



UNIVERSITI TEKNOLOGI MARA

**ENTREPRENEURIAL DRIVES
AND BUSINESS PERFORMANCE OF
MALAYSIAN ENTREPRENEURS**

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Abstract

This research studies the relationship between need for achievement, propensity to take risk, innovativeness and internal locus of control operationalised as entrepreneurial drives and the business performance of Malaysian entrepreneurs. The research also evaluated the impact of differences of the race, experience, status and sector of business among these entrepreneurs in terms of their entrepreneurial drives and performance of their business. This is with a view of identifying the underlying questions as to how some people become successful entrepreneurs and perform well in their business. Growth in level of turnover, fixed assets and employees were used as a proxy measure to business performance.

Through structured questionnaire, primary data were collected from the sample of 146 firms randomly selected from among the small and medium scale entrepreneurs engaged in manufacturing, trading, retailing and services industries. The listing was extracted from the Malaysian Department of Statistics, Putrajaya. The questionnaire used in the survey had incorporated the Entrepreneurship Index which had been adapted and modified from Carland Entrepreneurship Index (CEI).

Data were analysed using descriptive and inferential statistics using the Statistical Packages for Social Scientists (SPSS) version 12. Correlation and Chi-Square analysis were carried out to examine the relationship between the above psychological characteristics, business performance and contextual variables. Kruskal Wallis test, Chi-Square and Mann-Whitney tests were conducted to find out the differences among the variables under investigation.

The results showed that need for achievement, propensity to take risk, innovativeness and internal locus of control were found to have a significant relationship with growth in number of employees. Entrepreneurs with high level of entrepreneurial drives were found to have significant relationship with high business performance firms. Innovative and propensity to take risk were the most striking and significant variables that fit in all the proxy measures for business performance. In addition, experience was found to have positive roles on the level of entrepreneurial drives and entrepreneurial success. The factor of race did influence entrepreneurs' internal level of entrepreneurial drives. Status of company and nature of business were not significant and had no impact on business performance. Age was found to be an insignificant factor with level of entrepreneurial drives.

The research concluded that successful entrepreneurs have a high need for achievement, strong internal locus of control, higher propensity to take risk and greater innovativeness. These psychological attributes are central self-concepts of an entrepreneur that differentiate them from others and could be used to predict entrepreneurial success and were critical factors to determine performance of Malaysian SMEs. Entrepreneurial success could be developed through entrepreneurship education and training at a very young age. In addition, national entrepreneurship policy and the conception of entrepreneurship to become part of national cultures will help foster development of entrepreneurs and national SMEs.

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