

Involvement of graduates in the field of entrepreneurship in Kuala Lumpur, Malaysia

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Abstract

“Self-Employment” as an entrepreneur is a career that must be given attention as an alternative for graduates besides those employed in facing the volatile limited job market and high retrenchment rate. Therefore, as a graduate university should engage in entrepreneurship than rely entirely on the limited job market. Hence, this study investigates factors that lead to success, the nature and business development, as well as challenges and obstacles faced by entrepreneurs graduate in entrepreneurship. A total of 20 graduates who are successful entrepreneurs in Kuala Lumpur, Malaysia was interviewed and has been analyzed qualitative methods using N.Vivo software version 8.0. The results obtained from this study indicates that more entrepreneurs graduates who do business based on their interests and skills acquired. Moreover, without a strong motivating factor that drives them from behind, they will not become entrepreneurs. The development of business every entrepreneur graduates showing impressive potential in terms of changes and reforms made to their business.

Keywords: entrepreneurship, entrepreneurship graduates, entrepreneurship development, factor encourage, graduate skill, interest, graduate, business.

Introduction

Entrepreneurship enculturation is a continuous long term process to attract interest of all members to society to be involved in business and begin by involving students from primary and secondary school and education institution. The education system plays an important role in flourishing and enculturating values of entrepreneurship especially fresh graduates to not be inclined towards employment but consider employment as the final choice upon graduation.

Mastery in the field of entrepreneurship is not only an exposure to technical knowledge but practical knowledge which is crucial for future generations. Effective acquisition of entrepreneurship knowledge can develop and establish the culture of entrepreneurship in society especially graduates who wants to enter the field of entrepreneurship. Acquisition of values and characteristic is important to create a vibrant culture in life for a community in the society.

Problem Statement and Objective of Research

The Graduate Tracer Study Data from the Malaysia's Ministry of Higher Education for the year 2006 until 2010 indicates that the majority (more than 50%) of graduates are employed and less than 20% are unemployed upon their respective convocation ceremony which is 4-6 months after completing their studies. In addition, a large number of them are active job seekers.

According to Ministry of Higher Education (2010) Around 64% of first degree graduates in the year 2008 and 2010 succeeded in landing a full-time job and only a few are self-employed which is around 1%. Even though those who are self-employed are not many, this field is the best alternative to be considered to attract graduates due to the competitive job market. Efforts in enculturating entrepreneurship must be pushed further and given support especially among graduates who have interest and potential to succeed as an entrepreneur.

According to Ishak Yusof, Rahmah Ismail & Robiah Sidin (2008) this situation is said one of the major factors that contribute to the problem of unemployment in Malaysia besides the quality of graduates who have poor English language proficiency as well as communication skills.

A look at the current job market scenario require graduates to think of alternative or other career choice besides being employed such as self-employment and entrepreneurship depends on the limited current employment sector. Based on Table 1, 41,470 of graduates working in 2008 indicate 64.1 percent graduates are full-time employed, 20 percent are contract workers, 14 percent are parttimers, 1.1 percent is self-employed and 0.8 percent works with their family.

Table 1: Employment Status of Graduates According to Level of Education, 2008

Employment Status	Level of Education						Total
	Ph.D	Masters	First Degree	Diploma	Certificate	Professional	
Full-time	86.4	80.3	64.1	73.4	37.7	83.7	60.9
Contract	8	10.2	20.2	14.23	23	11.6	20
Part-time	3.9	7.3	13.9	10.43	33.6	4.6	16.5
Self-employed	1.7	1.9	1.1	1.03	2.3	-	1.4
Work with family	-	0.3	0.8	0.93	3.5	-	1.2
Total	100	100	100	100	100	100	100

Source: Graduate Tracer Study Report 2008, Ministry of Higher Education

It is evident that only 1.1 percent of the total of First Degree graduates which is 456 graduates in 2008 made the decision to be self-employed and become an entrepreneur upon completing their studies. The culture of self-employment as an entrepreneur is a foreign career for most graduates.

According to Working Paper presented at the 3rd Islamic Economy Congress the process of entrepreneurship enculturation in Malaysia begun from the National Education Policy and National Education System by involving students from primary and secondary school and students in higher learning institutions. Malaysia's Ministry of Education for example launched the Entrepreneurship Enculturation Programme through the school curriculum learning syllabus such as Accountancy and Commerce. The Ministry of Higher Education in the National Higher Education Strategic Transformation Plan outlined the nation's role in higher learning institution to produce innovative human capital which is one of the important characteristics of an entrepreneur (National Higher Education Strategic

Plan, 2007). The Ministry of Higher Education estimates roughly five percent of public higher learning institution leavers venture in the field of entrepreneurship beginning in the year 2011 (Berita harian, 2010).

