

POLICY TOWARD SUSTAINABILITY OF ENTREPRENEURIAL EDUCATION IN MALAYSIA AND ASEAN COUNTRIES

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(Received 16th November 2020; accepted 03rd December 2020)

Abstract. It is not a debate that economic development and its sustainability are hinged on creativity and innovation, which are the defining features of entrepreneurial education. As a result, this paper's objective has been pursued theoretically by reviewing various government policies on education position of entrepreneurship development in the Malaysia and ASEAN countries. This study also assumed that, if entrepreneurial education is to be used to define the country's developmental efforts towards a sustainable future, the focus must be on the youths, to whom the future belongs. Therefore, even with the fact that certain policies on education in universities emphasize skills, vocational and technical education, the need for real orientation of concerned institutions towards building entrepreneurial mindset is in the youths. In this study certain theories on entrepreneurial education and development are considered, while often-encountered challenges of entrepreneurial education and their way out are highlighted. On the basis of this and other ancillary discourses, policy implication and recommendations are raised for consideration. These include, among others, a call on all relevant authorities to make a fresh commitment towards entrepreneurial development by refocusing the education policy towards entrepreneurial eliciting programs.

Keywords: *economic development, entrepreneurial education, sustainable future, entrepreneurial development*

Introduction

Economic development through entrepreneurial education has become a major concern of all well-meaning countries of the world. There are a number of programs and policies tailored towards the development of entrepreneurial mindset among people from all walks of life in these countries. Also, entrepreneurship is becoming a focal point for the various economies of the world as a result of its potency to greatly influence economic growth and development through entrepreneurial drive and persistence (Kuratko, 2009). Therefore, Malaysia cannot sit back and watch other nations make progress in the common quest for economic independence that will deal with the problem of unemployment, poverty and other related socioeconomic challenges. Again, the fact that Malaysia has remained a developing economy for a long period has even made it urgent, the need to fully embrace the 'letter and spirit' of entrepreneurship by all individuals and institutions. This is why this study addresses the need for proper tailoring of the Malaysian education system towards a sustainable entrepreneurship development. This will be achieved through the use of the following subheadings; introduction, meaning of entrepreneurship and entrepreneurial education with its objectives, history of entrepreneurship in relation to Malaysia, educational policy, entrepreneurship development efforts in Malaysia, examination of challenges, and possible solutions to entrepreneurship education, development policy implication, recommendations and conclusion.

Literature Review

What is entrepreneurship?

There have been various definitions of entrepreneurship by different authors. The concept is seen as the dynamic process of wealth creation through those who are taking the risks and making provision or adding to products and services (Kuratko, 2009). It has also been described as “the process of performing the roles of planning, operating and assuming the risk of a business venture,” (Inegbenebor and Igbinomwanhia, 2010). Furthermore, the concept of entrepreneurship has been defined as “the pursuit of lucrative opportunities by enterprising individuals being inherently about innovation - creating a new venture where one didn’t exist before” (Bateman and Snell, 2011). There has also been a broader definition by other authors who sees it as the process of value creation to products and services for the benefit of the society, and thereafter learning the skills required in venturing into a business (Ahiazu, 2010; Inegbenebor, 2006).

From the above definitions, it is clear that the concept of entrepreneurship development is a process which could be considered to begin with the knowledge and skill accumulation to sufficiently predispose the individual learner to entrepreneurial pursuit. This, of course, is the focus of this paper - to establish the link between entrepreneurial education and sustainable development.

What is entrepreneurship education?

There are various definitions for the term entrepreneurship education. The summary of the definitions is shown in *Table 1*.

Table 1. Definition of entrepreneurship education.

Author	Year	Definition
Wilson	2008	Variations of entrepreneurship education are offered at all levels of schooling from primary or secondary schools through graduate university programs.
Brown	2000	Entrepreneurial education is designed to communicate and inculcate competencies, skills and values needed to recognize business opportunities, organize and start a new business venture.
Gorman et al.	1997	Pointed out that entrepreneurship education is an educational programme that is focused on impacting students with issues on entrepreneurship.
Babalola; Mandara	2009; 2012	This concept of entrepreneurship education has to do with encouraging, inspiring children, youths and elders on how to be independent both in thinking and creativity in business.

