Prominent Entrepreneur Traits for Income Generating Programs Performance

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ABSTRACT

Income Generating Program is one of the Malaysian government’s interventions in alleviating urban poverty. Training, motivation, mind development courses and in-kind transfers are provided in the programs productive hard-core and poor individuals to encourage them to participate in entrepreneurship and other income-generating activities that will reduce their poverty. Despite its poverty reduction success, there still remains failure of some programs in achieving the objective of the programs especially in increasing the beneficiaries’ income level. This concept paper has several objectives, a brief description on issues of income generating programs, reviewing the entrepreneur traits which have been found to be prominent in previous studies, i.e., knowledge and skills, motivation, risk taking and passion which have been selected as correlates in the income level.

Key Words: Entrepreneur Traits, Income Generating Programs, Income Level

1. INTRODUCTION

Malaysia’s urban population is showing an increasing trend where in 1950 there were only 1.244 million people (20.4 per cent of total population) and expected to rise to 36.44 million people (87.3 per cent of total population) in 2050 (UNDESA, 2014). According to UNDESA (2014), as there are many economic activities, government programs, trade and transportation activities around the urban areas, thus urban areas have been acknowledged as a driver of poverty alleviation and development in both urban and rural areas. The rapid growth of urban areas in terms of population as well as economic activities will result in not only unplanned or unmanaged urban expansion such as rapid sprawl, pollution, and environmental destruction (UNDESA, 2014), but also will produce uneven distributions of development benefits in urban areas, hence urban poverty (S. Chamhuri & Kasim, 1997). Urban poverty in developing countries are growing at a faster rate than the poor in the rural areas (United States Department of Agriculture, 2009). Therefore, efforts to alleviate urban poverty had been implemented on various target groups.

In Malaysia, the efforts to alleviate urban poverty began with the implementation of the New Economic Policy (NEP) to the present, and from the 1st Malaysia Plan to the 11th Malaysia
Plan. Through the implementation of intervention programs such as the Micro Credit Program, *Program Pembangunan Rakyat Termiskin* (PPRT), *Skim Pembangunan Kesejahteraan Rakyat* (SPKR), *Program Pembasmi Kemanisihan Bandar* (PPKB), *Program Akhiri Zaman Miskin* (1Azam) and 1Malaysia Programs the poverty rate has been successfully reduced. However, according to Chamhuri & Kasim (1997; Hussaina, Bhuiyanb, Said, & Halim (2017) as well as Kaeane & Ross (2012), the productive welfare initiative which involves income generating programs or urban entrepreneurship programs is one of the best ways to uplift the status of the urban poor. Despite the favorable effects of the programs, there were issues on why certain beneficiaries still fail to achieve the program objectives of increasing their incomes (Ministry of Agriculture and Agro-Based Industries, 2017; Ministry of Women, 2016).

1.1 Issues with Income Generating Programs

Income Generating Program is in line with the productive welfare initiatives that provide training, motivation, mind development courses and in-kind transfers to productive hard-core and poor individuals to participate in entrepreneurship and other income-generating activities that will reduce their poverty. Previous studies related to income generating programs performance have been associated with the increase in beneficiaries’ level of income (Ab Rahman et al., 2016; Ab Rahman, Ali Basah, Abdullah, Nooh, & Mohd Fauzi, 2014; Ben-Shalom, Moffitt, & Scholz, 2011; Ferdousi, 2015; Mohamad Zahir Zainudin, 2016; Mohd Osman, 2007; Orji, 2005), increase level of consumption (Taha, 2012), fulfilment of unsatisfied basic needs (Mamat, Nasir, Zaifurin, & Nawang, 2016; Taha, 2012) and upgrading standard of living (Mahi Uddin, Chowdhury, & Ahmed, 2015; Mamat et al., 2016). The income approach to measure program success is the easiest to understand and the most widely used (Chamhuri, Karim, & Hamdan, 2012). However, there are cases whereby the programs fail to reach the intended objective especially to increase the beneficiaries’ income (Ab Rahman et al., 2016, 2014; Maaidah & Buang, 2016).

The 2010 Malaysia Auditor-General’s Report in Sinar Harian (30 October 2011) revealed that 37 or 54.4 per cent of the 68 audited projects under the economic clusters of the Poverty Eradication Project in Malaysia have failed to achieve their objectives. Among the identified weaknesses that influence the program failure are the low commitment of beneficiaries, lack of participation know-how, lack of cooperation received from suppliers and monitoring weaknesses. These issues were highlighted by the Ministry of Agriculture and Agro-Based Industries (2017) through the Azam Tani Program Effectiveness Assessment involving 377 beneficiaries who participated since the program began in 2010 to 2016. The assessment results showed that, out of 20,217 beneficiaries of the program, only 11,826 (58.5 per cent) beneficiaries were able to successfully come out from poverty as shown in Figure 1. The measurement of beneficiaries’ success in moving out of was through the use of the Poverty Line Income (PLI) as shown in Table 1. Beneficiaries who received an increased in income beyond the defined level of poverty line income are considered as being successful in achieving the program’s objective.
Among of all the factors, a study by Mitchell et al. (2002) posit that entrepreneurial traits is the key component in business performance but efforts to isolate traits that are common to all entrepreneurs, or are unique to entrepreneurs, have generally met with failure due to weak, disconfirming, or nonsignificant results. Moreover, too often history has recorded that the government and agencies have failed to alleviate poverty in terms of increasing the poor entrepreneurial performance because of lack self-help or self-reliance (Dogarawa, 2006).

