

An Intra-Cultural Study of Entrepreneurial Competencies and SMEs Business Success in Whole Sale and Retail Industries of Malaysia: -A Conceptual Model

— *Review of* —
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ABSTRACT

The existence of entrepreneurial competencies ensures survival and growth of Small and Medium Enterprises (SMEs). The successful SMEs positively contribute to the socio-economic progress of any country which makes it imperative to understand the development of essential competencies among entrepreneurs, running various SMEs. Since the entrepreneurial competencies vary across cultures, hence, this study aims to investigate the impact of cultural orientations on entrepreneurial competencies among entrepreneurs operating in the wholesale and retail SMEs in Malaysia. A new theoretical framework is presented to better understand and acknowledge the role of culture in the development of entrepreneurial competencies. The proposed theoretical framework also considers the moderating roles of network competence and environmental turbulence in the relationship between entrepreneurial competencies and SMEs' business success. From the theoretical framework, a new conceptual model is proposed to further investigate the impact of understudy variables on SMEs business success. This conceptual model will provide a useful insight regarding the context specific competencies. Thus, entrepreneurs who equip themselves with essential competencies will actually contribute towards the business success and will increase the managerial wisdom, imperative for growth and survival of SMEs. The authors strongly recommend for empirically testing of this conceptual model across various industries of Malaysia both in service and manufacturing sectors. Thus, the identified competencies will contribute towards the better SMEs performance. The advancement of Malaysian SMEs will assist in achieving vision 2020 of attaining the status of a high-income nation.

Keywords: Entrepreneurial Competencies, Wholesale and Retail Industries, Malaysian SMEs Business Success.

1. INTRODUCTION

The wholesale and retail industries significantly contribute to the development of service sector across the globe. It is believed that with the growth of service sector, the governmental organizations will be able to minimize the drastic impact of various social problems such as poverty reduction (Ngoma & Ntale, 2014). The service sector comprises a wide range of industries such as insurance and finance to utilities, restaurants and accommodation, wholesale and retail trade, and other services. There is an unprecedented growth observed in wholesale and retail trade over the years. For example, in Malaysia service retail contributed to Gross Domestic product at an annual rate of 14% in the years of 2012 to 2014 (Economic Report, 2013/2014). Therefore, it is critical to understand the entrepreneurial competencies needed for SMEs business success in wholesale and retail industry because the development of these entrepreneurial competencies can be used as benchmark practices for other SMEs in Malaysian service sector to attain superior business performance. Malaysia is a multi-cultural society where Malays, Indians and Chinese reside as the dominant ethnic groups among the population. Among Malaysian entrepreneurs, Chinese are considered more successful than Malay entrepreneurs. Particularly Chinese are the most dominant over various business sectors for many previous years. For instance, according to Gomez et al. (2004), a report regarding Malaysian business had revealed that Chinese owned 58% and 82% of equity in retail and wholesale trade respectively, similarly, Chinese also owned 40% of equity in manufacturing sector and 50% of equity in construction sector as well. Thus, it is evident that the Malaysian Chinese are the owners of most of the Malaysian SMEs (Minai et al., 2012; Omar, 2006). This also reveals that the share capital of Malays is very low relative to Chinese. For example, Chinese owed 42.4% share capital as compared to Malays who owned only 19.4% share capital in the year 2006 (Minai et al., 2012). Also, Malays' participation in the labor market is very high which is 58.5% relative to 23% of Chinese (Department of Statistics, 2013). Therefore, SMEs owned by Chinese entrepreneurs might have superior performances. Historically, Malays were the farmers whereas Chinese and Indians migrated from their own countries to Malaysia in search of employment and started to work for blue collar jobs (Lim, 2006). Gradually, they started to move to other urban areas of West Malaysia and set-up their own successful businesses. Although both Chinese and Indian entrepreneurs live in Malaysia, but their home-country culture is far different than the host country (Malaysia) culture. Since cultural understandings forms the basis to understand individual behavior (Singelis & Brown, 1995; Hofstede, 1980). It is interesting to discover the role of cultural differences within entrepreneurial competency development. Some entrepreneurial competencies are universal while a few are country specific (Ahmad, 2007; Ahmad et al., 2011). The development of entrepreneurial competencies leads to SMEs' business success; both in developed and in developing countries like Malaysia. We consider acknowledging the inclusion of network competence and environmental turbulence to further understand the already existing relationship between culture and entrepreneurial competencies in a Malaysian context.

