

**Entrepreneurship Attitude Tendency Among Managers in
Retailing Company:
An Empirical Study among Proton Car Dealer in Klang
Valley**

BY

RAMESES GUSTAR AL-HADJ

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ABSTRACT

The objective of this study is to know the entrepreneurial attitude tendency among managers in retailing company which are in proton car dealer in Klang Valley and to identify the relationship between of the demographic factor, educational background, respondent's experience, parental education and job with entrepreneurial attitude orientation. Issues concerning the attitude of these managers towards entrepreneurial field got attention of educator's and government. In this study, a test instrument on entrepreneurial attitude and questionnaires about respondent's demography was used to explain the respondent on how many involved. Findings have shows that the male managers came from the capital and city and experienced in selling had a high entrepreneurial attitude.

ABSTRAK

Objektif kajian ini adalah untuk mengetahui sikap keusahawanan di kalangan pengedar Proton di Lembah Kelang serta mengenal pasti hubungan faktor demografi, latar belakang pendidikan, pengalaman responden, pendidikan dan pekerjaan ibu bapa dengan orientasi sikap keusahawanan. Isu mengenai sikap keusahawanan terhadap pengedar pegedar serta pengusaha Proton telah mendapat perhatian di kalangan pendidik dan kerajaan. Dalam kajian ini instrumen ujian orientasi sikap keusahawanan dan soal selidik mengenai demografi responden telah digunakan. Penemuan kajian ini telah memperlihatkan bahawa pengurus lelaki, berasal dari Bandaraya/Ibu Negeri dan mempunyai pengalaman menjual adalah kumpulan pengurus yang mempunyai sikap keusahawanan yang tinggi.

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Name : Rameses Bin Gustar Al-Hadj

Matric. Number : CGS00204001

I hereby declare that this project paper is the result of my own work, except for quotations and summaries which have been duly acknowledged.

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Matriculation No. : CGS00204001

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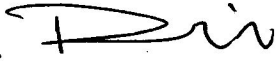
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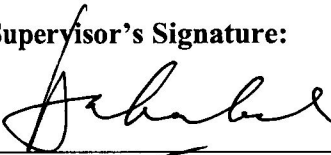
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CHAPTER 1

INTRODUCTION

1.1 Background

The development of entrepreneurship, as both concept and activity, has been growing in importance agenda in Malaysia. The perceived importance of entrepreneurship to the growth of Malaysia's economy is evidenced by the sheer amount and variety of supporting mechanisms and policies that exist for entrepreneurs, including funding, physical infrastructure and business advisory services. The establishment of a special ministry for entrepreneurs—the Ministry of Entrepreneur Development in 1995, clearly showcases the importance the government places upon the issue of entrepreneurship and entrepreneur development.

The country's quest in this direction is underpinned by its historical roots as a center of trade and commerce in the fifteenth century when the kingdoms of Malacca and Temasek (Singapore) were at their height, as well as more modern concerns. These include economic globalization and liberalization, the need to strengthen national competitiveness, and the need to foster greater capacity for technology and innovation. However, the issue of entrepreneurship in Malaysia is closely tied to the other political economic considerations unique to the Malaysian context, and thus has its own set of constraints to contend with even while it is being developed.

An interesting feature of Malaysian economic history that has to be understood in order to appreciate the current context of entrepreneurship in Malaysia is the historical practice of segregating economic activity along racial lines, a practice that was introduced by the British under their colonial rule of Malaya (pre-1957). In order to simplify administrative operations, as well as the operations of the rubber plantations and tin mines (Malaya's main economic attraction at the time), the British administration decided to import Indian migrant workers to work on the rubber plantations and Chinese migrant workers to work in the tin mines. Having had some experience with trading with the Chinese, the British allowed the Chinese to take up certain trades, becoming shopkeepers and petty traders in the towns. The Malays dominated the agricultural sector and were the only ethnic-group that was allowed into the bureaucracy. In most instances, only members of the royal or upper-class families of the different states were allowed into the bureaucracy, while the majority of Malays were confined to the low-income agricultural sector. This resulted in a society that was very much multi-layered, segregated economically and racially with the majority of Malays (Bumiputeras) at the bottom rung.

In order to remedy the economic inequalities that existed within the country, it was agreed among representatives of the three major ethnic groups that upon independence, the Malays would be granted certain "special rights" in the realm of religion, economics and politics. The main reason for this "positive discrimination" was to elevate the status of the economically disenfranchised Malays, and thereby create a more equitable society.

