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- Role of SMEs and Stakeholders

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DEMOCRAPHICS AND PERSONAL CHARACTERISTICS OF URBAN MALAYSIAN ENTREPRENEURS: AN ETHNIC COMPARISON

Md Nor Othman
Ezlika Ghazali
Ong Chee Cheng
Faculty of Business and Accountancy
University of Malaya, Malaysia
E-Mail: mohdnor@um.edu.my, ezlika@um.edu.my

Abstract

The study attempts to investigate whether becoming an entrepreneur is characterized by entrepreneur's personality characteristics. In addition, it attempts to explore the differences between two ethnic groups, namely, Malay and Chinese, with regards to entrepreneur personality, family background and company background. Four demographic variables, three business characteristics variables and six personality variables were found to be significantly different across ethnic groups. Overall, in terms of entrepreneurial personality characteristics, both Malay and Chinese entrepreneurs scored high with respect to the Pursuit of Excellence; moderately high on Work Ethics; moderate on Dominance, Mastery, Internal Attributing and moderately lower on Powerful Others and Chance Attributing dimensions. The Pursuit of Excellence dimension was statistically significant different across the groups. The rest were statistically not significant. Some interesting result were that Malays derive satisfaction from working hard and seeing the job well done as compared to the Chinese and that Chinese enjoy having power over people as compared to the Malays. The implications of the study are also discussed along with some recommendations.

Keywords: Entrepreneurs, Personality, Demographic, Attitude, Entrepreneurs' profile, Malaysia
Introduction

Entrepreneurship is the catalyst that drives the economy of most nations. Entrepreneurs are the pioneers who convert ideas into products and services, and dreams into reality. They create wealth and reduce unemployment. The establishment of a special ministry for entrepreneurs, the Ministry of Entrepreneur Development, in 1995, clearly showcases the importance that the Malaysian government places upon the issue of entrepreneurship and entrepreneur development (Mohamed Arif and Syarisa Yanti, 2002).

However, attitudes toward enterprise creation in Malaysia have been previously divided along racial lines due to the identification of race with economic activity. Historically, the Chinese have had a long tradition of entrepreneurship, and members of this community have had less resistance to the notion of entrepreneurship. In fact, the passing down of family businesses from father to son was the norm for the Chinese groups (Mohamed Arif and Syarisa Yanti, 2002). This was in contrast to the Malay that form the majority of Bumiputera community who, as a whole, did not have a tradition of entrepreneurship. Rather, they were used to being either employed in the government service, or self-employed as agricultural farmers or smallholders. However, the government's focus on creating a culture of entrepreneurship in Malaysia has had some effect in improving attitudes toward entrepreneurship, especially among the Bumiputeras. A total of 97,500 Bumiputera companies registered with the Registrar of Companies (ROC) in 1999, compared with 69,700 companies in 1995. In addition, the number of Bumiputera entities registered with the Registrar of Businesses (ROB) doubled from 366,790 in 1995 to 743,550 in 1999 (Economic Planning Unit, 2001).

Very little studies have been done on psychological characteristics associated with entrepreneurship in Malaysia despite the growing importance of entrepreneurship in this country. Exhaustive studies have been carried out abroad, mainly in western countries especially in the US, which may or may not be applicable to Malaysia. In view of this, the present study intends to empirically examine entrepreneurial personality characteristics in the Malaysian field setting. Specifically, the objectives of the study are a) to identify empirically the extend to which Malay and Chinese entrepreneurs differ in terms entrepreneurial personality characteristics; b) to examine empirically the personal and family profile of the two ethnic groups; c) to provide insight into company background of the two ethnic groups; d) to explore the demographic profile and personality that characterize entrepreneurs in Malaysia.

It is hoped that the findings will be of significant value to government in framing their policies as well as adding to the body of knowledge of Malaysian entrepreneurship research.

Literature review

The topic of entrepreneurship has generated a substantial body of scholarly discussion, research and thought. An exhaustive review is beyond the scope of this paper, however attempts will be made to highlights topics relating to this study.

An entrepreneur has been defined as: One who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalize on them. (Zimmerer and Scarborough, 1998:3).
The Harvard Business School defines entrepreneurship as: *the pursuit of opportunity beyond the resources one currently controls* (Smilor, 1997:343). Though consensus on a precise definition of entrepreneurship may be impossible, the economic power of entrepreneurship and its role in inspiring creative individuals to pursue opportunities and take risks cannot be denied.

However, the success of any new business entity depends largely on the ability of the entrepreneurs themselves. As such there is practical value in being able to identify entrepreneurial characteristics as mentioned by Ho and Koh (1992) in their study: "understanding of psychological characteristics that are unique to entrepreneurs is a logical first step". As noted by Churchill and Lewis (1986), within the field of entrepreneurship research, more empirical studies involving characteristics of entrepreneurs have been conducted than have almost any other kind. Similarly, Herron and Robinson et. al (1993) reported that studies of various entrepreneurial characteristics have been conducted over the years with great frequency. However, dearth literatures have been found on psychological characteristics of entrepreneurs in this country.

**Characteristics of Entrepreneurial Personality:** The decision to become an entrepreneur is not accidental. Differences can be found in the values and attitudes of entrepreneurs (Littunen, 2000). Personality characteristics are formed by the interplay between the individual and the environment. In this interplay, effects of life situation, experiences, and changes in the individual's life play a central role (e.g. Rotter, 1975, 1990). Thus becoming an entrepreneur can amount to a change in one's life which is profound enough to have an effect on one's personality characteristics. The main psychological characteristics associated with entrepreneurship in the literature include a need for achievement, locus of control, propensity to take risk, tolerance of ambiguity, self-confidence and innovativeness (Bygrave, 1989; Robinson et. al, 1991; Ho and Koh, 1992). Casson (1982) went further to include the knowledge of market function, manufacturing know-how, marketing skills, business management skills and the ability to co-operate as vital components.

