

Craftermakers:

A Significant Study on Entrepreneurial Creativity and Competitive Advantage

ARTISANATS:

UNE ETUDE IMPORTANTE SUR LA CREATIVITE ENTREPRENEURIALE ET L'AVANTAGE CONCURRENTIEL

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Abstract: Entrepreneurship is a driving force bringing creativity to the business and establishing a community of high-growth economy. In fact, an embracing of entrepreneurial creativity also can bring a business more growth, competitive advantage, productivity improvement, job and wealth creation, and ultimately a better quality of life for all. As well as this paper concerned, entrepreneurial creativity is the key values for craft-makers to make them go far in a business development. Currently, craft industries represent a dynamic cluster of emerging creativity and economic activities. These industries considered as SMEs industry which is contributed a source of economic value, providing new employment and business opportunities. Therefore, the purpose of this study is to measure the relationship between entrepreneurial creativity toward competitive advantage among craft-makers in a small and medium business in Terengganu. The results indicates that the multiple correlation coefficient (R) which using all the predictors simultaneously is 0.531 and R-square is 0.281 which means that 28.1 percent of the variance in a competitive advantage can be predicted from the factors of entrepreneurial creativity. The result of this study becomes as a direction to the SMEs in Terengganu to develop the entrepreneurship training program, in a context of entrepreneurial creativity development and competitive advantage.

Keyword(s): Entrepreneurial Creativity; Competitive Advantage; Entrepreneurial Commitment; Craft-makers

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Résumé: L'entrepreneuriat est une force motrice qui apporte la créativité à l'entreprise et établit une communauté de l'économie à forte croissance. En fait, une créativité entrepreneuriale embrassante peut également apporter à une entreprise une croissance plus grande, des avantages concurrentiels, une amélioration de la productivité, des emplois et la création de richesses, et finalement, une meilleure qualité de vie pour tous. Comme cet article implique, la créativité entrepreneuriale est la valeur clé pour les artisans qui les fait aller plus loin dans le développement des affaires. Actuellement, les industries artisanales représentent un groupe dynamique d'une créativité émergente et de nouvelles activités économiques. Ces industries sont considérées comme des PME, une source de valeur économique qui peut offrir de nouveaux emplois et des opportunités d'affaires. Par conséquent, le but de cette étude est de mesurer la relation entre la créativité entrepreneuriale et l'avantage concurrentiel chez les artisans dans une PME à Terengganu. Les résultats indiquent que le coefficient de corrélation multiple (R) qui utilise tous les prédicteurs simultanément est de 0,531 et le R-carré est de 0,281, ce qui signifie que 28,1 pour cent de la variance d'un avantage concurrentiel peut être prédite à partir des facteurs de la créativité entrepreneuriale. Le résultat de cette étude devient un indicateur de direction pour les PME à Terengganu afin d'établir le programme de formation en entrepreneuriat, dans un contexte de développement de la créativité entrepreneuriale et de l'avantage concurrentiel.

Mots-clés: créativité entrepreneuriale; avantage concurrentiel; engagement entrepreneurial; artisans

INTRODUCTION

Entrepreneurial creativity is constantly seen as an effective approach of providing craft-makers with the knowledge and skill they require in order to develop and grow. The craft industry in Terengganu plays a prominent and essential role in the growth and expansion of the tourism industry and domestic economy through its contribution to the domestic output and job creation. However, this industry suffers from a considerably high failure in a marketing that is largely attributed to the lack of creativity and innovation in a product design, competitive advantage and retail management.

As well as we concerned, entrepreneurial creativity is a key value for craft-makers to make them go far in a business development. According to Zimmerer (2005), a good value entrepreneur is a person who can utilize an idea in their business, has good attitude, and creative and innovative in a product development to match in a market. Being entrepreneurial creativity is a basic element that we need to emphasis in craft-makers, in term of productivity, product design, and competitive advantage in a craft industry. In fact, creativity and entrepreneurship share common conceptual and practical ground and that this commonality can be made sense of in the context of a conceptual framework which emphasizes the business commitment.

