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**THE DEVELOPMENT OF MALAY ENTREPRENEURSHIP
IN MALAYSIA**

A Thesis Presented in Fulfilment of the Requirement for the Degree of

**Doctor of Philosophy
in
Business**

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ABSTRACT

Since the institution of the New Economic Policy (NEP) in 1971 and beyond its end in 1990, the Malaysian government has had mixed successes in developing Malay entrepreneurship. Despite on-going of privileges and assistance and the government's concerted efforts and initiatives, Malay entrepreneurship still continues to lag behind that of the Chinese.

This study centres on the challenges faced by the Government of Malaysia in the promotion of Malay entrepreneurial development. Based on interviews with diverse people, both within and outside the government, the study reveals that Malay entrepreneurial development is a complex process confronted by many issues and problems. The study also reveals that government privileges and assistance to Malays to promote entrepreneurship do not help much in boosting an entrepreneurial culture nor do they help them in enhancing entrepreneurial competitiveness and achievement. Instead, such privileges and assistance have conversely made the Chinese more resilient and competitive entrepreneurially but discriminative against the Malays. This conclusion confirms the proposition that "state assistance in the form of an affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness".

Finally, the study is able to indicate that Malay entrepreneurship differs slightly from the conventional Western concepts of entrepreneurship. The differences are largely due to the historical background of the Malays as a communitarian society; as Muslims; as a society still divided along class lines and as a status conscious community.

DEDICATION

This thesis is dedicated to my parents for their love and support and to my beautiful princess, Nasrin Yasmin, and charming prince, Danish Irfan, who have been a great source of motivation and inspiration to me with their innocent spirit and wonderful sense of fun.

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ABBREVIATIONS

BCIC	Bumiputera Commercial and Industrial Community
BPMB	Development Bank of Malaysia Bhd
CCM	Co-operative College of Malaysia
CDDM	Co-operative Development of Malaysia
CEF	Care and Education Fund
CEO	Chief Executive Officer
CGC	Credit Guarantee Corporation
CIC	Capital Investment Committee
DAP	Democratic Action Party
DPMM	Malay Chamber of Commerce
EPU	Economic Planning Unit
FIC	Foreign Investment Committee
FMS	Federated Malay States
GABEM	Federation of Malay Economic Organisations
GERAKAN	Malaysian People's Movement
GLC	Government Link Company
HICOM	Heavy Industries Corporation
ICA	Industrial Coordination Act
IKM	Institut Kemahiran MARA
INSKEN	National Entrepreneurial Institute
ISO	International Standard Organisation
KPA	Ministry of Public Enterprise
KPPA	Ministry of Coordinating Public Corporation
LKEB	Town Development Council
LUTH	Pilgrims Management Fund Board
MARA	People's Trust Council
MCA	Malayan Chinese Association
MeCD	Ministry of Entrepreneur and Cooperative Development
MIC	Malayan Indian Congress
MITI	Ministry of International Trade and Industry
MTR 2MP	Mid-Term Review of the Second Malaysia Plan
MTR 9MP	Mid-Term Review of the Ninth Malaysia Plan

NDP	National Development Policy
NEF	Nurturing and Establishment Fund
NEP	New Economic Policy
NMP	National Mission Policy/Plan
NOC	National Operations Council
NPC	National Productivity Centre
NVP	National Vision Policy
OPP1	First Outline Perspective Plan
OPP2	Second Outline Perspective Plan
PAS	Parti Islam Se-Malaysia
PERDASAMA	Malaysian Malay Businessmen and Industrialist Association
PMIP	Pan Malayan Islamic Party
PNB	National Equity Corporation
PNS	National Corporation Ltd
PPP	People's Progressive Party
PUNB	Perbadanan Usahawan Nasional Berhad
R&D	Research and Development
RM	Malaysian Dollar
ROB	Registrar of Business
ROC	Registrar of Companies
SEDC	State Economic Development Corporation
SMI	Small and Medium Industry
SMIDEC	Small and Medium Industries Development Corporation
SPSS	Statistical Package for Social Sciences
SSM	Companies Commission of Malaysia
TV3	Sistem Television Malaysia Bhd
UDA	Urban Development Authority
UMNO	United Malays National Organisation
UMS	Unfederated Malay States
YTN	National Tekun Foundation
8MP	Eight Malaysia Plan
9MP	Ninth Malaysia Plan

1.0 Introduction to the Chapter

This thesis is about the challenges faced by the government of Malaysia to develop entrepreneurship among the Malay ethnic community in order to improve their standard of living and reduce the income gap between them and the other communities such as the Chinese. This first chapter of the thesis presents the background of the study, describes its significance and specifies its research objectives and research questions. This will be followed by a brief overview of the study's research design. The chapter concludes by presenting an outline of the structure of the thesis.

1.1 The Background of the Study

This study stems from my long-held concern with the perceived view of the lack of development of Malay entrepreneurship in Malaysia. Since I was young there have been continuous debates among Malay scholars, academics, government officials, politicians and the Malaysian society at large about the low performance of the Malays, the indigenous people of Malaysia, in the modern economic sector of the country.

As a result of the bloody May 1969 racial riots in Malaysia, the government instituted the far-reaching reforms of the New Economic Policy (NEP) in 1971 with the overriding objective of achieving national unity through the two-pronged strategy of: (1) eradicating poverty irrespective of race and (2) restructuring Malaysian society with the intention of reducing the inequality of wealth among different ethnic groups by reducing and finally eliminating identification of economic activities with race (MTR 2MP, 1973). Under the second prong objective, the government was explicit in its intention to boost Malay participation in the entrepreneurial activities of the country which is dominated by the Chinese, the second major ethnic group in Malaysia.

By 1990 and after almost 20 years of implementation, the NEP achieved mixed success. Although the policy was successful in eradicating poverty and reducing inter-

ethnic income disparity of Malaysia's multi-racial population as well as in creating a Malay capitalist middle class, its success in reducing economic imbalances and in promoting a conducive environment for the development of Malay entrepreneurship was limited. This mixed success has prompted the government of Malaysia to incorporate the two-pronged objectives of the NEP in the country's subsequent development policies, namely, the National Development Policy (NDP) 1991-2000, the National Vision Policy (NVP) 2001-2005 and the National Mission Policy (NMP) 2006-2020.

Despite government concerted efforts and initiatives, Malay entrepreneurship is still lacking. Even though the government has been successful in helping more Malays to become entrepreneurs, their numbers are still small as compared to the Chinese entrepreneurs and their sustainability and competitiveness are well below the other races. As well, the objective of achieving a thirty percent Malay corporate equity share within the economy has yet to materialise (MTR 9MP, 2008). So what has gone wrong? Why can't more Malays, the so called "sons of the soil", develop entrepreneurially to be numerically at par with the Chinese or at least reduce the gap? Are the Malays not interested in business activities? Is it true that the Malays are incompetent or lazy, as some have accused them to be (Wheeler, 1929; Mahathir, 1970)? Is it because the assistance given to the Malays is insufficient? Maybe it is true that government policy has only benefited a few Malays, mostly the rich ones, the aristocrats, the politicians and the bureaucrats (Clad, 1989; Sieh, 1992). Or is it because the policy intended to help the Malays is not helping them at all?

We can argue that the privileges enjoyed by the Malays would only make them complacent and more dependent on the government. So should the government leave the Malays alone? But will they ever develop their entrepreneurial competitiveness if they no longer enjoy privileges and assistance? Can they compete with the Chinese, the wealthier group within Malaysian society? Ironically, the Malays have political power but, what will happen if the Malays are no longer dominant in the political arena? Will not the Malays be further deprived and marginalised in their native land? But how much longer should they be protected?

Being Malay myself, I wonder whether our culture has something to do with our lack of achievement in the entrepreneurial activities of the country. The Malays are known as a collective society and are generally taught to value community well-being above the individual's, so they compromise easily. They value family traditions and put others above themselves and are taught to be polite, courteous and respectful of elders and criticising others openly is frowned upon. This brings me to the question whether these values are in conflict with the demands of the aggressive "survival of the fittest" phenomenon of the modern business world?

All these questions have nagged at me for as long as I can remember. Thus, I am determined to get to the root of the problem associated with the development of Malay entrepreneurship in Malaysia. So what better way to find out than to do a doctoral thesis on the problem where my views and analyses will be and can be rigorously tested and validated through research? This is the avenue I have taken to address my long-standing concern. I strongly believe that without understanding the root of the problem, any effort to assist the Malays to advance entrepreneurially would be incomplete.

1.2 Significance of the Study

Most studies agree that Malay entrepreneurship has not kept in step with economic growth since independence. But, to the best of my knowledge there is as yet no study that has researched this phenomenon in sufficient depth. Consequently there is still a big gap in knowledge on the causes of the problems associated with the development of Malay entrepreneurship in Malaysia. It is the intention of this study to fill in the blanks and to contribute to a better understanding of the problems associated with the development of Malay entrepreneurship, an issue that is widely debated but scarcely researched.

Many scholars also tend to allow their own politics to obscure objectivity in the study of Malay entrepreneurship. They tend to criticise the role of the Government in developing Malay entrepreneurs without providing a constructive feedback on how the issues should be addressed. In order to overcome this shortcoming, this study offers the proposition that "state assistance in the form of affirmative action to an

economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness”.

I have also noticed that many of the studies concerning the issue of Malay entrepreneurship are done by others; not by the Malay themselves (Popenoe 1970; Mehmet 1986; Jesudason, 1990; Searle, 1999; Sloane, 1999). Therefore I feel privileged to present this scholarly treatise that takes cognisance of the biases that I might bring to it because of my Malay background.

In addition, this study can be used by other interested researchers to be compared and contrasted with the difficulties experienced by other countries in developing their indigenous entrepreneurs. It is also hoped that the knowledge and the insights gained from this study can be used by other researchers as a basis for them to come out with a generalised theory of indigenous entrepreneurship.

Finally the findings of this research can be used as valuable inputs for the Government of Malaysia to come out with a more effective public policy on ways to develop Malay entrepreneurial competitiveness and to provide impetus for the continuing research of Malay entrepreneurship.

1.3 Research Objectives

The first objective of this study is to close the gap in the literature by examining and analysing issues and problems associated with the development of Malay entrepreneurship in Malaysia. As entrepreneurship is influenced by both individual and environmental factors, this study will incorporate both of these two sets of factors in its analysis.

The second objective of the study is to find out why, despite the government’s concerted efforts and initiatives, Malay entrepreneurship is still lacking. Correspondingly the third objective of this study is to explore the implications to the non-Malays, particularly the Chinese, regarding the government’s policies of giving special privileges to the Malays in order to promote their entrepreneurial development.

The fourth objective of the study is to examine the nexus between the Western conventional concepts of entrepreneurship and their applicability to Malay entrepreneurial development; whether there is a tendency to impose ideologies that are culturally alien and by which success is measured.

Finally, the fifth objective of this study is to contribute constructive feedbacks and ideas for the improvement of Malay entrepreneurialism and to recommend more effective ways to develop Malay entrepreneurial competitiveness.

1.4 Research Questions

To achieve the above mentioned objectives, the formulated research questions for this study are as follows:

Research Questions:

- 1) What are the causes for the lack of development of Malay entrepreneurship in Malaysia?
- 2) Why hasn't government assistance worked for the Malays?
- 3) What are the implications for non-Malays, particularly the Chinese, on the policy promoting Malay entrepreneurship?
- 4) Are western models of entrepreneurship appropriate for Malay entrepreneurial development?

1.5 Research Design

This study first proceeds by examining the existing literature in the area of entrepreneurship in general and on Malay entrepreneurship in particular to set a foundation for the theoretical perspectives and context of the study. The literature search was also used to identify how this study fits with what has gone before and single out relevant issues pertaining to the research question posed by the study.

The study also offers the proposition that "state assistance in the form of affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own

competitiveness”. This was addressed mainly by developing arguments around the dependency theory and the theoretical perspectives of affirmative action policies.

The primary source of data for this study was generated through a series of semi-structured qualitative interviews. The interviews were conducted with diverse groups of people or parties involved in the development of Malay entrepreneurship in Malaysia, namely, Malay and Chinese entrepreneurs, key government officials, Chief Executive Officers or Chairmen of Government-Linked or Trustee Companies, politicians, leaders of Malay associations, bankers and even journalists, in order to obtain multiple perspectives on the issues under investigation. These interviews were complemented by a survey questionnaire distributed to potential and existing Malay entrepreneurs. The combination of the interviews with survey questionnaires was determined as beneficial and rewarding for the purpose of this study.

The study also used publicly accessible government documents and publications to gather important information of past, present and future directions of government policies as well as information on general statistics. In certain instances, documents that are not commonly available to the public such as minutes of meetings, review papers and reports on study done for the government were also used to get hold of more “inside” information on issues and problems associated with the development of Malay entrepreneurship. To keep abreast with the ongoing debates pertaining to these issues, I also used a considerable amount of local references such as newspapers, magazines and publications by non-profit associations.

Where opportunities arose I also conducted “natural field interviews” (Bowler, 1997, p.67) or talked to as many people as possible, mainly middle class Malays, to elicit their perceptions and attitudes towards Malay entrepreneurship in general as well as their inclinations towards entrepreneurship as a career of choice.

1.6 The Thesis Structure

The thesis is organised into six distinct chapters. This chapter begins with the introduction to the background of the study. It then describes the significance of the

study, specifies the research objectives and the research questions and provides a brief overview of the study's research design.

Chapter 2 presents a review of the literature on entrepreneurship and factors affecting its development. It also provides background information on Malaysia, an overview of Malaysia's entrepreneurship environment, government policies affecting the development of Malay entrepreneurship, its present status, issues and debates and a discussion on theory of dependency and theoretical perspectives of affirmative action policies. This is followed by a discussion on Malay traditional values and attitudes as well as an analysis of selected studies on Malay entrepreneurship. The chapter concludes with a critical reflection on the literature review in order to identify the knowledge gap and how this study might add to the existing literary pool on the subject.

Chapter 3 starts with a detailed discussion on the methodological approach and methods adopted for the study to explore and analyse issues associated with the development of Malay entrepreneurship in Malaysia. The chapter also provides the researcher's reflection on her position in the context of this study and discussions on key ethical considerations that are involved.

Chapter 4 presents the analysis and findings arising from the interviews with the Malay respondents and the interviews with the Chinese respondents. Correspondingly, the analysis and findings from the survey will be presented.

Chapter 5 provides discussions of the findings of this study in relation to the research questions and the proposition offered by the study. The chapter concludes with a summary of the research findings.

Chapter 6 draws this study to a close by restating the objectives of the study followed by a brief summary of the study's major findings and implications. The chapter ends with recommendations on better ways to promote the development of Malay entrepreneurship in Malaysia as well as some suggestions for future research.

2.0 Introduction to the Chapter

Research into the area of entrepreneurship in general and into Malay entrepreneurship in particular has been conducted to set a foundation for the theoretical perspectives and the context for this study. This chapter will discuss what constitutes entrepreneurship and the factors affecting its development. This will be followed by background information on Malaysia, an overview of Malaysia's entrepreneurship environment, government policies affecting the development of Malay entrepreneurship, its present status, issues and debates and a discussion on theory of dependency and theoretical perspectives of affirmative action policies. Subsequently a discussion on Malay traditional values and attitudes as well as an analysis of previous studies on Malay entrepreneurship will be presented. The chapter concludes by providing a synthesis of the existing literature in order to identify the knowledge gap and how this study might supplement what has been written about the subject.

2.1 Theory of Entrepreneurship

Economists have for a long time recognised the close association between entrepreneurship and economics and have frequently tried to define their relationships (Kuratko & Hodgetts, 2001). The following discussion will focus on the economic theories of entrepreneurship in order to understand what constitutes entrepreneurship and who the entrepreneur is.

The term 'entrepreneur' originates from the French word 'entreprendre' which means "to do something" (Swedberg, 2000) or "to undertake" (Kuratko & Hodgetts, 2001). It was first introduced by Richard Cantillon, an Irish banker in Paris, through his essay 'Essai sur la nature du commerce' (1755) which was published twenty years after his death (Grebel, Pyka & Hnusch, 2003). Cantillon advances the argument that entrepreneurs are economic agents who have the foresight and willingness to take advantage of unrealised profit opportunities through buying and selling activities (Blaug, 2000). It is the entrepreneur who acts as the middleman to buy at a low price and sell at a higher price. Within this definition, Cantillon entrepreneurs have been

accused of lacking in distinctive personalities and social status (Montoya, 2000). The definition is so loose that it may include even beggars and robbers, something that many may find unacceptable. Moreover, even though Cantillon had made an effort to emphasise the existence of entrepreneurs, he was less successful in providing succinct discussion on their economic role, a challenge that is better addressed by Joseph Schumpeter (1934).

Joseph Schumpeter, an economist of the 1930s, believes that entrepreneurship plays a crucial role in triggering economic development. Schumpeter (1934) defines development as the exercising of new combinations of productive factors. Such efforts may result in the introduction of a new product or a new method of production, the opening of a new market or the finding of a new source of the inputs supply or the establishment of a new organisation. To Schumpeter (1934), a person is an entrepreneur only when he/she actually carries out new combinations but loses that character as soon as he/she has built up his/her business and settles down to run it. Within this definition Schumpeter's entrepreneur will include both business people and salaried managers who fulfil the function of entrepreneurship, but exclude those who merely operate established businesses. One question that needs to be asked is whether the latter are passively running their businesses without having to face the challenges that are naturally generated by uncertainties found in a business environment.

Unlike many entrepreneurship scholars, Schumpeter (1934) disassociates entrepreneurship from risk bearing. For him risk bearing is borne by the capitalist, not by the entrepreneur. But, he recognises that entrepreneurship is rare and difficult. This is because entrepreneurial activities would require the entrepreneurs to break away from their traditional and established routines and to overcome social resistance in order to do something new. Therefore, an entrepreneur is a sociologically distinct individual who is a creative and resourceful innovator as well as an agent of change.

For Schumpeter (1934) profit-making cannot be regarded as a sole motivation for entrepreneurship. Equally important is the desire to prove one's superior capability over others and the pleasure in creating and getting things done. Schumpeter, though, did not provide suggestions on how each of these motivations affects

entrepreneurship. Will different motivations lead to different consequences and outcomes? If so, how will they affect the role of entrepreneurship in triggering economic development? These are questions that are important but were left unanswered by Schumpeter.

Another prominent scholar of entrepreneurship is Frank Knight, whose work appeared before Schumpeter's. Knight (1921) contributed significantly to the study of entrepreneurship through his profound theory on profit, his thorough distinction between risk and uncertainty and his outstanding identification of entrepreneurship with control and responsibility. According to Knight (1921) entrepreneurs are distinguishable from non-entrepreneurs based on their willingness to bear the cost of uncertainty. In return for this willingness the entrepreneur will be rewarded with profit, that is, the residual income left after all necessary payments have been made. In this respect, unlike Schumpeter, Knight fails to take into account other rewards that might motivate the entrepreneurs such as the gain in social status and the desire to gain power relative to others.

Since Knight (1921) and Schumpeter (1934), several other contributors to the seminal work on entrepreneurship have emerged. Among them are Von Mises who defines entrepreneurship as human action "seen from the aspect of the uncertainty inherent in every action" (Mises, 1949, p.254), and the entrepreneur as an active individual whose action is always speculative. For Mises (2000) entrepreneurship mainly consists of decision-making activities particularly pertaining to production. Mises (1949) also made a distinction between entrepreneurship and management. He believes that entrepreneurship involves greater responsibility, with the entrepreneur performing a more crucial role than the manager. In performing his/her role the entrepreneur is motivated by the desire to make profits and acquire wealth.

Mises' work on entrepreneurship has a large influence on the work of his student, Israel Kirzner, another prominent scholar of entrepreneurship. For Kirzner (1973) an entrepreneur is an alert individual who responds to the opportunities that already exist but which are yet to be organised as a business. In this respect, Kirzner's entrepreneurs are described as being passive in comparison with Schumpeter's

entrepreneur who is a source of innovative ideas for triggering economic development (Hébert & Link, 1982).

Kirzner (1973) further asserts that entrepreneurship activity is always competitive and that competition is always entrepreneurial. For him a competitive market process is crucial for the entrepreneurial activity to develop. Despite his little emphasis on the speculative character of the entrepreneur, Kirzner (1973) nevertheless acknowledges that entrepreneurship does involve a risk-taking propensity. This is well illustrated in his argument that “in a world of uncertainty every entrepreneurial decision, no matter how much alertness it reflects, must to some extent constitute a gamble” (Kirzner, 1973, p.86).

The previous discussions on earlier theoretical constructs of entrepreneurship among the economists reveal some common ground. Firstly, except for Schumpeter, entrepreneurship is associated with risk and uncertainty. The entrepreneur is portrayed as a person who has the prescience and willingness to assume risk (Cantillon, 1755), or as a bearer of risk and uncertainty (Knight, 1921), or as an active individual whose action is always speculative (Mises, 1949) and as an alert individual in an uncertain world (Kirzner, 1973).

Secondly, the five economists, Cantillon (1755), Knight (1921), Schumpeter (1934), Mises (1949) and Kirzner (1973), agree that an entrepreneur is motivated by profit making. Thirdly, they are also agreed that an entrepreneur is a special type of individual with gifted abilities such as alertness (Cantillon, 1755, Mises, 1949 and Kirzner, 1973), who is capable of assessing the future (Knight, 1921), and who is imaginative and innovative (Schumpeter, 1934). These abilities distinguish the entrepreneur from the non-entrepreneur such as a wage earner (Cantillon, 1755) or manager (Schumpeter, 1934; Mises, 1949).

The foregoing discussion has also illustrated some major limitations of the economic theory on entrepreneurship. One of the limitations is that the earlier theoretical construct of entrepreneurship seems to give too much emphasis on answering the question of who the entrepreneur is and what he/she does. No effort is directed to analyse and describe how entrepreneurs think and reason when undertaking their

entrepreneurial activities (i.e. what's on their mind) and how they perceive their economic role.

Even though the five economists are agreed that an entrepreneur is distinguishable from the other economic players, their distinction lacks clarity and practicality. For instance the distinction made by Schumpeter (1934) and Mises (1949) between entrepreneurs and managers, based on the subservient nature of the latter's function to the former, overlooks the possibility that in some cases, the managers may also have to face similar challenges as those faced by the entrepreneurs. The managers, for example, could be expected to make difficult decisions that may risk their continued well-being. Therefore it would be quite difficult in practice based on this distinction to decide who the entrepreneur is and who is not.

The earlier theoretical construct of entrepreneurship has also failed to take into account the crucial role of capital in entrepreneurial activities. Without capital, innovative ideas cannot be converted into profitable and marketable products or services. Even though capital can be provided by the other economic actor, the capitalist, the entrepreneurs to some extent must be able to exercise their prudence on how to obtain the necessary capital for their entrepreneurial ventures.

It is also noticeable that the earlier economic theories of entrepreneurship were mainly contributed by scholars from the western and developed countries. Their reasoning would be largely influenced by their capitalist system as well as their sociological and political environments. This could make their theories inapplicable in developing eastern societies as entrepreneurship cannot be judged in isolation of its environment. For instance, it is hard to ignore that the previously discussed theories treated entrepreneurship as an individual activity. This is evident from their definition of entrepreneur as an individual person who acts individually based on his/her individual motivation. This individual centric theory may not work well in many developing Asian countries characterised by their collectivistic society.

Up to now scholars have failed to agree on a consistent definition of the term "entrepreneur" and what entrepreneurship is all about (Kuratko & Hodgetts, 2001). Casson (2003) argues that this failure is partly due to the disagreement among

scholars on how to integrate the two main approaches in defining the term: the functional approach and the indicative approach. While the functional approach simply describes what an entrepreneur does, the indicative approach describes the entrepreneur's characteristics or attributes.

Therefore, depending on how they are defined, entrepreneurs can be different persons, wearing different hats. They can be the creators of businesses (Martz JR, Biscaccianti, Neil and William, 2005), the path breakers (Foley, 2003), the risk takers (Mitton, 1989), the self-employed (Singh & DeNoble, 2003), the resource coordinators (Kalantaridis, 2004) and/or the decision makers (Casson, 2003).

For the purpose of this study, an entrepreneur is defined as:

the founder or owner of a profit-oriented corporation who is actively involved in the organisation, management and decision-making functions of the corporation.

In agreement with Schumpeter (1934) this definition rules out the business person who is not actively involved in running and making decisions for his/her business. The definition includes the business person who inherits his/her family business but he/she must play a role in maintaining, expanding, and determining the future direction of the organisation. Within this definition founders and owners of an organisation that is not profit-oriented will also be excluded as entrepreneurship has long been associated with profit-making activities¹. It is debatable that the founders and owners of non-profit organisations would assume the same risks as posed by the uncertainties in a competitive business environment.

2.2 Entrepreneurship as Embedded Phenomenon

Entrepreneurship is an embedded phenomenon that is influenced by both individual and environmental factors (Shane, 2003). With this in mind the following section is devoted to the discussion of these two sets of factors.

¹ Due to this, the term "entrepreneurship" and "business activities" will be used interchangeably in this thesis.

2.2.1 Individual Factors: Attributes and Characteristics

Scholars have long agreed that an entrepreneur is a special type of individual who possesses certain personality attributes and characteristics. In his review of entrepreneurial traits in research literature, Brockhaus (1982) identifies three attributes that are consistently associated with entrepreneurial behaviour: the need for achievement, the internal locus of control and a risk-taking propensity. Thus, these three attributes will be further elaborated in the following paragraphs.

