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Research paper



The Role of Entrepreneurial Strategy-Making Dimensions towards Internet Business Performance in Malaysia

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Abstract

Internet business today is facing major transformations due mainly to increased competition, changes in consumer behaviour, and technological advancements. As Internet business is an important growth engine in Malaysia nowadays, a potential of a good entrepreneurial strategy-making (ESM) can be discovered to develop Malaysian Internet business. Besides, ESM is recognised as the driver of growth and profitability. Thus, this paper aims to develop a conceptual framework related to the role of ESM dimensions, which is the role of innovativeness, proactiveness and risk-taking towards organisational performance of Internet business in Malaysia. As such, this article includes a discussion of the background and the uniqueness of the Internet business and highlighting the role of entrepreneurial strategy-making (ESM) dimensions that have a relationship towards organisational performance of Internet business. The paper concludes with implementation of effective strategy-making that can benefit the Internet entrepreneur in future.

***Keywords*:** *Entrepreneurial Strategy-Making; Innovativeness; Proactiveness; Risk-Taking; Organisational Performance; Internet Business*

1. Introduction

In the computerized time these days, ICT aptitudes are an absolute necessity for a person in their everyday routine exercises. In the event that the people don't have or excellent in ICT abilities, they will be abandoned by others. This is on the grounds that ICT aptitudes have just turned into the flow needs of an individual and future interest in an association nowadays. The study found that the advancement of the development of ICT has made Malaysians more educated and enlightening on the grounds that the data is constantly prepared and accessible with a single click on the search engine (1). Hence, it is also capable to engender critical thinking and aptitudes to brainstorm ideas in order to increase the source of income for an individual and the governing body. This has been bolstered by past studies, where ICT is otherwise called a portal for the boundless access to information. Furthermore, with ICT facilities and abilities, it will empower people to pick up learning in different fields for the utilization of social, business, economy, trainings, and governmental issues (2).

A strategy making mode is known as a blend of measurements or components of strategy making that cooperate and is able to define a coherent pattern of action for the firm (3). Thus, these dimensions of strategy making are "thought to incorporate the full scope of authoritative exercises that address issues of decision-making, planning, and administration" (4). Previous studies found that an entrepreneurial strategy making (ESM) is a particular strategy making mode that is predictable with the literature on corporate entrepreneurship and strategic management. Nonetheless, it should be noticed that the term entrepreneurship is utilized together with strategy making to allude to a specific mode of strategy making (4, 5). An ESM is a sequence of measurements that guide decision making at the key level of the firm (6).

Meanwhile, ESM process is additionally alluded to as an 'entrepreneurial posture' (7) and an 'entrepreneurial orientation' (4). ESM area has been greatly examined in the field of administration and entrepreneurship literature for a long time (Lumpkin and Dess, 1996). The meaning of ESM comprises of three viewpoints (8). The primary perspective is innovativeness where the organisations are engaged with technological innovation, the second viewpoint can attempt hazardous endeavors, which alludes to risk taking, and the third angle is to seek after circumstances proactively, which alludes to proactiveness (8).

Organisations play a critical part in our everyday lives and effective organisations symbolizes a key element for building up the groups and the nations. In this manner, these have been bolstered by the past studies, where the greater part of the economist considers that organisations and institutions are like an engine in shaping the economic, social, and political advance (6). The investigation affirmed that consistent performance is the primary concentration of each organisations that empowers firms to develop and advance (9). Subsequently, organisational performance is known as a critical point of authoritative achievement and furthermore turns into a vital variable in research management.

Accordingly, this paper plans to build up a conceptual framework related to the role of ESM dimensions which is innovativeness, proactiveness and risk taking towards organisational performance. As such, this article incorporates a discussion of the foundation and the uniqueness of the Internet business and featuring the part of ESM dimensions that have a relationship towards organisational performance of Internet business. The paper finishes up with the use of powerful strategy making that can profit the Internet business visionary in the future.

1.1. The Internet Business in Malaysia

The Internet is a critical new innovation, and it is nothing unexpected that it has acquired such a great amount of attention from entrepreneurs, administrators, speculators, and business observers. The role of the Internet has officially transformed into a popular

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stage for commercial enterprises in order to commercialize their products and services in the globalised world (10). Internet business has an imperative influence in the economic development of a nation through new business venture arrangement and improvement of current Internet firms. The expanding advancement of information technology (IT) has fundamentally influenced the two firms and markets. Along these lines, the instrument that directly has the most huge outcome in the business world is the Internet, where the Internet is one of the functions nowadays that is getting to be plainly imperative as trade infrastructure.

In Malaysia, based on the established data recovered from Department of Statistics Malaysia (DoSM), in 2016, the total population in Malaysia is at 31.9 million people. From this whole population, a study has been taken by the Malaysian Communication and Multimedia Commission (MCMC) (2016) and from the review, it demonstrated an addition to the level of Internet users crosswise over Malaysia which is at 77.6 per cent against 22.4 per cent of non-users. As such, the Internet has seen expanding prevalence among Malaysians because of its functions in information and idea sharing, which concedes the improvement of new neighborhoods, channels, and projects for significant business activities. To date, as Internet business is a critical growth engine in many developed countries and other emerging countries in driving the economy of their nations individually, including Malaysia, along these lines, an extraordinary potential can be presented to create Malaysian Internet business through ESM in order to contribute to the success of organisational performance.

