

Personality-Environment Congruency of Land Settlement Youth Entrepreneurs in Malaysia

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Abstract

*The purpose of this study was to investigate the mediating effect of person-environment congruency on the relationship between organisational culture and organisational commitment. Data were obtained from entrepreneur youth who were member and in the leadership position of FELDA Youth Organisation in Malaysia (n=408). Person-environment congruency was found to be a significant mediator of the relationship between organisational culture and organisational commitment. This has wide-ranging implications for organisational development consultants who intend to shape the culture of various organisations, on the assumption that certain organisational cultures directly lead to certain desirable employee outcomes. Leaders need to pay attention to not only their organisational culture such as training, rewards, teamwork and communication, but to also ensure that they are aimed towards improving the fit between individuals and their work environment. Whereas previous research tends to look at P-E congruency as a predictor of employee outcomes, this is one study to provide evidence of P-E fit as a mediator of the relationship between organisational culture and organisational commitment. **PJP/2011/FPTT (7D) S00950***

Keywords: *Person-environment congruency, Youth Entrepreneur, Organisational Commitment*

1. Introduction

The purpose of this report is to illustrate the investigation of John L. Holland's (1966, 1973, 1985a, 1997) person-environment fit theory as a theory-based approach for advancing our knowledge and understanding of entrepreneur success. The first section of the report provides the result of personality trait of youth entrepreneur. We focus primarily on the congruency of personality trait of entrepreneur to their environment.

The next two sections of the report provide a reasonably thorough description of the different of business performance between the congruence and incongruence personality traits among land settlement youth

entrepreneurs. (section 2) while focusing specifically on the relationship of congruency and business performance (Section 3).

2. Entrepreneur And Success

Entrepreneurial success is not bound to economical benefits alone but it also includes entrepreneur's psychosocial well-being. Congruency is currently one of the major influences on the health and well-being of employees in the modern workplace (Mack & McGee, 2001). Mismatched has been associated with the increasing of entrepreneurial stress which caused failure in business.

Akende (1994) claimed that stress is an adjunct to entrepreneurship. The challenging natures of entrepreneurship itself are constantly exposing entrepreneurs to stressful conditions. Small business owners, in particular, may face high levels of stress because work and its demand often dominate their lives (Jamal, 1997 in Mack & McGee, 2001). Boyd and Gumpert (1983) in their research have identified four main causes of stress in 450 entrepreneurs as: loneliness, immersion in the business, people problems and the need to achieve.

Although stress has been widely studied by researchers, entrepreneurial stress has not gained much attention despite its challenging nature. It is the objective of this research to study whether mismatched of personality with environment is the main cause if entrepreneurial stress.

High stress level has been associated with the increasing of various both psychological and physiological health problems among entrepreneur that affect their success. Despite of all the success reported, entrepreneurial stress is damaging not only the entrepreneur's self, but also the employees and organization and subsequently, will affect the overall business performance. Although occupational stress has been widely studied by researchers, entrepreneurial stress has not gained much attention despite its challenging nature.

The importance of entrepreneurial personality toward business performance is well recognized, as reflected an increasing number of studies devoted to entrepreneurship in recent years, for example; Shane *et al*, 2003; Llewelly *et al*, 2003; Littunen, 2000; Gartner, 1990; Bird, 1998; and McCUeland, 1961.

These prior studies have largely addressed what affected entrepreneurial personality and how it occurs. However, in order to develop entrepreneurial personality as empirical study in Land Settlement in Malaysia that subsequently allows appropriate intervention from this agency perspective, it is necessary to further investigate the attributes involved in entrepreneurial

personality through a framework which has close connections with business performance.

Therefore, the purpose of this study are, first; is to identify the common personality traits of land settlement youth, and secondly; to identify the significant relationship of entrepreneurial personality toward the business performance; thirdly is to study the significance of person environment fit as a moderator in a relationship of entrepreneurial personality and business performance. The scope of this study is to measure the factors in entrepreneurial personality toward the significance relation with the business performance among youth entrepreneur of Land Settlement in Malaysia.

3. Youth Entrepreneurial Personality in Land Settlement

Entrepreneurial personality refer to the individual who have the ability to take risk, marketing skills and business management skills' innovativeness, knowledge of the market functions,; which are influence to the personality traits in a context of cooperation, networking, and also independent in business (Littunen, 2000). The term of entrepreneurial personality in this study describe the individual who are highly motivated in a factor of; creative, innovative, locus of control, need for achievement, and grab market opportunities (Stevenson & Gumpert, 1983; McClelland, 1961; Shane *et al*, 2003; Rotter, 1966).

