

## Women and Entrepreneurship: An Overview of Women Entrepreneurship Programs in Malaysia

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### ABSTRACT

*Entrepreneurs have been recognized by many as the catalyst for economic growth and development. Raising women as entrepreneurs is a part of current government initiative. Although women entrepreneurs have become more important players in the entrepreneurial landscape, the number is still small as compared to businesses owned by men. This paper will look into the entrepreneurial programs implemented by governmental agencies in Malaysia. After looking at the programs, analysis of the programs will be further discussed. Indeed, this paper found that there are only a number of entrepreneurship programs which are specially designed for women by some selected agencies despite lack of evaluation of existing entrepreneurship programs.*

**Keywords:** *women, entrepreneurial programs, women entrepreneurs*

### INTRODUCTION

Raising women as entrepreneurs is a part of current government initiative to tackle the problems faced by the Low-Income Households (LIH) under NKRA. The government's efforts in inculcating the population of Malaysia toward engaging the entrepreneurial venture have seen success with an increasing numbers of entrepreneurs in

Malaysia regardless of gender. Although women entrepreneurs have become more important players in the entrepreneurial landscape, the number is still small as compared to businesses owned by men. This paper will look into the entrepreneurial programs implemented by governmental agencies. After looking at the programs, analysis on the programs will be further discussed.

### **Background**

An entrepreneur is a self employed person who dare to face uncertainty, takes active roles in decision making (Moore, 1990); establishes an economic activity (Begum, 1993); generate innovative ideas, take new opportunities, make investment, take risk and enjoy profit as a reward of their endeavor (Issa, Syed Moudud, 2013). Women play a significant role in the household and they can help in economic development. According to Smith-Hunter and Leone (2010) fifty percent of the population in most countries consists of women and fifty percent of that number is a potential labour force. Hence, it is hoped that by raising them as an entrepreneur, the number of LIH will decrease and eventually poverty. In fact there is a growing evidence suggested that there is a significant causal relationship between entrepreneurship, economic growth and poverty reduction (Syed & Xavier, 2012).

The percentage of women involved in entrepreneurial jobs is still consider small (Syed, Mohd. Fauzi & NorAsiaah, 2011). In Malaysia, of 10.8 million workforces, only 37% are women (cited by Emily Tan, 2009) and in regard to entrepreneurial jobs, women are less than the men. According to Rozy (2009) women make 50% of the total population, but only 15% of them own business enterprises in Malaysia (Syed, Zizah & Fauzi, 2012).

A large amount of public money has been spent on the government programmes every year. With regard to the women entrepreneurs, Malaysian government continues to spend a vast amount of allocation on women entrepreneurs programs. In 2010, the government spent RM4.7 million to help 946 women entrepreneurs in 1Azam programs under Department of women's Development (Muhyiddin, 2010). While, in 2013, RM50 million were allocated by the government to carry out *I-Kit* program which aims to develop skill among single mothers and Get Malaysian Business Online in order

to help and develop women entrepreneurs (Mohd Najib, 2012). In 2014 budget, Malaysian Government has increase the allocation from RM2.0 billion in the year of 2013 to RM2.2 billion for the Ministry for Women, Family and Community Development (MWFCDD).

### ***Women and Entrepreneurship***

Entrepreneurs have been recognized by many as the catalyst for economic growth and development. An entrepreneur is someone who innovates and whose function is to carry out new combinations called “enterprises” and are the prime movers in economic development (Hasni, Faridahwati & Chowdhury, 2012). Hoe et al. (2012) said that entrepreneurs are regarded as the people who are willing to undertake risk and are always striving to invent. Women entrepreneurs however carried a longer definition as written by Anwar and Rashid (2011) as

*those who use their knowledge and resources to develop or create new business opportunities – whether this be informally in a home environment without formally registering their business or formally via business registration, hiring office premises, etc. and who are actively involved in managing their businesses, are responsible in some way for the day-to-day running of the business, and have been in operation for longer than a year’ (Chee et al., 2012).*

Women in Malaysia have played a very important role in the economic development (Ndubisi and Kahraman, 2006). Pages (2005) mentioned that women entrepreneurs are becoming more significant players in the entrepreneurial landscape. According to the Companies Commission of Malaysia, a total of 49554 units of business entities in the year 2000 belong to women. In 2001 this figure has increased when another 54626 business entities were registered by women.

