

**Entrepreneurship Development In Malaysia:
Based On The Findings Of The Global Entrepreneurship Monitor (Gem) 2009**

**Leilanie Mohd Nor
Mohar Yusof
Asst. Prof. Dr. Dewi Amat Sapuan
Asst. Prof. Dr. Siri Roland Xavier**

Bank Rakyat School of Business and Entrepreneurship
Universiti Tun Abdul Razak

Abstract

This paper presents the results and findings of the Global Entrepreneurship Monitor (GEM) 2009 for Malaysia in which the country is represented by the research team from the Bank Rakyat School of Business and Entrepreneurship (BRSBE), Universiti Tun Abdul Razak (UniRazak). Notably, GEM has become the world's most comprehensive research consortium dedicated to understanding the relationship between entrepreneurship and national economic development. It has provided the most comprehensive comparative data about attitudes toward entrepreneurs, start-up business activities, and plans for starting and building businesses, globally, by country, by geographic region and by phase of economic development. The 2009 study, the 11th in the GEM series, was based on interviews with at least 2,000 individuals in each participating country. This paper focuses and highlights the results and findings on Malaysia and in some related aspects, will compare Malaysia's standings against other participating countries in the study especially with the other 4 countries from the Asia Pacific region namely China, Hong Kong, Japan and Republic of Korea (54 countries participated in the GEM 2009 study). This paper presents and discusses on the results and findings on the characteristics of entrepreneurial activity, entrepreneurial attitudes and entrepreneurial perceptions which have been collected via the Adult Population Survey (APS). Several recommendations are drawn from the discussion.

Keywords: *Entrepreneurship Development, Necessity Entrepreneurship, Opportunity Entrepreneurship, Economic Development, Entrepreneurial Activity, Entrepreneurial Attitudes, Entrepreneurial Perceptions*

INTRODUCTION

Entrepreneurship is concerned with growth and wealth creation. In fact, growth and wealth creation are entrepreneurship's defining objectives. Entrepreneurship is also increasingly being viewed as a stimulus to wealth creation in emerging, developing and developed economies as a result of the actions of individual firms (Ireland, Hitt and Sirmon, 2003). In their review of the entrepreneurship literature, Audretsch, Keilbach and Lehmann (2006) argued that the most striking features of entrepreneurship are that it crosses a number of key units of analysis. At one level, entrepreneurship involves the decisions and actions of individuals. These individuals may act alone or within the context of a group. At another level, entrepreneurship involves units of analysis at the levels of the industry, as well as at spatial levels, such as cities, regions and

countries. In addition, entrepreneurship has come to be perceived as the engine of economic and social development throughout the world (Acs and Audretsch, 2005).

Notably, GEM has been the world's leading research consortium dedicated to understanding the relationship between entrepreneurship and national economic development. For the past ten years GEM reports have been the only source of comparable data across a large variety of countries on attitudes toward entrepreneurship, start-up and established business activities, and aspirations of entrepreneurs for their businesses.

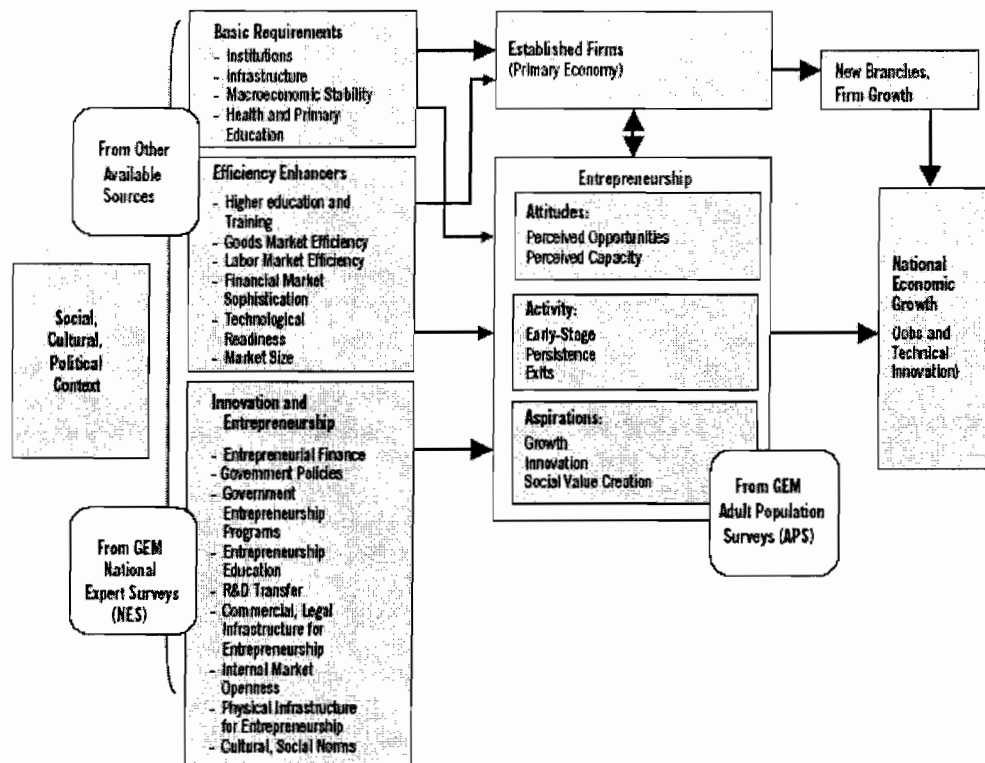
To examine cross-country entrepreneurship development in the context of the relationship between entrepreneurship and economic development, this paper extracts the results and findings of the Global Entrepreneurship Monitor (GEM) 2009 in which Malaysia was represented by the research team from the Bank Rakyat School of Business and Entrepreneurship (BRSBE), Universiti Tun Abdul Razak (UniRazak). This paper focuses and highlights the results and findings on Malaysia and in some related aspects, compares Malaysia's standings against other participating countries in the study especially with the other 4 countries from the Asia Pacific region namely China, Hong Kong, Japan and Republic of Korea (54 countries participated in the GEM 2009 study). This paper presents and discusses on the results and findings on the characteristics of entrepreneurial activity, entrepreneurial attitudes and entrepreneurial perceptions which have been collected via the Adult Population Survey (APS).

