

UNLOCKING THE ENTREPRENEURIAL PROPENSITY AMONG PRIME-AGE MALAYSIANS: A MULTI-ETHNIC ANALYSIS

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ABSTRACT

Malaysia is blessed with diverse ethnic groups that work hand in hand to spur the country's economy via numerous entrepreneurial initiatives. Historically, the economic background of the three racial groups namely Malay, Chinese, and Indian were segregated based on sector and location, thus creating a huge economic cleavage. Noting the need to bridge this gap, various policies were put in place to enhance the socio-economic well being of each group as a way to develop a united nation among the multi-ethnic groups. The present study attempts to obtain insight into the differences in ethnicity towards entrepreneurial propensity and thus offer a closer scrutiny on the changes in entrepreneurship trend with the passage of time as well as the effectiveness of the interventions implemented. Specifically, this study focuses on testing the possible differences pertaining to the attitude towards entrepreneurship, subjective norms, perceived behavioural control, and entrepreneurial propensity among the three ethnicities. A total of 180 Malaysian youth participated in this study and it was revealed that the prime-age cohort from the three ethnic groups share some commonalities in terms of their attitude towards entrepreneurship, subjective norms, perceived control behaviour, as well as entrepreneurial propensity. This is seen a promising scenario given that it in a multi-ethnic society such as Malaysia, the huge economic cleavage may dampen the effort to promote harmony, peace and unity in the country.

Keywords: entrepreneurial propensity, attitude, subjective norms, perceived behavioural control, multi-ethnic analysis, survey, Malaysia

INTRODUCTION:

In line with the national agenda to transform Malaysia economy to become one with high income and quality growth as stated in the New Economic Model (NEM), it is deemed timely that the focus should be directed towards creating a “productive society” especially among prime-age population (those between the age of 18-40). The goal is to stimulate economic growth by keeping the productivity level high among this demographic segment, in part through encouraging entrepreneurial pursuit which could also be an important means to develop first generation entrepreneurs. This is further highlighted by the Minister of International Trade and Industry recently that the government will pay greater attention to improving entrepreneurial capabilities, reducing fear of failure thereby enhancing entrepreneurial intentions among Malaysians (Mustapa Mohamed, 2011). In addition, the government has also been preaching for the “inclusiveness” agenda within “1Malaysia” vision that takes into consideration the participation of all members within the society in embarking on productive and entrepreneurial activities regardless of their demographic differences. Considering that Malaysia is a multi-ethnic country it would be insightful to delve into the entrepreneurial propensity among prime age cohort from the three major ethnic groups namely Malay, Chinese, and Indians. The paper is geared towards investigating the possible variations or commonalities in terms of entrepreneurial propensity among these groups that are long believed to possess varying degrees of entrepreneurial propensity.

ENTREPRENEURSHIP IN MALAYSIA:

The importance of entrepreneurship as a scholarly inquiry and economic activity is gaining momentum. Since 1970s, the government has taken numerous steps to develop a conducive ecosystem to flourish entrepreneurship in the country including funding, tax incentives, business advisory support and various training programs for prospective and nascent entrepreneurs. The institution of the New Economic Policy (NEP) served to highlight the importance of achieving socio-economic goals and pursuing economic growth as a way to develop a united nation among the multi-ethnic groups.

Since then, several other agencies were established to support the growth of entrepreneurs which include the Ministry of Entrepreneurial Development, MARA, Ministry of International Trade and Industry, Ministry of Rural Development, Federation of Malaysian Manufacturers, Chambers of Commerce, National Entrepreneur Corporation (PUNB), and also Credit Guarantee Corporation (CGC). All these agencies are involved in providing supports in enhancing entrepreneurial activities in Malaysia. In the Ninth Malaysia Plan (9MP), the human capital development and youth development are among the key thrusts of the plan that have also emphasised on the development of entrepreneurship. The Government of Malaysia’s commitment to promote and develop entrepreneurship in the country is evidenced by the allocation of RM5.772 billion or 2.9% of the 9MP total allocation to Ministry of Entrepreneur and Cooperative Development (MECD). The responsibility to shoulder the entrepreneurship development is widely diversified with the existence of 12 ministries and 40 governmental agencies jointly supporting and promoting entrepreneurship in the country (Ramayah & Harun, 2005).

