



## Determining Competitiveness of Micro Entrepreneurs: The Mediating Effect of Internal Motivation on Entrepreneurial Success Factor

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### ABSTRACT

Entrepreneurial motivation is a critical element in enhancing the competitiveness of micro entrepreneurs. The Malaysian government has taken several initiatives in providing motivational training through several federal and state agencies such as Gagasan Badan Ekonomi Melayu (GABEM), Yayasan Pembangunan Usahawan (YPU), Majlis Amanah Rakyat (MARA) and Yayasan Pembangunan Keluarga (YPK). The issue remains whether the micro entrepreneurs are able to sustain their motivation in improving their business competitiveness that will help them penetrate new and bigger markets. In light of this issue, the authors postulate three entrepreneurial success factors and internal motivation as the mediating variable in determining the competitive level of the micro entrepreneurs. A total of 520 micro-entrepreneurs were selected from seven districts in Terengganu, Malaysia. The three steps regression analysis revealed that internal motivation partially mediates all three entrepreneurial success factors, effective management, personal quality and family support. These findings revealed that the combination of internal motivation with other entrepreneurial success factor would be critical in creating sustainable competitive advantage among micro entrepreneurs. The authorities responsible for the development of the entrepreneurs would therefore be wise to design better motivation programs that will sustain their competitiveness in the long run.

**KEYWORDS:** Micro-Entrepreneurs, Entrepreneurial Knowledge, Internal Motivation, Business Competitiveness, Terengganu.

### INTRODUCTION

Past scholars have suggested that the development of a country is significantly contributed by the stability of its politic and economic environment, which is affected by the entrepreneurial activities and business competitiveness. In fact, many developing countries such as Nigeria [1], Ghana [2] and Pakistan [3] have introduced policies and procedures that encourage micro entrepreneurs to better compete in the market place. In Malaysia, the government through its "New Economy Policy" has taken many initiatives to create higher employment rate, better income, improvement of local economies and general social transformation in order to eradicate poverty among its citizens. Moreover, since the Ninth Malaysian Plan (2006-2010), the government has been devoting and designing the SME development plan to assist the Small and Medium Enterprises (SMEs) to meet new business challenges in the competitive national business market.

All these positive impact lies in the competitiveness of the entrepreneurs in the local and international market. The researchers therefore argue that the main issues concerning the micro-entrepreneurs in Terengganu are their ability to stay competitive in challenging markets. The micro entrepreneurs acceptance to the government's initiative and implementation of poverty eradication programs are expected to create employment, generate employment, improvements of local economies and general social transformation of entrepreneurs' livelihoods.

In terms of developing the potential among entrepreneurs, in [4] emphasized that there are several factors that contributed to the competitiveness of successful entrepreneurs which includes a sense of independence, risk-taking, achievement oriented, self-confident, optimism, hard-working and being innovative. Furthermore, in [5] argues that entrepreneurs personal characteristics significantly impacts participants' perceptions of their abilities to develop and expand their business. In addition to external factors such as government policies, economic, managerial and economic factors, in [6] proposed that the success factors of small business includes personal factors such as hard work, ethics, commitment, perseverance, autonomy, locus of control and risk taking toward their business. Hence, the researchers hope to measure the mediating effect of internal motivation on the relationship between the entrepreneurial success factors and the business competitiveness of the micro entrepreneurs who operates in Terengganu, Malaysia. In addition, the authors hope to determine whether the support from family members mediates the critical success factors in creating business competitiveness. The three