

## **The Structural Influence of Entrepreneurial Leadership, Communication Skills, Determination and Motivation on Sales and Customer Satisfaction**

Arawati Agus\*

Za'faran Hassan\*\*

### **Abstract**

This paper provides a critical perspective on entrepreneurial characteristics and gives an input to the discussion on the influence of entrepreneurial leadership, communication skills, determination and motivation on sales and customer satisfaction. It also presents the findings from an empirical study examining the structural effect of these four entrepreneurial characteristics on performance. Few have attempted to investigate the link between entrepreneurial characteristics and performance. It is said that entrepreneurial characteristics have positive associations with the firm's performance. However, the link between entrepreneurial leadership, communication skills, determination and motivation on sales and customer satisfaction in the Malaysian context has not been fully addressed in empirical studies. To address this issue, this paper investigates the influence of these entrepreneurial characteristics on those performances using Pearson's correlation, cluster analyses and structural equation modeling (SEM). The result of the study reveals that entrepreneurial leadership, communication skills, determination and motivation exhibit high and significant structural effects on sales and customer satisfaction. Findings of the study provide a striking demonstration regarding positive influences of certain entrepreneurial characteristics on performances.

**Keywords:** Entrepreneurial characteristics, performance, Malaysian entrepreneurs, structural equation modeling (SEM), entrepreneurial leadership.

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\* Professor of Management - Universiti Kebangsaan, Malaysia

\*\* Associate Professor - Universiti Teknologi MARA, Malaysia

## 1. Introduction

Why do people become entrepreneurs? Earlier studies on the characteristics of entrepreneurs have been well documented. Need for achievement (McClelland, 1961), locus of control (Begley and Boyd, 1986), risk taking propensity (Broukhaus, 1982), and values and attitudes (Hornaday and Aboud, 1971) are some of the attributes examined to determine entrepreneurial success. Scarborough and Zimmerer (2000) concur that successful entrepreneurs tend to exhibit characteristics such as the desire for responsibility, preference for moderate risk, confidence in their ability to succeed, skill at organizing, value of achievement over money, high degree of commitment, flexibility and tenacity. This research is based on the belief that the development of entrepreneurship theory requires consideration of the individual characteristics of people making entrepreneurial decisions. To provide a road map for researchers interested in this area, this study discuss the major individual characteristics that prior researchers have suggested should influence the entrepreneurial process, as well as suggest some skills that are less commonly studied in this area. This paper analyses the importance of human capital on the determination of SME's performance, by proposing and testing a conceptual model about the structural influence of entrepreneurial leadership, communication skills, determination and motivation and its impact both on non-economic and economic performance, namely, on sales and customer satisfaction. This constitutes an innovative approach in the sense that this research uses information collected at the individual level, that is, the entrepreneur. Moreover, it constitutes a first attempt for facing the caveat in the literature on the relationship among types of entrepreneurial performance. According to Audretsch (2003), for analyzing the determinants of entrepreneurship, one of the most important units of observation is the individual level. This paper contributes to the literature on entrepreneurship and small business management by proposing a conceptual model of the relationship between Individual Entrepreneurship Characteristics and entrepreneurial performance. More specifically, by making use of data collected at the individual level i.e. the entrepreneur, we asses the relationships between different dimensions of human capital and the performance of Malaysian SMEs.

Moreover, it provides an innovative analysis through the use of subjective indicators for measuring non-economic performance, insights for improving, in operational terms, a successful performance of SME ruled, fundamentally, by the individual capacity of the entrepreneur.

The intensity of global competition has created new challenges for entrepreneurs resulting in more demanding business requirements that need to be fulfilled in order to survive and stay competitive. Many believe that a skilled and motivated entrepreneur would be able to survive turbulence business situations (Hamel, 2000; O'Reilly and Pfeffer, 2000). Some researchers assert that entrepreneurial characteristics have important influences on the effort of enhancing business performance (Argyris, 1993; Hitt and Ireland, 2002; Pfeffer, 1998). Greater focus on the entrepreneurial characteristics and capacities within new ventures may in fact enhance the ability to predict and support entrepreneurial success, as suggested by Cooper (1993). Further, the dynamic work environment in which today's entrepreneurs operate, characterized by economic uncertainties and a growing concern for business ethics, makes entrepreneurial characteristics even more critical.

