

ETHNICITY AND CULTURAL VALUES: AN EMPIRICAL STUDY OF MALAY AND CHINESE ENTREPRENEURS IN PENINSULAR MALAYSIA

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Abstract

Previous research suggests that Malays and Chinese in Malaysia have very different values. This proposition has serious implications as value differences are often used to explain gaps in economic performance between the two communities. However, much of the said research is either conceptual or qualitative, and therefore not able to provide statistical evidence regarding the extent of difference. The current study was concerned with whether the differences are significant, and thus adopted a quantitative method of analysis. Due to socio-economic implications of entrepreneurship, the study focused on entrepreneurs as its unit of analysis. In the study, Hofstede's (1980, 2001) cultural framework was used to construct ethnic values. Results indicate that significant differences exist in only two out of five value dimensions. The findings suggest that while some value differences can be used to explain gaps in economic performance between the two ethnic groups, structural and demographic factors may be just as important.

Keywords: ethnicity, cultural values, economic performance, entrepreneurs, Malaysia

1. Introduction

Inter-ethnic relations is a critical issue in many countries because of its consequences to their social and economic well-being. In Jerusalem, where there is high communal segregation, there is mistrust between the opposing factions which perpetuates social conflict (Sharabi, 2010). In Africa, racial disunity has resulted in bad choices of public policies which in turn lead to economic backwardness (Easterly and Levine, 1997). Generally, poor relations disrupt political stability, discourage investors and hamper business activities (Daniels and Radebaugh, 2001).

The importance of strong race relations is very much evident in Malaysia. The country is highly heterogeneous, comprising Malays, Chinese and Indians as the three biggest ethnic groups, as well as numerous other indigenous minorities (Vital Statistics Time Series, Malaysia, 2008). The Malay and Chinese communities make up approximately 85% of the total national population and are often considered major players in the country's economic sector (Labour Force Survey Report, Malaysia, 2008). In 1969, clashes between the two communities resulted in an overhaul of the country's socio-

economic policies which saw Malaysia embarking on affirmative actions to reduce imbalances, especially in household income and business equity. Since then, these variables in economic performance have been closely monitored and used to measure the success of the affirmative actions, known collectively as the New Economic Policy. Despite the above strategy, economic gaps between Malays and Chinese persist. In mid 1980s, average household income per month stood at around RM380 for Malays and RM670 for the Chinese (Fifth Malaysia Plan, 1985). By 2005, the figures were about RM2,700 and RM4,400 respectively (Ninth Malaysia Plan, 2006). Also, business equity held by Malays was at 19%, far short of the targeted 30%.

Scholars have attempted to explain these continuing discrepancies from various perspectives, particularly political and cultural. While some are concerned with issues such as political patronage (Gomez, 1994; Jomo, 1986), many have turned to history and cultural values as possible explanations (Al-Attas, 1991; Omar, 2003; Sloane, 1999; Zamani, 2002). Among the culturalists, the central proposition is that gaps in economic performance between the two ethnic communities are a result of gaps in their participation and success rate in business, which in turn are a result of differences in their ethnic values. However, most of these studies are mainly conceptual or qualitative, and thus do not provide statistical evidence to support the above proposition.

The current study seeks to ascertain whether the proposed value differences are statistically significant by adopting a quantitative approach. Due to the association between entrepreneurship and economic performance (Birley, 1987; Hisrich et al., 2006), entrepreneurs were chosen as the unit of analysis. Ethnic culture was constructed using Hofstede's (1980, 2001) five cultural dimensions. Thus the study also assesses the 'generalizability' of Hofstede's scales to the Malaysian inter-ethnic context. In the literature review factors influencing entrepreneurial inclination and success are revisited; this includes a deeper discussion on the impact of ethnicity. The paper then describes the current research context before proceeding to analyse the findings.

