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KNOWLEDGE OF INFORMATION COMMODITY-BASED BUSINESS TOWARDS INCOME GENERATION AMONG BUMIPUTERA ENTREPRENEURS

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Abstract : As the world's economy enters the information age, there are many possibilities for establishing information and knowledge-based businesses within the global information and knowledge economy. However, Bumiputera entrepreneurs have overlooked the opportunity in offering information as a commodity for income generation. This paper provides a brief review of related literature on entrepreneurs' knowledge on information commodity-based business that leads to income generation. A novel conceptual model is developed and proposed to evaluate the information commodity resulting to income generation. The constructs of the conceptual model are based on the three dimensions namely entrepreneur opportunity, information as commodity and income generation. Exploration and exploitation on these three dimensions would lead Bumiputera entrepreneurs toward offering information as a commodity in the information industry. By adapting this model, future study will contribute to the information commodity modelling in boosting income generation among Bumiputera entrepreneurs through offering information as a commodity in the information industry.

Keywords : Information commodity, income generation, Bumiputera, entrepreneur, information industry

INTRODUCTION

Entrepreneurs are regarded as the influential force that makes the business world dynamic. The development of entrepreneurship has been growing in importance in the Malaysian economy. This is evidenced by the sheer amount and variety of supporting mechanisms and policies that exist for entrepreneurs, including funding, physical infrastructure and business advisory services (Firdaus, et al., 2009). Considered as one of the growth engines for a nation – creating jobs, inventions and diversity, entrepreneurship is a process of starting a business venture, organizing the necessary resources and assuming the associated risks and rewards (Firdaus, et al., 2009). There have been several studies which define the meaning of entrepreneurship (Gartner, 1989; Amit, et al., 1993). Gartner (1989) defined it as the creation and management of new business and the characteristics and special

problems of entrepreneurs. More specifically, Amit, et al. (1993), defined entrepreneurship as the process of extracting profits from new, unique, and valuable combinations of resources in an uncertain and ambiguous environment. Thus, information entrepreneur needs curiosity and drive to undertake intelligent searches and to be able to judge or determine the significance, relevance and the value of what they uncover.

Malaysia has entered the information age and soon to the knowledge-based economy, hence, the selling, transporting and manipulating of information have become a huge business. Information plays an ever more important role in the functioning of competitive markets, the understanding of the increasing amount of resources devoted to the production and distribution of information and the analysis of how more and better information may improve the market position of one or a group of economic contributors. Recent decades have witnessed an explosion in quantity of information being produced (Freiden, et al., 1998). At this point, as a further introduction, modern information system makes possible the storage and transfer of vast amount of factual materials that can be accessed and analyzed through new technology. The systems enable the development of new information products and new approaches to handle these product (Nimmer & Krauthaus, 2009) which in turn has created vast opportunities for information-based businesses. Hence, there are many possibilities for establishing information and knowledge-based businesses within the global information and knowledge economy (Coulson-Thomas, 2000). Thus, information entrepreneur needs a sufficient understanding of system to be able to use an appropriate range of technologies to identify and access relevant sources of information, knowledge and understanding (Coulson-Thomas, 2000).

Rowley (1995) stated that information is neither a good nor service, but have some characteristics of both as well as unique characteristics of its own. The time has come for information to be treated as a unique product alongside goods and services (Freiden, et al., 1998). Hence, product development introduces new characteristics and features that improve product quality, which represent the exploration of new knowledge and capabilities (Elena et al., 2009). At this point, as a further introduction, there are many opportunities to make money by packaging, applying and offering information as a commodity. In order to exploit them, a new generation of information and knowledge need to be developed. The paradigm presented suggests that entrepreneur needs to re-conceptualize what they mean by product for consumers and not neglect the information component of their market offering (Freiden, et al., 1998).

LITERATURE REVIEW

Entrepreneur Opportunity

The information entrepreneur needs a sufficient understanding of system to be able to use an appropriate range of technologies to identify and access relevant sources of information, knowledge and understanding (Coulson-Thomas, 2000). Witt and Venkataraman (2000) defined entrepreneurship as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited. As with the discovery of the opportunity, the decision to exploit an opportunity not only depends on the objective nature of the opportunity itself, but also on subjective aspects that have to do with the potential entrepreneur (Block & Wagner, 2010). According to Eckhardt and Shane (2003), they defined entrepreneurial opportunities as situations in which new goods, services, raw materials, markets and organizing methods can be

introduced through the formation of new means, ends, or means-ends relationship. Moreover, entrepreneurs have been associated with developing new revenue streams, enhancing profits and growing existing revenues where intellectual capital can be used to create new opportunities and penetrate new markets. Thus, information entrepreneur need curiosity and drive to undertake intelligent searches and to be able to judge or determine the significance, relevance and the value of what they uncover.

Information as a Commodity

Rowley (1995) stated that information is neither a good nor service, but have some characteristics of both as well as unique characteristics of its own. This leads to the recommendations concerning marketing practice. Hence, product development introduces new characteristics and features that improve product quality, which represent the exploration of new knowledge and capabilities (Elena, et al., 2009). Information has unique properties which differ from goods and services. The extreme intangibility, homogeneity and non-perishability of information products create both opportunities and challenges for marketing. Companies that have taken advantage of information unique properties will likely be more successful. The paradigm presented suggests that entrepreneur need to re-conceptualize what they mean by product for consumers and not neglect the information component of their market offering (Freiden, et al., 1998). Information has the capacity to be digitised without any loss of content. It may be provided in printed or electronic form and can be sold to external markets or it can be used internally by the originator. It means that information is not depleted on use, and the same information can be used by, and be value to, an infinite number of consumers. Moreover, information has become an important, tradable and valuable commodity that can be delivered in a number of ways. When the entrepreneurs start to sell information products for profit, they may be thinking that they will set out to create multiple items for many different niches.

