

Thesis  
1218

UNIVERSITY OF STIRLING

Humam Bin Haji Mohamed

**Entrepreneurial Development in Malaysia**  
**with specific reference to**  
**Training and Development Initiatives**

Doctor of Philosophy

Date: 1988

8/89

## ABSTRACT

The thesis aims at studying the Entrepreneurial Development initiatives in Malaysia with specific reference to training and development initiatives. The concept of entrepreneurial development itself suffers from a lack of consensus as to whether entrepreneurs can be developed or not. Gibb's model maintains that the development of entrepreneurs can be influenced. This is supported by empirical evidences from investigations in both developed and undeveloped countries.

The Malaysian entrepreneurial development initiatives are targeted at the indigenous people known as the Bumiputera who do not form the business community of the country. The research issue is whether the emergence of Bumiputera entrepreneurs can be explained by the government initiatives that have tried to overcome (or compensate for) the disadvantages of their background and culture.

In implementing the entrepreneurial development policy the Malaysian government creates a range of assistance. One of the most important instruments which the Malaysian government has used is entrepreneurial training aimed at overcoming the technical and management handicaps of the

indigenous people who tend not to be exposed to the business/private sector.

To analyse the role of entrepreneurial training and other development initiatives primary data have been collected from 202 respondents, out of which 200 were used in the final analysis.

The results of the study show that the background and culture of the Bumiputera are important elements in understanding Bumiputera entrepreneurs. The general environment is not found as being important but the specific environment created by the various initiatives is found to be significant. It was found that the entrepreneurs themselves considered the initiatives as inadequate but nevertheless were benefitting from them. It was also found that there were no significant differences between the retailers and the manufacturers and the entrepreneurs in the developed and less developed areas of the country.

## ACKNOWLEDGEMENTS

This author would like to acknowledge with gratitude the advice and guidance from his first supervisor, Professor Tom Cannon, Head of Department of Business and Management, Stirling University. He would also like to register the same appreciation for the help provided by his second supervisor, Mr. Bob Hale, Senior Lecturer of Scottish Enterprise Foundation, Stirling University. In addition, he would like to thank Mara Institut of Teknologi (ITM), Malaysia, for the financial support which enabled him to undertake the research. Lastly, he would like to thank his wife and family for their support and encouragement during the research period.

## CONTENTS

	Page
CHAPTER ONE : INTRODUCTION .....	1
§ 1.1) Problem Definition .....	1
§ 1.2) Significance of the Research .....	3
§ 1.3) Research Objectives .....	3
§ 1.4) Scope and Limitations .....	6
1.4.1) Scope .....	6
1.4.2) Limitations .....	7
§ 1.5) Outline of Research Enquiry .....	8
§ 1.6) Organisation of the Report .....	10
 CHAPTER TWO : LITERATURE REVIEW 1 .....	 12
§ 2.1) The Entrepreneurs in the Economic Development Theories .....	 12
2.1.1) Economic Theories .....	13
2.1.2) Sociological, Psychological and Historical Explanations .....	 21
2.1.3) Conclusion .....	24
§ 2.2) The Reasons for Entrepreneurship .....	25
§ 2.3) Entrepreneurs Defined .....	29
§ 2.4) Theories of Entrepreneurship .....	31
2.4.1) The Economic Models .....	31
2.4.2) The Psychological Models .....	37
2.4.3) Other Theories .....	50
§ 2.5) Can Entrepreneurs be Developed? .....	54
2.5.1) Theoretical Level .....	54
2.5.2) Empirical Level .....	55
§ 2.6) Conclusion .....	59
 CHAPTER THREE : LITERATURE REVIEW 2 .....	 61
§ 3.1) Small Business Policy .....	61
§ 3.2) Objectives of EDP .....	63
§ 3.3) Intervention Instruments .....	64
3.3.1) Deregulation .....	65
3.3.2) Small Business Advocate .....	67
3.3.3) Provision of Incentives .....	67
3.3.4) Government Procurement .....	68
3.3.5) Provision of Finance .....	69
3.3.6) Provision of Information .....	72
3.3.7) Training and Education .....	73
3.3.8) Advisory, Counselling and Consultancy .....	74
3.3.9) Other Assistances .....	75
§ 3.4) Support System .....	78
3.4.1) Inferred Needs .....	79
3.4.2) Policies .....	79
3.4.3) Institutions .....	80
3.4.4) Assistances .....	82

---

§ 3.5) The Case for Entrepreneurial Training Intervention ...	83
3.5.1) Qualitative Arguments ...	83
3.5.2) Empirical Evidences ...	85
§ 3.6) Functions of Training ...	87
§ 3.7) Types of Training Programmes ...	89
3.7.1) Awareness Training ...	90
3.7.2) Training for Start-up ...	90
3.7.3) Training for Owner-Managers ...	91
§ 3.8) Developing a Training Programme ...	92
3.8.1) Stages of Training Programme Development ...	92
3.8.2) Key Elements in a Training Programme ...	93
§ 3.9) Training Initiative Evaluation ...	105
§ 3.10) Conclusion ...	108
CHAPTER FOUR : CONCEPTUAL FRAMEWORK ...	109
§ 4.1) General Environment ...	111
§ 4.2) Public Forces ...	111
4.2.1) The Business & Financial Community ...	112
4.2.2) Government ...	112
4.2.3) Education & Training ...	112
§ 4.3) Background ...	113
§ 4.4) Cultural Factors ...	113
§ 4.5) Conclusion ...	117
CHAPTER FIVE : MALAYSIAN BACKGROUND ...	118
§ 5.1) Malaysia in Brief ...	118
§ 5.2) Political Situation ...	120
§ 5.3) Social Situation ...	122
§ 5.4) Economic Situation ...	126
5.4.1) The Malaysian Economy ...	126
5.4.2) Economic Development ...	128
5.4.3) The Impacts of Recession... ..	134
§ 5.5) Conclusion ...	137
CHAPTER SIX : MALAYSIAN ENTREPRENEURIAL DEVELOPMENT PROGRAMME ...	138
§ 6.1) Historical Development of EDP ...	138
6.1.1) Small Business Policy ...	140
6.1.2) Entrepreneurial Development Activities ...	141
§ 6.2) Target Market ...	145
§ 6.3) Objectives and Definitions ...	146
6.3.1) Objectives ...	146
6.3.2) Definitions ...	146
§ 6.4) Assisting Institutions ...	147
6.4.1) Federal Ministries ...	148
6.4.2) Federal Agencies ...	152
6.4.3) State Agencies ...	155
6.4.4) Educational Institutions ...	157
6.4.5) Financial Institutions ...	159
6.4.6) Other Organisations ...	162
§ 6.5) Types of Assistance ...	164
6.5.1) Small Business Advocate ...	165
6.5.2) Financial Assistances ...	166

---

---

6.5.3) Entrepreneurial Training .....	174
6.5.4) Advisory, Counselling and Consultancy .....	175
6.5.5) Government Procurement .....	176
6.5.6) Business Premises .....	177
6.5.7) Other Support Activities .....	179
CHAPTER SEVEN : MALAYSIAN ENTREPRENEURIAL TRAINING .....	182
§ 7.1) Introduction .....	182
§ 7.2) Types of Entrepreneurial Training .....	183
7.2.1) Awareness Training Programmes .....	184
7.2.2) Training for Start-up .....	186
7.2.3) Training for Owner-managers .....	190
7.2.4) Special Industry Based Training .....	197
§ 7.3) Entrepreneurial Education .....	198
7.3.1) Commerce and Entrepreneurship .....	199
7.3.2) Entrepreneurial Studies .....	199
7.3.3) Entrepreneurship as Co-curriculum .....	200
§ 7.4) Complementary Services .....	201
7.4.1) ICU Services .....	201
7.4.2) NPC's Follow-up Service .....	201
7.4.3) MEDEC .....	202
7.4.4) MARA .....	203
§ 7.5) Training Resources .....	204
7.5.1) Financial Resources .....	204
7.5.2) Trainers .....	206
7.5.3) Other Resources .....	207
§ 7.6) Training Performance .....	208
7.6.1) National Training Output .....	208
7.6.2) Training Output by Institutions .....	209
7.6.3) Analysis of Entrepreneurial Training Output .....	215
CHAPTER EIGHT : RESEARCH METHODOLOGY .....	217
§ 8.1) The Key Questions for Research .....	217
§ 8.2) Working Definitions .....	219
§ 8.3) Research Methods .....	222
8.3.1) Data Collection .....	223
8.3.2) Review of Research Methods .....	226
8.3.3) Stages of The Investigation .....	228
§ 8.4) Developing Questionnaire .....	230
8.4.1) Panel Discussion .....	231
8.4.2) Pilot Test in Scotland .....	231
8.4.3) Pilot Test in Malaysia .....	232
8.4.4) Conclusion .....	233
§ 8.5) Sampling Technique .....	233
8.5.1) Segments of Bumiputera Entrepreneurs .....	234
8.5.2) The Sample .....	235
8.5.3) Sample Size .....	239
8.5.4) Reasons for the Focus .....	240
8.5.5) The Initial Responses .....	241
§ 8.6) Notes on the field work .....	242
§ 8.7) Data Processing .....	246
8.7.1) Measurements and Data Processing Techniques .....	246

---

---

8.7.2) Quantitative and Statistical Techniques Used.. ..	247
8.7.3) Statistical Package .. .. .	251
CHAPTER NINE : THE SURVEY FINDINGS .. .. .	252
§ 9.1) Business Creation .. .. .	252
§ 9.2) General Economic, Political & Social Climate .. .. .	252
§ 9.3) Government Intervention .. .. .	260
9.3.1) Knowledge of Schemes. .. .. .	260
9.3.2) Utilisation of Assistancess. .. .. .	261
9.3.3) Adequacy of Assistancess. .. .. .	263
9.3.4) Assistancess Mix. .. .. .	263
§ 9.4) Entrepreneurial Training. .. .. .	264
9.4.1) Attendance of entrepreneurial training.. .. .	264
9.4.2) Reasons for entrepreneurial training. .. .. .	266
9.4.3) Attitudes related to education and training.. .. .	266
9.4.4) Entrepreneurial Training Analysis. .. .. .	269
9.4.5) Log-linear Analysis. .. .. .	272
§ 9.5) Entrepreneurial Training Evaluation. .. .. .	272
§ 9.6) Characteristics of Bumiputera Entrepreneurs .. .. .	276
§ 9.7) Characteristics & Problems of Bumiputera Enterprises	280
9.7.1) Characteristics of Bumiputera Enterprises .. .. .	280
9.7.2) Business Start-up .. .. .	285
9.7.3) Business Problems .. .. .	288
§ 9.8) Family Background .. .. .	292
§ 9.9) Cultural Aspects .. .. .	296
CHAPTER TEN : CONCLUSION .. .. .	301
§ 10.1) Answers to Key Questions. .. .. .	301
10.1.1) Has there been a change in the rate of business creation?. .. .. .	301
10.1.2) What is the influence of general economic, political & social climate?. .. .. .	301
10.1.3) What is the nature of government intervention?	302
10.1.4) What is the nature of the role played by entrepreneurial training?. .. .. .	302
10.1.5) How do the entrepreneurs evaluate entrepreneurial training?. .. .. .	303
10.1.6) What are the characteristics of Bumiputera entrepreneurs?. .. .. .	304
10.1.7) What are the characteristics & problems facing Bumiputera enterprises?.. .. .	304
10.1.8) What is the nature of the background of Bumiputera entrepreneurs?.. .. .	305
10.1.9) What influence does culture have on creation of Bumiputera entrepreneurs?.. .. .	305
§ 10.2) Theoretical Implications .. .. .	306
10.2.1) Background .. .. .	306
10.2.2) Cultural Factors .. .. .	306
10.2.3) Environment .. .. .	307
§ 10.3) Policy Implications .. .. .	308
§ 10.4) Suggestions for Further Work .. .. .	309

---



---

APPENDICES .....	313
REFERENCES .....	361

### LIST OF TABLES

2.1) Entrepreneurial Work Environment .....	45
3.1) Software & Hardware .....	82
3.2) Stages & Training Needs of Start-up .....	98
3.3) Training Needs of Existing Entrepreneurs .....	99
5.1) Employment by Sector and Ethnic Group, 1980 & 1985 ('000) ..	124
5.2) Export Value, 1979 to 1982 .....	135
6.1) List of SSED Programmes .....	150
6.2) Selected Indicators of Participation in Commerce & Industry, 1981 & 1985 .....	165
6.3) Sources of Funds .....	167
6.4) Analysis of Loans Extended to the Bumiputera Business, 1981 and 1985 .....	168
6.5) MIDF Loans for Selected Years (\$ Million) .....	172
6.6) Cumulative World Bank SSE Loan as at July 31, 1987 (\$000) ..	173
7.1) Types of Entr. Training & Institutions .....	183
7.2) C & D Entrepreneurial Training .....	187
7.3) Courses offered by NPC by Sector .....	192
7.4) Courses offered by MARA .....	193
7.5) Courses offered by KBS .....	195
7.6) Courses offered by SEDC Sarawak .....	196
7.7) Courses offered by BBMB .....	196
7.8) Training Agencies & Ministries .....	205
7.9) Estimated Number of Trainers .....	207
7.10) Participants of Entrepreneurial Training Programmes .....	208
7.11) JPM's (ICU) Training Output .....	210
7.12) Number of Participants Trained by MARA .....	211
7.13) Number of Participants of MEDEC's EDP, 1977-1986 .....	212
7.14) Number of Courses and Participants Conducted by NPC, Between 1976-1986 .....	213
7.15) Total Training Output of KBS, 1981-1986 .....	214
7.16) Training Output of Pernas Edar & PWD .....	215
7.17) Analysis of Output of Entr. Training of Main Agencies, 1982-1986 .....	216
8.1) Sample Size .....	240
9.1) Business Locations & Other Variables .....	254
9.2) Business Locations & When the Business Was Start-up .....	255
9.3) Business Locations & Last Job .....	256
9.4) Business Locations & Able to Compete .....	256
9.5) Types of Business & Other Variables .....	258
9.6) Types of Business & Sales 1986 .....	259
9.7) Types of Business & The Number of Part-time Staff .....	259
9.8) Types of Business & Last Job .....	260
9.9) Start-up Assurances Secured .....	261
9.10) Current Assurances Secured .....	262
9.11) Ranking of Current Assurances .....	263
9.12) Training Organisations .....	265

---

---

9.13)	Reasons for Attending Entrepreneurial Training .. .. .	266
9.14)	Reasons for No Plan for Training .. .. .	268
9.15)	Entrepreneurial Trainings Needed .. .. .	268
9.16)	Entrepreneurial Training & Other Variables .. .. .	270
9.17)	Entrepreneurial Training & Membership of Association .. .. .	271
9.18)	Entrepreneurial Training & Present Assistance Secured... .. .	271
9.19)	Entrepreneurial Training & Plan for More Entr. Training... .. .	271
9.20)	Malaysia: Population Size and Age Structure, 1980 & 1985 ..	277
9.21)	Nature of the Last Job .. .. .	278
9.22)	Reasons for Going Into Business .. .. .	279
9.23)	Number of Business Operation .. .. .	280
9.24)	Legal Status of Main Business .. .. .	281
9.25)	Estimated Present Value & Sales 1986 .. .. .	283
9.26)	Total Employment .. .. .	285
9.27)	Idea Emerged .. .. .	285
9.28)	Length of Time to Implement the Initial Idea .. .. .	286
9.29)	Reasons for Choosing the Type of First Business .. .. .	287
9.30)	Problems of Start-up .. .. .	288
9.31)	Ranking of Start-up Problems .. .. .	289
9.32)	Current Problems .. .. .	289
9.33)	Ranking of Current Problems .. .. .	290
9.34)	Reasons for Difficulty of Getting Finance .. .. .	291
9.35)	Parents's and Spouse's Occupation .. .. .	293
9.36)	Malay Occupational Profile, 1985 .. .. .	294
9.37)	Family Background & Estimated Present Value .. .. .	295
9.38)	Family Background & Entr. Training Before/After Start-up ..	295
9.39)	Family Background & Total Employment .. .. .	296
9.40)	Profile of Attitudes of Bumiputera Entrepreneurs .. .. .	297

**LIST OF FIGURES/DIAGRAM**

2.1)	Psychodynamic Forces .. .. .	43
3.1)	Agencies Assisting Small Business .. .. .	80
4.1)	Conceptual Framework .. .. .	110
8.1)	Map of Malaysia .. .. .	236

**LIST OF APPENDICES**

1)	The Malays .. .. .	311
2)	World Bank Small Scale Enterprise Programme .. .. .	321
3)	Unit Khas Bumiputera, BBMB .. .. .	325
4)	Panel Discussion .. .. .	328
5)	Log-linear Analysis of Entrepreneurial Training .. .. .	337
6)	Questionnaire .. .. .	343

---

---

## ABBREVIATIONS.

BBMB	Bank Bumiputera Malaysia Berhad.
BDP	Business Development Programme.
BEP	Bumiputera Entrepreneurship Programme.
BMC	Business Modernisation Centre.
BN	Bank Negara.
BPMB	Bank Pembangunan Malaysia Berhad.
BPM	Bank Pertanian Malaysia.
BPUB	Bahagian Pembangunan Ushawan Bumiputera.
CGC	Credit Guarantee Corporation.
DAP	Democratic Action Party.
EDD	Entrepreneurial Development Division.
EDP	Entrepreneurial Development Programme.
FRIM	Malaysian Forest Research Institute.
GNP	Gross National Product.
ICU	Implementation and Coordination Unit.
ITM	Institut Teknologi Mara.
JPM	Jabatan Perdana Menteri.
KBS	Kementerian Belia & Sukan.
KEMUSA	Kembara Ushawan.
KPPP	Kursus Persediaan Perniagaan dan Perusahaan.
MARA	Majlis Amanah Raayat (Council of Trust for Indigenous People)
MARDI	Malaysian Agricultural Research Development Institute.
MBB	Malayan Banking Berhad.
MCA	Malayan Chinese Association.
MEDEC	Malaysian Entrepreneurial Development Centre.
MIC	Malayan Indian Congress.
MIDF	Malaysian Industrial Development Finance.
MIDFIC	MIDF Industrial Consultant Limited.
MIEL	Malaysian Industrial Estates Limited.
NEP	New Economic Policy.
NERDA	National Entrepreneurial Research Development Association.
NPC	National Productivity Centre.
PERNAS	National Trading Corporation.
PMIP	Pan Malayan Islamic Party.
PWD	Public Works Department.
RIDA	Rural Industries Development Authority.
SIRIM	Standard and Industrial Research Institute of Malaysia.
UDA	Urban Development Authority.
UKM	University Kebangsaan Malaysia.
UMNO	United Malay National Organisation.
UPM	University Pertanian Malaysia.
UUM	University Utara Malaysia.

## CHAPTER ONE

### INTRODUCTION

#### AIM OF THE CHAPTER

This chapter aims at giving a brief introduction to the thesis. It begins with defining the problem, followed by the significance of the work. Then the objectives of the thesis are stated as well as the scope and limitations of the study. Following it is the outline of the research enquiry and lastly the organisation of the report.

#### S 1.1) PROBLEM DEFINITION

The philosophy adopted by any government determines its role in creating and developing entrepreneurs. The government can "do nothing" or support the small businesses in a variety of ways. In Malaysia a unique situation exists where the socio-economic problems of the country are important in determining the extent of government involvement in entrepreneurship. The indigenous people (Bumiputera) who form the majority of the population have been able to retain political power since independence but the economic power is still in the hands of foreigners or other ethnic groups. This situation led to dissatisfactions amongst the various ethnic groups

resulting in the racial riot in 1969 after which the New Economic Policy (NEP) was formulated to redress the situation. Its implementation creates a range of initiatives to develop an indigenous Bumiputera business community.

The Bumiputeras are mainly employed in the rural agriculture or government sector of the country. As such, their background and culture are not conducive to the commercial and business world. The government intervenes with the aim of overcoming or compensating these background and cultural deficiencies so that by 1990 a Bumiputera business community will be created. It creates a protective "green-house" environment within which Bumiputera entrepreneurs are protected. A research question is whether there is evidence that the attitudes of the Bumiputera have changed with regard to business and commerce.

The types of government assistance are many but one of the most important instruments of intervention is entrepreneurial training. This is targeted at changing the attitudes and overcoming the management gaps of the Bumiputera entrepreneurs. Priority of training as an instrument of intervention remains strong. The problem is whether the assistance brings positive effects to the Bumiputera community.

---

### § 1.2) SIGNIFICANCE OF THE RESEARCH

The amount of resources involved in entrepreneurial development in Malaysia justifies this investigation. In addition the following points are also relevant.

a) The researcher hopes to contribute towards a better understanding of the issues in entrepreneurship which are very important and critical for a developing country like Malaysia. The government's initiatives in Malaysia are directed towards a specific group who does not supply the entrepreneurial individuals of the country. The findings of this study can increase the knowledge about the emergence of a specific group of entrepreneurs.

b) At the practical level the findings of the study will help in the improvement in the existing programmes which will contribute to better EDP as a whole.

### § 1.3) RESEARCH OBJECTIVES

The work aims at two main objectives and a number of sub-objectives related to the area of entrepreneurial development. The main objectives are:

a) To find out whether the creation and development of the entrepreneurs (or the rate of new business formation in the population) can be stimulated by government intervention.

The empirical data collected are expected to provide evidence on the key issue of whether entrepreneurs can be created and developed. The issue itself remains controversial, reinforced by the lack of consensus that entrepreneurs can indeed be created. Gibb's Social-Development model maintains that as a social process, entrepreneurship is clearly open to influence.

b) To study and evaluate the role of training in creating and developing entrepreneurs.

In practice there are a number of intervention instruments used to create and promote entrepreneurs in Malaysia. One of the most important instrument of intervention is entrepreneurial training, utilised to train indigenous entrepreneurs so that they can participate in the economic activities of the country. The majority of the Bumiputera are not only economically weak compared to the other ethnic groups but lack the knowledge and experience to establish and manage a business enterprise which entrepreneurial trainings hope to overcome.

The subsidiary objectives of the study are:

a) To develop a profile of the Bumiputera entrepreneurs and their businesses.

Profiling the entrepreneurs and their businesses is commonly done in this field of research. The data

---

collected is expected to provide the background of the entrepreneurs which is important for the understanding of the Bumiputera entrepreneurs in Malaysia. It will also enable us to compare the profile of the entrepreneurs and their enterprises with other investigations to determine whether there are any significant changes.

b) To determine the main problems faced by Bumiputera entrepreneurs.

Information on the start-up and current problems of entrepreneurs is also collected to see whether the problems incurred are changing in parallel with the changes in the business environment and sophistication of the business.

c) To study the cultural dimension of entrepreneurship.

Cultural elements are often quoted as a barrier to the development of a community. The backwardness of the Bumiputera, particularly the Malays, is attributed to their culture which includes religious believes and views towards life. A research issue is whether changes in these cultural elements can explain the emergence of Bumiputera entrepreneurs in Malaysia.



## § 1.4) SCOPE AND LIMITATIONS

### 1.4.1) Scope

a) Entrepreneurial development initiatives in Malaysia are mainly designed for the Bumiputera, in line with the policy of helping the economically weak group of the country. This work is therefore limited to the entrepreneurial development initiatives for Bumiputera entrepreneurs. The Malay entrepreneurs, the most powerful group and the majority of the Bumiputera, are selected as the unit of study.

b) This research devotes a section to the investigation of entrepreneurial training intervention in entrepreneurial development programme in Malaysia. However data is collected on the general aspects of government assistances to provide the overall picture of the area under study.

c) In term of geographical location of the study, the two areas selected are both in Peninsular Malaysia. Kuala Lumpur/Kelang is selected to represent the developed area and Kota Bharu is chosen to represent the less developed area of the country.

d) To enable comparisons to be made between industries, data is collected in equal number of respondents between retailers and manufactures.

#### 1.4.2) Limitations

The limitations of this study include:

a) The research is conducted through personal interviews mainly by the researcher himself due to the nature of the respondents and the need to collect other relevant data. It is anticipated that a rich amount of soft qualitative data can be gathered during the process of the interview to contribute to a better understanding of the issues involved. This method limits the number of respondents.

b) Another limitation is the availability of data about small businesses in general and entrepreneurship in particular. The up-to-date statistics in Malaysia in these areas are not available and there is no single database that can be used as a common starting point for research. To overcome the problem of getting a reliable respondent list the snowball sampling technique has been used. This sampling technique will probably introduce some elements of bias into the sample.

c) Due to financial constraints, the study is limited to the current Bumiputera entrepreneurs. No comparable sample is taken from the population or the other ethnic groups.

### § 1.5) OUTLINE OF RESEARCH ENQUIRY

The investigation is conducted using both the secondary and primary sources of information. The secondary data is collected in the United Kingdom and Malaysia. Stirling University, with a small business resource centre, provided the bulk of the material needed. Other materials not locally available were acquired using the inter-library loan facility. In the case of the Malaysian secondary data, it is acquired from libraries, government departments and relevant agencies during the fieldwork in Malaysia.

The first part of the enquiry, the review of the literature, starts with a description of the theories of economic development to identify the role of the entrepreneurs in economic development. There are economic development theories that mention the role of the entrepreneurs but no single traditional theory has argued strongly that entrepreneurship is a critical factor in economic development.

This leads to the literature review of the theories that attempt to explain the emergence of the entrepreneurs. In this area the problem encountered is the lack of consensus as to whether entrepreneurs can be created. It is argued by Gibb (1981) that entrepreneurial development can be influenced by intervention. This is supported by the

---

empirical evidences on common practices in many countries where initiatives have been implemented to help and promote small business and entrepreneurs. To understand the various entrepreneurial development programmes, the literature research moves on to the development of the concepts of entrepreneurial development programmes with special emphasis on entrepreneurial training and development initiatives.

The review of the literature leads to the development of a conceptual framework based on Gibb's structure to explain the emergence of the Bumiputera entrepreneurs in Malaysia.

After the literature review the questionnaire was developed with the help of Malaysian post-graduate students who provided ideas by way of panel discussion. The resultant questionnaire was first pilot tested on a group of Malaysian students at Stirling University. After modification, it was translated into the Malaysian language and sent to Malaysia for another pilot test on 30 entrepreneurs, administered with the help of the staff from MEDEC. The answers were then coded and punched into the University's main-frame and using the SPSSx package it was analysed on a trial basis. The final revision was then made before being used to collect the primary data in Malaysia.

The initial responses for the snowball process were secured by postal questionnaire in which 333 entrepreneurs were selected and the questionnaire mailed. Only 30 responded and they became the first source of contact when the investigator went to Malaysia with the objective of securing 200 responses from the entrepreneurs. In the actual fieldwork a total of 202 responses were secured, out of which 200 were used in the final analysis.

#### **§ 1.6) ORGANISATION OF THE REPORT**

This report is organised and divided into ten chapters starting with this Chapter giving the introduction to the whole study.

Chapter Two and Three provide the theoretical framework of the study. Chapter Two reviews the various economic development and entrepreneurial theories. Chapter Three reviews the literature and describes the framework for the entrepreneurial development programmes and the training initiatives. This leads on to the conceptual framework of the research described in Chapter Four.

Chapter Five, Six and Seven are devoted to describing the Malaysian situation gathered from secondary data. In Chapter Five, a brief background of Malaysia is provided to explain the country with respect to its political, social and economic situations. Chapter Six details the

---

efforts to help the entrepreneurs and Chapter Seven concentrates on the training intervention.

The discussion on the methodology is given in Chapter Eight which states the key questions for research and explains the reasons for choosing a specific method for information collection.

The results of the investigation are given in Chapter Nine. The overall results are grouped according to the key questions of the work.

Finally, Chapter Ten provides the conclusions and examines the theoretical and policy implications of the study. Areas for further research are also identified.

## CHAPTER TWO

### LITERATURE REVIEW I

#### AIM OF THE CHAPTER

This chapter aims at giving an overview of the key theories in economic development and entrepreneurship. It starts with a review of the economic development theories and a discussion of the role of the entrepreneurs in economic development. Then the reasons for entrepreneurship and the definition of an entrepreneur are given. A big section is devoted to the review of the various theories on entrepreneurship. Finally, the issue of whether entrepreneurs can be developed is discussed.

#### § 2.1) THE ENTREPRENEURS IN THE ECONOMIC DEVELOPMENT THEORIES

The first question that needs to be answered is whether there is a role given to the entrepreneurs in the development theories. The issue of why certain economy developed and the other did not was treated by researchers from economic, and social, psychological and historical perspectives.

### 2.2.1) Economic Theories

Economic development is identified and studied by the economist using either theoretical or empirical approaches. The theoretical approach, a traditional approach, aims at constructing theories to explain how the structure of nations' economies could be expected to change under the various assumptions related to the conditions of the nations. This approach has a long tradition going back to Adam Smith and David Ricardo; and has been recently shown in the works of Roy Harrod, Evsey Domar and others. An alternative method is the empirical approach in which an analysis is made on the detail data of the GNP and the structure of the products of nations around the world over a period of time. This approach utilised by Simon Kuznets and Hollis Chenery, tries to relate trends in GNP per capita to trends in the various components of the GNP with the objective of searching for patterns that are common to all nations or to a large sub-group of nations.

#### a) Single Key Element.

Four key elements were used either individually or in various combinations to explain economic growth. They were capital accumulation, division of labour and population change.



Adam Smith considered economic development as a dynamic and aggregate theory, within which he analysed the process by which economic surplus in the community is employed for capital accumulation, a fundamental factor of economic development. He argued that capital accumulation is also the necessary requirement for division of labour and an economy progress due to "division of labour" which increase in texturity among labour, reduce the time necessary to produce commodity, and lead to invention of better machinery and equipment. The division of labour is however limited by the rate of saving and market size. Division of labour is definitely a powerful concept that became the basis of mass production manufacturing systems and mass consumption.

Ricardo's contribution differs when he considered agriculture as the most important sector of the economy. He formulated a theory relating capital, population and output and traced their effects on rent, wages and profit over a period of time. He argued that the ultimate result of the process is a stationary state where capital and population ceases to grow.

Another key element was population change which was considered as a major force which influenced economic activity. However there was no consensus as to its effect on economic growth. Population increase was considered as

---

an economic barrier when it was argued that an increase in the population will absorb the rise in income. Ricardo saw population increase not as the stimulus to growth but as a result of growth which would ultimately slow it down leading to a final stationary state. Keynes however argued that population increase might stimulate investment and eventually facilitate growth.

b) Marxist Analysis.

Another important theory in economic development was developed by Karl Marx based on three principles: a) the increasing misery of labour, b) the concentration of capital, and c) the falling rate of profit. Profit was considered as produced by labour from the surplus over and above their subsistence need. As growth takes place, the rate of profit on capital declines and competition for profit leads to stronger capitalist swallowing up the weaker capitalist leading to depression or crisis which will become more severe as development proceeds. Wages may actually decline as capitalist squeeze the labour harder to keep up profit. Ultimately the end result is a revolution and the overthrow of the capitalist class.

c) Doctrine of Peculiar Barrier.

Economists also used economic doctrines of peculiar barriers, economic or non-economic, to explain economic

---

development or lack of development. All the economic barrier doctrines have two common assumptions: a) the central problem in growth is capital formation; b) sufficient technological creativity to carry forward economic growth is present in all societies. Among the popular doctrines are the vicious circle of low income and saving, inadequate demand or market, a lump of capital and lack of intermediaries.

1) The theory of the vicious circle of low income and inability to save argue that undeveloped societies income is so low that no saving is possible and thus capital formation is impossible. Consequently production methods remain primitive and income remains low. To break this vicious circle, one must extract more saving internally, borrow from outside, or both, for investment. A supplementary argument however admits that in low income societies, the higher income class could save but they suffer a demonstration effect which is explained by the fact that since they have seen the consumption level of the West, they are motivated to attain them and are psychologically unable to save.

The flaw of this argument is that empirically, some poor countries have a high rate of saving as observed in Japan before they developed. Furthermore, saving can also be in other forms such as wells, land reclamation, gold and

---

jewellery as observed in South Asia. It has also been shown that the demonstration effect is not sustained, for it was noted that in Pakistan the Muslim businessmen "saved because incentives to invest were strong, consumption was made unattractive by government policies, and a general atmosphere of austerity prevailed" (Papanek, 1977, p.272).

ii) The second economic barrier to development is the inadequate demand to justify investment in improved methods. This idea is based on the argument that economic of scale in industry is the key to economic development and it requires large market which do not exist in the undeveloped countries .

The problems with this argument are: a) It is possible, given the appropriate technology, to produce quite efficiently in comparatively small enterprise in such industry as machinery manufacturing and textile; b)Although per capita income is low, the developing countries like India, Brazil, Indonesia and Nigeria have large population and thus the market is big enough to permit the establishment of efficient import substitution industries; c) There also exist the trade which increases the market and at least a dozen Less Developed Countries used this to increase their manufactured exports.

iii) The next barrier to economic development is known as the lump of capital concept which argues that economic growth only occur when social overhead capital or infrastructure is present which can only be provided by huge capital investment. This, the undeveloped countries cannot afford and the way out is to depend on foreign aids. However experiences show that some countries with a lot of foreign aids continue to experience a low rate of growth and countries in the South East Asia started to progress even before the world aid programme.

iv) Another barrier is lack of financial intermediaries which is considered as an obstacle to growth, for when the machinery to channel saving is non existence or inefficient, it discourages both saving and investment. This obstacle cannot be a major problem as efficient intermediaries can be developed by the government or the private sector in a relatively short time. In addition, in some countries, saving is in the hand of those who invest and the need for intermediary is thus minimised.

d) The "Stages of Economic Growth Theories".

In the 1950's and early 1960's, economic thought focused on the "stage of economic growth" concept which viewed economic development as a series of successive stages through which all countries must pass. The doctrine emerged from two experiences: firstly, the post war

---

Marshall Plan which injected massive capital and technical assistance into Europe, and secondly the historical path of the developed countries in transforming their subsistence agricultural economy into a modern industrial economy.

The most important advocate of this theory is an American economic historian, W.W. Rostow, who described the five stages of economic growth as the traditional society, the pre-condition for take-off into self-sustaining growth, the take-off, the drive to maturity, and the age of high mass consumption. At every stage of development, countries need to follow a certain set of rules or "tricks" to progress further. For example the principle trick for the take off stage is to mobilise between 15 to 20 percent of GNP from domestic and foreign savings in order to generate investment for accelerated economic growth.

Unfortunately the "trick" does not always work because saving and investment is the necessary but not sufficient condition for economic growth. The Marshall Plan worked for Europe because the European countries possessed the necessary structural, institutional and attitudinal conditions to convert the new capital into more output. The model wrongly assumed that all developing countries possessed these elements. The theory also fails to take into account the fact that developing countries economic

---

strategies can be nullified by external forces beyond their control which was the basis of subsequent theories.

e) International-Structurist Models.

In the late 1960's and early 1970's new models emerged viewing Third World countries as "being beset by institutional and structural economic rigidities and caught up in a 'dependence' and 'dominance' relationship to rich countries" (Todaro, 1977, p.55). Two schools of thought were popular; the neo-colonial dependence model and the false paradigm model.

The neo-colonial dependence model, an outgrowth of Marxist thinking, argued that the existence and maintenance of underdevelopment is due to historical evolution of unequal international capitalist system of rich and poor country relationship. Large part of the Third World poverty is attributed to "the existence and policies of the industrial capitalist (and socialist) countries of the northern hemisphere and their extensions in the form of small but powerful elite or 'comprador' groups in the less developed countries" (Todaro, 1977, p.56).

The false paradigm model attributes Third World underdevelopment to the faulty and inappropriate advice provided by internationally expert advisers from both developed country agencies and multinational donor

---

organisations. In addition, "university intellectuals, trade unionists, future high-level government economists and other civil servants all get their training in developed country institutions where they are unwittingly served an unhealthy dose of alien concepts and models." (Todaro, 1977, p.56). This is considered as a form of mental domination leading to the development of a high propensity to emulate the developed countries.

### **2.1.2) Sociological, Psychological and Historical Explanations**

The failure of the economist to produce a general model which is of value to the underdeveloped countries or even for the different time period of the same country can be attributed to the difficulty in explaining the noneconomic variables in development.

#### **a) Sociological Explanations.**

The sociologists contribution to the discussion of the noneconomic variables started much earlier in the century. In 1904, Max Weber argued that the roots of modern capitalist spirit was the Protestant ethics which emphasis on hard work in one's calling on this earth. Other sociologists concentrate on describing the important characteristics of the social structure of modern industrialised societies which differentiate them from the



traditional societies. An interesting aspect of the nature of the society is the so called "soft society" where the government is incapable of dealing with communalism, superstition and ignorance that hold back economic development.

b) Psychological Explanations.

As for the psychologist they had "practically nothing to say that would contribute to an understanding to economic development" (Mc Clelland, 1961). Even his work to explain economic development was accidental, starting with basic research on key human motives and an idea emerge that one of them might have something to do with economic development and growth. The subsequent elaborate attempts to take into account psychological attitudes in long-run economic process resulted in the identification of "the achievement motive" by which Mc Clelland speculated that great civilisations like Florence "...lost interest in achievement. Their dream changed. They became more concerned with love and friendship, with art, with power struggles." (Mc Clelland, 1961, p.437). To explain the phenomena he argued that "one reason why practically all the great civilisations of the past have declined after a few generations of 'climate' is because families have nearly always used their increased prosperity to turn over the rearing of their children to slaves or other

dependants who 'spoil' the children to keep them dependent too long." (Mc Clelland, 1961, p.128-129). Another popular psychological concept is the "withdrawal of status respect" developed by Everett Hagen which explain why certain group, normally the minority, is more enterprising than the others. These psychological concepts are more relevant to the study of entrepreneurship which is discussed in more detail later.

c) Historical Explanations.

Historians in their study of economic development discovered the cause of the difference in development between countries as due to race, geography and climate, and religion.

The race argument believes that some people are more energetic than the others due to superior genes. Nazi Germany for example, believed that their race was supposedly hereditarily superior to the others. This argument is empirically weak and cannot explain why the Mediterranean great economic and cultural advances failed to continue and even retrogressed.

The geographical explanation argues that certain society or country is more favourably located and have better climate than the others. According to this theory, man will have more active mode in moderate climates for in

warmer climates, the provision of food and clothing will be relatively simple and the result will be less active behaviour of the population. It is argued that different climate and geographic conditions were optimum at different stage of material advance and the long-run change in climate accounts for advances and retrogress of various human groups. The weakness of this theory is obvious and a simple study of the developed regions will disprove it.

Religion as a theory of economic growth is the concept of material progress with Puritan dogma, derived from Weber's thesis that Protestant ethic gives rise to modern capitalism. This argument according to Papanek "seemed strained if they were to accommodate Japan, the Soviet Union, and several Catholic countries" (Papanek, 1977, p.270)

### 2.1.3) Conclusion.

There is no strong argument for the role of the entrepreneurs in the economic development theories. Kirby concluded that "in modern growth theory, any contribution of entrepreneurship is typically in a catch-all residual factor. This latter residual, variously termed 'technical change' or 'coefficient of ignorance', includes, among

other things, technology, education, institutional organisation, and entrepreneurship" (Kirby, 1971, p.2).

## § 2.2) THE REASONS FOR ENTREPRENEURSHIP

The previous section demonstrates the lack of clear role of the entrepreneurs in economic development. In practice however, entrepreneurship is a big issue in the capitalist and lately even the communist countries. It is therefore important to understand the reasons for supporting the entrepreneurs and the current state of the theories formulated in the field. Among the arguments for the support given to the entrepreneurs and small businesses are internal variables, need of the economy, compensating ability, wealth, employment, economic independence, innovation and increasing chance of success.

a) Internal Variables. Most economic development models discussed in the previous section suggested foreign aids and expertise to overcome internal gaps and deficiencies. Internal and indigenous resources were reduced to a secondary role. Entrepreneurial development models on the other hand, recognise this internal and indigenous variables and the possibility of becoming self-sufficient in achieving the long-term development objectives.

b) Need of the Economy. A viable and progressive economy needs all types of businesses; big, medium and small.

Certain businesses such as the automobile and heavy industries can only be undertaken by big enterprises but other businesses such as the service industries can be done better by small units. Furthermore, not all business situations are suitable for big business. Conditions which need enterprise and risk taking, particular to the entrepreneurs, cannot be left to big businesses which, due to its corporate nature, cannot response quickly and boldly.

c) Compensating Ability. Entrepreneurs can overcome the lack of resources and this compensating ability of the entrepreneurs is the most important reason for the promotion of entrepreneurs in developing countries. This is shown by the experience of some countries with no natural resources like Singapore and Hong Kong who are totally dependent on their entrepreneurial talents for their economic growth and continuous prosperity.

d) Wealth Creation. It is argued that entrepreneurs generate wealth, achieved in the process of acquiring the profit for the enterprise which leads to direct generation of wealth for the owner and indirectly to the society through employment creation. Nevertheless, there is an inherent danger of a looped-sided wealth creation and accumulation in favour of service sector as feared by Prof. Cannon who wrote "the sector was capable of creating

---

a plethora of 'Mama and Papa' businesses but with little net addition to wealth creation through manufacturing" (Cannon, 1982, p.6).

e) Employment Generation. Entrepreneurship is considered important from the employment point of view. A study was conducted by Birch (1979) in the United States in which he analysed 5.6 millions business activities and concluded that "On the average about 60 percent of all jobs in the U.S. are generated by firms with 20 or fewer employees, about 50 percent of all jobs are created by independent, small entrepreneurs. Large firms (those with over 500 employees) generate less than 15 percent of all new jobs" (p.29). However, the work was criticised for confusion over the number of establishments and the number of enterprises, thus the branches of the enterprises were considered as different establishments.

Detail analysis of new job creation by other investigators shows that the bulk of new jobs is in the service sector. The employment creation argument is not conclusive and issues such as the quality of job, the type of job and whether it is a "real job" are still being discussed.

An important aspect of employment is the role of the family business in giving employment to family members. The entrepreneurs can plan so that a number of their children are employed in his business or establish similar

---

business in another locality, thus solving their employment problem.

f) Economic Independence. A patriotic view point for entrepreneurship is that it gives meaning to political independence by being economically independent. To achieve this, the country need a strong business community. The process of independence itself changes the environment and creates new opportunities which can effectively be taken by the entrepreneurs.

In the case of some countries, "enterprise" is adopted as a philosophy of economic development. Entrepreneurial development become the key element with programmes developed to promote positive attitudes such as independent, profit-motive, self-sufficiency, etc. among its population.

g) Innovation. Entrepreneurs as a source of innovation is a compelling argument for entrepreneurship. "The evidence available would suggest that it is the new formations, or those companies in which the originating entrepreneur is still playing a leading part, that provide the primary source of small firm originated novel products or novel technologies" (Cannon, 1982, p.11)

h) Increase in the chance of success of new projects. It is argued that entrepreneurs ensure better chance of

success of new projects. A study by Ferdows (1980) in Iran concluded that "A viable feasibility plan is a prerequisite to successful start-up of a small manufacturing venture in a developing country - but no guarantee. The entrepreneur is the key" (p.21).

### § 2.3) ENTREPRENEURS DEFINED.

A serious attempt to explain entrepreneurs role in the economy was made by Schumpeter who in 1934 defined the entrepreneur as the individual whose functions are to carry out new combinations called enterprise. Later other investigators developed their own definitions which include: that individual who is instrumental in the conception of the idea of the enterprise and the implementation of these ideas (Kets de Vries, 1977); and the person who is always searching for change, responding to it, and exploiting it as an opportunity (Peter Drucker, 1985).

The lack of consensus in the definition of the entrepreneurs is one of the major problems of entrepreneurial research. Most researchers get around the problem by having their own working definition and by distinguishing and classifying respondents into self-employed, entrepreneurs and small business enterprises. The difference between the self-employed and the entrepreneurs can be seen in the way they take advantage

---



of the opportunities. An entrepreneur can start as a self-employed person but he will not remain stagnant and will take the opportunities to grow and diversify. A more difficult differentiation is between the entrepreneurs and small business. In most countries the formal operational definition is given to the small business rather than the entrepreneurs. Small business operational definition differs between countries and even between the different support institutions of the same country. For this investigation, an entrepreneur is defined as a person who establishes and operates his own enterprise.

Entrepreneurship is currently relevant to the world of the academia. However it is not an established area of study or discipline, and investigations in the area are conducted by economist, sociologist, psychologist and management students. Only lately has there emerged a small number of business teachers and researchers who have tried to develop entrepreneurship into a body of knowledge. The main problem of establishing entrepreneurship as a discipline is the resistance from the existing disciplines who criticise it as a fad and an 'onion'. As a fad it will not have a sustaining power and entrepreneurship research can be like peeling an onion, layer by layer ending up with nothing. Nevertheless in practice institutions of higher learning are increasingly offering entrepreneurship or small business courses to more students.

---

Entrepreneurship is the "in thing" and Small Business and Entrepreneurship courses are becoming popular with Business Schools both in the USA and UK.

## § 2.4) THEORIES OF ENTREPRENEURSHIP

The emergence of entrepreneurs is being studied by researchers from different disciplines. The resulting theories can be conveniently classified into the economic, the psychological, and other theories.

### 2.4.1) The Economic Models

The development of the economic theories in entrepreneurship can be divided into the various phases, which are the static analysis, the dynamic analysis, the period of neglect and the recent effort.

#### a) The Static Analysis.

As mentioned in the previous section, entrepreneurship was introduced in the eighteen century as a technical term in economic study by Cantillon (1725) when he considered entrepreneurs as performing the chief function of bearing uncertainty. It was later given prominence by Say, J.B. (1803) who concentrated on the coordinating function of entrepreneurs and described entrepreneurs as the planner of the productive process who brings together the different productive factors, land, labour, and capital.

In England entrepreneurship was popularised by James Stuart Mill in 1848. However the role of entrepreneurs in economic discipline was neglected until Marshall (1920) described entrepreneurs as performing comprehensive activity which includes several aspects: the entrepreneurs undertake the risk; brings together the capital and labour required for the work, arranges the general plan, and superintends minor details.

b) The Dynamic Analysis.

All the above theories assume a static economic condition and the development of dynamic theories is attributed to Knight (uncertainty theory) and Schumpeter (innovation theory). Herbert and Link (1982) concluded that "all past theories of entrepreneurship have centred either on uncertainty, innovation, or some combination of the two ..... uncertainty is a consequence of change whereas innovation is primarily a cause of change" (p.111).

1) Uncertainty. Knight (1921) argued that entrepreneurs receive pure profit for bearing the cost of uncertainty or risk, identify as a situation where the probabilities of alternative outcomes cannot be determined by either a statistical inference or a priori reasoning. He introduced uncertainty by looking at the production for the future market resulting in the need to decide now what, how and when to produce. To him the most important characteristic

---

of the entrepreneur is the confidence in his own judgement supplemented by his willingness to back up his judgement with his own capital. It follows that the level of profit and the number of entrepreneurs is mainly determined by the elasticity of supply of self-confident people.

ii) Innovation. Schumpeter (1934) should be credited with the propagation of entrepreneurs in economic analysis. He placed entrepreneurs as the prime mover of economic development with a concept based on the innovation process and the innovator; on the credit mechanism; and on the drive for maximising profit. The virtue of this theory is that it rests on factors internal to the economic process which is a significant diversion to the popular economic models of the time.

Innovation process leads to five possible types of innovations: the appearance of a new production technique; the introduction of a new product (or an improvement in the quality of the existing product); the opening of a new market particularly the export market; the discovery of a new source of raw material or semi-manufactured good; and the creation of a new type of industrial organisation for marketing or selling the goods (example trust or monopoly).

Schumpeter considered organisation survival as dependent on the ability to yield additional net profit to cover

---

factor cost and interest. Interest, profit and capitalism are closely linked. Without profit the whole basis of interest will disappear and interest is a motivation that spur capitalism. The pressure for profit and interest will lead to change in products, change in resource use, change in technology and change in social structure.

Credit is considered as the key element in the model where the source for capital to the entrepreneurs, whose normal role is borrowing, is credit not saving. With credit the entrepreneurs acquire command over goods and able to divert factors of production into his hands. Schumpeter strongly argued that risk-taking was not the function of the entrepreneurs but a special function of the capitalist who lends the money. An entrepreneur only takes risks to the extent of his own money invested. Entrepreneurs also spend much time in doing nonentrepreneurial work such as buying and selling, technical, personnel, office manager and other day today functions.

Entrepreneurs will prosper with a favourable economic climate and when the economy is approaching equilibrium within which the future will be relatively stable and easier to predict. Schumpeter admitted that talented entrepreneurs are scarce and they are motivated by: to find a private kingdom; to conquer; by the joy of

creating, getting thing done or simply exercising one's energy and ingenuity.

The theory is more complete, encompassing a greater variety of phenomena and unique in its emphasis on innovation. However no further work was done on the theory probably due to: a) The lack of interest on capital theory; b) The complete lack of concern for policy; c) The non operational character of many of the economic concepts; d) The complexity or richness of many of his concepts; e) The assumption of instability which underlie his work.

c) The Period of Neglect.

Knight and Schumpeter were not followed up by subsequent investigators leading to the period of neglect in the development of the economic theories of entrepreneurship. Economists do not "have any explanation as to why entrepreneurship emerged as it did in the late nineteenth century and as it seems to be doing again today, nor why it is limited to one country or to one culture" (Drucker, 1985, p.12). Drucker also argued that the cause might be noneconomic variables such as changes in values, perception, and attitudes, changes in demographics, in institutions (such as the creation of entrepreneurial

banks in Germany and the United States around 1870) and changes in education.

Casson (1982) explained the phenomena by giving two reasons for the neglect. The first reason was the extreme assumption of the neoclassical or orthodox economist who assumed that every one has free access to all the information they require to take decisions and decision-making is optimisation. Obviously the entrepreneurs cannot be analysed within this assumption for not all information is available to decision-makers. The second reason was the Austrian School of economics's commitment to extreme subjectivism when they argued that anyone who has the sort of information necessary to predict the behaviour of entrepreneurs has a strong incentive to stop theorising and become an entrepreneur himself. This extreme subjectivism makes it impossible to develop a predictive theory of entrepreneurs.

d) A Recent Effort.