The need for achievement is a personal attribute associated with the expectation of doing something better over others and/or the individual's earlier accomplishment (Hansemark, 2005). It is believed that the individuals who score highly on the need for achievement would have a strong desire for success and are consequently more likely to behave entrepreneurially (Othman, Ghazali & Ong, 2005). This argument is supported in a study by Beugelsdijk and Noorderhaven (2004) which shows that entrepreneurs generally have higher needs for achievement.

“Locus of control” is a belief or disbelief that one can control or influence the environment in which one is found. Rotter (1966) hypothesises that individuals with internal locus of control are more likely to strive for achievement than those with external locus of control. This is because individuals with internal locus of control believe that they can make things happen as they are able to control and influence the environment around them. In contrast, individuals with external locus of control do not believe that they can do this. Hence, people with internal locus of control are more likely to be more entrepreneurial than those with external locus of control (Beugelsdijk & Noorderhaven, 2005).

In addition to a high need for achievement and internal locus of control, individuals with higher propensities for risk-taking are believed to be more likely to be involved in entrepreneurial activities. This is not surprising as entrepreneurship has long been associated with risk-taking (Cantillon, 1755; Knight, 1921). Empirical evidence also supports the view that risk-taking propensity serves as one of the attributes which influences entrepreneurial success and performance (Beugelsdijk & Noorderhaven, 2004).

In summary, it has been shown that certain personality attributes such as the need for achievement, the locus of control and the risk-taking propensity can significantly influence entrepreneurial behaviour and the decision to be an entrepreneur. An intriguing question that needs to be addressed is whether these attributes are innate or nurtured.

2.2.2 Environmental Factors

Socio-cultural Factors: Culture and Society

There are many scholars who believe that entrepreneurship is a culturally embedded phenomenon (Morris & Schindehutte, 2005; Swierczek, 2004; Co, 2003; Chrisman, Chua & Steier, 2002). Thus, the socio-cultural environment which consists of the beliefs and attitudes of the members of society to what are desirable and legitimate activities is another important factor affecting entrepreneurship (Shane, 2003). These scholars argue that entrepreneurship will thrive in a society where entrepreneurs are highly appreciated and viewed as cultural heroes (Malach-Pines, Levy, Utasi & Hill, 2005). Likewise, entrepreneurship will not prosper if most members of the society view it with suspicion (Zapalska, Perry & Dabb, 2003), as an individual's behaviour is largely influenced by what others think especially when faced with ambiguities and uncertainties (Minniti, 2005). Empirical evidences provided by Lipset (2000), Foley (2003), Beugelsdijk and Noorderhaven (2004) and Martz Jr., Biscaccianti and Neil (2005) support this argument. But these studies suffer from the failure to provide a convincing argument, on the extent to which society's attitudes influence the level of entrepreneurship in isolation of other factors such as the economic and political structure of the country. For example in a country where the level of unemployment is high, people may be left with no choice but to venture into self-employment or business activities. Similarly in a country where there is political instability entrepreneurship may not be popular as people may be more reluctant to invest in entrepreneurial activities due to the higher levels of uncertainty involved.

Another instance where socio-cultural environment may influence the development of entrepreneurship is related to the 'role theory' which emphasises the influence of role

models on entrepreneurial behaviour (Co, 2003). It is argued that the presence of successful entrepreneurs will encourage others as their presence will convey a message that entrepreneurship is an attractive and viable career option. For instance, a study by Zapalska, Dabb and Perry (2003) reveals that the presence of experienced Maori entrepreneurs and role models in Maori society has positively affected the Maori's entrepreneurial activities and their development.

Family and close friends may also serve as role models for aspiring entrepreneurs (Co, 2003). Scholars believe that the desire to start a business can be significantly influenced by parental role models and/or exposure to entrepreneurial activities at a younger age (Drennan, Kennedy & Renfrow, 2005). Similarly, a study by Singh and DeNoble (2003) reports that having a close self-employed relative is one of the core antecedents of entrepreneurship. The literature also suggests that entrepreneurs often came from families where the mothers or fathers were themselves entrepreneurs (Crant, 1996, Dyer, 1992, as cited in Drennan et. al, 2005). In short, there is evidence that the existence of a successful role model encourages entrepreneurial efforts. Likewise, it would be very difficult to encourage people to become entrepreneurs when they see no or few examples of others who have been successful in that career (Co, 2003).

Furthermore the level of entrepreneurship is also affected by a society's specific cultural system that is formed and influenced by the collective values of individuals within that society (Shane, 2003). For instance, Weber (1930), argues that an individual's inclination towards entrepreneurial activities is largely influenced by his/her cultural values and beliefs such as asceticism, deferred gratification, frugality, and thrift, virtues that are promoted by Protestantism. Weber's theory fails to explain the emergence of entrepreneurship in non-Protestant societies, but despite this his seminal work is still outstanding because of its role in stimulating interest in the influence of religious values in promoting or hindering entrepreneurship (Co, 2003).

In addition to religious values, researchers have constantly associated certain cultural values that can either encourage or discourage entrepreneurial activities. For example, values associated with power distance, collectivism (Takyin-Asiedu, 1993), femininity and uncertainty avoidance have been identified as having detrimental

effects to a society's entrepreneurial development (Hayton, George & Zahra, 2002). In contrast, cultural beliefs that support innovation, risk-taking and autonomy are found to have positive influences on a society's entrepreneurial pursuits (Swierczek & Quang, 2004). Evidence also suggests that entrepreneurship thrives where values such as wealth generation, personal gain, acceptance of change and economic advancement are prevalent (McClelland, 1965). All these findings should be treated with caution because of their over-emphasis on western cultural values that might differ significantly from eastern values.

Networking and Entrepreneurship

Previous research has shown that networking can significantly affect entrepreneurial activities. This is because entrepreneurial ventures are naturally constrained by human, informational and financial resources (Jack, Dodd & Anderson, 2004). For example, networking has been identified as an important prerequisite for starting a successful new venture (Reynolds, 1991). It is argued that as a consequence of their newness and smallness, new ventures lack capability and legitimacy to acquire the resources through the traditional market mechanism (Hite & Hesterly, 2001). Accordingly they rely to a considerable extent upon their networking ties to provide both resources and opportunities for their survival and success (Jarillo, 1989, as cited in Hite, 2005). This phenomenon is referred to as the "network success hypothesis" (Witt, 2004, p.394). In particular, the network success hypothesis argues that business founders will be better able to gain access to resources more cheaply through their network ties than through the normal market channels. Their network ties will also give them access to those resources that would not otherwise be available through normal market operations such as reputation and customer contacts.

The rationale behind the network success hypothesis is the theory of social embeddedness. This theory argues that all economic activity is embedded in social relations and that relationship can accordingly influence how a business is established and the way it is run (Uzzi, 1997). The theory distinguishes between two relationships involved in business transactions, the "arm's length" relationship and the "embedded ties" (Witt, 2004). While the former is the typical market transaction without personal attachment between the transaction partners, the latter is based on more personal

relationships and is generally governed by informal market mechanisms such as trust (Hite, 2005).

Granovetter (1973) further differentiates the embedded ties into two types: strong and weak. According to him strong ties consist of frequent interactions occurring at least twice a week, whereas weak ties are said to consist of interactions occurring less than twice a week but at least once a year. This distinction may not accurately reflect the intensity and depth of the actual relationship. For example, it is debatable that a frequent five-minute interaction is more meaningful and deeper than a one day interaction in a month. Despite this limitation, Granovetter's idea of strong and weak ties becomes an important basis for other researchers to contribute more knowledgeably on how networking affects entrepreneurship. For instance a study found that strong ties contributed significantly to the success of business start-up and for its continuing development as the ties provide the much needed financial resources as well as other support mechanisms like encouragement and business advice (Jack et al., 2004). On the other hand, weak ties are suggested as more effective in giving access to information and knowledge sharing (Bollingtoft & Ulhøi, 2005).

Networking differs from one culture to another and this belief is confirmed in a study by Dodd & Patra (2002). In comparing the networking of Greek entrepreneurs with that of the entrepreneurs in seven other countries (Canada, Japan, Italy, Northern Ireland, Sweden, United Kingdom and USA), the study found some significant differences. For instance, in contrast to all other nations, Greek entrepreneurial networking is found to be very tightly knit with almost every member of the network knowing one another. The Greek entrepreneurs are also found to spend comparatively more time developing and maintaining their networks as compared to the entrepreneurs from the other seven countries. Unlike the study by Dodd and Patra (2002) that focuses on national differences in entrepreneurial networking, Kristiansen's (2004) study focuses on sub-cultural differences. In this study, sub-cultural characteristics such as group cohesion, mobility and high level of education are found to have significant effects on the individual's entrepreneurial networking style, which will then have a bearing on the success of his/her entrepreneurial activities.

In short, literature has shown that networking is highly beneficial to entrepreneurs and their ventures and it is critical for them to invest their time and effort in network-nurturing activities.

Governmental Influence

Entrepreneurship has long been recognised as a prime mover for economic development (Schumpeter, 1934). It is believed that a vibrant entrepreneurial activity may help a country to revive slow economic growth and address social and economic injustice (Walburn, 2005). As a result, there is a growing interest in the use of public policy at different levels of government all around the world to promote entrepreneurship activities such as in the United States (Gilbert, Audretsch & McDougall, 2004), Europe (Walburn, 2005) Korea, Taiwan (Swierczek & Quang, 2004) and Singapore (Shome, 2006).

Although scholars tend to agree on the important role of the government in facilitating and providing a conducive environment for the growth of entrepreneurs and their enterprises (Dahles, 2005; Gilbert et. al, 2004; Nolan, 2003), there is less agreement among scholars on the effective level of government influences (Low, 2006; Papanek, 2006; Li, 2002) . For instance, a report by Accenture in 2002 identifies three illustrative models of entrepreneurship development adopted by different countries in the world. The first is the free market model which emphasises minimal government influence to reduce barriers of entrepreneurship and to open up new business opportunities. The second model is the guided entrepreneurship where public policy is used as a tool to create a supportive environment for the entrepreneurs². The third model is the social democratic in which government encourages enterprise development but with social protection.

This thesis deals with the challenges faced by the government of Malaysia in addressing the entrepreneurial development of an economically-challenged sector of society, that is, the Malays³. The following section will give an overview of

² Also theorised by Shome (2006).

³ Recognising the fact that the Malays constitute the majority of Malaysia's "sons of the soil" or the Bumiputera, the word Malays and Bumiputera will be used interchangeably in this thesis.

Malaysia's geographical, political and social structure as well as an overview of the historical development of Malay entrepreneurship to understand the forces affecting its current development. This will be followed by a discussion on various efforts undertaken by the Malaysian government to promote entrepreneurship among the Malays.

2.3 An Overview of Malaysia

Malaysia⁴ is a predominantly Malay country in Southeast Asia and is made up of Peninsular Malaysia (also known as West Malaysia) and East Malaysia. Peninsular Malaysia consists of eleven states, viz. Perlis, Kedah, Penang, Perak, Kelantan, Terengganu, Pahang, Selangor, Negeri Sembilan, Melaka and Johor. Its immediate neighbours are Thailand to the north, Singapore to the south and the Indonesian island of Sumatra to the west. East Malaysia, which is separated from Peninsular Malaysia by the South China Sea, is made up of two states, Sabah and Sarawak, and is found in the northern part of the huge island of Borneo. These states are administered by individual state governments. In addition to the 13 states, there are three territories, Kuala Lumpur, Putrajaya and Labuan which are directly administered by the Federal Government. Compared to East Malaysia, Peninsular Malaysia is more modern and developed and it is where most of the major cities of Malaysia such as Kuala Lumpur, Ipoh and Johor Bahru are located.

Being close to the equator, Malaysia experiences an equatorial climate characterised by high temperature and humidity all year round. The normal temperature is between 26°- 32° celsius. Malaysia has only a dry and a wet season. The wet season occurs between the months of September and December on the west coast of Peninsular Malaysia and between October and February on the east coast. Monsoon storms are also common. These are heavy rainstorms accompanied by violent winds as well as thunder and lightning.

⁴ The Federation of Malaysia did not exist until 1963. Prior to its establishment as a unified state in 1963, Malaysia was referred to as Malaya consisting of several kingdoms or states, all in West Malaysia (Andaya & Andaya, 2001).

Malaysia is a parliamentary democracy and its constitution provides for a constitutional monarchy with the monarch elected from among the nine Sultans in the country. The monarch is officially called the Yang Di Pertuan Agong and is elected for a period of five years at a special Conference of Sultans convened specially for this purpose. At the end of the 5-year term, the Sultans meet again to elect a new monarch for the next 5 years. The Yang Di Pertuan Agong is recognised not only as the nominal political Head of the nation but also as the titular Head of the military and Head of the Islamic religion. The actual political power lies with the parliamentary cabinet headed by the Prime Minister who is the leader of the political party with the majority number of seats in parliament. Since independence in 1957, the Malaysian government has been led by the country's biggest multi-party coalition known as Barisan Nasional or the National Front.

Malaysia has a bi-cameral parliamentary system consisting of the House of Representatives (Dewan Rakyat) and the Senate (Dewan Negara). Members of the Dewan Rakyat are elected by the people through general election whereas, in the Dewan Negara 26 of its members are nominated by the states with the other 32 members appointed by the Yang Di Pertuan Agong on the advice of the Cabinet. In comparison with the Dewan Negara, the Dewan Rakyat is more powerful and influential in many respects including the size of its membership, the authority in relation to Money Bills such as taxation and expenditure of public money, and the qualification of members aspiring to become Prime Minister (Rashid, 1978).

Though predominantly Malay, Malaysia's population is made up of many ethnic groups. The three major ethnic groups in Peninsular Malaysia are Malay, Chinese and Indian. The population of East Malaysia is more diverse as compared to the population in Peninsular Malaysia. Within Sabah itself, there are about 31 different indigenous groups which include the larger communities like the Kadazan and the Bajau. In Sarawak there are about 26 indigenous groups including the Iban, the Bidayuh and the Penan (Radhakrishnan, 2003). The Malays together with the other indigenous groups of Malaysia are recognised by Malaysia's constitution as the "sons of the soil" or the Bumiputera (Federal Constitution, 2008). The Bumiputera enjoys numerous rights and privileges under the constitution. These rights and privileges include employment in the public service, entitlement to scholarships and education,

and reservation of permits or licences for trade and businesses (Federal Constitution, Article 153). As of 2007, the total population of Malaysia is estimated at 27.23 million. Malays and other Bumiputeras constitute 60% of the total population, with the Chinese at 22.8% and the Indians at 6.8% (MTR 9MP, 2008). Islam is the official religion of Malaysia. Other religions are also allowed to be practised in harmony with Islam under Malaysia's constitution (Radhakrishnan, 2003).

2.4 Entrepreneurship in Malaysia

2.4.1 British Colonisation and Its Legacy

The British showed greater interest in the Malay world with the founding of Singapore in 1819 (Turnbull, 1989). Singapore thrived as a new international trading centre, confirming British dominance of commercial interest in the region. In order to avoid Anglo-Dutch conflict in the Straits of Melaka, the Treaty of London was signed in 1824 (Turnbull, 1989). Under this treaty the Malay world was distinctly divided into respective Dutch and British spheres of influence, with the former in control of the Indonesian archipelago after acquiring Bengkulu from the British and the latter taking over Melaka from the Dutch to add to their possessions of Penang and Singapore in the Malay Peninsula. This treaty is also seen by scholars as the basis for contemporary boundary delineation between Malaysia and Indonesia (Alatas, 1997).

When the Treaty of London was signed in 1824, the British had no intention of interfering with the local politics nor to expand its territorial possessions beyond the Straits Settlements comprising Penang, Singapore and Melaka. This policy changed 50 years later due to pressure resulting from the growth of capitalist enterprise mainly in Singapore, the expansion of commercial agriculture, the growing demand for tin in the international market and the influx of Chinese immigrants into the Malay Peninsula (Turnbull, 1989). Because of all these factors, the British found the excuse to expand its political control to the Malay states: to safeguard its trade interests. The feuds among Chinese secret societies over tin rights, the Malay disputes over succession, and the proliferation of piracy activities also opened up opportunities for the British to further intervene in Malaysia. The Pangkor treaty was signed in 1874 signifying the formal relationship between the British and the Malay states where

British influence was further extended to the hinterlands of Peninsular Malaysia as well as to North Borneo (now Sabah) and Sarawak. The total colonisation of Malaysia was effected in 1914 when the state of Johor fell under British rule (Andaya & Andaya, 2001).

Unlike its predecessors, the Portuguese and the Dutch, British colonisation made significant impacts on Malaysia's political, economic and social structures. Firstly, it strengthened the formal hierarchy of political power in Malay society with the ruler at the top and the peasants at the bottom of the social hierarchy (Drabble, 2000). The British colonial government recognised the need to accommodate the interest of the Malay ruling class in order to get the approval and cooperation essential for the success of British rule in Malaysia. This was especially important in Malay society where the rulers were ascribed the sacred status as the protector of Islam⁵ and as a symbol of Malay sovereignty (Shome, 2002). In addition to the Malay rulers, established aristocratic families were given special privileges by the British colonial government as their influence and cooperation were needed to maintain the stability of British economic control over the Malay region (Alatas, 1997). Consequently, it resulted in a large gap between the topmost level of the Malay ruling class and the rest of Malay society. For example, the provision of education for Malay aristocratic families by the British helped to foster a cultural cleavage between aristocrats and peasants in Malay society. This may explain their often conflicting reactions to the presence of British colonial power (Andaya & Andaya, 2001).

Secondly, British colonisation created a dual economy in Malaysia where large and modern corporations owned by foreigners existed side by side with small businesses owned by the Chinese and traditional agriculture and fishing activities owned by the Malays (Drabble, 2000). To the British, the Malays were best suited in traditional occupations such as rice growing. Therefore, the British colonial government made no effort to encourage the Malays to be involved in modern economic activities where the presence of the Chinese was prominently evident. The Malays were even made to believe in the need to be insulated from the modern economic activities in order to preserve their traditional culture and way of life (Gullick, 1981). As a consequence,

⁵ Islam is the religion of the Malays.

the Malays were entrenched in the traditional sector with the Europeans and the immigrants engaged in the modern sector of the British colonial economy.

Thirdly, British colonisation contributed to the emergence of Malaysia's pluralistic society following the massive influx of immigrant labour from China and India (Searle, 1999). Although the Chinese and the Indians had visited the Malay region long before the arrival of the British, the influx of their migration, did not begin until the second quarter of the 19th century. Between 1911 and 1931, the British colonial government encouraged unrestricted immigration from India and China to provide much needed workers resulting from the growth of Penang and Singapore as trade centres, the increase in the demand for tin in the international market, and the boom in the rubber industry (Andaya & Andaya, 2001). Hence by the beginning of the 20th century, a pluralistic society had emerged in Malaysia consisting mainly of the indigenous Malays and the immigrant Chinese and Indians (Drabble, 2000).

Finally and most importantly, British colonisation is blamed for the decline of Malay entrepreneurship in Malaysia (Ahmed, Mahajar & Alon, 2005). It is argued that long before the advent of the British and the other immigrant races, notably the Chinese, the Malays had enjoyed a period of economic independence and were involved in commerce with domestic traders as well as with foreign traders like the Arabs and the Indians (Drabble, 2000). For instance, the involvement of Malay entrepreneurs during the era of the Melaka Sultanate (A.D. 1400-1500) was notable as they were actively involved in trading and business activities (Ahmed et al., 2005). The crucial role of the Malay traders was also responsible in strengthening Malay as the language of trade throughout the archipelago region (Andaya & Andaya, 2001). Because of these, it is not surprising that today many Malays regard the Melaka Sultanate as the symbol of Malay sophistication in trade and businesses (Jesudason, 1990). Their entrepreneurial traditions, however, failed to develop further as a result of British colonial subjugation.

Scholars have attributed a few other factors that could help explain why Malay entrepreneurship declined as a consequence of British colonisation. First, under the British rule, Malaysia's society was segregated according to ethnic identities, social status and economic status. This was done to enable the British to control the three

major ethnic groups of the country, namely, the Malays, Chinese and Indians (Ahmed et al., 2005). The Malays were encouraged to settle in rural areas with agricultural activities as their major occupation, whereas the Indians were mainly settled in rubber plantations working as labourers (Drabble, 2000). In contrast to the Malays and the Indians, the Chinese were given favourable treatment by the British who saw them as a more sophisticated and organised society that could facilitate British businesses and administration (Gullick, 1981). Accordingly, the Chinese were mainly placed in urban areas with business activities as their major occupation (Ahmed et al., 2005). No effort was made by the British to encourage the Malays to move into the urban areas where the majority of the commercial activities took place (Gullick, 1981). As a consequence, the Malays were left behind in terms of commercial experiences and business know-how (Mahathir, 1970).

The British mercantile and colonial policies were also seen as effectively discouraging the Malays from being involved in entrepreneurial activities (Peletz, 1998). British policy made it illegal for the Malays to convert their rice-growing land into more profitable rubber plantations and penalised them for not working their *padi* fields. These regulations effectively undercut Malay abilities to move out from their traditional subsistence economic activity as well as excluded them from the new economic activities provided by the tin mining and the rubber industries and other European-backed commercial enterprises (Andaya & Andaya, 2001).

Scholars argue that British education policy was inadequate in preparing the Malays for the modern economic activities of the country (Gullick, 1981; Shome, 2002). This is because British colonial education policy was fundamentally shaped by the identification of race with specific economic functions. To safeguard their economic interests, the British allocated different economic roles for Malaysia's ethnic groups: the Europeans to govern and administer, the immigrant Chinese and Indians to labour in the export industries and commercial sectors, and the Malays to farm the lands (Andaya & Andaya, 2001). The aim of the British education policy was merely to provide a basic vernacular education for Malay children to be better farmers and better fishermen than their fathers with limited opportunities of English-medium education for the Malay elite (Shome, 2002).

In brief, there is clear evidence that British colonisation of Malaysia made a significant impact on Malaysia's political, economic and social structure. It reinforced the formal hierarchy of Malay political power and contributed to the emergence of Malaysia's pluralistic society that caused a decline in entrepreneurial traditions among the Malays.

2.4.2 Independence: Progress and Problems

The talk of Britain giving independence to Malaysia came as early as 1942 (Andaya & Andaya, 2001). Being a signatory to the Atlantic Charter that promoted the right of nations to self-determination, the British government felt committed to give Malaysia its desired independence. The communist insurgents in the country left Britain with no choice but to adopt a policy of rapid decolonisation for Malaysia (Cheah, 2003). The Malayan Union was proposed by the British as an ideal plan towards independence (Andaya & Andaya, 2001). Under this plan, the hitherto separately administered Federated Malay States (FMS), Unfederated Malay States (UMS), and the Straits Settlements territories of Penang and Melaka would be incorporated into a Malayan Union⁶. Singapore, on the other hand, was proposed to remain a separate British colony.

The proposal for the British Malayan Union came under severe attack by the Malays which brought forth the formation of the United Malays National Organisation (UMNO) in 1946 (Cheah, 2003). The Malays reacted against the liberal citizenship policy proposed by the plan which says:

Malayan Union citizenship was to be conferred automatically on all persons born and still ordinarily resident in Malaya (including Singapore) and on all persons who, although not born in Malaya, had been ordinarily resident there for not less than 10 or 15 years preceding 15 February 1942. In addition, application for citizenship might be made by any person who had resided in

⁶ Federated Malay States (FMS) consist of the states of Pahang, Selangor, Perak and Negeri Sembilan, whereas, Unfederated Malay States (UMS) consist of the states of Perlis, Kedah, Kelantan, Terengganu and Johor. Unlike UMS who have more control in administering their state affairs, the FMS were under the de facto control of the British Residents, who exercised substantial influence over the Malay rulers despite only being their advisers (Andaya & Andaya, 2001).

Malaya for 5 out of the 8 years preceding his application (including the immediately preceding year). (Gullick, 1963, p.224)

The Malays also regarded the Malayan Union as an indication of future Chinese dominance in Malaysia and as an erosion of the Malay special privileges as the “sons of the soil”⁷. The Malay rulers were also not happy. They protested against the way in which Sir Harold MacMichael, the British representative, had obtained their signatures to the new treaties as well as to the deprivation of their sovereign rights (Andaya & Andaya, 2001). Due to the intense protest by the Malays through UMNO and with the support of the Malay rulers, the idea of forming the Malayan Union fizzled out. It was eventually replaced by the formation of the Federation of Malaya in 1948 (Daniels, 2005).

The reality of an independent Malaysia was reaffirmed by the British Prime Minister in March 1950 (Andaya & Andaya, 2001). Following this commitment, several local elections were introduced between 1952 and 1954, giving elected local members a limited form of self-government. The first general election of Malaysia was finally held on 17 July 1955. The Alliance (the predecessor of the National Front) comprising the three major political parties of Malaysia, namely the United Malay National Organisation (UMNO), the Malayan Chinese Association (MCA), and the Malayan Indian Congress (MIC), won this election and formed the first internal self-government (Cheah, 2003).

Following the victory of the 1955 election, a multi racial delegation led by Tunku Abdul Rahman, the UMNO president and the Alliance leader, went to London to demand Malaysia’s independence. Having proven that the multi-racial society could cooperate with one another politically, Malaysia was granted independence in 1957, two years earlier than the original date proposed by the British (Mahathir, 1998).