2. The Role of Entrepreneurial Strategy-Making Dimensions and Organisational Performance

2.1. Innovativeness and Organisational Performance

Innovativeness is a huge viewpoint in entrepreneurship as it is skilled to differentiate entrepreneurs with different specialists. Innovation is constantly connected with a characteristic of "novelty" (11, 12). Essentially, Lumpkin and Dess (4) portrayed innovativeness as "the inclination to take part in and bolster new thoughts, curiosity, experimentation and innovative procedures bringing about freshness". At the point when a firm is imaginative, this is reflected by the firms inclination to digress from built up practices and technologies by embracing and persisting innovativeness and experimentations, novelty and R&D in the advancement of products, services and processes (13).

The market of Internet business products and services is very unique and challenging. Because of the extraordinary and challenging products and services, the organisations need to become more creative and innovative in providing and promoting their products. In reality, innovativeness has developed as one of the recurring themes in characterizing entrepreneurship (14). One conceivable clarification for this is because innovation is seen as a mechanism to remain competitive to stay focused on the business (15). At the point when a firm is innovative this is reflected by the firms inclination to withdraw from set up practices and technologies by grasping and supporting creativity and experimentation, technological leadership, novelty and R&D in the development of products, services and processes (13).

The quick changes in the business sectors and the behavior of customers constrained the organisations to acquire innovativeness in their products, services and processes (16). As indicated by Zellweger and Sieger (17), innovation can be conveyed into two particular classes, which is internal and external innovation. Internal innovation concentrates on innovative changes and value creation in the organisations, while, external innovation brings about the improvement of new products or services or processes (18). By presenting novelty in the market it will secure the extreme rivalry of the present global economy (19). The innovations might be new to the world and may create totally new markets. The firm that can offer different lines of product and excellent technological support in an organisations will acquire more prominent financial rewards (20). In this way, in view of the evaluated of the above literature, innovativeness indicates high impact on organisational performance.

2.2. Proactiveness and Organisational Performance

Proactiveness alludes to the demonstration of reacting rapidly to the changes and grabbing opportunities before anyone else does. Proactiveness happens when firms sleek new entry before competitor takes those opportunities (21). The proactive firm would have points of interest from its first mover status since it can profit by showcase openings (19). This is the best procedure to contend in the business world. As the first to present new products or services, the firm can capture extraordinarily high profits and have a head begin in building up mark acknowledgment (Lumpkin and Dess, 1996). The proactiveness dimension can shape the firm's competitive environment, influence trends, and in some circumstance, create demand (Lumpkin and Dess, 1996). The ability to recognise new opportunities and shape the environment is depicted as proactiveness (22). Proactiveness reflects an organisations action in exploiting and anticipating emerging opportunities by creating and introducing, and additionally making change towards a product (Lumpkin and Dess, 1996). Proactive firms are proactive in seeking after circumstances, as well as react forcefully to contenders (Lumpkin and Dess, 1996). This behavior empowers a firm to compete with its rivals and obtain superior performance.

Proactiveness is additionally intently connected with striving for first mover advantages (23). Proactive organisations are given to scanning and managing the earth to catch customers new taste and inclination, and stay up-to-date with the business opponents. Proactive organisations are to a great extent impacted by their unlimited endeavors in anticipating what their customers require and expect later on, and in this way react effectively to the opportunities accessible to them (Lumpkin and Dess, 2001). Proactive organisations identifies with market opportunities by effectively getting a handle on activity and move toward becoming pioneers in Internet business. In view of Lumpkin and Dess (3) idea of proactiveness, it is seen that proactive organisations will move toward becoming pioneers and innovators in the Internet business market and are fit for modifying and reshaping the Internet business environment.

The qualities of proactive firms, for example, being responsive to market signals, having access to scarce resources, and unequivocally dedicated to enhancing product and service offerings empower superior returns (13, 24). The more proactive the firms in creating a forceful move towards catching of new business opportunities, the more noteworthy the growth rates of the firms (25). It is essential for a firm to be proactive as it demonstrates that by exploiting opportunities and making their move faster than others would put them in front of their rivals. Subsequently, in view of the literature, proactiveness demonstrates high impact on organisational performance.

2.3. Risk Taking and Organisational Performance

Risk taking can be characterized as a firm consent to confer assets with an indeterminate result (26). Despite any sorts of business, a specific kind of risks would exist. Risk taking is characterized as the degree to which a firm will make expansive and risky responsibilities (27, 28). Lumpkin and Dess (4) defined risk taking activity as the ability to act under instabilities, for example, operating business in unknown new markets, apportioning a major measure of advantages without unquestionably knowing about the return, and furthermore excessive borrowing.This demonstrates that firms are not terrified of getting things done out of the norm which is from doing ordinary business and go venturing into the unknown. Risk taking includes the readiness of entrepreneurs' commitment to exploit opportunities or take part in business techniques in which the result might be exceptionally unverifiable (27).