These special rights received fuller articulation under the New Economic Policy (NEP) that was instituted in 1970 as a response to the growing discontent about the economic inequalities between the Malays and the other races (mainly Chinese) who were still gaining economic ascendancy. Thus, the two-pronged objective of the NEP was to eradicate poverty,

as well as to obliterate the strict lines identifying a particular ethnic-group with a particular economic activity or occupation. Under the NEP, emphasis was put on increasing effective Bumiputera ownership and participation in the corporate sector, improving Bumiputera participation in high-income occupations, as well as narrowing income inequality and eradicating poverty. The aim was to attain at least 30 percent effective Bumiputera equity ownership by 2000, but this goal was extended to the year 2010 as stipulated in the Third Outline Perspective Plan (OPP3), 2001-10.

Embedded within these larger policies is the issue of creating a Bumiputera Commercial and Industrial Community (BCIC), which involves fostering Bumiputera entrepreneurs, professionals and creating a Bumiputera middle-class (Economic Planning Unit, 2001). As mentioned, this has become the backbone of Malaysia's strategy for strengthening national entrepreneurship, and all related policies and strategies have to take this into consideration. Non-Bumiputera entrepreneurs have not been totally neglected however. The government continues to nurture the business community through a variety of entrepreneurial support services.

Due in no small part to its attention to these domestic considerations as well as to careful national economic planning, Malaysia's economic performance has been quite impressive relative to other developing countries. It has managed to sustain a relatively high level of growth, even though it had to contend with the recent Asian economic crisis. Specifically, the Malaysian economy recorded an average growth of 4.7 percent per annum during the period 1996-2000. Real GDP expanded at an average rate of 8.7 percent per annum, before registering a negative growth rate of 7.4 percent in 1998. Efforts to resuscitate the economy, starting from mid-1998, succeeded in generating an average growth of 7.2 percent during the 1999-2000 period. Per capita income in current terms, which declined in 1998, rebounded to Malaysian Ringgit (RM) 13,359 in 2000, surpassing the pre-crisis level (Economic Planning

Unit, 2001). In 2001, both the unemployment and inflation rates remained low at 3.9 percent and 1.3 percent, respectively (Bank Negara Malaysia, 2002).

1.2 Statement of the problem

Based on the report of 'Wawasan 2020', the Bumi's are still a long way to achieve targeted level of economy. Our majority are still dependent on certain economic sectors with very little venture into entrepreneurship.

In the past, research in the field of entrepreneurship has focused on personality traits (McClelland, 1961; Schere 1982) and behaviour (Gartner, 1990) to study individual differences as a way of explaining entrepreneurship. However, most of these studies have either focused on the entrepreneur as a person or on the firm, which was created once an opportunity has been identified (Share, 2000). It has only recently that researchers are beginning to conclude that identifying and selecting the right opportunities for new businesses is among the most important abilities of a successful entrepreneur (Gaglio 1997a; Gaglio & Katz, 2001; Kirzner, 1979; Stevenson, 1985; Ventakaraman, 1997).

Other researchers have argued that special attributes such as creativity (Schumpeter, 1934; Hills, Shrader & Lumpkin, 2000), imagination (Shackle, 1982), information processing ability, search techniques or scanning behaviour (Kaish & Gilad, 1987) lead to identification of opportunities that most people do not see. However, no individual level attribute or behaviour has been found to generate significant differences between entrepreneurs and non entrepreneurs (Busenitz & Barney, 1997; Low & McMillan, 1988).

Earlier studies on entrepreneurial opportunity identification has focused more on the evaluation of ideas (i.e., Ardichvili & Cardozo, 2000) and explaining the exploitation of opportunities once they have been recovered (Fiet, 1996). Limited research exists that explains why some people, but not others, identify or create new opportunities. To enhance understanding and knowledge of entrepreneurship, many empirical studies have focused on identification of factors influencing the opportunity recognition process as researchers try to answer the question of why some people recognise entrepreneurial opportunities and others do not.

Although research on opportunity identification is still in its infancy, to date, investigators have examined issues such as sources of ideas, information search strategies, opportunity evaluation, social networks entrepreneurial alertness, opportunity identification process, prior knowledge and discovery of entrepreneurial opportunity and cognitive processes involved in opportunity identification. Although these studies have contributed to our understanding of the process, each of the above perspective mainly concentrates on one of the various aspects of the process.

More research is needed to examine how a combination of personal traits, social network, prior knowledge and entrepreneurial alertness influence demographic factors to explain some people and not others identify entrepreneurial opportunities. By exploring the necessary components of entrepreneurial attitude tendency, entrepreneurs can improve the quality of opportunities while at the same time increase the start-up rate of retail businesses and thereby build competitive advantage.

The findings of the study may be great use to other proton car dealers in entrepreneurial attitude and more specifically on demographic factors.