The best example of compromises made by the different segments of Malaysian population is to be seen in what is often referred to as “the social contract”, which eventually became the foundation of Malaysia’s constitution (Daniels, 2005). In this

⁷ Under the Malayan Union all citizens would have equal rights including employment in the civil service.

regard, the Malays agreed to the proposition of giving a single nationality and citizenship to the immigrant populations based on either the concept of *jus soli* (by birth), or by fulfilling the requirements of residence and language, as well as taking an oath of loyalty. In return, the Malays were reaffirmed in their special rights and privileges as the “sons of the soil” (Andaya & Andaya, 2001).

After independence, Malaysia made impressive progress in social and economic developments, but the benefits of this progress were not evenly distributed among the different ethnic groups in Malaysian society (Jesudason, 1990; Korff, 2001). The Malays in particular were still very poor and were mainly concentrated in rural areas depending on agricultural and fisheries activities as their major sources of income (Mahathir, 1998). The income disparities between the Malays and the other ethnic groups, especially the Chinese, were very wide⁸. The Malays were also underrepresented in the modern sector of the economy, particularly in commerce and industry. And where their presence was felt they were highly concentrated in the lower levels of the occupation hierarchy; mainly in the unskilled and semi-skilled categories (MTR 2MP, 1973).

Although participation of the Malays in the entrepreneurial sector had improved following independence, the stark reality of their under-representation in this rapidly growing sector remained. For example in 1954, out of 76,673 business units registered in the Federation of Malaya⁹, only 7,878 units (about 10%) were owned by the Malays with the Chinese and the Indians owning 58,005 units (73%) and 12,696 (17%) respectively (Goh, 1962). This situation improved only slightly in 1961. Out of 84,930 sole proprietorships registered in the country, only 11,648 (12%) were owned and managed by the Malays and out of 16,103 partnerships registered, 4.5% were identified as belonging to Malays. Overall the ratio of Malay firms to non-Malay was 1: 7 (Ungku, 1962).

The subservient nature of the Malay economic position, despite the country’s independence, has created dissatisfaction among the Malays and sowed the seeds of distrust and discontentment in their relationship with the non-Malays, in particular the

⁸ The mean monthly household income for the Malays in 1970 was RM179, compared to RM387 for the Chinese and RM310 for the Indians (MTR 2MP, 1973).

⁹ Federation of Malaya is a name referring to Malaysia before 1963.

Chinese (Gomez, 1999). Not long after Malaysia's general election in 1969, a racial clash erupted between the Malays and the Chinese, killing at least 196 people with over 400 injured (Mahmud, 1981). Although historically the country had experienced racial riots between the Malays and the Chinese as far back as the early days of Chinese migration into Singapore, these incidents were sporadic and not entirely racial (Shome, 2002). On the other hand, the event that broke out on 13 May 1969 was far more pervasive and pernicious, thus inviting many to search for its underlying causes and explanations.

The racial riot of 13 May 1969 served as an eye-opener for many regarding the fragility of Malaysia's pluralistic society (Jesudason, 1990; Mahathir & Jamaludin, 2004). Recognising the severity of the problems and the urgent need to address them, the government through the National Operations Council (NOC) introduced the far reaching reforms of the New Economic Policy (NEP) (Crouch, 1996; Monash, 2003). The following section will discuss in detail the main features of the NEP, its rationale, as well as its successes and failures, in order to understand its role in the development of Malay entrepreneurship in Malaysia.

2.5 The New Economic Policy (NEP)

The New Economic Policy (NEP) started in 1971 as an ambitious national blueprint for Malaysia's socio-economic development. It was incorporated in the country's First Outline Perspective Plan (OPP1)¹⁰ covering a period of 20 years, from 1971 to 1990 (MTR 2MP, 1973). The government realised that poverty and racial economic imbalances were the root causes of the unhappiness that had precipitated the 1969 racial riots. To redress this and engender unity, the national ideology or Rukunegara was introduced in 1970 by the newly established Department of National Unity, which called for a rejuvenated Malaysian society with a common value system that would transcend existing ethnic, cultural and socio-economic differences (Faaland, Parkinson, Saniman, 2002).

¹⁰ The First Outline Perspective Plan (OPP1) provides the timeframe for the achievement of the NEP and translates the two broad objectives of the policy into more specific and operational ones. During the OPP1 period, four of the five-year Malaysia Development Plans were completed. The Second Malaysia Plan marked the first five years of this perspective period.

Guided by the principles of Rukunegara, the NEP was formulated with the overriding objective of achieving national unity through the two-pronged strategy of:

- (i) eradicating poverty by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race;
- (ii) accelerating the process of restructuring Malaysian society to correct economic imbalances, so as to reduce and eventually eliminate the identification of race with economic function (MTR 2MP, 1973).

It was envisaged that these objectives could be attained in the context of rapid structural change and economic expansion so that no one in Malaysian society need experience or feel any sense of loss or deprivation of their rights and prospects in the process.

In order to achieve the objectives of the second prong, the three important aspects to accelerate the process of restructuring Malaysian society are highlighted here. They are: (1) the restructuring of racial composition in employment, (2) the restructuring of wealth ownership, and (3) the creation of a Malay Commercial and Industrial Community, later known as Bumiputera Commercial and Industrial Community (BCIC). These will be further elaborated.

2.5.1 Restructuring Racial Composition of Employment

Although the racial distribution of total employment in Peninsular Malaysia in 1970 reflected fairly well the racial composition of the population, with the Malays comprising 52.7% of population, the Chinese 35.8%, the Indians 10.7% and others 0.8% respectively, racial imbalances were still prevalent in the employment structure of the labour force (MTR 2MP, 1973). The Malays were over represented in the agricultural sector while the Chinese were predominant in the more productive sectors of the economy namely the mining, manufacturing and commercial sectors.

As Malay representation in the fast growing modern sectors of the economy was limited, the government argued that economic growth by itself would not be able to uplift the economic position of the Malays to any significant level (MTR 2MP, 1973). Government intervention to alter the imbalances found in the racial composition of

the country's labour force was considered critical for the success of the NEP. The government also saw the need to reduce racial inequalities found in the job hierarchy by expanding the Malay share of professional, managerial and technical personnel. This was to be achieved mainly through providing better educational and training opportunities especially in the area of science and technology as well as in various professional, technical and managerial qualifications. The government also introduced legal and persuasive instruments such as the Industrial Coordination Act (ICA) of 1975 and provisions for fiscal incentives to private companies which complied with the restructuring of employment in accordance with policies (EPU, January 1988). In addition, government agencies and institutions particularly trust agencies and government companies were also encouraged to accelerate the employment of Malays.

2.5.2 Restructuring of Wealth Ownership

Restructuring of wealth ownership was another important aspect under the second prong strategy of the NEP, the one that has invited a lot of criticisms as will be seen later in the thesis. The government argued that ownership and control of assets or wealth were crucial to correcting the existing income imbalances among major races of Malaysia (MTR 2MP, 1973). Even though restructuring of employment patterns would be able to reduce some inequality in average wages and salaries, it would not have been sufficient to significantly affect the total income differences of the population. This was because wages and salaries only accounted for 50% of total personal income and the other half came from ownership and control of wealth. Consequently, a progressive reduction of wide imbalances in the ownership of the country's wealth was deemed necessary. The government also argued that as the economy developed and the country's financial structure became more sophisticated, the key element to reduce the imbalances would be through ownership of capital in the corporate and non-corporate sectors of the economy (MTR 2MP, 1973).

Despite the country's independence in 1957, foreign interests dominated the ownership and control of the Malaysian economy. They accounted for 60.7% of the total share capital of limited companies in Peninsular Malaysia. In contrast Malay

interests only constituted about 2% of the total with the Chinese owning 22.5% and the Indians 1% respectively (MTR 2MP, 1973).

To fight against the existing imbalances the government had targeted that by the end of the NEP period in 1990 Malays and other Bumiputeras would own and control at least 30% of the equity capital in the corporate or business sector, with foreigners and other Malaysians owning 30% and 40% respectively (MTR 2MP, 1973). Given this difficult task, the government intensified its efforts through the creation of trust agencies and their subsidiaries like National Corporation Ltd or Perbadanan Nasional Berhad (PNS), People's Trust Council or Majlis Amanah Rakyat (MARA), Urban Development Authority (UDA) and State Economic Development Corporations (SEDCs), to acquire a significant share of the country's wealth and hold them in trust for the Malays until they are in a position to acquire them on their own. Among all the trust agencies, the National Equity Corporation or Permodalan Nasional Berhad (PNB) became the pivotal instrument to promote share ownership among the Malays and to create opportunities for them to participate in the creation and management of the country's wealth (Berita Harian, 6 March 2008).

The government also introduced ownership restructuring policies and rules in considering and approving new and expanded investments. These measures resulted in the formation of the Foreign Investment Committee (FIC) and Capital Investment Committee (CIC). It also became compulsory for the newly listed companies, except the ones that were export oriented, to allocate at least 30% of their equity to Malays and other Bumiputeras (MTR 2MP, 1973).

2.5.3 Creation of a Malay Commercial and Industrial Community

The third important element in the strategy to achieve economic equality in a pluralistic society of Malaysia was the creation of a viable and thriving Malay Commercial and Industrial Community. This became known as the Bumiputera Commercial and Industrial Community (BCIC). Under this strategy Malay entrepreneurs were to be nurtured. The NEP targets were that within one generation or about 20 years, the Malays would own, manage and control at least 30% of the

country's commercial and industrial sectors at all levels of economic activities (MTR 2MP, 1973).

The agencies which were given the responsibilities to spearhead the government's efforts in the creation of the BCIC were MARA, PNS, UDA, SEDCs, and Credit Guarantee Corporation (CGC). These public enterprises played a crucial role in providing opportunities to encourage Malay participation in entrepreneurial and industrial activities through the provision of support facilities and special assistance programmes.

To ensure and expedite the success of the BCIC, the government also accorded special privileges for Malay businesses and joint ventures particularly in bidding for contract jobs, quotas and licences. For instance, the government stipulated that 30% of works contracted out by Public Works Department (PWD) be reserved for Malay and other Bumiputera contractors (MTR 2MP, 1973). Similarly the government made it compulsory for the new insurance companies to have at least 30% Malay interests before their licences could be approved. Accelerated programmes for education and training which included expansion of related facility, special education programmes and entry quota were provided under the NEP (EPU, January 1988). The Malays were also given preferential access to business and industrial facilities such as soft loans and the purchase of properties.

In brief, the NEP was Malaysia's socio-economic development plan intended to eradicate poverty irrespective of race and to uplift the economic position of Malays and other Bumiputeras so that they can be on par with other Malaysians. Its purpose was to reduce and eventually eliminate the identification of race with economic functions and ultimately to achieve national integration and unity. The policy was based on the premise that poverty and inequitable distribution of wealth and benefits were inimical to Malaysia's political, social and economic developments. Two important elements that were central to the success of the NEP: (1) generation of employment opportunities at a rate sufficient to bring about full employment of the labour force and (2) redistribution of the country's wealth such that, within a generation, the Malays and other Bumiputeras would own and operate at least 30% of the total wealth. The NEP recognised that this distribution objective must be

undertaken within the context of a rapidly growing economy and structural change so as to ensure that no particular group would feel a sense of loss or deprivation.

2.6 The Successes and Limitations of NEP

The NEP was quite successful in attaining its first objective of eradicating poverty but less successful in attaining its second objective of reducing economic imbalances in the country. By the end of 1990, the income disparity between Malays and other ethnic groups in Malaysia was successfully reduced and a significant reduction in the poverty rate was also achieved. In this respect, the mean monthly household income for the Malays in 1990 increased to about 57% of the Chinese income and 78% of the Indians' income as compared to about 44% and 56% respectively in 1970 (OPP2, 1991). Reflecting on this achievement, it is noted that the income disparity ratio between the Malays and the Chinese improved from 2.29 in 1970 to 1.74 in 1990. Similarly the income disparity ratio between the Malays and the Indians improved from 1.77 in 1970 to 1.29 in 1990. Statistics also show that the incidence of poverty in Peninsular Malaysia had declined from 49.3% in 1970 to 15% in 1990 with the mean monthly household income having improved significantly from RM264 in 1970 to RM1163 in 1990 (OPP2, 1991).

As a result of better educational opportunities provided by NEP, the Malays were able to obtain employment in sectors that previously eluded them such as in the medical, engineering and information technology sectors (Shamsul, 1997). The presence of these professionals and educated Malays in various employment sectors of the economy had, in some ways, helped to restore Malay confidence in their ability to progress at par with the other ethnic groups in Malaysia. At the end of the NEP period in 1990, Malays and other Bumiputeras also accounted for 50.3% of the total employment in manufacturing compared with only 28.9% in 1970 (OPP2, 1991).

Under the NEP the Malays were exposed to modern business activities (Ahmed et al., 2005). The government through its agencies such as the Mara Institute of Technology (now known as the Mara University of Technology) and National Productivity Centre (NPC) provided business training for those Malays who were interested to venture into business. The implementation of rules and regulations under the Malaysianisation

Committee of the Ministry of Home Affairs and the ICA of 1975, made it compulsory for the private sector to employ a certain percentage of Malay executives in their organisations. Without these kinds of assistance, the Malays would have found it difficult to venture into the private sector given their lack of capital, business experience and entrepreneurial skills (Mahathir, 1998). Besides, the Malays were also faced with discrimination when obtaining employment in business organisations owned by the Chinese and foreigners (Mahathir & Jamaludin, 2004). This might be attributed to the lack of confidence in Malay entrepreneurial and managerial skills, and the inclination by the Chinese to employ their own kind instead of Malays (Shome, 2002). Had it not been for government assistance mandated by the NEP, it would be almost impossible for the Malays to learn and gain experience in modern entrepreneurial activities.

The NEP had also provided an avenue for the Malays to mobilise their capital with savings through the establishment of trust agencies such as the Pilgrims Management Fund Board or Lembaga Urusan Tabung Haji (LUTH) and PNB. The uses of these institutions and such Islamic-sanctioned alternatives have become the only options available since, as Muslims, the Malays shun mainstream banks because of the usurious nature of their investment activities (Gullick, 1981; Mahmud, 1981). Unlike the Chinese who are reputed to be more sophisticated with money dealings (Yoshihara, 1988), the Malays are seen as less capable in managing their investments more prudently (Mahathir, 1998). The Chinese also have a strong and organised network to mobilise their capital and this has served as their competitive advantage to compete with the Malays in business activities (McVey, 1992; Othman et al., 2005). Concerted efforts by the government to strategically mobilise Malay capital and to encourage investments among them have helped the Malays to build their entrepreneurial acumen as well as to increase their savings.

Finally, the NEP was successful to some extent in convincing the Malays that the government was making a considerable effort to help them improve their standard of living and their economic position (Sloane, 1999). This has helped to promote forbearance among the Malays towards the other ethnic groups as they no longer feel marginalised and dispossessed in their own land. In a way the policy has been quite successful in its objective of preventing serious racial tensions like the one in May

1969, though this may not be a good indication of the total achievement of national unity and integration. Nevertheless, the NEP has provided an environment of relative peace and stability in Malaysia, thus enabling the government to concentrate on the business of developing the nation to what it is today.

The NEP, however, had not always been successful in resolving the Malay economic problems. Although it was successful in reducing the income gap among the different ethnic groups, the intra-ethnic income disparity, especially among the Malays has widened as only a few have made it (Shome, 2002). In 1990 a Gini coefficient¹¹ for the Malays was 0.428 as compared to 0.423 for the Chinese and 0.394 for the Indians (OPP2, 1991). The majority of the Malays had no financial capabilities and skills to seize opportunities for wealth accumulation provided by the NEP as many of them were classified as “poor” and living in remote and traditional villages or *kampong* settlements. Opportunities were often accessible only to the more able Malays, the ones who had the financial capabilities and access to government resources (Sieh, 1992; Sloane, 1999). The majority of these Malays were from the higher income groups in society. Because of this, the NEP has been accused of providing a means for the rich Malay to get richer while leaving the rest behind and poor (Mehmet, 1986).

Similarly, though more Malays had moved into the mainstream economy during the period of the NEP, their presence has continued to be small and limited. For example, even though Malays comprised 50.3% of total employment in the manufacturing sector in 1990, their employment at the professional and managerial levels only accounted for about 26%. Despite the Malays’ impressive achievement in professional and technical jobs where their participation exceeded the 50% target of the NEP, their employment was mainly concentrated in the teaching and nursing professions (OPP2, 1991).

The government under the NEP, through its public enterprises and state agencies, became directly involved in the entrepreneurial activities of the nation. These public and state enterprises such as PNS and SEDCs were tasked with the responsibility of spearheading the government’s effort of building wealth for the Malays. At the end of

¹¹ The Gini coefficient is a summary measure of income disparity. Its value ranges from 0 to 1, where 0 denotes complete equality of income share whereas 1 represents total inequality.

the NEP period, Malay equity ownership in the corporate sector increased to only 20.3%, far short of the targeted level of 30%. In contrast the equity holdings of non-Bumiputera increased to 46.2% exceeding the target of 40% set for them. Of the 46.2% achievement, the Chinese share accounted for 44.9%, with the Indians and others holding 1% and 0.3% respectively (OPP2, 1991).

Although the increase in the equity ownership of the Malays was below the targeted level, its achievement in terms of absolute value was quite impressive. In this regard, the equity ownership of the Malays had increased from RM125.6 million in 1970 to RM 22.298 billion in 1990. This represents a growth of 29.6% per annum as compared to 16.3% per annum total growth in share capital for the whole corporate sector (OPP2, 1991). However, the increase of Malay equity ownership was attributed mainly to holdings acquired by Bumiputera trust agencies and other related Bumiputera institutions, with individual Malays having no ownership of the equity acquired. Many Malays found this situation unacceptable and had been critical that success in restructuring of equity ownership in the corporate sector was based on ownership instead of effective control (OPP2, 1991). Although this observation might be valid it should also be pointed out that the capacity and capability of individual Malays to make steady progress under the strategy was relatively small during the 1980s.

The attempts to force existing businesses to restructure to achieve Malay equity ownership targets had also come under severe attack by investors and the business community. The non-Malays, in particular the Chinese, felt that they were being forced to comply with the restructuring requirements of the NEP at the expense of their business competitiveness (Milne & Mauzy, 1999). This had created feelings of insecurity with regard to their business investments in the country, resulting in an outflow of Malaysian Chinese capital (Gomez & Jomo, 1999), and massive capital flights detrimental to the Malaysian economy.

Criticisms of the NEP had also come from the Malays themselves. In this respect, the NEP was accused of favouring certain Malay entrepreneurs who, because of their political connections, were given better access to facilities and assistance (Sieh, 1992). To some extent, this had discouraged many Malays to get involved in business

as they felt that they were in a disadvantaged position to compete with the more politically well connected Malay business people. Similarly, the NEP had been accused of facilitating the rise of “fake entrepreneurs” or what some called “rent-seekers” (Yoshihara, 1988; Searle, 1999). This group of people were not genuine entrepreneurs but were merely taking advantage of their political connections and access to government resources to make a fast buck (Yoshihara, 1988). As a result, political patronage has become a trend among businesses in Malaysia regardless of race. In fact it is no longer possible to divide a line between business activities and politics in Malaysia as the two activities have become deeply intertwined with one another.

Furthermore, under the NEP, the government had allocated numerous types of support facilities and special assistance programmes to create more Malay entrepreneurs. This provision of excessive assistance might have led to the development of a “subsidy” mentality for the Malays (Gomez & Jomo, 1999). In this respect, rather than becoming independent, some have also claimed that the Malays are likely to keep demanding more and more regardless of whether the government is able to meet their demands (Milne & Mauzy, 1999). They would feel that it is within their rights to be favoured and any attempt to question or put an end to this right, would very likely arouse anger within the Malay community (Mahathir & Jamaludin, 2004).

The privileges enjoyed by the Malays under the NEP have also led to what some call the “Ali-Baba” practice¹² (Heng, 1992; Milne & Mauzy, 1999). Being late starters in the world of modern business, the Malays lacked experiences and business knowledge. This had encouraged some of them to go into business joint ventures with the Chinese. However, rather than being given an active role in running the business, the Malay (Ali) would usually be treated as a passive partner by the Chinese (Baba). On many occasions the Malays were taken as partners simply because they were Malays and were believed to have greater access to government resources such as contracts and licences (Shome, 2002). Hence, even though there are many more

¹² Ali is a traditional name for a Malay man, whereas Baba is a term used for a Straits-born Chinese man. Even though the Ali-Baba practice existed before the NEP, the practice became more prevalent after the NEP.

Malays in business following the advent of the NEP it does not portray a true picture of Malay advancement in modern entrepreneurial activities.

There was also a concern about the ability of Malay businesses to compete on their own in the open market. Due to their lack of capital as well as marketing and business expertise, Malay entrepreneurs were faced with limited success in entering the domestic private sector and the export market through their own efforts. Unlike the Chinese who had a strong business network, the Malays lacked the institutions to mobilise their resources and to provide the back-up for their business activities. As such many of them continued to be highly dependent on the government to provide them with financial as well as other business related assistance. The degree of resilience and the quality of Malay entrepreneurial abilities were also the subjects of criticisms when many Malay businesses experienced major financial difficulties during the country's recession in the eighties (OPP2, 1991).

Another major setback of the NEP was that it gave too much attention to economic importance of accumulation of capital for Malay enterprises and too little attention to the psychological and sociological aspects of entrepreneurship. For example the government was seen as giving the Malays too much access to capital, contracts, and licences, but had not provided a conducive environment for their entrepreneurial development (Tan, 2006).

Finally, while the NEP was quite successful in appeasing Malay unhappiness about their economic status in Malaysia, the policy itself was the cause of much dissatisfaction among the non-Malays. In this regard the policy was accused as being essentially a pro-Malay policy, and in fact, has acted as a form of affirmative action for the Malays (Milne & Mauzy, 1999; Korff, 2001). The objective of the NEP to redress racial economic imbalances in order to attain national integration and unity has also been seen as a wishful proposition in that the NEP itself was promoting the sharing of wealth along racial lines with privileges given to the Malays (Shome, 2002). The non-Malays pointed to discriminatory policies against them especially in public sector employment, access to government business opportunities as well as opportunities for higher education. The social engineering objective of the NEP has been seen as contributing to a constant awareness among the population of Malaysia

of their ethnic differences and how these differences have affected their opportunities and accessibility to the economic activities of the nation (Stark, 2006).

This foregoing discussion has illustrated the main features of Malaysia's NEP and its successes and shortcomings. While the NEP has been successful in eradicating poverty and reducing inter-ethnic income disparity, its efforts to reduce economic imbalances and provide a conducive environment for the development of Malay entrepreneurship can claim only limited success. This can be attributed to a number of limitations and shortfalls in the implementation of the policy as well as the inability of the poor to take full advantage of the opportunities created by the NEP. While the number of businesses owned and managed by Malays has increased during the period of NEP, there is still a question of their viability and competitiveness in an open market. Malay entrepreneurs are also seen as too dependent on government assistance due to their lack of capital, business experiences and skills, innovativeness and perseverance. The culture of entrepreneurship and risk-taking has yet to be fully implanted in the Malay business community. There is also an urgent need for them to be actively involved in the management and decision-making process of their business ventures, and not only in terms of ownership.

But, it must be said that the NEP has done much to restore Malay confidence in the government and also in reducing Malay-Chinese tensions. The non-Malays, though, see the policy as discriminatory against their economic welfare (Milne & Mauzy, 1999). But this cannot be true because by 1990, the equity ownership of the corporate sector for the non-Malays had increased to 46.2% exceeding the 40% target set for them. The non-Malays, particularly the Chinese, had also benefited from the poverty eradication programme as evidenced by their mean monthly household income increasing from RM394 in 1970 to RM1,582 in 1990 (OPP2, 1991).

In summary, the mixed success of the NEP has prompted the government to incorporate the twin-pronged objectives of the policy, namely, the eradication of poverty irrespective of race and the restructuring of society so as to reduce and eventually eliminate the identification of race with economic activities in the country's subsequent development policies. The following section will discuss Malaysia's key development policies beyond 1990, particularly the National

Development Policy (NDP), the National Vision Policy (NVP) and the National Mission Plan (NMP), in order to understand their roles and implications in the development of Malay entrepreneurship in Malaysia.

2.7 NEP Beyond 1990

The National Development Plan (NDP) was introduced in 1991, covering the ten-year period 1991 to 2000 (OPP2, 1991). It was incorporated in Malaysia's Second Outline Perspective Plan (OPP2) which provided the platform for the actual implementation of the policy¹³. While the NDP continued to maintain the two basic strategies of the NEP, it also introduced several new dimensions. These include shifting the focus on the poverty eradication strategy to addressing hardcore poverty, emphasising employment opportunities and rapid development of an active BCIC as a more effective strategy to increase Malay participation in the modern economic sector, and relying more on the private sector to achieve the restructuring objectives.

The NDP recognises that equity ownership alone would not be sufficient to effectively promote Malay participation in the economy if the newly acquired wealth is not retained and enlarged, and if the Malays are not given enough experiences in business operations. Under the NDP, concerted efforts were made to provide more opportunities for the Malays to own and operate their businesses through the system of quotas, licences and other special assistance (OPP2, 1991). The private sector was also urged to play a greater role in assisting Malay entrepreneurs through programmes such as vendor and franchise developments as well as smart partnerships between Malay and non-Malay entrepreneurs. Training in the area of wealth management and business ethics was given prominence to ensure that the Malays were capable of managing and retaining their wealth with only minimal support from the government.