As a result of the foregoing definition, it is seen that entrepreneurial education is a necessary tool used by various nations in achieving economic development, which need a proper approach for its sustainability through a range of policies as a focus of this study.

Objective of entrepreneurship education

The importance of entrepreneurship education cannot be over emphasised, because it is an education and training which focus on empowering and developing individuals in order to be able to apply their creativity to initiate risk taking and responsibilities. Paul (2005), explained that entrepreneurship education objectives is based on the following;

(a) offer functional education to the youths that will allow them to be self-employed and enterprising (b) equip the youths with adequate training and knowledge that will make them to be creative and innovative in identifying profitable business opportunities, (c) give the young graduates the necessary training and support which will enable them to pursue careers and have interest in small and medium businesses (d) offer adequate risk management training to tertiary institution graduates (e) reduce rural-urban drift (f) employment opportunities creation, (g) reduce high rate of poverty, (h) serve as the catalyst for economic development and growth (i) creation of a smooth transition via traditional to a modern industrial economy, and (k) imbibe the spirit of perseverance in the youths and adults which will enable them to continue and embark on any business venture they so desire.

The ASEAN

The ASEAN otherwise called the Association of Southeast Asian Nations was formed as an organization among Southeast Asia countries to strengthen their regional cooperation. On August 8th, 1967, this organization was established by five countries. The countries are; Malaysia, Indonesia, Thailand, Philippines, and Singapore. The main aim was to foster good co-operation in economic, cultural, social, educational, technical, and other aspect which can bring about regional peace and stability. The success of this organisation ushered participation from other countries from this region such as, Brunei Darussalam (On January 7th, 1984), followed by Vietnam (July 28th, 1995), Lao PDR and Myanmar (July 23rd, 1997) respectively, and finally Cambodia joined on (April 30th, 1999). These are the nations that made up of the 10 member states of the ASEAN countries today. It is interesting to note that, these 10 member states of ASEAN countries made up of closely 9% of the world's total population and 3.17% of the world's gross domestic product (ILO International Labour Department, 2013). Nowadays, the ASEAN resources and economic activities are highly regarded by neighbouring countries in the Asia and Pacific Region as good opportunities for business, economic partnerships and trade.

Brief history of entrepreneurship in Malaysia

Entrepreneurial activities have existed in Malaysia since the beginning of Melaka engagement with foreign traders. However, when the British colonized the Malay Peninsula, they changed the structure of the society and practiced the “divide and rule” system in which the Malays were engaged in administration and agriculture, while the Chinese are in mining and business, leaving the Indians to be in rubber plantations. As a result of this system, the Chinese community was vast in business activities compared with the Malays and Indians. After the country's independence, the government realized the important role of entrepreneurship to individuals, society and the nation, including its contribution to national prosperity. This is why until today government focus has been on the development of entrepreneurship. Also, there have been support and encouragement from various policies by the Malaysia government, such as the New Economic Policy of (1971-1990), the National Development Policy of (1990-2000) and Vision 2020, all targeted towards entrepreneurship development. The government has encouraged entrepreneurship development activities and gives recognition to entrepreneurs because of their contribution the country's development. In 1995, the government incorporated the Ministry of Entrepreneurship Development as a specific

body to manage and promote the growth of entrepreneurship in Malaysia which later named the Ministry of Entrepreneurship Development and Co-operation. As Kader et al. (2009) posited, the earnestness with which the government promoted entrepreneurship and its small and medium enterprise (SME) development programs in the early days led to the involvement of a large number of ministries as well as government and non-government agencies. The study further mentioned that there were about 13 ministries and more than 30 government and non-government agencies involved in a variety of programs for the development of SMEs in 1990. The banks and financial institutions were also involved in providing the financial support.