The education system has been also utilised as a channel to nurture, foster and encourage entrepreneurship. According to Zainal Abidin and Bakar (2007), entrepreneurship was initially offered as a subject in the Malaysian universities’ curricula. In addition, entrepreneurship subject is also offered as an elective subject in the upper secondary school. In the 9MP report, higher education institutions (HEIs) in Malaysia has been given the task to introduce entrepreneurship education in order to provide the students with the necessary knowledge and skills; and develop entrepreneurial ability and attitude while promoting and inculcating entrepreneurial values and cultures among the students. Apart from teaching entrepreneurship as a taught subject, experiential entrepreneurship education programmes have also been undertaken by Ministry of Higher Education (MOHE) and Ministry of Education (MOE) to further impart entrepreneurial soft skills that cannot be taught in a classroom environment. It is expected that with such efforts to promote entrepreneurship in the country, the entrepreneurial propensity among Malaysians would be at least heightened if not reach to an optimal level as in developed countries.

COUNTRY CONTEXT: MALAYSIA - A MULTI ETHNIC SOCIETY:

Malaysia is a multi-ethnic country of 27 million people with Malays forming the predominant ethnic group,

followed by Chinese and Indians. Various writings have claimed that the British colonisation “divide and rule” policy has resulted in huge gap in terms of entrepreneurial orientations among the multi-ethnic groups in Malaysia (see for example Ahmed et al, 2005; Drabble, 2000). Following this ruling, the Chinese were placed in the urban areas to perform commercial activities. As a consequence, they have had a long tradition of entrepreneurship and their community members are said to be less resistance towards entrepreneurship. Among Chinese community, the handing over of family businesses to the younger generation in the family is considered a norm. On the contrary, the Malay community, with exceptions to some Kelantanese who had experiences as petty traders, many did not have a tradition of entrepreneurship. They were historically placed in the rural areas to perform agricultural activities or being employed in the government service. The Indians were on the other hand settled in the rubber plantations or estates working as labourers. There was no effort being made to encourage either Malays or Indians to move to the urban areas where major business activities took place. With such exposure, it is reasonable to expect that the Chinese would possess higher entrepreneurial characteristics and enterprising qualities as compared to their other counterparts.

Having noted that, as mentioned earlier, the institution of NEP and various government policies to minimize the income inequality would have somehow play a major role to close the economic gap and to bolster entrepreneurial awareness among various segments in the society. Against this backdrop, it would be insightful if we could unearth the differences in ethnicity towards entrepreneurial propensity and examine if the trend in entrepreneurship changes as time passed by. Specifically, this study focuses on testing the possible differences pertaining to the attitude towards entrepreneurship, subjective norms, perceived behavioural control, and entrepreneurial propensity among the three ethnicities.

ATTITUDE TOWARDS ENTREPRENEURSHIP:

Attitude towards behaviour is described as the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question (Ajzen, 1991). Personal attitude will depend on the perceptions that individuals have towards the outcomes when they perform the behaviour. This perception can be viewed as either positive or negative. Attitude was found to be automatically formed through life experience, learning, observation of others and many more. In this context, attitude towards entrepreneurship will determine the perception that individuals have towards entrepreneurship. More favourable attitudes would increase the intentions of carrying out the entrepreneurial activities and vice versa.