To facilitate the progress for the achievement of corporate equity restructuring, various efforts were made under the privatisation programmes to enhance Malay entrepreneurial development. Provisions were made for Bumiputeras to hold at least 30% equity in companies undertaking privatised projects and for Bumiputera

¹³ During the OPP2 period two five-year development plans of the country were completed namely the Sixth Malaysia Plan (1991-2005) and the Seventh Malaysia Plan (2006-2010).

contractors to be awarded at least 30% of contract-works in major privatised projects. Large privatised projects were also required to establish vendor development programmes (OPP3, 2001). The privatisation of commercial enterprises within government agencies such as MARA, PERNAS and SEDCs offered new business opportunities for the Bumiputeras (OPP2, 1991).

At the end of the NDP period, the incidence of poverty among Malaysians was further reduced from 16.5% in 1990 to 7.5% in 1999 with the incidence of hardcore poverty also reduced from 3.9% in 1990 to 1.4% in 1999. But, the income gaps between different income categories widened: in 1999, the top 20% of the households experienced a marginal increase in income share to 50.5% as compared with the decrease to 14% for the bottom 40%. Similarly, the Gini coefficient worsened from 0.4421 in 1990 to 0.4432 in 1999, indicating a marginal widening of income inequality (OPP3, 2001).

In terms of employment restructuring, significant progress has been achieved under the NDP. The proportion of Bumiputera in the professional and technical categories increased from 60.5% in 1990 to 63.8% in 2000. The Bumiputera also accounted for 36.9% of the total labour force in the administrative and management category in 2000 (OPP3, 2001). Despite the improvement in the number of Bumiputera employed in higher level occupations, the majority of Bumiputera was still employed in lower category occupations, particularly in production and agricultural jobs.

As a result of various measures undertaken by the government to promote the development of BCIC, the number of Bumiputera enterprises in both the corporate and non-corporate sectors increased quite substantially during the period of the NDP. For example there were about 697,900 Bumiputera sole proprietorships and partnerships registered with the Registrar of Business (ROB) during the NDP period and about another 57,700 Bumiputera private limited companies registered with the Registrar of Companies (ROC) during the same period (OPP3, 2001)¹⁴. Despite the increase in the number of Malay businesses in the mainstream economy of the country, they remained small and proportionately fewer than non-Malay businesses.

¹⁴ In 2002, the ROB and the ROC merged to form a statutory body called the Companies Commission of Malaysia (SSM).

Malay businesses were also lagging behind in terms of technology utilisation, business experiences and managerial skills (OPP3, 2001).

The Bumiputera equity ownership in the corporate sector in 1999 declined slightly to 19.1% from 19.3% in 1990. Similarly, the non-Bumiputera equity ownership position worsened from 46.8% to 40.3% during the same period (OPP3, 2001). Much of these declines were attributed to the financial crisis experienced by the country in 1997 and 1998, raising concerns about the sustainability of Bumiputera businesses. As a result of considerable relaxation of foreign equity guidelines to promote foreign investment to stimulate growth and accelerate the country's recovery from the financial crisis, foreign equity ownership of the corporate sector increased substantially from 25.4% in 1990 to 32.7% in 1999 (OPP3, 2001).

It is apparent that although significant progress had been achieved in poverty eradication and restructuring of employment under the NDP, the performance of Malay equity ownership in the corporate sector and the promotion of a viable, resilient and competitive BCIC still needed further attention. The National Vision Policy (NVP) was then introduced in 2001 with the aim of establishing a progressive and prosperous 'Bangsa Malaysia' or Malaysian Race where different ethnic groups live in harmony and are engaged in full and fair participation in the economy, so as to ensure national unity (OPP3, 2001). The policy combines the main strategies of the NEP with that of the NDP to achieve balanced development of the ethnic groups in the economy.

The NVP had also introduced new policy directions aimed at: (1) developing Malaysia into a knowledge-based society, (2) eliminating poverty in remote areas and among aborigines and Bumiputera minorities in Sabah and Sarawak as well as increasing the income and raising the quality of life of those in the lowest 30% income category, (3) achieving effective Bumiputera participation as well as equity ownership of at least 30% by 2010, and (4) increasing the participation of Bumiputera in the leading sectors of the economy (OPP3, 2001). Initially the NVP was formulated as a 10-year (2001-2010) programme, of which the first five years were incorporated under The Eighth Malaysia Plan (8MP). However, with the change of the Prime

Minister in Malaysia in October 2003, the rest of the NVP has been reformulated as the National Mission Policy (NMP) under the Ninth Malaysia Plan (9MP).

The NMP is currently Malaysia's development framework to enhance the country's capability to compete globally, to strengthen national unity and to bring about a better distribution of income and wealth as well as a higher quality of life among the population (Malaysia, 2006). The following section will selectively discuss present efforts and initiatives in promoting Malay entrepreneurial development through various measures proposed in the NMP. In particular the discussion will focus on the role of the Ministry of Entrepreneur and Cooperative Development (MeCD) of Malaysia and its relevant agencies to expedite the development of Malay entrepreneurship and to increase Malay assets holding.

2.8 Ministry of Entrepreneur and Cooperative Development (MeCD)

The history of the Ministry of Entrepreneur and Cooperative Development of Malaysia started with the establishment of the Ministry of Coordinating Public Corporation (KPPA) in 1974 (INSKEN, 2008). The KPPA was re-established as the Ministry of Public Enterprise (KPA) in 1976 with the responsibility of monitoring and coordinating public enterprise agencies such as MARA, UDA and SEDCs. The urgency to speed up the formation of BCIC has prompted the government to replace KPA with the establishment of the Ministry of Entrepreneur Development on 8th May 1995 which was subsequently known as the Ministry of Entrepreneur and Cooperative Development (MeCD). The agencies under the MeCD's directive include MARA, SEDCs, PNS, UDA Bhd, Co-operative Development of Malaysia (CDDM), Co-operative College of Malaysia (CCM), Development Bank of Malaysia Bhd (BPMB), Bank Kerjasama Rakyat Berhad (Bank Rakyat) and National Tekun Foundation (YTN).

Since its establishment in 1995, MeCD has been entrusted with the responsibility of accelerating the creation of BCIC and to assist the government in achieving the target of 30% Bumiputera equity shareholding by the year 2020. In line with this, the objective of the Ministry is to provide a conducive environment for the development of genuine Bumiputera entrepreneurs and to inculcate the culture of entrepreneurship

in Malaysian society, particularly to the Malays. Under the 9MP the Ministry has been allocated a RM5.77 billion budget ceiling to finance the implementation of 633 development projects (MeCD, 2007). Among the targets set by the Ministry under its 9MP development projects are:

- (1) to instil an entrepreneurship culture in 1.5 million Bumiputera with emphasis on students, graduates, youth and women
- (2) to create 150,000 new Bumiputera entrepreneurs
- (3) to strengthen the 25,000 existing Bumiputera enterprises and the 600 co-operatives
- (4) to create 800 new co-operatives
- (5) to create 50 franchisor and 1000 franchisee enterprises
- (6) to achieve at least 25% Bumiputera asset ownership by 2010.

In order to achieve its targets, the MeCD and its relevant agencies have implemented various programmes based on the following three strategic thrusts: acculturation of entrepreneurship culture, creation of business opportunities and provision of support services and assistance. These will be elaborated below.

2.8.1 Acculturation of Entrepreneurship Culture

The main objective of acculturation is to inculcate an entrepreneurship culture within Malaysian society, in particular, the Malays. Under this strategy various levels of training programmes have been offered by the Ministry to potential and existing entrepreneurs mainly through the National Entrepreneurial Institute (INSKEN) and agencies under MARA such as Mara Vocational Institute or Institut Kemahiran Mara (IKM) and GIAT Mara.

With the cooperation of the Ministry of Education, the MeCD has also introduced the Young Entrepreneur Programme for secondary school students to give them early exposure to the entrepreneurial world. Among the activities carried out under this programme are the Board of Directors course, the entrepreneurial camp, expositions and field trips. Similar efforts are also made at a higher level with the introduction of the Undergraduate Entrepreneurial Programme. In this programme undergraduates are encouraged to be directly involved in managing actual business operations as their co-

curriculum activities. The MeCD and the Ministry of Higher Education support the undergraduate entrepreneurial activities by providing them with the necessary training, financial and infrastructural assistance. For example INSKEN has developed 16 student malls, each with 10 shop lots for students to operate their businesses (MeCD, 2007). At the national level, the Ministry has organised various seminars, workshops and expositions to promote interest in entrepreneurship among the Bumiputeras. A reality TV programme called 'Kaliber: Keusahawanan Kerjaya Pilihan' (Calibre: Entrepreneurship as a Career of Choice) was also launched on 26 July 2006 as one of the ministry's efforts to create an interest in entrepreneurship among the young.

2.8.2 Creation of Business Opportunities

To achieve the target of producing a critical mass of Malay entrepreneurs, the MeCD has implemented Business Development Programmes to open up more opportunities for them. Among the programmes that have been implemented are the Franchise¹⁵ and the Vendor¹⁶ development programmes, the Genuine Joint Venture Programme and the Mentor-Mentee programme. The Ministry is also involved in the identification of new and strategic opportunities for aspiring Malay entrepreneurs. For instance, they have been introduced to opportunities in high technology fields such as information and communication technology, biotechnology, pharmaceutical, automotive, modern agriculture and halal food (MeCD, 2007). The government believes that the Malay entrepreneurs should be involved in these strategic sectors which can promise them high returns. This is also as an effort to make the Malay entrepreneurs less dependent on the construction sector where they are represented in large numbers despite the slow growth of the sector (Ismail, 2003).

On the other hand, in order to strengthen and to increase the competitiveness of existing Malay entrepreneurs, the Ministry has established strategic collaboration with successful Malay companies and technical agencies such as SIRIM Bhd as well as

¹⁵ The Franchise Development Programme has been implemented since 1992 as one of the government's strategies to develop BCIC (MeCD, 2006). At present the PNS is entrusted with the responsibility to spearhead the development of the franchise business.

¹⁶ The Vendor Development Program was introduced in 1988 with the launching of Malaysia's first national car PROTON. The program was later extended to other industry sectors such as electrical and electronics, telecommunication, ship building and services.

multinationals and Government Linked Companies (GLCs). Under the Groom Big Programme selected Bumiputera enterprises would also be made to undergo certain international standards of assessment such as International Standard Organisation (ISO) certification, Good Agriculture Practice, Good Manufacturing Practice, Hazard Analysis and Critical Control Point and Halal certification and to conduct their own Research and Development (R&D) activities to ensure their continued competitiveness in the local and in the international markets (MeCD, 2007).

2.8.3 Provision of Support Services and Assistance

Four main broad programmes implemented under the MeCD's third strategic thrust of providing support services and assistance are: (1) advice and guidance service, (2) business financing, (3) promotion and marketing and (4) provision of business premises. The advice and guidance services are mainly provided through the National Entrepreneur Guidance Centre, the State Guidance Entrepreneur Centre and the District Entrepreneur Guidance Centre. These services are also provided through other MeCD's agencies such as MARA and PNS.

As Malays lack financial resources, the MeCD provides various financing facilities such as the Basic Capital Scheme, the Graduate Entrepreneur Fund, the Small Entrepreneur Guarantee Scheme, the Group Economic Cooperative Fund and the MARA Business Financing to existing and aspiring Malay entrepreneurs. In this regard, the ministry has restructured its many entrepreneurial funds into three categories namely the Nurturing and Establishment Fund (NEF), the Care and Education Fund (CEF) and the Development Fund, to increase the effectiveness of the fund management. The ministry is directly responsible for overseeing the first two categories of the funds, the NEF and the CEF. In 2006 alone, 19,379 applications worth RM397.44 million were approved out of the 21,583 applications received by the ministry. The retailing and wholesaling industry recorded the highest number of borrowers with the funding valued at RM 250.16 million (MeCD, 2007).

Under the promotion and marketing programme, the MeCD has made vigorous efforts in promoting Bumiputera products locally and internationally. Among the regular activities carried out by the Ministry are The Entrepreneur Showcase, The *Gerak*

Usahawan programme and the Trade Exhibitions. The Ministry also used the printed and the electronic media to promote Bumiputera products. For example, the Ministry and its agencies were sponsoring half of the advertisement cost of the Small and Medium Bumiputera companies in the TV programme called the Entrepreneur Segment. This commercial advertisement programme was undertaken jointly by the Ministry with Syarikat Dapat Vista Sdn Bhd and Sistem Television Malaysia Bhd which is more popularly known as TV3 (MeCD, 2007). The Ministry has also allocated a commercial space at its headquarters building in Putrajaya, for the use of Bumiputera entrepreneurs to display and promote their products.

Finally, recognising the difficulty faced by the Bumiputera entrepreneurs to secure strategic business premises in major cities and urban areas due to their high rental costs, the MeCD has provided seven types of assistance under the Business Premises programme. They are:

- (1) provision of business premises,
- (2) provision of factory space,
- (3) purchasing of business lots at shopping complexes,
- (4) leasing of business space in shopping complexes,
- (5) developing incubator programme,
- (6) developing of Industrial Areas, and
- (7) promotion of New Growth Areas.

The Town Development Council (LKEB) was also founded by the Ministry based on the transformation of UDA from a development agency to a private company which is solely profit oriented. In this regard, the LKEB will take over the previous role of UDA to increase the participation of Bumiputera entrepreneurs in urban businesses. The LKEB will also act as a catalyst to expedite the achievement target of Bumiputera asset holding of at least 30% by the year 2020 (Hadi, 8 Oct 2006).

In summary, it is evident that the MeCD and its relevant agencies have taken many efforts and initiatives to promote the development of Malay entrepreneurship. Through its three strategic thrusts, the Ministry has implemented various programmes and activities to increase the number of Malay entrepreneurs into various economic sectors of the country. The Ministry has also made vigorous efforts in supporting and

strengthening the existing Malay entrepreneurs for them to be more competitive locally and internationally.

2.9 Present Status: Debates and Issues

The foregoing discussion has illustrated that the Government of Malaysia has continuously undertaken various efforts and initiatives to promote the development of Malay entrepreneurship in the country. As a result of these concerted efforts, Malay equity ownership has improved slightly from 18.9% in 2004 to 19.4% in 2006 (MTR 9MP, 2008). However, this achievement is still lagging behind that of the non-Malays in particular the Chinese who score handsomely from 39% in 2004 to 42.4% in 2006. On the other hand, it is noteworthy that the majority of equity ownership among the Malays is in the hands of individuals rather than of institutions and trust agencies as indicated in Table 2.1.

Table 2.1: Ownership of Share Capital, 2004 & 2006

Ownership Group	2004		2006	
	RM million	(%)	RM million	(%)
Bumiputera	100,037.2	18.9	120,387.6	19.4
Individual	79,449.9	15.0	93,982.2	15.1
Institution	11,890.7	2.2	16,039.6	2.6
Trust Agencies	8,696.6	1.7	10,365.8	1.7
Non-Bumiputera	214,972.8	40.6	273,214.4	43.9
Chinese	206,682.9	39.0	263,637.8	42.4
Indian	6,392.6	1.2	6,967.8	1.1
Others	1,897.3	0.4	2,608.8	0.4
Nominee	42,479.1	8.0	41,185.7	6.6
Foreigners	172,279.6	32.5	187,045.8	30.1
Total	529,768.7	100.0	621,833.5	100.0

Notes: The estimation takes into account about 680,000 active companies from Companies Commission of Malaysia (CCM). In estimating the equity ownership, par value was used as it covers all companies, listed and non-listed, registered with CCM as compared to the market value which is available only for listed companies in the Malaysia Bourse. The Government shares in companies, including Government-linked companies (GLCs), were excluded in the estimation.

Source: Mid-Term Review of the Ninth Malaysia Plan, 2006-2010.

The performance of the Malays in ownership of non-financial assets was even worse. As shown in Table 2.2, the Malays only own 29.2% of business complexes and 3.5% of industrial premises as compared to the Chinese who own 61.9% and 87.2% respectively. Because of this, the Malays may not be able to participate effectively in urban businesses and in strategic locations where the rental of the business premises is expected to be high.

Table 2.2: Ownership of Non-Financial Assets, 2007

Type of Building	2007 (%)				
	Bumiputera	Chinese	Indian	Others	Total
Building	15.7	75.7	4.3	4.3	100.0
One Floor	24.9	69.0	3.8	2.3	100.0
Two Floor	13.8	78.5	4.2	3.5	100.0
Three Floor	14.3	75.8	3.6	6.3	100.0
More Than Three Floor	8.6	79.2	5.7	6.5	100.0
Business Complex	29.2	61.9	2.9	6.0	100.0
Industrial Premise	3.5	87.2	1.5	7.8	100.0
Hotel	20.8	54.0	2.7	22.5	100.0
Total	15.0	76.1	3.8	5.1	100.0

Source: Mid-Term Review of the Ninth Malaysia Plan, 2006-2010

Although many new Malay entrepreneurs have been successfully nurtured through various government initiatives as illustrated in Table 2.3, their sustainability and competitiveness are still in doubt. This is because Malay entrepreneurs are still seen as being too dependent on government contracts and assistance (Abd Latiff, 2008). Despite the efforts by the government to upgrade and strengthen existing Malay businesses, their capability to move from the low-end to high-end economic value chain is still limited (MTR 9MP, 2008). This could be attributed to their lack of knowledge, capital and business experience. The fact that the business value chain in Malaysia is still predominantly dominated by the Chinese could also have made it difficult for the Malays to upgrade their businesses. This is especially significant as the business networking of the Malays is not yet as strong and as dynamic as the Chinese (Sejauh mana kekuatan rumpun Melayu, 2007).

The Malays are also complaining that in spite of many provisions of financial assistance dedicated to assist their entrepreneurial ventures, they are still faced with difficulties in obtaining loans from the commercial banks (Abd Latiff, 2007). In this respect, the banks are accused of negatively stereotyping Malay businesses (Astar, 2008). The requirement of collateral by the banks also makes it hard for the Malays to proceed with their loan applications. Although some government institutions like National Tekun Foundation (YTN) do provide loans without collateral, the amount that can be obtained is too small for it to be significant.

Table 2.3: Creation of New Entrepreneurs

<ul style="list-style-type: none"> • Creating entrepreneurs through various programmes 	<ul style="list-style-type: none"> • 67,533 new entrepreneurs created • 173 vendors created and 8 anchor companies participated under Vendor Development Programme • 153 franchisees created and 6 franchisors participated under Franchise Development Programme • 423 cooperatives created in business related activities • 304 technopreneurs created • 358 entrepreneurs developed under the Ministry of Entrepreneur and Cooperatives Development Strategic and Target Industry programme • 886 entrepreneurs developed under <i>Perbadanan Usahawan Nasional Berhad</i> (PUNB) Entrepreneur Programme • 63 entrepreneurs involved in craft industries
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Source: Mid-Term Review of the Ninth Malaysia Plan, 2006-2010

Issues surrounding the abuse of power in granting government contracts and tenders are still prevalent. Complaints are common that tenders or contracts are given to the wrong people who have strong political connections but have no expertise and capability to complete projects (Abd Latiff, 2007). They will either become sleeping partners in the “Ali-Baba” type of joint venture or sell off the contracts for quick gain. This has resulted in another big malpractice that has been cited by many as a major reason for the lack of entrepreneurial progress among the Malays. Known as “leakages”, they refer to the practice where government privileges in terms of grants, loans, or other benefits accorded to the Malay entrepreneurs are essentially transferred to others, mainly the Chinese (Wujud Badan Cegah Ketirisan, 2007). This could be

attributed to many factors such as the tendency for the Malays to opt for fast and easy monetary gains by selling off contracts awarded to them, and the fact that many of the construction materials are supplied by the Chinese businesses. Consequently, even though the contract is awarded and done by the Malays, the value of the contract may benefit the Chinese more, as much of the money would have to be spent on buying materials from the Chinese. It is estimated that about 85% of the contract value awarded to Malay contractors actually went to the Chinese (Angka dan fakta ekonomi, 2007). Recognising the severe repercussions of the “leakages” problem to the development of Malay entrepreneurship, an association called Gagasan Badan Ekonomi Melayu (GABEM) or the Federation of Malay Economic Organisations was set up by UMNO on 6th June 2006 (GABEM-Setahun berlalu, 2007). The association is responsible, among others, for monitoring and preventing “leakages” that could be detrimental to Malay entrepreneurship.

Finally, dissatisfactions are also expressed by the Malays that the GLCs and the SEDCs which are supposed to assist Malay businesses are instead still competing directly with them (Maidin, 2005). In this regard, the GLCs and the SEDCs are seen as having an advantage in securing government contracts and tenders due to their financial strength and direct associations with government agencies. There is also a tendency among the GLCs and the SEDCs to establish their own subsidiary companies to cater to their many business requirements such as their travel and insurance needs. These big institutions are also accused of not being business friendly to Malay entrepreneurs when it comes to awarding their contracts and tenders. The top management personnel of the GLCs and SEDCs are also being criticised for their lack of support of Malay businesses (Aziz, 2007).

In brief the foregoing discussion has shown that the mixed success of the NEP has again initiated the government to incorporate the twin-pronged objectives of the policy in the country’s subsequent development policy namely, the National Development Plan (1991-2000), the National Vision Policy (2001-2005) and the National Mission Policy (2006-2020)¹⁷. Through these policies, limited success has been achieved particularly through the Ministry of Entrepreneur and Cooperative

¹⁷ Thus in a subsequent discussion and analysis the term NEP will be used interchangeably with other policies and initiatives adopted by the government to promote Malay entrepreneurship in Malaysia.

Development (MeCD) in promoting the development of Malay entrepreneurship in Malaysia. Despite these measures, Malay entrepreneurs are still lacking in competitive spirit to venture into the open market businesses and the abuse of power in awarding contracts and tenders are still rife. An analysis of affirmative action of the government policies has also revealed that there has been heavy reliance by the beneficiaries of the policies, the Malays, on government assistance.

This thesis offers the proposition that “state assistance in the form of affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness”. This proposition is based on the belief that the affirmative actions of the government to aid Malay entrepreneurship development can develop such a dependency mentality as it inhibits initiative. On the other hand, the Chinese community is looked upon as more successful entrepreneurially. They do not enjoy the benefit of government assistance, and as a consequence have to act more cohesively among themselves, developing ways to co-operate and support one another in order to protect their group competitiveness.

The following section will look into the theory of dependency to understand why preferential treatment has not significantly helped Malay entrepreneurship development.

2.10 Theory of Dependency

The theory of dependency was first popularised by Latin American scholars such as Baran (1957), Frank (1967) and Cardoso and Faletto (1979). Relying on the earlier classical studies of Raul Presbisch in the 1950s, they sought to explain the continued underdevelopment of Latin American countries despite their integration into the world capitalist economy. This theory hypothesises that world capitalism promotes an unequal relationship between the “centre countries” (the advanced countries) and the “periphery countries” (the less developed countries) and because of this unequal relationship, development continues to be generated in the developed countries while underdevelopment continues in the less developed countries (Shen & Williamson, 1997; Wiarda, 1999). Accordingly the dependency theorists argue that far from

eliminating underdevelopment, world capitalism is actually promoting the underdeveloped status of the less developed countries (Baran, 1957; Frank 1967; Cardoso & Faletto, 1979).

The dependency theorists also argue that the dependency of the less-developed countries on aid in various forms from the developed capitalist countries would eventually prolong their underdeveloped status and the continued reliance on aid (Frank 1969; Caporoso, 1980). In other words welfare could produce a dependency syndrome which would require more aid. This classical view of Frank (1967), Cardoso and Faletto (1979) generally refers to economic relations between wealthy donor states and poor client states. But it quickly evolved into diverse schools that juxtaposed classical theories on micro and internal relationship such as the Marxian studies of Andre Gunder Frank (1969) and Theotonio Dos Santos (1991).

This thesis hopes to show that affirmative action policies which favour the disadvantaged segment of an economic community within the same country have the same consequences that aid has on client countries. Based on the argument of the dependency theory, it could be theorised that rather than making the Malays independent and more competitive entrepreneurially, government assistance and preferential treatment for the Malays under the NEP would eventually make them more dependent on the government, thus, contributing to their entrepreneurial underdevelopment. This thesis will argue that the Government of Malaysia is not likely to succeed in significantly increasing the number of Malay entrepreneurs who are prepared to take the risk of creating enterprises on their own. Continuing state assistance is tantamount to providing a safety net for failure and a superficially fail-safe system than promoting genuine risk-takers. Such assistance goes against the entrepreneurship theory of risk taking, innovativeness and autonomy.

The dependency theory also argues that aid and investments from an advanced capitalist country to a less developed country would give more governmental power and authority to the donor country (advanced country) and put the recipient country (less developed country) at the mercy of the former (Dos Santos, 1991; Larson, 2001). Similarly, studies seem to indicate that government aid for the Malay entrepreneur could be partially intended to serve the political agenda of the ruling party, an

intention that would result in the development of Malay entrepreneurship being stymied (Gomez & Jomo, 1999).

On the other hand, if we consider the premise that a dependency mentality is something that has been unintentionally imposed on the Malays, it would follow that those who are not recipients of direct government assistance, namely, the Chinese would conversely develop a higher competitive spirit than the Malays. History is filled with stories about how the hardship and the marginal status of early Chinese immigrants in Malaysia had helped them develop bonds within their own community as well as a mentality of self-reliance that could be regarded as a source of their creativity, innovativeness and entrepreneurial acumen (Gullick, 1981). History too shows that this has been the experience of other minority groups round the world such as the Chinese in Australia and Canada, the Indians in Fiji and Africa and the Japanese in Latin America (Jesudason, 1990).

