

# The Effect of Entrepreneurial Orientation on the Success of Community Enterprise: A Study of Nakhon Si Thammarat, Thailand

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**Abstract.** The role of community enterprises in contributing to the sustainable development of Thailand is widely recognized. The establishment and success of community enterprises are highly needed by the Thai community. There is a highly recognition that job and life satisfaction of entrepreneurs play as the key success factors of small business. Hence, this study examines the effect of entrepreneurial orientation on the success of community enterprise in Nakhon Si Thammarat. Face-to-face interviews, by using a structured questionnaire, are utilized to elicit responses from entrepreneurs in Nakhon Si Thammarat, Thailand. The research hypotheses are tested by using multiple regression analysis. The results of the study show that risk taking, proactiveness and innovativeness play a significant role in effecting job satisfaction of entrepreneurs. This study also reveals that only risk taking significantly effecting life satisfaction of entrepreneurs. Thus, the results from this study provide useful information for policy makers and academicians in formulating the program to enhance the success of community enterprise in Thailand.

**Keyword:** Entrepreneurial Orientation, Success, Community Enterprise in Thailand.

## 1. Introduction

Entrepreneurship and entrepreneurial activities can contribute to economic and community development, as supported by research and community development reports throughout the world. The community enterprise is one among other tools promoting collective activity in Thai community as a mean to encourage local people to work together as a team for economic and social benefits. Thus, there is a highly need for promoting the success of community enterprise in Thai society. There is a widely recognized that entrepreneurial orientation is vitally important to the performance of small business. Hence, this study is aimed to examine the influence of entrepreneurial orientation on the success of community enterprise in Nakhon Si Thammarat.

The community enterprise is a major tool in promoting the self-reliance development in local community because it assists local people to gain and utilize the necessary skills to create sustainable regeneration [1]. It is a trading organization set up, owned and control by the local community and focuses on local development and ultimately creates self-supporting jobs for local people [2]. A strong geographical focus is an important aspect in the case of community enterprise [3]. It aims to enhance the quality of life and economic development of a particular region [4]. Thus, the key characteristics of a community enterprise are a venture owned, led and controlled by a group of local people that has concern for economic, social and environmental problems.

Nakhon Si Thammarat is a province in Southern part of Thailand. It is about 780 kilometers south of Bangkok, on the east coast of the Malay Peninsula. As of 2010, the city had population of 1,522,561. It is one of the most ancient cities of Thailand, previously Kingdom of Ligor, and contains many buildings and ruins of historical significance. The populations are local Southern Thai who mostly make their living from rubber, rice, fruit orchards, oil palm and fishing. Beside from that, the Thai government also recognizes the important role of community enterprise in economic development. Thus, various programs to encourage and assist the local people in establishing community enterprise as a mean for economic self help, in their localities have been launched.

## 2. Literature Review

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## 2.1. Success of Community Enterprise

There is evidence that small business plays a crucial role in the economic growth of both developed and developing countries. The importance of small business as the job creator is undisputed. Nevertheless, the failure of a new venture is also high [5]. Thus, a need to examine the factors that associate with the performance of small businesses, community enterprise in particular, is prominent. Previous studies in small businesses usually measured the business performance in economic perspective [6, 7]. However, the contributions of entrepreneurship go beyond economic aspect. Venkataraman [8] has emphasized the need to examine the impact of entrepreneurship not just on economic wealth creation, but also on social wealth effects or social contribution. Since entrepreneurship is the process of creating value by devoting necessary time, effort and resources to received the rewards not only in monetary aspects but personal satisfaction as well [9]. King [10] also found that the key success factors for entrepreneurs were not measured in terms of financial aspects, rather they were spiritual perspectives. Success is directly related to doing work that is meaningful and self-fulfilling. Hence, job satisfaction and life satisfaction are selected to measure the success of community enterprise in Nakhon Si Thammarat.

