

INFLUENCE OF ORGANIZATIONAL SUPPORT ON ENTREPRENEURSHIP PERFORMANCE OF SMEs: A CASE OF MALAYSIAN HERBAL INDUSTRY

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Abstract: *Activities of small and medium sized enterprises (SMEs) have contributed significantly to environmental degradation that causes a disastrous effect on us and our future generation. Considering this, sustainable entrepreneurship practice has been promoted as a resolution of ecological problems capable of addressing climate change issues, public health, and safety concerns, and has become critical for competing in international markets. Pollution was exclusively identified causing environmental degradation among the upstream and downstream players in Malaysian herbal industry. In response, the Malaysian government focused on ensuring that SMEs produce products through safe and environmentally friendly practices. Literature suggests that organizational support influences the entrepreneurship practices of SMEs, hence provide them the impetus to achieve competitive advantage regarding turnover, customer attraction and market share opportunities to achieve business performance. Nonetheless, the implementation of sustainable entrepreneurship practices among the SMEs is still low due to numerous challenges. This paper intends to investigate the influence of organizational support on the entrepreneurship practices towards performance among SMEs in the Malaysian herbal industry. 300 herbal-based SMEs were surveyed using structured questionnaire. Data was analysed using descriptive statistics, exploratory factor analysis, confirmatory factor analysis, and structural equation model. The results show that organizational support have a positive effect on entrepreneurship practices and performance among the SMEs, accounting for 28% and 45% variance respectively. This finding reveals that organizational support is significantly related to entrepreneurship performance, thus substantiates previous findings on the crucial roles of organizational support in enabling organizations to achieve sustainable entrepreneurship performance. This study contributes to triple bottom line*

literature based on incorporation of strategic choice theory and resource-based view theory in entrepreneurship framework.

Keywords: *Sustainable Entrepreneurship Practice; Organizational Support; Herbal-based; Small and Medium-sized Enterprises; Performance*

Introduction

Small and medium enterprises (SMEs) constitute the most common form of enterprises in Malaysia. They are known as significant contributors to the nation's economy and sustainable development through employment and social growth (Singh & Mahmood, 2014). Although SMEs form a vital component of the Malaysian economy, their overall contribution to the economy still stands at only 36.6 percent of the GDP (DoS, 2016). However, their entrepreneurial activities affect the environment, human health, and social order due to continued increase in waste generation (Abdullahi et al., 2018). The herbal-based SMEs generates an average of 0.354 kg/cap/day. The herbal industry generates 28.5 percent of the total waste generated in the pharmaceutical category. The result surpasses the 0.210 kg/cap/day projected by Agamuthu (2015). The move towards sustainable entrepreneurship practices (SEP) by SMEs have resulted in numerous problems, the foremost being how to remain competitive. This dilemma makes them vulnerable to external economic shocks in this competitive sustainability-oriented business environment that results in their failure (SMEAR, 2012). Despite limited business experience and financial resources, the SMEs face similar challenges of trying to maintain a meaningful balance between profit, environment, and social causes (Rezai et al., 2016; Chou et al., 2012 and Eltayeb & Zailani, 2009).

Being one of the 17 megadiverse countries in the world and fourth in Asia, Malaysia is blessed with rainforest occupied with various flora and fauna, with over 2000 plant species with healing qualities and very high market potential for the herbal industry (EPU, 2013). The herbal industry has been identified as one of the economic drivers that could potentially make a significant contribution to the economic growth of the country (Rohana et al., 2017). The Malaysian herbal industry market estimate was RM10 billion in 2008 with a projected annual growth of 15 percent over the next ten years. Considering Malaysia's rich heritage, factors such as a shift in healthcare, the global increase in nutraceuticals, and preference for natural products have been identified as crucial factors for Malaysia to become a significant player in the global herbal market (Sumin et al., 2016).

