

THE RELATIONSHIP BETWEEN ENTREPRENEURIAL ORIENTATION (EO) AND MOSQUE PERFORMANCE

ASNIDA ABD HAMID¹, NURUL FADLY HABIDIN², FIDLIZAN MUHAMMAD³,
ZAINIZAM ZAKARIA⁴ & ALLIA JAAFAR⁵

^{1,2,5}Department of Management and Leadership, Universiti Pendidikan Sultan Idris, 35900 Tanjung Malim,
Perak, Malaysia

^{3,4}Department of Economic, Universiti Pendidikan Sultan Idris, 35900 Tanjung Malim, Perak, Malaysia

ABSTRACT

This paper studied about the Entrepreneurial Orientation (EO) dimensions towards the Mosques performance. The dimension of EO that had been determined are innovativeness, risk taking and proactiveness. This paper tends to classify how EO and the dimensions directly affect the performance of the mosques. In addition, the EO dimensions identified in this are those which related to the context of the mosque. The relationship the dimensions of EO and mosque performance is proved by the use of Structural Equation Model (SEM) as recommended. Then, the hypothesis can be generated based on the model of the proposed research and the literature review. It is being shown that the EO could improve the mosque performance better to be as a benchmark for others mosque in Malaysia especially and as well as in the world. Moreover, the better organized mosque would lead to increased performance and develop more.

KEYWORDS: Entrepreneurial Orientation (EO), Mosque Performance, Innovativeness, Risk Taking and Proactiveness

INTRODUCTION

The mosque in Islamic community is seen as an important aspect in developing human capital. From the previous history of Muslims', the mosque that built in Quba' by the Prophet Muhammad are not only focused on performed the daily routine which is prayer only but still considered also to human education in civilization. The dynamics of Islamic civilization operate in line with the expansion and enrichment functions mosque for the Muslim community. In the course of Islamic history, the mosque is not just a place to perform the ritual prayer, especially the congregational prayer, but even more phenomenal and crucial role in supporting the life of the community.

Islamic civilization always pointed out that the establishment and utilization of the mosque should be developed and expanded over the life of the Muslims. If only used for prayer, Muslims can do outside the mosque or everywhere. It has been stated in one of the collection of Jabir bin 'Abdullah that the Prophet once said,

"I had been blessed with five things that have not been given to the person before me;...and made this earth for me as a mosque and purification of materials, and in which only one of my people get prayer time, it can perform prayers there;"
(Bukhari and Muslim hadith)

Entrepreneurship is seen as a decisive factor in strengthening the economy of a nation. In an effort forming strong economic block and at the same time capable of discharging his responsibilities as God's vicegerent on earth, method and the new approach has been, is and will be used should conform to the principles of Islam. Excited because made progress, the fundamentals should not be set aside because the ultimate goal entrepreneurship is to meet the needs and demands of human life without excesses.

LITERATURE REVIEW

Entrepreneurship in broader understanding as the effort to form into business and with aims to profit. In other words, the entrepreneur can be defined as having a broader view of a business in which they are constantly looking for business opportunities. In the mosque context, we have seen that the entrepreneurship is from the mosque community who having the thought to form business applications at the mosque or nearby area. According to Basir et al, (2009), stated that it is important for Muslim entrepreneurs to apply quality principles to sustain their business since entrepreneurship involves business risks, business profits and loss. This statement is suitable with the mosque concept which related to Islamic principle. However, to an economist, an entrepreneur is one who brings resources, labor, materials, and other assets into combination, and also one who introduces changes, innovations, and a new order.

Entrepreneurship is the dynamic process of creating incremental wealth, (Hisrich, Peter, and Shepherd, 2005). Instead, for the mosque context in which entrepreneurship had been applied for the community to create entrepreneurship activity not only can gain profit and contribute to the mosque but only will become the beneficial activity to the community. In applying the entrepreneurial orientation, there are certain thing need to be considered such being summarized by Manaf et al, (2012) that entrepreneur's success if having profit in business are determined by factors such as the capital size, economic condition, and business level, age, financial control, planning skill, marketing skills and their education level, also creativity and innovation, future orientation.