A recent attempt to formulate economic entrepreneurial theory was undertaken among others by Casson (1982) who defined entrepreneurs as "someone who specialises in taking judgement decisions about the coordination of scarce resources" (Casson, p.23). Entrepreneur is a person not a team or a committee or an organisation. On the supply and demand of entrepreneurs he concluded that "the

---

demand for entrepreneurs stems from the need to adjust to change, and the supply of entrepreneurs is limited, firstly by the scarcity of the requisite personal qualities, and secondly by the difficulty of identifying them when they are available" (Casson, p.37).

To him the entrepreneurial theory is a special case of a general theory of economic and social process which has been the "grand design" of social scientists for many years, although the formulation of a satisfactory theory is still a long way to go. As a step towards the direction, he developed a series of hypotheses on the access to information, barriers to entry into entrepreneurship and the skill of entrepreneurs. These hypotheses cannot be tested without additional postulates, the development of which is part of the research agenda for future development of the theory of entrepreneurship.

#### **2.4.2) The Psychological Models**

Entrepreneurs as a centre of research focuses on the MAN; his personality, his motivation and his attitudes. As such, contributions to entrepreneurship theories from the psychologist are to be expected. To go through the psychological theoretical jungle the researcher used the classification proposed by Chell. Elizabeth Chell (1985) critically examined the concept of entrepreneurial personality and classified the numerous models into three:

---



a) The traits model, b) The psychodynamic model, c) The social development model.

a) Traits Model.

In 1961, a major work was published by Mc Clelland that promoted the traits model of entrepreneurship. This trait model, the main approach of past researches in entrepreneurship, attempts to discover a single trait or a collection of traits which distinguishes the entrepreneurs from the other individual.

Mc Clelland's work suggested that achievement motivation (n Ach) is the primary characteristic of the entrepreneurs. In his book *The Achieving Society*, he described the result of his work to test the hypothesis that n Ach, defined as the desire to do well in competitive situations where the results of one's effort could be measured objectively, is responsible for economic growth and decline of a society. To test the n Ach the Thematic Apperception Tests (TAT) and specific games of skill were used and three types of studies were conducted. The first study was to use folk tales to see achievement imaginary to determine the relationship between group measure of n Ach and overall rates of economic growth. The second study traced the origins of the n Ach by studying the transmission of parental values and attitudes supplemented by a cross-cultural study to look at the

---

association between child-rearing practices and n Ach level. The third study dealt with entrepreneurial role and the motives and behaviours of actual entrepreneurs.

The major conclusions of the work can be given better in his own words:

"The achievement motive should lead individuals to seek out situations which provide moderate challenge to their skill, to perform better in such situations, and to have greater confidence in the likelihood of their success." (Mc Clelland, 1961, p.238).

"..there is a built-in mechanism which tends to bias occupational choice toward business among boys of middle (but not upper) class status with high n achievement." (Mc Clelland, 1961, p.259).

"All our evidence suggests that external events affect motivational levels primarily as they affect the family, or more specifically, the values and child-rearing practices of the parents." (Mc Clelland, 1961, p.387)

The type of child-rearing practices preferred is the type that stresses standards of excellence, maternal warmth, self-reliance training, and low father dominance. In addition to n Ach, he found that the entrepreneurs also desired to take personal responsibility, preferred moderate degrees of risk, was interested in the concrete knowledge of the results and disliked repetitive, routine work. One of the product of the finding was a training programme developed to measure n Ach and tested in India with astonishing result. The package was later transferred to Malaysia where it became the core of entrepreneurial

training programme, making it the only trait training package exported to other countries.

Another important work on trait is the contribution of Everett Hagen. His creative personality entrepreneurs, similar to that of Mc Clelland, are defined as individuals characterised by a high need for achievement, order and autonomy. Innovative Personality Type (IPT) is created at the early age by the child-parent relationship comprising of love as well as encouragement to undertake and conquer tasks which resulted in intense satisfaction to the children. The modern society, where such parents exist in large number, is conducive to the development of the entrepreneurs. By contrast, backward countries with authoritative personality type parents who perceive the world as arbitrary, capricious, not amenable to analysis and phenomena not related to cause and effect, will not produce the IPT children. To Hagen economic development is "a process of technological change which is brought about by the technological creativity of individuals in the society. Thus, Hagen sees the entrepreneur as a creative problem solver interested in things in the practical and technological realm and driven by a duty to achieve." (Kilby, 1971, p.10).

Other works on entrepreneurial traits focus on the different measurement instruments and test different

---

aspect of personality. The overall picture is confusing and in some case even contradictory. It appears that the personality of high n Ach is important, so are autonomy, independence and moderate risk taking. The entrepreneurs also give a picture of anxious individual, nonconformist, poorly organised, self-destructive, inner directed, self-reliant, neglect interpersonal relationship and higher than average aesthetic sense.

The main problem with this traits theory is that whether there is evidence that a society with the required traits lead to the presence of a large number of entrepreneurs. Another problem with this model is that it is not really valid to argue that entrepreneurship is entirely the function of personality. Other social economic factors must surely influence the entrepreneurs. Thirdly, if the model can explain the phenomena, the important question of whether they are inborn or are the product of other influences remains unanswered. So is the related question of whether the traits persist or it is unstable and change by environment and other influences. Another weakness of the model is that the theory fails to recognise that individual is a social being and that ideas and ambition evolved in a social situation. The theory also does not explain the relationship between traits and the action of entrepreneurs. For example, do traits produce certain behaviour in all situation or only in certain specific

---

situation?. Further problem with traits theory is the great diversity of test instruments used which prevents more general comparisons of the various findings.

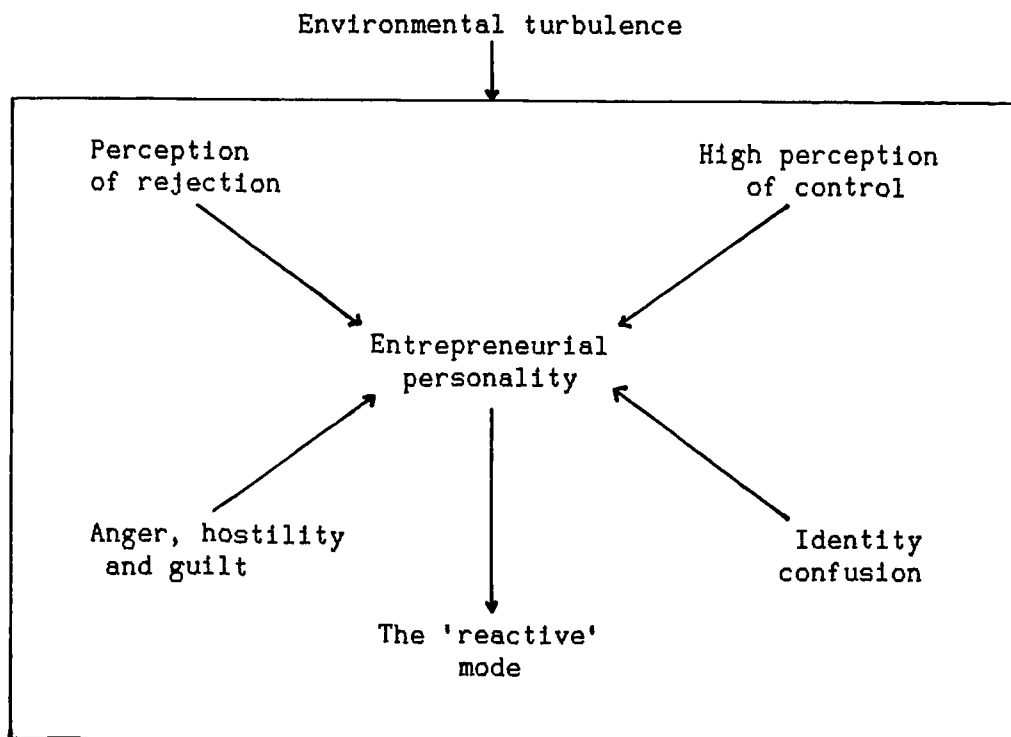
However this theory is useful in directing attention away from the environmental-historical considerations toward internal-motivational factors. This makes it possible to recommend a policy and ideological shift to abandon the traditional values, decreasing father dominance, and reorganising fantasy life toward achievement-related goals.

b) Psychodynamic Model.

The psychodynamic model was popularised by Kets de Vries (1977) who viewed an entrepreneur as a person influence by a group of psychodynamic forces (Refer to the summary in the Figure 2.1). The environment in which the entrepreneurs live is turbulence with family background as the crucial element. To describe the parents he used the basic personality dimensions of high control/low control and acceptance/rejection, leading to four possible configurations, that is accept and high control, accept and low control, rejection and high control, and rejection and low control. He hypothesised that the predominant attitude of the entrepreneurs parents is high control and

rejection with the father low in control and rejective while the mother is high in control and acceptive.

Figure 2.1  
Psychodynamic Forces



Source: Kets de Vries, 1977, p.52.

The early life experience of the entrepreneur shaped his pattern of deviant behaviour. The potential entrepreneur entered a period of disorientation and went into reactive mode which is characterised by unstable personality make-up. The man developed the problem of self-esteem, insecurity and lack of confidence. His working life was a shift from job to job with the difficulty of fitting in

any place. He is the one who feels insecure and unable to operate in any structured or imposed environment and extremely hard if not impossible to integrate his personal needs with those of the organisation.

With such experience during the reactive mode, the only alternative is to create an enterprise where his psychological state will be reflected in the style of management and the structure of the organisation. The organisation will develop a work environment (Refer to Table 2.1) which mirrors his personality and characteristics.

In the long run, such organisations will not be able to cope with growth which he summed up by "The successful entrepreneurs who manage to guide the enterprise through the formative period of developing into a stage of growth and maturity tends to follow a path which eventually may lead to his own functional self-elimination" (Kets de Vries, 1977, p.56). The alternative is management succession which is tremendously difficult to be carried out due to the emotional investment and the symbolic meaning of the enterprise to the entrepreneurs. Thus to Kets de Vries the problem of entrepreneurship is how to change an individual while other investigators considered it as the problem of selection of the start-up.

Table 2.1  
Entrepreneurial Work Environment

Leadership Style	Autocratic Directive
Decision-making	Centralised Lack of delegation Impulsivity Lack of conscious planning Bold, proactive moves Mixture of operating and strategic decision-making
Time Horizon	Short
Power	Proximity to entrepreneur
Organisational Environment	High uncertainty Lack of sharing information
Suprastructure	Poorly defined Absence of formal organisation chart 'Spider's web' structure
Infrastructure	Frequently poorly defined or poorly utilised control and information system. Absence of standard procedures and rules. No formalised system (use of subjective, personal criteria) Poor integration of activities. Poorly defined job descriptions and job responsibilities (high incidence of role conflict and role ambiguity) Large horizontal span of control.

Source: Kets de Vries, 1977, p.54.

This model may characterise some entrepreneurs but unlikely to apply to all entrepreneurs. In addition similar personality type may occur among "criminals or academics usually enjoy some situational freedom to work out inner tensions and needs for autonomy" (Curran J. and Burrows R., 1985). It also appears to dismiss the influence of environment on the entrepreneurs. Methodologically this model can be criticised for over reliance on respondents memory of their past. Further empirical findings by Gibb and Ritchie (1981) did not



support the deviant personality concept when they concluded that the majority of the participants had pursued a steady career pattern and there is no significant evidence of disruption of family life during childhood.

c) Social-Development Model.

The traditional models of entrepreneurship assume an in-born character traits and ignore environmental influences. These in-born character traits that create an inner driving force and separate the entrepreneurs from the majority are formed early in life and along a fairly fixed lines. Any subsequent change in the person is explained by the prior experience, traits and the inner drive. These character types are destined to take certain crucial role leading to entrepreneurship being viewed in term of "increasing the supply of suitable individual character types and not with reference to the different opportunity, resources, and support associate with different social classes, education, occupation, work organisations, career structures and such like" (Gibb and Ritchie, 1981, p.183). Thus the policy implication is that entrepreneurship is so individualistic and largely outside the scope of external intervention.

The social development or situationist model opposed the above traditional models. To Gibb and Ritchie (1981)

---

"entrepreneurship can be wholly understood in terms of the types of situation encountered and the social groups to which individuals relates". Individual ambitions and desires change continuously depending on the influence of interaction with others within a specific reference group and social contexts. Interaction with others manifests entrepreneurial desire and strategies although other variables that influence an individual such as class location, family, education and work experience are accepted.

That people change throughout their life cycle is supported by psychologists who argue that there are points in the life cycle, where individuals work through personal transitions in order to satisfy and reconcile their own changing goals, needs and ambitions with the opportunities, circumstance and situation they find themselves in.

Social-development approach to entrepreneurial investigation must cope with the problem of analysing complex data that will be accumulated from a relatively small sample of entrepreneurs. To structure thought and interpretation into coherent forms, Gibb and Ritchie suggested a fourfold typology which span the life cycle, taking into account social class, family of origin, education, occupational choice, organisational work, jobs

---

and career line and behaviour. The typology specifies rules for assigning observations to mutually exclusive categories representing a multifaceted concepts with the objective of overcoming the restriction imposed by the classical entrepreneurial personality theories. The four typologies that are "not wholly exhaustive and will itself need further revision" (Gibb and Ritchie, 1981, p.199) are:

- i) Improvisers - Early stage of career and life.
- ii) Revisionists - Slightly older and near to mid-career.
- iii) Superseders - Second half of life and a new career.
- iv) Reverters - Older, late and post career.

The Improviser, still of young age and early adult life, are open to influence and have lower risk of starting own business. The Revisionists are closer to the classical entrepreneurial personality and by definition they are "either desire or actually make changes in their practice of life and work on the basis of critical personal evaluations of the value and meaning of how these have been conducted and experienced beforehand." (Gibb and Ritchie, 1981, p.202.) The Superseders are less doubtful and in conflict with the values. For the Reverters, Gibb and Ritchie concluded that much of the life course has been negotiated and can never be recovered and renewed again.

This model identifies the objectives of the entrepreneurs but discount the earlier influences such as education, deprivation and membership of minority group. It "applies well to start-up entrepreneurs but clearly would need developing a good deal further to apply to established entrepreneurs" (Curran and Burrows, 1985). This concentration on the start-up does not help to differentiate between the successful and the unsuccessful entrepreneurs, nor does it enable one to predict which entrepreneurs are likely to become successful. The conclusion is also weakened by the methodology which is based on limited and not statistically valid sample of would be entrepreneurs. Lastly, "although they criticise the 'traditional' view of the entrepreneur as a stereotype with limited applicability, these authors would appear to have substituted four stereotypes in its place" (Chell, 1985, p.46).

To conclude, the review shows that the development of a comprehensive psychological model is still going on and consensus is yet to be achieved. There have been attempts to bridge the personality-situational or action-structure by using psychological interactionism concept which either takes person and situation as independent variables and behavioural response as dependent variable or individual perception and cognition and situational factors interact to produce a behavioural outcome. The problem with this

---

model is the difficulties in analysing and describing the complex situations which lead to low predictive capacity.

### 2.5.3) Other Theories.

Other theories in entrepreneurship are mainly single variable theories that explain and describe the entrepreneurs using the concept of innovation, minority and religious values.

#### a) Innovation.

Innovation was the key element of Schumpeter's theory on entrepreneurship. The concept was given a new lease of life by Drucker (1985) with his book, Innovation and Entrepreneurship, in which he presented entrepreneurship as a practice and a discipline and did not discuss the psychology and the character traits of entrepreneurs but concentrated on their action and behaviour. Entrepreneurship is also not risk-taking although it is risky because "so few of the so-called entrepreneurs know what they are doing. They lack the methodology. They violate elementary and well-known rules" (p.26). The sources of innovation are four from within the company and three from outside the company. The internal sources are:

- a) The unexpected success, failure and outside events;
- b) The incongruity between reality as it actually is and reality as it is assumed to be or as it 'ought to be';

c) Innovation based on process need; d) Changes in industry structure or market structure that catch everyone unaware. The external sources of innovation are: a) Demographics or population change; b) Changes in perception, mood and meaning; c) New knowledge, both scientific and nonscientific.

b) Minority.

Writers researching the demographic patterns among the entrepreneurs concluded that entrepreneurs frequently belong to ethnic or religious minority groups. Hagen (1962) argued that entrepreneurs come disproportionately from "blocked minorities" who are prevented from raising to the conventional source of prestige, power and wealth.

Popenoe (1970) investigation indicates that the social structure of the minority group are a) of higher degree of internal social cohesion than the larger society and that is a important aid to business success, b) Migration, education, discrimination, etc, are characterised by social and cultural extraterritoriality and tension with the rest of the society, c) They usually had greater exposure to the market economy, and d) They found a situation where the economic factors and economic power arrangements give them the opportunity to grow.

The concept of minority is also reinforced by the status withdrawal concept which Hagen explained as prevailing in a traditional society's child-rearing practice where status deterioration of a group may cause a psychological disequilibrium resulting to a withdrawal of status respect and depletion of self-esteem. It may be followed by anger, anxiety and suppression of traditional values leading to a state of retreatism characterised by normlessness, shiftlessness and anomie. The individual going through this process may undertake a creative, innovative entrepreneurial activity. According to him four events can produce this status withdrawal: a) displacement by force such as political and war; b) denigration of value symbols (i.e religion); c) inconsistency of status symbol with changes of economic power; and d) non-acceptance of expected status of immigrant groups.

Empirical work concluded that the concept of blocked minority is not relevant to the USA since "those blocked minorities have not yet been the major supplies of entrepreneurship" (Gills, M etc., 1983, p.28)

c) Religious Values.

Religious values are a part of the culture of the society. The starting point of religious values argument is Max Weber's "Protestant Ethic thesis". It is hypothesised that the possession of, and belief in different value systems

---

from the main stream of the society will contribute to the development of unconventional patterns of behaviour, one of which is entrepreneurship. The hypothesis was tested and accepted in the case of the Parsees, Jains and Sikhs in India, the Jews in Europe, the Chinese in South East Asia, the Indian and the Labonese in Africa, Ibons in Nigeria and Santri Muslim in Java.

The main criticism of this thesis is that Weber confused between cause and effect and secondly his facts were wrong. The first argument points out that "capitalism influenced religion, creating the cultural values which it needed to support its existence and motivate suitable behaviour" (Popenoe, 1970, p.49). Secondly, his facts were wrong when great deal of capitalistic spirit existed before the rise of Protestantism as shown by great Catholic cities and bankers in Europe. Furthermore this theory will not explain the development of Japan and the Soviet Union. Mc Clelland (1961) who also looked at motivation and religion concluded that there is no evidence that religion per se is significant. Popenoe came to a similar conclusion when he wrote that there is "little evidence that religious values are significant in explaining entrepreneurship although acceptances of traditional religious values, together with other aspects



of traditional cultures, helps to keep people from becoming entrepreneurs" (Popenoe, 1970, p.53)

## § 2.5) CAN ENTREPRENEURS BE DEVELOPED?

In entrepreneurship, a key question is whether the entrepreneurs are born or bred. The answer to this important question is derived from two levels of discussion, theoretical and empirical levels.

### 2.5.1) Theoretical Level

The preceding theoretical review identifies many theories and variables related to entrepreneurship. The economic theories of entrepreneurship available is not sufficiently comprehensive for predicting the relationship between government intervention and entrepreneurial creation. Some economist even consider entrepreneurship as a special case of a general theory of economic, the formulation of which is still far to go.

The answer to the question can be found in the psychological theories. The traits and psychodynamic theories argued that entrepreneurship is the function of child-rearing practices and other psychological causes. Thus developing them involves a long term process of changing the child-rearing practices of the society which

can be done more effectively by other social engineering instruments such as the education system of the country.

Social-development theory tries to propagate the idea of developing entrepreneurs through positive intervention. "The model assumes that individuals change throughout life and it is the individual's transactions with specific social contexts and reference groups that shape the person" (Chell, 1985, p.45).

### 2.5.2) Empirical Level

#### a) Entrepreneurial Development Programmes.

The theoretical lack of consensus is partly overshadowed by the popularity of entrepreneurial development programmes in a number of countries, both the developed and undeveloped countries. By far India had the most extensive programme in small scale industry development which started in 1955. In Africa, by 1964, trade and industry extension offices had been set up to help new business to start up in the more developed nations of Nigeria, Ghana, Kenya, Tanganyika and Uganda. In South America, the USA provided a grant of US\$131 millions for the Regional Industrial Technical Assistance (RITA) with the objective of bringing attitudinal changes through the creation of models of industrial enterprises. Between 1964-1965, five pairs of universities were awarded the

---

contract to carry out the programme in five different states with the objective of establishing five new factories every year for three years, achieving the total of 75 factories.

In the United States itself, the Small Business Administration (SBA) and the Small Business Investment Companies (SBIC) have been set up to strengthened small business and facilitate the establishment of new small business. In 1969 the Minority Enterprise (or Black Capitalist) Programme (MESBIC) was set up to invest in minority-controlled enterprises. In the UK, a series of assistances is available to the small firms to reduce the cost of establishing and managing an enterprise.

b) Benefits of EDPs

The empirical evidence that EDP produces positive benefits to the economy is emerging from the various researches conducted in many countries. Below are some of the cases documented by the investigators.

1) Entrepreneurial Development Programmes.

Case 1: United Kingdom. The Bolton report in 1971 predicted the demise of small business after the end of the century. The planning and implementation of most of its 60-odd recommendations by the consecutive Labour and Conservative governments resulted in the turning around of

---

the tide of small business decline and transforming it into an important sector in the economy.

Case 2: SSIDO's Programme in India. In India, the Small Scale Industries Development Organisation (SSIDO) was set up in 1955 to built industrial estates, provide training and consultancy services, set aside certain types of manufacturing for small industries, provide loans on favourable terms, provide incentives for rural development and other assistance features. The achievement was impressive. In 1970, SSIDO Commissioner claimed that from an insignificant number of small business in 1955, there were 36,000 units in 1963 and an increase to 200,000 registered units in 1970 with an equal number of unregistered units.

Case 3: Pakistan. Papanek (1971) showed that "There is thus considerable evidence that in the span of roughly ten years, the Muslims of Pakistan developed a rigorous entrepreneurial group. They did so at least in part in response to strong economic incentives and disincentive" (p.321).

ii) Specific Initiative.

Case 1: Gujarat Unemployed Engineer Programme. An example of a highly successful programme was implemented in the state of Gujarat in 1970. It was a joint-venture between

---

the Gujarat Development Corporation, the Gujarat Industrial Investment Corporation and the Gujarat Financial Corporation entirely separate from the national SISI programme. The three training groups produced 147 trainees who established 50 new factories by March 1, 1972. A number of others, probably between 20-30 projects were in various stages of being established giving the final total of between 70-80 factories. The State spent on direct training cost approximately US\$80 per factory established.

Case 2: Mc Clelland's experiment in India proved that motivation training can stimulate greater entrepreneurial efforts. The results, based on the interviews two years later with 74 trainees and a group of 73 controls were "that the participants in achievement motivation courses showed significant improvement in many aspects of entrepreneurial performance, both as compared with themselves before the course and as compared with three matched groups of controls" (Mc Clelland and Winter, 1969, p.230)

Case 3: The Industrial Estates Programme in India. The Industrial Estates Programme started in the First Five Year Plan (1952-1956) and pushed rigorously in the subsequent Plans. By 1961, a total of 60 estates with 2,077 factory sheds were built, out of which 1872 sheds

---

were leased and 1569 actually operating. In the third Plan 266 estates were built increasing the total sheds to 7,000 with about 6,000 leased and 5,000 actual operating.

Case 4: Colton's (1978) study on the experiment at three University-based Innovation Centres found that "in 1977 alone the federal taxes collected as a result of the profits and wages attributed to the new ventures initiated by the Innovation Centres exceeded \$2,500,000, approximately four times the annual federal investment of \$670,000" (p.194)

## 2.6) CONCLUSION.

The role of the entrepreneurs in the economic development of a country was not given a prominent position by the development theories. However many theories were developed to explain the emergence of the entrepreneurs. At the theoretical level Gibb's model argued that entrepreneurial development can be influenced and empirical data have shown that entrepreneurs or the setting up of new businesses can be stimulated by intervention programmes. It is also possible to stimulate and promote the growth of the existing entrepreneurs. The results can be achieved at a reasonable cost compared to the direct and indirect benefits to the society. However some entrepreneurial development programmes which consume a large amount of resources, were reported as failures probably due to

---

faulty design and implementation which must suit the requirement of the country. The opponent of EDP used these failures to reject the proposition that EDP stimulates entrepreneurship. Two other reasons were quoted. Firstly, many of the those who have benefited from the programme would have started even in the absence of such schemes. Secondly, many of the schemes have benefited relatively few firms without really effecting the entire small business community.

## CHAPTER THREE

### LITERATURE REVIEW 2

#### AIM OF THE CHAPTER

After reviewing the theories of economic development and the models of entrepreneurship the literature review moves to the framework of entrepreneurial development programme (EDP) and entrepreneurial training. It begins with the policy towards small business and the objectives of EDP. A large part is devoted towards describing the various instruments of intervention available to the government to create and promote entrepreneurs, followed by the description of the support system. Then the arguments in favour of entrepreneurial training intervention are given as well as its functions and types. A major section is also devoted to discussing stages of training development, followed by finally the assessment and building up training capability.

#### § 3.1) SMALL BUSINESS POLICY

The policies relevant to small business can generally be classified into improving the business environment and active intervention to help in the creation and development of small businesses. An entrepreneurial



development programme of a country can emphasize either or both groups of policies.

With regard to the business environment, it appears that it is a major factor in the competitiveness of the business sector both for the big and small businesses. It has been suggested that the United States of America has a more conducive business environment for making their enterprises more competitive than that of the European. Business environment covers many aspects related to the business especially the laws and regulations governing the conduct of business.

Laws and regulations have been formulated to regulate the activities of the business community and vast sums of money been spent to make sure that the businesses conform to these regulations. These laws and regulations greatly determine whether the business environment of a country is favourable or not. The issue is that the big enterprises will not have problems in complying with these regulations but the same regulations can cripple small businesses. It is also not inconceivable that the big businesses through their lobby groups can influence the regulations pertaining to their interest. Thus in most cases, improvement in business environment is needed for small business and care must be taken to ensure that the

business environment is not working against the small entrepreneurs.

Another area of small business policy is the direct intervention by the government to create and promote entrepreneurship. This is determined greatly by the political system of the country and the prevailing attitudes towards entrepreneurs and small businesses. The instruments which the government use to achieve this includes the provision of finance, training and other support initiatives.

### § 3.2) OBJECTIVES OF EDP

Entrepreneurial Development Programme (EDP) is a controversial programme due to lack of consensus on its real benefits. The proponents of assistances maintained that EDPs are vital for new business development and the continuous prosperity of the country. Its critics charged that small business programmes are fast becoming outdated due to the fact that "the small business assistance programmes were conceived under economic circumstances vastly different from those faced by small business today and, as such, no longer meet the needs of the small business community" (White House Conference on Small Business, p.SB-1). This is especially true when programmes are not regularly revised and reviewed, compounded by the

inability of the government to increase the quantum of the assistances due to budget limitation.

The Entrepreneurial Development Programme starts with a clear statement of the objectives it seeks to achieve. The most popular objectives are to create entrepreneurs or small scale businesses and to promote the growth of the existing small businesses. These basic objectives are normally supplemented by secondary objectives of: to create indigenous entrepreneurs; promote minority enterprises; and develop rural and depressed areas.

An EDP must clarify its main objectives and any secondary objectives with the full realisation that the existence of the secondary objectives sometime compromises the attainment of the primary objectives. The creation of minority entrepreneurs for example can be done only by giving the group special opportunities and training which will also mean limiting the opportunities of other group and restricting competition.

### § 3.3) INTERVENTION INSTRUMENTS

To promote entrepreneurship it is not desirable for the Government to get involved with all the problems of small businesses. In the business world, there is already in place a wide range of existing professionals and organisations, bankers, accountant, solicitors and

---

consultants, trying to meet the needs of the small businesses. Nevertheless there will be areas where the free market fails to satisfy the legitimate needs of the entrepreneurs. In such areas the Government can either encourage other parties to fill the gap or where appropriate, provide the service itself. The actual intervention instruments are numerous and only the important initiatives are detailed below.

### **3.3.1) Deregulation**

Deregulation is simplification, making the laws related to business easy to comply with. It is the opposite of more regulations and occurs when the laws and regulations pertinent to the business sector are being reviewed so that it does not hinder business transactions. Deregulation is a high potential area of entrepreneurial development since the costs of implementing the policy is small while the potential benefits are considerable.

The objectives of deregulation are to make managing business easier, faster, less costly and encourage new and improved initiatives from the private sector. To achieve these objectives, changes are made in the laws relating to the start-up and the business operation of the enterprise. It seems that the requirement to start-up is so complicated that the time taken to establish a business is long and consume great expenses resulting in a

---

disincentive for people to start-up business. To overcome this an appropriate initiative is for the government to set up a one-stop agency where every approval relating to the application for start-up can be given within a reasonable short time.

For the existing businesses, laws such as the income tax law, inheritance law and bankruptcy legislation, can determine the life of the enterprise. Income tax law can cripple the business with big cash outflow in the second year when the business really need cash. Inheritance law also contributes to the paralysis of the enterprise. Bankruptcy legislation should in principle "encourage the reorganisation of businesses and assist entrepreneurs to re-establish themselves after a business death. In a strong entrepreneurial culture a business death is recognised as part of the natural process, not a personal disgrace." (Bullock, 1986, p.7).

An important issue in regulation is how to determine its appropriate level. It seems that economic development is accompanied by more bureaucratic control which can hinder further development. Thus deregulation is needed at some stage of the development of a country. To achieve the appropriate level of regulation, the government must be sensitive to the need of the industry and the changing

---

regulations in other countries and make sure that the regulations which are not really necessary are not made.

### **3.3.2) Small Business Advocate**

The government can establish an advocate office to represent the views and interests of small business whose functions are similar to the role of the Office of Advocacy in the Small Business Administration (SBA), United States of America. Among their main roles are to make sure that all rules and procedures are not prejudiced against the small business, to scrutinise the existing laws and to assess the impact of new laws and regulations on small firms. The argument for setting up such office is that small business enterprises are at the disadvantage compared to big business.

An important issue is the effectiveness of the advocate office itself. Experiences in the USA and the UK suggest that to ensure results, the head of the Advocate Office should be appointed by the President/Prime Minister and report to him directly.

### **3.3.3) Provision of Incentives**

Incentives for business provided in a large number of countries can be classified into fiscal, financial, physical and others. Fiscal incentives comprise of tax deductions, import duty concession, local authority tax

---

deductions, sales tax exemption and tax holidays based on local raw material usage and priority products (infant industry). Financial incentives are given in the form of capital grants as a percentage of fixed capital investment and subsidised interest rate on specific borrowing. Physical incentives, the most popular form of incentive, cover the provision of industrial estates where the basic infrastructure, water and power are provided. Other incentives are training, consultancy, marketing assistance, licensing priority and priority for raw materials.

Unfortunately in most cases, all the above incentives are designed and made available to attract investment from multinational big businesses. This is especially prevalent in undeveloped countries where almost the entire government promotional effort is directed to attract foreign investment to overcome the shortfall in local investment. This indicates a need for similar considerations and programmes designed to meet the need of small businesses.

#### **3.3.4) Government Procurement**

The Government is the single most important consumer of goods and services in most countries. Its spending is always crucial for the industry and the economy especially during the time of recession which is normally followed by

---

an austerity drive that might depress further the entire economy. Government procurements/spending is utilised to help small business in many countries in the form of a policy of reserving certain portion or types of procurement for small businesses.

The Government can also encourage the development of subcontracting industry by making it mandatory for it's big contractors and suppliers to subcontract a part of their work to small enterprises. This subcontracting approach is so successfully implemented in Japan where it is done on a massive scale. Contrary to the traditional believe, subcontracting in Japan actually reduces cost per unit as well as the carrying cost. Subcontracting policy is a powerful EDP tool that simultaneously overcomes the problem of small business market and finance as well as helping technology transfer and managerial development of small businesses.

#### **3.3.5) Provision of Finance**

Finance seems to be the major problem of small businesses and cases of failure of small firms due to inadequate finance are numerous. Some with great potential even fail in the initial stages due to lack of a very small amount of capital. The problem is partly due to the fact that start-up entrepreneurs and small business did not have access to other alternative sources of financing such as

---



the equity market. Furthermore they cannot show prove of their track record as a basis of loan evaluation and many lack quality collaterals. The initiatives to overcome this problem are in the form of loans for capital (investment and working capital), encouraging the development of venture capital industry and guarantee of loans.

a) Capital.

The capital needs of the enterprise can be divided into investment and working capital which can be satisfied by financial schemes designed exclusively for small businesses and tailored to meet their needs. Various schemes are developed with emphasis on projects rather than security/collateral. An interesting variation of loan scheme is a scheme that allows the conversion of the loans into part of the capital of the small business.

The problem with capital loans provided by government agencies is its limited availability due to the small allocation provided vis-a-vis the demand for such loans which is invariably high due to the subsidised interest rate. In terms of the effectiveness of the schemes, it is difficult to determine and if it is proven to be positive "some argue that results showing better than average performance is to be expected if the firms have operated

with cheaper credit than their competitors" (White House Conference on Small Business, p.SB-5).

b) Venture Capital.

The need for start-up capital can be partly satisfied by the venture capitalist who shares the risk with those with ideas but no capital. Venture or seed capital is a new source of financing in developing countries. Even in the EEC, only the United Kingdom has a fairly well developed venture capital industry. This situation can be considered as a great opportunity for the formation of local groups of investors who cooperate to put money into local firms.

The venture capital industry can be launched using the USA's model which was started by The Small Business Investment Act (1958) which authorised the SBA to license Small Business Investment Companies (SBICs). These privately owned and managed firms "make equity investment in and long-term loans to qualified small businesses, including start-ups" (White House Conference on Small Business, p.SB-8). The SBICs were given loans by the SBA at a lower rate than the public market but higher than the U.S Treasury. Since 1959, SBICs had provided investment over \$6 billions in more than 70,000 small businesses. A variation of SBIC was allowed for socially or economically

disadvantaged groups such as the minority scheme known as the MESBICs.

c) Loan Guarantee.

As stated above, the problem of the government is its inability to provide adequate amount of loans needed by the small entrepreneurs who do not have collaterals for their loans. The real source to cope with the financial needs of small enterprises is the private financial institutions who have the required capital but being conservative, are not willing to provide loans to small businesses which they perceive of as high risk undertakings and more costly to service. This situation can be partly overcome by the government loan guarantee scheme that guarantees small business loans given by the private financial institutions.

**3.3.6) Provision of Information**

The government needs to undertake a serious attempt to inform businessmen of important changes in the rules and regulations governing business transactions. Entrepreneurs need this information to make business decisions, the lack of which can easily lead to wrong decisions being made. Thus a strong case can be put forward for the establishment of an information service that can quickly provide entrepreneurs with a wide range of up-to-date

---

information. In the less developed countries, the information service suffers the problem of outdated and insufficient data. Furthermore it seems that the data available is not properly disseminated to the entrepreneurs.

### 3.3.7) Training and Education

The efforts to encourage and develop entrepreneurs seem to encounter the problems of incompatibility between attitudes, values and culture of the society with the need of becoming an entrepreneurs. In the less developed countries, the problems are compounded by the general lack in the required technical and management skills. It is recognised that the main barrier to growth and even survival for the existing entrepreneurs is management shortcomings which cover all aspects of management of resources of the enterprise and at every stages of development.

To overcome these problems, a series of entrepreneurial training programmes are designed and implemented. Training, an important instrument of intervention, is very popular and huge resources are allocated towards it. Detail discussion is given in the subsequent section,

### 3.3.8) Advisory, Counselling and Consultancy

The advisory service provides the entrepreneurs with quick information on the various schemes available to them. It also provides current information about the industry. In addition, the advisory service can also put the entrepreneurs in touch with the right people in the right organisations. The effectiveness of this service is thus directly related to the quality of the information provided.

Counselling service provides the entrepreneurs with advice and guidance which is impartial and in strict confidence. The key element that determines the success of this initiative is the counsellors himself. Preferably they are experienced businessmen and businesswomen, on contract, and selected for their ability to deal with the small business problems. They should possess a comprehensive range of management skills including arranging finance, taking new market opportunities, modernisation of product lines and export management.

In the case of the consultancy service, it seems that professional consultants are not interested in servicing the small business because of their limited capacity to pay and the lack of potential future consultancy works. This is reinforced by the fact that most entrepreneurs either do not feel the need or are not willing to spend

---

money on consultancy. Nevertheless certain services needed by the entrepreneurs can only be provided by qualified consultants. In such cases the government can provide a subsidised consultancy services for every stage of the enterprise growth and covering as wide an area as possible. Investigations in consultancy services have shown that it is cost effective as indicated by the study of the SBDC consultancy services by Chrisman, Nelson, Hoy and Robinson (1985) who concluded that "Response from the surveys of Georgia and South Carolina SBDC clients offer strong evidence that this public sector program has been administered in a cost effective manner, returning tax dollars to these states in excess of the operating costs of the program" (p.10).

### **3.3.9) Other Assistances**

Other assistances that need to be briefly mentioned include small business incubators/innovation centres, premises and workshops, cooperation and networking and marketing and export support.

#### **a) Small Business Incubators.**

Allen and Rahman (1985) define small business incubator as a facility that aids the early-stage growth of companies by providing rental space, shared office services, and business consultancy assistance. The incubator service is

aimed at solving the start-up problems of the entrepreneurs who set up new business generally by targeting at a specific niche of the market. They have the basic skills of the business but lack the full range of skills needed at this stage which the incubator can supplement. A special case incubator is Innovation Centres and Science Parks to cater for the need of high technology businesses.

b) Premises and Workshops.

Business sales success is greatly influenced by the factor of location. Small businesses have problem in getting choice locations due to the high rental rates. To overcome this problem, the government can undertake to construct premises and rent out at subsidised rate to small entrepreneurs. This is good in theory, but in practice government premises and workshops are not strategically located due to the difficulties of getting suitable sites and lands.

c) Cooperation/Networking.

The goal of cooperation or networking is to create linkages within the economy that will promote healthy small business sector. These linkages can be between support agencies and small enterprises, among small

---

enterprises and between small enterprises and big businesses.

Cooperation is the traditional source of strength for small enterprises among the Chinese in South East Asia. It is based on clans that control certain type of business as well as providing finance, guarantee and other assistances for members in trouble. In the developed countries a modern form of networking is encouraged. A Business Cooperation Network is established in the EEC linking business advice agencies by a computer based system to enable firms to identify potential partners in other member states extremely fast.

d) Marketing and Export Support.

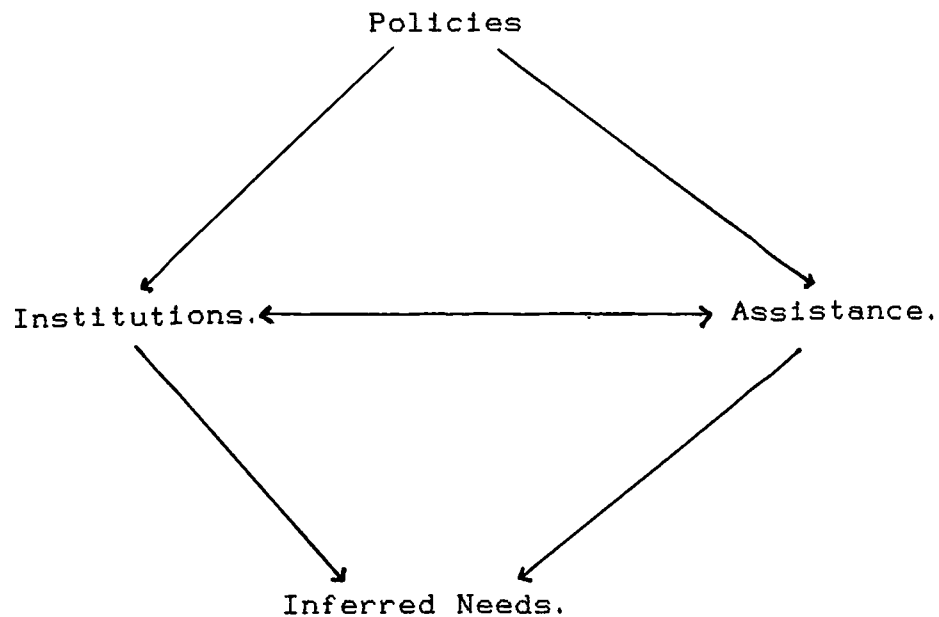
Small businesses are particularly weak in export due to "resource shortages can be a major disadvantage in a resource intensive area such as exporting" (Cannon, 1985, p.5). To overcome this problem, researchers suggest the establishment of Trading House based on the Japanese model which will provide a wide range of services pertinent to export marketing. This model is being followed by New York-New Jersey Port Authority and General Electric Industries (Cannon, 1985, p.6). In Malaysia attempts are being made to encourage big businesses to take-up joint-ventures to set up the Shogushosha.



On a more domestic level, the government also set up special marketing advisory service to develop marketing strategy programmes and other aspects of marketing for small enterprises.

### § 3.4) SUPPORT SYSTEM

The entire support system for small business is complicated and the following approach developed by Gibb and Haskins (1985) can be used as a framework of study.



Support for small business is seen in terms of specific "programmes" comprising of a set of assistances (activities) offered by one or more institutions. Their direction and objectives reflect the policies on small business. The inferred needs are what the policies, institution and assistance are trying to satisfy.

#### **3.4.1) Inferred Needs.**

The needs of small firms can be classified broadly according to the nature of the target entrepreneurs: potential, start-up and owner-manager. The broad category of the potential entrepreneurs can be further segmented into subcategories such as youth, ex-servicemen, part-time entrepreneurs and others. For the start-ups, their needs differ according to the stages of their readiness to go into business. In the case of the owner-manager, their needs can be specific such as to grow or to export. However it varies according to the type of industry, the stage of growth and the environment the enterprise is in.

#### **3.4.2) Policies.**

Policies are defined by Gibb and Haskins (1985) as the guidelines laid down for the development of specific forms of assistance or development of institutional capability. It can be an exact policy aiming at controlling and standardising the various assistance programmes or broadly defined to provide for differentiated initiatives to satisfy the different clients. Policies can be explicit (formal document) or inferred from statements justifying specific initiatives.

### 3.4.3) Institution.

The framework of support institutions is given in Figure 3.1. It includes government agencies, trade associations, professional organisations, private business and even the media.

Figure 3.1  
Agencies Assisting Small Business



Source: Gibb & Haskins, 1985, p.5

The extent of the role played by the various institutions varies between countries ranging from few active institutions or group of institutions to the involvement of all members in the framework. This shows that there is a case for getting more involvement from more institutions in the country. Another indication of the seriousness of

---

involvement of an institution is the amount and the quality of resources allocated to helping small businesses. Some institutions claim that they are helping the entrepreneurs but a quick analysis of the staffing (normally only junior staff are assigned to the department) indicates that it is only a window dressing exercise.

The institutions in the framework can be further classified into: a) Whether the support is new or longstanding. b) Private, public sectors or its hybrid. c) Degree to which it is a standard institution across the country. d) Degree to which there are integrated services provided by one institution or specialist service provided by wide range of institutions. e) Degree to which there is local, regional or national delivery capability.

It seems that government effort to help small businesses is too fragmented and no single agency is responsible for providing an integrated service. O' Clinneide (1985) noted that in Ireland "market research and grant aid are provided by nine different organisations, yet none provides a wide ranging marketing service for small firms" (p.4). Another problem is the lack of awareness about the programme. In the UK a survey "shows that only around one small businessman in 20 is spontaneously aware of the

small firms information service, the consulting service, or the loan guarantee scheme" (Raisman, 1982, p.5).

#### 3.4.4) Assistancess

The assistances discussed in the previous section can be classified in term of the software and hardware as in Table 3.1.

Table 3.1  
Software and Hardware

<i>Software</i>	<i>Hardware.</i>
Information/ Advice	Finance: loans and grants and equity.
Research/ Promotion	Premises/ Workshops.
Counselling/ Consulting	Helps in kind.
Training/ Education	Other physical helps.
Marketing assistance.	

Source: Modified from Gibb & Haskins, 1985, p.6.

Each category is distinct and the Entrepreneurial Development Programmes may consist of only one instrument of intervention or embrace all categories. There is increasing popularity of establishing one-stop agency to provide all the services required by small businesses in the industry. In term of growth, tremendous growth occurs in the software area as concluded by Gibb and Haskins (1985) when he reported that "Virtually every European county now has a network of specialist information provision and counselling or consultancy schemes to small firms, usually organised on a national basis but with a local delivery system" (p.19).

An assistance programme changes its focus when the private sector takes over the traditional services. In the United Kingdom, the explosive growth in the number of enterprise agencies, which are private sector small business assistant group appraising and nurturing new ventures, enable the UK Small Firms Service (SFS) to shift its 14 years old policy from concentrating on the start-ups to helping established profitable businesses. This is due to partly the fact that SFS, now under the Department of Employment, realises that established businesses tend to create more jobs than new ones. Data on employment shows that 96 percent of the VAT registered businesses are independent and owner-managed, employing a quarter of the workforce and contribute 20 percent of GNP.

### **§ 3.5) THE CASE FOR ENTREPRENEURIAL TRAINING INTERVENTION**

After describing the total entrepreneurial development programme, this review moves to the specific area of entrepreneurial training initiatives. The case for entrepreneurial training can be argued from the qualitative as well as the quantitative point of view.

#### **3.5.1) Qualitative Arguments**

Training in entrepreneurial development is becoming more important for a number of reasons, namely, to surrogate the exposure to business, supplement other initiatives,

---

speed and ease of implementing the initiatives and to overcome the failure of education system. However the benefits can only be seen in cases where the training is reasonably well managed.

The first reason for entrepreneurial training intervention is to overcome the believe that entrepreneurs cannot be developed, strengthened by the observation that many businesses are owned by persons whose parents have been in business themselves. It seems that certain small section of the community, Chinese in the ASEAN countries and the Jews in Europe, supply more than their fair share of the entrepreneurial group of the country. These findings indicate that entrepreneurs are not equally distributed among the population; the members of some groups have higher probability to become entrepreneurs. A closer study of the entrepreneurs shows that the key element is the exposure at the early age to entrepreneurial attributes and values. The role of entrepreneurial training is to surrogate this exposure/experience.

The second argument for entrepreneurial training intervention is that training supplements the traditional assistances of money and resources. Money and other resources can be wasted if the entrepreneurs have no capacity to manage it. In other words, training increases the management capacity of the entrepreneurs which will

---

enable him to organise better the available resources (money, man and materials) to achieve profitability and growth.

Training intervention is also preferred due to the ease of setting up a training programme and measuring the outcome. The immediate output is in numerical terms which can be quoted by the Government to inform the public of its success in entrepreneurial development programmes. Training itself can be started fairly easily by securing the training design and inputs from existing programmes in other countries and using the existing staff from the institutions of higher learning as trainers. Other specialised inputs, such as motivation training that requires special training of the trainers, can be added on later. It is also possible to sub-contract the training job to either a local or foreign institutions.

### 3.5.2) Empirical Evidences

The links between training/education and entrepreneurship have been investigated by many authors without consensus. Gibb and Ritchie (1981) found that there was little evidence of extra growth in the participating companies as the result of the programme. However it was recorded that the participants had found the support the course offered useful.



Other investigations have suggested a different conclusion. Palmer (1977) concluded the the economic benefits exceeded the participants cost by the ratios of 12.08:1 in 1974 and 11.43:1 in 1975. The benefits to the community exceeded the community cost by the ratios of 5.52:1 in 1974 and 5.21:1 in 1975. This positive relationship is supported by Kirby who in 1984 investigated the experimental programme in providing training and advisory service to 19 participants. He concluded that "the course would seem to have been successful in meeting the sponsors objectives of improving the viability of the village shop.....All of the course participants completed the course and claimed that it had benefited their business" (p.39). Similar conclusion was arrived at by Johnson and Thomas (1983) when they argued that "the results suggested an internal (social) rate of return for the NER studied of just under twenty per cent" (p.1).

A study on entrepreneurship amongst students population also justified the economic benefits of training programme. Clark, Davis and Hanish (1984) surveyed all students who had enrolled from 1978 to 1982 in "Your Future In Business" and concluded that "These findings-increased business competition (129 new ventures), substantial sales generation (\$13,450,000), and employment opportunities (371 full-time and 442 part-time positions)

---

add economic justification for entrepreneurship education" (p.30).

As a conclusion, it seems that there is a strong case for entrepreneurial training in developing and promotion entrepreneurs. Training, if properly managed, can ensure that the entrepreneurs do not make obvious mistakes in running their enterprises.

### § 3.6) FUNCTIONS OF TRAINING

The main function of training is to develop the entrepreneurs's capacity to operate the enterprise. Researchers have identified and recognised that lack of management capability (management gap) is one of the main reasons for the failure of the enterprise to survive and grow. Resources, man, money, material and others, can be provided but profit will be determined by how these resources are managed. Entrepreneurs need to be given the correct ideas, ways as how to implement the ideas and manage the enterprise to make profit. Thus the detail functions of training in entrepreneurial development are as follows:

a) To prepare entrepreneurs to make better use of the available resources. Training supplements other assistances, it is not a substitute. It can however be a

condition of eligibility for other benefits and assistances.

b) Training can ensure that the participants really want to make business as his career. Education system does not prepare the students to be self-employed and heavily biased towards employment in big businesses and the government sector. Entrepreneurial training can be designed to make the students understand what really is needed (what it takes) to become an entrepreneur and the need to have a feasible idea in the first place. A supplementary benefit is that it would make some of the participants realise that business is not their field and stops them from starting up which will reduce the number of small business failures, a notorious aspect of entrepreneurship.

c) Training substitutes the "school of hard knock" which is time consuming and can be expensive. Entrepreneurial training which is short and intensive, covers not only the management knowledge but the know how to do business. It surrogates some of the business experience. However its inability to provide the actual varied experiences of the way to run a particular business which is given by "the school of hard knock", remains a major limitation.

d) Training exposes the participants to the values and attitudes relevant to entrepreneurship. It is difficult to

---

claim that training can change the attitudes and values of a person unless the training method adopted is brainwashing. Within the limited period available to the trainers, training can only make the participants aware of their weaknesses and strength which is the first step towards the ultimate change which he himself must bring about.

e) Training familiarises the person with the concepts and terminologies of business which sound difficult and foreign to most people. These concepts and terminologies will be a part of their vocabulary for the understanding of the business world and possibly for further entrepreneurial training.

f) There are also indirect benefits of training which are always underestimated. They include personal contact between participants and between participants and trainers/guest speakers. The relationship between them can develop into future cooperation, joint-ventures and network linkages.