Herbal-based SMEs venture in chiropractic agribusiness which consists of healing philosophies, approaches, and therapies to modern diseases, this led to the growth of traditional medicine companies in Malaysia (Abdullahi et al, 2018). Entrepreneurial activities of these SMEs affect the environment, human health, and social order. In recent years the manufacturing industry has been identified as one of the primary source of environmental problems worldwide. Daily total amount of wastes produced in Malaysia has increased from 33000 tons per day to 38200 tons per day (SWCORP, 2016). The total annual production of waste in Malaysia is 1.2 million tonnes (Agamuthu, 2015). He reported that waste generation in Malaysia is projected to increase from 0.122 (kg/cap/day) in 2009 to 0.210 (kg/cap/day) by 2025 because agro-based industry produces a significant amount of post-processing waste and residues.

The performance of the herbal industry mainly focuses on low-value products. Statistics show that 81% of herbal products belong to the lower value segment, such as personal care products (e.g., facial creams and soaps), nutraceuticals (also known as functional foods), while only 19% are in the higher value segments, and most of these products are exotic herbs (NKEA, 2011). This scenario has demonstrated insufficient R&D, clinical studies, and marketing done to tap into the premium markets that offer higher margins by the herbal-based SMEs. Another issue bedeviling the industry is the fluctuation in product registration and licensing, which forms non-compliance with the quality and safety standards set by the National Pharmaceutical Regulatory Agency (NPRA) among some herbal-based SMEs.

A survey of labeling checks on registered products by NPRA conducted in 2015 revealed that 46.5% of the products that failed laboratory testing were herbal products (NPRA, 2015). Despite heavy commitments and investments into the industry via numerous incentives and subsidies, the number of Good Management Practice (GMP) certificate issuance continue to decline indicating that some herbal-based SMEs conduct their business contrary to the industry standard. A report showed that GMP certificates issued increased from 339 in 2006 to 603 in 2010, at the onset of National Transformation Program (NTP). Then started declining from 529 in 2012 to 470 in 2015 (NPRA, 2015). The report indicated that continuous yearly inspections conducted on herbal-based SME premises show indicated reduction or non-compliance with good management practices in business conduct.

In line with achieving the National Agro-Food Policy (NAFP 2011-2020) objective, the Malaysian government has directed its focus on improving the managerial aspects of the SMEs particularly for environmentally friendly issues, to ensure that they are committed to implementing sustainable entrepreneurship practices. Therefore, the top management of SMEs should give more emphasis on providing adequate support capable of inculcating sustainable entrepreneurial performance. In their study, Senik et al., (2010) identified firms' unique resources and capabilities as essential drivers of sustainable performance among SMEs in Malaysia apart from networking. Also, Singh and Mahmood (2014) posited that owner/managers with more information would have an edge in making decisions on business strategies to achieve competitive advantage and enhance performance.

Scholars argue that a firm's internal resources determine its performance, and by supporting the internal resources the firm will be able to improve its performance and business strategies (Peng 2001; Barney, 1991; Penrose, 1959; Peteraf, 1993). Similarly, SMEs can use this strategy in creatively finding the opportunities outside their domestic market and taking advantage to exploit it and thus develop competitive advantage (Zahra & George, 2002). This strategy involves making choices between competing expansions and supporting strategies that depend on the market situation, firm's resources and managerial goals and vision (Reid, 1983). The current business environment competes based on firm's support on its available resources including its skills, expertise and firms' ability to leverage its competitive capabilities and strategically mobilize their valuable assets. A support on the firm's resources and capabilities will improve the firm performance particularly in formulating strategy and profit determination. Singh & Mahmood, 2014 posited that the support of a firm's internal resources and capabilities may generate competitive advantage that leads to superior performance.

The paper takes the view of scholars who argued that organizational support is an important antecedent crucial to entrepreneurship performance among SMEs (Abdullahi et al., 2018;

Rezai et al., 2016; Tajasom et al., 2015; Setthasakko 2007). Also, Chaganti et al., (2002) mentioned that “top management support is intensely felt among SMEs because of their size, as such becomes vital in the development of organizational culture.” However, the level of sustainable entrepreneurship practice implementation towards performance is still low among the herbal-based SMEs in Malaysia due to little empirical research identifying factors affecting business in the industry. Therefore, this paper examines the role of organizational support in influencing sustainable entrepreneurship practices implementation towards performance among Malaysian herbal-based SMEs. The study objectives are as follows:

