THE ANTECEDENTS AND CONSEQUENCES OF ENTREPRENEURIAL COMMITMENT: MODELLING COMMITMENT AMONG MALAYSIAN ENTREPRENEURS

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THE ANTECEDENTS AND CONSEQUENCES OF ENTREPRENEURIAL COMMITMENT: MODELLING COMMITMENT AMONG MALAYSIAN ENTREPRENEURS

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A thesis submitted
in fulfillment of the requirements for the degree of Doctor of Philosophy

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2015
DECLARATION

I declare that this thesis entitled “The Antecedents and Consequences of Entrepreneurial Commitment: Modelling Commitment among Malaysian Entrepreneurs” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature for any other degree.

Signature : 
Name : RAHAYU BINTI TASNIM
Date : 
APPROVAL

I hereby declare that I have read this thesis and in my own opinion this thesis is sufficient in terms of scope and quality for the award of Doctor of Philosophy.

Signature :..............................................................

Supervisor Name:...........................................................

Date :..............................................................
DEDICATION

To my beloved parents, husband, and sons.

“If you deny yourself commitment, what can you do with your life?”

- Harvey Fierstein
ABSTRACT

The researcher’s interest in the topic of entrepreneurial commitment was stimulated initially by theoretical and practical observations: What makes some entrepreneurs so highly *committed* to entrepreneurship and how might this sense of commitment be instilled in others? This doctoral thesis puts ‘commitment’ under the microscope, and intends to address the questions concerning entrepreneurial behavior, and leading to entrepreneurial success. The main emphasis of this thesis is to explore *what* entrepreneurial commitment is, *how* it is developed, and whether it can be *profiled* across entrepreneurial phases, levels of success, race and gender. To allow for a rigorous examination, a blend of two methodologies was utilized – the Interpretative Phenomenological Analysis in Phase 1, and the Component-Based Structural Equation Modeling (CB-SEM) in Phase 2 of this research. In Phase 1, six successful entrepreneurs were interviewed using the phenomenological approach. In this phase, the first research objective was accomplished; a common conceptualization of commitment in the entrepreneur was established. ‘Commitment’ is seen as the force that binds the entrepreneur to his/her tasks and daily responsibilities, and that this ‘force’ affects goal achievement and performance in *some way*. This finding led to the construction of the conceptual Model of Entrepreneurial Commitment, which was then empirically tested using the CB-SEM approach in Phase 2. A questionnaire, the Entrepreneurial Commitment Metrics, was developed and distributed to entrepreneurs throughout Malaysia. 402 completed sets were returned and findings led to the accomplishment of the remaining three research objectives. This phase concluded with a comprehensive discussion on how entrepreneurial commitment is developed and how it is profiled across entrepreneurial phases, success levels, race and gender. This research holds that entrepreneurial commitment is shaped by the entrepreneur’s affective, normative and continuous commitments and is the force that *binds* and *directs* the entrepreneur to perform entrepreneurially. Passion, values and personality form the entrepreneur’s affective commitment, while internalized norms and the feelings of responsibility and righteousness form the entrepreneur’s normative commitment. Lack of alternatives and the magnitude of investments, form the entrepreneur’s continuous commitment. This thesis furthermore illustrates that commitment and motivation are *distinct* concepts in the entrepreneurial process. Another pioneering and enticing discovery reveals the magnitude of commitment and performance are at their *highest* in the growth phase of a business, in ‘above average’ successful entrepreneurs, in Chinese entrepreneurs, and in female entrepreneurs. These valuable findings demystify our understanding of entrepreneurial commitment in a Malaysian setting, and may allow for further efforts to nurture entrepreneurial commitment at a national level. The final chapter concludes with highlighted suggestions on these proposed efforts.
ABSTRAK

ACKNOWLEDGEMENTS

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11. “Fail First! True Tales of Successful Malay Entrepreneurship” (title of book still unconfirmed). (Fourthcoming)


CHAPTER I
INTRODUCTION

1.0 Preface of Study

“People say that little knowledge is a dangerous thing. For us to bluntly shout out to entrepreneurs out there the importance of being ‘totally committed’, or that they must possess a ‘committed-mindset’ makes no sense if we ourselves fail to truly understand what entrepreneurial commitment is all about in the first place”.


