

Assessing the Impacts of Entrepreneurial Orientation and Service Quality on the Business Performance of Online Sellers

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ABSTRACT

The rapid growth of the Internet has dramatically changed the retail trend and consumer shopping behavior. In fact, the ways customers view and buy have somewhat shifted from physical store base to online stores. This development has subsequently changed customer shopping experience, habit and preference as customers nowadays spend a lot of time browsing and buying products online. Many retailers and individual sellers have grabbed this opportunity to start a business, increase customer reach and promote their brands and products to a wider market. Despite the fact that online market is growing, the online retail sales in Malaysia is relatively low compared to other countries. This situation shows that online sales and business performance in Malaysia are not as grand as other countries. From the research context, there have been limited studies that integrate the dimensions of entrepreneurial orientation (EO) and service quality (SERVQUAL), specifically from the perspectives of individual online sellers. Therefore, the purpose of this article is to bring to light on how EO and SERVQUAL affect the business performance of online sellers in Malaysia. Questionnaires were sent out electronically to Lazada and Shopee online sellers and 146 usable responses were received from the sellers. Based on the multiple regression analysis, out of six, four factors (proactiveness, risk-taking, reliability, responsiveness) have significant relationships with online sellers' business performance. The regression analysis also shows that the reliability of online sellers comes out as the strongest determinant of their business performance.

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1 INTRODUCTION

The past decade has seen a dramatic change and development of online business industries in understanding and meeting the needs of their customers. It has driven many businesses to stay competitive for their survival in particular sectors. In response to these circumstances, one of the significant developments is the internet utilization in business activities to remain competitive in the market (Abu Bakar et al., 2015). Doing business on the internet has become a popular approach where

it has transformed the traditional mortar-and-brick businesses to online business presence. The concept of online business has become a trend that allows consumers from around the world to sell and purchase products from other countries through the internet. A recent statistical report released in 2019 by an international website called VPN Mentor states that approximately 1.79 billion people worldwide partake in online purchases. These numbers are expected to increase

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nearly to 2 billion in year 2020. Interestingly, the statistics also reveals the increasing numbers of worldwide sales of e-commerce from 2.8 trillion U.S. dollars in 2018 to 3.4 trillion U.S. dollars in 2019. From the context of the most visited e-commerce platform in Southeast Asia (SEA), Chew (2019) from Iprice statistics group has reported that in 2018, online platforms such as Lazada, Indonesian Tokopedia and Shopee, are among the three leading websites with 183.4 million visits, 153.6 million visits and 147.6 million visits respectively.

A study conducted by Mukhtar et al. (2016) indicates that Malaysia is one of the Asian countries which is expected to have a massive growth in online business industries, besides Hong Kong, Korea, and Singapore. In fact, it is believed that Malaysia has emerged as one of the developing countries which practices aggressive e-commerce activities at both local and international levels. This statement is particularly true since several Malaysian agencies have been established to support and promote the growth of e-commerce to a higher level. Some of these agencies are Malaysian Communications and Multimedia Commission (MCMC) and Multimedia Development Corporation (MDeC) (Ahmad et al., 2015).

Despite the efforts taken by the Malaysian government and the advancement of various technologies, it is reported that the country's online retail sales performance is still low if compared to other leading countries such as China, United States and South Korea (Nathan, 2019). He claims that the performance of Malaysia online retail sales is still at the lowest level with only 2% of the country's total retail sales. Similarly, Meena (2018), an analyst from an international website called Forrester, reveals that Malaysia's position is way behind Indonesia. Currently Indonesia owns the largest market with 40% of online purchase. Since Malaysia's performance of online retail sales is quite low compared to other countries, it is of paramount importance to further investigate the factors that may positively influence the country's online business scene in general and online sellers' performance in particular.