The theories most commonly applied in research on entrepreneurship are McClelland's (1961) theory of the need to achieve, and Rotter's (1966) locus of control theory, which will be the focus of this study.

**Achievement Motivation:** McClelland's (1961) theory states that the need for achievement is a strong psychological driving force behind human action and has been long proposed as a factor influencing entrepreneurial behavior. It is believed that individuals with a high need for achievement have a strong desire to be successful and are consequently more likely to behave entrepreneurially. Of all the psychological characteristics presumed to be associated with entrepreneurship, achievement motivation has the longest history (Shaver and Scott, 1991). According to McClelland's theory, individuals who have a strong need to achieve are among those who want to solve problems themselves, set targets, and strive for these targets through their own efforts. The theory suggests that individuals with a strong need to achieve often find their way to entrepreneurship and succeed better than others as entrepreneurs.
In the present study, the entrepreneur's achievement motivation is measured by four different dimensions: the work ethics, the pursuit of excellence, mastery and dominance (Cassidy and Lynn, 1989)

**Work Ethic:** The concept originates in the Weberian concept of Protestant work ethic (Weber, 1904), and has been adopted by psychologists to describe motivation to achieve which is based on finding reinforcement in the performance itself. It incorporates 'the desire to work hard' (Spence and Helmreich, 1983) and is seen as a motivational attribute of the individual which influences attitudes, values and behaviour (Furnham, 1982, 1984; Mirels and Garrett, 1971).

**Pursuit of Excellence:** This is the factor that McClelland, Atkinson, Clark and Lowell (1953) defined as 'competition with a standard of excellence' and it can be described as motivation that finds reward in performing to the best of one's ability. The concept was introduced by Murray (1938) as the basis for all intrinsic achievement motivation.

**Mastery:** This is also a form of competitiveness, but not with other individuals. Rather, it evokes the reinforcing properties of problem solving, of tackling the difficult task and succeeding in the face of difficulty. This high scorer on this factor probably adopts the problem focused coping approach to life defined by Coyne, Aldwin & Lazarus (1981). Spence and Helmreich (1983) are the only researchers to have used this concept as a distinct factor of motivation and this probably reflects the growth of interest in problem solving as a necessary life skill (Billings and Moos, 1981; Heppner and Peterson, 1982; Nezu, 1987).

**Dominance:** This is the motivation which is reinforced by climbing the social status hierarchy and includes the desire to be dominant, to be a leader. This concept stems from the sociological and ethological notion of human social behaviour in terms of pecking orders in a social hierarchy. It is suggested that much of the motivation for human action is based on the individual's evaluation of himself or herself in terms of significant others (Jackson, Ahmed and Heapy, 1976; Lynn, Hampson and Magee, 1983).

**Locus of Control:** Locus of control represents an individual's perceptions about the rewards and punishments in his/her life (Uleman, 1965). The locus of control theory looks from various angles at the individual's ways of making sense of the social environment and the knowledge gained in different situations. While individuals with an internal locus of control believe that they are able to control life's events, those with an external locus of control believe that life's events are the result of external factors, such as chance, luck or fate. Rotter (1966) hypothesized that those with an internal locus of control would more likely strive for achievement compared with those with an external locus of control. Brockhaus and Horwitz (1986) suggested further that locus of control could distinguish entrepreneurs who are successful from those who are unsuccessful. Empirical findings stating that *internal* locus of control is an entrepreneurial characteristic has been reported in the literature (e.g. Sexton and Bowman-Upton, 1985; Atkinson and Reitman, 1956).

According to Levenson (1981), locus of control has three dimensions; which measure respectively an individual's belief in internal control, in control by others, or in
control by chance, fate, etc. In this study, the entrepreneur’s locus of control is measured by three different dimensions (Levenson, 1981): internal attributing, chance attributing and powerful others.

**Internal Attributing:** An internal locus of control has been one of the psychological characteristics most often used as predictive of entrepreneurship (Perry, 1990; Kaufmann and Walsh, 1995). Gilad (1982) concluded that internal loci of control persons are active seekers of information that is useful to them. Gilad (1982) also noted that almost three decades of research have consistently shows that those with internal attributing are alert, discover opportunities, and scrutinize their environment to find information needed to formulate the optimal approach to developing those opportunities.

**Chance Attributing:** People who attribute control to outside forces are said to have an external locus of control and are termed ‘externals’ (Spector, 1992; Nwachukwu, 1995 and Carver, 1997). Although Rotter (1966) introduced an Internal-External Locus of Control scale to evaluate a person’s generalized expectancy of control of reinforcement, the definition of external locus of control was considered too broad and failed to discriminate between people who believe that the world is unordered (chance) and people who believe that the world is ordered but controlled by powerful others. Levenson (1973, 1981) modified the scale to create a multidimensional measure of locus of control --the Internal Powerful Others Chance Scale (IPC).

**Powerful Others:** Levenson (1973) differentiated Loci of Chance and Powerful Others within the external locus of control. She reasoned that while people may believe that the world is an ordered environment, they could still be classed as ‘externals’. To understand this Levenson created and measured Powerful Others, which shows a persons belief in the orderliness of the world; but also their perception of being without power themselves. It was found by Levenson (1972) that adults with a high ‘Chance Attributing’ orientation did not involve themselves in social action, while those with a high ‘Powerful Others’ orientation did get involved.

**Research Methodology**

This section details the research design and methodology used in the study. The study was carried out by utilizing the survey approach. A description of the design of the research instrument, the sampling procedure and the method of data collection is provided.

