

Cyber Entrepreneurship: A Note on Indigenous Perspective from a Developing Country

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Abstract: This research study is aimed at providing some insight into an emerging concept of cyber entrepreneurship with special reference to a development country like Pakistan. A detailed literature review is done in order to understand the concept and grasp the recent development in the emerging area. The main focus of this study was connecting and synchronizing available literature through practice with a special focus on Pakistani context. The present study will provide a useful implications in the area of entrepreneurship to the academic researchers and practitioners.

Key words: Entrepreneurship, cyber entrepreneurship, Information and Communication Technology (ICT), E-business, implications

INTRODUCTION

Entrepreneurship has become an interested area for both academicians and practitioners (Matlay and Westhead, 2005) and has been viewed as a good response to globalization phenomenon and in recent downturn in the global economic system. Entrepreneurship is considered to be a helping hand in economic growth of a nation which had been always an important part of overall economic portfolio of any country. According to Matlay (2008) in order to be competitive and sustainable in global economy, entrepreneurship is the most important and critical factor. Entrepreneurship plays a fundamental role in the socioeconomic growth by creating new job opportunities (Scarborough and Zimmerer, 2003). A careful analysis of the literature on Entrepreneurship reveals that it had been great emphasis on the subject matter in last two decades. Global Entrepreneurship Monitor published a comprehensive report stating that a significantly great number of individuals are affiliated with entrepreneurial activities around the globe in order to fulfill their economic needs. Data was collected from 34 countries representing a population of 566 million, GEM in 2012, 2013 research findings indicate that >73 million people are engaged in entrepreneurship endeavors for their livelihood.

Explosion in development of Information and Communication Technology (ICT) has a greater implication on Entrepreneurship. Carrier *et al.* (2004) explains this trend as the most significant development in the entire history of mankind with long-lasting implications on all spheres of human life. Information and Communication Technology (ICT) stimulates a new form of entrepreneurship namely cyber entrepreneurship which is a potential source of fostering economic development (Graham, 1998).

LITERATURE REVIEW

Entrepreneurship: The impact of Entrepreneurship on overall economic development is widely acknowledged by the researchers, academicians, policy makers and agencies working in development sector (Kuratko and Hodgetts 2004). As a result, a massive literature can be found on the entrepreneurship with recently increasing focus on cyber entrepreneurship. The concept of entrepreneurship has a long history that can be traced back to 1732, when Richard Cantillon, the Irish economist used this term with special reference to the individuals with “willingness to carry out forms of arbitrage involving the financial risk of a new venture” (Minniti and Levesque, 2008). Drucker (1985) in his book titled “The Practice of Innovation, Innovation and Entrepreneurship Practice and Principles”

explains the term “entrepreneurship” and stated that it was derived from economic theory that discusses that the entrepreneur “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (page 19-33). He also along with earlier expert of the fields tried to come up with a unified and common definition and model which is acceptable across the board. Matlay and Carey (2006), established that the growing frame of knowledge regarding entrepreneurship was substantially affected by theoretical and contextual complications which inclined to narrow its broader applicability and generalization of the concept.

Entrepreneurship is a systematic procedure of developing a business venture exploring new opportunities by transformation of ideas into tangible and intangible in the form of product and services (Linan *et al.*, 2005). Entrepreneurs are the individuals who lead these transformations from idea to product or services and take major risks in the form of time, effort and money. Entrepreneurship and Entrepreneurs are highly interrelated and used simultaneously and interchangeably but still there is no consensus among researchers about the exact boundaries and clear theoretical and conceptual framework of the concept (Ireland and Webb, 2007). Carree and Thurik (2003) describes entrepreneurship as a multidimensional and largely vague concept. Furthermore, Davey *et al.* (2011), explains entrepreneurship as a new paradigm that has been defined in several ways, stretching from an explicit as starting a new business venture at one’s own risk and to wider concept such as a work approach that highlights autonomy rather than dependability.

Cyber entrepreneurship: International Business Machine (IBM) marketing team first coined the term “E-Business” in 1996 and Tiwana and McLean (2001) described electronic business as a venture which is facilitated by World Wide Web (WWW) for business operations and applications. Pilinkiene *et al.* (2013) describes E-business as a set of procedures and instruments that enables corporation to exploit the use of information and communication technology to cater the needs of internal and external customers. Shin (2001) stated that E-business applications and processes are supporting instruments that improves organizational capabilities, providing organizations new ways and means to provide products and services in more effective and efficient manner which enable organizations to perform more value added operations for enhancing profit margins.