1.3 Objective of the study

The objective of this study can be divided into two categories; main objective and specific objective.

Main objective

The main objective of the study is to examine the entrepreneurial tendency of managers in a retailing company- Proton dealers in Klang Valley

Specific objective

- i) To examine the role of various dimension of entrepreneurial tendency attitude in affecting the demographic factors.
- ii) To determine the relationship of entrepreneurial tendency attitude and demographic factors.

1.4 Significance of the study

Since this study examines the entrepreneurial tendency attitude and demographic factors in Klang Valley, it is hoped that the findings of this study will contribute to the literature on entrepreneurial tendency attitude and will give new sights on the role of entrepreneurial tendency attitude and its relationship between demographic factors.

Industrial policy may also create anti-competition problems. The recent case of EON vs. Proton Edar illustrates this point. Cars produced by the national car company, Perusahaan Otomobil Nasional Berhad (Proton), have been traditionally distributed domestically by two

firms, namely, Proton Edar Sdn Bhd (Proton Edar) and Edaran Otomobil Nasional Bhd (EON)

1.5 Limitation of the study

The research will be conducted in the large car distribution industry which in Malaysia itself. The sample population will also take from the retail companies that are operating in the Central Region of Malaysia, Klang Valley. The population of the samples is mainly retail organizations; this is due to the research aims to find the entrepreneurial tendency attitude in the retail environment. The research limits the sample population to other car distribution retailers.

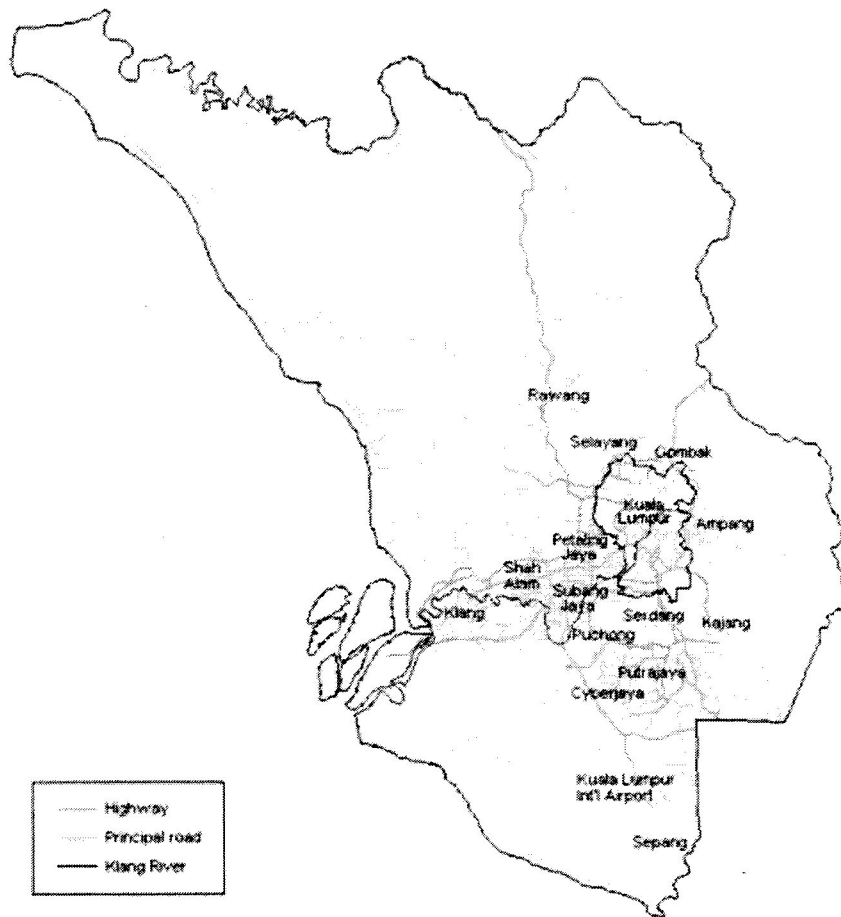
Further research should be conducted in other dense populated car seller industry area like Penang and Johor. Further research is also suggested on the different domain of industries. Research is also suggested to be performed to the manufacturing environment, such as semiconductor, furniture and other booming industries.