1.1 PROBLEM STATEMENT

The Malaysian SMEs are facing several managerial issues such as the serious threats towards their survival and growth as compared to SMEs of other developed countries such as Australia, Germany, Japan etc (Khaliq et al., 2011; Ahmad & Seet, 2009; Reiss, 2006). Malaysian SMEs are truly losing competitive advantage around the globe due to their low productivity and poor performance. Because the contribution of Malaysian SMEs is also very low towards country's GDP, employment, exports and productivity relative to the SMEs

of other advanced nations (SME Corporation, 2013; Aris, 2007). Various studies have identified many obstacles in the ways of Malaysian SMEs for their advancements such as lack of or insufficient knowledge of SMEs entrepreneurs regarding marketing techniques, management, leadership and customer loyalty; insufficient entrepreneurial skills, expertise and experience; and lack of social competency that have been recognized as the most important challenges commonly faced by Malaysian entrepreneurs. These issues act as major obstacles for Malaysian SMEs to gain the competitive edge over rivals in today's knowledge-based economy (Muhammad et al., 2010; Alam, 2010). But there is inconsistency regarding the factors that are vital for the success of Malaysian SMEs (Ahmad, 2007). Although many factors influence the performances of SMEs, however, this paper argues that entrepreneurial competencies are the most important factors that lead towards the success of SMEs. This study's argument is in line with most of the other studies that have also claimed that insufficient or lack of entrepreneurial competencies actually result towards unsuccessful SMEs businesses (Ahmad, 2007; Ahmad et al., 2010; Beaver & Jennings, 2005; Kiggundu, 2002; Dulewicz & Higgs, 2000; Longenecker et al., 1999; Ibrahim & Goodwin, 1986). Therefore, it would be very useful to investigate the impact of cultural orientations on the development of entrepreneurial competencies because different cultures impact the entrepreneurial behaviors in different ways.

1.2 GAP IN PREVIOUS STUDIES

Most of the local studies have focused on the Chinese and Malay groups only as they constitute about 30% and 60% of the Malaysian population respectively (Department of Statistics, 2008). But there are insufficient studies regarding the Indian entrepreneurs in the context of Malaysia (Krishnasamy, 2012). Although many local scholars have argued that Malay and Chinese entrepreneurs have different cultural values that depict their different behaviors (Abdullah, 1992; Lrong, 1998; Omar, 2003). However, such studies did not provide any empirical support and are generally observational (Aida, 2010). Many authors have realized the importance of cultures and suggested to examine the influence of cultures on entrepreneurial behaviors. For instance, Ahmad (2007) has strongly recommended for future studies to focus on intra-cultural differences among different racial groups (Malays, Indians and Chinese) in the context of Malaysia because their ethnic backgrounds do influence on their approaches towards businesses. Furthermore, Ahmad (2007) and Ahmad et al (2011) have suggested for future studies to examine the applicability of context specific competency model in different cultural groups within the same country and across businesses of different sizes. Although, Ahmad et al (2009) have examined the generalisability of competency model across different sectors in the context of Malaysian SMEs but did not investigate its generalisability for any specific sector. However, Mitchelmore & Rowley (2010) have realized the importance of investigating entrepreneurial competencies for SMEs success in specific industries for future studies to improve understanding in this regard. This study argues that entrepreneurial competencies are dependent of various other factors such as network competence and environmental turbulence as well. Where network competence has been considered as moderator in many other studies such as between the entrepreneurial orientation and performance of organization (Zhang & Zhang, 2012; Parida et al., 2010; Stam & Elfring, 2008; Walter et al. 2006) but it has not been examined as a moderator in the relationships between entrepreneurial competencies and business success. Similarly,