THE GEM MODEL AND METHODOLOGY

GEM 2009 was framed around a model, introduced in the GEM 2008 report, that includes a distinction among phases of economic development, in line with Porter's typology of "factor-driven economies," "efficiency-driven economies" and "innovation-driven economies" (Porter, Sachs and McArthur, 2002). GEM 2009 reiterated that necessity-driven self-employment activity tends to be higher in less developed economies. Such economies are unable to keep pace with the demand for jobs in high-productivity sectors, and so many people must create their own economic activity. As an economy develops, the level of necessity-driven entrepreneurial activity gradually declines as productive sectors grow and supply more employment opportunities. At the same time, opportunity-driven entrepreneurial activity tends to pick up with improvements in wealth and infrastructure, introducing a qualitative change in overall entrepreneurial activity.

Among the 54 participating countries in the GEM 2009 study, there were only 5 countries from the Asia Pacific region namely Malaysia, China, Hong Kong, Japan and Republic of Korea (constituting 9% of total number of countries). Malaysia and China were grouped in the "efficiency-driven economies" while Hong Kong, Japan and Republic of Korea, were considered as "innovation-driven economies".

Figure 1: The GEM Model



The GEM model documents how entrepreneurship is affected by national conditions. It also shows that GEM considers three major components of entrepreneurship: attitudes, activity and aspirations. GEM monitors entrepreneurial framework conditions in each country through harmonized surveys of experts in the field of entrepreneurship. Components of entrepreneurship are tracked using the GEM Adult Population Surveys. Thus, GEM generates original data on the institutional framework for entrepreneurship and entrepreneurial attitudes, activity and aspirations using its own methodology that is harmonized across countries. Different types and phases of entrepreneurship may impact economic growth differently in different parts of the world (Sternberg and Wennekers, 2005). In addition, in theory the relationship works both ways: entrepreneurship may impact economic development, which in turn may impact entrepreneurship.

GEM focuses on three main objectives:

- To measure differences in the level of entrepreneurial activity among countries;
- To uncover factors determining national levels of entrepreneurial activity; and,
- To identify policies that may enhance the national level of entrepreneurial activity.

Entrepreneurship is a complex phenomenon which spans a variety of contexts. In line with its objectives, GEM takes a broad view of entrepreneurship and focuses on the role played by individuals in the entrepreneurial process. Unlike most entrepreneurship data sets that measure newer and smaller firms, GEM studies the behavior of individuals with respect to starting and managing a business. This differentiates GEM data from other data sets, most of which record

firm-level data on (new) firm registrations, as highlighted in the GEM 2008 Global Executive Report (see Bosma et. al., 2009, p. 12). New firms are, most often, started by individuals. Even in established organizations, entrepreneurial attitudes, activities, and aspirations differ in each individual.

