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Othman, Norfaizah Bt; Sulaiman, Muna Bt; Zainudin,
Norlita Bt and Hasan, Zubair
Selangor International Islamic University College, Malaysia,
International Islamic University, Malaysia (IIUM), Kuala
Lumpur

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ENTREPRENEURIAL ACCULTURATION IN MALAYSIA: EFFORTS AND ACHIEVEMENTS

Norfaizah Bt Othman
Muna Bt Sulaiman
Norlita Bt Zainudin
Selangor International Islamic University College

Prof. Dr. Zubair Hassan
International Islamic University Malaysia

ABSTRACT

The nature and pace of economic progress in a country depends, among others, on the venturesome qualities of its people. The development of entrepreneurship has, therefore, been taken as an important element in human development sphere in Malaysia. In fact, the Malaysian Government has restructured its entrepreneurship department, hence the birth of Ministry of Entrepreneur and Co-operative Development (MECD) in 2004. The main objectives of this department are to provide a conducive environment and to promote and assist the entrepreneurial development in the country. The effort of the Ministry is supported by many new policies and mechanisms including funding, entrepreneurial programs and activities, physical infrastructures and business advisory services. This paper endeavors to trace the progress of the entrepreneurial program and assess its achievements towards inculcating the spirit and culture of enterprise among the Malaysians. It also attempt to see whether the contribution increases the pace of development in the country and made an impact on income inequalities and poverty among the target groups.

Keyword: Growth; human resource development; risk taking; entrepreneurship, role of the state; Malaysia

1.0 INTRODUCTION

The development of entrepreneurship has been growing in importance in Malaysia both in concept and policy. In recent years, entrepreneurship has become one of the new engines of economic growth for Malaysia. It can be seen through the sheer amount and variety of supporting mechanisms and policies that exist for encouraging entrepreneurial attitudes and skills in the country including funding schemes, entrepreneurial programs and activities, physical infrastructure such as business and entrepreneur parks, as well as business incubators and advisory services.

According to the Global Entrepreneurship Monitor, the general understanding and attitude of the public toward entrepreneurship and the and the governmental realization of its significance plus social awareness tend to become key cultural norms. In contrast, in several

European countries studies palpably show that societies have of late been afflicted with negative attitude with respect to creativity, innovation and change causing noticeable reduction in the number of people engaged in starting new firms (Mohamed Ariff and Syarisa Yanti, 2003). In the Malaysian case, it can be said that on an individual level, attitudes toward enterprise creation have been previously divided along racial lines. Historically, the Chinese and to an extent the Indian-Muslim community have had a long tradition of entrepreneurship. In fact, the handing over of family businesses from father to son was the norm for these groups. However in contrast the Bumiputra (sons of the soil) community did not in general have had a tradition of entrepreneurship. Rather, they were used to being either employed in the government service, or were self-employed in agriculture as tillers or smallholders. Nevertheless, there were exceptions such as the Kelantanese women who traditionally are engaged in primary forms of entrepreneurship (Mohamed Ariff and Syarisa Yanti, 2003).

In order to develop entrepreneurial acculturation in society, the Malaysian Government established a new department called the Ministry of Entrepreneur Development in 1995 to replace the Ministry for the Co-ordination of Public Corporations (MPI). The aim essentially was to provide a conducive environment to promote and assist the entrepreneurial development in the country, the Malaysian Government has been restructuring its department and hence the birth of Ministry of Entrepreneur and Co-operative Development (MECD) in 2004. This move shows the importance the government places on entrepreneurial development. Thus, this paper endeavors to trace the progress of the entrepreneurial acculturation programs launched by MECD since 2001 and assess its achievements towards inculcating the spirit and culture of enterprise among the Malaysians.

To put it candidly, the main objective of this paper is to trace the progress of the entrepreneurial acculturation programs conducted by MECD and assess its achievement towards inculcating the spirit and culture of enterprise among the Malaysians. The paper is divided into five Sections including the introduction. Section 2 presents an overview of the literature to show how the important significance of the concept underwent changes over time. In Section 3 we discuss why public authorities became seized with the development of entrepreneurship in Malaysia through creating a ministerial berth. Section 4 explains the meaning of entrepreneurship as the Ministry understands it and explains to what extent the objectives it set up for itself have been achieved.. Section 5 winds up the discussion with a few concluding remarks.