During the early years in Malaysia, many of women entrepreneurs ventured into the hawkers, retail and wholesale sales because these fields do not require skills, labour and capital, not complex and lower risk (Fatimah, 1975). A study by Suaibah et al; (2005) showed that majority of women entrepreneurs involved in food and drink business, clothing and retail trade. Whereas according to Chee et al. (2012), types of business ventured by women are mainly

simple business activities or micro level business which requires simple basic technology. These businesses usually involve low-technology and are mostly requiring manual labor.

The Malaysian government is committed in their effort to create and develop quality, resilient, and successful entrepreneurs by cultivating an enterprising culture among women (Syed, Mohd. Fauzi & Nor Asiah, 2011). Various agencies such as the State Economic Development Corporation (SEDC), Ministry for Women, Family and Community Development, Ministry of Rural and Regional Development, Department of Community Development (KEMAS) and Department of Agriculture (DOA) have given various support including expertise and skills besides financial aid to develop women entrepreneurs.

The Ministry for Women, Family and Community Development (MWFCD), especially Department of Women's Development (DWD) is one of the significant players in establishing women entrepreneurs in Malaysia. Based on the GTP Annual Report 2010, by establishing cooperation with Amanah Ikhtiar Malaysia (AIM) and DWD, it sets out to train and develop 2,000 women entrepreneurs from low-income households by the end of 2010. The target has been achieved in which in the year of 2010, 2000 women have been trained and developed as entrepreneurs, and 60% managed to earn RM3500 or more income for three consecutive months. There are 4349 women are undergoing the training for year 2012. Apart from that, many other parties also involved including Small and Medium Industries Development Corporation (SMIDEC), women entrepreneur association such as Federation of Women Entrepreneurs Association Malaysia (FEM), National Association of Women Entrepreneurs of Malaysia (NAWEM), Persatuan Usahawan Wanita Bumiputera (USAHANITA), the Women's Wing of Malay Chamber of Commerce Malaysia and so forth. These agencies play important roles in promoting and encouraging more Malaysian women to become entrepreneurs besides creating a platform for networking among them (Teoh & Chong, 2007).

### ***Entrepreneurship Programs***

Entrepreneurial activity conducted by women has indeed seen a sharp improvement over the years. Research has shown that in the

past, women rarely ventured into business not because of lack of interest but because of lack of opportunities (Syed, Mohd. Fauzi and Nor Asiah, 2011). Therefore, various programs should be planned and implemented to encourage and assist this groups because they have contributed significantly to the economic development of the economy, both in jobs created and in generation of revenue (Abdul Jumaat, 2012).

Programs that assist women to develop and sustain their entrepreneurial skills can be categorized into those provided by the government, and private sectors as well as non-governmental organizations. For the governmental programs, there is division in terms of level of government who provides the programs. For instance, the Entrepreneurial Assistance Program (EAP) in the United States established Entrepreneurial Assistance Centers in local communities to provide instruction, training, technical assistance and support services to individuals who have recently started their own business or are interested in starting a business. Since its inception, the EAP initiative has helped entrepreneurs create new businesses and has provided in-depth assistance to minorities, women and dislocated workers interested in starting a business. The centers assist new and aspiring entrepreneurs in developing basic business management skills, refining business concepts, devising early-stage marketing plans and preparation of action plans. In addition, the program actively assists EAP client efforts to obtain business financing (<http://www.esd.ny.gov/businessprograms/eap.html>).

Besides providing programs, government also plays major role by introducing policy in promoting entrepreneurship activities. For instance, the United Arab Emirates (UAE) has introduced a new company law that abolishes minimum capital requirement which involves lower startup costs and also progress towards new bankruptcy law as a way to promote entrepreneurship and reduce the fear of failure. The SME agency plays a major role as policy advocacy to assist the government to create conducive environment to promote entrepreneurship (<http://www.oecd.org/mena/investment/47246782.pdf>)

The entrepreneurial programs provided also can be categorized according to the nature of the programs or the content of the programs. There are networking (Yusuf, 2012; Cohoon, Wadhwa and Mitchell, 2010), ICT related entrepreneurial activities (Kamberidou,

2013; DCED, 2011; Mathew, 2010), business skills, knowledge and acquisition (Norsida, 2010; Sana'a and Ilhaamie, 2008), and entrepreneurial operation (Norsida, 2010).