### **§ 3.7) TYPES OF TRAINING PROGRAMMES**

Training institutions offer a variety of training programmes which can be categorised into awareness training, training for start-up and training for owner-managers.

### 3.7.1) Awareness Training

Awareness Training programmes usually conducted on week-ends are designed with the objective of creating awareness of the need to go into business or promote self-employment are often categorised as entrepreneurial training. In actual fact, the programme only aims at achieving the first step of entrepreneurship where there is a need to make the participants change their attitude towards business and accept self-employment as an alternative employment opportunity. Thus it can be argued that the mass media could be a better tool to achieve this objective.

### 3.7.2) Training for Start-up

Another category of entrepreneurial training is training for start-ups or intenders. Start-up training differs from that of the owner-managers due to: a) The difficulties to locate the potential candidates who can emerge from a variety of occupations, social class, age group and even region of the country; b) The participants will have little experience being self-employed with motivation and abilities to be on his own untested; c) They however are more open to learning; d) Time is not so crucial and pressing for them; e) Once motivation exists there is an

opportunity to use the project based programme of "getting into business" (Gibb, 1983, pp.25-26)..

It is observed that in developing countries starting up a business is not a major problem and the real issue is survival during the initial stage of start-up. Starting a business can be done easily with minimum capital outlay and expenses. Even the business idea is not important when a common entry strategy is to follow existing successful entrepreneurs. This situation creates a peculiar problem in which even those who are in business for less than 3 years need start-up trainings to provide ideas on how to proceed with running their businesses.

### **3.7.3) Training for Owner-Managers**

The objective of training owner-managers is to achieve better, systematic and modern management of the enterprise. As managers, the entrepreneurs need skills, abilities and techniques that can be classified into: a) Personal skill, b) Business functions and techniques, and c) Organisational structure and attributes.

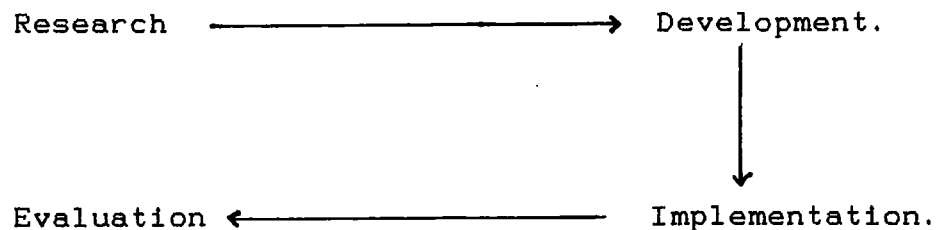
Watkin's (1983) empirical research in the US, France and West Germany indicates that the threats to the survival of SME owner-managers in all the three countries are similar although in different order of importance. They are the

availability of finance, marketing and the difficulties of complying with new laws and regulations.

### § 3.8) DEVELOPING A TRAINING PROGRAMME

#### 3.8.1) Stages of Training Programme Development

A simple model of the various stages of a training programme development provided by Gibb (1983, p.33) is given below:



The first stage is research with the objective of gathering information for programme design and development. Market needs should be properly identified and the alternative training models tested to find the most suitable and appropriate to the client. Research also lead to the development of suitable training techniques.

In the second stage, the whole training programme is developed into a cohesive unit and an important decision is also needed on the combination of the inputs for the programme. This is an expensive operation due to the various expenses needed in the development of teaching materials and training aids. The expenses involved can be

---

born partly by the sponsoring agencies. Preferably, development costs would be born by special funds rather than by the participants.

Thirdly is the implementation stage which involve the process of marketing, recruitment and selection and administration of the course. Lastly is the evaluation of the programme which is considered as the main area of neglect in developing countries. Many entrepreneurial training programmes are conducted for a long period of time without formal and comprehensive evaluation.

### **3.8.2) Key Elements in a Training Programme**

The success of a training programme depends on the proper execution of the various stages of the programmes. Each training programme itself consists of the following key elements.

#### **a) Training Objectives.**

Entrepreneurial training can aim at a range of objectives.

i) To create Awareness. Before a person can plan to go into business he must be aware of the needs and the reasons for choosing the entrepreneurial route in life. In developing countries where the enterprise culture is lacking, a campaign to promote entrepreneurship is needed. The effectiveness of such programme is difficult to be



evaluated since they are normally conducted for a large number of participants with the aim of reaching as many people as possible.

ii) To impart Technical Knowledge. Another training objective is to impart technical knowledge to the participants through lectures and on-machine operations. Technical knowledge is important in many types of business especially those related to manufacturing. The success of this training objective is relatively easy to evaluate by observing whether the participants can really produce the required product using the given technology.

iii) To increase Management Skills. Management skills comprise the entire management capabilities of the enterprise which determine the success of the venture. Failures in business are always explained by mismanagement. To overcome it management skills need to be upgraded regularly. This might be an explanation as to the popularity of management input in entrepreneurial training programme.

iv) To change Attitudes. It is difficult to change the attitudes of a person through a training programme, but this is a common stated goal of the entrepreneurial training programme. A more reasonable aim is to make the participants aware of their attitudes and values which can be a barrier to business entry or success. This is the

---

area of a psychological input that can be time consuming and expensive.

It is important to state both the primary and secondary objectives clearly with measurable criteria of success such as the number of participants who are actually setting-up their businesses and the actual growth of the enterprises. Investigations indicate that there is a possibility of a displacement of the primary objective by the secondary objectives. This is shown by the initial evaluation of the Management Extension Programme presented to Glasgow University which put the criteria for success as the number of managers who gain placements immediately after the course and "No attempt was made to estimate growth in the company, the original primary objective of the programme" (Thorpe and Jones, 1985, p.18).

b) Target Market.

The objectives of the programmes should be in accordance with the needs of the target market. The target audience in small business and entrepreneurial training is complex due to the many groups of people involved in the small business sector namely potential entrepreneurs (almost anyone), the intenders (those intend to start-up), present entrepreneurs and institutions providing services to the entrepreneurs. To be effective, training institutions must

---

direct their resources to a specific target market to meet their special requirements.

c) Selection of Participants.

An important element in entrepreneurial training is the selection process of participants. In a situation of limited resources, the assistance should be given to a more selected group of potential and actual entrepreneurs. Entrepreneurship training then becomes the question of identifying and selecting the proper participants. Such argument was forwarded by Johnson and Thomas (1983) who studied training of "high fliers" when they concluded that "If it were possible to identify them at the selection stage then it is likely that the efficiency of the course could be increased" (p.15).

In selecting the participants, a number of selection methods are being utilised. Basically, all methods begin with the definition of the target group. The selection process itself is conducted using various instruments including calling for a large number of candidates; screening based on the data in the application form; interviewing by a committee comprising of staff members, bankers and actual entrepreneurs; and administering Mc Clelland-type psychological test. To ensure proper

selection, every step of the process should be conducted by trained personnels.

The rigourousness of participant's selection can be diluted by the problem of market saturation, whereby after a number of programmes the quality and quantity of the participants decreases. Without new sources of participants, the programme must either be discontinued or the conditions of participation reduced.

d) Course Inputs.

The next important element in the training programme is deciding on the course inputs which vary in order to meet the diversified needs of the participants. These inputs are very particular to enable generalisations. Investigations in the training needs of the start-up and the existing entrepreneurs provide some insights into the appropriate inputs.

i) Training Needs of Start-up. The "Shell Research Approach" has identified 6 stages of business formation which can be considered as reflecting the different needs of the participants. The stages and needs given by Gibb (1983) are as in Table 3.2. It includes acquiring motivation, finding an idea, validating the idea, identifying the resources, negotiating to get into business, and birth and survival.

Table 3.2  
Stages and Training Needs of Start-up

Stages	Needs
Acquiring Motivation	Finding the stimulus and commitment to pursue the objective of setting up a business. (for the individual, related group, community and family)
Finding an Idea	Finding an idea which seems reasonable to spend time upon in evaluating further. Or an alternative means of getting into business. (franchise licence, buying a business etc.)
Validating the Idea	Testing the product/service (technically and with the customer). Protecting it. Test the market.
Identifying the Resources	Developing the plan of how to get into business. Identifying: the detail resources required; the timing; the quality of suppliers, materials; identifying sources of assistances.
Negotiating to get into Business	Applying the plan. Negotiating for finance, premises, contracts, sub-contract, etc. Selecting the type of company and registering it.
Birth and Survival	Developing the necessary ongoing system to keep a business in operation. Coping with all the statutory requirements. Building relationship with professionals who can help. Establishing clear ties with customers and suppliers (and the workforce)

Source: Gibb, 1983, p.27.

An implication of these stages is that a careful selection is needed to make sure that the participants of each training programme belong to similar stages of start-up. Alternatively, the programme must be flexible enough to deal with the participants on the one-to-one basis. "The corollary to this is that a general course given to the general audience may get the worst of both worlds in so far as it is specifically tailored to no one and not

---

flexible enough to bend to meet individual needs" (Sym L.A. & Lewis L.W, 1986, p.6).

ii) Existing Entrepreneurs Training Needs. An investigation by Mendham (1985) indicates that the profile of the training needs of the current entrepreneurs is as in Table 3.3. It shows that the majority of the entrepreneurs do not need training. Out of those who need training, 14% needs business management courses and 9% want financial courses. Only 2% requires marketing course.

Table 3.3  
Training Needs of Existing Entrepreneurs

None	58%
Business Management	14%
Financial	9%
No time to attend	5%
Too old, too late	5%
Yes but unspecified	2%
Marketing	2%

Source: Mendham, 1985, p.3

These training needs can be expected to change through time as the entrepreneurs and the economy become more complex. Thus the needs must be checked from time to time. The problem of need identification is compounded by the inability of the entrepreneurs to identify their training needs as indicated by Gibb when he wrote "As a result of weaknesses in his analytical ability, his perception of his need for personal development or training may not always match that of his actual need" (Gibb, 1983, p.9-10). Needs identification is currently done by training

---

institutions which promote the programme to the market. This is inefficient and time consuming and entrepreneurs should be trained to analyse and identify the training needs for both themselves and their employees. A possible way out is to develop a self-help-needs-analysis-kids which can be made available to the entrepreneurs. Alternatively, a training need diagnostic service can be provided in the existing institutions.

Most training programmes are criticised as bookish, too standardised and failing to relate to the social and economic condition of small firms. It seems that administrative convenience determines as to how programmes should be prepared as standard products to ease timetabling resources, control, service, economy of scale in processing applicants, development and production of standard materials. At times, it adopts models developed in foreign and advanced countries and even sometimes conducted in foreign language. If case method is utilised, the cases are of the large and sophisticated businesses, not relevant to the participants.

An important issue in the training input is the role of motivation training which is the contribution of the psychologist. Mc Clelland-type training is criticised as being superficial and too brief to have substantial effect on entrepreneurial activities. Furthermore it is argued

---

that, the lack of certain attributes in the entrepreneur is compensated by what is known as his charismatic personality and leadership.

e) Course Fee and Location.

1) Course Fee. An important and usually controversial issue is the fee for the course. This is a sensitive issue especially when small businessmen cannot or are not willing to pay the full cost of training. The opponents of course fees argue that high course fees can be a hindrance to participation. However there are some indications that a free course would suffer the problem of lack of commitment on the part of the participants for, in general, free assistances are not appreciated. Fee paying can also act as a filter to ensure that only serious participants apply for the course.

The fee charged therefore will depend on the philosophy of the training institutions and their sources of funding. If funding is not a problem, then the course can be given free. One popular way out is to initially get sponsors for the course and work towards self-sufficiency. However Durham University, whose objective was to be self-sufficient, after 15 years "still has not found a way of persuading small-company bosses to pay full economic prices for management courses. Its self-financing status is achieved only by subsidies from bodies such as the

---



Manpower Services Commission" (Financial Times, Nov.24, 1986).

ii) Location. Another important element is the training location. Most entrepreneurial trainings are done in the headquarters of the training institutions, normally at the capital city. This is a clear advantage for urban entrepreneurs who probably need less training and demonstrates an obvious need for training to be done at the region or even small town basis. To achieve this, the resources of the training institutions will be fully stretched unless resources are made available to set-up regional local centres.

Related to location is the physical place of training. Gibb (1983) concluded that "there should be a good social and physical environment for programmes carried out away from the company base." (p.13). Training space is not a big issue since nontechnical entrepreneurial training can be conducted in any school classroom.

f) Course Administration.

The success of training programmes depends on the management of the programmes which is different from the management of regular academic courses. It involves the whole process, starting with the planning of the course, running and assessing it. Course administrators must

---

promote the course, arrange the selection of the participants and even secure funds from the sponsors to cover the main cost of the programme since it is not possible to charge the participants the full cost.

One of the most difficult job is to promote the training programme. Small business entrepreneur's attitude towards training ranges from indifferent to hostile. Crowie and McWhinney (1983) discovered that "about 50 per cent of owners in the study saw no need for personal development or the development of their key staff". (p.5). The explanations for not attending training programmes include lack of time, "cannot learn anything new" or simply do not need training. To overcome this hurdle is usually the first problem a training programme administrator has to solve. Entrepreneurs must be convinced that more training means more efficient and more competitiveness which ultimately will be translated into more profit. One of the suggested promotion tool that can be used to sell training is to adopt the theme of training for success which parallels profitability with success earned by athletes whose very success are dependent on rigorous training.

Promotion or selling the course can be very unfruitful to the extent that in the early 1970's, Durham University received no more than 10 bookings from 3,000 brochures sent out (Financial Times, Nov.24, 1986). Currently the

University secures their participants through small business associations. Ex-participants are also a good source of candidates assuming that they are satisfied with the programme.

g) Course Assessment or Evaluation.

Training courses are usually conducted for years without major assessment of its result and performance. The reason could be either the inability of the trainers to make a proper assessment or the non-existence of the assessment requirement. There is a need for the entire programme to be assessed to see whether it is still relevant to present recurrent problems. This situation is not entirely the fault of the trainers since they are trained to handle a module, and what they really need is feedbacks on their particular module for improvement in the subsequent programmes.

Training programmes can be assessed by a committee or consultant in a number of ways: by commercial basis, attitudes assessment, and action. Commercial assessment is based on the number of participants who stay throughout the course and the number of them who come back for additional courses. Attitudes assessment is done through the trainers' personal assessment, the participants assessment and the assessment of the sponsors. In the case of action assessment, it is done by studying the action of

---

the participants after attending the course to determine whether they take up anticipated actions.

Evaluation by participants, which is measured immediately after the course, faces serious defects which tend to reduce its value. Participant's measurement is not in term of precise objective of the programme but in term of "how useful" and even "how enjoyable" they perceive the programme to be. This really focuses on the popularity and personality of the trainers rather than the real purpose of the training programme.

To overcome the problem of the various methods of assessment, some investigators use a combination of methods. For example Kirby (1984) utilises three different strategies, "The first focusses on the attitudes and reactions of the participants, while the second attempts to measure changes in the attitudes and shopping behaviour of rural consumers.....The final strategy examines the effects of the course on individual businesses" (p.32).

### § 3.9) TRAINING INITIATIVE EVALUATION

Aside from individual course assessment the entire entrepreneurial training initiatives itself can be evaluated based on certain criteria namely accessibility, visibility, personalisation, problem/ opportunity

---

oriented, simplicity, relevance, course fee, credibility and after training support.

a) Accessibility. Accessibility is determined by the availability of the programme and the ease of getting information on them. The training programmes should be available locally and information about them can be acquired easily.

b) Visibility. This is determined by whether the programme is well promoted and known by the majority of the entrepreneurs.

c) Personalisation. Personalisation can be utilised as a marketing strategy to promote the courses. Observation indicates that training information must be personally exposed to the entrepreneurs through personal contact rather than depending on secondary promotional materials. This is due to the fact that small businesses do not have professional training officers and all training decisions are made by the entrepreneurs themselves. Thus personal contact is the most effective method to overcome the entrepreneurs resistance to training.

d) Problem and opportunity oriented. The orientation of entrepreneurial training programmes should also be measured to determine whether it is academic or problem/opportunity oriented. Successful training

---

programmes satisfy customers needs which can be translated into solving a particular problem or taking the available opportunity.

e) Simplicity. This involve the way the training is being conducted especially the language used. Preferably training is done in simple local language due to the fact that most entrepreneurs are not highly educated and did not tolerate jargons and academic terminologies.

f) Relevance. The content of the programme itself must be relevant to the need of the participants. It is inconceivable to expect that entrepreneurs participated in a training programme for the sake of knowledge. What is needed are ideas and methods that can be applied in their effort to be successful in business.

g) Course Fee. Some course charged the participants certain fee. The total cost, both financial and time, should be low and reasonable enough and should not be a barrier to attendance.

h) Credibility. Credibility is related to the quality of the trainers which is the most difficult problem in entrepreneurial training. To be credible, the trainers must have good educational and practical experiences preferably in similar kind of businesses.

i) After training support. Participants of training programme is to be given a follow-up service to solve any subsequent problem on the ground. Unfortunately not all entrepreneurial training programmes have this complementary service.

### § 3.10) CONCLUSION

Entrepreneurial development initiatives need to be organised in a systematic way. It involves planning, implementation and assessment of each and every programme to make sure that it is effective and efficient. The field of entrepreneurship itself needs further research especially with respect to the working of EDP in specific environments in developing countries.

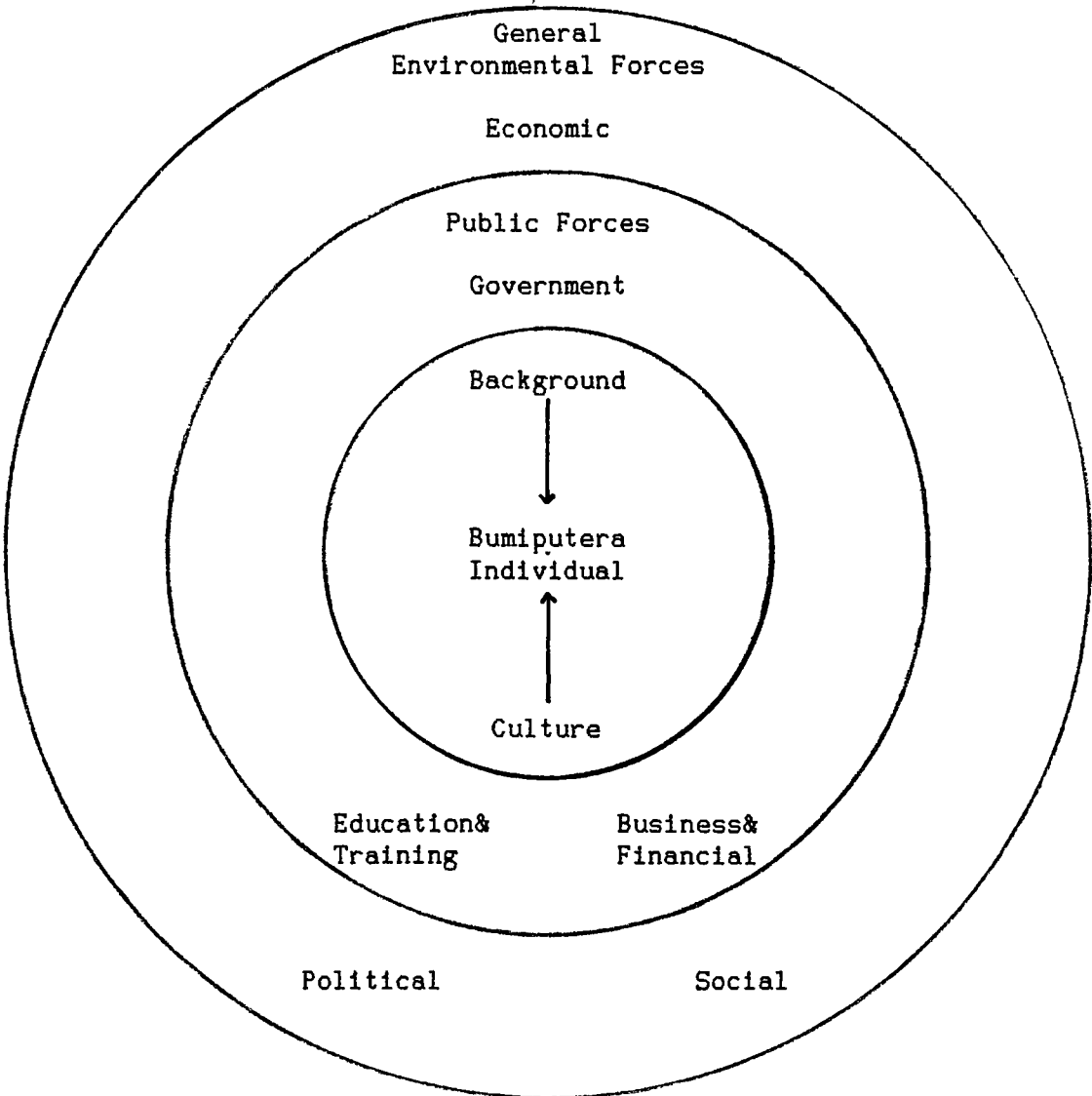
## CHAPTER FOUR

### CONCEPTUAL FRAMEWORK OF THE STUDY

The review of the literature provides the basis for the development of a conceptual framework to understand the emergence of entrepreneurs in a developing country like Malaysia. In this study, Gibb's structure, a well accepted approach to explain entrepreneurship in the developed countries, is seen as relevant to our explanation of the emergence of the entrepreneurs within the Bumiputera community. The framework proposed by Gibb consists of three basic elements: the family background, cultural attitudes and the environment. At the same time the educational and job experiences are the specific and active influences on the development and attitudes to entrepreneurial behaviour of Bumiputera individuals. The various elements are portrayed in Diagram 4.1.



**Diagram 4.1**  
**Conceptual Framework**



#### § 4.1) GENERAL ENVIRONMENT

In Malaysia there are many ethnic groups. The predominant ones are: Bumiputera, Chinese and Indian. All are subjected to broadly the same general environmental forces but their response in terms of entrepreneurial behaviour vary significantly. The prospective Bumiputera entrepreneur comes from a background dominated by family employment in rural communities or employment in the government public sector. The culture is generally non-materialistic (Islam) with the Bumiputera having a low participation in the industrial and commercial sectors.

#### § 4.2) PUBLIC FORCES

Aside from the general environment, the different public forces influence the business environment. In the business and financial community in Malaysia, the government use education and training to compensate for the background and cultural constraints of the Bumiputera entrepreneurs. Gibb and Ritchie (1981) concluded that "When entrepreneurship is seen as a social process it is clearly open to influence through education (at all levels); the family; career aspiration and vocational training; and even as part of the management development process in the large company." (p.231-232).

**4.2.1) The business and financial community.**

The business and financial community helps to create the trading and financial environment by providing capital and credit to the entrepreneurs. The rate of interest and credit availability will determine the economic activity of the country.

**4.2.2) Government.**

Government intervention significantly shapes the business environment. The various initiatives/assistances are designed to overcome barriers to business set-up and growth amongst the Bumiputera community. Some of the research questions are:

- a) What percentage of the entrepreneurs are currently assisted?.
- b) What is the perception of entrepreneurs of the need for assistances?.
- c) How adequate is the current assistances?.
- d) How valuable is the training initiative?.

**4.2.3) Education and Training.**

Education can be considered as the instrument to overcome the deficiencies due to family background and cultural influences of a Bumiputera individual. To most Bumiputera

---

individuals education is the only mean of social mobility. A research issue is whether the education level of the entrepreneurs is high enough to enable them to choose salaried jobs rather than being forced to be self-employed. (Mohd Fauzi, 1981). This is in contrast to the situation where business is a last resort. (Nagata, 1972).

#### **§ 4.3) BACKGROUND**

The study of the entrepreneurs needs to focus on their background and culture. The background of the Bumiputera individuals can be seen from their parents occupations which are predominantly in the agricultural and civil service sectors of the economy. Less than 5% of them are involved in the small business sector. The research issue is what is the predominant family background of Bumiputera entrepreneurs?.

#### **§ 4.4) CULTURAL FACTORS**

Aside from the deficiencies resulting from their family background the Bumiputera also encounter some cultural elements which probably inhibit their participation in business (Charlesworth, 1974). Thus it is logical to test whether the community lacks the enterprise culture which can be defined as "a set of attitudes, values and beliefs operating within a particular community or environment that lead both to "enterprising" behaviour and aspiration

---

towards self-employed." (Gibb, A, 1987, p.58). Gibb argues that the components of the enterprise culture are as follows:

"a) The existence of numerous role images of independent small enterprise portrayed in a positive light throughout the formative years of childhood.

b) The opportunity to work, particularly when young, in such enterprises and therefore breakdown threshold barriers as to the 'attainability' of successful self-employed status.

c) The opportunity to practice, particularly when young, the various task of operation of independent owner-managed business.

d) The opportunity, particular when young, to exercise entrepreneurial attributes and independent small business tasks and have them positively reinforced by social norms.

e) The opportunity, particularly when young, to build up a network of acquaintances which provides the necessary reinforcement for the independent enterprise role including: customers, supplies, distributors, informal sources of assistances, etc." (Gibb, A., 1987, p.59).

To Bumiputera individuals the role images of independent small enterprise are not portrayed in a positive light. What is projected is the secured life of a government servant. Bumiputera in their youth also have no opportunity to work in small business enterprises making it impossible to break the barriers regarding the attainability of successful self-employed status. Consequently there are no opportunities to practice the various task of small business operation, to exercise entrepreneurial attributes and to build up a network of acquaintances which can assist them in future business undertakings. The research issues are:

a) What is the attitude of the entrepreneurs towards their children's future?.

For many generations the Bumiputera have been struggling to improve themselves by getting out of the rural traditional agricultural employment. The traditional attitude favours white-collar, civil service or professional occupations with fixed salary, regular hours and personal security (Nagata, 1972). Thus an important attitude issue is the attitude of the entrepreneurs towards their children future. Do they want their children to take over the business?.

b) The attitude towards wealth and money.

In the United States of America, wealth, material gains and acquisitions are signs of success and achievement. Little or even no consideration is given to the means of getting it. This is in contrast with the United Kingdom where the means is as important as the ends. In other societies, the opposite is true and Terpstra concluded that "In a Buddhist or Hindu society where nirvana or 'wantlessness' is an ideal, people are not so motivated to produce and consume" (p.111). What is the Bumiputera's attitude towards wealth and money?. Do the Malays consider wealth for present consumption and comfort rather than to built up a fortune for future generation? (Swift, 1965).

c) The attitude of the society towards business.

It can be said that the society's attitude towards business must change before enterprise culture can prosper. Traditionally the Malay society prefers secured employment to taking business risk. These attitudes need exploring.

d) Manipulative tendency.

The ability to manipulate others for personal ends is appreciated in business. We need to find out if there

---

might be disapproval to such activity amongst the Bumiputera business community. (Ismail Rejab, 1983).

#### 4.5) CONCLUSION.

The conceptual framework set out in Diagram 4.1, leads us to the following key research issues:

- a) The extent to which the general environment influences the Bumiputera entrepreneurs.
- b) The nature of the roles played by entrepreneurial training and other assistance programmes.
- c) The extent to which family background is significant.
- d) The extent to which cultural factors are barriers to the Bumiputera's participation in business.



## CHAPTER FIVE MALAYSIAN BACKGROUND

### AIM OF THE CHAPTER

In the previous Chapter the theoretical framework of the research was described. The following three Chapters will concentrate on the Malaysian background with respect to entrepreneurial development and training initiatives. This chapter aims at giving a brief background to the Malaysian political, social and economic situation.

### § 5.1) MALAYSIA IN BRIEF

Malaya, now called Malaysia, at the time of independence in 1957 was segmented into ethnic groups with different cultures and place of dwellings. The Malays who were Muslims lived mainly in the rural areas, the Chinese in the urban areas, and the Indian in the rubber estates. A kind of unity among the leaders and the spirit of independence held them together.

Malaysia, covering 128,000 square miles, was established in 1963, a merger between the Federation of Malaya, and the British colonies of Singapore, Sarawak and Sabah. In 1965, Singapore left Malaysia and became an independent Republic. The former Federation of Malaya with eleven

states and the Federal territory of Kuala Lumpur are now called West Malaysia (Peninsular Malaysia) and Sarawak and Sabah are known as East Malaysia.

West Malaysia, lying between 1 and 7 degree north latitude, has an equatorial climate, hot and humid all the year round. The area is subjected to two monsoons; the South-East Monsoon between May and September and the North-East Monsoon between October and February. Its land area of 51,000 square miles is divided by central a mountain range running north and south with a maximum height of 7,000 feet. The development of West Malaysia was concentrated in the West Coast areas where the tin mines and rubber estates were mainly located.

With such a huge land area Malaysia has a population of only 15.8 millions in 1985 with 82.1 percent in Peninsular Malaysia, 8.1 percent in Sabah and 9.8 percent in Sarawak. With respect to the ethnic composition, in Peninsular Malaysia in 1985 56.5 percent of the people were Bumiputera, 32.8 percent Chinese and 10.1 percent Indian. In Sabah, Bumiputera accounted for 84.2 percent of the population and the Chinese 14.9 percent. In Sarawak the corresponding figures were 70.1 percent and 28.7 percent respectively.

As a primary products producer, Malaysia is heavily dependent on rubber, tin, timber and palm oil which

---

together accounted for more than 70% of foreign exchange earnings. The discovery and exploitation of oil and gas in the 1980's provided a big boost to the Government revenue. With such rich natural resources the country was able to achieve the Gross National Product (GNP) of US\$2,000 per capita in 1984, one of the highest in the region, and an impressive 8% economic growth was achieved over the last decade. This growth was rudely disturbed by the recent recession that brought havoc to the economy, the delayed effect of it is still being felt.

#### § 5.2) POLITICAL SITUATION

Since independence, Malaysia adopted a democratic system of government with a constitutional monarchy based on the British system. The country was ruled by an Alliance Government comprising of the UMNO, MCA, and MIC representing the three big ethnic groups. The Alliance was actually started in 1951 between the MCA and UMNO, on an informal basis, when they won a decisive victory in seven municipal elections. Among the Alliance, UMNO dominated by virtue of its strength. To provide a wider multiracial base the Alliance transformed itself into the National Front (Barisan National) after 1969 and admitted any political parties acceptable to all the existing members. Currently the membership of the National Front stands at thirteen political parties.

---

The oppositions, considered mainly as narrow based ethnic parties, remain small and the Government still control two-third majority which enables it to change the Constitution at will.

The political scene proceeded rather smoothly until the racial riot of May 13, 1969. Following the disturbance, a State of Emergency was declared and a National Operation Council (NOC) was formed to run the country. The NOC's rule lasted until February, 1971 and it was during this period that serious steps were taken to analyse and find solutions to the real problems of the country. It was recognised that the past strategy of high growth had not really solved the social-economic problems especially the issue of poverty and economic inequality. To tackle these problems the economic policy was reviewed and a new one known as the New Economic Policy (NEP) was formulated with the new elements of redistribution of income as well as structural and institutional reforms.

The NEP was accepted by all communities and considered as a sensitive issue, not discussed by politicians in public, until the election of 1986. This election was conducted when the Malaysian economy was suffering from recession. Everything became an election issue including the special rights of the Bumiputera. In this election the government still retained their two-third majority but the racial

---

polarisation was more evidence with the major shift of the Chinese votes to the opposition Democratic Action Party (DAP).

### § 5.3) SOCIAL SITUATION

The historical development and evolution structured the population of Malaysia into the Bumiputera mainly living in the rural areas, the Chinese in the urban areas and the Indian in the rubber estates. The plural society differs in ethnic origin and religion and have separate roles in the economy. This is reflected in the relative economic position of the ethnic groups, occupational profile and the poverty situation.

#### a) Economic Inequality.

The economic imbalance between the various ethnic groups is serious. In 1979, the mean monthly income of the Malays was \$296 and increased by about 30 percent to \$384 in 1984. For the Chinese the mean monthly income in 1979 was \$565 and increased to \$678 in 1984. The corresponding figures for the Indian were \$455 in 1979 and \$494 in 1984. The Malays mean monthly income was much lower than the all ethnic mean monthly income which was \$417 in 1979 and \$494 in 1984.

b) Occupational Profile.

Race identification is not only by areas of dwelling but also by occupation. In 1957, the Malays were largely found in the low-income rural activities such as padi farming, small holding rubber tapping and fishing. The data on employment by sector for 1980 and 1985 given in Table 5.1 shows that the Bumiputera are still heavily employed in agricultural sector. In term of unemployment, the rate of Bumiputera unemployment was the highest, even higher than the total unemployment rate.

With respect to the high earning occupations of the various ethnic groups, in 1985 the Bumiputera share of the professional and technical sector was about 45 percent. However taking only the degree holders the figure decreased to about 32 percent. Thus the Fifth Malaysia Plan concluded that "the share of Bumiputera had increased over the years, a substantial number of them were employed in lower paid jobs" (p.101).

Table 5.1  
Employment by Sector and Ethnic Group  
1980 and 1985 ('000)

	1980				Total
	Bumiputera	Chinese	Indian	Others	
Agriculture	1396.9	313.4	185.3	15.3	1910.9
Mining	27.2	43.8	8.5	0.6	80.1
Manufacturing	308.8	380.8	60.7	4.8	755.1
Construction	105.6	144.3	17.3	3.0	270.2
Electricity	20.8	3.0	7.0	0.2	31.0
Transport	110.2	73.3	24.9	1.1	209.5
Retail	249.5	373.9	50.1	2.7	676.2
Finance	28.9	43.3	5.8	0.3	78.3
Government	389.2	195.8	64.2	9.0	658.2
Others	87.9	42.3	15.3	1.9	147.4
Total empl.	2725.0	1613.9	439.1	38.9	4816.9
Labour force	2921.3	1679.4	468.1	40.1	5108.9
Unemployment	196.3	65.5	29.0	1.2	292.0
Unempl. Rate	6.7	3.9	6.2	3.0	5.7

	1985				Total
	Bumiputera	Chinese	Indian	Others	
Agriculture	1428.8	318.3	188.5	17.6	1953.2
Mining	21.3	32.5	6.0	0.7	60.5
Manufacturing	352.7	394.1	75.4	5.8	828.0
Construction	147.7	206.4	20.8	3.8	378.7
Electricity	27.1	3.5	9.1	0.2	39.9
Transport	147.3	88.5	28.3	0.8	264.9
Retail	323.3	460.4	60.1	2.5	846.3
Finance	38.8	55.0	7.4	0.4	101.6
Government	506.0	221.6	81.8	10.1	819.5
Others	108.7	46.3	18.8	2.1	175.9
Total empl.	3101.7	1826.6	496.2	44.0	5468.5
Labour force	3397.3	1931.9	541.6	46.3	5917.1
Unemployment	295.6	105.3	45.4	2.3	448.6
Unempl. Rate	8.7	5.5	8.4	5.0	7.6

Source: Fifth Malaysia Plan, pp. 102 & 103

Note: Agriculture includes forestry, livestock and fishing

Mining includes quarrying

Electricity includes gas and water

Transport includes storage and communication

Retail includes wholesale, hotels and restaurants

Finance includes insurance, real estate and business services

c) Poverty

In 1984 the poverty level was about 18 percent. Among the country's rural poor, the Malays dominate. A study indicates that "The problem of the poor for the country as a whole is mainly a Malay one with 73% of poor households being Malays. 64.8% of Malays were poor compared with 26% Chinese and 39.2% Indian.....the Malays formed 79.6% of the poor in rural areas, with the Chinese 11.7% and the Indian 7.9%." (Aris Othman, 1984, p.89).

The poverty figure was adversely effected by the current economic downswing. This led to The Fifth Malaysia Plan to conclude that "It would appear, however, that with the recession and the decline in the prices of the major primary commodities in 1984, the income of major rural poverty target groups would be adversely affected." (p.89). This rural poverty target groups are the Bumiputeras.

From the above indicators, it can be concluded that the social problems remain acute and pressing. Steps must continue to be taken to redress the situation and weaker ethic groups should be further supported to upgrade themselves.



## § 5.4) ECONOMIC SITUATION

### 5.4.1) The Malaysian Economy

The Malaysian economy is characterised by the dependence on primary products with limited success of diversification into industry. Rubber production reached more than one million tons in 1968, a phenomenal rise due to aggressive and far sighted replanting schemes using high yielding trees. Investment in Research and Development entrenched Malaysia as the World leader in SMR (Standard Malaysia Rubber), the highest priced natural rubber. In 1984, Malaysia produced 40% of the world rubber output. The economic contribution of rubber diminished drastically with the fall in the price due to reduction in demand and substitution from synthetic rubber.

Tin was the other major economic contributor to development. Malaysia, producing approximately one-third of the world's output in 1984, consistently supplied the world market with reliable grade tin. The collapse of the tin future market in 1980's was disastrous to the industry, resulting in big closures of tin mines and the loss of thousands of jobs.

Another major foreign exchange earner was timber, in which Malaysia is currently the largest exporter of tropical hardwood. In 1984, 37% of the World tropical hardwood came

---

from Malaysia. However mass exploitation over the last few decades leads to depletion of the timber reserve. To gain more value added the Government discourages the exportation of round log and encourages that of process and semi-processed timber.

The fall of revenue from rubber and tin was partly supported by the revenue from palm oil which became the star product until recently when the price was depressed by the increase in the world supply of fat. Malaysia produced 60% of palm oil in the world in 1984.

Petroleum and gas were considered as the main revenue earners in the 1980's. Their discovery and exploitation transformed Malaysia into a net exporter of the products. This blessing however was shortlived with the collapse of the oil and gas prices leaving Malaysia with less revenue than expected, without any prospect of recovery for a long time.

An important characteristic of the Malaysian economy is the commitment given to the philosophy of open economy. This is shown by the export and import figures which by itself accounted for approximately half of the GNP. Even economic diversification was carried out within the context of the open economy. Over the decade the fastest growth area was manufacturing (12 percent per annum), followed by transportation, construction, trading and

---

government services (between 8-11 percent per annum). This however did not change the dependency situation of the economy on primary products.

#### 5.4.2) Economic Development.

The Malaysian economic development can be distinguished using 1971 as the bench mark due to a clear change in philosophy and the government involvement in the economy.

##### a) Before 1971

Malaysia is a capitalist country, a philosophy inherited from the British. Throughout the period since independence although a number of changes have occurred the capitalist economic system adopted has not been substantially altered. Between 1957 and 1970 the country carried out three five-year development plans: First Malaya Plan (1956-1960), Second Malaya Plan (1961-1965) and First Malaysia Plan (1966-1970). All the three Plans had fairly similar objectives namely the attainment of a faster rate of economic growth; lower degree of economic instability; lower level of unemployment; a more equitable distribution of income and wealth; and a redressal of rural poverty.

With respect to industrialisation, the initial policy was proclaimed in 1957 with the philosophy of developing a conducive environment for industrial growth. The main objective was to encourage industrial investment through

---

the granting of tax relief and pioneer industry status based on the size of the investment. As a result of slow industrial growth and better incentives from Singapore, Investment Incentive Act was introduced in 1968 giving new incentives for labour intensity, use of local inputs, export, priority products, industrial dispersion and new investment not included under the pioneer status.

All the three Plans allocated certain sum of money for development purposes. The government development programmes were undertaken with the development expenditure of \$972.5 millions in the First Malaya Plan, which was greatly increased to \$2,473 millions in the Second Malaya Plan, and a further increased to \$3,274.3 millions in the First Malaysia Plan. The bulk of the expenditure, for political reasons, was devoted to the rural areas where most of the voters resided. In agriculture the priority was given to rubber replanting, drainage and irrigation, and land development. To improve the quality of life the programmes of electrification, water supply, school and health as well as transport and communication were implemented.

The progress of the economic development after independence up to 1970 was generally accepted as rapid but failed to generate sufficient employment opportunities and reduce income inequalities. Real GDP grew by 6.3% per

annum compared to 3.5% previously. This was achieved within the context of relative price and financial stability. The retail price index rose by less than 1% per annum and the country's external reserve was around \$2.6 billions. The economy was undergoing a diversification process resulting into the agricultural share of GDP fell from 38% in 1960 to 31% in 1970 and the share of the manufacturing sector rose from 9% in 1960 to 13% in 1970. However the progress in industrialisation was unsatisfactory with the private sector only concentrated on the import substitution products with little export potentials.

Government efforts in development did not solve the basic socio-economic problems and even created new issues. Poverty among the Malays remains serious with their per capita income only half of those of the Chinese and two-third of the national income.

The education system produced Malay secondary school leavers who have put pressure on the employment market since the traditional agricultural sector cannot accommodate their expectations and job objectives. Consequently the Malays began to migrate to the urban areas for jobs or in search of jobs. In 1957 11.2% of Malays lived in the urban areas and by 1970 it increased to 14.9%. Better communication and wider education also

---

make the Malays realised their economic inferiority and the ethnic inequalities.

The dissatisfaction was not only confined to the Malay population but also emerged among the nonMalay groups. They questioned the special position of the Malays given during the British rule and confirmed during the negotiation for independence and the difficulty of getting citizenship. The increased urban unemployment was also a contributing factor in the dissatisfaction.

These socio-economic problems exploded in May 13, 1969 when the election result upsetted the political equilibrium. The riot was followed by intensive discussion among the leaders of the various races and led to the formulation of a New Economic Policy (NEP) to solve the basic problems of the country.

b) After 1971.

Prior to 1971, Government expenditure and efforts were directed to rural areas with minimum intervention in the modern commercial, industrial and urban areas. This was due to the need to avoid direct confrontation with vested private interests and the prevailing philosophy that commerce and industry were not the business of the government. Furthermore among the Malays, Government intervention was unacceptable since they perceived that

---

"any active public involvement in the growth of the urban sector would only benefit the non-Malays as they were the best placed to take advantage of such expansion" (Aris, 1984, p.147)

After 1971 the key economic policy was the New Economic Policy (NEP) and new elements were introduced in the Development Plan. In addition to the traditional objective of high growth, three new elements were introduced: the objective specification and quantification, direct Government participation in development, and integrated approach to development.

The objective specification and quantification used 1970 as the base period for classifications and definitions of key development terms. Income was defined in term of mean monthly household income by racial group and by rural/urban classification. The employment data was broken down according to race, sector and occupation, and ownership of the corporate sector was represented by share capital in limited companies by race and nationality. The position of the poor was also quantified according to sectorial occupation, race, rural/urban as well as occupational categories and education levels of the heads of household. All the above variables were given targets for 1980 and 1990.

The second element was the Government active participation in business and industry. Before independence, the British colonial Government role was to provide stable monetary and political environment and invest in physical infrastructure network for the private sector to exploit the resources of the country. This approach did not change with independence. Between 1957-1970, less than 3.5% of total public expenditure was devoted to commerce and industry development. After 1971, to achieve the NEP targets, the Bumiputeras who lack education, training, experience and saving must be assisted. Within the context of maintaining private sector confidence and interest in the economic development, the Government increased its intervention in commerce and industry by establishing and operating a wide range of productive enterprises, held in trust for the Malays until they were able to purchase them.

The third element was the integrated approach in economic development as opposed to the piece-meal development initiatives. It was decided that no economic sector will develop in isolation and both the private and public sector will participate in economic development.

Within the fifteen year period, three Plans were implemented; Second Malaysia Plan (1971-1975), Third Malaysia Plan (1976-1980) and Fourth Malaysia Plan (1981-



1985). The overall progress achieved within the period was substantial for all Malaysian irrespective of ethnic groups. In the case of eradication of poverty, the total number of households below poverty line fell from 49.3 percent in 1970 to 18.4 percent in 1984. The mean and median monthly income of all ethnic groups increased and progress was made in developing the less developed states and regions.

Malaysian corporate sector ownership increased and the share of foreign interests declined from 61.7 percent in 1971 to 25.5 percent in 1985. However in absolute term the value of foreign interest increased from \$4,000 millions in 1971 to about \$19,400 millions in 1985. The share of the nonBumiputeras exceeded the NEP's target by 4.5% in 1980 and 16.7% in 1985.

#### **§ 5.4.3) The Impacts of Recession**

The steady progress was suddenly stopped by the 1980's recession with tremendous impact on the economy of the country. The most common explanation of the cause of the recession was the economic problems of the United States of America, the biggest economy in the capitalist system. To Malaysia what was significant was the effect of global recession on the economy characterised by the reliance on the export of a number of primary products. Malaysian export dependence was so serious that Peng K.K. (1984)

---

---

wrote "In 1980, exports comprised 60 percent of the Gross Domestic Product for Malaysia, compared with the ratios of 37 percent for South Korea, 31 percent for Indonesia, 28 percent for the United Kingdom, 25 percent for Thailand, 14 percent for Japan and 10 percent for the United States." (p. 22). As such the impact of world recession was devastating.

Among the economic impacts were the fall in the export value of the products, deficit balance of payment, economic growth, the decline in income and living standard and lastly the unemployment. The change in export value can be seen in Table 5.2. In 1981, the export value reduced by 4 percent with a further reduction of 2 percent in 1982.

Table 5.2  
Export Value 1979 to 1982

	1979	1980	1981	1982
M\$Million	24,222	28,172	27,100	26,640
% Change	42	16	-4	-2

Source: Peng, K.K, 1984, p.23.

The fall in the value of export was reflected in the deficit balance of payment. In 1981 the balance of payment was in deficit by M\$ 1,093 millions which was financed by M\$583 millions Special Drawing Rights (SDR) and M\$510 millions net fall in foreign reserve.

Another related impact was on the economic growth of the country. The growth rate went down from more than 7% in 1980 to minus 1% in 1985, before it went up by 2% in 1987. In the 1988 budget, it was projected that the GNP will grow at 4% which is much lower than those achieved by the neighbouring countries.

On the micro level, the impacts on the family income and employment were severe. The decline in the price of rubber reduced the income of 500,000 small holders families and 100,000 estate workers families. Recession also resulted in retrenchment and reduction of job opportunities. In the estate sector, it was estimated that 15,549 jobs were lost in 2 years and in the tin industry 10,276 jobs were lost from July 1980 to 1984. The overall result was the increased in the unemployment level from 5.7% to 6.2% in 1982. It deteriorated further to 8.5% of the labour force in 1986 and 9.1% in 1987.

The standard of living also declined in the recession. For example in 1982 the private consumption increased by 1.4% while the population increased by 2.6%, giving a net fall in the standard of living of 1.2%

In response to the recession the government adopted first an expansionary budget, followed by a series of severe budget cuts. Before 1982, the effect of recession was not felt severely due to the government expansionary budget

---

responses. The federal budget increased from M\$11.7 billions in 1978 to M\$27.3 billions in 1981. In 1982, a decision was made to change the response totally with a drastic reduction in expenditure in relative as well as absolute term.

#### § 5.5) CONCLUSION

The political, social and economic situations of Malaysia formed the general environment for the development of the entrepreneurs in the country. It will definitely affects the big enterprises. The issue is whether the general environment affects the Bumiputera entrepreneurs who are generally small in size.

## CHAPTER SIX

### MALAYSIAN ENTREPRENEURIAL DEVELOPMENT PROGRAMME

#### AIM OF THE CHAPTER

In the previous chapter the general environment of Malaysia was described. This chapter aims at giving the outline of the Malaysian entrepreneurial development efforts starting with the historical development of the initiatives, followed by the description of the target group. The main part of the chapter is devoted to the description of the stated government objectives and definition of small business, followed by a description of the assisting institutions and the types of assistances available to small firms.

#### § 6.1) HISTORICAL DEVELOPMENT OF EDP

Most developing countries, including Malaysia, greatly lack entrepreneurs especially those belonging to the indigenous groups. In South East Asia, a legacy of the colonial rule was the formation of a three-tiered system of entrepreneurs with the European at the top most controlling the lucrative plantations, mines, banks and import/export trades. The second and less lucrative area

of retail and other urban sector activities were in the hands of the migrant Chinese and to the lesser extent the Indian. Only in the third tier, mainly the rural businesses, was participated by the indigenous people.

After independence, the South East Asian governments took steps to correct the imbalance with various degree of success.

"Burma expelled most of the Europeans and Indians and put an end to most private enterprise. Thailand and the Philippines banned aliens .... meaning primarily Chinese .... from many fields and showed government favouritism to indigenous entrepreneurs. Indonesia expropriated European properties and drove Chinese businessmen out of the rural areas. Malaysia has done the least to discriminate against Chinese and European businesses, although it has established certain economic preferences for Malays." (Popenoe, 1970, pp.18-19)

In short Malaysia is not the only country in the region that has tried to encourage the formation of indigenous entrepreneurs. In fact, it can be argued that the Malaysian attempts can be considered as positive discrimination rather than discrimination as such.

In describing the historical development of EDP in Malaysia the year 1971 is used as the bench mark. Before 1971 the efforts were ineffective and uncoordinated, but after 1971 more extensive initiatives have been planned and implemented with more positive results.

**6.1.1) Small Business Policy.**

Before 1971, there was no small firm policy in Malaysia. The Government's intervention to support small businesses started after 1971 with the introduction of the NEP. During the British colonial rule the emphasis was on providing the environment for the private sector to exploit the natural resources of the country. The same policy was maintained after independence. When the government decided to industrialise, the strategy adopted was to provide incentives and priorities to big businesses. Small business was not recognised and not even mentioned in the First and Second Malaya Plan.