- a. To examine the relationship between organizational support and sustainable entrepreneurship practice implementation among the herbal-based SMEs in Malaysia;
- b. To investigate the relationship between sustainable entrepreneurship practice and entrepreneurship performance among the herbal-based SMEs in Malaysia

Literature Review

Sustainable Entrepreneurship Practice

Sustainable entrepreneurship practice refers to a firm's intraorganizational and interorganizational practices for managing upstream suppliers, internal operations, and downstream customers to simultaneously achieve firm performance. Although entrepreneurship is intentional and a planned behavior (Krueger et al., 2000), individuals only decide to implement sustainable entrepreneurship practices after careful thoughts, triggered by specific stimuli (Koe & Majid, 2013). This decision is crucial because it influences their behavior towards sustainable entrepreneurship, such as initiating and adopting new practices.

Over time, firm management regarding maintaining quality, long-term, strategic relationships by selecting prospective suppliers, reducing the supplier base, and developing supplier programs have been long emphasized (Chen & Paulraj, 2004; Li et al., 2005). Thus, firms form strategic partnerships with their major suppliers to maintain long-term healthy relationships through developing mutual trust and compatible cultures and sharing vision and information (Mentzer et al., 2000). Entrepreneurship practices related to supplier selection, evaluation, and development have become a critical strategic consideration in improving firm performance (Modi & Mabert, 2007; Narasimhan et al., 2008; Yang et al., 2010).

This study assumes the theoretical basis of resource-based view of the firm, which posits that firm assets become the primary predictors of sustained competitive advantage when the resources are valuable, rare, inimitable, and non-substitutable (Barney, 1991; Corbett & Claridge, 2002). Therefore, the study emphasizes the view that herbal-based SMEs' unique resources (which include all its assets and capabilities, its attributes, information, and the knowledge it controls) will enable them to implement sustainable entrepreneurship practices to attain sustainable business performance (Barney, Wright, & Ketchen, 2001).

Organizational Support

Organizational support refers to a process of how top management guide and influence its employees to achieve organizational goals (Northouse, 2012). Effective leaders are needed because they contribute towards the success or failure of a group, organization, or even a whole country (Fiedler, 1996). Previous studies also have shown that a good leader can enhance firm performance (Ogbanna & Harris, 2000; Tarabishy et al., 2005; Yang, 2008), increase employees' satisfaction, and improve employees' motivation (Papalexandris &

Galanaki, 2009). Organizational support by top management is a crucial driver in the successful transformation of an organization (McFadden et al., 2009). A study conducted by Abu and Sulaiman (2010) on manufacturing SMEs in Malaysia suggested that understanding the support by the top management of SME is crucial to ensure further development of SMEs in the country. Organizational support provides a sound strategic direction and encourages the motivation of employees (Hashim et al., 2012).

Organizational support is essential for enhancing sustainability practices adoption because leaders are responsible for the attainment of strategic organizational goals. Thus, leaders are accountable to the stakeholders of their firms for creating the best possible products and services through optimum utilization of the resources available (Gul et al., 2012). The initial motivation for change may decline as significant changes realization require substantial time and energy. Consequently, leaders uninterested in sustainability initiatives may fail to provide motivational support, and active participation in change initiatives. Scholars (Kotter and Cohen, 2002; Kotter, 2007; Defee et al., 2009) argued that successful launching and implementing changes hinge on the product of organizational support from top leadership. An organization's effort of shifting towards sustainability may be considered an important change initiative that requires cultural change throughout the entire organization (Harris and Crane, 2002). As such, the support by top leadership becomes a firm's vital resource to successfully implement sustainability initiatives (Defee et al., 2009).

Based on the arguments by Abu and Sulaiman (2010) and Rezai et al., (2016) that organizational support by top management allows entrepreneurship development and continuous performance improvement among SMEs in Malaysia, the current study intends to contribute to these findings by evaluating the influence of organizational support on sustainable entrepreneurship practices towards performance among Malaysian herbal-based SMEs. Therefore, investigating the potential impact of organizational support in guiding and maintaining entrepreneurship operation of Malaysian herbal-based SMEs towards sustainable business performance becomes imperative (Arham et al., 2011).

