

Psychological Traits and E-Commerce

Subjects: Business | Others

Contributor: Asyraf Afthanorhan, Mohd Nor Hakim Bin Yusoff

Psychological traits—need of achievement (“N of Ach”) and risk-taking propensity (RTP)—on perceived usefulness (PUF) and perceived ease of use (PercEU), as well as their effects, influence the intention to use e-commerce among rural micro-entrepreneurs.

Keywords: psychological traits ; need of achievement ; risk-taking ; technology acceptance model ; rural micro-entrepreneurs

1. Overview

This entry was set out to chiefly examine the influence of psychological traits—need of achievement (“N of Ach”) and risk-taking propensity (RTP)—on perceived usefulness (PUF) and perceived ease of use (PercEU), as well as their effects on the intention to use e-commerce among rural micro-entrepreneurs. This entry exploited the psychological traits theories and the technology acceptance model (TAM) by utilizing samples represented by rural micro-entrepreneurs. The results of the study found that the N of Ach and RTP significantly influence PUF and PercEU. The two original TAM constructs and PercEU have significant relationships with PUF and intention. At the same time, it was also found that there exists a significant relationship between PUF and intention. This study therefore serves to fill the gaps where N of Ach and RTP of rural micro-entrepreneurs are seldom tested to examine the effects of perceptions of benefits and ease of use on the adoption of e-commerce. On top of that, this study provides vital input to policy makers and stakeholders of rural development in their efforts to increase the adoption of e-commerce among rural micro-entrepreneurs.

2. Background

It is no secret that small and medium-sized enterprises (SMEs) represent the main drivers of a nation's economy. SMEs provide job opportunities and contribute significantly towards a nation's gross domestic product (GDP) ^{[1][2]}. In Malaysia, SMEs represent more than 99% of total business establishments involving in sectors of manufacturing, services, agriculture, mining, and construction. Out of those sectors, almost 80% are micro-sized SMEs of which a majority are focused in service sector activities ^[3]. As the nation's main economic drivers, SMEs inevitably attract the government's attention concerning their growth and issues of sustainability ^[4]. As part of its continuous effort to promote new business establishments, the Malaysian government actively encourages the public to choose entrepreneurship as their first career choice. Various programs have been organized by the government to inculcate entrepreneurial culture among the public and cultivate their interest in entrepreneurship. Besides, enhancing entrepreneurship activities also comprised one of the government's robust strategies to develop rural areas ^[5].

The government actively strives to provide a conducive business environment to support new start-up business ventures and the growth of existing businesses. The government's display of support and commitment is succinctly manifested in the “Rural Development Policy” in which entrepreneurship represents the main thrust. This bold action taken by the government is timely as previous studies have posited that rural communities' active involvement in entrepreneurial activities can ultimately have a positive impact on the growth of local economies ^[6]. The rapid growth of entrepreneurship activities can also have positive chain effects on other economic activities such as job creation, private investment flow, and the rural migration rate ^[7]. To further strengthen existing entrepreneurship activities, the government has taken a proactive action of enhancing business support programs, so that a conducive business environment can be created for rural folks to form new businesses. In addition, the support programs are also meant to boost the sustainability of existing businesses ^[8]. Furthermore, the government's financial support programs such as soft loans and grants are made available to small businesses as a means to finance their capital expenditures and daily working capitals, at the same time encouraging the building of physical infrastructures to support the establishment of convenient business activities ^[8].

In spite of all these, current changes in the global entrepreneurial ecosystem as a result of rapid technological changes have had a greater impact on the larger SMEs' activities, affecting rural micro-enterprises the most ^{[9][10]}. Moreover, a

combination of financial constraints and low skills further exacerbate the impacts of rapid technological changes for micro-SMEs as the fierce competition is now fueled by a new digital business environment in which technology plays an increasingly important role in every single business activity ^[11]. Nonetheless, SMEs of all sizes need to ride the new technological wave in order to remain relevant in the market. Explaining the importance of the role of technology to SMEs, the results of a study conducted by ^[11] on four countries, namely Poland, the USA, Turkey, and China, found that social media was the main medium of communication between customers and companies, SMEs in this context. Never before has the role of technology in business proven to be so compelling than in the recent context when most retail economic activities were 'taken over' by technology, in particular, during the COVID-19 pandemic where human movements were severely restricted ^[12]. This dramatic change in business environment was particularly noticeable when most retail business transactions were done online as consumers were no longer free to move to shop. It was generally found that SMEs using e-commerce to sell their products and services were most likely to survive the first wave of the COVID-19 pandemic's lockdown measures ^[13]. Meanwhile, SMEs, especially micro-enterprises that did not use e-commerce platforms for their typical business activities, were found to be severely affected by the lockdowns, with a tremendous decline in their revenues.