## 2.2. Entrepreneurial Orientation

In existing literature, entrepreneurial orientation is considered as one among other factors, which plays the key ingredient in influencing the success of business venturing [8, 11, 12]. Entrepreneurial orientation is the main factor for organization to obtain sustained competitive advantages. Thus, this study adopts the concept entrepreneurial orientation from previous study [11, 13, 14] to examine the effect on the success of community enterprise. Entrepreneurial orientation composes of four dimensions, which are autonomy, innovativeness, risk taking, and proactiveness.

Based on the above discussion, this study aimed to investigate the effect of entrepreneurial orientation on the success of community enterprise as shown in Figure 1.

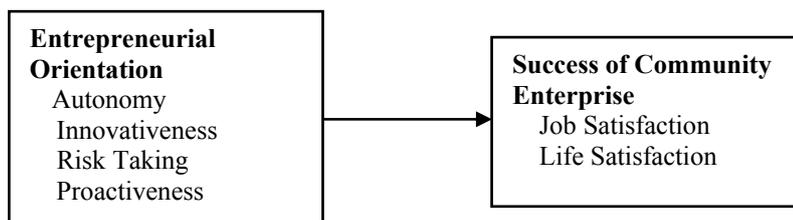


Fig. 1: Success of Community Enterprise.

Therefore, the research posits the following hypotheses:

- Hypothesis 1: Entrepreneurial orientation; which are autonomy, innovativeness, risk taking, proactiveness, effect job satisfaction of entrepreneurs.
- Hypothesis 2: Entrepreneurial orientation; which are autonomy, innovativeness, risk taking, proactiveness, effect life satisfaction of entrepreneurs.

## 3. Methodology

The data for this study were collected from community enterprises in Nakhon Si Thammarat, Thailand. A 179 entrepreneurs were participated this study. The data were collected by using face-to-face with structure questionnaire. The survey was conducted from December 2011 to February 2012.

### 3.1. Sample

Participants were 179 community enterprise entrepreneurs. The majority of respondents are female (52%) ranging in ages from 24 to 70 years, with a mean of age of 44.4 years. 96 percent were married. The majority (67.6%) of the respondents had completed primary school.

### 3.2. Measures

A survey questionnaire was developed to collect data for testing the validity of the model and research hypotheses. Variables in the questionnaire include entrepreneurial orientation and success of community

enterprise. Questions to measure entrepreneurial orientation and success of community enterprise in this study provided some ranges of answer for respondents in order to avoid refusal of responses.

### 3.2.1. Predictor Variables

**Autonomy.** Autonomy was assessed using a 3-item scale developed from previous research [11, 13, 14]. Items were measured on a 5-point scale ranging from ‘Strongly Disagree’ (1) to ‘Strongly Agree’ (5).

**Innovativeness.** Innovativeness was obtained using a 3-item scale developed from previous research [11, 13, 14]. Items were measured on a 5-point scale ranging from 1 to 5.

**Risk Taking.** It was assessed using a 3-item scale developed from previous research [11, 13, 14]. Responses were made on a 5-point response scale ranging from ‘Strongly Disagree’ (1) to ‘Strongly Agree’ (5).

**Proactiveness.** It was obtained using a 4-item scale developed from previous research [11, 13, 14]. Items were measured on a 5-point scale ranging from 1 to 5.

### 3.2.2. Dependent Variables

**Success of Community Enterprise.** The success of community enterprise was categorized into two perspectives, which are job satisfaction and life satisfaction of entrepreneurs. Job satisfaction was obtained using a 13-item scale. Life satisfaction was obtained using a 5-item scale developed from previous research [15, 16]. Ratings were measured using on a 1 to 5 scale, with 1 representing ‘Strongly disagree’ and 5 representing ‘Strongly agree’.

