

**ENTREPRENEURIAL EDUCATION
AND ENTREPRENEURSHIP
IN MALAYSIA
BOOK OF READINGS
VOLUME II**

Editors:

Mohamed Dahlan Ibrahim

Ghazali Ahmad

Mohd Rafi Yaacob

**Faculty of Entrepreneurship and Business,
Universiti Malaysia Kelantan**

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ABBREVIATIONS

Universiti Malaysia Kelantan (UMK)
Research & Development (R&D),
Faculty of Entrepreneurship and Business (FEB)
Prime Entrepreneurial Lecture Series (PELS)
Entrepreneurial Visit (EV)
Student in Enterprise Programme (SIEP)
Student Enterprise Centre (SEC)
Institutes of Higher Learning (IHLs)
Federal Agriculture Marketing Authority (FAMA)
Entrepreneurial Network Organisation (ENO)
Japan External Trade Organisation (JETRO)
Statistical Package for Social Sciences (SPSS)
Human Resource Management (HRM)
Knowledge, Skills, and Abilities (KSAs)
Small Medium Enterprises (SMEs)
Resource-Based View (RBV)
Knowledge Management (KM)
Resources-Based View Theory (RBV)
Small and Medium Industries Development Corporation (SMIDEC)
Malaysian Technology Development Corporation (MTDC)
Majlis Amanah Rakyat (MARA)
SME Bank (Small Medium Enterprise Bank)
Perbadanan Usahawan Nasional Berhad (PUNB)
Malaysian Entrepreneurship Development Centre (MEDEC)
New Economic Policies (NEP)
National Development Policy (NDP)
Total Factor Productivity' (TFP)
Small & Medium Industries Development Corporation (SMIDEC)
Ministry of International Trade (MITI)
High Performance Work System (HPWS)
Total Quality Management (TQM)
Standard Deviation (SD)
Competency-Based Training (CBT)
Main Office of National Postal Service Company in Sarawak,
Malaysia (MONPSCOM)

Exploratory Factor Analysis (EFA)
 Kaiser-Mayer-Olkin Test (KMO)
 Bartlett's test of sphericity (BTS)
 Multinational Corporations (MNC)
 Pemasaran Rahman Mahir Sdn Bhd (PRMSB)
 Orange Kuala Holdings (M) Sdn Bhd (OKHSB)
 Malaysia External Trade Development Corporation (MATRADE)
 Information and Communications Technology (ICT)
 Good Manufacture Practice (GMP)
 Orange Kuala Holdings (M) Sdn Bhd (OKHSB)
 ELIN (Electronic Library Information Navigator)
 Malaysia Development Authority (MIDA)
 Malaysian Association of Hotels (MAH)
 Ministry of Culture, Arts and Tourism (MOCAT)
 National Productivity Corporation (NPC)

LIST OF CONTRIBUTORS

Abdul Rahman Abdul Rahim	PhD, Senior Lecturer, Faculty of Business Management, University of Technology MARA
Adam Mat	MBA, Senior Lecturer, Faculty of Business Management, University of Technology MARA.
Alwi Shabudin	Associate Professor, Faculty of Business Management, University of Technology MARA
Ashraf Altehi Alfandi	PhD, Irbid National University
Awangku Mohamad Najib	BSc (Hons) in Human Resource Development, Research Assistant, Faculty of Cognitive Science & Human Development, Universiti Malaysia Sarawak
Azemi Che Hamid	PhD, Associate Professor, Faculty of Business Management, Terengganu Branch, University of Technology MARA
Azilah Kasim	PhD, Associate Professor, School of Tourism, Hospitality and Environmental Management, Universiti Utara Malaysia. Visiting scholar at University of British Columbia, Vancouver, Canada
Azman Ismail	PhD, Associate Professor, Faculty of Economics and Business, Universiti Kebangsaan Malaysia
Belinda Bong Siaw Fong	BBA (Marketing), Department of Commerce, Politeknik Kota Kinabalu, Sabah

Dalili Izni Shafie	Master of Human Resource, Faculty of Business Management, Kelantan Branch, University of Technology MARA
Ghazali Ahmad	PhD, Associate Professor, Head Department of Tourism and Hospitality, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Hazzyati Hashim	MBA, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Ilhaamie Abdul Ghani Azmi	PhD, Senior Lecturer, Department of Shariah and Management, Academy of Islamic Studies, Universiti Malaya.
Jamal Abdul Nassir Shaari	PhD, Senior Lecturer, Program Coordinator, Department of Business, Faculty of Economics and Business, Universiti Malaysia Sarawak
Jivitha Ramasamy	B.Entrepreneurship, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Kamarul Zaman Ahmad	PhD, Associate Professor, College of Business Administration, Abu Dhabi University
Mohd Fadil Mohd Yusof	MBUS (International Hotel Management), Senior Lecturer, Department of Tourism and Hospitality, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Mohd Hafizi Suhaimi	MSC, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan

Mohd Rafi Yaacob	PhD, Professor, Dean of Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Mohd Rosli Mohamad	PhD, Associate Professor, Head Department of Finance and Business, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Muhamad Abi Sofian Abdul Halim	PhD, Senior lecturer, Faculty of Business Management, Terengganu Branch, University of Technology MARA
Muhammad Naqid Mat Yunoh	MSc.(International Business), Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Nik Kamaruzaman Abdul Latiff	PhD, Associate Professor, Faculty of Business Management, Kelantan Branch, University of Technology MARA
Nordiana Ahmad Nordin	Master of Management Studies (Marketing), Faculty of Economics and Business, Universiti Malaysia Sarawak
Razli Che Razak	PhD, Associate Professor, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Rustam Shaari	MBA (Finance), Senior Lecturer, Faculty of Business Management, Kelantan Branch, University of Technology MARA

Shaladin Muda	PhD, Associate Professor, Head Department, Department of Management and Marketing, Faculty of Management and Economics, Universiti Malaysia Terengganu
Tuan Mohd Rosli Tuan Hassan	MBA, Senior Lecturer, Faculty of Business Management, Kelantan Branch, University of Technology MARA
Wan Abdul Aziz Wan Mohd Amin	PhD, Associate Professor, PhD, Dept. of Language and Communication, Faculty of Social Development, Universiti Malaysia Terengganu
Wan Farha Wan Zulkifli	MBA, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Wee Yu Ghee	PhD, Senior Lecturer, Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan
Yap Sheau Fen	PhD, Senior Lecturer, Auckland University of Technology.
Zainuddin Zakaria	PhD, Senior Lecturer, Faculty of Business Management, Terengganu Branch, University of Technology MARA.
Zalina Ibrahim	MSc.(International Business), Faculty of Business Management, Sarawak Branch, University of Technology MARA.

FOREWORD

This book, *Entrepreneurial Education and Entrepreneurship in Malaysia: Book of Readings, Volume II* is a compilation of articles written by lecturers of the Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan and lecturers of various institutions of higher learning throughout the country as well as their counterparts from other countries. Various themes of entrepreneurship in this book are augur well with the University's philosophy of entrepreneurial education as an engine of economic growth. Without a slightest doubt this book will be a useful resource for academic communities, students and also for entrepreneurs and future entrepreneurs.

Since its inception Universiti Malaysia Kelantan (UMK) has been entrusted to explore, develop, and disseminate entrepreneurial knowledge and information in Malaysia. UMK aspires to materialize the taglines which are *Entrepreneurial University, Entrepreneurship Education and Entrepreneurship is Our Thrust*. UMK hopes to deliver entrepreneurship education at its best. Entrepreneurial education at UMK is delivered through various means such as teaching and learning, research & development (R&D), seminars, workshop and conventions, writing and publishing which will fulfil the needs of the industry and the nation. Prominent entrepreneurs as well as well-known academicians are invited to the campus to share their experiences. A novel approach to entrepreneurship learning that combines outcomes based learning and students centred learning are inculcated in teaching at the university will accelerate the aspiration of our country to be a developed country in the year 2020.

Thank you

Professor Datuk Dr. Raduan Bin Hj. Che Rose
Vice Chancellor
Universiti Malaysia Kelantan
Karung Berkunci 36, Pengkalan Chepa
16100 Kota Bharu, Kelantan, Malaysia

PREFACE

Universiti Malaysia Kelantan (UMK) since its inception in 2007 is fully aware of the importance of entrepreneurship education and entrepreneurship to produce capable and talented graduates to contribute our country's vision for a developed country with high income economy in year 2020. Using the tag lines "Entrepreneurial University" as well as "Entrepreneurship is our Trust", UMK hopes to champion entrepreneurial education and in turn to propel entrepreneurship in order to develop entrepreneurial society in the country. Entrepreneurial education at UMK is built upon the philosophy that each and every person has an equal chance to become entrepreneur. A conducive environment of entrepreneurship is established within the university encourages its students as well as staff to exhibit their entrepreneurial talents and capabilities to the fullest. This is a *raison d'être* of the establishment of UMK. Innovative entrepreneurship curricular that blended with theory and practice at the university will produce a new generation of graduates who are creative and innovative enough to be successful entrepreneurs and intrapreneurs (who possess the same quality as entrepreneurs) and then contribute significantly to the country's growth.