environmental turbulence has been used as a moderator in many other studies in the field of entrepreneurship (Chi & Sun, 2013; Wang & Fang, 2012; Sundqvist et al., 2012; Zhang & Duan, 2010; Goll & Rasheed, 2004; Cadogan, 2001) but very little studies have considered it as a moderator to facilitate the relationships between entrepreneurial competencies and SMEs business success (Ahmad, 2007; Ahmad et al., 2009).

1.3 CONTRIBUTIONS BY STUDY

The present study will strive to fill the research gaps and will contribute in the following ways,

- (1) The current study will investigate the impact of cultural orientations on the development of entrepreneurial competencies within the intra-cultural group of entrepreneurs in the context of Malaysia.
- (2) It will investigate the applicability of context specific competency model in different cultural groups within the context of Malaysia.
- (3) The present study will examine the generalisability of competency model to businesses of Small and medium sizes in the context of wholesale and retail industries in the service sector.
- (4) This study will also investigate the moderating roles of environmental turbulence and network competence in the relationship between entrepreneurial competencies and SMEs business success.

1.4 RESEARCH QUESTIONS

The main research question is that “what are the most important entrepreneurial competencies for the SMEs business success in wholesale and retail industry of service sector in the context of Malaysia?” And the five sub-questions will be as follow;

1. What is the impact of individual cultural orientations on the development of entrepreneurial competencies among Malaysian entrepreneurs?
2. What is the relationship between entrepreneurial competencies and SMEs business success?
3. What are the differences and similarities among entrepreneurial competencies among Malaysian entrepreneurs required for SMEs business success?
4. What is the moderating impact of environmental turbulence in the relationship between entrepreneurial competencies and SMEs business success in wholesale and retail industries?
5. What is the moderating impact of network competence in the relationship between entrepreneurial competencies and SMEs business success in wholesale and retail industries?

1.5 RESEARCH OBJECTIVES

The main objective of the present research will be to investigate essential entrepreneurial competencies for the SMEs business success in wholesale and retail industry of service sector in the context of Malaysia. And the five sub-objectives will be as follow;

1. To examine the influence of individual cultural orientations on the development of entrepreneurial competencies among Malaysian entrepreneurs.
2. To investigate the relationship between Malaysian entrepreneurial competencies and SMEs business success in wholesale and retail industries of Malaysian service sector.
3. To identify differences and similarities in the competencies of Malay, Chinese and Indian entrepreneurs for SMEs business success.
4. To investigate the moderating influence of environmental turbulence in determining SMEs business success in wholesale and retail industries.
5. To evaluate the moderating influence of network competence in determining SMEs business success in wholesale and retail industries.