The dependency theory has been criticised because it could not provide an explanation why entrepreneurial successes in the Newly Industrialised Countries of East Asia, namely South Korea and Taiwan, were achieved without any dependency on government assistance (Gereffi & Fonda, 1992). The theory has also been criticised for its failure to provide any viable solution to overcome dependency and to recognise that mutually overlapping caste-class structure and cultural structure as well as historical experiences could play a major role in the generation and perpetuation of poverty and inequality in the underdeveloped countries (Ghosh, 2001). The theory also fails to take into account that transformation of society from one economic state to the next could take a long time or even centuries (Keelan & Moon, 1998).

Despite its limitations, the theory of dependency is useful to illustrate the causes of Malay entrepreneurial underdevelopment in Malaysia and to develop a proffered explanation for the issues under investigation. The following discussion will search for links between dependency theory and affirmative action by analysing the experience of affirmative action in other countries to determine whether there are similar patterns of consequences as those in Malaysia. This will be followed by discussion on Malay traditional values and attitudes.

2.11 Theoretical Perspective of Affirmative Action

Affirmative action legally came into being with the introduction of an Executive Order 10925 in 1961, a few weeks after John F. Kennedy assumed the presidency of the United States, with the goal of ending discrimination in employment by the federal government and its contractors (King, 2007). Since then the term has evolved to include various measures undertaken by government and private institutions to combat discrimination against minorities, women and other disadvantaged groups as well as to promote equal opportunity in education, employment and businesses (Anderson, 2004).

Supporters of affirmative action argue that it is needed to redress the effects of past discrimination experienced by a distinct group (Eisaguirre, 1999; Crosby, Iyer, Clayton & Downing, 2003). Similarly an overview of entrepreneurship literature in Malaysia shows that the main rationale for the government's preferential treatment and assistance through a form of affirmative action under the NEP was to remedy past discrimination experienced by the Malays under British colonial rule. In this regard the Malays were seen as being discriminated against by British imperial policy that was too preoccupied with helping British business interests in the rubber and tin industries where the Chinese and Indians were the main beneficiaries (Gullick, 1981). As a consequence the Malays were left out of the economic loop and, in fact, were made to feel contented with their rural livelihood. As a result, the economic disparities and poverty between the Malays and the non-Malays widened.

It is also claimed that affirmative action is essential to offset systematic barriers found in the work place and other economic settings of a country (Bergmann, 1996; Salinas, 2003). Similarly, the NEP can claim it has been successful in assisting the Malays to obtain employment in sectors that were once closed to them or to be involved in businesses once owned exclusively by the non-Malays because of discrimination. This exclusion of Malays could be attributed to the lack of confidence among the non-Malays in Malay entrepreneurial and managerial skills as well as the inclination of the Chinese to employ only Chinese employees. When the NEP was initiated, one of its main objectives was declared as the improvement of Malay economic parity through nurturing Malay entrepreneurs (i.e. the creation of BCIC) and using their successes as

role models for budding Malay entrepreneurs. This has been cited as another positive outcome of affirmative action (Allen, 1995).

On the downside, a dependency culture crept in. Soon the NEP was presumed to be the vehicle for the Malays, as “sons of the soil” to claim their inalienable right for preferential treatment from the government (Mahathir & Jamaludin, 2004). A study by Yang, Souza, Bapat and Colarelli (2006) also reveals that once an affirmative action programme has been instituted, it would be very difficult to dismantle because doing so would threaten the interests of the favoured group. Supreme Court Justice Clarence Thomas in his rule of the Adarand case (Adarand Constructors, Inc v. Pena)¹⁸ also made the point that a programme of affirmative action could “stamp minorities with a badge of inferiority and may cause them to develop dependencies or to adopt an attitude that they are entitled to preferences” (as cited in Bergmann, 1996, p.132). Based on this it can be argued that the NEP has acted as an extended temporary solution for the Malays that could detrimentally induce a dependency culture among them.

Opponents of affirmative action contend that the act of affirmative action could perpetuate negative stereotypes on beneficiaries of such a policy (Eberhardt & Fiske, 1994; Salinas, 2003). This argument has been supported by many studies such as Summers (1991), Heilman, McCullough and Gilbert (1996) and Maio and Esses (1998). Affirmative action is also being criticised for its negative consequence on the actual self-esteem and self-concept of the beneficiaries themselves (Eisaguirre, 1999). In his highly personalised book, ‘Reflections of an Affirmative Action Baby’, Stephen Carter (1991) honestly admits his own ambivalence and anger when he found out that he was offered a job to teach at Harvard Business School (after he was initially rejected), only after the school learned that he was an African American. Carter even suggested that he is forced to live in a world where people always looked down on him due to their assumption that he received his position only because of his race.

¹⁸ This is a 1995 case of the US federal government’s programme that offered government contractors incentives to award subcontracts to businesses owned by minority groups. In this case the court decided that all government affirmative action programmes must act in accordance with the standard of analysis under the US constitution (Eisaguirre, 1999).

Based on the above two arguments, this thesis hopes to show that government preferential treatment to Malay entrepreneurs can potentially undermine the confidence of others about Malay business capability and competitiveness, which could consequently contribute to a further discrimination against them. Similarly, it can be contended that when Malay businesspersons achieve success, they are even likely to face criticisms that their success was due to the government favouring them and not because they were good and competent.

The opponent of affirmative action policies also claims that the affirmative action could consequently kill initiatives to hard work and ambition (Sowell, 2004). It can be theorised, therefore, that government assistance in terms of affirmative action to Malay entrepreneurs may kill their entrepreneurial spirit and initiative.

Finally, there have also been documented complaints that most of the benefits of the NEP had gone to the elite group of Malays from the higher socio-economic class (Clad, 1989; Sieh, 1992). The NEP has also been accused of favouring certain Malay entrepreneurs, who because of their political connections, have been given better access to facilities and assistance (Searle, 1999). Sowell (2004) demonstrates that this phenomenon is not unique to Malaysia alone, rather, similar consequences are also observed in affirmative action policies in India, Sri Lanka, Nigeria and the United States.

In brief the foregoing discussion on dependency theory and affirmative action policies have helped to formulate the proposition that “state assistance in the form of affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness”

2.12 Malay Traditional Values and Attitudes

The Malay refers generically to the group of people who had settled in the Malay Archipelago, an area consisting of a small peninsula and thousands of islands that are nationally divided among five states: Malaysia, Indonesia, Brunei, Philippines and Singapore (Omar, 2003). Historically the Malays were divided into two groups: the

Proto Malays who had migrated to the Malay Archipelago between 3000 or 2000 BC, a period historians call the Neolithic or New Stone Age and the Deutro Malays who came to the Malay Archipelago about 2,000 years later in a period known as the Late Neolithic or the Early Bronze-Iron Age (Abdul Rahman, 2002).

In Malaysia today, the Proto Malays are known as the Orang Asli or the Original People. They were traditionally hunters and fruit gatherers who mainly populated Malaysia's interior highlands (Selat, 2004). This thesis, however, is concerned with Malaysia's Deutro Malays who are defined constitutionally as those who profess the religion of Islam, habitually speak the Malay language and conform to Malay customs (Federal Constitution, Article 160).

Early immigrants to Malaysia originating from communities such as the Minangkabau, the Javanese, the Bugis and the Acehnese have either immersed themselves in the wider Malay society or formed enclaves of their own society in some rural parts of Malaysia such as the Minangkabau in Negeri Sembilan, the Javanese in Selangor and the Bugis in Johor (Kahn, 2006). Although these Malays are thought to have their own identities as well as their own *adat* or customs, the differences are no longer prominent due to the increased urbanisation and the intermarriage among them. Daniels (2005) believes that the only two *adat* that remain among the local Malay of Malaysia are the "Adat Papatih" and the "Adat Temenggong"¹⁹. However, in discussing the traditional values and attitudes of the Malays, this thesis will treat them as one unless the exceptions are specifically mentioned.

The Malays had traditionally settled in *kampongs* or villages along the coast and riverside areas (Gullick, 1981). The *kampong* was headed by the village headman called *Ketua Kampong* who was well respected and acted as a reference point and decision maker in disputes or conflicts among his *kampong* residents. On a bigger political scale, a number of Malay *kampongs* were combined to form a district or

¹⁹ Adat Papatih is fundamentally based on the matrilineal customs and laws associated with the Minangkabau of West Sumatra, whereas Adat Temenggong is seen to be more closer to Islamic principles and laws (Daniels, 2005).

mukim which was headed by a *Penghulu*. A number of these mukims would then form a state under the rule of a Malay Sultan.

Malay life and traditional value systems are primarily governed by their *adat* or customary practices that are passed down from one generation to the next (Shome, 2002). The Malays believe in the importance of preserving their *adat* as expressed in a famous Malay proverb “Biar mati anak jangan mati *adat*” which literally means it is better for you to lose your child than to lose your custom. In addition to *adat*, Islam, the religion of the Malays, also plays a crucial role in determining how Malay society should function and in shaping their value systems and outlook. In fact whenever there is a conflict between any of the *adat* practices and the teaching of Islam, the latter will prevail i.e. *adat* will always be subservient to the religion. The following will selectively discuss Malay traditional values and attitudes in order to understand how the cultural factors influence their entrepreneurial development and the material well-being of Malay society.

2.12.1 Malays as a Communitarian Society

The Malays were traditionally peasant farmers and fishermen who lived in kampongs (Gullick, 1981). As such their cultural identities are moulded by their lives as members of a kampong community in which respect and tolerance of the needs of others and of the community take precedence over the needs of individuals (Selat, 2004). Being a member of a kampong community, the Malay needs to adhere to certain basic norms and values and this is mainly done through the preservation of their kampong life.

As a communitarian society the Malays also place a high value on the importance of working and cooperating with one another. The significance of these values finds expression in many Malay sayings or proverbs such as “Bulat air kerana pembentung, bulat kata kerana muafakat” or “water is moulded by its container, unity is achieved through consensus” which literally means unity is best achieved through consensus and “Bagai aur dengan tebing” or “like the bamboo and the embankment” a saying that emphasises on the need to cooperate with one another in order to survive. The communal values of the Malay society can also be seen in their spirit of *gotong-*

royong or the spirit of communal help. Among the Minangkabau communities in the state of Negeri Sembilan, these values are imparted by their unwritten adat law called Teromba (Selat, 2004). Under this law, members of each community are expected to voluntarily help one another during the padi harvest season without being asked. This is crucial to meet the demands of the harvesting season lest the crop be attacked by pests or destroyed by a flood. The Malay spirit of gotong royong is also prominent at weddings when the whole community gets together voluntarily to organise and prepare for the wedding ceremony.

Moreover as a communitarian society, the Malays abhor direct conflicts. Causing another to lose face or to impose shame on others is strictly prohibited. The Malays have also historically been very cautious in their dealings with others. They prefer to use tact and diplomacy or what is also referred to as their *adat-adat kehalusan* or subtlety practices rather than direct confrontation (Shome, 2002). The instance of this *adat-adat kehalusan* was well illustrated in the manner in which Malaysia's first Prime Minister, Tunku Abdul Rahman Putra Al-Haj dealt with the British to obtain the country's independence. In this regard, Tunku was cunningly using his diplomatic style with both the British and the non-Malay leaders of the Alliance Party to agree on the terms and conditions for Malaysia's independence (Shome, 2002). Rather than treating them as enemies, Tunku presented himself to both the British and the non-Malay leaders as their good friend.

Another essential element in the Malay communal value system is the concept of budi or unreciprocated help (Selat, 2004). In this respect, a person is expected to berbudi or to offer help to his community without expecting any tangible reward as his deed will be rewarded in the life hereafter. The value of berbudi is so renowned among the Malay society that one's social status is determined by how much budi he contributes to the society more than by his achievement and wealth. Therefore a rich person will not be respected by his community unless he is seen as contributing (berbudi) enough to the society. For instance, Wilson (1967) and Scott (1985) argue that the Malays will only regard the wealthy (*orang kaya*) with esteem when they observe Malay etiquette and norms, helping the poor when necessary as well as being generous to their relatives and neighbours. When these expected behaviours are violated, the term

orang kaya will be used in the derogatory sense as applied to the Chinese whom the Malays stereotype as the money grabbers, opportunists and dirty.

Malays also believe in the value of giving back or “membalas budi”. For example when a person receives communal help from his or her neighbours during the wedding ceremony of the family son or daughter, it is expected that he or she reciprocates such help to the community when needed (Selat, 2004). The significant value of “membalas budi” among the Malay society is also emphasised in the Malay proverb “jangan jadi seperti kacang lupakan kulit” or “do not be like a pea forgetting its pod” which literally means: Do not forget those who have helped you.

The concept of “membalas budi” is also important among the members of a Malay family unit. In this regard the Malay children are expected to reciprocate the sacrifices that their parents have done for them. As such they are obligated to look after their elderly parents instead of sending them to old folks’ homes, a common practice in western society.

2.12.2 Malays as a Class Society

Although the traditional two-class system of Malay society, with the ruler at the top and the commoner or peasants at the bottom (Drabble, 2000), may have become irrelevant due to the broad emergence of a bigger Malay middle class, Malay society continues to be divided along class lines. Hence they are very status conscious (Selat, 2004). A person’s status in Malay society is either determined through “ascribed status” as in the case of royalty and the nobility classes which form the upper segment of the society or through “social mobility”. For those in the former group, they can easily be identified through their titles of royalty such as Tuanku, Tunku, Tengku or Raja or for those in the nobility class by titles such as Ungku, Megat and Puteri. This ascribed status of royalty class is based on the male line (Shome, 2002).

In contrast, members of the public or the commoner may obtain social status mainly through education or their economic achievements. Depending on the level of these achievements they will either form the elite or middle class of Malay society. Public service awards are also conferred by either the Federal or State Government to people

who have contributed to society through charitable or social services. These awards include the conferment of honorific titles such as Datuk, Dato', Dato' Seri, Tan Sri or Tun from the Yang Di Pertuan Agong (the king) or from the Sultans. These titles would usually raise the social status of those conferred in their particular community (Selat, 2004) and contribute to a further class stratification within the elite and middle class. Due to the high respect given to people with honorific titles, there have been allegations that some wealthy people make monetary contributions to obtain these titles for themselves²⁰. At the lowest level of the Malay social hierarchy is the "poor" who would include menial workers, labourers and beggars.

The essence of status consciousness and the culture of social inequality within the Malay society and how the society is divided along class lines is best illustrated by many of P.Ramlee's films such as "Penarik Beca" or the Trishaw Man (1955), "Antara Dua Darjat" or Between Two Social Classes (1962) and 'Ibu Mertuaku' or My Mother-in-law (1962)²¹. In the first and the third films the social status portrayed is that of economic superiority, whereas in the second film the status portrayed is that of the privileged aristocratic class. The plot of the films revolves around the forbidden love affairs between the rich and the poor (the first and third films) and between the aristocratic and the commoner (the second film). It is also noteworthy from the point of view of Malay society that in all of the three films, the rich were associated with negative values such as arrogance, selfishness, spendthrift and callousness. In contrast the poor or the commoner is imbued with positive values such as kind-heartedness, honesty, generosity and inevitably sympathy. The rich were also associated with western culture whereas the poor with the traditional (Kahn, 2006).

In a society which is concerned with status, the Malays tend to be conscious about the opinions of others regarding their actions and appearances. This consciousness will consequently make them less inclined to share their opinions openly with others. The status consciousness of the Malays also makes them *malu* or shy to socialise with people of a higher status for example, a commoner with nobility, students with teachers and villagers before officials (Popenoe, 1970). This concept of *malu* in the

²⁰ From time to time allegations of monetary contributions are reported in the local press.

²¹ P.Ramlee was a famous Malay film director, actor, singer and songwriter (Kahn, 2001). Since his demise in 1973, many of his films remain popular.

Malay society is seen by many scholars as the reason why there is a lack of progress among them (Mahathir, 1970; Popenoe 1970; Md.Said, 1974). In this respect the Malays are seen to be passive and not willing to venture into new areas as well as taking a long time to take action for fear of making a mistake. They are also said to have lower self-esteem which is not conducive for their economic and social developments.

2.12.3 Malay Attitudes toward Destiny

Article 160 of the Malaysian constitution defines a Malay as a person who professes the religion of Islam, habitually speaks the Malay language and conforms to the Malay adat. As such, being Malay is synonymous with being a Muslim and vice versa. Based on this constitutional definition of the Malays, Shome (2002) argues that Islam is the key determinant for “Malayness” rather than the other way around i.e. to be Malay a person has to be a Muslim but a Muslim may not necessarily be Malay.

Like good Muslims, the Malays believe that this alam (world) is temporary. They believe in the “end of the days” or Hari Kiamat. Thus the aim of life is to attain the best possible place in the next alam (world), the target is nothing less than syurga or heaven. Because of this, some Malays feel obligated to devote their life to serious religious thought and be obedient to the commands of the religion. To be too pre-occupied with worldly things such as the accumulation of wealth is considered bad and something not to be proud of (Mahathir, 1970). In other words, some Malays would rather be poor but religious than be rich but sinful.

The Malays also believe in the principle of takdir or destiny. In this respect the Malays believe that God has full knowledge and control over all that occurs, that good or evil has been preordained and nothing can happen unless permitted by God. The misconception about this principle of destiny or faith has led some Malays to be lacking in initiatives and not to strive for betterment in life (Abdul Rahman, 2002; Zaa’ba, 2007). They reason that as everything has been preordained by God, there is nothing that they can do to change their life. In other words, they believe it is useless to strive for a better life unless fate allows it (Mahathir, 1970).

In some cases, the Malay resignation to fate has consequently made them risk averse. They do not see any benefit to go for something that is not guaranteed or to work to one's utmost ability and capacity (Mahathir, 1970). They consign the struggle for achievement and worldly things to a low priority. As such, they are stereotyped as conservative and hesitant to take up new or extra work (Abdul Rahman, 2002).

Many other negative stereotypes such as "lazy", "lacking in initiatives" and "afraid to take risks" are often used to describe the Malays. The colonial rulers often see them as being useless to the British colonial economy. It explains why the British brought in the immigrant Chinese who were favourably labelled as "hard working" and "industrious" (Gullick, 1981).

Recognising the severe repercussions of the misconception among the Malays towards the concept of destiny, a call was made for them to revolutionise their mindset in order to change their negative attitudes towards life and work (Abdul Rahman, 2002). In particular, the Malays were encouraged to work towards a better life and to avail themselves of the many opportunities awaiting them. They were also encouraged to understand that Islam does not condone passivity and are urged not to be complacent and not to accept everything as fated. The Malays have also been encouraged to work hard and to change their perceptions that worldly things are bad (Mahathir, 1970). They are asked to open up their minds to see that the bounties of Allah are plentiful and can be found everywhere (Abdul Rahman, 2002).

The call for the Malays to change their mindset and negative attitudes continues. The government for example, has introduced the concept of Islam Hadhari or the Civilisational Islam in its effort to emphasise economic development among the Malays in order for them to progress and enjoy a better quality of life (Ahmad Badawi, 2006). In this regard the Malays are challenged to drastically and systematically revolutionise their outlook of the physical world or their world view or what some refer to as the Malay psyche (Nasuruddin, 2003). Again, the aim is for them to recognise the importance of balancing the needs of this world and those of the hereafter.

2.12.4 Malay Attitudes toward Money and Property

As Muslims, Malays are forbidden from getting involved in economic activities that are considered contradictory to Islamic teaching such as gambling and activities in the manufacture and/or sale of forbidden products like liquor and pork (Ismail, 2003). They are also prohibited by Islam to be involved in *riba* or usury. Because of this constraint, traditional Malays had been hesitant to put their money in interest-bearing deposits in commercial banks for fear of *riba*. They would rather resort to crude means of savings in the form of jewellery, livestock, hoarding and even hiding their money 'under the pillows' (Harun, 2004).

Many of the above issues, however, have been resolved with the introduction of the Islamic banking system in Malaysia in 1983 (Ismail, 2003). The establishment of institutions such as Lembaga Urusan Tabung Haji (LUTH) and Islamic insurance companies such as Syarikat Takaful Malaysia has encouraged the Malays to save their money more productively and effectively.

Nevertheless, Malay attitude towards money is still considered by many writers as unproductive and underdeveloped (Mahathir, 1970; Md.Said 1974; Abdul Rahman, 2002). In this respect, the Malays are being criticised for not being able to regard money as capital for investment. Rather than productively investing their money, the Malays have the propensity to use it for consumption and pleasure as well as to meet their traditional adat obligations (Md.Said, 1974). This usually involves giving a big *kenduri* or feast during ceremonies such as weddings, births and even deaths (Sloane, 1999). The inability to appreciate the potential of money has also been cited as a reason why the Malays are poor in business. In particular, Malay businessmen are seen as not being able to prudently invest and reinvest their money for higher returns (Mahathir, 1970). They are also observed as lacking in knowledge of financial management (Mahmud, 1981).

Malay attitudes towards property or wealth have also been suggested as factors contributing to their slow economic development (Mahathir, 1970). Traditionally being peasant farmers, land is considered the most sought property among the Malays (Gullick, 1981). In the early days when land was still abundant, it was not difficult to

acquire a piece of land. A Malay just needed to prove that he had cleared the land, cultivated it and settled on it. No permission was needed prior to him clearing the land. Although some work was definitely required before a person could own the land, the simplicity of the process has been argued to contribute to the lack of initiative and ingenuity among the Malays (Mahathir, 1970). In particular it had created a feeling of a right to property that would subsequently promote complacency among the Malays and undermine their efforts for self-enrichment.

Similar to their attitudes towards money, the Malays do not regard property as a capital asset for investment. To the Malays property is either acquired or inherited. According to the Adat law of the Minangkabau Malays in Negeri Sembilan, hereditary property or tanah pusaka should be collectively owned by lineage members registered under the female members of the matrilineage and this property is to be passed down from mothers to daughter(s).

This is contradictory to the Islamic law of inheritance that requires two-thirds of the harta pusaka to be given to the sons rather than to the daughters who are only entitled to get the remaining one-third (Harun, 2004). The tendency to treat property as an inheritance asset rather than as an investment asset will consequently undermine the economic potential of the property. For instance, the Malays would be more sceptical and cautious about pledging their properties as collateral to a bank for them to obtain the much needed loan for their businesses. Moreover, the inheritance nature of Malay property can also limit its use for economic purposes as the property may need to be distributed among the many siblings upon the death of the parents. There are many instances where a piece of land is inherited by more than one sibling making it difficult for the land to be managed more productively and to be converted into commercial assets. In fact, rights to a piece of land have long been cited as a major factor to many emotional disputes among members of a Malay family (Harun, 2004). This is especially significant as the Malays have very little else that they can regard as property besides land.

In summary the previous discussion has clearly shown that Malay life is very much governed by their adat and religion. The Malays live in a communitarian society which believes in the need to preserve their cultural identity mainly through the

preservation of their kampong lifestyle. As a communitarian society, the Malays place high priority on the importance of working and cooperating with one another. By nature the Malays are a peace-loving people; they abhor confrontation and are well known for their adat-adat kehalusan or subtlety practices in their dealings with others. The Malays also emphasise on the need to berbudi or to render unsolicited help and on the value of giving back or membalas budi. These values are so prominent among the Malays that their social status is mainly determined by how much budi they have provided to their society more than by their individual achievements and wealth.

Malay society continues to be divided along class lines and is also status conscious. This consciousness has made them reluctant to share their opinions openly with others or to socialise with people of a higher status. As such the Malays are often being stereotyped as shy and passive as well as lacking in self-confidence.

The Malays' misconceptions on the concept of takdir or destiny made them to lose their drive to pursue more relentlessly to achieve success or to take risks. Recognising the severe repercussion of these misconceptions, many calls have been made for the Malays to change their negative attitudes towards work and life in order for them to progress socially and economically.

Finally, studies have shown that Malay attitudes towards money and property are unproductive and underdeveloped. In this respect the inability of the Malays to regard money and property as capital for investment has negatively affected their economic and entrepreneurial development. The question that needs to be asked now is to what extent have Malay cultural factors influenced their entrepreneurship development? Do Malay traditional values and attitudes inhibit or promote their entrepreneurialism?

2.13 Prior Studies on Malay Entrepreneurship

Though the issue of Malay entrepreneurial development has been of interest to Malay scholars, academics, government officials, politicians and the general public of Malaysia, objective and in-depth studies of Malay entrepreneurship are scarce and scattered. Many scholars tend to politicise the study of Malay entrepreneurship and to criticise the role of the government in developing Malay entrepreneurs without

providing a constructive feedback on how the issues should be addressed (Yoshihara, 1988; Clad, 1989; Gomez & Jomo, 1999; Searle, 1999). It is the intention of this study to analyse selected existing studies on Malay entrepreneurship to identify the knowledge gap and attempt to provide a more complete study of Malay entrepreneurship.

One of the earlier studies of Malay entrepreneurs by Oliver Popenoe (1970) attempts to explain why some Malays became entrepreneurs and others did not. Based on interviews with 140 leading Malay entrepreneurs and 150 other Malays, Popenoe concluded that successful Malay entrepreneurs came mainly from upper-class families and were different from traditional Malays in terms of education, marriage, travelling opportunities, and associations and relationships with the Chinese. The study also found that it was very important for Malay entrepreneurs to cooperate with and establish relationships with non-Malay businesses, in particular, Chinese entrepreneurs.