Numerous studies about online business focus on customer's perspective, such as the factors affecting the customers' purchase intention (Erkan & Evans, 2016; Hsu & Chuang, 2015; Mousavizadehet al., 2016), customer satisfaction (Hult et al., 2018; Min, Lim, & Magnini, 2014) and customer shopping behaviour (Clemons et al., 2017). However, there are limited studies that look into the issues of online business from the sellers' point of view (Low & Verma, 2018).

Furthermore, studies conducted in Malaysia that are related to business performance are more commonly focused on small-medium enterprises (SMEs) and examined at organizational level (Arshad et al., 2014; Aziz et al., 2015). However, fewer works are dedicated in further investigation on business performance from the standpoint of individual online sellers. A report by Vijandren (2017) reveals that one of the leading online business platforms in Malaysia, Lazada, is facing severe business performance issues as the numbers of complaints against their sellers have overflowed online. Trustworthiness and poor service issues, such as missing order, incorrect order, and failure to deliver the order, are

among the complaints. The Star has reported that an online retail shop, Rakuten, has closed down in Malaysia due to wrong business strategies.

A recent report released by Bernama (2018) points out that Malaysian online sellers are barely innovative as they rarely introduce new products or explore new opportunities. This fact indicates that Malaysian online sellers are lacking in terms of entrepreneurial efforts, particularly in terms of innovation. With reference to quality aspect, previous studies (Daniel & Berinyuy, 2010; Suhidayat et al., 2017) have examined SERVQUAL from the customers viewpoint in order to find out the quality factors that affect customers' satisfaction.

However, the studies that specifically delve into SERVQUAL from sellers' point of view in Malaysia, especially in e-commerce setting, are rather scarce. According to Majid & Firend (2017), online sellers in Malaysia fail to deliver good quality products, excellent customer service and reliability to their customers. Based on the aforementioned issues and gaps discussed, this study aims to answer the question of what are the factors that can help Malaysian online sellers to perform well in online business.

2 LITERATURE REVIEW

Entrepreneurial Orientation (EO) is defined as the entrepreneurial behaviors and a managerial tendency when making strategic decisions with uncertain outcomes (Miller, 1983; Covin & Slevin, 1991; Anderson et al., 2014). It was initially developed by Miller (1983) as a measurement of firm's entrepreneurial behaviours. He states that an entrepreneur should develop the characteristics of proactiveness, innovativeness, and risk-taking.

These three elements are the primary dimensions of EO from Miller (1983). It has been found in many studies that EO is closely related to the business performance in different industries, different countries, and different markets (Krauset al., 2012). According to Rezaei et al. (2018), EO is representing the entrepreneurial behaviour and it is closely related to the business performance. Furthermore, the ability of EO in affecting the business performance is further discussed by Lee & Lim (2009), who argue that EO is highly linked to the profit and business performance from the service business context.

The subject of service quality is essential especially in service marketing, which involves service provider, the customers, and the intangible nature of service (Desai, 2001; Banker & Hwang, 2008). According to Parasuraman et al. (1988), the concept of service quality is a form of attitude, satisfaction, and comparative result with the perception of performance. They claim that this concept is an overall evaluation which is one of the forms of attitude. There are a number of past and current studies done related to the effect of service quality on business performance. These studies investigate the implication of service quality in increasing profit, attracting customers, and increasing sales (Lewis, 1993; Duncan & Elliot, 2002; Nair, 2016).

Proactiveness and Business Performance

Proactiveness signifies the willingness to emphasize on anticipating opportunities and future challenges by improving the products and cope with the competitors' behaviours (Lumpkin & Dess, 1996). On the other hand, Venkatraman (1989) describe proactiveness as seeking new opportunities, introducing new products or services ahead of competitors, and eliminating products which are in the last stage of the product life cycle.

