

Chapter 5

Entrepreneurial Competencies and Traits

ABSTRACT

Entrepreneurial competency is the most influential contributing factor for rapid economic progression within many developed economies. This chapter focuses on several selected entrepreneurial competencies and traits by investigating their influence on the performance and the sustainability of micro-enterprises owned and managed by low-income households. The key competencies and traits were selected after combing through a number of relevant theories and empirical studies that determined the effects of these traits and competencies on the performance and the sustainability of micro-enterprises.

INTRODUCTION

Initially, entrepreneurial activities were carried out mainly to cater to the daily needs of people. At present time, entrepreneurial activities do not only support the related households, but they also contribute to the well-being of the society, thus significantly boosting the economic growth of the nation. Entrepreneurship is defined as ‘an activity involving the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing markets, processes, and raw materials through organizing efforts that previously had not existed’ (Shane, Locke, and Collins, 2003). Entrepreneurship also refers to the process of creating something new, as well as assuming the associated risks and rewards. Since entrepreneurship has

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always exhibited significantly positive impacts; most governments worldwide have taken measures to facilitate entrepreneurs by promoting entrepreneurial activities among their respective societies so as to generate employment, to eradicate poverty, and to increase economic growth.

ENTREPRENEURIAL COMPETENCIES

Several studies have highlighted both the progress and the positive impact of entrepreneurship among rapidly emerging economies, such as that in Malaysia. In the attempt of retaining the continuity of all positivity, it is pertinent for the Malaysian government to comprehend and to identify the factors that can enhance the performance of entrepreneurs towards sustenance in the present market.

Nevertheless, some gaps have been identified, particularly within the context of low-income micro-entrepreneurs in Malaysia. Wahid, Aziz, and Halim (2017) asserted that the Malaysian micro-enterprises seem to face inadequate human competency that must be addressed in order to survive and to compete in the fierce market. In order to succeed in business, entrepreneurs must acquire certain competencies that can aid them to become financially solvent (performance), as well as to attain sustenance in their entrepreneurial activities. According to Al-Mamun, Nawi, and Zainol (2016) one of the many key drivers of micro-enterprise performance is an entrepreneurial competency. Over the last century, entrepreneurial competency emerged as a crucial contributing factor for rapid economic progression within many developed economies. Studies also have proven that the correlation between individual characteristics and managerial competencies can lead to organizational success and sustainability (Gray, 2002; Jokinen, 2005). Entrepreneurial competencies further ascertain growth and survival of small- to medium-sized enterprises (Tehseen, Sajila, Ramayah, and Gadar, 2015). In particular, these small and micro businesses can only accomplish enhanced performance and continuity when their owner-managers and employees acquire knowledge, skills and entrepreneurial traits at a level of competence as required to effectively performing business activities (Nabiswa and Mukwa, 2017). Within the context of Malaysia, entrepreneurial competencies have been reckoned as strong determinants to a successful business, especially among small and medium enterprises (SMEs) (Ahmad, Ramayah, Wilson, and Kummerow, 2010) apart from exerting positive and significant effects on the performance of micro-enterprises (Al-Mamun, Nawi, and Zainol, 2016).

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