An entrepreneur is defined as the founder, the opportunity seeker, the creator and initiator, the leader, problem solver, and motivator; the planner and the guardian of vision and mission. Without this human energy, behavior, drive, and vitality, the greatest ideas, grossly underperform, or simply never get off the ground (Delimunthe, 2009). Creating and sustaining a successful new business venture demands not only vision and financial capital, but also leading others to transform that vision and financial capital into a successful reality.

On the other hand, entrepreneurship has been defined in many different ways (e.g. Brockhaus, 1976; Casson, 1982; Wårneryd, 1988). In this study, entrepreneurship means activities connected with owning and managing a business firm (Brockhaus, 1976). Achievement motivation and the locus of control are psychological factors which have been presumed to explain success as an entrepreneur, and to differentiate between entrepreneurs and other people (Aldrich and Zimmer, 1986; Brockhaus and Horwitz, 1986; Chell *et al.*, 1991).

More recently, Drucker (1986) focused on the event of entrepreneurship, suggesting that innovation and the search for change is a defining characteristic. Schumpeter suggests that the entrepreneur is only such while the venture is in operation, and Drucker implicitly suggests that entrepreneurial qualities can be developed in anyone (Binks and Vale, 1990). Certainly discord still exists as to whether entrepreneurship is a trait or something closer to a behavior.

In the case of entrepreneurship, other factors in a person's situation may mediate between having certain personality traits and actually being in a position to begin an entrepreneurial venture. This suggestion is a central tenet in the model of entrepreneurial success presented by Rauch and Frese (2000), which places goals, human capital, strategies and environment as mediator/moderators of the personality-entrepreneurial success link. Likewise, Kreuger and Brazeal (1994) suggest a model where an interaction occurs, between the environment and attitudes and assumptions, creating intentions and potential, which can result in entrepreneurial behavior via an event.

This study was designed to directly investigate how entrepreneurial characteristics influence performance using quantitative structured research method. In addition, this paper sought to discover significant entrepreneurial characteristics and to enhance researchers, policy makers, educators and entrepreneurs understandings of the linkages between entrepreneurial characteristics and firm's performance. To this end, the study addressed three principal research questions:

- a) What are the factors that correlate with entrepreneurial characteristics?
- b) Which entrepreneurial characteristics have significant impact on performance?
- c) What are the entrepreneurial characteristics demonstrated by "Excellent" sales achievers and "High" customer satisfaction entities.

With regards to these questions, the main objectives of this paper are:

- (1) To empirically determine whether entrepreneurial characteristics have significant association or influence on performance.

- (2) To empirically assess the importance of each entrepreneurial characteristic.

## 2. Literature Review

Many researchers have suggested that characteristics of entrepreneurs are relevant factors in determining the good traits of entrepreneurs and ultimately the ability of the business to achieve significant levels of performance. Among the subjective characteristics that are believed to have impacted performance are leadership, motivation, determination and communication skills (Hisrich & Peters, 2002; Shane, 2003, Johnson, 2001).

**Motivation** is also considered an important determinant and most commonly cited in the literature as an important influence on performance. Motivation can be derived from many angles. Several entrepreneurs defined dissatisfaction with previous employment and financial difficulty as the main motivation to become successful entrepreneurs (Orhan & Scott, 2001; Carter et al, 2003). Coupled with the knowledge and experience, there must be the driving force or motivation that helps the entrepreneur achieve. Many writings on entrepreneurship link motivation to McClelland's need to achieve. It is almost as if McClelland's choice of descriptions for motivation drivers was purpose-built for the description of the entrepreneur and writers have automatically reached for this without explaining the link. McClelland (1961) was influential with the suggestion that high motivation was likely to lead to a more proactive search of the environment and the desire to take calculated risks. McClelland *et al.* (1953) also suggest that associated characteristics may be to seek concrete feedback about their performance, take immediate responsibility for tasks, and display initiative. However, according to Brockhaus and Horowitz (1986) the definitive link between motivation and entrepreneurial success has not been established.