Only in the First Malaysia Plan (1966-1970) the problems of the small businesses were first recognised. However no mention was made on the role of small business in the economy. In the Second Malaysia Plan (1971-1975) the role of small business as a contributor to the achievement of the NEP was recognised and later restated in the Third Malaysian Plan (1976-1980). The Fourth Malaysian Plan (1981-1985) again emphasised the important role which small business played and reaffirmed the Government's policy of providing assistances to small industry.

In the Fifth Malaysia Plan (1986-1990), for the first time, a paragraph was written on entrepreneurship. To meet the challenge of international marketing, the Plan

---

concluded that it "depend on the pioneering spirit of Malaysian. Malaysian entrepreneurs need to look beyond the domestic market and be more venturesome in seeking overseas market for their products" (Malaysia, 1986, p.30). The Plan also recognised the problems and resources limitation of assisting agencies and urged the Bumiputera entrepreneurs to be less reliant on the public sector and to look and compete for opportunities in the private sectors. It also "will review the effectiveness of various public sector programmes and assistance with a view towards directing more priority to areas that are critical to the overall achievements of Bumiputera such as management training and consultancy." (Malaysia, 1986, p.123).

#### **6.1.2) Entrepreneurial Development Activities.**

##### **a) Before 1971.**

The main agency to help Bumiputera in business was Rural Industrial Development Authority (RIDA), formed in 1950 with the original aim of improving rural life through a variety of productive welfare programmes. RIDA struggled hard to stimulate the development of rural Malays by changing their attitudes and habits. Later its objective was redefined to include the promotion of nonagricultural activities in rural areas and to help Malay participation in commerce and industry. RIDA was reorganised in 1965 and

---



renamed MARA (Council of Trust for the Indigenous People) and provided with more resources. Financially the organisation was allocated \$10 millions between 1961 and 1965 for its varied activities which was increased to \$51 millions between 1966-1970. This financial resource however was relatively small compare to what was expected out of MARA, and coupled with the agency's own weakness resulted in the failure to achieve the prescribed objectives.

The problem of capital shortage of the Malay entrepreneurs was recognised early and to solve it the Government sponsored the establishment of a commercial bank, Bank Bumiputera Malaysian Berhad (BBMB), in 1966. However the bank was not guided to help the Malay entrepreneurs but was allowed to operate as a private enterprise resulting in the bulk of the loans given to the more credit worthy non Malay entrepreneurs; the climax being the US\$1 billion loan failure given to Chinese property speculators in Hong Kong.

The government also established the procurement policy to help the small Malay businesses through which Malay contractors were allocated 5 percent of the total Government contracts which was subsequently increased to 30 percent. The problem that emerged was the development of the "Ali-Baba" phenomena where prominent Malay

---

politicians or top officers known as 'Ali' used their influences to secure the government contracts and gave it to the Chinese entrepreneurs 'Baba' to carry out the work for a percentage of the contract as commission. Undoubtedly, this was very satisfactory and profitable to both parties. However it defeated the purpose of such preference given to Bumiputera contractors.

In the area of corporate ownership a policy was formulated to allocate 10 percent of all new shares issued, at a discount, to the Malay individuals and trust units. The result was a total failure when the individuals' units were sold off as soon as possible for a good profit.

As a conclusion it seems that the initiatives to develop Malay entrepreneurs before 1971 were ineffective and inadequate resulting into the failure of the various programmes.

b) After 1971.

The implementation of the NEP saw the formation of more agencies to develop Bumiputera entrepreneurs and small industries and the expansion of the activities of the existing institutions.

The supply of loans and credits to Bumiputera entrepreneurs were greatly increased through greater financial allocation to MARA, MIDF, MIEL and Bank

---

Bumiputera. To increase the coverage, new institutions were established such as UDA, CGC and Bank Pembangunan Malaysia Berhad. In addition the commercial banks and financial institutions were encouraged by Bank Negara (the central bank) through its directives to give loan priority to Bumiputera entrepreneurs. The result was that the Bumiputera total loan share in the commercial banks and financial institutions increased from 5% in 1971 to 28.2% in 1985.

In entrepreneurial training, the quality and number of training programmes were increased. Training units were established at NPC, ITM, MARA and SEDCs. In the Third Malaysia Plan it was specifically stated that the focus was given to training the entrepreneurs with the objective of training 17,500 participants. A research programme was planned to get data to formulate effective entrepreneurial development programme.

Government direct involvement in the private sector was enhanced by the formation of new agencies and the encouragements given to the existing agencies to start or acquire industrial enterprises either on their own or as a joint-venture with the private sector. These enterprises were to be held in trust until the Bumiputeras can buy over.

Certain administrative measures were also taken to assist the Bumiputera corporate ownership. All companies enjoying fiscal incentives must set aside 30% of their shares and fulfilled a quota of employment for Bumiputeras. A percentage of shares of new companies and existing companies wanting to increase equity must be reserved for Bumiputera. Furthermore Bumiputera entrepreneurs were given 2% to 10% price preference in government supplies and contract work. The Public Work Department (PWD), the biggest contract-issuing department, reserved 30% of its works for the Bumiputera entrepreneurs.

In the Fourth Malaysia Plan the Division of Small Enterprise was established in the Ministry of Trade and Industry to look after the interest of small businesses. It can be considered as the high-powered advocator of small firms. The entire unit was subsequently transferred to the Ministry of National and Rural Development and changed its name to Small Scale Enterprise Division (SSED).

#### **§ 6.2) TARGET MARKET**

The target market of the EDP are the Bumiputeras especially the Malays who are the biggest indigenous group in Malaysia. Politically the Malays are represented by U.M.N.O, the senior and the strongest partner of the ruling party, whose leader became the Prime Minister of

---

the country. As such they acquired political leadership and power. A fuller description of the Malays is given in Appendix 1.

## § 6.3) OBJECTIVES AND DEFINITIONS

### 6.3.1) Objectives

The aim of the government is to create 20,000 new Bumiputera entrepreneurs by the year 1990 when the New Economic Policy expires. The Bumiputeras are to own and manage at least 30 percent of the total commerce and industry activities in the country in all categories and scale of operations.

### 6.3.2) Definitions

Malaysia has no definition for individual entrepreneurs probably due to the difficulty in reaching a single accepted definition. What is available are different operational definitions for small business or small enterprise as practiced by different agencies. Four such definitions are utilised:

a) The Coordinating Council for the Development of Small-Scale Industries (CCDSI) defines small industry as an enterprise which has fixed assets of less than \$250,000. However for the World Bank SSE facilities, small enterprise is defined as those enterprise with equity of not more than \$300,000;

---

- b) The Credit Guarantee Corporation (CGC) on the other hand defines small industry as one whose paid up capital and reserves do not exceed \$100,000 (for nonBumiputera) and \$200,000 (for Bumiputera);
- c) The Industrial Coordinating Act (ICA) exempted small industry from applying for a licence if its shareholders funds is less than \$250,000 and employ less than 25 full-time workers;
- d) SSED defines small scale enterprise as an enterprise which has share-holders' fund or net assets of \$500,000 and less. It also provides a definition for medium scale enterprise which is an enterprise which has share-holders' fund or net assets of more than \$500,000 and below \$2.5 millions.

Among the operational definitions above, the SSED's definition covers the industrial, trading and services sectors. It is noted that only the ICA's definition covers the number of workers in the enterprise. Other organisations used either the capital or asset or both.

#### **§ 6.4) ASSISTING INSTITUTIONS**

More than 13 ministries and 30 agencies are involved in assisting small business (Chee, 1986). This is an indication of a fragmented support network system comprises of federal, state, education, financial and nongovernment institutions, providing a wide range of

assistances. The main federal ministries are the Prime Minister's Department, Ministry of National and Rural Development, Ministry of Youth & Sport and the Ministry of Education. In the case of the federal agencies the more important agencies are MARA, NPC, UDA, SIRIM, MARDI, FRI and PWD. At the state/local level, the role of SEDC is significant but it varies from state to state with Sarawak's SEDC playing the most active role. The main educational institution is MEDEC at ITM and the financial institutions are represented by big commercial banks and government established financial agencies. The nongovernment institutions playing an active role are the Business Modernisation Centre and Pernas Edar.

#### **6.4.1) Federal Ministries**

##### **a) The Prime Minister's Department (JPM).**

The involvement in EDP starts at the very top of the government hierarchy, that is the Prime Minister's Department. Through its Implementation and Coordination Unit (ICU), the department established a Coordination Committee and a Technical Committee. These Committees manage two training programmes known as Skim Latihan Ushawan Bumiputera (SLUB) Di Luar Negeri (Overseas Entrepreneurial Training Scheme for Bumiputera) and the Skim Latihan Ushawan Bumiputera Kumpulan C & D (Entrepreneurial Training Scheme for Bumiputera Category C

---

& D). These two training schemes are considered as the latest training initiatives to encourage Bumiputera to establish business and prosper through enterprise.

ICU is also involved with monitoring the progress of its participants and provides after training advisory, counselling and information services.

b) Ministry of National and Rural Development.

An important agency is the Small Scale Enterprise Division (SSED) in the Ministry of National and Rural Development which was established in June 1981 in the Ministry of Trade and Industry and later the whole department was transferred to the Ministry of National and Rural Development. This Division can be considered as the 'Advocator' for small and medium scale enterprises in Malaysia.

The objectives of SSED as per their brochure are: a) to identify the development of the small and medium scale enterprise through identified and promoted programmes; b) to create a linkage between the small and medium and the big enterprises; c) to diversify and strengthen areas of activities which have been identified; d) to coordinate the industrial development activities carried out by various government agencies.



SSED planned and in the process of implementing a range of initiatives as shown in Table 6.1. It covers a wide areas of assistances to the Bumiputera entrepreneurs. One of the most important initiative monitored by SSED is the World Bank SSE Programme described in Appendix 2.

Table 6.1  
List of SSED Programmes,

Area	Detail Programme
a) Marketing	1) Government Procurement Scheme, 2) Open Market Scheme, 3) Subcontracting Exchange Scheme,
b) Financial	1) World Bank Scheme,
c) Management	1) Programme to upgrade performance of enterprises,
d) Technology	1) Technology Display and Resource Centre, 2) KEDA Furniture Centre,
e) Industrial Site	1) Nursery factory scheme, 2) Small industry estate,
f) Incentive Prog,	1) Tax incentives, 2) Reserved products for small-scale entrepreneurs,
g) Training	1) To create, develop and upgrade entrepreneurs,
h) International Assistance	1) To channel assistance from international bodies to entrepreneurs,

Source: SSED

c) Ministry of Youth and Sports (KBS).

Among the functions of the Ministry of Youth and Sports is to encourage active participation of youth in commerce and industry. To achieve this the Ministry launched a number of training and support programmes. Skill training in a number of trades are conducted under the National Youth

---

Pioneer Corps Scheme at the Dusun Tua Youth Training Centre.

Special assistance programmes have been established such as the Youth in Business Programme and Petty Traders Programme. A series of entrepreneurial training programmes are conducted for both the start-up and the current entrepreneurs. The Ministry previously managed a grant scheme for the start-up which was discontinued due to the economic recession.

d) Ministry of Education.

The Ministry of Education deserves a special mention due to its effort in introducing entrepreneurial inputs in the secondary school and the involvement of institutions of higher learning in entrepreneurship.

In 1984 a secondary school subject commerce was changed to Commerce and Entrepreneurship with major changes in its content, incorporating the various elements in entrepreneurship. In the institutions of higher learning, there was a proliferation of entrepreneurial centres and these centres are directly financed by the Ministry of Education since all institutions of higher learning are funded by the Ministry's budget.

#### 6.4.2) Federal Agencies

a) Council for Indigenous People (MARA).

MARA operates under the Ministry of National and Rural Development. It's Entrepreneurial Development Division (EDD) provides training, loans and advisory services to Bumiputera entrepreneurs. Organisationally, EDD has three branches: a) Project Development Branch that concentrates on projects especially their feasibility. b) Entrepreneurial Development and Advisory Branch that implements programmes to develop entrepreneurs. c) Loan and Encouragement Assistance Branch that provides loans to entrepreneurs. All the three branches work closely under an Integrated Approach Concept, making MARA the organisation most equipped to help the Bumiputera entrepreneurs.

The specific objective of EDD is to help, create and increase the supply of Bumiputera entrepreneurs in commerce and small industries leading towards the formation of a strong and successful trader community in accordance with the aims and objectives of the New Economic Policy.

b) National Productivity Centre (NPC).

The NPC was established in 1962 as a joint project between the United Nations Special Fund and the Federal Government

---

of Malaysia with the International Labour Organisation (ILO) acting as the executive agency. It became an autonomous body with the passing, by the Parliament, of the National Productivity Council (Incorporation) Act No.9 in 1966 which was subsequently amended in 1975 to enable NPC to expend its activities. NPC is governed by the Members of the Council appointed by the Ministry of Trade and Industry (MTI). Financially it is highly subsidised by the Government and placed under the supervision of MTI.

Its primary concern was and is still management development, providing training in skills and techniques of management, supervision and labour relation. With the establishment of a Bumiputera Service Section in 1972, NPC participated in the training and development of Bumiputera entrepreneurs.

The target market for their entrepreneurial training programmes are: a) Skilled and semi-skilled workers currently employed in the private sector. b) Those trained at MARA, Dusun Tua, Pertak, Vocational Schools and Polytechnics. c) Small-scale entrepreneurs wishing to expand and diversify their business. d) Ex-servicemen. e) Others desiring and determining to establish their own business. Initially NPC entrepreneurial training activities were limited to undertaking training courses

---

sponsored by MARA, MARDI and FELDA. Only later its own programmes were promoted.

Aside from running training programmes NPC also provides consultancy and advisory services to the potential and existing entrepreneurs as well as Management Research and Information Services.

c) Urban Development Authority (UDA).

UDA was established in late 1971 with the twin objectives of: 1) To increase the Bumiputera ownership of urban properties both in terms of actual stock and value; 2) To increase effective Bumiputera participation in commerce and industry particularly in the field generated by and related to property development.

Before 1977, UDA had a Division of Business and Entrepreneurial Development (DBED) to assist entrepreneurs and small business. However after the 1977 reorganisation, DBED was incorporated under the Division of Land and Property Development and its original role faded and diluted into insignificance.

d) SIRIM, MARDI and FRI.

SIRIM, MARDI and FRI are technical assistance institutions. SIRIM, formed in 1975 offers services in industrial design, chemical analysis, mechanical testing

---

and physical testing. In addition it set up an extension and information service to advice small and medium enterprises in canning, food-processing, ceramics fundaries, chemicals, adhesives, basic metallurgy and packaging.

MARDI's special area is to help small business in the food processing industry through conducting regular courses in food processing and providing advisory services to the existing entrepreneurs. Forest Research Institute (FRI) concentrates in advising the entrepreneurs in wood, bamboo and ratan industry.

e) Public Works Department (PWD)

The Public Works Department (PWD) is the biggest supplier of work in the country. To help small Bumiputera contractors, PWD conducted special training programmes to increase their skills. However the main role of PWD is not in training but in providing contract works to small entrepreneurs through a policy of reserving 30% of their tenders for Bumiputera enterprises.

**6.4.3) State Agencies**

State or local authorities assign the job of entrepreneurial development to State Economic Development Corporation (SEDC) which established a Bumiputera participation unit to help small Bumiputera entrepreneurs.

---

Their activities differ depending on the seriousness of each SEDC. Special mention should be given to SEDC Trengganu and SEDC Sarawak who were the most active state agencies.

SEDC Trengganu conducted entrepreneurial training programmes with the help of MEDEC and BPMB. After training, SEDC officers conducted follow-ups on the participants to determine their progress and provide counselling service and other helps to overcome their problems.

SEDC Sarawak established a special unit called Bahagian Pembangunan Ushawan Bumiputera (BPUB) to train and develop entrepreneurs. For the last five years this unit successfully conducted training and counselling programmes first with the help of NPC and later on their own. Its unique achievement is the development of local expertise that make them fairly self-sufficient.

On the whole, it could be seen that the state and local authorities depend heavily on the federal agencies to provide assistances to Bumiputera entrepreneurs.

#### 6.4.4) Educational Institutions

##### a) Malaysian Entrepreneurial Development Centre, (MEDEC)

MEDEC at Institute Teknologi Mara was established as a separate Department in 1975 with its own head and support staff as well as annual budget. The main objectives of MEDEC are: a) To create and develop highly motivated, knowledgeable and efficient Bumiputera entrepreneurs who are actively involved in medium and small businesses; b) To develop and upgrade a detailed and sound support and assistance system for guiding Bumiputera entrepreneurs in their business activities thereby helping them to achieve responsibility and their personal goals.

To achieve the stated objectives, MEDEC: a) Provides opportunities and facilities for the training and development of Bumiputera entrepreneurs; b) Stimulates and provides facilities for multi-disciplinary research into the entrepreneurial processes and all aspects of business; and c) Initiates the necessary follow-up steps on its training and research programmes.

Initially with the help of the University of Kentucky, USA, MEDEC offered two post-graduate courses: Masters of Science (Entrepreneurial Development) and Advanced Diploma in Small Business Management. The two courses were



terminated in 1977 due to various problems including the lack of response from participants.

With the termination of the joint-venture programmes MEDEC was left without any training programme. Using local resources and expertise, an entrepreneurial training programme was designed and implemented which subsequently became the core programme. Later other training programmes were added on.

In addition to training, MEDEC conducts follow-ups on its participants for at least three years. With respect to research, MEDEC conducted a number of consultancy assignments for other agencies and participated in a joint research programme in technology transfer.

b) UPM, UKM and UUM.

In addition to ITM other institutions of higher learning participating in entrepreneurship are University Pertanian Malaysia (UPM), University Kebangsaan Malaysia (UKM) and University Utara Malaysia (UUM). UPM, an agricultural based university, established in 1982 a Small Business Development Centre (SBDC) as a unit in the Department of Management Studies, Faculty of Resource Economics and Agribusiness. The unit plans to develop a small business data base, publication, conduct entrepreneurial training, management training workshops and provision of consultancy

---

services. Some of the programmes are still in the planning stage and thus impossible to be evaluated.

UKM in 1985 approved the set up of an entrepreneurial unit with the objective of helping Bumiputera entrepreneurs. The latest participant in the area of entrepreneurship is University Utara Malaysia (UUM) which in 1987 tried to promote entrepreneurship among its students.

c) Other Educational Institutions.

A programme is currently under way to introduce the subject of entrepreneurship in schools. The secondary school subject Commerce was recently modified and called Commerce and Entrepreneurship. However its impact is long-run and cannot be determined in this few years.

In addition, Institute Kemahiran MARA (IKM), a skill training institution, has introduced a subject on entrepreneurship in most skill training courses.

**6.4.5) Financial Institutions**

Financial institutions should play a leading role in developing entrepreneurs for a number of reasons, of which the most important is the fact that they have great financial and expert manpower resources to really help the entrepreneurs to overcome their problems. In Malaysia the active financial institutions are the development bank,

MIDF, the big local commercial banks and the agricultural bank.

a) Bank Pembangunan Malaysia Berhad (BPMB)

Bank Pembangunan Malaysia Berhad (The Development Bank of Malaysia), the only development bank in the country, was established in 1974 as a fully-owned subsidiary of Bank Bumiputera. Later the shares were sold to other parties although the government remains the main shareholder.

With respect to Bumiputera entrepreneurship, the primary objective of the bank is to develop, increase and accelerate the active participation of the Bumiputera in economic activities. The target is the Bumiputera enterprises defined as enterprises with at least 51 percent Bumiputera share, managed actively by the Bumiputera, and employ workers, the majority of which are Bumiputeras.

To achieve those objectives the bank created two major programmes: the Entrepreneurial Development Programme (EDP) and the Leasing and Plant Hire Scheme. In addition, a "nursery factory scheme" was launched on an experimental basis. To participate in marketing, a subsidiary known as BESTA was established.

b) Malaysian Industrial Development Finance.

Malaysian Industrial Development Finance (MIDF) provides medium and long-term loans for the manufacturing sector. In addition MIDF has established two fully-owned subsidiaries: Malaysian Industrial Estates Ltd (MIEL) to construct standard factories in industrial estates, and MIDF Industrial Consultants Limited (MIDFIC) to provide consultancy services.

c) Commercial Banks.

The commercial banks and financial institutions have been directed by the Bank Negara (Central Bank) to provide for the financial needs of the Bumiputera entrepreneurs. Most banks only conform to the instructions and others developed complementary initiatives to help the entrepreneurs. Bank Bumiputera (BBMB) is among the banks that establishes a special unit to help Bumiputera entrepreneurs (Refer Appendix 3).

d) Bank Pertanian Malaysia.

By the nature of the bank, Bank Pertanian Malaysia (BPM) or the Agricultural Bank, participates in providing loans to agri-businesses. Three types of financial facilities relevant to the Bumiputera entrepreneurs are available. The first is the loan for agri-based processing activities such as rice mill, sauce and other products. Second is the

---

loan for marketing, in which working capital is provided for the selling of fish and vegetables. The third type of loan is the agricultural contract loan for the purchase of fertilizers and pesticide to perform contract works.

#### 6.4.6) Other Organisations

##### a) Business Modernisation Centre.

Business Modernisation Centre (BMC) was established in 1980 by the Multi-Purpose Holdings which was started by MCA, making it the only centre connected to a political party. Its aim is to modernise Chinese businesses by undertaking training programmes, provides management, advisory, business opportunities exchange services, helps to process loans and organises delegations to international trade fairs.

##### b) Pernas Edar.

Pernas Edar is a local retail group which designs and implements a programme of training and advisory service to encourage the Bumiputeras to participate in the retail business as well as modernise the existing small retailers. An interesting aspect about this initiative is that it is the only private sector retail group initiative.

c) National Entrepreneurial Research and Development Association

National Entrepreneurial Research and Development Association (NERDA) was founded in 1975 and operates as a voluntary, nonprofit and private organisation relying on part-time trainers. Its expressed aim is to promote entrepreneurial research and development in Malaysia with the initial active members drawn from NPC, UDA, MEDEC and the private sector. NERDA organised some training for trainers programmes with the help of imported experts and carried out a number of entrepreneurial training programmes for Government agencies. Currently it has only two permanent staff and its activities are limited.

d) Chambers of Commerce.

The Bumiputera Chambers of Commerce are not playing a significant role in entrepreneurial development. However specific Chamber of Commerce, such as the Wilayah (KL) Bumiputera Chamber of Commerce, conducts training programmes for its members using NERDA and other local expertise.

e) Mass Media.

The mass media response to the emergence of entrepreneurship in the country is limited to publishing regular write-ups on successful entrepreneurs. The

---

approach is journalistic and while it lasted it became a popular programme. Thus this area is still underutilised and more initiatives can be developed especially through the media of national TV and radio.

#### § 6.5) TYPES OF ASSISTANCE

The previous section on the various help organisations touches on the types of assistances that can be classified into advocate, financial, training, provision of business opportunities, advisory, counselling and consultancy, provision of infrastructure and other support activities. Table 6.2 is the selected indicators of the types of assistance for 1981 and 1985. It shows that the share of the Bumiputera entrepreneurs increases in all types of government assistances.

An important data in Table 6.2 is the number of Bumiputera registered businesses. By 1985 the percentage of the Bumiputera registered businesses was 30.5% of the total registered businesses which means an achievement of the NEP's target. Thus it seems that the number of the Bumiputera businesses increased with the increased in the resources allocated to promote them.

Table 6.2  
Selected Indicators of Participation  
in Commerce and Industry, 1981 and 1985

Indicator	1981				1985			
	BP	%	NonBP	%	BP	%	NonBP	%
Value of Credit (\$ Million)								
BPMB	150,0	100,0	-	-	68,4	100,0	-	-
MIDF	57,2	29,7	135,1	70,3	13,2	16,2	68,1	83,8
MARA	90,0	100,0	-	-	46,8	100,0	-	-
Comm, Banks & Fin. Co.	6324,9	21,0	23782,5	79,0	17266,3	28,2	44032,6	71,8
Entrepreneurial Training (No. of Participants)								
NPC	4940	99,6	15	0,4	2901	99,6	11	0,4
PWD	222	100,0	-	-	398	100,0	-	-
BPMB	134	100,0	-	-	334	100,0	-	-
BBMB	-	-	-	-	1109	100,0	-	-
MARA	14614	100,0	-	-	15000	100,0	-	-
Pernas Edar	1447	100,0	-	-	1000	100,0	-	-
Work Contract (\$ Million)								
PWD	280,8	51,0	269,4	49,0	198,5	33,0	405,1	67,0
DID	113,4	35,8	203,5	64,2	33,7	50,7	32,7	49,3
FELDA	109,1	27,4	289,7	72,6	405,3	77,4	118,5	22,6
RISDA	158,4	75,0	51,4	25,0	7,8	99,1	0,1	0,9
UDA	93,7	97,8	2,1	2,2	27,3	84,0	5,2	16,0
KETENGAH	14,8	92,5	1,2	7,5	3,4	19,4	14,1	80,6
TELECOM	43,4	27,9	111,9	72,1	284,6	99,9	0,1	0,1
DARA	6,7	27,9	17,3	72,1	6,5	97,0	0,2	3,0
KEJORA	6,8	34,9	12,6	65,1	4,7	96,0	0,2	4,0
KESEDAR	4,6	19,4	19,1	80,6	32,1	91,7	2,9	8,3
NEB	12,7	22,8	43,1	77,2	21,2	90,3	2,3	9,7
Total	844,4	45,3	1021,3	54,7	1025,1	63,8	581,4	36,2
Supplies Contract (\$ Million)								
	417,6	22,9	1405,2	77,1	751,5	42,2	1027,5	57,8
Number of Advisory Services								
	12117	100,0	-	-	6915	100,0	-	-
Number of Registered Businesses								
	78961	24,9	237602	75,1	154215	30,5	351661	69,5

Source: Fifth Malaysia Plan, pp.116 & 117

### 6.5.1) Small Business Advocate

The role of the small business advocator is given first to the Ministry of Trade and Industry (MTI) and subsequently



transferred to the Ministry of National and Rural Development. SSED, the unit assigned to monitor the situation of small and medium business, is powerful enough to influence policies and procedures related to business.

The problem with SSED is the use of Malaysian Civil Servants (MCS) to implement its programmes. The MCS is the elite civil service group whose members are either transferred or promoted every few years to other departments to render their services or expertise. Consequently there will be a problem of continuity in SSED which can be overcome if the Department is willing to recruit specialist permanent staff whose expertise can be developed with time.

#### **6.5.2) Financial Assistances**

The financial assistances available are in the form of loan and loan guarantee. In Malaysia, venture capital is a non-existence industry and thus cannot be considered as a source of finance for small businesses.

##### **a) Loans Available.**

Loans of various amount, durations and purposes are provided under a number of programmes. Table 6.3 is the summary of the sources of loans and other available sources are not considered to be significant.

Table 6.3  
Sources of Fund

Types	MARA	BPMB	MIDF	Fin. Ins.	KBS	WB	CGC
Working Cap.	/	/	-	/	-	/	/
Vehicle	/	/	-	/	-	-	-
Contract	/	-	-	/	-	-	-
Fixed Asset	/	/	/	/	-	/	/
Machinery	-	/	/	/	-	-	-
Leasing	-	/	-	/	-	/	-
Start-up	/*	-	-	-	/*	-	-

Source: Constructed from secondary data.

Note: \* under review

The above table shows that the types of loan available to the Bumiputera entrepreneurs cover most of the main financial needs of existing entrepreneurs. However for the start-up, the review of start-up loan in MARA and KBS effectively closed the two popular sources.

The data seem to suggest that Bumiputera entrepreneurs get more financial helps than the nonBumiputera businessmen. This is not true as shown in Table 6.4 which indicates that the main source of finance even for the Bumiputera entrepreneurs is the commercial banks and financial companies. In 1981, 95.5% of the loans were from the commercial banks and financial institutions and in 1985 it increased to 99.26%. The share of loans provided by the government agencies is not significant but they are popular due to the subsidised rates and easier conditions.

Table 6.4  
Analysis of Loans Extended to The Bumiputera  
Business, 1981 & 1985 (Value \$Million)

	1981		1985	
	Value	%	Value	%
MARA	90.0	1.4	46.8	0.27
MIDF	57.2	0.8	13.2	0.08
BPMB	150.0	2.3	68.4	0.39
ComBank & FinCo.	6324.9	95.5	17266.3	99.26
Total	6622.1	100.0	17394.7	100.00

Source: Fifth Malaysia Plan

Note: Other sources are not significant in term of the amount.

1) MARA Loan Schemes. MARA was the premier institution in the provision of loans to the Bumiputera businessmen until the commercial banks and the financial companies took over the role of supplying loans and credits. Due to this recession, like other agencies, MARA reviewed its loan policy, resulting in the suspension of "collection problem" loans such as the Rancangan Ushawan Baru (RUB) (Programme for New Entrepreneurs) and the clean \$2000 small business loan. MARA also instituted a new lending policy which limits the amount of loan given in any one year to 50% of what is collected with the consequence of restricting the loan in 1986 to only \$8.9 million while the outstanding loan according to MARA, as at 31st. May 1987, was \$143,949,660.

The existing loan facilities still available are of three types: Skim Pinjaman Am (General Loan); Skim Pinjaman Kenderaan-Lori/Bus Sekolah (Vehicle Loan-Lorry and School

Bus); and Skim Pinjaman Kontrak-Bekalan/Pembinaan (Contract Loan-Supplies/Construction).

The General Loan Scheme is for any viable business, the financial need of which do not exceed \$50,000. What is required is a working paper with either land as mortgage or guarantors. The amount required cannot exceed 50% of the forced sale value of the land or two (2) guarantors whose total monthly income is at least 10% of the value of the loan.

The Vehicle Loan operates on a similar basis as high-purchase (HP) system with the buyer contributing 10% of the value. The maximum loan allowed is also \$50,000.

The Contract Loan is for the maximum of \$200,000 and limits to contractors class E, Ex and F, the three lowest categories of Malaysian contractors. This is also secured by either land as mortgage or guarantors. The loan value cannot exceed 25% of the forced sale value of the land or two guarantors whose combine monthly income is not less than 5% of the loan value.

The above loan limits are not sufficient and in response to calls from the Bumiputera business community, MARA in the middle of 1987 announced the increase in the limit to \$200,000. This however will take time to be implemented.

ii) The Development Bank of Malaysia (BPMB). BPMB provides a number of financial facilities to the Bumiputera entrepreneurs. Firstly there is the Term Loan for the purchase of fixed assets such as land, building, machineries and vehicles. The minimum loan is \$50,000 to be paid back within 5 years.

Secondly is the working capital loan for 3-4 years with the minimum loan of \$30,000 for the purchase of raw materials and other current assets.

Thirdly is the share purchase facility for Bumiputera executives who wishes to purchase the shares of the company they are working with. A minimum loan of \$20,000 can be provided with the conditions that he is a full-time employee and receives a fixed salary or allowance from the company. In the case of individual Bumiputera who are not full-time employed or a Bumiputera company, the minimum loan of \$5,000 is provided.

Fourthly is the leasing facilities comprising of the Financial Lease and Operational Lease (Equipment Hire), created and managed by the Banking Division of the bank. Leasing can be taken for 5 years, at the end of which the entrepreneurs can continue renting at a lower rate or purchase the equipment outright.

The fifthly is the equity participation, by which the bank can purchase not more than 30% of the shares of a company except for special cases. Other facilities provided are bridging finance for land and housing development and the bank act as guarantor for one year.

The Bank concentrates on two type of industries, wood products and food processing. Most of the loans are small in value. This is true when 76.4% of the loans approved in 1983 were less than \$300,000.

iii) Malaysian Industrial Development Finance's (MIDF) Term Loans. MIDF is an important source of term loans. Three types of loans are made available to the entrepreneurs. First is the medium and term-loans for a period between 5 to 15 years to finance the construction of fixed assets such as factories including land, building, machinery and equipments. Normally as much as 50 percent of the total requirement is financed by MIDF although for Bumiputera ventures the percentage could be more. The second facility is the factory mortgage finance to purchase factory and land and up to 80 percent can be financed. The third scheme is machinery finance to finance the purchase of machines and equipment by which borrowers are required to provide at least 25 percent of the c.i.f. price.

In Table 6.5, the loan awarded by MIDF to Bumiputera entrepreneurs for selected years between 1960 to 1982 is given. It shows that the percentage of Bumiputera loans increased from about 1% before 1971 to 19.89% in 1982.

Table 6.5  
MIDF Loan for Selected Years (\$ Million)

Year	No. of BP Loan	BP Loan	Total Loan	BP %
1960	-	-	11.010	-
1970	2	0.086	154.389	1-0.04
1971	10	1.687	221.499	1-0.80
1975	164	59.900	573.100	10.45
1980	358	131.800	906.100	14.54
1981	418	183.200	1086.700	16.85
1982	475	254.400	1278.800	19.89

Source: Aziz Ali, 1984, p.223

Note: BP = Bumiputera

iv) Commercial banks and other financial institutions. In 1985 the commercial banks and financial institutions allocated 28.2 percents of their loans to Bumiputera.

v) World Bank Small Scale Enterprise Programme. The World Bank SSE Programme was launched in 1984 to provide loan to both the Bumiputera and nonBumiputera manufacturers. The detail is given in Appendix 2 and the position of the loan as at 31st. July 1987 is given in Table 6.6.

Compared to the total loan allocation of about \$200 millions, the total disbursement only represents an achievement of 33.4% of the target. This indicates a problem of trying to promote certain business type, in this case four types of manufacturing enterprises. It

---

---

would not probably be a problem to disburse all the loan if all types of business qualify.

Table 6.6  
Cumulative World Bank SSE Loan  
as at July 31, 1987 (\$000)

	Bumiputera		NonBumiputera		Total	
	No	Value	No	Value	No	Value
MIDF	66	5142.00	54	7845.00	120	12987.00
BPMB	410	41600.86	44	12244.50	454	53845.36
Total	476	46742.86	98	20089.50	574	66832.36

Source: Progress Report MIDF & BPMB.

vi) KBS. KBS provides loans for the start-up. However it is now under review.

One of the issues in financial assistances is loan availability vis-a-vis cheap loans. A study by the Institute of South East Asia Studies in Singapore on small and medium scale business in the region concludes that "small enterprises in the region can benefit more from easy access to credit at normal lending rates rather than access for a limited amount of cheap loans" (New Straits Times, May 22, 1986). Government agencies loans are cheaper but limited in quantity. This indicates that the loan problem of the Bumiputera entrepreneurs can best be solved by getting more involvement from the banks and financial institutions rather than assigning more responsibilities to semi-government agencies.



b) Loan Guarantee.

Loan guarantee is mainly undertaken by the Credit Guarantee Corporation (CGC), established in 1972 to guarantee bank loans for small businesses. It has now in operation two guarantee schemes: the General Guarantee Scheme (GGS) and the Special Loan Scheme (SLS). The GGS is available to locally-owned and operated small enterprises whose net assets or shareholders fund for limited companies do not exceed \$250,000. The maximum loan to be granted is \$100,000 (\$200,000 for Bumiputera) with the interest of 8.5 percent per annum.

In January 1981 the SLS was introduced with similar characteristics as that of the GGS but its eligibility was widened to cover more industries. The maximum loan under SLS is \$50,000 without security for buying fixed assets with the interest rate of 7.5 percent. The additional condition is that the total loan cannot exceed \$250,000.

### 6.5.3) Entrepreneurial Training

Special units have been established in various institutions to conduct training for entrepreneurs. There is no single special purpose entrepreneurial training agency established in Malaysia. Consequently no organisation is responsible for the achievement of the entrepreneurial training objective of the country.

---

The more active agencies are:

- a) Entrepreneurial Development Division, MARA.
- b) Bumiputera Service Section, NPC.
- c) MEDEC, ITM.
- d) BMC, Multi-Purpose Holdings.
- e) Ministry of Youth and Sports (KBS).
- f) Other institutions such as JPM, PWD, SEDC and BBMB.

The detail description of the training programmes is given in the following chapter.

#### **6.5.4) Advisory, Counselling and Consultancy**

Advisory, counselling and consultancy are offered by a number of institutions. All training institutions provide advisory and counselling as a follow-up service for their ex-participants. Other organisations providing advisory and counselling services are SIRIM, MARDI and FRI.

In the case of consultancy service only NPC and MIDF Industrial Consultants (MIDFIC) have the resources to offer it. MIDFIC operates like a private sector consultant enterprise. Given their special position as a subsidiary of MIDF, they secure many government consultancy works and "MIDFIC appears to have served the government more than small industry itself" (Chee, 1986, p.98). Another agency that has tried to provide consultancy in a small way is

MARA by using a panel of consultants from the private sector and the institutions of higher learning.

In the case of technical problems the role of SIRIM is important. As for agriculture, advice can be secured from MARDI and FRI. MARDI implements an adoption scheme for the Bumiputera manufacturers by which it identifies the manufacturers with potential for growth, provides them with advice and counselling and encourages them to change their management and production system for the better.

In 1985, 6,915 advisory services were provided to the Bumiputera entrepreneurs. This however was a big reduction from the 12,117 advisory services given in 1981. The problem with the data is the grouping together of counselling and consultancy which should be separated since it requires different staff capacity and aims at different categories of problem.

#### **6.5.5) Government Procurement**

The Government procurement directly relevant to small business can either be in the form of supplies or work contracts. Supplies contracts cover all government purchases ranging from pencil to computer mainframe and work contracts mainly relate to civil engineering works which are awarded by the various government agencies, the biggest of which is the Public Works Department (PWD).

---

Before independence the procurement was done through the Crown Agents. Presently the procedure of purchase is governed by the Treasury Instruction (Malaysia 1970) where individual ministries are given the authority to purchase items not exceeding certain limit through competitive tenders that must be advertised in local newspapers. However certain purchases can be done direct or through negotiations (negotiated contracts). The basic considerations are price and quality without favouring any particular group. However certain types of small procurements can be awarded to Bumiputera suppliers if the price is within certain limits. In 1985, 42.2 percent of supplies contracts were awarded to Bumiputera entrepreneurs and 57.8 percent to nonBumiputeras.

The work contract is a more significant area in term of the amount involved. Certain policies are also implemented such as the PWD's policy to ensure that Bumiputera contractors are awarded at least 30 percent of the work. The amount of work awarded fluctuates between the Bumiputeras and the nonBumiputeras. In 1981, 51% of PWD's work was awarded to the Bumiputeras but in 1985 it reduced to 33%.

#### **6.5.6) Business Premises**

Business premises are provided mainly by Urban Development Authority (UDA) with MARA and SEDCs playing the role in

---

the local and rural areas. UDA was assigned to rehabilitate and provide business premises in the town areas. Thus only MARA and SEDC can continue to develop rural business premises.

The problem with business premises provided by government agencies is the failure to provide it at strategic locations. In most cases the locations provided are those not favoured by the private developers. The only advantage of such location is the subsidised rent offered which is good for the start-ups but unattractive from the point of view of potential growth.

In the case of provision of industrial estates the job is given to SEDC with MIEL participation whenever feasible. At the state/local level one of the main role of SEDC is to construct industrial estates with all the required infrastructure. Unfortunately these industrial estates were constructed to attract foreign big investors with little consideration for small businesses. In fact the first well designed factory facilities for the small business is the nursery factory launched by the BPMB, on an experimental basis, on which success further development will depend.

### 6.5.7) Other Support Activities

#### a) Marketing.

Another support activity is marketing assistance. The Malaysian government encourages the formation of trading houses based on the concept of the Japanese Shogushosha. The first Shogushosha, Malaysian Oversea Investment Corporation (MOIC), was established in 1983 by a group of corporations on the personal encouragement of Dr. Mahadhir Mohammad, the Prime Minister of Malaysia who implemented the "Look East Policy". It was to seek a broad-range commercial role similar to Mitsubishi and Sumitomo. Subsequently four other Shogushosha were established by other groups.

Another export initiative is the establishment of the Malaysian Export Centre (MEXPO) whose main objective is to promote export trade amongst Malaysian entrepreneurs, both Bumiputera and nonBumiputera. It acts as a middlemen between Malaysian and oversea entrepreneurs. MEXPO also disseminates information to entrepreneurs who are interested to conduct business with foreigners.

In the case of the handicraft sector a government agency, Karyaneka, was established to market Malaysian handicraft. Another marketing effort is BESTA, established by BPMB to provide marketing outlet to Bumiputera manufacturers.

---

The performance of the Malaysian Shogushosha was unsatisfactory. On June 18, 1986, The Financial Times reported that MOIC was put into provisional liquidation after incurring debts of \$50 millions Malaysian ringgit (US\$19.2 millions). Wong Sulong reported that one of the problem was the conflict of interest of shareholders who prefer direct dealings, using their own expertise, rather than dealings through the Shogushosha. This failure reflects the difficulties encountered with an attempt to transplant a Japanese concept into the Malaysian environment.

b) Umbrella and Franchise.

Special schemes under the "payong" or umbrella concept were launched to cover furniture making, garage and bread manufacturing, in which technical, finance and even marketing assistances were provided. Some attempts at using the concept of franchising were undertaken in the case of Satay Ria (a local popular food) and small retailing.

c) Networking.

To strengthen the network of Bumiputera entrepreneurs, MARA provides financial support to the Chambers of Commerce. In addition the ex-participants of the training institutions are encouraged to form business clubs with

---

the objective of exchanging information and organising business missions.



## CHAPTER SEVEN

### MALAYSIAN ENTREPRENEURIAL TRAINING

#### AIM OF THE CHAPTER

This chapter aims at describing the various types of entrepreneurial training and entrepreneurial education available in Malaysia. A section is devoted to the complementary services provided, followed by an analysis of training resources and output of the training activities.

#### § 7.1) INTRODUCTION

Entrepreneurial training is an important instrument of intervention as shown by the fact that every year since 1980 more than 20,000 participants officially attended entrepreneurial training and over 90 percent were Bumiputeras. The involvement in entrepreneurial training starts at the very top, the Prime Minister's Department. Entrepreneurial training programmes in Malaysia are conducted by specially established units such as MEDEC in ITM, Bumiputera Service Section in NPC, Entrepreneurial Development Division in MARA, State Development Corporations (SEDCs), Pernas Edar, Entrepreneurial Development Unit in BPMB, Public Work Department (PWD),

UKB in BBMB and the BMC in the Multi-Purpose Holdings. There is no special institution established solely to train and develop entrepreneurs in Malaysia. Table 7.1 provides a summary of the types of training and the key institutions involved. It covers the main agencies involved with entrepreneurial training and although many other organisations conduct trainings they are not considered significant.

Table 7.1  
Types of Entr. Training and Institutions

	Awareness	Start-up	Owner/manager	Industry
MARA	PraKPPP	KPPP	1	-
NPC	-	-	2	-
MEDEC	-	EDP	BDP	-
JPM	-	C&D	SLUB	-
KBS	-	EDP1&2	3	-
SEDC Sarawak	4	EDP	5	-
SEDC Trengganu	-	6	-	-
BMC	-	-	7	-
Pernas Edar	-	-	-	Retail
PWD	-	-	-	Construction
MARDI	-	-	-	Food
BBMB	-	-	8	-

Source: The Various Agencies.

Note: 1 = 2-5 days.

2 = 3-9 days.

3 = 3-14 days.

4 = Dialogues, seminars and briefings.

5 = 3-6 days.

6 = Subcontracted to MEDEC

7 = Business Essential and Technique.

8 = 2-3 days

## § 7.2) TYPES OF ENTREPRENEURIAL TRAINING

The types of entrepreneurial training in Malaysia can be classified into training for awareness, start-up, existing

entrepreneurs (owner-manager) and special industry based training.

#### 7.2.1) Awareness Training Programmes

Awareness training aims at making the participants knowledgeable about the needs to go into business, the opportunities and the range of assistances available. Awareness creation in Malaysia became a special training programme classified under entrepreneurial training initiatives although a strong case can be forwarded to support the contention that it can be done better by the mass media.

##### a) MARA.

MARA is the main organiser of awareness programme through a course known as Pra-KPPP (Pre-Trade and Industrial Preparation Course) which is a series of dialogues, speeches and consciousness seminars organised regularly throughout the country. The strategy is to reach as many people as possible. Thus a few hundred people interested to know about the opportunities and assistances available participate in each session. The main delivery method is mass lecture on certain topics by relevant agencies and practicing entrepreneurs. The course itself is free, including food and lodging, for the duration of two days.

b) SEDC Sarawak.

A series of dialogues, seminars and briefing is held throughout the state, normally lasting a day or two, to inform the participants about the opportunities and assistances available. During these sessions the representatives of other assistance agencies are invited to provide information about their facilities. The main focus is the role and facilities provided by SEDC Sarawak to promote entrepreneurial development in the state.

**7.2.2) Training for Start-up**

A number of training programmes available for the potential entrepreneurs (start-up) are namely the EDP (MEDEC), C & D Business Training Skills, MARA's KPPP, KBS, SEDC Trengganu and SEDC Sarawak.

a) MEDEC's Programme.

MEDEC's training programme for the start-up known as EDP was designed in 1977 as a three months part-time programme. In June 1981, after ten part-time programmes, a one month full-time programme was launched and by December 1983 it was decided that the full-time programme was more efficient and effective resulting into an indefinite postponement of the part-time programme. MEDEC also

conducted, on contract, EDP for SEDC Trengganu based on the inputs given to its own participants.

An interesting issue is the definition of start-up. MEDEC considered people who have just established business as start-ups. This is a Malaysian phenomena where people can establish business without intensive prior preparation and training. A start-up only requires a registration of business and a small scale operation. Thus entrepreneurs who are new in business are as deficient in basic business knowledge and skills as potential entrepreneurs.

MEDEC's programme comprises all the necessary functional inputs divided into modules. A core part of the programme is a 5 days Achievement Motivation Training (AMT). Every module and AMT is followed by an assessment by the participants which is used to modify subsequent programmes. Thus the inputs had undergone numerous changes and modifications in the 50 programmes conducted over the years.

The key element in the entire programme is the rigorous selection process using a thick application form and an interview after the initial shortlisting. The interview board includes a representative from BPMB. Another factor is that the participants are also charged \$300 fees not including food and lodging. Hence to participants from outside Selangor, the total cost is substantial. These

---

---

expenses are considered as a filter to ensure that serious participants are admitted into the programme.

b) C and D's Entrepreneurial Training Scheme.

A special programme for Government employees in category C and D was implemented in 1983 to equip the participants, who were interested to go into business, with various aspects of management knowledge. It was expected that the participants would be more ready and confidence to go into full-time business after the programme.

The applicants must be Bumiputera; belong to the category C or D in the Federal or State services; be confirmed in their job; have assets; motivated as well as interested to go into business. Selection is done by a central committee and the actual training is conducted base on industry, by MEDEC, NPC, UPM, Pernas Edar and other institutions. Table 7.2 is the list of industry and the corresponding training institutions.

Table 7.2  
C & D Entrepreneurial Training.

Industry	Institution
a) Wholesale and Retail	Pernas Edar
b) Construction.	MARA.
c) Manufacturing.	MEDEC, ITM
d) Hotel and Restaurant.	School of Hotel & Catering, ITM.
e) Services.	NPC

Source: Course Brochure.

The cost per programme is approximately \$35,000 and for 1983 and 1984 the total fund was provided by the Prime Minister's Department. For the years 1985 and 1986 the various training institutions were directed to provide for the course expenditure in their annual budget. This arrangement was later proved unacceptable when confronted with the problem of different budgeting practices of the different departments. For instance, subsistence allowance due to the participants could not be paid from the institution's own budget. As a consequence, in 1987 the Prime Minister's department again allocated special grant to the training institutions.

In 1987 the target was to train 100 people and major changes were also incorporated in the conditions of participation. The most drastic change was the requirement that a signed resignation letter is attached with the application form. This would ensure that all participants are actually serious enough to start business. The categories of eligible government staff was also expanded to include the B category government servants.

c) MARA.

A selected number of participants from the Pra-KPPP are admitted into KPPP with the objective of encouraging the participants to actually set-up business. The course, conducted for 14 days, emphasises motivation and exposure

---

to the various trade and industrial opportunities. Initially KPPP was sub-contracted out to NPC and in mid-1979 it was run solely by MARA's trainers. MARA has its own financial allocation to utilise external trainers if its own staff are not capable of conducting any part of the programme.

d) KBS.

KBS conducts two stages start-up programme. EDP 1 is a two week entrepreneurial training programme for members of youth associations who wish to start-up business. For a smaller number of young people with potential to actually go into business, a further one week (EDP 11) is given, making a total of three weeks. Initially, KBS's EDPs were conducted by NPC on contract basis. Later its staff were trained by NPC to conduct the programme themselves at the local level.

e) SEDC Trengganu.

Start-up training programme organised by SEDC Trengganu is similar to MEDEC's EDP and conducted by MEDEC in Trengganu for the people of Trengganu only. It is a one month fully residential programme with the participants paying \$250 towards the cost of food, lodging and payment to MEDEC. The big portion of the total cost is subsidised by SEDC



Trengganu making it one of the few local based initiative to train local potential entrepreneurs.

f) SEDC Sarawak.

Another local based programme is start-up training programme conducted by SEDC Sarawak. The training programme is for a duration of 11 days with emphasis on the various management inputs.

With respect to the training programmes for the start-up, the role of NPC deserves special mention. NPC used to conduct training programmes for the start-up known as the BEP 1 which is a programme for the duration of 12 days with the objective of motivating potential entrepreneurs in addition to providing knowledge and skills of sales and marketing, accounting and project report. Participants were selected by the sponsoring agencies such as MARA, Ministry of Youth and Sport (KBS), FELDA and RISDA. This training programme was discontinued when NPC decided to concentrate on training existing entrepreneurs.

### **7.2.3) Training for Owner-Managers**

More agencies are involved with the training of owner-managers than the start-ups. The important agencies are NPC and MARA who train thousands of people every year.

a) NPC Courses.

NPC's courses for owner-managers range from 3 to 9 days with special preference given to ex-participants of its programme. A sectorial approach is adopted as a conscious effort to concentrate on certain industries. The courses are divided into six sectors: construction, food processing, transportation, woodwork, automechanic and metal, and retailing. For efficiency and effectiveness staff are segmented by sectors so as to develop expertise in the sector. Table 7.3 shows the full range of courses offered by NPC. It covers the various management knowledge and skills needed by each sector.

b) Business Training Plan, MARA.