There are some scholars who expert in an entrepreneurial orientation field had come out with their explanation of the entrepreneurial orientation definition. Which are:

Table 1: The Definition of Entrepreneurial Orientation

Definition	Authors
Entrepreneurial Orientation is the process, practices and decision making activities that lead to new entry.	G. T. Lumpkin, and G. G. Dess, (1996)
Entrepreneurial Orientation is a process construct and a concerns the methods, practices, and decision making styles managers use	
Entrepreneurial Orientation is a firm-level construct that is closely linked to strategic management and the strategic making process.	Covin and Slevin, (1991)
Entrepreneurial Orientation refers to the act of creating new business ventures	Gartner, (1988)
Entrepreneurial Orientation emerges from a strategic choice perspective.	Child, (1972)
Entrepreneurial orientation is a behavioral construct that explains the process of new venture creation.	Nummela, Saarenketo and Puumalainen, (2004)

From the Islamic perspective which could be applicable in the mosque context, Kartha (2004) had suggested some things that need to be considered to implement entrepreneurial orientation. There is customer focus, leadership, officer involvement, systems approach, continuous improvement, decision making based on facts and benefits to suppliers.

However, Sadeq (1996) had narrowed down the characteristic which come out of the four main things that are clear mission, courtesy, clear leadership and empowerment. These are suitable with the context of the mosque which have a very clear mission to have blessed the God and faith in life, courtesy is referring to all levels of kindness including politeness, manners, soft spoken, etc. Meanwhile for the mosque that must have the lead or the organized community members and that could refer as clear leadership also the empowerment to the mosques context would be as standardization of the community rules and responsibility.

The Entrepreneurial Orientation (EO) however, that had been described by Fayolle and Lyon (2013) in the Lexicon web defined EO as the multidimensional construct, applied at the organizational level, which characterizes firms' entrepreneurial behavior and includes one of several of these three dimensions namely, risk taking, innovativeness and proactiveness. These three also are the main dimensions of entrepreneurial orientation that had been stated by Miller (1983) who provide the starting point which the entrepreneurial orientation is the combination of risk taking, innovation, and proactiveness. By what he had explained that entrepreneurial orientation are engaged in market innovation, undertakes risky ventures and beating with competitors consistently. As being matched with the mosque context, that these dimensions are closely related since the mosque community should be willing to take risks because they are using the funds as the capital, be well innovative and proactive to compete with others.

Table 2: The Characteristics of EO by Covin and Slevin (1991)

EO Dimensions	Characteristic
Innovativeness	New product lines, product modification, R&D leadership.
Proactiveness	Adoption of New Techniques, competitive posture, environment boldness, decision making styles.
Risk Taking	Borrowing heavily, entering unknown markets, undertaking risky projects.

Rauch et al, (2009) also had explained that the EO is the strategy-making process that provide organizations with a basis for entrepreneurial decision and action. In including the three dimensions namely innovativeness, proactiveness and risk taking, it will helping to the mosque community applying the EO in order to get the best performance as well as the management. Nevertheless, EO assist the mosque to generate their financial income. Like in a situation which they use the fund as their capital to start the entrepreneurship then the profit they earn then could be rolled up in develop the entrepreneurship since mosque institution have their own allocation from the State Government.

Table 3: The EO Dimensions by Rauch Et Al, (2009)

EO Dimensions	Explanation
Innovativeness	Predisposition to creativity and experimentation through introduction new product and services as well as technological via R&D in new process
Proactiveness	An opportunity-seeking, forward-looking perspective characterized by new products and services ahead of the competition and acting in anticipation of future demand
Risk Taking	Taking bold action by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain environments

Innovativeness

The innovativeness in EO is the application of better that meet new requirements, inarticulate needs, or existing market needs that had been accomplished through more effective products, process, services, technologies or ideas that are readily available in markets. Or in simple words, innovativeness refer to the ability to think and act independently. This is similar to what had been stated by Zahra, (1993) that the innovativeness is creating and introducing new product to the market, which usually involve a well-ahead of the competition. By mean that, innovativeness is such a new invention in the market that could lead to other competitors.

By means that the innovativeness is the process of translating an idea or invention into a good or services that create value or for which customers will pay. The creativity that they pursue will be beneficial to others. However, to

invent in creativity it needs support of technology of Research and Development. G. T. Lumpkin et al, (2001) stated that entrepreneurial innovation refer as a willingness to support creativity and experimentation with respect to the introduction of new product or services, technological leadership and R&D.