2. Entrepreneurship

Entrepreneurship, as an area of research, began in France approximately three hundred years ago (Hisrich et al., 2006). In the earliest stage of its conception by Richard Cantillon, a noted French economist in the 1700s, entrepreneurship was associated with the risk involved in a business transaction where the costs were known but the profits were not. In the 18th century, Jean Baptiste Say and Francis Walker further distinguished the entrepreneur from a venture capitalist. The former was viewed as a capital user while the latter, a capital provider. The concept of entrepreneurship continued to widen and became more articulated in the 19th and 20th centuries when it was used to explain a lot of economic phenomena such as market expansion, rapid technological development and the booming of small-and-medium industries (Zimmerer and Scarborough, 1998).

2.1 Factors affecting entrepreneurial performance

Due to the socio-economic implications of entrepreneurship, the quest for a genuine profile of the entrepreneur gained momentum in the mid 1900s. Many early scholars studied entrepreneurship at the individual level, asking why some individuals were more inclined to be entrepreneurs, and more likely to succeed, than others. According to the literature, personal traits commonly associated with high entrepreneurial inclination include being proactive, achievement-oriented, risk-taking and innovative (McClelland, 1961; Schumpeter, 1934). By the 1980s, research had been expanded to consider the effect of external stimuli. These studies suggest that determinants of success in entrepreneurship can be categorized into three: demographics/ characteristics of the entrepreneur, demographics/ characteristics of the business, and structural factors. In terms of personal factors, Cooper, Dunkleberg and Woo (1989) look at variables such as age, gender, and race, and find that older, non-minority, male entrepreneurs with four or more years of college are usually associated with successful firms. A study by Beckman and Marks (1996) suggests that business experience is a factor in the success of entrepreneurs. Concerning business characteristics, Bates and Nucci (1989) find that the age and size of the firm affect survival, and the relationship appears to be positive for both variables. Boyle and Desai (1991) also point out that the longer a business has been in operation, the better the chance that it will stay in business. Bates (1997) indicates that an entrepreneur's likelihood for success increases with higher education, and higher resource investment at start-up. Chawla, Pullig, and Alexander (1997) find that success depends on structural issues such as market knowledge, industry trend, and location. Choice of location is especially critical to success both during early and late stages of the life cycle. O'Neill and Duker (1986) indicate that successful business-owners have lower levels of debt and access to sound financial advice. According to Lussier (1996), the two most common variables that influence rate of success are capital and management experience. More recently, there has been increasing interest in the study of cross-national differences among entrepreneurs. Findings suggest some societies are more inclined towards entrepreneurship and are more likely to succeed, as a result of three dominant factors: government policies, infrastructure and cultural values. On policies and infrastructure, scholars have observed the positive effects of technological development, training, and support from financial institutions (Cumming, 2007; Einhorn et al., 1999). In terms of culture, Hofstede's (1980, 2001) framework has been particularly useful in explaining cross-national differences in entrepreneurship. The strength of Hofstede's work derives from sound statistical analysis of data collected from over 60 countries around the world. The framework comprises five value dimensions, which may be summarized as follows:

1. Individualism (versus collectivism) – the extent to which a society emphasizes the importance of individual rights over communal interests. Individualistic societies celebrate personal success and allow its members to pursue individual goals.
Example: USA (individualistic) versus Taiwan (collectivistic).
2. Masculinity (versus femininity) – the extent to which a society encourages competitiveness over cooperation. Masculine societies aggressively pursue wealth

and status, and place little importance on non-financial indicators such as environmental issues and employee relations.

Example: Japan (masculine) versus Norway (feminine).

3. Power distance – measures how comfortable the society is with gaps between leaders and followers. Societies with high power distance easily accept differences in social classes and revere those in power, often obeying orders unquestioningly. Example: India (high) versus Austria (low).
4. Uncertainty avoidance – measures how comfortable the society is with things unknown and unfamiliar. Societies with high uncertainty avoidance resist changes and create rules and procedures to reduce risks. Example: Japan (high) versus Singapore (low).
5. Time orientation – measures a society's attitude towards long-term and short-term objectives. A long time orientation indicates tendency to be prudent and thrifty, and emphasis on careful planning over speed. Example: China (long) versus USA (short).

Studies on the effect of these values on entrepreneurship have yielded varying results (Hayton et al., 2002). There is evidence suggesting that high entrepreneurial inclination and success factors such as innovativeness are more noticeable in societies with high individualism and power distance, and low uncertainty avoidance (Mueller and Thomas, 2000; Shane, 1993). However, Hayton et al. (2002) propose that the effect of culture on entrepreneurship is not direct, and that culture serves more as a catalyst than a causal determinant of entrepreneurship.