As one of the oldest faculties at UMK, Faculty of Entrepreneurship and Business (FEB) plays pivotal roles in contributing to entrepreneurial learning as well as disseminating entrepreneurship knowledge. Apart from classroom teaching, students of FEB are exposed to various study techniques including experience sharing with entrepreneurs through the Prime Entrepreneurial Lecture Series (PELS), Entrepreneurial Visit (EV) to various business premises across the country, industrial training, and input from entrepreneurs and practitioners in each course conducted by the faculty. Furthermore, students are required to engage with entrepreneurs of their choice during semester holiday under the Student in Enterprise Programme (SIEP). The establishment of Student Enterprise Centre (SEC) as a one-stop centre catering the needs of students in running their business inside and outside the campus acts as a business incubator for students.

Apart from teaching, lecturers of the faculty also contribute to the domain of entrepreneurship and business through other means. They disseminate their knowledge and expertise through research, seminar, workshop, conference as well as consultation. This book

is the 2nd. volume of a compilation of various articles written by lecturers of Faculty of Entrepreneurship and Business, Universiti Malaysia Kelantan and other lecturers in entrepreneurship and business in various Institutes of Higher Learning (IHLs) in Malaysia. The aim of this book is to help lay the groundwork for entrepreneurial education and entrepreneurship in IHLs in particular and in Malaysia in general. Unlike with the 1st. Volume which is heavily focused on entrepreneurial education, this volume focuses more on entrepreneurship and other issues in business.

Altogether there are 16 chapters of this book. It comprises 4 main sections under different themes – entrepreneurship, human resource management, competitive advantage and tourism and hospitality. The first theme consists 5 chapters, chapter 1 to 5. The first chapter by Mohd Rosli Mohamad debates theory and practice of entrepreneurial network organisation. He argues that the burgeoning interest of scholars in the area of entrepreneurship has complicated the interpretation of the word entrepreneurship. Each and every scholar seems to engage in the Indian parable of a blind man with an elephant. As such the interpretation of entrepreneurship is narrowly focused on specific area and fails to look at entrepreneurship as a whole. As a result the author argues that the literature incapables to integrate entrepreneurship with network and organisation into a single and coherent framework. Coining the Entrepreneurial Network Organisation concept, the author shows how the entrepreneur as a prime dynamic factor adapts to its needs and the environment changes, which ultimately shape certain forms of organization. By examining industrial districts, business groups, strategic alliances and sub-contracting arrangements as the cases, the author concludes how and why they are formed in the real world. A chapter by Muhammad Abi Sofian Abdul Halim, Zainuddin Zakaria and Azemi Che Hamid investigated Agropreneurs' personality traits and entrepreneurial commitment. The authors used entrepreneurs at Pasar Tani in Terengganu as their case. Using the sampling frame of agropreneurs registered under Federal Agriculture Marketing Authority (FAMA) in the state, 248 sets of questionnaires were disseminated. They conducted a multiple regression analysis to determine the influence level of personality traits on entrepreneurial commitment. Their results showed that that more than thirty percent of the variance in entrepreneurial commitment could be predicted from the factors of personality traits. The finding of their study is important for FAMA Terengganu in designing entrepreneurial development programmes

for the agropreneurs especially on the development of their personality and entrepreneurial commitment. This is followed by a chapter by Mohd Rafi Yaacob and Jiviha d/o Ramasamy who investigated what motivate Indian entrepreneurs to operate Indian restaurants in Kelantan and Selangor?. They used David McClelland motivational theory to answer the research questions. According to the theory the four motivations of entrepreneurship are: need of achievement, authority and power, affiliation and safety and security. Altogether four Indian restaurant owners in Selangor and Kelantan were approached and data were gathered using face to face interviews. The results of the study are in line with most motivational factors of David McClelland's.