MARA offers a series of courses under the name of Business Training Plan. A total of 18 types of courses on wholesaling, furniture, distribution, business management, marketing, financial management and company secretarialship are conducted throughout the country. The full list of courses and their duration is given in Table 7.4. It shows that the duration of the courses ranges from 2 to 5 days without any clear demarcation by specific sectors.

Table 7.3  
Courses offered by NPC by Sector.

Course Title	Duration
<i>Construction Sector</i>	
1) Project Management.	3 days
2) Project Financial Management.	3 days
3) Understanding Plans and Project Estimation.	6 days
4) Working Capital Management.	2 days
5) Building Material Management.	3 days
6) Site Management.	3 days
<i>Food Processing Sector</i>	
1) Quality Control.	2 days
2) Cost to Determine The Price of Output	3 days
3) Salesmanship and Sales Technique.	3 days
4) Introduction to Accounting.	3 days
5) Financial Management for Manufacturers.	3 days
6) Introduction to Production Management.	3 days
7) Basic Laws and Regulations-Food Processing.	2 days
<i>Transportation Sector</i>	
1) Accounting System.	3 days
2) Financial Management.	3 days
3) Operation Planning - Lorry.	3 days
4) Operation Planning - Bus.	3 days
5) Maintenance.	3 days
6) Assessing Current Business Situation.	3 days
<i>Woodwork Sector</i>	
1) Increase Current Business Situation.	2 days
2) Cost and Price Determination.	2 days
3) Marketing Management.	2 days
4) Cash Planning.	2 days
5) Accounting System.	3 days
6) Production Management.	3 days
<i>Automechanic and Metal Working</i>	
1) Management of Workshop.	3 days
2) Marketing Management.	3 days
3) Production Management.	3 days
4) Accounting and Financial Management.	4 days
5) Management of Capital.	2 days
6) Costing.	3 days
7) Personnel Management.	2 days
<i>Retailing</i>	
1) Accounting.	3 days
2) Financial Management.	2 days
3) Purchasing Management and Stock Control.	2 days
4) Layout and Sales Promotion.	2 days
5) Cash Management.	2 days
6) Marketing Management.	3 days
7) Modern Retailing Workshop.	1 day
8) Personnel Management.	2 days
9) Sales and Sales Techniques.	2 days

Source: NPC

Table 7.4  
Courses offered by MARA

Course	Duration
1) Book - Keeping (Basic)	4 days
2) Book - Keeping (Advance)	4 days
3) Financial Management	3 days
4) Costing	2 days
5) Company Secretaryship	3 days
6) Woodworking (Basic)	3 days
7) Woodworking (Advance)	3 days
8) Marketing	3 days
9) Distribution	3 days
10) Salesmanship	3 days
11) Import/Export	3 days
12) Construction Management	4 days
13) Factory	4 days
14) Workshop Management	3 days
15) Retail Management	3 days
16) Restaurant Management	3 days
17) Construction (Basic)	5 days
18) Construction (Advance)	5 days

Source: MARA.

c) Overseas Entrepreneurial Training Scheme for Bumiputera. (SLUB)

This special scheme was implemented by the Prime Minister's Department in 1983 to: 1) Increase the knowledge of important aspects of business management as well as increasing their entrepreneurial drive; 2) Provide opportunities for the entrepreneurs to be exposed to new ideas and techniques overseas, that can be utilised to improve their own businesses; 3) Provide opportunity to establish oversea contacts and set up business overseas.

The conditions for application include: 1) For Bumiputera in business, the enterprise must have potential for

growth. For Bumiputera not in business, they must be ready to go into business and preference is given to private sector executives and government servants belonging to at least category B; 2) The age must be between 20 to 45 and must be healthy. For government servant, the age limit is extended to 55; 3) Minimum academic qualification is SPM (Form Five Qualification) and preferences are given to Diploma/Degree holders. Those without the necessary academic qualification must be in business for at least 5 years; 4) They must have a good knowledge of English.

This programme is considered special since it is the only entrepreneurial training programme conducted overseas and the idea itself was initiated from the Prime Minister's office. Participants were selected and sent to be trained in oversea training centres in 13 different countries including USA, Australia, Austria, Canada, Ireland, Italy, Japan, South Korea, Netherlands, France, West Germany, Switzerland and the United Kingdom. Each programme was for a duration of about three months.

In 1985, the programme was temporarily postponed pending the review of its effectiveness by a study conducted by UKM. A total of 801 participants mostly entrepreneurs successfully participated in the programme. This programme was popular due to the attraction of going overseas for

---

further studies and it would not be a surprise if the feedback from the study and evaluation had been positive.

d) KBS.

In addition to the start-up training programme, KBS provides a range of short courses for young people who are members of youth organisations. Not all the programmes listed in Table 7.5 can be considered as entrepreneurial, but the choice of training for the youth is ample. Furthermore the youth also qualifies for the programmes conducted by other agencies.

Table 7.5  
Courses offered by KBS

Course	Duration
1) Business Motivation.	5 days
2) Food Preparation.	10 days
3) Book-Keeping.	7 days
4) Small Business Management.	7 days
5) Planning for Profit.	3 days
6) Marketing Management.	3 days
7) Motivation Follow-up.	3 days
8) Motivation for Young Farmers.	7 days
9) Rural Technology Training.	14 days
10) Cooperative Leadership.	7 days
11) Cooperative Education.	7 days

Source: KBS

e) SEDC Sarawak.

SEDC Sarawak conducts a number of training programmes for owner-managers. Table 7.6 indicates that one of the target business is the construction sector.

Table 7.6  
Courses offered by SEDC Sarawak

Course	Duration
1) Bookkeeping.	4 days
2) Retail Management.	5 days
3) Construction Management 1.	6 days
4) Construction Management 11.	5 days
5) Construction Management 111.	5 days
6) Cash Flow Management.	5 days
7) Service and Cleanliness.	3 days

Source: SEDC Sarawak.

f) BBMB

BBMB through its Unit Khas Bumiputera (UKB) is the most active commercial banks in entrepreneurial training. According to the manager of UKB, the courses in Table 7.7 were designed to compliment the work of the other training agencies. After investigating the training programme offered in the country by various agencies, UKB decided to concentrate on the financial aspects of training, a logical decision for a commercial bank that can utilise their staff expertise to conduct courses.

Table 7.7  
Courses offered by BBMB

Courses	Duration
1) Bookkeeping	3 days
2) Business Management	3 days
3) Working capital management	2 days
4) Import/export management	2 days

Source: Unit Khas Bumiputera, BBMB.

g) Business Essential and Technique Programme.

Business Essential and Technique Programme conducted by the Business Modernisation Centre is "How To Do It" packages delivered through a series of seminars using lectures, business games, case studies and problem-solving exercises. The participants are charged \$1,000 for 42 three-hourly sessions for the duration of 8-9 weeks.

**7.2.4) Special Industry Based Training**

Some institutions are assigned to help entrepreneurs in certain specific industries. Their initiatives are also for owner-managers but classified separately due to their special nature.

a) Retail.

A special programme for the retailers is conducted by Pernas Edar, an agency established to participate in retail business. A series of short training programmes is conducted in the various aspects of retailing. To modernise the retailers a modified franchising system is utilised using the name JIMAT in which the shops appear similar in arrangement and decoration. However it is not an actual franchise system since the proprietors are independent from and contribute nothing to Pernas Edar. To



achieve the JIMAT's standard Pernas Edar needs to spend a lot of time to advice the retailers.

b) Construction.

Trainings for Bumiputera contractors are also conducted by the Public Works Department (PWD), which is the biggest provider of work contracts in the country since most civil engineering works are undertaken by the department. One of PWD's role is to ensure that Bumiputera entrepreneurs are given a certain quota of government construction tenders which is standing currently at 30%. To increase the technical and management capability of the contractors, PWD launched training programmes especially for the lower category contractors.

c) Food Processing.

Training in the food processing industry can also be found at MARDI, considered as more of a technical service agency. MARDI conducts a series of production courses to teach the Bumiputera in the basis skills of processing agricultural products.

### § 7.3) ENTREPRENEURIAL EDUCATION

Entrepreneurial education is a recent phenomena in Malaysia. It was introduced into the school system through the reorganisation of the subject of Commerce in the

---

secondary school level to include entrepreneurship. With respect to the institutions of higher learning, entrepreneurial courses are directly available at Institut Teknologi Mara.

### **7.3.1) Commerce and Entrepreneurship**

The objective of the Ministry of Education is to promote entrepreneurship in schools. It was decided that the syllabus of the subject of Commerce was not practical enough and the way forwards was to introduce entrepreneurship in the syllabus itself.

The syllabus was rewritten, approved by the relevant authorities and renamed Commerce and Entrepreneurship. A group of local experts prepared a teacher's guide with the detail practical activities needed in the subject. Before the actual launching of the programme, the teachers involved went through a short training programme to familiarise themselves with the approach needed to handle the subject.

### **7.3.2) Entrepreneurial Studies**

Entrepreneurial Studies is a formal academic subject for certain Diploma courses at the Institut Teknologi Mara. The objective is to give business knowledge and exposure to the students undergoing courses with potentials of going into self-employment. It is a compulsory subject for

---

the Diploma in Art and Design and Diploma in Hotel Catering Management.

The programme comprises of two hours a week lectures for 16 weeks with continuous assessment consisting of a project and a final examination. The final grade is included in the calculation of the Grade Point Average.

### **7.3.3) Entrepreneurship as Co-curriculum**

Kembara Ushawan (KEMUSA) or Entrepreneurial Walkabout is a co-curriculum at Institute Teknologi Mara. It was introduced to give business experience to ITM students based on the concept of the Walkabout which must be undertaken by every young man before being declared a 'man' among certain aborigines in Australia. Initially it was offered on voluntary basis but later incorporated as a co-curriculum and became one of the alternatives to other co-curriculum activities which is a compulsory graduation requirement for every ITM students.

Those who registered for KEMUSA must fulfill the requirements of attendance and assessment. The programme consists of classroom lectures, motivation training, practical management of retail outlet and practical selling at the Pasar Malam (night market). Both the retail outlet and the Pasar Malam are organised by MEDEC in ITM campus.

## **§ 7.4) COMPLIMENTARY SERVICES**

Training organisations also provide follow-up service to determine the position of their participants and other services to help them overcome teething problems. Most of these assistances are also opened to the public.

### **7.4.1) ICU Services**

As a follow-up, ICU conducts seminars, provides advisory services, disseminates information and found a business club. A series of two day seminars is conducted to find out the current positions of the participants. In addition past participants can walk-in to get advice from the various officers responsible to monitor their progress. A regular leaflet containing business opportunities is posted to the participants. In the case of the SLUB participants, a club known as Club Ushawan Malaysia was formed through which the information is distributed.

### **7.4.2) NPC's Follow-up Service**

NPC's follow-up service consists of 4 types of services known as 3.1, 3.2, 4.1, and 4.2. In addition NPC also undertakes an interfirm comparison work as well as participates in the World Bank SSE projects.

Follow-up 3.1 is the one-off visit after the course to quickly appraise the situation of the participants. Most

of the follow-up service is given under this programme. Those participants identified as having potential to progress are followed up under the 3.2 programme, in which two or three visits can be made to diagnose the problems of the entrepreneurs. Those who show genuine interest are given a higher level service, programme 4.1, where intensive and more frequent visits are undertaken covering more detailed study of the areas of the business. Follow-up service 4.2 is actually for model businesses.

Interfirm Comparison (IFC) is desk research to analyse the data collected and make comparisons between various firms. In 1985 NPC participated in the World Bank SSE programme to develop entrepreneurs in Malaysia and their follow-up services were extended to cover the participants of the programme.

#### 7.4.3) MEDEC

MEDEC's follow-up programme comprises of postal survey, one-day seminar, planned visit and ad hoc advisory/counselling service. A postal survey is conducted once a year to determine the situation of all past participants. In the case of the newly completed course participants, a one-day follow-up seminar is organised to see their progress in setting up business or in business. Every year at least two planned follow-up visits are conducted during which MEDEC staff visit the participants

---

all over the country. MEDEC tries to monitor the progress of their participants for three years. The period, three years, is taken as the cut-off point when the participants should be fairly well established and can secure assistances from other sources without the help of MEDEC. In addition MEDEC also provides ad hoc advisory/counselling service to walk-in ex-participants or members of the public.

Another support service provided by MEDEC is the provision of information. On a regular basis, MEDEC despatches to the ex-participants the following information: Business opportunities prepared by MTI, Export/Import opportunities prepared by MEXPO, and Joint Venture and agency opportunities offered by ex-MEDEC's participants.

#### **7.4.4) MARA**

The most important of MARA's facilities for their participants are the loan schemes. Being the most integrative institution MARA also provides a wide range of after training services covering various types of advice, counselling and consultancy services. The most popular services are technology/design, marketing and accounting, secretaryship and general management.

## § 7.5) TRAINING RESOURCES

An important element in the entrepreneurial training intervention is the training resources available which can be classified into finance, trainers and others.

### 7.5.1) Financial Resources

Financial resources for entrepreneurial training programmes are secured either by the allocation to the various Ministries under the annual budget or sponsorship of courses. Very small portion of the total cost can be secured from course fees. MEDEC's course fee, considered as the highest, only covers expenses to conduct the AMT input.

#### a) Annual Budget.

All the training agencies are departments of a bigger organisation that secure their fund through an annual budgeting system. These organisations are also supervised by the relevant Ministries as shown in the Table 7.8. It seems that the key ministries have at least one agency under their supervision that conducts entrepreneurial training.

Table 7.8  
Training Agencies & Ministries.

Agency	Ministry
MARA	National and Rural Development.
NPC	Trade and Industry
MEDEC, ITM	Education.
KBS	KBS
SEDC	State Government.
ICU	Prime Minister's Department.

Source: Respective Agencies.

b) Sponsorship.

Another source of finance is sponsorship, either fully or partially sponsored. Some institutions and agencies can be considered as sponsors of entrepreneurship training. Among the more active agencies are the Prime Minister Department, SEDC Trengganu and BPMB.

The Prime Minister's Department fully sponsored the two training programmes initiated by the Department. The actual training was done by the local or overseas training organisations. SEDC Trengganu, considered as one of the richest SEDC due to the oil revenue, sponsored a training programme for participants from the state itself. The actual training was conducted in Trengganu by MEDEC. Another sponsoring agency is the BPMB which conducted programmes as a joint venture with MEDEC, NPC or MARA. It also contributed speakers pertaining to finance and BPMB facilities and participated in evaluating the participant's business plan.



### 7.5.2) Trainers.

Another training resource is the trainers who also act as small business advisors. The quantity and quality of trainers are the important elements that determine the success of entrepreneurial training programmes. Training and development for trainers in Malaysia is weak. Only NPC established regular training for trainers programme known as the EDP for Development Officers (KUPP). KUPP is divided into three levels. KUPP 1 and KUPP 11 for the duration of 2 weeks each and KUPP 111 lasting 3 weeks. These programmes are exclusively for NPC personnel.

Other organisations utilise outside training facilities especially in India and the Philippines where the cost is much cheaper compared to similar courses in developed countries. As such training is not done systematically, subjected to the availability of fund. NPC is fortunate that it has the resources in the form of existing foreign experts attached to the organisation under its various foreign aids schemes. Other organisations must operate within their limited budget. As a consequence there is no common training base for the small business trainers in Malaysia.

In term of quantity, the estimate number of trainers who also provide advisory service is as Table 7.9. Undoubtedly there are trainers in many other institutions but their

---

---

numbers are not considered to be large enough to the extent that it can significantly change the data.

Table 7.9  
Estimated Number of Trainers

Organisation.	No. of Staff.
1) NPC	51
2) MEDEC	21
3) KBS	30
4) MARA**	70
5) Others**	70
Total	242

Source: Respective institutions.

\*\* Estimation.

### 7.5.3) Other Resources

#### a) World Bank SSE.

A short in the arm was given by the World Bank SSE Programme in 1984 which financed, among others, staff training. As a result trainers were sent to developed countries like UK and Europe. The World Bank programme also aims at boosting the capability of the supporting institutions by providing equipments and consultants.

#### b) Consultants.

Aside from the service of the consultants under the World Bank SSE Programme, only NPC has a consultant attached to the entrepreneurial training unit.

---

## § 7.6) TRAINING PERFORMANCE

The amount of training resources utilised should be compared with the training output to enable some conclusions to be made about entrepreneurial training in Malaysia. The national entrepreneurial training output data in the Malaysia Plans are the aggregate output and to secure a better picture of the training output, the respective agency data need to be analysed.

### 7.6.1) National Training Output

Table 7.10 shows that the number of participants of entrepreneurial training programmes fluctuates: decreased in 1981, increased in 1983 and decreased again in 1985. The average number of participants per year was 24,381 with a standard deviation of 3,844. The data also clearly indicates that entrepreneurial trainings were given mainly to the Bumiputera who accounted for more than 90% of the participants.

Table 7.10  
Participants of Entrepreneurial Training Programmes

	1980	1981	1983	1985
Total	27,779	21,357	27,626	20,751
Bumiputera	93.0%	na	93.8%	na
NonBumiputera	7.0%	na	6.2%	na

Average = 24,381      Standard Deviation = 3,844

Source: Malaysian Development Plans

Note: na = not available.

The main problem with the national training output figure is that it is an aggregate without distinguishing between the various categories of participants.

#### 7.6.2) Training Output by Institutions

To provide a clearer picture of the entrepreneurial training output, data are collected from the main training agencies. The small scale training by many other organisations are not included and will not change the picture significantly.

##### a) ICU's Programmes.

The output of ICU's programmes is limited due to the nature and cost of each programme. The SLUB programme produced 801 participants and the C & D programme 532 (Refer to Table 7.11).

By ICU's record, 90% of the SLUB's participants were entrepreneurs when they entered the programme. The programme itself was under review. Whether it would be continued or not depended on many factors including the result of a survey conducted by UKM. However, it was to be expected that the feedback would be positive due to the special nature of the programme which involved oversea travels.

For the C & D programme, 142 participants are in business, representing approximately 27% of the total output. The percentage of actual start-up will increase with the introduction of a new condition of signed resignation letter for future participants. Conversely the resignation letter requirement might lead to the reduction in the demand for training.

Table 7.11  
JPM's (ICU) Training Output

	SLUB	C & D
1983	160	148
1984	327	176
1985	314	145
1986	-	63
Total	801	532

Source: ICU

b) MARA Training Output.

MARA training activities are conducted under the Business Training Plan and Entrepreneurial Development Plan. The output for five years, 1982-1986 is given in the Table 7.12. It shows that in term of the number of participants MARA is more active in training the existing entrepreneurs. Under the Fourth Malaysia Plan, according to MARA, 2,393 courses were conducted for 80,705 participants. This is to be increased to 3,948 courses for 92,400 participants under the Fifth Malaysia Plan at the cost of \$15,380,000 or \$166.45 per participant.

Table 7.12  
Number of Participants Trained by MARA

	1982		1983		1984		1985		1986	
	No.	Part.	No.	Part.	No.	Part.	No.	Part.	No.	Part.
Pra-KPPP	78	9132	52	5800	47	4797	51	5099	46	5977
KPPP	38	995	31	813	35	919	35	875	33	810
LKK	-	-	-	-	25	625	-	-	-	-
Total	38	995	31	813	60	1544	35	875	33	810
Travel Agency	1	30	-	-	-	-	-	-	-	-
Business Mgt.	4	102	-	-	-	-	-	-	-	-
General Mgt.-Bus	2	45	-	-	-	-	-	-	-	-
Technical-Vehicle	5	135	-	-	-	-	-	-	-	-
Bookkpg(B)&(A)	83	2567	73	2194	79	1740	77	2156	81	2157
Financial Mgt.	20	521	18	575	13	385	14	377	14	359
Costing	-	-	-	-	-	-	2	74	1	21
Comp. Secretary	6	144	7	195	3	85	3	71	4	115
Woodworking (B)	5	142	4	100	3	75	9	214	7	182
Woodworking (A)	-	-	-	-	1	25	-	-	2	50
Marketing	14	366	18	530	22	604	31	817	25	721
Distribution	12	343	8	235	8	220	6	130	2	55
Salesmanship	12	348	10	280	15	396	6	157	16	434
Import/Export	2	60	2	60	2	55	3	86	1	47
Construction Mgt.	-	-	-	-	3	75	4	100	7	130
Factory Mgt.	1	28	1	25	2	55	3	79	2	54
Workshop Mgt.	-	-	5	135	1	30	3	80	2	38
Retail Mgt.	-	-	-	-	2	55	4	267	5	113
Restaurant Mgt.	2	90	1	25	4	105	7	175	7	194
Constr. (B)&(A)	26	722	18	496	14	391	14	380	21	518
Total	195	5643	165	4850	155	4297	186	5163	197	5188

Source: MARA

Note: B = Basic; A = Advance.

c) MEDEC.

Up to 1986, 1176 participants went through MEDEC's programmes. (Refer to Table 7.13). Out of the total, 705 are still in business representing 59.9% of the people trained. It is noted that MEDEC training data is on the start-up programme. Data on training for the existing entrepreneurs is not given reflecting the concentration of MEDEC on the start-up.

Table 7.13  
Number of Participants of MEDEC's EDP, 1977-1986

Year	No. of Participants	No. of Courses	No. of Participants Before EDP	No. of Participants After EDP	No. of Participants in Business Total	No. Not in Business
1977	46 (100)	2	8 (17.4)	15 (32.6)	23 (50)	23 (50)
1978	22 (100)	1	2 (9.1)	6 (27.3)	8 (36.4)	14 (63.6)
1979	46 (100)	3	9 (19.6)	14 (30.4)	23 (50)	23 (50)
1980	62 (100)	3	21 (33.9)	22 (35.5)	43 (69.4)	19 (30.6)
1981	89 (100)	4	36 (40.5)	27 (30.3)	63 (70.8)	26 (29.2)
1982	79 (100)	3	46 (58.2)	24 (30.4)	70 (88.6)	9 (11.4)
1983	148 (100)	5	85 (57.4)	28 (18.9)	113 (76.4)	35 (23.6)
1984	187 (100)	6	85 (45.5)	33 (17.6)	118 (63.1)	69 (36.9)
1985	256 (100)	10	95 (37.1)	21 (8.2)	116 (45.3)	140 (54.7)
1986	241 (100)	11	118 (49)	10 (4.1)	128 (53.1)	113 (46.9)
Total	1176 (100)	48	505 (42.9)	200 (17)	705 (59.9)	471 (40.1)

Source: MEDEC

Note: Figures in brackets are percentages.

d) NPC.

The aim of NPC is to train 17,500 entrepreneurs by 1990 under the BEP programmes. The achievement is as in Table 7.14 which represents three different periods with different objectives and strategies. Between 1976 and 1979 the objective was to create entrepreneurs and the programmes were organised as a joint-venture with MARA, KBS or RISDA. In fact NPC actually acts as a subcontractor with other organisations sponsoring the major part of the cost. Thus the data provided by NPC, MARA and KBS for

these years have a high probability of being double counted. Between 1980 and 1982, NPC conducted its own programme with the main objective of upgrading the existing entrepreneurs. In 1983 entrepreneurial training programmes were classified into a sectorial programme either sponsored or offered by NPC itself. Realising the diseconomies of competition, beginning in 1984, it was agreed between the training institutions that NPC would concentrate on upgrading existing entrepreneurs leaving entrepreneurial creation to MEDEC and MARA.

Table 7.14  
Number of Courses and Participants  
Conducted by NPC Between 1976-1986

Year	No. of courses	No. of participants	No. in Business	No. not in Business
1976	127	661	206	455
1977	120	3036	1174	1862
1978	116	2892	958	1934
1979	98	2597	857	1740
1980	117	3049	851	2198
1981	209	4955	1952	3003
1982	119	4867	1857	3010
1983	90	2062	830	1232
1984	112	1860	977	883
1985	179	2912	1832	1080
1986	221	3447	2106	1342
Total	1508	32338	13600	18738

Source: National Productivity Centre (NPC)

e) Business Modernisation Centre.

The Business Essential and Techniques Programme by 1983 produced more than 6,000 participants through 100 seminars.



f) Ministry of Youth and Sport.

The Ministry of Youth and Sport (KBS) concentrates on young entrepreneurs. From 1981-1986 their training outputs were as in Table 7.15. It shows that in term of the number of courses and participants, KBS emphasises more on the existing entrepreneurs.

Table 7.15  
Total Training Output of KBS, 1981-1986

Course	Number	Participants
1) EDP 1	188	4987
2) EDP 11	32	575
Total	220	5562
1) Business Motivation.	124	4217
2) Food Preparation.	86	2065
3) Book-Keeping.	96	2332
4) Small Business Management.	9	212
5) Profit Planning.	4	104
6) Marketing Management.	9	154
7) Business Motivation Follow-up	14	210
8) Young Farmers Motivation.	16	392
9) Rural Technology Training.	8	143
10) Cooperative Leadership.	33	820
11) Cooperative Education.	24	673
Total	423	11322

Source: KBS

g) Pernas Edar and PWD

The data of training by Pernas Edar in the retail industry and PWD in construction is as in Table 7.16. It shows that Pernas Edar trained more than 1000 retailers and PWD a few hundreds Bumiputera contractors in any given year.

---

Table 7.16  
Training Output of Pernas Edar & PWD

	1981	1985
Pernas Edar	1447	1000
PWD	222	398

Source: Fifth Malaysia Plan

### 7.6.3) Analysis of Entrepreneurial Training Output

For the purpose of the analysis, the training output of the various agencies are classified in Table 7.17. It is realised that the data do not include all training programmes conducted in the country. Nevertheless it has taken into account the output of the main training agencies and the conclusions derived have a high probability of being correct.

From the analysis of the data the following conclusions can be made:

a) Between 1982-1986, 35.48% of the participants attended the awareness programmes, 11.15% attended the start-up programmes and 53.37% attended the programmes for the owner-managers.

b) If the awareness programme is not considered as entrepreneurial training, it is appropriate that about one-third of the data in the Malaysia Plans on the entrepreneurial training output is to be discounted.

c) The exclusion of the awareness programme means that the proportion of the participants attending start-up and owner-manager training programmes changed to 17.3% and 82.7% respectively. Thus the ratio of start-ups to owner-managers entrepreneurial training output is 1:4.78, indicating that entrepreneurial trainings in Malaysia are for the existing entrepreneurs.

Table 7.17  
Analysis of Output of Entr. Training  
of Main Agencies, 1982-1986

	1982	1983	1984	1985	1986	Total
Awareness Prog.						
Pra-KPPP	9132	5800	4797	5099	5977	30805
Total	-	-	-	-	-	30805
% of Grand Total						(35.48)
Start-up Prog.						
C & D	-	148	176	145	63	532
KPPP	995	813	919	875	810	3602
MEDEC	79	148	187	256	241	911
KBS(Cumulative)(1)	-	-	-	-	-	4635
Total						9680
% of Grand Total						(11.15)
Owner-Manager Prog.						
SLUB	-	160	327	314	-	801
MARA	5643	4870	4297	5163	5188	26161
NPC	4867	2060	1860	2912	3447	11701
Pernas Edar(2)	-	-	-	-	-	6118
PWD(3)	-	-	-	-	-	1550
Total						46331
% of Grand Total						(53.37)
Grand Total						86816
%						(100)

Source: Secondary data.

Note on the estimations:

(1) 5/6 of the 6 years cumulative figure.

(2) Average training per year multiply by 5.

(3) Average training per year multiply by 5.

## CHAPTER EIGHT

### RESEARCH METHODOLOGY

#### AIM OF THE CHAPTER

This chapter aims at outlining the research methodology of the investigation. It begins with the statement of the key questions addressed by the work. The various research methodologies available to tackle these questions are examined and the method that is used explained. Then the various steps taken to develop the questionnaire are described along with the sampling method. Finally the notes on the fieldwork and the data processing method are discussed.

#### § 8.1) THE KEY QUESTIONS FOR RESEARCH.

As we saw in Chapter One, the overall objectives of the work are:

- i) To find out whether the creation and development of the entrepreneurs (or the rate of new business formation in the population) can be stimulated by government intervention.
- ii) To study and evaluate the role of training in creating and developing entrepreneurs.

There are three subsidiary objectives:

- i) To develop a profile of the Bumiputera entrepreneurs and their businesses to enable a better understanding of the issues in entrepreneurship .
- ii) To determine the main problems faced by Bumiputera entrepreneurs.
- iii) To study the cultural dimensions of entrepreneurship.

Chapter Two and Three attempted to map the existing literature on entrepreneurship which was incorporated into a conceptual framework set out in Chapter Four, which provided a means of linking the various elements into a coherent whole. This framework has to be seen in the context of the Malaysian situation described in Chapter Five, Six and Seven. In operationalising this framework, a number of key questions have been framed, which relate back to the fundamental objectives but which can be empirically addressed in the specific Malaysian context.

The key questions are:

1. Has there been a change in the rate of business creation?.
2. What is the influence of general economic, political and social climate?.
3. What is the nature of government intervention?.
4. What is the nature of the role played by entrepreneurial training?.
5. How do the entrepreneurs evaluate training programmes?

6. What are the characteristics of Bumiputera entrepreneurs?
7. What are the characteristics and problems facing Bumiputera enterprises?.
8. What is the nature of the background of Bumiputera entrepreneurs?.
9. What influence does culture have on creation of Bumiputera entrepreneurs?.

#### **§ 8.2) WORKING DEFINITIONS**

The key terms in this research are defined as follows:

##### **a) Entrepreneurial Development Programme**

An Entrepreneurial Development Programme refers to the entire range of initiatives implemented by the government to stimulate and promote entrepreneurs or small businesses.

##### **b) Entrepreneurs**

Faced with the problem of lack of consensus on the definition of who is an entrepreneur, this investigation adopted a working definition that an entrepreneur is the one who owns and operates his own business. An entrepreneur is the unit of study and data cannot be collected by interviewing paid managers or other staff of the enterprise.

**c) Entrepreneurial Training**

Training includes all entrepreneurial training programmes conducted in Malaysia. It encompasses the awareness programmes, the start-up programmes and the programmes to assist owner-managers ranging from one day to four months conducted by the government, semi-government and private organisations.

Entrepreneurial training is not an offshoot of small business courses which "appeared to satisfy the needs of students in understanding the problems and needs of the firms they were assisting" (Sexton and Bowman, 1984, p.19). It is an integration of areas of management, marketing, finance, and accounting into a strategic framework that applies to the various stages of business. In other words it is "the application of strategic management and planning concepts to the start-up, early growth stages of the firm in an effort to assure continued growth in sales and profits" (Sexton and Bowman, 1984, p.20).

**d) Bumiputera**

The Bumiputera is defined by the Malaysian Constitution and comprise of many groups especially the various groups in East Malaysia. For the purpose of this work, the group of Bumiputera studied are the Malays found mainly in West

---

Malaysia. A Malay according to the Malaysian constitution is "a person who professes the Muslim religion, habitually speaks Malay, conforms to Malay custom: a) was born before Merdeka Day, in the Federation or Singapore or born of parents one of whom was born in the Federation or Singapore, or was on Merdeka Day domiciled in the Federation or Singapore; or b) is the issue of such a person" (Article 160).

**e) Retailer**

Baker (1983) defines retail as "Any establishment engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of such goods" (p.177). A retailer is a "Trader who sells small quantities of goods to the individual consumer" (Jefkins, 1987, p.259). In Malaysia Bumiputera retails are small enterprises such as provision shops, furniture shops, jewellery shops and petrol stations. None of the entrepreneurs operate supermarket or big stores.

**f) Manufacturing**

Manufacturing is defined as the mechanised or chemical transformation of inorganic or organic substances into new products whether the work is performed by power driven machine or by hand, whether it is done in the factory or the worker's home, etc. (International Standard Industrial

---



Classification of All Economic Activities (1958), published by the Statistical Office of the United Nation, quoted by Abdul Aziz Mahmud, 1981). In Malaysia, the examples of manufacturing concern are sauce manufacturing, batek printing, furniture making and printing of various sizes. Definitely they are not of the category of manufacturing concerns in the developed countries in term of technology and sophistication.

### **§ 8.3) RESEARCH METHODS**

The literature review reveals a number of research methods utilised and an important research task is to determine the best method to collect the required data.

#### **8.3.1) Data Collection**

The more popular ways to collect data are: a) Secondary data, either internal or external. b) Experimentation. c) Respondents, either by questionnaires, personal interview, or observation. d) Developing and testing models.

a) Secondary data-internal or external.

Investigations through secondary data, both internal and external sources, are conducted using written materials mostly located in large libraries or internal records of the company or institutions. In many developing countries,

---

there is a large volume of secondary data kept at various government departments. However due to either the confidential classification of the data or the lack of research efforts, they are not analysed and studied in detail.

The main uses of the secondary source of information are:

a) To determine the evolution of theories and research into possible cause and effect relationship of a phenomena; b) To seek out significant facts and interpretations from the past; c) To seek out information about contemporary life from the available data and statistics.

This work utilised a great deal of secondary data in the theoretical and background part of the thesis. Care must therefore be taken to avoid the problem of plagiarism. It is also important that the findings from the field survey are crossreferred with existing secondary data to determine their significance.

b) Experimentation.

Experimentation can be described as a systematic alteration of some aspect of the world in order to see what changes follow. In the process of conducting the experiment the sample is selected, and the investigator intentionally manipulates one or more of the independent

---

variables ( $x_1, x_2, x_3 \dots$ ), thus exposing various groups of subjects to the different variables, and then observes the changes in the dependent variables ( $y_1, y_2, y_3 \dots$ ). Experimentation which can be conducted in the laboratory is the basis of investigation in the field of science.

c) Respondents.

Data can also be collected from the people or the unit of study under investigation using either questionnaires, personal interview, observation or a combination of both.

i) Questionnaires. Questionnaires are developed and can be mailed or used as a guide for the interviewers. A mailed, self-administered questionnaires has a number of advantages such as cheaper, more efficient, widely spread sample and avoid the problem of noncontact. However it also has certain disadvantages such as the answer is final, the respondents see all the questions first, low response rate and the uncertainty that the right person completes the questionnaire.

ii) Personal Interview. Most of the above problems can be overcome by personal interview which has such advantages as more flexibility in the means of collecting data, identification of respondents known, very low none responses, and the ability to control the distribution of sample in all respect. However, the main disadvantage of

personal interview is the high cost incurred, time and manpower limitation.

iii) Observation. Observation is a classical method of scientific enquiry in the natural surroundings rather than in the laboratory. It is used mainly in biology, physics and astronomy but surprisingly not being frequently used in the area of social sciences.

Social scientist who utilises this method uses a number of techniques. The first one is the uncontrolled, participant observation when the researcher disguised himself so as to be accepted as a member of the group. The second type is the nonparticipant observation or the quasi-participant observation when the researcher participates in some activities and only records other activities such as festivals and religious functions. The third type is the systematic observation when the need for precise data arised and tools such as films, recording, timing devices etc. are used.

d) Developing and Testing Models.

The fourth data collection method is the developing of models through library research to explain the relationship between the various variables. Data is then collected to test the models and determine the best fit

model. This approach can be a fruitful method of investigation if the data is easily or readily available.

### 8.3.2) Review of Research Methods

Previous works in Malaysia, the Phillipines and Thailand in the area of entrepreneurial development used mainly questionnaire administered by an interviewer. A variety of test instruments specially prepared or borrowed from other disciplines were also used.

Charlesworth (1974) developed a research design instrument to measure the attitude of the Malays towards business based on a programme developed by the Office of Business Development and Government Services, University of Kentucky. During the field work, three research teams of interviewers travelled throughout West Malaysia interviewing over 400 Malay businessmen for a period of 2 months.

Abdul Aziz Mahmud (1981) focused his research on the state of Selangor. He used circular systematic random sampling to select 73 Malays and 71 Chinese entrepreneurs from the list in the Department of Statistics. The data collecting technique used was the interview which lasted on the average 1 hour 5 minutes.

Mohd Fauzi (1981) conducted a three stages field study. The first stage was to take the census of all 377 Malay

---

businesses in Kota Bharu since the available data with the local council was incomplete. In the second stage, 10 undergraduates went round interviewing 186 entrepreneurs, and finally in the third stage he used selected cases to study business changes and growth.

Carroll (1965), in the Philippines, interviewed 109 manufacturers, out of which 92 were included in the study. He also used personal interviews where in the early part of the interview he asked the respondents to describe in their own words the enterprise and how it had been established and then followed by detailed questionnaires about capital, technology, management and the like.

Bell (1968) did an empirical study in Thailand to discover whether market forces affect the supply of entrepreneurs in a developing country. He selected 128 domestically owned companies with 90% Thai capital out of 344 enterprises receiving promotional privileges. He conducted a personal interview because he was advised by the locals not to use mail questionnaires in Thailand.

The above review indicates that the most common methods of data collection is questionnaires administered by an interviewer. In another word, it is a close ended type of interview with the objective of filling in the questionnaire. This is similar to the conclusion arrived at by the review of methodologies employed in this area of

---

research which stated that "a large number of studies-33 percent-used one or a combination of questionnaire and interview techniques" (Churchill and Lewis, 1986, p.359).

In this study a combination of postal survey and personal interview with structured questionnaire have been utilised. The postal survey is to secure the initial responses for the snowball sampling technique with the aim of securing 200 respondents.

### 8.3.3) Stages of The Investigation

In carrying out the research the following steps are followed:

#### a) Literature Review.

The literature search starts with the review of the economic development theories to identify the role of the entrepreneurs in economic development. The development theories are extensive and to facilitate presentation they are classified into economic theories and psychological, sociological and historical theories.

Then the literature review moves on to the entrepreneurial models to explain the emergence of the entrepreneur. The work done in this area are extensive due to the involvement of scholars from the field of economics, sociology, psychology and management. To go through the

theoretical jungle the researcher classifies the theories into economic, psychological and other theories. The psychological theories are further grouped using Elizabeth Chell classification of psychological models in which after a critical study she divided the psychological entrepreneurship theories into psychodynamic model, social development model, and the traits model.

The next stage of the literature review is the concepts related to entrepreneurial development and training to see the important elements and issues.

The literature review resulted into the development of the conceptual framework of the study, within which the primary and secondary background data, collected in Malaysia, are analysed.

b) Review the work done in Malaysia and other ASEAN countries.

Studies that have been carried out in Malaysia in entrepreneurial development is limited and the sociological approach was mainly used. Thus a fairly exhaustive review is possible. Investigations in other developing countries especially the ASEAN countries, the immediate neighbours of Malaysia, are relevant since they face similar problems in developing their indigenous entrepreneurs in an environment where the emigrants,



namely the Chinese, dominate. In addition these ASEAN countries have the potential to produce similar products, thus creating the element of competition with each other.

c) Malaysian Secondary Data.

The secondary data on entrepreneurship in Malaysia are collected at various institutions such as local universities, agencies and government's departments. The problem in Malaysia is the lack of comprehensive data collection in the area of entrepreneurial development and materials are scattered all over the institutions. The only known serious attempt to collect entrepreneurial development data was undertaken by MEDEC recently and it needed time for the programme to be completed.

d) Primary Data Collection.

Primary data is collected by postal survey and field-work in Malaysia. A three stage process is adopted comprising of developing the questionnaire, pilot testing and the actual field-work.

#### **§ 8.4) DEVELOPING QUESTIONNAIRE**

After the literature review the questionnaire was designed and formulated with the help of a panel discussion and pilot tested in both Scotland and Malaysia.

#### 8.4.1) Panel Discussion.

A panel discussion was held with a panel of Malaysian post-graduate students who have had working experience in small business or entrepreneurship in Malaysia. The objective was to get ideas and opinions on certain issues relevant to entrepreneurial development which will be the basis for developing the questionnaire. In this discussion the researcher refrained from giving opinions and maintained only the role of a facilitator. This is to make sure that the personal experiences and views of the researcher himself did not influence the discussion. (The full report of the panel discussion is given in Appendix 4).

#### 8.4.2) Pilot Test in Scotland

From the initial ideas generated in the conceptual framework and the panel discussion a questionnaire was developed. It first went through a rough and easy pilot test in Scotland when six Malaysian post-graduate students test answered it and provided appropriate comments that were used as the input to adjust/modify the questionnaires before the second pilot test which was conducted in Malaysia. Among the comments were the length of time needed to answer the questionnaire and the arrangement of

the various sections. It was clear that the questionnaire was too long.

An important feedback was on the design of the specific questions. It was pointed out that an important element in the questionnaire design was the individual question format that must produce data suitable to be analysed by the SPSSx Statistical Package. Thus certain questions must be reformulated to bring it in line with the computer's requirements.

#### **8.4.3) Pilot Test in Malaysia**

After making the necessary modifications the questionnaire was translated into the Malaysian language and sent to Malaysia for another pilot test. It was administered by MEDEC's staff who asked their appropriate course participants and previous participants during the follow-up programmes to complete the questionnaire.

A total of 30 questionnaires were completed. The answers were coded and punched into the computer. Using SPSSx Statistical Package, the data was analysed to produce the results for each question which became the basis for further modifications of the questionnaire. It was found that the questionnaire was still too long as opposed to the planned 50 minutes interview. Thus the questions that were considered less pertinent to the study were omitted

before the final questionnaire was ready. (Refer to Appendix 6).

#### **8.4.4) Conclusion.**

The two pilot tests were very helpful to the progress of the study. As a small replica of the actual survey, it helped to determine: a) The adequacy of the sample frame. b) The variability within the sample population as well as the biasness of the sample. c) The suitability of the methods of collecting the data. d) The adequacy of the questionnaire. e) The efficiency of the instruction. In addition, it highlighted the inadequacies of the translation into the local language which can be ratified before the actual survey. In this investigation, it was found that there was no significant problems with respect to the translation since the questions asked were fairly straight forward.

#### **§ 8.5) SAMPLING TECHNIQUE**

One of the most important issue in social research is the sample of the study. It is decided that the unit of study is the entrepreneur himself. Thus paid managers or other staff are not qualified to answer the questionnaire.

### 8.5.1) Segments of Bumiputera Entrepreneurs

An important consideration in determining the sample is the segment of the target market. Bumiputera entrepreneurs in Malaysia can be segmented by industry, date of start-up, inherited or self-started and the location of the business.

The entrepreneurs in different industries are expected to have different management skills, capital requirement, use of professional managers, technical and marketing. It is observed that certain entrepreneurs such as the manufacturing entrepreneurs must have more entrepreneurial qualities than the others because the enterprise is more difficult to be manage successfully. It is also observed that the popular entry strategy into business in Malaysia is retailing before diversifying into construction or manufacturing.

The date the entrepreneurs started business is also relevant in Malaysia. It seems that the entrepreneurs who started business before 1971 are more resilient to adverse conditions and less dependent on the government.

Whether the entrepreneurs set-up the business or inherited it is also an important factor. It is observed that those who set-up their own business are more resilient to hard and depressing situations while those who inherited the

---

business encountered the traditional problem of succession, trying to fit into the shoes of the founder.

It is also suspected that the location of the enterprise is also relevant. Peninsular Malaysia is divided into the Northern Region comprising the states of Perlis, Kedah, Penang and Perak; the Southern Region represented by the state of Johore; the Central Region comprising the states of Selangor, N.Sembilan, Melaka and the federal territory of Kuala Lumpur; and the Eastern Region comprising the states of Kelantan, Trengganu and Pahang. (Refer Figure 8.1).

#### 8.5.2) The Sample

Two methods of studying a population are possible. The first is the census which is to survey each and every member of the population. The second method is to collect data from a portion of the population by taking a sample, the analysis of which will enable the extraction of some conclusions about the population.

Population sampling is a more practical method to follow. "It is the practical advantages which accounts for the fact that samples are the most normal method of collecting data rather than census" (Naili, 1987, p.174). As for the method of sampling, two major categories of sampling are given in the literature: model sampling and probability

---

sampling with a range of variations and types for each category.

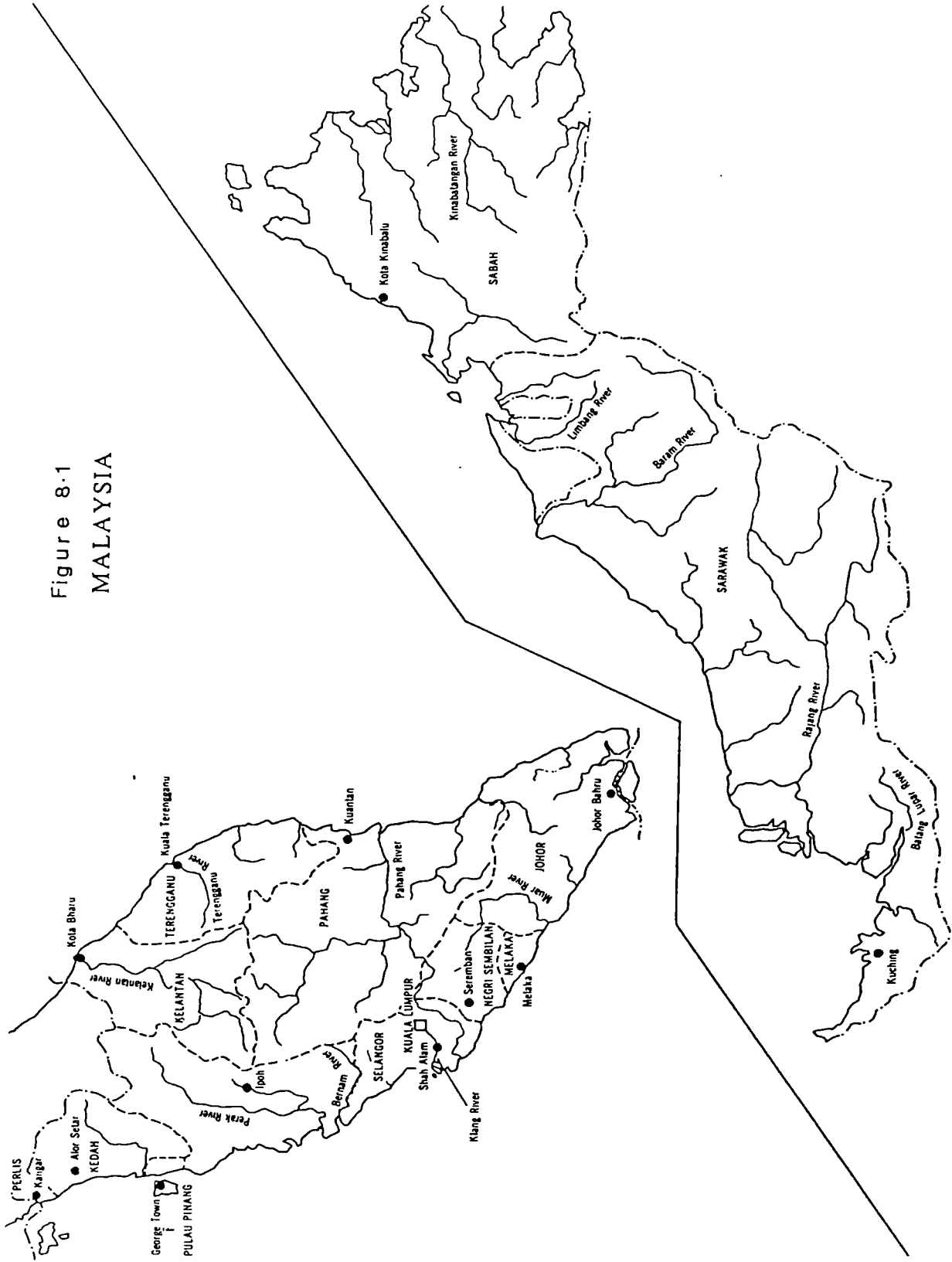


Figure 8-1  
MALAYSIA

In probability sampling, every element in the population has the same probability of being selected. This method, which is more ideal than model sampling, can make inferences to the population entirely by statistical methods. Various alternative approaches are available and the common procedures are the equal probability of selection method (Espem), the element sampling, stratification, systematic selection and two-phase sampling (double sampling).

In the case of model sampling, which is defined as sampling based on broad assumptions about the distribution of the survey variables in the population, inferences are made about the population based on this arbitrary and informal samples. This is an acceptable method in daily life when a businessman accept a shipment of goods after inspecting a few items. The popular forms of this category of sampling are haphazard samples, expert choice (judgemental sampling), quota sampling and sampling of mobile population.

In this investigation randomised probability sampling cannot be utilised due to the lack of up-to-date and complete sample population which can be used as the sample frame. The list of Bumiputera entrepreneurs in the government Statistic Department is not current and published directories are too narrow in coverage as well



as out-of-date. The first small business census undertaken by the SSED is expected to be completed by late 1988 which can be the sample frame for subsequent investigations. To overcome the problem it is decided that judgemental sampling is used, specifically the snowball technique.

Snowball sampling is a technique of building up a list or a sample of a special population by using an initial set of its members as informants (Kish, 1965, p.408). It "relies on the researcher's ability to locate an initial set of respondents with the desired characteristics; these individuals are then used as informants to identify others with the desired characteristics" (Naili, 1987, p.175). Snowball sampling is a proven technique when it was successfully used by Naili, M.M. (1987) to conduct his research.

This technique is considered as the most appropriate method to reach the unit of study from the point of view of their nature. The general nature of the Bumiputera entrepreneurs is that they operate in small industries where starting up and closing of businesses are easy and frequent. Within a few years it is common for an entrepreneur to withdraw from one business and set-up another which requires the change of address and location. The ultimate result is that the directories and lists prepared by the assisting organisations must be regularly

updated. Unless this is done through a computer data base system, which do not exist in Malaysia, it is impossible to have the up-to-date information.

Snowball technique is also the most practical way to get to the respondents. This is so because the best persons to know about the current situations of the entrepreneurs are their friends, colleagues and competitors. Starting with some known entrepreneurs in the target areas, it is not difficult to use snowball technique to get the number of responses needed. The problem of noncontact is minimised by the assistance of the informants and the entire exercise is economical and feasible in term of the limited resources and time available to the researcher.