**Research Instrument:** The survey instrument was a twelve-page self-administered questionnaire consisting of two sections, section A and B. In section A, ‘Achievement Motivations’ of entrepreneurs were measured using four different dimensions consisting of 16 items. The dimensions were work ethics, pursuit of excellence, mastery and dominance, each having four statements. ‘Locus of Control’ was also measured using three different dimensions consisting of 12 items. The dimensions were internal attributing, chance attributing and powerful others, with each dimension having four statements. These 28 items were extracted from the study of Littunen (2000). However, some modifications have been made by the researcher for reasons of clarity. Statement 2 was amended from “There is satisfaction in a job well done” to “I feel very satisfied when I get a job well done” and Statement 9 was amended from “Part of the
satisfaction in doing something comes from seeing how good the finished product look”
to “Part of the satisfaction in me doing something comes from seeing how good the
finished product look”. The subjects were asked to indicate their level of agreement to
these 28 statements on 7-point Likert Scales ranging from (1) “Strongly Disagree” to (7)
“Strongly Agree”. The statements that tapped the same dimension have been placed
randomly in the questionnaire to check for consistency of the responses.

Section B of the questionnaire was designed to explore the demographic and
socio-economic profile of the respondents. The demographic data were collected using
closed ended multiple choice format, except for “Number of Years in Business”,
“Number of Employees”, and “Number of Branches”. In addition, other questions
included were respondents’ ethnic group, age, sex, marital status and so on. This section
was deliberately designed to be asked at the end of the interview to prevent unnecessary
resistance from the respondents in completing their questionnaire and to reduce biased
responses in case the respondents were aggrandized with the confidential nature of the
questions.

As the questionnaire was designed for dual-language (English and Bahasa
Malaysia), problems such as the time taken to complete a questionnaire, respondents’
reaction and hesitation to ambiguous questions were tested. Any ambiguities in wording
and questionnaire format were then changed. The revised version of the questionnaire is
the finalized instrument for the study, which consists of a twelve-page questionnaire.
Since the statements in the questionnaire have been tested in previous studies (for
instance Littunen, 2000; Cassidy and Lynn, 1989 and Levenson, 1981), pretest of the
questionnaire was not being conducted.

Sampling Design: The targeted sample size was 200 and convenience sampling
was employed for the study. The subjects were mainly business owners in the Klang
Valley made up to 90 percent of total responses. The other 10 percent were business
owners from major cities in Malaysia such as Langkawi, Penang, Ipoh, Melaka and Johor
Bharu.

Research Results

This section presents the research findings. It can be divided broadly into four main
areas: (1) the characteristics of the respondents; (2) the differences from the aspect of
family background and company background across the ethnic groups; (3) the internal
reliabilities of measures used and comparison with previous study of Littunen (2000) and
finally, (4) the respondents’ characteristics of entrepreneurial personality derived from
the ‘achievement motivation’ and ‘locus of control’ dimensions. A total of 180
questionnaires were obtained from the survey and were usable for final analysis.

Characteristics of the Respondents: Out of the 180 usable responses, Chinese
accounted for 51.7 per cent, while the Malay respondents made up 48.3 per cent of the
total population. Chinese respondents understandably made up the majority, as the target
population was business owners in Malaysia, which were mainly from the Chinese ethnic
group. In terms of age distribution, 43.9 per cent of the respondents were between the age
of 30 to 39 years old, followed by 40 to 49 years old (26.7 per cent), 20 to 29 years old
(15 per cent) and 50 and above (14.4 per cent). In other words, most of the business
owners under this study were at the age range of 30 to 39 years old. In the study of Koh (1996), majority of the entrepreneurs were below 30 years old while in the study of Lee (1997), majority of the women entrepreneurs were from the age group of 40-44 years old. Majority of the respondents became entrepreneurs in their 20's and 30's, with 44.4 per cent and 45.6 per cent respectively. There were only 18 (10.0 per cent) respondents who became entrepreneur at the age of 40 and above. When the sex variable was examined, it was found that there were 77.8 per cent male respondents as compared to only 22.2 per cent female respondents. The male respondents outnumbered female by almost 3:1. The gender proportion seemed to match those obtained by Koh (1996). This dominance of males in business-ownership could be explained by the fact that, in Malaysia, men tend to have a more risk-oriented personality.

With regards to marital status, majority of the respondents were married (80.5 per cent), followed by the single group (15.6 per cent) and last of all, the widowed/divorced or separated group (3.9 per cent). Majority (69.4 per cent) of those married had children. As most of the respondents were at the age range of 30 to 39, it is not surprising that those married with children made up the majority of the respondents of this survey. The present study is consistent with the findings of Lee (1997) but differed from those obtained by Koh (1996) where majority of entrepreneurs were single. However Lee (1997) was a study of women entrepreneur in Singapore. With regards to educational background, the majority of the respondents (64.5 per cent) had a tertiary education followed by 35.5 per cent studied only up to secondary school or STPM/A-Level. This is somewhat consistent with Lee's (1997) which found that most of the women entrepreneurs in Singapore had tertiary education.

In terms of father's educational background, majority (89.4 per cent) have had education only until secondary school and HSC/STPM/A-Level followed by primary school (41.1 per cent). Only a small percentage of respondents had fathers who were college or university graduates. With regards to father's occupation, 46.7 per cent of the respondents' had fathers who were self-employed. Those with a unemployed/retired father, accounted for 30.0 per cent. Perhaps most of the respondents in this survey had taken over the business from their father or were helping them to run the business. This also supports Lee's (1997) findings that most entrepreneurs have fathers with at least a secondary school education level and majority of them were business owners as well.

In terms of mother's education, the majority had a primary school education only (57.2 per cent). A substantial number of mothers had achieved secondary school and HSC/STPM/A-Level of education. Only a small number of mothers were university or college graduates. When the mother's occupation variable was examined, it was found that 62.8 per cent were unemployed/retired. Those with mothers who were self-employed accounted for 30.0 per cent. This was in contrast with the result of fathers occupation whereby higher percentage fathers were found to be self-employed than unemployed/retired fathers. This is consistent with findings of Lee's (1997) study which found that most entrepreneurs have mothers who obtained education level until primary school and majority of them were unemployed.