Entrepreneurial activity

Previous studies have revealed that, even when individuals have positive perceptions towards entrepreneurship, it is by no means certain that this will be translated into making them to actually venture or engage in any business activities. As recorded by the Global Entrepreneurship Monitor (GEM) 2008 Report, a number of assessments have to be made, that could possibly or not be concise. The first assessment has to do with opportunity costs, which involves a comparison of the expected returns of entrepreneurship with a possible expected returns of an alternative employment. Findings show that the most common factor was being employed (ASEAN, 2010). The second assessment has to do with risk-reward. The high perceived risks involve in venturing or engaging in entrepreneurship activities makes it difficult for various individuals who are considering of going into business. Although several national characteristics might be the contributing factor to the risk-assessment, such as (i) “red tape” which is excessive bureaucracy posing unfavourable administrative burdens and high costs to individual who are thinking about venturing into business, (ii) levels of corruption and crime, (iii) easy access to resources and technical assistance, (iv) the competitive environment and (v) the market dynamics. As a result, it is important for policy makers to determine the factors contributing to the decreasing nature between intentional and active entrepreneurs, because it has a strong linkage to influence entrepreneurial development.

Entrepreneurial development training

The focal point of entrepreneurial education around the world will definitely assume different perspective. However, certain aspects of learning entrepreneurship appear to be favoured everywhere and by virtually all scholars. Yomere (2009) asserted that “entrepreneurship education in higher institutions is based on the formulation of course structures whose learning methods vary considerably from lectures, presentations, hand-outs and case study.” The study identified teaching or training students on how to write a business plan as one of the firmly entrenched curriculum formats. Entrepreneur training generally defined as an education in the enterprise has a more profound impact than education. Lack of technical know-how often acts as a barrier in the technological development of small and medium enterprises (SME) (Jamak et al., 2012). According to Panda (2008), strong technical competencies provide a base for decision making related to raw material selection, selection of suitable technology and also entrepreneurship development (Baum et al., 2001). However, the nature of entrepreneurship, especially the level of complexity and ambiguity with which entrepreneurial activities are carried out, demands a total immersion of the entrepreneur, which goes beyond and is more

involved than the conventional business planning. To this end, factors such as; the entrepreneurial mindset, environmental opportunities, precipitating events, unique business concept, support from others and resource accessibility are critical and should be the focal point of entrepreneurial development training.

Contribution of entrepreneurship in a developing economy-Malaysia in focus

The overriding attribute of a developing economy is poverty and the inability to provide for the basic needs of the population. Other characteristics of such economy are; low average real income and a low growth rate of per capita income, low level of technology, low level of productivity, low life expectancy, inadequate health services among others (Inegbenebor and Igbinomwanhia, 2010). In such an economy, social and other basic needs of the population are a dire challenge. Entrepreneurship which can be described as a process of planning, operating and assuming the risk of a business venture plays critical roles in economic development. According to Inegbenebor and Igbinomwanhia (2010), the role of entrepreneurship in a developing society is presented as follows:

- Employment generation: Unemployment is a major problem facing all nations of the world and solving this problem that has become endemic, is the quest of all nations. As a result, entrepreneurship has remained the most important tool for solving them. The countries, who immediately engage in entrepreneurship, succeed in providing jobs for themselves, as well as others. Many Malaysians are very resilient in this regard in establishing and managing business profitably.
- Increase in productivity through innovation: Innovation which has been described as a process by which entrepreneur convert opportunities (ideas) into marketable solutions (Kuratko, 2009), is crucial in raising productivity. It is a key aspect in entrepreneurship. Because of the resourcefulness and ingenuity of entrepreneurs. Therefore, with innovation, entrepreneurs in those countries are able to contribute innovatively through productivity. Malaysia also can become a producing nation instead of the present situation of being a consuming nation.
- Facilitation of technology transfer/adaptation: Opportunities for developing and adapting appropriate technological approaches are also provided by entrepreneurs. This facilitates the absorption of all kinds of workers - skilled, semi-skilled and unskilled.
- Increase in resource utilization: In many nations, resources could be left fallow, but entrepreneurs harness these resources, which might otherwise remain idle, and put them into productive and profitable use. They contribute to the mobilization of domestic savings and utilization of local resources including human resource.