An entrepreneur is an ambitious **leader** who combines the resources available to create and market new goods or services (Sullivan and Sheffrin, 2003). The leader is concerned with inventing a product or service, establishing a market niche, attracting new customers, and

manufacturing and marketing the product (Flamholtz, 1986). Rosete and Ciarrochi (2005) exhibited that entrepreneurs higher on understanding their own feelings and that of their subordinates are more likely to achieve business outcomes and be considered as effective leaders by their employees and direct manager. Accordingly, leadership has emerged as one of the most important elements of any business, large or small. During these challenging times, when the rules of business seem to be constantly changing, people increasingly look to their leaders for authentic direction and guidance. Especially for a new business venture, the founder or entrepreneur establishes the vision and rules of operation and charts the course of direction for the new company. Creating and sustaining a successful new business venture demands not only vision and financial capital, but also leading others to transform that vision and financial capital into a successful reality.

Although the founder of a new venture is most often called an entrepreneur, we argue that when this founder spearheads the development of ideas and resources (especially human resources) into reality and success, then the entrepreneur can also be considered a leader. Researchers have recognized the role of organizational leaders as pivotal in the study of entrepreneurship, since business founders are responsible for the creation of goods and services and the leveraging of opportunities (Chandler and Hanks, 1994). However, they also note the scholarly field of entrepreneurship has given scant attention to how the leadership behaviors of business founders impact the performance of new business ventures (Daily *et al.*, 2002).

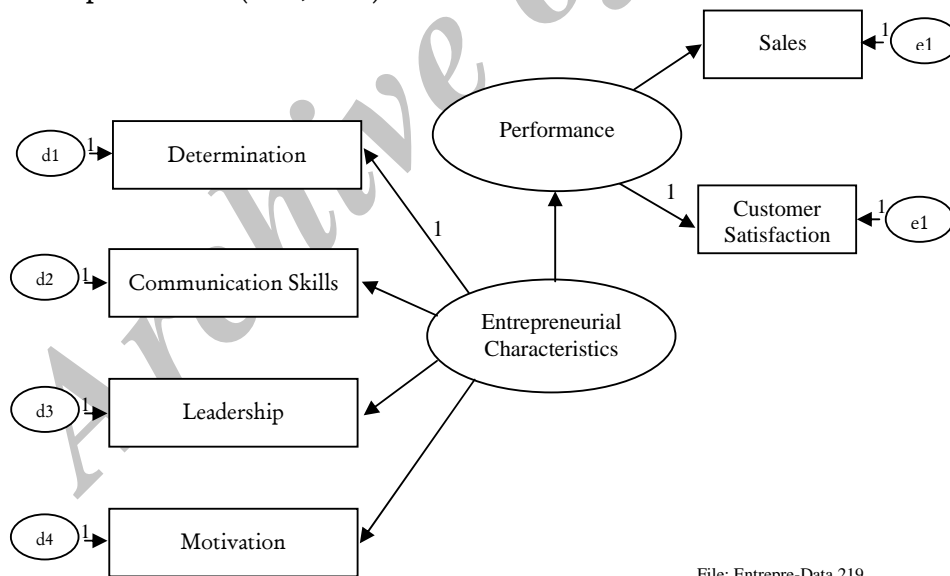
It is generally agreed that as the founder of a new business, the entrepreneur should have substantial skill, strong character and **determination**, as well as willingness to invest the time and effort needed to overcome the challenges and the difficulties that may arise. Hisrich and Peters (2002) noted that an entrepreneur is one who brings all kinds of resources into combinations that make their value greater than before. The entrepreneur must possess the characteristics needed for withstanding the challenges that come along during the entrepreneurial process. Entrepreneurs are those people who are ready for changes and are determined. Commitment and determination are seen as more important than any other factor that inspires an