Two more studies emerged not too long after Popenoe's study: the study by Md. Said (1974) and the study by Mahmud (1981)²². The study by Md. Said (1974) attempts to illustrate that Malay traditional social structure inhibits entrepreneurial development. However, the study suffers from a lack of convincing data. Relying on secondary sources, this study is merely descriptive, lacks depth and contributes little to the advancement of knowledge in this field.

On the other hand the study by Mahmud (1981) is more outstanding in terms of its contributions to a better understanding of the problems associated with the development of Malay entrepreneurship. Mahmud (1981) analyses differences between Malay entrepreneurs and Chinese entrepreneurs in terms of their management practices and problems, finance and financial management problems and socio-cultural problems. Based on survey interviews with 73 Malay entrepreneurs and 71 Chinese entrepreneurs, the study reveals that: (1) Chinese firms are more highly capitalised, (2) Chinese entrepreneurs are more knowledgeable in financial management and record keeping as well as management practices and (3) there is no

²² This study was finalized in 1977 and was later published in 1981.

significant differences in socio-cultural values and attitudes between Malay and Chinese entrepreneurs. It is interesting to note that the study found that Malay entrepreneurs generally have a higher level of business ambitions and are found to be more inclined to take risks than their Chinese counterparts. This contradicts the beliefs of many other writers such as Mahathir (1970) and Abdul Rahman (2002).

The study by Mahmud (1981) also reveals the three most significant problems faced by both Malay and Chinese businesses are capital/credit, competition/sales and slow payment on sales. The study also found that there were twice as many Malays who were experiencing problems with supplies and suppliers compared with the Chinese. This may serve as an indication of Chinese discrimination against Malay businesses due to the fact that the majority of business suppliers in Malaysia are the Chinese. Although the study by Mahmud (1981) is noteworthy for its contribution to a better understanding of problems associated with Malay businesses; the study would have been far more interesting had the author assessed the entrepreneurs' perceptions on factors they believed had contributed to their problems such as why they were lacking in capital and not being able to compete instead of merely reporting on the statistical differences between Malay and Chinese entrepreneurs.

In contrast to Mahmud's (1981) study, the study by Patricia Sloane (1999) on Malay entrepreneurs is exclusively qualitative in nature. Employing an ethnographic and personal interviews approach, Sloane (1999) attempted to illustrate how Malay entrepreneurs perceive themselves and their entrepreneurial roles. According to Sloane's findings, Malay entrepreneurs' perceptions include: (1) the claim that in business, duty and dedication to other Malays should be shown and not be forgotten, (2) that opportunities and success should be shared with other Malays, (3) the insistence that one must work hard and be sincere in one's endeavour, and (4) the contention that entrepreneurship is not only about service and obligation but also about self-validation and a key transformation to modernity.

Despite the above findings, Sloane (1999) does not believe that Malay entrepreneurs are competing in a true meritocracy. Sloane concluded that Malay entrepreneurs' attitude towards business is, to a large extent, still clouded with the "know who" syndrome rather than the "know-how". The study also concluded that Malay

entrepreneurship serves as a mechanism for the state to accentuate Malay political loyalty, in particular to UMNO, and to justify its system of economic rewards. Sloane's conclusion, however, should be treated with caution, most importantly because she might have been studying, what one of her key informants called "the wrong entrepreneurs" (Sloane, 1999, p.201). This problem might be attributed to Sloane's decision not to identify who her entrepreneurs were; rather she left it to her informants to decide for themselves who they would consider as entrepreneurs. The fact that Sloane's informants often led her to another informant further clouds the source of her information.

Even though Sloane has made a considerable effort to analyse how Malay cultural values and Islam have shaped Malay understanding of entrepreneurship and their relationship with others (human agency), her analysis might not be accurate, once again due to the unreliability of her data sources. It would have been more beneficial for her to learn about Islam from those who were knowledgeable about it rather than drawing anecdotal accounts from urban, middle and upper-middle class informants as religious views can be conflicting. The same can be said about her approach to understanding Malay traditional values where a more broad-based survey of Malays would offer a different picture. Nevertheless, Sloane's study is respectable due to its extensive exploration on how entrepreneurship had affected the lives of her educated, cosmopolitan, middle and upper-middle class Malay informants.

After Sloane (1999) there have been limited documented studies specifically on Malay entrepreneurs with two exceptions, a study by Ahmed et al. (2005) and a study by Othman, Ghazali and Ong (2005). The study by Ahmed et al. is important for its contribution in tracing the historical development of Malay entrepreneurship in Malaysia. However, like Md. Said's (1974), this study is merely factual and descriptive.

In contrast to Ahmed et al.'s (2005), the study by Othman et al. attempts only to explore whether there are differences between Malay and Chinese entrepreneurs with regard to their demographic and personality characteristics. This study found that Chinese entrepreneurs are generally more educated and more concerned with having power over people as well as believing more in being the masters of their own fate as

compared to Malay entrepreneurs. Contrary to popular belief, Malay entrepreneurs are not laidback; this study found that Malay entrepreneurs derive a higher satisfaction from their work, thus, making them as hard working as anyone else. Even though the study by Othman et al. (2005) has shed light on the differences between contemporary Malay and Chinese entrepreneurs in terms of their demographic and personality characteristics, this study, like Mahmud's (1981), would have been more valuable if the authors had considered examining the factors that had contributed to the differences. For instance, are the differences due to their specific cultural values or is it because of their indigenous or non-indigenous status?

The foregoing discussion has illustrated that prior studies on Malay entrepreneurship are scarce and scattered. Because of this, there is still a big gap in knowledge on problems associated with the development of Malay entrepreneurship in Malaysia.

2.14 Synthesis of the Literature and Identifying the Knowledge Gap

This thesis centres on the challenges faced by the government of a developing country, Malaysia, in enhancing the entrepreneurial development of an economically-challenged sector of the society, the Malays. The literature has acknowledged that entrepreneurship has long been associated with economic progress and the entrepreneur is a unique individual who possesses certain attributes and characteristics that are superior to others (Schumpeter 1934; Kuratko & Hodgetts, 2001). The literature also shows that entrepreneurship could be affected by environmental factors such as society's specific cultural values and beliefs, social attitudes towards entrepreneurship, the existence of successful entrepreneurs, the parental roles, the exposure to entrepreneurship at younger ages, the networking and the governmental influences (Shane, 2003).

Generally all authors agree that entrepreneurship is rare and difficult and to a great extent is associated with risks and uncertainties (Cantillon, 1755; Knight, 1921; Mises, 1949; Kirzner, 1973). The individual with a higher need for achievement, an internal locus of control and a higher propensity for risk-taking is seen to be more likely to become an entrepreneur. There is, however, scanty written material on how entrepreneurs perceive their economic role as well as their philosophies of

entrepreneurship and whether the attributes of the entrepreneurs are innate or can be nurtured. It is also glaring to note that conceptual theories on entrepreneurship have been contributed mainly by scholars from the western developed countries whose reasoning could be largely influenced by their more laissez faire economies as well as their political and sociological experiences. This could make their theories unsuitable to developing societies such as Malaysia as entrepreneurship could not be judged in isolation of its environment.

The absence of universally accepted interpretations of the terms 'entrepreneurship' and 'entrepreneur' have resulted in the terms meaning different things to different people. For the purpose of this study an entrepreneur is defined as "the founder or owner of a profit oriented corporation who is actively involved in the organisation, management and decision making functions of the corporation".

An overview of Malay entrepreneurship in Malaysia reveals that it declined as a result of British imperial policy to segregate economic activities along racial lines (Ahmed et al., 2005) and the inadequate nature of the colonial education policy to prepare Malay children for modern economic activities (Shome, 2002). There is evidence that following independence, Malay entrepreneurship lagged behind that of the Chinese (Mahathir, 1970; Jesudason, 1990). The literature, however, has not provided convincing explanations on the causes and problems of Malay entrepreneurial underdevelopment. Although some scholars have attempted to identify certain factors that could promote or hinder Malay entrepreneurship, their studies suffer from a lack of consensus and depth.

There is sufficient evidence to suggest that a pro-active government initiative to boost Malay participation in the entrepreneurial activities of the country made little progress (Baharin, 2006; Tan, 2006). Even though the New Economic Policy (NEP) has been successful in eradicating poverty and reducing inter-ethnic income disparity of Malaysia's population as well as in creating a Malay middle class, the objective to see a thirty percent Malay corporate or business ownership did not materialise. The number of Malays involved in entrepreneurial activity was also still small compared to the Chinese (Malaysia, 1991).

The literature has also indicated that although the NEP, in general, was intended to uplift the economic position of Malaysia's pluralistic society, it has acted as an affirmative action policy for the Malays (Milne & Mauzy, 1999; Korff, 2001). It is revealed that like any affirmative action, it would be difficult to put an end to the NEP, partly because doing so could be perceived as threatening the interest of the favoured group, namely, the Malays (Khoo, 1992; Gomez & Jomo, 1999). Because of this, rather than being a temporary solution for the Malays, the NEP would likely grow into a persisting dependency culture for the Malays. The literature also reveals that most of the benefits of the NEP went to those Malays who were already in a higher socio-economic bracket instead to ordinary Malays and that the official policy has failed to provide a conducive environment for the development of Malay entrepreneurship (Sieh, 1992; Sloane, 1999; Tan, 2006).

The limited success of the NEP has prompted the government of Malaysia to incorporate the two-pronged objectives of the NEP in the country's subsequent development plans namely the National Development Policy (NDP) 1991-2000; the National Vision Policy (NVP) 2001-2005; and the National Mission Policy (NMP) 2006-2020²³. However, the literature reveals that much of the same issues that clouded the success of the NEP still remain, despite continuous efforts by the government to inculcate a competitive entrepreneurial spirit in the Malays and to promote their entrepreneurial development and success. Malay entrepreneurs are still seen as being too dependent on government assistance and contracts due to their lack of knowledge, capital and business experiences (Abd Latiff, 2008). The culture of entrepreneurship and risk-taking has also yet to be fully ingrained in Malay society.

Although past studies have demonstrated that government initiatives to boost Malay entrepreneurship in Malaysia achieved limited success, these studies fail to provide a convincing reason for this. It is the intention of this thesis to fill in this gap by offering the proposition that "state assistance in the form of affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness". This is addressed by developing an argument around the dependency theory and the

²³ Thus in a subsequent discussion and analysis the term NEP will be used interchangeably with other policies and initiatives adopted by the government to promote Malay entrepreneurship in Malaysia.

theoretical perspectives of affirmative action policies. The argument is based on the assumption that a community that receives government assistance can develop such a dependency mentality that it inhibits initiative. Whereas, a community such as the Chinese who are looked upon as more successful entrepreneurially and who have no benefit of such government assistance, are more likely to act more cohesively among themselves and to be protective of their group competitiveness.

The literature on Malay traditional values and attitudes demonstrates that Malay lives and traditional value systems are very much governed by their adat and religion (Harun, 2004; Selat, 2004). There are very few studies on how these values and attitudes affect the development of Malay entrepreneurship and their entrepreneurial success. Even though some scholars have tried to explore Malay cultural factors that either inhibit or promote their entrepreneurship, their studies suffer from a lack of consensus. For instance, Md.Said (1974) found that Malay traditional social structure and cultural values inhibit their entrepreneurship, while the findings of Mahmud's (1981) study show otherwise.

In summary, the review of the literature shows that there is still a big gap in knowledge on problems associated with the development of Malay entrepreneurship in Malaysia. Although the literature has generally pointed to Malay inadequacies in entrepreneurial acumen, it lacks consensus and does not offer any constructive feedback on how the issues should be addressed. There are also problems of definition and understanding relevant to Malay culture in the studies undertaken by western authors. My research into selected studies on Malay entrepreneurship also reveals that objective and in-depth studies on Malay entrepreneurship are scarce and difficult to locate. It is the intention of this thesis to fill in these gaps and to contribute to a better understanding of the problems with regard to the development of Malay entrepreneurship.

The next chapter will outline the methodology adopted for this study in order to develop a logical link between the study's research problem-aims-data generation-and analysis.

3.0 Introduction to the Chapter

This chapter explains the methodology adopted to gather data on issues associated with the development of Malay entrepreneurship in Malaysia. The use of the chosen methodological approach and techniques including qualitative interviews, survey questionnaires and document search will be explained in detail. The researcher also provides a reflection on her position as a researcher in this study in order to acknowledge that the research is not devoid of her personal values and immune from her personal biases. The chapter will also discuss key ethical considerations that were involved in the study.

3.1 The Research Approach

Deciding on how to go about my research is a challenging but essential task. Experts suggest that there is no definite right or wrong approach for any one research task. What is important is for the researchers to adopt an approach that would best provide them with the answers to their research questions and/or issues under investigation (Gerson & Horowitz, 2002). Guided by this, I shall reflect back on what it is that I want to find out. In particular, I want to seek an explanation on the causes of Malay entrepreneurial underdevelopment. I would also like to find out why government assistance has not work for the Malays and the implications of such assistance for the non-Malays. And, whether Western models of entrepreneurship are appropriate for the development of Malay entrepreneurship in Malaysia.

My research into entrepreneurial literature in Chapter 2 reveals that entrepreneurship is an embedded phenomenon that is influenced by both individual and environmental factors. Therefore it is imperative for me to employ a research approach that can provide me with the tools to incorporate both of these two sets of factors in my analysis. This is especially significant given the fact that my research questions are interdisciplinary in nature as they seek out to explore a phenomenon that is affected by many factors such as economic, political, social as well as governmental influences. It is also essential for me to adopt an approach that can give me access to

the fullest range of relevant research data in order for me to develop a legitimate and warranted argument in my analysis.

Because of the reasons enumerated in the paragraphs above, I have strategically employed what is referred to by some as a multi-method approach (Brewer & Hunter, 2006). I also believe that a multi-method approach is capable of adding rigour, breadth and depth to my research analysis (Denzin & Lincoln, 1998). This is based on the assumption that each research method has its own strengths and limitations. Rather than elaborating on the differences between each method it is more beneficial for me to explore how each of the methods can complement each other for the purpose of this research (Bryman, 2004). In other words, I would combine different methods of data generation in order for me to take advantage of their individual strengths as well as to compensate for their individual limitations (Brewer & Hunter, 2006). I believe that the multi-method strategy would also allow me to cross-validate the data generated by one of my sources of enquiry with the data generated by the other sources (Silverman, 1997). All these will be further elaborated in a later discussion.

3.2 The Research Method

The primary method of data generation in this study is the qualitative interview. The interviews were conducted with different groups of people involved in the development of Malay entrepreneurship in Malaysia, namely, Malay entrepreneurs, Chinese entrepreneurs, key government officials, Chief Executive Officers (CEO) or the Chairmen of government-linked or trustee companies, politicians, leaders of Malay associations, bankers and even journalists for me to obtain multiple perspectives on the issues of this study. These interviews were complemented by a survey questionnaire distributed to potential and existing Malay entrepreneurs. A combination of the survey questionnaire and the interviews is considered beneficial as their strengths and limitations would usefully supplement and complement each other for the purpose of this study. For instance, the ability of the survey method to provide quantified information and generate a general feeling about the issues under investigations (Veal, 2005) is valuable for this research especially when my final objective is to come out with a policy recommendation.

The interviews would also help overcome any shortcomings from the desk research of my survey. This is because in the interviews my respondents were encouraged and given an opportunity to explain in detail their feelings, experiences and opinions on the specified issues resulting in rich data resources to work with (Rubin & Rubin, 2005). The interviews were also used to elicit complex and obscure information from the respondents such as their philosophy of entrepreneurship and cultural values and the influence of politics, something that might not be possible under the survey method (Williams, 2002). The interviews and the survey methods used in this study will be more fully outlined in section 3.5.2 of this chapter.

This study also uses publicly accessible documents and publications by government agencies such as the Ministry of Entrepreneur and Cooperative Development (MeCD) and the Economic Planning Unit (EPU) of the Prime Minister's Department to gather information of past, present and future directions of government policies as well as information on general statistics (May, 2001). In some instances, government documents that are not commonly available to the public, such as minutes of meetings, review papers and reports on studies done for the government, were also used with the permission of the relevant agencies, in order to obtain more inside information on issues and problems associated with the development of Malay entrepreneurship in Malaysia. To keep abreast with the ongoing debates pertaining to the matters of interest, I have also used a considerable amount of local publications such as newspapers, magazines and other publications produced by relevant associations like the Malay Chamber of Commerce (DPMM), the Malaysian Malay Businessmen and Industrialists Association (PERDASAMA) and the Federation of Malay Economic Organisations (GABEM). These documents and publications were used as open published sources of data that would complement the findings of my interviews and survey (Webb, Campbell, Schwartz & Sechrest, 2000).

Where opportunities arose I also conducted "natural field interviews" (Bowler, 1997, p.67) with middle class Malays to elicit their perceptions and attitudes with regard to Malay entrepreneurship in general as well as their inclination to becoming entrepreneurs as a career option. This was mainly done among my circle of friends and acquaintances as they were more accessible and willing to share their feelings and

views with me. There were also instances where I got invited to participate in seminars, meetings and informal discussions organised either by government agencies or associations. This has opened up great opportunities for me to observe and to gain first hand information by listening to people discussing and debating subjects that are of interest to my study.

3.3 Pilot Study

A pilot study was conducted prior to the actual data collection exercise during the first two months (June-July 2007) of the first stage of my field work in Malaysia. This involved interviews and/or discussions with Malay entrepreneurs, government officials and academics. Two Malay entrepreneurs, six government officials and two academics were involved in this pilot study. A low risk notification for ethics approval was obtained for this pilot study from the Massey University Human Ethics Committee.

A pilot study for this research serves a number of purposes. Firstly it allows me to test my assumptions in relation to the research questions of the study. In particular I was able to assess whether I was asking the right questions or whether I had focussed on the right issues for my research topic. It also allowed me to pay more attention to areas that were dealt with cursorily previously (Kumar, 2005).

Moreover, my interviews with the two Malay entrepreneurs have given me an opportunity to explore the kinds of problems that they were facing in their entrepreneurial activities as well as the motivations behind their decision to become entrepreneurs. My interviews and/or discussions with government officials have also allowed me to test my assumptions on factors that are relevant to the development of Malay entrepreneurship in Malaysia and in enhancing my understanding of government policies relevant to this study.

Secondly, the pilot study was undertaken to provide me with a sampling of opinions on how my study should proceed. On this aspect, I sought advice from the academics and government officials who have either done their PhDs or have been involved in such research, on how I should distribute my questionnaire in order to get a high

response rate and how to conduct my interviews effectively as well as how to capture the complex interaction of factors relevant to the development of Malay entrepreneurship. Their advice on particular issues will be elaborated in the data gathering discussion where appropriate.

The third purpose of my pilot study was for me to get feedback on how well I had designed the questionnaire in terms of wording, sequencing and layout (Veal, 2005). An expert had suggested that this exercise is important to avoid mistakes of asking ambiguous and ineffective questions that could affect the quality of the data collected (Jr, 1993). This exercise is also essential for me to come out with an attractive and effective questionnaire layout and design that could invite and make it easy for my respondents to complete the questionnaire. This is especially significant due to the low response rate associated with a self-administered questionnaire (Hoyle, Harris & Judd, 2002).

The fourth purpose of the pilot study was for me to confirm the usefulness of a multi-method approach adopted for this research. In this regard my interviews and discussions with the academics and the government officials were beneficial in terms of them giving me constructive feedback on how I should approach my study. Their comments and feedback confirmed that the multi-method approach was useful for this study.

Fifthly, the pilot study also provided an avenue for me to build up my research skills and confidence as well as enhancing my self reflection as a researcher (Bordens & Abbott, 2008). In particular it allowed me to be involved in the actual interview and data recording process, thus, making me more skilful in listening to people, asking questions, taking notes and handling the recording tape. It also allowed me to predict the kinds of issues or problems that I would encounter in my actual data collection exercise. For instance, I would have to expect caution and reluctance from my interviewees in answering certain sensitive questions like the abuse of power among politicians and government officials (Adler & Adler, 2003). Therefore it was critical for me to frame my interview questions in such a way that they would not sound intimidating and judgemental. I had to assure them that the information they provided would be strictly confidential and my sources would not be disclosed.

Finally the pilot study also obliged me to plan effective strategies for me to maximise opportunities for my data collection (Borden & Abbott, 2008). For example I would have to be prepared to travel at short notice to different locations to meet with my interviewees. It became important for me to keep my interview tools such as recording instruments, the information sheet, the consent forms and the recording tapes organised and close to me at all times because an interview could happen at any time without prior notice from the interviewee. In addition I learnt that I needed to make myself ready to interview more than one person in a day because one interviewee could lead me to another interviewee who happened to be in the same place and was available to be interviewed on that same day.

In summary, it is evident that the pilot study has made a valuable contribution to this research. It has helped me to:

- (1) test my assumptions in relation to the research questions of the study,
- (2) gain a sampling of opinions on how the study should proceed,
- (3) get feedback on the quality/relevance of my survey instrument,
- (4) confirm the usefulness of a multi-method approach adopted for this research,
- (5) build up my research skills and confidence as well as enhance my self reflection as a researcher, and
- (6) ascertain effective strategies to maximise opportunities for my data collection.

3.4 Reflections on My position as a Researcher

Perhaps the biggest challenge for me as a researcher in this study was to obtain, interpret and represent data and information gathered from my respondents without succumbing to restrictions posed by my personal background and work experiences. This is due to the fact that contemporary social science research is no longer believed to be a value-free scientific inquiry. It requires a researcher to admit his/her personal, political and professional interests and biases (Reinharz, 1992). An elaboration on some aspects of my personal and work background will be discussed in order to clarify my position as a Malay middle-class researcher as well as to acknowledge the influences that have shaped my thinking and motivations.

Being born into a Malay middle-class family, I was taught the importance of education as a vital avenue to a better life. I went to a primary national school in which the student population was mostly Malays, with the majority from low-income families. When asked by our teachers what we wanted to be when we grew up, not one of us had the ambition to be a successful businessperson. The common answers given by my friends from lower income families, as I remembered, were to become a nurse, a fire fighter, a soldier, a farmer or even a rubber tapper. On the other hand, the answers given by my friends from middle-income families were to become a doctor, a lawyer or a teacher. I wonder if this phenomenon is still prevalent among Malay children.

Being raised in a kampong environment during the first 12 years of my life gave me first-hand experience of Malay traditional values and culture. I was taught to be polite and courteous (more so because I am a female) and respectful of the elders. I was also disciplined not to criticise people openly and always to put others before myself. This has made me wonder whether these values are in conflict with the aggressive “survival-of-the-fittest” phenomenon found in the modern business world.

Owing to my excellent performance in the national examinations at primary school, I was privileged to continue my secondary education at one of the prestigious boarding schools in Malaysia. Even though the student population at the boarding school was predominantly Malays, there were significant differences in the diversity of the students’ family background. Unlike in my previous school, the boarding school population was dominated by children from middle and upper income families. I even had schoolmates who were from the royal families in Malaysia. This served as an eye-opener for me about the reality of income disparities in Malay society. There were parents who drove luxurious cars and brought with them expensive gifts and food when they came to visit their daughters. On the other end, there were parents who did not even have a chance to visit their daughters because they did not have the financial means to do so.

When I finished my undergraduate study in Canada, I came back to Malaysia and worked in Malaysia’s Administrative and Diplomatic service. My first assignment as an Assistant Director at the Ministry of International Trade and Industry of Malaysia

(MITI), exposed me to the real world of Malay businesses, which were mostly small and self-sufficient but lacking in marketing capabilities as they depended on others to promote and market their products (Sieh, 1985 as cited in Ahmed et al., 2005; Gomez & Jomo, 1999). Consequently, Malay business people were subjected to prejudices and stereotyping. Unfortunately, I noticed, that such prejudices were widespread not only among the Chinese but also among the Malay consumers.

When I was in charge of the textiles sector in the Ministry of International Trade and Industry (MITI), from 1998-2000, I could not help but notice the difficulties faced by the Malays in trying to break into the textile business markets dominated by the Chinese (Sloane, 1999). To some extent, the dynamic nature of the Chinese business networks acted as barriers for Malay businesses. This came as no surprise to me. When I was living in Canada for five years, I had an opportunity to mingle with the Chinese community there (owing mainly to my Chinese features inherited from my mother's side of the family). They were amazingly cooperative among themselves. For instance, when a Chinese friend's father wanted to set up a business venture in Toronto, he received a lot of help and assistance from the Chinese business community in Canada. In setting up his office, he bought all the furniture from Chinese businesses, engaged a Chinese decorator, employed a Chinese receptionist and so on. They even used the Chinese Yellow Pages for them to find out any other services offered by the Chinese. In short, their network served as an advantage to their survival and businesses.

My position as a senior civil servant also gave me an opportunity to get personally involved in the formulation and implementation of policy intended to boost Malay participation in the economic activity of the country. It frustrated me when the good intention of the policy did not meet its intended objectives. Why was it so hard for Malay businesses to flourish alongside Chinese businesses? Why was Malay participation in entrepreneurial activities negligible? Were the Malays not interested in business activities?

As a civil servant I could also see that politics played a vital role in business activities in Malaysia. It was not uncommon for me to receive letters from politicians rendering their support for an application made by certain business people. This practice is fairly

widespread among the Malays as well as among the other ethnic groups of Malaysia. The politicised nature of Malaysian businesses is so prevalent that it sometimes makes it difficult for public officials like me to make the politically neutral decisions expected of us.

