



ENTREPRENEURSHIP AS ENTREPRENEUR: THE INFLUENCES OF PERSONALITY AND COMPETENCIES TO THE NEW E-COMMERCE VENTURE CREATION IN MALAYSIA.

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Abstrak

Kajian lepas secara intensif telah melihat keusahawanan adalah sesuatu elemen yang penting dalam perniagaan sejak kebelakangan ini. Usahawan adalah bertanggungjawab terhadap segala aspek keputusan dalam perniagaan yang dijalankan. Para penyelidik kini telah cenderung mengabaikan isu-isu yang berkaitan dengan kualiti dimiliki usahawan terutamanya dalam konteks perniagaan e-dagang yang diketahui telah memberikan sumbangan besar terhadap nilai ekonomi kepada negara. Walaupun elemen kompetensi dimiliki usahawan menjadi kajian yang penting, sebagai pelengkap, personaliti usahawan turut menjadi keutamaan untuk dikaji oleh para penyelidik. Dengan ketidakpastian yang masih wujud; objektif kajian ini adalah melihat peranan personaliti dan kompetensi usahawan terhadap proses penciptaan perniagaan baharu e-dagang di Malaysia. Kajian ini menggunakan pendekatan secara kajian kes iaitu seramai dua belas usahawan e-dagang telah ditemubual bermula Mei 2013 sehingga Disember 2014. Penemuan kajian ini telah mengenal pasti terdapat tujuh ciri-ciri personaliti; iaitu kreativiti, mengambil risiko, inspirasi, keperluan autonomi dan kebebasan, toleransi terhadap kekaburan, sikap yang rajin dan cekal, dan optimistik adalah menyumbang kepada proses penciptaan perniagaan baharu

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e-dagang di Malaysia. Dalam konteks kompetensi, ia dianggap penting bagi usahawan untuk dilengkapi dengan kemahiran komputer dan kemahiran berkomunikasi bagi memudahkan mereka semasa proses penciptaan perniagaan baharu tersebut. Oleh itu, adalah terbaik bagi kerajaan mempromosikan aktiviti keusahawanan dengan menonjolkan espek personaliti dan kompetensi diri perlu dimiliki oleh usahawan. Akhirnya, penerapan pemahaman yang lebih baik berkenaan keusahawanan akan mengukuhkan nilai ekonomi di sesebuah negara melalui peningkatan KDNK, penciptaan peluang pekerjaan, dan nilai tambah melalui kemunculan perniagaan baharu.

Kata kunci: Keusahawanan, Psikologi, Kompetensi, Pengurusan dan E-commerce

Abstract

A number of intensive studies on entrepreneurs which consider entrepreneurship as one of the most important elements in business have been conducted within the past few years. An entrepreneur is responsible for every aspect of a new venture's creation considering that they are usually the lead person in every business decision. To date, researchers have tended to ignore the issues related to the qualities of entrepreneurs in the creation of new e-commerce ventures. While entrepreneurial competencies have become extremely important recently, as a complementary study, the personality traits of the entrepreneur could also be studied. Much uncertainty still exists; hence, this study set out to determine the role of personality and entrepreneurial competencies in the creation of new e-commerce ventures in Malaysia. This research uses a case studies approach in which data was collected by interviewing twelve e-commerce entrepreneurs from May 2013 until December 2014. The findings have identified that seven personality traits are most prevalent; namely, creativity, risk taking, inspiration, need for autonomy and freedom, tolerance of ambiguity, a hardworking and persistent attitude, and optimism, all of which vigorously have contributed to new e-commerce venture creation in Malaysia. In the case of entrepreneurial competencies, it was deemed crucial for entrepreneurs to be equipped with both computer and communication skills to facilitate the creation of new ventures. Therefore, it is best for the government to promote entrepreneurial activity by highlighting the elements of entrepreneurs in terms of personality traits and entrepreneurial competency aspects. Finally, through a better understanding of our entrepreneurs, we will amplify the emergence of new ventures to strengthen the economic progress of the country.

Keywords: Entrepreneurship, Psychology, Competencies, Management and E-commerce

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1.0 Introduction

Scholars have long debated numerous issues in their studies of entrepreneurship, which include widely varying definitions of the term. According to Per Davidsson (2005, p. 1), the following are definitions of entrepreneurship proposed by several scholars: a new entry (Lumpkin & Dress, 1996), the creation of new enterprise (Low & MacMillan, 1988), the creation of organizations (Gartner, 1988), and a process of creating something different with value (Hisrich & Peters, 1989). However, these varying definitions seem to emphasize more on the creation of new organizations in response to the question “how does an organization come into existence” brought up by Gartner (1988). In relation to this, most of the established studies were also interested in entrepreneurs’ psychology as it plays a big role in the creation of new ventures. In her interesting analysis, Shane (2003) draws attention toward the effect of different individuals’ attributes (i.e. cognition, motivation and personality) in the process of decision-making among entrepreneurs; which, in this case, refers to entrepreneurship circumstances.