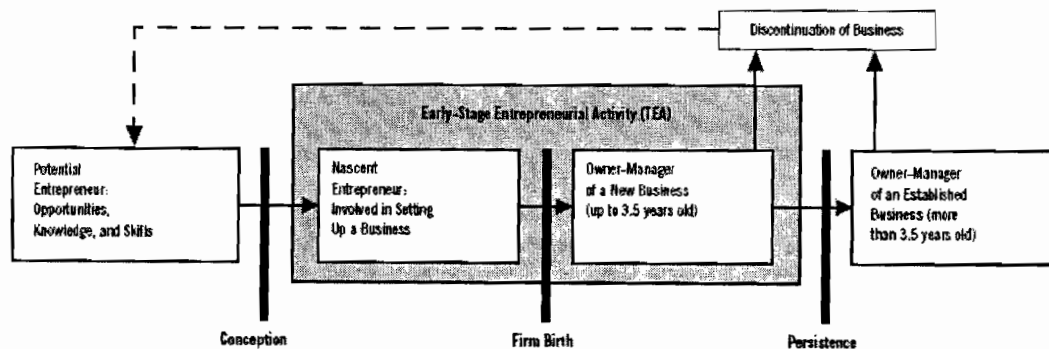
Another guiding principle of GEM research is that entrepreneurship is a process. Therefore GEM observes the actions of entrepreneurs who are at different stages of the process of creating and sustaining a business. For GEM, the payment of any wages for more than three months to anybody, including the owners, is considered to be the “birth event” of actual businesses. Individuals who are actively committing resources to start a business that they expect to own themselves, but who have not reached this “birth event” are labeled nascent entrepreneurs.

Individuals who currently own and manage a new business that has paid salaries for more than three months but not more than 42 months are known as new business owner-managers. The cut-off point of 42 months has been made on a combination of theoretical and operational grounds. The prevalence rate of nascent entrepreneurs and new business owner-managers taken together may be viewed as an indicator of early-stage entrepreneurial activity in a country. It represents dynamic new firm activity – the extent of experimentation in new business models by a national population.

Established business owners own and manage an established business that has been in operation for more than 42 months. Their businesses have survived the liability of newness. High rates of established business ownership may indicate positive conditions for firm survival. However, this is not necessarily the case. If a country exhibits a high degree of established entrepreneurship combined with low degree of early-stage entrepreneurial activity, this indicates a low level of dynamism in entrepreneurial activity. Finally, GEM identifies individuals who have discontinued a business in the last 12 months. These individuals may enter the entrepreneurial process again.

Figure 2 summarizes the entrepreneurial process and GEM’s operational definitions. The GEM 2009 Global Executive Report includes 54 countries across the globe. In each of these 54 countries, a survey was conducted among a representative sample of at least 2,000 adults. More than 180,000 adults were interviewed between May and October and answered questions on their attitudes toward and involvement in entrepreneurial activity.

Figure 2: The Entrepreneurial Process and GEM Operational Definitions



KEY RESULTS AND DISCUSSION

Characteristics of Entrepreneurial Activity

Table 1 summarizes the involvement in entrepreneurial activity over several phases of the entrepreneurial process (refer Figure 2 for an overview of these phases) for each of the 54 GEM 2009 countries. Countries are grouped according to the major phases of economic development. Taken together, the numbers in the table provide a picture of the characteristics of overall entrepreneurial activity for each country, i.e., all types of entrepreneurial activity covering the entire economic spectrum.

One of the principal measures in Table 1 is of early-stage entrepreneurial activity, or TEA. The TEA rate is the proportion of people aged 18-64 who are involved in entrepreneurial activity as a nascent entrepreneur or as an owner-manager of a new business. The average pattern for the three country groups is of a decline in overall levels of early-stage entrepreneurial activity with increasing economic development, and relatively low levels of necessity entrepreneurship in innovation-driven countries. However, there are large variations in entrepreneurial activity within the groups, since each country has a unique set of economic and social conditions which can affect entrepreneurial activity.

Table 1: Entrepreneurial Activity in 54 GEM Countries, By Phase of Economic Development