In plural societies, for reasons already explained, research on ethnic differences among entrepreneurs has received special attention. Some of the more pertinent issues are discussed separately below.

2.2 Ethnic perspectives in entrepreneurship

Recent times have seen a rising tendency among ethnic minority groups towards self-employment (Masurel et al., 2002; Van Delft et al., 2000; Waldinger et al., 1990). In The Netherlands, for instance, the relative participation of Turkish people in business is higher than that of the indigenous majority population (Levent et al., 2003). Previous research suggests that ethnic minority groups face specific barriers in the workplace such as discrimination, unfair job evaluation and stereotyping (Coates and Carr, 2005; Cox and Nkomo, 1986; Heilman and Chen, 2003). This can lead to a perception that ethnic minority employees do not have the required traits for senior positions, resulting in fewer promotion opportunities (Kwong et al., 2009). Under such circumstances, these individuals may look to self-employment and entrepreneurship as a means of maximizing their potential and improving their socio-economic position (Light and Gold, 2006; Panayiotopoulos, 2008).

But even among different minority groups, there are varying degrees of entrepreneurial inclination and rate of success. Robb (2002) finds that in the USA, Asians have the highest rate of participation in business, followed by Hispanics, and

finally African-Americans. Additionally, Asian-owned businesses show a higher survival rate than those owned by other minority groups. Some studies have turned to institutional theory to explain variations in entrepreneurial inclination among different ethnic groups. They believe that since social institutions indicate which choices, norms and behaviors are acceptable in a given society, institutional factors such as social expectations can considerably affect members' attitude towards entrepreneurship (Baughn et al., 2006; Covalleski and Dirsmith, 1998; Welter et al., 2003). Other scholars have identified a combination of structural (e.g. market conditions, social networks), personal/business (e.g. work experience, education) and cultural factors (e.g. religiosity, work ethics) that increase rate of participation and likelihood of success among ethnic entrepreneurs (Bull and Winter, 1991; Danson, 1995; Waldinger et al., 1990).

There are also ethnic-based differences in strategic aspects of entrepreneurship such as choice of industry, marketing and human resource. Barrett et al. (1996) find that Chinese entrepreneurs in England tend to be concentrated in restaurant and "take-away" food sectors while African and Caribbean businesses are more associated with retailing, catering and consumer services. Due to isolation, ethnic minority entrepreneurs are also more inclined to pursue narrow ethnic markets through established social contacts (Ram and Hillin, 1994), and to rely on family members as human resource (McPherson, 2008). Such strategies have had both positive and negative repercussions on the performance of ethnic entrepreneurs. Ram and Hillin (1994) argue that while the focus strategy facilitates entry to business, in the long run it limits growth potential.

3. Research Context

As previously mentioned, economic gaps between Malays and Chinese in Malaysia have resulted in the implementation of the New Economic Policy (NEP) since 1970. One of the most important strategies in the NEP is to increase Malay participation in entrepreneurial activity, which in turn is expected to improve their income level. Based on the principle of affirmative action, Malays are provided with special government assistance in terms of finance, networking, training, et cetera. Despite these initiatives, however, Malay economic performance continues to lag (Malaysia Plan, various issues). Many scholars believe that the explanation can be found in value differences between the two communities. The following section discusses some of the major differences noted in the literature.

3.1 Malay-Sino value differences

From the Western point of view (Metzger, 1994; Sloane, 1999; Winstedt, 1961), Malays are outstanding for their respect for tradition and "adat" (ancient customs). Malay values accentuate obedience and a strict allegiance to Islam but their interpretations of its teachings are often confused and inaccurate (Omar, 2003; Zamani, 2002). For instance, Malays are generally simple, tolerant, loyal, unquestioning and shy, although Islam itself does not advocate unconditional observation of these values. The Malays are also said to be an emotional race, plagued by outbursts of tantrum or "amuk",

and thus rather incapable of making rational decisions (Mohamad, 1981). At the same time, Malays have also been associated with many positive attributes. Idioms such as “Sikit-sikit lama-lama jadi bukit” (Bit by bit, a hill is built) and “Seperti aur dengan tebing” (Like the river and its bank) respectively describe their patience and cohesiveness. Moreover, Malays are known for being resourceful as evidenced by the saying “Tiada rotan, akar pun berguna” (When cane is scarce, use roots). Another Malay expression “Biar lambat asalkan selamat” (Slow and steady gets you there safely) indicates their prudence and carefulness.