As we known, the concept of entrepreneurial creativity is not emphasizing in term of arts designing, however, it is related to the way of thinking or ideals among craft-makers on how to solve their problem in business management and strategize in market competitive. The concept of creativity also provides a unique opportunity for craft-makers, artists, government, educators, and entrepreneurs to easily connect and collaborate with others to create new work, develop new ideas and increase the craft industries. A recent study by Marcus (2005) suggests that entrepreneurial creativity is valuable tools to enhance the managerial skill and competitive advantage of small and medium business. Entrepreneurial creativity also considered as a value relates to entrepreneur who have a vision and mission, maximizes his capable, profit oriented, a good planner, strategic in time consuming, innovative, has quality, and can take

opportunities from outside who are good business. Therefore, the purpose of this study is to measure the relationship of entrepreneurial creativity significantly affected to the competitive advantage among craft-makers in Terengganu.

Terengganu Craft Industry

As well as development of Terengganu craft industry, entrepreneurship becomes as a main factor to influencing small and medium enterprises in craft industry, in a context of growth, sustainability and organizational development. Since Malaysia has vast cultural and creative resources, the economic potential in a craft industry has developed a close collaboration between the public and private sectors to further developing in a craft production and market size. Abdullah Ahmad Badawi (2007) has tabled the budget 2007 in the Dewan Rakyat where RM685 million is allocated for the development activities relating to arts, culture and heritage in Malaysia (Bernama, 2007). Therefore, the Creative Industry Development Fund is one of the proposals under Budget 2007 that will promote the private sector's involvement in the craft and creative industry.

Most of craft-makers in Terengganu are creative and skillful in a product composition, but they are less creativity in product inventions which are fulfilling the market demand (Hatta Azad Khan, 2006). Actually, a good craft-makers should be develop their entrepreneurial creativity which affected to their business success, in term of creative in having a right management, better marketing strategy, financial planning and competitive advantage. The deficient of product invention in craft industry has affected to the less demand from consumers. Nowadays, most of consumers' are influenced by foreign craft products which are innovative and inventive new products. Successful of craft entrepreneurs are person who are creative in their product development, business management and also to grab market opportunities. Hence, successful craft-makers will contribute to the growth of Terengganu craft industry.

Craft-Makers and Entrepreneurial Creativity

Hatta Azad Khan (2006) noted that the term of entrepreneurial creativity in creative enterprises is not totally explained the creativity of idea to create and designed the product which is emphasis on esthetics and artistic values, but it will included the creation and designed the organization planning, style of management, and also the way how to solve the problem. Meanwhile, Shane et al (2003) argued that entrepreneurship is a creative process, which means that, are entrepreneurs are more engaged with the creative activity when to set-up their business strategic and to capture the business opportunities. Lefton (1994) also agreed and defined the term of entrepreneurial creativity is the process of developing original, novel, and appropriate response to a problem.

However, how many of craft-makers in Terengganu considered as an entrepreneurial creativity in term of utilizing their capabilities, market opportunities and strategize their competitive advantage. Shane et al (2003) also agree this argument where he has describe the theme of entrepreneurship is an individuals with unique personality characteristics and abilities in a context of creativity, vision, commitment, perseverance, autonomy, locus of control, and risk taking. Meanwhile, Gurol et al (2006) have argued that the term of entrepreneurship can be defined as individual who have a capacity for creativity, innovation, investment, and expansion in new markets.