Recent trends have pointed out that the qualities of an entrepreneur; i.e. creativity, risk taking, inspiration, need for autonomy and freedom, tolerance of ambiguity, a hardworking and persistent attitude, and optimism have vigorously contributed to the creation of new ventures, as is the result of this present study. Previous research has also argued that the psychological factor alone is inadequate to establish a new venture creation. Empirical research from Man, Lau, & Chan (2002), Man, Lau, & Snape (2008) and Stuetzer, Goethner, & Cantner (2012) highlighted the importance of entrepreneurial competencies in order to achieve new venture performance.

Most studies in the field of entrepreneurship have not explored the creation of new e-commerce ventures in much detail; hence, the principal objective of this study is to determine which aspects of personality and competencies of entrepreneurs significantly influence e-commerce entrepreneurship involvement in Malaysia. In general, Dheeriyaa (2009) describes e-commerce as any activity performed online on the World Wide Web. The main distinction between e-commerce and conventional business is the need to use only the internet and computerized systems in e-commerce. However, the conceptual framework of e-commerce entrepreneurship has yet to be properly established. On another note, Gartner (1985) pointed out that each type of business, industry, and entrepreneur distinctively affects the process of new venture creation. Hence, it is very important to understand the aspects of personality and entrepreneurial competencies influencing the creation of new ventures.





In addition, it was established that entrepreneurship is one of the major elements that contribute to economic growth (Carree & Thurik 2005; Wennekers & Thurik 1999). Market activity and economic systems are greatly shaped by entrepreneurship (Davidsson, 2008) which is based on the creation of wealth or something valuable (Drucker, 1985; Morris, 1998), this, in turn, promotes entrepreneurial activity for products and services (Shane, 2003). It cannot be denied that entrepreneurs and entrepreneurship widely encourage economic development, even though they are not regarded as the main income of a country.

The new media age has witnessed the expansion of technologies integrated with the development of the internet, including ICT and telecommunication, e-commerce, and other related businesses. However, the global advantages of e-commerce have made it the new interest of world societies based on popular demand. The development of e-commerce has managed to produce strong and excellent profit, which consequently beats the conventional way of doing business, and this has turned e-commerce into a very reliable form of global sales revenue growth for many firms (Dheeriya, 2009). Meanwhile, e-commerce has also established a foothold in Malaysia based on the profit reported by Mr. Azizan Mohd Findi, the General Secretariat of Planning and Coordination Commission, who reported almost two billion dollars from 2010 to 2011 and three billion dollars in the following year. Hence, it is safe to summarize that the development of e-commerce in Malaysia continues to be very promising despite limited information concerning the number of e-business entities.

As a result, the issues influencing an entrepreneur, to start a new business, have received considerable critical attention among many scholars (Townsend, Busenitz, Arthurs, 2010) since entrepreneurship is the main driver of economic growth within a country (Baron & Shane, 2008) through its expanding opportunities in new businesses, jobs and innovation.

2.0 Methodology

In the case of the present study, twelve successful entrepreneurs, suggested by the Communication Commission (MCMC) in 2013, were interviewed for the purpose of data collection. The demographic background of the interviewees also was considered, which included their business sector, gender, location, and the historical background of the e-commerce business. In relation to this, it is important to highlight that the participants came from micro and small enterprises (MSE) with less than 30 employees and annual sales amounting to less than RM30 million. It should be noted that these entrepreneurs were very involved in their full-time e-commerce businesses, which had been up and running between one to six years (start-up duration) before the interview. A semi-structured interview was performed on all twelve participants, with each interview tape-recorded and transcribed immediately. The analyzed interviews managed to offer tentative categories or themes that could fulfil the purpose of the study (Merriam, 2009).