In addition, Adham et al, (2012) in the book had mentioned about the innovativeness which is considered as the required foundation for strategic business development. Nevertheless, the innovativeness of EO in the mosque could be achieved through entrepreneurial behavior of their community. Apart from that, the innovativeness involves in recognizing the opportunities and then developing the opportunities into products or services offered that could not only benefit to customer but also lead in the competitive advantage of others. However, the innovativeness still need involving of the R&D as well.

Risk Taking

According to Mars and Rios-Aguilar (2010), entrepreneurship can be defined as something that encompasses social value and commercial value. It is a process for creating and maintaining social and economic value through the implementation of strategies and solving problem by using creative and unique methods, risk taking and reduction in the use of resources. In other words, the activities in the value include the value of innovative entrepreneurship of traditional academic, involving time, academic reputation and increase financial risk in terms of research funding.

The risk taking also is one of the important dimensions in entrepreneurial orientation which will have a direct impact on entrepreneurship. Looking back in mosque context, since the community will use the funds as the capital, it is the risks they face off. It is so because to be well prepared whether the funds that they invest will become profit or loss. However, it is not limited to financial terms only, but in fact it involves in social relationship, emotional and career opportunities (Erdem, 2001). The statement to close related to the mosque forms, which entrepreneurial orientation may risk much in a social relationship and emotions of the communities.

In order to manage the risks, the mosque community must be well prepared and trained to handle it. It is important for the community has been thinking about it because they might face higher risks. This statement supported by Fairlie et al (2011), that most individuals who are interested in entrepreneurship failed to start due to lack of skills and lack of knowledge. Strictly, it is important for potential entrepreneurs to deepen their knowledge in the fields of entrepreneurship.

Proactiveness

The proactiveness as in easily understanding terms refer to the energy or willingness to achieve something. Or in the mosque context relating to the EO, the proactiveness could be the ability to perform entrepreneurship. According to G. T. Lumpkin et al, (2001) the proactiveness is an opportunity-seeking, forward-looking perspective involving introducing new products or services and the competition in anticipation of future demand to create change and shape the environment. The proactiveness has been applied as the pursuit of business opportunity which enhances the entrepreneurship as well. Also, proactiveness is the forward looking perspective involving new product or services and their release prior to competitors. By that means, the EO which is proactive not only will develop the entrepreneurship level also will compete among others. As relates to the mosque context, it is helping in raising their financial and performance through proactive EO.

The proactiveness that had been described by Miller et al, (1978) are as the answer to the question of whether or not actions shape the environment by introducing new technology, products and techniques, or whether it merely is a

reaction to others' actions. In addition, Venkatraman (1989) stated that the proactiveness as a process which anticipated and act based on future needs by seeking new opportunities either related or not to the present line of operations, introduction of new products and brands ahead of competition. Relate to mosque context, that the proactiveness of EO are towards the community because they will manage the entrepreneurial process which need to be proactive. The mosque community should be proactive to make their EO success also become better. This supported by Chen et al, (1995) said that proactiveness involve taking the initiative as an effort to shape the environment to their own advantage.

For the mosque context, by applying proactiveness in EO, will help their performance in terms of financial and competency management improve. This statement was first suggested by Knight (1997) that in order to become proactive in EO, it has to be as aggressive execution and follow through, driving toward achievement of the firm's objectives by whatever reasonable means as necessary. Explaining that, by being proactive, the mosques' objective also will be achieved.

Relationship EO to the Mosque Performance

The EO and its dimension had a positive impact on the mosque performance. Which was stated by Davis et al, (2010) that the EO will enhance firm performance and the dimensions namely innovative, proactiveness, and risk taking enable to identify and exploit emerging opportunities in an environment and establish an entrepreneurial strategy leading to firm growth. Seems that mosques are non-profit institution and their monetary uses for beneficial activities only such as a call for the sermon, motivational talk, celebrating the month of fasting and Eid or other Islamic is celebrating the day, camping and etc. For such this activity, the funds from the Government allocation is fully occupied.

Furthermore, Rauch et al, (2004) also agreed to say that these three EO dimensions are strongly related within a smaller organization which in this scope, referring the mosque as the small institution. Because of smaller institutions is more easy to manage and the management community is narrow. Nevertheless, for mosque the community member is being selected by the State Government and should be the best well set the position and also they must be qualified in order to manage the mosque yet to handle the entrepreneurship.

By applying EO, the mosque would have a better performance since the EO and its dimensions are having a good effect on the mosque performance. Furthermore, it is also will contribute to economic as well. The EO is positively and significantly associated with enhanced firm performance, Liu et al, (2009).

