

BUMIPUTERA ONLINE ENTREPRENEURS: DO HUMAN CAPITAL AND ENTREPRENEURIAL BEHAVIOR MATTER?

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Abstract. The advancement of information communication technologies create new opportunities for individuals to create their wealth through online businesses. Exploratory study identified performance differences among Bumiputera online entrepreneurs in Malaysia, which raised the question of what factors contributed to such differences. Using human capital and entrepreneurship theories, this research argued that knowledge, skill and experience of entrepreneurs, and their innovativeness, proactiveness and risk-taking behavior would be the contributing factors towards their business performance. Hence, this research was conducted to determine the relationship of human capital and entrepreneurial behavior with the performance of Bumiputera online entrepreneurs. A total of 162 responses were collected from Bumiputera online entrepreneurs throughout Malaysia via face-to-face and online survey. Using regression analysis, this research found that entrepreneurial behavior matter more where it contributed to profit, sales, new customer and repeat customer growth performance satisfaction. Human capital however, only influenced profit and repeat customer growth performance satisfaction of Bumiputera online entrepreneurs in Malaysia.

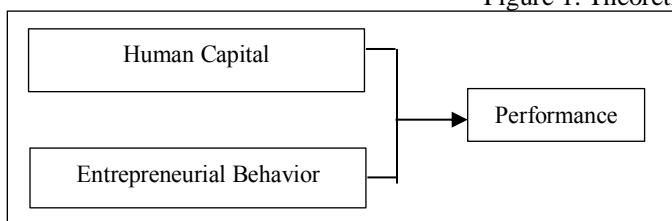
Keywords: entrepreneurship, human capital, online business, performance.

Introduction. Creating Bumiputera's wealth and rectifying economic imbalance among communities have been a national agenda since the institution of New Economic Policy (NEP) in 1970¹. Since then, the Malaysian government has taken many efforts to achieve this agenda. Among these agendas is to focus on intensifying entrepreneurship in Malaysia by supporting the creation of entrepreneurial culture². Entrepreneurship is seen to support economic growth as it creates job opportunities, encourage innovations and creativity, and aid economic recovery process^{3,4}. Due to the benefits of entrepreneurship, many individuals take their own effort to create their wealth and improve their life style. More people especially the women found there are a lot of opportunities in online businesses, and thus choose to become online entrepreneurs⁵. Furthermore, the environment of online business is quite favorable due to the advancement of the internet⁶, the support of Malaysian government⁷, and the growing trend of online culture (www.miti.gov.my/miti/resources/Gallery_Walk.pdf). The ease of entry into online business is relatively low because online businesses are cheaper and easier to operate⁸. These could be the reason the registration of online business in Malaysia has seen a dramatic growth from 140 businesses in 2010, 556 business in 2015, and shot up to 1915 businesses in 2016, as recorded by the Companies Commission of Malaysia (S. Muhammad Haniff, personal communication, October 23, 2016).

The increase of the number of online entrepreneurs, favorable environment and relatively easy to enter into online business could lead to strong competition intensity among the online entrepreneurs⁶. In order to determine how the online entrepreneurs perform in their competitive environment, short interviews were made to 20 online Bumiputera entrepreneurs to ascertain their satisfaction with business performance. Result from the interview revealed that there were performance differences among the entrepreneurs. Some of them voiced their satisfaction, but the rest commented on problems and dissatisfaction. The difference in the performance has raised a key question on what could be the factors that contribute to the performance of Bumiputera online entrepreneurs in Malaysia.

In answering the key question, this study use human capital and entrepreneurship theories as the basis to explain the performance differences among online entrepreneurs. Entrepreneurs' human capital including knowledge, skills and experience could aid them to identify opportunities and manage their business efficiently. Hence, their human capital, would be an important factor in determining online entrepreneurs' success⁹. Besides trait, the behavior of entrepreneurs including innovativeness, proactiveness and risk-taking would also determine success¹⁰. These behavior enable entrepreneurs to anticipate future actions, and bravely offers new and unique products and service to meet market needs and wants. The idea that human capital and entrepreneurial behavior can be the success factors for Bumiputera online entrepreneurs however, requires support from empirical studies. Unfortunately, even though there are quite a number of research examine online businesses, not many studies were conducted to study online entrepreneurs despite them being actively operating^{11,12}. Hence, this research focuses on the influence of human capital and entrepreneurial behavior on the performance of Bumiputera online entrepreneurs in Malaysia. The framework for this research is illustrated in Figure 1.

Figure 1: Theoretical Framework



In conjunction with the theoretical framework, the objectives of this research are to determine:



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