

# FELDA YOUTH ENTREPRENEURS AND PERSONALITY-ENVIRONMENT CONGRUENCY

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## **ABSTRACT**

*This study investigates the moderating effect of person-environment congruency on entrepreneurs success. Holland's personal-environment fit theory provide a theory-based approach for research on individual success. 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 moderator of the relationship between entrepreneurial traits and business performance. This has wide-ranging implications for organisational development consultants who intend to shape the culture of entrepreneurs' organisations, on the assumption that certain entrepreneurial traits directly lead to certain desirable business outcome. One need to pay attention to not only their organisational performance, 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 outcomes, this is one study to provide evidence of P-E fit as a moderator of the relationship between between entrepreneurial traits and business performance.*

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

## **INTRODUCTION**

The purpose of this study is to illustrate the investigation of John L. Holland's person-environment fit theory (Holland, 1973; 1977; 1985; 1997) as a theory-based approach for advancing our knowledge and understanding of entrepreneur success. This paper provides the evidence of interaction of personality trait and business performance

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of youth entrepreneur. It focused primarily on the congruency of personality trait of entrepreneur to their business environment.

#### *Entrepreneur and Success*

Entrepreneurial success is not bound to economical benefits alone but it also includes entrepreneur's psychosocial well-being. Personality-Environment Congruency is currently one of the major influences on the health and well-being of employees in the modern workplace (Holland, 1997). Mismatched has been associated with the increasing of entrepreneurial stress which caused failure in business.

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 by Llewelly et al (2003), Shane et al (2003), Littunen (2000), Gartner (1990), Bird (1989), and McClelland (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.

#### *Holland's Theory*

Holland's The Personal-Environment Fit theory is one of the most frequently cited contributions to the social science research literature (Citation Classics, 1980), and the validity of its basic tenets is supported by the findings of literally hundreds of studies (e.g., Assouline & Meir,

1987; Spokane, 1985; Spokane, Meir, & Catalano, 2000; Tsabari, Tziner, & Meir, 2005). Such evidence attests to the scholarly credibility of Holland's theory and its potential to provide a theory-based approach for research on individual success. Furthermore, Holland's theory has both a psychological and a sociological component, and thus has the breadth to encompass both predispositions and behaviors of individual (i.e., the psychological component) and attributes of environments (i.e., the sociological component). This attribute of Holland's theory reduces the dominant reliance of attention on the characteristics and behaviors of individuals inherent in the psychological research paradigm that largely guides contemporary research efforts. Finally, the sociological component of the theory fully recognizes the multiple components of business environments and permits exploration of how separate sectors of the overall institutional environment differentially contribute to individual success or failure. This particular characteristic of the theory assures theory-based attention to business environments of individual success.

Of Holland's three major assumptions, two are the bases for two alternative patterns of individual success based on what individuals learn and do not learn as a result of their practical endeavors. The first is the *congruence assumption* that assumes that individual success is a function of the fit or congruence between individuals' personality type and their chosen job environments. The second is the *socialization assumption* of Holland's theory that assumes that individual success is determined by the extent to which individuals learn the distinctive patterns of attitudes, interests, and abilities that are required, reinforced, and rewarded by their chosen working environments, irrespective of the fit or congruence between individuals' personality types and their chosen working environments (i.e., entrepreneurship activities). Therefore this paper is to relate this assumption to the success of entrepreneurs.

#### *Youth Entrepreneurial Personality*

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 (Shane et al, 2003; McClelland, 1961; Stevenson, 1983; 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.

### **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. 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?

### **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, innovative (Littunen, 2000), need for achievement 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.

Table 1: Indicators for each variable

Variables	Indicators	Citation
Locus of Control	<ul style="list-style-type: none"> <li>- Capable to control one's own life</li> <li>- Self-confidence</li> <li>- Ability of entrepreneurs to influence events</li> <li>- Capable to turning thoughts into action</li> </ul>	Rotter (1966); Littunen, (2000)
Creativity	<ul style="list-style-type: none"> <li>- The key value of entrepreneurship</li> <li>- Capable to develop new product</li> <li>- Capable to differentiate product</li> <li>- Create strategic planning &amp; implementation</li> </ul>	Littunen, (2000)
Innovative	<ul style="list-style-type: none"> <li>- Develop current product performance</li> <li>- Develop current production</li> <li>- Create new source of supply</li> <li>- Create new structure in management</li> </ul>	Littunen, (2000); Bird, (1989)
Need for Achievement	<ul style="list-style-type: none"> <li>- Looking for a better improvement</li> <li>- Capable to challenging task</li> <li>- Set the target through own effort</li> <li>- Problem Solving</li> </ul>	Littunen, (2000); McClelland, (1961)
Grab Market Opportunities	<ul style="list-style-type: none"> <li>- Capable to study market environment</li> <li>- Strong character to face competitors</li> <li>- Grab opportunities based on strength</li> </ul>	McClelland, (1961)
Business Performance	<ul style="list-style-type: none"> <li>- Business growth</li> <li>- Profitability</li> <li>- Competitive advantage</li> <li>- Manageable</li> </ul>	Bechetti & Trovato, (2002)
Person Environment Fit	<ul style="list-style-type: none"> <li>- Congruency</li> <li>- Traits: Realistic, Investigative, Artistic, Social, Enterprising, Conventional</li> </ul>	John L. Holland's (1973, 1977, 1985, 1997)