With regards to number of siblings, an equal proportion of entrepreneurs came from small, medium and big families. Koh (1996) found that an equal number of entrepreneurs came from either small or big size families. In terms of ranking of birth in
the family, less than half of the entrepreneurs were the eldest. Out of 180 respondents, only 41 (22.8 per cent) respondents were first born. This could be due to the fact that younger children in the family do not have such a high burden as the eldest sibling and thus they could afford to take the risk to start-up their own business instead of seeking employment with others. However the results differed with that of Koh (1996) who found that majority of the entrepreneurs was first born in the family.

Chinese and Malay Entrepreneurs: A Demographic Comparison: Table 1 presents the cross tabulation between ethnic groups with personal profile and family background. The results show that out of the 12 variables examined, four show significant differences between the Chinese and Malay entrepreneurs, namely, ‘Level of Education’, ‘Occupation Before Being An Entrepreneur’, ‘Mother’s Occupation’ and ‘Number of Siblings’. The rest were not statistically significant. In particular, the result suggests that Chinese entrepreneurs had a higher level of education as compared to Malay entrepreneurs (p=0.012). 73.1 per cent of Chinese respondents had obtained tertiary education as compared to 55.2 per cent of Malay entrepreneurs. This may suggest that most Malays with a higher tertiary education may opt to work in the public sector which provides them greater job security instead of becoming entrepreneurs and that Malays entrepreneurs were those who lacked educational qualification or training to get alternative forms of employment. Overall, most of the entrepreneurs were with tertiary education. This is in line with the data published by the Ministry of Entrepreneur Development (2001) that most of those who started their own business were well educated as compared to that in the year 2000, where only 14 per cent entrepreneurs were with tertiary education.

With respect to respondents’ occupation before they became entrepreneurs, there was a significant difference between ethnic groups with p=0.004 (see Table 1). A high number of respondents were working as white collar employees or executive management before becoming entrepreneurs. More Chinese respondents reportedly had either white collar or were in executive management jobs as compared to Malays. They may have decided to become entrepreneurs due to discontentment with their previous jobs and in search of better opportunities in running their own business. In addition, 22.4 per cent of Malay respondents became entrepreneurs after completing their studies as compared to 9.7 per cent of Chinese respondents.
### Table 1: Chinese and Malay Entrepreneurs: A Demographic Comparison

<table>
<thead>
<tr>
<th>Personal Profile</th>
<th>Malay (%)</th>
<th>Chinese (%)</th>
<th>Personal Profile</th>
<th>Malay (%)</th>
<th>Chinese (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age ($\chi^2$ not significant, p=0.134)</td>
<td></td>
<td></td>
<td>Age When Startup Business ($\chi^2$ not significant, p=0.539)</td>
<td></td>
<td></td>
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<tr>
<td>20-29</td>
<td>16.1</td>
<td>1.0</td>
<td>20-29</td>
<td>46.0</td>
<td>43.0</td>
</tr>
<tr>
<td>30-39</td>
<td>35.6</td>
<td>51.6</td>
<td>30-39</td>
<td>41.4</td>
<td>49.5</td>
</tr>
<tr>
<td>40-49</td>
<td>33.3</td>
<td>20.0</td>
<td>40-49</td>
<td>10.3</td>
<td>5.4</td>
</tr>
<tr>
<td>50 and above</td>
<td>14.9</td>
<td>14.0</td>
<td>50 and above</td>
<td>2.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Sex ($\chi^2$ not significant, p=0.811)</td>
<td></td>
<td></td>
<td>Level of Education ($\chi^2$ significant, p=0.012)</td>
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<td></td>
</tr>
<tr>
<td>Male</td>
<td>77.0</td>
<td>78.5</td>
<td>Non tertiary education</td>
<td>44.8</td>
<td>26.9</td>
</tr>
<tr>
<td>Female</td>
<td>23.0</td>
<td>21.5</td>
<td>Tertiary education</td>
<td>55.2</td>
<td>73.1</td>
</tr>
<tr>
<td>Total</td>
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<td>100.0</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Marital Status ($\chi^2$ not significant, p=0.074)</td>
<td></td>
<td></td>
<td>Occupation Before Becoming Entrepreneur ($\chi^2$ significant, p=0.004)</td>
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<tr>
<td>Single</td>
<td>17.2</td>
<td>14.0</td>
<td>Blue Collar</td>
<td>17.6</td>
<td>14.0</td>
</tr>
<tr>
<td>Married Without</td>
<td>6.9</td>
<td>15.1</td>
<td>White Collar</td>
<td>28.2</td>
<td>38.7</td>
</tr>
<tr>
<td>Children</td>
<td>69.0</td>
<td>69.9</td>
<td>Unemployed</td>
<td>7.1</td>
<td>0.0</td>
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<td>Married With Children</td>
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<td>10.8</td>
<td>Executive Management</td>
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<td>37.6</td>
</tr>
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<td>Widowed/divorced or separated</td>
<td>6.9</td>
<td>11.1</td>
<td>Student</td>
<td>22.4</td>
<td>9.7</td>
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<td>100.0</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Father’s Education ($\chi^2$ not significant, p=0.474)</td>
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<td></td>
<td>Mother’s Education ($\chi^2$ not significant, p=0.316)</td>
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<td>45.2</td>
<td>Primary School and below</td>
<td>51.7</td>
<td>62.4</td>
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<td>44.1</td>
<td>Secondary School and HSC/STPM/A-Level</td>
<td>42.5</td>
<td>34.4</td>
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<td>College Diploma/University Degree/Professional</td>
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<td>10.8</td>
<td>College Diploma/University Degree/Professional</td>
<td>5.7</td>
<td>3.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Father’s Occupation ($\chi^2$ not significant, p=0.260)</td>
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<td></td>
<td>Mother’s Occupation ($\chi^2$ significant, p=0.000)</td>
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</tr>
<tr>
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<td>6.9</td>
<td>11.8</td>
<td>Blue Collar</td>
<td>1.1</td>
<td>2.2</td>
</tr>
<tr>
<td>White Collar/Executive</td>
<td>12.6</td>
<td>15.1</td>
<td>White Collar/Executive</td>
<td>11.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Unemployed/Retired</td>
<td>26.4</td>
<td>33.3</td>
<td>Unemployed/Retired</td>
<td>47.1</td>
<td>77.4</td>
</tr>
<tr>
<td>Self employed</td>
<td>54.0</td>
<td>39.8</td>
<td>Self employed</td>
<td>40.2</td>
<td>16.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Number of Siblings ($\chi^2$ significant, p=0.002)</td>
<td></td>
<td></td>
<td>Birth Order ($\chi^2$ not significant, p=0.087)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 and below</td>
<td>19.5</td>
<td>40.9</td>
<td>First Born</td>
<td>17.2</td>
<td>28.0</td>
</tr>
<tr>
<td>4-5</td>
<td>36.8</td>
<td>35.5</td>
<td>Others</td>
<td>82.8</td>
<td>72.0</td>
</tr>
<tr>
<td>6 and above</td>
<td>43.7</td>
<td>23.7</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Note: Level of Significance using Chi-Square tests (Pearson Chi-Square)