2.0 LITERATURE REVIEW

The concept of an entrepreneur emerged in France during the middle of the 18 century. He was none but the owner-operator of a small business who committed his capital assets and skills to set up a firm in any field of trade commerce or industry. He was the financier, the risk taker, and the manager of his firm all functions rolled into one person. English classical writers could not find the word in their dictionary that could express the personality of an entrepreneur. So, they borrowed the word from French into English.

The entrepreneur remained the kingpin of the price theory who earned profit for his functions of risk taking, uncertainty bearing, innovating and even for monopoly creating. But the personality of the entrepreneur disintegrated with the rise to dominance of the modern multiproduct international corporations. The promoters bring the company into existence, equity holders and lenders scattered all over the place finance it, innovation work has largely been institutionalized, who then is the entrepreneur in modern corporations? Indeed, today if there is little agreement on the functions of an entrepreneur among the economists, there is even less on his identification. (Hasan 1983).

If today there is talk of the role of entrepreneurship and entrepreneurial culture in economic and social development it borrows its inspiration from the past era of small businesses. If the state in developing economies like Malaysia is showing concern about lack of enterprise in national economy it has to be seen with reference to ameliorating the lot of the weaker sections of society so that widening gaps in the income of people could be narrowed down (Hasan 2007)

There are different ways that governments can use to encourage entrepreneurial activity. Each approach has its own costs and benefits, whether it's a direct subsidy, a loan guarantee program, or a venture capital, innovative entrepreneur programmes and so on. And, we believe that it is essential to measure the performance of the government programs and initiatives to ensure the objectives of their efforts are met and government budget for the purpose of promoting entrepreneurs has been used efficiently.

However, while the entrepreneurship literature has focused on many related issues, there are not many researches done on government initiatives and their intended function as a

mechanism to promote entrepreneurship. The results from some of the studies stated here are mixed. Some studies shows positive results which prove that government or public agencies play an important role in promoting entrepreneurship and some shows negative results. Furthermore, some studies highlight that some business owners are not aware or have lack of information on the services offered by the government.

Douglas J. (2008) focuses his analysis on the Innovation Investment Fund (IIF) governmental program, first introduced in 1997. He compared the properties of the Australian IIF program with government venture capital programs in Canada, the UK and the US. The IIF program is unique with a focus on partnering between government-private sector partnerships. The result of the study shows that the IIF program has facilitated investment in start-up, early stage and high tech firms as well as the provision of monitoring and value-added advice to investees. Tambunan, (2006) found that the main constraints faced by small entrepreneurs in Indonesia are lack of working capital and marketing difficulties. He stated that although the majority of existing studies suggest that the effectiveness of government programs to support SME development programs is low, the government still need to play some important role in supporting owners of small enterprise and the emphasis should be to promote modernization, capacity building and size upgrading. Li, Wenli (2002) suggests that income subsidy programs and programs that specifically target the poor and capable entrepreneurs are effective in promoting entrepreneurial activity and improving total output.

According to Audet (2006), results from a survey of 70 SME owner-managers show that the likelihood of an SME using public support services increases as the perceived usefulness of public agencies and their services increases, and as the level of knowledge of public agencies increases. Furthermore, the probability of using public support services decreases as the experience of owner - manager increases. It contrasts with Dalley and Hamilton (2000) Zinger et al, (1996) Curran et al, (1993) they believe that the advice is not practical or tailored to their situation because the supporting agencies do not understand small business. In addition, Curran and Balckburn (2000), believes that many venture creators refused outside help because they prefer to remain absolutely independent and fear that people around them may think they are incompetent. For example in France, support is linked to the concept of failure or difficulty, contradicting the self ó image that entrepreneur try to project (Sammur, 1998).