According to Kraus et al. (2012), proactiveness is important for a business to stay competitive as it pertains to an entrepreneur's initiative to anticipate changes in the future. They argue that a seller who possesses this characteristic tends to shape the environment instead of being passive in the market. As a result, the seller is able to respond and react better than other rivals in any circumstances they involved in. Schaltegger, Lüdeke-freund, & Hansen (2012) further argue that a proactive sellers will focus on long-term business sustainability by minimizing the cost and risks. Proactiveness has been associated with the "first-mover" advantage, which means that the seller initiates to shape the environment by gaining the competitive advantage (Matchaba-Hove & Farrington, 2015). This statement is in line with a study by Wiklund & Shepherd (2003), who also highlight that businesses with "first-mover" behaviour and forward-looking perspective can capitalise and take advantage of emerging opportunities.

Larsen (2012) asserts that proactiveness is vital in business, especially in the online business market, which is dynamic in nature. There are many uncertainties in online business context, which requires online sellers' ability to anticipate future events. He also emphasizes that online market is unpredictable due to changes such as price, promotion, technology, competition and customers' behaviours. As such, online sellers who are proactive can adopt strategies to achieve better business performance such as having higher efficiency, providing new products and services according to the market trends, and staying competitive in the market (Abebe, 2013). Based on the above arguments, the following hypothesis is constructed:

H₁: Proactiveness will influence online sellers' business performance.

Innovativeness and Business Performance

Innovativeness represents the tendency to participate and support new ideas, experiments and creative processes which will result in producing new products or services. An innovative entrepreneur has the ability to develop new added-value products or processes to the market and thus increasing the business competency to a higher level. However, all dimensions of EO, including innovativeness, might not necessarily contribute to business performance as each dimension can vary independently (Lumpkin, 1996). This statement is in line with the study by Chen (2017), which argues that innovation strategies need specific and certain amount of resources and capabilities as not every business can

afford to do so.

A study by Pehrsson (2019) reveals that innovativeness is key to a firm's performance because it enables a business to apply suitable strategies in foreign markets. The author emphasizes that innovativeness is characterized by entrepreneurial and market-driving behaviours since it enables the firm to get ahead of its competitors by providing new products or services to meet the customers' needs.

This suggests that a seller with a high level of innovative characteristic can pursue new opportunities from the dynamic market and thus improve business performance and effectiveness (Rosli & Sidek, 2013). Indeed, a seller without innovativeness may be investing time and resources in business without translating this knowledge into practice (Hult et al., 2004). Consequently, sellers who are innovative are more likely to provide new and better products and services ahead of other rivals (Olaniran et al., 2016). Based on all these statements about the importance of innovativeness on business performance, the next hypothesis is predicted as follows:

H₂: Innovativeness is related to online sellers' business performance.

Risk-Taking and Business Performance

The concept of risk-taking has been associated with entrepreneurship in several previous researches. According to Wiklund & Shepherd (2003), risk-taking is defined as the tendency to take bold actions to venture with uncertain outcomes. It is also described as the willingness to commit resources, time, and effort to opportunities that might yield great success as well as failure. In the same way, Lumpkin & Dess (1996) define risk-taking as the willingness of a person to undergo activities or projects which result in an unknown situation.

Bolton (2012) view risk-taking as an essential element for a person to become an entrepreneur. He contends that risk-taking is one of the dimensions of EO that is positively related to business success. This is in line with the argument by Davis et al. (2013), who state that a seller who is willing to take risks will have a tendency to compete in a fast-paced business climate. Successful businesses or sellers usually take calculated risks, which reduce the probability of failure and enable the business to overcome challenges (Krauss et al., 2005).

A previous study conducted by Kitigin (2017) has examined the effect of the risk-taking on business performance. The finding leads to a conclusion that an entrepreneur who is a risk-taker will gain better returns and earnings in business. Moreover, Abebe (2013) has stated that entrepreneurially oriented businesses or sellers are more likely to take the "risks" by adopting new technology or processes from e-commerce technology in improving their business performance if compared with non-entrepreneurial sellers. Ultimately, since online business environment is dynamic and full of challenges, it is important that online sellers possess risk-taking behaviours in order stay competitive and succeed

in business. Thus, the following hypothesis is proposed:

H₃: Risk-taking attitude will influence online sellers' business performance.