The use of Information and Communication technology has changed the ways of doing business, this development resulted in emergence of E-business.

Waddell *et al.* (2006) in their research findings they defined four basic broad categories of entrepreneurship: the home-based entrepreneur, the serial entrepreneur, the traditional entrepreneur and more recent addition is the cyber entrepreneurship. The first three classes are seems self-explanatory but with the advent of the marketable internet gave new dynamics and perspective to the cyber entrepreneur as compare to traditional ways of doing business. Cyber entrepreneurs manage their business operations with potential customers, marketing intermediaries, strategic business partners and all other stakeholders via on the internet and deal digitally for offering merchandises and services. Badaruddin *et al.* (2012) defines cyber entrepreneurship as platform using Information and Communication Technology (ICT) and using only internet to execute business operations. cyber entrepreneurship can be considered as a research gap in the existing literature available on the subject, there is a significant need for more research on cyber entrepreneurship with a special focus of less developed countries like Pakistan. There is a worldwide transformation from information to knowledge economy, this transition has an impact on doing business as well as knowledge and services are getting more important (Girard and Stark, 2002).

Successful cyber entrepreneurial ventures: With the advent and amplified usage of World Wide Web (WWW), E-commerce websites are becoming famous among the consumers for shopping and among young entrepreneurs for potential platform for starting new business ventures.

Amazon.com international entrepreneurial venture: Amazon is one of the largest online retailer, it was founded on July 5, 1994 as online book store. Originally the store was launched with the brand name of “Cadabra”, the present net revenue of the company is 107 billion US dollars. Jeff Bezos (chairman, president and CEO) had taken this initiative by envisioning the future in which ICT based online retail store will be the need of the hour. Jeff Bezos is considered to be one of the richest person in the world, his total wealth is estimated to be about 60 billion US dollars ranked him 4th on Forbes list of Billionaires. Amazon is now globally accepted and reliable online retail store. Amazon is following the strategy of thinking globally while operating locally, website interface can be accessed in >11 languages. The market is divided five into main regions namely Asia, Europe, North America, Oceania and South America. By 2008 the traffic on website was >615 million visits annually more than double as compare to Walmart’s web page. The key success

factors of the Amazon are customer friendly interface, very competitive pricing and a distinctive shopping experience. Amazon initially, start working as online book store it was in 1998 when it offers music and DVDs and after a slight pause of a year more items like electronics, software, home appliances, toys and video games were introduced to cater wider market. A research study conducted by Survata (USA based market research Company) reveals that 44% respondents browse Amazon.com directly while searching for an online product. In the decade from 2000-2010 >30 million people were on the consumer base of Amazon. The major source of revue is the small percentage that Amazon charge on each product sold through its website, additionally some funds are generated through placing different advertisement and promotions on the webpage.

Ebay.com; international, entrepreneurial venture:

Ebay.com was founded in 1995 by a 28 years old Pierre Omidyar. By 2015 the total sales of the company were touching 9 billion US dollars with more 100 million active users and >34,000 employees around the globe. Ebay.com has mastered the skill of operating both at consumer to consumer and business to consumers' levels. Ebay.com with the presence in >30 countries with localized operations. Ebay.com generates revenues by only charging to seller and nothing to charges to the buyer. Pierre Omidyar started this internet auction for a hobby until his internet service provider approached him and suggested that he need to go for an up gradation as the traffic on his website was considerably huge. In 2005, Ebay.com acquired Skype in 2.6 billion US dollars to expand its consumer based which is now around 480 million registered user across the globe, Skype was further acquired by Microsoft in 2011.

Yayvo.com; Pakistani entrepreneurial venture:

Yayvo.com is a subsidiary of tranzum courier service which is commonly known as TCS. TCS was founded in 1983, based in Pakistan with 2000 outlets in Pakistan and presence in five continents. Currently TCS as >5,000 employees. Yayvo.com is an online retail store with more than fourteen product categories. Yayvo.com has developed an understanding with more than five local banks to facilitate the payment mechanism and provide better customer service. Yayvo.com has the strong channel of marketing intermediaries that enables it to deliver shipment in >225 countries. In order to be more competitive Yayvo.com have started with a free delivery across Pakistan. Order up to 100,000 can be paid as "cash on delivery. The products categories includes but, no limited to computing, books, automobiles, toys for kids, home appliances and cosmetics.