LITERATURE REVIEW

According to Shane et al. (2003), basically the definitions of entrepreneurship show that entrepreneurship is a creative process, which means that, are entrepreneurs are more engaged with the creative activity when to set-up their business strategic and to capture the business opportunities. Basically, the term of creativity is the process of developing original, novel, and appropriate response to

a problem (Lefton, 1994). Those entrepreneurs who are really creative in a business management and product development will respond an originated the idea without copied or imitative of another responses. Meanwhile, Carey et al. (2006) mentioned the term of entrepreneurship is an activity that leads to the creation and management of a new organization designed to pursue a unique and innovative opportunity.

Nevertheless, the term of entrepreneurial creativity is a person who has the ability to generate the idea in any area, situation and environment (Lefton, 1994). In studies the concept of entrepreneurial creativity, it also possible to discriminate the factors that influence to entrepreneurs, such as; creative in a problem solving, decision making, business planning, grab opportunities, utilize the capability, and strategize in facing the business threats.

As well as mentioned by Littunen (2000), competitive advantage is an attribute in a business performance. According to him, the success of individuals in their business performance is depends on how there are willingness to become entrepreneurs as well a good personality and characteristics. According to Lamb et al. (2004) a competitive advantage is a set of unique features of a company and its products that are perceived by the target market as significant and superior to the competition. There are three types of competitive advantage, including cost, product differentiation, and niche strategies.

THEORETICAL FRAMEWORK AND HYPOTHESIS

As mentioned earlier, this study investigates the relationship of entrepreneurial creativity toward competitive advantage. However, entrepreneurial creativity will divide into four independent variables, there are; personal creativity, business creativity, product development, and product differentiation. Meanwhile, competitive advantage become as a dependent variable and entrepreneurial commitment become as a moderating variable.

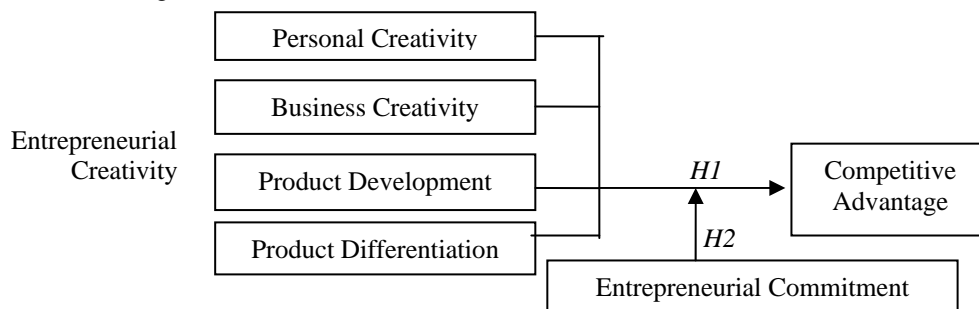


Figure 1: Theoretical Framework

H1: There is a significant relationship between entrepreneurial creativity and competitive advantage among craft-makers in Terengganu craft industry.

H2: Utilising entrepreneurial commitment would significantly affect the relationship between entrepreneurial creativity and competitive advantage among craft-makers in Terengganu craft industry.

METHODOLOGY

Since this study is aimed at addressing the phenomenon of entrepreneurial creativity affected to the competitive advantage, a quantitative approach with designing of questionnaire was adopted so that investigating the variables was made possible by surveying. Data were collected from craft-makers who are operating their business in Terengganu. Around 105 of local craft-makers in Terengganu become as respondents in this study, there are involving in a batek making, ceramics, wood carving, metal, forest based fiber, and songket.