Reliability and Business Performance

Reliability represents the ability of a business to perform the promised service accurately (Parasuraman et al., 1988). It is also defined as the ability to keep personal information secure, fulfil orders correctly, and deliver promptly (Lee & Moghavvemi, 2015). In a number of empirical studies, reliability is found to be the most important factor especially in an online business context (Jiang & Yang, 2015; Omar & Seman, 2015). According to Nair (2016), reliability has a significant influence on business performance.

He further stresses that it is necessary for the sellers to ensure that the services delivered to the customers is on time and as promised. This statement infers that online sellers need to provide their services right for the first time, purposely to build a good reputation in the business. Hafiz & Alam (2016) has also proclaimed that reliable sellers, who deliver the exact products as promised, ensure payment safety, and send out products within the guaranteed time, can achieve higher customer satisfaction which will help to improve their business performance.

Even though most of the sellers think that customers will shop online due to the low-priced products, this is not always the case (Iwaarden et al., 2003). The reason is because most of the customers' need to develop trustworthiness value between sellers and customers before they start purchasing products or services online. Therefore, if the online sellers could not provide the service as promised, it will definitely result in dissatisfied customers and this will badly affect the business performance in the long-term (Alnsour et al., 2014; Wijetunge, 2016). In an online business context, online sellers should always make sure that the order is correct, shipped on time and any cancellation or return details are provided to the customers. With these arguments, the next hypothesis is proposed:

H₄: Reliability is expected to influence online sellers' business performance.

Empathy and Business Performance

Empathy is defined as the willingness of service providers to provide care and attention to their customers (Parasuraman et al., 1988). According to Cuff et al. (2014), empathy is the ability to understand others' feelings and concern with their experience of emotion. Low & Verma (2018) have highlighted that empathy is highly related to business performance. This explains that sellers who care and give personalised attention to customers will gain an increase in the productivity and proficiency of the business. Sellers with empathetic personality will make the customers feel special and unique. Due to this behaviour, customers would think that the sellers

understand and cater to their needs and different situations.

According to Iwaarden et al. (2003), empathy does not appear as a significant measure in online business as it does not involve human interaction. This statement implies that it is difficult to provide personal attention for customers via online stores as it is only based on virtual business relationship. From the perspective of customer loyalty, Belwal & Amireh (2018) discover that empathy does not have any significant association with this variable. Sullivan & Walstrom (2001) also indicate that among all the dimensions of SERVQUAL, empathy is found not as important as the other dimensions in an e-commerce setting.

This could be due to the fact that online sellers are focusing more on other aspects in virtual business environment. Since there are mixed findings about the importance of empathy on business performance, the current study is directed to confirm whether the significant relationship found in previous studies is also applicable from the point of view of online sellers. Thus, the following hypothesis is formed:

H₅: Empathy will influence online sellers' business performance.