entrepreneur. It makes an entrepreneur able to overcome incredible obstacles and also compensate enormously for other weaknesses. Almost without any exception, entrepreneurs live under extreme, constant pressure (when they start their business, for them to stay alive, and for them to grow). A new business requires top priority of entrepreneur's time, emotion, patience, and loyalty. The level of entrepreneur's commitment can be measured in several ways: through a willingness to invest a substantial portion of his or her net worth in the venture, through a willingness to take a cut in pay because he or she will own a major piece of venture, and through the other big sacrifices in lifestyle and family circumstances. Clearly, commitment and determination usually demand personal sacrifice. Entrepreneurs who successfully build new business seek to overcome hurdles, solve problems, and complete the job. They are disciplined, tenacious, and persistent. They are able to commit and recommit quickly. They love to win and love to compete at anything. However, if tasks are unsolvable, an entrepreneur will be the first person to give up, in comparison to others. While entrepreneurs are extremely persistent, they are also realistic in recognizing what they can and cannot do. They know where they can get help to solve a very difficult but necessary task (Delimunthe, 2009).

Entrepreneurs must be capable of exploring new ideas so that their businesses could survive and grow in the modern, constantly changing world. Having **communication** and **negotiation skills** are the qualities needed for a successful entrepreneur. Most entrepreneurship studies these days contain some sort of statement alluding to the need for the entrepreneurs to possess excellent communication and negotiation skills. Generally, this means that an entrepreneur should be able to speak well to sell their ideas and their products. Negotiation involves many independent factors to be effective. Entrepreneurship requires endless negotiation, the ability to overcome obstacles, inspire others to action, and risk losing what you actually may want to obtain.

### 3. The Conceptual Framework

This study was conducted based on a conceptualization of the influence of entrepreneurial characteristics on performance. This framework suggests that it is necessary to consider an integrated set of skills, knowledge and attributes and the constituting entrepreneurial characteristics in the context which facilitates the development and the use of such behaviors, in order to lead to the desirable performance outcomes. In this study, the focus was on the entrepreneurial characteristics involved so that a set of patterns of entrepreneurial traits was generated. This paper explores the relationship between entrepreneurial characteristics and performances within the context of the Malaysian environment. The proposed conceptual model, as depicted in Figure 1, is based on two main constructs: (i) entrepreneurial characteristics (ENTREPR); and (ii) performance (PERFORM). Essentially, entrepreneurial characteristics represent an entrepreneur's assessment of his/her overall level of entrepreneurial elements. In addition to improving levels of performance, entrepreneurial characteristics have also been shown to provide benefits in terms of competitiveness (Bird, 1995).



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Figure 1. The Conceptual Model Linking Entrepreneurial Characteristics and Performance

The conceptual model proposed in this paper utilized entrepreneurial characteristics dimensions derived from studies and documented references (Hisrich & Peters, 2002; Shane, 2003; Johnson, 2001). Four entrepreneurial characteristics identified from several sources, were considered to relate to distinctive features of entrepreneurial characteristics and are therefore incorporated in the conceptual model (Figure 1). These entrepreneurial characteristics dimensions include: determination, communication skills, leadership and motivation.

In entrepreneurship and small business research, performance is often considered as the ultimate criterion in both empirical studies (Dyke et al., 1992; Ibrahim and Goodwin, 1986; Box et al., 1994; Barkham, 1994) and theoretical models (Hofer and Sandberg, 1987; Herron and Robinson, 1993; Keats and Bracker, 1988). The entrepreneur's demographic, psychological and behavioral characteristics as well as his or her managerial skills and technical know-how are often cited as the most influential factors related to the performance of a small and medium sized enterprise (SME). The relationship with firm performance is also affected by industrial, environmental and firm characteristics (Chandler and Hanks, 1994; Cooper, 1993). The performance in this paper is based on two pertinent dimensions namely sales performance and customer satisfaction (Kotler 1994, McGaughey, 1991).

#### 4. Hypotheses

This study proposes that entrepreneurial characteristics have influences on the bottom-line results specifically sales and customer satisfaction. A structural model is used in this study to analyze the structural effect of entrepreneurial characteristics on the performance results. The first hypothesis states that overall 'entrepreneurial characteristics' has positive effect on performance. Therefore, the following hypotheses are proposed:

$H_1$ : 'Entrepreneurial characteristics' has a positive structural effect on performance.