It is recognised that the respondents will only recommend those people they know and thus the sample might be bias. However this disadvantage is minimised by the high probability that entrepreneurs are more likely to suggest other people whom they consider as real entrepreneurs with information and ideas to contribute.

### **8.5.3) Sample Size**

As for the sample size, a review of the related investigations shows that sample sizes and population vary widely with larger sample sizes, as expected, provided some kind of statistical significance. The sample size

used in some selected investigations is given in Table 8.1. It shows that the average sample size is 190 respondents with a minimum of 92 and a maximum of 400. This work aims at getting 200 Bumiputera respondents, 100 each from Kuala Lumpur/Kelang and Kota Bharu, divided equally between the manufacturers and the retailers.

Table 8.1  
Sample Size

Researcher	Size
Charlesworth (1974)*	400
Abdul Aziz Mahmud (1981)	144
Mohd Fauzi (1981)	186
Carroll (1965)	92
Bell (1968)	128

Average sample size = 190

Source: Secondary Data.

\* This is a consultancy work with the required resources.

#### 8.5.4) Reasons for the focus.

The Bumiputera are selected as the research target due to them being the indigenous people of the country and the target of the government intervention programmes. The Bumiputera are the largest group in Malaysia, holding the political power of the country. Within the Bumiputera community, the Malays are the majority, this being the reason for their selection as a unit of study.

With respect to the choice of industry, retailing represents the industry where Bumiputera participation is significant and manufacturing is the opposite. It is expected that there are significant relationships between

the types of business and the length of time to implement the business idea, legal status, initial investment, vocational and technical training, last job and percentage of government contract.

To represent the developed and undeveloped areas of the country, Kuala Lumpur/Kelang and Kota Bharu have been chosen. Kuala Lumpur/Kelang represents the developed area of the Federation and the site of the headquarters of most of the support institutions. As such all facilities and types of assistance are available. However in term of competition and opportunities, Kuala Lumpur/Kelang has more than the other areas. In the case of Kota Bharu, it represents one of the least developed area of the country, far from the agencies headquarters and not all the entrepreneurial development initiatives are available locally. Thus the business locations should have significant relationship with such variables as adequate assistances, percentage of government contract, ability to compete, adequacy of capital and the availability of entrepreneurial training.

#### **8.5.5) The Initial Responses**

In implementing the snowball sampling technique, the initial respondents were acquired through mailed questionnaires. From the list of the Ministry of Trade and Industry (MTI) and state associations, 333 entrepreneurs

---

were selected for the mailed questionnaires stage. The two sources were selected due to the fact that the MTI was then the Ministry in charge of small business and the respective Associations are the local organisations. As such their lists have a high probability of being current and up-to-date.

To motivate responses, an addressed stemmed envelop was enclosed with the questionnaire. They were followed by two reminders, three weeks and five weeks after mailing. From this exercise it was expected that a small percentage of respondents will response which is the basis of the final stage. A more detailed description of the fieldwork follows.

#### **§ 8.6) NOTES ON THE FIELD WORK**

Out of 333 questionnaires initially posted, 30 respondents replied, representing 9.09% of the sample. This rate of responses was not considered as a problem since the aim was to get the initial respondents for the snowball process. The initial responses became the basis of the second stage of the process when the researcher went back to Malaysia to visit the entrepreneurs personally and secured the 200 responses needed. The time needed for the second stage was exactly two months from 19th. June to 19th. August 1987. A part of the time was used to collect

secondary information from various libraries, relevant Ministries and agencies.

It should be noted that data collection was undertaken through actual visits to the entrepreneurs. The researcher was aware that from the experiences of other investigators, the response to making appointment by letter was low in Malaysia. This was confirmed by the responses from the initial postal questionnaire. However effort was made to contact the entrepreneurs through the telephone which turned out to be unsatisfactory. It seems that the entrepreneurs have a preconceived idea that being interviewed or filling in questionnaires were not to their advantage. Some even construed it as potentially dangerous if the information became known to the authorities such as the Inland Revenue Department. Thus after few attempts to get appointments by telephone, it was decided that personal visits must be made.

This decision was justified by the fact that it was perceived that a Bumiputera, including the entrepreneurs, found it difficult to say 'No' personally to a researcher. What was required was a letter of recommendation, a proper attire that did not depict authority, and the willingness to become 'salesmen'. This was found to be the appropriate approach, and what was needed was the opportunity to see the man himself.

---

The fieldwork was undertaken by the researcher himself with the hope of getting some 'soft' or qualitative data that can contribute to better understanding of the various aspects of the work. Using the initial respondents as referrals, visits which in some occasions can be up to three times were made to the respondents. The first visit was always exploratory in nature with the hope of getting an appointment for an interview or in some cases, if the entrepreneurs cannot give an appointment, he might request that the questionnaires be left behind to be filled in at his convenience. The second visit was for the actual interview or the collection of completed questionnaires. At times, a third visit was needed if in the first visit the researcher failed to meet the entrepreneurs. A fourth visit was considered to be counter productive.

Leaving questionnaires and collecting them later can create the problem of missing data which was not serious since the majority of the responses were collected by the interviewer himself and the entrepreneurs sitting together to fill in the questionnaire. Furthermore, after checking the questionnaire, missing data can be secured by making telephone calls to the entrepreneurs. Nevertheless some entrepreneurs were still unwilling or could not provide some of the information which remained missing.

Not all entrepreneurs contacted ended up with filling the questionnaires. A small percentage were totally unwilling to cooperate giving such reasons such as "no time", "do not want to fill in a questionnaire, it is of no use" or "we want action, not research".

Another research problem was noncontact due to two main reasons. The first reason was the problem of the manufacturers who set-up offices in towns, thus visiting their factories would not lead to contact. The second reason was the timing of the research which coincided with the time of pilgrimage to Mecca. A number of entrepreneurs, the group that normally have money, performed Haj every year. Nevertheless this problem of noncontact was expected and not considered to effect the investigation seriously.

From the field-work, a total of 202 responses were secured and 200 were used in the analysis. The raw data collected were coded and punched into the main computer (VAX) at the University of Stirling. This was the manual and clerical stage of the study which was done personally by the researcher. Using the SPSSx Statistical Package, the data was analysed and the results of the study given in the next chapter.



### **§ 8.7) DATA PROCESSING**

Primary data, collected in Malaysia, was processed by statistical techniques. A major criticism of data processing techniques used in the field of entrepreneurship is the lack of sophistication of the statistical techniques utilised. Some investigators used raw data with an emphasis on percentage and most researches used only the counting, frequency, means, standard deviations, ranking, t-test and linear correlation techniques. (Wortman, 1986, p.323) Nevertheless there are increasingly more attempts to process the data by higher level parametric and nonparametric statistical tools.

#### **8.7.1) Measurements and Data Processing Techniques**

A review of previous investigations indicates the use of certain quantitative techniques such as Likert Scale and test instruments. Charlesworth (1974) used: a) Likert scaling technique of summated rating to measure attitudes ranging from 1 to 5. During the processing he took less than three as poor attitude, the score of three as ambivalence and four and five as positive attitude; b) To correlate among variables he used factor analysis; c) To measure the external or internal locus of control he used the standard "Locus of Control" test.

Abdul Aziz Mahmud (1981) used a number of statistical techniques. To measure the variables he used: a) Scalar rating of 4 scales and 3 scales. The four scales rating are very successful, somewhat successful, somewhat unsuccessful and very unsuccessful. The three scales rating are very important, fairly important and not too important. These two rating methods were used to measure attitudes to joint venture and subjective perception such as the degree of business success; b) Likert scale for social cultural variables; c) A simple yes or no to some items. For analysis he used: a) A simple cross tabulation; b) The descriptive statistics such as percentages; c) Measure of central tendency such as mean and median; d) Percentiles; e) To test hypotheses he use chi-square; f) Test of significance at both 0.01 and 0.05 levels of confidence on certain critical ratios.

#### **8.7.2) Quantitative and Statistical Techniques Used**

The statistical technique used must be appropriate to the nature of the data gathered. In this research, considerable amount of quantitative data is acquired. The type of data the research will generate can be in cardinal, nominal and ordinal form. The cardinal scale is numerical in nature such as the investment of the entrepreneurs. The nominal scale data are nonnumerical, qualitative and categorical variables such as male or

---

female and the ordinal data is nonnumerical but with some sense of order such as the ranking of business problems and preferences. Some data is a simple yes or no and Likert scaling technique is used for some variables.

a) Data Organisation.

The quantitative data is organised by frequency distribution and presented either in tabular or graphic form. The popular techniques used are: i) The frequency distribution table which is the tabular form of presentation; ii) Histogram (Bar Graph) which is the graphic presentation of a frequency distribution. Frequency distribution graph have common characteristics such as symmetrical, skewed, bell-shaped, normal, rectangular, U-shaped and J-shaped distribution as well as indicating dispersion, skewness and kurtosis. Dispersion refers to the degree of variation in size of the value in the distribution. Skewness refers to the degree of nonsymmetry of a curve and kurtosis indicates whether a distribution is peaked or flat-topped. From them the general characteristics of the data are noted.

b) Data Distribution.

To describe the characteristics of a single distribution of data, measurements of central tendency is calculated by getting the mode, mean and median of the data: i) The Mode

is that value in the distribution for which there is the largest frequency; ii) The Mean or the common average is obtained by adding together all values in the distribution and divide by the number of observation; iii) The Median is that value in the frequency table where half the case is above and other half fall below it.

c) Data Description at a Point.

To describe the data at a point or points percentiles, deciles and quartiles are used: i) The percentile or centile is that point below which a certain percentage of cases lie; ii) Quartiles is where the values are divided into four consecutive groups.

d) Standard Deviation.

The measurement of central tendency does not indicate the variability of a group of values. To give a better picture of the data, range and standard deviation are calculated. i) Range (R) is the difference between the highest and the lowest values; ii) Standard Deviation is the "Square root of the mean of the square of the individual deviation from the mean of a distribution".

e) Relationship.

To describe the relationship or association between two or more sets of values in two or more distribution, plotting

and correlation can be used. i) Plotting the data in a two-way table or the scatter diagram. If the dots run from the lower left to the upper right the relationship is positive. The relationship is perfect or linear if the dots are on a straight line and a negative relationship occurs if the dots move from upper left to the lower right; ii) The coefficient of correlation is a single value representing the relationship between two sets of data collected from the same individual or from individuals that can be paired in the same manner. It indicates the extent to which one variable change can affect the change of another variable. The positive or negative sign only indicate the direction of the relationship. The commonly used indexes of relationship are: i) Pearson Product-Moment Coefficient of Correlation ( $r$ ). ii) Rank Order Correlation Coefficient ( $\rho$ ). iii) Chi Square ( $\chi^2$ ) iv) Multiple Correlation ( $R$ ).

It should be noted that the following misconceptions are common: i) The correlation coefficient may be interpreted as a percentage since it ranges from zero to infinity; ii) The tendency to judge the correlation coefficient as high, medium or low; iii) The correlation coefficient is also believe to indicate cause and effect relationship.

### 8.7.3) Statistical Package

a) SPSSx.

All the above calculations and test are done by the Statistical Package for the Social Science-extended (SPSSx). SPSSx is a sophisticated package with the capacity to do higher level test such as the multivariate analysis. By asking for a crosstabulation between two variables, SPSSx produces the Chi-square and the level of significance which can be used to determine the significance of the relationship.

b) Log-linear Analysis.

SPSSx also can quickly conduct a log-linear analysis of a dependent variable and a set of independent variables. Log-linear model is similar to the multiple regression model that examines the relationship between a dependent variable and a set of independent variables. In this work, a series of crosstabulation is done between entrepreneurial training and other variables to determine whether there are any significant relationship. The log-linear is then used to see the multiple relationship between entrepreneurial training (dependent variable) and the related variables (independent variables).

## CHAPTER NINE

### THE SURVEY FINDINGS

#### AIM OF THE CHAPTER

The aim of this chapter is to describe the research findings. It follows the key questions, namely business creation, general climate, government intervention, entrepreneurial training, evaluation of entrepreneurial training programmes, characteristics of Bumiputera entrepreneurs, characteristics and problems facing Bumiputera enterprises, background and lastly culture.

#### § 9.1) BUSINESS CREATION.

a) The secondary data have shown that the number of Bumiputera businesses increased since 1970 to reach the 30% target of the total registered businesses in 1985.

b) The entrepreneurs were asked whether they felt that entrepreneurs could be developed or not. 54.7% agreed or strongly agreed that the entrepreneurs could be developed. However, 32% disagreed.

#### § 9.2) GENERAL ECONOMIC, POLITICAL AND SOCIAL CLIMATE.

a) Chapter Five has shown that Bumiputera have been holding the political power since independence while the

---

economy has been under the control of Chinese. Socially, main ethnic groups differ in type of employment and place of dwellings.

b) It was expected that under the recession experienced by Malaysia, most businessmen would assess their sales as unsatisfactory. However the data show that 59.3% of the respondents were either very satisfied or satisfied with their sales and 27.6% were unsatisfied or very unsatisfied. This indicates the lack of influence of economic environment on Bumiputera businesses due to probably the small size of Bumiputera enterprises which tried to serve the local market.

c) Location Dimensions.

The study also collected data to compare between two location: Kuala Lumpur/Kelang representing the developed area of the country and Kota Bharu representing the less developed area. In the chapter on Research Methodology it was suggested that there may be differences in terms of location, given that two differing areas were chosen for fieldwork, that is, one area around Kuala Lumpur which is relatively developed and one around Kota Bharu which is relatively undeveloped. The data were tested to see if there were in fact significant differences in the two areas by checking whether location was related to such variables as adequate assistances, percentage of

---



government business, ability to compete, adequate capital and entrepreneurial training.

After crosstabulations with the other variables, Table 9.1 shows that in general most of the variables were not significantly related to business location.

Table 9.1  
Business Locations & Other Variables

Variable	Chi-square	DF	Significance	Comment
Idea Emerged	10.21754	5	0.0693	*
Time to implement	4.17481	4	0.3829	*
Type of 1st. Business	1.04840	2	0.5920	*
Number of Business	6.64127	6	0.3553	*
Legal Status	2.98128	3	0.3945	*
Initial Investment	2.68855	4	0.6112	*
Estimated P.V.	7.78611	4	0.0997	*
Estimated Asset	7.36497	4	0.1178	*
Sales 1986	4.77603	4	0.3111	*
Full-time Staff	0.78645	4	0.9403	*
Part-time Staff	1.51392	4	0.8242	*
Family Help	2.00518	3	0.5712	*
Sex	0.19651	1	0.6576	*
When Established	26.60081	4	0.0000	S
Age startup	3.14325	4	0.5341	*
Years of Schooling	11.97960	4	0.0175	*
Voc & Tech Training	0.10102	1	0.7506	*
Last Job	19.60619	5	0.0015	S
Part-time first	4.25537	1	0.0391	*
Father's Occupation	7.37723	7	0.3907	*
Family&Friends in Business	0.01283	1	0.9098	*
Start-up Assist. Secured	0.00000	1	1.0000	*
Present Assist. Secured	0.08300	1	0.7733	*
Is Assist. Adequate?	0.02480	1	0.8749	*
% of Govt. Contract	8.04159	2	0.0179	*
Able to compete	12.13173	1	0.0005	S
Adequate Capital	3.31764	1	0.0685	*
Went to Entr. Training	1.29045	1	0.2560	*
Plan for Entr. Training	0.66839	1	0.4136	*
Staff for training	0.00000	1	1.0000	*

Source: Survey Result.

Note: S=Significance at 0.01 level.

This probably means that the quantity of government help was not sufficient to make much difference between the two locations. Nevertheless it was found that the business location was significantly related to When the Business was Established, Last job and Ability to Compete.

i) When the Business was Established?. Table 9.2 shows that 70% of the entrepreneurs in Kota Bharu (the less developed area) established business more than 5 years ago compared to 47% for K.L/Kelang area.

Table 9.2  
Business Locations & When  
the Business was Start-up

	When the business was set-up (months)					Total
	12 or <	13-36	37-60	61-120	120 or >	
K.L/Kelang	13 (10.5)	27 (21.0)	13 (10.0)	34 (29.0)	13 (29.5)	100 50.0%
Kota Bharu	8 (10.5)	15 (21.0)	7 (10.0)	24 (29.0)	46 (29.5)	100 50.0%
Total	21 10.5%	42 21.0%	20 10.0%	58 29.0%	59 29.5%	200 100%

Chi-square = 26.60081      Significance = 0.0000

Source: Survey Result.

In brackets are the expected value.

ii) Last job. Table 9.3 shows that the proportion of the entrepreneurs not employed before going into business was much higher in Kota Bharu (less developed area) than K.L/Kelang area.

Table 9.3  
Business Locations & Last Job

	NotEmpl	Village &Manual	Last Job				Total
			Govt.	Mgrs. &Prof.	Private Sector	Others	
K.L/Kelang	12 (16.0)	3 (7.5)	29 (24.0)	24 (17.0)	25 (23.5)	7 (12.0)	100 50.0%
Kota Bharu	20 (16.0)	12 (7.5)	19 (24.0)	10 (17.0)	22 (23.5)	17 (12.0)	100 50.0%
Total	32 16.0%	15 7.5%	48 24.0%	34 17.0%	47 23.5%	24 12.0%	200 100%

Chi-square = 19.60619      Significance = 0.0015

Source: Survey Result.

In brackets are the expected value.

iii) Ability to Compete. The Table 9.4 shows that 91.5% of the entrepreneurs from K.L/Kelang area felt that they could compete with the other entrepreneurs compared to 70.7% for Kota Bharu.

Table 9.4  
Business Locations & Ability to Compete

	Able to Compete		Total
	Yes	No	
K.L/Kelang	86 (76.0)	8 (18.0)	94 48.7%
Kota Bharu	70 (80.0)	29 (19.0)	99 51.3%
Total	156 80.8%	37 19.2%	193 100%

Chi-square = 12.13173      Significance = 0.0005

Source: Survey Result.

In brackets are the expected value.

d) The Differences between Retailers and Manufacturers.

In the chapter on Research Methodology it was suggested that there may be differences in terms of the type of business because the Bumiputera are more represented in

retail. The data were collected from the retailers and the manufacturers and tested to see if there were significant differences between the two types of business. Business type was expected to be related to the length of time to implement the idea, legal status, initial investment, vocational and technical training, last job and the percentage of government business. Table 9.5 shows that in general there were no significant relationships between the types of business and the variables indicating the lack of significant differences. This was probably due to the similarities between retailers and manufacturers in Malaysia. Both were small enterprises with limited capital and technology.

However it was found that the types of business was significantly related to Sales 1986, the Number of Part-time staff employed and the nature of the Last Job.

i) Sales 1986. The data in Table 9.6 show that more retailers (28%) have sales turnovers of more than \$500000 in 1986 compared to the manufacturers (13%).

Table 9.5  
Types of Business & Other Variables

Variable	Chi-square	DF	Significance	Comment
Idea Emerged	6.81180	5	0.2351	*
Time to implement	9.16882	4	0.0570	*
Number of Business	4.64921	6	0.5895	*
Legal Status	4.19217	3	0.2414	*
Initial Investment	4.35613	4	0.3599	*
Estimated P.V.	4.65938	4	0.3241	*
Estimated Asset	4.30803	4	0.3659	*
Sales 1986	18.10143	4	0.0012	S
Full-time Staff	10.24066	4	0.0366	*
Part-time Staff	10.42173	2	0.0055	S
Family Help	3.04663	3	0.3845	*
Sex	1.76861	1	0.1836	*
When Established	3.32805	4	0.5045	*
Age startup	6.26626	4	0.1801	*
Years of Schooling	10.11459	4	0.0385	*
Voc & Tech Training	0.48894	1	0.4844	*
Last Job	20.47155	5	0.0010	S
Part-time first	0.41332	1	0.5203	*
Father's Occupation	1.71794	7	0.9738	*
Family&Friends in Business	1.88900	1	0.1693	*
Start-up Assist. Secured	3.06796	1	0.0798	*
Present Assist. Secured	5.31175	1	0.0212	*
Is Assist. Adequate?	0.06246	1	0.8027	*
% of Govt. Contract	11.36832	4	0.0227	*
Able to compete	1.62017	1	0.2031	*
Adequate Capital	0.24193	1	0.6228	*
Went to Entr. Training	0.32261	1	0.5700	*
Plan for Entr. Training	0.09163	1	0.7621	*
Staff for training	0.00000	1	1.0000	*

Source: Survey Result.

Note: S=Significance at 0.01 level.

Table 9.6  
Types of Business & Sales 1986

	Sales					Total
	\$24,000 or Less	\$24001-\$100000	\$100001-\$500000	\$500001-\$1Mil.	> \$1Mil.	
Retail	9 (11.0)	18 (29.5)	45 (39.0)	12 (10.0)	16 (10.5)	100 50.0%
Manufacturing	13 (11.0)	41 (29.5)	33 (39.0)	8 (10.0)	5 (10.5)	100 50.0%
Total	22 11.0%	59 29.5%	78 39.0%	20 10.0%	21 10.5%	200 100%

Chi-square = 18.10143      Significance = 0.0012

Source: Survey Result.

In brackets are the expected value.

ii) The Number of Part-time staff employed. Table 9.7 shows that more retailers were employing five employees or less.

Table 9.7  
Types of Business &  
The Number of Part-time Staff

	Number of part-time Staff.			Total
	5 Empl.	6 to 11 Empl.		
Retail	26 (19.1)	2 (6.5)	3 (5.4)	31 36.0%
Manufacturing	27 (33.9)	16 (11.5)	12 (9.6)	55 64.0%
Total	53 61.6%	18 20.9%	15 17.4%	86 100%

Chi-square = 10.4217      Significance = 0.0055

Source: Survey Result.

In brackets are the expected value.

iii) The nature of the Last Job. The Table 9.8 shows that entrepreneurs with the private sector experience were more in manufacturing than retailing while more retailers were unemployed before going into business.

Table 9.8  
Types of Business & Last Job

	NotEmpl	Village &Manual	Last Job				Total
			Govt.	Mgrs. &Prof.	Private Sector	Others	
Retail	20 (16.0)	3 (7.5)	24 (24.0)	18 (17.0)	16 (23.5)	19 (12.0)	100 50.0%
Manufacturing	12 (16.0)	12 (7.5)	24 (24.0)	16 (17.0)	31 (23.5)	5 (12.0)	100 50.0%
Total	32 16.0%	15 7.5%	48 24.0%	34 17.0%	47 23.5%	24 12.0%	200 100%

Chi-square = 19.60619      Significance = 0.0015

Source: Survey Result.

In brackets are the expected value.

### § 9.3) GOVERNMENT INTERVENTION.

#### 9.3.1) Knowledge of Schemes

To the question of whether entrepreneurs were aware of assistance schemes, 84.3% indicated in a positive manner but 15.7% were still not aware. This is significant considering the great effort by the agencies to promote the various schemes and the length of time those schemes have existed.

Those who knew about the schemes quoted 'loan assistance' most with 99 cases and 'entrepreneurial training' second with 60 cases.

---

### 9.3.2) Utilisation of Assistances

#### a) Start-up Assistances.

20.5% of the respondents received some form of assistance during start-up.

The most frequent type of start-up assistance received was finance with 21 cases, followed by securing government contract with 10 cases, and third training with 4 cases. (Refer Table 9.9)

The small percentage of start-up assistances secured probably reflects the overall lack of special programmes designed for start-up due to the concentration on assisting existing entrepreneurs.

Table 9.9  
Start-up Assistances Secured

Type	Cases
Contract	10
Training	4
Loan	21
Marketing	1
Premises	1
Others*	9

Source: Survey Result.

\* Too fragmented to be of significance.

#### b) Current Assistances.

Out of those who responded, 59.5% received assistances from government agencies.



The most quoted assistance was contract secured from government agencies with 61 cases and loan in the second place with 55 cases. Coming third with 35 cases each were training and advisory/consultancy. (Table 9.10) This shows the predominant position of the government procurement policy in entrepreneurial development in Malaysia. Loan is also important but the main sources are the private sector financial institutions.

Table 9.10  
Current Assistances Secured

Type	Cases
Contract	61
Training	35
Loan	55
Marketing	12
Premises	18
Advisory/Counselling	35
Others	8

Source: Survey Result.

When requested to rank the assistances in their order of importance, contract with 39.8% was top in the most important category. In the second most important group, loan was most quoted with 33.3%, and in the third most important assistance, training with 30.8% was the most quoted. (Table 9.11)

Current assistance secured was crosstabulated with the type of main business. The result shows that their relationship was not significant with 0.0212 level of significance.

---

Table 9.11  
Ranking of Current Assistances

Problem	First			Second			Third		
	Cases	%	No.	Cases	%	No.	Cases	%	No.
Contract	47	39,8	1	10	15,9	3	2	7,7	4
Training	15	12,7	3	9	14,3	4	8	30,8	1
Loan	31	26,3	2	21	33,3	1	3	11,5	3
Marketing	2	1,7	6	4	6,3	5	3	11,5	3
Premises	10	8,5	5	2	3,2	7	4	15,4	2
Advisory/Counsel,	11	9,3	4	14	22,2	2	4	15,4	2
Others	2	1,7	6	3	4,8	6	2	7,7	4

Source: Survey Result.

### 9.3.3) Adequacy of Assistances.

As to whether the assistance programmes were adequate, 65.3% indicated that the current assistances were not adequate. They needed 'more assistances' as quoted in 84 cases, followed by 'less favouritism' with 19 cases. 'Better coordination between agencies', which can be implemented quickly, was only quoted in 3 cases.

### 9.3.4) Assistances Mix

a) For the start-up, the respondents considered training to be of higher priority than loan. This reflects the general concern about the mismanagement of loans by the Bumiputera entrepreneurs which leads to loan collection problems faced by government agencies.

b) For the current entrepreneurs, it was agreed that counselling initiative is better than training.

#### **§ 9.4) ENTREPRENEURIAL TRAINING**

In Chapter Seven we saw the description on the entrepreneurial training programmes offered in Malaysia. In this section the entrepreneurial training is evaluated.

##### **9.4.1) Attendance of Entrepreneurial Training**

a) Entrepreneurs with or without entrepreneurial training.

Out of 200 respondents investigated, 91 or 45.5% had undergone some form of entrepreneurial training. Thus the majority had no formal entrepreneurial training.

b) First Entrepreneurial Training.

It was considered proper to distinguish the initial entrepreneurial training from the other training since it represents a "critical incident" in the experience of an entrepreneur which he can recall without problem. The findings about the initial entrepreneurial training were as follows:

1) Reasons for Attendance. In quest of knowledge was the most important reason for attending the first entrepreneurial training programme as given by 35 cases, followed by in search for new ideas with 11 cases.

ii) Training After/Before Business. 75% of those who responded went to the first entrepreneurial training after

business set-up. This can be explained by the fact that in Malaysia training is not a pre-requisite for start-up.

iii) Awareness of Training Programme. There was no clear training information channel. 26.7% of those who responded to the question indicated that they were aware of the programme through the mass media. A further 18.9% knew it through MARA which utilised a direct approach to contact potential participants.

iv) Influence. 68.5% responded that they were not influenced by anybody to attend entrepreneurial training programme.

v) Training Organisation. The most important training organisation was MARA (33.3%), followed by NPC (16.7%) and MEDEC (11.1%) (Table 9.12). This corresponds to the rate of training activities of those agencies.

Table 9.12  
Training Organisations

	Frequencies	%
NPC	15	16.7
MARA	30	33.3
MEDEC	10	11.1
KKBS	4	4.4
JPM	7	7.8
Pernas Edar	3	3.3
NERDA	1	1.1
Financial Inst.	6	6.7
Others*	14	15.6
Total	90	100.0

Source: Survey Result.

\* Too fragmented to be of significance.

#### 9.4.2) Reasons for Entrepreneurial Training.

In addition to the reasons for attending the first entrepreneurial training a question was asked about the general reasons for going to entrepreneurial training. Table 9.13 shows that the most important reason for attending entrepreneurial training was for 'knowledge' as indicated by 79 out of 91 respondents. The second popular reason was 'self-development' found in 58 cases, with 'new ideas' as the third (55 cases), followed by 40 cases for 'motivation'.

Table 9.13  
Reasons for Attending Entrepreneurial Training

Reason	Cases
Self-development	58
Solving Problem	27
Knowledge	79
Develop Contact	20
Motivation	40
New Ideas	55
Others.	9

Source: Survey Result.

#### 9.4.3) Attitudes related to Education and Training.

Some of the data collected were related to the attitudes of the entrepreneurs.

##### a) Entrepreneurs education.

68.5% of the respondents considered that entrepreneurs need to have good education. To another question, 84.5%

agreed that Bumiputera entrepreneurs were less trained compared to the Chinese.

b) Training and Success/Failure.

When asked to determine whether there was a relationship between training and enterprise success or failure, 57.5% agreed that there was. This was supported by a related question of whether failure is due to lack of training, to which 62% agreed.

The variable "training and success or failure" was crosstabulated with whether the respondents had gone through entrepreneurial training. The result was that there was no significant relationship, with 0.7004 level of significance, between going through entrepreneurial training and the opinion whether there is a relationship between training and enterprise success or failure.

c) Local Level.

Currently only short term courses are available locally. Courses such as those conducted by MEDEC and ICU are only available in Kuala Lumpur, the federal capital, which requires heavy investment in money and time on the part of the participants. 91.2% strongly agreed or agreed with the need to conduct entrepreneurial trainings locally.

d) Plan for Other Entrepreneurial Training.

Out of 195 who responded to the question, 67.2% indicated that they have plan for future entrepreneurial training.

Those who have no future training plan indicated that the main reason was 'no need' with 39 cases and 'no time' with 10 cases. (Table 9.14)

Table 9.14  
Reasons for No Plan for Training

Reason	Cases
No Need	39
Expensive	3
No time	10
Others*	15

Source: Survey Result.

\* Too fragmented to be of significance.

As for those who wanted trainings, the main requirement was management courses as mentioned in 38 cases, followed by marketing/export with 23 cases (Table 9.15). Out of those who responded, 12 cases did not even know the course they wanted.

Table 9.15  
Entrepreneurial Trainings Needed

Type	Cases
Finance	7
Marketing/Export	23
Management	38
Do not Know	12
Others*	73

Source: Survey Result.

\* Too fragmented to be of significance.

#### 9.4.4) Entrepreneurial Training Analysis

With or without entrepreneurial training was crosstabulated with a number of variables. Table 9.16 shows that it was significantly related to the Membership of Association, Current assistance secured and Plan for more entrepreneurial training.

i) Membership of Association. Table 9.17 shows that 56.7% of the Members of Associations went through entrepreneurial training compared to 35.7% for the non-members.

ii) Current assistance secured. Table 9.18 shows that 59.7% of the people being currently assisted went through entrepreneurial training compared to 25.7% for those not assisted.

iii) Plan for more entrepreneurial training. Table 9.19 shows that 58.8% of the respondents with plans for entrepreneurial training went through entrepreneurial training compared to 20.3% for respondents who were without plans for training.



Table 9.16  
Entr Training & Other Variables

Variables	Chi-square	DF	Significance	Comment
1) Length to Implement	1.49238	4	0.8280	*
2) Type of First Business	0.52882	2	0.7677	*
3) Number of Business	0.27031	2	0.8736	*
4) Type of Main Business	0.32261	1	0.5700	*
5) Business Location	1.29045	1	0.2425	*
6) Legal Status of Business.	2.83371	2	0.0616	*
7) With Organisation Chart	1.72585	1	0.1889	*
8) Initial Investment	2.22186	2	0.3293	*
9) Estimated P.V.	0.00109	2	0.9995	*
10) Value of Asset	2.35956	2	0.3073	*
11) Sales 1986	1.84552	2	0.3974	*
12) Total Number Employed	0.57739	1	0.4473	*
13) Membership of Association	7.81571	1	0.0052	S
14) Sex	1.74169	1	0.1869	*
15) Length of Time in Business	3.26815	4	0.5140	*
16) Age Setup	10.49858	4	0.0328	*
17) Years of Schooling	9.06771	4	0.0594	*
18) Voc & Tech Training	2.97000	1	0.0848	*
19) Last Job	7.62268	5	0.1783	*
20) Father's Occupation	12.45420	7	0.0866	*
21) Family/friends Support	1.69026	1	0.1936	*
22) First Startup Problem	1.50634	4	0.8255	*
23) Startup Assist Secured	5.79680	1	0.0161	*
24) Present Assist Secured	22.38160	1	0.0000	S
25) Is Assist Adequate?	4.17754	1	0.0410	*
26) First Current Problem	1.54912	2	0.4609	*
27) Present Sales Assess	2.06648	4	0.7235	*
28) % Government Contract	6.22470	2	0.0445	*
29) Able to Compete	0.00000	1	1.0000	*
30) Adequate Capital	3.76638	1	0.0523	*
31) Happy with Location	0.47416	1	0.4911	*
32) Plan for More Entr.Train.	24.07388	1	0.0000	S
33) Staff Training	3.80469	1	0.0511	*
34) Bumiputera for Business	0.49003	4	0.9745	*
36) Entrepreneurs Born	4.56493	4	0.3349	*

Source: Survey Result.

Note: \* is not significance. S is significance.  
DF is Degree of Freedom.

Table 9.17  
Entrepreneurial Training &  
Membership of Association

	Membership of Association		Total
	Yes	No	
With Entr. Training	55 (44.8)	35 (45.2)	90 46.2%
Without Entr. Training	42 (52.2)	63 (52.8)	105 53.8%
Total	97 49.7%	98 50.3%	195 100%

Chi-square = 7.81571      Significance = 0.0052

Source: Survey Result.

In brackets are the expected value.

Table 9.18  
Entrepreneurial Training &  
Present Assistance Secured

	Present Assistance Secured		Total
	Yes	No	
With Entr. Training	71 (54.1)	20 (36.9)	91 45.5%
Without Entr. Training	48 (64.9)	61 (44.1)	109 54.5%
Total	119 59.5%	81 40.5%	200 100%

Chi-square = 22.38160      Significance = 0.0000

Source: Survey Result.

In brackets are the expected value.

Table 9.19  
Entrepreneurial Training &  
Plan for more Entr. Training

	Plan for More entr. Training		Total
	With	Without	
With Entr. Training	77 (60.5)	13 (29.5)	90 46.2%
Without Entr. Training	54 (70.5)	51 (34.5)	105 53.8%
Total	131 67.2%	64 32.8%	195 100%

Chi-square = 24.07388      Significance = 0.0000

Source: Survey Result.

In brackets are the expected value.

#### 9.4.5) Log-linear Analysis.

Attending or not attending entrepreneurial training was used as a dependent variable for the multivariate analysis. The calculation is given in Appendix 5 which shows that:

i) Other things equal, the odds that members of the association attend entrepreneurial training was 1.48210 to 1 compared to non-members.

ii) Other things equal, the odds that those who currently secured assistances attend entrepreneurial training was 2.15856 to 1 compared to those who did not secure current assistances.

iii) Other things remain equal, the odds that those with plan for further training participated in entrepreneurial training was 2.36085 to 1 compared to those without plan for training.

#### § 9.5) ENTREPRENEURIAL TRAINING EVALUATION.

The respondents were asked some specific questions on the various aspects of entrepreneurial training evaluation. In general the respondents evaluate entrepreneurial training initiative as positive. The details are:

a) Training Application.

To the question about the extent of application of entrepreneurial training knowledge, 50.5% indicated that they applied a lot of what they have learnt and only 7.7% applied very little or not applied at all.

b) Cost of Entrepreneurial Training.

The cost of entrepreneurial training was considered to be low by 84.4% of those who responded. 15.6% indicated that they were indifferent to the cost, and no respondent considered the cost as high.

To determine whether there is a relationship between the fee charges and cost evaluation, a crosstabulation was calculated taking MEDEC as one with course fee and others without course fee. The result was that the relationship was not significant with a significance level of 0.3821.

c) Rating of Trainers

Entrepreneurial course trainers were given good rating with 86.7% of those who responded considering them to be very satisfactory or satisfactory.

d) Course Contents.

96.7% of those who responded to the question considered the course content to be very beneficial or beneficial. None mentioned not beneficial.

e) After Training Support.

With respect to the after training support, 31.8% indicated that they were given follow-up services for all or most courses. 39.8% said that they were not given follow-up services at all.

This is an unsatisfactory situation since all training organisations claimed to provide some sort of advisory/counselling service at least to the participants of their training programmes.

f) Training Accessibility.

To the question whether entrepreneurial training available was sufficient for their needs, 52.2% strongly agreed or agreed. However 36.7% of the respondents indicated that they disagreed.

g) Simplicity of Training.

Out of those who responded, 87.8% strongly agreed or agreed that they had no problem with understanding the course. This data did not support Abdul Aziz Mahmud (1981)

---

discovery that one of the reasons for not going to entrepreneurial training was the inability to understand the language due to the fact that most of the courses were conducted in English.

The language problem was true in the middle of the 1970's when entrepreneurial training was undertaken with the help of the foreign experts from the U.S.A and India. Currently it is not a problem since all internal entrepreneurial training programmes are conducted in the national language. Only the SLUB overseas training programme still requires a good command of English from its participants.

h) Time.

The time for entrepreneurial training was considered to be appropriate as strongly agreed or agreed by 76.4% of the respondents.

i) Place.

With respect to the venue of training, 78.9% strongly agreed or agreed that the place was appropriate.

j) Entrepreneurial Training Too Theoretical.

When asked whether entrepreneurial training was too theoretical, 52.5% of the respondents agreed and 41.5% indifferent.

k) Entrepreneurial Training is well managed.

48.0% of the respondents agreed that the entrepreneurial training was well managed and only 4.5% disagreed.

l) Is entrepreneurial trainings available enough?.

52.2% of the respondents strongly agreed or agreed that the entrepreneurial trainings available is enough for their needs and 36.7% disagreed.

#### **§ 9.6) CHARACTERISTICS OF BUMIPUTERA ENTREPRENEURS.**

a) Education.

The average length of education for Bumiputera entrepreneurs was 10.7 years with the median of 11 years and the standard deviation of 4.39 years.

In the case of vocational and technical training, 83.3% of the entrepreneurs had no vocational or technical training. The relationship between the vocational and technical training and the types of business was not found to be significant.

b) Sex

Out of 200 entrepreneurs, 177 or 88.5% were male and the rest female.

## c) Length of Time in Business.

With respect to the length of time in business, the mean was 106.586 months (about 8 years 10 months) with the median of 72 months (6 years) and the standard deviation of 101.278 months.

## d) Age at Start-up.

The data on the age at start-up indicates that the average age of the entrepreneurs at start-up was 31.283 years with the median age of 30 years and the standard deviation of 9.318 years.

Compared to the population age structure in Table 9.20 the average age of the entrepreneurs belongs to the 25-39 year old age group.

Table 9.20  
Malaysia: Population Size & Age  
Structure, 1980 & 1985

Age Group	1980		1985	
	'000	%	'000	%
0 - 14	5,542.5	39.3	6,046.5	38.3
15 - 24	2,931.6	21.2	3,290.6	20.9
25 - 39	2,741.9	19.8	3,356.9	21.3
40 - 45	1,553.9	11.2	1,822.8	11.5
55 - 64	611.0	4.4	716.5	4.5
65 +	491.1	3.5	557.8	3.5

Source: Fifth Malaysia Plan, p.130.

## e) Marital Status at Start-up.

About 3/4 of the entrepreneurs were married when they started business. The data is significant since it



indicates that marriage was not a hindrance to taking business risks.

f) Last Job.

The nature of last job was widespread with 23.5% of the entrepreneurs having had job experience in the private sector and 24.0% with the government (Table 9.21). An important piece of data was the 'not employed' category which was 16% and much lower than the findings of Mohd Fauzi Hj Yaacob's (1981) which was 58.6%.

Table 9.21  
Nature of Last Job

Type of Job	Frequency	%
Not employed	32	16.0
Village & Manual Empl.	15	7.5
Government Servants	48	24.0
Managers/Professionals	34	17.0
Private Sector	47	23.5
Others	24	12.0
Total	200	100.0

Source: Survey Result.

g) Family/friends in Business and Their Support.

28.1% of the respondents have family/friends in business. For those with family/friends in business, 74.8% supported them in one way or another. This indicates the close link between the entrepreneur and the support of family/friends.

---

#### h) Reasons for Going into business.

The most popular reason for going into business was 'independence' as indicated in 86 cases (Table 9.22), followed by the 'challenge' factor with 48 cases. The next important reasons were 'more income' and 'market opportunity', found in 46 cases each.

Some differences were detected when compared to the findings of Hisrich (1986) study in the USA. Hisrich concluded that "reasons for starting the business are similar for both men and women in that both generally have a strong interest and experience in the area of their venture" (p.69). This 'strong interest and experience in their venture' is different from 'the need to be independent' and 'challenge' as reasons for going into business.

Table 9.22  
Reasons for Going into Business

Reason	Cases
Independence	86
More Income	46
Inherited Business	28
Government Assistance	11
Challenge	48
Diff. getting employment	22
To be rich	24
Market Opportunity	46
Others*	85

Source: Survey Result.

\* Too fragmented to be of significance.

**§ 9.7) CHARACTERISTICS AND PROBLEMS OF BUMIPUTERA ENTERPRISES.**

**9.7.1) Characteristics of Bumiputera Enterprises.**

a) Number of Separate Operation.

63% operated only one business operation. The average number of business operations was 1.57 with the minimum of 1 and the maximum of 7 separate operations. Table 9.23 shows that very few entrepreneurs operate more than three separate business operations.

Table 9.23  
Number of Business Operation

Number	Frequency	Percentage
1	126	63.0
2	45	22.5
3	24	12.0
4	2	1.0
5	1	0.5
6	1	0.5
7	1	0.5
Total	200	100.0

Source: Survey Result.

b) Legal Status of Main Business.

The status of the business can be divided according to the legal requirement into categories namely sole proprietorship, partnership, private limited, public limited and others. The legal status of the main business of the respondents was predominantly sole proprietorship which accounted for 59.9% of the cases. (Refer Table 9.24)

None were public limited companies although 28 cases or 14.2% were registered as private limited companies. There was no significant relationship between the status and types of business.

Table 9.24  
Legal Status of Main Business

Type	Frequency	%
Sole Proprietorship	118	59.9
Partnership	48	24.4
Private Limited.	28	14.2
Public Limited.	-	-
Others.	3	1.5
Total	200	100.0

Source: Survey Result.

c) Sales 1986.

The average sales for 1986 was \$537,784.15 with a standard deviation of \$1,136,748.02. The median sales was \$160,000 with the range represented by \$2400 as the lowest and \$8,000,000 as the highest.

d) Government Business.

67.7% of the entrepreneurs interviewed did less than 10% business with the government and only 14.6% did more than 50% of their business with the government.

e) Sales Promotion.

Only 34.3% of the respondents undertook some form of sales promotion. This was probably an indication that promotion

as a marketing tool was not being utilised by Bumiputera entrepreneurs.

f) Initial Investment.

The initial investment of the entrepreneurs was generally small, with 48% who invested less than \$10,000. Those who invested \$100,000 or more comprised only 12.6% of the entrepreneurs interviewed. The average initial investment was \$36,410.30 with the standard deviation of \$63,680.00. The range of investment was great with \$1 representing no investment at all and the maximum of \$330,000.

The percentage of \$10000 or less investment was higher than the finding of Abdul Aziz Mahmud (1981) which was 41%. This was probably due to the fact that his data included Chinese entrepreneurs who were normally involved in bigger businesses. There is the time element of inflation involved. However, since inflation is not a serious problem in Malaysia, it will not affect the conclusion significantly.

When asked about the percentage of their own money in the initial investment, 66.7% of the respondents indicated that their contribution was the entire 100% which was logical considering the small amount of money involved.

## g) Present Value of The Business.

When the respondents were asked to estimate the present value of their business, 59.4% of them estimated that the present value of their business was less than \$100,000 while 5.6% assessed it to be worth more than \$1 million. The mean of the present value of the enterprise(s) was \$265,640.84 with the median of \$60,000 and the standard deviation of \$905,632.47.

The present value of the business was crosstabulated with the 1986 sales. Table 9.25 shows that the relationship between the estimated present value and 1986 sales was significant with 0.0000 level of significance.

Table 9.25  
Estimated Present Values & Sales 1986

	Sales 1986			Total
	Less than \$100000	\$100001 to \$500000	More than \$500000	
\$500000	55	30	4	89
Estimated or Less	(34.8)	(35.7)	(18.5)	46.4%
Present \$500001	15	20	7	42
Value to \$1M.	(16.4)	(16.8)	(8.8)	21.9%
More than	5	27	29	61
\$1Million	(23.8)	(24.5)	(12.7)	31.8%
Total	75	77	40	192
	39.1%	40.1%	20.8%	100%

Chi-square = 61.17704      Significance = 0.0000

Source: Survey Result.

In brackets are the expected value.

## h) Value of Asset.

With respect to the value of the asset, 52.6% of the respondents valued it less than \$100,000 while 5% valued

it more than \$1 million. The mean value of the asset was \$257,233.81 and the median was \$80,000 with the standard deviation of \$824,530.94.

i) Employment Structure.

i) Full-time Employment. Out of 200 entrepreneurs interviewed, 113 or 56.5% employed full-time staff. On the average each entrepreneur employed 12.133 people with a standard deviation of 15.468. The range was 77 with the minimum of 1 staff and a maximum of 78.

ii) Part-time Employment. In the case of part-time employment, 86 cases hired part-timers with 79.1% of the respondents employing less than 10 people. The mean number of part-time staff employed was 8.209 and the median was 4 with a standard deviation of 13.854. The range was however bigger at 99 with the minimum of 1 staff and a maximum of 100.

iii) Family Help. 58% used family help in their business with 77.6% of them employing three persons or less. The average number of family help utilised was 2.784 with most people employing 2 family helpers and the standard deviation was 2.620.

iv) Total Employment. The above data on employment are impressive with a total of 2400 jobs created by 200 entrepreneurs. On the average, each entrepreneur provided

---

employment to 12 people. Table 9.26 shows that 40% of the respondents employed 5 people or less and only 10% employed 24 or more people.

Table 9.26  
Total Employment

	Frequencies	%
5 Empl. or Less.	76	40.0
5 to 10 Empl.	52	27.4
10 to 15 Empl.	24	12.6
15 to 24 Empl.	19	10.0
24 Empl. or More	19	10.0
Total	190	100.0

Source: Survey Result.

### 9.7.2) Business Start-Up

#### a) Sources of Idea.

39.7% of start-up ideas emerged from work experience. The second source of ideas was friends, followed by training/courses (Table 9.27).

Table 9.27  
Idea Emerged

	Frequencies	%
Oversea Visit.	3	1.5
Training/Courses	14	7.2
Work Experience	77	39.7
Friends	15	7.7
Part-time Business	12	6.2
Others*	73	37.6
Total	194	100.0

Source: Survey Result.

\* Too fragmented to be of any significance.



b) Length of time to Implement the Idea

To implement the idea which was to really go into business, 67% of the respondents needed 12 months or less, while less than 10% took more than 4 years. The average length of time to implement business ideas was 24.236 with a standard deviation of 53.63 months. This probably was due to the wide range which was 479 months with a minimum of 1 month and a maximum of 480 months. With such a wide range, a recoding is needed to present the data as shown in Table 9.28.

Table 9.28  
Length of Time to Implement the Initial Idea

	Frequencies	%
6 Months or Less	80	41.9
7 to 12 Months	48	25.1
13 to 36 Months	34	17.8
37 to 60 Months	19	9.9
More than 60 Months	10	5.2
Total	191	99.9

Source: Survey Result.

The length of time to implement the idea was crosstabulated with the Years of Schooling and the Nature of the Last Job. Both were found not to have any significant relationship with 0.5406 and 0.4720 levels of significance respectively.

c) The Reasons for the Type of Business Choice.

The most important reason for choosing a particular type of business given in Table 9.29 was 'experience' which was

---

---

found in 86 cases. The other reasons were 'market potentials' (76 cases) and 'low capital requirement' (42 cases). Government assistance as a criteria for business choice was only quoted in 10 cases.

Table 9.29  
Reasons for Choosing the Type of First Business

Reason	Cases
Inherited	26
Trained	35
Government Assistance	10
Follow Successful Entrepreneurs	11
Market potential	76
Low Capital Requirement	42
Experience	86
Others*	70

Source: Survey Result.

\* Too fragmented to be of significance.

#### d) Part-time Business as an Entry Strategy

It is often argued that potential entrepreneurs should try the business first on a part-time basis. The data was not conclusive with 47.2% of the respondents having done part-time business and 52.8% who went straight into business.

The variable was crosstabulated with the length of time to implement the business idea and it was found not to have a significant relationship with 0.6069 level of significance.

**9.7.3) Business Problems.**

a) Start-up Problems.

i) The most quoted start-up problem was 'capital' as mentioned in 130 cases. 'Securing customers confidence' was second (89 cases) and 'premises' third with 59 cases. (Table 9.30)

Table 9.30  
Problems of Start-up

Problem	Cases
Capital	130
Customer's Confidence	89
Bureaucracy	16
Premises	59
Others	63

Source: Survey Result.

ii) The ranking of the start-up problems is given in Table 9.31. The most quoted problem in the category of the first problem was 'capital' as indicated by 90 respondents (52.6%). In the category of the second most important problem, 'getting customers confidence' emerged first with 31.2% respondents. In the category of the third most important problem, 'getting customers confidence' again became the most quoted problem with 35.3% of those who responded.

Table 9.31  
Ranking of Start-up Problems

Problem	First			Second			Third		
	Cases	%	No.	Cases	%	No.	Cases	%	No.
Capital	90	52,6	1	28	25,7	2	8	15,7	3
Cust. Confidence	33	19,3	2	34	31,2	1	18	35,3	1
Bureaucracy	3	1,8	5	4	3,7	5	6	11,8	5
Premises	16	9,4	4	24	22,0	3	8	15,7	3
Others	29	17,0	3	19	17,4	4	11	21,6	2

Source; Survey Result,

b) Current Problems.

i) Finance as the most important current problem was quoted most with 118 cases, followed by competition (86 cases) and the 'market in general' third with 67 cases. (Refer Table 9.32).

