



*Edited by*

Paul Jones · Louisa Huxtable-Thomas ·  
Syahira Hamidon · Paul Hannon ·  
Norgainy Mohd Tawil

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# Entrepreneurial Activity in Malaysia

## A Country Level Perspective

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Paul Jones · Louisa Huxtable-Thomas ·  
Syahira Hamidon · Paul Hannon ·  
Norgainy Mohd Tawil  
Editors

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# Abbreviations

|         |                                                |
|---------|------------------------------------------------|
| 11MP    | Eleventh Malaysia Plan                         |
| 4IR     | Fourth Industrial Revolution                   |
| 8MP     | Eighth Malaysia Plan                           |
| AIM     | Amanah Ikhtiar Malaysia                        |
| ARPANET | Advanced Research Projects Agency Network      |
| ASEAN   | Association of Southeast Asian Nations         |
| BCIC    | Bumiputera Commercial and Industrial Community |
| BN      | Barisan Nasional                               |
| BoG     | Bill of Guarantees                             |
| CEO     | Chief Executive Officers                       |
| COR     | Conservation of Resources                      |
| CSCD    | Community Service Centre of the Deaf           |
| CSE     | Core self-evaluations                          |
| CSO     | Civil Society Organisations                    |
| ECER    | East Coast Economic Region                     |
| GDP     | Gross Domestic Product                         |
| GNI     | Gross National Income                          |
| GNP     | Gross National Product                         |
| HEI     | Higher Education Institutions                  |
| HTTP    | Hypertext transport protocol                   |

|       |                                                        |
|-------|--------------------------------------------------------|
| ICT   | Information Communication Technology                   |
| IDEA  | Impact-Driven Enterprise Accreditation                 |
| IoT   | Internet of Things                                     |
| IPMA  | Importance performance matrix analysis                 |
| KIBS  | Knowledge Intensive Business Service                   |
| KIE   | Knowledge Intensive Entrepreneurship                   |
| KL    | Kuala Lumpur                                           |
| KLCC  | Kuala Lumpur City Centre                               |
| KLIA  | Kuala Lumpur International Airport                     |
| MaGIC | Malaysian Global Innovation and Creativity Centre      |
| MARA  | Majlis Amanah Rakyat                                   |
| MDEC  | Malaysia Digital Economy Corp                          |
| MeCD  | Ministry of Entrepreneur and Cooperative Development   |
| MED   | Ministry of Entrepreneur Development                   |
| MHE   | Ministry of Higher Education                           |
| MSC   | Multimedia Super Corridor                              |
| MSEB  | Malaysian Social Enterprise Blueprint                  |
| MSME  | Micro, Small and Medium Enterprises                    |
| MTR   | Mid Term Review                                        |
| NCER  | Northern Corridor Economic Region                      |
| NDP   | National Development Plan                              |
| NEAC  | National Economic Advisory Council                     |
| NEM   | New Economic Model                                     |
| NEP   | New Economic Policy                                    |
| NGO   | Non-government organisations                           |
| NIS   | National Innovation Systems                            |
| NKEA  | National Key Economic Areas                            |
| NLS   | National Level Systems                                 |
| NMP   | National Malaysia Plan                                 |
| NMP   | National Mission Policy                                |
| NOC   | National Operations Council                            |
| NVP   | National Vision Policy                                 |
| OECD  | Organisation for Economic Co-operation and Development |
| OPP1  | First Outline Perspective Plan                         |
| OPP2  | Second Outline Perspective Plan                        |
| PH    | Pakistan Harapan                                       |
| PICC  | Putrajaya International Convention Centre (PICC)       |
| PKR   | Parti Keadllan Rakyat                                  |
| PLS   | Partial least squares                                  |

|       |                                                 |
|-------|-------------------------------------------------|
| PM    | Prime Minister                                  |
| PPBM  | Parti Pribumi Bersatu Malaysia                  |
| R&D   | Research & Development                          |
| RA    | Role Ambiguity                                  |
| RM    | Malaysian ringgit                               |
| S&T   | Science & Technology                            |
| SCORE | Sarawak Corridor Renewable Energy               |
| SDC   | Sabah Development Corridor                      |
| SDG   | Sustainable Development Goals                   |
| SE    | Social Entrepreneurship                         |
| SIFE  | Students in Free Enterprise                     |
| SME   | Small and Medium Sized Enterprise/s             |
| SPV   | Shared Prosperity Vision                        |
| SS    | Spousal Support                                 |
| TVET  | Technical and Vocational Education and Training |
| UN    | United Nations                                  |
| USA   | United States of America                        |
| USD   | United States Dollar                            |
| WISE  | Women in Social Enterprise                      |
| WSF   | World Schedule Flexibility                      |
| WWW   | World Wide Web                                  |

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# 1

## Introduction to Entrepreneurial Activity in Malaysia: A Country-Level Perspective

Paul Jones, Louisa Huxtable-Thomas, Paul Hannon,  
Syahira Hamidon, and Norgainy Mohd Tawil

### Introduction

This introduction offers a “state of the nation” evaluation regarding entrepreneurial activity within the Malaysian economy and its impact on the country as it moves towards higher-income status by 2020.