In investigating the structural effect of entrepreneurial characteristics on performance, it is also pertinent to determine the structural loadings of

each entrepreneurial characteristic or determinant. Therefore, this study also attempts to test the following hypotheses:

$H_{1A}$ : 'Determination' has a positive structural loading on entrepreneurial characteristics.

$H_{1B}$ : 'Communication skills' has a positive structural loading on entrepreneurial characteristics.

$H_{1c}$ : 'Leadership' has positive structural loading on entrepreneurial characteristics.

$H_{1D}$ : 'Motivation' has a positive structural loading on entrepreneurial characteristics.

More importantly, this study aims to test the overall SEM model fit based on the main null hypothesis:

$H_0$ : The overall hypothesized model has a good fit.

For structural modeling, accepting this main hypothesis indicates that the SEM model presented adequately reproduce the observed covariance matrix (Bollen, 1989; Joreskog, 1989; Mueller, 1996) suggesting that the data fit the proposed model.

## 5. Research Methodology

The main intention of this study is to comprehend how entrepreneurial characteristics influence the success and performance of the firm. The unit of analysis chosen for this study is Malaysian entrepreneur's entity represented by the owner or entrepreneur himself. Face to face interviews with entrepreneurs are carried out for checking the information accuracy, validating the outcome of analysis and developing understandings of aspects of entrepreneurial characteristics or traits. This paper is part of a larger research on the impact of entrepreneur characteristics on performance and competitiveness. The instrument developed in this study is a structured survey questionnaire which consists of three major parts. The first part comprises several questions regarding entrepreneur's background or profile. The second part consists of questions on entrepreneurial characteristics. The third and last part incorporates questions or statements regarding performances and competitiveness. To enable respondents to indicate

their answers, seven-point interval scales were used for the questionnaire regarding the level of entrepreneurial characteristics. The respondents were asked to indicate entrepreneurial characteristics based on the scale of 1 (Strongly disagree) to 7 (Strongly agree) on the statements of the close-ended questions using interval or Likert-scale measurements. In order to capture the multi-dimensional nature of performance measures, performance is manifested by sales performance and customer satisfaction. Due to confidentiality matters and standardization of measurements, the performance measures also use a seven-point interval scale, representing a range of agreement on statement whether over the past three years the enterprise performance is high relative to competitors.

The reliability analysis is conducted by calculating the Cronbach's alpha for the main constructs. The result shows that Cronbach's alpha measures for the main constructs exceeds the threshold point of 0.70 suggested by Nunnally (1978). Alpha coefficients for entrepreneurial characteristics scales ranged between 0.730 and 0.908 after the alpha maximization processes were carried out (Table 1).

**Table 1. Descriptive Statistics of Entrepreneurial Characteristics**

Entrepreneurial characteristics.	Original items	Final items	Mean	Std. Dev.	Reliability
Determination	5	5	5.8193	.99074	0.864
Communication skills	6	6	5.8798	1.00543	0.908
Leadership	6	6	5.6868	1.07770	0.901
Motivation	5	4	5.5525	1.09775	0.730
Performance					
Sales Performance	Single item	Single item	4.67	1.481	N/A
Customer satisfaction	Single item	Single item	5.23	1.349	N/A

N/A = not applicable

## 6. Preliminary Results

### 6.1 Correlations between entrepreneurial characteristics and performance

As a preliminary analysis, Table 2 exhibits correlation between entrepreneurial characteristics and performance. Most of the performance indicators have high correlations with entrepreneurial characteristics. Sales performance for instance, has high and positive correlations with characteristics such as 'leadership', 'determination' and

'motivation'. As a slight variant,, customer satisfaction has strong and significant correlations with 'leadership' and 'communication'. These findings are consistent with several previous studies that proclaimed closed associations between performance and certain entrepreneurial characteristics (Hisrich & Peters, 2002; Shane, 2003).