Whereas Malay values accentuate traditions, the Chinese are known for being pragmatic. Purcell (1948) observes that Chinese have a very liberal attitude towards many aspects of life such as food, clothing and religion. Even though approximately 70% of Malaysian Chinese are Buddhists, other faiths including Confucianism, Taoism and spiritualism are also embraced simultaneously (Lee, 2004). In fact many Chinese do not identify themselves with any particular religion and merely refer to it as “bai shen” or worshipping deities. Malaysian Chinese are also considered adaptable (Maniam, 1986) as well as risk-taking, hard-working and thrifty (Chee, 1986; Syed Azizi et al., 2003).

A summary of Malay and Chinese values is given by Abdullah (1996) which indicates that Malays are characterized by patience, obedience, formality and spirituality; Chinese, on the other hand, emphasize hard-work, material success and meritocracy. They also share some common values such as modesty, family-orientation and importance of dignity or “face”. The above work by Abdullah (1996) is useful in the sense that it presents an overall description of values in each society. However, without reliability and validity tests, there is a risk of overlapping among some of the values identified. In this respect, Hofstede’s (1980, 2001) work offers relatively more reliable and valid deductions.

There have been very few attempts to directly compare the Malay and Chinese societies in Malaysia using Hofstede’s cultural dimensions. Inferences can be made from some studies (Chee, 1986; Mohamad, 1981; Purcell, 1948; Sloane, 1999; Syed Azizi et al., 2003) but only through liberal interpretations of the original findings. For instance, from Sloan’s (1999) work, Malays’ collectiveness can be deduced based on their spirit of “gotong-royong” (cooperation in project implementation) rather than a direct reference to collectivism by the author herself. Likewise, although Syed Azizi et al. (2003) do not explicitly discuss time orientation, Chinese characteristics mentioned in their study (such as thrift) seem to imply that Chinese are more long-term oriented than Malays. Using such deductive approach, Lrong (1998) argues that:

1. Since Malays propagate a hierarchical society, stability, a sense of responsibility to the general public and are relationship-oriented, they may be said to have high power distance and uncertainty avoidance, quite high collectivism and low masculinity.
2. Chinese, on the other hand, are materialistic, very obedient to the family and loyal to their business clans, and have an open attitude to risks and the unknown;

thus they are said to have high masculinity and power distance, quite high collectivism and low uncertainty avoidance.

Unfortunately, Lrong's (1998) work does not include a quantitative data analysis. As such, the level of significance and the direction of each proposed relationship have not been tested. Fontaine and Richardson (2005) are among the few who have attempted to address this methodological gap. Using Schwartz's ten value dimensions, they demonstrate significant differences only in the dimensions of tradition and achievement. They conclude that Malay and Chinese values tend to converge, and are not as different as expected. These findings have highlighted the need for more quantitative analysis in the Malaysian context. The current study aimed to fill this gap in the literature by adopting Hofstede's framework, and opted for primary data analysis using the survey approach, as described in the following section.

4. Methodology

Primary data collection began with the formulation of a questionnaire which comprised two sections: Personal and Business Demographics, and Cultural Values. The demographic section consisted of eleven categorical variables: ethnicity, sex, age, marital status, academic qualification, duration of business, location of business, form of ownership, type of business, annual turnover and number of employees. The value scales used 5-point intervals, and statements measuring individualism, masculinity, power distance, uncertainty avoidance and time orientation were adapted from Hofstede (1980, 2001). It must be noted here that the original works by Hofstede examine the values of Malaysians as a nation, and exclude any inter-ethnic comparisons. Thus the current methodology is considered novel in the context of Malay-Sino value analysis.