Performance

As global economic order unfolded, organizations are becoming aware of measuring their performance. Performance is multifaceted. For this research, three dimensions of performance are relevant: economic, environmental, and social performance. Hubbard (2009) suggested that measuring performance is likely to become more involved as stakeholder expectations about companies' economic, environmental, and social responsibilities are constantly shifting.

Performance is one of the most important motives for implementing sustainable practices. Bowen et al., (2001) suggested that implementing practices of sustainability might not bring positive profitability and sales performance in the short-term due to the initial substantial upfront costs. However, these practices will prepare firms for superior long-term performance through the improved capacity for managing environmental risks and effecting continuous environmental and social improvement (Zhu & Sarkis, 2004). Proper implementation of improved practices about internal operations positively associated with firm sustainability performance.

Researchers have argued that the more often firms implement sustainable entrepreneurship practices, the higher performance they achieve regarding lower costs, higher product quality,

faster and more reliable delivery, and process flexibility (Shah & Ward, 2003, 2007; Yang et al., 2010). These waste management practices would also be helpful in managing environmental pollutants and waste to improve environmental performance (Yang et al., 2011). Therefore, based on the above premise the study assumes that herbal-based SMEs whose management provides support to its employees in implementing sustainable entrepreneurship practices would achieve business performance.

Theoretical Framework

This research intends to make use of three different theories, thus; Triple-Bottom-Line (TBL, 1997), Strategic Choice Theory (SCT, 1972), and the Resource-Based View Theory (RBV, 1991). Drawing from the three theories, this study intends to explore the existing interrelationships among and between organizational support by the top management, business strategy, sustainable practice implementation, and performance.

Triple-Bottom-Line (TBL or 3BL) is a concept coined by John Elkington in 1997 with the sole aim of searching for a new lens to view the sustainable values in business practices. Later, he explained the concept thoroughly in his book entitled “Cannibals with Forks: The Triple-Bottom-Line of 21st Century Business” in 1997. He reported that sustainable business conduct has three main value creating aspects, namely: (i) Economic prosperity; (ii) Environmental quality and; (iii) Social justice. His concept was further developed into the “3P formulation” which consists of “people, planet and profit” (Elkington, 2004). The TBL concept has been popularly used by many scholars to explain “sustainable development” (Chick, 2008). He explained that the use of TBL is in fact not only limited to explain or describe sustainability development in a conceptual manner.

The literature has extensively recognized organizational support to be an important driver in the successful transformation of an organization (McFadden et al., 2009). They argued that the reason behind failure in initiatives targeted to change a business remains vague. Also, they suggested that achieving successful results hinge on effective decision making by the top management of the firm. The initial motivation for change may decline as significant changes realization require substantial time and energy. Consequently, leaders uninterested in sustainability initiatives may fail to provide motivational support, and active participation in change initiatives. Scholars (Kotter and Cohen, 2002; Kotter, 2007; Defee et al., 2009) argued that successful launching and implementing changes hinge on the product of leadership support. As such, the support culture created by top leadership becomes a firm’s vital resource to successfully implement sustainability initiatives (Defee et al., 2009).

Strategic Choice Theory (Child, 1972) suggests the significant role that managerial discretion, understanding, and perspective play towards making crucial choice when taking organizational actions. SCT helps to explain the rationale behind firm’s commitment and proactiveness towards sustainability issues. Child (1972) opined that SCT takes the standpoint of strategic choices made by managers’ when confronted with external challenges. He further explained that the theory suggests that organizations formulate and implement strategies using freedom of choice while responding to environmental issues to ensure efficient outcomes. Strategic Choice Theory assumes that there is a need for organizations to adapt its internal abilities to external opportunities (Junqueira et al., 2016). This assertion however lends support to the earlier view of Chandler (1962) that organizational structure should follow strategy, this also suggests that the choice of a strategy of interest depends on the adjustments made in the organizational structure (Baines & Langfield-Smith, 2003;

Mintzberg et al., 2010). Other scholars (Chandler, 1962; Lawrence & Lorsch, 1973; Donaldson, 1999) argue that the theory assumes that there is no specific, unique, or universal management style that can suit any type of organization in different contexts, therefore proposed that organizations should adapt their internal structures to the contingencies perceived in the surrounding environment in which they operate.