The tentative themes were derived from research questions in the initial phase of data analysis. The data was compared according to each category once the themes had been developed. The first step of inductive analysis (category construction) involves open coding of a passage in the interview transcripts, in response to the research questions (Merriam, 2009). Next, the coding is classified under one category known as axial coding proposed by Corbin & Strauss (2008). The themes were developed based on the three stages, which were, open coding, axial coding, and selective coding, and which was consistent with the grounded theory proposed by Corbin & Strauss (2008). Specifically, open coding requires the themes to be determined by constantly analysing the interview transcripts line by line because they are the key to answer the research questions. Following the review of the transcripts, the open coding was then established under axial coding which was described as *“coding that comes from reflection on interpretation and meaning”*. In other words, axial coding is derived from several open coding texts that share similar meanings and that construct a particular theme. Axial coding is important in formulating a theme as it extracts several open coding texts with similar meanings. Selective coding is the final stage of data analysis, which selectively codes the main categories that are comprised of several axial coding texts with the purpose of reinforcing the establishment of the main categories.

3.0 Finding and Discussion

Based on the findings of this study it clearly demonstrated that the personality of entrepreneurs has a great influence in the process of new e-commerce venture creation in Malaysia. Seven elements of personalities were highlighted, which were, creativity, risk taking, inspiration, need for autonomy and freedom, tolerance of ambiguity, a hardworking and persistent attitude, and optimism are all integral elements of influence on e-commerce new ventures in Malaysia.



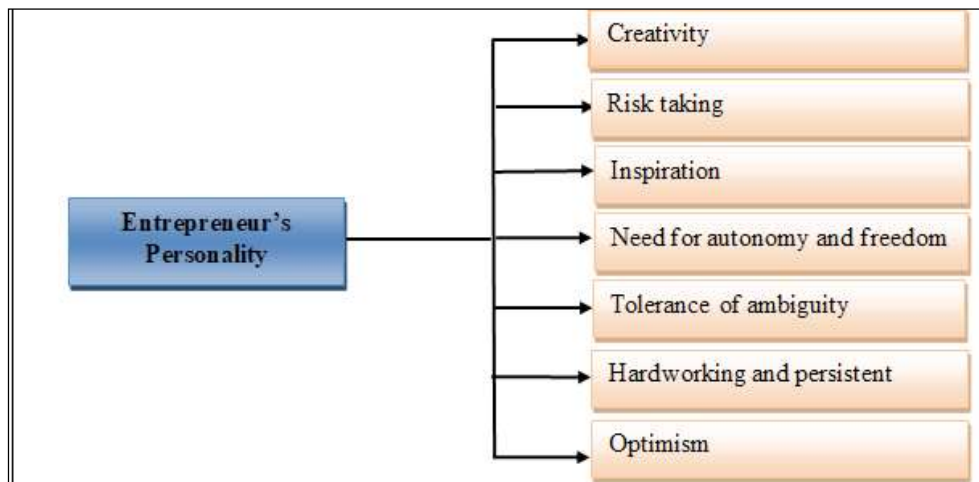


Figure 1: The personality traits that contribute to e-commerce new ventures in Malaysia

Referring to Figure 2, the first element of an entrepreneur's personality is related to creativity in online marketing strategies through social media such as Facebook, blogs and YouTube. Entrepreneurs need to be creative when formulating marketing strategies and not rely only on customer contact without doing anything to attract the interest of a customer. Therefore, entrepreneurs need creatively designed marketing strategies, such as introducing valuable promotions online, using interesting dialogue to enhance buyers' engagement and to include striking visual media. Because of the nature of e-commerce, entrepreneurs need to use virtual communication through action based writing which urges the buyer to participate by either clicking a link or buying a product. In addition, they must insert motivational graphics as marketing techniques rather than written text communication. The concept of creativity in e-commerce requires entrepreneurs to interact with computers and the internet because it is the main medium for the business. Entrepreneurs must have hands on understanding of how e-marketing works including how to insert inspiring media graphics and text. Creativity arises when entrepreneurs can integrate all of the tools available on computers, and on the internet as a catalyst to market their products. Therefore, entrepreneurs need to have creativity when designing business strategies and knowledge of online technologies to attract the buyers.





Second, the entrepreneur's willingness to take educated risks in the business is an important element of their personality. E-commerce is quite new in Malaysia in relation to training and resources, entrepreneurs need to be able to bear every negative possibility that normally could occur in a new venture, such as, poor communication from suppliers or an unexpected power outage, or a problem with product delivery. As well, there are common unexpected risks related to the process of payment during business transactions. Not only could an entrepreneur encounter connectivity problem in the equipment, entrepreneurs also could encounter problems if dealing with dishonest customers who try to take advantage of weaknesses in our growing e-commerce system. In fact, entrepreneurs are continually suffering financial loss when goods, are delivered but, for which, electronic transfer payment is still not received. Entrepreneurs also bear the risk of damaged shipments and delay of delivery within the time posted or expected by the customer. Therefore, in the case of damage, the entrepreneurs would need to replace the new product to gain customer confidence and avoid negative reviews on social media, which is their most effective marketing platform. In addition to the problems of payment and delivery, entrepreneurs also need to consider the risk of return on investment in online marketing schemes such as Facebook or Google Ads that could become worse or costlier without any material increase in sales. Unlike regular businesses, the risks that entrepreneurs face may not be as complicated in e-commerce businesses but it requires a willingness to handle high-risk customer relationships and complex transaction processing. Hence, certain issues need to be on a high level of readiness or they could result in additional risks to entrepreneurs.