Daraz.pk; Pakistani entrepreneurial venture: Daraz.pk is an online shopping portal which is Karachi based and has its presence in Pakistan, Bangladesh and Myanmar. It is a project of Rocket internet family which was established in 1999 and currently have a portfolio of >100 organization cyber entrepreneurship in >40 countries across the world.

Lamudi.pk; Pakistani entrepreneurial venture:

Lamudi.pk is also a Rocket Internet family initiative for real estate business. Lamudi.pk assist people in online search doe land, house and commercial space. Lamudi.pk connect both buyers and sellers and provide detailed information about their intent to sale or purchase and made revenue out of this transaction.

Jovago; Pakistani entrepreneurial venture:

It is Pakistan's No. 1 hotel reservation web portal, assisting its customers to avail lowest prices for almost 2,000 hotel with total reach of around 200,000 hotels around the globe. Javago was launched with the vision to facilitate customers looking for online reservation in hotel. Javago is exploiting the price consciousness of target market and using this element as a source of competitiveness.

Zameen.com; Pakistani entrepreneurial venture:

Zameen.com was started by two brothers in 2006 was property portal. In 2012, SeLogger.com a France based real estate firm entered into an understanding with Zameen.com, Gilles Blanchard, co-founder of SeLogger.com taken up as Chairman. This international collaboration was further extended to Catcha Group and Frontier Digital Ventures, these ASEAN region firms shown their non-controlling interest in Zameen.com. Zameen.com has the claim of not charging anything from sellers or buyers, neither by selling the information collected through these transaction to any third party. The sole source of revenue is through advertisement at their webpage.

Rozee.pk; Pakistani entrepreneurial venture:

Rozee.PK is a Pakistan's largest online job searching and job posting website which is helping in connecting job hunter with talent hunters. Rozee.PK also provides one platform for job seekers and talent seekers. Rozee.PK is a service of Naseeb Networks which is a brain child of a Stanford graduate Mr. Monis Rahman.

IMPLICATIONS FOR INGENIOUS PAKISTANI CONTEXT

Pakistan came into existence on August 14, 1947 by the disputed partition of the Indian Subcontinent. The

major industrial hubs were located in India and some of the industrial units which were located in newly established state were out of dated and the technology used to almost absolute. The 5 year plans were merely focused of the large scale industrial development, neglecting the development of small and medium size entrepreneurship development. Small and Medium Enterprises Development Authority (SMEDA) was established with the vision to encourage entrepreneurship at small and medium level. Entrepreneurship also has an Islamic perspective as well for Pakistanis being Muslims. Islam being a natural code of conduct encourages Muslims to engage in business rather than employment. A Sahi Hadis of Prophet Hazrat Muhammad (Peace be Upon Him) narrated that the out of total wealth nine parts are generated from doing business and only one is produced through employment.

Cyber entrepreneurship and its dynamics are considered as recently emerging concepts in Pakistani business milieu. There is huge gap between present state and desired state of existence in this emergence field and there is a still many great opportunities to harness and exploit. Pakistan Council for Science and Technology (2013) stated that ICT based entrepreneurship should be encouraged and awareness workshop and seminars will be conducted on cyber entrepreneurship under Technology Foresight Project (TF Project) in collaboration with academic institutions. Basic idea behind this initiative is to motivate and provide direction to university graduates towards cyber entrepreneurship. It would be worth mentioning that Higher Education Commission (HEC) of Pakistan has started to help public and private universities to develop Office of Research Innovation and Commercialization (ORIC) for transforming the research culture in Pakistani universities on the one hand and simultaneously to commercialize of the final products ideas into something real. Business incubation must be the integral part of ORIC which is promoting entrepreneurship culture throughout the academician community. Volkman and Tokarski (2009) emphasize the importance of providing access and exposure of entrepreneurship education to all levels of students, this responsibility lied on an education system. Johannisson (1991) explains this classification of impact of educational programs on entrepreneurship may be aimed at sharpening the below mentioned skills for students:

- Entrepreneurial attitudes and beliefs
- Capability to associate in networks
- Innovativeness and creative insight
- Detailed knowledge about entrepreneurship