Recent research showed that the creative entrepreneurs are much more artistic and creativity reliant than other factors in entrepreneurial characteristics (Ghouse, 2008). As well as to develop the creative entrepreneurs toward innovation, strategic and idealistic, FELDA Malaysia, has taken responsibility to accommodate workshop training program. The aim of this agency is to develop the skill and sense of entrepreneurship among youth entrepreneurs in FELDA Land Settlement, in term of innovative, creative, independent, risk taking, and problem solving.

4. Research Questions and Objectives

Emphasizing of entrepreneurial characteristic to youth in Malaysia, particularly in FELDA Land Settlement becomes essential in developing personality traits which is contributed to the business performance. Questions to answer from this research are; whether there is relationship between business performance and entrepreneurial personality, and; whether there is any different of business performance between congruence and incongruence person-environment fit among youth entrepreneurs.

Therefore, the objectives of the research are;

1. What are trait personality among a land settlement youth entrepreneurs?
2. Is there any relationship between personality and business performance among land settlement youth entrepreneurs?
3. Is there any relationship between Person-Environment Congruency and business performance among land settlement youth entrepreneurs?

5. The Indicators and Variables

Characteristic that is related effective business performance can be seen as Entrepreneurial personality (Littunen, 2000). It's construct constituted from different components, such as; locus of control (Rotter, 1966), creativity (Marcus, 2005), innovative (Littunen, 2000), need for achievement (McClelland, 1961), and grab market opportunities (McClelland, 1961). Table 1 represents indicators for each variable in entrepreneurial personalities which are key factors affecting the development of business performance.

Variables	Indicators	Citation
Locus of Control	<ul style="list-style-type: none"> - Capable to control one's own life - Self-confidence - Ability of entrepreneurs to influence events - Capable to turning thoughts into action 	Rotter, 1966; Littunen, 2000
Creativity	<ul style="list-style-type: none"> - The key value of entrepreneurship - Capable to develop new product - Capable to differentiate product - Create strategic planning & implementation 	Marcus, 2005
Innovative	<ul style="list-style-type: none"> - Develop current product performance - Develop ciurent production - Create new source of supply - Create new structure in management 	Littunen, 2000; Bird, 1989; Drucker, 1988
Need for Achievement	<ul style="list-style-type: none"> - Looking for a better improvement - Capable to challenging task - Set the target through own effort - Problem Solving 	Littunen, 2000; McClelland, 1961
Grab Market Opportunities	<ul style="list-style-type: none"> - Capable to study market environment - Strong character to face competitors - Grab opportunities based on strength 	McClelland, 1961
Business Performance	<ul style="list-style-type: none"> - Business growth - Profitability - Competitive advantage - Manageable 	Bechetti & Trovoto. 2002
Person Environment	<ul style="list-style-type: none"> - Congruency - Traits: Realistic, Investigative, Artistic, 	John L. Holland's

Fit	Social, Enterprising, Conventional	(1966, 1973, 1985a, 1997)
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Table 1. Indicators for each variable

6. Hypothesis and Theoretical Framework

The first aim of this study is to investigate whether personality in entrepreneurship is related to business performance. Based on these theoretical starting points, the first research hypothesis is framed as follows;

H1: There would be a significance relationship between entrepreneurial personality and business performance.

Furthermore, this study also investigates the relationship of person-environment fit (personality congruency) towards business performance. Therefore, the second hypothesis is framed as follows;

H2: There would be a significance relationship between entrepreneur P-E Fit and business performance.

To discuss the hypothesis of this study, the theoretical framework is to visualize the combination of independent variables, dependent variable, and moderating variable in developing of two hypotheses. Figure 1 represents the relationship of factors of entrepreneurial personality (locus of control, creativity, innovative, need for achievement, and grab market opportunities), business performance, and Person-Environment Fit.