I have also witnessed the “Ali-Baba” practice in which the Malays are employed by Chinese businessmen to obtain government contracts and/or to get approval for their business licences (Heng, 1992; Milne & Mauzy, 1999). I was deeply concerned and wondered if the Malays were powerless as they depended too much on capital provided by their Chinese partners. I knew that the government had already allocated large sums of money to help the Malays, so why did they have to depend on the Chinese? I wondered if it was because they lacked business skills. If so, I wanted to find out what the Malays really needed and how the government should or should not help them.

By and large it is undeniable that my personal and work background has probably influenced my thinking and motivation for this study. Rather than ignoring these influences I am acknowledging that this research is not immune from my personal biases. However, I believe, that my personal background and working experiences together with the literature review have served as valuable tools for me to elucidate a deeper understanding of the issues in this study and enhance my competency as a researcher. My position as a middle-class Malay and a civil servant has also served as an advantage for me to gain access to information to which an outsider may not be privy (Weiss, 1994). Finally my personal and work backgrounds as well as my self-awareness have helped me to better understand and interpret the experiences of my respondents (Allis & Berger, 2003). All these will become more evident in my later discussions.

3.5 The Field Work

The field work for this study was undertaken in Malaysia. It was conducted in two phases to serve different purposes as will be explained accordingly.

3.5.1 Phase 1 of the Field Work

The phase 1 of the field work was conducted during the three-month period of June to August 2007. The main objective of this phase was for me to conduct my pilot study (see section 3.3). The second objective of the phase 1 of my field work was for me to obtain support from relevant agencies and associations such as the MeCD, the EPU and the PERDASAMA for this study. This field work also provided me with an avenue to establish rapport and trust with the agencies as well as with the key informants or the ‘gatekeepers’ (Creswell, 2003). Support from these agencies and their key personnel was essential for me to gain subsequent access to my interview respondents as well as in disseminating my survey questionnaire, thus, ensuring the success of this research. This is especially critical in the context of Malaysian society where the concept of “know-who” is very much prevalent (Sloane, 1999). As a result of these exercises I managed to obtain two support letters, one from the Public Service Department of Malaysia (Appendix A) and the other from the MeCD (Appendix B), encouraging others to give their cooperation and assistance for my research and giving me permission to distribute my survey questionnaire on occasions organised by the Ministry. I also managed to obtain the support from the President of PERDASAMA by agreeing to an interview as well as to introduce me to other members of his association and to interview his Chinese associates. But, he did not think that his members would be willing to answer my questionnaire. Accordingly no questionnaire was distributed to his members in the phase 2 of the field work. I did successfully, though, obtain commitment from key officials of MARA to help me in administering my questionnaire to Malay entrepreneurs under their Retail Programme for Bumiputera or Program Peruncitan Bumiputera.

Yet another aim of phase 1 of my field work was for me to conduct my preliminary data gathering process. In this regard, an extensive archival search was undertaken to find information and documents in the resource centres of government agencies as well as from other local sources such as newspapers, magazines and publications of non-profit organisations. I also watched and listened to local RTM and TV3 news, debates and discussions related to the issues under investigation. Fortunately the phase 1 of my field work coincided with the celebration of Malaysia’s 50th anniversary. Because of this, subjects such as the economic progress of the Malays

including their entrepreneurial development were widely discussed and debated. This opened up vast opportunities for me to gather information as well as to test and challenge my assumptions with regard to the research questions of this study. Apart from this, I presented a paper entitled “Too much help? Rethinking affirmative action in Malay entrepreneurship” at the Fifth International Convention of Asia Scholars (ICAS) in Kuala Lumpur on 4th August 2007. This paper discussed the implications of affirmative action on entrepreneurship development. From this presentation I received a lot of valuable feedback on issues with regard to the development of Malay entrepreneurship in Malaysia. I also took advantage of the convention to have several informal discussions with individual and/or groups of participants on the role of the government and the inclination of aid recipients to entrepreneurship as a career of choice.

Finally, the phase 1 of my field work helped me to be better prepared for the main data collection exercises which were conducted in the second phase of the field work. I learnt, for example, that it would be more efficient for me to use public transportation to meet with my respondents and/or key informants due to the heavy traffic situation common in Malaysian cities and towns and the fact that the interviews could take place at locations unfamiliar to me.

In brief, the phase 1 of the field work was undertaken with the objectives of: (1) allowing me to administer my pilot study, (2) obtaining support for my research, (3) establishing rapport and trust, (4) conducting my preliminary data gathering and (5) being better prepared myself for the main data collection in the second phase.

The decision to conduct my field work in two phases was to provide me with ample time to reflect on my pilot study and to reassess the procedure of the main data gathering exercises in the second phase of the field work. I must also mention that the period after the end of phase 1 of my field work in August was not productive for my data collection exercises because in the month of October the Malays would be celebrating Hari Raya or the festival of Eid-ul-Fitr. It is customary for the Malays to return to their hometowns (balik kampong) for the Hari Raya celebration during which they would be visiting extended families, relatives and friends (Guile, 2005). Accordingly the Malays would usually take long leave from work for this celebration.

Similarly the months of November and December coincided with the long school holidays of Malaysia. Hence these two months were also not suitable for me to conduct my interviews and survey as a lot of people would be on holidays with their families. I was also told in my pilot study that entrepreneurs and government officials would usually be very busy preparing for their year end report in the months of November and December. Therefore, it could be problematic for me to obtain their agreement and participation for this study.

3.5.2 Phase 2 of the Field Work

The phase 2 of the field work was undertaken from January until March 2008. This is considered as the main phase of my data collection in which the actual interviews and survey were administered.

The Qualitative Interviews

In its simplest form, a qualitative interview is a conversation often between two persons, the interviewer and the interviewee (Kvale, 1996). Unlike ordinary conversation the qualitative interview is more focused, more in-depth and more detailed (Rubin & Rubin, 2005). Qualitative interviews differ from quantitative interviews in two ways (Silverman, 2000). Firstly in contrast to quantitative interviews which use mainly fixed-choice question, qualitative interviews use open-ended questions. Secondly while quantitative interviews are conducted on a large sample, qualitative interviews are often done on a small number of respondents. This is so because the main purpose of qualitative interviews is to generate depth of understanding rather than breadth (Rubin & Rubin, 2005).

In the context of this study, a semi-structured qualitative interview was used to gather information from my respondents. While structured interviews standardise predetermined questions which are asked in the same order for all respondents, semi-structured interviews are flexible by allowing an interviewer to bring up new questions during the interview to probe for more information (Green, 2005). I chose to adopt the semi-structured interview because of its ability to provide me with the flexibility and autonomy to cover all areas of my research interest while allowing my

respondents to be flexible in their responses to my inquiries (Bryman, 2004). In each of the interviews, I would prepare a set of interview parameters (Appendix C) on the issues that needed to be covered. I would usually start off the interview with one common question such as how the entrepreneurs started to get involved in their business or why is it that despite government assistance Malay entrepreneurship is still lacking. Based on their initial answers I would decide what my next question would be. This process was repeated until all the issues outlined in my interview parameters were discussed. But, there were occasions where not all the issues could be covered due to the time constraints of the interviewees.

The semi-structured interview also helped me to elicit responses on sensitive and controversial issues such as the influence of politics on Malay entrepreneurship and the irregularities of government contract awards. In this regard, rather than asking direct questions on the issues I would usually wait for my respondents to come up with the issues themselves, which fortunately happened in nearly all of my interviews. Only in instances where the issues were not mentioned by the interviewees, would I take an initiative to raise the issues myself. The experience that I gained in my pilot study has helped me in terms of finding ways to bring up the issues or to frame my questions in a way that may not sound as intimidating and judgmental in my effort to encourage my respondents to open up.

Another advantage of the semi-structured interview was its ability to allow responses to common questions to be compared across the entire group of my respondents who were of diverse background. This opened up an opportunity for me to seek for the common pattern of their responses as well as their conflicting views (Denzin, 1989). The semi structured interview also allowed me to learn more about my respondents' personal and work experiences as well as their perceptions and views on subjects of this study (Gerson & Horowitz, 2002). This is achieved by encouraging my respondents to explain in detail about their experiences, feelings and opinions, thus, providing me with rich data resources to work with (Rubin & Rubin, 2005).

The semi-structured interview, however, was not without limitations. One of the limitations was that there would be a tendency for my respondents to give only socially and ethically correct answers (Ruane, 2005). For instance, it could be

possible for the entrepreneurs to exaggerate their efforts to do business honestly while concealing their involvement in unethical activities like bribery or cheating on their customers. Similarly I also anticipated socially desirable answers from my other respondents like government officials who would very likely tend to emphasise on the positive aspects of government policy while downplaying the negative aspects. Likewise Chinese entrepreneurs are likely to deny that they had taken advantage of government assistance meant for Malay businesses because they are generally more astute and savvy about business.

The semi-structured interview or the interviewing method in general has also been criticised for its inability to elicit truthful answers from all respondents (Dingwall, 1997). Again this could be attributed to the discrepancy between what people say and what people actually do (Silverman, 1997). The inaccuracy could also be attributed by what was referred to as the ‘vagaries of memory’ of the respondents or on how well they could remember about particular occasions and/or experiences (Mason, 2002).

Luckily all these limitations are not without remedy. First, to establish rapport and gain the trust of my respondents for them to open up and be honest in their responses to my inquiries, I would sometimes quote my own experiences and share my own thoughts related to the issues of interest (Ellis & Berger, 2003). For example I would tell about my experiences working closely with the private sector while I was in MITI and how unavoidable it is, I believe, for the entrepreneurs to take into account the influence of politics on their businesses. Second, in order to encourage my respondents to share with me their negative experiences as well as their feelings and opinions on sensitive and controversial issues, I would always inform them at the beginning of the interviews on the confidentiality of their responses and their right to decline to answer any of my questions (Crano & Brewer, 2002).

Third, to check on the accuracy of my respondents’ responses I also sought independent information such as from the company’s annual report, minutes of the meetings and the review papers of the government agencies (Denzin, 1989). On one occasion I even compared responses given by two respondents who happened to be business partners, in order for me to check for the accuracy of information given to me by both of them. Fourth, to convince myself that my respondents were truthful in

their responses I was alert to other implicit and explicit tell-tale signs such as the location and furnishings of their offices, cars that they were driving and their associations with certain influential people and organisations (Rubin & Rubin, 2005). I could tell that a respondent was not telling me the truth when he said he was not interested in getting to know influential and political figures when his office was full of photos of him posing with the rich and powerful. Finally, in my interviews I sometimes asked the same question more than once but in different ways in order for me to see how accurately my respondents had answered my questions. This is one of the effective techniques that I had learnt from my pilot study.

In my role as a researcher and interviewer, in this study, I would adopt the stance of an interested interviewer or “traveller” who was “on a journey that leads to a tale to be told upon returning home”. Accordingly I would venture into “the many domains of the country” (i.e. this study’s area of interest), “as unknown territory or with maps, roaming freely around the territory” (i.e. the subjects of this study). I would also “deliberately seek specific sites or topics by following a method” that could lead my respondents “to tell their own stories of their lived world” or their perspectives on issues that is of interest to this study (Kvale, 2007, p.19). To conform to my role as an interested interviewer as well as to minimise distraction to my respondents, minimal note-taking was done during the interviews. In fact, in one of the interviews I was specifically directed by my respondent not to take any notes but to pay attention to what he wanted to tell or share with me. Learning from a painful experience in one of my earliest interviews where the tape recording failed, I used two types of tape recording devices, the digital and the manual, in my subsequent interviews.

The interview respondents for this study were identified through three different means: (1) identified by the researcher, (2) introduced by key respondents/informants and (3) snowballing that is one respondent leading me to another respondent. As indicated in Table 3.1, eleven of the respondents were identified by the researcher, sixteen respondents were introduced to me by my two key informants and three respondents were identified through the snowball technique. In all of the cases, the suitability of the interviewees for this study was determined mainly on the basis of their ability to provide data or information relevant to the research questions of this study and their ability to contribute further to the proffered explanation (proposition)

that the study is developing (Mason, 1996). The entrepreneur respondents would also have to conform to the definition of ‘entrepreneur’ for this study.

Table 3.1: Means of Identification for Interview Respondents

Respondent	Means of Identification
1	Identified by Researcher
2	Introduced by Respondent 3
3	Identified by Researcher
4	Introduced by Respondent 3
5	Introduced by Respondent 3
6	Introduced by Respondent 3
7	Identified by Researcher
8	Introduced by Respondent 22
9	Introduced by Respondent 22
10	Introduced by Respondent 30
11	Introduced by Respondent 22
12	Identified by Researcher
13	Identified by Researcher
14	Introduced by Respondent 12
15	Identified by Researcher
16	Identified by Researcher
17	Identified by Researcher
18	Introduced by Respondent 22
19	Identified by Researcher
20	Identified by Researcher
21	Identified by Researcher
22	Introduced by Respondent 12
23	Introduced by Respondent 22
24	Introduced by Respondent 22
25	Introduced by Respondent 22
26	Introduced by Respondent 22
27	Introduced by Respondent 3
28	Introduced by Respondent 3
29	Introduced by Respondent 3
30	Introduced by Respondent 22

Thirty interviews were conducted in the actual data gathering process exceeding the initial aim of this study to interview only 20 respondents as this figure was considered appropriate and manageable. I would have to admit that things were a bit slow at the beginning of phase 2 of the field work. Although I had obtained a commitment from the President of PERDASAMA in phase 1 of the field work, getting to meet him was

still difficult due to his busy schedule. Getting access to my other respondents who were naturally busy with their businesses or work obligations also posed a challenge despite the support letter that I had obtained in phase 1 of my field work. The fact that the majority of my respondents were high ranking and prominent persons also made it more difficult for me to 'catch' them. This anxiety was shared with my supervisor in a few of my email correspondences with him. Fortunately the moment I managed to meet with my key informants, Respondent 3 and Respondent 22, opportunity after opportunity was opened up for me until I completed the field work.

Another challenge that I faced was to obtain interview appointments from the Chinese entrepreneurs. Despite assistance from the officials of the MeCD, I failed to get any appointments with them. This could be due to cultural biases of me being a Malay researcher, thus, contributing to their distrust and suspicions of my actual intentions (Ryen, 2003). My work background as a government official, I believe, also added to their wariness. However, I did manage to interview four Chinese entrepreneurs who were introduced to me by Respondent 3 and Respondent 22. I recognise that the smaller number of Chinese respondents involved in this study as compared to the Malay respondents, were by no means intended to serve as a separate or contrasting survey; rather they were to elicit 'rich' relevant information on the issues of interest based on the respondents' perceptions and knowledge as well as their personal experiences. In addition to the four interviews, I managed to have informal discussions with a few other Chinese businessmen who were acquaintances of the Chinese interviewees or my key respondents. The discussions were necessary in providing me with valuable information on the implications of government policies to promote Malay entrepreneurship with regard to the Chinese.

The actual interviews with the Chinese entrepreneurs also posed another challenge for me. Unlike the other respondents who are all Malays, it was a bit difficult for me to persuade my Chinese respondents to open up and tell me their stories. In fact in one of the interviews, the respondent made it clear to me, at the very beginning, that she was not comfortable to discuss sensitive issues like government help to Malay entrepreneurs and the politicised nature of Malaysian businesses. To respect her wish these important topics were not raised in my interview with her. Fortunately, I managed to obtain better cooperation from the other three Chinese respondents.

Recognising the busy schedule of my respondents, all interviews were undertaken at places and time that were most convenient to the interviewees according to their request. These places include their offices, homes or factories as well as golf clubs, hotel rooms, restaurants, association buildings and even in a car! In this regard, my pilot study and the experiences that I gained in phase 1 of the field work helped me considerably in terms of enhancing my skills in conducting the interviews in various environments or interview settings. Most of the interviews were conducted between me and the interviewee alone. But there were instances where the interviews were undertaken in the presence of others such as another government official or my key informant. This did not create any difficulty for me; rather it helped me in terms of gaining trust from my interviewees who were acquaintances of the key informant as well as gaining more inputs and discussions as a result of the other's presence.

The Survey Questionnaire

A survey is a methodological technique that requires a collection of systematic data from a population or a sample through either highly structured interviews or questionnaires that subsequently involve statistical analyses of the data collected (Groves, Jr, Couper, Lepkowski, Singer, Tourangeau, 2004). A major advantage of a survey research lies in its ability to generalise its findings in a wider context (Bryman, 2004). In this regard a survey researcher can claim with a certain level of confidence how his/her selected sample of respondents is representative of the population from which they are drawn, thus, enabling the researcher to make a claim that his/her research findings are generalisable beyond the context of his/her particular study (Williams, 2002).

The survey for this study was based on a self-administered questionnaire (Appendix D) that comprised mainly of close-ended and short answer questions covering diverse areas that were divided into five sections: (A) background information, (B) business profile, (C) problems and opportunities, (D) government initiative and (E) philosophy of entrepreneurship. The self-administered questionnaire was chosen over an interviewer-completed questionnaire because it is cheaper, quicker and relatively anonymous (Veal, 2005).

The main purpose of the survey questionnaire in this study was to find out general feelings and perceptions on the issues associated with the development of Malay entrepreneurship in Malaysia. This is because as a methodological tool, the survey questionnaire provided me with an efficient means of gathering data from a large number of respondents that would not be possible under other methodological techniques such as interviews and participant observations (Babbie, 1990). The survey questionnaire was also valuable in providing me with quantified information through the presentation of results in numerical form, to confirm, cross-validate and/or corroborate the data gathered in my interviews (Veal, 2005).

Being aware that self-administered questionnaires are often associated with a low response rate (Hoyle, Harris & Judd, 2002), I have adopted various strategies to disseminate them. In this respect, the feedback and advice that I received in my pilot study has helped me a lot in coming up with effective ways to administer my survey questionnaire. Firstly, I was advised not to distribute the questionnaires through the mail because there was a high possibility that it would not be completed by my targeted respondents who were understandably busy. I was also told in the pilot study that the response rate for mailed questionnaires was very low in Malaysian society where such research has yet to gain popularity. The difficulty that I faced in trying to obtain the basic information of my targeted respondents such as their business addresses during phase 1 of my field work, have also convinced me that the mailing strategy should not be employed for this study.

Instead, what I did was to identify focal points where I could distribute and/or park my survey questionnaires. As already mentioned previously, I had obtained commitments from officials of the MeCD and MARA during phase 1 of my field work, that they would help me with the survey. Accordingly the questionnaires were distributed to the respondents through the MeCD (150 copies) and MARA (150 copies) on my behalf. Fifty copies of the questionnaires were also distributed through the Malay Chamber of Commerce (DPMM) with the assistance of its officials. An opportunity was opened up for me by one of my interview respondents, a high-ranking government official, who agreed to allow me to distribute my questionnaires (50 copies) in the seminar organised by the Ministry. Through all these strategies I

managed to obtain a 28.5% response rate (114 copies) which my supervisor and I agreed was good and satisfactory for this kind of research.

I would have to admit that to achieve this response rate was not an easy task. Like the interviews, things were a bit worrying in the beginning when I was informed by my contact persons in the MeCD, MARA and DPMM that the response to my questionnaires was very low. I would have to visit and call my contact persons over and over again in my effort to get their assistance in persuading and reminding the respondents to complete the questionnaires.

The targeted survey respondents for this study consisted of potential and existing Malay entrepreneurs who had been identified through a purposive sampling. The purposive sampling is a non-probability sampling where respondents were judged to be typical of the population that is of interest to the researcher (Vaus, 1995). In the context of this study the respondents were identified through government agencies or association that were involved in the development of Malay entrepreneurship in Malaysia namely, the MeCD, MARA and DPMM. The purposive sampling is deemed to be appropriate despite its non-probabilistic character as the survey questionnaire was used mainly to generate data that could complement and contrast the findings from the interviews as well as to obtain general feelings and perceptions that people have on the subjects of this study (Hoyle et. al, 2002). This method of sampling was also adopted because of its ability to provide useful information and efficient prediction for the purpose of the study without having to incur high costs which are usually associated with probability sampling techniques (Vaus, 1995).

It could have been advantageous to have completed the interview phase of this study and follow it with the survey as recommended by Creswell (2003). In practical terms, this could have entailed high travelling costs, both domestically and internationally, as well as an excessive amount of my time as a researcher. The fact that the field work of this study was undertaken in Malaysia and not New Zealand also made it impractical for me to adopt such a sequential strategy.

Other Means of Data Gathering

In addition to the interviews and the survey, other means of data gathering like archival and document searches were also undertaken during the phase 2 of my field work. Similar to phase 1, I also became alert to local debates and discussions on the subjects that were relevant to this study. Again I was fortunate that the phase 2 of my field work coincided with the time Malaysia was having its 12th General Elections which were held on 8 March 2008. This opened up wide opportunities for me to listen and gather information on issues associated with the development of Malay entrepreneurship in Malaysia. I was also fortunate that the topic of this study was of interest to many, thus, making it easy for me to open up informal discussions and/or getting people to talk about subjects that were relevant to my research questions.

To summarise, as a researcher who has returned to study after a very long absence, this field work of such a significant scale, was a great challenge to me. I was very anxious in the earlier period of both phases of my field work when things were moving very slowly. The unfortunate incident when my car was stolen with many of my research materials, laptop and personal documents in it also added to my anxiety. The advice I obtained from my supervisor, the pilot study, as well as the support and assistance I received from my key respondents or the gatekeepers has helped me a lot in gaining my confidence as a researcher and in ensuring the overall success of the field work.

3.6 Ethical Considerations

This research involved human participation. Accordingly critical attention was given to ethical considerations in order to ensure that the study conforms to ethical principles and values governing research involving humans as well as to protect both the respondents and researcher (Habibis, 2006). With this in mind, an application for ethical approval was submitted and accepted from the Human Ethics Committee of Massey University.

Ruane (2005) suggests that an ethical research should not cause any harm to its subjects. It was agreed prior to the commencement of the research by both the

researcher and the supervisor that this is of no issue to this study as guarantees of anonymity and confidentiality would be given to all the participants. In this regard all my interviewees were given assurances of absolute confidentiality and anonymity at the start of the interview. They were made aware beforehand that the interview would be tape-recorded and only the researcher and the supervisor would know their identities. A cross-reference to the recording would be maintained by way of a written record for the purpose of verification. The interviewees were also promised that this information would be kept confidential at all times and pseudonyms would be used to identify them in the write up of the data collection.

The interviewees were also given a consent form (Appendix E) to sign before the start of the interview. To allow for an informed consent, that is the right of my interviewees to make the decision for themselves whether or not to participate without any coercion (Habibis, 2006), an information sheet (Appendix F) was made available to them together with the consent form. I succinctly explained the objective and procedure of this research so that my interviewees would be fully informed about what the study is all about and its possible benefits to them as well as what to anticipate in the interview process (Creswell, 2003).

I also cautioned the interviewees of their right not to answer any question that they did not wish to answer and to withdraw from the study before the interview ended. As well, the interviewees were informed that they were free to ask any questions about the study and for the audio tape to be turned off at any time during the interview. No interviewee withdrew from the study but there were several occasions where the interviewees requested that the audio tape be turned off at some point of the interview. The contact details of the researcher and supervisor were also provided on the information sheet for the interviewees to contact if they required any clarification or further information about the research. The interviewees were also told that a summary of the research findings would be made available to them upon request.

For the survey questionnaire, no written consent was necessary from the survey respondents as the return of the questionnaire was treated as consent to participation (Vaus, 1995). The issue of anonymity and confidentiality were of no significance to the survey research of this study because the researcher has no means of identifying

any of the respondents as the actual distribution of the questionnaires was done by others and no name or address was asked in the questionnaire.

To ensure that respondents were well informed about what the research was all about, the objective of this study was clearly stated on the front page (introductory page) of the questionnaire booklet. The names and contact details of both the researcher and supervisor were also supplied on this page. No one has contacted the supervisor but a few phone calls were received by the researcher mainly asking where the questionnaire should be sent to. I also received two phone calls from the respondents who were interested to know more about the research and my background. The respondents were also assured that their responses would be treated in the strictest confidence on the introductory page.

Another critical consideration for ethical research is on how the data and information gathered from the research would be shared and stored (Creswell, 2003). For this study, records including interview transcripts and questionnaires were only shared by the researcher with her supervisor. The right of the interviewees to edit the transcribed interviews, which were solely done by the researcher, was considered inappropriate for this study because of the following reasons. First, there could be a risk of destroying the spontaneity of the response. Second, there might be a tendency to retract, refute and modify responses. Third, there were occasions when a mixture of languages (English/Malay) was used in the interviews and since I am proficient in both, I am confident and in a better position to put such language in its proper context.

The data of the interviews and questionnaires were downloaded onto a compact disc and stored in a locked file cabinet in my supervisor's office. The consent forms and the hard copies of the questionnaire booklets were similarly stored.

In brief, it has clearly been demonstrated that significant efforts on ethical considerations have been made in order to ensure that this study adheres to the ethical principles and values governing research involving humans. In particular the participants of this study were given assurances that this study would not do harm to them as their confidentiality and anonymity were guaranteed. Concerted efforts were also undertaken to ensure that the data and information gathered from the participants

were shared and stored ethically. The researcher was also aware of her responsibility to be ethical in her analysis and the actual writing of the final research report (Crano & Brewer, 2002).

3.7 Summary of the Chapter

This chapter started with a discussion on the methodology used in this research to explore and analyse issues associated with the development of Malay entrepreneurship in Malaysia and to develop a logical linkage for the various stages: research problem-aims-data generation-and-analysis. In particular, this study has strategically employed a multi-method approach, combining qualitative interviews with survey questionnaire that has been demonstrated as stimulating and rewarding. The study also used other means of data gathering such as archival and document searches.