Lim (2009) also agrees to say that these three of EO dimensions have a positive impact on the firm's performance. Which means that the innovativeness, proactiveness and risk taking have a relationship with the mosque performance. However, this EO with these three dimensions should be well monitored because it is as a double-edge sword (Wales et al, 2007) that if inappropriate manage then it will harm the organization.

PROPOSED RESEARCH MODEL

The proposed research model aims to analyze the factors of performance management for Perak's mosques. This model presented in figure 1. To understand the relationship of EO and performance improvement in Perak's mosque, the following hypotheses were set up to be tested. According to literature review, these hypotheses will be stated based on numbering system from H1. This style of hypothesis statement is chosen due to the nature of answering hypotheses using structural equation modeling method.

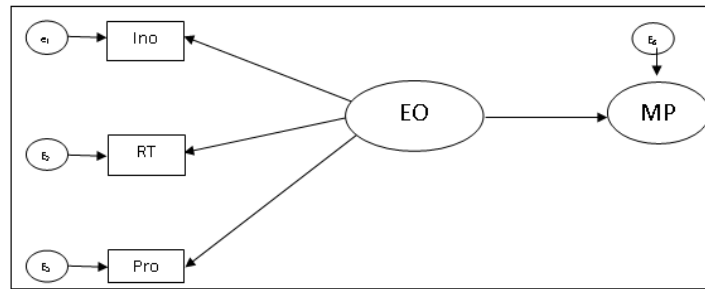


Figure 1: Model of the Study

***Note:** Ino=Innovativeness, RT=Risk Taking, Pro=Proactiveness, EO=Entrepreneurial Orientation, MP=Mosque Performance.

Research Hypothesis

H1: There is a positive relationship and direct significant relationship between Entrepreneurial Orientation and mosque performance in Perak.

METHODOLOGY OF THE STUDY

As general, the management of mosque in Malaysia is under the state of Majlis Agama Islam. In Perak, the mosques' management was subjected to Enakmen Pentadbiran Agama Islam 1992, Majlis Agama Islam Dan Adat Melayu Perak with the approval of the Sultan. There are ten divisions in Perak that which 620 mosques with it until the year of 2011. All these mosques were divided into 17 coordination centers and managed by 17 management officers.

SEM techniques utilized to perform require statistical analysis of the data from the survey. Exploratory factor analysis, reliability analysis and confirmatory factor analysis to test for construct validity, reliability, and measurements loading were performed. Having analyzed the measurement model, the structural model was then tested and confirmed. The Statistical Package for the Social Sciences (SPSS) version 17 was used to analyze the preliminary data and provide descriptive analyses about thesis sample such as means, standard deviations, and frequencies. Structural Equation Modelling (SEM uses AMOS 6.0) will use to test the measurement model.

CONCLUSIONS

The aim of this study was to determine the factors of Entrepreneurial orientation that affect the mosque. With these determined factors, hope that mosque having a better performance and becoming the benchmarking over all other mosques also to let the communities get the same advantages from it.

Nevertheless, there seems a lack of references related to the field of study. However, there is still previous research that linked to this paper. The purpose of this study is to find out that there will have a relationship between the EO and the mosque performance to improve the mosque performance in Malaysia hopefully. Then, the questionnaire will be designed and use for data collection to get the result.

ACKNOWLEDGEMENTS

The research would like to acknowledge the Ministry of Higher Education (MOHE) for the financial funding of this research through the Research Acculturation Grant Scheme (RAGS), and Research Management Centre (RMC), UPSI for research University Grant.

