

**INTI INTERNATIONAL UNIVERSITY****MASTER OF BUSINESS  
ADMINISTRATION****PAEI as Predictor of  
Entrepreneurship: A Focus Group  
Approach**

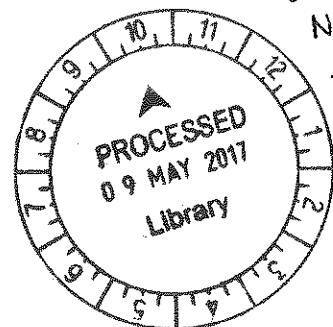
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## ABSTRACT

The purpose of this study is to explore whether the PAEI model can be a predictor of entrepreneurship, especially in China and Malaysia. Entrepreneurship is developing at a rapid speed in China and Malaysia with a further momentum in years. However, there are only a few researches studying the PAEI model, even less regarding it as predictors of entrepreneurship. As a result, the research objectives is investigate the personality traits that influence individuals on entrepreneurship in terms of the PAEI model.

In order to conduct this research, focus group approach was applied to collect data relating to the in-depth perception the interviewees hold. In this study, focus groups were comprised of 10 participants including 5 entrepreneurs and 5 intrapreneurs from China and Malaysia, as well as a moderator leaded the discussion on a research topic.

After a deep discussion of two focus groups, all the outputs and relevant findings of this study will be progressively analysis — preliminary analysis, assumption testing, key findings and comparative analysis. From the preliminary analysis, PAEI results were considered not only reflect interviewees' personality but also their perceived duties. Next, 5 assumptions related to the topic had been test according to interviewee' perspectives. There were 2 predictive and 3 non-predictive assumptions. Following, 8 key findings had been digested from basic, probing and in-depth questions. Then, total 8 similar and different characteristics of PAEI model between two focus groups had been illustrated one by one. Final conclusion and recommendation will be provided based on the findings and the whole research process.

**Keywords:** PAEI model, Entrepreneurship, Intrapreneurship, Entrepreneurial Personality

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# **CHAPTER 1. INTRODUCTION**

## **1.1 Overview**

This opening chapter offers an overview of the whole study by introducing the background of the study and the problem statement, which present the rationale for exploring entrepreneurial personality in China and Malaysia via the PAEI model (Producer, Administrator, Entrepreneur, Integrator). Next, the research objectives and questions, significance of the study, and the key operational definitions will be illustrated. Lastly, the chapter organization for the whole study will be summarized at the end of this chapter.

## **1.2 Introduction**

According to Huang (2010) and Nor (2015), entrepreneurship is not only one of the key driver of economic growth for it generates wealth, innovation and technology deployment and decrease poverty in China and Malaysia, but also one of the economic strategies to develop a country's competitive advantage in dealing with the growing trend of globalization.

In Malaysia, accelerated government programs, good financing environment, strong international market dynamics, commercial services and physical infrastructure are biggest enablers for entrepreneurs whom are willing to start business and pursue financial independence (Global Entrepreneurship Monitor, 2013). Furthermore, Small and Medium Enterprises (SMEs) are considered as a backbone of Malaysian economy, which contributed 35.9% of the country's gross domestic product (GDP) in 2014 (Department of Statistics Malaysia, 2016; Ibrahim, 2011). However, lack of entrepreneurial education in university, national regulations, poor research and development as well as market openness have resulted in less innovative and technology ventures, which further lead to a lack of entrepreneurial abilities and sustainability of enterprises (Global Entrepreneurship Monitor, 2016; Kassim et al., 2014).

Meanwhile, entrepreneurship has grown at an exponential rate in China over the past two decades, which brings disruptive changes to China as well as the rest of the world (Tse, 2016). Despite the slowing economy in 2015, a total of 4.44 million new companies start up in 2015 with 21.6% increment comparing to 2014, in other words, there were 12,000 new firms opened every day in China (Gov.cn, 2016). In order to boost the economy, China government has promoted an entrepreneurial wave by encouraging people to start up their own business and developing a favourable environment for start-ups, especially in tertiary industry (Xinhua, 2016). Nevertheless, Global Entrepreneurship Monitor (2016) also pointed out that the main constraints in China are the availability of financial support as well as entrepreneurial education and training.