The role of academic institutions can reap benefits if entrepreneurship centers/business incubation centers and can be established with the vision that these centers will be pivots of research and development. Institute of Business Administration (IBA) Karachi has developed a Center for Entrepreneurial Development (CED) for promotion of entrepreneurship. CED launched entrepreneurship development program which provides extensive and detailed knowledge about the new business ventures. The program is structured in below mentioned four stages:

- Explore opportunities
- Pursue and refine opportunities
- Launch opportunities
- Grow opportunities

On the same lines Lahore University of Management Sciences launched (LUMS) Centre for Entrepreneurship (LCE) was established in 2014 which is very unique in its model. LCE made prior understanding with startups about equity percentage in newly established firms and provide them free of cost mentorship regarding all business fields. A reasonable monthly stipend is also paid during the mentorship session. More than 29 startup has successfully launched their business ventures using LCE as platform.

Plan9 is Pakistan's largest technology incubator. Plan9 is a project of Punjab Information Technology Board (PITB), it was launched in 2012. Plan 9 was established with the aim to assist startups using Information Technology as platform. Since, its inception it has a positive impact on socioeconomic development of Pakistan with proud presence in Silicon Valley. The total number of tech incubations is nearing 50.

Another most recent development in this direction has been from National ICT R and D Fund. National ICT R and D Fund is government owned autonomous body incorporated for the enhancement of research and development using Information and Communication Technology (ICT) as a basic tool. The ultimate objective is to transform Pakistani from agriculture/industrial to Knowledge based economy. National ICT R and D Fund has call for expression of interest to conduct capacity building trainings "ICT for Women Entrepreneurship Development Program". This initiative is seems to be a good step in right direction. The long term results of this program will assist in flourishing cyber entrepreneurship culture. Women being almost 50% of the population can be source of stimulating the acceleration of economic growth.

CONCLUSION

In line of literature review and examples of successful cyber entrepreneurship ventures both from national and international levels, it can be concluded that cyber entrepreneurship is an emerging area for both research and nascent entrepreneurs. The basic requirement for cyber entrepreneurship is exposure of this great opportunity to young graduates. Small and Medium Enterprises Development Authority (SMEDA) can initiate awareness enhancement and encourage entrepreneurs by offering technical trainings with collaboration of leading educational institution. There is a considerable need to bridge a communication gap between SMEDA and potential cyber entrepreneurs. Cyber entrepreneurship development will be a vital driver of economic growth in Pakistan. Leading business schools and policy making institutions should be taken on board by requesting them to offer an elective course for all business majors undergraduate and graduate degree programs to encourage youth to be cyber entrepreneurs. Pakistan is constitute of 54% young people between the ages of 15-29 year providing a great human resource to transform the destination of the country from developing to developed country using cyber entrepreneurship as a tool. State Bank of Pakistan can play a pivotal role by establishing regulations that may encourage financial institutions to lend money to cyber entrepreneurship startups on less interest rate and one flexible repayment plans. Pakistani economy is primarily based on agriculture and industrialization, recent slowdown in both agriculture and industrial growth due to energy crises, therefore, there is a need to re-access the importance of entrepreneurship on overall economic growth of the country. Cyber entrepreneurship has gain significant importance in current scenarios, it need less physical and financial resources to start a business venture. Young entrepreneurs both motivated intrinsically and extrinsically can play a very imperative role of the development of the national. This would require a provision of supportive environment and government support at institutional level to encourage young entrepreneurs to engage in web based business ventures. Below are some recommendations for policy makers and government officials for consideration:

- Spread more awareness about cyber entrepreneurship
- Easy access to financing for cyber entrepreneurship startups
- Less interest rates for financing for cyber entrepreneurship startups

- Flexible payment plans
- A country wide commission can be established for cyber entrepreneurship
- Extensive marketing is required for Plan 9
- SMEDA can allocate some part of budget for cyber entrepreneurship
- Cyber entrepreneurship can be offered an elective subject to graduate students
- Subsidized alternate energy solution can be provided to startups with cyber entrepreneurship model.
- Punjab Information Technology Board (PITB) can be set as benchmark by all other provinces

This study is an attempt to provide a baseline on cyber entrepreneurship in Pakistani perspective. Future research can be initiated by proposing a theoretical model and its variables in order to quantify the findings in order to come up with an indigenous theory in longer run.

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