Hence, this study aims to understand factors that lead to success, the nature and business development, as well as challenges and obstacles faced by entrepreneurs graduate in entrepreneurship.

Research Methodology Conceptual Study Framework

Figure 3 shows the framework formation Successful Entrepreneurship Graduates that looks at the two individual stages which are

- University students (graduates) who will take up entrepreneurship upon completion of study.
- Graduates who chose to be an entrepreneur (self-employed) rather than fixed in to job market

It can be concluded that the factors encourage, type of business and obstacles are the factors of success as well as the characteristic of a successful entrepreneur.

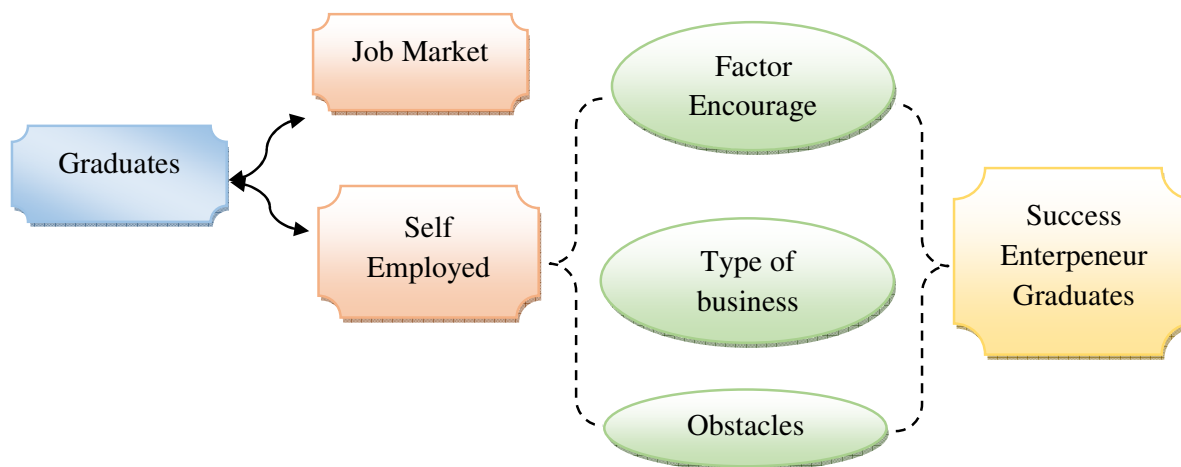


Figure 3: Formation Framework of Successful Entrepreneurship Graduates

This study focuses on groups of individual level particularly graduates who are self-employed after their studies and graduates who are employed prior before venturing into entrepreneurship. The achievement of an entrepreneur in the world of business is studied through the characteristic they possess as factors that affects their success in entrepreneurship.

Data Collection and data analysis

The approach for this study used primary data source. The gathering of primary source data is obtained from interviewed 20 successful entrepreneur graduates which area in Kuala Lumpur, Malaysia. Secondary data were used to support the understanding in detail of the study carried out. This study used the qualitative data analysis using software N.Vivo version 8.0 to analys the responds from informant a voice recorder and translated in the form of qualitative methods.

Findings

Table 2 shows demographic background for informant involved in background of entrepreneurs who involved in entrepreneurship with the participation of graduate entrepreneurs in underlying business.

Table 2: Demographic Background

Gender	Male	15
	Female	5
Age	20 - 29	12
	30 - 39	5
	≥ 40	3
Marital Status	Married	11
	Single	9
Income Group Per Month	≤ RM500	2
	RM1,000 - RM1,500	1
	RM1,501 - RM2,000	2
	RM2,001 - RM5,000	7
	≥ RM5,001	7
Level of Education	Doctor of Philosophy	1
	Master	4
	Degree	12
	Diploma	2
	Professional Certificate	1
	Total Informant	20

Background of Graduates Entrepreneur

Based on the table 2 shows background of graduate entrepreneurs succeed in their businesses. A total of 20 graduates entrepreneurs have been interviewed, fifteen graduate entrepreneurs is male and five female graduate entrepreneurs. Twelve entrepreneurs interviewed aged between 20 years to 29 years. While five entrepreneurs in the age group 30 to 39 years and three entrepreneurs aged 40 years and above. Eleven entrepreneurs interviewed are married, and the remaining nine entrepreneur are single. Seven entrepreneurs interviewed had monthly income of between RM 2,001 to RM 5,000 and RM 5,001 and above respectively. While two entrepreneur earn between RM 1,501 to RM 2000, one entrepreneur earning between RM 1,001 to RM 1,500 and two entrepreneur earn less than RM 500. Twelve entrepreneurs with first degree qualification and the remaining are four entrepreneur with Masters Degree, two entrepreneur with Diploma and entrepreneur with Doctor of Philosophy (PhD) and professional certificate only one respectively.