1.6 SIGNIFICANCE OF STUDY

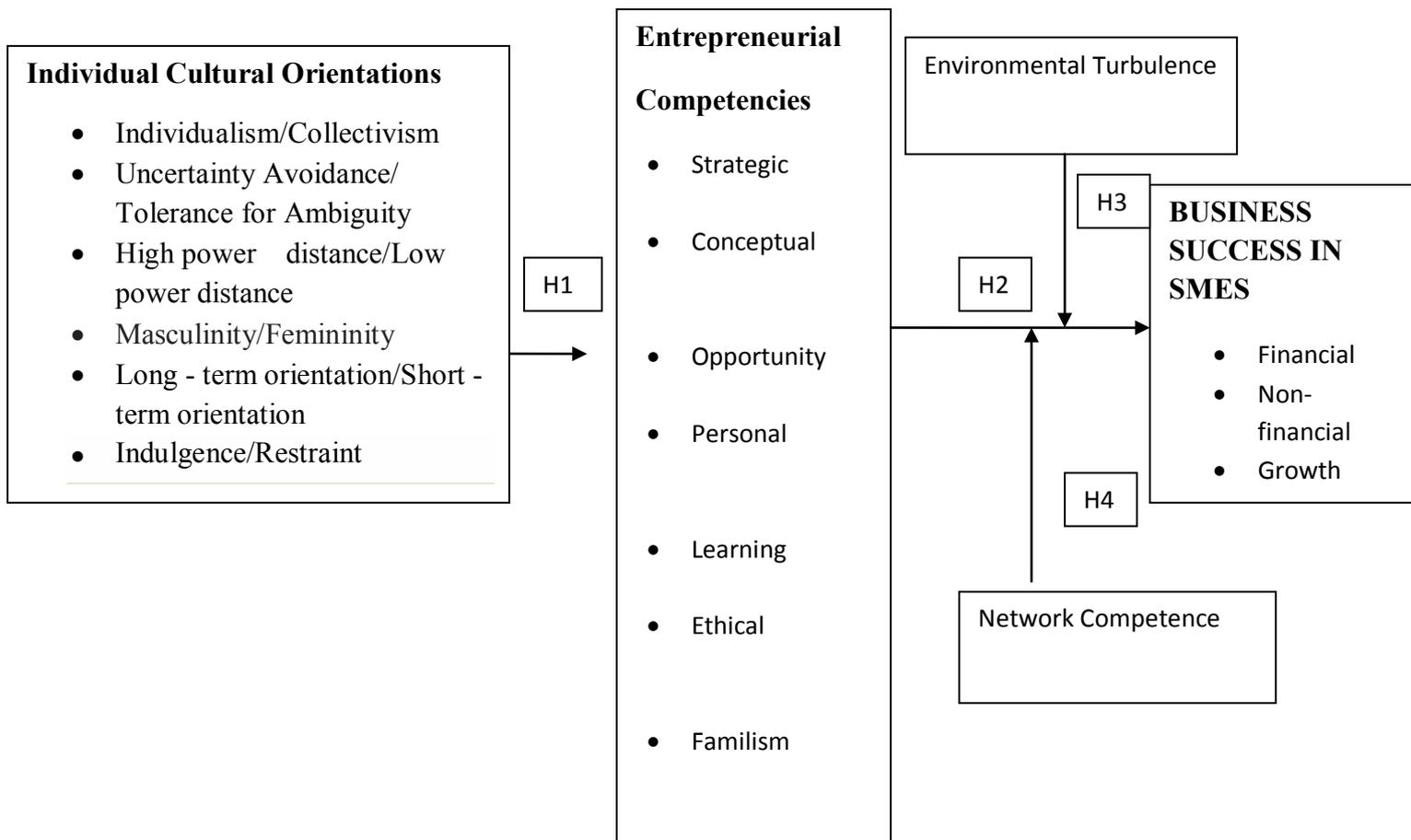
The study will be useful in many ways. For example, it will improve our understanding regarding the most important entrepreneurial competencies needed for SMEs business success specifically in Malaysian wholesale and retail industries. It will add to our knowledge that how intra-cultural orientations or values might impact on the development of entrepreneurial competencies. The outcome of this study will also reveal the similarities and differences in the entrepreneurial competencies of Malaysian entrepreneurs due to their different cultural orientations. This study will help SMEs' owners and entrepreneurs to understand the role of turbulent environment and network competence towards their success. It will provide useful insights to achieve vision 2020 by;

- ❖ Improving SMEs' contributions towards country's GDP, Exports, and Employment.
- ❖ By turning Malaysian SMEs more competitive in the global market.