The study defined the sample as Malay and Chinese business owners registered with the Small and Medium Industries Development Corporation as at March, 2009. According to Bank Negara Malaysia (2005), a small and medium enterprise is defined as a business which has:

1. An annual turnover of RM5mil and not more than 50 full-time workers (agricultural and services sectors).
2. An annual turnover of RM50mil and not more than 150 full-time workers (manufacturing sector).

This segment of the total business population was chosen as a majority of Malaysian enterprises are in the small and medium category (Ninth Malaysia Plan, 2006). Due to time and financial constraints, only those based in the central region of Peninsular

Malaysia were covered. After filtering out incomplete addresses and double entries, the sampling frame consisted of 1,378 units.

Questionnaires were mailed to the study sample and a period of two months was allocated for them to return. A total of 211 usable responses were received, yielding a response rate of 15.3%. Out of that number, slightly more than 50% were Malay and the rest Chinese. Almost 60% were male and approximately 90% were in the 30-49 age group. A majority of them were married (77%) and had tertiary education (60%). In terms of business demographics, most had been operating for 1 to 10 years (83%), and were located in either cities or large towns (71%). The most common form of business ownership appeared to be partnership (46%) while type of business seemed to be quite equally divided between manufacturing and services. The size of business was reflected by low annual turnover (70% earning less than RM500,000) and number of employees (more than half have 0-4).

The study used three major statistical techniques: one, factor analysis to determine generalizability of Hofstede's scale to the Malay and Chinese ethnic groups in Malaysia; two, chi-square analysis to determine differences in demographic factors, and; three, t-tests to determine differences in cultural values. The results are discussed as follows.

5. Results

5.1 Scale reliability and validity

Scales measuring the five cultural values are shown in Table 1. Cronbach's alpha statistics for these scales are as follows: individualism=0.606, masculinity=0.743, power distance=0.611, uncertainty avoidance=0.647, time orientation=0.660. This indicates that all five had an acceptable level of reliability (Nunnally, 1978). Closer inspection of the individual items Cronbach's alpha shows that the figure for each scale cannot be further improved by deleting any item. Therefore all of them are retained for the next step of analysis. Results of factor analysis showed that items for uncertainty avoidance and power distance respectively loaded on one factor, thus demonstrating

Table 1 Scales measuring cultural values

Value Dimension	Items	Validity Test Results
Individualism	<ol style="list-style-type: none"> 1. Deriving pleasure from life is more important than meeting social obligations. 2. Everyone is entitled to privacy. 3. Family members make the best employees. 4. Individual rights can be sacrificed in the interest of the nations (negatively-worded). 5. The best sources of information are social networks (negatively-worded). 	<p>First round factor analysis: Items 1, 2 load onto Factor 1, Items 3, 4, 5 load onto Factor 2.</p> <p>Face validity test: Items 3, 4, 5 deleted.</p> <p>Second round factor analysis: Remaining items load onto a single factor.</p>
Masculinity	<ol style="list-style-type: none"> 1. Economic growth is more important than environmental protection. 2. A large organization is better than a small one. 3. Work to live, not live to work (negatively-worded). 4. Conflicts should be resolved through negotiations, not force (negatively-worded). 5. Violence on TV is acceptable. 	<p>First round factor analysis: Items 1, 2, 5 load onto Factor 1, Items 3, 4 load onto Factor 2.</p> <p>Face validity test: Items 3, 4 deleted.</p> <p>Second round factor analysis: Remaining items load onto a single factor.</p>
Power Distance	<ol style="list-style-type: none"> 1. Older people should be obeyed. 2. The ideal boss is someone who is democratic (negatively-worded). 3. Inequality in the society should be minimized (negatively-worded). 4. Team performance depends more on the leader than followers. 5. Powerful people should look powerful. 	<p>First round factor analysis: All items load onto a single factor.</p>
Uncertainty Avoidance	<ol style="list-style-type: none"> 1. What is different is dangerous. 2. Humans are able to determine the course of their lives (negatively-worded). 3. Rules are made to be observed. 4. There is no need to worry about what you don't know (negatively-worded). 5. An organization should be run according to standard operating procedures. 	<p>First round factor analysis: All items load onto a single factor.</p>
Time Orientation	<ol style="list-style-type: none"> 1. Profits should be saved, not spent. 2. Decisions must be made in the shortest possible time know (negatively-worded). 3. It is important to make sure that nobody loses face. 4. Market speculation is a good way to make money know (negatively-worded). 5. You should know who will succeed your business. 	<p>First round factor analysis: Items 1, 4 load onto Factor 1, Items 2, 3, 5 load onto Factor 2.</p> <p>Face validity test: Items 1, 4 deleted.</p> <p>Second round factor analysis: Remaining items load onto a single factor.</p>