The involvement of Graduate Entrepreneurship in Business

Before discussed in further detail, 15 entrepreneurs never been involved in entrepreneurial activities during his studies at the university, while only five of entrepreneurs engaged in entrepreneurial activity in the Institute of Higher Education (IHD). Most graduates (ten entrepreneurs) become entrepreneurs takes some period of time, such as after a year, two years and there are some graduate entrepreneurs who takes about 17 years before starting a business, nine entrepreneurs start a business before graduation, and only one entrepreneur involved in entrepreneurship once shortly graduation.

In terms of financial assistance, technical or marketing, sixteen entrepreneurs stated that no assistance from any party, while four entrepreneurs states received assistance from several parties such as banks, suppliers, Malaysian Entrepreneurship Development (MEDEC) and Malaysian Industrial Development Authority (MIDA). While capital resources acquired to start a business, eighteen

entrepreneurs expressed from their own savings, three entrepreneurs' sources from bank loans and the parents, and the rest to source capital from relatives, borrow from friends and use existing capital.

The type of business by entrepreneurs such as printing services, direct sales (multi level marketing), blogshop, engineering, photography and handicrafts. However, there are some entrepreneurs who are changing the nature of business conducted, which include the type of agricultural business to contractors, business crackers to direct sales, printing business to photography and business type of direct sales to engineering. According to some entrepreneurs, it is because they had too many competitors in the business market earlier, the lack of capital to continue in business before, less demand, and type of business is not in accordance with the prior knowledge gained at university.

This study found several reasons that encourage entrepreneurs to choose the type of business, that they decided to venture into a kind of business skills, expertise, qualification and knowledge learned in university. There are also entrepreneurs who have become entrepreneurs because they inherit the family business has built before. Reviews by the entrepreneurs towards business market also very important in identifying the types of businesses that want to undertake. Keen interest in a particular kind of business deal was also one of the reasons for the establishment of a business by an entrepreneur.

Nine entrepreneur interviewed with type of business of a sole proprietorship business, while eight entrepreneur s with private limited company and the rest with partnership business, part-time business and non-registered businesses. Only three entrepreneurs doing business as ancillary business and the remaining seventeenth entrepreneurs concentrate on their running business. Among the types of ancillary business carried out by three entrepreneurs are selling chips, selling products direct selling and selling car parts.

Business Development

Business development was measured by changes made by entrepreneurs on the business conducted now, interms of diversity of products, number of employees, market and number of branches.

Fifteen entrepreneurs had less than five employees, and this belongs to the group of micro industry. Three entrepreneurs had the number of employees 5 to 19 employees and belongs to a group of small industries, while only two entrepreneurs with the number of employees from 20 to 150 people and belongs to a group of average industry. Most entrepreneurs also make changes in their business market to meet consumer demand, the diversity in the products offered and the expansion of business to another branch.

Reform and innovation made by entrepreneurs in their business operations mostly invented a new product to market and expand the functionality of existing products to various functions. The changes made from promotional aspects such as promoting a product from another region to region, promoting of regular customers and new customers and using the strategy of giving a gift or gifts to keep and maintain customers loyal. Reform aspects undertaken by the entrepreneur can also be seen with the use of IT or computer in the business, such as using social networking site Facebook, blogs, e-mails, and websites to promote their products. Most entrepreneurs said their current business situation improved and so did their business situation in the three years prior to the year 2007 to 2009. However, there are also entrepreneurs said their business conditions were unchanged at the present time and the previous three years.

There are four types of plans which are identified to ensure their business in the future. Among the plans raised by entrepreneurs are looking to expand the size of the business with a lot of tender, add branches through a franchise scheme and add partners from the various states for the purpose of networking. In addition, there are plans to expand their business into the national and international level. However, there are entrepreneurs who are planning to run business operations in the country only for a limited capital resources and not enough experience in managing business if the operating overseas.

Factors Encourage.

There are four motivating factors that are linked in this qualitative analysis which is background, attitudes, motivations and skills. Many entrepreneurs interviewed have a resilient interest in running a business and all entrepreneurs have the same view, which is, if no interest in doing a job, then the result is not as good as expected, in addition to the diligent and conscientious attitude of doing things work until successful. They have the attitude that likes challenges and unafraid of risk or disaster coming. The attitude of entrepreneurs include always be independent and have the desire to succeed.

