Rising confidence level

Fear of failure rate among local entrepreneurs fell to 36% in 2012

By INTAN FARHANA ZAINUL
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KUALA LUMPUR: The fear of failure rate among Malaysian entrepreneurs had fallen significantly over the last four years, from 65% in 2009 to 36% in 2012, Second Finance Minister Datuk Seri Ahmad Husni Hanadzlah said.

“This trend was demonstrated from entrepreneurial pursuits that was shaped and focused on available opportunities, and signals an increasing rate of innovations, initiatives and an improvement in the country’s economic situation,” he said at the launch of the Global Entrepreneurship Monitor 2012 yesterday.

He noted that Malaysia’s early-stage Entrepreneurial Activity or TEA rate for 2012 has increased to 7% compared to 4.4% in 2009.

“This increase was mainly driven by improvement-driven opportunity entrepreneurship as compared with necessity-driven entrepreneurship,” he said.

Ahmad Husni wants Malaysia’s business retention rate getting even better although it has showed significant improvement over the past four years.

In 2009, only 4.3% of new businesses survived beyond 42 months period and that has increased to 7% in 2012. “Our retention rate is higher than the advanced countries such as United Kingdom (6%) and Germany (5%), while South Korea and China have higher rate at 10% and 12% respectively,” he said.

In line with that, Ahmad Husni said the Government was giving more attention towards improving entrepreneurs’s capabilities through advisory services, coaching, training and funding via government agencies including Cradle Fund Sdn Bhd, SME Corp, Malaysian Biotechnology Corp and Multimedia Development Corp. He added that the agencies under his ministry and the Ministry of International Trade and Industry had augmented the status of local entrepreneurship and established a positive perception of entrepreneurship as a career.

“The World Economic Forum’s Global Competitiveness Report in 2012 showed that Malaysia ranked 25th out of 144 countries, mainly in health and primary education as well as financial market development,” he said.

He said Malaysia was first to launch the Global Entrepreneurship Monitor (GEM) Global Report in Asia hosted by Universiti Tun Abdul Razak (UniRazak).

“This report contains indicators which can serve as benchmarks for us to measure our efforts to develop entrepreneurship,” said Ahmad Husni. Prof Roland Xavier, the acting dean of Universiti Tun Abdul Razak’s (UniRazak) Bank Rakyat School of Business and Entrepreneurship said Malaysia’s entrepreneurial activity rate for this year will increase gradually at about 8%.

“Malaysia’s vibrant economy coupled with high job opportunities would give a steady increase in the entrepreneurial activity rate,” he said. GEM was initiated in 1999 as a partnership between the London Business School and Babson College and UniRazak become a member in 2008 and conducted first nationwide research on entrepreneurship in 2009.

Only 10 countries involved during the initial level, but now GEM has conducted research in 96 countries, with each having its own national team that is responsible to conduct a survey of about 2,000 adults. The research program is to assess the level of national entrepreneurial activity for all participating countries.