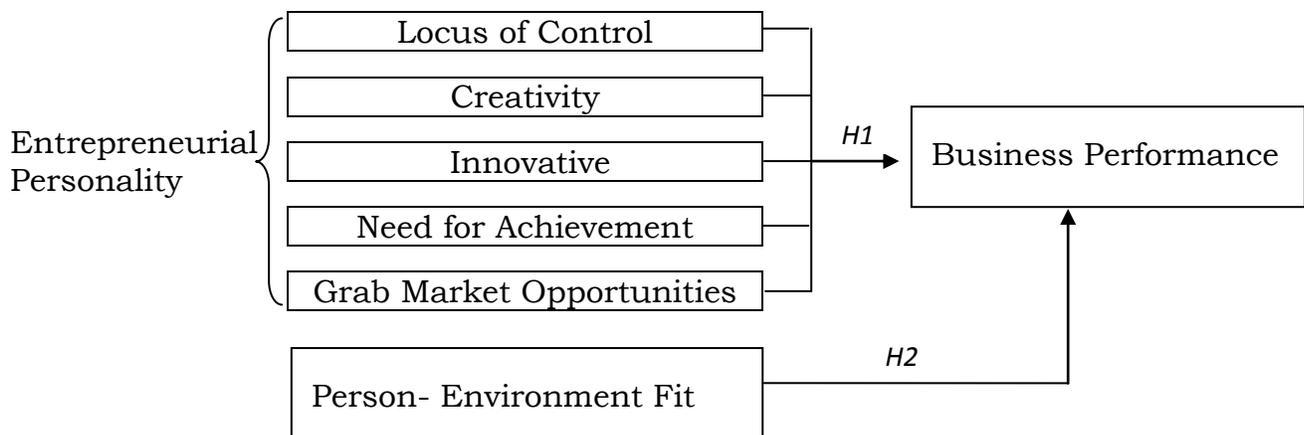


Figure 1: Theoretical Framework of Entrepreneurial Personality and Business Performance

7. Methodological

This study is aimed at addressing the phenomenon of entrepreneurial personality affected to the business performance. A quantitative approach with designing of questionnaire was adopted to investigate the variables.

Respondent was Youth of FELDA Land Settlement in Malaysia. Researcher used the random sampling to clarify the total populations. Around 408 youth entrepreneurs who attended leadership program trained organized by researcher. All respondent responded to questionnaire distributed to them during the session of the training. Then, the data was entered and analyzed with the Statistical Package for Social Sciences (SPSS) software program (version 16.0). Table 2 shows the number of population and sample in this study.

	Population		Sample	
	Frequency	%	Frequency	%
Male	587	62.1	255	62.5
Female	358	37.9	153	37.5
TOTAL	945	100	408	100

Table 2: Population and sample size

8. Data Analysis and Finding

As part of this research is to study the significance relationship between variables in theoretical framework, bivariate correlation was used to test the *H1* and partial correlation used to test the *H2* in this study. However, a descriptive analysis was first conducted before inferential analysis in order to analyses the frequency and percentage of demographic in entrepreneurial and business profile. Furthermore, this analysis was divided into four parts, including; the reliability analysis, descriptive analysis on demographic profile, the relationship of entrepreneurial personality and business performance (*H1*), and the different between entrepreneurial personality and business performance of congruence P-E fit entrepreneur (*H2*).

8.1 Reliability Analysis

Based on the reliability analysis, it indicates that most of the variables that has been investigated in this study are found to be highly reliability, such as; need for achievement (0.822), locus of control (0.761), creativity (0.785), innovative (0.796), grab market opportunities (0.816), business performance (.0939) and P-E Fit (0.950), as well as mention in a table 3. It means that the structure of

questionnaire in this study is well consistence. Table 3 shows the result of reliability of this study.

Section	Number of Item	Reliability Coefficients ALPHA
Need of Achievement	13	0.822
Locus of Control	12	0.761
Creativity	18	0.785
Innovative	13	0.796
Grab Market Opportunities	12	0.816
Business Performance	30	0.939
Self-Directed Search (P-E Fit)	192	0.950

Table 3: Reliability Analysis of Variables

8.2 Descriptive Analysis on entrepreneurial Profile

A frequency and percentage of respondents in each part of entrepreneurial profile was depicted in table 4 (demographic profile) and table 5 (business profile). In term of demographic profile, most of creative entrepreneurs among youth in FELDA are age below 31(70.59 %) and the rest are above 31 (29.41%). In term of gender, the majority of entrepreneurs are male (63%) and female (37%). Meanwhile, marital status has shown that is 78% are bachelor, and 22% are married. In term of level of education, the highest contribution is from school which equal to 34.55%, and followed by certificate holder (27.69%), diploma holder (26.22%), degree holder (10.53%) and Master/PhD holder (1.0%).