	ACCUMULATED ENTREPRENEURSHIP RATE	NEW BUSINESS OWNERSHIP RATE	EARLY STAGE ENTREPRENEURIAL ACTIVITY (ETA)	ESTABLISHED BUSINESS OWNERSHIP RATE	CONTRIBUTIONS TO BUSINESS GROWTH	REGISTRY GIVEN (% OF TA)	MANAGEMENT DISTANCE (HRS)
Factor-Driven Economies							
Algeria	11.3	5.6	16.7	4.7	7.9	18	51
Guatemala	17.1	12.2	26.8	3.3	6.0	23	30
Jamaica	13.0	10.6	22.7	16.3	10.7	33	45
Lebanon	6.7	8.8	15.0	16.0	4.6	18	60
Saudi Arabia	2.9	1.9	4.7	4.1	2.9	12	63
Syria	3.4	5.1	8.5	6.7	7.4	37	43
Republic of Tonga	6.5	11.1	17.4	2.3	3.6	33	39
Uganda	12.4	22.7	33.6	21.9	24.2	45	45
Venezuela	13.3	5.4	18.7	6.5	3.0	32	42
West Bank and Gaza Strip	3.0	5.9	8.6	6.9	7.1	37	33
Yemen	22.8	1.2	24.0	2.9	2.0	35	16
average (unweighted)	10.2	8.9	17.9	8.3	7.2	29	42
Efficiency-Driven Economies							
Argentina	6.1	9.3	14.7	13.5	6.2	47	37
Bosnia and Herzegovina	3.1	1.3	4.4	3.9	3.1	39	20
Brazil	5.8	9.8	15.3	11.8	4.0	39	48
Chile	9.6	6.6	14.9	6.7	6.4	25	42
China	7.4	11.8	18.8	17.2	6.6	48	29
Colombia	15.0	8.0	22.4	12.6	7.1	34	45
Croatia	3.5	2.2	5.6	4.8	3.9	37	39
Dominican Republic	8.8	9.2	17.5	11.4	12.9	34	26
Ecuador	6.3	9.7	15.8	16.1	6.0	32	43
Hungary	5.4	3.7	9.1	6.7	3.2	24	45
Iran	8.2	4.1	12.0	6.5	6.0	35	35
Jordan	5.9	4.9	10.2	5.3	6.8	28	35
Latvia	5.3	5.4	10.5	9.0	3.3	32	54
Malaysia	1.7	2.7	4.4	4.3	2.7	25	44
Panama	6.2	3.5	9.6	4.2	1.4	24	59
Peru	16.1	5.1	20.9	7.5	7.1	28	42
Romania	2.8	2.3	5.0	3.4	3.6	34	31
Russia	1.8	2.3	3.9	2.3	2.2	29	37
Serbia	2.2	2.8	4.9	10.1	1.9	41	46
South Africa	3.6	2.5	5.9	1.4	4.2	33	38
Tunisia	2.2	7.2	9.4	10.2	4.8	20	57
Uruguay	8.1	4.2	12.2	5.9	4.9	22	57
average (unweighted)	6.1	5.3	11.2	7.9	4.9	32	41
Innovation-Driven Economies							
Belgium	2.0	1.6	3.5	2.5	1.3	9	55
Denmark	1.6	2.0	3.6	4.7	1.1	7	56
Finland	2.9	2.3	5.2	8.5	2.1	19	62
France	3.1	1.4	4.3	3.2	1.9	14	67
Germany	2.2	2.1	4.1	5.1	1.8	31	43
Greece	4.5	4.7	8.8	15.1	2.6	26	47
Hong Kong	1.6	2.2	3.6	2.9	1.5	19	49
Iceland	7.6	4.2	11.4	8.9	4.0	10	58
Israel	3.4	2.7	6.1	4.3	4.0	25	48
Italy	1.8	1.9	3.7	5.8	1.1	14	57
Japan	1.9	1.3	3.3	7.8	1.4	30	62
Republic of Korea	2.7	4.4	7.0	11.8	3.9	45	37
Netherlands	3.1	4.1	7.2	8.1	2.5	10	57
Norway	5.0	3.9	8.5	8.3	3.7	9	74
Slovenia	3.2	2.1	5.4	5.6	1.3	10	69
Spain	2.3	2.8	5.1	6.4	2.0	16	41
Switzerland	4.3	3.5	7.7	8.4	2.1	7	67
United Arab Emirates	6.5	7.4	13.3	5.7	6.5	9	79
United Kingdom	2.7	3.2	5.7	6.1	2.1	16	43
United States	4.9	3.2	8.0	5.9	3.4	23	55
average (unweighted)	3.4	3.1	6.3	6.8	2.5	17	56

Source: GEM Adult Population Survey (APS)

The ratio of TEA to established business owners also decreases with increasing economic development. This reflects the reduction in the churn rate of new business owners to discontinuances, which is particularly noticeable in innovation-driven economies. Each respondent who had discontinued a business in the previous 12 months was asked to give the main reason for doing so. The GEM 2009 results identified financial problems were cited as the reason for quitting the business by no more than 55% of all respondents; they were cited more often by respondents in the factor and efficiency-driven economies (50% and 60%, respectively) than innovation-driven countries (about 40%). The business itself not being profitable was the most reported financial problem. Problems with raising finance were considerably lower in innovation-driven countries where the Entrepreneurial Framework Condition "Entrepreneurial Finance" is generally more developed. "The opportunity to sell" and in particular "retirement" were mentioned more often in innovation-driven countries as the most important reason to discontinue the business. Personal reasons caused around 20 to 30% of all discontinuations.

The results demonstrated that in factor-driven countries, failure rates are quite high as a proportion of discontinuations, and almost all non-failure discontinuations are for personal reasons. These are likely to be mainly due to illness, bereavement, civil unrest and other reasons associated with relatively unfavourable basic requirements. Failure rates are somewhat higher in efficiency-driven countries as a proportion of discontinuations, reflecting the increasing importance of scale and efficiency in business in these countries. Failure rates, both in absolute terms and in proportion to all discontinuations, are lowest in innovation-driven economies, because entrepreneurs have better skills and environments are more favourable.