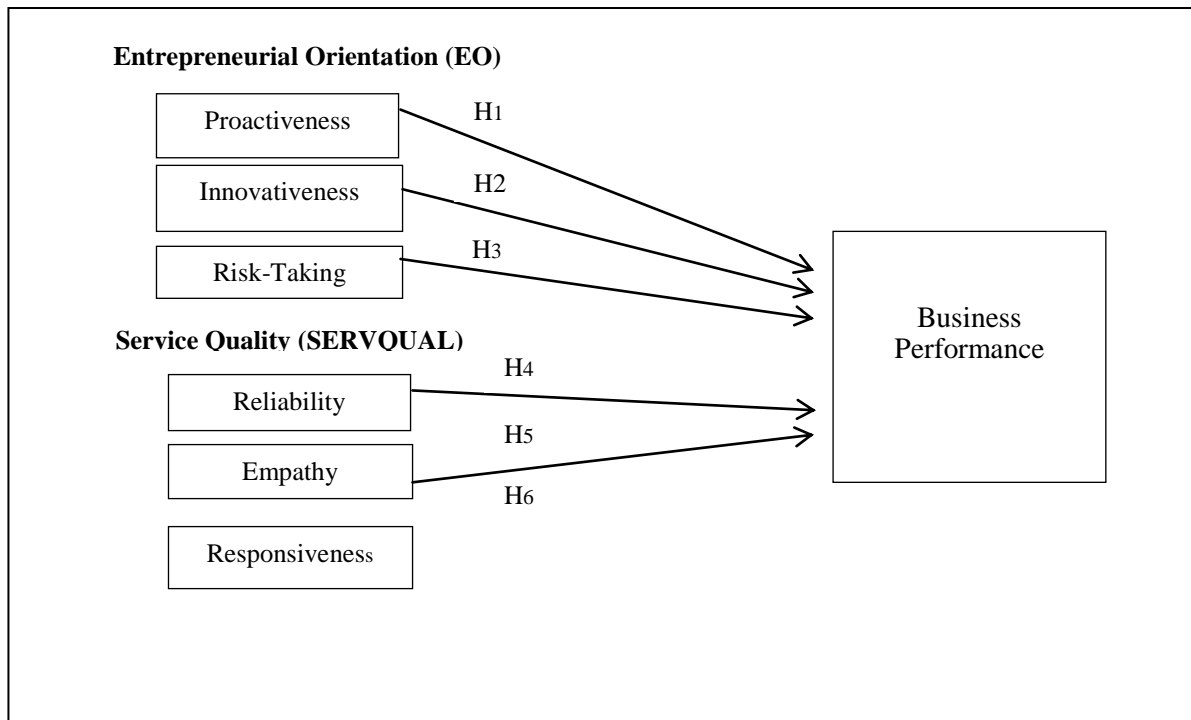
Responsiveness and Business Performance

Responsiveness represents the willingness to provide prompt service to customers (Parasuraman et al., 1988). Jones & Shandiz (2015) describe responsiveness as the willingness to help and answer customers' questions. Responsiveness plays an essential role in SERVQUAL because it affects customer experience, and perception towards online sellers. Responsiveness has been argued as necessary in the service industry. For instance, Pehrsson (2019) stresses that customers do not only focus on low-priced products but also on other additional values such as fast response from sellers whenever they have inquiries. He argues that sellers' appropriate and dynamic actions on customers' needs are crucial for business performance.

A responsive online seller will always think about providing excellent and fast service in order to attract the customers to purchase their products and services. Similarly, the work of Iwaarden et al. (2003) emphasize that customers who use the internet to look for better offers or buy products or services tend to expect quicker and faster response from the online sellers. This argument is supported by a study of Ong et al. (2016), which found that responsiveness has the most potent effect on online customers' satisfaction. Since nowadays everything is moving at a high pace, customers usually anticipate rapid answer and response from online sellers. Thus, online sellers should promptly entertain their customers' inquiries, solve their problems, and provide convenient options for before and after sales service. Thus, the last hypothesis is proposed:

H₆: Responsiveness is associated with online sellers' business performance.

A research model developed based on the literature review is illustrated in Figure 1.



3 METHODOLOGY

This study is aimed at examining the implications of EO and SERVQUAL on online sellers' business performance. The population of the study includes Malaysian online sellers in Malaysia from Lazada and Shopee. According to a report in 2019 by an international statistic website called Similar Web, both are top e-commerce sites in Malaysia, with estimated monthly traffic of 20,000,000 and 20,900,000 respectively. Moreover, Lazada and Shopee are also the leading online business platforms in South East Asia. According to the official statements by Lazada and Shopee, the total estimated number of online sellers in 2019 from both platforms is 55,000.