**Table2. Pearson correlations between entrepreneurial characteristics and performance**

Entrepreneurial characteristics		Sales Performance	Customer Satisfaction
1	Determination	.219(**)	.339(**)
2	Communication Skills	.171(*)	.367(**)
3	Leadership	.264(**)	.429(**)
4	Motivation	.194(**)	.359(**)

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

## 6.2 Cluster Analysis and Friedman's Rank Test

Two cluster analyses were carried out to further explore on the segmentation of manufacturing companies in this study. The first cluster analysis categorizes companies into one of two groups:

- (1) "Excellent" sales achievers
- (2) "Average" sales achievers

The result suggests that in order to emulate "excellent" sales achievers, an entrepreneur should possess entrepreneurial characteristics especially "good communication" and negotiation skills", "determination" and "leadership" (see Table 3). Good communication and negotiation skills are crucial for entrepreneurs to sell their ideas to secure more resources and sell their products and services to enhance sales performance.

**Table 3. Rankings of Entrepreneurial Characteristics Based on Sales Performance Using Friedman's Test**

Entrepreneurs Characteristics	"Excellent" Sales Achievers (n = 180, chi-square = 35.754 , significant = 0.000, overall cluster's mean =5.820 )				"Average" Sales Achievers (n= 39, chi-square = 5.890, significant = 0.117, overall cluster's mean = 5.407)			
	Friedman's Test	Rank	Mean	Std Dev	Friedman's Test	Rank	Mean	Std Dev
Determination	2.60	2	5.882	0.945	2.63	2	5.539	1.141
Communication Skills	2.83	1	5.945	0.953	2.82	1	5.579	1.185
Leadership	2.47	3	5.819	0.929	2.21	4	5.261	1.464
Motivation	2.09	4	5.619	1.043	2.35	3	5.246	1.294

**Table 4. Rankings of Entrepreneurs Characteristics Based on Customer Satisfaction Using Friedman's Test**

Entrepreneurs Characteristics	"Excellent" customer satisfaction companies (n = 201, chi-square = 29.582, significant = 0.000, overall cluster's mean = 5.842)				"Low" customer satisfaction companies (n=18, chi-square = 12.088, significant = 0.007, overall cluster's mean = 4.645)			
	Friedman's Test	Rank	Mean	Std Dev	Friedman's Test	Rank	Mean	Std Dev
Determination	2.58	2	5.903	.906	2.86	2	4.9139	1.391
Communication Skills	2.81	1	5.959	.939	3.06	1	4.9944	1.299
Leadership	2.43	3	5.829	.941	2.36	3	4.5000	1.529
Motivation	2.18	4	5.676	.996	1.72	4	4.1713	1.2588

Since customer satisfaction is also a very important bottom-line outcome, therefore the second classification is based on customer satisfaction clustering. This second cluster analysis segregates the companies into one of two groups:

- (1) "High" customer satisfaction entities
- (2) "Low" customer satisfaction entities

Table 4 highlights further information about the clusters. From the result, we can also infer that the higher level of **entrepreneurs characteristics** are more prominent among "High" customer satisfaction entities than "Low" customer satisfaction entities. "High" customer satisfaction entities demonstrates higher levels on specific entrepreneurial characteristics such as "good communication and negotiation skills", "determination" and "leadership".

## 7. The Result of the Structural Equation Modeling (SEM)

Given the confirmatory nature of this study, the statistical analysis technique called structural equation modeling (SEM) was utilized. A SEM model was employed to investigate simultaneous linkages that allow a researcher to determine the relative strength of relationships between variables. A two-step approach was employed. First, confirmatory factor analysis was performed to ensure that all the variables used to measure the constructs were reliable and valid. Second, causal relationships between constructs were postulated and tested. The link between customer relationship management and customer related abilities is depicted in the model shown in Figure 2. The SEM model was evaluated to check if the specified items provided adequate fit. To support the assumption regarding the fitness of the SEM model with the empirical data, the acceptance of the null hypothesis of the overall model is expected. Hence, in this test of goodness of fit for the structural equation modeling, the resulting probability should be higher than 0.05 to support the overall null hypothesis of the model.