The third personality trait is the entrepreneur's inspiration in relation to their overall expectations of the e-commerce business. Most entrepreneurs are aware of the huge potential of e-commerce in Malaysia and, especially, for marketing the product around the world. Therefore, they set up an ambitious plan to develop a new business model to compete for e-commerce business opportunities in Malaysia and, some of the entrepreneurs, set targets in their business model to market products overseas via e-commerce. They continue on this trend toward rapid growth by setting up new branches over the following few years. The inspiration is influenced mainly by the expansion of businesses that have exhibited their potential due to the broad market and through their own online and global platforms of e-commerce. The level of customer access, driven by internet infrastructure and lifestyle changes, has made e-commerce purchases more vibrant in Malaysia and abroad. Most E-commerce entrepreneurs feel they only need to exploit business opportunities through, and because of, internet access and lifestyle changes in Malaysia, to expand their market share in the future.

The fourth personality trait of entrepreneurs is related to the need for autonomy and freedom, which is a desire to work independently without being controlled by an employer. Self-employment promotes full satisfaction of independence along with being able to enjoy an unlimited income as an entrepreneur. Some entrepreneurs have earned more than doubled their normal income by selling their product through an e-commerce platform. Entrepreneurs can work where and when they want.





If an entrepreneur has a computer and the capability of wireless communication (wifi), they can conduct business as usual. E-commerce business allows flexibility in carrying out daily work without being bound by normal work hours. This is because time and commitment in the e-commerce business is flexible and not limited to a certain time. Potential customers can contact the entrepreneur at any time via email or Facebook as a 24-hour communication medium and many online commerce sites do not need human interaction to complete a purchase transaction. This opens up a whole world of possibilities, including a more flexible schedule for family life needs or additional time for the creation of new businesses to compliment an ongoing enterprise.

The fifth element of personality is the tolerance of ambiguity which is the willingness of an entrepreneur to accept the uncertainty in business. Given that e-commerce business is still new in Malaysia, entrepreneurs need to face uncertainties in business, especially, with limited knowledge. Although e-commerce promises unlimited market opportunities, it is not an absolute guarantee of success in business. There are various strategies in e-commerce that need to be learned in view of the many potential risks. As stated previously, outside influences such as bank transaction processing, internet access, logistics and customer satisfaction can all create challenges in a new venture. Sometimes, these challenges become unsurmountable. During this study, there also were interviewed entrepreneurs with a record of failure in their business, with a few occurring after they resigned from previous work and lost the enjoyment of a fairly high salary based on the their education level. This clearly shows that they had a high tolerance of ambiguity when they decided to be an entrepreneur. They made a dramatic decision toward the uncertainty that they would face to become a successful entrepreneur. As noted, the study includes 12 successful entrepreneurs so, even with failure, perseverance overcame their challenges and their tolerance of ambiguity prevailed.

Being hard working and persistent are important traits that drive entrepreneurial aspirations to achieve goals during a new venture creation. Without a hardworking or persistent personality it is quite impossible for an entrepreneur to face the uncertainties in this environment. The underlying uncertainty in a new business requires the entrepreneur to be persistent when faced with challenges especially in relation to marketing and the product production process. The persistence of entrepreneurs in implementing effective marketing strategies ensures that the best selling products are promoted in the market. All efforts should be exploited when marketing products that are not yet recognized by customers. It is one of the major challenges for entrepreneurs in the early stages of business to establish customer demand or face loss if the product is not sold. Entrepreneurs also need to work hard to produce the products, which may require long hours, and they must ignoring the usual work time schedule to ensure that orders can be delivered to customers without any unreasonable delays.





Entrepreneurs are also known for having high persistence to meet all risk expectations, especially in the early stages of a business startup. At an early stage of business, entrepreneurs need to be more patient in managing all aspects of marketing, product development and customer relationships. The startup of a new business is difficult and requires entrepreneurs to not give up in any action to ensure their success in the future. E-commerce is one of the most difficult businesses to manage despite being able to generate lucrative profits. The challenges of e-commerce require entrepreneurs that do not give up easily and who are eager and patient when managing the business.