Resource based view (RBV) has become a central theory in strategic management (Kor & Mohaney, 2004; Amit & Schoemaker, 1993; Alvarez & Busenitz, 2001). Several concepts have emerged since the introduction of RBV theory: for example, the knowledge-based view (Grant, 1996), core competence (Hamel & Prahalad, 1994), and dynamic capabilities (Teece et al., 1997). Kor & Mohaney reported that RBV has also gained a significant role in entrepreneurial research. Some scholars (Stevenson & Gumbert, 1985; Katz & Gartner, 1988; Winborg & Landström, 2001; Lichtenstein & Brush, 2001; Kelley & Rice, 2001) described entrepreneurship as the process of acquiring, combining, and assembling of critical resources, which make up the firm. Resources and capabilities are also commonly held as sources of competitive advantage. Some studies have focused on resources' role in the entrepreneurial process (Lichtenstein & Brush, 2001; Winborg & Landström, 2001; Kodithuwakku & Rosa, 2002). While other studies have touched the issue of resource availability in the context of new ventures (Bruno & Tyebjee, 1982; Bruton & Rubanik, 2002). However, how resource availability, especially perceived resource availability affects SMEs' behavior has not been studied extensively. It is however expected that resource availability has a positive influence on SMEs sustainability performance.

Description of SMEs in Malaysia

SMEs operate in all sectors of the economy in Malaysia; agriculture, construction, import duties, manufacturing, and the services sector. Currently, SMEs constituted 98.5 percent (907,065) of the entire business establishments within the country (DoS, 2016); out of which 76.5 percent are micro, 21.2 percent comprises of small while 2.3 percent forms the medium enterprises (SME Corp., 2016). Herbal-based SMEs are those engaged in the manufacturing and marketing of products made from natural plants rich in medicinal and pharmaceutical potentials. They have sales turnover not exceeding RM50 million and employs not more than 200 full-time employees. To sum up, organizational support by SME management can influence the rate of sustainable entrepreneurship practices implementation towards achieving business performance by the firms. Based on the above arguments, this paper hypothesized that:

H1: Organizational support has a significant effect on sustainable entrepreneurship practice implementation among herbal-based SMEs.

H2: Sustainable entrepreneurship practice implementation has a significant effect on herbal-based SMEs entrepreneurship performance.

Methodology

The Conceptual Model

The proposed model investigated in the study is shown in Figure one. The current study proposes that organizational support is related to entrepreneurship practices and performance among Malaysian herbal-based SMEs.

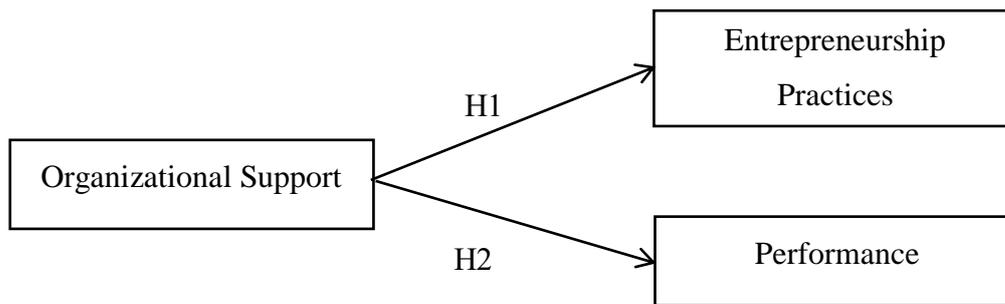


Figure 1: Proposed Model and Relationship Between Organizational Support, Entrepreneurship Practice, and Performance

Source: Author's own.

Population and Sample

The analysis focused on the herbal-based SME managers. The population for this study is the herbal-based SMEs registered with the National Pharmaceutical Regulatory Agency (NPRA), because they produce herbal products. There are about 532 or more herbal-based SMEs registered under the traditional and complementary medicine registered in different categories with NPRA in 2015 (NPRA, 2015). Consistent with the suggestions of Hair et al., (2010), a total of 300 sample is sufficient for this study, since a total of 532 herbal-based SMEs were involved in different categories (NPRA, 2016).