This study employed non-probability sampling technique with the combination of purposive and convenience sampling. The questionnaires were sent to online sellers on Lazada and Shopee platforms through the chat rooms of their individual online stores. This is to ensure that the respondents were limited to only the online sellers from Lazada and Shopee. However, the response rate was very low. Therefore, another attempt of data collection was done during a symposium attended by Malaysian online sellers from various platforms. For the purpose of this study, only those sellers from Lazada and Shopee were selected.

Generally, 500 questionnaires were sent to the online sellers. Yet, only 159 questionnaires were returned and answered, generating a response rate of 31.8%. Based on the feedback, there are a few reasons why many online sellers refused to answer the questionnaire, which include, but not limited to "busy with work", "not interested to do so" and some of them even declined to participate.

All survey items were measured on a seven-point Likert scales. There were based on previous studies with some modifications to fit the current research context. The items of business performance were adapted from Lumpkin & Dess (1996). All EO measures were sourced from Covin & Slevin (1998). On the other hand, the measures for SERVQUAL were all derived from the work of Parasuraman et al. (1988).

4 FINDINGS

All the actual data collected went through the reliability test. Cronbach's alphas were computed for each variable to determine the internal consistency of the measurement items used in this study. As shown in Table 1, the Cronbach's alpha values for each of the constructs all exceeded the suggested threshold value of 0.7 (Nunnally and Bernstein, 1994), ranging from 0.714 to 0.788.

Table 1
Results of Reliability Analysis

Variable	No. of Items	Cronbach's Alpha
Business Performance	4	0.745
Proactiveness	4	0.739
Innovativeness	4	0.788
Risk-taking	4	0.762
Reliability	5	0.755
Empathy	4	0.714
Responsiveness	4	0.744

As depicted in Table 2, the regression results revealed the R square value of 0.788. This value indicates that 78.8% of the variance in business performance is influenced by the six independent variables. Out of six constructs, only four were found to have significant impact on business performance, such as proactiveness ($\beta= 0.324$, $p=0.000$), risk-taking ($\beta= 0.161$, $p<0.002$), reliability ($\beta=0.352$, $p=0.000$), and responsiveness ($\beta=0.233$, $p=0.000$). On the other hand, innovativeness ($\beta= -0.033$, $p=0.651$) and empathy ($\beta= -0.064$, $p=0.113$) do not significantly influence business performance. This indicates that that only H_1 , H_3 , H_4 , H_6 are supported, while H_2 and H_5 are rejected.

Table 2 also shows the standard coefficient beta (β) ranges from -0.064 to 0.352. It can be observed that the reliability of online sellers with the highest standard coefficient beta ($\beta=0.352$) appears as the strongest factor that contributes to online sellers' business performance. The second strongest factor that affects online sellers' business performance is proactiveness ($\beta=0.324$), followed by responsiveness ($\beta=0.233$), and risk-taking ($\beta=0.161$).

Table 2
Results of Regression Analysis

Construct (s)	Standardized Coefficients		t	Sig.
	Beta			
(Constant)			1.081	.282
Proactiveness	.324		4.304	.000
Innovativeness	-.033		-.454	.651
Risk-Taking	.161		3.158	.002
Reliability	.352		6.283	.000
Empathy	-.064		-1.596	.113
Responsiveness	.233		3.743	.000

5 DISCUSSION

The ultimate objective of this study is to investigate the influence of EO and SERVQUAL as factors on the business performance of online sellers in Malaysia. Based on the results of EO dimensions, proactiveness appears to have a significant relationship with business performance. This indicates that proactiveness has a measurable impact on online sellers' business performance. The finding is consistent with the outcomes of some previous research works.