A further chapter by Wan Farha and Mohd Hafizie used the model of personality traits and knowledge approach in order to capture the entrepreneurs' performance among entrepreneurs in Kota Bharu, Kelantan. A total of 169 entrepreneurs were participated in their research. The findings of the study indicate that working experience and skills were important in determining the factors influencing the entrepreneurial performance in Kota Bharu, Kelantan. It is suggested that by ensuring the stability of those resources from time to time will strengthen entrepreneurs' perceptions to sustain their performance in the future. Furthermore, other recommendation is that if the entrepreneurs wish to retain and sustain their business, they should have an analytical thinking and committed to their jobs, must resolve conflicts in a manner that will eliminate unimportant loss and inconvenience to their business and the important thing is develop loyal customer. This is followed by a chapter by Tuan Mohd Rosli Tuan Hassan, Dalili Izni Shafie, Nik Kamaruzaman Abdulatiff, Mohd Rafi Yaacob and Rustam Shaari who explores some issues of sustainability faced by Bumiputra entrepreneurs in woods based industry in Malaysia. They identify knowledge management and resources-based capacity including innovation and know-how that influence the sustainability of the entrepreneurs in the industry. The wood based industry in Malaysia is compelled to react to mounting pressures resulting from globalization and the unpredictable changes in economic conditions. The pressures are manifested by heightened competition and the demand for sustainable development from governments and customers, all these require new approaches to manage and transform available resources. Hence to ensure the industry successful in knowledge-based economy, it needs to be innovative, focus on knowledge management driven and enrich the

people competency. All these will lead to sustainable competitive advantage in the industry. In the last part of the chapter a model of capacity building towards sustainable competitive advantage is proposed by the authors to explain these issues in the context of Malaysian woods furniture of Bumiputra entrepreneurs.

Second theme is human resource management, specially business strategy and high human resource practices, competency based-training and performance appraisal systems are discussed in Chapter 6, 7 and 9 respectively. The first chapter under this theme is written by Wee Yu Ghee, Kamarul Zaman Ahmad and Yap Sheau Fen who investigated the linkages between business strategy and involvement human resource management and their impact on firm performance. Using 42 SMEs in Malaysia, the findings show that there were significant relationships among these variables. Their findings strengthen the need to implement high involvement human resource strategies. Second chapter under this theme is written by Ishaamie Abdul Ghani Azmi, Alwi Shabudin and Abdul Rahman Abdul Rahim. In their concept paper they stress the importance of the introduction of Competency-Based Training to enhance quality of service provided by an organisation. Enhancement of service quality in turn has a positive impact on organisation's performance. The authors suggest empirical study on SMEs to support their hypothesis. The chapter by Azman Ismail and Zalina Ibrahim examines the relationship between political behaviour in performance appraisal systems and job satisfaction of 137 employees of a postal service in Sarawak. They found that political behaviour in performance appraisal systems determines the distributive justice in the studied organisation. As far as theoretical contribution of the study is concerned, the findings reveal that the ability of appraisers to properly implement political behaviour in performance appraisal systems can lead to increase appraisers' feelings of distributive justice in the studied organization in Sarawak.

The third theme of this book relates to organisational competitive advantage. Adam Mat and Razli Che Razak concern for innovation types as moderators between the relationship between organisational learning capability and technological innovation implementation in manufacturing process. The authors stress that innovation is an important tool for survival in today's competitive environment. Using resource-based view theory they developed their proposed framework. According to their proposed framework two types of innovation are

radical and incremental. Since only a few studies have examined the role of types innovation, their proposed framework is deemed essential. In another chapter Muhammad Abi Sofian Abdul Halim, Shaladin Muda and Wan Abd Aziz Wan Mohd Amin examine the impact of locus of control on competitive advantage and profitability in craft industry. A total of 380 "craftpreneurs" who associate with Malaysia Handicraft Development Agency (Kraftangan Malaysia) throughout Malaysia participated in their survey. The path-profitability model that they employed in their study shows that locus of control such as ability of entrepreneurs to influence events, capable to turn thoughts into actions, ability to control own life and self confidence have affects on the both relationship. The following chapter by Muhammad Naqib Mat Yunoh provides an insight into challenges faced by Malaysian SMEs when expanding internationally. Using a case study of two SMEs, the chapter looks at the role of government agencies in internalisation. Notwithstanding with various steps have been taken by the government, he found SMEs unaware of the facilities provided as a result they do not fully utilise them as they should do to be competitive internationally.

The last theme of the book is under tourism and hospitality. The first chapter under this section is a chapter written by Ghazali Ahmad. He investigates the network features and networking activities of thirty-seven chalet owner managers located at coastal and island destinations in the east of Peninsular Malaysia. The results of his study show that chalet firms were established mainly for economic motives rather than lifestyle motives. The author argues that chalet owner-managers became attached to family for financial reasons and to friends for other matters due to the trust that was built up through years of the relationship. In concluding remarks the author proposes small and medium chalet operators to consider various types of network such as ties, types, diversities, relationships, contents, utilisation, trust, motives, benefits as well as activities. Such networks are paramount important to get help and support throughout their business life. The second chapter in this theme is written by Mohd Fadil Mohd Yusof and Ghazali Ahmad who critically examine the content of the tourism and hospitality curriculum offered by relevant higher learning institutions. The authors also examine either the present curriculum contents are what have been expected or not by the relevant stakeholders for both educators and industry practitioners. Looking at the above-mentioned perspectives, the authors proposed study will be beneficial for those who design