Items	Frequency	Percentage	Items	Frequency	Percentage
Gender			Age		
Male	255	63	Below 31	288	70.59
Female	153	37	Above 31	120	29.41
Total	408	100	Total	408	100
Marital Status			Level of Education		
Bachelor	318	78	School	141	34.55
Married	90	22	Certificate	113	27.69
Total	408	100	Diploma	107	26.22
			Degree	43	10.53
			Master/PhD	4	1.0
			Total	408	100

Table 4 (Demographic Profile)

In term of business profile, the result in Table 5 clearly shows that there are 37.3% of total respondents are involved in retail business, 11.8% are involved in supplier business, and 17.4% are operated as construction contractor, 12.7

% as services provider, 5.9% in transportation and 14.9% involved in other businesses not specified before. Furthermore, the term of operations has indicated that 42.9% of respondents are operated more than 10 years of operations, 23.8% in between 6 - 10 years, 20.8% are operated between 2-5 years, and only 12.5% are operated less than 1 years.

Items	Frequency	%	Items	Frequency	%
Area of Location			Type of Business		
Male	255	63	Retailer	152	37.3
Female	153	37	Supplier	48	11.8
Total	408	100	Construction Contractor	71	17.4
Term of Operation			Services Provider	52	12.7
More than 10	175	42.9	Transportation	24	5.9
6-10	97	23.8	Others	61	14.9
2-5	85	20.8	Total	408	100
Less than 1 year	51	12.5			
Total	408	100			

Table 5 (Business Profile)

8.3 Hypothesis 1: Relationship of entrepreneurial personality and business performance

Entrepreneurial personality become as a major independent variable which comprises five minor supportive variables (e.g. need for achievement, locus of control, creativity, innovative, grab market opportunities) to looks the significance relationship with the business performance. Generally, the first conducted of this analysis is to test the hypothesis 1, and followed by the measurement of correlation of each factors in entrepreneurial personality toward business performance.

The results indicate that there was a statistically significant association between entrepreneurial personality (major independent) and business performance with $r=0.649$ and $p=0.000$. The output reveals that the results of this study are moderately significance relationship. Therefore, we accept the hypothesis and also can be interpreted that most of youth entrepreneur in FELDA are moderately have a sense of entrepreneurship which are contributed to the business performance. These results also supported the literature of this study as claimed by Littunen (2000), McClelland (1961), Rotter (1966), Marcus (2005), Dmcker (1988), Bird (1989), and Bechetti & Trovoto (2002).

Additionally, there are only two factors of entrepreneurial personality indicate that are moderate correlation with business performance, there are; grab market opportunities ($r=0.564$, $p=0.000$) and Locus of Control ($r=0.563$, $p=0.000$). However, others factors of entrepreneurial personality are not really strong exist but still have a relationship, such as; innovative ($r=0.482$, $p=0.001$), creativity ($r=0.451$, $p=0.005$), and need for achievement ($r=0.376$, $p=0.042$). Table 6 mentions the results of coefficient correlations and significance value.

Independent Variables	Significance	Bivariate Correlation	Level of Correlation
Need for Achievement	0.042	0.376	Weakly Moderate
Locus of Control	0.000	0.563	Moderate
Creativity	0.005	0.451	Weakly Moderate
Innovative	0.001	0.482	Weakly Moderate
Grab Market Opportunities	0.000	0.564	Moderate

Table 6 Coefficient correlations and significance value.

8.4 Hypothesis 2: There would be a significance relationship between entrepreneur P-E Fit and business performance.

As stated earlier, one of the purposes of this study is to determine whether there is a significant congruency between youth's personality types and their environment or entrepreneurial activities. To meet this objective, the ranking scores for personality obtained from SDS is analyzed using Kendall's Coefficient of Concordance (W) statistical method. This method is used to determine whether a significant congruency exists between rankings. The value of W will be converted to the value of X^2 . The Congruency Index (CI) (Wiggins & Moody, 1981) will also be determined. The Wiggins's congruency index is a 9-point index where the lowest value of CI = 0 and the CI = 8 being the highest index, with a mean of CI = 4. The significant value of W together with CI value greater than 4 will show that there is a significant congruency between student's personality and their area of specialization.