Based on these enormous objectives as highlighted above, entrepreneurship development in Malaysia is therefore a must to be enhanced through training.

Challenges of entrepreneurial education in Malaysia and possible solutions

As may be expected of this veritable tool for development, entrepreneurship in Malaysia is tainted with a plethora of problems. These problems, as highlighted in

Inegbenebor (2012) and Kuratko (2009), are presented below together with the perceived solutions.

- **Student's Orientation:** The place of passion is critical in cultivating and promoting entrepreneurial spirit in students. This follows that a passionate and committed student of entrepreneurship may end up taking the course as a career goal. Entrepreneurship, as it is today, is not taken by many as a vocational course of study in Malaysia, rather, wage earning is favoured thereby posed a challenge to this field. But in order to stimulate student's interest in this line, a design of entrepreneurship education with significant promotional content as well as an enabling environment is needed for that purpose.
- **Orientation of Schools Administration:** At present, many school's administrators are yet to appreciate the value and potential of entrepreneurship education in the development of the nation, hence, no real support is articulated by them. Therefore, a need for the leadership of schools to reorient themselves towards entrepreneurship development. Practical steps towards result-oriented entrepreneurship can be achieved in schools only when school administrators themselves know and promote activities of entrepreneurial development. It is important to ensure that entrepreneurship is promoted heavily among young people. Special efforts should be made to promote entrepreneurship education among students in science, engineering and agriculture where the potential for growing innovative, high growth firms is high (Inegbenebor, 2012).
- **Capacity Building Centers:** As alluded in the point above, centres for capacity building, where the intending entrepreneur is made to have hands-on experience are not adequate considering the present state of existing training caters for entrepreneurs in Malaysia.

Incidentally, entrepreneurship is better appreciated in practical experience than in being theoretical. It is important, therefore, that the knowledge gathered in theory be backed by real life practical experiences in laboratories, workshops and business incubation sites (Ogedendbe et al., 2012).

Summary of entrepreneurship polic by ASEAN countries

Overall, in the ASEAN-6 region, there is a strong focus towards entrepreneurship. This is because of the high level of media attention enjoyed by entrepreneurs and it is said that two-thirds of the people around this region see entrepreneurship as a good career choice. Although, this not without some certain concerns such as high regional fair of failure and fairly healthy pool of potential entrepreneurs. In the most ASEAN-6 countries, there is still a huge gap between intent and active entrepreneurs. Although, the high level of success recorded by start-up business in the ASEAN-6, is relatively high compared to other regions in the global entrepreneurship monitor (GEM) sample (ASEAN, 2010). The GEM recorded that, the ASEAN-6 has the second highest regional percentage of people drawn to go into business because of improvement-driven opportunity, and a positive ratio of total early-stage entrepreneurial activity (TEA) to business discontinuance. Below *Table 2* summarizes the type of policies practiced in some of the ASEAN countries.

Table 2. Type of policies practiced in some of ASEAN countries.

No	ASEAN countries	Entrepreneurship policies
1	Malaysia	(i) The New Economic Policy (1971-1990). (ii) The National Development Policy (1990-2000). (iii) Vision 2020.
2	Indonesia	(i) The New Order (1965-1998). (ii) USAID funded „partnership for economic growth project” (2000). (iii) The United Nations Conference on Trade and Development policy (2004).
3	Singapore	(i) The Singapore development state policy (1965-1980) (ii) Government-linked corporations (GLCs) funding programme (1980) (iii) Multi-prolonged entrepreneurship drive in 2001, which include the Techno-preneurship 2.1 programme, the Start-up Enterprise Development Scheme (SEEDS), the Micro Loan Programme (MLP), and the Local Enterprise Finance Scheme (LEFS), among many others.

Source: Bhasin and Venkataramany (2010); Pereira (2007).