1.7 DEVELOPMENT OF CONCEPTUAL FRAMEWORK AND HYPOTHESES

In the proposed conceptual framework, the entrepreneurial competencies will be considered as the independent variable and business success will be taken as the dependent variable which will be self-reported. In addition to the main dependent and independent variables, the framework will evaluate the moderating role of the environmental turbulence. This is because the research suggested that business is influenced by the entrepreneurs' perceptions regarding environment challenges (Shane & Kolvereid, 1995; Chandler & Hanks, 1994; Tsai et al., 1991). The moderating role of network competence will be also taken into account in this framework. Because many researchers have argued that the firms' abilities to develop networks are a potential source of superior performance and sustainable competitive advantage (Ziggers & Henseler, 2009; Dyer & Sing, 1998). Thus, this study also argues that network competence will impact the success of businesses and will enhance the relationship between the entrepreneurial competencies and business success. The cultural orientations will be taken as the antecedents of entrepreneurial competencies. As cultural values shape the individual's behaviors (Singelis & Brown, 1995). Thus, Hofstede's cultural dimensions will be considered to differentiate the cultural values among Malaysian entrepreneurs that also impact on the development of their entrepreneurial competencies. The proposed framework leads towards the conceptual model which is depicted in figure 1.

Figure 1. Proposed Conceptual Model.



1.7.1 IMPACT OF CULTURAL ORIENTATIONS ON THE DEVELOPMENT OF ENTREPRENEURIAL COMPETENCIES

The cultural orientation is the extent to which traditions, practices and norms of a specific culture impact the individuals in which they used to be actively engaged (Tsai & Datton, 2002). The study of cultural values is important for Malaysia because a growing body of literature regarding the cultural impacts on entrepreneurship indicates that various factors underlying the behavior of individuals actually revolve around culture (Pearson & Chatterjee, 2001). Adopting a similar perspective, Hayton et al (2002) considered culture as an important variable to understand the activities of the entrepreneurs and suggested that entrepreneurship is cultural bound. Correspondingly, Berger (1991) stated that modern entrepreneurship is a unique variant that is created and sustained by the culture. The cultural values can be studied by using various frameworks. However, this study has adopted Hofstede cultural framework to investigate the intra-cultural differences among individuals. There are various reasons to select the Hofstede's framework. Firstly, sufficient existing literature is based on his framework (Chandy & Williams, 1994). Secondly, Hofstede (1991) wrote a paper on work-related values in the context of Malaysia. Thirdly, many other frameworks have provided support to his framework rather than establishing an alternative to it (Smith & Bonds, 1999).

The other motivation to use this framework is due to recommendations by other studies as well. For instance, Johnson & Lenartowicz (1999) proposed to repeat the Hofstede's outdated data because rapid economic transformation might change the cultural values rapidly. There are six dimensions of Hofstede's cultural framework; (i) High Power Distance versus Low Power distance: refers to the dimension in which people with high power distance accept the unequal distribution of power in institutions and organizations while individuals with low power distance cultures believe on equal power distributions within organizations; (ii) Individualism versus Collectivism: where individualism indicates a culture in which individuals are expected to be independent and their relationships are loosely-bound, focus mainly to attain their personal goals that precede group goals. On the other hand, collectivistic societies are characterized with the work goals of equality over individual freedom, consensus and harmony, group interest and motivation by security (Hofstede et al., 2010); (iii) Uncertainty Avoidance versus Tolerance for Ambiguity: former dimension is related with the actions of members of a society towards unknown events or uncertain situations and society usually strives to avoid the ambiguous situations that are high on this dimension. Whereas, latter dimension indicates the extent to which individuals in a society does not feel threatened by uncertain and ambiguous situations (Hofstede et al., 2010); (iv) Long-Term Versus Short-Term Orientation: where the first dimension refers for a society in which individuals are concerned towards future rewards through long-term planning and indicates perseverance and thrift whereas short-term orientation stands for a society in which individuals follow their traditions and fulfill social obligations (Hofstede, 2013); (v) Masculinity Versus Femininity, masculinity indicates the dominant values of individuals such as assertiveness, not caring for others and the acquisition of money and things while in femininity the quality of life and caring for others are considered more important relative to acquisition of materialistic things (Hofstede, 2013); and sixth dimension is (vi) Indulgence Versus Restraint, according to Hofstede (2013), indulgence describes members' characteristics of free gratification in relation to some desires and feelings, on the other hand, the members in restraint cultures tend to control gratification because they feel that they are less able to be happy in their lives. Ahmad (2007) has investigated the impact of only two cultural dimensions of Hofstede's framework on the development of entrepreneurial competencies, i.e, (i) Collectivism and Individualism; (ii) Uncertainty Avoidance/Tolerance for Ambiguity. But this study argues that other cultural dimensions of Hofstede's framework could also influence the development of entrepreneurial competencies in the context of Malaysian entrepreneurs. This lead to the development of following hypotheses;