Background factors also play a role in encouraging them to become an entrepreneur. There are entrepreneurs interviewed, family members who inherit an existing business such as furthering family business. Strong motivation in itself plays an important role in encouraging a person to become entrepreneurs. There are self-motivated entrepreneurs who acquire it by following a program organized by the Ministry of Higher Education and Institute of Higher Education and their respective institutions such as the Program Tunas Mekar from Universiti Teknologi MARA (UiTM) and Workshop on Entrepreneurship in MARA Skills Institute (IKM). However, there are also self-motivated entrepreneurs who obtained the following friends who have managed to become entrepreneurs and to produce results that are quite as intriguing.

Among the driving factors described above, the skill factor is the most important factor in encouraging someone to be an entrepreneur. This is because there are entrepreneurs who say, despite the diligent attitude, interest or motivate yourself by attending as many entrepreneurship programs though, still does not guarantee that a person is good at managing everything without enough skills to be a source. Therefore, if they have the skills, expertise or knowledge in a particular field, one will be easier to manage the business.

Entrepreneur Characteristics

Five major character of an entrepreneur which results from the interviews conducted, the networking, insightful, aggressive, risk-taking, and efficiently manage accounts. The first characteristic mentioned by many entrepreneurs that is the aggressive attitude of the work, there are resilient in facing the challenges, work continuously regardless of time limits, energetic and dynamic. There are entrepreneurs who say that field of endeavor requires a high degree of sacrifice such as sacrifice time with family, sacrifice to meet the needs and sacrifice of a lot of money. The next characteristic is a network of private agencies and government to expand their businesses and seek more business opportunities. Among the network system described by these entrepreneurs is the franchise system, which can add more branches and expand their business. In addition, the entrepreneurs interviewed are highly quixotic within them. Each entrepreneur has a mission and vision and the aims to achieve in their business direction.

It was found that the entrepreneurs had to take risks endurance in the way. This is because the entrepreneur is a risk taker, love and delight in all the risks and be vigilant. They need to be smart business strategy to ensure that the underlying business is not at risk. An entrepreneur also requires knowledge and perfect skills in management accounting systems. The aim is to ensure that financial management can be set up with a strategic business so losses can minimized.

Challenges and Obstacles

The problem of insufficient capital resources has become a common thing for entrepreneurs. However, this is a challenge that must be accepted by all entrepreneurs to be more mature in dealing with business finance. In addition, the behavior of employees and the number of employees has also been a challenge to entrepreneurs. Most employees had wage demands and this will result in increased business costs. Entrepreneurs also have less employees because of the difficulty to get loyal employees at a workplace and

difficulties in obtaining skilled workers. Competition is a common thing in a business. So entrepreneurs need a back-up plan or second plan to address the risk of losses because the market there will be the same product with competitor. In terms of marketing, most entrepreneurs only be in a small market and this will cause them less effective campaign because too many competitors that had greater market as compared with their business.

Others challenges and obstacles faced by the entrepreneur is that they have to deal with bureaucratic red tape which can make slows down business processes, an uncertain season, had partners who only contribute capital but do not want to work in business management, time limited, less expertise in several areas, and had to bear high costs.

Recommendation

There are some suggestions from entrepreneurship graduates that have been successful entrepreneurship. They highlighted the role that should be played by the Ministry of Higher Education and university graduates to engage in entrepreneurship. They also suggested that preparation should be on someone before to be an entrepreneur, besides programs or activities that should be taken to encourage the involvement of graduates in entrepreneurship.

Conclusion

The results of this study shows most of the entrepreneurs to start a business after taking some period of time, like a year until four years after graduation to gain experience by working in advance of starting their own business. Selection of a business also plays an important role in ensuring the success of a business. More entrepreneurs who do business based on their interests and skills acquired. Moreover, without a strong motivating factor that drives them from behind, they will not become entrepreneurs. The development of business every entrepreneur showing promising potential in terms of changes and reforms made to their business. Each scheme planned by them also have their own direction to achieve business objectives. However, in order to lead the development of the business is not easy, as it requires a strong spirit in the face of challenges and obstacles. Challenges and obstacles encountered by them to be a successful entrepreneur. The development and progress will not be achieved without the trait or traits in yourself as an aggressive entrepreneur, networking, insightful and have skills in financial management and business become a major contributing factor to the success of entrepreneurs.

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