Goel and Rishi (2012) focused their research on various initiatives and entities that promote entrepreneurship development among the poor in India. Their conceptual framework consists of three main sectors- the government, private and the citizens' sector. The government may promote entrepreneurship through institutional support, policies, training schemes and financial and marketing support as well as capacity building schemes by providing directed funds and resources. The private sector which is social and business entrepreneurs may help in creating jobs and maintain social aspects. The third sector is the citizens sector that includes a broad range of citizen activities that are outside the direct control of the government such as unions, community associations, voluntary organizations, nongovernmental organizations (NGOs), and self-help groups. They reasoned that the tri-sectorial approach that recognizes the complementarities between the government, the private sector and the citizens' sector may make more sense than the existing paradigm where each of these is operating in isolation.

Rao and Joshi (2013) studied on entrepreneurial characteristics and success of women entrepreneurs, found that human capital variable (education and training, previous work experience and entrepreneurial family background) and entrepreneurial motivations is associated with successful women entrepreneurs in fashion industry in India. Besides government roles, informal support as mentioned by Goel and Rishi (2012) as citizens' sector is also important in ensuring successful women entrepreneurs.

Study by Shoebridge, Buultjens and Peterson (2012), Ummu Hani, Ilma Nurul Santi and Rucita Cahyawati (2012) showed that influence by family, upbringing and role models is important as an entrepreneur. Shoebridge, Buultjens and Peterson (2012) study also reported that they do not know where to look for advice while others experience frustration and confusion at the multitude of different assistance bodies, websites and programs. Participants also expressed a feeling of remoteness because of isolation from access to advice and assistance because the majority of assistance bodies are located in urban rather than regional areas. Participants found programs applications are confusing, lengthy and frustrating besides misleading

and led to additional costs. Hence the entrepreneurs suggest that the programs need to be simplified, better targeted and flexible to accommodate varying needs of an individual.

Assistance and advice should be made more easily accessible and should be provided from a single point of entry. They also indicated that mentoring programs is useful. Programs should also be provided over the required length of time to ensure outcomes are effective and benefits maximized. This is because often programs do not achieve their objectives because they finish prematurely and entrepreneurs still need assistance (Shoebri, Buultjens and Peterson, 2012).

In Malaysia diverse forms of support and assistance have been given by the government to nurture female entrepreneurship in the country. It ranges from formulation of national policy to encourage women's economic involvement to business advice, financial funding and entrepreneurial skill development (Bank Negara Malaysia, 2005). Public and private agencies including NGOs has joint together to help in establishing women entrepreneurs by organizing many entrepreneurial programs. Programs offered not only cover essential business skills, such as formulating marketing strategies, packaging, labelling, but also technical skills like hairdressing, cooking, sewing, crafting and many more (Farida, 2004; The Star, 2010). Federation of Women Entrepreneurs (FEM) and National Association of Women Entrepreneurs Malaysia (NAWEM) for instances, provide networking opportunities and skill training programs to equip women entrepreneurs with entrepreneurial intention, the necessary pathway, knowledge and competencies in establishing and running their businesses.

Department of Women's Development has developed programs to assist lower income households and women to start or venture in business activities. For instance, *I-KIT (Inkubator Ibu Tunggal)* has been introduced since 2009 as a way to help single mothers who are interested to venture business activities, like managing nursery, craft, beauty and health and other related business. *I-KIT* is a six-month program but it varies among states in terms of the focus of business activities.

Other than that, under Government Transformation Program, *1Azam* has also showed the good results. Between years 2010-2012, there are 106,967 participants of 1Azam program. The one of the key areas of focus in 1Azam is productive employment for 1AZAM participants by empowering them with the skills they need to break

free from the poverty cycle. The 1AZAM program goals will also be more granular and state-specific targeting under-served districts and place greater emphasis on urban areas.

Apart from that there are several programs that focus on financial support provided by the government or private agencies. *Amanah Ikhtiar Malaysia (AIM)* is one of the significant NGOs' that provides financing support for business activities. For instance, of those (106,967) participants in 1Azam, a total of 21,061 (20%) of them are on micro-financing through AIM. Small and Medium Industrial Development Corporation (SMIDEC) is another government agency which provides financial assistance to entrepreneurs known as special assistance schemes.

There are five programs organized by Ministry Of Women, Family and Community Development targeting to enhance women participation in entrepreneurship: The programs are:

- Single MotherSkill Incubator(I-KIT),
- Women Entrepreneurs Incubators (I-KeuNita),
- Women Capacity Development Program,
- Women Entrepreneur Launching Grant, and
- Women Taxi Program,

Besides MWFC, there are many governmental agencies that provide training and workshop to develop entrepreneurial skills. There are:

- Ministry of Agriculture (MOA)- Women Fisherman Group Project (KUNITA).
- Malaysia External Trade Development Corporation (MATRADE) -Women Exporters Development Program (WEDP).
- Perbadanan Nasional Berhad - Women/Graduate Franchise Program.