H1: The cultural orientations of entrepreneurs will have the positive impact on entrepreneurial competencies among Malaysian entrepreneurs.

1.7.2 IMPACT OF ENTREPRENEURIAL COMPETENCIES ON SMES' BUSINESS SUCCESS

Competencies contribute a lot for successful entrepreneurship. Entrepreneurial competencies are related with the performance of the firm and its competitiveness (Man et al., 2002), growth and success of the business (Colombo & Grilli, 2005). According to many studies, the entrepreneur's psychological and behavioral, demographic characteristics, managerial and technical skills are the most important determinants for the performance and success or failure of small and medium -sized enterprises (Rasmussen, et al., 2011; Man et al., 2008; Man et al., 2002; Chandler & Hanks, 1994). The entrepreneurial competencies are associated with birth, survival and venture's growth (Colombo & Grilli, 2005; Baum et al., 2001; Bird,

1995). There is evidence that an entrepreneur's skills lead to venture performance, expansion or growth (Lerner & Almor, 2002; Bird, 1995; Cooper et al., 1994). Thus, the following hypotheses can be developed in this regard,

H2: There will be a positive relationship between entrepreneurial competencies and business success.

1.7.3 THE MODERATING IMPACT OF ENVIRONMENTAL TURBULENCE

Environmental turbulence represents the extent of unpredictable change in the environment of an organization (Goll & Rasheed, 2004). The unpredictable actions of the competitors, customer's preferences and changes in technology represent the turbulence in the business environment (Sohi, 1996). Such uncertainty requires rapid changes in the market practices and in the way of operating the business (Covin et al., 2006). Gibb (2005) stated that entrepreneurs are required to acquire the competencies to survive in such a challenging settings. The study of Tsai et al. (1991) indicated that the environment does influence the performance of the firms. Lindelof & Lofsten (2006) stated that turbulence and environmental uncertainty is a regular feature of the business environment of the small firms, which demands more specific entrepreneur competencies to deal with such environments. Contingency theory states that the decisions of the managers that are depicted by their actions and behaviors are influenced by the views about the suitable ways of implementation of the decisions in a given environmental context (Entriaglo et al., 2001). Applying the concept of "fit" of strategic contingency theory in the context of entrepreneurial competencies, it can be stated that the entrepreneurs should be competent enough to face the uncertainty in their business environment.

In the context of SMEs, the impact of the business environment on the entrepreneurial activities impacts the way of doing business (Covin & Slevin, 1989). The entrepreneurship literature has reported the impact of business environment, especially the moderating influence of business environment on the relationship between performance and business strategies (Westerberg et al., 1997; Tsai et al., 1991). The moderating role of turbulent environment in the relation between other organizational variables and firm's performance is also shown in the literature. For instance, the previous studies such as Goll & Rasheed (2000) provided evidence for the moderating role of dynamic or turbulent environment in the relationship between outsourcing and firm's performance. Many other studies have also revealed the moderating role of external environment, such as; Antoncic & Hisrich (2001) have used the external environment as a moderator to reveal its impact on the relationship between level of entrepreneurship and organizational performance. Similarly, Ahmad (2007) used the external environment as a moderator between entrepreneurial competencies and business success. Also many other studies also used external environment as a moderator in the relationship of ownership and performance (Li & Simerly, 1998); in the relationship between leadership behavior of entrepreneur and new firm's performance (Ensley et al, 2006); on the relationship between entrepreneur orientation and firm performance (Lumpkin & Dess, 2001); on the relationship between exploratory innovation, exploitative innovation and performance (Jansen et al., 2006). Likewise, the environmental turbulence is widely used as an exogenous variable with its moderating effect in many other previous and recent studies as well (Chi & Sun, 2013; Wang & Fang, 2012; Zhang & Duan, 2010; Ahmad, 2007; Goll & Rasheed, 2004). Thus, the current study also argues that the environmental turbulence can act as a moderator between entrepreneurial competencies and SMEs' business success as well.