SUBJECTIVE NORMS:

Subjective norms refer to the perceived social pressure to perform or not perform the behaviour. This variable would be influenced by attitudes of particular individuals, groups and networks that are important to the person that include family members, friends, peers and significant others. Views and perception that others have towards entrepreneurship will influence one's entrepreneurial intention. Some early studies of entrepreneurial intentions found that the relationship between subjective norm and entrepreneurial intentions tended to be very weak (Krueger et al., 2000). In this case, some studies have simply omitted subjective norm (Veciana et al., 2005). Surprisingly however, according to Shook and Brantianu (2008) who studied entrepreneurial intent among students found that subjective norm was negatively related to entrepreneurial intent. Thus, to the extent that the important people in their lives are less supportive, the more motivated the students are to start a business.

PERCEIVED BEHAVIOURAL CONTROL:

Perceived behavioural control can be described as perceived ease or difficulty of performing a behaviour (Ajzen, 1991). The higher these perceptions are the more likely intentions to perform that behaviour. Individuals usually choose to perform behaviours they think they will be able to control and master. This variable was closely related to Bandura's (1986) self efficacy, which is defined as a person beliefs whether they can execute a particular action or not. If the person does not perceive to have control over the behaviour and its outcome, intentions are not likely to lead to behaviour, even though subjective norm and attitudes toward the behaviour would be favourable (Linan et al. 2004). Ajzen (1991) states that, to the extent that people are realistic in their judgments of behaviour's difficulty; a measure of perceived behavioural control can serve as a proxy for actual control and contribute to the prediction of the behaviour in question.

Based on the preceeding discussion, this paper aims at uncovering the entrepreneurial propensity among prime-age Malaysians by examining the attitude towards entrepreneurship, subjective norms, and perceived behavioural control. Such evaluation will take into consideration the variations or commonalities that can be identified among the three ethnic groups of focus.

METHOD:

Data was collected via self-administered survey based on convenience sampling mode. The survey was designed specifically to gather information pertaining to entrepreneurial propensity among prime age cohorts (Malays, Chinese, and Indians) in the context of Malaysia. Specifically, entrepreneurial propensity and the three antecedents (attitude towards entrepreneurship, subjective norm and perceived behavioural control) were measured with multiple seven-point, Likert-scale items adapted from Kolvereid (1996). The age range was based on the definition of “youth” as indicated in Youth Development and Organisation Act 1997. Altogether, 180 usable questionnaires were obtained for further analysis.

ANALYSIS AND RESULT:

As depicted in Table 1 below, 47.2 % of the respondents were male with the remaining 53 % were female. About 58.3 % of the respondents were in the age range of 18-24, 27.2 percents were in the age range of 25-30, 13.9 % were in the age of 31-40, and above 50 years contributed 0.6 % of the total respondents. In terms of the ethnicity, 43.9 % of the respondents were Malays, 31.1 % of the respondents were Chinese, and 25% of the respondents were Indian. In term of the educational level, 59.4 % of total respondents have undergraduate degree while 38.9 % were PhD graduates and the remaining 1.7% have masters degree. It is also noted that 47.8 % from total respondents have entrepreneurial family background while 52.2 % does not have entrepreneurial family background. Finally, 57.8 % reported that they have attended some entrepreneurship courses while the remaining 42.2 % has never attended any entrepreneurship course.

Table 1. Profile of Respondents

Variable	Categories	Frequency	Percentage (%)
Gender	Male	86	47
	Female	94	52
Ethnicity	Malay	79	43.9
	Indian	56	31.1
	Chinese	45	25
Age	18-24 years	105	58.3
	25-30 years	49	27.2
	31-40 years	26	13.9
Education Level	Undergraduate	107	59.4
	Master	70	38.9
	PhD	3	1.7
	Others	0	0
Attended Entrepreneurship Course	Yes	104	57.8
	No	76	42.2
Entrepreneurial Family	Yes	86	47.8
	No	94	52.2

Subsequently, a one-way ANOVA was used to test the possible variations in terms of entrepreneurial attitude, subjective norms, perceived behavioural control and entrepreneurial propensity among the three ethnicities of focus. Interestingly, as shown in Table 2, the result indicates that there is no statistically significant difference among the three cohorts in terms of all the variables studied.

