

Effect of Entrepreneurial Orientation on The Level of Success of Digital Entrepreneurs in Sri Lanka

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INTRODUCTION

Entrepreneurship has been improved from traditional entrepreneurship to digital/online entrepreneurship with the advancement of technology. Online/digital entrepreneurship is a subcategory of entrepreneurship in which some or all of what would be physical in a traditional organization has been digitized (Hull et al., 2007). An online entrepreneur is the founder and owner of a business and conducts commercial activities using the internet platform to gain profits. Different studies had identified several components that affect the success of online entrepreneurs. Many young adults in Sri Lanka are planning on starting their businesses on digital platforms in the recent past. Hence, identification of the effect of the factors on digital entrepreneurial success is vital. The effect of each of the factors may result in different successful levels in entrepreneurs. Therefore, this research will focus on the entrepreneurial success of online entrepreneurs in the Sri Lankan context.

Entrepreneurial orientation refers to the process, practices, and decision-making activities that lead to a new entry. The three-dimensional concept is used to measure EO from an individual perspective and EO. It focuses on risk-taking, innovation, and proactiveness (Lumpkin & Dess, 1996). Many studies have identified the effect of entrepreneurial orientation (EO) on the performance of individuals as entrepreneurs. Entrepreneurs' success further has been found to depend on factors such as gender, age, education, and experience (Chowdhury *et al.*, 2013). Environmental factors such as government, political, information access, socioeconomic condition, entrepreneurial and business

skills, financial and non-financial assistance impact entrepreneurial success (Chowdhury *et al.*, 2013).

Entrepreneurial success can be measured in many ways. The success of online entrepreneurs engaged in businesses platforms such as Dropshipping, Freelancing, and Binancing can be measured using their level in business which is a qualitative measure. For example, eBay drop shippers can achieve three levels of success: the ordinary seller, the top-rated seller, and the top-rated plus according to profit achievements. This measurement is considered as non-financial performance, which is an innovative measure of success. This level can be considered a success measure because profitability, productivity, and personal wealth will change with the individual's level, where top-rated will receive higher profitability than the low rated ones.

The major research objectives of the study are as follows;

- To investigate whether there is a relationship between entrepreneurial orientation and the level of success of online entrepreneurs;
- To investigate the influence of demographic factors on the level of success of online entrepreneurs;
- To investigate the influence of environmental factors on the level of success of online entrepreneurs;
- To investigate the influence of business characteristics on the level of success of online entrepreneurs.

METHODOLOGY

The research was descriptive, with a deductive approach. A quantitative and cross-sectional study. A questionnaire survey strategy was adopted using Google forms. The study was conducted by selecting five major digital business platforms; eBay, Etsy, Binance, Aliexpress, and Fiverr, in which most Sri Lankan digital entrepreneurs are highly interested. The target population of this study was the online entrepreneurs that have been registered in official groups and the unit of analysis was the individual online entrepreneur who registered on official groups. Data were collected

from a sample of 207 online entrepreneurs using Stratified sampling technique. The questionnaire consisted of four main sections where all questions were closed-ended. EO's three dimensions were measured using five points nine items Likert scale (Bolton & Lane, 2012) where environmental factors measured five-point five items Likert scale by Gnyawali and Fogel, 1994. Nominal scales were used in business characteristics and demographic factors. Dependent variable; level of success was measured using three levels according to their online platform. SPSS Statistical software package was used for the data analysis. The internal consistency of the EO scales was measured. The scales factor loadings were higher than 0.7 and alpha values were above 0.8. Normality of the data set was analysed by Shapiro Wilk's test, since the dependent variable; level of success was not normally distributed ($p < 0.05$), a non-parametric data analysis method was used (ordinal logistic regression).