Extracting the results for the 5 Asia-Pacific countries into Table 2, it is interesting to see the comparison between them. China has the highest TEA rate and Japan has the lowest. China has the highest established business ownership rate also but Hong Kong seems to have the lowest. Interestingly, discontinuation of businesses is also higher in China. China and Republic of Korea have a higher proportion of necessity-driven entrepreneurship in the TEA while other countries' seem to have a higher proportion of opportunity-driven entrepreneurship in the TEA. It also seems that Malaysia is fairly better than Hong Kong in terms of its entrepreneurial activity in 2009 but still way behind China and Republic of Korea.

Table 2: Entrepreneurial Activity in Asia-Pacific Countries in 2009

Economies	Nascent Entrepreneurship Rate	New Business Ownership Rate	TEA	Established Business Ownership Rate	Discontinuation of Businesses	Necessity-Driven (% of TEA)	Improvement-Driven Opportunity (% of TEA)
Malaysia	1.7	2.7	4.4	4.3	2.7	25	44
China	7.4	11.8	18.8	17.2	6.6	48	29
Hong Kong	1.6	2.2	3.6	2.9	1.5	19	49
Japan	1.9	1.3	3.3	7.8	1.4	30	62
Korea	2.7	4.4	7.0	11.8	3.9	45	37

For Malaysia, its early-stage entrepreneurial activity measures 4.4%, this represents a combination of nascent entrepreneurs at 1.7% and new business owner-managers at 2.7%. This represents an overall decline from the 11.1% indicated in the 2006 study (where nascent entrepreneurs were at 4.9% and new business owners at 6.2%) (Note: The 2006 study was not published even though data was collected and analyzed). Further, in comparison with other

efficiency-driven economies, Malaysia's TEA rate is the second lowest (the lowest being Russia with a TEA rate at 3.9%) and similar to Bosnia and Herzegovina's TEA rate. The percentage of established business owners (owning a business for more than 42 months) measures 4.3%, while, the discontinuation of businesses rate measures 2.7%. Malaysia has a higher proportion of opportunity-driven entrepreneurship (44%) as compared to necessity-driven entrepreneurship (25%) in the TEA.

The measures indicated above may have been caused by a few factors. Firstly, banks and nongovernmental credit agencies in Malaysia have essentially adopted a prudent and much more stringent approach to credit and lending. However, the government has cautioned these financial institutions against adopting a 'knee-jerk' reaction to the financial crisis and has adopted aggressive measures to address the credit freeze. They have also introduced two stimulus plans to try and arrest the situation. Additionally, retrenched workers have been redeployed and absorbed into other sectors. To some extent this has afforded a soft landing for a declining economy.

Further, Venture Capital and Business Angel activity has been redirected to industries that seem to be immune to the external financial crisis, mainly industries that relied on internal consumption. Additionally, greater rigour is applied to sieving such opportunities and a long-term focus has been adopted. There is an imperative to now move from a resource-led economy to an innovation-led economy and this initiative is being championed directly by the Prime Minister through the Ministry of Science, Technology and Innovation (MOSTI), Economic Planning Unit (EPU), Ministry of Finance (MOF) and other key agencies. This is pursued through two key models i.e. technology-driven innovation model and market-driven innovation model, both of which requires an entrepreneurial approach, utilizing government and private sector collaboration with the government taking the role of risk mitigator via risk capital and grants. Thus, science and technology research grants are made available. These have been outlined in the 9th Malaysia Plan's Mid-term Review (EPU, 2008).

Characteristics of Entrepreneurial Attitudes and Perceptions

Table 3 lists several GEM indicators concerning individuals' own perceptions toward entrepreneurship for each of the 54 GEM 2009 nations. Some countries have favourable perceptions of entrepreneurship combined with low rates of intentional entrepreneurship. This is the case for many innovation-driven economies in Europe. In other words, although attitudes and perceptions toward entrepreneurship are fairly high, the attractiveness of becoming involved in entrepreneurship appears to be low for many Europeans compared to other possible sources of income. As for the 5 Asia Pacific countries, a similar pattern is seen except for China and Republic of Korea where the rates of intentional entrepreneurship is quite high relative to entrepreneurial perceptions (refer Table 4). It is also interesting to note that the rate of perceived opportunities is higher than the rate of perceived capabilities for Malaysia. Does this mean that the adult population of Malaysia perceives that there is a lack of capabilities to capitalise on possibly greater perceived opportunities? Further, the rate of Malaysia's entrepreneurial intentions is very low.