Therefore, the following hypotheses is developed regarding the moderating role of environmental turbulence,

H3: The environmental turbulence moderates the relationship between entrepreneurial competencies and business success in SMES. Thus, the relationship between entrepreneurial competencies and business success will be stronger when environmental turbulence is high.

1.7.4 THE MODERATING IMPACT OF NETWORK COMPETENCE

Network competence is defined as the firm's ability to develop and manage and effectively deal the relations with their customers, suppliers, and other organizations (Ritter et al. 2002; Ritter, 1999). The firms' abilities to develop networks are a potential source of sustainable competitive advantage and success (Ziggers & Henseler 2009; Dyer & Singh 1998). According to entrepreneurship theory, the ability to detect, exploit and willingness to pursue the opportunity in the marketplace are the essence of entrepreneurship (Oviatt & McDougall, 2005; Shane & Venkataraman, 2000; Stevenson & Jarillo, 1990). Since not all entrepreneurs have such abilities and sufficient resources to access the opportunities. Therefore, they need to collaborate with other economic actors to gain access to markets and resources (Zain & Ng, 2006). Thus, they have to develop networks in order to exploit new opportunities, learn from experiences, obtain knowledge and to access resources (Chetty & Holm, 2000). Therefore, Dubini & Aldrich (1991) considered entrepreneurship as a networking activity. Network relationships provide access to knowledge, power, information, technologies and capital (Elfring & Hulsink, 2003, Inkpen & Tsang, 2005). Several researchers have investigated the relationship between networking and firm performance. For instance, according to Gulati et al. (2000) the firm's performance can be fully understood by examining its network relationships. Networking or network relationships lead to superior firm performance (Ritter & Gemünden, 2004). Network competence is one of the core competence and firm's developed relational abilities (Ritter et al. 2002). The previous studies found that networks help the small firms in accessing difficult to imitate resources and in achieving innovativeness (Ahuja, 2000; Baum et al., 2000), in achieving superior performance, survival and growth by assisting firms to enter faster in new markets (Walter et al., 2006; Lee et al., 2001).

The Resource Dependence Theory (RDT) theory focuses on the needs of firm's resources (Chiu, 2008). Thus, the firms seek to build relationships with other firms to gain to access the needed resources and assets (Nohria & Garcia-Pont, 1991; Kogut, 1988; Pfeffer & Salancik, 1978). Traditionally, the firms more depend on their vertical network members but now increasingly establish relationships with their horizontal actors to acquire resources (Chiu, 2008). Thus, RDT focuses on the firm's requirements to gain resources from other environmental actors and states that how insufficient firms' resources force them to make new innovations by utilizing alternative resources (Scherer & Lee, 2002; Salancik & Pfeffer, 1978).

The concept of network competencies is derived from the Firm's Resource Based View (RBV) which is a key pillar in the literature of strategic management (Barney, 1991). A firm's competencies or resources refer to all capabilities, assets, knowledge and processes that reside in the firm (Amit & Schoemaker, 1993; Peteraf, 1993). Barney & Arkan (2001) highlighted the basic assumption of the resource-based view of competitive advantage that a firm controls its important strategic resources in different ways from other firms, and such key resources are not perfectly mobile between firms. The RBV suggests that the aim of any