### 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; 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; there would be a significance relationship between P-E fit entrepreneur and business performance.

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.

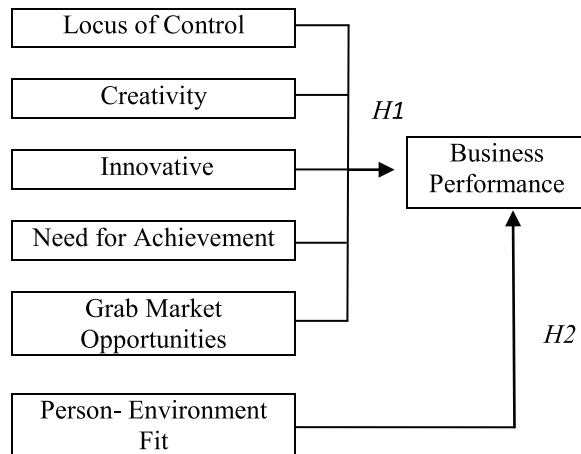


Figure 1: Theoretical Framework of Entrepreneurial Personality and Business Performance

### 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.

These study respondents were group of FELDA's youth originated in FELDA Land Settlement in Malaysia. Random sampling were used to clarify the samples, and 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 sample in this study.

Table 2: Sample size

	Frequency	%
Male	255	62.5
Female	153	37.5
TOTAL	408	100

Based on the reliability analysis, most of the variables that has been investigated in this study were 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: Reliability Analysis of Variables

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	192	0.834

## Finding

### *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(70.58 %) and the rest are above 31 (29.42%). 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%).

Table 4 (Demographic Profile)

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

Table 5 shows that there are 37.3% of total respondents involved in retail business, 11.8% in supplier business, 17.4% operated as construction contractor, 12.7 % as services provider, 5.9% in transportation, and 14.9% involved in other businesses not specified. In the term of operations 42.9% of respondents operated more than 10 years, 23.8% between 6-10 years, 20.8% between 2-5 years, and 12.5% operated less than 1 year.

Table 5 (Business Profile)

Items	Frequency	%
<b>Area of Location</b>		
Male	255	63
Female	153	37
Total	408	100
<b>Term of Operation</b>		
More than 10	175	42.9
6-10	97	23.8
2-5	85	20.8
Less than 1 year	51	12.5



Total	408	100
<b>Type of Business</b>		
Retailer	152	37.3
Supplier	48	11.8
Construction Contractor	71	17.4
Services Provider	52	12.7
Transportation	24	5.9
Others	61	14.9
Total	408	100

*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), 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.

Table 6 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

*Relationship between P-E fit entrepreneur 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  $\chi^2$ . The Wiggins & Moody Congruency Index (CI) [16] 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 youth’s personality and their business environment.

Test results using Kendall’s Coefficient of Concordance (W) method are shown in Table 7. The results for FELDA youth entrepreneur are (W=.25,  $\chi^2$  (5) = 55.46,  $p < .05$ ). These results showed that the existence of significant relationship of congruency and business performance among FELDA’s youth entrepreneurs.

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

N	W	$\chi^2$	dk	P
408	.25	55.46	5	.000*

\*  $p < .05$ .

**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. The result, shows entrepreneurial personality has a moderate correlation toward their business performance and the existence of significant relationship of personality congruency and business performance among FELDA's youth entrepreneurs.

*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's 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 them, there are six indicators that should aware by entrepreneurs in entrepreneurial paradigm, such as; independently, motivated in business, product focus on customers' appreciation, creative and innovative, profit oriented, and product-value depending on customer perceptions.

*Attempt to change the culture of life*

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 (Wan Hashim Wan Teh, 1996). In other words, they 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's youth entrepreneurs should attempt to change of their culture of life in a context of thinking, value, believing, and custom.

### **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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