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Malaysia is a unique country, given it is multi-ethnic and multi-cultural which impacts significantly on its entrepreneurial behaviour (Ismail, 2010). There is increased interest in enhancing entrepreneurial opportunities within Malaysia (Ariff & Bakar, 2002; Mahmood et al., 2020). Entrepreneurial activity within Malaysia is currently under-reported within the academic literature (Ariff & Bakar, 2002; Mosbah et al., 2018). Previously, literature has considered the effectiveness of Entrepreneurship Education as taught programmes in a Malaysian context in various business disciplines (Ariff & Abubakar, 2003; Shariff & Saud, 2009; Yu Cheng et al., 2009).

The current literature on Entrepreneurial behaviour in Malaysian literature is typically reported in national level journals (Khan et al, 2017) and typically relate to studies measuring the effectiveness of entrepreneurship education programmes. Moreover, the published studies typically lack complexity and often reflect the introduction of a new curriculum, incentives or systems to encourage or measure entrepreneurial activity and their impact on entrepreneurial attitudes (Zamberi Ahmad, 2013). For example, a typical example relates to the use of entrepreneurial education in single institutional studies (Mustafa et al., 2016). Studies considering female entrepreneurship in Malaysia remain limited in number (Ismail et al., 2012; Teoh & Chong, 2014).

Malaysia is currently a large and growing economy (post Covid) with a focus on SME growth and service delivery policies from a well-financed public sector that supports SME start-up and growth (Islam & Wahab, 2021). Malaysia is a leading exporter of electronics, oil and gas, palm oil and rubber which drives economic growth (OECD, 2019). Other key industries include light manufacturing, pharmaceuticals, medical technology, tin mining and smelting, logging, and timber processing (IME, 2016). The major trading partners are China, Singapore, the United States, Japan and Thailand, which collectively contributed more than 50% of Malaysia's total merchandise trade since 2010 (OECD, 2019).

In the OECD's SME Policy index, Malaysia performs more effectively than the region as a whole in its basis for SME support, performing consistently above in all scores than the average for the ASEAN region (OECD, 2018). The Malaysian economy has benefited from the density of knowledge-based businesses and utilisation of the latest technologies in the manufacturing and digital economies (Clarke & Gholamshahi, 2018). Despite these successes, Malaysia has ongoing systemic problems in the SME economy such as higher business failure rates, poor management, regional disparities in wealth which need to be evaluated, reported and appropriate solutions identified (Mustapha & Sorooshian, 2019).

These issues include the emergence of a two-tier society whereby economic wealth is largely located within and around Kuala Lumpur (Tahir et al., 2018). As a result, regional areas of Malaysia suffer from minimal economic growth, high unemployment and a reliance on subsistence/informal entrepreneurship (Zainol & Al Mamun, 2018). Moreover, young people tend to migrate towards the major cities from regional areas, particularly Kuala Lumpur, seeking improved employment opportunities. This results in a talent drain from the regional areas to the major cities. In addition, overall graduate and youth unemployment in Malaysia (individuals aged 15–24), remains high at around 13.2% in 2018. There is also a significant disparity between the number of young males and females in the workplace. Currently, within the regional areas there is over-reliance on agriculture and necessity-based entrepreneurial activity (Tahir et al., 2018).

In response to these societal problems, attempts have been made to encourage effective opportunity focused entrepreneurial activity with the creation of ecosystems (for examples numerous business incubators), seed corn funding and the provision of entrepreneurship education within the University level curriculum to encourage entrepreneurial career choices (Cao & Shi, 2020; Pillai & Ahamat, 2018). Evaluations undertaken to date have been largely uncritical, take minimal account of the Country context and consequently work is required to identify areas of effective practice and opportunities for growth. There is a need for ongoing evaluation to contrast entrepreneurial behaviour across the ASEAN region given the significant economic growth and growing global importance of this region. This text presents the first opportunity to reflect on both the