strategy is to improve the value creation capability of firm resources (Reed & DeFillippi, 1990; Wernerfelt, 1984). The resource characteristics are main conditions to enhance the potential for firm's value-creation (Barney, 1991). Sustainable competitive advantage can be obtained by meeting these positive conditions. According to Barney (1991), the four conditions should be met by the resources that can lead to competitive advantage, namely, rare, valuable, imperfectly substitutable and imperfectly imitable. These four conditions are considered desirable when overall resource profile (i.e. combination of resources) of a firm meet them. As, the network competence of a firm refer to its ability to handle network relationships with key parties and improve its network status (Jian & Wang, 2013). Arguably, the performance of an organization largely depends on those parties with whom it interacts (Jian & Wang, 2013). We therefore argue that the firm's ability to establish and manage relationships with main customers, suppliers and other organizations and its effectively dealing of such relationships is a firm's core competence that represents its performance and competitive strength, which the firm's network competence. The firm's value creation is derived and grown from its network relationships with external parties (Dyer & Singh, 1998) and such firm's value is influenced by alliance activities (Anand & Khanna, 2000; Kale et al., 2002). The moderating role of network competence has been investigated in many other studies in the relationship between entrepreneurial orientation and firms' performance (Zhang & Zhang, 2012; Parida et al., 2010; Stam & Elfring, 2008; Walter et al. 2006). Thus, based on the existing literature and theories of RDT and RBV, this study assumes that network competence improves the relationships of independent and dependent variables and facilitates the entrepreneurial competencies towards business success.

From above literature and conceptual framework, the following hypotheses have been developed,

H4: The network competence moderates the relationship between entrepreneurial competencies and business success in SMES. Thus, the relationship between entrepreneurial competencies and business success will be stronger when network competence is high.

1.8 DISCUSSION AND CONCLUSION

The existing studies are evident regarding the important role of entrepreneurial competencies towards business success of SMEs in developed as well as developing countries (Solesvik, 2012; Rasmussen, et al., 2011; Mitchelmore & Rowley, 2010; Man et al., 2008; Hayton & Kelly, 2006; Ahmad, 2007; Colombo & Grilli, 2005; Baron & Markman, 2003; Man et al., 2002; Lerner & Almor, 2002; Baum et al., 2001; Stewart et al., 1999; Freel, 1999; Chen et al., 1998; Thompson et al., 1997; Bird, 1995; Chandler & Hanks, 1994). The successful SMEs are crucial for the progress of every country's economy and thus it is important to consider all factors both internal as well as external that could impact on SMEs business success (Ahmad, 2007; Ahmad et al., 2009). Therefore, the proposed conceptual model will consider the moderating impacts of environmental turbulence and network competence on the strength of the relationship between entrepreneurial competencies and SMEs business success. The cultural orientations also play a vital role in shaping entrepreneurial behaviors and developing entrepreneurial competencies as well. A new theoretical framework has been suggested and hypotheses have been developed as well after reviewing the existing literature. The proposed model has considered all cultural dimensions of Hofstede's cultural framework as

antecedents for entrepreneurial competencies. Thus, an empirical study is further recommended to test the validity of these hypotheses in the context of wholesale and retail industry of Malaysia. The generalisability of this model is suggested to investigate on other industries of Malaysian service sector. Also, a comparative study can be conducted by examining the specific competencies need for SMEs success across different industries of Malaysian service sector. The outcomes of this study will have many practical implications, for instance, entrepreneurs will improve their knowledge regarding the most specific competencies needed by them for the success of the SMEs' businesses. The role of network competence and environmental turbulence will be revealed as moderating variables between the entrepreneurial competencies and SMEs business success. Moreover, by investigating the impact of cultural orientations on the development of entrepreneurial competencies will also improve understanding that how different cultures of Malays, Indians and Chinese influence on the development of entrepreneurial behaviors and competencies among Malaysian entrepreneurs. Thus, this study will provide useful insights regarding the factors that can improve the performances of SMEs because only successful SMEs contribute more towards the country's GDP, employment, and exports and will help Malaysia to achieve vision 2020 of becoming an advanced nation.

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