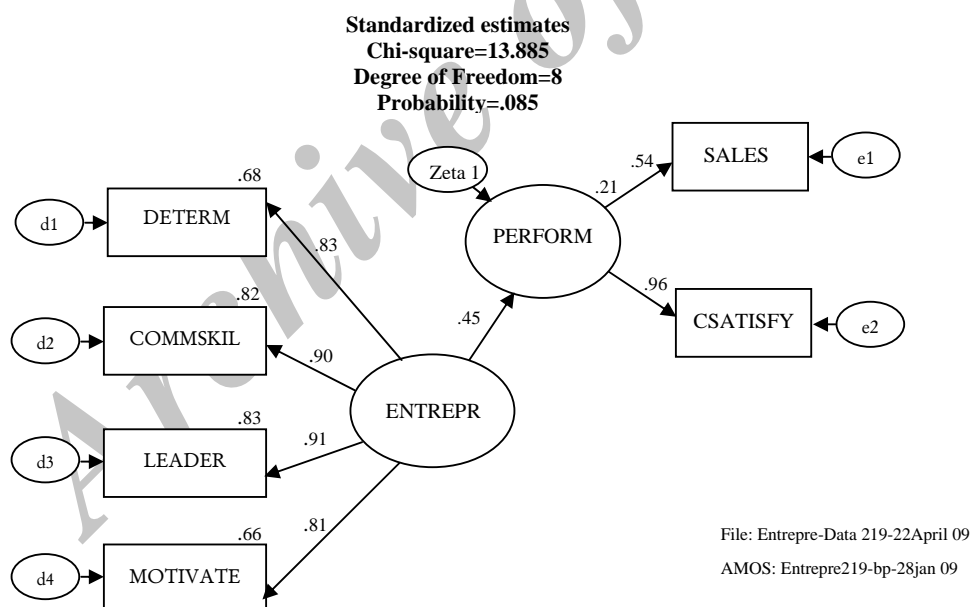


Figure 2: The Structural Linkage between Entrepreneurial Characteristics and Performance.

The findings of the final SEM model indicate that the resulting Chi-square value is 13.885 with 8 degrees of freedom and p-value of 0.085 (Figure 2 and Table 5). This supports the null hypothesis that the revised model has a good fit ( $H_0$ ). The p-value is considerably substantial (p-value > 0.05) in supporting the proposition that the overall model fits the data. In addition, other statistical structural indices such as Bentler comparative fit model (CFI = 0.992), Bollen Incremental Fit Index (IFI = 0.992), Tucker and Lewis Index (TLI = 0.986), Normed Fit index (NFI = 0.982) and Goodness of fit index (GFI = 0.968) further suggest that the model has a satisfactory fit (Table 5). Since the probability value and structural modeling indices are well above the recommended level, the model is considered to be a reasonable representation of the data (Hair et al., 1998; Arawati Agus 2001).

**Table 5. Results of the overall SEM model fit**

Statistics	Model Values	Recommended values for good fit
Chi square	13.885	-
Probability Level	0.085	$\geq 0.05$
Degree of Freedom	8	-
$\chi^2 / df$	0.011	$\leq 3.00$
Bollen (1989) Incremental Fit Index (IFI)	0.992	$\geq 0.90$
Tucker & Lewis (1973) TLI	0.986	$\geq 0.90$
Bentler (1988) comparative fit model (CFI)	0.992	$\geq 0.90$
Normed fit index (NFI)	0.982	$\geq 0.90$
Goodness of fit index (GFI)	0.980	$\geq 0.90$

\*Chau (1997)

The direct structural effect of entrepreneurial characteristics on performance is substantial (0.454) given the complex causal linkages, suggesting the significant importance of entrepreneurial characteristics especially leadership, communication skills, determination and motivation ( $H_{1A}$ ,  $H_{1B}$ ,  $H_{1C}$ , and  $H_{1D}$  are supported). All of these indicators have significant probability values (critical values  $\geq 2.00$ ), giving statistical evidence that their contributions toward entrepreneurial characteristics are significant and positive. More importantly, the standardized structural coefficient of entrepreneurial characteristics on performance is associated with low standard error

(0.125) and non-zero critical value (3.547), which indicates that the structural effect between these two constructs, is positive and the relationship is significant (Table 6). Therefore, we have enough evidence to accept the proposition that 'entrepreneurial characteristics' construct has a positive structural effect on performance ( $H_1$  is supported).