CHAPTER 2

HISTORY OF KLANG VALLEY, CAR INDUSTRY AND NATIONAL CAR RETAIL IN MALAYSIA

2.1 Klang Valley Background

Klang Valley (Malay: *Lembah Klang*) is an area in Malaysia comprising Kuala Lumpur and its suburbs, and adjoining cities and towns in the state of Selangor. An alternative reference to this would be *Kuala Lumpur Metropolitan Area* or *Greater Kuala Lumpur*, though neither of these terms is used locally. It is geographically delineated by Titiwangsa Mountains to the north and east and the Strait of Malacca to the west. The conurbation has a total population of over 4 million as of 2004, and is the heartland of Malaysia's industry and commerce. In the most recent census, the population in the Klang Valley has expanded to 5.2 million, and in 2006, the population in this area is estimated to be 6.5 million. Klang Valley is home to a large number of migrants from other states within the Malaysian Federation and foreign workers largely from Indonesia, India and Nepal.



Map 2.1 : Principal cities within Klang Valley within the borders of state of Selangor and Federal Territory of Kuala Lumpur (map taken from www.wikipedia.com)

The valley is named after Klang River, the principal river that flows through it, which is closely linked to the early development of the area as a cluster of tin mining towns in the late 19th century. Development of the region took place largely in the East-West direction (between Gombak and Port Klang) but the urban areas surrounding Kuala Lumpur have since grown south towards the border with Negeri Sembilan and north towards Rawang.

There is no official designation of the boundaries that make up Klang Valley but it is often assumed to comprise of the following areas and their corresponding local authorities:

- 1) Federal Territory of Kuala Lumpur
 - a) Kuala Lumpur City Hall
- 2) Federal Territory of Putrajaya
 - a) Putrajaya Corporation
- 3) Selangor district of Petaling
 - a) Shah Alam City Council
 - b) Petaling Jaya City Council
 - c) Subang Jaya Municipal Council
- 4) Selangor district of Klang
 - a) Klang Municipal Council
- 5) Selangor district of Gombak
 - a) Selayang Municipal Council
- 6) Selangor district of Hulu Langat
 - a) Ampang Jaya Municipal Council
 - b) Kajang Municipal Council
- 7) Selangor district of Sepang
 - a) Sepang Municipal Council

2.2 Malaysia Car Industry Background

The automobile industry in Malaysia began in 1962 when Ford Motor Company of Malaya was incorporated and began operation with 16 employees fitting wheels, doing body repair and paint touch-up work in a rented shop-house in Singapore. In 1963 the initial move for local production of automobiles in Malaysia began. It was realized by various government bodies and politicians at that time that automobile production might be a worthwhile industry in Malaysia. In September 1963, the Federal Government announced its intention to encourage the establishment of an automobile industry as part of the industrialization programme and in May 1964 the government announced its initial policy on automobile assembly (Abdullah, 1995). The automobile industry was officially launched in Malaysia in 1967 when six assembly plants were granted approval by the government to start operation. The Malaysian Government took a very long-term strategic view to create an automobile industry. Initially, completely built-up (CBU) units were reduced and replaced by completely knocked-down (CKD) packs.

Then in the mid-1970s, a core leadership group of about six parts manufacturers organized a broader, more coherent organization and in 1978, the Malaysian Automotive Components Parts Manufacturers Association (MACPMA) was established. In 1979, the government announced its intention to move towards an all-Malaysian car through the process known as mandatory deletion of parts of completely knocked-down vehicles. Under this process, foreign assemblers were prohibited from including certain components in the imported CKD packs, thereby creating opportunities for local component makers. Government policy was to move from completely built-up to completely knocked-down to completely made locally (CML). However, the development of the motor vehicle industry in

Malaysia was confined largely to the assembly of vehicles. It was a giant leap for the Malaysian automobile industry to manufacture the first Malaysian car, the Saga.

This project was called the Malaysian National Car project and the company entrusted to undertake this project, Proton, was incorporated on 7 May 1983, under the name Perusahaan Otomobil Nasional Berhad. From 1985 only one model was produced: the Saga. Since then, the Saga has been upgraded and three other models added to the range (i.e. the Wira, the Perdana and the Satria). Each of these models has a number of variations of door and engine configuration. The objectives of the Malaysian National Car project were to:

- a) Rationalize the local automotive industry.
- b) Spearhead the development of a local component industry and to enhance greater use of local components.
- c) Encourage the upgrading of technology, engineering knowledge and technical skills of the country's workforce.
- d) Assist and develop Bumiputera (the indigenous people of Malaysia) participation in the automotive industry.

Proton had established four subsidiary companies based locally and overseas. Proton had also established a total of eight associate companies or direct local and overseas suppliers, which involve components manufacturing to provide synergy to the company's operations. These associate companies are similar to the Japanese *keiretsu* with interlocking minority shareholdings and mutual trading, although here Proton was not using this approach to manage their suppliers in the same way as NEC (Ferguson, 1990; Whittington, 1993).