For instance, Kraus et al. (2012), Wiklund & Shepherd (2003), Abebe (2013), and Larse, (2012) found that proactiveness influences sales growth and business performance. According to Schaltegger & Hansen (2012), proactive sellers execute their business for long-term sustainability by minimising costs and risks. Sellers, who possess proactive characteristic, tend to update themselves with new information, business-specific competitive strengths and contemplate upon long-term business survival and success. Sellers should be proactive, particularly in online business, due to various uncertainties and rapid changes in this

type of business environment. In the case of online business in Malaysia, online sellers must act proactively by consistently shaping the customers' buying behaviours and learn about their own weaknesses and strengths and compare them with other competitors. Instead of adopting the wait and see approach, trying out some initiatives and radical strategies can help their online businesses to grow and perform and compete in the online market.

The results of the current study suggest that risk-taking does have a significant relationship with the business performance of online sellers in Malaysia. This finding is similar to that of a study of Kitigin (2017), which found that a business that has risk-taking characteristics yield higher returns and earnings and succeed in business (Bolton 2012). A plausible reason for this is that online sellers who are risk takers tend to adopt different strategies, approaches or processes compared to their competitors. In fact, risk taker sellers dare to explore and experiment with the market, leading to higher chances of detecting business opportunities due to first-mover advantages. However, whereas some risks may not pay off, it will still be a good experience for sellers to learn and

experience them. It is argued that a great risk-taker will not just randomly gamble but carefully take calculative and careful steps toward his goal (Krauss et al., 2005). In this case, local online sellers are willing to take and accept risks in pursuit of being different and unique and therefore earn higher return.

As for innovativeness, this study reported a non-significant influence of innovativeness on Malaysian online sellers' business performance. The results are in contrast with the findings of previous researches (Arshad et al., 2018; Hult et al., 2004; Pehrsson, 2019; Rosli & Sidek, 2013), which discovered that innovativeness is related to business performance. However, these studies are focused on the perspective of physical stores, while the current study observes online stores, specifically the online sellers.

According to Lumpkin & Dess (1996), each dimension of EO, including innovativeness, might vary independently as each dimension might not necessarily contribute to business performance. The reason being that different industry, business environment or other factors might give different effect on business performance. The effect of innovativeness on business performance might also vary due to the nature and size of the business (Nasip et al., 2017).

Innovation strategies, such as having a plan to grow the business through product and service innovation, usually require capabilities and resources (Chen, 2017). For example, sellers have to think about new products and marketing strategies that can attract their customers instead of following the market trend. As most of the online sellers are home-based individual entrepreneurs, they might have and therefore spend less time, cost, and other resources to plan for innovative and unique business and marketing strategies. Thus, they probably do not innovate greatly compared to physical stores or companies.

From the context of SERVQUAL, reliability was found to have a significant influence on online sellers' business performance. This result is in line with the finding of Wijetunge (2016), which statistically uncovers that reliability has an impact on business performance. As such, if the sellers are reliable, it is harder for the customers to leave for other competitors. As a result, these customers remain loyal with the same reliable sellers, and consequently leading to sustainable business performance for online sellers.

Alnsour et al., (2014) contend that it is crucial for a business to deliver services as promised because customers always have high expectation in getting what they have paid for. Since online business is a virtual marketplace, it is easier for customers to compare and contrast the level of reliability among various online sellers just by clicking on the reviews and ratings made by other buyers, especially on Lazada and Shopee. Therefore, online sellers should go all out to provide good and reliable services in order to claim positive feedbacks and ratings from their customers.

With regards to empathy, it was found as insignificant to online sellers' business performance. These findings differ

from those of Low & Verma (2018) and Jones & Shandiz (2015) which found that empathy is essential to business performance. Their results indicate that empathetic sellers are able to better understand customers' situations and feelings. However, both of the studies are from a different business context, which test on the performance at firm level.

The findings of the current study however is consistent with the outcome of empirical research by Belwal & Amireh (2018), which discovered that empathy does not significantly affect customer satisfaction, which is one of the performance criteria. In relation to the current study's results, it is proven that in a dynamic online market environment, empathy or personalized interaction with customers is not as important as other factors considered in this study. A possible reason is that there is no face-to-face human interaction between online sellers and customers (Iwaarden et al., 2003).