As indicated before, Chinese entrepreneurs received higher level of education than Malay entrepreneurs. This may suggest that Chinese tend to seek employment with other people first after graduation as compared to the Malay respondents who started a business straightaway without working experience.

Mother’s education level was found to be similar to the father’s. The results show that majority of them were not well educated. However, there was no significant
difference between the ethnic groups with regards to father’s education as compared to mother’s occupation where a high significant difference existed with \( p=0.000 \). It is interesting to find that 47.1 per cent mothers were unemployed/retired and 40.2 per cent were self-employed for Malay entrepreneurs as compared to Chinese where majority of the mothers (77.4 per cent) were unemployed or retired. Table 1 also reveals although that there is no significant difference between the two ethnic groups, more Malay entrepreneurs had self employed fathers. This may indicate that parents may have an influence on development of Malay entrepreneurs. Entrepreneurial parent is a critical element in influencing an entrepreneur, since it has come to be accepted that the paternal link provides the most credible model for entrepreneurial endeavor of the children. Besides, the entrepreneurial parent can also serve as a source of capital and business contacts for business initiation. In fact, for most business successors, entrepreneurial parents are an essential prerequisite.

As for number of sibling, Chi-Square tests revealed a significant difference between ethnic groups. Most Malay entrepreneurs were from larger families (43.7 per cent as compared to 23.7 per cent of the Chinese) while a substantial number of Chinese entrepreneurs came from smaller families. Please refer to Table 1.

**Chinese and Malay Entrepreneurs: Business Characteristics Comparison:**
Using the Chi-square analysis, significant differences (at \( p < .05 \)) were found between Chinese and Malay entrepreneurs in three different business characteristics, namely, ‘Type of Industry’, ‘Number of Employees’ and ‘Number of Branches’. The rest were statistically not significant. Table 2 presents the results of the analyses. In terms of Type of Industry’, the study found that, in general, Malay entrepreneurs tended to involved in Consultancy/Services and Food/Restaurant industries, while most Chinese entrepreneurs are from Consultancy/Services and Trading businesses. The government’s effort in promoting information technology industry with the introduction of Multimedia Super Corridor (MSC) has resulted in more Chinese entrepreneurs in IT area than the Malays. In addition the study also shows that there was considerably lower percentage of all entrepreneurs involved in construction/property and retail industries.

When the ‘Number of Employees’ was examined, a significant difference was also found between the two ethnic groups. Higher proportion of Malay entrepreneurs (75.8 per cent) owned small and medium size businesses with employees of less than 10. As for Chinese entrepreneurs, majority owned either smaller firms with five employees or less (51.7 per cent) or bigger firms with 21 employees and above (25.8 per cent). There were only a small percentage of Chinese entrepreneurial firms with 6 to 10 employees (11.8 per cent) compared to Malay entrepreneurial firms (23.0 per cent). See Table 2.
### Table 2: Chinese and Malay Entrepreneurs: Business Characteristics Comparison

<table>
<thead>
<tr>
<th>Business Characteristics</th>
<th>Malay (%)</th>
<th>Chinese (%)</th>
<th>Sig*</th>
<th>Business Characteristics</th>
<th>Malay (%)</th>
<th>Chinese (%)</th>
<th>Sig*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Years in Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-2</td>
<td>14.9</td>
<td>31.2</td>
<td>0.070</td>
<td>1-2</td>
<td>19.5</td>
<td>28.0</td>
<td>0.026</td>
</tr>
<tr>
<td>3-5</td>
<td>27.6</td>
<td>25.8</td>
<td></td>
<td>3-5</td>
<td>33.3</td>
<td>23.7</td>
<td></td>
</tr>
<tr>
<td>6-10</td>
<td>29.9</td>
<td>21.5</td>
<td></td>
<td>6-10</td>
<td>23.0</td>
<td>11.8</td>
<td></td>
</tr>
<tr>
<td>11 and above</td>
<td>27.6</td>
<td>21.5</td>
<td></td>
<td>11-20</td>
<td>12.6</td>
<td>10.8</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
<td>21 and above</td>
<td>11.5</td>
<td>25.8</td>
<td></td>
</tr>
<tr>
<td>Type of Industry</td>
<td></td>
<td></td>
<td></td>
<td>Company Legal Status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction/Property</td>
<td>9.3</td>
<td>6.5</td>
<td>0.001</td>
<td>Sole Proprietorship</td>
<td>45.3</td>
<td>36.6</td>
<td>0.28</td>
</tr>
<tr>
<td>Consultancy/Services</td>
<td>27.9</td>
<td>30.1</td>
<td></td>
<td>Partnership</td>
<td>22.1</td>
<td>19.4</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>16.3</td>
<td>12.9</td>
<td></td>
<td>Private</td>
<td>32.6</td>
<td>44.1</td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>5.8</td>
<td>16.1</td>
<td></td>
<td>Limited/Limited</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Paid-up Capital</td>
<td></td>
<td></td>
<td></td>
<td>Number of Branches</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RM50,000 and below</td>
<td>52.9</td>
<td>44.6</td>
<td>0.230</td>
<td>None</td>
<td>39.1</td>
<td>73.1</td>
<td>0.000</td>
</tr>
<tr>
<td>RM50,001 to RM100,000</td>
<td>25.9</td>
<td>22.8</td>
<td></td>
<td>1</td>
<td>41.4</td>
<td>18.3</td>
<td></td>
</tr>
<tr>
<td>RM100,000</td>
<td>21.2</td>
<td>32.6</td>
<td></td>
<td>2-15</td>
<td>19.5</td>
<td>8.6</td>
<td></td>
</tr>
<tr>
<td>RM100,001 and above</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Note: *Level of Significance using Chi-Square tests (Pearson Chi-Square)