Table 3: Entrepreneurial Attitudes and Perceptions in 54 GEM Countries in 2009, by Phase of Economic Development, GEM 2009

	PERCEIVED OPPORTUNITIES	PERCEIVED ABILITIES	FEAR OF FAILURE	ENTREPRENEURIAL INCLINATION	SEEKING OPPORTUNITIES AS A CAREER CHOICE	HIGH STATUS TO BE GAINED BY ENTREPRENEURS	PERCEIVED BARRIERS TO ENTREPRENEURSHIP
Factor-Driven Economies							
Algeria	48	52	31	22	57	58	39
Guatemala	57	64	24	18	77	69	68
Jamaica	42	77	24	29	76	77	74
Lebanon	54	77	21	22	85	79	65
Saudi Arabia	69	73	49	34	80	89	78
Syria	54	62	18	54	89	89	55
Kingdom of Tonga	56	53	65	6	91	52	80
Uganda	74	86	29	58	81	85	74
Venezuela	48	59	26	29	76	69	49
West Bank and Gaza Strip	50	56	36	24	88	78	52
Yemen	14	64	65	9	95	97	96
<i>average (unweighted)</i>	51	66	35	28	81	77	66
Efficiency-Driven Economies							
Argentina	44	65	37	14	68	76	80
Bosnia and Herzegovina	35	57	32	17	73	57	51
Brazil	47	53	31	21	81	80	77
Chile	52	66	23	35	87	70	47
China	25	35	32	23	66	77	79
Colombia	50	64	29	57	90	74	82
Croatia	37	59	35	8	68	49	53
Dominican Republic	50	78	27	25	92	88	61
Ecuador	44	73	35	31	78	73	55
Hungary	3	41	33	13	42	72	32
Iran	31	58	32	22	56	78	61
Jordan	44	57	39	25	81	84	70
Latvia	18	50	40	10	59	66	51
Malaysia	45	34	65	5	59	71	80
Panama	45	62	26	11	74	67	50
Peru	61	74	32	32	88	75	85
Romania	14	27	53	6	58	67	47
Russia	17	24	52	2	60	63	42
Serbia	29	72	28	22	69	56	56
South Africa	35	35	31	11	64	64	64
Tunisia	15	40	34	54	87	94	70
Uruguay	46	68	29	21	65	72	62
<i>average (unweighted)</i>	36	53	32	19	71	70	62

	PERCEIVED GOOD OPPORTUNITIES	SEEKING OPPORTUNITIES	FEAR OF FAILURE	ENTREPRENEURIAL INTENTIONS	ENTREPRENEURIAL ACTIVITY LEVEL (INDEX)	ENTREPRENEURIAL ACTIVITY LEVEL (INDEX)	ACTIVATION LEVEL (INDEX)
Innovation-Driven Economies							
Belgium	15	37	28	5	46	49	33
Denmark	34	35	37	3	47	75	25
Finland	40	35	26	4	45	88	68
France	24	27	47	16	65	70	50
Germany	22	40	37	5	54	75	50
Greece	26	58	45	15	66	68	32
Hong Kong	14	19	37	7	45	55	66
Iceland	44	50	36	15	51	62	72
Israel	29	38	37	14	61	73	50
Italy	25	41	39	4	72	69	44
Japan	8	14	50	3	28	50	61
Republic of Korea	13	53	23	11	65	65	53
Netherlands	36	47	29	5	84	67	64
Norway	49	44	25	8	63	69	67
Slovenia	29	52	30	10	56	78	57
Spain	16	48	45	4	63	55	37
Switzerland	35	49	29	7	66	84	57
United Arab Emirates	45	68	26	36	70	75	69
United Kingdom	24	47	32	4	48	73	44
United States	28	56	27	7	66	75	67
average (unweighted)	20	43	36	5	56	64	45

* Denominator: 18-64 population perceiving good opportunities to start a business