Therefore, to mitigate the burgeoning crisis, the government has been actively encouraging new and existing SMEs to adopt e-commerce as an essential element of their business model in order for them to stay relevant amid a highly competitive market. The rapidly shifting trends and developments only serve to support the timeliness of the formation of the National Entrepreneurship Policy 2030 (NEP 2030) in 2019 ^[5]. The NEP 2030 provides relevant guidelines to entrepreneurs in navigating their activities as well as acting as a catalyst for growth among Malaysian SMEs. One of the objectives of NEP 2030 is to promote the usage of technology and digitization among SMEs, especially among micro-SMEs. In order to realize this objective, various agencies were made responsible to train micro-entrepreneurs in digitalization application skills, such as e-market platforms and social media, so that they can be effectively integrated in their daily business activities. Indeed, the government's move to provide support assistance in the form of trainings and provision of a digital entrepreneur digitalization platform have been very timely. On top of that, in line with the latest technological developments and the fourth industrial revolution (Industry 4.0), the government is also currently developing and coordinating various online hubs for rural businesses to ensure that they retain their competitiveness ^[8]. The initiative also aims to expand the rural business market through online platforms, synonymously and widely known as e-commerce. In other words, the government is actively promoting the transformation of rural business transactions and activities from the conventional brick-and-mortar system into a more convenient platform of e-commerce. Naturally, these rapid changes in an entrepreneurial ecosystem demand entrepreneur to maximize their technology usage and digitalize their business activities ^[14]. This vitally important business transformation effort is also aligned with the aim of the NEP 2030, which is to establish digital entrepreneurship that is in line with the current business climate. Entrepreneurial digitization has the potential to strengthen marketing activities and also build domestic and global market chains. In addition, past studies have shown that online businesses are popular among many entrepreneurs due to their low operational costs, which means that they are especially suitable for small-sized businesses with limited financial resources ^[15]. This explains why e-commerce today has become a popular and effective platform for conducting one's business activities as well as acting as a substitute for conventional business practices ^[16].

3. Conclusions

This study aimed to uncover the rural acceptance of micro-entrepreneurs towards the use of e-commerce in their business activities. Based on TAM and psychology theory, the findings of this study suggest that two entrepreneurial characteristics, namely N of Ach and RTP, are important elements in increasing the rate of e-commerce usage among rural entrepreneurs. The results of this study provide input that rural micro-entrepreneurs who have a high N of Ach and RTP have a high desire to use e-commerce as a tool to develop their business. Thus, this input is very meaningful and can be used by policy makers, business associations, and institutions of higher learning to design programs to increase the rate of e-commerce usage among entrepreneurs, particularly rural micro-entrepreneurs. This study also confirms the previous findings on the significant role of PUF and PercEU on consumer intentions towards technology adoption. In addition, this study reinforces TAM's prediction capability on consumer behavior towards new technologies, especially that of rural entrepreneurs. Thus, the study suggests that TAM is a reliable theoretical model to address technology adoption issues among rural entrepreneurs. Furthermore, this study highlights the role of psychology traits in influencing rural entrepreneurs' perception on e-commerce. Therefore, the rural economic development agencies should incorporate these two elements in any capacity building modules and rural entrepreneurship programs.

This study is not without limitations despite its significant contributions. The theoretical framework was developed to investigate the relationship of entrepreneurial psychological traits and PercEU and PU, which are the main drivers in TAM.

However, this study did not measure the direct relationship between entrepreneurial psychological traits and intention. Moreover, this study also did not investigate the actual act towards e-commerce usage. Therefore, future studies are recommended to measure the influence of N of Ach and RTP on intention and the impact on actual usage. Overall, this study contributes to a better understanding on how psychological traits have positively carved perceptions on e-commerce among rural entrepreneurs, despite being surrounded by weaknesses such as a lack of infrastructure, shortness of funds, and less skills. The study also provides input that rural entrepreneurs are prepared to incorporate e-commerce technology in their business models, as it warrants business sustainability. This positive development permits rural entrepreneurs to continue as rural economic development champions.

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