Furthermore, online business has different characteristics and traits if compared to traditional brick-and-mortar interfaces, which requires the sellers to provide personal care and attention to their customers. Within the context of online business, it is difficult for online sellers to really know and understand each of the customers' personal buying behaviours and feelings without face-to-face interaction and discussion.

Pertaining to the effect of responsiveness on online business performance, this study found that online sellers' responsiveness exerts a substantial effect on their business performance. This result is aligned with the previous study by Pehrsson (2019), which observed that responsiveness is one of the important components that promotes business operation and performance. The finding of the current study is also similar with a study of Ong et al. (2016), which argue that there is a significant predicting role of sellers' responsiveness in Malaysian online business.

In e-commerce setting, customers expect online sellers to be responsive in term of giving a prompt response, willing to solve customers' problems, and entertaining their needs and requirements. As customers always demand sellers to react faster to their inquiries, sellers understand the need to provide clear and fast response, especially when it comes to online business. One of the reasons which may explain this situation is the fact that the customers from Lazada and Shopee are able to view the response rate, time, and percentage of all sellers in the platforms. Hence, the chance for them to switch to other similar sellers with a better response rate and positive reviews are quite high. Thus, online sellers are expected to try their best to always respond to all questions and needs by their customers in order to obtain and retain their loyalty as well as securing good feedback.

CONCLUSION

Theoretically, this study has provided empirical evidence in explaining the impacts of online sellers' EO and SERVQUAL on their business performance. In terms of practical implications, since most factors are indeed influencing business performance, the results confirm the notion that both EO and SERVQUAL are important for online sellers in improving their sales and overall business performance. More

precisely, online sellers can enhance their business performance by giving attention to the entrepreneurial efforts and quality of their products and services as these strategies would grant them competitive edge and business sustainability in the long run. As reliability was found to be the most important factor in Malaysian online business, sellers should strive to improve business relationships with the customers by building mutual trust among each other when fulfilling the obligations as virtual sellers.

It is particularly important for online customers to have a safe, accurate, and trustable transaction due to the absence of physical presence. Therefore, for the customers to really know and subsequently determine whether the online sellers are reliable and genuinely trustworthy, their only avenue is to rely upon the feedbacks and ratings provided by previous customers in the sellers' online stores. Good ratings and feedbacks signify higher probability for the sellers to be reliable. In fact, reliable sellers gain several advantages, which include customer loyalty and bigger market share.

Consequently, they are able to retain these customers and directly improve business performance. Besides, since proactiveness is the second strongest factor that affects business performance, online sellers can try to step up and do some changes in their business. It is of paramount importance for the online sellers to create competitive advantage to become a market leader instead of just being a follower. Proactive online sellers are able to gain first-mover advantage in order to compete with competitors (Wiklund & Shepherd, 2003). Accordingly, online sellers should be proactive in initiating different marketing style or business strategy, which can differentiate themselves from the rivals.

RECOMMENDATIONS

This study has uncovered several directions for future studies. Firstly, the population of this study can be enlarged to other e-commerce websites such as 11 streets, Carousell, Lelong, as well as Facebook and Instagram. Online sellers from different online business platforms may have different perspectives and experiences. It may also be of interest to adopt another approach to the investigation of the effects explored in the current study. For instance, future researchers may be interested to investigate whether the environment in which the online sellers conduct their business has the moderating effects towards the relationships between EO, SERVQUAL and business performance. Other factors from the context of customer behaviour might also be included in future studies so that their interaction with EO, SERVQUAL on the business performance of online sellers can be further examined. Future researches may also consider looking into both EO and SERVQUAL and explore their connection with other dependent variables, such as customer loyalty or customer satisfaction.

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