation of the opportunities that have been identified in the product, the market, or a new venture to ensure the survival of the firm, emphasis on proactive stance by firms is the key for firms to innovation and action in trying something risky in reality using entrepreneurial strategy.

The findings have proven that firms that practice innovativeness, proactiveness, and risk-taking will have a competitive advantage to improve their business performance. Creativity and innovation activities are essential growth factors for the firm. Firms that innovate will stay ahead of competition. In conclusion, entrepreneurs need to support new things like novelty

ideas, engage in research and creative processes that may result in products, services, or processes. Including, they should be proactive in seizing opportunities and identifying new markets or existing ones. Therefore, taking calculated financial and non-financial risks while creating a product, service, or process or entering new markets are necessities to consider by entrepreneurs. Simultaneously, with innovations, entrepreneurs already take a risk in uncertainty, regardless of whether stakeholders will receive their innovations.

Recommendation

Proactiveness was one of the hypotheses that were rejected in this study. It demonstrates that FAMA entrepreneurs do not consider this aspect as a critical driver of their performance. Thus, FAMA's entrepreneurs should strengthen this aspect since it will aid them in expanding businesses and surviving future setbacks. Second, future studies are encouraged to recruit respondents from a variety of states in order to be more representative. By identifying them, it is possible to improve the accuracy of the informations and offer more comprehensive answers. Following that, the geographic reach of the site may be expanded to cover various Malaysian states or cross-country. It enables them to compare the output of different firms.

Limitations of Study

This research addressed the study's flaws and limitations, which hampered the interpretation of the results. To begin with, since this research is restricted to FAMA businesses in Kedah, the results may be biased. It may have an effect on the findings' validity in that specific region. Additionally, the data gathered may not be entirely reflective of developments that have happened in Malaysia or other states.

Second, the dependent variable, business performance, is assessed using subjective data in financial or self-report methods rather than real facts to determine the company's financial success. Consequently, the findings of this research do not provide an absolute number for the population questioned.

Thirdly, this research used a quantitative method in its design and analysis of the data. The quantitative method has limitations, particularly in terms of interpreting respondents' emotions or views based on the scale number in the questionnaire. However, the subjective reliability test for each instrument demonstrated that it is acceptable and understandable to responders.

Suggestions for further study

In general, all of the aforementioned constraints should be addressed to provide more complete findings in the study field. The respondents and study topics should be extended in the future, including the number of respondents.

CONCLUSION

The primary aim of this article is to evaluate the correlations between different variables that affect business performance. It is accomplished via the interpretation of findings that result in two accepted and one rejected hypothesis. The current study discovered that the proactiveness variable had a negative effect on performance. While the recognized premise is that innovativeness and risk-taking are desirable characteristics, they also need refinement to guarantee long-term business success that future generations may enjoy. According to these results, FAMA entrepreneurs must pay close attention to innovation, proactive behavior, and risk-taking at the company level, all of which should be considered to enhance business performance. Businesses may raise their productivity, accelerate their development, and compete with other creative businesses by pursuing an entrepreneurial approach. These will

encourage and enhance the new emerging businesses formation. There is no definitive evidence focused on the importance capability in entrepreneurs' FAMA success, particularly from the perspective of developing countries. By appreciating the importance of these capabilities, business in developing-countries may compete successfully during times of crisis or continue to expand.

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