Table 9.32  
Current Problems

Problem	Cases
Book-keeping	22
Finance	118
Market	67
Lack of training	22
Competition	86
Premises	26
Others	65

Source: Survey Result.

ii) Table 9.33 shows the ranking of the problems in their order of importance. In the category of the first problem, finance was first with 38.6% of the respondents, followed by competition (19.6%). In the second most important problem, again finance came first with 26.4%, and competition second. In the third most important problem

category 'market in general' was quoted first by 18.8% of those who responses.

Table 9.33  
Ranking of Current Problems

Problem	First		No,	Second		No,	Third		No,
	Cases	%		Cases	%		Cases	%	
Book-keeping	7	3,8	6	5	4,0	7	10	15,6	3
Finance	71	38,6	1	33	26,4	1	11	17,2	2
Market	31	16,8	4	17	13,6	4	12	18,8	1
Lack of training	-	-	7	9	7,2	5	7	10,9	6
Competition	36	19,6	2	30	24,0	2	10	15,6	3
Premises	6	3,3	5	8	6,4	6	9	14,1	5
Others	33	17,9	3	23	18,4	3	5	7,8	7

Source; Survey Result,

The identification of competition as the second most important problem implies the need of more marketing skills among Bumiputera entrepreneurs, which training can contribute significantly.

The current problem ranked as the most important were recoded into finance, marketing and others to be crosstabulated with the length of time in business. The result indicates that the relationship was not significant with 0.8662 level of significance.

c) Financial Problem.

1) Is Capital adequate?. A question was asked to determine whether entrepreneurs considered their capital adequate. 59.8% of the respondents indicated that they did not have enough capital.

ii) Reasons for difficulties in getting capital. The most quoted reason for the difficulty in getting sufficient capital given in Table 9.34 was 'lack of security' as mentioned in 53 cases. Following closely with 52 cases was the problem of 'low equity' of the enterprise. The third reason given was the 'unwillingness of the suppliers' to provide credit (39 cases).

Suppliers credit is an important area to be explored since it might be easier to overcome.

Table 9.34  
Reasons for Diff. of Getting Finance

Reason	Cases
Security	53
New in Business	9
Working Paper	8
Unwillingness of Suppliers	39
Low Equity	52
Not believe ability	19
Others*	38

Source: Survey Result.

\* Too fragmented to be of any significance.

d) Competition.

On the question of whether they could compete or not, 80.8% provided a positive answer.

Those who could not compete gave the main reasons as low capital (9 cases) and price (6 cases)

e) Personnel.

i) Staff Availability. Getting staff was not a problem as agreed by 92% of the respondents. This was expected in an environment of high unemployment currently experienced by Malaysia.

ii) Staff Training. Staff training was not practiced by Bumiputera entrepreneurs as indicated by 75.9% of the respondents who did not send their staff for training. Those who did mostly send their staff for trainings according to their job requirements.

f) Business Premises.

Out of those who responded, 77.5% were happy with their present location and 40.9% knew of better locations.

The most quoted reason for not moving to a better location was that it was expensive.

#### **§ 9.8) FAMILY BACKGROUND.**

a) The background of entrepreneurs in Malaysia is represented by the occupation of the father. The data in Table 9.35 shows that the occupation of the father of the entrepreneurs were approximately equal between businessman (34.2%) and village employed (32.6%). As for the mother of the entrepreneurs, 58% of them were housewife, followed by

15.5% village employed. The data on the spouse produces 49.6 percent housewife and 12% businessperson.

Table 9.35  
Parents's & Spouse's Occupation

	Father		Mother		Spouse	
	Frequency	%	Frequency	%	Frequency	%
Village Employment	63	32.6	27	15.5	5	3.8
Housewife	-	-	101	58.0	66	49.6
Teacher	7	3.6	3	1.7	8	6.0
Private Sector	8	4.1	1	0.6	10	7.5
Deceased	7	3.6	2	1.1	-	-
Executive/Officer	3	1.6	-	-	7	5.3
Businessman	66	34.2	37	21.3	16	12.0
Other Govt. Servant	18	9.3	-	-	9	6.8
Others	21	10.9	3	1.7	12	9.0
Total	193	100.0	174	100.0	133	100.0

Source: Survey Result.

The family background can be compared with the Malay occupational profile in Malaysia in Table 9.36 which shows that the percentage of Malays in business is estimated to be less than 5%. Thus the proportion of entrepreneurs from business family background was significantly higher than the national profile.



Table 9.36  
Malay Occupational Profile, 1985

Occupation	Number	%
Professional & Technical	193,900	5.96
Administrative & Managerial	17,500	0.54
Clerical	224,700	6.90
Sales	216,300	6.64
Services	305,200	9.37
Agriculture	1,402,600	43.08
Production	741,500	22.77
Businessmen*	154,215	4.74
Total	3,255,915	100.00

Source: Constructed from the Fifth Malaysia Plan.

\* Assumed that the number of registered business is equal to the number of entrepreneurs.

b) For further analysis of the family background the father's occupation was recoded into business and non-business and crosstabulated with other variables. It was found that the background was related to the estimated present value of the business at 0.01 level of significance. The family background was also related although at lower significance levels to attending entrepreneurial training before/after start-up (0.0106 level of significance) and total employment (0.0126 level of significance).

Specifically the relationship was as follows:

1) Family background and Estimated Present Value of Business. Table 9.37 shows that 45.5% of the entrepreneurs from business family backgrounds estimated that the present value of their business(s) was more than \$1

million compared to 25% of the entrepreneurs from non-business family.

Table 9.37  
Family Background & Estimated Present Value

	\$500000 or Less	\$500001 to \$1 Mil	More than \$1 Mil	Total
Business	28 (30.9)	8 (13.9)	30 (21.2)	66 34.7%
Non-Business	61 (58.1)	32 (26.1)	31 (39.8)	124 65.3%
Total	89 46.8%	40 21.1%	61 32.1%	190 100%

Chi-square = 9.86650      Significance = 0.0072

Source: Survey Result.

In brackets are the expected value.

ii) Family Background and Entrepreneurial Training Before/After Start-up. Table 9.38 shows that among the entrepreneurs who attended entrepreneurial training, 52% of those from the business family background attended before start-up compared to 21.3% from the non-business background.

Table 9.38  
Family Background & Entrepreneurial Training  
Before/After Start-up

	Before	After	Total
Business	13 (7.6)	12 (17.4)	25 29.1%
Non-Business	13 (18.4)	48 (42.6)	61 70.9%
Total	26 30.2%	60 69.8%	86 100%

Chi-square = 6.52953      Significance = 0.0106

Source: Survey Result.

In brackets are the expected value.

iii) Family Background and Total Employment. Table 9.39 shows that 51.5% of the entrepreneurs from business backgrounds employed 10 or more people compared to 31.6% for those from non-business backgrounds.

Table 9.39  
Family Background & Total Employment

	9 Empl. or Less	10 or more	Total
Business	32 (40.4)	34 (25.6)	66 36.1%
Non-Business	80 (71.6)	37 (45.4)	117 63.9%
Total	112 61.2%	71 38.8%	183 100%

Chi-square = 6.21841      Significance = 0.0126  
Source: Survey Result.  
In brackets are the expected value.

#### § 9.9) CULTURAL ASPECTS.

In Chapter 4, the conceptual framework raises the question of the extent to which cultural factors hinder Bumiputera in business. The field survey collected data on certain cultural attitudes of Bumiputera entrepreneurs that were considered relevant. In determining the cultural attitudes profile of the respondents, point scores were given to the various categories of answers: Strongly Agree=5, Agree=4, Indifferent=3, Disagree=2, and Strongly Disagree=1. For every variable asked the average score was calculated.

The profile of the average score is given in Table 9.40 which shows a series of positive moderate scores with few extremes.

---

Table 9,40  
Profile of Attitudes of  
Bumiputera Entrepreneurs

Average Score	5	4	3	2	1
Variable					
1) My children must go to university,		*			
2) I must make sure that my children can take over the business,		*			
3) Business can be conducted without 'interest',		*			
4) In doing business I should not do anything prohibited (haram),		*			
5) The Bumiputera society views entrepreneurial activity better than the Government employment,			*		
6) Wealth and money are for my family's future not for present consumption,			*		
7) Entrepreneurs must know how to manipulate others for his interest,				*	
8) Entrepreneurs are born not developed,				*	
9) Political contact and business success are closely connected,				*	
10)The Bumiputera must follow the Chinese in doing business,				*	
11)Education is important in life,		*			
12)The Malaysian education system is very good,				*	
13)To be an entrepreneur you must have good education,				*	
14)The Malaysian education system is too academic,				*	
15)The education system now is not business-oriented,				*	
16)Training can determines success or failure of the enterprise,				*	
17)Government has provided enough training facilities,				*	
18)The entrepreneurial courses available are too theoretical,				*	
19)To be an entrepreneur you must be trained in business,		*			

Chapter Nine

---

Average Score	5	4	3	2	1
20)Entrepreneurial trainings available now are well organised,			*		
21)Most people fail in business because of lack of training,			*		
22)I like to attend courses in business management,		*			
23)Most successful businessman are not really trained in business,			*		
24)Entrepreneurial training is a waste of time,				*	
25)Training incurs a lot of expenses,			*		
26)Training is not necessary for my operation,				*	
27)Entrepreneurial training is boring,				*	
28)Paying for staff training is a waste of money,				*	
29)Counselling and advisory is better than training.			*		
30)It is better for the government to provide new entrepreneurs with training then loans,		*			

Source; Survey Result,

In the conceptual framework certain cultural elements were given as research issues.

a) The attitude of the entrepreneurs towards their children's future.

The respondents were asked whether they must make sure that their children could take over their business. 78.3% of them agreed and only 3.5% disagreed.

---

b) Concept of Wealth and Money.

A Bumiputera is considered to have a life concept of considering money for the present consumption rather than for the future. This is not supported by the data which indicates that 72% of the respondents strongly agreed or agreed that money is for the future. 15% disagreed or strongly disagreed with it. The change is a logical phenomena with the exposure of the Bumiputera society to the modern economy.

c) Bumiputera Society and Business.

It is often argued that the Bumiputera society prefers government jobs to doing business. The data indicates that 54.5% of the respondents felt that the Bumiputera society is currently in favour of business undertaking. However 29% still disagreed or strongly disagreed with it.

d) Bumiputera and Manipulation.

The respondents were asked whether entrepreneurs need to be manipulative in business, 47.7% of them agreed while 38.7% disagreed.

e) Interest and Prohibited Business.

Bumiputeras are Muslim and Islam prohibits interest dealings and involvement in certain types of businesses.

It is argued that these teachings hinder the Bumiputera in business.

To the question on whether business can be conducted without using interest, 75.4% strongly agreed or agreed that it can be done. Only 17.1% disagreed or strongly disagreed.

On prohibited business, 91% strongly agreed or agreed that they should not get involved.

## CHAPTER TEN

### CONCLUSION

#### AIM OF THE CHAPTER

This chapter aims at providing answers to key questions set out in Chapter Eight and discussing their theoretical and policy implications. In the last section suggestions for future work are given.

#### § 10.1) ANSWERS TO KEY QUESTIONS.

10.1.1) Has there been a change in the rate of business creation?.

The number of Bumiputera enterprises reached the NEP target of 30% of the total registered businesses in 1985. Compared to 1970 when Bumiputera participation in business was insignificant, this shows that the rate of Bumiputera business creation has been accelerated.

10.1.2) What is the influence of general economic, political and social climate?.

a) The main ethnic groups differ in occupational profile and place of dwellings.



b) The general economic situation of the country was not effecting the sales of Bumiputera enterprises.

c) There were no significant differences between the developed and less developed areas.

d) The results of the study have shown that there were no significant differences between the retailers and manufacturers.

**10.1.3) What is the nature of government intervention?.**

a) 84.3% of the respondents knew about government assistance schemes.

b) 20.5% of the respondents received some form of start-up assistances and 59.5% of the respondents were assisted during the time of the survey.

d) The current range of assistances could not satisfy the needs by the entrepreneurs. 65.3% of the respondents felt that the assistances were not adequate.

**10.1.4) What is the nature of the role played by entrepreneurial training?.**

a) The percentage of Bumiputera entrepreneurs who attended entrepreneurial training had increased compared to 1974 and the total number who went for training every year remained high indicating the significant role given to

---

entrepreneurial training in the promotion of Bumiputera entrepreneurs.

b) There were not enough entrepreneurial training programmes offered to satisfy the training needs of Bumiputera entrepreneurs.

c) Entrepreneurial training was found to be statistically related to 'Current Assistance Secured', 'Membership of Association' and 'Plan for More Entrepreneurial Training' at 0.01 level of significance. Specifically:

i) 56.7% of the Members of Association went through entrepreneurial training compared to 35.7% for non-members.

ii) 59.7% of the entrepreneurs currently given assistances had gone through entrepreneurial training compared to 25.7% for those not assisted.

iii) 58.8% of the respondents with plan for more entrepreneurial training went through entrepreneurial training compared to 20.3% for those without plan for entrepreneurial training.

**10.1.5) How do the entrepreneurs evaluate training programmes?**

Bumiputera entrepreneurs who went through entrepreneurial trainings evaluated the training programme as positive.

**10.1.6) What are the characteristics of Bumiputera entrepreneurs?**

a) The average age of Bumiputera entrepreneurs at start-up was 31.3 years and the average length of schooling was 10.7 years which placed them in the upper secondary level of education.

b) 84% of the entrepreneurs have had work experience which was the main source of business ideas.

c) The main reasons for participating in business were 'independence' and 'challenge'.

**10.1.7) What are the characteristics and problems facing Bumiputera enterprises?.**

a) Most Bumiputera entrepreneurs were sole proprietors and operated only one business.

b) The initial investment of the Bumiputera entrepreneurs was small with 48% investing less than \$10,000.

c) The problems of Bumiputera entrepreneurs changed over time. Although finance was still considered as the most

---

important problem, competition and marketing were becoming the pressing issues confronting them.

d) Starting up was not meeting significant barriers. This implies that the problems faced by entrepreneurs were survival and growth after start-up.

**10.1.8) What is the nature of the background of Bumiputera entrepreneurs?.**

A higher proportion of the entrepreneurs came from the business family background compared to the population profile. Family background was related to the estimated present value of the businesses. It was also related at slightly lower level of significance to entrepreneurial training before/after start-up and total employment.

**10.1.9) 9. What influence does culture have on creation of Bumiputera entrepreneurs?.**

a) 78.3% of the respondents wanted their children to take over the business.

b) 72% of the respondents agreed that money is for future, rather than current consumption.

c) The respondents perceived that the attitudes of Bumiputera society had changed. Bumiputera society is now in favour of going into business.

d) Religious considerations limit certain business activities for the Bumiputera. 91% of the respondents felt that they should not get involved with prohibited businesses such as alcohol and gambling. 75.4% of them also agreed that business could be conducted without charging interest.

## **§ 10.2) THEORETICAL IMPLICATIONS**

The findings of this investigation have the following theoretical implications:

### **10.2.1) Background.**

The data on family background support the notion that background is important to explain the emergence of the Bumiputera entrepreneurs, that is entrepreneurs are more likely to come from existing business families..

### **10.2.2) Cultural Factors.**

Some cultural elements seem to support the Bumiputera in business while others hinder it.

a) There was evidence that the attitudes of the Bumiputera towards wealth and money are changing and the society's perception of business was positive. The entrepreneurs also preferred their children to take over the business. These changes are favourable elements for the longer-term

development of a culture favouring enterprise within the Bumiputera society.

b) On the other hand it was found that Islam limits the types of business that the Bumiputera can participate in. The Bumiputera will be underrepresented in areas prohibited by Islam. The data show that in accordance with the teaching of Islam there is a strong feeling against manipulating others in business.

### 10.2.3) Environment

a) General Environment.

Data shows that 59.3% of the respondents were either very satisfied or satisfied with their sales indicating that the general economic environment has not influenced the sales of Bumiputera businesses.

There were also no significant barriers to business start-up. Financial and other start-up requirements were not hindering small business start-up.

b) Public Forces.

Although government assistances were considered inadequate, the research findings show that:

i) 59.5% have benefited from government assistances.

ii) 45.5% of the respondents went through entrepreneurial trainings and 50.5% of them applied what they have learned.

iii) The most important current problem was finance which was mainly supplied by the commercial banks and financial institutions as a result of encouragement from the Central Bank to those institutions to help Bumiputera entrepreneurs.

### § 10.3) POLICY IMPLICATIONS

a) Evidence shows that the Bumiputera entrepreneurs wanted more government help. Thus the protective "green-house" environment created by government intervention makes Bumiputera entrepreneurs more dependent on the government. It would be politically unacceptable to dismantle the "green-house". This would implicate that the government can only evaluate the various initiatives, change or modify them so as to be more effective.

b) It was expected that retailers and manufacturers would be different in term of capital invested, legal status of the business and other related variables. The fact that there were no significant relationship between the business type and the variables analysed implies that retailers and manufacturers were in a similar category of entrepreneurs.

c) The support system was found to be too fragmented with too many organisations trying to help the entrepreneurs in their own limited ways. Thus there is a clear need for better coordination so as to reduce duplications. There is also a need to provide more locally based sources of support.

#### **§ 10.4) SUGGESTIONS FOR FURTHER WORK**

As a multi-racial, multi-state and multi-region country, there are ample opportunities to study in depth the requirements of the entrepreneurs from different social groups. Further work can be done to compare between the various ethnic groups, for example Chinese, Indian and Bumiputera entrepreneurs.

This work concentrates on training intervention and intentionally avoids collecting in depth data on other intervention instruments. Thus further work is needed to study and understand better all the instruments of entrepreneurial development.

Even within the training programme, it was not the intention of this work to investigate each training programme as case studies. Thus detailed investigations could be conducted for each training programme.

Another area of work that can be undertaken is the replication of studies in developed countries such as the

---



United Kingdom and the USA, in areas such as minority entrepreneurs, female entrepreneurs, success and failure factors, growth and the impact of new technology.

**Appendix 1****The Malays**

As a group the Malays are predominantly rural dwellers with traditional agriculture being the main source of income and employment. They produce primary products and sell it to the Chinese middlemen or government sole purchasing agencies with little participation in the processing and marketing of the produce where the real value-added can be acquired. Their main crops are rice and rubber which do not yield enough income to push them out of the poverty trap. Some farmers especially in the East Coast states (Kelantan and Trengganu) shifted to tobacco farming due to better earnings and purchased their rice requirement from Thailand.

The rural economy is facing the problem of small acreage of agricultural lands, which are uneconomical to develop. These lands are single purpose or single crop lands with little amenities, shrinking in size by subdivision and fragmentation. As such the value of the land as collateral is not only very low but rarely appreciates. However for those Malays who can be classified as entrepreneurs, their economic position is much better.

---

### 1) Lack of Economic Progress

The lack of economic progress of the Malays is explained in a number of ways by development authors. Among the most popular explanations are: a) The economic and structural impediments to rural economic development (Fisk, 1963); b) Historical evolution of the economic exploitation of the rural Malays by the other ethnic groups (Ungku A. Aziz, 1964); c) Malay's resistance to change (Parkinson, 1967). These explanations became an on going arguments among investigators on the Malay economy.

In term of Malay entrepreneurship, Charlesworth (1974) concluded that "the socio-cultural environment may act to inhibit a Malay from easily becoming an entrepreneur, because the entrepreneur is one who creates or innovates and is willing to accept risk to introduce a new idea. Conformity to accepted norms, reinforced by tradition and custom, does not lend itself to producing an environment in which the entrepreneur flourishes" (p.8).

Another barrier to Malay modern economic development is the saving and investment habit. The Malays saving used to be mainly in the traditional forms such as lands, jewelleries or animals. Only recently, other forms of saving and investment have been utilised mainly due to the work of trust agencies. Among them, the most important mobiliser of Bumiputera fund is the Amanah Saham National

---

---

(ASN) which is managed by Permodalan Nasional Berhad (PNB). The New Straits Times (May 21, 1986) reported that within five years, ASN manage to attract 2,077,108 investors who invested \$1,986.4 millions. PNB group invested \$6,136 millions or 45.3% of total Bumiputera share in the corporate sector. During the same period the Government transferred 37 companies worth \$1,377.7 million to PNB.

## 2) Child Upbringing.

Malay child-upbringing is studied in Malaysia and Singapore. Malays in both countries are the same people as Singapore used to be a part of Peninsular Malaysia. Children are greatly desired by the Malays and a house without a child is considered as incomplete. Among the Singapore Malays, personal relationships is important and the aim of parents is "not to have 'successful' children in the sense of wealthy and socially prominent adults, but to have children who derive happiness from personal relationship (Djamour, 1965, p.109). The relationship between parents and children is very close and intense. "The emphasis is on affection, happiness and harmonious relationships above all else, rather than on obedience, achievement and responsibility which is characteristic of Chinese and many Western families." (Popenoe, 1970, p.237).

Discipline is not important in a Malay home. Djamour noted that "Singapore Malay fathers are far from being disciplinarians and often more indulgence than their wives towards the children" (Djamour, 1965, p.103). In the Malay home a sort of inconsistent might appear in which "the pattern of discipline, of reward and punishment of the child is not consistent" (Swift, 1965, p.30). Tantrum might be pampered or ignored completely and naughtiness may be scolded or laughed at.

Child's training is largely delegated to the schools and local religious teachers probably due to the low level of literacy among the Malays and the pressure of work. Among the Malay farmers, both the husband and the wife must work in the field. Thus the care of the younger children is left to the elder children in the family. As such children must grow up rather than to be brought up.

### **3) Relevant Cultural Elements**

Cultural impediment is quoted as one of the reasons for Malay poverty and the lack of Malay entrepreneurs. Some cultural elements that are considered relevant to entrepreneurship are:

a) Social Organisation.

The social organisations of the Malays are the family, political organisations and trade associations

i) The Family Unit. The Malays consider the extended family as important for support, either financial or psychological. A Malay is responsible for his own family and expected to be concern about the immediate family by giving them help when ever capable and possible.

Malays' extended family is not as big as in some African countries where the cousins, first, second and even third, are considered as family. Furthermore the extended family is undergoing changes due to migration to urban areas to work or in search of work.

ii) Political Organisation. Another important Malay organisation is the political organisation. The Malays mainly support UMNO in the ruling party and in certain states such as Kelantan and Kedah, a strong support is given to PMIP.

iii) Business Associations. Presently there are four separate chambers of commerce: each for the Malays, Chinese, India and European. At the state (local) level, similar ethnic based state chambers of commerce were formed. In 1961, the state Malay chambers came together to form the Associated Malay Chamber of Commerce with the

---

precise objective of looking at the national policies effecting the Malay entrepreneurs. Most chamber leaders are politically connected, with a considerable proportion of present and ex-members of states or federal legislative bodies.

In the past, the Malay chambers of commerce, state and Associated, were relatively weak to the extend that Malay entrepreneurs have refused to become members. The weakness of the Malay chambers led to more initiatives from the smaller trade associations and one of the most vocal trade association was the Association of Malay Contractors. The situation changes slightly with the introduction of full-time paid Secretaries for the chambers.

b) Money and Wealth.

To the Malays, money is not the only thing in life. It is a means to an end not an end itself. Djamour (1965) noted that Singapore Chinese considered the acquisition of wealth as the most important aim in life and almost an end in itself while the Malays attached great importance to easy and graceful living.

Observation seems to indicate that Malays need money to maintain their consumption habits as reflected in the basic furnitures, facilities and transport for the family. The main difference between the Malays and the Chinese is

---

in the meaning of wealth. The Chinese view wealth as a long term matter where it is "desired not only for consumption but for accumulation, to build up a fortune which can be handed on to future generations" (Swift, 1965. p.29). By contrast, the Malays need to accumulate wealth for short-term consumption and present comfort and security.

In the case of saving, the main forms are jewelleries, lands, animals and other tangibles. These forms of saving are unproductive and their returns are comparatively low. Swift (1961) noted the "important of fruit income, rather than regular receipts from rubber, as the major source of saving" and borrowing in the Malay rural society will be paid during harvest time. The main source of borrowing is the middlemen who buy their produces as well as sell to them. Most middlemen also run a retail shop where the farmers get their supplies. Thus it creates a unique monopoly-monopsony situation (single buyer and single seller).

c) Occupation.

There is a strong need for security among the Malays. "The peasant is reluctant to undertake ventures which will interfere with his existing economic arrangement" (Swift, 1965, p.31). Charlesworth (1974) emphasised that "In the Malay social structure economic security is extremely

---



important: change and innovation are not" (p.14). This attitude towards security is used to explain the popularity of employment with the Government public service within which the fixed salary provides security for them and their family. This situation is understandable since the rural agricultural income is low and fluctuates due to external factors. Thus the lowest paid government job offers much better prospect.

The reason for the preference of government public services is also historical when the royalty and the palace officers were controlling the economy and the wealth of the society. The merchant group was not well developed and the need to develop them never exist. After independence, the socio-economic problems forced the Government to create a Bumiputera commerce and industry group. However the success of the Malay businessmen is not convincing and widespread, and the Malay society only recognises and holds in high regard successful businessmen.

The occupational alternatives for the Malays are limited. Employment in the private sector and small businesses are controlled entirely by the Chinese. It definitely will take a long time for the Malays to acquire ownership and control of the private sector so as to open up the opportunities of employment.

---

It is observed that the Malay paths of social upliftment are either education or politics. Education or rather higher education, that ensures well-paid job and the prospect of promotion, became the main instrument of social engineering. Participation in politics (the ruling party politic) is another area of self-development as it exposes people to business opportunities and government facilities.

d) Manipulative Tendency.

Another cultural element related to entrepreneurship is the manipulative tendency of the Malays. Malays value their friends in term of help those people can offer when need arises, perhaps to serves to cushion unexpected blows of fate. Contacts are not to be exploited for personal benefits and "Malay society does not socially approve behaviour which explicitly involves a precise calculation of economic matters, or a striving for personal ends at the expense of others, or above all, a manipulation of people" (Ismail Rejab, 1983, p.14). It is highly probable that this inability to manipulate others is a limitation to progress in business.

e) Religion.

All Malays are Muslim. Islam was established in the seventh century A.D. Although there are a number of

---

schools of thought, the basis teaching is the same. Koran is the ultimate guide with hadiths (the saying of Prophet Muhammad) and the agreement of Ulama' (the scholars) act as guidance. To the Muslim, Muhammad is the best example to be followed and this is stressed many times in the Koran.

The often quoted barriers of Islam in business are the Islamic concepts of "rezeki", forbiddence of any form of ursury and the restricted role for women. Rezeki is explained as "A Malay is very prone, after a setback to stop striving, and say that he has no luck, that it is the will of God" (Swift, 1965, p.29). "Rezeki" or a person's divinely determined economic lot, Parkinson argued, leads to negative reactions towards success, passive attitude towards capitalism and resistance to change.

As to the concept of interest or usury, observation shows that it is mainly ignored. For those who adhere strictly to Islam, there is an alternative Islamic Bank that does not operate on interest.

The restricted role for women in business is irrelevant to Malaysia since women are not only participating in business but becoming a force in their own right.

---

## Appendix 2

### World Bank Small Scale Enterprise Programme

In October 1984, a programme known as the World Bank Assisted Programme for Small Scale Enterprise (World Bank SSE) was launched. It was designed as an integrated approach to help small enterprises especially those owned and operated by the Bumiputera entrepreneurs.

In term of the structure of the programme as shown in Figure 1, the programme is under the responsibility of the Coordinating Council for the Development of Small Scale Industry with the SSED as the secretariat which monitor the performance of the agencies involved.

The target was to develop 1,200 enterprises within three (3) years with the budget of approximately M\$234 millions.

The services provided are divided into two categories: technical and finance. The technical part comprises of training, counselling and consultancy. (Detail given in Table 1).

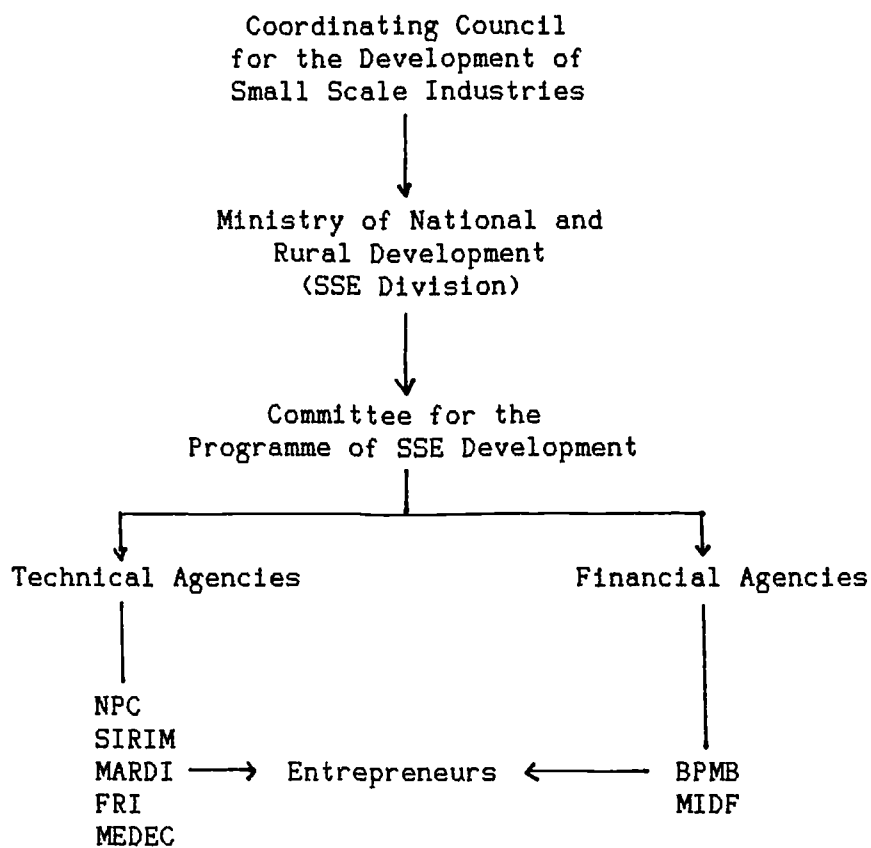
As for the financial component of the programme, the sum of M\$210 million was allocated to BPMB and MIDF. The World Bank contributed \$105 millions, the Malaysian government \$75 millions and internally generated sources \$30

millions. It can be use for a) Purchase of fixed asset, b) Working capital, c) Leasing, d) Equity purchase. (Loan conditions given in Table 2). The interest rate was reduced with effect from 27th. October 1987 to 7.75%.

The two components of the programme are coordinated by a series of regular meetings of the Committee for the Programme of SSE Development, chaired by the SSED and represented by all participating agencies. At these meetings the progress of the programme is reported and discussed.

To qualify for the programme the firm must: a) have an equity of not more than \$300,000, b) in one of the four categories of business i) Food industry, ii) light engineering or welding, iii) wood, bamboo or ratan, iv) building material, plastic and ceramic. Initially the programme was designed specifically for the Bumiputera entrepreneurs. It was subsequently extended to the nonBumiputera entrepreneurs.

Figure 1  
World Bank SSE Programme Structure.



Source: MEDEC's Record.

Table 1  
World Bank SSE Technical Service and Institution

Service	Institution
a) Entrepreneurial and Management Training.	MEDEC, NPC
b) Production/ Technical Improvement	
i) Food	MARDI
ii) Wood, bamboo, & ratan	FRI
iii) Light engineering & welding	SIRIM
iv) Plastic, ceramic & others	SIRIM
c) Advisory/ counselling.	
i) Management	NPC
ii) Technical	MARDI, FRI or SIRIM (according to industry)
d) Consultancy	
i) Management	NPC
ii) Technical	MARDI, FRI or SIRIM (according to industry)
e) Quality analysis and control	MARDI, FRI or SIRIM (according to industry)

Source: Programme's brochure

Table 2  
World Bank SSE Loan Conditions.

Quantum	
BPMB	Between \$300,000 & \$750,000
MIDF	Not more than \$750,000
Interest Rate	
BPMB	9% p.a. for \$100,000 or Less 10% p.a. \$100,001 to \$300,000 11% p.a. \$300,001 to \$500,000 Market rate for more than \$500,000
MIDF	11% p.a.
Duration.	Determined by industry type and cash flow
Collateral	Fixed asset.
Others	Normal condition of BPMB or MIDF

Source: Programme's brochure.

---

**Appendix 3****Unit Khas Bumiputera, BBMB**

Bank Bumiputera Malaysia Berhad (BBMB) was established in 1965 to meet the capital needs of Bumiputera entrepreneurs. In 1974, the Bank formed the Unit Khas Bumiputera (UKB) or Special Bumiputera Unit in response to the Bank Negara (Central Bank) instruction to all commercial bank to establish a special unit to provide services and advice to Bumiputera entrepreneurs. The role of BBMB in entrepreneurial development actually started with the introduction of the Rural Banking Services (RBS) in June 1971 to provide credit to: a) small-scale rural enterprises-sundry shops, manufacturing and processing, dealership and miscellaneous projects., b) agricultural credit for the cultivation of padi, coconut, topioca, groundnuts and purchase of machinery. RBS became the first commercial bank service designed for the rural enterprises.

With the creation of UKB, the RBS became a part of its activities. The expanded objectives now include: a) to entertain Bumiputera customers seeking facilities under CGC and RBS, b) to identify projects that can be promoted among Bumiputera entrepreneurs, c) to provide information

---



about services offered by the bank, and d) to promote short and long-term development for the entrepreneurs and offer advice.

Another initiative implemented by the Unit is the adoption scheme, through which, in 1987, 107 enterprises were given assistances. These enterprises, dispersed all over the country, were visited regularly by the officers from the Unit located at the central office.

This centralised nature of the Head office in Kuala Lumpur is the main drawback of the programme. Staffed by seven officers, the effectiveness of the programme is questionable and its effect cannot be widespread. Nevertheless the Unit provides a range of services as shown in Table 1 that can be expended quickly by decentralising the unit to the branches. Thus the potential role of the Unit is great, considering the financial and manpower resources of the Bank.

Table 1  
UKB Entrepreneurial Development Programmes

Types	Description.
a) Advisory	Loan Procedures. Preparation of Working Paper. Types and amount of financial need. Preparation of financial statement. Determining working capital requirement. Other financial problems.
b) Supply of Speakers	Bank's facilities. Loan procedures. Preparation of Working Paper. Determining working capital requirement.
c) Entrepreneurial Development Programme.	Adoption scheme. Advisory and consultancy in management production, marketing and others.
d) Materials	Developed in Bahasa Malaysia i) A Guide to Prepare Working Paper. ii) Import/Export Management. iii) Project - Service Station, - Groundnuts & Coffee.
e) Training	In 1987, the programme are as follows. i) Bookkeeping, for 3 days, 6 times. ii) Business Management, for 3 days, 4 times. iii) Working capital management, for 2 days, 6 times. iv) Import/export management, for 2 days 2 times.

Source: UKB

**Appendix 4**  
**Panel Discussion**

*Introduction.*

The investigation was to be carried out in three stages comprising of a panel discussion, pilot test and field work. The first stage, a panel discussion, was conducted with the objective of clarifying the important issues in entrepreneurial development and generating as much ideas as possible. It will then be the basis of developing the questionnaire which will be pilot-tested before the final field work.

*Panel Discussion.*

A panel discussion was held on the 24th. April, 1986. It lasted for one and a quarter hours. Nine Malaysian, selected using judgemental sampling, were invited and eight turned up for the discussion. A brief description of the participants is given in Table 1.

L.H. Chew and K.C. Kok were selected to provide views of the nonBumiputeras. All the participants were not informed of the issues to be discussed to ensure that the ideas generated were original ideas. The entire session was taped for record purpose.

---

Table 1  
Participants of the Panel Discussion.

Name	Particulars
1) L.H. Chew	A company secretary
2) J.C. Sab	A trainer in entrepreneurial programme
3) Z. Said	An experience researcher in small business
4) M.N. Othman	A bank officer
5) Noordeen Hussain	A researcher in small business
6) A.B. Yusoff	An entrepreneurs
7) Terence K.C. Kok	A flight engineer
8) Syed Noh Syed Ahmad	An education administrator.

The discussion was started with a short briefing, during which the panel was informed that the objective of the discussion was to generate ideas on the main issues of entrepreneurial development in Malaysia. The issues, which were written on cardboards were to be shown one by one for discussion. At the end of the session the group would be invited to suggest other important issues in the area of entrepreneurship for discussion to ensure that all relevant issues were considered.

*Summary of the Discussion.*

The summary of the discussion is given in the Exhibit 1. No other significant issues were given at the end of the session for discussion.

*Conclusion.*

The panel discussion was successful in determining and discussing the key issues of the research. The intensity of the discussion on entrepreneurial training confirmed

---

that training was a key area in developing entrepreneurs in Malaysia. Strong opinions were expressed on the duplication and wastage due to competition between training agencies and lack of coordination. It was agreed that a one-stop agency was needed.

Exhibit 1

*Summary of Panel Discussion*

*Issue 1: The creation and promotion of the entrepreneurs (or the rate of new business formation in a population) can be stimulated by Government intervention.*

The major points suggested by the discussion were:

- 1) The panel agreed that Government intervention could stimulate entrepreneurs in Malaysia.
  - 2) The Government could create suitable environment for the entrepreneurs.
  - 3) The major problem of stimulating Bumiputera entrepreneurs in Malaysia is the lack of quality Bumiputera who want to set up their own business.
  - 4) The key questions were:
    - 4.1) What is the best way to stimulate entrepreneurs?
    - 4.2) Whether what is done is stimulating enough?.
    - 4.3) How intensive should it be stimulated?.
    - 4.4) Better coordination is needed among the various agencies.
-

*Issue 2: The role of training in creating and developing Bumiputera entrepreneurs.*

With respect to this issue, the discussion pointed out that:

1) Training contents were too production oriented with little marketing and other business inputs which resulted into:

1.1) Bumiputera manufacturers could produce but could not market their products.

1.2) The success of Bumiputera entrepreneurs was measured by their ability to produce.

1.3) The quality of the products was determined by the training agencies. It was not in accordance with the need of the customers which they probably did not know about.

2) There were more than 26 training Agencies which was considered to be too many. What was needed was better coordination and rationalisation of their training activities. It was noted that:

2.1) Many training organisations were competing for the same candidates to meet their quantity requirements of the year.

2.2) The training objectives were not clear.

2.3) The quality of the candidates was declining over time.

2.4) There was a need to minimise departmental rivalry.

(Note that all the training departments are financed by

---

the Government and they charge token fee for the course)

2.5) There was no established programme for training of trainers. Every department have their own training programme and as such the quality of trainers in Malaysia varies and no minimum standard was established.

3) The reasons for attending a training programme were:

3.1) To secure the certificate.

3.2) As required by the financing organisations and will rarely implemented the knowledge after training.

4) Training programmes for entrepreneurs in Malaysia need to be properly classified. The existing figure in the Fifth Malaysia Plan was that in 1983, a total of 27,626 participants went to entrepreneurial training and 93.8 percent were Bumiputera. This includes all type of courses even the one day awareness seminar for everybody.

5) A useful classification was to distinguish between self-employed and entrepreneur. A self-employed person utilises only his family in the business and entrepreneur has the capacity to employ workers. Special training programme can be developed for each category of people.

6) Training should be given as a total package, not a piece meal module. It should be business based, covering every inputs needed to run the business successfully.

7) More concentration should be given to downstream, not upstream; that is more concentration in marketing and sales. It was noted that in the West, some entrepreneurs

did not manufacture their own products but concentrate in retailing and their success was due to their ability to run the business properly.

8) It was also noted that formal training was not a problem with the Chinese entrepreneurs and only one organisation offering training to the Chinese entrepreneurs; that is Business Modernisation Centre .

This point can be proved by comparing the formation rate of the Chinese businesses with the Malays and the population as a whole.

9) Malaysian trainers were trained mainly in the Phillipines, India and United Kingdom. There was no establish training for trainers programme in Malaysia. NPC and MEDEC have their own internal training programme for their trainers.

*Issue 3: The Government intervention instruments in Malaysia.*

The Malaysian Government intervened by:

1) Opening more doors or giving opportunities. The danger was that it might not create new wealth inspite of being successful in redistributing wealth by cutting avenue from the nonbumiputera (including foreigners) and giving it to the Bumiputera.

2) Government also compete with the businessmen when they went into business through the trust Agencies. (The business which the Government involved were usually big,



capital intensive and in the area where entrepreneurs were not interested or not able to enter). This was considered as a barrier to new entries into business.

3) Provision of trainings by the various agencies financed fully by the Government. (There was no single training organisation created by the government to train entrepreneurs. The present training was done by a special unit in the organisation whose function might be to provide for the financial needs or training of executives).

4) Government policies and legislations could be counter productive.

5) Provision of finance through the Central Bank requirement that all Commercial Banks must provide a certain percentage of their loans to small Bumiputera entrepreneurs, failing which a penalty is imposed.

6) One-stop agency for manufacturing sector. It was advocated that this concept of one-stop agency can be extended to other sectors.

7) Marketing assistance through the encouragement given to the formation of Malaysian "SHOGUSHOSHA".

8) Government procurement was an important opportunity provision strategy.

9) Government advocacy was implemented with the establishment of the small scale unit in the Ministry of Trade and Industry. In the United States of America, the

office of the Advocate General and in the United Kingdom, the UK Enterprise Unit under the Department of Employment advocate the interest of the small business by checking that all laws and procedures take into account the interest of and not discriminate against small businesses.

*Issue 4: Profile of Bumiputera entrepreneurs.*

Profiling the Bumiputera businessmen can be done by:

- 1) Profile by industry.
- 2) Profile by background, especially in:
  - 2.1) Parental background.
  - 2.2) Experience in school.
  - 2.3) Old-boys network which can make it easier for an entrepreneurs to secure Government facilities.

*Issue 5: Problems faced by Bumiputera entrepreneurs.*

- 1) Marketing was considered as the most important area. (Most Bumiputera entrepreneurs depend on the Government for business such as government contracts or sell goods and services to Government servants).
- 2) Financial problems in relation to high collateral needed for loans.
- 3) Size of business. It was more difficult for small business to grow than the big business.
- 4) Too many organisations giving service to the entrepreneurs.

*Issue 6: Culture*

- 1) It was agreed that cultural was not an important issue
-

in Malaysia because, among the Bumiputera and even the Chinese, the differences between the various groups were not ethnic but historical heritage of each sub-group. The types of business they were in was determined by the region they came from and their groups or clans.

2) The real issue was attitudes. Among the prominent attitude is the attitude towards employment; whether self employed or working with the Government.

(Note: This is the problem of the definition of the term culture. It seems that the panel consider attitudes as separate from culture.)

**Appendix 5**  
**Log-linear Analysis of**  
**Entrepreneurial Training**

Attended or not attended entrepreneurial training can be used as dependent variable for the multivariate analysis of the data. Since the variable is ordinal and categorical, the appropriate tool of analysis is the log-linear.

In the process of the analysis, with or without entrepreneurial training was crosstabulated with 36 variables which were considered to have some probability of having significant relationship. It was found that the respondents with or without entrepreneurial training was significantly related at 0.01 level of significance to the Membership of Association, Present Assistant Secured, and Plan for More Entrepreneurial Training.

**1) The Best Fit Model**

The next step was to test the various models for the goodness-of-fit as detailed in Table 1. It starts with Model 1 and every subsequent model represents an addition of a new variable to the model. After testing for significance at 0.01 level of significance, it was found

---

that the best fit model was Model 3 since further addition of a new variable produced a model which was not significant. (The calculations are given in Table 2).

Table 1  
The  $L^2$  and DF

Model	$L^2$	DF
1) V124, V124 By V35	54.88596	6
2) V124, V124 By V35, V124 By V66	32.48808	5
3) V124, V124 By V35, V124 By V66, V124 By V146	10.17229	4
4) V124, V124 By V35, V124 By V66, V124 By V146, V124 By V35 By V66	6.12691	3
5) V124, V124 By V35, V124 By V66, V124 By V146 V124 By V35 By V66, V124 By V35 By V146	4.02072	2
6) V124, V124 By V35, V124 By V66, V124 By V146, V124 By V35 By V66, V124 By V35 By V146, V124 By V66 By V146	3.95082	1
7) Saturated Model	0.00000	0

Source: Survey Result.

Note: V124= Went to Entrepreneurial Training.

V35= Member of Association.

V66= Present Assistance Secured.

V146= Plan for More Entrepreneurial Training.

Table 2  
Difference in  $L^2$  and DF

Model	$L^2$	DF	Critical value of $X^2$ at 0.01	Comment
2 minus 1	22.39788	1	6.635	Sig.
3 minus 2	22.31579	1	6.635	Sig.
4 minus 3	4.04538	1	6.635	Notsig.
5 minus 4	2.09971	1	6.635	Notsig.
6 minus 5	0.06990	1	6.635	Notsig.
7 minus 6	3.95080	1	6.635	Notsig.

Source: Survey Result.

## 2) Model's Interpretation.

The interpretation of the model is based on the observed, expected frequencies and the residuals of the best fit

---

model shown in Table 3. To evaluate the best fit model in term of odds rather than anti odd, the calculation in Table 4 was conducted.

The regression-like model can be represented by:

$$(F_{ijk1} / F_{ijk2}) = T * T(A)_i * T(B)_j * T(C)_k$$

where:

T equals	0.51423
T(A) <sub>i</sub> equals	1.48210 for i=1 1/1.48210 for i=2
T(B) <sub>j</sub> equals	2.15856 for j=1 1/2.15856 for j=2
T(C) <sub>k</sub> equals	2.36085 for k=1 1/2.36085 for k=2

Thus for an entrepreneur who was a member of an association, secured present assistance and with plan for more entrepreneurial training,  $i=j=k$ . His observed odds of attending entrepreneurial training given in the model was 4.7504 (82.61/17.39) with the expected odds of 3.8828 (79.52/20.48).

Table 3  
Observed, Expected Frequencies and Residuals

Factor	Code	Obs. Count	%	Exp. Count	%	Adj. Resid.
V124	1					
V35	1					
V66	1					
V146	1	38.00	82.61	36.58	79.52	0.8903
V146	2	8.00	50.00	6.57	41.07	1.0797
V66	2					
V146	1	6.00	28.57	9.55	45.46	-2.4417
V146	2	2.00	20.00	1.30	13.01	0.7482
V35	2					
V66	1					
V146	1	21.00	58.33	22.99	63.87	-1.2709
V146	2	3.00	18.75	3.85	24.08	-0.6692
V66	2					
V146	1	11.00	44.00	6.88	27.51	2.7955
V146	2	0.00	0.00	1.27	6.37	-1.3535
V124	2					
V35	1					
V66	1					
V146	1	8.00	17.39	9.42	20.48	-0.8903
V146	2	8.00	50.00	9.43	58.93	-1.0797
V66	2					
V146	1	15.00	71.43	11.45	54.54	2.4417
V146	2	8.00	80.00	8.70	86.99	-0.7482
V35	2					
V66	1					
V146	1	15.00	41.67	13.01	36.13	1.2709
V146	2	13.00	81.25	12.15	75.92	0.6692
V66	2					
V146	1	14.00	56.00	18.12	72.49	-2.7955
V146	2	20.00	99.99	18.73	93.63	1.3535

Source: Survey Result.

Note: V124 = Went to Entrepreneurial Training.

V35 = Member of Associations.

V66 = Present Assistance Secured.

V146 = Plan for More Entrepreneurial Training.

Table 4  
Model Analysis

Parameter	Coefficient	Coeffi.x2	Anti-log
1) V124	-0.33254	-0.66508	0.51423
2) V124 by V35	0.19673	0.39346	1.48210
3) V124 by V66	0.38472	0.76944	2.15856
4) V124 by V146	0.42951	0.85902	2.36085

Source: Survey Result.

Note: V124 = Went to Entrepreneurial Training.

V35 = Member of Associations.

V66 = Present Assistance Secured.

V146 = Plan for More Entrepreneurial Training.

The model decomposes the expected odds into the following components:

$$3.8839 = (0.51423)(1.48210)(2.15856)(2.36085)$$

Note: Difference due to round up.

The effect was interpreted as:

\* 0.51423 was the mean or the overall effect.

\* 1.48210 was the main effect of Membership of Association indicating the net effect of being members of association. Other things equal, the odds that members of association attended entrepreneurial training compared to nonmembers was 1.48210 to 1.

\* 2.15856 was the main effect of Present Assistance Secured. Other things equal, the odds was that those who



Appendix

---

currently secured assistances attended entrepreneurial training compared to those who did not was 2.15856 to 1.

\* 2.36085 was the main effect of Plan for More Entrepreneurial Training. Other things remain equal, the odds that those with plan for further training attended entrepreneurial training compared to those without plan was 2.36085 to 1.

Appendix 6  
The Questionnaire

CONFIDENTIAL

ENTREPRENEURSHIP IN MALAYSIA  
QUESTIONNAIRE

By:

Human Haji Mohamed.

Under the supervision of:

Prof, Tom Cannon,

Mr, Bob Hale,

Stirling University, Scotland,

1st April 1987,

Dear \_\_\_\_\_,

I would like first to thank you for agreeing to fill this questionnaire. Our purpose is to gather information about Bumiputera entrepreneurs for a PhD thesis in the area of entrepreneurship in Malaysia, covering the government assistance programmes especially the training programmes. The real understanding of the problems of Bumiputera entrepreneurs will make it possible for me to assess the assistance programmes and recommends possible changes. It will enable us to draw conclusions based on your knowledge, your opinion, your attitudes about business and what you know to be true rather than what others say about Bumiputera entrepreneurs.

Once again, I wish to thank you for your kindness and cooperation in answering this questionnaire. Please post your complete questionnaire to the address below.

Sincerely yours,

Humam Haji Mohamed,  
c/o; Insp, Dahlan Ismail,  
Flat Balai Polis Section 6,  
Shah Alam, Selangor,  
Malaysia.

QUESTIONNAIRE,

INSTRUCTION; To be filled by the entrepreneur, Please tick (/) or write the answer where appropriate.