With the help of NPRA, the researchers developed a mailing list of contacts based on the NPRA's (2015) directory. The SME owners and managers were asked to complete a questionnaire or nominate a representative to do so in person. For stronger collaboration with the respondents during data collection, the researcher employed the services of two assistants (Malay natives) in eliciting information from the respondents with ease. Respondents were selected because of their knowledge of the direction of their organisations, and expertise on their establishment and operation. In sum, they were the most informed individuals regarding their firms' overall operational activities (Yang 2008). As a precaution, each set of questionnaires was numbered by the researcher to help its traceability in case of any uncertainty. The survey was carried out from November 2016 to March 2017.

Instrument of Research

The study used survey method to collect data. A structured questionnaire was designed to elicit information about firm profile characteristics, organizational support, sustainable entrepreneurship practices, and performance of the herbal-based SMEs in Malaysia. All items were designed in a five-point Likert scale; based on 'Strongly Disagree' to 'Strongly Agree' to generate statistical measurements among the herbal-based SMEs' perception and opinions (Crust & Keegan, 2010). All items were adapted from previous established studies to ensure their reliability and validity. Table 1 presents a summary of the questionnaire used for the study.

Table 1: Information on the Questionnaire

Variable	No of Items	Source	α
Section A			
Firm Profile Characteristics	5	Designed by researchers	N/A
Section B			
Organizational Support	4	Liu et al., (2010); Zhu et al., (2013)	0.931
Sustainable Entrepreneurship Practices	7	Awasthi et al., (2010); Bai & Sarkis (2010); Yang et al., (2010)	0.915
Performance:	18:	Yang <i>et al.</i> , (2011); Zhu <i>et al.</i> , (2013)	
Economic	5		0.859
Environmental	7		0.866
Social	6		0.820

Findings and Discussion

Firm Profile Characteristics

Table 2 provides a summary of the firm profile characteristics of the herbal-based SMEs. Majority of the firms were owned by sole proprietor (51%) followed by partnership (33%), and corporations (16%). More than two-third of the herbal-based SMEs have been established for less than 10 years (74%). It was also found that about half of the herbal-based SMEs employed less than five employees (53.4%) and have been in the market for less than 10 years (88.4%). For annual revenue, majority of the herbal-based SMEs were having less than RM300,000 (60.4%), and market their products locally (77%).

Table 2: Firm Profile Characteristics

Firm Profile Characteristics	N = 300	
	F	%
Firm type		
Sole Proprietorship	153	51.0
Partnership	99	33.0
Corporation	48	16.0
Firm Age		
<10 years	222	74.0
> 10 years	78	26.0
Firm Size		
<5 people	160	53.4
5 – 75 people	88	29.3
>75 people	52	17.3
Annual Revenue (RM)		
<0.3 Million	181	60.4
0.3 – 15 Million	94	31.3
>15 Million	25	8.3
Market Experience		
<10 years	265	88.4
>10 years	35	11.6

Firm Scope		
Local	231	77.0
International	69	23.0

Variables

Organizational Support

Organizational support refers to a process of how top management guide and influence its employees to achieve organizational goals (Northouse, 2012). The dimension has the following items: Our organization supports social responsibility for strategic decision making; followed by Our organization supports environmental preservation. Our organization supports implementing productivity enhancement initiatives and Our organization supports improving the quality of life in respective local communities both have the same mean values. The higher the score (minimum 1 and maximum 5), the more essential and more usable this intangible resource is for the firm. The scale obtained an average of 3.677. Construct Reliability (CR) and AVE investigated the reliability of the dimension, presented thus: 0.859 and 0.545 respectively. On all the occasions, the reliability coefficient was higher than 70 percent (refer to table 3). The respondents believed that the items of organizational support influence their entrepreneurship performance as well as sustainable business development.