Income Generation

Over the last decades the literature in the field of the economics of information has put much emphasis on the issue on how welfare effects of information are related to the market structure of an economy (Eckwert & Zilcha, 2007). Speaking of information in today's world, information has become widely used for different purpose, for instance information use in business, marketing, decision making and financial matters. If one wants to trade information on markets, one speaks about information goods, which is understood as a definable quantity of data, which the economic subjects attach a benefit to (Linde, 2009). Hence, information goods exhibit some economic special features. Moreover, positive expectations on economic results and economic growth could enhance individuals to create their own business. In that situation, new market opportunities appear being a good opportunity to obtain relevant profits (Martin, Picazo & Navarro, 2010). Besides that, to generate the income among Bumiputera entrepreneurs, they should enhance the wealth through innovation and exploitation of opportunities, which requires the entrepreneurial characteristics of risk-taking, autonomy and proactiveness (Nasution, et al., 2011). According to Wood (2011) he stated that individuals who had successfully embraced entrepreneurship have the opportunity to generate much needed revenue, to help spur economic development and job creation and to produce solutions for some of one's most pressing problems.

Conceptual Framework

Mining the literature unveiled that researchers on information as a product have developed various models for studying the topic. Figure 1 depicts the proposed framework for evaluation information commodity as an income generation.

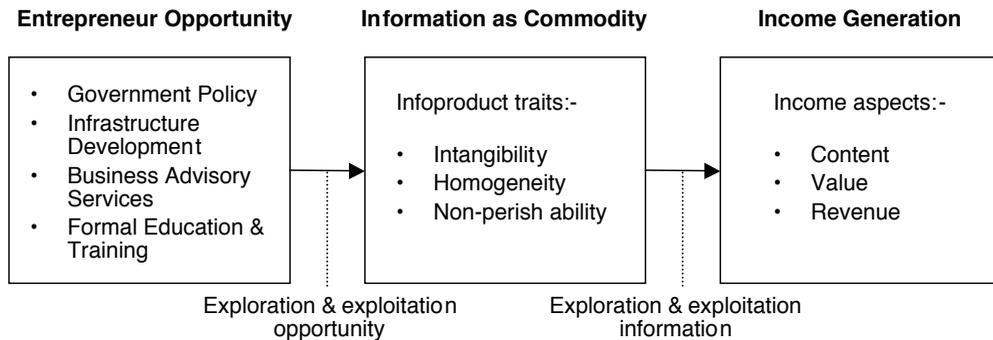


Figure 1: Conceptual model on information commodity as an income generation

The constructs of the framework are based on the three categories namely entrepreneur opportunity, information as commodity and income generation. Exploration and exploitation on these three categories would lead Bumiputera entrepreneur towards offering information as a commodity in the information industry.

Entrepreneur Opportunity

According to Firdaus, et al. (2009) the perceived importance of entrepreneurship to the growth of Malaysia's economy is evidenced by the sheer amount and variety of supporting mechanisms and policies that exist for entrepreneurs, including funding, physical infrastructure and business advisory services. Several studies done in Malaysia showed the importance of formal education in order to improve a person's ability to search and process large amount of information leading to a greater ability to identify potential business opportunity (Rosnani et al., 2011, Mohamed Ariff & Syarisa Yanti, 2003, Singh, S. & Verma, H.L., 2010)

Information as Commodity

An explosion in quantity of information being produced has created vast opportunity for information-based business. Rowley (1995) stated that information is neither a good nor service, but have some characteristics of both as well as unique characteristics of its own. Elena, et al. (2009) agreed that new characteristics and features that improve product quality had represented the exploration and exploitation of new knowledge and capabilities. Freiden, et al. (1998) stated that the extreme intangibility, homogeneity and non-perishability of information products create both opportunity and challenges for marketing.

Income Generation

According to Schumpeter (1947), profits are an income derived from innovation process. For this reason, innovation process of exploration and exploitation of information would be profits enhancing. Moreover, Coulson-Thomas (2000) supported that share valuation can

be boosted by more effective creation and exploitation of intellectual assets. Furthermore, he added that there are possibilities for generating revenue by exploiting and creating new knowledge offerings. Besides that, Kraaijenbrink and Wijnhoven (2007) discovered that the value of information services increased by delivering additional content in return for financial revenue.

CONCLUSION

As business has become more challenging in this new era of globalization, it is vital that a company or an entrepreneur needs information as a backup key to developing business. Moreover, the demand for business information services start to boom. Since new business are essential for modern company to maintain competitiveness in the market, it is not surprising that companies keep finding and adopting efficient methods to enter new business areas. Undoubtedly, education and entrepreneurial training is also one of the economic strategy that is globally needed competitively and to increase employment opportunities through innovative entrepreneurs to create new products, resulting from changes in market demand by consumers. As a final point, information is a commodity in which the value needs to be understood and appreciated.

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