As indicated by the Brockhaus (29), entrepreneurs take risks, however it is considered as a higher risk by those business people who are not an entrepreneur. The entrepreneurs have more idealistic view about certain business activities and they display much certain to take the advantages of these opportunities when contrasted with non-entrepreneurs (30, 31). Thus, it is presumed that entrepreneurs have diverse perspectives viewing risk taking when contrasted with the non-entrepreneurs (32). In the study led by the previous researcher, they analysed the connection between every segment of innovativeness, proactiveness and risk taking; they found that risk taking and performance are contrarily related (33). A previous study found that risk taking is positively related to performance, yet the level of the relationship is not significant (34). Likewise, risk taking has the most minimal positive impact on performance (35). In addition, a study among the Taiwanese SMEs in China additionally found that risk taking is positively related to firm performance (36).

In light of the previous study, the researchers additionally affirmed that risk taking has a positive and significant relationship with business performance (37). The meta- analysis results revealed that the risk taking dimension is positively related to firm performance regardless of the possibility that it is significantly smaller than other entrepreneurial strategy making dimensions (38). The positive effect of risk taking on firm performance is because of the way that organisations that have the boldness to make a significant resource commitment to high-risk projects with high returns would have the benefit of boosting their firms wages. In this way, in light of the looked into of the above discussion, risk-taking shows high influence on organisational performance

3. The Conceptual Framework

The conceptual framework (Figure 1) portrays is based on the aims of the study that is to identify the effect of ESM dimensions which is the effects of innovativeness, proactiveness and risk-taking towards performance achievements of Internet business in Malaysia. There are three independent variables in this study, which are innovativeness, proactiveness and risk-taking. There is one dependent variable which is organisational performance.

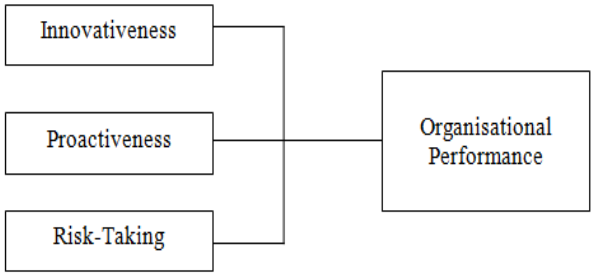


Fig. 1: Conceptual framework of the study

4. Implementation of Good Strategy-Making in Internet Business

Strategy is tied in with making a series of decisions that drive corporate action under a particular connection with the organization's environment and setting. This is on the grounds that the decisions are the actions and strategy itself is an action, not only a portrayal of the action. The strategy is a fit and deliberate action that will awe the two contenders and clients. This is on account of the poor usage of strategy development has been connected to the disappointment of Internet business. Along these lines, the action of Internet entrepreneur must be more grounded and more predictable, so as to actualize a compelling strategy making.

One of the usage towards effective strategy making has been examined widely in the previous study where the first is through the planning and execution, in which both of these are independent. They contended that the usage takes after the formulation whereby one can't execute anything until the point that something exists. Consequently, strategy formulation and implementation are separated. However, formulation and implementation are also interdependent, which is part of an overall process of planning-executing-adapting. In this manner, this relationship suggests the intersection amongst planners and achievers, and enhances the probability of execution success (39).

Next, the implementation of effective strategy takes longer time. This statement is bolstered by the researchers, whereby this can challenge the manager's thoughtfulness regarding complete with points of interest (Blahová and Knápková, 2011). Hence, in order to avoid external 'shocks' and changes, they suggested that the controls must be set to provide feedback and keep management up to date (39). Nonetheless, when an Internet business fails to execute its strategy, the Internet entrepreneurs should not think about restructuring its processes. This is because the essentials of effective implementation begin by clarifying the right decisions and ensure the information flows in a right track where it needs to go. Furthermore, if the Internet entrepreneur gets those rights, the correct structure and motivators often become obvious.

In fact, everything done, surely has its own risks. Similarly, in the Internet business, any other business still faces risks that can harm the success of the implementation. Therefore, something that is well planned and managed is able to reduce the risk that will be faced by the owner of the business. Hence, using the right methods, frameworks, or timing may reduce or minimize Internet business failure.

5. Conclusion

In conclusion, this paper has developed conceptually to examine the role of ESM dimensions which is the innovativeness, proactiveness and risk-taking towards organisational performance of Internet business in Malaysia using a review of related literature. It has shown that the role of innovativeness, proactiveness and risk-taking may have a positive and significant relationship with organisational performance. This means that for Internet business in Malaysia by having the ability to innovate, with sense of proactive behaviours and ability to take calculated risk the firms can do well in term of performance than those without those features. Therefore, the Internet entrepreneur must seriously implement the effective strategy-making that has been extensively discussed in order to promote the ESM dimensions in organisation.

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