Entrepreneurship Practices and Performance

Entrepreneurship practices refer to the herbal-based SME's business practices for managing upstream suppliers, operations, and downstream customers to achieve firm performance simultaneously. It relates to supplier selection, evaluation, and development which have become a key strategic consideration in improving entrepreneurship management performance (Klassen and Vachon, 2003; Prahinski and Benton, 2004; Yang et al., 2010). Items used to explore the sustainable entrepreneurship practice of the respondents include: "Our firm produce products using less hazardous materials; Our firm engages in remanufacturing of products. Our firm order small lot size from our suppliers; Our firm engages in CSR; Our firm assesses stakeholders through ISO 9000 series certification; Our firm is committed to a safe work environment, and Our firm evaluates stakeholders' environmental commitment through ISO 14000 series certification. The higher the score (minimum 1 and maximum 5), the more important and more usable the practical implementation by the firm. The scale obtained an average of 3.663. Construct Reliability (CR) and AVE investigated the reliability of the dimension, presented thus: 0.934 and 0.671 respectively. On all the occasions, the reliability coefficient was greater than 70 percent (refer to table 3). The respondents agreed that they had adopted the entrepreneurship practices using freedom of choice (discretion, interpretation, and perspective) that influence them to implement sustainability initiatives towards sustainable business development.

Moreso, economic performance is one of the most important motives for SEP implementation by firms (Bowen et al., 2001). Items used to explore the sustainable entrepreneurship practice of the respondents include: Return on investment (ROI), Profit margin on sales, Market share, Conformance quality, and Ability to rapidly change production volumes. The overall mean (3.68) showed that the respondents asserted that SEP implementation prepared them for superior long-term performance (in both operational and business performance) through the improved capacity for managing environmental risks and effecting continuous environmental and social improvement as suggested by Zhu and Sarkis, 2004. Also, environmental performance is another important motive for SEP implementation,

it refers to the herbal-based SME's performance achievement related to pollution control and resource efficiency (Kleindorfer et al., 2005). Items used to explore the environmental performance of the respondents include: Reduction of energy consumption, Reduction of emissions, Reduction of solid waste, Frequency for environmental accidents, Waste water, Consumption of toxic materials, and lastly, Recycling of waste materials. The overall mean (3.61) showed that the respondents have indicated that they experienced reductions in environmental waste, energy consumption, pollution control and resource efficiency (Hervani et al., 2005; Matos and Hall, 2007; Montabon et al., 2007) through SEP implementation. Lastly, the respondent's social performance is another important motive for SEP implementation, it refers to the herbal-based SME's conformation to social responsibility principles, responsiveness to social processes, policies, programs, and observable outcomes as they relate to the firm's relationship with the society (Wood, 1991). The following items were used to explore the respondent's social performance: Corporate reputation/image, Fair employment opportunity, Engagement with government officials, Social commitment, the relationship with local communities, and lastly, the relationship with NGOs. The overall mean (3.95) showed that the respondents proved that SEP implementation helped them achieve superior long-term social performance (regarding internal and external elements) as suggested by Dias-Sardinha and Reijnders (2005).

Empirical Findings

The measurement and structural model were assessed by structural equation modelling (SEM) using Amos Graphics because of its good explanatory nature via combining CFA and multiple regression analysis in a transparent manner (Awang, 2015). Table four presents the psychometric properties of the constructs tested in the model. As Hair et al. (2010) suggested, the required measurements refer to the investigation of convergent validity, individual item reliability, composite reliability, and discriminant validity of the measurement model. Assessment of convergent validity involves the factor loadings and cross-loadings of the indicators on their constructs, average variance extracted (AVE), and composite reliability (CR) as shown in Table three. All AVE values were higher than 0.50. However, since composite reliability is more accurate than Cronbach alpha, we used it to overcome potential deficiencies in the different indicator loadings. All composite reliability values were above the recommended threshold of 0.70, complying with the guidelines provided by Yi and Davis (2003). In the present research, AVE values ranged from 0.522 to 0.671 while CR values ranged from 0.757 to 0.934.