An entrepreneur's final personalty trait is optimism; which is a positive confidence level towards expected outcomes of the business in the future. Entrepreneurs are optimistic about what they want to achieve in the future despite having to face many uncertainties in business. The results of the interviews showed that entrepreneurs had a high degree of confidence and courage when making decisions, regardless of the uncertainty. The optimistic nature of entrepreneurs in decision making is due to their positive attitude and high degree of stubbornness. Entrepreneurs with positive minds more moderately accept the uncertainty in business while entrepreneurs who have stubbornness will be more courageous in making business decisions. Both attitudes affect entrepreneurs by creating opportunists who take advantage of e-commerce opportunities that were identified to have great potential in the future. Therefore, it is no surprise that entrepreneurs are courageous and moderate when facing any challenge because they are so optimistic about what they hope to achieve in the future.

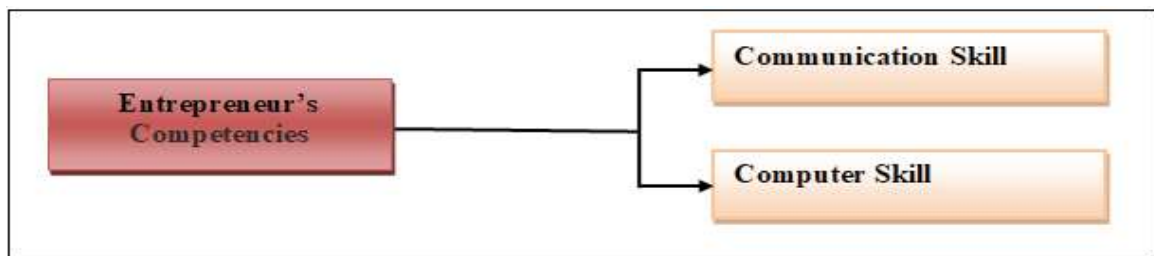


Figure 2: Entrepreneur competencies that contribute to new venture e-commerce in Malaysia.

An entrepreneur' competencies are observed in Figure 2. The first factor describes the importance of good communication skills in entrepreneurs when dealing with clients, while the second factor focuses on the need for entrepreneurs to be computer and IT literate to understand the development of a new platform as well as for online marketing purposes.





Good communication skills are extremely crucial as it helps the entrepreneurs easily enhance a customer's interest to purchase their products. Good communication also promotes a relationship between the seller and buyer, which builds trust, a critical component to promote sales. The right communication techniques are known to be very beneficial to entrepreneurs and their business; however, it should be noted that the communication skills needed for e-commerce businesses are different from a conventional business because the seller and buyer do not meet face-to-face to conduct their transaction. In e-commerce, the communication is usually non-verbal and takes place on an online platform such as email, social chat room, an online newsletter or website, and numerous others. Hence, it becomes important for entrepreneurs with an e-commerce business to learn persuasive writing skills to attract clients' attention and trust which, in turn, produces larger profits.

In addition, an entrepreneur's computer skills are a significant factor that contributes to the success of the new venture in Malaysia. Computer and IT literacy is deemed to be very important and an entrepreneur who is very skilful in using a computer is found to be more successful in setting up their own e-commerce business. Their competency in using a computer has also made it easy for entrepreneurs to explore other potential online business platforms such as blogs, websites, and social media to conduct or promote their business. Therefore, it is safe to say that entrepreneurs, who are computer literate, are usually ahead of others who are not, since, with computer literacy, they are equipped with advanced skills to deal with this complicated technology.

4.0 Conclusion

In conclusion, the seven elemental qualities of an entrepreneur's personality are creativity, risk taking, inspiration, need for autonomy and freedom, tolerance of ambiguity, a hardworking and persistent attitude, and optimism. These qualities are the determinant factors of e-commerce entrepreneurship involvement in Malaysia. On another note, two entrepreneurial competencies, which include good communication and IT skills, are very beneficial in e-commerce businesses in Malaysia as these competencies enable the entrepreneur to encourage clients' trust and confidence in purchasing products. Hence, effective communication between seller and buyer is crucial for attracting clients from different backgrounds to online platforms such as blogs, websites, or social chat rooms. Business difficulties tend to occur if the seller and buyer fail to communicate effectively and may reduce the trust of clients. Finally, basic computer skills play a major role in an e-commerce business; hence, it is required for entrepreneurs to have the IT skills necessary to be able to set up and improve the performance of online business platforms, especially in the early phase of business start-up. All of these elements of an entrepreneurs' character and competencies were identified as good answers to the question, "How does an online organization come into existence?" in entrepreneurship.





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