With regards to the variable ‘Number of Branches’, it was found that there was a high significant difference between the two ethnic groups (at $p = 0.000$). It is interesting to note that a huge majority of the Chinese entrepreneurs have only one office or outlet (73.1 per cent) as compared to Malay entrepreneurs (39.1 per cent). Most Malays has at least another branch.

**Internal reliabilities of measures used and comparison with previous literature:** Table 3 provides the coefficient alpha scores of the items evaluating ‘Achievement Motivations’ and ‘Locus of Control’. The results show that not all the scales had high internal consistency and reliability. In particular, the scores for the scale of Pursuit of Excellence was improved from 0.1579 to 0.5286 with the omission of the item “It is no use playing games when you are playing with someone as good as yourself”. This item is therefore dropped from subsequent analysis. According to Peter Standard and Churchill Standard, Alpha values should be more than 0.5 in order to obtain a reliable result. However, according to Guilford (1958), an alpha value ($\alpha$) $\geq$ 0.3 was
accepted as reliable. Based on this fact we still proceed with subsequent analysis using the scales.

As seen in Table 3, the alpha scores of this study display quite a similar range of pattern (0.3 - 0.6) compared to the results of Littunen (2000) with the exception of the scale describing Chance Attributing and Internal Attributing. In particular, this study scored lower for Internal Attributing scale but higher for Chance Attributing scale when compared to Littunen’s (2000) with alpha values of 0.349 and 0.453 respectively. As for scores of other scales, the reliability results were found to be consistent with Littunen’s (2000) although with some small differences (less or equal to 0.1).

**Chinese and Malay Entrepreneurs: Personality Comparison:** In line with the study objectives, attempts are made to gauge the entrepreneurs’ personality and to detect their differences, if any, based on ethnicity. The researcher suspects that respondents of different ethnic groups would have different entrepreneurial personalities. Table 3 also provides the summary of means and significance values of the attitude items measuring ‘Achievement Motivations’ and ‘Locus of Control’. Out of the 27 attitude statements, seven were found to be significantly different across the two ethnic groups; at $p \leq 0.05$ (see Table 3). The rest were statistically not significant. In particular, there was a significant difference across ethnic groups for the statement “I like to work hard”. Malay entrepreneurs were found to give higher level of agreement to this statement. This may due to the historical practice of segregating economic activity along racial lines, a practice that was introduced by the British in colonial Malaya. Malays had to face entry barriers in starting their business as compared to the Chinese who already had a head start and had established business networks. In addition, our ex-Prime Minister, Tun Dr. Mahathir Mohammed constantly reminded Malay entrepreneurs to strive harder and not to depend too much on government’s support.
| Dimensions / Statements | Malay | Chinese | Total | Sig. | Alpha Scores | Alpha Scores of Littunen (2000) |
|-------------------------|-------|---------|-------|------|--------------|----------------|-------------------------------|
| **A) Work Ethics**      |       |         |       |      |              |                 |                               |
| 1. Hard work is something I like to avoid (R) | 5.53  | 5.55    | 5.54  | 0.880 | 0.369        | 0.476           |
| 2. I can easily sit for a long time doing nothing (R) | 4.91  | 5.45    | 5.19  | 0.071 |              |                 |                               |
| 3. I like to work hard | 5.79  | 5.97    | 5.88  | 0.422 |              |                 |                               |
| 4. I easily get bored if I don’t have something to do | 5.97  | 5.54    | 5.74  | 0.038 |              |                 |                               |
| **B) Pursuit of Excellence** |       |         |       |      |              |                 |                               |
| 1. There is satisfaction in a job well done | 19.43 | 18.78   | 6.36  | 0.046 | 0.529        | 0.432           |
| 2. Part of the satisfaction in doing something comes from seeing how good the finished product look | 6.47  | 6.60    | 6.54  | 0.420 |              |                 |                               |
| 3. I find satisfaction in working as well as I can | 6.36  | 6.05    | 6.20  | 0.046 | 0.001        |                 |                               |
| **C) Mastery**          |       |         |       |      |              |                 |                               |
| 1. I prefer to work in situations that require a high level of skills | 4.97  | 4.86    | 4.91  | 0.432 |              |                 |                               |
| 2. I would rather learn easy fun games than difficult thought games (R) | 5.31  | 5.11    | 5.21  | 0.378 | 0.371        | 0.344           |
| 3. I like to be busy all the time | 4.14  | 4.10    | 4.12  | 0.876 |              |                 |                               |
| 4. I feel like giving up quickly when things go wrong (R) | 4.74  | 4.49    | 4.61  | 0.336 | 0.018        |                 |                               |
| **D) Dominance**        |       |         |       |      |              |                 |                               |
| 1. People take notice of what I say | 5.14  | 5.20    | 5.17  | 0.607 | 0.493        | 0.567           |
| 2. I think I am usually a leader in my group | 5.26  | 5.20    | 5.23  | 0.721 |              |                 |                               |
| 3. I think I would enjoy having authority over other people | 5.07  | 5.13    | 5.10  | 0.774 |              |                 |                               |
| 4. If given a chance, I would make a good leader of people | 4.25  | 4.81    | 4.54  | 0.018 | 0.066        |                 |                               |
| **E) Chance Attributing** |       |         |       |      |              |                 |                               |
| 1. I have often found out that what is going to happen will happen | 3.52  | 3.46    | 3.49  | 0.697 | 0.349        | 0.680           |
| 2. To a great extent my life is controlled by accidental happenings | 4.24  | 4.60    | 4.43  | 0.129 |              |                 |                               |
| 3. Often there is no chance of protecting my personal interests from bad luck happenings | 3.28  | 2.94    | 3.10  | 0.142 |              |                 |                               |
| 4. It's not always wise for me to plan too far ahead because many things turn out to be a matter of good or bad fortune | 3.45  | 3.11    | 3.27  | 0.134 |              |                 |                               |
| **F) Internal Attributing** |       |         |       |      |              |                 |                               |
| 1. I am usually able to protect my personal interest | 5.15  | 5.22    | 5.19  | 0.559 | 0.453        | 0.185           |
| 2. My life is determined by my own actions | 5.23  | 4.84    | 5.03  | 0.041 |              |                 |                               |
| 3. I can pretty much determine what will happen in my life | 5.55  | 5.80    | 5.68  | 0.213 |              |                 |                               |
| 4. When I make plans, I am almost certain to make them work | 4.00  | 4.63    | 4.33  | 0.008 |              |                 |                               |