hospitality curriculum particularly contents of the programme. A further chapter under this theme is written by Jamal Abdul Nasir Shaari, Nordiana Ahmad Nordin and Belinda Bong Siaw Fong. Using SERVQUAL dimensions, the chapter aims to examine the relationship between employee performance and customer re-patronage intention in hotel industry in Kuching, Sarawak. The results of the study showed that employees' attitude, empathy, responsiveness and assurance are strongly associated with customer re-patronage intention. But further analysis through the multiple regressions shows only attitude and empathy that significantly affect customer re-patronage intention. As far as the implication and conclusion is concerned hotel management not only should focus on the efficiency of the services but also on the effectiveness especially to make customers really happy. In this respect frontline staffs that have high interaction with customers should be more caring and sensitive to customer needs and wants. A chapter by Hazzzyati Hashim provides more insight into intention to revisit amongst tourists to white sandy beaches and clear crystal water of Tioman Island, Pahang. Using 240 self-administered questionnaires she found that cognitive image had significant and direct influences on tourists' intention to revisit the island. Implication of her study is both destination managers and marketers to co-operate in understanding what is image is all about and develop special attributes and activities to reinforce tourist' satisfaction in order to increase the intention amongst tourists to revisit the island. The last chapter under this theme by Azilah Kasim and Ashraf Alteehee Alfandi provides an overview of brand, destination branding, and destination brand equity in tourism destination marketing communication. The authors concludes their chapter by emphasizing all these three constructs in order to attract tourists in the current scenario of tourism very globalization, fierce competitions and new destinations coming up in the market place.

Professor Dr. Mohamed Dahlan Ibrahim
Associate Professor Dr. Ghazali Ahmad
Dr. Mohd Rafi Yaacob

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SECTION A

ENTREPRENEURSHIP

Chapter 1

ENTREPRENEURIAL NETWORK ORGANISATION IN THEORY AND PRACTICE

M. Mohd Rosli

ABSTRACT

The upsurge of interest of the scholars on entrepreneurship in the last few decades has seen the unprecedented increase in the number of studies in this area. Consequently, entrepreneurship in the literature becomes elusive as different scholars see it differently. The worst part is that the literature fails as yet to integrate the concept of entrepreneurship, network and organisation into a single framework. Coining the Entrepreneurial Network Organisation concept, this paper shows how the entrepreneur as a prime dynamic factor adapt to his need and the environment changes, which ultimately shapes certain forms of organization. Industrial districts, business groups, strategic alliances and subcontracting in industrial production have characteristics of the organisational concept and warrant special attention in this paper.

Keywords: Entrepreneurship, network, organisation

INTRODUCTION

Most research on entrepreneurship in the past was linked to the founders and owners of firms (Rieple and Vyakarnam, 1994). Such an individual level of analysis is a common view in the study of entrepreneurship (Schendel, 1990). In the later development, some scholars devoted their interest to organisational (corporate) entrepreneurship as a new level of analysis (Stevenson and Jarillo, 1990; Chang, 1998), owing to the significant presence of especially large corporations in contemporary business activities, characterised by the separation of ownership and management or control. This corporate entrepreneurship, to a certain extent, is identified in two forms, namely intrapreneurship and exopreneurship (Chang, 1998). The first entrepreneurship centers around entrepreneurial action of which innovations are generated internally to revitalise largely bureaucratised organisations to become strategically entrepreneurial performers, while the latter acquires innovation from external sources, particularly from business counterparts.

Despite the positive development in the theory of entrepreneurship, early literature, probably substantially influenced by economic viewpoint, tends to treat entrepreneurship, as independent entity. In the recent period, however, a group of scholars have begun to gain interest in inter-organisation networks. They fail as yet to show how entrepreneurship, network and organisation are interrelated to one another. Thus, this paper attempts to integrate the concepts of entrepreneurship, network and organisation in a single framework which is referred to as Entrepreneurship Network Organisation and explain how this organisational configuration could occur in theory and practice.

ENTREPRENEURIAL REACTION TO THE ENVIRONMENT

Entrepreneurial factors are not static but a dynamic actor. They would actively react to any changes in internal and external environments surrounding them. The only problem is how to identify this dynamic factor when business or economic organisation exists. The solution to this problem could be achieved by examining historical and analytical developments of the concepts of entrepreneurship and organisation themselves.