

Business Opportunities and Managerial Skills in Enhancing the Involvement of Entrepreneurship in Malaysia

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Abstract

The objective of this study is to identify whether business opportunities and managerial skills are the two important factors in enhancing the involvement of entrepreneurs in small medium enterprise (SME) in Selangor. The researcher obtains 120 respondents who are involved in various businesses consisting of the manufacturing and service industries in the state of Selangor, Malaysia. The questionnaire were distributed to 200 entrepreneurs but only 120 questionnaires were returned. The researcher also conducted structural interview after respondents completed answering the questionnaire. The data were analyzed using analysis of variance (ANOVA), frequencies, Pearson correlation and multiple regression. The instrument has a high reliability values. Findings indicated that the business opportunities and managerial skills are the two important factors in enhancing the involvement of entrepreneurs in small and medium sized enterprise.

Keywords: Entrepreneurship, Enhancing, Involvement, Business Opportunities, Managerial Skills, Involvement.

1.0 Introduction

The Malaysian Government is concerned to create and develop quality, resilient and successful entrepreneurships which are competitive in all the potential growth sectors of the economy and to cultivate an enterprising culture among Malaysian society. Malaysian society has played a very important role in the economic development of Malaysia through the involvement in small medium enterprise (SME). This is because today the role of small medium enterprise (SME) particularly in the economic development of the nation is becoming more and more strategic and indispensable. Generally, small medium enterprise (SME) in Selangor has existed for a long period of time. Unfortunately, entrepreneurs who are involved in small medium enterprise (SME) are not conscious about their indirectly involvement in that industry. They gain their consciousness about small medium enterprise (SME) after the transition of Malaysia economic basic by the Malaysian Government. The transition that comprised of agricultural based economic to industrial based economics had attracted the society in Selangor to involve in small medium enterprise (SME). Besides that, the economic slump had given big impact to the rural society which caused them to involve in small medium enterprise (SME) for the purpose to enhance their family earnings. Small medium enterprise (SME) played a very important role in the economic development of Malaysia. The Malaysian Government took some initiatives in order to help small medium enterprise (SME) entrepreneurs to market their products. Agencies such as MARA, MIDA and NPC are responsible to guide and advice small medium enterprise (SME) entrepreneurs for the purpose of marketing their products successfully. Besides that, the Minister of International Trade has launched a central marketing concept namely umbrella concept in order to help entrepreneurs in the marketing activity. Under this marketing concept, the products produced by small medium enterprise (SME) are collected and marketed under one organization and brand. Furthermore, Malaysian Government generated subcontract change scheme (SCC) for the purpose to combine sellers and buyers in order to provide the correlation among buyer's needs with supply ability from sellers.

The government agencies provided infrastructure facilities to small medium enterprise (SME). They are the Malaysian Industrial Estate Limited (MIEL), UDA and MARA. The MIEL played major role in the construction of suitable design factory unit for small medium enterprise (SME) in the manufacturing industry. The UDA help small medium enterprise (SME) entrepreneurs to get premises and suitable buildings in order to implement their businesses. Where else the MARA provides factory and business premises for the Bumiputera entrepreneurs.

Table 1.0 : Gross Domestic Product (GDP) by Sector

Sub-Sector	2005	2010	2020	2006-2010	2011-2020	2006-2020	2005	2010	2020
	(RM million)			Annual Growth Rate (%)			Share of GDP (%)		
Manufacturing	82,394	113,717	187,583	6.7	5.1	5.6	31.4	32.4	28.5
Services	152,205	208,086	437,563	6.5	7.7	7.3	58.1	59.2	66.5
Business and other non-Government services	132,374	183,327	392,806	6.7	7.9	7.5	50.5	52.2	59.7
Finance, insurance real estate and business	39,568	55,385	113,866	7.0	7.5	7.3	15.1	15.8	17.3
Wholesale and retail trade, hotels and restaurants	38,437	53,456	113,208	6.8	7.8	7.5	14.7	15.2	17.2

Source: Ministry of International Trade and Industry, Economic Planning Unit and Department of Statistics (in the Third Industrial Master Plan 2006-2020)

