An insight on entrepreneurship

In the book False Economy: A surprising Economic History of the World (p.186) written by Alan Beattie, he wrote: “It takes entrepreneurs to seize the opportunities that technology offers, and it takes governments to encourage, support and facilitate them, and when appropriate, as it often is, to get out of their way.”

Unlike managing an established business in a particular industry, entrepreneurship involves identifying opportunities and gaps in the market, generating ideas and sustaining a profitable and replicable business. Entrepreneurship is first and foremost a mindset. It is a way of thinking and approaching problems, to find viable solutions.

It is today well appreciated that entrepreneurship is a key driver of any economy. In fact it is well accepted that the rise and decline of cities is closely connected with successful entrepreneurship.

Recently an assessment of the national level of entrepreneurial activity was conducted by UniRazak via the Global Entrepreneurship Monitor (GEM) research programme. The research programme, based on a harmonised assessment of the level of national entrepreneurial activity for 54 participating countries, involves the exploration of the role of entrepreneurship in national economic growth.

The results were both surprising and unsettling and serve as a wake-up call for past policies on entrepreneurship that obviously will need to be reviewed and revamped. The early stage entrepreneurial activity monitored depicts a less than satisfactory picture of the state of early entrepreneurial activity in Malaysia.

The Early Stage Entrepreneurial Activity prevalence rate (also called TEA index) for each GEM 2009 country was assessed. The countries are grouped by phase of economic development and ranked within groups in ascending order of the national point estimate for TEA. Malaysia’s TEA rate is very low within the efficiency-driven economies grouping. This result is not in tandem with its positioning as an efficiency-driven economy as such low new business ownership rates are more in the domain of innovation-driven economies. Thus, for countries with low levels of per capita income, a decrease in prevalence rates of early-stage entrepreneurial activity may be a good sign of sustainability, especially if this is accompanied by economic growth and political stability as appears to be the case with Malaysia currently.

Overall, the GEM 2009 results again confirm that institutional characteristics, demographics, entrepreneurial culture, and the degree of economic welfare shape a country’s entrepreneurial landscape. These factors are linked in complex webs. For example, national institutions reflect national culture, since they are designed to formalise norms and values.

Firstly, it is established that countries with well-developed, entrepreneurship friendly institutions generally exhibit higher degrees of wealth. In this regard generally the experts (via the National Experts Survey) in Malaysia overwhelmingly record that government policies and government support factors play a critical role in contributing and increasing entrepreneurship within the nation.

This would be:

* Financial support: Factors that limit entrepreneurship are financial support and abilities and knowledge to start-up. Providing funding and making available simpler and direct avenues for funding applications is also required.

* Education and training:

These were both seen as key factors that would contribute and increase entrepreneurship.

Secondly, Malaysia needs to foster opportunity-driven entrepreneurship via innovations. This will boost productivity and will push us squarely into an innovation-driven type economy. Ambition for high growth, productivity and process innovation and internationalisation are key to Malaysia successfully embracing the 21st century.

Lastly, the low entrepreneurial activity rates coupled with our relatively low per capita income is an indication of a sustainable scenario and predicated political stability and economic growth i.e. an abundance of opportunities.

It is recommended that entrepreneurship as a nation need to go forward exploiting opportunity-driven entrepreneurship such as eco-tourism, research and downstream potential in existing commodities, traditional medicines, scientific fruit farming and other areas.

This gives us a comparative advantage.

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