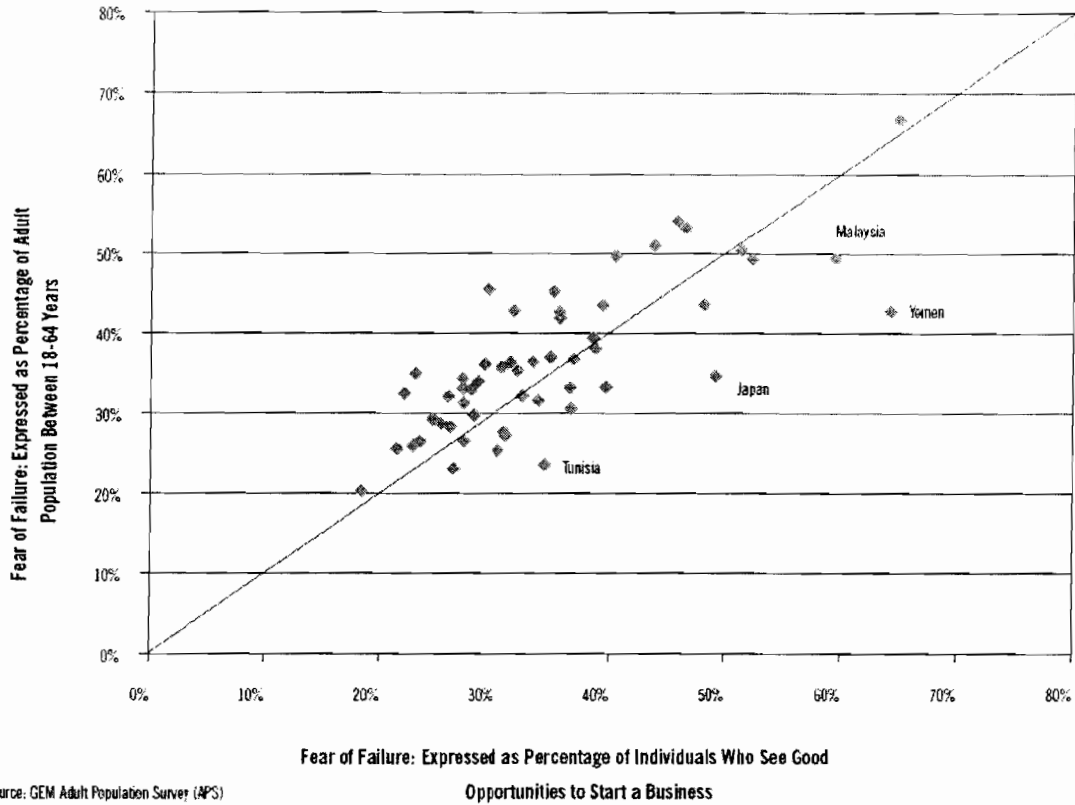
** Denominator: 18-64 population that is not involved in entrepreneurial activity

Source: GEM Adult Population Survey (APS)

A variety of national characteristics could be underlying this phenomenon. It could be that there is a lot of red tape (administrative burdens) attached to starting a business, reducing the attractiveness of entrepreneurship. It could also be the case that employment protection is high. This could discourage employees with positive entrepreneurial perceptions from switching to entrepreneurship. A different effect of stringent employment protection is that potential entrepreneurs may think carefully before hiring employees due to the substantial losses they would incur if their employees became unfit for work, or if they had to reduce the number of workers.

Every year, GEM asks respondents if fear of failure would prevent them from starting up a business. Table 3 shows that in factor-driven and efficiency-driven countries, those with the highest fear of failure rates have the lowest intention rates. In order to grasp the importance of the "fear of failure" effect, it makes sense to examine how prevalent this view is among those who perceive good opportunities for setting up a business. If fear of failure is particularly prevalent among these people, interventions to reduce fear of failure may be justified. In most countries, the fear of failure prevalence rate is lower among those who see good opportunities to start a business than among the population in general. This is shown in Figure 3, where most countries are situated to the left hand side of the 45° diagonal line. Exceptions to the rule include Tunisia, Japan, Yemen, and Malaysia. In these countries, fear of failure may be holding back people who see most opportunities.

Figure 3: Fear of Failure Would Prevent You from Starting a Business: Prevalence Rates for those who Perceive New Business Opportunities and Total Working Age Population, GEM 2009



Source: GEM Adult Population Survey (APS)

Table 4: Entrepreneurial Attitudes and Perceptions in Asia-Pacific Countries in 2009

Economies	Perceived Opportunities	Perceived Capabilities	Fear of Failure	Entrepreneurial Intentions	Entrepreneurship as a good career choice	High Status to successful entrepreneurs	Media attention for entrepreneurship
Malaysia	45	34	65	5	59	71	80
China	25	35	32	23	66	77	79
Hong Kong	14	19	37	7	45	55	66
Japan	8	14	50	3	28	50	61
Korea	13	53	23	11	65	65	53

On the right-hand side of Table 3 are results of three indicators measuring national attitudes to entrepreneurship. The first one assesses the percentage of inhabitants who feel that in their country, starting a new business is considered a desirable career choice. This indicator varies widely within each of the three phases of economic development, but on average it is lower with increasing levels of economic development. This makes sense: As economies develop, more

employment opportunities open up. The second indicator describes how the inhabitants feel about entrepreneurs that are successful: Do they receive a high status or are they generally not seen as role models within the society? Here, there is also wide variation within country groups, but the extent of the dip with increasing economic development across the three country groups is much smaller. On average, most people (close to three-quarters of working age adults) feel that successful entrepreneurs have high status.

Even though overall there is a mildly positive correlation between these two measures, they do not always match. In some countries, perception of new business creation as a good career choice is accompanied with low status for successful entrepreneurs. This is the case for Croatia and the Kingdom of Tonga. Finland displays the reverse results: Here successful entrepreneurs receive high status but a minority of people would agree that starting a new business is seen as a good career choice. As for Asia Pacific countries in Table 4, a positive correlation between these two measures appears for China, Republic of Korea and Malaysia. It seems that most people in these 3 countries perceive that entrepreneurship is a good career choice and there is high status for successful entrepreneurs. Interestingly, most people in Hong Kong and especially in Japan do not view new business creation as a good career choice. In Hong Kong, successful entrepreneurs are still highly regarded. However, in Japan, it can be both ways.