This concept paper attempts to review the significance of entrepreneurship traits that have been found to be prominent in previous studies, i.e., knowledge and skills, motivation, risk taking and passion which have been selected as correlates in the income level. It will present suggestions and recommendations from the aspect of information and knowledge to the improvement of the existing programs.
2. LITERATURE REVIEW

2.1 Income Level

According to Hasan, Mohammed, & Almubarak (2016), business performance can be measured in terms of level of profit and sale as well as number of employees. In addition, Sebikari (2014) postulated that business performance consists of financial measurement such as income, profitability, sales growth, market share and return on investment and those that can be measured subjectively and objectively. Even so, according to Mwebesa, Kansiime, Asiimwe, Mugambe, & Rwego (2018) a majority of small businesses lack proper financial record keeping as they did not have any formal financial knowledge. Thus, the business is vulnerable to making losses in their operation. This paper focuses only on the level of income as a success indicator of entrepreneur performance in the income generating programs considering that the program beneficiaries do not have proper book keeping.

2.2 Entrepreneur Traits

The entrepreneur traits are the set of characteristics which affect the entrepreneurs’ success in conducting their businesses. The entrepreneurial traits of a founder or leader of a company, will affect the strategic direction of the business (Sidik, 2012). Shane, Locke, & Collins (2003) developed the Entrepreneur Motivation Model as shown in Figure 2. proposed that an entrepreneurship begins with the recognition of an entrepreneurial opportunity which is influenced by the environmental conditions such as the status of the economy, the availability of venture capital, the actions of competitors, and government regulations. The human motivations such as need for achievement, locus of control, vision, desire for independence, passion, and drive might influence the entrepreneurial process.

![Figure 2. Entrepreneur Motivation Model](source: Shane et al. (2003))
Prior studies have been filled with inconsistencies regarding the traits of entrepreneurs who receive assistance through income generating programs; motivation (Ab Rahman et al., 2016, 2014; Abdullah Husmin et al., 2016; Ahmad, Wan Yusoff, Md Noor, & Ramin, 2012; Mohamad & Sidek, 2013); risk taker (Ismail, Husin, Rahim, Kamal, & Mat, 2016; Mohamad & Sidek, 2013; Mohd Osman, 2007); passion (Ismail et al., 2016; Mohamad & Sidek, 2013); attitude (Abdullah Husmin et al., 2016); commitment and talent (Ab Rahman et al., 2016, 2014); conservative (Maaidah & Buang, 2016); tolerance for ambiguity (Ismail et al., 2016); perseverance (Mohd Osman, 2007) and competitiveness ability (Manaf, 2017).

However, this paper will focus on entrepreneur traits that have been found to be prominent in previous studies, i.e., knowledge and skill, motivation, risk taking and passion.

2.2.1 Knowledge and Skills

It is important to recognise that the low income household starting business under entrepreneurship programs acquire entrepreneurial and management skills (Ferdousi, 2015). In order to improve the income generation in entrepreneurship undertaken by poor people, the knowledge and creative talents or skills that exist in the poor should be refined and enhanced (Finger & Schuler, 2004). Omerzel (2008) conducted a study on SME in Slovenia proposed a model between entrepreneur knowledge and the business performance. There are four dimension under entrepreneur knowledge which is important in influencing the business performance and there are work experience, education level, self-confidence and functional skills.

Mahadalle & Kaplan (2017) found that the entrepreneur knowledge and skill especially through work experience have a positive relationship with the income level and growth of the firm. However, the education received by the entrepreneur also sources for entrepreneur knowledge and skills but it is still depending on the entrepreneur’s educational background (Isaga, 2015) and education levels (Blackburn, Hart, & Wainwright, 2013). In addition, Isaga (2015) highlighted that the training, either though workshop and vocational do influence the micro entrepreneurs’ performance.

2.2.2 Motivation

Motivation is defined as an inner state that energizes, activates and directs behaviour towards goals. A fully motivated entrepreneur can easily achieve the goals desired and the unexpected success due to willingness of the entrepreneur to expend energy to achieve a goal or reward (Viramgami, 2007). Based on the Entrepreneur Motivation Model by Shane et al. (2003), at some point there may be some or all motivation affecting individual transitions from one stage of entrepreneurial process to another and sometimes all motivations might matter. The magnitude of the importance of how many motivational factors matter may vary, depending on the part of the process being investigated.