Even though there are large numbers of agencies and programs created to help small businesses, some owner-managers may not be aware of available programs to meet their needs. It was clearly mentioned by Good and Grave (1993) that 21 government support programs to a group of Canadian entrepreneurs and asked them if they heard of the program. Although 86 percent were aware of a basic start-up information program, only 18 percent had heard of the government guaranteed loan program. The average rate of awareness for all programs was about 39 percent. Furthermore, Argirova and Michaelis (2003) found that only 57 percent of owner manager in their Scottish study knew about small business support programs, compared to 74 percent in England, 57 percent in Wales and 51 percent in Northern Ireland. In the United States, a study revealed the existence of more than 400 business support programs offering more than 700 services, but entrepreneurs had only limited knowledge of them (Reynolds and White, 1997). The above mentioned studies may suggest that instead of concluding that the public support services are not effective enough, the government should consider putting more effort in promoting their services and consistently examine the effectiveness of their policies and programs. A study by Petty, Jeffrey, (2006) highlights the need to examine entrepreneurship policies from a more strategic perspective that considers the fit (Venkatraman and Camillus, 1984) of these policies with the needs of the firms operating in entrepreneurial environments and examines how government policies may serve as linking mechanisms between the network of actors throughout the various stages of an entrepreneurial venture's lifecycle.

In Malaysia, there have been numerous support programmes provided by the government agencies and institutions aimed at fostering the development of SMEs. Based on study conducted by Mohd Asri (1999) he reveals a number of interesting finding: the majority of SMEs do not receive any government assistance; the assistance received by firms is also quite diverse because some firms have made use only one type of assistance, while others have used two or more categories of assistance. Abu Bakar, Mohd Hassan, Rozita and Norhamimah (2003) designed a semi-structured questionnaire and, interviews were conducted with twenty five ongoing business franchisees. There are a few problems with this study; the selection of sample units seems to be without any known design, interviews were conducted by telephone in the case of twelve franchisers and three franchisees included in the study had already ceased operation. The findings of the study show that among success factors for entrepreneurs in franchising dominant ones are full support and training from government, continuous communication and excellent franchise image. Muhammad Abi

Sofian (2007) also supports that government should play an important role to inculcate entrepreneurial talent through training programs to make the operator of the creative industry to become more creative, innovative, motivated and skillful.

In this paper, we have attempted to focus on the performance of the government effort to inculcate entrepreneurial acculturation among Malaysians. Based on the data on total participations for the entrepreneurial acculturation programs held by MECD, we are able to see the trend of responses toward the programs from 2001 to 2006. We are also trying to see how effective the programs are in encouraging people to participate in entrepreneurial activities or to become an entrepreneur. However, due to data constraint, we are unable to trace the number of people from the total participants of the programs each year have successfully started a business or have become entrepreneurs.

3.0 BACKGROUND: EVOLUTION OF THE MINISTRY

The Ministry of Entrepreneur and Co-operative Development (MECD) is the lead agency in the development of Bumiputra entrepreneurs. The beginning of MECD goes back to 1974 when with the establishment of the Ministry for the Co-ordination of Public Corporations, but just two years later it became the Ministry of Prime Industries (MPI). The MPI was responsible for monitoring and coordinating the activities of public enterprises such as Majlis Amanah Rakyat (MARA), the urban Development Authority (UDA) and the State Economic Development Corporations (SEDCs).

In 1995 Malaysian government set up the Ministry of Entrepreneur Development (KPU) to replace the MPI. It was important to focus and put stronger emphasis on the development of Bumiputra entrepreneurs towards accelerating the pursuit of a Bumiputra Commercial and Industrial Community (BCIC). Subsequently, in March 2004 restructuring exercise involving KPU saw the adoption of a new name for the Ministry, hence the birth of the Ministry of Entrepreneur and Co-operative Development. Along with the rebranding exercise, the scope of accountability for the Ministry was also expanded to include the Co-operative Development Department (JPK), the Co-operative College of Malaysia and Bank Rakyat.

The main objectives of MECD are to provide an environment that will promote and assist the development of entrepreneurs as well as to inculcate a culture of entrepreneurship among Malaysians. Generally, MECD has formed three implementation strategies to achieve the

objectives. Firstly, is the entrepreneurial acculturation which includes implementation of the acculturation programs, entrepreneurial training, and enhancement of skills and technology. Secondly, is creating business opportunities to ensure more Bumiputra venture into entrepreneurship and thirdly is the support and assistance service program which includes advisory and guidance, promotion and marketing, financing and provision for business premises.