On the other hand, referring to Chatterjee and Das (2015), personality psychology contain a broad range of individual differences, like personality trait, ability, motive, intelligence and so on. Personality traits can be described as the typical behavioural and emotional reaction to the surroundings, which would repeat in the contextually similar situations (Zeigler-Hill et al., 2014). Further, personality traits have a significant impact on management decision making-outcome through decision making behaviour (Neuert, 2013). Among generation Y, the influence of personality traits when they makes decisions outweighs demographic factors, such as gender, age, education level, and religiosity (Nga and Yien, 2013). From the study conducted by Nga and Shamuganathan (2010), personality traits do influence entrepreneurship in general, and entrepreneurs usually possess certain distinct personality characteristics, which define their behaviours. Entrepreneurs have been found to possess higher level of tolerance for ambiguity, proactive personality, and internal locus of control and need of achievement comparing with non-entrepreneurs in explaining business success (Ferreira et al., 2012).

A PAEI model has been developed by Adizes (1976) who is founder of Adizes Institute helping ordinary individuals and organizations to transform and produce extraordinary. Adizes (2011 and 2013) further emphasized that the PAEI styles can not only be regarded as the DNA of organizations utilizing to

analyse managerial styles, organizational structures, decision making process, and reward mechanism, but also a powerful management tool to acquire beneficial insights into a wide range of aspects, including entrepreneurship, organizational lifecycles, and other phenomenon. The PAEI model illustrates four key management styles composing a successful team in an organization, which are Producer (P), Administrator (A), Entrepreneur (E), and Integrator (I) (Adizes, 2004). The four different management styles indicate four different personality characteristics that are influencing people's entrepreneurial intention and behaviours (Andonovic et al., 2014). As a result, PAEI model will be the base of this study to predict entrepreneurship in terms of personality characteristics.

### **1.3 Problem Statement**

With the situation Nor (2015) and Tse (2016) highlighted that entrepreneurship is developing at a rapid speed in China and Malaysia with a further momentum in coming years. Moreover, Big Five personality scales including extraversion, agreeableness, conscientiousness, neuroticism, and openness have been mostly described as predictors when people tend to make a decision (Connor and Paunonen, 2007; Nga and Yien, 2013). However, there are only a few researches studying the PAEI model, even less regarding it as predictors of entrepreneurship.

On the other hand, even though the PAEI model consists of four crucial management roles which cover most managerial personality and what leaders or entrepreneurs should do, perfect managers expert in four roles do not and cannot exist (Adizes, 2004a; Andonovic et al., 2014). In other word, the PAEI model might not be 100% correct when it acts as the predictor for entrepreneurship.

### **1.4 Research Objectives**

At the beginning of a study, research objectives should be stated clearly since they are the specific aims or purposes for conducting the study (Farrugia,

Petrisor, Farrokhyar and Bhandari, 2010). According to Zikmund, Babin, Carr and Griffin (2013), these research objectives can be achieved when conducting the research. The research objective that guide this study are as follows:

- To investigate the personality traits that influence individuals on career decision making – to have entrepreneurship traits or otherwise.
- To identify the dominant personality trait in PAEI that influences individuals on deciding to be an entrepreneur.
- To identify the dominant personality trait in PAEI that influences individuals on deciding to be a corporate entrepreneur (intrapreneur).

## **1.5 Research Questions**

With reference to Farrugia et al. (2010), research questions are a list of questions associated to research objectives of the study, which is prerequisite for starting a research process. The research questions that guide this study are as follows:

- What are the personality traits that influence individuals on career decision making in determining entrepreneurship?
- Which dominant personality trait in PAEI that influences individuals on deciding to be an entrepreneur?
- Which dominant personality trait in PAEI that influences individuals on deciding to be a corporate entrepreneur (intrapreneur)?

## **1.6 Significance of the Research**

### **1.6.1 Significance to Academe**

The outcome of this study could offer other researchers with more data and information to further understand the characteristics of entrepreneurs. Moreover, this study will enable researchers, especially those in China and Malaysia, to be more aware on which personality traits that will influence the characters of entrepreneurs.

### **1.6.2 Significance to Industry**

Within the business psychology industry, this study will not only provide a useful and genuine feedback for the industry, and also provide a better way to develop and foster the professional character among the one who willing to be an entrepreneur or a corporate entrepreneur (intrapreneur). Moreover, new ideas and perspectives on people management based on PAEI model can be provided to real business world.

### **1.7 Scope of the Research**

The objective of this research is to investigate the personality traits in PAEI that influence individuals on career decision making. As a result, this research will focus on analysing personality traits among entrepreneurs in China and Malaysia, and the influence of the personality traits relating to PAEI. Focus group interview approach will be adapted to investigate the personality traits.

### **1.8 Limitations of the Research**

#### **1.8.1 Sample Size Limitation**

As other researches, limitation of sample size is a common problem faced by researcher when conducting research. For qualitative study, there is no fixed sample size as the focus is on extracting the most in-depth information and thus the number of interviewees will vary for different qualitative studies. However, for the purpose of this study, the total number of interviewees to be approached for each of the Focus Groups will be 10 person, and it is expected that will ultimately remain for Focus Groups interview. Therefore, the number of interviewees are expected to be small for this Focus Group qualitative study, and that means the groups might not be an effective representation of a large population in China and Malaysia.

#### **1.8.2 Time Limitation**

For this study, it needed to be fully completed within four months which means another limitation would be time constraint. Researcher have to conduct the focus

group interview and the whole MBA final project within four months, which is far from enough time to go into deeper research.

### **1.8.3 Researcher Limitation**

Since focus group methodology relies heavily on discussion to produce results, the interview skill of the moderator in phrasing questions along with the setting might affect responses and skew results (Leung and Savithiri, 2009). The limited experience and understanding of researcher would also influence the quality of this research.

However, these limitations provide a chance to expand this research to other academic organizations in China and Malaysia.

## **1.9 Operational Definitions**

### **1.9.1 Producer, Administrator, Entrepreneur, Integrator (PAEI)**

According to Adizes (2014), each style of the PAEI has a typical back-up behaviour, which enable to predict how people will behave and make decisions. In the PAEI model, Producer (P) is the role to acquire short term or immediate results with effectiveness; Administrator (A) is the role to well organize a team or an organization and focus on ensuring people follow procedures correctly; Entrepreneur (E) is the character whom searches, recognizes and tends to new opportunities and innovation for perpetual development of an organization; Integrator (I) is excel at coordinating and cohering resources including human resource for a long run development as well (*Table 1*) (Andonovic and Dimitrov, 2014).

INPUT	THROUGHPUT	OUTPUT	
The Roles	Make the organization	To be	In the
(P)roduce results	Functional	effective	short run
(A)dminister	Systematized	efficient	short run
(E)ntrepreneur	Proactive	effective	long run
(I)ntegrate	Organic	efficient	long run

*Table 1: PAEI Model  
(Source: Adizes, 2004)*

### 1.9.2 Entrepreneur

Entrepreneurs are individuals from top management in a corporation to sole proprietors offering products or services, who catch sight of entrepreneurial opportunities and are willing to venture strategic entrepreneurial activities (Hitt, Ireland and Hoskisson, 2013). In this study, entrepreneur will be defined as the individuals who start up their own business or the sole proprietors.

### 1.9.3 Corporate Entrepreneur — Intrapreneur

With reference to Hsu et al. (2014), Corporate Entrepreneurship (CE) assumes a significant role in the creation of organizational innovation integration, the intra-organizational diffusion of technological innovation, and contributing to novel product success. Furthermore, corporate entrepreneurship, also call Intrapreneurship that stands for the initiation and implementation of innovative system and builds entrepreneurial business within established corporations (Kacperczyk, 2012).

### 1.9.4 Entrepreneurship

Entrepreneurship is consider as entrepreneurial activities with a strategic visual angle and an entrepreneurial mind set, which focus on innovations, creativities, and look for growth opportunity and competitive advantage (Chang and Wang, 2013).

### **1.9.5 Entrepreneurial Intention**

Entrepreneurial Intention (EI) occupies a significant role in a decision to start a new business and would be the first step in the entrepreneurial process of venture creation (Buli and Yesuf, 2015; Liñán and Chen, 2009). Finisterra et al. (2011) and Moriano et al. (2012) also supported that EI can be considered as a conscious status of mind that directs attention, action, and behaviour toward a specific goal or pathway to achieve it, as well as the deliberate and conscious decision to become an entrepreneur.

### **1.9.6 Personality Traits**

Zeigler-Hill, Southard and Besser (2014) stated that the typical behaviours and emotional reaction to the contextually similar situation is regarded as personality traits. Moreover, certain personality traits do support entrepreneurship more than others and play an important role in the decision making process (Neuert, 2013; Ledezma-Haight et al., 2016).

## **1.10 Organization of Chapters**

### **Chapter One - Introduction**

Chapter one is the opening page of this study and the basic information and knowledge relevant to the topic will be covered. In order to provide an overview of this research to the readers, background of research, research objectives, research questions and limitations are included.

### **Chapter Two – Literature Review**

Chapter two comprises literature review including definition of entrepreneurship and corporate entrepreneurship (intrapreneurship), theories of entrepreneurship, and entrepreneurial intention. Following, the personality traits of entrepreneur and PAEI model will be discussed by other researchers as the foundation of further analysis in this study.