**Table 6. Structural and measurement results of the SEM model**

(i) Constructs and indicators	Std. Loadings	Std. errors	Critical Ratio	Probability
Entrepreneurial characteristics				
Determination	.826	.054	16.664	0.000
Communication Skills	.904	.067	16.664	0.000
Leadership	.911	.070	16.850	0.000
Motivation	.810	.077	14.107	0.000
Performance:				
Sales	.540	.152	4.075	0.000
Customer Satisfaction	.959	.904	.904	0.000
(ii) Exogenous/endogenous Path				
ENTREPR→PERF[ $H_1$ is supported]	.454	.125	3.547	0.000

## 8. Conclusion and Implications

This paper attempts to investigate the structural relationships between entrepreneurial characteristics and performance within the Malaysia context. It seeks to clarify a number of confusions in this area and to offer an overview of what needs to be done to instill good entrepreneurial values and skills. The result of the SEM model indicates a satisfactory fit. The findings and evidences of the study lead to several conclusions:

- 1) Leadership, communication skills, determination and motivation have **positive** and **direct** effects on performance.
- 2) 'Entrepreneurial characteristics' have **positive** and **significant direct** effects on sales and customer satisfaction.
- 3) "Excellent" sales achievers and "High" customer satisfaction entities demonstrate higher entrepreneurial traits especially "good communication and negotiation skills", "determination" and "leadership"

The study proposes that leadership, communication skills, determination and motivation have significant influence on sales performance and customer satisfaction of the entrepreneurs' business entities. The results validate some of the key linkages and support beliefs and evidence by researchers of the relationship between entrepreneurial characteristics and performance. This study contributes and attempts to enrich the theory development of entrepreneur related issues. Findings of the study validate some of the key linkages and support beliefs and evidence by researchers of the relationships between entrepreneurial characteristics and performance.

This study support previous research on entrepreneur characteristics, qualities and skills. Psychologists have studied the psychological traits associated with entrepreneurs – such as a personal need for achievement (McClelland, 1961), a belief in the effect of personal effort on outcomes (McGhee and Crandall, 1968; Lao, 1970), attitudes towards risk, and individual self-confidence (Liles, 1974). The distinctive personal characteristics of entrepreneurs is also a major theme of recent work by Lazear (2002), who concludes that individuals who become entrepreneurs have a special ability to acquire general skills, which they then apply to their own businesses.

Like all studies, ours has some limitations that merit discussion. First, our data were collected with a self-report instrument. The weaknesses of self-report data have been widely discussed and apply here. With that said, the variables included in this study represented intra-individual constructs—that is, the constructs represented phenomena that are assumed to arise within the mind (i.e., perceptions of personality, culture, and leadership processes). Self-report methods, therefore, may be the only way to validly measure these constructs. Related to the first limitation, the outputs associated with entrepreneurship were also attitudinal in nature. While this approach was consistent with our study's context and with current literature (see Lumpkin & Dess, 2005), we would want future researchers to investigate this topic with data obtained from independent sources and to test more objective outcomes, eliminating the issues that arise when a common method is used. Despite these limitations, the research and practical implications of the study are promising. Our investigation serves as a building block for

subsequent research that not only explores other facets of entrepreneurship that we have presented, but advances the level of sophistication of research. Although our findings are exploratory, we have offered researchers and organizational leaders a compartmentalized (i.e., individual, context, and process variables) perspective, such that entrepreneurship can be further dissected to uncover additional areas of importance. This not only enhances our knowledge of entrepreneurship; it may serve as the foundation for a more developed theory to guide the introduction and diffusion of entrepreneurship in theory. Considering the importance of continued innovation and organization renewal, this effort warrants further attention.

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