SECTION 1; BUSINESS BACKGROUND.

Q1) A) When did the idea of going into your first business occur to you?

( Year),.....

B) How did the idea first emerge or occur to you? (Choose the most important)

- 1) Visit to overseas -----
- 2) Training / Course -----
- 3) Work experience -----
- 4) Suggested by friends,.....
- 5) Part-time business -----
- 6) Others (Specify).....

Q2) From the moment you first thought of this business idea to the time you started to act to start business, how long did it takes ? (Year & month).....

Q3) What were your reasons for going into business?, (Can choose more than one)

- 1) Desire for independence, -----
- 2) More income than in the previous occupation -----
- 3) Inherited business -----
- 4) Encouraged by government assistance -----
- 5) More challenging -----
- 6) Difficulties in getting other employment, -----
- 7) Become rich, -----
- 8) Exploit a market opportunity -----
- 9) Others (Specify).....

Q4) What was the nature of your first business?\_\_\_\_\_

Q5) What were your reasons for choosing the particular business?,(Can choose more than one)

- 1) Inherited business \_\_\_\_\_
- 2) Trained in the area \_\_\_\_\_
- 3) Encouraged by government assistance \_\_\_\_\_
- 4) Follow other successful entrepreneurs \_\_\_\_\_
- 5) Has market potential \_\_\_\_\_
- 6) Low capital requirement \_\_\_\_\_
- 7) Experience in that business \_\_\_\_\_
- 8) Others (Specify)\_\_\_\_\_

Q6) How many separate trading concerns do you operate?(Number)\_\_\_\_\_

Q7) What is the nature of your present main business?\_\_\_\_\_

Q8) What is the legal status of your main business?.

- 1) Sole ownership \_\_\_\_\_
- 2) Partnership (\*) \_\_\_\_\_
- 3) Private Ltd, Comp(\*) \_\_\_\_\_
- 4) Public Ltd, Comp.(\*) \_\_\_\_\_
- 5) Others (specify)\_\_\_\_\_

\* specify the percentage of your share,

Q9) Do you have an organisation chart for your business enterprise? (Yes/No)\_\_\_\_\_

Q10) How much capital did you invest when you started your first business?.

\$\_\_\_\_\_

Q11) How many percent was your own?, \_\_\_\_\_%

Q12) What is the estimated value of all your business enterprises now? \$\_\_\_\_\_

Q13) What is the estimated value of your business asset now? \$\_\_\_\_\_

Q14) What was the total sales of your business enterprises last year (1986)? \$\_\_\_\_\_

Q15) How many staff do you have now?

a) Full-time, -----

b) Part-time, -----

c) Family help,-----

Q16) Are you a member of Associations?(Yes/No)-----

SECTION 2; ENTREPRENEURS'S PROFILE,

Q1) Name and business address,

-----  
-----

Q2) Sex, (Male/Female)-----

Q3) Business/home telephone number,-----

Q4) When did you started business?(Year)-----

Q5) How old were you when you started business?,-----

Q6) Marital status when you started business.

1) Single, -----

2) Married, -----

3) Divorcee/Widow,-----

Q7) How old were you when you left school?-----

Q8) Did you receive any vocational or technical training? (Yes/No)-----

Q9) Who established this company?.

1) Myself, -----

2) My parents, -----

3) Someone else -----

Q10) Please indicates the nature of your last job before going into business?

- 1) Unemployed, -----
- 2) Clerical -----
- 3) Police and army personnel -----
- 4) Managers/Officers/Executive -----
- 5) Part-time businessman -----
- 6) Professional (Specify) -----
- 7) Others (Specify) -----

Q11) Did you do part-time business before going full time? (Yes/No) -----

Q12) What was the occupation of your father, mother and wife when you started business? (If they were retired, indicate their last occupation)

- a) Father's occupation, -----
- b) Mother's occupation, -----
- c) Wife's occupation, -----

Q13) A) Do you have any family or close friends in business? (Yes/No) -----

B) If YES, did they give you support in business? (Yes/No) -----

SECTION 3: GOVERNMENT ASSISTANCES.

Q1) A) What were the main problems facing you when you started the first business? (Can choose more than one)

- 1) Capital, -----
  - 2) Getting the confidence of clients -----
  - 3) Government bureaucracy -----
  - 4) Premises -----
  - 5) Others (Specify) -----
-

B) Please rank them in order of importance,

1) First\_\_\_\_\_

2) Second\_\_\_\_\_

3) Third\_\_\_\_\_

Q2) When you started the first business, did you get any Government assistance?,

(Yes/No),\_\_\_\_\_

Q3) If YES, indicate the nature of the assistances that you got then,

\_\_\_\_\_  
\_\_\_\_\_

Q4) Are you presently receiving any assistance? (Yes/No)\_\_\_\_\_

A) If YES, tick the assistances you are getting now, (Can be more than one)

1) Contract/ Supplies \_\_\_\_\_

2) Training \_\_\_\_\_

3) Loan \_\_\_\_\_

4) Marketing \_\_\_\_\_

5) Premises \_\_\_\_\_

6) Advice/ Counselling \_\_\_\_\_

7) Others (Specify)\_\_\_\_\_

B) Please rank them in order of importance,

1) First\_\_\_\_\_

2) Second\_\_\_\_\_

3) Third\_\_\_\_\_

Q5) Are you aware of the Government schemes in trying to assist the Bumiputera to go into business?, ( Yes/No),\_\_\_\_\_



If YES, please list down the name of the scheme / schemes,

-----  
-----

Q6) Do you feel that the government efforts to assist Bumiputera to participate in commerce and industry have been adequate? (Yes / No)\_\_\_\_\_

If NO, what else do you think needs to be done?

-----  
-----

SECTION 4; THE PROBLEMS OF BUMIPUTERA ENTREPRENEURS,

Q1) A) What are the major problems of your current business operation? (Can choose more than one),

- 1) Book-keeping -----
- 2) Finance -----
- 3) Market -----
- 4) Lack of training -----
- 5) Competition -----
- 6) Premise -----
- 7) Others (Specify)\_\_\_\_\_

B) Please rank them in order of importance,

- 1) First\_\_\_\_\_
- 2) Second\_\_\_\_\_
- 3) Third\_\_\_\_\_

Q2) How do you rate your current sale?

- 1) Very satisfactory -----
- 2) Satisfactory -----
- 3) Stagnant -----
- 4) Unsatisfactory -----
- 5) Very unsatisfactory -----

Q3) Have you conducted any sales promotion campaign?.(Yes / No)\_\_\_\_\_

Q4) What percentage of your business is government contract and procurement?,

- 1) Less than 10% -----
- 2) 11-30% -----
- 3) 31-50% -----
- 4) 51-70% -----
- 5) More than 70% -----

Q5) Are you able to compete successfully? (Yes/No)-----

Q6) If NO, please explain why?.

-----  
-----

Q7) Do you have enough operating capital? (Yes/No)-----

If NO, what are the major problems of getting capital? (Can choose more than one)

- 1) No security -----
- 2) New in business -----
- 3) Do not know how to do working paper -----
- 4) Cannot get credit from suppliers -----
- 5) Low equity -----
- 6) Financial institution did not believe  
in our ability, -----
- 7) Other (Specify)-----

Q8) Can you get the right people to work for you,(Yes/No)-----

Q9) Are you happy with the present location,(Yes/No)-----

Q10) Do you know of a better location,(Yes/No)-----

If YES, why don't you move?.

-----  
-----

SECTION 5: ENTREPRENEURIAL TRAINING,

Q1) Have you been to any entrepreneurial training programme?.(Yes / No)\_\_\_\_\_

Q2) Please recall the first entrepreneurial training programme,

A) Why did you attend the training programme?

-----

B) Was it before or after going into business?\_\_\_\_\_

C) How did you know about the programme,

-----

D) Who influenced you to go?\_\_\_\_\_

E) Name of the agency that organised and conducted it?\_\_\_\_\_

Q3) Generally why did you go to the entrepreneurial training?, (Can choose more than one)

1) Self-development                    \_\_\_\_\_

2) Solution to a problem                \_\_\_\_\_

3) Knowledge                            \_\_\_\_\_

4) Follow others                         \_\_\_\_\_

5) To get contact                        \_\_\_\_\_

6) Increase motivation                 \_\_\_\_\_

7) To get new ideas                     \_\_\_\_\_

8) Others (Specify)\_\_\_\_\_

Q4) To what extent have you applied what you have learned?,

1) None,                                 (    )

2) Very little                           (    )

3) A little,                              (    )

4) A lot,                                 (    )

5) Really a lot                         (    )

Q5) Please indicates the cost involved to participate in a training programme,

- 1) Very low ( )
- 2) Low ( )
- 3) Indifferent ( )
- 4) High ( )
- 5) Very high ( )

Q6) How do you rate the general quality of the trainers?,

- 1) Very satisfactory. ( )
- 2) Satisfactory. ( )
- 3) Indifferent. ( )
- 4) Unsatisfactory. ( )
- 5) Very unsatisfactory ( )

Q7) How do you assess the contents of the entrepreneurial courses in general?

- 1) Very beneficial ( )
- 2) Beneficial ( )
- 3) Indifferent ( )
- 4) Not beneficial ( )
- 5) Very unbeneficial ( )

Q8) Is entrepreneurial training followed by counselling?

- 1) All courses -----
- 2) Most courses -----
- 3) Some courses -----
- 4) None -----

Q9) Are you planning to go to any training programme in the future?,

(Yes/No)\_\_\_\_\_

Q10) A) If NO, please give your reasons why?,

-----  
-----

B) If YES, what are the courses that you need to attend?

-----  
-----

Q11) Did you give training to your staff?

(Yes / No),-----

If YES, what type of training did they attend?,

-----  
-----

Q12) The answer to these questions is divided into; Strongly agree, Agree, Indifferent, Disagree and Strongly disagree,

(1)	(2)	(3)	(4)	(5)
Strongly				Strongly
Agree	Agree	Indifferent	Disagree	Disagree

a) Entrepreneurial trainings available are

enough to meet my requirements,

b) Entrepreneurial training is easy

for me to understand,

c) Entrepreneurial trainings need to

be conducted at local level,

d) The time for entrepreneurial training is suitable,

e) The place for entrepreneurial training is suitable,

f) The Bumiputera entrepreneurs are

less trained than the Chinese,

SECTION 6: OTHERS,

Please answer all the questions in this section. The answer to the following questions is divided into: Strongly agree, Agree, Indifferent, Disagree and Strongly disagree.

(1)	(2)	(3)	(4)	(5)
Strongly				Strongly
Agree	Agree	Indifferent	Disagree	Disagree

- 1) My children must go to university,
- 2) I must make sure that my children can take over the business
- 3) Business can be conducted without 'interest',
- 4) In doing business I should not do anything prohibited (haram)
- 5) The Bumiputera society views entrepreneurial activity better than the Government employment,
- 6) Wealth and money are for my family's future not for present consumption,
- 7) Entrepreneurs must know how to manipulate others for his interest,
- 8) Entrepreneurs are born not developed,
- 9) Political contact and business success are closely connected,
- 10) The Bumiputera must follow the Chinese in doing business,

(1)	(2)	(3)	(4)	(5)
Strongly				Strongly
Agree	Agree	Indifferent	Disagree	Disagree

- 11) Education is important in life
- 12) The Malaysian education system is very good,
- 13) To be an entrepreneur you must have good education,
- 14) The Malaysian education system is too academic,
- 15) The education system now is not business-oriented,
- 16) Training can determines success or failure of the enterprise,
- 17) Government has provided enough training facilities,
- 18) The entrepreneurial courses available are too theoretical,
- 19) To be an entrepreneur you must be trained in business,
- 20) Entrepreneurial trainings available now are well organised,
- 21) Most people fail in business because of lack of training,
- 22) I like to attend courses in business management,



	(1)	(2)	(3)	(4)	(5)
	Strongly				Strongly
	Agree	Agree	Indifferent	Disagree	Disagree

- 23) Most successful businessman are not really trained in business.
- 24) Entrepreneurial training is a waste of time.
- 25) Training incurs a lot of expenses.
- 26) Training is not necessary for my operation.
- 27) Entrepreneurial training is boring.
- 28) Paying for staff training is a waste of money.
- 29) Counselling and advisory is better than training.
- 30) It is better for the government to provide new entrepreneurs with trainings then loans.

## REFERENCES

Note: NSFPRC is National Small Firms Policy and Research Conference.

- Abdul Aziz Mahmud, (1981),  
*Malay Entrepreneurship Problems in Development, Comparative Empirical Analysis*, Kuala Lumpur, Socio-Economic Research Unit.
- Abdul Aziz Mohd Ali, (1984),  
*An Evaluation of Bumiputera Participation In The Small Business & Corporate Sectors in Peninsular Malaysia*, University Malaya, Kuala Lumpur.
- Aitken, N.D. (1969),  
*Entrepreneurial Potential In Underdeveloped Countries: A Test of Major Hypothesis*, University of Tennessee (Phd. Dissertation).
- Aitken, P. & Mc Eldowney, J. (1985),  
"The Development of EEC policies for Small and Medium Sized Enterprises and Local Employment Initiative. A Study By Example", *Paper presented to the NSFPRC*, N. Ireland.
- Ali, S.H. (1981),  
*The Malays: Their Problems and Future*, Heinemann Educational Books (Asia) Ltd.
- Allen, D.N. & Rahman, S. (1985),  
"Small Business Incubators: A Positive Environment For Entrepreneurship", *Journal of Small Business Management*, pp.12-22.
- Aplin, J.C. & Leveto, G.A. (1976),  
"Factors That Influence the Business Success of Minority Entrepreneurs", *American Journal of Small Business*, Vol.1, No.2., pp.33-45.
- Aris Othman, (1984),  
*Growth, Equity and Poverty In Malaysia*,
-

## References

---

- Boston University Graduate School. (PhD Dissertation)
- Baker, M.J. (1983),  
*Mac Millan Dictionary of Marketing and Advertising*, The Mac Millan Press Ltd.
- Bank Negara Malaysia, (1983),  
*Annual Report*, Kuala Lumpur, Government Printer.
- Barlow, D.H. & Hersen, M. (1984),  
*Single Case Experimental Design*, Pergamon Press.
- Barr, L. (1985),  
"A Comprehensive Approach to Small Business Growth in Telfort", *Paper presented to the NSFPRC*, N. Ireland.
- Barzun, J. & Graff, H.F. (1977),  
*The Modern Researcher*, Harcourt Brace Jovanovich.
- Bathie, D. (1985),  
"Development of local Enterprise Through Assistance and Training", *Paper presented to the NSFPRC*, N. Ireland.
- Bell, P.F. (1968),  
*The Role of the Entrepreneurs in Economic Development-A Case Study of Thailand*, PhD Thesis, The University of Wisconsin.
- Bellah, R.N. (1963),  
"Reflections on the Protestant Ethic Analogy in Asia", *Journal of Social Issues*, January, pp.52-60.
- Berna, J.J. (1960),  
*Industrial Entrepreneurship in Madras State*, Bombay, Asia Publishing House.
- Berry, R. (1966),  
*How To Write A Research Paper*, Pergamon Press.
- Birch, D.L. (1979),  
*The Job Generation Process*, MIT Program on Neighborhood and Regional Change.
-

- 
- Birley, S. & Gibb, A. (1984),  
"Teaching Small Business Management in  
the UK Part 1", *Journal of European  
Industrial Training*, Vol.8, No.4.
- Birley, S. & Gibb, A. (1984),  
"Teaching Small Business Management in  
the UK Part 11: How Needs are Being  
Met", *Journal of European Industrial  
Training*, Vol.8, No.6.
- Boardman, C.M., Bartley, J.W. & Ratliff, R.L. (1981),  
"Small Business Growth Characteristics",  
*American Journal of Small Business*, Vol.  
5, No.3, pp.33-45.
- Bohrnstedt, G.W. & Knoke, D. (1982),  
*Statistic For Social Data Analysis*, F.E.  
Peacock Publishers, Illinois.
- Bos, D., Bergson, A. & Meyer, J.R. (eds.) (1983),  
*Entrepreneurship*, Springer-Verlag Wien  
New York.
- Bracker, J.S. & Pearson, J.N. (1985),  
"The Impact of Consultants On Small Firm  
Strategic Planning," *Journal of Small  
Business Management*, pp.23-30.
- Brockhaus, R.H. (1987),  
"Entrepreneurial Folklore", *Journal of  
Small Business Management*, (July),  
Vol.25, No.3, pp.1-6.
- Bruce, R. (1976),  
*The Entrepreneur Strategies, Motivation,  
Success and Failures*, Libertarian Books,  
Cranfield Book Service.
- Buchanan, D. (1980),  
"Gaining Management Skills Through  
Academic Research Work", *Personal  
Management*, (April), pp.45-48.
- Buchanan, D.A. & Boddy, D. (1982),  
"Advanced technology & the quality of  
work life: The effects of word  
processing on video typists", *Journal of  
Occupational Psychology*, 55, pp.1-11.
- Buchanan, D.A. & Boddy, D. (1983),  
"Advanced technology and the quality of  
working life: The effects of
-

## References

---

- computerized control on biscuit-making operators", *Journal of Occupational Psychology*, 56, pp.109-119.
- Buchele, R.B. (1972),  
*The Development of Small Industrial Entrepreneurs as a Tool of Economic Growth*, Hawaii, East-West Centre, Technology and Development Institute.
- Bulloch, J.F. (1986),  
"Accommodating the Future", *Paper presented at the 13th. International Small Business Congress*, London.
- Butler, J. (1985),  
"Training For Small Business In The Republic of Ireland", *Paper presented to the NSFPRC*, N. Ireland.
- Cachon, J.C. (1987),  
"Entrepreneurial Training: A Framework for Research and Policy Formulation", *Paper presented to the 10th. NSFPRC*, Milton Keynes.
- Campbell, D.T. & Stanley, J.C. (1966),  
*Experimental & Quasi-Experimental Design For Research*, Rand Mc Nally.
- Cannon, T. (1982),  
"Innovation, Creativity, and Small Firm Organisation", *Paper presented to the NSFPRC*, Glasgow.
- Cannon, T. (1982),  
"The Role of Small Business in Economic Recovery: Myth & Reality", *Stirling Economic Teaching Paper No.11.*, University of Stirling.
- Cannon, T. (1984),  
*How To Win Profitable Business*, Business Book Ltd.
- Cannon, T. (1984),  
"Opening Address", In Dunlop, W.C. & Gordon, B.L.J., (eds.), *Small Business Research: Proceedings of The Second National Conference*, University of Newcastle.
-

- 
- Cannon, T. (1984),  
"New Company Formation and New  
Technology Based Firms", In Dunlop, W.C.  
& Gordon, B.L.J, (eds.), *Small Business  
Research: Proceedings of The Second  
National Conference*, University of  
Newcastle.
- Cannon, T. (1985),  
"Entrepreneurship in Scotland and  
Policies for Its Encouragement", *Paper  
presented to Walberberg System  
Symposium*, Boon, W. Germany.
- Carroll, J.J. (1965),  
*The Filipino Manufacturing  
Entrepreneurs*, Cornell University Press.
- Carsrud, A.L., Olm, K.W. & Eddy, G.G. (1986),  
"Entrepreneurship: Research in Quest of  
a Paradigm". In Sexton, D. L. & Smilor,  
R.W. (eds.), *The Art and Science of  
Entrepreneurship*. Ballinger Publishing  
Company.
- Carruth, S. (1985),  
"Smaller Firm In The CBI Trends Survey",  
*Paper presented to the NSFPRC*, N.  
Ireland.
- Carson, D. (1985),  
"A Research Methodology For Assessing  
Market Planning In A Small Business",  
*Paper presented to the NSFPRC*, N.  
Ireland.
- Casson, M. (1982),  
*The Entrepreneur-An Economic Theory*,  
Martin Robertson
- CEDEFOP (European Centre for the Development of Vocational  
Training), (1978),  
*"Role of Training in Setting Up New  
Economic and Social Activities, France-  
Italy-U.K."*, Berlin.
- Charlesworth, H.K. (1974),  
*Increasing The Number of Bumiputra  
Entrepreneur*, A report submitted to the  
Director of ITM, Kuala Lumpur, (mimeo).
- Chee Peng Lim (1985),  
"Entrepreneurial Development Programmes:
-

## References

---

- The Malaysian Experience", *International Small Business Journal*, Vol.4, No.1, pp.12-24.
- Chee Peng Lim (1986),  
*Small Industry In Malaysia*, Berita Publishing Sdn. Berhad.
- Chell, E. (1985),  
"The Entrepreneurial Personality: A Few Ghosts Laid To Rest?", *International Small Business Journal*, 3,3, pp.43-54.
- Chrisman, J.J., Nelson, R.R., Hoy, F. & Robinson, Jr., R.B. (1985),  
"The Impact of SBDC Consulting Activities", *Journal of Small Business Management*, pp.1-11.
- Churchill, N.C. & Lewis, V.L. (1984),  
"Lesson For Small Business From The Recession", *Journal Of Small Business Management*, (April), pp.5-17.
- Churchill, N.C. & Lewis, V.L. (1986),  
"Entrepreneurship Research: Directions and Methods", In Sexton D.L & Smilor R.W, (eds.), *The Art and Science of Entrepreneurship*, Ballinger Publishing Company.
- Clapham, R. (1985),  
*Small and Medium Entrepreneurs in Southeast Asia*, Institute of Southeast Asian Studies.
- Clark, B.W., Davis, C.H. & Harnish, V.C. (1984),  
"Do Courses in Entrepreneurship Aid In New Venture Creation", *Journal of Small Business Management*, (April), pp.26-34.
- Collins, O.F. & Moore, D.G. (1964),  
*The Enterprising Man*, Michigan State University Business Studies, East Lansing.
- Colton, R.M. (1978),  
"Technology Innovation Through Entrepreneurship", *Engineering Education*, pp.193-196.

- 
- Cooper, B.M. (1964),  
*Writing Technical Reports*, Penguin Books.
- Cromie, S. & Whinney, G.M. (1983),  
"The Identification and Development of Small Business Management Skills", *Paper presented to the Sixth NSFPRC*, Durham, (Sept.).
- Cromie, S. & John, S. (1983),  
"Irish Entrepreneurs: Some Personal Characteristics", *Journal of Occupational Behaviour*, Vol.4, pp.317-314.
- Cromie, S. (1985),  
"The Aptitudes of Aspiring Male and Female Entrepreneurs", *Paper presented to the NSFPRC*, N. Ireland.
- Curran, J. & Stanworth, J. (1983),  
"Small Business Research in Britain: Is there Any?", *Paper presented to The Seventh National Small Business Management Teachers Programme*, Polytechnic of Central London,
- Curran, J. & Burrow, R. (1985),  
"An Introduction To Ethnographic Approaches To The Study of The Small Business Owners", *Paper presented to the NSFPRC*, N. Ireland.
- Dainow, R. (1986),  
"Training and Education of Entrepreneurs: The Current State of The Literature", *Journal of Small Business and Entrepreneurship*, Spring, pp.10-23.
- Deeks, J. (1976),  
*The Small Firm Owner-Manager*, Praeger.
- Djamour, J. (1965),  
*Malay Kinship and Marriage in Singapore*, London School Of Economic Monographs On Social Anthropology No.21, Athlone Press.
- Drucker, P.F. (1985),  
*Innovation and Entrepreneurship*, William Heinemann.
-



## References

---

- Dryden, M.M. (1985),  
"Management Research & Micro computers:  
Program generators & ideas processors",  
*Graduate Management Research*, Vol.2,  
No.3.
- ECAFE (Bangkok), (1973),  
"Entrepreneurship Development", *Small  
Industry Bulletin For Asia and The Far  
East*, Vol.11, pp.13-14.
- Eckley, R.S. (1953),  
"Review of W.W. Rostow, The Process of  
Economic Growth", *Economic Development  
and Cultural Change*, Vol.1, No.5,  
pp.397-400.
- Eisenstadt, S.N. (1963),  
"Review of David Mc Clelland, The  
Achieving Society", *Economic Development  
and Cultural Change*, Vol.11, No.4,  
pp.420-431.
- Faulkner, T. (1985),  
"Marketing And The Smaller Firm-Is There  
an Assistance and Training Problem",  
*Paper presented to the NSFPRC*, N.  
Ireland.
- Ferdows, K. (1980),  
"Start-up of Small Manufacturing Venture  
In Developing Countries", *American  
Journal of Small Business*, Vol.5, No.2.,  
pp.12-22.
- Finnerty, J.F. & Krzystofik, A.T. (1985),  
"Barrier to Small Business Formation",  
*Journal of Small Business Management*,  
pp.50-58.
- Ganguly, P. (1985),  
*UK Small Business Statistics and  
International Comparisons*, Bannock, G.  
(ed), Harper and Row Ltd.
- Gibb, A. & Ritchie, J. (1981),  
"Influence On Entrepreneurship. A Study  
Over Time", in *Bolton-10 Years On*, Small  
Business Research Conference, (Nov.),  
Polytechnic of Central London, pp.179-  
244.
-

- 
- Gibb, A. & Dyson, J. (1982),  
"Stimulating The Growth Of Owner Managed Firms", *Paper presented to the NSFPRC, Glasgow.*
- Gibb, A. (1983),  
"The Small Business Challenge To Management Education", MCB University Press.
- Gibb, A. & Haskins, G. (1985),  
"Support For Small Business Development In Europe", *Paper presented to the NSFPRC, N. Ireland.*
- Gibb, A. (1985),  
"Has Entrepreneurship A place In The University?", University of Durham.
- Gibb, A. (1987),  
"Stimulating New Business Development: What Else Besides EDP?", *Proceedings of the 1st. Asia-Pacific Symposium on Small Enterprise and Entrepreneurship Development, Organised by Technonet Asia.*
- Gibbs, J.P. (1961),  
*Urban Research Method, N. York.*
- Giblin, E. & Warrington M.B. (1985),  
"Moving Up The Learning Curve Of Graduate Into Business", *Paper presented to the NSFPRC, N. Ireland.*
- Gilder, G. (1984),  
*The Spirit of Enterprise, Viking, United Kingdom.*
- Gillis, M, Perkins, D.H., Roemer, M. & Snodgrass, D.R. (1982),  
*Economics of Development, W.W. Norton & Co., N. York London.*
- Goh Keng Swee, (1958),  
"Entrepreneurship in A Plural Economy", *The Malayan Economic Review, Vol.111, No.1, pp.1-7.*
- Gomolka, E. (1977),  
"Characteristics of Minority Entrepreneurs and Small Business
-

## References

---

- Enterprises", *American Journal of Small Business*, Vol.2, No.1., pp.12-21.
- Goode, W.J. & Hatt, P.K. (1952),  
*Methods in Social Research*, Mc Graw-Hill.
- Gorb, P., Dowell, P. & Wilson, P. (1981),  
*Small Business Perspectives*, Institute of Small Business, London School of Business.
- Great Britain, (1971),  
*Report of the Committee of Inquiry on Small Firms*, London, HMSO. (The Bolton Report).
- Green, P.E. & Tull, D.S. (1978),  
*Research for Marketing Decisions*, Prectice Hall.
- Hagen, E.E. (1957),  
"The Process of Economic Development",  
*Economic Development and Cultural Change*, Vol.5, No.3, pp.193-215.
- Hagen, E.E. (1962),  
*On The Theory of Social Change: How Economic Growth Begins*, Illinois, Dorsey Press.
- Hale, R.D. (1984),  
"A National Small Business Support Network-A Model to explain the barriers to its development", *Paper presented to the NSFPRC*, Trent Polytechnic.
- Hale, R.D. (1987),  
"The Small Business Support Network in the USA", *Paper presented to the 10th. NSFPRC*, Milton Keynes.
- Hamilton, R.T. (1982),  
*Measures and Determinants of Entry and Exit Rates of Business in Scotland*, PhD Thesis, University of London.
- Hamilton, R.T. (1982),  
"New Business Formation: Theory, Evidence and Policy", *Stirling Economics Teaching Papers, No.10*, University of Stirling.
-

- 
- Hauser, P.M. (1965),  
*Handbook for Social Research in urban areas*, UNESCO.
- Hebert, R.F. & Link, A.N. (1982),  
*The Entrepreneur*, Praeger.
- Hennesy, E. (1980),  
*The Entrepreneurs, Vol.1*, Scope Books.
- Higgins, B. (1956),  
"The 'Dualistic Theory' of Under-developed Areas", *Economic Development and Cultural Change*, Vol.4, No.2, pp.99-115.
- Highley, C. (1987),  
"The Motivation of Enterprise Man: A Reappraisal", *Paper presented to the 10th. SFPRC*, Milton Keynes.
- Hisrich, R.D. (1986),  
"The Women Entrepreneurs: Characteristics, Skills, Problems, and Prescriptions for Success", In Sexton, D.L. & Smilor, R.W. (eds), *The Art & Success of Entrepreneurship*, Ballinger Publishing Company.
- Hosmer, T.H., Cooper, A.C. & Vesper, K.H. (1977),  
*The Entrepreneurial Function*, Prentice-Hall.
- Hornaday, J.A., Tarpley, F., Timmons, J.A. & Vesper, K.H., (1984),  
*Frontier of Entrepreneurship Research*. Babson College.
- Howard, T.P. (1981),  
"Attitude Measurement: Some Further Considerations", *The Accounting Review*, Vol.4, No.3, pp.613-621.
- Howard, K. & Sharp, J.A. (1983),  
*The Management of A Student Research Project*, Gower.
- Hubert, M. & Blalock, Jr. (1972),  
*Social Statistics*, Mc Graw-Hill Book Co.
- Hull, D.L., Bosley, J.J. & Udell, G.G. (1980),  
"Reviewing The Hunt for The Heffalump",
-

## References

---

- Journal of Small Business Management*,  
Vol.18.1, pp.11-18.
- ILO, (1979),  
*Small Enterprise Development: Policies and Programmes*, Necks, P.A. (ed),  
Management Development Series No.14.
- Ismail Rejab, (1983),  
"Implications For Research On Predictors of Selected Entrepreneurial Behaviour Outcomes of Malay Entrepreneurs",  
*Journal Pengurusan*, (July), pp.5-19.
- Jefkins, F. (1987),  
*International Dictionary of Marketing and Communication*, Blackie and Son Ltd.
- Johannisson, B. (1984),  
"A Cultural Perspective on Small Business-Local Business Climate",  
*International Small Business Journal*,  
2,4., pp.32-43.
- Johns, B. (1984),  
"Do Small Firms Need Government Assistance?", In Dunlop, W.C. & Gordon, B.L.J. (eds.), *Small Business Research: Preceedings of The second National Conference*, University of Newcastle.
- Johnson, P. & Thomas, B. (1983),  
"Entrepreneurial Training and High Fliers", *Paper presented to the NSFPRC*,  
Durham.
- Jomo, K.S. & Wells, R.J.G. (1983),  
"The Fourth Malaysia Plan: Economic Perspectives", Persatuan Ekonomi  
Malaysia, Kuala Lumpur.
- Keen, C.H. & Yun, C.Z. (1985/86),  
"Finance and Performance of Small Manufacturing Firm in Singapore",  
*International Small Business Journal*,  
4,2., pp.25-35.
- Kerry, J. (1984/85),  
"Relocation Without Tears", *Arthur Young Business View*, pp.11-15.
- Kets de Vries, M.F.R. (1970),  
*The Entrepreneurs as Catalyst of*
-

- 
- Economic and Cultural Change*, Harvard University.
- Kets de Vries, M.F.R. (1977),  
"The Entrepreneurial Personality: A Person At The Crossroad", *Journal of Management Studies*, (Feb.), pp.34-57.
- Kilby, P. (1971),  
*Entrepreneurship and Economic Development*, The Free Press, N. York.
- Kinnear, T.C. & Taylor, J.R. (1979),  
*Marketing Research: An Applied Approach*, Mc Graw-Hill Book Co.
- Kirby, D. (1984),  
"Training For The Small Retail Business: The Result of A British Experiment", *International Small Business Journal*, 2,3., pp.28-41.
- Kirby, D. (1985/86),  
"Small Firm in The Economy of South Africa", *International Small Business Journal*, 4,2., pp.36-48.
- Kirzner, I.M. (1979),  
*Perception, Opportunity and Profit*, The University of Chicago Press.
- Kish, L. (1965),  
*Survey Sampling*, John Wiley & Sons.
- Kyong-Dong Kim, (1976),  
"Political Factors in The Formation of The Entrepreneurial Elite in South Korea", *Asian Survey*, Vol.16, No.5, pp.465-477.
- Larson, C.M. & Clute, R.C. (1979),  
"The Failure Syndrome", *American Journal of Small Business*, Vol.4, No.2., pp.35-43.
- Lee Hock Lock (1978),  
*Public Policies and Economic Diversification in West Malaysia 1957-1970*, Penerbitan University Malaya, Kuala Lumpur.
- Lee Soo Ann (1974),  
*Economic Growth and The Public Sector in*
-

## References

---

- Malaya and Singapore 1948-1960*, Oxford University press.
- Lessen, R. (1986),  
"Becoming a Metapreneur", *Journal of General Management*, Vol.11, No.4, pp.5-21.
- Lloyd, B. (1982),  
"Educating Entrepreneurs-A Programme of Action", *Paper presented to the NSFPRC*, Glasgow (Sept.).
- Liles, P.R. (1974),  
"Who Are The Entrepreneurs", *Business Topics*, Vol.22, pp.5-14.
- Long, M. (1985),  
"Direct Private Study-An Alternative Training Mode", *Paper presented to the NSFPRC*, N. Ireland.
- Mac Millan, I.C. (1986),  
"To Really Learn About Entrepreneurship, Let's Study The Right Entrepreneurs", *Journal of Business Venturing*, 4.
- Mahathir Mohamad, (1970),  
*The Malay Dilemma*, Federal Publications.
- Malaysia, (1971),  
*Second Malaysia Plan 1971-1975*, Kuala Lumpur, National Printing Department.
- Malaysia, (1981),  
*Fourth Malaysia Plan 1981-1985*, Kuala Lumpur, National Printing Department.
- Malaysia, (Department of Statistics), (1983),  
*General Report of The Population Census: 1980 Population and Housing Census of Malaysia*.
- Malaysia, (1984),  
*Mid Term Review of The Fourth Malaysian Plan*, Kuala Lumpur, National Printing Department.
- Malaysia, (1986),  
*Fifth Malaysia Plan 1986-1990*, Kuala Lumpur, National Printing Department.
-

- 
- Malaysia, (Ministry of Finance), (1984),  
*Economic Report 1984/85*, Kuala Lumpur,  
National Printing Department.
- Malaysia, (Ministry of Trade & Industry), (1981),  
*Laporan Perangkaan Perusahaan Kecil*,  
Kuala Lumpur.
- Malaysia, (MIDA), (1985),  
*Investment in Malaysia: Policies and  
Procedures*, Published by Malaysian  
Industrial Development Authority.
- MARA, (1985),  
*Mara*, Unit perhubungan Koporet MARA,  
Kuala Lumpur.
- Manpower Service Commission, (1978),  
*Training of Trainers, First Report of  
the Training of Trainers Committee,  
1978.*
- Mason, C.M. (1985/86),  
"The Development of New Manufacturing  
Firm", *International Small Business  
Journal*, 3,2., pp.33-45.
- Mason, C.M. (1986),  
"New Manufacturing Firm Formation Since  
The Outset of Recession: A Case Study of  
South Hampshire", *Paper presented to the  
9th SFPRC*, Gleneagles.
- Matutes, A. (1986),  
"A Small Business Action Plan For  
Europe", *Paper presented at the 13th  
International Small Business Congress.*  
London.
- Mc Clelland, D.C. (1961),  
*The Achieving Society*, Princeton, Van  
Nostrand.
- Mc Clelland, D.C. (1963/64),  
"A Psychological Approach To Economic  
Development", *Economic Development &  
Cultural Change*, Vol.12, pp.320-324.
- Mc Clelland, D.C. (1969),  
"Entrepreneurs Are Made Not Born",  
*FORBES*, pp.53-57.
-



References

---

- Mc Clelland, D.C. & Winter, D.G. (1969),  
*Motivating Economic Development*, New York
- MEDEC, (1986),  
*Annual Report 1985*, ITM, Malaysia.
- MEDEC, (1987),  
*Annual Report 1986*, ITM, Malaysia.
- Meredith, G. (1984),  
"Redirecting Management Education and Training Resources-An Australian View",  
*International Small Business Journal*, 2,3., pp.10-18.
- Meredith, G. (1984/85),  
"Small Enterprise Policy and Program Development: The Australian Case",  
*International Small Business Journal*, 3,2., pp.46-55.
- Meredith, G. (1984),  
"Small Enterprise Management Education and Training Linking Tertiary Institutions With Target Audience", In Dunlop W.C. & Gordon B.L.J., (eds.),  
*Small Business Research: Preceedings of The Second National Conference*, University of Newcastle.
- Mendham, S.A. (1985),  
"Identified Training Needs For Entrepreneurs", *Paper presented to the NSFPRC*, N. Ireland.
- Mischel, W. (1973),  
"Toward A Cognitive Social Learning Reconceptualization of Personality",  
*Psychological Review*, Vol.80, No.4, pp.252-283.
- Milne, T. & Lewis, J. (1984),  
"The Scottist Contribution to Entrepreneurial Studies", In Lewis, J., Stanworth, J. & Gibb, A. (eds.), *Success and Failure in Small Business*.
- Mohd Fauzi Hj Yaacob, (1981),  
*Peniaga dan Perniagaan Melayu*, Dewan Bahasa dan Pustaka, Kuala Lumpur.
-

- 
- Monck, C. (1985),  
"A Review of Some of The New Initiative  
Being Developed To Encourage The  
Formation and Growth of Small Firms  
Based on New Technology", *Paper  
presented to the NSFPRC*, N. Ireland.
- Moser, C.A. & Kalton, G. (1971),  
*Survey Methods in Social Investigation*,  
London.
- Murray, J.A. (1985),  
"Limitations To The Concept of Small  
Business In Industrial Development  
policy", *Paper presented to the NSFPRC*,  
N. Ireland.
- Myrdal, G. (1969),  
*Objectivity in Social Research*, Pantheon  
Books, N. York.
- Nagata, J.A. (1972),  
"Muslim Entrepreneurs and the Second  
Malaysian Plan: Some Social-Cultural  
Considerations", *Asia Research  
Bulletin*, pp.1139-1142.
- Nash, M. (ed.), (1977),  
*Essays on Economic Development and  
Cultural Change in Honour of Bert F.  
Hoselitz*, University of Chicago Press.
- Naili, M.M. (1987),  
*Information Service Problems in the Less  
Developed Countries with Special  
Reference to Libya*, University of  
Stirling, Scotland, (PhD Thesis).
- Nik Abdul Rashid Ismail (1983),  
"Kemajuan Ushawan Bumiputera Satu Model  
Untuk Renungan", *Journal Pengurusan*,  
(July), pp.43-59.
- Nonini, D.M. (1983),  
*The Chinese Community of A West  
Malaysian Market Town*, Stanford  
University, (PhD Thesis).
- Norusis, M.J. (1983),  
*SPSSx. Introductory Statistics Guide*,  
Spss Inc.
-

## References

---

- Norusis, M.J. (1985),  
*SPSSx. Advanced Statistics Guide*, Mc  
Graw Hill Book Company.
- NPC, (1987),  
*Annual Report 1986*, NPC, Kuala Lumpur.
- NPC, (1987),  
*Jadual Kursus Bahagian Perkhidmatan  
Bumiputera*, NPC, Kuala Lumpur.
- O'Conneide, B. (1985),  
"Adopting US Type Support Agencies To  
Irish Small Business", *Paper presented  
to the NSFPRC*, N. Ireland.
- Ooi Soon Wan, (1986),  
*Small Scale Enterprise: A Study of  
Selected Problems Confranting Its  
Entrepreneurs*, University Malaya, Kuala  
Lumpur.
- Palmer, R.E. (1977),  
"The Benefit-Cost Study of An  
Educational Investment in Small  
Business", *American Journal of Small  
Business*, Vol.1, No.4., pp.43-44.
- Papanek, G.F. (1971),  
"The Development of Entrepreneurship",  
In Kilby, P. (ed.) *Entrepreneurship and  
Economic Development*, The Free Press, N.  
York.
- Papanek, G.F. (1977),  
"Economic Development Theory: The  
Earnest Search for a Mirage", in Nash,  
M. (ed), *Essays on Economic Development  
and Cultural Change in Honour of Bert F.  
Hoselitz*.
- Parkinson, B.K. (1967),  
"Non-Economic Factors in the Economic  
Retardation of the Rural Malays", *Modern  
Asian Studies*, 1,1, pp.31-36.
- Parkinson, B.K. (1968),  
"The economic Retardation Of The Malays:  
A Rejoinder", *Modern Asian Studies*,  
Vol.2, Pt.3, pp.267-272.
-

- 
- Parkinson, G. (1983),  
"The Training of Small Businessmen",  
*Training Officer*, February.
- Paul, A. (1976),  
"A Role For Merchants In Development",  
*International Development Review*,  
Vol.18, No.2, pp.11-14.
- Peng, K.K. (1982),  
"The Causes and Effects of the Current  
Global and Malaysian Slump", In Lean,  
L.L. & Lim, C.P. (eds), *The Malaysian  
Economy at The Crossroads: Policy  
Adjustment or Structural Transformation*,  
Organisational Resources Sdn Bhd., Kuala  
Lumpur.
- Pesek, B.P. (1961),  
"Economic Growth and Its Measurement",  
*Economic Development and Cultural  
Change*, Vol.9, pp.295-315.
- Pinches, C.R. (1977),  
"Economic Development: The Need for an  
Alternative Approach", *Economic  
Development and Cultural Change*, Vol.26,  
No.1.
- Popenoe, O. (1970),  
*Malay Entrepreneurs: An Analysis of The  
Social Backgrounds, Careers and  
Attitudes of the Leading Malay  
Businessmen in Western Malaya*, London  
School of Economic, (PhD Thesis).
- Preston, L.E. (1977),  
"The World of Small Business: A  
Suggested Typology", *American Journal of  
Small Business*, Vol.1, No.4., pp.13-19.
- Puthucheary, J.J. (1960),  
*Ownership and Control In The Malayan  
Economy*, Eastern University Press.
- Raisman, J.M. (1982),  
*The Climate For Enterprise-Its Relevance  
to The Small Business Sector*, The Durham  
University Enterprise Lecture.
- Remachandrun, K. (1985),  
"The Relevance of Incentives For Small  
Scale Enterprise Location in Less
-

## References

---

- Developed Areas", *Paper presented to the NSFPRC, N. Ireland.*
- Robless, C.L. (1972),  
*Malaysian Development Alternatives 1971-1980*, Indiana University.
- Ronstadt, R.C. (1984),  
*Entrepreneurship*, Lord Publishing.
- Rosen, L. & West, R. (1973),  
*A Reader for Research Methods*, N. York.
- Rummel, J.F. & Ballaine, W.C. (1963),  
*Research Methodology in Business*, N. York.
- Sayigh, Y.A. (1962),  
*Entrepreneurs in Lebanon*, Harvard University Press.
- Scase, R. & Robert, C. (1982),  
*The Entrepreneurial Middle Class*, Croom Helm, London.
- Scase, R. & Goffee, R. (1980),  
*The Real World of the Small Business Owner*, Croom Helm, London.
- Scottish Education Department, (1986),  
*Education and Training for Small Business*, Edinburgh, HMSO.
- Scott, M.G. (1976)  
*Entrepreneurs and entrepreneurship: a study of organisational founding*, Edinburgh University.
- Scott, M.G. & Ritchie, J. (1982),  
"Re-Thinking Entrepreneurial Failure",  
*Paper presented to the NSFPRC, Glasgow.*
- Sexton, D.L. & Bowman, N.B. (1984),  
"Entrepreneurship Education: Suggestions For Increasing Effectiveness", *Journal of Small Business Management*, (April), pp.18-25.
- Sharma, S.V.S. (1979),  
*Small Entrepreneurial Development in South Asian Countries*, New Delhi, Light and Life Publication.
-

- 
- Simon, J.L. (1969),  
*Basic Research Methods in Social Science*, N. York.
- Siregar, A.M. (1969),  
Indonesian Entrepreneurs, *Asian Survey*,  
1X-5, pp.343-358.
- Sjoberg, G. & Nett, R. (1968),  
*A Methodology For Social Research*, N.  
York.
- Smith, P. (1984/85),  
"Government Aid to Business", *Arthur  
Young Business View*, pp.4-10.
- Snodgrass, D.R. (1980),  
*Inequity and Economic Developments in  
Malaysia*, Oxford University Press.
- Soon, T.T. (1984),  
"Small Business Policy of Singapore: A  
Push - Pull Approach", *International  
Small Business Journal*, 3,1., pp.45-54.
- SPSS Inc. (1983),  
*SPSSx User's Guide*, Mc Graw Hill Books  
Company.
- Star, A.D. (1979),  
"Estimates of The Number of Quasi and  
Small Business, 1948 to 1972", *American  
Journal of Small Business*, Vol.4, No.2.,  
pp.44-52.
- Stockwell, (1959/60),  
"The Measurement of Economic  
Development", *Economic Development and  
Cultural Change*, Vol.8, pp.419-432.
- Sym, L.A. & Lewis, J.W. (1986),  
"Small Business Start-up Teaching in  
Scotland-A Qualitative Review", *Paper  
presented to the 9th. NSFPRC*,  
Gleneagles.
- Sym, L.A. & Lewis, J.W. (1987),  
"Education Needs of Small Business",  
*Paper presented to the 10th. NSFPRC*,  
Milton Keynes.
- Swift, M.G. (1965),  
*Malay Peasant Society In Jelebu*, London
-

## References

---

- School of Economic Monograph on Social  
Antrapology, No.29.
- Thomas, C. & Blaisdell J.R. (1954),  
"Problems of Evaluating The  
Effectiveness of Development Measure",  
*Economic Development and Cultural  
Change*, Vol.2, No.4, pp.286-296.
- Thomas, J. & Sireno, P. (1980),  
"Training Needs of Managers of Small  
Manufacturing Firms", *American Journal  
of Small Business*, Vol.4, No.3., pp.38-  
44.
- Thorpe, R. & Jones, A. (1985),  
"The Relevance of Management Education  
Learning Theory To Small Business  
Teaching", *Paper presented to the  
NSFPRC*, N. Ireland.
- Timmons, T.A., Smollen, L.E.S. & Dingee, A.L.M. (1977),  
*New Venture Creation*, Richard D Irwin.
- Todaro, M.P. (1977),  
*Economic Development in the Third World*,  
Longman.
- Todaro, M.P., (ed.), (1983),  
*The Struggle For Economic Development*,  
Longman.
- Trippier, D. (1986),  
"Small Firms The Nation's Salvation",  
*Paper presented at the 13th.  
International Small Business Congress*,  
London.
- Tuck, R. (1985),  
"Difference Between Men and Women in  
Setting Up Small Business", *Paper  
presented to the NSFPRC*. N. Ireland.
- Ulrich, T.A. & Cole, G.S. (1987),  
"Toward More Effective Training of  
Future Entrepreneurs", *Journal of Small  
Business Management*, October, Vol.25,  
No.4, pp.32-39.
- Vesper, K.H. (1986),  
"New Development In Entrepreneurship  
Education", In Sexton D.L & Smilor, R.W,  
(eds.), *The Art & Science of*
-

- 
- Entrepreneurship*. Ballinger Publishing Company.
- Vesper, K.H. (1987),  
"Entrepreneurial Academics-How Can We Tell When The Field Is Getting Somewhere?", *Journal of Small Business Management*, April, Vol.25, No.2, pp.1-7.
- Vickery, L. (1985/86),  
"Entrepreneurship Research in France-A Conference Review", *International Small Business Journal*, 4,2., pp.64-74.
- Watkins, D.S. (1983),  
"Development, Training and Education For The Small Firm: A European Perspective", *European Small Business Journal*, 1,3., pp.29-44.
- Weber, M. (1930),  
*The Protestant Ethic and The Spirit of Capitalism*, Translated by Talcott Parsons, UNWIN University Books.
- Weinrauch, J.D. (1984),  
"Educating The Entrepreneurs: Understanding Adult Learning Behavior", *Journal of Small Business Management*, (April), pp.32-37.
- Welsch, H. & Young, E. (1984),  
"Male and Female Entrepreneurial Characteristics and Behaviour: A Profile of Similarities and Differences", *International Small Business Journal* 2,4., pp.11-20.
- White House, (1986),  
*The White House Conference on Small Business, August 17-21*.
- Wilder, W. (1968),  
"Islam, Other Factors & Malay Backwardness: Comments on an Argument", *Modern Asian Studies*, 2,2, pp.155-164.
- Wilson, P. & Stanworth, J. (1985),  
"Some Social And Economic Influence On The Dynamics of Development of Small Black Minority Firms. The Case Of Asian and Afro-Caribbean Firms in The London
-



## References

---

- Borough of Brent", *Paper presented to the NSFPRC*, N. Ireland.
- Wilson, H. (1978),  
*Evidence on the Financing of Industry and Trade*, Her Majesty's Stationery Office.
- Winarto, V. (1986),  
*Small Business Entrepreneurs In Vertical Marketing Systems*, Cranfield Institute of Technology.
- Winstedt, R. (1947),  
*The Malays, A Cultural History*, London, Routledge & Kegan Paul Ltd.
- Withey, J.J. (1980),  
"Differences Between Exporters and Non-Exporters: Some Hypotheses Concerning Small Manufacturing Businesses", *American Journal of Small Business*, Vol.4, No.3., pp.29-37.
- Woltson, R.J. (1958/59),  
"The Economic Dynamics of Joseph Schumpeter", *Economic Development and Cultural Change*, Vol.7, pp.31-54.
- Wortman, M.S. (1986),  
"A Unified Framework, Research Typologies, and Research Prospectuses for the Interface between Entrepreneurship and Small Business", In Sexton, D.L. & Smilor, R.W., (eds.), *The Art & Science of Entrepreneurship*, Ballinger Publishing Company.
- Young, D.R. (1983),  
*If not for profit, for what?*, Lexington Books.