## 4. Results and Discussion

Means, standard deviations, and reliabilities for all variables are reported in Table 1. The reliability of the measurements in this study appears acceptable based on the Cronbach’s alpha, ranging from 0.75 to 0.89

Table 1: Descriptive statistics of variables

Variables	Mean	S.D.	Cronbach’alpha
Autonomy	4.07	.46	.79
Innovativeness	4.15	.50	.78
Risk Taking	4.14	.54	.80
Proactiveness	4.20	.47	.85
Job Satisfaction	4.29	.39	.89
Life Satisfaction	4.17	.44	.75

The results from a stepwise multiple regression analysis presented in Table 2 show that entrepreneurial orientation significantly effecting job satisfaction of entrepreneurs. However, there are only three predictors, which are risk taking ( $\beta=.334$ ), proactiveness ( $\beta=.249$ ) and innovativeness ( $\beta=.152$ ) significantly effect job satisfaction of community enterprise entrepreneurs. The results suggest that 38.1 percent of the variance in job satisfaction of entrepreneurs have been significantly explained by these three predictors. Moreover, the results demonstrate that risk taking has strongest effect among other variables in influencing job satisfaction of community enterprise entrepreneurs in Nakhon Si Thammarat. Thus, the important role of risk taking in influencing job satisfaction of entrepreneurs is highlight.

Although there are only a handful of studies that look at the relationship between entrepreneurial orientation and job satisfaction, the results of this study are consistent with previous research. The study of Callaghan [17] found that entrepreneurial orientation, which compose of innovativeness, competitive aggressiveness, risk taking propensity, autonomy and proactiveness, positively related to job satisfaction of street traders. Giordani [18] also found positive relationship between entrepreneurial orientation and job satisfaction of self-employed. Therefore, the results of this study provide the linkage that entrepreneurial orientation is highly important to job satisfaction of community enterprise entrepreneurs, which lead to the success of community enterprise.

Table 2: Effect of entrepreneurial orientation on job satisfaction of entrepreneurs

Variables	R square	Δ R square	Beta	Sig. t
Risk Taking	.294	-	.334	.000
Proactiveness	.366	.072	.249	.002
Innovativeness	.381	.015	.152	.044

The results from a stepwise multiple regression analysis presented in Table 3 show that entrepreneurial orientation significantly effecting life satisfaction of entrepreneurs. However, there is only one predictor, which is risk taking ( $\beta=.581$ ) significantly effects life satisfaction of community enterprise entrepreneurs. The results suggest that 33.8 percent of the variance in life satisfaction of entrepreneurs have been significantly explained by this variable. Although there is no evidence in previous studies that entrepreneurial orientation is the major variable that influences life satisfaction of entrepreneurs, which leads to success of business, the significance role of entrepreneurial orientation to the performance of business enterprise has been emphasized in previous studies [19, 20, 21] Moreover, the results in this study are consistent with the study of Sajeve and Rybakovas [22] that entrepreneurial orientation positively related to subjective well-being of individuals. Thus, the results of this study provide the linkage that risk taking is highly important to life satisfaction of community enterprise entrepreneurs.

Table 3: Effect of entrepreneurial orientation on life satisfaction of entrepreneurs

Variables	R square	Δ R square	Beta	Sig. t
Risk Taking	.338	-	.581	.000

The results from this study, therefore, suggest that entrepreneurial orientation plays an important role in effecting job and life satisfactions of community enterprise entrepreneurs. The key variables in effecting job satisfaction of entrepreneurs are risk taking, proactiveness and innovativeness. However, only risk taking affects life satisfaction of entrepreneurs. The significant role of risk taking in influencing the success of community enterprise is highlighted. It is worth noting that risk taking, proactiveness and innovativeness can be developed. Hence, the results shade light to academicians and policy makers that it is possible to promote job and life satisfactions among community enterprise entrepreneurs by cultivating these predictors.

## 5. Conclusions

The literature emphasizes the important role of entrepreneurial orientation on the success of small business. Previous studies usually measured business performance in economic aspects. Thus, this study provides a useful view in defining the success of small business by utilizing job and life satisfactions of entrepreneurs as measurement for the success of community enterprise. The findings from this research show that entrepreneurs who are risk taker, proactive and autonomous display high job satisfaction and risk taker entrepreneurs gain more life satisfaction. By developing entrepreneurial orientation, which are risk taking, proactiveness and autonomy, to community enterprise entrepreneurs would likely enhance the success of community enterprise. Hence, the need to assist community enterprise entrepreneurs by providing appropriate training courses and mentoring programs to enhance their entrepreneurial ability and attitude is highlighted.

## 6. Acknowledgements

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