Entrepreneurship is risky. It is analogous to being a lone captain of a boat, in the open and violent seas, on a seemingly endless journey to a land unknown and perhaps, unimaginable of. Before take-off, this journey is often envisaged by the captain to be a smooth sailing endeavor, with failures predictably ‘manageable’ along the way. More often, though, it is not. The real test kicks off when the boat begins to leak, while the journey is yet thousands of miles away. Self-assured, the entrepreneur plasters the leak, and his journey recommences. But who would guarantee that his boat will never, again leak? Or, that a bad storm would never take place? No one. It may leak more frequently than expected, and storms may recur each day. Often the entrepreneur faces extreme hardships along the way,
frustratingly making him slow down. In reality, many of them decide to abandon ship. They quit.

Needless to say, failure is a big part of the startup game. A recent study shows that venture-backed startups fail at a much higher rate than previously thought (*The Venture Capital Secret: 3 Out of 4 Start-Ups Fail*, 20 September, 2012). In an all-inclusive study by Ghosh, who studied the life cycles of 2,000 start-up ventures from 2004 to 2010, it is reported that an astounding 3 out of 4 start-ups fail in their first few years (Nobel, 2011; *Startling Start-Up Stats*, 4 October 2012). An astonishing 90% to 95% of start-ups fail to meet their targeted revenue, planned growth rate or date to break-even on cash flow; the previous rate was 55% (Nobel, 2012; Politis & Gabrielsson, 2009; Scott & Lewis, 1984; Shepherd, Douglas, & Shanley, 2000). This universal data illustrates a key point; that the first years prove to be the most critical years in a business’ life, with not many making it through. So what, exactly, makes a successful entrepreneur? What psychological mindset is demanded for one to survive through the turbulent, dark seas, particularly in the first few years of venture seafaring? How then does this mind-set influence entrepreneurial behavior in the ensuing entrepreneurial phases? Does this psychological mindset impact entrepreneurial performance? And, more importantly, if it does, what can be done to nurture and develop the psychological mindset?

We hear, quite often, people talking about ‘commitment’. It is a custom to hear, for instance, people around us promoting commitment in the workplace, to students preparing for the exams, to a marriage or relationship, and the list goes on. In other words, commitment seems to be a prerequisite to realize positive behaviors and
valuable outputs in our daily activities, signifying that it is one of the most dominant psychological factors in shaping behavior and how an individual acts. The psychological mindset of commitment is, to this day, still debated across a myriad of research domains, including entrepreneurship. Many have argued its significance in the entrepreneurial process and that commitment is said to directly impact entrepreneurial performance. In short, the role commitment plays in entrepreneurship is widely supported.

Nonetheless, although commitment is germane to the entrepreneurship literature, a few phenomena still remain to be demystified. For instance, what, exactly, shapes entrepreneurial commitment? How does the committed-mindset influence entrepreneurial behavior and more precisely, entrepreneurial performance? And more importantly, since commitment plays a key role in the entrepreneurship process, how then is it possible for us to cultivate a committed-mindset amongst prospective entrepreneurs? These are among the questions the researcher responded in her quest to contribute to the wealth of academic literature and practical managerial implications throughout this thesis.

In the following sections, the researcher illumines the state of Malaysian entrepreneurial activity and performance, and on how truly understanding the committed mindset would immensely assist in the making of successful entrepreneurs. An overview of the study is then presented, which includes the research purpose, objectives and questions, as well as an epigrammatic view of the methodologies and the significance this study puts forward.