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## Powerful Others

| 1. Getting what I want requires pleasing those people above me | 3.63 | 3.47 | 3.55 | 0.342 |
| 2. My life is chiefly controlled by powerful others | 4.14 | 3.78 | 3.96 | 0.154 |
| 3. In order to have my plans work, I make sure that they fit in with the desires of people who have power over me | 2.80 | 2.67 | 2.73 | 0.546 |
| 4. I feel like what happens in my life is mostly determined by powerful people | 4.63 | 4.58 | 4.61 | 0.838 |
|                                        | 2.93 | 2.85 | 2.89 | 0.732 |

**Note:**
1. On a seven-point scale with 1 = ‘strongly disagree’ and 7 = ‘strongly agree’.
2. Level of significance using independent-samples t-tests.
3. (R) = Reverse Score.
4. Internal reliability analysis using Cronbach’s Coefficient Alpha.
5. Cronbach’s Coefficient Alpha was improved with omission of item “It is no use playing games when you are playing with someone as good as yourself.”

The findings revealed that there was a significant difference with regards to the ‘Pursuit of Excellence’ dimension as a whole. Malay respondents had higher mean scores as compared to the Chinese. The statement “Part of the satisfaction in doing something comes from seeing how good the finished product look” showed significant difference between the two ethnic groups. Malays were found to agree more with this statement as compared to the Chinese. A significant difference was also found with regards to the statement “I find satisfaction in working as well as I can”. Malay respondents again had a higher mean score as compared to the Chinese respondents. This indicates that Malay entrepreneurs felt more satisfaction with doing a good job. This may be also related to the realization that they had to perform better or as good as the Chinese entrepreneurs.

The findings of the study also revealed that there was a significant difference for the statement “I think I would enjoy having authority over other people”. The Chinese respondents were found to agree more with this statement. This may suggest that Chinese entrepreneurs are concerned with the maintenance or attainment of control over the means of influencing another person. Being the owner of the business, entrepreneurs exert great power in the company, since he or she is the ultimate source of authority. Thus, it is clear that Chinese entrepreneurs are motivated by a higher need for authority than Malay entrepreneurs.

The statement “I am usually able to protect my personal interest” also appeared to have significant difference across the two ethnic groups. Malay respondents showed a higher level of agreement with this statement as compared to their Chinese counterparts, while for the statement “I can pretty much determine what will happen in my life”, Chinese entrepreneur was found to have higher mean scores as compared to the Malays. Please refer to Table 3.

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Table 4: Comparison of Total Mean Score of Entrepreneurial Characteristics with Littunen (2000)

<table>
<thead>
<tr>
<th>Mean Order / Rank</th>
<th>Littunen (2000) (Mean Scores)(^a)</th>
<th>Present Study (Mean Scores)(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pursuit of Excellence (4.542)</td>
<td>Pursuit of Excellence (6.36)</td>
</tr>
<tr>
<td></td>
<td>Mastery (4.323)</td>
<td>Work Ethics (5.54)</td>
</tr>
<tr>
<td>3</td>
<td>Work Ethics (4.123)</td>
<td>Internal Attributing (5.19)</td>
</tr>
<tr>
<td>4</td>
<td>Internal Attributing (3.842)</td>
<td>Dominance (5.17)</td>
</tr>
<tr>
<td>5</td>
<td>Dominance (3.263)</td>
<td>Mastery (4.91)</td>
</tr>
<tr>
<td>6</td>
<td>Powerful Others (2.634)</td>
<td>Powerful Others (3.55)</td>
</tr>
<tr>
<td>7</td>
<td>Chance Attributing (2.198)</td>
<td>Chance Attributing (3.49)</td>
</tr>
</tbody>
</table>

Note: \(^a\) On a five-point scale with 1 = 'strongly disagree' and 5 = 'strongly agree'. The larger the mean score is, the higher the level of agreement.
\(^b\) On a seven-point scale with 1 = 'strongly disagree' and 5 = 'strongly agree'. The larger the mean score is, the higher the level of agreement.