MECD's target to improve Bumiputra assets ownership is in line with government's goal to achieve at least 30 percent equity ownership by Bumiputra. To realize that goal, all the programmes are conducted in collaboration with the following agencies; Co-operative Development Department of Malaysia (CDDM), Co-operative College of Malaysia (CCM), Majlis Amanah Rakyat (MARA), 13 State Economic Development Corporation (SEDCs), SME Bank, Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), Perbadanan Nasional Berhad (PNB), UDA Holdings Berhad (UHB) and Yayasan TEKUN Nasional (YTN).

3.0 ENTREPRENEURSHIP: CONCEPT AND PROGRESS

Concept

The term of entrepreneur came as alluded to above from French and was first defined by the Irish economist Richard Cantillon. According to him, an entrepreneur refers to a person who has possession over a new enterprise or venture and assumes full responsibility for the inherent risks and the outcome. Meanwhile according to Brian Dabson, Rural Policy Research Institute, entrepreneurs are people who create and grow enterprises.

According to Webster's dictionary, entrepreneur can be defined as a person who organizes and manages a business, undertaking and assuming the risk for the sake of the profit. Most commonly, the term entrepreneur applies to someone who creates value by offering a product or service. Entrepreneurs often have strong beliefs about a market opportunity and organize their resources effectively to accomplish an outcome that changes existing interactions.

According to Ministry of Entrepreneur and Co-operative Development (MECD), entrepreneur refers to a person who has quality, resilient, progressive and competitive in all sectors in creating values by offering a product or service. Besides, he or she is willing to take any risk and accept full responsibility for the outcome.

Entrepreneurial Acculturation

Entrepreneurial acculturation is one of the Ministry's six major programs. The main objective of the acculturation programs is to inculcate and instill entrepreneurship values and culture among the students, undergraduate and public. The exposure and enhancement of entrepreneurial knowledge are given to the potential entrepreneurs with the intent of providing knowledge and improving level of expertise and efficiencies in entrepreneurship. Various levels of training programs have been conducted by MECD including introductory, enhancement, expansion and business networking as a preparation towards becoming an entrepreneur.

Table 1: ENTREPRENEURIAL ACCULTURATION IN MALAYSIA

Programs		Years						Total
		2001	2002	2003	2004	2005	2006	
Acculturation and Training	Youth	10,597	12,622	13,089	14,172	14,798	15,754	81,032
	Undergraduate	5,875	3,412	13,493	3,834	8,601	13,454	48,669
	Total	16,472	16,038	26,582	18,006	23,399	29,208	129,701
Introductory Programme	Training	1,536	1,987	1,985	2,179	2,219	2,424	12,330
Enhancement Programme	Training	n.a	n.a	n.a	2,035	2,171	2,195	6,401
Expansion and Network		1,916	2,516	2,377	1,668	3,229	4,648	16,354
Total of participants		19,924	20,537	30,944	23,888	31,018	38,475	164,786
Percentage Change (%)		-	3.08	50.6	-22.80	29.85	24.04	

Figure 1- Percent change in the number of participants in the program organized by MECD