In the state of Sarawak, the Women Economic Development (WEDA) Program, under the Department of Agriculture, has been established in 2005 as a way to strengthen the entrepreneurial potential of local women. The program focused on rural industry development and helped local women entrepreneur in four target components which



are women entrepreneur development, family income diversification, product development and technology transfer, and marketing and entrepreneurial training. Based on the study done by Norsida Man (2010), the WEDA program has showed that the income of 80% respondents (30 respondents) has increased after taking part in the program; and 50% of the respondents had increased their ownership of properties, indicating that received income has improved their standard of living.

## **DISCUSSION**

As discussed earlier, there are various types of entrepreneurship programs that specifically made available by various government agencies in Malaysia to accommodate the needs of entrepreneurial skills among women and men. Basically, we have more than 200 entrepreneurship programs being developed by the government to provide support for all entrepreneurs. Ministry of International Trade and Industry (MITI) has taken a key driver in leading the effort to develop entrepreneurs in Malaysia. The agencies under MITI such as SME Corporation Malaysia, Malaysia External Trade Development Corporation (MATRADE), Malaysian Industrial Development Authority (MIDA), Malaysia Productivity Corporation (MPC), Small And Medium Enterprise Bank (SME Bank), Malaysian Industrial Development Finance (MIDF), Halal Industry Development Corporation (HDC) are among the important agencies, which are responsible to provide entrepreneurship programs. Almost 50% percent or more than 100 programs are organized by MITI and the agencies. Ministry of Finance (MOF) has been ranked second highest in providing entrepreneurship programs after MITI, and followed by Ministry of Agriculture (MOA) at the thirdplace.

There are various types of entrepreneurship programs which can be divided into financial and non-financial programs. Financial entrepreneurship program is refer to program that provide cash payment or fund for the entrepreneur to operate their business, such as Research and Development Commercialization Fund, Soft Loan Scheme for Automation & Modernization (SLSAM), Soft Loan Scheme for Small & Medium Enterprise (SLSME) and SME Emergency Fund (SMEEF). However, the non-financial entrepreneurship programs

covers the assistance provides to the entrepreneur in non-cash payment but in kind of, that refers to equipment, consultation, training, skills, services and others such as training organized by National Institute of Entrepreneurship (INSKEN), namely 1) Basic Business Training, 2) Business Incentive Training Scheme and 3) Entrepreneur Development Training.

However most of the programs has not been reviewed and evaluated systematically to measure the effectiveness of the programs. Based on a study by Global Entrepreneurship Monitor (GEM) on Malaysia's entrepreneurial environment, the results reflected poorly on the government's performance, claiming that its policies hinder new business, and the government bureaucracy and regulation besides licensing requirements impede new business from expanding. This has raised doubts about the government's competence and effectiveness in supporting new and growing firms (Teoh & Chong, 2007).

Teoh and Chong (2007) mentioned that existing research often focuses on individual characteristics and motives of performance predictors. Most of the researchs on entrepreneurship are mainly focused on comparisons between men and women entrepreneurs (Syed, Mohd Fauzi & Nor Asiah, 2011). Some focus either on the reasons that women choose to become entrepreneurs or on the barriers that these women face while attempting to venture into business (Syed, Zizah & Fauzi, 2012). Others tried to explain what characteristics should women entrepreneurs have besides demographic background that support their involvement. According to Syed and Xavier (2012) many researchers put more emphasis upon studies on entrepreneurial environments, opportunities and growth.

Furthermore, according to the various types of entrepreneurship programs that have been developed and provided by the Malaysian government to increase the number of entrepreneur with highly entrepreneurial skills, the question arises is whether there is a special entrepreneurship program for women? From the search for information about entrepreneurship program among the 20 selected ministries so far, this study found that there are limited number of entrepreneurship programs which are specially designed for women by some selected agencies. Moreover many of the programs do not suit the needs of women entrepreneurs.

## CONCLUSION

In conclusion, it shows that even there are a big number of entrepreneurship programs that covers financial and non-financial programs; the focus of introducing women entrepreneurship program in Malaysia is still limited. Hence, there should be more initiative to empower women by providing various alternative entrepreneurship programs that suit to women entrepreneurs' background. It is suggested that women's groups and relevant business associations together with female entrepreneurs, should be involved earlier in the identification and design of the programs.

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