Table 4 summarizes the total mean scores of all the statements in the personality dimension. The scores of this study display quite similar patterns with Littunen’s (2000) results. The present study shows that the Pursuit of Excellence, Work Ethics, Internal Attributing, Dominance and Mastery dimensions scored high, with the Pursuit of Excellence scoring the highest, followed by Work Ethics. However, the Mastery dimension obtained lower ranking as compared to Littunen (2000) where it was ranked second in terms of mean scores. This signifies that even though the studies were conducted in different countries, attitudes of entrepreneurs were almost similar in both. The results show that the pursuit of excellence and work ethics were characteristic of the personality of an entrepreneur. Furthermore, in both cases, powerful others and chance attributing ranked the second lowest and lowest respectively in terms of mean scores. This may suggest that entrepreneurs to a certain extent do believe in something happening either by chance/fate/luck or as results of other people. However, it should be noted the means in results of the two different studies cannot be compared directly as Littunen’s (2000) research used a 5 point category scale while a 7 point category scale was used in this present study.

Conclusions and implications

This study reveals that most of the respondents were married with children and have achieved tertiary education. They were mostly from the 30-39 years old age group and majority of them became business owners before they were 40 years old. Unlike other studies who found that majority of the respondents were the eldest in the family (see Vaught and Hoy, 1981), this study didn’t find similar results. Most of them also had both parents unemployed/retired or self-employed. Approximately 90 per cent of the respondents’ parents had a secondary school or HSC/STPM/A education level only. It is also interesting to find that Malays started their business at a younger age as compared to the Chinese entrepreneurs.
The reliability test results obtained from this study are, on an average, better than the results of previous tests conducted by Littunen (2000) and Lee (1997).

The results of the study reveals that majority of the entrepreneurs in Malaysia are male. The low number of women entrepreneurs in this sample may be due to the fact that the sample does not cover certain sectors commonly dominated by women for instance cottage industry or those working from home including those involved in direct selling. However, the low involvement of women in other sectors is an issue of concern and the government and the relevant ministries should pay attention. Much more efforts are required to encourage women to become entrepreneurs, especially in the industries measured in this study. For example, ensure that more funds are allocated to assist women entrepreneurs in the fast growing IT field and publicize any relevant organizations or associations that can provide assistance and counseling to the potential women business owners.

Majority of Malay entrepreneurs do not have a tertiary education while most of Chinese entrepreneurs had achieved tertiary education. This may be due to the fact that most Malays who had achieved tertiary education may opt to work in the public sector which provides them with greater job security as compared to becoming an entrepreneur which is considered a risky option. Meanwhile those without a high level of education had no choice but to be self employed due to lack of employment opportunities. In this context, the government should be aware of the need to provide the Malay entrepreneurs with continuous training and learning opportunities as successful entrepreneurship is related to skills development. The relationship between certain cultural and societal factors and the initiation of entrepreneurship has been the focus of several studies (Morrison, 1998; Morrison, 2000). Thus initiation of entrepreneurship is easier for the Chinese generally, due to the fact that they already have established networks among family members, clans or dialect groups in this country.

Another interesting finding is that Malay entrepreneurs derived more pleasure from their work as compared to their Chinese counterparts. This is evident from their significantly higher degree of agreement with that of the Chinese towards the statements that they liked to work hard and also derive satisfaction in working as well as they could. This is different from the preconceived notions that Malays entrepreneurs were laidback. Malays are as hard working if not more than the Chinese entrepreneurs. As mentioned earlier, deriving satisfaction from working hard is part of work ethics and is seen as a motivational attribute of the individual which influences entrepreneurial attitudes, values and behavior.

The government's effort in reducing the economic gap across ethnic groups under the New Economic Policy and the continuous reminder by our ex-Prime Minister, Tun Dr. Mahathir Mohammed has started to show the desired results. It is obvious that Malays have responded positively to the efforts and incentives provided by the Malaysian Government with the result that they are now more entrepreneurial and are motivated to work harder to achieve their objectives.

On the other hand, it is evident from the results that power or control over people is of concern to Chinese entrepreneurs. People with high power needs are concerned with the maintenance or attainment of control over the means of influencing another person.
Motivation studies have shown that the man who makes it to the top in business is usually motivated by a high need for dominance (Lee, 1997). Being the owner of the business, an entrepreneur exerts great power in the company, since he/she is the ultimate source of authority. For an entrepreneur, this is considered as a positive trait since the profession provides an individual with the highest decision-making authority within the organization, as well as the capacity to manipulate people and resources to materialize one's vision.

With regards to the Internal attributing dimension, Malays were more confident of protecting their personal interests as compared to the Chinese entrepreneurs. At the same time, the Chinese entrepreneurs believed more in being masters of their own fate as compared to the Malays. This may be due to the effect of the religion of the Malays - Islam whereby the belief that apart from working hard, success is only possible due to the will of Allah.

In terms of the type of industry the entrepreneurs are in, it was revealed that more Chinese are in the IT compared to the Malays who are more in Food and restaurant. As suggested by Utterback and Reitberger (1982), the lack of involvement in high-technology based companies point out to lack of motivation and confidence in society as a negative factor for entrepreneurial change. This may be related to the education levels of Malay entrepreneurs where most of them don't have tertiary education and also suggests a lack of confidence in new emerging technologies. However, Utterback and Reitberger (1982) also suggest that entrepreneurial skills and motivation could be created through education.

As this and other studies have shown, entrepreneurs have certain personal traits which motivate them. Thus, it may be a futile exercise and waste of money if the infrastructure is put in but the motivation is not there. As has been shown by studies overseas (McClelland and Winter, 1969; Alschuler 1969; McMullan and Long, 1987; Hansemak, 1998), some of the entrepreneurial characteristics can be taught. At present, the packaged programs of entrepreneurship are focused mainly on providing infrastructure and finance. Even though there are some training emphasizing quality management, efficiency and good business ethics to facilitate the entry of Bumiputera into business (Economic Planning Unit, 2001) which are vital, it is still not sufficient. Training programs with the purpose of developing entrepreneurial psychological attributes can be introduced in Malaysia. As such, future government activities and programs in this area should focus on developing training programs with the purpose of developing the necessary psychological attributes of potential entrepreneurs such as need for achievement and locus of control. Please see Hansemak's (1998) study.
References