FINDINGS

The sample consisted of 128 (62%) male respondents and 79 (38%) female respondents. The majority (84) were aged between 26 to 30 years. Online entrepreneurs have different work experiences, most respondents (101) have work experience between 1-2 years, whereas 58 respondents have work experience between 2-5 years. Only 25 of the respondents showed work experience less than one year whereas the least number of respondents (9) had work experience for more than ten years. In addition, the majority of the respondents (43%) were doing service-oriented online businesses, whereas 37% of the respondents do online trading businesses. Interestingly, there was only 20% of the respondents engaged with manufacturing-based online businesses. Considering the type of business platform, 38% in 'Fiverr,' where 24% of the respondents doing online trading in 'eBay. The rest of the 48% launched their businesses in 'Etsy,' 'Aliexpress,' and 'Binanace' in a percentage of 16%, 15%, and 7%, respectively.

Table 1: Results of the Statistical Analysis

Independent variable	Significance	Marginal effect
Entrepreneurial Orientation	0.000*	0.836
Socio-economic conditions	0.012*	0.358
Supporting factors to improve entrepreneurial business skills	0.082	-0.258
Financial and non-financial support.	0.112	0.536
Type of business	0.466	0.836
Source of capital	0.921	-0.690
Age	0.160	-0.685
Level of education	0.082	0.569
Work experience	0.008*	0.457
Gender	0.012*	0.551

Note: *($p < 0.05$)

Based on the statistical analysis as indicated in Table 1, results showed a positive relationship between EO and the level of success of online entrepreneurs. Proactiveness, innovativeness, and risk-taking dimensions significantly and positively affect the level of success of online entrepreneurs. The marginal effect indicates the increase of the dependent variable with the unit increase in the independent variable. Under environmental factors, only the socio-economic condition showed a significant positive relationship on online entrepreneurs' level of success. Studies show that any business's performance is dependent on its socioeconomic environment, and a supportive environment has a multiplier effect on business growth (Chowdhury et al., 2013). Supporting factors such as technical and vocational education programs and availability of educational opportunities did not significantly affect the level of success in the study, this may be due to the availability of many e-resources to follow and learn by an individual himself. Availability of counseling and supporting services under non-financial support and alternative financial supports did not significantly affect the level of success of online entrepreneurs. Despite previous studies suggesting the effect of sources of capital to affect entrepreneurship where entrepreneurs use to increase their wealth. The current study indicated no significant effect of

business characteristics on the level of success of online entrepreneurs. Under demographic variables, only the work experience and gender showed a significant effect on the level of success. Males showed to achieve a higher success level than females. Entrepreneurs' prior experience can help them cope with uncertainty by reducing the level of ambiguity and motivating or encouraging them to bear uncertainty (Parboteeah & Cullen, 2009). Therefore, high work experiences in digital platforms bring an online individual to a higher level of success. According to Parboteeah and Cullen (2009) “current business of entrepreneur with prior working experience tend to be more successful compared to the business of entrepreneurs without experience”. The level of education and age did not influence the level of success of online entrepreneurs. This emphasizes that being expertise in digital platforms does not necessarily depend on educational level and age. According to certain studies, the effect of an individual’s age on business performance is negligible.

CONCLUSIONS

This study contributes to understanding the effect of EO, demographic factors, environmental factors, and business characteristics on the level of success of online entrepreneurs. Results indicated that there is a positive relationship between EO and the level of success of online entrepreneurs. The level of success of an online entrepreneur changes only with the gender and work experience, while the level of success changes with socio-economic conditions in the environment. However, there is no effect of business characteristics on the level of success of online entrepreneurs. As limitations, the study only considered online entrepreneurs registered in the current social media groups and there may be more possible use of combinations of the available business platforms for online entrepreneurs to be considered. As for recommendations, the online entrepreneurs in their journey should focus more on the EO dimensions. And the study emphasizes the requirement of maintaining a good environment that motivates online entrepreneurs to achieve higher levels of

success. These findings are effective for business incubators, investors, and beginners who are willing to be online entrepreneurs.

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