Based on some of the above policies made by some of the ASEAN countries as shown in the above table, the percentage of entrepreneurs have been very high than average. Although almost half the entrepreneurs expect to generate between 1- 5 jobs, only 4.6% expect to create more than 20 jobs (half the GEM average) (Asian Development Bank, 2013; ILO International Labour Department, 2013). The majority of the policies favoured the women because they are significantly seen as more likely to be involved in total early-stage entrepreneurial activity (TEA), than their male counterpart. Also, in this region due to the various policies adopted, a significant majority of businesses are said to be higher in the retail sector.

Policy implication and recommendations

There are certain implications of the various fallouts of this paper, to which attention must be shifted if entrepreneurial thought must be promoted among Malaysians especially the youths. Firstly, this study has identified the place of entrepreneurship in the growth and development of developing countries, to which Malaysia belongs. Therefore, government at all levels as a matter of urgency, should make a fresh commitment towards entrepreneurial development by refocusing the education policy to be entrepreneurial-oriented to ensure the generation of a ready pool of young men and women to participate into entrepreneurship. Moreover, teaching materials and well-equipped capacity building centres should be provided in higher learning institutions. Secondly, the way of life of the youths through their basic beliefs and values, should be watched by relevant agencies for re-orientation. Dignity of labour, value for locally made products and individual contribution to nation building should be inculcated as virtues to live by. On the other hand, Malaysia is yet to gain a sound footing on entrepreneurship by reason of the absence of capacity building centres (Wheeler, 1928; Mahathir, 1970). Therefore, the study recommends that establishing entrepreneurial development centres in each of the geopolitical zones of Malaysia, with adequate attention in providing the necessary inputs by government is a necessity.

Government and other education stakeholders should make sure that educational program at all levels are made relevant to provide the youths and graduates with the needed entrepreneurial skills. The same goes for the creation of a friendly political and economic environment by government conscious effort. To do this, there should be a partnership with identifiable small scale entrepreneurs to encourage them for more productivity. Instead of clapping down factories which are considered producing sub-standard products, government should key into the ingenuity of the entrepreneurs, bring them out, empower them through capacity building, provide them with capital as well as input and give them the enabling environment to thrive. According to Piei (2002), measures to respond to the problem include (a) upgrading the products and processes; (b) shedding off unprofitable products, processes or activities; (c) relocating costly products, processes and activities to a more profitable and competitive location within the country, or in other ASEAN countries; and (d) forming strategic alliances with other businesses taking advantage of the ASEAN Industrial Cooperation Scheme and the ASEAN Investment Area program.

Conclusion

Economic development through entrepreneurship has become the focus of all nations (Dees, 1998). This is better appreciated by the less-developed and developing countries of Asia, Africa, and South America which need urgent transition to a developed economy. However, such development through entrepreneurship can well be sustained with a focus and investment in entrepreneurship education. This is because it has become clear that entrepreneurship can be taught and learned. Charney and Libecap (2000) also found that entrepreneurship education produces self-sufficient enterprising individuals.

Lack of technical know-how often acts as a barrier in the technological development of SMEs (Jamak et al., 2012). According to Panda (2008), strong technical competencies provide a base for decision making related to raw material selection, selection of suitable technology and also entrepreneurship development (Baum et al., 2001).

Educators and business professionals have evolved beyond the myth that 'entrepreneurs are born, not made.' Certainly, the future belongs to the nations who are willing to pay the required sacrifice today and in Malaysia, there is no better time to do this than now if the economic fortune of generations to come will not be further jeopardized. The identified challenges of entrepreneurship education in Malaysia could be ameliorated with real commitment by all concerned government, educational institutions, students, and other agencies. It is hoped that, given this shared responsibility, entrepreneurship will take its place and be used as the viable vehicle for Malaysian economic growth and development.

Acknowledgement

The authors would like to gratefully acknowledge the time, assistance, and thoughtfulness of all authors who responded to our requests for assistance. We also thank anonymous author for the insights regarding an earlier draft of this paper.

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