REFERENCES

1. Adham, K. A., Said, M. F., and Hassan, M. E. M., (2012). Exploring the Islamic Perspective on Innovation and Entrepreneurship. Universiti Kebangsaan Malaysia, pp. 17.
2. Basir, S. B., Pa, B. C., and Sulong, H. R., (2009). Prinsip-prinsip Kualiti Ke Arah Melahirkan Usahawan Muslim Yang Berjaya. Vol. 17, No. 2, pp. 327-352.
3. Chen, M. J. and Hambrick, D. C., (1995). Speed, stealth, and selective attack: How small firms differ from large firms in competitive behavior. *Academy of Management Journal*. Vol. 38, pp. 453-482.
4. Child, J., (1972). Organization Structure, Environment, and Performance: The Role of Strategic Choice. Vol. 6, pp. 1-22.
5. Covin, J. G., and Slevin, D. P. (1991). A Conceptual Model of Entrepreneurship as the Firm Behaviour, *Entrepreneurship Theory and Practice*, Fall, pp. 7-25.
6. Davis, J. L., Bell, R. G., Payne, G. T. and Kreiser, P. M., (2010). Entrepreneurial Orientation and Firm Performance: The moderating role of managerial power. Vol. 25, No. 2, pp. 41-54.
7. Erdem, F. (2001). A cultural approach toward risk taking propensity and tolerance for ambiguity of entrepreneurs, *Akdeniz IIBF Dergisi*, Vol. 2, pp. 43-61.
8. Fairlie, R.W., and Holleran, W. (2012). Entrepreneurship training, risk aversion and other personality traits: Evidence from a random experiment, *Journal of Economic Psychology*, Vol. 33, pp. 366–378.
9. Fayolle, A., and Lyon, Em., (lexicon.ft.com/Term?term=entrepreneurial_ori) 27/08/2013.
10. Gartner, W. B., (1988). "Who is an entrepreneur?" is the wrong question. Vol. 12, No. 4, pp. 11-32.
11. Hisrich, R. D., Peter, M. P., and Shephard, D. A., (2005). *Entrepreneurship*, 6th ed, New York: McGraw Hill.
12. Kartha, G. P., (2004). A comparison of ISO 9000:2000 Quality Standards QS9000 ISO/TS 16949 and Baldrige, *The TQM Magazine*. Vol. 16, No. 5, pp. 331-340.
13. Knight, G. A., (1997). Cross cultural reliability and validity of scales to measure firm entrepreneurial orientation. *Journal of Business Venturing*. Vol. 12, pp. 213-225.
14. Lim, S., (2009). *Entrepreneurial Orientation and the Performance of Service Business*.
15. Liu, Q., Manolova, T. S., and Edelman, L. E., (2009). Entrepreneurial Orientation and Firm Performance in China: The Role of Resource Endowments. Vol. 29, No. 13, pp. 1-12.
16. Lumpkin, G. T. ,and Dess, G. G., (1996). Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance. Vol. 21, No. 1, pp. 135-172.
17. Lumpkin, G. T. and Dess, G.G., (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of Business Venturing*. Vol. 16, No. 5, pp. 429-451.
18. Manaf, A. A., Omar, N. H., and Yee, L. K., (2012). Faktor Kritikal Kejayaan Usahawan Dalam Perniagaan. Vol. 7, No. 1, pp. 034-045.

19. Mars, M.M., and Rios-Aguilar, C. (2010). Academic entrepreneurship (re)defined: significance and implications for the scholarship of higher education. *Higher Education* Vol.59, pp. 441–460.
20. Miller, D. and Friesen, P., (1978). Archetypes of Strategy Formulation. *Management Science*. Vol. 24, No. 9, pp. 921-933.
21. Miller, D. & Friesen, P.H. (1982). Structural change and performance: Quantum versus piecemeal-incremental approaches, *Academy of Management Journal*. Vol. 25, No. 4, pp. 867-892.
22. Miller, D., (1983). The Correlates of Entrepreneurship Three Types of Firms. *Management Science*. Vol. 29, No. 7, pp. 770-791.
23. Nummela, N., Saarenketo, S., and Puumalainen (2004). Attitude towards Internalization – A Prerequisite for Successful Internalization? *Canadian Journal of Administrative Sciences*. Vol. 21, No. 1, pp. 51-64.
24. Rauch, A., Wiklund, J., Lumpkin, G.T. and Frese, M. (2009), “Entrepreneurial orientation and business performance: an assessment of past research and suggestions for the future”, *Entrepreneurship Theory and Practice*, Vol. 33 No. 3, pp. 761-87.
25. Sadeq, A. H., (1996). *Quality Management in the Islamic Framework*. Leeds Publications.
26. Venkatraman, N., (1989). Strategic orientation of business enterprise: A construct, dimensionality and measurement. *Management Science*. Vol. 35, pp. 942-962.
27. Wales, W. J., (2007). *Entrepreneurial Orientation Within Young Firms: A Theoretical And Empirical Examination Of A Behavioral Phenomenon*.
28. Zahra, S. A. (1993). A Conceptual Model of Entrepreneurship as firm Behavior: A critique extension. *Entrepreneurship: Theory and Practice*. Vol. 17, No. 4, pp. 5-21.