Table 2. One-way ANOVA: Variations among Malay, Chinese, and Indians

Variable		Sum of Squares	df	Mean Square	F	Sig
Attitude towards entrepreneurship	Between groups	1.50	2	.750	.790	.455
	Within Groups	167.93	177	.949		
	Total	169.43	179			
Subjective norms	Between groups	1.15	2	.574	1.005	.368
	Within Groups	101.05	177	.571		
	Total	102.19	179			
Perceived behavioural control	Between groups	.018	2	.009	.017	.984
	Within Groups	97.11	177	.549		
	Total	97.13	179			
Entrepreneurial Propensity	Between groups	.971	2	.486	.680	.508
	Within Groups	126.48	177	.715		
	Total	127.45	179			

Figure 1 below depicts the analysis of the mean values for all the variables. The figure clearly shows that attitudes towards entrepreneurship, subjective norms, perceived behavioural control and entrepreneurial propensity were all above average, indicating that the subjects in this study possess high levels of entrepreneurial interest. In addition, there is an indication that the society is supportive of entrepreneurial activities as indicated by the subjective norms as perceived by the respondents. And importantly, they believed that they are capable of venturing into entrepreneurial careers and that they have control over such behaviour. Interestingly also, the respondents have shown moderate to high level of entrepreneurial propensity.

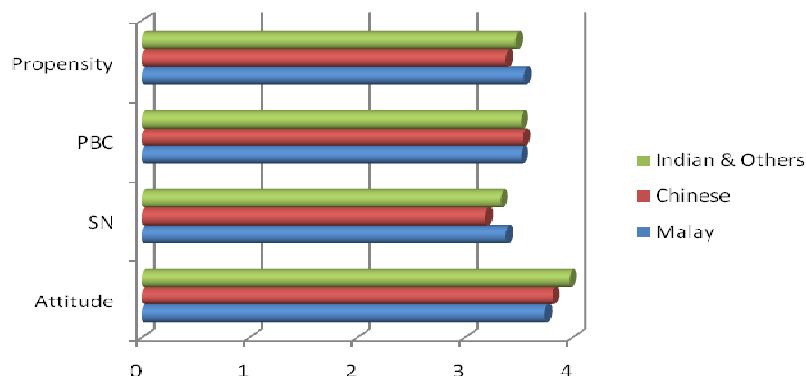


Figure 1. Chart showing the analysis of the mean values for all the variables

DISCUSSION AND CONCLUSION:

Evidently, the prime-age cohort who participated in this study demonstrated the inclination to pursue entrepreneurial career. In general, this cohort demonstrated entrepreneurial propensity and this is considered an interesting observation given that a certain segment of Malaysian youth has often been associated with a glaring lack of competitiveness and enterprising spirit and that they would never belong to the world of modern business. Presumably, the efforts undertaken by the government to bolster entrepreneurial culture and enterprising qualities among Malaysian society have taken effect overtime. With some limitations in mind, it can be concluded that, at least for this study, the prime-age cohort from the three ethnic groups share some commonalities in terms of their attitude towards entrepreneurship, subjective norms, perceived control behaviour, as well as entrepreneurial propensity. This is seen a promising scenario given that it in a multi-ethnic society such as Malaysia, the huge economic cleavage may dampen the effort to promote harmony, peace and unity in the country.

As such, it is acknowledged that the government efforts to promote entrepreneurship culture and improving the economic standing of all members in the society via entrepreneurial activities should be applauded. Having said that, this study recognises that concerted efforts towards inculcating entrepreneurial spirit should be shouldered by all parties, be it, members of the society, government officials and planners and well as the practising entrepreneurs themselves. On that note, the availability of good role models to prospective and nascent entrepreneurs would accelerate the creation of more successful entrepreneurial ventures that could eventually be translated back onto the development of the nation's economy.

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