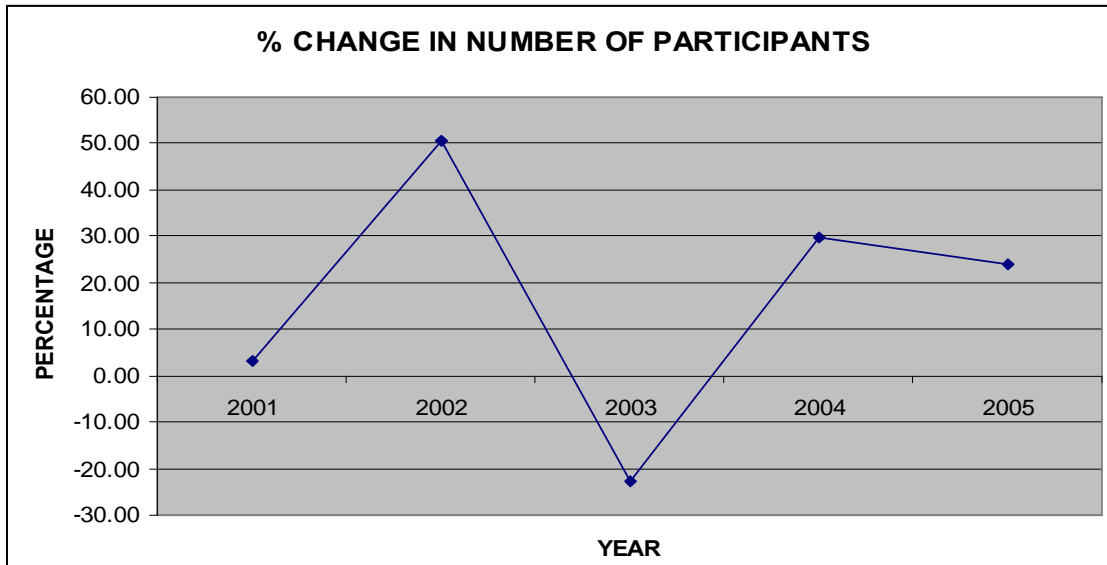


Table 1 shows number of participant involved in the programs and activities on entrepreneurial acculturation in Malaysia. There were various programmes done by the MECD to cultivate entrepreneurial culture among school children, university graduate as well as public. Under the **acculturation and training** there were various programs set up to give exposure and experience to secondary school students on corporation, operation and dissolution of companies. Among the programmes were Training of Trainers Programme (TOT), Board of Directors Course (LAP), State Level PUM convention, National Level PUM Convention, Entrepreneurial Camp, Expositions and Fields Trips, Entrepreneurial Development Efforts Programme, Undergraduate Entrepreneurial Training (LKS) and others. **Introductory Training Programme** provides knowledge on business foundations, business management skills and preparing financing information.

The programmes are divided into four training parts: Basic Business Training (LAP) - for public and civil servants, Business Training Scheme (SLGP) - for civil servants in the support group, Entrepreneur Creation in Training (LPU) ó for civil servants of Management and Professional Group and Graduate Entrepreneur Scheme (SUS) ó for graduate.

Enhancement Training Programme gives focus to entrepreneurial development for the existing entrepreneurs. This programme aimed at improving the level of achievement by the entrepreneurs in businesses to enable them to continuously progress and maintain their competitiveness.

Network and cooperation with Chambers and Commerce, Trade and Industrial Unions, Training Provider Agencies, Non- Governmental Organizations and prominent entrepreneurs, were established to bring together entrepreneurs and potential entrepreneurs to collaborate and network towards expanding their business.

Based on the table 1, number of participants involved with the entrepreneurial acculturation programme increase year by year from 2001 up to 2006. A great increase in number of participants can be seen from 2002 to 2003 which is 3.08 % to 50.67% (Figure 1) . But there was a slightly decrease from 2003 to 2004 about 22.8%. It might be because it took time for the Ministry to improve the entrepreneurial programs since the Ministry was restructured in 2004. The Ministry of Entrepreneur has changed to Ministry of Entrepreneur and Co-operative Development. In general, from 2001 up to 2006 there are 164,786 participants involved in the entrepreneurial acculturation. Based on the entrepreneurial acculturation strategy which covers acculturation program, entrepreneurial training and improvement of skill and technology, MECD was allocated a budget of RM69.1 million for the year 2006.

Ministry has put into operation various programs and has been able able to attract more people to join them. Therefore, we can say that the efforts done by the Ministry to cultivate the culture of entrepreneurs has been successful. Furthermore, in 2006 there are 34,136 new entrepreneurs were born. Compared to MECD target for 2006 which is 24,991, MECD has exceeded the target. However, due to lack of data, we are not able to trace the number of entrepreneurs born in each year.

5. CONCLUDING REMARKS

This paper sought to explain the current meaning of entrepreneurship and its significance in the context of poverty amelioration and income disparities reduction. Malaysia has initiated through the Ministry to provide an environment and support structure to help an economically weaker section of the society: the Bumiputra community. Its programs have been well-received and seem to be making their impact being felt.

However, the progress is slow and achievements still patchy. One reason could be that it is not much time yet that the program was put in operation and had to face some teething problems. It has great potential and achievements in future shall hopefully be substantial.

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