2.0 Previous Research

Business opportunities in small medium enterprise are consisted of family business opportunity, selections of suppliers and development and integrated of Information Technology and information (ICT) in business. According to [Evald et al. \(2006\)](#), the formal business contacts were most helpful when entrepreneurs were seeking finance, whereas family, friends and colleagues seem to be the main source in mobilizing raw materials, suppliers, equipment, space, employees and orders and family involvement is only relevant within certain activities. They might be valuable in the process of getting access to finance or in situations where entrepreneurs search for emotional support ([Samuelson, 2001](#)). Peter and Jane (1999), stated that the suppliers selection strategy in terms of technology, quality, cost and delivery performance are important strategies in overcoming the upstream uncertainties, such as suppliers defaults on delivery and performance, high cost production and quality rejects. According to [Kuan \(2005\)](#), the management skills is the other factors that encouraging involvement community in small medium size enterprise (SME) sector in Malaysia. They have found the positive factors that have significant influences on entrepreneurial involvement in business, the factors are the improvement of management commitment, customers focus, employees involvement, training and education, reward and recognition to the workers ([Rodney and Renee, 2001](#)). The success of total quality management (TQM) will result in improvement of employees involvement, improved communication, increased productivity, improved quality and less rework, improved customer satisfaction, reduce cost of poor quality product and improved competitive advantage ([Ian R.,2007](#)).

3.0 Objective

The main objective of this study is:

1. To examine whether business opportunities are factors that could enhance the involvement of entrepreneurship in small medium enterprise (SME) in Selangor.
2. To determine whether management skills are factors that could enhance the involvement of entrepreneurship in small medium enterprise (SME) in Selangor.

4.0 Methodology

The study utilized a descriptive research design. Sample of the study comprised of 120 entrepreneurs in Kuala Selangor. Data were gathered from October until November 2012 using a set of questionnaire measuring the entrepreneurial background, business opportunities given to the entrepreneurs, management skills and how it gave an impact in enhancing the involvement of entrepreneurs involvement in small and medium enterprise in Selangor. This study focused on entrepreneurs who are involved in the manufacturing and services industry. The manufacturing industries consisted of retail shop, agriculture, handicraft, foods and drinks manufacture. Where else the services industry consists of tuition centre, workshop, barber shop or beauty saloon and tailor shop. Permission was obtained from the entrepreneurs before data were collected. Data collected were processed using the Statistical Packages for the Social Science (SPSS) software. The researcher used descriptive statistics, analysis of variance (ANOVA). Pearson Correlation and Multiple Regression to analyze the data.

5.0 Findings

5.1 Background of Respondents

Table 1.0 shows that 72 of the respondents (60%) are Malay, followed by 36 respondents (30%) are Indian and the rest 12 respondents (10%) are Chinese.

TABLE 1.0 Background of Respondents

Race	Frequency	Percent	Cumulative Percent
Malay	72	60	60
Indian	36	30	90
Chinese	12	10	100

5.2 Respondents Age

Table 2.0 shows that 50 (42%) of the respondents are between 31 to 40 years old, followed by 40 respondents (33%) are between 20 to 30 years old, 15 respondents (13%) are between 41 to 50 years old, 10 respondents (8%) are between 51 to 60 years old and the rest of respondents are between 61 years old and above.

TABLE 2.0 Respondents Age

Age	Frequency	Percent	Cumulative Percent
20-30 years	40	33	33
31-40 years	50	42	75
41-50 years	15	13	88
51-60 years	10	8	96
61 years and above	5	4	100
Total	120	100	

5.3 Respondents Gender

Table 3.0 shows majority of the respondents 85(70.8%) are male and 35(29.2%). The questionnaire were randomly distributed to entrepreneurs in Kuala Selangor, Selangor.

TABLE 3.0 Respondents Gender

Gender	Frequency	Percent	Cumulative Percent
Male	85	70.8	70.8
Female	35	29.2	100
Total	120	100	

5.4 Marital Status

According to table 4, shows 60 (50%) respondents are married, 45 (38%) respondents are single and 15(12%) are widower.

TABLE 4.0 Marital Status

Marital Status	Frequency	Percent	Cumulative Percent
Single	45	38	38
Married	60	50	88
Widow	15	12	100
Total	120	100	

5.5 Level of Education

Table 7.0 shows, that the majority of the respondents 60(50%) possessed Sijil Pelajaran Malaysia (SPM), followed by 35 respondents (29.2%) possessed Bachelor Degree, 13 respondents (10.8%) possessed Diploma and the rest 12 respondents (10%) possessed Penilaian Menengah Rendah (PMR).

TABLE 4.0 Level of Education

Level of Education	Frequency	Percent	Cumulative Percent
PMR	12	10	10
SPM	60	50	60
DIPLOMA	13	10.8	70.8
BACHELOR'S DEGREE	35	29.2	100
Total	120	100	

5.6 Gender and Involvement in Selected Sectors

Table 5.0 shows 35 male and 12 female (47) respondents engaged in grocery business, 25 male and 15 female (40) respondents engaged in agriculture business, 5 male and 8 female (13) respondents engaged in handicraft business, 8 male and 2 female (10) respondents engaged in food and drink manufacturing, and lastly, 7 male and 3 female (10) engaged in service industries. Interesting to note that majority of the female respondents, 15 of them engaged in agricultural sector while majority of the male 35 of them engaged in grocery.

TABLE 5.0 Gender and Involvement in Selected Sectors

Gender	Involvement in IKS					
	Agriculture	Grocery	Handicraft	Food and Drink Manufacturer	Services	Total
Male	25	35	5	8	7	80
Female	15	12	8	2	3	40
Total	40	47	13	10	10	120

6.0 Management Skills and Its Relationship With Business Involvement

Table 6.0 shows that there is significant and strong relationship between management skills and involvement in business ($r=0.781$, $p<0.05$).

TABLE 6.0: Management Skills and Its Relationship with Business Involvement

		How long involve in SME	Management Skill
Involvement in SME's	Pearson Correlation	1	.781(*)
	Sig. (2-tailed)	.	.015
	N	120	120
Management Skills	Pearson Correlation	.781(*)	1
	Sig. (2-tailed)	.015	.
	N	120	120

* Correlation is significant at the 0.05 level (2-tailed).

7.0 Business Opportunities and Its Relationship With Business Involvement

Table 7.0 shows that there is significant and very strong relationship between business opportunities and involvement in business ($r=0.95$, $p<0.05$). The opportunities consist of family business heritage, modification of business operation, family support, supplier selection and ICT usage in business operations.

TABLE 7.0: Business Opportunities and Its Relationship with Business Involvement

		Involvement in SME	Business Opportunities
Involvement in SME's	Pearson Correlation	1	.095
	Sig. (2-tailed)	.	.035
	N	120	120
Business Opportunities	Pearson Correlation	.095	1
	Sig. (2-tailed)	.035	.
	N	120	120

8.0 Multiple Regression For Managerial Skills, Business Opportunities and Entrepreneurs Involvement in Business

The result of multiple regression analysis indicated by the value of R^2 shows that both independent variables that are the business opportunities and managerial skills contributed 60% of the entrepreneurs involvement in business and the other 40% contributed by other factors. It also shows that the managerial skills and business opportunities can significantly ($p<0.05$) explain the variation of the dependent variable (period of involvement in business),

TABLE 8.0 : Model Summary of Multiple Regression Analysis

R	R2	Adj R2	Std.Error of the estimate	F	Sig.F
.706	.599	.492	.5260	74.8	0.000

Table 8.1 shows business opportunities contributed 45% of the variation entrepreneurs involvement in business ($Beta=0.450$) and managerial skills contributed 20.3% of the variation entrepreneurs involvement in business ($Beta=0.203$). This shows that business opportunities is more important than managerial skills in variation contribution of entrepreneurs involvement in business.

TABLE 8.1: Multiple Regression Result for Independent and Dependant Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.723	2.739		-994	.027
	Managerial Skills	.003	.207	.203	-.147	.034
	Business Opportunities	-0.11	0.356	.450	.389	.012

a Dependent Variable: Period of Involvement in SME's

6.0 Discussion

There are two factors that strongly influence society involvement in small medium enterprise (SME) in Kuala Selangor that is business opportunities and management skills. The management skills comprises of business management training, segregation of duties and empowerment. The business management training played an important role in order to providing knowledge and information to the entrepreneurs for the purpose of managing their business efficiently and effectively. Besides that, segregation of duties and empowerment among employees are also important for the purpose of improving the business operation process. It is very important to ensure that the production and quality of business products and services can be improved to guarantee that business can operate for long period of time. The business opportunities are the family business heritage, modification of business operation, family supports, supplier's selection and information communication and technology (ICT) usage in the business operation. Family business heritage is very important to develop and expand the existing business through launch of new branches, expansion of business premise, variety of products and services and system integration in business operation. Family supports such as guidance and advices, financial supports, guidance in decision making and modification of business operation play a major role in business operation process which are very helpful to entrepreneurs. Besides that, supplier's selection played an important role in business process in order to obtain stocks and materials at the reasonable cost, quality, technology, delivery and payment method. Furthermore, information communication and technology (ICT) usage is also important for the purpose to obtain information, skills, knowledge and to enter new market and customers.

7.0 Recommendation

It is important that the government agencies, private organizations and international companies disclosed and offered more supports in order to help new and existing entrepreneurs to manage and operate their business. According to structural interview, respondents receive less equipments support such as machines, plants, furniture and tools in their business purposes. Most of the respondents expecting more support from the government, private organization and multinational company in order to develop and expand business network. Respondents also expect the government agencies to inform and offer the entrepreneurs support schemes to them. From the research we found that the sequence supports that respondents needed are equipment supports, financial support in large amount with lower rate of interest, strategic business premises, training support about planning and management business, product promotion supports such as advertising, collaboration with government agencies and private organizations, consultancy services and research and development services from government agencies. To encourage the growth of development small medium enterprise in Malaysia, the government has develop several programmed and agencies in order to help entrepreneurs through collaboration with multinational organization and to promote products and services in global market. Although the support from various parties was implemented but we identify that entrepreneurs did not grab the opportunities.

The second recommendation is towards the business opportunities. Business opportunities such as modification of business operation, supplier's selection and information communication and technology (ICT) usage in the business operation are very important in order to develop and expand the business. In modification of business operation, the entrepreneurs should grab opportunities provided by the government agencies, private organizations and international companies in order to expand their business. For example, Malaysian Government has opened investment and cooperation opportunities to attract local and foreign investors to invest and cooperate with small medium enterprise (SME) in Malaysia. Followed by that, entrepreneurs should joint venture with other companies in order to attain several business approaches and experiences for the purpose to apply in local

business or to obtain the marketing opportunities which are able to help entrepreneurs in their marketing activity. Though the collaboration with others establish company, the small medium enterprise will get benefits such as increasing their market share, asset utilization, enhancing customers service, sharing and reducing cost, time, risk of failure of product development, enhance skill and knowledge and will gain rapid access to market and achieve economies of scale in production Nelson O. N. and Cengis K. (2005). Besides that, supplier selection played an important role in business process in order to obtain stocks and materials at the reasonable cost, quality, technology, delivery and payment method. So that, entrepreneurs could use the right supplier selection strategies and supplier management strategies to ensure the right suppliers who will adequately support the manufacturer and business to be flexible enough to meet customers' needs. Furthermore, information communication and technology (ICT) usage in the business operation is very important for the purpose of obtaining information, skills, knowledge and entering new market and getting new customers. Followed by that, entrepreneurs should diversify the information communication and technology (ICT) usage in the business operation. For example, entrepreneurs should use blog, face book, fax and other e-communication networks to promote their goods and services. Besides that, the integration of software will be able to make business operation more easier.

8.0 Conclusion

There are two factors that enhance society involvement in small medium enterprise (SME) which is business opportunities and management skills. From the findings, we identify that these two factors have high correlation and significant in enhancing the involvement of entrepreneurs in business. Even though there are many supporting scheme offered by the government agencies to the existing entrepreneurs in order to enhance the active involvement of entrepreneurs in businesses but it fails to achieve its objective because some of the entrepreneurs did not grab the opportunity or they did not realized about the assistance given by the government agencies.

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