The third indicator relates to the popularity of entrepreneurship and asks for respondents' opinions on the media coverage for new businesses in the country. In some countries, deliberate media campaigns are underway to promote entrepreneurship, while in others, there appears to be little media activity. Among innovation-driven countries, Belgium and Denmark scored low here in 2009, while Finland, Norway and the United Arab Emirates scored high.

In countries with primarily factor-driven economies, these attitudes should not be the main concern of government as entrepreneurship is to large extent necessity-driven and there are other pressing priorities. In countries with mainly efficiency-driven economies, attention should begin to be paid to attitudes, as they may affect the extent of opportunity-driven entrepreneurship. The measures also show that Latin American countries and countries in Northern Africa and the Middle East (with Algeria being an exception) have in general quite favourable attitudes, while Eastern European countries score lower in this respect.

Looking at innovation-driven countries, some anomalies are apparent. These could provide governments with clues as to what they could do to encourage entrepreneurial activity. For example, in Japan, most people agree that there is a lot of media attention to entrepreneurship, yet starting a business is still not regarded as a good career choice – and perceived opportunities are very low while fear of failure is very high. In Denmark, the status attached to successful entrepreneurs is high but the media attention is low.

For Malaysia, the government could pay greater attention to improving entrepreneurial capabilities, reducing fear of failure thereby enhancing entrepreneurial intentions. The measures indicated that government campaigns to augment the status of entrepreneurship, to boost the perception of entrepreneurship as a career choice have borne fruits. However, more efforts and initiatives are needed to strengthen the entrepreneurial framework, mindset and culture among the general population. Thus, more emphasis, structure and system, is needed for entrepreneurship education and entrepreneurial finance.

CONCLUSION

There are still a lot more results and findings produced from the GEM 2009 study but this paper focuses only on the updates on the characteristics of entrepreneurial activity, entrepreneurial attitudes and perceptions. These updates can be used to identify areas for improvement and where greater attention and efforts are needed. These indicators are also useful for policy-making especially in relation to entrepreneurship and economic development.

Fervently, the Malaysian government has continued its emphasis on high growth firms and industries, and these include value added industries especially biotechnology and ICT. In this regards, entrepreneurial attitudes, perceptions and entrepreneurial activity studies become crucial as a basis to formulate its plans. GEM data for 2009 is a useful measurement and provides a benchmark for assessing the effectiveness of the government's current and future initiatives.

In fact, the use of GEM data is now more commonplace across all agencies. For example, the Malaysian Productivity Corporation (MPC) relied on GEM data to further understand entrepreneurial propensity, the Malaysian Institute of Economic Research (MIER) also used GEM information in putting forward suggestions for the design of an entrepreneurship policy and further, universities across the country rely on GEM data as an information database for teaching and research.

References

- Acs, Z.J., & Audretsch, D.B. (2005). *Handbook of entrepreneurship research: An interdisciplinary survey and introduction*. Springer.
- Audretsch, D.B., Keilbach, M.C., & Lehmann, E.E. (2006). *Entrepreneurship and economic growth*. Oxford University Press, Inc.
- Bosma, N.S., Acs, Z.J., Autio, E., Coduras, A., & Levie, J. (2009). *Global Entrepreneurship Monitor 2008 Executive Report*. Babson Park, MA: Babson College, Santiago, Chile: Universidad del Desarrollo and London, UK: London Business School.
- Bosma, N.S., Levie, J., Bygrave, W.D., Justo, R., Lepoutre, J., & Terjesen, S. (2010). *Global Entrepreneurship Monitor 2009 Executive Report*. Babson Park, MA: Babson College, Santiago, Chile: Universidad del Desarrollo, Haskolinn Reykjavik, Iceland: Reykjavik University and London, UK: London Business School.
- Economic Planning Unit (EPU) (2008). *Mid-term Review of the 9th Malaysian Plan, 2006-2010*. Prime Minister's Department, Malaysia.
- Ireland, R.D., Hitt, M.A., & Sirmon, D.G. (2003). A model of strategic entrepreneurship: The construct and its dimensions. *Journal of Management*, 29(6), 963-989.
- Porter, M.E., Sachs, J.J., & McArthur, J. (2002). Executive Summary: Competitiveness and Stages of Economic Development. In *The Global Competitiveness Report 2001-2002*, edited by M.E. Porter, J.J. Sachs, P.K. Cornelius, J.W. McArthur and K. Schwab, 16-25. New York, NY: Oxford University Press.
- Sternberg, R., & Wennekers, A.R.M. (2005). The determinants and effects of new business creation using Global Entrepreneurship Monitor Data. *Small Business Economics*, 24(3), 193-203.