Table 1: List of variables, indicators and citations

Variables	Indicators	Citation
Personal Creativity	<ul style="list-style-type: none"> • Creative in strategic development • Creative to identify opportunities • Creative in problem solving • Creative to develop networking 	Marcus, 2005
Business Creativity	<ul style="list-style-type: none"> • Creative in a business planning • Creative to identify business opportunities • Creative to increase capability • Creative to solve problem 	Carey et al, 2006
Product development	<ul style="list-style-type: none"> • Creative to develop new product • Creative to design new product • Creative to interpreted current issues in a new product • Creative to innovate current products 	GuroI, 2006
Product Differentiation	<ul style="list-style-type: none"> • Creative to differentiate product from competitors • Creative to differentiate in still enthusiastic • Creative to differentiate the product's shape • Creative to differentiate the prize from competitors 	GuroI, 2006
Competitive Advantage	<ul style="list-style-type: none"> • Have a strong product character compare to competitors • Have a great opportunities to expand the market size • Have a strategic to construct the business chain • Have a technology in a product producing 	Antoncic et al, 2004. Lamb et al, 2004
Entrepreneurial Commitment	<ul style="list-style-type: none"> • Highly motivated in developing entrepreneurial personality • Willing to spend much money to attend entrepreneurial program • Highly committed to structure the business strategic • Highly motivated to study the market environment 	McKenna, 2005

Data Analysis

The data was entered and analyzed with the Statistical Package for Social Sciences (SPSS) software programme (version 16.0). As part of this study to know the significance relationship between variables in a theoretical framework, regression was used to test the hypothesis 1 and partial correlation used to measure the moderating as well as in a hypothesis 2. However, a descriptive analysis on demographic and business profile was first conducted before inferential analysis used in order to determine the significant of entrepreneurial creativity and competitive advantage.

Reliability

Reliability becomes as a starting-point in this analysis to study the consistency and stability of questionnaire. The first run of test which administered on 105 respondents, yielded the cronbach alpha was read several variables in this study. It indicates the most of the variables that has been investigated in this study are found to be highly reliability as mentioned in table 2.

Table 2: Reliability Analysis of Variables

Variables	Number of Items	Reliability Coefficients (Cronbach's Alpha)
Independent Variable 1 (Personal Creativity)	4	0.756
Independent Variable 2 (Business Creativity)	5	0.782
Independent Variable 3 (Product Development)	4	0.613
Independent Variable 4 (Product Differentiation)	5	0.781
Dependent Variable (Competitive Advantage)	8	0.847
Moderating Variable (Entrepreneurial Commitment)	8	0.798

Descriptive Analysis

A frequency of respondents in each part of demographic profile is depicted in table 5. Most of craft-makers in Terengganu are between the age between 40 and 60 (62%) years old followed by those in the 20 – 39 (25%) age bracket and the rest are below 20%. In term of gender, the majority of craft-makers are male (61%) and female (39%). Meanwhile, data collected shoed that is 78.1% of respondents are married, 12% are widowed and only 10.5% are bachelor. The majority of craft-makers operating in the creative business had their education business (58.1%), followed by those in arts (35.2%), and social science (4.8%). A few had their education in Science and Technology (1.9%).

In term of business profile, the result clearly shows that the majority of craft-makers who are operated in Terengganu are those marketing their product in a district level (17%) and follow stated (44%), national (36%) and International level (3%). The majority of the craft-makers are producing Batek based product (31.4%), followed silver product (13.3%). Those producing wood carving, forest based fibre, Pewter and Songket products form the 3rd largest group at 12.4% respectively. The rest form less than 3%. As expected, the majority of the businesses are sole proprietorship (60%) followed by private enterprises (Sdn.Bhd) with 24.8% and only 15.2% are partnerships. In terms of financial sources, the majority of craft-makers uses their own resources (42.9%) followed by government loan (40%) and government aid (14.3%). Only 2.9% receive financial assistant from private financial institutions.

H1: Relationship between Entrepreneurial Creativity and Competitive Advantage

In order to describe the relationship between entrepreneurial creativity and competitive advantage in *H1*, multiple regression analysis was conducted. The results indicates that the multiple correlation coefficient (R) which using all the predictors simultaneously is 0.531 and R-square is 0.281 which means that 28.1 percent of the variance in a competitive advantage can be predicted from the factors of creativity. Meanwhile, we noted that adjusted R-square (0.252) is lower than the R-square (0.281) which is related to the number of variables in this study.

