

**THE EFFECTS OF ENTREPRENEURIAL ORIENTATION, HUMAN
CAPITAL, AND ORGANIZATIONAL LEARNING CAPABILITY
ON BUSINESS PERFORMANCE AMONG SMEs
IN JORDAN**

BELAL MAHMOUD HUSSEIN ALWADI

**Thesis Submitted in Fulfilment of the Requirements for the Degree of Doctor of
Philosophy in the Faculty of Business, Economics and Social Development
Universiti Malaysia Terengganu**

2020

DEDICATION

To my great idol in life, my beloved father, *Professor Dr. Mahmoud Al Wadi* who I following his approach in life. And to the compassionate heart, my dear mother *Um Belal* for their support throughout my whole university education and this thesis would not have been possible without their love and kindness, prayer, wishes and faith.

I am also greatly indebted to my wife that I adore *Ansar AlWadi*, and to my small hero, my son *Mahmoud*, and to my beautiful daughter and my spoiled child *Zeina*. Also to my sisters, brothers for the joy, happiness, support, encouragement and prayers.

To my distinguished supervisors, The Main Supervisor: *Associate Professor Dr. Muhammad Abi Sofian Bin Abdul Halim*, and the Co-Supervisors: *Dr. Zaleha Binti Mohamad* and *Associate Professor Dr. Yusliza Mohd-Yusoff*, for their efforts and supporting me during my scientific journey where I learned a lot from them. They have my great appreciation and thanks. I ask the god to prolong their lives with health and wellness.

I dedicate you all this humble work

Abstract of thesis presented to the Senate of Universiti Malaysia Terengganu in fulfilment of the requirements for the degree of Doctor of Philosophy

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The role of small and medium-sized enterprises (SMEs) has been acknowledged across the global. The contribution of SMEs towards gross domestic product (GDP) and economy of a country is very much undeniable. This highlights the importance of sustainability amidst the budding SMEs to penetrate the competitive global market. Hence, SMEs need to adopt and practice several essential characteristics to grow, compete, and sustain. As such, this study investigated the impacts of entrepreneurial orientation (EO), human capital (HC), and organizational learning capabilities (OLC) on business performance (BP) of SMEs established in Jordan. Jordan was selected as the sample area due to its interesting environment, which is stable but surrounded by neighbouring countries in crises, hence constriction in resources. The questionnaire survey method was adopted, as a set of questionnaires was distributed to 376 SMEs for this study purpose. The Partial Least Square-Structural Equation Modelling (PLS-SEM) approach was employed in this study for data analysis, after determining the reliability and validity of the dataset. As a result, all the seven hypotheses formulated for this study are accepted. The first five hypotheses reflect the direct relationships of EO-BP, HC-BP, EO-OLC, HC-OLC, and OLC-BP of SMEs, while the last two hypotheses are the mediating effect of OLC on the relationships of EO and HC with

BP. All the variables displayed significantly positive correlations with BP of the studied SMEs and OLC, which served as a mediator, enhanced the BP of SMEs. The study implication for SMEs in Jordan highlights the need for the enterprises to adopt innovation and learning in order to further grow and perform exceptionally both in local and global markets. Besides, it was found that autonomy is significant among employees so that they have the freedom and time for innovative activities, thus enhancing BP. Customer satisfaction also needs to be a priority to sustain in the competitive market. Future studies are called to replicate the study in other varied setting to compare the outcomes in light of SMEs spread across the globe.

Abstrak tesis yang dikemukakan kepada Senat Universiti Malaysia Terengganu sebagai memenuhi keperluan untuk Ijazah Doktor Falsafah

**IMPAK ORIENTASI KEUSAHAWANAN, MODAL INSAN, DAN
KEUPAYAAN PEMBELAJARAN ORGANISASI TERHADAP PRESTASI
PERNIAGAAN DI KALANGAN SME DI JORDAN**

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Peranan perusahaan kecil dan sederhana (SME) telah diakui di seluruh dunia. Sumbangan PKS terhadap keluaran dalam negara kasar (GDP) dan ekonomi sesebuah negara tidak dapat dinafikan. Ini menekankan pentingnya kemapanan bagi SME yang berkembang untuk menembusi pasaran global yang kompetitif. Oleh itu, PKS perlu mengambilkira dan mengamal beberapa ciri penting untuk berkembang, bersaing, dan terus kekal di arus perniagaan. Kajian ini telah menyiasat impak orientasi keusahawanan (EO), modal insan (HC), dan keupayaan pembelajaran organisasi (OLC) terhadap prestasi perniagaan (BP) antara SME yang ditubuhkan di Jordan. Jordan dipilih sebagai kawasan sampel kerana persekitarannya yang menarik, iaitu stabil tetapi dikelilingi oleh negara-negara jiran dalam krisis, oleh itu mengalami kesempitan dari segi sumber. Kaedah tinjauan soal selidik telah digunapakai, di mana satu set soal selidik telah diedarkan kepada 376 SME untuk tujuan kajian ini. Kaedah Partial Least Square-Structural Equation Modelling (PLS-SEM) telah digunakan dalam kajian ini untuk menganalisis data, setelah kebolehpercayaan dan kesahihan data telah dikenalpasti. Sebagai hasil kajian, semua tujuh hipotesis yang dirumuskan untuk kajian ini telah diterima. Lima hipotesis pertama mencerminkan hubungan langsung EO-BP, HC-BP, EO-OLC, HC-OLC, dan OLC-BP SME, manakala dua hipotesis terakhir melihat impak OLC sebagai mediator bagi hubungan EO dan HC

dengan BP. Semua pemboleh ubah menunjukkan korelasi yang positif dengan BP, manakala OLC yang bertindak sebagai mediator telah meningkatkan BP bagi SME. Implikasi kajian untuk SME di Jordan menekankan akan keperluan perusahaan untuk mengadaptasi inovasi dan pembelajaran untuk terus berkembang dan bersaing di pasaran tempatan dan global. Di samping itu, autonomi perlu diberikan kepada pekerja supaya mereka mempunyai kebebasan dan masa untuk aktiviti inovatif, supaya dapat meningkatkan BP. Kepuasan pelanggan juga perlu menjadi keutamaan untuk mengekalkan pasaran kompetitif. Kajian pada masa depan boleh mereplikasi kajian ini dengan persekitaran yang berbeda untuk membanding hasil memandangkan SME adalah tersebar di seluruh dunia.

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APPROVAL


I certify that an Examination Committee has met on 24th February 2020 to conduct the final examination of Belal Mahmoud Hussein Alwadi, on his Doctor of Philosophy thesis entitled: **The effects of entrepreneurial orientation, human capital, and organizational learning capability on business performance among SMEs in Jordan** in accordance with the regulations approved by the Senate of Universiti Malaysia Terengganu. The Committee recommends that the candidate be awarded the relevant degree. The members of the Examination Committee are as follows:

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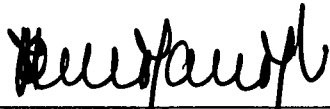
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This thesis has been accepted by the Senate of Universiti Malaysia Terengganu in fulfilment of the requirement for the degree of Doctor of Philosophy.



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Date: 02 MAR 2021

DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UMT or other institutions.



BELAL MAHMOUD HUSSEIN ALWADI

Date: