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Entrepreneurial Market Orientation
Relationship to Performance -
Malaysian SME Perspective

Pua Eng Teck

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Entrepreneurial Market Orientation Relationship to Performance

Malaysian SME's perspective

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Abstract

Purpose:- This paper investigate Malaysian Small Medium Enterprise (SMEs) internationalization performance from the perspective of strategic market orientation (MO) leveraging on entrepreneurial networking. It demonstrate the integrative effects of strategic market orientations and networking within the context of ‘how’ and ‘what’ are the basis of conceptual framework that are appropriately describe the underlying theories

Design/methodology/approach -This research adopts a quantitative approach through multi-linear regression from 98 surveyed Malaysian SME's derived from official listing of Malaysia SMEs publication business directory 7th edition. The conceptual framework were established based on the arguments that Market Orientation (MO) contributed significantly towards SMEs international performances with the presence of networking (NT). Networking in this study configured as a moderator and is presumed to have a profound impact over SMEs international activities.

Findings - The findings revealed mixed results with the interface of market orientation and networking (MONT) demonstrated significantly positive relationship while MO alone shown inverse relationship despite displaying significant on internationalization performances. The findings imply the combinative effects of high market-network/moderate-entrepreneurship orientation configurations are most desirable internationalize structural condition for an emerging market environment such as in Malaysian context.

Limitations - This research outlines with limitations and implications as follows. This research has only being conducted based on cross-sectional study. Therefore, future research should relate towards this direction of investigation by pursuing a longitudinal qualitative studies in order to gain further insights.

Originality/value - This research adopts a multidimensional approach in examining perspective of strategic market orientation, networking and its influence on Malaysian SMEs international ventures under the heterogeneity cultural environment. This research has contributes to an appurtenant understanding on SMEs internationalization performance from Malaysian perspective.

Keywords - Market orientation, Small medium enterprises, Networking, International Performance, Malaysian.

Paper type- Research paper

Introduction

This research first examines the critical entrepreneurial factors and strategic market orientations impacted on Small Medium Enterprise (SME) internationalization process. It further identified the significant relationship of the strategic market orientations on firms' performance by incorporated networking as the moderator. Observing that many past international entrepreneurial research concerning strategic orientations were mainly focus on western settings based on developed economic environment and relatively very little research depicts strategic orientations within the context of emerging economies environment (Jaworski and Kohli, 1993; Slater and Narvar, 1994). This has underpins the importance of empirical examination of the concepts extended beyond boundaries such as from Asia-Pacific perspective (Chan and Ellis, 1998; Kwon and Hu, 2000).

Hence, this paper choose Malaysian SME's setting as its key entrepreneurial focus and at the same time conducted an empirical research examined the relationship between strategic market orientations and networking under the developing economic environments. The context of this research paper focus on core entrepreneurial activities among the Malaysian SME's as these SME's are significant towards national social economic building. Hence, this empirical research bestow to the present literatures in the form of extension studies from existing theoretical framework of strategic market orientations in non-western societies. In addition, this research adopted multidimensional approach by empirically tested the nomological web of strategic orientations implicates market orientation (MO), networking (NT) and consequently relating to firm's performance. The outcomes help unveiled findings and

answered key research proposition about the extent and the significant of MO constructs and networking in relation to organizational performance.

Similarly, many scholars stressed the critical role of Market Orientation (MO) as an important marketing concept and offers valuable information about its effect on the overall marketing behaviours. Indeed, MO has brought in critical effects on business performance as demonstrated by its superiority positioning from strategic orientation standpoint (Hult and Ketchen, 2001; Kirca et al., 2005; Zhou et al., 2005). Nevertheless, some scholars have expressed with reservation about MO, as they perceived MO are not the only viable strategic orientation component that can influence firm's competitive advantage and performance (Fritz, 1996; Hult and Ketchen, 2001; Noble et al., 2002). Atuahene –Gima and Ko (2001) further noticed the positive relationship between both EO and MO impacted on firms' performance (Frishammer and Horte, 2007; Slater and Nerver, 1995; Zhou et al., 2005).

Networking on the other hand has always been recognized as a critical supportive resource mechanism that enhanced SMEs entrepreneurial capability towards achieving its internationalization goal despite of having its limitations on resources (McNamee et al., 2000). Hence, It thus appeared that with the present of closer relationship exists between strategic market orientations and networking, the more positively significant influences will be shown on firms' performance (Smart and Conant.1994; Zahra, 1991; Jowrski and Kohli, 1993; Kumar et al., 1998; Narvar and Slater, 1990; Pelham, 1997; Pelham and Wilson, 1996; Slater and Narver, 1994; Van Egeren and O'connor, 1998). Therefore, networking could delivered the combine effects with other strategic orientations that help enhanced firm's resource capabilities aggregated as part of the important configuration asset as demonstrate in this paper.

This empirical research first examined Malaysian SMEs internationalization performances based on the conceptual framework implicating market orientation (MO) as an important associated resource dimensions (Atuahene –Gima and Ko, 2001; Miles and Arnold, 1991). Networking in this research performed the role as moderator. Hence, we derived with the following research proposition:

RP: To investigate the integrative effects of networking and their relationship between market orientation (MO) on firm's performance.

The outcomes from this research produced with mixed results in which cluster effect of market orientation and networking (MONT) have demonstrated with positive performance relationship as opposed to market orientation (MO) which shown otherwise. Thus, it posits that internationalization orientation on firm's performance among Malaysian SME's had generated with different perspective despite being duplicated with similar theoretical framework adopted from the developed nations.

The remaining section of this paper covers literature review and conceptual framework, Next introduces the research methodology and analysis. The study ends with implications, limitations and conclusions

Literature Review

Market orientation (MO)

MO denotes an important marketing concept among many marketing practitioners (Kohli and Jaworski, 1990; Narver and Slater, 1990). Narvar and Slater (1990) defined

⁷MO as an organizational culture that can effectively create firms behaviors

leading to the support of superior buyers value and thus enhance firms superior performance. Hence, firms practicing MO will act as an important indication that the organizations have implemented the marketing concept (Agarwal et al., 2003).

MO has been categorized into several perspectives. These include (1) strategic approach perspective; (2) the decision making perspective; (3) the customer orientation perspective; (4) the market intelligence perspective and (5) the cultural perspectives. MO based on the strategic perspective implicating strategy development and implementation. Activities such as customer information gathering, develops strategy meeting customer needs and implementing strategy by being responsive in fulfilling customers needs and wants (Ruekert, 1992). MO on the decision making perspectives tend to involves decision making practices among senior management and its functional units including sharing of information between departments (Shapiro, 1988). While, MO based on customer orientation perspectives are focusing on a set of believes by placing customer's interest first without deliberately exempted other stakeholder interest such as owners, managers and employees so as to develop a long term profitable enterprise (Deshpande et al., 1993). In addition, MO from the behavioral perspective conceptualized over three dimensional construct implicate intelligence generation, intelligence dissemination and responsive to act based on market intelligence (Kohli, 1993; Kohli and Jaworski, 1990).

While, MO within the cultural perspective tend to dominates MO market research. MO is indeed a deflection of organizational culture. Culturally based MO has been closely associated with customer orientation, competitor orientation, and inter-functional coordination within the firm. Thus, MO cultural perspective provides a much closer

integration in leading activities related to entrepreneurship (Narver and Slater, 1990). Therefore, MO that relates firms to customer are in consistence with marketing concept of creating a satisfied customer and contributed to better business performance, and from strategic standpoint MO positions customer as the centre of focus in alignment with firm's strategy and operation (Hult and Ketchen , 2001; Kirca et al., 2005; Zhou et al., 2005). Nevertheless, other scholars including Deshpande' et al. (1997) did not find any consistent correlation between MO and performance. Similarly, Slater and Narver (1996) found no relationship between MO and profitability or even on ROI (Deshpande' and Farley, 1998).

Theoretical applications of MO from western cultures gravitate towards the influence of environmental forces on organization. MO within the western cultures usually being disregard with the least affect of the government inference and national culture implication as business were practice in the democratic ways (Slater and Narvar, 1994). Nonetheless, organizations in the emerging market with dissimilar cultural identity are likely to be influence and burden by the manifestation of cultural influence which might contributes to difference MO effect on performance. (Sin *et al.*, 2003) debated that organization in free market economies tend to exhibits with higher MO effect than firms in rigid planned economies. Thus, it warrant further analysis when MO's when it is apply in developing economies such as in Malaysia context.

Networking

Networking on SME's has been defined as an activity in which entrepreneurially oriented owners build and manage personal relationships, particularly from individual⁹ and their surroundings (Carson et al., 1995). Such networks shaped part of the

entrepreneurial social capital and provide an important mechanism through which firms can enhance its value-added in support of its entire business chains. Hence, networking together with other strategic orientations enhance other aspects of international activities such as initiated organization improvements and other development processes, acquired critical knowledge and upgrading technological capability on product or service quality in order to remain competitive both domestically and internationally (Hult and Ketchen, 2001). Therefore, through networking firm's internationalization performance have been viewed as multidimensional phenomena attributed by different determinants and when combines with various heterogeneity resources in particular those that associated with the critical role attributed under entrepreneurships (Sexton, 1997).

Networking enabled firm's building on external and regional relationship (Almeida, 1999; Saxenian, 1990) which offset shortages of entrepreneur's resources (McNamee, Greenan, and McFerran, 2000). Networking in the form of entrepreneurs social or personal contacts becomes a valuable source in regard to intelligence generations (Kohli and Jaworski, 1999) which are important for decision making and acts as scanning mechanism in reducing ambiguity and environment uncertainty during firms internationalization process (Johannison, 1996). Indeed, network's approach on internationalization has been investigated through various empirical studies by many scholars (Johanson and Vahlne, 1992; Blackenburg and Johanson, 1992; Coviello and Munro, 1995, 1997; Chetty and Blankenberg Holm, 2000; Crick and Jones, 2000; Jones and Tagg, 2001; Chetty and Cambell-Hunt, 2004). They further posited networking plays a significant role on firm's activities especially over strategic

decisions in determines the format of business relationship and types of business cooperation internationally (Johanson and Valne, 1992).

Internationalization Performance

International diversification leads to superior performance were common practices among large firms (Hitt, et al., 1997; Kim,et al.,1993). To date, more researchers begin to explore performance related perimeters on small firm internationalization (Majocchi and Zucchella, 2003; Westhead, et al., 2001). Internationalization of entrepreneurship produced mixed perspective concerning performances. Bloodgood et al (1996) established positive relationship between internationalization venture and performance. In contrast, McDougall and Oviatt (1996) failed to establish the positive relationship between internationalization venture and growth performance.

Nevertheless, it is imperative to assess firms' performances from multi dimensional perspective. Firms' performance have been evaluated based on multiple dimensions both financially and non-financially (Zahra and George, 2002). The existence of integrative approach by incorporating financial and non-financial measurements in determined firm performances has becoming more prominent (Kaplan and Norton, 2005). Financial measurement on performance can be measured by bench marking against competitors based on profitability, growth, market share, returns of asset or investment, and even based on the overall performance.

Alternatively, these measures can sometimes be classified objectivity as well as subjectivity or using combinations of both purely for comprehensive dimensional

11 expression pertaining to firms' performances. Objective measures tend to be

rather straight forward in determine actual performance based on absolute scales. While, subjective approach on firms' performance tend to derive from manager's perceived assessments relative to other major competitors based on similar peripheral industry. Nevertheless, it has been proven otherwise from past research that subjective form of measurements do prove to have positive correlation to the objective measures as far as firm performance is concerned (Murphy and Callaway, 2004; Murphy et.al., 1996; Gutpa and Govindarajan, 1984).

From Jaworski and Kohli's (1993) perspective, MO and performances tend to exhibit with a positive effect based on measures derived from subjective approach. Likewise, Schlegelmilch and Ram (2000) shared similar viewpoints about MO that tend to be affected by perceived values instead measured in the form of return on investment which are normally indicated by objective measures approach.

Therefore increasingly internationalization performance measurement adopted with non-financial measures has been commonly observed (Cavusgil and Zou, 1994). Murphy and Callaway (2004) advocate performance measurement on these cluster companies as non-financial performance measures. Hence, both the above mentioned financial and non-financial measurements were adopted in this study in determine firm's international performance.

Resource-based view

Zahra and George's (2002, p. 261) defined international entrepreneurship as "*the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage*". This empirical research examine international entrepreneurship in the context of

market orientation (MO) constructs based on the Resource-Based View (RBV) built on entrepreneurial motivations, behaviours, and opportunity recognition through integration with network theory and psychic proximity as part of the key framework for this kind of study (Oviatt and McDougall, 1995; Zahra et al., 2003; Young et al., 2003).

The combined effect of market orientation and networking as RBV are distinctive unique process approach provides the management with a powerful mechanism which becomes the source of competitive advantage for the firm (Miller and Ross, 2003). The entrenchment of RBV consists of bundles of resources (Alvarez and Busenitz, 2001; Eisenhardt and Martin, 2000).

This simply means SMEs very often do encounter constraints of resources (Welch and Luostarinen, 1988). Instead, It would be imperative for SMEs acquired its competitive advantage not entirely rely on firm internal resources but to leverage on networking and interactions with external parties for valuable information and knowledge (Johanson and Mattsson, 1988; McKieran, 1992; Coviello et al, 1998; O'Farrell and Wood, 1998). Hence, this integrated conceptual framework implicates multidimensional constructs of entrepreneurial MO and networking served as the focus point of this study.

Development of Conceptual Framework

This research building the conceptual framework based on behavioural study of resource-based with entrepreneurial market orientation (MO) and networks as key resource dimensional approaches (Atuahene –Gima and Ko, 2001; Miles and Arnold, 1991). Two hypotheses have been established in conjunction with this

research to facilitate the investigation. The amalgamation of network theory as an integrative role has contributed to an additional dimension about SME internationalization phenomena with significant attributes on international trade.

The key phenomenon of interest focus in this research implicates

- (a) The implication of market orientation (MO) on SMEs internationalization process
- (b) The implications of networking on strategic market orientations and their relationship on SME's internationalization performance.

The aim is to examine the critical role of market orientation and its integrated effect of networking in shaping SMEs internationalization process. Details of these constructs and its implications are shown within the conceptual framework as shown in Figure 1.

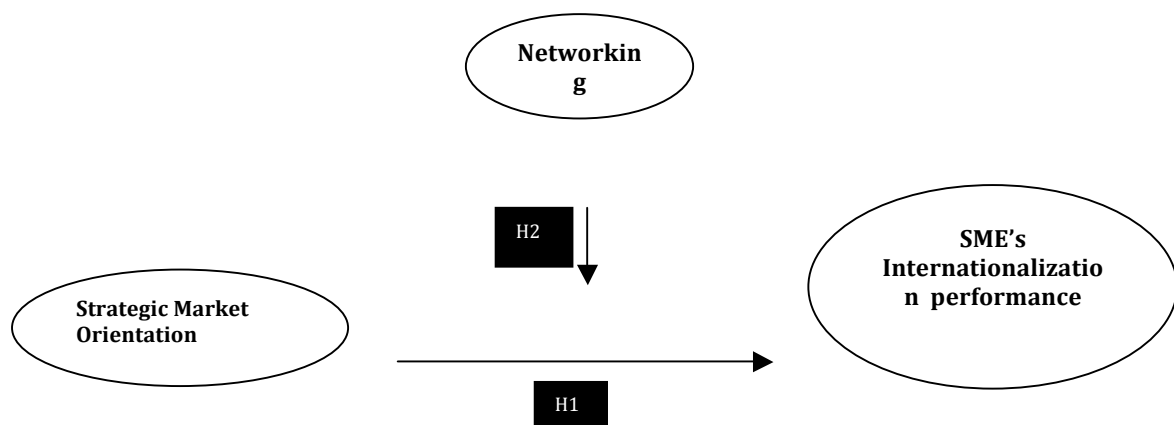


Figure 1: Conceptual framework on SMEs Internationalization

Market Orientation and Performance

MO postulate with significant role to firms as winning philosophy within competitive environment. Firms which have placed sufficient emphasis on MO would have increased their probability of survival. Lusch and Laczniak (1987) identified positive link between market concept and organization performance were significantly associated. Even industry prospective theory provides supportive correlation on MO performance link (Knight and Dalgic, 2000) by managing their relationship with environment to optimize firm performance (Scherer and Ross, 1990). Several other scholars shared similar perspective regarding the important of MO attributions, in particular firms with differentiated resource-based view (RBV) contributed to various degree of firms performance (Barney, 1991; Porter, 1991; Wernerfelt, 1984). Prahalad and Hamel (1990) critically emphasized firm's core competencies as way to differentiate firm capabilities, thus by enhancing MO attributes it will enhance firms' core competencies. Therefore, firms who pay attentions to high MO practices and responsiveness will have higher tendency outpace those who do not or low in MO. Hence, by enhancing MO, it is possible to enhance the core competencies of firms'. Consequently, the following hypothesis can be derived.

H1: There is a positive relationship between Market Orientation (MO) and SMEs international performance.

Networking and Strategic Market Orientations relationship

Internationalization are both dynamic and complex processes which may need to involve many intermediaries in which social and business networking have becomes
 15 an effective moderating mechanism linking internationalization to firm's

performance instead of purely being based on direct influence from the key construct alone. Networking goes beyond descriptive processes with linkage to strategic values as an efficient way of internationalized SMEs businesses (Chen and Chen, 1998; Ellis, 2000; Harris and Wheeler, 2005).

Drawing from previous literatures, entrepreneur may overcome size related constraints through network relationships (Dubini and Aldrich, 1991; Coviello and McAuley, 1999; Johannisson and Monsted, 1997). Many small businesses have been using their social networking wisely as means to assists their business activities specifically in developing new ventures (Curren and Blackburn, 1994). Their contacts were initially taken in the form of personal or social contacts and ultimately extending the linkage within business and government organizations (Coviello et al., 1998).

This connectivity are imperative in overcoming limitations of resource, constraints and paving the way in getting business done with other actors embedded within their business networks. Therefore, networking are perceived to overcome size disadvantages particularly common among the SMEs and can still maintain sufficient flexibility which are unique strength of small firms (Coviello et,al, 1998).

There are close associations between entrepreneur linkages to networking as means of interaction with their surroundings. SMEs used social networking as means to extract critical information that can help to reduce uncertainty or minimized risk inherent within their international operations (Liesch et al., 2002). Even under normal circumstances, entrepreneurs used networking to explore opportunities which ultimately drive towards commercial gains (Iacobucci, 1996). Many scholars recognized the importance of networking which are indispensable to SMEs₁₆

international growth (Johanson and Mattsson , 1998; Coviella and Munro, 1997; Lu and Beamish ,2001; Hadley and Wilson, 2003). While others see networking as an alternative resource for obtaining ideas, capital rising, and acquiring and developing technology for future gains (Ramanchandran and Ramnarayan, 1993). Ellis and Pecotich (2001) empirical study have revealed some findings in support of social networks which has vital its role in identifying opportunities and in building firm's competitive advantage in international market. Developing along this path, entrepreneurs who had eventually established their own clusters of collaborative partnerships or alliances were built to meet both internal as well as external challenges. Park and Luo (2001) stressed that successful networking promotes strong relationships which influence the flow of firm's resources with external environment and by adopting the best strategic option through re-established their competitive position to improve the overall performances.

Similarly, networking allows small firm acquires invaluable heterogeneity market information pertaining to customers, competitors, and other players which cannot be funded through internal source. In this aspect, networks served as an important platform in support of the market orientation (MO) activities either via inter-firm as well as inter-functional coordination for superior value creation to customers (Narvar and Slater, 1990). As such, SMEs participation in inter-firm networks would enable them accessible to resources which are lacking (Mackinnon et al., 2004). Hence, entrepreneurs who have implemented strategic market orientation in the form of market scanning through networks web re-configurations enhance their market intelligence and this leads to the next hypotheses based on:

H2: The relationship between MO and SMEs international performance is moderated by networking, specifically the strength of relationship on MONT on performances (Perf) increase with the presence of networking.

Methodology and analysis

Research design

This study adopts quantitative research methodology through the analysis of surveyed data and validation of the research hypotheses derived from the above mentioned conceptual framework.

Systematic sampling data collections in the form of questionnaire has been sent directly to the entrepreneur or owner-managers of SMEs listed from the latest 7th edition of Malaysia SME/SMI association directory which forms part of this sampling frame data. A sampling survey involving 650 invited participants out of which one hundred and fourteen responses with completed questionnaire were received which represented approximately eighteen per cent of the overall response rate from the sampling population either electronically or regular returned mails. Although this response figure may appear to be small in absolute terms other studies of internationalization have worked with samples of almost similar size (Li, Li and Dalgic, 2004; Alyol and Akehurst, 2003; Rose and Shoham, 2002; Yip, Gomez, and Monti, 2000; Leonidou and Adam-Florou, 1999; Leonidou, 1998). In addition, sufficient samples size with fair representative of the studied population were significantly important compared to lack of diversity of sample size (Blair and Zinkhan, 2006). The final useable sample size derived for this investigation was 98₁₈

samples and considered adequately exceeded the minimum sample requirement guideline (Barclay, Higgins, Thompson, 1995; Chin, 1998).

Data analysis based on statistical package for social science (SPSS) with multivariate regression and factor of analysis to generate the empirical data for testing all the proposed hypotheses were deployed.

Analysis and Findings

Descriptive analysis

Large proportion of the responding firms were involved with manufacturing or operationalized as an Original Equipment Manufacturer (OEM) that significantly dominates with over 52 per cent of the total respondents which were in this category. While, the remaining portion were evenly spreads amongst the agricultural based industry and firms that involved in trading, information communication technology (ICT) and services related industries, with each having 22 per cent and 21 per cent respectively. These industries have been categorized prominently active among the SMEs as prescribed accordingly within the context of industries where Malaysia SME's are deems to be concentrated in. Details on the nature of trades or category of industries are as indicated in Table I.

All firms undertaken in this research were actively engaged through various form of international trade either directly or indirectly (via third party).The most significant mode of internationalization that encompasses more than 52 per cent among the surveyed respondents were found to be dealing with international trade engaging both direct and indirect channels in the form of imports or exports. While others have been

19 found dealing through third parties which can be seen as prevailing

initiatives by SMEs trying their level best in optimizing international exposure despite of their constraints on resources. Details on mode of internationalization are as shown in Table II.

Through factor analysis, the cronbach's alpha reliability coefficients derived from all independent and dependent variables strongly exhibits values of reliability above 0.70. Thus, all variables were deemed satisfied with the reliability test. The results of cronbach's alfa and constructs in this research are as shown in Table III.

Pearson Correlation

Similarly, through conducting analysis based on Pearson correlation, there were significant positively correlations between MO and NT. While MONT have shown significant correlated effects against the performances, details of correlations relationships are as indicated in Table IV

Multiple regression findings

The respective results of the regression analysis are as shown in Table V& Table VI

The overall regression model of Anova as shown in Table V has demonstrated with a good fit as indicated by the elimination of null hypothesis with ($F = 4.03$; $df = 3, 95$; $p = 0.02 < 0.05$). Hence, this further justifies the use of MLR model.

Discussions and findings

It seems that all the proposed hypotheses implicating the construct and variables of MO and networking (NT) bared certain degree of influences over the SMEs internationalization behaviors. The empirical findings revealed with mixed results as shown in the following key findings:-

1) There was a significant positive relationship between networking as moderator when clustered with market orientation further enhancing SMEs international performance. MONT shown significant correlation coefficients in support of performance ($t= 2.27$; $p= 0.026$; $Beta= 0.573$). The result confirmed positive relationship between MONT and firms internationalization performances (Perf). Therefore, hypothesis H2 was supported.

2) While Market orientation (MO) and networking (NT) individually exhibits significant but inverse relationship in pursuit of performances. Especially, MO shown an inverse relationship as indicated by the negatively b value ($t =2.22$; $p = 0.029$; $Beta = -0.351$). Therefore, hypothesis H1 failed to support.

3) This research revealed that networking (NT) will continues to plays an important moderator's role in support of MO at various stages of SMEs internationalization processes and had shown direct influence on firm's performances. MONT predominantly demonstrated as the most prominent predictor and has established significant positive relationship over the firm's performances in contrasts to the correlations involving with just MO which has shown significant but inverse relationship. Such phenomena might be explained by taking into account that most SMEs₂₁ may needs to prioritize its prerogative leverage on networking that could

delivered significant benefits to the firms' performance much needed under a resource constraint circumstances.

Another perspective may be looking in the context of possible variations implicate cultural practices on strategic orientations between individualism and collectivism within the context of the developed and developing countries. As most research in the past were based on the observations in the western developed countries, the correlation relationship between MO, MO and NT were generally examined within or confined to individualistic culture perspective. Thus prompted some argued if these entrepreneurs approach adopted by the developing economies within the differentiated cultural environments are indeed similar (Todorovic and Mcnaughton, 2007; Venkatataman, 2004). Hence, the presence of collectivist cultural setting within Malaysia context may posses with some challenges and hence variations in relating to the perspective of MO, MO/NT relationships on performances as shown from the results in this research.

Consequently, the outcome from this empirical study does indicate with several possibilities and each of these correlations derives from key constructs and variables on MO, NT, and MONT that linking to performances might be highly influenced by various "resources constraints" and by the SME's "operating environments" Hence there were inimitable or unique under different circumstances at various stages of SMEs internationalizations. Therefore, the results could only partially explain the MO-performance relationships when compared to the moderation effect of networking over the performance and in this instance MO-NT relationship.

Conclusion and future research

This empirical research revealed that owner-managers of Malaysian SMEs in pursue of internationalization have expressed greater preference on MONT and their interfaced with networking were very real and importance. Hence, this research has contributed to the finding by providing the answer to the key research preposition and validates the significant of market orientation on Malaysian SMEs international performance does depend on networking. In this context, it further validates that the strength and the relationship of market orientation (MO) and networking (NT) over the performance increases with the presence of networking.

Alternatively, the sole effects of market orientation (MO) over the performance have been noticed inversely related. As such the hypotheses pertaining to MO relationship on performance was not well supported. This has opened up new opportunity for future studies specifically when relating nature of industries pertaining to market orientation relationship on firms' performance in the SMEs context which may change the predictive nature of their relationship with performance.

The result concluded MO and NT relationship (MONT) as the most significant predictor within the conceptual framework of this research paper. In both cases, networking as moderator has assumed with a critical role under this perspective. These are in consistent with most of the previous literature while some variations could be due to difference in culture and market situation which are unique to a particular country (Yoon and Lee, 2005). The results clearly demonstrate both the feasibility and workability of this multi-dimensional conceptual framework applicable to Malaysian scenario. It thus addressed the main theoretical concerns and provides

constructive answer for the key research preposition based on the actual scenario. Hence, this research has achieved its objective based on its findings about the impact of strategic orientations and networking on Malaysian SMEs international performances

As this research has only being conducted based on cross-sectional study. It would be difficult to capture the full lagging effects that derive from MO and NT as it takes time to see the full impact on performances. Therefore, future research should relate towards this direction of investigation by pursuing a longitudinal qualitative studies in order gain further insights.

Similarly, the existing research focusing on integrated relationships among MO and NT against the performances. Perhaps, future studies shall examine the relationship with other strategic orientations such as learning orientation, innovation and employee orientations (Baker and Sinkula, 1999a; Hult and Ketchen, 2001; Liu et al., 2002).

In addition, further research shall also be conducted specifically on the studies between types of industries on issues pertaining to certain strategic orientations behaviour. For instance, research based on strategic market orientation behaviour studies of SMEs specifically on manufacturing sector shall be treated in a separate category than those of trading or services sector. Such measures can help to eliminate over generalization as the nature and the characteristics between these industries may not be identical and thus depicted with different outcomes and expectations in their perspective.

Finally, based on earlier analyses, the inverse correlation between MO and performance shall be further explored in future studies to determine if there were due to fundamental difference between the established SMEs and young SMEs or if it is an anomaly that are peculiar only to Malaysian scenario. Since all the surveyed firms were classified as SMEs within the sampling frame irrespective of the age of their firms.

Practitioner's Summary

Implications for business Marketing Practice

This empirical study revealed MO and NT relationship (MONT) as the most significant business marketing practices configuration within the conceptual framework adopted by the prevailing SME's. The outcome from this research has derived with a much clearer perspective for owner-managers of Malaysian SMEs in recognizing the significant of MONT dimensions when it is relating to international ventures. As such, this empirical research might helps owner-managers of Malaysian SMEs gaining more insights about the importance practice of strategic market orientation by leveraging on networking dimension not only could overcome their limited resources constraint but could also gained various market competencies in optimizing their international performance. SMEs must be aware of the dynamic nature of internationalization and its complexity and be prepare to exploit any opportunities that may arise by leverage on MONT configuration. Hence, networking acts an important mechanism that helps to accumulate valuable market knowledge, expertise, skills and other valuable marketing intelligence or information that ultimately helped entrepreneurs convert their innovations to become a marketable products or services. Similarly, Policy makers such as government and its

agencies could drawn up relevance supportive initiatives, policies and programs moving along the similar path that could further instigated and fostered strong international marketing activities that are beneficiary to SMEs international ventures. Such initiatives could further encourage and assists more SMEs taking up internationalization ventures. Thus, the accumulation of these cluster effects drawn from the practice of networking and strategic market orientation via experts, the government, the financiers, trade bodies both domestic and international would further contribute to the creation of more successful Malaysian entrepreneurial small and medium enterprises ventured into international arena.

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Appendix

Table I: Descriptive Statistic: Nature /Type of Industries

Type of Industries	Frequency	Percentage	Cumulative Percent
Manufacturing/OEM			
ICT or Service related			
Consumer products related			
Others			
Total			

Table II: Descriptive statistic: mode of Internationalization

Internationalization	Frequency	Percentage	Cumulative Percent
Direct (e.g. export)			
Indirect (e.g. through third party)			
Both of 1 & 2			
Total			

Table III: Reliability Test -Coefficient of Alpha

Constructs	Latent variables	Item	Cronbach's Alpha
Orientation (MO)	Environmental Focus		
	Social Focus		
	Economic Coordination		
Learning (NT)	Learning		
Performance (Perf)	Financial		

Table IV: Pearson Correlation

Correlation

Constructs		
Performance		

(** p<0.01)

Table V: Overall Regression Model -ANOVA^b

	Sum of Squares	df	Mean Square	F	Sig.
Regression					
Residual					
Total	7				

a. Predictors: (Constant), mont, mo, nt

b. Dependent Variable: perf

R=0.424; Adjusted R Squared=0.135

Table: VI: Main/Integrative effects-MO, NT and Performance

Independent Variables	Performance Measures		
	Standardized Coefficients	t	Sig.
MO	.3508**	2.221	.029
NT	0.1367	1.227	.223
MONT	.5732**	2.268	.026
R2			
F-value			

Note: **p < 0.05

a. Dependent Variable: perf

Government's Financial and Business Development Support for Microenterprises in Malaysia: Controversies and Policy Perspectives

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ABSTRACT

MEs play an important role in socio-economic development in Malaysia. Acknowledging this, development of micro enterprises has been a key strategy of the government's to help ensure an equitable and balanced economic growth since the formation of the NEP in 1971 and still been maintained as a key development area under the NEM, 2010. As a strategic long-term planning, the government has introduced numerous GFA and GBDS schemes to support the development and expansion of the MEs sector which have been implemented by 9 Ministries and more than 30 government and quasi-government departments. However, literature and empirical reviews evidenced that the GFA and GBDS implementations is overlapping, little co-ordination and overall inefficiency allocation of scarce resources. This paper strategically reviews the implementation of GFA and GBDS in Malaysia. The

objective of this paper is twofolds (i) analyses the gap of government assistance for development of MEs in Malaysia, and (ii) a strategic cluster for sustainable entrepreneurship development is recommended for policy markers for further improvement of the existing government assistance scheme for MEs.

Keywords: *Micro-Enterprises, Government Financial Assistance, Government-Business Development Supports, Sustainability.*

INTRODUCTION

Micro enterprises (MEs) which is accounted for more than 80 percent of Small and Medium Enterprises (SMEs) establishment is an important component of the economy in both the developed and developing economies (Abdullah, 1999; Pimenova and Vorst, 2004; Sievers and Vandenberg, 2007). Similarly in Malaysia, MEs play an important role as a strategy for socio-economic development. Acknowledging this, development of MEs has been a main key strategy of the government's to ensure an equitable and balanced economic growth since the formation of the New Economic Policy (NEP) in 1971 and still been maintained as a key development area under the New Economic Model (NEM), 2010. MEs development is continuously used by the government as a strategy in elevating the quality of life of poor society under the 10th Malaysian Plan (10th MP: 2011-2015). As documented in the 10th MP, programmes will focus on upgrading their skills, linking them to employers in nearby clusters and cities as well as providing support for self employment, micro-businesses and small scale industries. Programmes will includes providing holistic support programmes for

MEs. Under the NEM, the move is a big challenge to GBDS as to better

equip the Malaysian enterprises with innovation, creativity and value added services to support the country aspiration in moving the country towards high income economy in the next few years (Yusoof and Yacoob, 2010).

One way of strengthening MEs is to improve their access to enterprise support services of which can be divided into two categories; (i) government financial assistance (GFA), and (ii) government business development services (GBDS). These supports are offered through various government and semi-government agencies and with collaboration with state agencies and universities. Specifically in Malaysia, the GFA available to MEs including soft loan, grants, equity financing, venture capital, guarantee scheme and tax incentives. Two main provider for financial assistance are ministry which are Ministry of Entrepreneur and Co-operative Development (MECD) and Ministry of Science, Technology and Innovation (MOSTI) and agencies which is represented by 26 government and semi-government agencies. While the GBDS offered to MEs comprises of access to infrastructure, advisory services and information, market, technology, human capital as well as entrepreneurship development program which is also offered by various ministries, government and semi-government agencies. Given significant important roles play by GFA and GBDS in supporting the development both SMEs and MEs, through understanding of the GFA and GBDS architecture and implementations is necessary given the fact that, these assistance have no reach the intended target well due to various problems as summarized below.

Problem Statements

The government assisted entrepreneurship development program remain challenging. Empirical evidenced revealed that problems faced by both local SMEs and MEs

with regards to implementation of government business supports among others were (i) lack of coordination among service providers, (ii) low usage of the services, (iii) low level of awareness on this services, and (iv) bureaucracy on the part of government agencies. According to Shanmugam (1988) the result of these development scheme is that there is a great deal of overlap, little co-ordination and overall inefficiency allocation of scarce resources. Abdullah (1999) conducted a survey of accessibility of government sponsored support program on SMEs in Malaysia. The results suggest that the accessibility for government support program is still limited despite the fact that a high policy agenda has been introduced to promote the development of SMEs in Malaysia. This is also supported by Saleh and Ndubisi (2006) which stated that government programs and incentives are either insufficient or not delivered effectively enough to overcome major development challenges facing by SMEs and MEs in Malaysia. Furthermore, Mahajar and Yunus (2006) investigate the effectiveness of the exporting assistance programs offered by government supporting agencies in Malaysia. The findings revealed that majority of the respondents informed lack of awareness of the government-assisted exporting program. Additionally, MEs continue to encounter lack of financing access from the banking systems mainly due to the fact that this group of borrowers carries a high risk due to lacking in financial discipline, unable to provide trustworthy financial track records and lack of entrepreneurial skills. These situations are blocking their capacity to expand their business further.

Research Objectives

The objective of this paper is twofold that is (i) to provide a comprehensive review of government financial and business development support for MEs in

Malaysia, and (ii) to provide strategic recommendations to further improved the shortcomings of the MEs development policies and strategies in Malaysia.

Organization of the Research

The structure of this paper is arranged as follows; the following section 2 presents a comprehensive literature reviews covering policies and strategies as well as issues and challenges related to government assisted entrepreneurship development program. Section 3 dealt specifically with situational analysis of government financial and business development assistance for MEs in Malaysia. Following this, section 4 presenting strategic recommendations to the policy makers as well as industry players to further enhance the implementation strategies of MEs development program.

LITERATURE REVIEW

The empirical literature reviews covering both theoretical foundation and historical evolution of government-assisted entrepreneurship development program all over the world. The final part of the literature review will focus on government assisted development program for MEs in Malaysia.

The Importance of Government Assistance to Small Business Development

SMEs form a strong basis of the economy in developed countries and are growing importance in the transition economies (Pimenova and Vorst, 2004). The focus of support programs for small enterprises has changed considerably since the late 1960s. Donors, working with national governments, emphasized SMEs development in an effort to spur industrialization (Sievers and Vandenberg, 2007) as well as for economic growth (Dana, 2001). For this reasons, the governments have been spending

considerable sums trying to create more entrepreneurs (Dana, 2001). Specific research in Malaysia revealed that providing assistances and promoting the establishment, development and growth of SMEs have been a primary concerns for the Malaysian government (Khairuddin, 2007) for overall socio-economic development. Additionally, Shamsuddoha et. al. (2009), argued that the government assistance programmes for SMEs plays an important role in their business internationalization process.

Financial Assistance

There is a substantial evidence in both in developing and developed countries that MEs have been found to have less access to formal source of external finance and to be more constrained in their operation and growth (Berger and Udell, 1998; Beck and Demirguc-Kunt, 2006). Bankers have been very selective in extending credit to small firms since they have experienced and perceived that lending to this group of clients carries higher transaction costs and risks since they are stypically more opaque and have less collateral to offer (Beck and Demirguc-Kunt, 2006). Opaqueness means that it is difficult to ascertain if firm have the capacity to pay due to viability of the business and the willingness to pay due to moral hazard (Torre et. al., 2010).

Business Development Assistance

The importance of government assistance to small business success is reported in a number of studies. Sarder, *et al.* (1997) conducted a study of 161 small enterprises in Bangladesh and found that firms receiving support services, such as marketing, management education and training, technical, extension and consultancy, information, and common facilities from the public or private agencies

experienced a significant increase in sales, employment and productivity. Yusuf (1995) in his study on 220 small business entrepreneurs in the South Pacific region listed nine factors that would contribute to the success of small businesses; but the most critical factors were good management, access to financing, personal qualities and satisfactory government support. Yusuf (1995), however, found that government assistance was more critical for the success of small indigenous entrepreneurs than the non-indigenous ones. Shamsuddoha et. al. (2009) examines the effects of government assistance programmes on internationalization of SMEs from an Asian developing nation. Their findings revealed that the usage of market development-related government assistance significantly influence internationalization directly as well as indirectly via other determinants. While finance and guarantee-related assistance has indirect effect on firm SMEs internationalization.

MEs Development Policies and Strategies in Malaysia: Issues and Challenges

SMEs and MEs are the engine for economic growth which generate diverse spill-over effects on economic activities, employment opportunities and also contribution to trade and export of the country (Harif, et. al., 2011). The government policy support programmes for SMEs were originally outlined in the First Malaysian Plan (1st MP :1966-1970) with specific objective of moving into industrialization. The SMEs development support efforts further enhanced under the Fourth Malaysian Plan (4th MP: 1981-1985) which provides a comprehensive listing of government guidelines for SMEs development. The government assistance for development of SMEs further improved and maintained under Fifth Malaysian Plan (5th MP: 1986-1990), in the Sixth Malaysian Plan (6th MP: 1991-1995). Furthermore, under the Seventh

Malaysian Plan (7th MP: 1996-2000) underline the establishment of Small and Medium Industries Corporation (SMIDEC) which is a specialised government agency as a one-stop centre for government assisted development program for SMEs in Malaysia (Abdullah, 1999; Yusoff and Yaacob, 2010).

Realizing the significant importance of MEs in supporting the growth of Small and Medium Industries (SMEs) in Malaysia, the government have introduced numerous schemes to support and expand the MEs sector which have been implemented by Ministries and government and quasi-government departments (Shanmugam, 1988). The policies and programs implemented by the government to support development of MEs in Malaysia are comprises of (i) Financial assistance, (ii) Training facilities, (iii) Technical assistance, and (iv) Consultancy and advisory services (Shanmugam, 1988; SMEcorp, 2011). For record, as at 2008, the government has allocated RM15.6 billion which is equivalent to 2 percent of gross domestic product to support GFA and GBDS programs (SME Annual Report, 2008). In 2009, a total of 162 key programmes were implemented with a financial commitment of RM3.05 billion which benefited 603,173 SMEs accross all sectors. While in 2010, a total of 267 programmes have been implemented with financial commitment of RM6.9 billion (SME Annual Report, 2009).

However, according to Shanmugam (1988) the result of these development scheme is that there is a great deal of overlap, little co-ordination and overall inefficiency allocation of scare resources. In his paper, he highlighted three reasons explaining the failure of government assisted programs for development of MEs, they are (i) no
55 specific framework available in respects of objectives and strategy setting,

detailed planning as well as operational tools, (ii) most programs were not comprehensive in terms of providing the necessary support ingredients in all stages of the project life-cycle in respect of each project/enterprises, and (iii) failure to co-ordinate or link the crucial technical support assistance and macro-policy incentives with financial assistance. Shanmugam (1988) recommended the need to establish a central authority to coordinate these various development schemes. In 2006, a evaluation of SME development in Malaysia (Saleh and Ndubisi, 2006) revealed that SMEs still facing many problems including (i) low level of technological capabilities, (ii) limited skill human capital resources, (iii) low level of information and communication technology penetration, (iv) low level of research and developmen, (v) domestic market orientation, (vi) high level of international competition, (vii) high level of bureucracy in government agencies, and (viii) dependence on internal source of funds. Collectively, they concludes that government programs and incentives are either insufficient or not delivered effectively enough to overcome these problems. Additionally, the government should continuously provide assistance and favourable environment conducive to small entrepreneurship especially for those in the rural area (Abdul Kader, et. al. 2009)

The Problems of Government Assistance to Small Business Development

GFA and GBDS are offered by different Minsitries/agencies seperately. Early efforts to combine or “link” these two types of services proved unsuccessful. The GBDS was supply driven, of poor quality, and often confined to management training. For success, linkages must provide benefits to the three key actors involved: enterprises, GBDS providers, and micro-finance institutions (Sievers and Vandenberg, 2007). The problems with existing government entrepreneurship development supports for MEs

in Malaysia are (i) *Issues of Inefficiency in Program Design and Implementation*; which is supported by Shanmugam (1988) and argued that the existing GBDS implementation is overlapping, little co-ordination and overall inefficiency allocation of scarce resources. *Supporting this*, Saleh and Ndubisi (2006) stated that Government development supports either insufficient or not delivered effectively, and (ii) *Issues of Limited Outreach*; evidenced are provided by Abdullah (1999) which stated that accessibility for government support program is still limited and Mahajar and Yunus (2006) found that lack of awareness of the government-assisted program for entrepreneurs especially for the small company.

SITUATIONAL ANALYSIS OF MEs DEVELOPMENT IN MALAYSIA

Definition of MEs

Every country has its own specific definition for MEs. In Malaysia, MEs are grouped in the following criteria;

Table1: Mes definition in Malaysia

Sectors/Basis	i) Annual Sales Turnover	ii) No. of Full time Employees
Manufacturing, Manufacturing-Related Services, & Agro-based Industries	Less than RM250,000	Less than 5
Services, Primary Agriculture, Information & Communication Technology (ICT)	Less than RM200,000	Less than 5

Source: www.smeinfo.com.my

Profile of MEs

Based on the Census of Establishments & Enterprises 2005 by the Department of Statistics Malaysia, out of the 548,267 SMEs established in Malaysia, 435,324 (78.7%) business establishments were contributed by the Micro Enterprises

(MEs). The MEs involved in all three main sectors in Malaysia, namely (i) Services – 381, 585 MEs (87.7%), (ii) Agriculture – 31, 838 MEs (7.3%), and (iii) Manufacturing – 21, 516 MEs (4.9%). Total MEs in Malaysia as per Census of Establishment & Enterprises 2005 is 434,939 which is accounted for 90% of SMEs. Majority of the MEs are sole proprietors.

Table 2: Number of Establishments by Sector

Sector	Micro	Small	Medium	Total SMEs	Total SMEs	Large	Total Establishment
	Number of Establishment				% Share	Number	Number
Manufacturing	21,516	15,796	2,061	39,373	7.2	1,420	40,793
Services	381,585	83,037	10,084	474,706	86.6	2,819	477,525
Agriculture	31,838	1,775	575	34,188	6.2	343	34,531
Total SMEs	434,939	100,608	12,720	548,267	100.0	4,582	552,849

Source: Census of Establishment & Enterprises 2005

Table 3: MEs Category Breakdown

Main Sector	Sub-Sector	Main Composition of Sub-Sector
Services (381, 585; 87.7%)	Retail (189,255; 49.6%)	Provision of stores (39,579; 21%) Retail of vegetables (8,699; 5%) Mini markets (7,394; 4%)
	Restaurant & Others (59,501; 15.6%)	Food stall/hawkers (26,096; 44%) Restaurants (11,308; 19%) Coffee shops (9,134; 15%)
	Wholesale (27,607; 7.2%)	(27,607; 7.2%)
	Transport (24,635; 6.5%)	Motor vehicle workshop (10, 873; 44%) Taxi services (7,829; 32%)
	Others (80,587; 21.1%)	N/a
Manufacturing (21,516; 4.9%)	N/a	N/a
Agriculture (31,838; 7.3%)	N/a	N/a

Source: Census of Establishment & Enterprises 2005

Key Challenges for MEs

According to Ariffin (2010) of SME Corporation Malaysia, the key challenges facing by MEs can be categorized in as follows; (i) Policy Makers; most of MEs have little access to policymakers and lack of access to information; (ii) Finance; access to financing is limited due unable to provides any collateral, lack of banking/credit history, (iii) Markets; no access to information on market access, small size of business, no established business contacts, (iv) Technology; lack of ICT and technology use, (v) Training; no training and inadequate technical training, and finally (vi) Infrastructure; few or no contact in the bureaucracy, no license, no permit, need reliable physical infrastructure.

The Government Financial and Business Support Services

To support the development of both MEs and SMEs, the government provides a comprehensive set of programmes through the 12 Ministries and 38 agencies, which are broadly categorized into GFA and GBDS. The latter is comprises of training facilities, technical assistance, as well as consultancy and advisory services.

Table 4 : GFA and GBDS for MEs and SMEs in Malaysia

<i>Access to Infrastructure</i>	<i>Access to Financing</i>	<i>Access to Advisory Services</i>
<ul style="list-style-type: none"> • Incubator • Halal Parks • Technology Parks 	<ul style="list-style-type: none"> • Overview of Source of Financing/Funding • Funding a Business • Financial Tools • Financing Fairs 	<ul style="list-style-type: none"> • Business Plan • Marketing Plan • One Referral Centre • Micro Enterprises • Women Entrepreneurs
<i>Access to Market</i>	<i>Access to Technology</i>	<i>Access to Human Capital</i>
<ul style="list-style-type: none"> • Marketing Plan • Branding & Packaging • Halal • Networking • Export Promotion • Investment Promotion • Showcases & Exhibitions • Marketing & Promotion Activities 	<ul style="list-style-type: none"> • Innovation & Creativity • Green Technology • Biotechnology • Agro Technology • Certification • Intellectual Property Rights 	<ul style="list-style-type: none"> • Skills Upgrading • Occupational Safety & Health • International • Entrepreneurship

Source: www.smeinfo.com.my¹

SMEs Business Support Services comprises of; advisory services, awareness & outreach, strengthening skills of workforce, entrepreneur development, marketing & promotion; product development & quality accreditation, and technology development. Ministry and government agency involved in this program are as tabulated in table 4 below.

¹ The SMEinfo is a One Stop Information portal for Small and Medium Enterprises (SMEs) in Malaysia. It provides information on all aspects of SME Development including Financing, Advisory Services, Training Programmes, Business and Networking opportunities as well as other SMEs Developmental Programmes/initiatives by the Government and the Private Sectors.

Table 5: SMEs Business Support Services

<u>Ministry</u>	
<ul style="list-style-type: none"> ▪ Ministry of Domestic Trade and Consumer Affairs (MDTCA) 	
<u>Agency</u>	
<ul style="list-style-type: none"> ▪ Bank Negara Malaysia (BNM) ▪ Bank Perusahaan Kecil dan Sederhana Berhad (SME Bank) ▪ Credit Guarantee Corporation Malaysia Berhad (CGC) ▪ Department of Agriculture (DOA) ▪ ERF Sdn Bhd ▪ Federal Agriculture Marketing Authority (FAMA) ▪ Maktab Kerjasama Malaysia (MKM) ▪ Malaysian Agricultural Research and Development Institute (MARDI) 	<ul style="list-style-type: none"> ▪ Majlis Amanah Rakyat (MARA) ▪ Malaysia Debt Ventures Berhad (MDV) ▪ Malaysian Cocoa Board (MCB) ▪ Malaysian External Trade Development Corporation (MATRADE) ▪ Malaysian Palm Oil Board (MPOB) ▪ Malaysian Pepper Board (MPB) ▪ Malaysian Rubber Board (MRB) ▪ Malaysian Timber Industry Board (MTIB) ▪ Malaysian Venture Capital Management Berhad (MAVCAP) ▪ Multimedia Development Corporation (MDeC) ▪ National Productivity Corporation (NPC) ▪ Pembangunan Sumber Manusia Berhad (PSMB)

Source : www.smeinfo.com.my

The government financial assistance to micro enterprises comprises of soft loans, grants, equity financing, venture capital, guarantees and tax incentives. Ministries and agencies involved in SMEs financial assistance are as summarized in the following table 5.

Table 6: SMEs Financial Assistance

<ul style="list-style-type: none"> ▪ Ministry of Science, Technology and Innovation (MOSTI) ▪ Amanah Ikhtiar Malaysia (AIM) ▪ Bank Kerjasama Rakyat Malaysia Berhad ▪ Bank Negara Malaysia (BNM) ▪ Bank Pembangunan Malaysia Berhad (BPMB) ▪ Agrobank Malaysia ▪ SME Bank ▪ Commerce Asset Ventures Sdn. Bhd. ▪ Credit Guarantee Corporation Malaysia Berhad (CGC) ▪ ERF Sdn Bhd (ERF) ▪ Export-Import Bank Malaysia Berhad (EXIM Bank) ▪ Majlis Amanah Rakyat (MARA) ▪ SME Corp. Malaysia ▪ Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) ▪ Malaysia Debt Ventures Berhad (MDV) 	<ul style="list-style-type: none"> ▪ Malaysian Biotechnology Corporation Bhd (MBC) ▪ Malaysia External Trade Development Corporation (MATRADE) ▪ Malaysian Industrial Development Authority (MIDA) ▪ Malaysian Technology Development Corporation Sdn Bhd (MTDC) ▪ Malaysian Timber Industry Board (MTIB) ▪ Malaysian Venture Capital Management Berhad (MAVCAP) ▪ Malaysian Industrial Development Finance Berhad (MIDF) ▪ Mayban Ventures Sdn. Bhd. ▪ MIMOS Berhad (MIMOS) ▪ Multimedia Development Corporation (MDeC) ▪ Perbadanan Nasional Berhad (PNS) ▪ Perbadanan Usahawan Nasional Berhad (PUNB)
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Source : <http://www.smeinfo.com.my>

Government-Led Entrepreneurship Development Program

The government initiated entrepreneurship development programs were supported by ministries and agencies which are assigned for specific target market for entrepreneurship development program. Refer to table 6 below for summary of government assisted entrepreneurship development programme in Malaysia.

Table 7: Government Entrepreneurship Development Program in Malaysia

<i>Ministries / Agencies</i>	<i>Entrepreneurship Development Program</i>
Ministry of Higher Education	Introduce Entrepreneurship Development Module to all Universities
Ministry of Rural and Regional Development	Entrepreneurship Development Program focusing on small and rural entrepreneurs.
Ministry of International Trade and Industry	Provides Entrepreneurship Development Program for SMEs
Ministry of Energy, Green Technology and Water	Entrepreneurship Development Program focusing on Energy, Water and Telecommunication Sector for Bumiputera Entrepreneurs.
Ministry of Plantation Industries and Commodities Malaysia	Entrepreneurship Development Program focusing on Farming Business for Main Commodities
Ministry of Tourism Malaysia	Entrepreneurship Development Program focusing on Budget Hotel Operation for Bumiputera Entrepreneurs.
Ministry of Science, Technology & Innovation (MOSTI)	Entrepreneurship Development Program focusing on Biotechnology
Ministry of Agriculture and Agro-based Industries Malaysia	Entrepreneurship Development Program focusing on Agriculture Sector
National Institute of Entrepreneurship (INSKEN)	Providing entrepreneurship training and development program for development of Bumiputera entrepreneurs.

Source : SME Annual Report, Malaysia (2007).

Financial Assistance for MEs

The government provides a broad range of financial assistance directly and indirectly through several ministries, institutions and agencies to facilitate and assist the MEs in getting the required financing which is covering all three stages of entrepreneurs' lifecycle namely start-up, expansion and rehabilitation (Abdullah and Manan, 2009).

The earlier micro credit program was mainly carried out by credit unions, co-operatives, specialised credit institutions and NGOs. The provision of small financing designated mostly to finance micro enterprises, agriculture sector for poverty reduction

and to improve income of the Bumiputera. Majlis Amamah Rakyat (MARA), a council of trust to the Bumiputera and Credit Guarantee Corporation (CGC) are some of the pioneers to introduce micro credit to micro enterprises. There are also a number of non-governmental organizations (NGOs) that engage in micro credit provision (Kasim and Jayasooria, 1993). These include Amanah Ikhtiar Malaysia (AIM), Yayasan Usaha Maju (YUM) and Sabah Credit Corporation (SCC) in Sabah, Koperasi Kredit Rakyat (KKR) in Selangor. Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) is a government agency micro credit provider. While, Malaysian Islamic Economic Development Foundation (YaPEIM), a cooperatives institution providing Islamic microcredit program based on al-rahnu concept in Malaysia.

Prior to 2003, Commercial banks involvement in microfinance program are just limited to extending lines of credit to AIM, and as a mediator for schemes such as the loan fund for hawkers and petty traders operated by the Credit Guarantee Corporation (CGC). In May 2003, the government launched a Micro Credit Scheme, particularly stimulating agricultural production activities as well as expanding small and medium enterprise activities. Two banking institutions namely Agrobank and Bank Simpanan Nasional (BSN), and AIM have been given the responsibility to carry out the scheme. The scheme is collateral free, and borrowers are eligible for a maximum loan of up to RM20,000 with interest rates charged at 4% per annum on reducing balance. The government acknowledged that development of the microfinance industry is crucial in promoting greater financial inclusion, given that almost 80 percent of the SMEs in Malaysia are micro enterprises (BNM, 2006). Thus, in August 2006, the National SME Development Council (NSDC) approved a comprehensive microfinance institutional framework proposed by BNM, comprising banking institutions, Development Finance Institutions (DFIs) and credit cooperatives to develop a sustainable microfinance

industry. This commercially-driven microfinance industry will complement the existing Government-sponsored microfinance programmes. This is important to ensure that micro enterprises have adequate and continuous access to financing. The Agencies Providing MF Schemes for MEs are as follows;

Table 8: Non-Bank and Bank-Based MFIs in Malaysia

Non-Bank MFIs	Bank-Based MFIs
<ul style="list-style-type: none"> ▪ Amanah Ikhtiar Malaysia ▪ Yayasan Usaha Maju ▪ Koperasi Kredit Rakyat ▪ Kooperasi Kredit Pekerja ▪ Partners in Enterprise Malaysia ▪ Tabung Ekonomi Kumpulan Usaha Niaga ▪ Council of Trust to Bumiputera ▪ Malaysian Building Society Berhad ▪ Sabah Credit Corporation 	<ul style="list-style-type: none"> ▪ Agrobank Bhd ▪ Bank Kerjasama Rakyat Bhd ▪ Bank Simpanan Nasional ▪ Alliance Bank Bhd ▪ AMBank Bhd ▪ CIMB Bank Bhd ▪ EONCAP Islamic Bank Bhd ▪ Public Bank Bhd ▪ United Overseas Bank Bhd ▪ Credit Guarantee Corporation Bhd ▪ Maybank Bhd

Source: Adapted from Jasman et.al. (forthcoming, 2011)

Specific Entrepreneurial Development Programmes for MEs

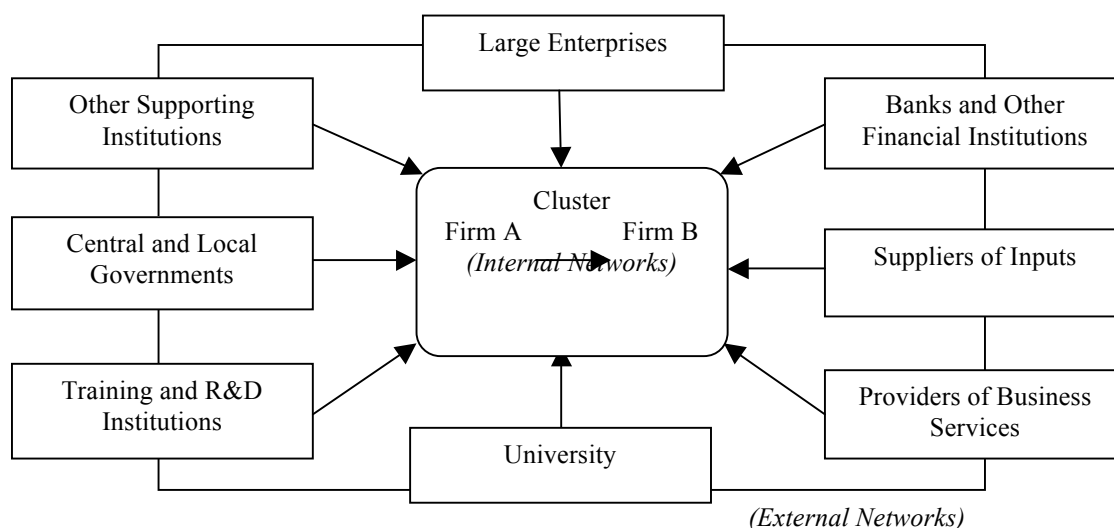
Basic entrepreneurial trainings are made available by National Institute of Entrepreneurship (INSKEN); GIATMARA. Several Entrepreneurial Development programmes also made available by *Lembaga Koko Malaysia* and *Lembaga Getah Malaysia*; Technopreneur Development and Management support by Multimedia Development Corporation; Hand holding programme for companies involved in agriculture and agro-based industry by Ministry of Agriculture and Agro Based Industries; and Conversion programme to promote entrepreneurship among technical students and graduates by Ministry of Rural and Regional Development. For marketing programmes, MEs are invited to participate in exposition programmes such

as *Gerak Usahawan* and *Satu Daerah Satu Industri*. These events provide opportunity for MEs to promote their products and services to the general public. For physical infrastructure programme, the Government through the local authorities have been providing hawker centres, designated location for night market and continuous beautification projects to improve existing business premises. For MEs involve in the tourism sector, financial assistance have been provided from the improvement of home-stay which is becoming an increasingly popular holiday destination.

Clustering the Government Entrepreneurship Development Supports for MEs

Porter (1998; 2002) defines cluster as a geographically proximate group of interconnected enterprises and associated institutions in a particular field linked by commonality and complementarity. Extending this theory in the field of entrepreneurship development programs, Tambunan (2005), cited that a cluster may include supplier of inputs or extended downstream to regular buyers or exporters. Its also includes government institutions, business associations, providers of business services, and agencies that support clustered enterprises. Tambunan (2005) review government policies on SMEs with a clustering approach, in Indonesia. They argued that in many cases, the development policy has not been so successful. In essence, most failures can be attributed to the fact that one or more critical factors for successful SME cluster development were either not existing or not addressed correctly. Neglecting cluster linkage to markets is one main reason for the failure.

Figure 1: An Illustration of Entrepreneurship Development Cluster



Adapted with modification from Tambunan (2005).

Delgado et. al. (2010) examines the role of regional clusters in regional entrepreneurship. They concluded that there is significant evidence of the positive impact of clusters on entrepreneurship. Industries located in regions with strong clusters experience higher growth in new business formation and start-up employment. Strong clusters are also associated with the formation of new establishments of existing firms, thus influencing the location decision of multi-establishment firms. Finally, strong clusters contribute to start-up firm survival.

The Roles of Entrepreneurship Network Linkages to MEs

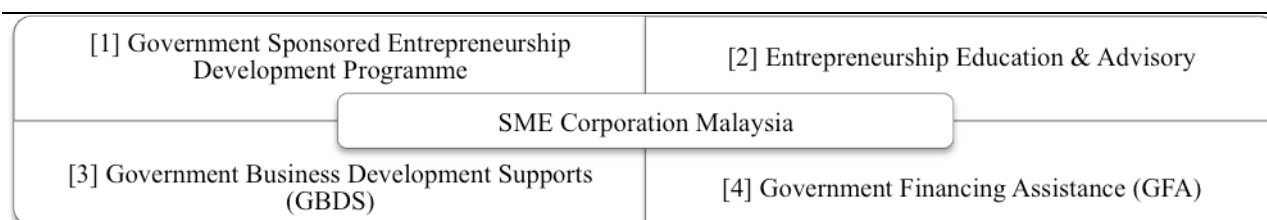
Social business networking involves forming and maintaining the relationship with other businesses (Farinda et. al., 2009). With specific attention to Malaysia environment, Farinda et.al. (2009) argued that little research has focused on how the business networking is valued in enhancing SMEs' business performance in Malaysia.

Abdul Ghani et.al. (2009) argued that social network is adding value to business environments especially to the SMEs by exchanging reach and thoughtful experiences among themselves through various means. Another support is provided by Saleh and Ndubisi (2006). They suggested that Malaysian SMEs must develop business networking and strategic alliances as opportunities for SMEs to gain competitive advantage for successful business development. Contradicting to the above findings, Reduan, Naresh and Lim (2009) investigated the formal and informal factors contributing to venture growth involving 100 Malaysian SMEs drawn from Malaysian Enterprise 50 Award winners for the year 1997 to 2003. Their study found that there is no significant relationships between venture growth, social network supports and government supports programs. This could be due to the fact that those big companies have their own financial capacity to run their own business without government supports.

Conceptual Development of Sustainable Government Entrepreneurship Development Supports and Implementation.

In this paper, we propose a the National Entrepreneurship Development Program with an ideas of establishing a holistic and sustainable entrepreneurship development program model with a cluster entrepreneurship development concept linking the government sponsored entrepreneurship programme, entrepreneurship education and training, government business development support and government financial assistance as illustrated in the following figure

Figure 2: Holistic & Sustainable Entrepreneurship Development Program Model



Under this proposed model, all government entrepreneurship development program, GFA and GBDS are proposed to be consolidated under the supervision of SME Corporation Malaysia who is currently the secretariat for government entrepreneurship development program in Malaysia. While, the Entrepreneurship Education and Advisory is proposed to be undertaken by centre of entrepreneurship development of respective public Universities in Malaysia. Universities play a functional role in promoting entrepreneurship education to develop regional and society economies (Binks, Starkey et al. 2006; Co and Mitchell 2006). Many of Malaysian higher education offering various courses in entrepreneurship. Additionally, many of these institutions have also established special centres to assist entrepreneurship development. Table 8 below provides brief summary of entrepreneurship development centre established in the Malaysian's public universities.

The proposed National Entrepreneurship Development Program is necessary to promote transparency and fair allocation of resources as well as for ease of program implementation monitoring and reporting. This holistic entrepreneurship development approach is also strategically important for program long-term sustainability. The

complete process of proposed entrepreneurship development program will take about 1.5 years to complete as illustrated in figure 4.

Figure 3: Map of Malaysia



Table 9: Entrepreneurship Development Centre Established in the Malaysian's Public Universities

	Public Universities	Entrepreneurship Development Centre
Lumpur	Universiti Pertahanan Nasional Malaysia (UPNM)	
	Universiti Teknologi Malaysia (UTM)	
	Universiti Tun Hussein Onn Malaysia (UTHM)	Entrepreneur Centre (TEC)
	Universiti Utara Malaysia (UUM)	Lives and Entrepreneurship Development (CEDI)
	Universiti Malaysia Kelantan (UMK)	PT-UMK Excellent Centre
	Universiti Teknikal Malaysia Melaka (UTeM)	For Continuous Learning – Training for entrepreneurs
Ipoh	Science University of Malaysia (USIM)	For Student Entrepreneurship Development
	Universiti Malaysia Pahang (UMP)	Centre for Entrepreneurship
	Universiti Pendidikan Sultan Idris (UPSI)	
	Universiti Malaysia Perlis (Unimap)	For Industrial Collaboration (CIC) for Communications Skills and Entrepreneurship
Kangar	Universiti Sains Malaysia (USM)	SME Development Research Centre
	Universiti Malaysia Sabah (UMS)	For Research and Entrepreneurial Development (CERD)
	Universiti Malaysia Sarawak (UNIMAS)	Entrepreneurship Development Unit
	International Islamic University Malaysia (IIUM)	Small and Medium Enterprises and Entrepreneurs Development Unit
	Universiti Kebangsaan Malaysia (UKM)	For Entrepreneurship & SME Development (ID)
	University of Malaya (UM)	Malay Graduate Entrepreneurship Development Centre
	Universiti Teknologi MARA (UiTM)*	Malay Academy of SME & Entrepreneurship Development (MASMED)
	Universiti Putra Malaysia (UPM)	For Extension, Entrepreneurship and National Advancement (APEEC)
Kuala Lumpur	Universiti Darul Iman Malaysia (UDM)	
	Universiti Malaysia Terengganu (UMT)	

Note: *UiTM has 13 branches located throughout all states in Malaysia except for Kuala Lumpur.

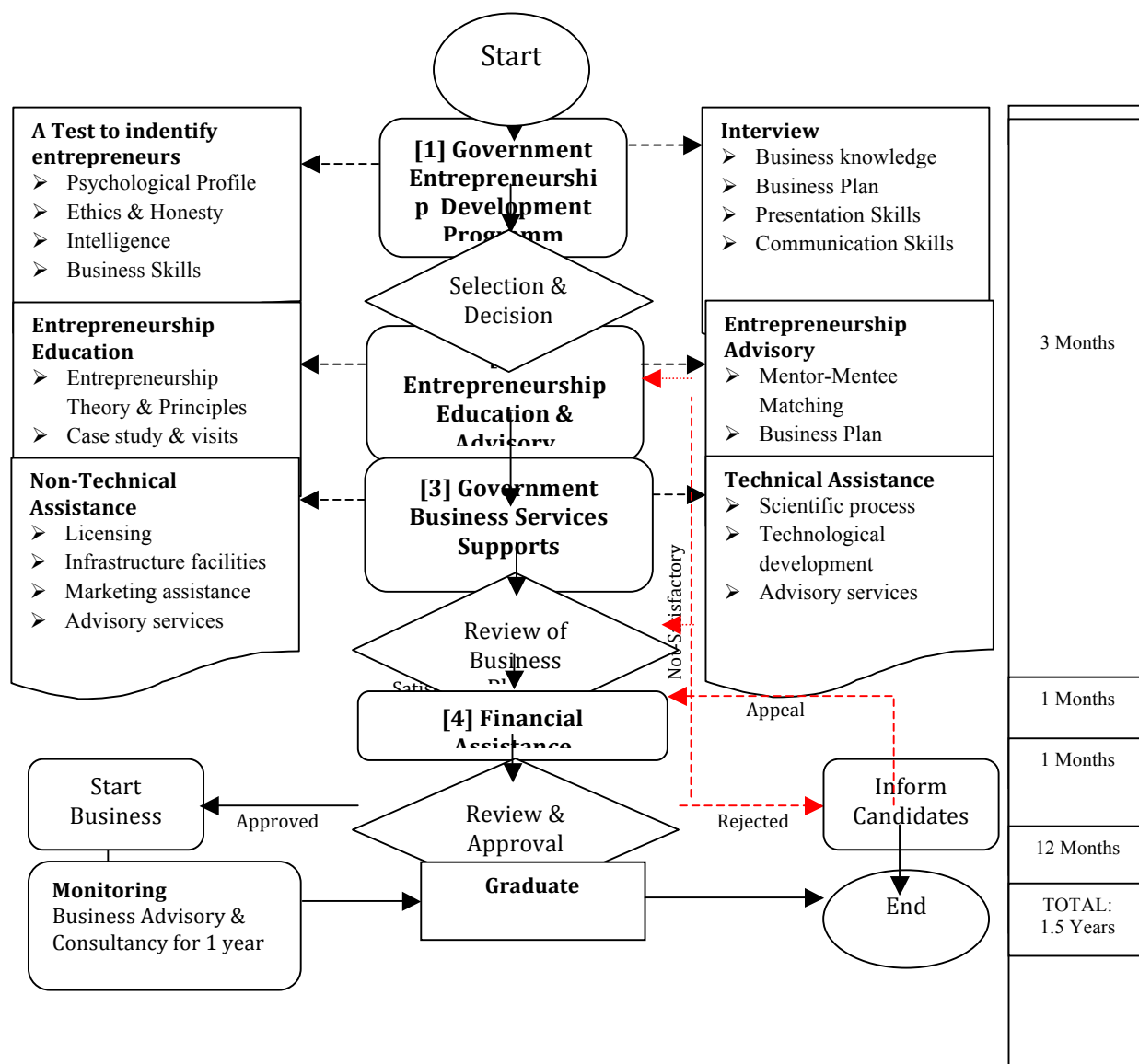


Figure 4: MEs Development Program Design & Implementation: *National Entrepreneurship Development Program*

CONCLUSION

Concluding Remarks

This research provides an indepth analysis of GFA and GBDS provided for MEs in Malaysia. We provide two concluding remarks with regards to the issue investigated (i) The existing entrepreneurial development supports mostly intended for SMEs and established company and less focus for MEs and new start-up company. Developing and nurturing MEs needs extra attention since they comprises about 90% of total establishment and their significant importance in socio-economic development in Malaysia. (ii) The implementation of entrepreneurship development in Malaysia is not conclusive. The GFA and GBDS are implemented seperately by the respective ministries/agencies for their own target. This research paper provides a strategic solution and recommended the National Entrepreneurship Development Program, a holistic and sustainable entrepreneurship development program model.

Policy Perspectives and Future Research

Important challanges for future research will be on measuring the overall effectiveness of government business development supports. This brings to an ideas of the needs to carry a cost benefits analysis of govenrment entrepreneurship development program.

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Strategies for Developing Agripreneurship among Farming Community in Uttar Pradesh

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ABSTRACT

An entrepreneur is an individual who recognizes an opportunity or unmet need and takes the risk to pursue it. He needs to develop these abilities, managing productivity and seeking out new markets. A few of the important characteristics of successful entrepreneurs are: proactiveness, curiosity, determination, persistence, vision, hard working, honesty, integrity, strong drive to achieve, high levels of energy, goal oriented, independent, demanding, self-confident, high self-esteem, disciplined, strong management and organizational skills, internally motivated, tolerance for failure, positive attitude, positive thinking, sees opportunities where others see problems. For farmers to be successful as agripreneurs, they need to possess, most of these characteristics, if not all of these characteristics or qualities.

Entrepreneurship in a society is greatly influenced mainly by the economic situation, education and culture. The critical analysis of agripreneurs and traditional farmers in selected districts of Uttar Pradesh clearly indicates that if the right environment is

created and farmers are provided adequate infrastructure support, agricultural production to ensure food security can be increased and many farmers can enhance their income and quality of life through adoption of new technologies and improved farm practices. Contrary to common belief, caste, farm size, and age of the farmers are not necessarily major constraints for the success of agripreneurship. Even less educated small farmers of old age can also become an agripreneur provided they are clearly informed about the right type of technologies and knowledge about their use. Hence, technology dissemination system is equally important than technology generation. The farm size **per se** is not a major constraint. At present information has become another crucial input like land, labour, and capital for enhancing agricultural production. But, it does not mean that all the farmers in any region, irrespective of their caste, farm size, age and education will become agripreneurs if right type of information and facilities/services are provided at right time but certainly a few of the farmers will be agripreneurs. This will lead to transfer of new innovations and technologies through farmer-led extension system.

Introduction

Entrepreneurship has a long history and has been defined in different ways. The term "entrepreneur" originated in France as early as the 17th and 18th centuries. As back as 19th century the word entrepreneurship was described as the venturesome individuals who stimulated economic progress by finding new and better ways of doing things (Say Baptiste Jean a French Economist). In the 20th century, the concept of entrepreneurship was further refined and described entrepreneurs as innovators who drive change in the economy by serving new markets or creating new ways of doing things. The function of entrepreneurs is to reform or revolutionize the pattern of

production in many ways: by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on (Joseph Schumpeter, Professor at Harvard Business School). While both Say and Schumpeter emphasize starting new, profit-seeking business ventures but starting a business is not the essence of entrepreneurship. Rather it is the role of entrepreneurs as the catalysts and innovators behind economic progress. Entrepreneurship is not bound by rigid concepts of age nor plagued by homogeneity but they are diverse, found in every culture, class, race, ethnicity, gender, sexual orientation, physical ability and age.

Entrepreneurs are those people who exhibit common traits such as single-mindedness, drive, ambition, creative, problem solving, practical, and goal-oriented. In common parlance, being an entrepreneur is associated with starting a business, but this is a very loose application of a term that has a rich history and a much more significant meaning (Dees 1998). The notion of entrepreneurship was further extended by emphasizing opportunity (Peter Drucker). Entrepreneurs are not required to cause change but exploit the opportunities that change creates in technology, consumer preferences, social norms, etc. Starting a business is neither necessary nor sufficient for entrepreneurship. Every new small business is not entrepreneurial or represents entrepreneurship. Later stage, another element of resourcefulness was added to the opportunity-oriented definition that distinguishes “entrepreneurial” management from more common forms of “administrative” management (Stevenson).

In brief, an entrepreneur is an individual who recognizes an opportunity or unmet need and takes the risk to pursue it. He needs to develop these abilities, managing

productivity and seeking out new markets. Besides, there are few traits essential for successful entrepreneurs. These traits are: proactiveness, curiosity, determination, persistence, vision, hard working, honesty, integrity, strong drive to achieve, high levels of energy, goal oriented, independent, demanding, self-confident, high self-esteem, disciplined, strong management and organizational skills, internally motivated, tolerance for failure, positive attitude, positive thinking, sees opportunities where others see problems. Evidences indicate that for farmers to be successful as agripreneurs, they need to possess, most, if not all of these characteristics or qualities.

Personal Qualities of Agripreneurs

Personal qualities of an agri-entrepreneur/farmer significantly affect the agribusiness (Brockhaus and Horwitz, 1986; Verhaar and Hoeve, 1999; Elfring, 2000; Nandram and Samson, 2000; de Buck et al, 2000. According to Nadram and Samson (2000), self criticism, leadership, market orientation and creativity are important for successful entrepreneurship. Based on the field experience, twelve personal qualities of farmers were identified as the most important factors that influence agri-business. These 12 personal characteristics are given below (Cardien de Lauwere et al 2000).

Market-orientation	Perseverance	Empathy
Achievement-orientation	Flexibility	Creativity
Leadership	Self-criticism	Laziness
Inspiration	Initiative	Passivity

In any country or region, strategies for improving agricultural productivity or income of the farmers, it is necessary to develop an entrepreneurial culture among farmers. This has been rightly indicated by Peter Drucker (1985) that “The essence of economic activity is the commitment of present resources to future expectations, and that means to uncertainty and risk”. Hence, there is a need to create an entrepreneurial culture by putting systems in place to support and recognize entrepreneurship as a viable career choice. Entrepreneurship should not be looked as a second class career or just a hobby, but rather a wealth creating mechanism which requires critical thinking, astuteness and quick recognition of opportunities where others see problems. One important factor that must be remembered is that creating an entrepreneurial culture is a long term goal because substantive results will not be seen immediately. But, the investment for the sustainability of agriculture must focus on to develop and strengthen the political will, social obligation and commitment by all stakeholders. This has been rightly stated by Best (2001) that it has to be focused and riveted on the breeding of local agripreneurs, who are not just farmers, but are also thinkers, risk takers and business people. To make this approach successful all the aspects such as cultural, social and political situations must be addressed in a holistic way at the regional level.

Objective of the Paper

This paper aims to address specifically the issue of entrepreneurship among farming community in two contrasting regions of a relatively backward state of Uttar Pradesh in India. The present study is based on the farm level data collected from more than 600 sample households (farmers) representing different categories of farmers in two contrasting agroclimatic regions of Uttar Pradesh. In the present study, the net income of a farmer from for all the activities (including crops, livestock, wage and

trade, etc.) has been considered as the indicator of a successful entrepreneur/Manager. Higher net income of a farmer indicates the higher level of entrepreneurship. All the sample farmers were divided into four groups.

1. **Traditional farmers:** This category consists of 210 farmers, who were still growing traditional crops and practicing old farm practices.
2. **Late adopters:** This group of farmers consists of 180 farmers, who are still practicing traditional crops and following old farm practices. But, they have recently adopted a few of the new farm practices and are in the early stage of adoption of new technologies and farm practices.
3. **Early adopters:** This group consists of 130 farmers, who have adopted relatively more new cropping system for high value crops and new farm technologies/farm practices for quite some time.
4. **Agripreneurs:** This group consists of a small number of farmers (80) and has adopted new technologies and farm practices. These are the farmers who earn handsome net income from various enterprises and have diversified their cropping system for higher net income. They are practicing many innovative technologies and are trendsetters for other farmers to use new technologies and improved farm practices.

There are some differences in the qualities of adopters of new technologies and agripreneurs as Innovators. Some of the characteristics of these innovators and adopters have been described below.

Table 1
Characteristics of Adaptors and Innovators (Trend setters)

Adopter	Innovator
Efficient, thorough, adaptable, methodical, organized, precise, reliable, and dependable	Ingenious, original, independent, unconventional
Accepts problem definition	Challenges problem definition
Does things better	Does things differently
Concerned with resolving problems rather than finding them	Discovers problems and avenues for their solutions
Seeks solutions to problems in tried and understood ways	Manipulates problems by questioning existing assumptions
Reduces problems by improvement and greater efficiency, while aiming at continuity and stability	Catalyst to unsettled groups, irreverent of their consensual views
Seems impervious to boredom; able to maintain high accuracy in long spells of detailed work	Capable of routine work (system maintenance) for only short bursts; quick to delegate routine tasks
An authority within established structures	Tends to take control in unstructured situations

Source: Kirton, M.J. Journal of Applied Psychology, 1980

In the present context, characteristics of mainly two categories of farmers namely, Traditional farmers and Agripreneurs have been analyzed in detail to examine the difference in their personal profile, resource base, and level of income. An attempt has been made to examine the effect of various factors influencing the net income from all the activities/enterprises separately for both the groups of farmers.

Personal Profile of Agripreneurs

As has been mentioned earlier that personal qualities of the farmers substantially affect the agribusiness, an attempt was made to quantify differences in a few of the personal qualities of both the types of farmers.

The results in Table 2 shows that agripreneurs had higher scores for almost all the personal characteristics such as creativity, leadership, perseverance and initiative and a very low score for passive and laziness than traditional farmers. Farmers with higher scores for passivity are less growth-oriented and more (financially) conservative. In general, agripreneurs were more market-oriented and achievement-oriented. Besides, they were more inspired through exposure visits and ready to take initiative for adoption of new technologies and farm practices. They were also more flexible to accept the changes but creative in thinking.

Table 2
Mean Score of Personal Qualities of Traditional Farmers
and Agripreneurs

Personal Characteristics	Agripreneurs	Traditional farmers
Market-oriented	3.4	1.1
Achievement-oriented	3.8	1.3
Self-criticism	2.6	1.5
Creativity	4.2	0.5
Leadership	2.5	0.01
Perseverance	3.6	1.2
Flexibility	3.1	1.3
Empathy	4.0	1.5
Initiative	3.9	0.8
Inspired	3.5	1.5
Passive	-2.7	-0.5
Laziness	-2.9	-0.4

¹ Scores vary from -5 (totally disagree) to +5 (totally agree).

DEMOGRAPHIC PROFILE OF THE AGRIPRENEURS

Profile of the agripreneurs and traditional farmers clearly indicate that, on average, agripreneurs had relatively larger size of family but less number of earning members compared to traditional farmers. The heads of the family of agripreneurs were relatively more educated than their counterparts. Moreover, both the categories of farmers were not very old and there was no sharp difference in the age of the head of family of agripreneurs and traditional farmers. It was expected that age as a proxy of experience would play an important role in entrepreneurship but it seems that it was not found very important as both the group of farmers had more or less similar age/experience.

Table 3
Demographic Profile of Traditional Farmers and Agripreneurs

Particular	Agripreneurs (80 farmers)	Traditional farmers (210 farmers)
	7.3	6.7
Family size (Number)		
Earning members (Number)	2.4	2.6
Age of the head of family (years)	50	53
Proportion of Illiterate heads of family (%)	30	60
Proportion of educated Head of the family up to primary (%)	55	30
Proportion of head of the family having more than high school of education (%)	15	10

Agricultural Profile of Agripreneurs

Table 4 shows that about half of the traditional farmers were small farmers (operating small holdings of less than 2 ha). While 20% of the agripreneurs were large farmers (operating more than 4 ha of land) compared to 15 percent of the traditional farmers. This indicates that entrepreneurship is not related to size of farm. Even half of the agripreneurs were small farmers and only 20 percent were large farmers. This is contrary to common belief that large farmers have more risk bearing ability compared to small farmers.

The total area owned by agripreneurs was 3.45 ha compared to 2.20 ha for traditional farmers. But, agripreneurs cultivated land more intensively than traditional farmers. The cropping intensity of agripreneurs was 290 percent compared to traditional farmers 160 percent as the agripreneurs had access to more than 85 percent of the total cropped area compared to traditional farmers (only 30 percent). This indicates that agripreneurs were able to take almost three crops a year while traditional farmers could cultivate their part of their land in both the seasons due to lack of irrigation facilities, inputs, credit, etc.

Table 4
Agricultural Profile of Traditional Farmers and Agripreneurs

Particular	Agripreneurs	Traditional farmers
Proportion of small farmers (%)	55	55
Proportion of medium farmers (%)	25	30
Proportion of large farmers (%)	20	15
Total area (ha)	3.50	2.20
Net cultivated area (ha)	3.60	2.60
Gross cropped area (ha)	10.54	4.15
Proportion of gross cropped area irrigated (%)	85	30
Cropping intensity (%)	290	160
Crop diversification index*	0.732	0.345
Income diversification index*	0.865	0.362
Number of milch animals (No.)	1.5	2.5
Proportion of households availing bank loan (%)	75	40
Amount of loan (Rs/household actually availing credit)	38,730	12,910

It was noted that not only the intensity of cropping was higher in case of agripreneurs but they had more diversified cropping and farming system than traditional farmers. The crop diversification² and income diversification both were quite high in case of

² To measure the diversification² in income and crops an index was developed using Simpson index method, which varies between zero and one. Zero value indicates no

agripreneurs compared to traditional farmers. It was interesting to note that agripreneurs had more diversified source of income as income diversification index was (0.865) compared to traditional farmers (0.362). This was mainly because agripreneurs have more diversified cropping system (crop diversification index being 0.732) compared to traditional farmers, who had low crop diversification index (0.345). In general, agripreneurs had more access to institutional credit compared to traditional farmers. This was mainly due to differences in the repaying capacity of farmers.

Since the agripreneurs had higher income, they were able to repay back their loan to get fresh credit from banks. On an average, 75 percent of the agripreneurs had access to bank credit/loan compared to only 40 percent. However, it is also to be noted that most of the traditional farmers were dependent on private money lenders than institutional credit. Moreover, agripreneurs were not having more access to institutional credit but average amount of loan availed by them was also quite high (Rs 38730) compared to traditional farmers (Rs 12910). In general, agripreneurs had, on average, lesser number of milch animals (1.5) than traditional farmers (2.5).

Cropping Pattern

It is evident from Table 5 that diversified cropping system of agripreneurs was more devoted to high value crops while traditional farmers concentrated more on cereal based cropping system. Agripreneurs devoted only 35.5 percent of their cropped area for cereals against 66.5 percent by traditional farmers. However, there was little

diversification as a farmer receives all his income from single source while value of one indicates perfect diversification. But often value of index as one is not possible. Higher value of index indicates higher diversification.

difference in the area devoted to pulses by both the groups of farmers. But, if we compare the area devoted to other high value crops like medicinal and aromatic plants, sugarcane and horticultural crops like fruits and vegetable, and oilseeds, etc. agripreneurs had substantially more devoted to these crops compared to traditional farmers. (Table 5).

Table 5
Cropping pattern (Proportion of gross cropped area under different crops) of Traditional Farmers and Agripreneurs

(Percentage)		
	Proportion of total cropped area (%)	
Crops	Agripreneurs	Traditional Farmers
Cereal	35.5	66.3
Pulses	8.4	10.5
Oilseeds	15.4	6.7
Sugarcane	9.8	3.3
Horticulture	14.2	0.4
Others*	4.5	12.8
Aromatic and medicinal plants	12.2	-
Total	100.0	100.0

* includes coarse cereals and fruits, floriculture, medicinal and aromatic plants, etc.

Adoption of New technologies/Farm Practices

Area devoted to high value crops alone might not be sufficient to enhance income of the farmers unless it is fully supported by technological back up. An attempt

was made to examine the adoption of a few important new/improved technologies by both the groups of farmers. It becomes clear from Table 7 that in general, agripreneurs used more high yielding varieties and had used extensively organic manures to supplement the plant nutrient and used balanced fertilizers. They had more soil testing to know the required doses of plant nutrients in the soil and also soil treatment to avoid any soil borne diseases. Besides, they had taken precautionary measure to treat the seeds before using in the field and various bio-control measures. Majority of the agripreneurs had seed treatment and used culture (Rhyzobium, Azotobacter, PSB, etc.) and Bio-control measures such as Neem cakes, Trichoderma, and Trichgramma, etc. They also focused on livestock development and used more green fodder and mineral bricks, etc for milch animals to increase mild yield (Table 7).

Table 7
Adoption of Various New Technologies/Farm Practices by
Traditional Farmers and Agripreneurs

New Technology and Farm Practice	Proportion of farmers adopting new technologies/ farm practices (%)	
	Agripreneurs	Traditional farmers
Soil testing and soil treatment	40	15
Seed treatment	20	5
Organic manure (NADEP, Vermi compost, CPP, BGA, CHM, etc.)	30	16
Culture (Rhyzobium, Azotobacter, PSB, etc.)	25	5
Bio-control (Neem cakes/cake, Trichoderma, Trichogramma, Feromen trap, BT, Others)	15	5
Green manuring	20	-
High-yielding/Hybrid variety	60	10
Bee-keeping	10	4
Mineral mixture/bricks	10	5
Cultivation of green fodder	15	4
Total farmers using new technologies/farm practices (%)	70	20

Note: The total percentage might not add up to 100 percent because a few of the farmers in both categories adopt more than one new technologies and farm practices.

Household Income

It was also noticed that agripreneurs not only diversified their cropping system but diversified their income sources also. It is clear from Table 8 that there was sharp difference in the total income of traditional farmers and agripreneurs. On an average, total annual per household net income of an agri-entrepreneur was about 3.2 times more (Rs 5,26,600) than the total annual net income of traditional farmers (Rs 1,66,265). This comes out to Rs 72,140 per capita for agripreneurs and Rs 24,815 for traditional farmers.

It is also clear from Table 8 that agripreneurs received more nearly one-fourth (22.9) percent income from growing horticultural crops while traditional farmers got only 12.4 percent of the total income from horticultural crops. However, the share of cereals, pulses and oilseeds in the total households income was only 18.1 percent in case of agripreneurs compared to 21.6 percent in case of traditional farmers. As against this, agripreneurs received about 17.2 percent income from sugarcane as cash crop while traditional farmers got only 9.4 percent of total income from sugarcane. In case of agripreneurs, contribution of medicinal and aromatic plants was considerably high (16.8 percent) compared to traditional farmers (5.1 percent). However, traditional farmers received higher income from animal husbandry, which contributed about 15.3 percent to their total income while agripreneurs received only 8.6 percent income from livestock.

Similarly, traditional farmers participated in labour market and earned about 27.4 percent of total income from daily wages and salaries while agripreneurs relied more on salaries and received only 5.8 percent of their income from wages and salaries. The contribution of other sources of income such as petty trade, remittances, interest earned and gifts, etc. was also substantial in case of agripreneurs than traditional farmers. Here it is to be noted that agripreneurs, who had substantially higher income and were quite progressive farmers in the region they used to finance other farmers for their farming and other activities. This provided them additional income from interest earned on loan given to farmers in the villages. Besides, these agripreneurs had deposited extra income in the bank and since loan was easily available to them they had availed the facility of loan from the bank.

Table 8
Major Sources of Total Income of Traditional Farmers and Agripreneurs

Sources of income	Agripreneurs	Traditional farmers
Horticultural crops	120640 (22.9)	20560 (12.4)
Cereal and pulses	95310 (18.1)	35940 (21.6)
Sugarcane	90450 (17.2)	15650 (9.4)
Medicinal and aromatic plants	88450 (16.8)	8450 (5.1)
Animal husbandry	45375 (8.6)	25485 (15.3)
Wages and salary	30540 (5.8)	45620 (27.4)
Others*	55835 (10.6)	14560 (8.8)
Total Income/household (Rs)	526600 (100.0)	166265 (100.0)
Per capita annual net income (Rs)	72140	24815

* includes income from bee-keeping, petty trade, remittances, gifts, etc.

Figures in parentheses are percentage to total income.

Strategies for Promotion of Agripreneurship

Agripreneurship is greatly influenced by socio-economic condition, level of education, and culture of any country. An entrepreneurial culture can be created by putting systems in place to support and recognize entrepreneurship as a viable career choice and an important engine of growth for the economies.

Agriculture has to be considered as a business with opportunities to make money and create wealth. It should be promoted as one of the most important sectors of

the economy duly supported by policy changes. The policy changes must be implemented to bolster and strengthen the society in its efforts to breed and nurture agripreneurs.

Agripreneurship education can be started even at the school level with proper focus on the curriculum and training to teachers who understand entrepreneurship and can transfer this knowledge to students in more practical manner for developing the innovative skill and improving creativity among them.

Agripreneurship should not be looked at as a second class career or just a hobby, but rather a wealth creating mechanism which requires critical thinking, astuteness and quick recognition of opportunities. One important factor that must be remembered is that creating an entrepreneurial culture is a long term goal and substantive results can not be seen immediately.

For enhancing entrepreneurship in the agricultural sector focus should be on the breeding of local agripreneurs, who are not just farmers, but are also thinkers, risk takers and business people. This approach, if it is to be successful, calls for a review of cultural, social and political situations of countries in a holistic way to ensure that all components are supportive of the new strategy.

Policy makers and other stakeholders in agriculture sector need to act urgently to assist farmers in becoming agripreneurs. They need to identify the key entry points which will facilitate food growth and security. In order to do this effectively and see successful results it is recommended that the enabling government policies be

developed and implemented to create a culture of entrepreneurship and promote agriculture as one of the most important sectors.

Markets for agricultural products can also be ensured so that farmers can get remunerative prices of their products. Slogans such as **“eat what you grow”** and **“Buy local”** are just some of the marketing catch phrases which can be brought back into the marketplace and others should be added.

There is the need for improving capacity building of farmers by effective entrepreneurial training and re-training, adequate infrastructure, improving access to essential inputs, better marketing strategies, strengthening national research and extension institutions, stabilizing and supportive price policies.

The concept of mentoring is also another strategy which needs to be fully utilized to help farmers become entrepreneurs. Successful agripreneurs can mentor upcoming farmers, providing support systems of encouragement, advice and acting as sounding boards. Successful entrepreneurs can also become mentors for agripreneurs, helping them to hone and develop their entrepreneurial skills.

Conclusion

The critical analysis of agripreneurs and traditional farmers in selected districts of Uttar Pradesh clearly indicates that if the right environment is created and farmers are provided adequate infrastructure support, agricultural production to ensure food security can be increased and many farmers can enhance their income and

quality of life through adoption of new technologies and improved farm practices. Contrary to common belief, caste, farm size, and age of the farmers are not necessarily major constraints for the promotion of agripreneurship. Even less educated small farmers of old age can also become an agri-entrepreneur provided they are clearly informed about the right type of technologies and knowledge about their use. Hence, technology dissemination system is equally important than technology generation. Here, it is to be noted that it has been found that new technologies are neutral to scale/farm size but certainly not neutral to resources. A small farmer operating 2 ha of land having higher access to irrigation facilities and improved farm practices with entrepreneurial ability can earn higher income than a small farmer with same size of holding without other facilities. Hence, the farm size *per se* is not a major constraint. Moreover, at present information has become another crucial input like land, labour, and capital for agricultural production. However, it does not mean that all the farmers in any region, irrespective of their caste, farm size, age and education will become agripreneurs if right type of information and facilities/services are provided at right time but certainly a few of the farmers will be agripreneurs. This will lead to transfer of new innovations and technologies through farmer-led extension system.

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Potential Entrepreneurship Skills Among The Orang Asli Community In Malaysia

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ABSTRACT

The Orang Asli are the indigenous community in Malaysia comprising of the Orang Senoi and the Orang Melayu-Proto ethnic groups. Traditionally, the Orang Asli live in remote jungle area or at the periphery of the jungles. Introduction to mainstream economics and efforts by the government to enhance the socioeconomic status of the Orang Asli has increased their awareness about the importance of education and generating income. Nevertheless, efforts to enhance entrepreneurship skills is more difficult as it involves mindset change and also incorporating new techniques in business compared to their uncomplicated lifestyle that merely depended on the fruits of the jungle and hunting only when necessary. This article is based on an empirical study at four Orang Asli settlements in Pahang, Perak and Selangor comprising of 110 respondents. Data was collected through a classroom exercise that involved research excursion to the Orang Asli settlements during 2009 and 2010. Findings and regression analysis using SPSS tools show that although the government had conducted periodical entrepreneurship courses, the implementation at work is not easy.

Although the Orang Asli have diverse unique skills, their lack of motivation makes progress difficult.

Key words: Orang Asli, entrepreneurship, training

INTRODUCTION

The Orang Asli traditionally lived like nomads depending on jungle's flora and fauna. Their livelihood is simple. Today with the changing of time and also due to government intervention, the Orang Asli have come to live in the periphery of the jungles and become more involved in the mainstream economy. The government through Department of Orang Asli Affairs (Jabatan Hal-Ehwal Orang Asli) has introduced permanent settlement and also various economic activities for the Orang Asli. Majority of the Orang Asli are employed as rubber tappers and also in the palm oil plantations. Nevertheless, while these activities provide employment opportunities, are not sufficient to create self-sufficient, independent managers or entrepreneurs. This paper investigates the element of entrepreneurship development in Orang Asli settlement in Kg. Sungai Lalang Kachau Dalam in Semenyih, Selangor; Kg. Sungai Ruil and Kg. Pos Menson in Cameron Highland, Pahang; and Kg. Kerawat and Kg. Sg. Lalang, Simpang Pulai, Perak. The paper aims to investigate the level of participation in entrepreneurship activities, use of skills to enhance economic status and the challenges faced in enhancing and utilising their potential entrepreneurship skills.

BACKGROUND OF THE ORANG ASLI

Orang Asli form one percent of the Malaysian population and are divided into three ethnic groups, namely, Negrito, Senoi and Melayu Asli. Negrito is further classified into six sub-ethnic groups of Kensiu, Kintaq, Jahai, Lanoh, Mendriq and Bateq. This group of Orang Asli live like nomads, travelling from place to place, hunting for animals, fishing and picking fruits of the forest. They live in groups and have their own territory. The Senoi people are the hill people and are in sub-ethnic groups of Semai, Jah Hut, Temiar, Che Wong and Mah Meri. They reside near rivers and plant padi, sekoi, tapioca, corn and banana trees. The Melayu Asli people live in villages close to the Malays and consist of Temuan, Semelai, Jakun, Orang Kanaq, Orang Kuala and Orang Seletar. They have their individual rights and conduct activities like agriculture, hunting and fishing (Gomes and Hunts, 1993).

Although the common occupation of the Orang Asli is agricultural, fishery, hunting and collecting forest produce, they have begun to venture in other economic activities. Turning rattan to baskets and mats to fill daily supplies and produce be sold. Rattan has commercial value and can generate good income but often this business is exploited by the middleman (Zamawi Ibrahim, 1996).

In 1980, a total of 85 % of the Orang Asli worked in the agricultural sector and this figure dropped to 80 % in 1991. This is due to the unstable pricing in agricultural produce and the attraction of lucrative jobs in other economic sectors. Those in the agricultural field are mainly in planned farming programmes involving rubber, and palm oil plantations. This is part of the Malaysia's Five Year Development Plans .

105 The short term projects involve fruit orchards and vegetable plots as part of

the Resettlement Programme under the supervision of JHEOA in corporation with agricultural agencies, FELCRA, MARDI and LPP (Jabatan Perancangan Bandar dan Desa, 2001). Table 1 shows that in 2007, agricultural remained the main skill of the Orang Asli

Table 1: The Orang Asli Labourforce Profile According to Skills, 2007

Type of Skill	Male	Female	Total
Agricultural	1048	4544	5592
Livestock	396	1650	2046
Fishery	104	145	249
Cement Laying	31	22	53
Handcraft	328	2933	3261
Artisan	42	27	69
Trade	34	110	144
Mechanic	55	16	71
Others	20	213	233
No Information	-	-	13144
Total	2058	9660	24826

Source: JHEOA, 2007

Although agricultural based economic activity is pre-dominant among the Orang Asli it is not surprising that with the help of the various government measures to enhance education, training and skill, that the Orang Asli also become more present in other sectors of the economy as shown in Table 2.

Table 2: White Color Orang Asli RM 7 - RM 8

Carear	Pre RM7	RMK 7	RMK8	Total
Teacher	5	4	161	170
Lawyer	-	-	2	2
Majistrate	-	-	1	1
Accountant	-	2	1	3
Entrepreneur	27	52	182	261
District Officer	-	-	1	1
Doctor	1	1	1	3
Lecturer	2	-	3	5
Engineer	1	2	5	8
Others	5	16	20	41
Total	41	71	377	495

Source: JHEOA, 2007

Table 2 illustrates that the participation in professional jobs has risen significantly from Pre RM7 to the RMK8 period. As the level of education rose, so did the number of Orang Asli teachers. The educated Orang Asli were proud to become educators themselves to help educate their younger generation. The total number of entrepreneurs also increased from pre RMK7 to RMK8 (Hasan Samat, 2004).

TRAINING THE ORANG ASLI COMMUNITY

Traning is essential part of creating entrepreneurs. In past, the government on its own, and also in collaboration with other agencies has conducted various training courses to enhance the skills of the Orang Asli. This is shown in Table 3.

Table 3: Statistics on Training of Orang Asli Skill Courses, 2000 - 2007

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Total</u>	
(2003-2007) Automotive Technology						
	38	41	46	33	45	203
Mechanic_20_22_21_23_30_116__Knocking and Painting						
	14	37	20	36	27	134
Backhoe Loader_71_72_74_74_87_378__Sewing Ladies Attire						
	34	31	43	35	46	189
Total Participants_177_203_204_201_235_1020__Source: JHEOA, 2007						

Based on Table 3, only 38 Orang Asli underwent training in automotive technology in 2003 and this figures increase slowly the subsequent years until 2007. The training course most popular is the Backhoe loader, as this requires less skill and the drop-out level is considerably less compared to the other courses that either require higher skill or education level. It is anticipated that more women will also participate in the sewing classes as this gives them skills to sew ladies dresses and also opens the possibility of opening ones own boutique in the future. In all, the 2003 to 2007 figures show that the total number of trained Orang Asli is 1020 and this figure is very small compared to the total number of Orang Asli in Malaysia.

The existing programmes, namely "Program Pembangunan Usahawan Kraf Warisan" and "Pemandu Pelancong Orang Asli" are ways for the Orang Asli to be more creative in shaping new business ventures or opening job opportunities. Numerous programmes may be arranged, but it has to be suitable to the needs of the Orang

Asli, ideas has to be bottom-up, so that they will feel comfortable working in these projects and becoming successful entrepreneurs. Based on a symposium entitled “Simposium Pembangunan Dan Masa Depan Orang Asli Di Semenanjung Malaysia” held in UKM on 20th November 1984, there is evidence of various factors interlinked to strategically enhance the successful Orang Asli entrepreneurs, namely:

Formal education, as this is important in underlying the essential training necessary for potential Orang Asli entrepreneurs

Course and reading, suitable courses are important and this is supplemented by good reading habits that can enhance the absorbstion of more knolwedge

Basic infrastructure, Holistic infrastructure is important to enable hands on training.

Policies on marketing goods and services and the economic system, Policies need to support the development programmes for the Orang Asli.

Linkages and cooperation, Bonding is important to create a closely trusted network between the various stakeholders to ensure the success of the training programmes.

LITERATURE REVIEW

Study by Sawchuck and Christie, 1998 in their article entitled *Membertou First Nation indigenous people succeeding as entrepreneurs* note that he level of entrepreneurship activity among the indigenous people is still relatively low in Canada. At the national level 3.9 percent of indigenous people work on their own. Borzaga and Defourny (2001) in their article entitled *Indigenous land rights, entrepreneurship, and economic development in Canada: “Opting-in” to the global economy* state that social work comprising field work and strength of social capital is essential to support and unite the indigenous people. The development of the indigenous people through

entrepreneurship activities is seen as consistent and vital in line with

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development goals of the nation. Therefore numerous private companies come forward to impart their knowledge and incorporate indigenous people's participation in entrepreneurial skills development.

According to ESCCH, 1993 Economic and Social Council Commission on Human Rights' (1993) article entitled *Draft United Nations Declaration on the Rights of Indigenous Peoples* the indigenous community have the right to defend and expand their political, economic and social spheres of their lives. This is to ensure that they enjoy a continued harmonious lifestyle and enjoy a balanced economic development. Article by Storper and Walker, 1989 entitled *The capitalist imperative: Territory, technology and industrial growth* suggest that people see importance of communities in relation to networks that can benefit them. Participation of the Orang Asli in entrepreneurship and economic development can enhance their skills to further their economic wellbeing and sustain their lifestyle in an independent manner.

Anderson (1999) in this book entitled *Economic Development among the Aboriginal Peoples of Canada* writes that the Aboriginal peoples have become more aware of the importance of economic development activities to uplift their wellbeing. In fact, economic development is in itself has constituted twofold challenges, namely, 1. to gain control over land and resources essential for economic development; 2. control of economic linkages in sustaining self-reliance and self-determination.

Hindle et al. (2005)'s work on indigenous entrepreneurship adapted the work of Anderson (1999) have outlined the challenges to realise indigenous entrepreneurship.

According to Doris Padmini Selvaratnam, Siti Nordiyana and Nurul Azna binti

Majid (2008) modern development has had impact on the community development of the Orang Asli in the settlements of Gua Telinga, Sungai Tiang and Ulu Teresik, Taman Negara, Kuala Tahan, Pahang. The results show that sub-urban settlement experienced more positive impact on community development compared compared to settlements in the interior or rural areas.

METHODOLOGY

The research was based on a field work exercise (funded by the Faculty of Economics and Management, Universiti Kebnagsaan Malaysia) with undergraduate and postgraduate students in 2009 and 2010 in Orang Asli settlement in Kg. Sungai Lalang Kachau Dalam in Semenyih, Selangor; Kg. Sungai Ruil and Kg. Pos Menson in Cameron Highland, Pahang; and Kg Kerawat and Kg. Sg. Lalang, Simpang Pulai, Perak. A scheduled questionnaire was used to facilitate the interviews conducted. The Orang Asli were gathered in communal areas and questioned in groups. This was done as some Orang Asli were shy and felt more comfortable answering among their own people. Those who were willing to be interviewed one-on-one were interviewed from house to house. Each interview lasted about 20 to 30 minutes. At the end of each interview, the Orang Asli were given goodie bags consisting of basic household items like rice, sugar, oil and other food-stuff as a token of appreciation. The household head answered the questionnaires. This finding is part of a wider research as the study had several sections. Part 1 was on dietary habits; part 2 was on respondents' profile, part 3 on economic status, part 4 education of the Orang Asli, part 5 housing, part 6 health and part 7 on opinion and suggestions from the Orang Asli. A total of 110 respondents were interviewed. Data was analysed using SPSS (Statistical Package for Social Science).

RESEARCH FINDINGS

The research findings is divided into two sections, firstly, the demographic profile of the respondents and secondly, the potential entrepreneurship skill among the Orang Asli.

Respondents' Profile

Majority of the respondent were women (59.1 percent). The mean age of the respondents was 36.8 years with mean income of RM451.04. A total of 52.1 percent had income of RM400 or below which falls below the hardcore poverty category classified by Economic Planning Unit (EPU) in 1997. Meanwhile a staggering 80.2 percent have income below RM700 per month which falls below the poverty line index of RM691. The majority (84 percent) of the respondents was married and the average number of child per household is 4 children. Majority of the respondents were housewives (42 percent) followed by those working on their own (38 percent), working with private sector (15 percent) and only 5 percent worked with the government. Table 4 shows the distribution of respondents according to their settlements.

Table 4 Location of the Respondents

	Frequency	Percent
Pos Menson	18	16.4
Sg Ruil	14	12.7
Sg. Lalang Kachau Dalam	18	16.4
Kg. Kerawit	30	27.3
Kg. Lalang	30	27.3
Total	110	100.0

Source: Field Survey

Entrepreneurship Potential

Vocational training is important to give skills to work in various types of jobs.

Table 5: Vocational Training at the settlement

Any vocational training conducted at the settlement	Percentage (%)
Yes	3.0
No	97.0
Total	100

Source: Field Survey

The above Table 5 shows that there is a lack of vocational training programmes conducted at the Orang Asli settlements. Only 29 respondents said they had skills to be marketed. And only 44.83 percent of the 29 respondents said that these skills can help them generate more income. Among the skills mentioned was motor repair, handcraft, farming, construction, cooking, sewing and repairing fishing nets. These skills if cultivated can create new generation of skilled entrepreneurs among the Orang

Asli, to generate income and make them more independent and also create employment for the others.

Table 6: Generating More Income

Ways to create more income	Percentage (%)
Commercialising forest produce, handicrafts, eco-tourism	27.59
Not Sure	72.41
Jumlah	100

Source: Field Survey

Table 6 shows that while 27.59 percent of those who said they had skills had ideas on how to generate new income the rest were not sure about the mechanisms of creating a new job for themselves. Financial obstacle was the major concern in marketing their skills or using it to create new job. They said they lacked capital, had difficulty gaining access to financial institutions for bank loans and the problem of getting people to buy their products. The Orang Asli suggested that more courses on skill and entrepreneurial development made available for them, more financial assistance from the government, access to customers or retailers to market their produce. Nevertheless, 20.9 percent of the Orang Asli interviewed said they were keen to open their own business, as shown in Table 7.

Table 7: Interested to Open Own Business

Open own Business	Percentage (%)
Yes	20.9
No	13.6
No response	65.5
Total	100

Source: Field Survey

Table 8: Satisfied Working As A Subordinate

Satisfied	Percentage (%)
Yes	19.1
No	13.6
No response	67.3
Total	100

Source: Field Survey

Table 8 shows that 19.1 percent of the Orang Asli are satisfied working as a subordinate, while 13.3 percent were not satisfied, while the rest decline to respond to this question.

DISCUSSION

The Orang Asli in the settlement of Kg. Sungai Lalang Kachau Dalam in Semenyih, Selangor; Kg. Sungai Ruil and Kg. Pos Menson in Cameron Highland, Pahang; and Kg Kerawat and Kg. Sg. Lalang, Simpang Pulai, Perak have not been intensively been exposed to training and education, especially in entrepreneurial development. Anderson (1999) noted that gaining control of economic activity is crucial in creating self-reliance. Government initiatives to enhance the livelihoods of the Orang Asli has to be further strengthened by extensive works at the settlement. Orang Asli members

who have succeeded should be motivated to work with them. Further to this, non-governmental organisations, volunteers and private sector members could be part of this initiative.

Doris Padmini Selvaratnam, et. al. (2008) note that developemnt has positive impact on the Orang Asli in sub-urban settlements compared to those living in the rural areas. This means that development efforts have to be selective to the subject matter and consistent. Initiatives by government has to be enhanced though collaboration and partnership with the private sector and volunteer groups. Programmes initiated need to be planned in participation with the Orang Asli and the implementation process monitored through. Success and failures have to be studied to determine the influencial factors so that future developments can harness these elements.

CONCLUSION

Although the Orang Asli interviewed showed some interest to become entrepreneurs, the level is still low as they had low level of understanding the meaning and value of skills that can be marketed. Although some have come to discern the importance of having high income, and getting better paid jobs or creating their own business, capital and financial assistance was the major obstacle. In fact, the Orang Asli said they had little exposure to skills training and entrepreneurship development programmes putting them at a disadvantage. The ones who were willing to open their own business also had problem marketing their goods to customers outside their settlements.

As entrepreneurship development is essential in creating more independent employers and creating more jobs in the future, it is hoped that the voluntary organisations and the private sector together with the government will conduct more entrepreneurship development and skill advancement opportunities for the Orang Asli. Programmes to enhance their skills have to be continuous and also monitored till succession in creation of new jobs. This is important in ensuring the success of the programme and also to ensure that the Orang Asli are committed and motivated to also succeed in uplifting their own socioeconomic status in the long run.

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Microfinance and Entrepreneurship in Cameroon

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Abstract: The objective of this paper is to examine the nature of microfinance services provided to entrepreneurial customers in Cameroon using the Schumpeter and Verstraete and Fayolle models of definitions of entrepreneurship. The study used 36 microfinance institutions from Cameroon to assess the relationship between microfinance institutions services and entrepreneurial customers' activities. The results explain that microfinance institutions use more lending, savings and money transfer services than microinsurance and training services to support and develop entrepreneurial activities. To improve the number and the quality of services provided to entrepreneurial customers and counter the effect of cost, the microfinance institutions should innovate in strategies and in service portfolios.

Key words: *Microfinance, microfinance institutions, microenterprise expansion, microenterprise creation, microentrepreneur, microenterprise, entrepreneurship.*

1. Introduction and Problem statement

The movement of microfinance institution in Cameroon has its root in the year 1963 through the creation of the first cooperative in 1963 by a Dutch Catholic Father Alfred Jansen in Njinikom; North-West Region of Cameroon. This cooperative is the founding-father of CAMCCUL (Cameroon Cooperative Credit Union League).

CAMCCUL is the biggest microfinance institution in Cameroon today (COBAC, 2000, 2006).

Financial and economic crisis of the 80s and early 90s in Cameroon was the real “spring-board” of the movement of the microfinance institutions in Cameroon. This crisis had social, regulatory, financial, economic and institutional impact on the microfinance environment in Cameroon. Socially, the crisis led to the lay-off of many qualified banking employees in Cameroon banking sector. Being in quest of new jobs, these qualified employees set Savings and Credit Cooperatives (COOPEC) [Messomo, 2012]. The COOPECs were dealing with microlending and microsavings. Financially and economically, the crisis generated a decline in customers’ trust in the traditional banking institutions in Cameroon. This lack of confidence in traditional banks made many customers to quit traditional banks for COOPEC. The crisis caused also the collapse of many traditional banking institutions like Cameroon Bank (CAMBANK), Credit Agricole, Bank of America, Boston Bank, Manhattan Bank, First Investment Bank, Paribas Bank. Legally, before 1998, the regulation of microfinance institutions in Cameroon was flexible. Prior to 1998, there no distinction between rural cooperatives involved in poverty alleviation and commercial microfinance institutions involved in profit-making activities. The flexibility in the law generated a free-entry in the microlending and in the microsaving activities in Cameroon. Institutionally, the lay-off of qualified banking employees, the lack of confidence by customers in the traditional banking institutions and the free-entry of COOPECs in banking activities led to a great increase and creation of microfinance institutions. The laws of 1998 and 2001 on profit-making microfinance institutions and non-profit making microfinance institutions, respectively, did not stop that increase in the creation of COOPECs in

Cameroon. The CEMAC³/UMAC⁴/COBAC⁵ regulation on microfinance institutions set in April 2002 and implemented from 2007 restructured the sector of microfinance institutions in Cameroon and henceforth led to close illegal, unqualified and unprofessional microfinance institutions. This was done by MINFI as a national monetary authority in collaboration with COBAC. The number of microfinance institutions in Cameroon sphere declined from 652 MFIs in 2000 to 490 MFIs in 2006 and 412 MFIs in 2008 (COBAC, 2000, 2007) and MINFI (2008).

Services provided by microfinance aim at alleviating poverty (Daley-Harris, 1997) and to enable them to be financially autonomous. But microfinance has also expanded its services to people above the poverty line. This has led microfinance to become a real industry and a sub-sector of the financial sector of many countries, regulated by national and regional monetary and financial authorities. In other words, microfinance was made up of institutions, laws, customers and products different from the ones of traditional banks and other financial institutions in Cameroon financial system. The expansion of microfinance services and the fact that these institutions are now regulated by monetary and financial authorities resulted to increased competition for banking services and commercialization of microfinance services. Microfinance customers are no longer only poor and individuals and people beyond the poverty line, but also enterprises, entrepreneurs. This shows then the increased role and interest of microfinance and its services in entrepreneurship. To meet microfinance goals, MFIs use services. As far as Cameroon is concerned, what is the nature of services provided by MFIs to entrepreneurial customers? Microfinance provides two types of services to

³ Communauté Economique des Etats de l'Afrique Centrale

⁴ Union Monétaire de l'Afrique Centrale

⁵ Commission Bancaire de l'Afrique Centrale

customers; financial and non-financial hence the specific questions below: What is the nature of entrepreneurial financial products and services provided to entrepreneurs by MFIs in Cameroon? What is the nature of entrepreneurial non-financial products and services provided to entrepreneurs by MFIs in Cameroon? Entrepreneurship is defined as the creation of economic organization and value, the identification of business opportunities and the innovation. (Schumpeter 1935, 1939; Bygrave, 2003; Verstraete and Fayolle, 2005). The objective of this paper is to assess the nature of entrepreneurial products and services provided by MFIs for the development of entrepreneurship in Cameroon using Schumpeter, Verstraete and Fayolle models of definition of entrepreneurship. The specific objectives are to assess the entrepreneurial financial and non-financial products and services provided to entrepreneurial customers by MFIs in Cameroon. The next sections present the Schumpeter model of entrepreneurship, the Fayolle and Verstraete model of entrepreneurship and review theoretically and empirically the relationship between microfinance and entrepreneurship.

2. *Microfinance and entrepreneurship: A theoretical review*

Schumpeter (1935, 1939) distinguished five aspects to identity entrepreneurial actions or activities. These aspects are innovation in products or services, innovation in processes, innovation in markets, innovation in economic organizations and innovation in sources of inputs. By innovation, Schumpeter (1935, 1939) means the introduction of new ways in bringing in new combinations of means of production. The aim of new combinations of production is not to take risks to realize profits as a capitalist but to take risks for the objective to innovate. Innovation brings profit and progress and economic advantages, but it should not be the aim of the entrepreneur according to

Schumpeter (1935). The innovation of Schumpeter in products or in services means the introduction by the entrepreneur in his/ her production function a new product in his market or industry that provides to the company economic advantages or profits.

Innovation in processes is the introduction of a new method of production that is, a new technology in the existing production process leading to an economic advantage; for instance a reduction of cost of production per unit. This advantage leads to increase in profits of the company or of the entrepreneur. Innovation in source of inputs means for Schumpeter (1935), the introduction of a new source of supply of raw material that enters in the production process of the company. The costs of the new source should be cheaper than the existing one to give the company an economic advantage.

Innovation in markets is the introduction and the conquest by the company of a new market to sell its products. Such innovation takes place in a market that is not used by the company or by its industry, that is a niche to give the company an economic advantage. Innovation in economic organization is the introduction of a new economic organization that is different from the existing one.

Fayolle and Verstraete (2005) presented four patterns of identifying entrepreneurial actions or activities. These models are business opportunity, organization creation, value creation, innovation.

Business opportunity is a decisive and a decided action to put in practice a business idea nurtured or developed. The development of the idea is done either through a cognitive process or through the study of the environment. A business opportunity

leads to creation of an organization (Bygrave and Hofer, 1991, p.14) to exploit the business opportunity identified.

The pattern of value creation deals with the increment of wealth. The wealth “is created by individuals who assume the major risk in terms of equity, time and/ services. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources (Ronstad, 1984, p.28)”. The last pattern of Fayolle and Verstraete is innovation. Innovation takes the form of new; new in relation to existing ones that is new product, new service, new process or technology of manufacturing, selling and new enterprise (Julien and Marchesnay, 1996, p.35).

In microfinance, the patterns or models used in entrepreneurship are innovation, value creation and organization creation. The model of organization creation is associated with potential entrepreneurs or creation of existing business organizations while the models of innovation and value creation are associated with existing entrepreneurs or expansion of existing business organizations. MFIs assist in the accomplishment of these models by providing many types of services to entrepreneurs. The services are financial (microcredit, microinsurance, money transfer, savings) and non-financial services (training, technical assistance, counselling, education, health...). The above microfinance services are directed to entrepreneurs who want either to create entrepreneurial ventures or who want to expand and develop their microbusinesses. The creation of an enterprise is identified in this study to the implementation of a business opportunity by creating a microbusiness organization. The expansion and

development of enterprises are seen in this study as value creation, innovation and identification of business opportunities.

Microfinance institutions assist two types of entrepreneurs that are potential (creation) or existing entrepreneurs (expansion). Microfinance Institutions assist potential entrepreneurs by providing financing and training to enable them to start a business activity. This assistance to potential entrepreneurs is directed mostly to the poor. This is because poor are the first target and the “raison d’être” of microfinance. The objective in targeting the poor is to start their own business activity enabling them to increase their revenues and to reduce their level of poverty (Ledgerwood, 1998). Microfinance institutions provide also services to existing entrepreneurs. The assistance to existing entrepreneurs is done in financing the working capital of enterprises, the acquisition of fixed assets and providing savings facilities to entrepreneurs to secure their funds and selffinance their development. Other financial services offered to existing entrepreneurs are money transfer using mobile banking to facilitate their transfers and other financial operations, microinsurance to insure their business operations and the unexpected that affect the smooth functioning of the business like the sickness or the death of the entrepreneur. The microfinance institutions offer also non-financial services to existing entrepreneurs enabling them to expand and develop their activities, their skills and to empower them. The non-financial services supply to existing entrepreneurs are managerial training, technical assistance and analysis of the sector of activity (Ledgerwood, 1998).

3. *Microfinance and entrepreneurship: An empirical review*

The empirical research discusses field studies according to enterprise creation and enterprise expansion in relation to microfinance institutions. Field literature review between microfinance institutions and creation of enterprises showed that most microfinance institutions do not finance the creation of enterprises at the minimalist approach. Financing of creation of enterprises by microfinance institutions is often done at the integrated approach that provides training and credit. This is the case of PRIDE (“Programme Intégré de Guinée pour le Développement de l’Entreprise”) in Guinea created in 1991, of “Forum des Jeunes Entrepreneurs” of COMAFRIQUE in Congo-Brazzaville.

As regards enterprise expansion and microfinance institutions, Bolnick and Nelson (1990) found that microfinance institutions assistance to enterprises had a positive impact on enterprises that were typically small, labour intensive and growing, despite the fact that the impact was not uniform across the samples and target variables. In addition, Copestake et al (2001) found that borrowers from the manipulated sample who were able to obtain two loans experienced higher growth in profits realized by their enterprises and in household income than those in the control sample. In Cameroon, MFIs of the first category made up of mutual organizations and cooperatives like Mutual Growth Community Organizations (MC²) provide financial and non-financial services to rural women and youths. These services are credit and savings with education and health, development of management capacities and business development services. This is done using group lending and community base-organizations. These activities are carried out by MC² and “Mutuelle Financière des Femmes Africaines” MFI networks in North-West region of Cameroon in the Boyo division (Nkwate, 2011). The entrepreneurial customers that are provided

entrepreneurial products or services in Cameroon are in general at the expansion stage or have existing businesses. Those at the creation are excluded or use informal sources of financing (Warnier, 1999). The above literature shows that microfinance institutions promote entrepreneurship in two main ways that are creation and expansion of enterprises using either financial services like microloans, microsavings, money transfer and microinsurance or non-financial services like training, technical assistance or business counselling. Thus, the next sections of this study focus on two premisses that are the assessment of the nature of entrepreneurial financial products and services provided by MFIs in Cameroon and the assessment of the nature of entrepreneurial non-financial products and services provided by MFIs in Cameroon. Before going to that, let us present firstly the methodology of study.

4. *Methodology of study*

The methodology of study defines the nature of microfinance services and main concepts used in this study and the methods of collection and analysis of data. This study is descriptive. To collect data, a questionnaire was set up. This questionnaire combined the microfinance service variables; financial and non-financial of lending, savings facilities, microinsurance, money transfer, counselling and training with entrepreneurial-activity variables of creation and expansion of businesses and the innovation (the identification of new opportunities, new markets, the production of new products and the use of new processes of production and the increase of value creation of their businesses). The questionnaire assesses also the minimum loan amount granted for business creation or expansion and the minimum deposit amount and time required for business creation and expansion, the types of microinsurance, training, money transfer and business counselling provided to entrepreneurs

and their methods of payment. The questionnaire was distributed to 36 MFIs in Cameroon performing their activities in the towns of Douala, Yaoundé, Kumba and Buea. The questionnaire was given to the chief executive managers. The questionnaire was administered by students through a face-to-face contact. The questionnaire was made up of 26 questions. The first set of questions was related to the nature of products and services provided to entrepreneurial customers by MFIs in Cameroon, the second to the nature of entrepreneurial activities financed by microloans and microsavings, the third to the minimum loan amount provided and deposit amounts and time requested to entrepreneurial customers by MFIs to provide finances. The fourth set focused on the impact of microfinance services on business creation and expansion and on the increase of number of entrepreneurial customers in MFIs. The analysis of data is done in terms of financial and non-financial entrepreneurial products or services provided by MFIs to entrepreneurial customers in Cameroon. The tools used to analyze the data are frequencies and percentages. The frequencies are the number of MFIs providing entrepreneurial services. The percentages are computed from the multiplication of frequencies by one hundred. The data is presented below.

5. *Presentation and analysis of results*

This section presents and analyses results got from data collection.

Table 1 presents the types of entrepreneurial products provided to entrepreneurial customers by Microfinance Institutions (MFIs) in Cameroon and their related percentages according to the number of MFIs providing these entrepreneurial products. The percentages of the number of MFIs providing entrepreneurial products are : business microloans 30.7, business microsavings 31.6, business

microinsurance 10.5 business money transfer 27.2, business training 15.4 and business counselling 84.6. From the percentages of entrepreneurial products in Table 1, business microsavings is the financial product mostly provided to entrepreneurial customers while business counselling is the non-financial product mostly provided by MFIs.

Table 2 presents other entrepreneurial products granted by MFIs to entrepreneurial customers for their activities. These products are credit default microinsurance, disability coverage microinsurance, death coverage microinsurance. The premium of credit default and death is charged in the interest rate paid by the entrepreneurial customer for the loan granted. The premium of disability coverage is paid separately from the interest rate charged for the loan. In terms of money transfer, the products are national money transfer and international money transfer. The methods of payment of these money transfers are commissions and debits accounts of senders. As far as training is concerned, the products are fund management training, computer training, accounting training and marketing training. Their methods of payment are interest rate charged to the loan, fees and free trainings. In summary the entrepreneurial products mostly provided to entrepreneurial customers by MFIs in Table 2 are credit default, national money transfer and fund management training.

Table 3 shows the types of entrepreneurial activities financed by business microsavings and business loans. These activities are creation of new products, creation of business organizations, investments in new markets, investment in new processes of production, identification of new business opportunities and increase in revenues of existing products and activities. The percentage across each entrepreneurial activity

in Table 3 is related to the number of MFIs using microloans or microsavings to finance entrepreneurial activities. From percentages in this table, the entrepreneurial activity mostly financed by microloans is creation of new products and by microsavings is investment in new markets.

Table 4 presents the minimum loan amount provided by MFIs to finance business creation or expansion. In addition, the table shows the minimum time required to get finances for business creation or expansion. In terms of business creation, it is noticed that according to the various percentages in Table 4 that the loan amount granted by MFIs for creation falls mostly between 76.23 and 152.45 Euro while for business expansion, it falls also between 76.23 and 152.45 Euro. As far as the time required to grant a loan is concerned, highest percentages in Table 4 show that most MFIs grant business creation loan for a period of less than three months while for business expansion, it takes mostly three to six months to get a loan.

Table 5 shows the minimum deposit amount required for business creation or expansion. From percentages in this table, it is seen that most MFIs required a minimum deposit amount of less than 76.23Euro or between 76.23 Euro and 152.45 Euro for business creation as well as for business expansion.

Table 6 presents the impact of microfinance services on the development of entrepreneurial activities in Cameroon. From Table 6, it is seen that 97.3% of MFIs said business microloans contribute to the creation of new businesses while 100% of MFIs said these loans favoured the expansion of businesses in Cameroon. As far as microsavings are concerned, 100% of MFIs agreed that the microsavings led to the

creation as well as the expansion of businesses in Cameroon. For training, 97.3% of MFIs said it contributed to the creation of new businesses in Cameroon while 91.7% of MFIs said it helped to expand businesses. For money transfer, 97.3% of MFIs said this service has helped them to increase the number of their entrepreneurial customers. Table 6 shows in short that microfinance services have a positive impact on the development of entrepreneurial activities in Cameroon.

Interpretation and Discussion of Results

From the percentage analysis it is seen that the first business product to entrepreneurial customers is business microsavings with 31.6%, followed by microloans with 30.7% and business money transfer with 27.2%. The other financial business product in Table 1 have less than 11% (See Table 1). This means that business microsavings, business microloans and business money transfer are the financial business products mostly provided to entrepreneurial customers by MFIs in Cameroon in contrast with business microinsurance. This is justified by the fact that business microsavings, business microloans and money transfer are products that are more needed by entrepreneurial customers. In addition, these products generate more income to MFIs in contrast with business microinsurance and business training that generate more cost. The products need also a great expertise and high logistics that most MFIs cannot meet in banking product supply. In terms of non-financial business products, the business product mostly provided by MFIs is business counselling. This is because business counselling generates less transaction cost than business training to MFIs (see Table 1). The analysis showed in addition that a higher number of MFIs provide many types of money transfer than in microinsurance and training (see Table 133²).

The analysis showed also that the highest entrepreneurial activities financed by microloans are creation of new products with 17,3 % and identification of new business opportunities with 16% (see Table 3). These activities are mostly financed by microloans in contrast with others because they are at the initial stages of any entrepreneurial project. These stages need to be enough rooted and request a lot of finances to set up a good market feasibility study and to develop the idea, the opportunity and the new product put in place. Loans are used in contrast with microsavings because at these stages the business organization either is not yet set up or has not yet started generating revenues from its activities. Hence, the only sources of finances of the entrepreneur are informal and formal proximity financial institutions like MFIs. The entrepreneurial activities highly financed by microsavings in Table 3 are investment in new markets and increase in revenues (value creation). Investment in new markets and value creation are second stages of entrepreneurial activities. Here the business already exists and generate income that can be saved and accumulated in MFIs to be used for the financing of entrepreneurial activities.

Percentages in Table 4 revealed that most MFIs grant minimum loan for business creation or for business expansion below 76.23 Euro or between 76.23 Euro and 152.45 Euro. These ranges of amounts are explained by the fact that most of entrepreneurial activities financed, either for creation or expansion are very small activities. In addition, these activities are very risky, making then MFIs to be reluctant to finance such activities with big amounts. Furthermore, most MFIs are not like traditional banks, so they need to recover as quick as possible the loans provided to

customers in order to continue their lending activity. Hence, they have to give small loans that can easily be paid by the entrepreneurial customers. The time frame of these loans is shown in Table 4. According to the data in Table 5, the minimum deposit amounts required to grant loans to entrepreneurial customers are either less than 76.23 Euro or between 76.23 Euro and 152.45 Euro either for business creation or for business expansion. This is explained by the fact that these financial institutions always request entrepreneurial customers to save some amounts of money before granting them loans. This amount is 25% or 1/3 of the amount of loan demanded.

The analysis of the impact of microfinance services on the development of entrepreneurial activities showed that microsavings have more impact on creation and expansion of businesses than microloans and training (See Table 6). Microsavings have more impact than other microfinance services because they are almost costless to entrepreneurs (microentrepreneurs) to finance their activities in contrast with microloans and training where interest rates or fees are paid. The data analysis in Table 6 showed also that the number of entrepreneurial customers has increased. This increase results from national money transfer provided to entrepreneurs for their activities. This is shown in Table 5 where the number of MFIs providing national money transfer transactions is higher than the one providing international money transfer.

6. *Concluding remarks and recommendations*

The study of the relationship between microfinance and entrepreneurship through the models of Verstraete and Fayolle (2005) and Schumpeter (1935, 1939) using a sample

of 36 Microfinance Institutions (MFIs) has made us to reach to the followings:

- That some microfinance institutions are still reluctant to finance business creation;
- That microfinance institutions studied give great importance to business expansion than business creation;
- That microfinance institutions give more importance to lending, savings and money transfer services than microinsurance and training services. Following these remarks, these recommendations are stated:
- Microfinance institutions should design specific and adapted package for entrepreneurs involved in business creation because it is from creation that microfinance can increase the number of existing entrepreneurial customers and boost also entrepreneurship in Cameroon. Many Cameroonians and mostly youths are motivated to create microunits of production in Cameroon when they have assurance that their ideas and business opportunities will be financed. This financing of business creation can also increase the microentrepreneur portfolio in microfinance institutions and henceforth their revenues;
- Microfinance institutions should not neglect training and microinsurance services because the training develops human capital of entrepreneurs. This development in human capital of entrepreneurs by microfinance institutions help them to manage better their microunits of production, to grow and to reduce the credit risk associated to microentrepreneurs and mostly unqualified and unprofessional microentrepreneurs. Training enables also entrepreneurs to capitalize on innovation, business opportunity identification, value creation and business organization creation. The supply of compulsory policy microinsurance to all potential business borrowers generates a

counter-effect of risk averse on very risky microentrepreneurs and helps also to combat risk in lending to microentrepreneurs.