Table 3: Model Summary of investigated variables

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531 ^a	.281	.252	.44313

a. Predictors: (Constant), Personal Creativity, Business Creativity, Product Development, Product Differentiation

b. Dependent Variable: Competitive Advantage

Furthermore, table 4 (ANOVA) describes the F values is equal to 9.695 and its statistically significant value equal to 0.000.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.615	4	1.904	9.695	.000 ^a
	Residual	19.440	99	.196		
	Total	27.055	103			

a. Predictors: (Constant), Personal Creativity, Business Creativity, Product Development, Product Differentiation

b. Dependent Variable: Competitive Advantage

According to the table 5, the multiple linear regressions analysis produced standardized measures (Beta weight) on the strength of each dimension's association with the competitive advantage. Among

the four independent variables in an entrepreneurial creativity, the factor of Business Creativity ($B = .553$, $p < .000$) was the main contributor that support the competitive advantage. The factor of Product Development become the second contributor ($B = .079$, $p < .415$) in this study. Two other attributes concerning the Product Differentiation ($B = -.034$, $p < .756$) and Personal Creativity ($B = -.088$, $p < .412$) were not significant and failed to indicate it relationship with the competitive advantage.

Table 5: Multiple Linear Regressions

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.270	.435		5.219	.000
	Personal Creativity	-.085	.103	-.088	-.824	.412
	Business Creativity	.520	.102	.553	5.080	.000
	Product Development	.044	.054	.079	.819	.415
	Product Differentiation	-.036	.121	-.034	-.299	.765

a. Dependent Variable: Competitive Advantage

H2: Utilizing Entrepreneurial Commitment as a Moderating Variable

In order to describe the Entrepreneurial Commitment as a moderating variable in the relationship of Entrepreneurial Creativity toward Competitive Advantage, Pearson Partial Correlation used to measure the relationship. Result of the Partial Correlation analysis indicates that had a low but positive association with the Competitive Advantage, except Personal Creativity ($r = -.006$).

Table 6: Correlation Analysis on utilizing entrepreneurial commitment as a moderating variable

Control Variables		Competitive Advantage DV	Personal Creativity IV1	Business Creativity IV2	Product Development IV3	Product Differentiation IV4	Entrprnr Commtnt MV	
-none ^a	DV	Correlation	1.000	.178	.521	.229	.276	.540
		Significance (2-tailed)	.	.070	.000	.019	.005	.000
		df	0	102	102	102	102	102
Moderating	DV	Correlation	1.000	-.006	.386	.147	.010	
		Significance (2-tailed)	.	.950	.000	.139	.916	
		df	0	101	101	101	101	

a. Cells contain zero-order (Pearson) correlations.

These results indicate that without the entrepreneurial commitment, the association between Entrepreneurial Creativity and Competitive Advantage is still acceptable.

DISCUSSION AND CONCLUSION

This exploratory study reveals that the variables in entrepreneurial creativity are related with the competitive advantage. In this study we provided evidence in the finding of multiple regression analysis that 28.1 percent of the variance in a competitive advantage can be predicted from the factors of entrepreneurial creativity. This finding also supported the literature from Marcus (2005), Carey et al (2006), Gurol (2006), Antoncic et al. (2004), and McKenna (2005). Surprisingly, an injection of entrepreneurial commitment as a moderating variable becomes a small changing and negative association for the relationship of entrepreneurial creativity and competitive advantage.

Therefore, this study provides us some evidence that the factors which are contributed to the competitive advantage among craft-makers in Terengganu are not only depending to the factors of entrepreneurial creativity. However, Terengganu craft-makers should identify the other factors which are contributed to development of competitive advantage. Lastly, these findings become useful to the Terengganu State Economic Development Corporation (SEDC) to develop the entrepreneurial training program, in a context of entrepreneurial creativity development and competitive advantage in a craft industry.

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