construct validity for the two scales (Sekaran, 2003). Validity appeared to be a problem in the three remaining scales: masculinity, individualism, and time orientation. In each of the three, items loaded on two factors, which suggest that the scale was perceived by respondents to represent two different value dimensions.

This finding suggests that Hofstede's constructs of cultural values are not immediately generalizable to the Malaysian multi-ethnic environment, and require further inspection before they can be applied to local studies. Consequently, a face validity test involving a group of postgraduate business students was conducted to arrive at the final scale. After eliminating the items considered irrelevant, the resulting instrument consisted of two items for individualism, three for masculinity, five each for power distance and uncertainty avoidance, and three for time orientation (please see the last column in Table 1). A second round of factor analysis was then performed which extracted only one factor for each scale. A second round of reliability tests showed that Cronbach's alpha statistics still fell within the 0.6 to 0.7 range. Subsequent tests of differences thus proceeded using the amended scales.

5.2 Personal and business demographics

Chi-square analysis showed that the Malay and Chinese respondents differed significantly ($p < 0.05$) in all demographic dimensions except academic qualification where both samples recorded more than 50% achieving tertiary levels of education (Table 2). The significant differences with relation to age, sex, marital status, duration and location of business, form of ownership, type of business, annual turnover and number of employees are elaborated further as follows.

In terms of age, the Malay sample was younger; 61% of Malays were aged 39 years and below, compared to only 45% of Chinese in the same category. Malay entrepreneurs comprised more females than males (51% Malay women compared to 33% Chinese women) and singles (35% Malay, 10% Chinese). Malays had been operating for a shorter duration, and appeared to be less diversified where only 1% was involved in more than one type of business and 5% were based in more than one location. Chinese respondents, on the other hand, had more diversified business interests (18% were in more than one type of business and 8% based in more than one location), and had been in business longer (more than half had been operating for longer than 5 years). Malay-owned businesses preferred sole proprietorship as the form of ownership while Chinese were more inclined to form partnerships and companies.

There appeared to be a higher percentage of Malay entrepreneurs in rural areas where almost 30% of Malays were located in either villages or small towns compared to 12% Chinese. On the other hand, 44% Chinese were concentrated in cities while only 26% of Malays belonged in the same category. Malay businesses were also significantly smaller both in terms of revenue and number of employees where more than half earned less than RM200,000 per annum and almost 70% had fewer than 5

Table 2 Malay-Sino Demographic Differences

Demographic Factor	Scale	Malay(%)	Chinese(%)	Chi-Square p-value
Sex	Male	48.6	67.0	0.007*
	Female	51.4	33.0	
	Total	100.0	100.0	
Age	39 and below	61.3	45.0	0.048*
	40 and above	38.7	55.0	
	Total	100.0	100.0	
Marital Status	Single	35.1	10.0	0.000*
	Married (without children)	12.6	27.0	
	Married (with children)	52.3	63.00	
	Divorced/Widowed	0	0	
	Total	100.0	100.0	
Highest Academic Qualification	Degree/Diploma	57.7	64.0	0.145
	Higher secondary	30.61	29.0	
	Lower secondary	1.70	5.0	
	Primary/No formal education	0	2.0	
	Total	100.0	100.0	
Duration of Business	Less than 1 year	27.0	2.0	0.000
	1-5 years	40.5	43.0	
	More than 5 to 10 years	32.4	51.0	
	More than 10 years	0	4.0	
	Total	100.0	100.0	
Business Location	City	26.1	44.0	*0.004
	Large town	38.7	36.0	
	Small town/Village	29.7	12.0	
	More than one	5.4	8.0	
	Total	100.0	100.0	
Form of Ownership	Sole proprietorship	42.3	5.0	0.000*
	Partnership	43.2	50.0	
	Company	14.4	45.0	
	Total	100.0	100.0	
Type of Business	Manufacturing	52.3	46.0	0.000*
	Business services	17.1	24.0	
	Consumer services	14.4	1.0	
	Distribution	15.3	11.0	
	More than one	0.9	18.0	
	Total	100.0	100.0	
Annual Turnover (RM)	Less than 200k	52.3	11.0	0.000*
	200k-500k	29.7	46.0	
	500,001-1mil	18.0	31.0	
	More than 1mil	0	12.0	
	Total	100.0	100.0	
Number of Employees	None1-4	2.76	1.0	0.000*
	5-19	6.7	34.0	
	20-49	26.1	44.0	
	50 and above	4.50	21.00	
	Total	100.0	100.0	