TABLES

Table 1 : Types of entrepreneurial products provided to customers by MFIs

Financial entrepreneurial products provided by MFIs	Number of MFIs	Percentage of the number of MFIs	Non-financial entrepreneurial products provided by MFIs	Number of MFIs	Percentage of the number of MFIs
Business microloans	35	30.7	Business training	11	15.4
Business microsavings	36	31.6	Business counselling	2	84.6
Business microinsurance	12	10.5			
Business money transfer	31	27.2			
Total	114	100		13	100

Source: From field studies

Table 2: Other entrepreneurial products provided by MFIs

Microinsurance			Money transfer			Training			Business Counselling	
Types of microinsurance	Method of payment	Number of MFIs	Types of money transfer	Method of payment	Number of MFIs	Types of training	Method of payment	Number of MFIs	Method	Number of MFIs
Credit default microinsurance	Premium paid with interest rate charged in the loan	11	National money transfer	Commissions -Debit of the account of the sender	32	Fund management Training	Interest rate charged in the loan -Fees -Free	17	Free	2
Disability coverage microinsurance	Premium paid independently	4	International money transfer	Commissions -Debit of the account of the sender	14	Computer training	Interest rate charged in the loan -Fees -Free	4		
Death coverage microinsurance	Premium paid with interest rate charged in the loan	1				Accounting Training	-Interest charged in the loan -Fees -Free	14		
						Marketing Training	Interest charged in the loan -Fees -Free	10		

Source: From field studies

Table 3: Types of entrepreneurial activities financed by microsavings and microloans

Types of entrepreneurial activities financed	Microloans		Microsavings	
	Number of MFIs	Percentage of the number of MFIs	Number of MFIs	Percentage of the number of MFIs
Creation of new products	14	17.3	16	20.3
Creation of business organizations	10	12.4	3	3.8
Investment in new markets	11	13.6	18	22.8
Investment in new processes of production	12	14.8	9	11.4
Identification of new business opportunities	13	16	13	16.5
Increase in value creation	12	14.8	17	21.4
Others (purchase of new physical assets, new equipment, new real estate and financing of the working capital)	9	11.1	3	3.8
Total	81	100	79	100

Source: From field studies

Table 4: Minimum amount and time for business loan creation and expansion

Minimum loan amount			Minimum loan amount for business creation		Minimum loan amount for business expansion	
Amounts in Euro			Number of MFIs	Percentage	Number of MFIs	Percentage
Below 76.23			4	13.3	5	15.6
76.23-152.45			14	46.6	15	46.8
152.45-304.89			2	6.7	2	6.3
304.89-762.23			3	10	2	6.3
762.23-1524.46			0	0	0	0
1524.46-2286.69			0	0	0	0
2286.69-3048.92			2	6.7	3	9.4
Beyond 3048.92			5	16.7	5	15.6
Total			30	100	32	100
Minimum time required for business loan creation			Minimum time required for business loan expansion			
Time	Number of MFIs	Percentage	Number of MFIs		Percentage	
Less than 3 months	14	43.4	15		46.8	
3-6 months	12	40	2		6.3	
6-12 months	4	13.3	2		6.3	
6-18 months	0	0	0		0	
12-18 months	0	0	0		0	
18-24 months	0	0	3		9.4	
Beyond 24 months	1	3.3	5		15.6	
Total	30	100	32		100	

Source: From field studies

Table 5: Minimum deposit amounts required for business loan creation or expansion

Minimum deposit amount required		Minimum deposit amount for business creation		Minimum loan amount for business expansion	
Amounts in Euro		Number of MFIs	Percentage	Number of MFIs	Percentage
Below 76.23		8	32	8	33.2
76.23-152.45		8	32	5	20.8
152.45-304.89		1	4	3	12.5
304.89-762.23		4	13	3	12.5
762.23-1524.46		0	0	1	4.2
1524.46-2286.69		1	4	1	4.2
2286.69-3048.92		1	4	1	4.2
Beyond 3048.92		0	0	0	4.2
1/3 of loan amount		1	4	1	4.2
25% of loan amount applied		1	4	1	4.2
Total		25	100	24	100

Source: Field studies

Table 6: Impact of microfinance services on the development of entrepreneurial activities

Impact of microfinance services on	Microloans				Micosavings				Training				Money transfer			
	Yes		No		Yes		No		Yes		No		Yes		No	
	Number of MFIs	%	Number of MFIs	%	Number of MFIs	%	Number of MFIs	%	Number of MFIs	%	Number of MFIs	%	Number of MFIs	%	Number of MFIs	%
Creation of new businesses	35	97.3	1	2.7	36	100	0	0	35	97.3	1	2.7	-	-	-	-
Expansion of businesses	36	100	0	0	36	100	0	0	33	91.7	2	8.3	-	-	-	-
Increase of the number of entrepreneurial customers	-	-	-	-	-	-	-	-	-	-	-	-	35	97.3	1	2.7

Source: From field studies

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Promoting entrepreneurship skill through constructivist based model of curriculum development in social studies

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Abstract

The article focuses on the objective of Social Studies in Nigeria, and how the subject could be employed as a tool to inculcate entrepreneurship skill into the learners. The paper argued that entrepreneurship skill can be inculcated into the school curriculum irrespective of subject framework, and therefore for the purpose of catching a wide generation of learners, Social Studies could be used as a relevant subject in the junior secondary school level. A constructive based curriculum design model was developed to articulate and design an acceptable curriculum for entrepreneurship education

Introduction

Social studies was introduced into Nigeria primarily to bring curriculum more relevant to the needs and environment of the learners. Penchant among Nigerian students was to be well familiar to foreign concepts, where as they are inept when it comes to features in their locality. Couple with the fact stated above is the notion that the traditional social science subjects such as geography, history, economics, political science are rigid in approach and are highly compartmentalized (Makinde. 1979,

Oyeleke, 2007) and lately, social studies is perceived as a useful educational tool to address and solve societal problems in our society (Olaiya, 2005; Oyeleke, 2007).

Definitions of Social Studies

Social studies in its simplest form is defined as the study of man in his physical and social environment. Ajala (2002) simply described it as the study of people. Adeyemi (1999) defined social studies as that subject that examines the totality of man in his locality, while Fadeyiye (2005) defined social studies as “a combination of course of studies by which we learn about things that we do and things that exist around us”.

Adedoyin (1978) explained social studies from four thematic approaches which are as follows:

1. Social studies as citizenship education
2. Social studies as skill development
3. Social studies as ecological studies
4. Social studies as integration of social sciences

The definition put forward by Adedoyin (1987) sheds light on the integrative nature of the discipline. It adopts eclectic, integrative and multi-disciplinary approach. The integrative nature of social studies is aptly described by the National Council for Social Studies Curriculum in the United State of America with this brilliant metaphor.

Consider a musical ensemble such as an orchestra, a social studies programme. It performs a specific musical composition as a grade level of specific course within the curriculum. At certain time, one instrument like a discipline such as history takes the lead while others such as geography

and economics play supporting roles. At other times several influence such as history, geography, economics play together on an equal basis to explore the composers' thematic aims. The quality of the performance is result of the composer's writing of the music which is liken to the design of the social studies curriculum. The critique qualities of individual instruments such as the contribution of individual disciplines and the acoustic of the setting are like the expertise of curriculum planners and teachers, school site facilities, and instructional resources.

Benchmarks for Excellence in Social Studies Curriculum

The societal philosophy of education determines the objectives of the school and in particular the subject matter, Makinde (1979) gave the initials aims of social studies programme in Nigeria as follows:

- i. to make Nigerian students understand their environments and their relationships with physical, economic, social, cultural etc environments and to understand the same of other human beings;
- ii. to help them to know that all subjects are related and that these subjects are just like branches of a tree of a common stem;
- iii. to improve and broaden the basis of the Nigeria educational system which has been criticized from time to time as narrow and unimaginative;
- iv. to help Nigerian teachers, pupils and students to discover what is good and unique in the physical, social, economic and cultural traditions which hitherto have been implied or neglected;
- v. to develop, encourage and strengthen enquiring minds in pupils

and students. It is this enquiring mind in pupils and students that can help them to rediscover what has been neglected or forgotten.

According to the United States National Council for Social Studies, “an exemplary Social Studies programme should include a social studies curriculum that;

- i. is guided by thoughtfully selected as well as clearly stated goals and objectives;
- ii. is based on sound scholarship from the content areas relative to the Social Studies;
- iii. sets high expectations for students and uses a veracity of systematic and valid measures to evaluate students performances;
- iv. relates appropriately to the age, maturity, interests, and the needs of the students for whom it is designed;
- v. incorporate effective instructional strategies and techniques that engage students directly and actively to the learning process both in and out of the classroom;
- vi. provides valid evidence that the outcome of the programmes is consistent with the stated goals and objectives.

Considering the curriculum content of social studies before and even after the innovation put in place in 2007 in compliance with the provision of the Universal Basic Primary Education, one wonders whether the stated objectives can be achieved or they match the standards of benchmark as stated above.

The assertion made by Preston (1962) almost over four decades ago seems worth considering. Preston (1962) noted that;

“A body without a spirit is a corpse, a spirit without a body is a spook; the Social Studies in today schools is both corpse and spook. It is a corpse in those schools where “covering ground” is an obsession and where psychology of introducing children to social concepts in unknown. It is a spook where a sentimental cult of educated has rendered the social studies thin and chaotic”.

It is rather cloudy if the curriculum is designed in such a way the above benchmarks are properly taken care of. Most relevant is item 5 and 6 above. The idea of “covering ground” enunciated by Preston (1962) is an impediment to actively engaging students; especially in social issues, practical observation and application of skills require for creativity. On this basis one can agree with Preston that the curriculum is a corpse. Item 6 addresses the issue of authentic outcome being consistent with the stated objective. From the opinion of the writer, the stated evaluation models seem too distant as valid instrument to measure the consistency of the learners’ behavioural pattern in ascertaining that the objective of possessing enquiring mind is achieved. The paramount question is to what extent has students acquire inquiry minds as stated in fifth objective as outlined by Makinde (1979)?

Critical Reasoning as Basis of Entrepreneurship

Social Studies curriculum objective should be directly linked to National objectives as stated in the National Policy of Education. The argument that provides a fundamental bulwark to Social Studies as a discipline towards promotion of entrepreneurship skill rests on the two of its objectives. The two objectives are;

- I. Promotion of critical thinking,
- II. Acquisition of basic skills such as problem solving, interpersonal skills,

observation, and as stated by Makinde (1979), the possession and development of enquiry mind.

Sad to note that emphasis is not vigorously focused on these objectives. It is an ignored aspect of the overall multiple objectives of the Social studies curriculum. The likely reasons for this neglect are highlighted as follows;

- I. Teaching of students towards acquiring critical thinking and other forms of skills requires competence and high level of training which may be lacking among the teachers.
- II. The epistemological foundation of our curriculum planning as reflected in the social studies curriculum is subtle and requires discerning minds to recognize and pass across the substance to the learners during teaching and learning process.
- III. Our assessment procedure emphasis lower level of objective as the focus of examination rather than focusing on the higher level cognitive - based objectives and other domains of education such as the affective and psychomotor.
- IV. The crowded time space in the school gives little or no room for teachers to task learners on problem solving activities during the teaching – learning interaction. In most cases, a teacher focuses on the volume of the curriculum coverage in her subject specialization and rushed through the work either for conscience sake or to allow pupils to cover the required ground or topics before a major examination. This more often than not stifles creativity and rational thinking that promotes further creativity and entrepreneurship capability.

As rightly pointed out by Oyesiku (2008), graduates in the developed society are encouraged and are stimulated towards independent study and critical analysis, which is purely lacked in our school system. In developing entrepreneurs skills, learning

should both be experiential and action-based (Gibb, 1995), which can sufficiently developed through reflexive and critical reasoning.

Akhumenkhan (2005) listed the following as the foundations of the entrepreneurial philosophy;

- I. Individual's' drive power or motivations come from their own action and from persisted efforts.
- II. Success depends on one's willingness to work hard and accept responsibilities for one's problem and position in life.
- III. Failure and mistakes are part of learning experiences which should be seen as challenges rather than discouragement
- IV. Identification and emphasizing one's strength while playing down on the weakness is paramount.
- V. Self confidence in initiating and implementing life changing plans and ideas.

Necessary to assert the validity of Akhuemenkhan (2005) position towards entrepreneurial ability, it is also pertinent to ascertained that these factors are generated and sustained through critical thinking and problem-solving approach which are core values, methods and objectives of Social Studies education.

Social Studies Curriculum and Entrepreneurship Education

The fundamental question is the relevance of entrepreneurship education at secondary school level, and may be a step further, in social studies. Globally, a large percentage of citizens do not go to school beyond secondary school. A large number of

students do not proceed to either polytechnic or universities. The various.....on the policy makers to design secondary school curriculum to cater for this aspects of great importance. One could reasonably argue that, those who do not attend high school eventually engage in creative work. Why not design secondary school curriculum to equip and enhance them towards future work they are likely to recourse to?

Why social studies, and possibly not introductory technology, business studies, etc? The artificial compartmentalization of knowledge is self destructive if taken too far! Education should foster knowledge, stimulate our creative ability and inspire talents within an individual. Every subject should to a certain extent incorporate this basic ideal. Entrepreneurship ability is predicted in possession of some psychological traits which are latent, and could be aroused through training. Such training should not be compartmentalized. Integration is a basic philosophy of social studies curriculum.

Formal education can enhance or even develop the traits associated with entrepreneurship. The necessary skills to perform those entrepreneurship factors can be taught through a designed process. Entrepreneurship cannot be separated from the entire population of the people, therefore it is logical to avoid excluding a large proportion of youths in the school.

Adejumobi et al (2001) agued that entrepreneurship education is an important and integral part of economics and therefore it is a sub-set of economics education and more importantly, it should not be limited to economic courses but other relevant subject in the school. Entrepreneurship education should focus at achieving some fundamental goals that will inspire students towards entrepreneurship skills. The

goals are to be reflected in learners' attitude and behavioural outcome, and should serve as index of measuring achievement.

These goals are in tandem to Meredith et. al (1991) characteristics of entrepreneur. They are as follows;

1. Innovation: Ability to create and invent product, skills to meet societal needs.
2. Motivation: An entrepreneur should possess internal drive that propels his creativity and ingenuity.
3. Risk Assumption: An entrepreneur should be able to take calculated risk, knowing that the higher the risk , the higher the profit.
4. Resource Organization: Social studies curriculum should be able to instill positive behavioural pattern that will enhance learners' organization capacity.

As explained earlier in this paper, social studies adopts integrated approach in which various social science disciplines such as geography, political science, economics, sociology, anthropology, constitutes the content of social studies. Naturally, entrepreneurship falls within the realm of economics. This aspect of economics can be inculcated in social studies curriculum. Social studies is a core subject at junior secondary schools in Nigeria, hence all students would be exposed to the subject. This will increase the awareness and consciousness among the generality of citizens in Nigeria. Schumpeter (1979) argued that innovation is the hallmark of an entrepreneur. Students should be taught in Social Studies class that the process of innovations is not mysterious, but that things created in the time past are handiwork of human beings, and that they can be next great innovators the world is waiting for.

Another core aspect of social studies is environmental education. This thematic focus should be made more elaborate and taught in depth in social studies class. Exploration and utilization of environmental natural and human resources that promote wealth creation should be taught. The content and methods adopted in the class should not only aim at imparting knowledge, and that mere knowledge is not sufficient, but application of knowledge acquired to enhance their personal lives and that of the society at large.

Government is another core subject where social studies draw its content. The action of government in creating positive environment and removal of inhibiting factors or factors limiting environmental opportunities should be included in the curriculum. As Kent (1986) observed, students should be trained to have inquisitive mind on the gains of privatization that stimulate entrepreneurship drive, question the inhibiting nature of rigid bureaucracy and thereby substituting bureaucracy for entrepreneurship spirit.

Under sociology, students should be made to realize that entrepreneurs shape and are shaped by cultural values of society. Material cultural elements among a group are what the group has produced in the course of its history. Knowledge of how things were invented in the past can be re-ignited and transformed. Curriculum can be restructured to help students to utilize both the active and latent opportunities within the context of their cultural milieu.

Constructive Based Curriculum Development Model

The model is a derivative of Koohang (2009) model of constructive of learning theory. Koohnag (2009) identified three categories of element of constructism which are:

1. Design of learning activities
2. learning assessment
3. Instructor's roles

In developing a curriculum tailored towards inculcating entrepreneurship ability in social studies students. The constructivist based curriculum development is designed. The learners centre perspectives, flexibility in classroom structure, teachers' role as moderator and facilitator of learning. The model takes into cognizance the diverse needs of learners in terms of inherent skills, aspirations and diverse area of specialization.

The model has two basic components in its design- the instructional element and assessment. Instructional element is sub-divided into contents and methods, each having three components of fundamental, collaborative and facilitated elements.

The various components are explained below:

1. Contents – very curriculum has contents to be imparted to the learners during teaching and learning process. In constructive based curriculum development model, but also facilitated both by the learners and the instructors. In this respect, there are three types of sources of contents.

- a. Fundamental Elements – They are time tested and non-content issues that can stimulate entrepreneurship skill. They may constitute the planned content.

- b. Facilitated Elements- they are issues generated in the process of instruction by the teachers. These are generated by instructor in his capacity as knowledge facilitator.

c. Collaborative elements – in constructive based class, both the instructor and the learners interact. The content skills of learners and those aspirations are discovered, explained and enhanced. The product of this interaction may lead to a new body of knowledge to be part of contents. The new discoveries in terms collaborative elements.

Methods- teachers employ various methods to teach in the classroom. The method could be

- a. Fundamental elements that are traditional methods are officially prescribed by official planners and policy makes.
- b. Facilitated methods discovered by the instructor either from past experience or exigencies of time.
- c. Collaborative elements are discovered through interaction with the learners. Learners are encouraged to have input on how best they can be taught.
- d. According to Koohang et al (2009) of fundamental elements include
 - i. Conceptual interrelated and interdisciplinary learning.
 - ii. Exploration
 - iii. Higher order thinking skills
 - iv. Learner driven goals and objectives
 - v. Learners own previous experiences
 - vi. Learners self meditating and control of learning.
 - vii. Learner's self-reflection
 - viii. Real world and relevant examples
 - ix. Scaffoldings that can be used to make learners think above and beyond what they normally know.

Collaboration elements include:

1. Learners collaboration
2. Learners cooperation
3. Multiple perspective
4. Multiple representation of content or ideal concept.
5. Social negotiation among learners

Assessment

Assessment takes place in the three fold

1. Self assessment in which case a learner assesses his/her work in line with set objectives. Even though the objectives are subject to modification. The overall national objectives should occupy a prominent focus.
2. Team assessment where in a collaborative setting, learners in the group assesses members of the group. This provides room for improvement. It is a formative form of assessment and eventually leads to the third form of assessment- facilitator.
3. Facilitators' assessment takes into consideration the two previous forms of assessment. It also provides feedback effect. Both the learners and the instructors are involved.

At the end new ideas are generated which eventually form substance or materials to be included as parts of fundamental elements. The cycle continues. The process allows new insights and ideas to be developed and inculcated.

Curriculum contents explained as new ideas are incorporated. The diverse needs of

learners are potentially met. The process is dynamic, irrelevant ideas may be removed as circumstances prevail and new knowledge is discovered.

Methodological Support

The method applied in Social Studies class should clearly and primarily emphasize skill acquisition and application approach. These methods should involve acquiring information, analyzing and synthesizing the information and drawing reasonable conclusion. The process of acquiring information undoubtedly leads to developing questioning and observation skills in the students. This forms the basis of entrepreneurship skills.

It is self-evident that the traditional discussion and modified lecture methods being largely used in our secondary school social studies class cannot be effective in promoting entrepreneurship skill. To promote critical thinking skills and creative ability require the use of methods such as inquiry, problem-solving and other metacognition approach.

Metacognition is when students are taught on ‘thinking about thinking’. In this case, learners demonstrate control over their cognitive processes. They are propelled to possess quality that enhance them to know ‘how to solve problems, how to set goals, evaluate their own progress, monitor their achievement and assess whether they understand materials’. In social studies class, metacognition approaches that can be used are;

1. Brainstorming where students are given a topic and are required to generate ideas.
2. Cognitive Mapping where student can use graphic organizers to enhance their thinking processes.

3. Inquiry method where learners derive some benefits such as acquisition of skill to develop ability to generate their own knowledge; students are able discover answers through their efforts and learning becomes more memorable; divergent, creative thinking is encouraged; higher order thinking skills such as analysis, synthesis, evaluation are emphasized; skills are integrated with knowledge as students organized and analyse their data in a variety of ways with the aid of maps, graphs, charts, and so on.

4. Utilization of problem solving approach to its maximum efficiency. The following stages could be utilized from time to time both within and outside the classroom setting

i recognizing a problem or opportunity

ii defining the problem or the opportunities;

iii. gathering data towards the nature of the problem

iv. engaging in manipulation and designing of alternatives

v. selecting appropriate strategy

vi. implementation of the best strategy.

The importance of teacher methods employ in teaching and learning process cannot be over-emphasized. Onwuka (1996) rightly observed that “the success or failure of any educational endeavour or the effectiveness of learning experiences” is directly related to the method(s) employed.

From the foregoing it is the opinion of the writer that the effectiveness of curriculum innovation is enhanced when there is concurrent innovation both in contents and methodology. One may contend at this moment that a new invention will require a new approach. This is best sum up in the word of Jesus Christ in Mark 2:21 -22:

“No man also seweth a piece of new cloth on an old garment; also the new piece that filled it up taketh away from the old, and the rent is made worse. And no man putteth new wine into old bottles, and the wine is spilled, and the bottles will be marred, but new wine must be put into new bottles.”

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