Test results using Kendall's Coefficient of Concordance (W) method are shown in Table 7. The results for FELDA youth entrepreneur are ($W=.25$, $X^2(5) = 55.46$, $p<.05$). These results showed that the existence of significant ranking congruency for youth entrepreneurs in FELDA.

N	W	X ²	dk	P
78	.25	55.46	5	.000*

* $p < .05$.

Table 7 - Statistical Test Results of Kendall's Coefficient of Concordance (W)

9. Implication and Recommendation

Currently, business among youth has been defined as activities which are highly contributed to the wealth creations. Additionally, an initiative of Malaysia government become a platform for those practitioners to develop their entrepreneurial personality toward business performance, such as; need for achievement, locus of control, creativity, innovative, grab market opportunities. According to the result of hypothesis 1, the relationship of entrepreneurial personality among FELDA youth has a moderate correlation toward the business performance ($r=0.649$, $p=0.000$). However, hypothesis 2 has shown that the existence of significant ranking congruency for youth entrepreneurs in FELDA.

9.1 Desire to shift the conventional thinking into an entrepreneurial paradigm

As well as to embracing the business activity among youth entrepreneurs the practicing of paradigm shift in entrepreneurship become as a factor to influencing self employ. The major focus of youth entrepreneurs is the issue of entrepreneurial personality development which shifting their paradigm in business perceptions. Certainly, youth entrepreneurs should shift their paradigm from local-based performance into national-based or even international-based performance to activate their business performance as a major contribution to Malaysian economy. Therefore, FELDA youth entrepreneurs also should take initiative to develop their own personality traits in term of capable to take challenging task, self-confidence, problem solving, ability to influence events, capable to study market environment, and also creating a new business strategic.

This implication also agreed with the argument by Wan Hashim Wan Teh (1996), and Hatta Azad Khan (2006), who was mentioned that entrepreneurs need to shift their paradigm to become entrepreneurial traits, in term of profit-oriented and competitive-oriented. According Paradigm shift that was highlighted by Wan Hashim Wan Teh (1996), and Hatta Azad Khan (2006) there are six indicators that should aware by entrepreneurs in entrepreneurial paradigm, such as; independently, motivated in arts and business, product

focus on customers' appreciation, creative and innovative, profit oriented, and product-value depending on customer perceptions.

9.2 Attempt to change the culture of life

According to Hatta Azad Khan (2006), some of Malaysian entrepreneurs are not realize their thinking toward the vision and mission of the business, strategic planning, develop competitive advantage, and the market characteristics. In other words, there are ignoring the achievement of their business in a context of looking a better business improvement, challenging, and set the target. Furthermore, this result implicate that youth entrepreneurs should change their business culture in a context of business value, thinking and believing. The practicing of changing in a business management is to change the business philosophy which is directly affected to the vision, planning, and implementation of business strategic. Schaefer (1989) has highlighted that the study of cultural change in sociology included the changing of values of thinking, ideas, customs, and social system of community in their life. The changing concept of business culture in this study is to change the culture of self-satisfaction toward the business into customer satisfaction. Therefore, the finding of this study has implicated that FELDA youth entrepreneurs should attempt to change of their culture of life in a context of thinking, value, believing, and custom.

10. Conclusion

In summary, the term of entrepreneurial personality of this study discovered several personality traits, such as; need for achievement, locus of control, creative, innovative, and grab the market opportunities. This quantitative analysis reveals that the factors of entrepreneurial personality are significance associated with the business performance. Consequently, the significance results have suggested that the youth entrepreneurs should shift their paradigm to become more entrepreneurial characteristics and also change their culture in a context of local-based performance into national-based or international-based performance. Besides that, youth entrepreneurs should change their culture of life to become more on profit and customer oriented. Therefore, the result of this study can be realize that a good youth entrepreneurs is individual who are ability take challenge, competitive, strategic and highly desire in business achievement.

Furthermore, government also should take initiative to specify and structure the policies in development of entrepreneurial personality, as well as that they have implemented in developing of entrepreneurial skill and knowledge in an entrepreneurial development program previously. Therefore, the solution and finding of this study will applicable to a wide range of youth in Malaysia that can increase the level of activities among youth into a new dimension.

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