* Significant at $p < 0.05$

employees. On the other hand, almost half of Chinese-owned businesses earned more than RM500,000 per annum, and 65% of them had more than 5 employees.

5.3 Cultural values

Differences in values between the two samples were determined through t-tests. Results, as shown in Table 3, suggest that the Malay and Chinese respondents differed significantly ($p < 0.05$) in two value dimensions: individualism and uncertainty avoidance. In terms of direction, the means indicate that Malays (mean=8.1622) were more individualistic than Chinese (mean=7.5500). The Malay sample was also more uncertainty avoiding (Malays' mean=20.0991; Chinese' mean=19.1100). The results appear to contradict Lrong's (1998) proposition that Malays and Chinese have equal

Table 3 Malay-Sino Value Differences

Value Dimension	Mean	Levene's Test for Equality of Variance		t-test for Equality of Means	
		F	p-value	t	p-value
Individualism	Malay=8.1622 Chinese=7.5500	15.577	0.000	2.5887	0.010*
Masculinity	Malay=11.0631 Chinese=11.0800	0.258	0.612	-.045	0.964
Power Distance	Malay=20.2793 Chinese=20.5600	1.059	0.305	-.654	0.514
Uncertainty Avoidance	Malay=20.0991 Chinese=19.1100	0.229	0.633	2.472	0.014*
Time Orientation	Malay=12.6486 Chinese=12.5800	0.884	0.348	0.308	0.759* Significant at p<0.05

levels of individualism, but support his other theory regarding Malays' higher level of uncertainty avoidance.

There were no significant differences observed between Malays and Chinese with regard to the other three dimensions, where both samples recorded moderate scores in masculinity (Malay=11.0631; Chinese=11.0800), power distance (Malay=20.2793; Chinese=20.5600) and time orientation (Malay=12.6486; Chinese=12.5800). Comparing the results with Lrong's propositions, there appears to be support for his argument that Malays and Chinese do not differ in terms of power distance; however, the findings contradict his theory that Malays are less masculine than Chinese. As for time orientation, the findings appear to be at odds with the work of Syed Azizi et al. (2003) which suggests Chinese' inclination towards longer term orientation.

6. Discussion

Significant differences found in all but one demographic dimensions suggest that demographic factors may be able to explain differences in economic performance between Malays and Chinese in Malaysia. This concurs with findings observed in many previous studies which have established the effect of demographic factors on entrepreneurial inclination and success rate (Bates, 1997; Beckman and Marks, 1996; Boyle and Desai, 1991; Cooper, Dunkleberg, and Woo, 1989).

In this instance, personal demographics of the Chinese respondents indicate that they were older and thus likely to be more experienced than Malays. Being mostly men and married, the Chinese sample could also have faced fewer barriers associated with gender discrimination and at the same time enjoyed greater family support. Moreover, business demographics are often related to strategic factors which have been shown to affect rate of participation and success in business. In terms of location, operating in cities and large towns would have given the Chinese advantages in infrastructure, networks and market opportunities. Opting for partnership and companies as the form of ownership would have enabled them to pursue growth more aggressively, resulting in higher sales and number of employees. Additionally, Chinese-owned businesses had been in operation longer. These advantages in firm size and business duration would have brought positive influence on their business performance (Bates and Nucci, 1989; Boyle and Desai, 1991). Chinese businesses were also more diversified, both in terms of type and location, thus increasing market opportunities and spreading related risks.