Table 3: Psychometric Properties of the Constructs in the Model

Dimension	No of items	CR	AVE
Performance	Three	0.757	0.522
SEP	Seven	0.934	0.671
OS	Four	0.859	0.545

All hypotheses were tested via structural equation modeling (SEM) using Amos Graphics. SEM involves a combination of CFA and multiple regression (Awang, 2015). This multivariate statistical model extends the possibility of relationships among the latent variables. The analysis of the hypotheses presents significant values and confirms the two relationships in the proposed model. The first finding (H1) shows that organizational support by the top management on SMEs increase the likelihood of implementing SEP (standardized $\beta = 0.529$, $p < .001$). Meaning that, considering the standardized regression weights, when organizational support goes up by 1 standard deviation, SEP implementation goes up by

0.529 standard deviation, which supports this hypothesis. H2 shows that SEP implementation has a positive relationship with Performance (standardized $\beta = 0.603$, $p < .001$). Table 5 presents the summary of the results. This result implies that, considering the standardized regression weights, if SEP implementation goes up by 1 standard deviation, Performance goes up by 0.603 standard deviations.

Table 4: Summarized Results for Hypotheses in the Structural Model Analysis

Hypothesis	Estimate (β)	SE	CR	P
H1 confirmed: OS \rightarrow SEP	1.055 (0.529)	0.111	9.531	0.001***
H2 confirmed: SEP \rightarrow Performance	0.153 (0.603)	0.025	6.073	0.001***

Notes: (1) The numbers in bracket are standardized regression weights

(2) *** $p < 0.001$, $R^2 = 0.28$ and 0.45 , *SEP*- Sustainable entrepreneurship practice; *OS*- Organizational support; *SE*- standard error and *CR*- critical ratio.

Concluding Remarks

Findings of this study show that organizational support have positive effects on sustainable entrepreneurship practice implementation towards performance as shown in the SEM analysis results. OS influences SEP implementation leading to higher business performance. Hence, supports the two hypotheses which postulated that; OS has a significant effect on SEP implementation among herbal-based SMEs, and SEP implementation has a significant effect on herbal-based SMEs entrepreneurship performance. The results have shown that OS by the top management of herbal-based SMEs has made some commitment to sustainable business performance through inculcating sustainability attitude, and employee motivation towards implementing SEPs in their business activities. When top management is supportive and committed in providing an enabling work environment for its employees ensures increasing business performance. Conversely, uncommitted SMEs fail to motivate, support, and participate in such initiatives with their employees (Defee et al., 2009; Epstein, 2008; Kotter, 2007). Therefore, it is imperative for herbal-based SMEs to concentrate on supporting its employees through a culture characterized by sustainability attitude, employee motivation, and support. This study supports the findings of Abdullahi et al., (2018) and Abu and Sulaiman (2010) that “supportive-oriented leadership will enhance continual improvement in performance of an organization.” The results reinforce previous research on SMEs in Malaysia.

In conclusion, findings of this study suggest that SMEs top management seeking for increased business performance should strengthen their organizational support on their employees, which will provide an enabling environment for SEP implementation. A clear understanding of OS by top management is vital to sustainable business performance. Though SME size and scale of production imposes a barrier to their success, Epstein (2008) believes that “SMEs can effectively achieve business performance when their top management is supportive to its employees.”

Limitations of The Study

Like any other research, this study has its limitations, the study focus is limited on only the herbal-based SMEs registered under the National Pharmaceutical Regulatory Agency (NPRA) in Malaysia either as manufacturers, importers or wholesalers of herbal based-products categorized as traditional and complementary medicine. These SMEs have full time employees not exceeding 200 people. Therefore, the results should not be generalized for all herbal-based SMEs in Malaysia, because of the presence of other herbal-based SMEs dealing with food herbal-based products such as functional food and nutraceuticals.

For the conceptual model, the inclusion of other detailed and focused measures to the existing constructs can improve the research model used in the study. At this point, the study only considered OS as the sole factor for implementing SEP. Thus, future studies may envision other factors (e.g., leadership styles, cultural differences, R&D readiness, information technology) that drives SMEs to implement SEP.

Future studies may consider studying large Malaysian firms using the same research framework since the primary respondents of this study are SMEs, we assume that this may likely cause some bias because SMEs rarely implement environmental management system due to high costs involved, non-availability of resources, well-developed entrepreneurship management systems and policies for sustainability.

Finally, the tendency of getting a different survey result using a similar sample from other developing countries in Asia, due to variation in business environment, cultural backgrounds, and competitive pressures or regulations. Future research should consider this and conduct a comparative study between the countries.

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