Shane, Locke, & Collins (2003) found the entrepreneur motivation consist of several concepts: need for achievement, risk taking, tolerance for ambiguity, locus of control, self-efficacy, vision, independence, passion and drive. However, Shane highlighted that tolerance for ambiguity and risk taking is a wrong motives. Both of these motives are more relevant to entrepreneurial activity than others. The uncertain problem that has been facing by one person, or what is risky to one person is perhaps not risky to another.
Abdullah Abdullah Husmin et al. (2016) conducted a survey to identify the internal factors that drive the success of micro credit entrepreneurs under TEKUN in the district of Sabak Bernam, Selangor. They found four internal factors which are family background, motivation, attitude and skills of entrepreneurs influence the profitability of the business. Similarly, Ismail et al. (2016) in the study of single mother entrepreneurs under Ministry of Women, Family and Community Development and Amanah Ikhtiar Malaysia found that motivation focused on tolerance for ambiguity and risk taking will influence single mother passion in engaging themselves with entrepreneurial activity. Motivation will ensure single mother entrepreneurs not only to survive in the business but also help them to improve their income level.

2.2.3 Risk Taking

Risk taking is any consciously or non-consciously controlled behavior with a perceived uncertainty about its outcome, and/or about its possible benefits or costs for the physical, economic or psycho-social well-being of oneself or others (Trimpop, 1994). Risk taking is the most important success factors irrespective of business size, location and types as well as for the entrepreneurs compared to other entrepreneur traits (Kareem, 2015).

Ismail et al. (2016) proved that risk taking will help increase the micro credit single mother’s entrepreneur’s passion in striving toward their goal. It is critical for entrepreneurs to perceive and address the risks they are facing to enable them to venture into the wider business market and thereby increase their income level. In contrast, from the study by Mohd Osman, (2007), it was found that the risk taking factor has a very weak direct relationship with business performance of small entrepreneurs. The willingness of small entrepreneurs under the TEKUN micro-loan scheme in Johor to deal with risks was still low considering that their businesses were categorized as small businesses and they are not too depending on sales to determine the success of their business hence resulting in no guarantee of the income generation.

2.2.4 Passion

Entrepreneurship passion can be defined as a consciously accessible positive feeling experienced by entrepreneur involvement in entrepreneurial activities that are associated with significant roles to the identity of the entrepreneurs themselves (Cardon, Wincent, Singh, & Drnovsek, 2009). Tasnim, Yahya, and Zainuddin (2014) supported that passion is at the heart of entrepreneurship that force the entrepreneur to work hard with pleasure to achieve his dream and stay focused along the journey.

A study by Ho and Pollack (2014) highlighted that the harmoniously passionate entrepreneurs more inclined to seek out members to discuss work issues, which increased the income they received from peer referrals and, ultimately, business income. Similarly, Ismail et al. (2016) found that entrepreneurial passion have a significant relationship with the entrepreneur success. Passion will influence individual entrepreneurs and they will be passionate regardless of the situations and conditions of their business venture thus will ensure the entrepreneur to engage in successful entrepreneurial ventures and enable them to get a better level of income.

Shane et al. (2003) suggested passion is one component in motivation. In contrast, Vallerand et al. (2003) posits that the difference between motivation and passion is the lack of liking for the activity. Vallerand et al. (2003) proven on this statement by tested the presence of
interaction effects between motivation and passion on all outcomes and no significant effects were found.

3. THEORETICAL FRAMEWORK

The main concepts used in this concept paper are entrepreneur traits relationship with level of income as Figure 3.

![Figure 3. Theoretical framework](image)

The above theoretical framework led to the formulation of the following hypotheses:

- **Hypotheses 1.** Knowledge and skills are positively related to the beneficiaries’ level of income.
- **Hypotheses 2.** Motivation is positively related to the beneficiaries’ level of income.
- **Hypotheses 3.** Risk taking is positively related to the beneficiaries’ level of income.
- **Hypotheses 4.** Passion is positively related to the beneficiaries’ level of income.

4. RESEARCH METHOD

The unit of analysis in this study was pertaining to selected beneficiaries of *Azam Bandar* Program and *Kios Penjaja Bandar* Program under the PPKB scheme in Selangor, Malaysia. Both of these programs have been chosen because the objectives of these programs are to contribute to the reduction of urban poverty rate by increasing the beneficiaries’ level of income. The data collected will be analysed using the Statistical Package for Social Science (SPSS) Version 23 in order to investigate the relationship between the independent and dependent variables. Stratified random sampling will be applied to a total respondent of 249 beneficiaries out of a total of 480 population in Selangor. In getting the primary data, self-administered questionnaire will be in addition to the quantitative responses from the respondents which were based upon a 7-point Likert-type scale reply. Currently, the data collected is being analysed and it is expected that the significance of entrepreneurial traits on income level can be found.

5. CONCLUSION
In ensuring the factors influencing micro entrepreneurs’ income level, the entrepreneur traits is very useful as guides in formulating income generating programs policy for Malaysia. Although this findings will be confined only to the beneficiaries with the criteria set by the Ministry, thus it should not be generalized for the programs under other public sectors, private sectors or other countries in the world. Other than providing useful information to the area of poverty alleviation program evaluation, it is also will improving the existing assistance programs and provide a clear picture to policy makers to look back at the impact of income generating programs to the participant’s income generation in the urban area.

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