Findings on value differences appear to support Fontaine and Richardson's (2005) arguments that there is more convergence than divergence in values between Malays and Chinese in Malaysia. Specifically, contrary to expectations regarding time orientation and masculinity, current findings demonstrate that Malays and Chinese do not differ in these dimensions. Hence choosing a quantitative approach for the current study was appropriate as it emphasized the importance of statistical evidence in determining support for propositions made in many qualitative studies (Abdullah, 1996; Omar, 2003; Sloane, 1999; Zamani, 2002).

The mean scores of cultural values for the two samples indicate that both groups recorded moderate levels of masculinity and time orientation. This may suggest that compared to their traditional values, Malays have now converged towards traditional Chinese values and become more masculine and more long term oriented. At the same time, it is also possible that compared to their traditional values, Chinese have now converged towards traditional Malay values and become less masculine and more short term oriented. Therefore, the convergence may be due to value shifts in both communities. Weinrich (2008) offers an explanation for such a trend using the "situationalism" theory, which explains a person's tendency to change primordial ethnic beliefs due to socialization processes such as inter-ethnic marriages, schooling and exposure to external or foreign values through the media, et cetera. In

the Malaysian context, the theory is particularly useful in explaining the acculturation process that has taken place between the two communities since the arrival of the first Chinese immigrants in the fifteenth century.

Nevertheless, the results still indicate significant differences in certain value dimensions, namely individualism and uncertainty avoidance. This provides some initial evidence supporting value differences as a possible determinant of gaps in economic performance between the two ethnic groups. The findings on uncertainty avoidance, in particular, are concurrent with earlier studies (Mueller and Thomas, 2000; Shane, 1993) which find that entrepreneurial performance increases with decreasing uncertainty avoidance. In this study, the Chinese' lower uncertainty avoidance can thus explain their higher economic success.

On the other hand, the Malays' higher index of individualism poses some interesting questions. It contradicts Lrong's (1998) argument that Malays and Chinese have similar levels of individualism. Furthermore, since previous research suggests a positive relationship between individualism and entrepreneurial performance (Mueller and Thomas, 2000; Shane, 1993), one would expect this to be reflected in a high economic performance among Malays. Therefore, the question remains as to why this is not so. A possible explanation may be that the effect of individualism is not as powerful as uncertainty avoidance. Unfortunately, without explicitly measuring the constructs of entrepreneurial performance, the current study was not able to determine the relative explanatory powers of individualism and uncertainty avoidance. Obviously, this is a limitation of the current study which begs to be addressed in future research.

Conclusion

In general, the study has provided some scientific support for the culturalist perspective which proposes that Malays' weaker economic performance is a result of their values. The effect of uncertainty avoidance is especially worth-noting. In the literature, uncertainty avoidance is often linked to entrepreneurship due to its association with novelty, changes, ambiguity and risk-taking (Kedia and Bhagat, 1988; Saffu, 2003). Entrepreneurial performance appears to be determined by attitude towards mistakes and environmental changes, and successful entrepreneurs tend to treat mistakes and failures as a natural part of the learning process. The current findings are consistent with other research which suggests that Chinese are more flexible and adaptable than Malays (Lrong, 1998; Mohamad, 1981; Purcell, 1948). Contrary to the more traditional Malays, Chinese view environmental changes as opportunities rather than threats, and hence may be better prepared to cope with the ensuing demands.

At the same time, the study has shown that values can explain economic performance only to a certain extent. In this regard the findings demonstrate, firstly, the importance of demographic factors such as age, sex, and marital status. This suggests that specific individual-level strategies which may affect business performance include skill and experience, as well as gender equality and family support (especially for

women entrepreneurs). Secondly, at the firm-level, the importance of location, duration and type of business, and form of ownership points to the strategic need for better infrastructure and technology, diversification and innovation, and networking. At the very least, these factors and strategies warrant greater consideration in future discourses on business performance.

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Endnotes

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