A pilot study was conducted prior to the commencement of the actual data collection exercises in order to help the researcher to: (1) test her assumptions in relation to the research questions of the study, (2) gain a sampling opinion on how the study should proceed, (3) get feedback on the relevance and benefit of the survey questionnaire, (4) confirm the usefulness of a multi-method approach, (5) enhance the researcher self reflection, skills and confidence and (6) ascertain effective strategies to maximise opportunities for data collections.

Recognising the fact that contemporary social science research is no longer of value-free, this chapter proceeded with the elaboration on some aspects of the researcher's personal and work background in order to clarify her position as a Malay middle-class researcher as well as acknowledging the influences that have shaped her thinking and motivations.

The field work for this study was undertaken in Malaysia, the birth place of Malay entrepreneurial strategies. The phase 1 of the field work was conducted in the months of June till August 2007. Within these 3 months, the researcher managed to administer her pilot study, presented a paper at a conference, obtain support for the research, establish rapport and trust, and conduct the preliminary data gathering which

mainly involved document search as well as listening and talking to people. The decision to separate the field work into two phases was inevitable and proved valuable to provide the researcher with ample time to reflect on her pilot study and to be well prepared for the actual data collection process. It was also decided that the four-month period following the end of the phase 1 of the field work was not suitable for the research to continue because it could be problematic for the researcher to get appointments from her Malay respondents who would be celebrating Hari Raya in the month of October. Similarly such difficulty could also be expected in the months of November and December which coincided with the long school holidays of Malaysia.

Accordingly, the second phase of the field work was undertaken in the three-month period of January till March 2008. This is considered as the main phase of the data collection process in which the actual interviews and survey were administered. Detailed explanation on the main methodological procedures and techniques, the interviews and the survey questionnaire, were subsequently discussed.

Finally, critical attention was given to ethical issues to ensure that the study conforms to the highest ethical standards and values governing research involving human participation as well as to protect both the respondents and the researcher. This thesis now moves to a presentation of the research findings.

4.0 Introduction to the Chapter

The primary source of data for this study comes from interviews with diverse groups of people or parties involved in my research on the development of Malay entrepreneurship from which multiple perspectives are obtained. These interviews are complemented by a survey questionnaire distributed to potential and existing Malay entrepreneurs. This chapter begins with the analysis and findings of the interviews with the Malay respondents. This will be followed by the analysis and findings of the interviews with the Chinese respondents. Subsequently the chapter will present the analysis and findings from the survey.

4.1 Analysis of Interview Data

The process of collecting and analysing the qualitative data, such as through an interview, is an interactive process in which the analysis usually begins during the data collection stage itself (Hesse-Biber & Leavy, 2006). In the context of this study, the interview data were first analysed when I listened to my interview tapes during my field work in Malaysia. This was usually done casually whenever time permitted. Thus, no transcription was done at this stage. Nevertheless I find that this exercise was very beneficial for me to have a working idea on the important messages that my interviewees were trying to tell me. It also helped me to refine my interview parameters or questions for my subsequent interviews (Rubin & Rubin, 2005). Owing to time constraints especially towards the end of my field work where things were getting hectic I did not manage to listen to all my interview tapes during the data collection period.

A total number of 30 respondents were interviewed in the actual data gathering process for this study. The length of the interviews was between 30 minutes to two and a half hours. The total recorded interview time was about 37 hours, though the actual interview time could be longer due to the time taken for discussions when the tape was asked to be turned off by the interviewees. It could be valuable for the interview to be transcribed immediately after it was done as suggested by Green

(2005), but this was not possible due to the busy schedule of my field work in Malaysia. Consequently, the process of transcription was only done after the end of the field work.

I decided to transcribe all the interviews myself despite its laborious and tedious process as the exercise serves several purposes²⁴. Firstly, it helped me to be familiar with my data and that meant I had to listen intensely to my recorded interviews while doing the transcription (Willis, 2006). Secondly, the transcription exercise allowed me to develop insights into my data for me to identify important concepts, themes and events that were recorded in the interviews (Rubin & Rubin, 2005). Thirdly, listening carefully to the recorded interview allowed me to detect whether my interviewees were paraphrasing or mimicking others or whether they were relating things based on their experiences or what others had told them. As well, it helped me to determine whether my interviewees were serious, uncertain or making a joke in their responses to my enquiries. Fourthly, the exercise was also beneficial for me to ascertain where to insert a period or a comma in the sentence of my interviewees; a process which could subsequently help me to better analyse my data as the insertion could essentially alter the interpretation of the sentence (Poland, 2003). Finally, by doing the transcription process myself, I could pre-determine which respondents were able to contribute more in terms of answering different aspects of my research questions. This is especially significant as my respondents came from diverse backgrounds and positions.

Besides the transcription, I also personally typed all my interview transcripts. Again, this opened up vast opportunities for me to analyse and become familiar with my data. Unlike in the transcription exercise when I needed to concentrate on listening to the tapes, the typing exercise gave me greater opportunity to pay attention to the details of my interviews. In this respect, I found myself making notes from time to time whenever I came across important concepts, themes or events that emerged from the interviews. Similarly I would make a note whenever I came across quotations that could be useful in answering my research questions. In addition, the typing process

²⁴ For this study the transcription process involves two stages: (1) writing down the conversation of the interviews while listening to the interview tapes, (2) typing up the written transcripts into computer files.

also helped me to enhance my understanding of important points made at the interviews as well as allowing me to seek their intended meanings (Rubin & Rubin, 2005).

Before undertaking the actual task of analysing my interview data, I listened again to all my recorded interviews and compared them with the produced texts. This exercise was important for me to check on the accuracy of my interview data in order to confirm their reliability (Poland, 2003). Subsequent to the exercise, I proceeded to analyse my interview data based on the framework proposed by Rubin & Rubin (2005), who say that the analysis should be guided by the research questions and the proposition, and should also identify the important concepts and themes offered in the study. Accordingly, I first identified the important concepts and themes that were present in my interview data. I then separated these concepts and themes into different categories such as the background information, philosophy of entrepreneurship, issues on the lack of Malay entrepreneurship, government policies and initiatives, opinions on Chinese entrepreneurs/businesses and suggestions on what can be done differently to promote Malay entrepreneurship. I also kept a reserved category of data whose relevance within the scope of this study I was yet to confirm (Willis, 2006).

After the process was done, I proceeded to the integral part of my data analysis which is the coding exercise, defined by Green as “the process by which data extracts are labelled as indicators of a concept” (2005, p.75). To begin with the coding process I carefully reread my transcribed interviews, line by line, in order to locate the relevant segments that corresponded to my previously identified categories and for me to code them. I simultaneously retyped parts of the relevant segments of data or quotations, with their respective coding inserted in brackets and made bold, to separate computer files (i.e. the interview memos) that I had created for each of my interviewees (example of the memos is shown in Appendix G). In coming up with the appropriate coding for my data, I strategically employed a combination of “a priori codes” and “inductive codes” as suggested by Willis (2006, p.266)²⁵.

²⁵ “A priori codes” are those that a researcher develops through his/her understanding of the literature, or that he/she has already deemed as significant to the study. Whereas, the “inductive codes” are the ones that emerged from the data that the researcher is analysing (Willis, 2005, p.266).

Finally, once all of my interview memos for each of the interviewees were completed, I started analysing and looking at how the individual coded concepts, themes or events can help me to answer the research questions and to confirm or to refute the proposition offered by this study. This will be explored in the subsequent sections, beginning with a brief description of each of the interview respondents.

4.2 Description of Interview Respondents

Out of the 30 respondents interviewed in the actual data gathering process of this study, eleven were Malay entrepreneurs, six were government officials, four were Chinese entrepreneurs, two were the leaders of the Malay Chamber of Commerce (DPMM), two were politicians, one was the Chief Executive Officer (CEO) of a Government Linked Company (GLC), one was the Chairman of a government trustee company, one was the leader of a Malay economic association, one was a journalist and another one was a banker. These categorisations, however, are not definitive due to the fact that many of my respondents hold different kinds of positions simultaneously as is evident from their brief profiles below. With that in mind, the principle used to categorise my respondents was theoretically based on the key information or insights that the respondents provided for the purpose of this study. For instance, I decided to categorise Respondent 20 and Respondent 21 as leaders of Malay business associations rather than as entrepreneurs because I was mainly seeking their views on issues associated with the development of Malay entrepreneurship in Malaysia from their perspectives as leaders of Malay business associations. But they were not restrained from using their own experiences as entrepreneurs in their responses to my queries. In fact, I believe that the diverse backgrounds of my interviewees have added value to this research by them being more knowledgeable and capable of providing me with diverse and even contending perspectives on the issues of interest (Rubin & Rubin, 2005).

Respondent 1: Mr Nazrin (Malay Entrepreneur)²⁶

Mr Nazrin holds a Bachelor of Science degree in Chemical Engineering from University of Manchester and a Diploma-Ing (Diplome Ingenieur) from University of Bucharest. He started his career as an Executive Engineer in Malaysia's Petroleum Company in 1976. After completing his contract with the company, Mr Nazrin established a Consulting Engineers Company in the oil and gas industry. That consulting firm has now become part of a public company called Mataha Berhad. Besides sitting on the Board of Mataha Berhad, Mr Nazrin also has a family interest in the pharmaceutical business as well as in supplying boats and working vessels for the off-shore industry.

Respondent 2: Dato' Mukhriz (Malay Entrepreneur)

Dato' Mukhriz is an engineer by profession. His first job was with the Department of Public Works, Malaysia. After resigning from the public sector, Dato' Mukhriz worked with a few private companies mainly in construction before venturing into his own business initially as a Class B contractor. At present his business portfolio includes distributorship for vehicles under the Hyundai Group of Companies, a Shell Petrol station and an Engineering Consulting Firm.

Respondent 3: Dato' Armand (Malay Entrepreneur)

Dato' Armand is a well-known Malaysian businessman with extensive international business and corporate experiences. He was the chairman of the Malay Chamber of Commerce for Kuala Lumpur from 1984 to 1997. He has also been the founder cum president of the Malay Businessmen and Industrialists Association of Malaysia (PERDASAMA) since its establishment in December 1998. Currently, Dato' Armand sits on several Boards of public listed companies besides being the Chairman of his own business enterprises.

²⁶ Pseudonyms are used for all respondents to preserve their anonymity and confidentiality.

Respondent 4: Ms Ha (Malay Entrepreneur)

Ms Ha was formerly a clerk at one of the Government Departments in Malaysia. She resigned from the public sector in 1980s to venture into the business world, first as a contractor building low cost houses. After failing in her construction business as a result of the economic recession experienced by the country, Ms Ha decided to venture into deep-sea fishing, a business area where not so many people are involved in nor have the required expertise.

Respondent 5: Tan Sri Ram (Malay Entrepreneur)

Tan Sri Ram began his career in the public service in 1961 as Assistant Secretary at Bank Negara Malaysia (Malaysia's Central Bank). From 1965 to 1972, he served in senior positions at the Tariff Advisory Board and the Federal Agricultural Marketing Authority (FAMA). He was later appointed as a Director and subsequently the Group Managing Director of one of the GLCs. He left the company after it became a public listed entity. Tan Sri Ram then ventured into the property development sector and was among the first to put up condominium buildings at Bangsar Hill, a famous uptown development in Malaysia. He is currently the Chairman of Adaha Industries Berhad.

Respondent 6: Dr Dahira (Malay Entrepreneur)

Dr Dahira started her career as an Engineer with Malaysia's Petroleum Company. After 15 years with the company she resigned to set up her own trading company in 1998 supplying engineering materials to oil and gas companies in Malaysia. She is now the proud founder and major shareholder of a bigger manufacturing company producing ceramic balls for the oil and gas industry.

Respondent 7: Tan Sri Noor (Malay Entrepreneur)

Tan Sri Noor is a well-respected and successful entrepreneur. He started his career as a government civil servant serving in the district offices in the State of Selangor, before he made his debut in the corporate world as the General Manager and subsequently Managing Director of one of the State's holding companies. Tan Sri

Noor left the company in late 1982 to venture out as an entrepreneur in the property development sector, setting up what has now become the NL Group of Companies.

Respondent 8: Tan Sri Ar (Malay Entrepreneur)

Tan Sri Ar was an Administrative and Diplomatic Officer of the Malaysian government from 1973 till 1984. He left the public sector to join private enterprises first as a Senior Manager at one of the local Merchant Banks before joining the Mahir Group of Companies as General Manager and Executive Director from 1990-1992. He was then appointed as Group Managing Director of Cekap Holdings. In 1992, Tan Sri Ar set up Del Enterprise Sdn Bhd which has now become part of the OKM Group of Companies of which Tan Sri Ar is a major shareholder and the Executive Chairman.

Respondent 9: Mr Adib (Malay Entrepreneur)

Mr Adib is a Group Managing Director of Jewel Services Sdn Bhd, a family-owned company run by both himself and his brother. Before becoming an entrepreneur, Mr Adib worked for multinational companies from which he gained vast experiences in marketing and business management.

Respondent 10: Tan Sri Man (Malay Entrepreneur)

Tan Sri Man is one of the founders of Jasa Bhd, a prominent property developer in Malaysia. He was previously a Director of Human Resource in one of the private companies before being put in-charge of the property sector of that company. Tan Sri Man was formerly the Honorary Secretary of the Malay Chamber of Commerce and Industry for the State of Selangor.

Respondent 11: Dato' Mat (Malay Entrepreneur)

Dato' Mat is a financial controller by profession and started his career in the business world in 1970. Since then he has been working together with three successful Malay

entrepreneurs. He is now the Group Financial Controller and a shareholder of the Nuri Group of companies.

Respondent 12: Mr Arif (Government)

Mr Arif is a senior official at the Economic Planning Unit of the Prime Minister's Department, Malaysia.

Respondent 13: Ms Mira (Government)

Ms Mira is a Deputy Director at Malaysia's Small and Medium Industries Development Corporation (SMIDEC).

Respondent 14: Mr Abdul (Government)

Mr Abdul is a Deputy Director of Entrepreneur Development Division of People's Trust Council or Majlis Amanah Rakyat (MARA).

Respondent 15: Mr Halim (Government)

Mr Halim is a senior official at the Ministry of Entrepreneur and Cooperative Development, Malaysia.

Respondent 16: Dato' Hisham (Government)

Dato' Hisham is a senior official at the Ministry of Entrepreneur and Cooperative Development, Malaysia.

Respondent 17: Datuk Jeff (Government)

Datuk Jeff is a senior official at the Ministry of Higher Education, Malaysia.

Respondent 18: Dato' Sri Noh (GLC)

Dato' Sri Noh is the Chief Executive Officer of one of Malaysia's GLCs.

Respondent 19: Tan Sri Shah (Trustee Company)

Tan Sri Shah is the Chairman of one of the Government's Trustee Companies. He was formerly the Chief Secretary to the Government, and, concurrently the Secretary to the Malaysian Cabinet and Head of the Civil Service from 1990 till 1996.

Respondent 20: Mr Albar (Malay Chamber of Commerce)

Mr Albar is a prominent Malay businessman. He was a business partner and manager for Gedung Ilmu, the pioneer distributor of products for Small and Medium Malay entrepreneurs since 1957. He and his family were also involved in housing and property development since the 1960s. In 1965 Mr Albar established a travel and tour business dealing mainly with flight services for Muslim pilgrimage to Mecca. At present, Mr Albar is the Chairman of Albar Group of Companies and the President of the Malay Chamber of Commerce, Malaysia.

Respondent 21: Dato' Fairus (Malay Chamber of Commerce)

Dato' Fairuz is the Vice President of the Malay Chamber of Commerce, Malaysia. He is also an entrepreneur having business interests mainly in his birth state of Penang.

Respondent 22: Dato' Irhan (Malay leader)

Dato' Irhan began his career in the public service in 1970 serving in the district offices in the state of Pahang before being appointed as the General Manager, and subsequently the Managing Director of the Pahang State holding company in the timber industry. He left the public sector for the private sector in 1983 to be involved in stock broking and property development. Dato' Irhan is currently an Executive Director of a Malay economic organisation set up by the ruling party to coordinate all the Malay economic and trade organisations and to promote the development of

Malay entrepreneurship. He is also a recognised speaker on diverse national issues at many conferences and seminars.

Respondent 23: Tan Sri KK (Politicians)

Tan Sri KK started his career as an officer of Malaysia's Urban Development Agency (UDA). He is now a member of the UMNO Supreme Council of Malaysia and an Executive Chairman of Megah Holding Sdn Bhd.

Respondent 24: Dato' Dr Ismail (Politicians)

Dato' Dr Ismail began his career as a Scientist at the Malaysia Rubber Board. From 1989 till 1997 Dato' Dr Ismail was appointed as the Director of Technical and Operations Division of MATA Berhad after which he became the Political Secretary to the Minister of Defence and subsequently to the Minister of Foreign Affairs. Dato' Dr Ismail was then appointed as the Managing Director of the Kedah's State Holding Company from 2001 till 2004. He left the country in 2005 to serve as the de facto Ambassador to Taiwan mainly to look after economic matters between Taiwan and Malaysia. Dato' Dr Ismail is currently a State Assemblyman of Kedah.

Respondent 25: Datuk Bad (Journalist)

Datuk Bad is the Chairman of the Board of Pustaka Ilmu, a statutory body under the Ministry of Education, Malaysia. He is also a columnist for two local newspapers and the host of the weekly National TV Programme. Datuk Bad also serves as the Chairman of the National Arts Council of Malaysia, an Executive Director of Beta Indah, a public relations company and the Chairman of a company supplying medical products. His company, Brad Enterprise, is involved in vegetable farming and broiler chicken industry.

Respondent 26: Dato' Kurshiah (Banker)

Dato' Kurshiah is presently an Independent Director of one of the prominent international banks in Malaysia. She has vast experience in the banking sector and

was in fact the first Malaysian woman to be appointed as the Chief Executive Director and the President of one of the Merchant Banks in Malaysia from 1999 till September 2003. Dato' Kurshiah holds directorship positions and sits on the Boards of several private and semi-government institutions. She is also a practising lawyer.

Respondent 27: Mr Benny (Chinese Entrepreneur)

Mr Benny is the Chief Executive Director and the major shareholder of the BKS Corporation Berhad, a publicly listed company specialising in manufacturing and supplying roller shutters and steel doors for the local and international market. He was a graduate from Taipei University of Technology, Taiwan.

Respondent 28: Ms Chee (Chinese Entrepreneur)

Ms Chee is one of the founders of YS Sdn Bhd, a company specialising in boy's clothing. She graduated from Monash University in Melbourne, Australia.

Respondent 29: Mr Low (Chinese Entrepreneur)

Mr Low is the co-owner of Exquisite Home Décor, a company specialising in custom-made curtains and blinds.

Respondent 30: Datuk Gere (Chinese Entrepreneur)

Datuk Gere is an engineer by profession. He holds a Bachelor of Science (Hons) in Civil Engineering from University College, London. Datuk Gere started his career in Young Construction Sdn Bhd and subsequently with SDD Corporation Berhad. In 1988 he founded Jasa Berhad together with Tan Sri Man (respondent 10). He is presently the Group Executive Vice Chairman of the company.

4.3 Themes and Findings Resulting from Interviews with Malay Respondents

4.3.1 The Causes for the lack of development of Malay Entrepreneurship

The first objective of this study is to analyse and examine issues and problems associated with the development of Malay entrepreneurship in Malaysia. Accordingly the Malay interview participants were asked to provide their views based on their knowledge and experiences on factors that might have contributed to the lack of progress in Malay entrepreneurship. Based on the responses given by the interviewees, 12 common factors have been identified by the researcher that could be contributing to the lack of development of Malay entrepreneurship as indicated in Table 4.1. Each of these factors will be further discussed.

Table 4.1: Factors Hampering the Development of Malay Entrepreneurship

Factors contributing to the lack of progress	MALAY ENTREPRENEURS											GOVERNMENT						GLCs		DPMM		MA	P		J	B
	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
(1) Attitudes & mindsets																										
-Get rich quick		x			x		x	x				x			x		x			x		x	x			
-Spendthrift		X		x	x			x		x	x												x			x
-Lack initiatives				x	x									x	x	x			x							
-Lower self-confidence				x		x																				
-Dependent on Govt	x		x					x					x								x	x			x	
-Land as hereditary asset																							x			
(2) Problems with Implementation	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Lack talent scouting	x				x	x	x	x				x													x	
-Lack monitoring		X					x				x	x		x		x		x		x	x	x	x		x	
-Lack enforcement																							x			
-Corruptions																			x	x	x					x
(3) Lack of competitiveness & sustainability	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Financial constraint	x				x				x	x		x		x	x	x			x			x		x	x	
-Lack alternative means for financial aid		X	x									x										x				x
-Lack access to business premise			x	x								x			x				x			x				
(4) Lack of an entrepreneurship culture	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Preference for paid jobs	x		x									x			X	x	x					x		x		x
-Risk-averse			x			x		x														x				
-Lack exposure at early ages			x				x	x				x			X				x			x	x			
-Agricultural society		X							x						X	x	x						x		x	
-Colonisation																										x
-Lack travelling		X							x																	x
-Education system							x		x															x		
(5) Politicised nature of Malay businesses	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Leakages to non-deserving	x					x	x			x	x				x		x				x					x
-Leakages to non-Malays	x	X			x			x						x						x						
-Political need of ruling Govt	x							x	x										x	x						
-Political favour		X												x												
-Upfront money		X																								

-Political survival/ connection					x			x			x				x										x	
-Politico-businessmen								x	x		x						x				x					x
-Discrimination against able Malays	x					x		x	x												x	x				
(6) Lack of cooperation & networking	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Lack networking										x		x					x							x	x	
-Lack cooperation		X						x			x			x				x	x		x	x	x			
-Refusal to share knowledge/info				x				x								x										
-Feeling of 'hasad dengki'								x			x						x					x				x
-Failure to pool resources					x																			x		
(7) Failure to capture business chain	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Lack presence	x	X	x		x						x			x							x			x		x
-Access to credit facility		X								x		x		x												
-Uncompetitive price		X						x		x		x				x				x	x					x
-Leakages																x	x				x	x	x	x		
(8) Prejudices against able Malays	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Difficult to obtain loans	x	X	x			x		x															x			x
-Undermine capability								x		x	x														x	
(9) Ineffective trade associations	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	R15	R16	R17	R18	R19	R20	R21	R22	R23	R24	R25	R26
-Selfish leader/ committee					x			x	x										x			x				x
-Refusal to join membership															x				x			x				
-Dependent members		X																								
-Weak back-up															x					x						
(10) Competition with GLCs	x							x			x								x							x
(11) Lack of successful role models			x					x			x								x							
(12) Negative attitudes towards failure			x									x														

Abbreviations:

GLCs -Government-Linked-Companies

DPMM -Malay Chamber of Commerce

MA -Malay Association

P -Politicians

J -Journalists

B -Banker

(1) Attitudes and Mindsets

The first factor that has emerged from the interview data that could be the cause for the lack of development of Malay entrepreneurship is the negative attitudes and mindsets of the Malays themselves. Ten of the respondents (R2, R5, R7, R8, R12, R15, R17, R20, R22 and R23) felt that this includes the attitude or the mentality of wanting to get rich in an easy and quick way. The view was succinctly expressed by Respondent 23 as follows:

We discovered that a lot of Malays...have the tendency...to have a short cut in doing business. If they have the opportunity, they have projects, permits, concessions, there is always a tendency to become rich faster. They don't want to go through the process of creating and establishing (R23).

Another negative attitude identified by eight of the respondents (R2, R4, R5, R8, R10, R11, R22 and R26) as detrimental to the development of Malay entrepreneurship is the inclination among the Malays to spend excessively on consumption goods and personal pleasures rather than for their businesses. Two of the comments that illustrate this view are:

When the Malays get the wealth they spend on something else. They spend on cars, they spend on many things, the luxurious things (R8).

When we have success or when we make profits in business, the first thing we wanted to do is to go for material things. Nak buat rumah besar, nak motokar besar, nak kawin baru, nak kawin lagi (have big house, drive big car and have more wives). Instead of using the profits to flow back into business, we use it for consumption (R5).

In this regard, three of the respondents (R2, R11 and R22) felt that this negative attitude could be attributed to the materialistic culture of the Malay society that emphasises on material consumption as an absolute measure of success.

Moreover lack of initiative among the Malays to build up their own competitiveness and to seek opportunities that were either provided by the government or the opportunities in the open market has also been quoted by six of the interview respondents (R4, R5, R14, R15, R16 and R19) as the cause for their lack of entrepreneurship. In addition Malay entrepreneurs were also seen as having lower self-confidence in their ability to venture into a more profitable and bigger business as expressed by Respondent 4 and Respondent 6 respectively as follows:

Dia suka membuat business untuk diri dia aje, di tepi rumah, dalam rumah. Dia tak buka minda dia tu, to push...dia punya kemahiran tu untuk ditonjolkan kepada orang ramai bahawasanya dia mampu buat. Kebanyakan orang Melayu, inferiority, tak mahu menunjukkan kehebatannya walaupun dia mampu, dia macam rasa, dia mampu tapi dia rasa macam tak mampu (R4).

(The Malays like to do business on a small scale, beside the house, in the house. They refuse to open up their minds to believe that they are capable to do better. Most Malays have an inferiority complex. They do not want to show off their capabilities. They always have a doubt that they can do it).

Malay business people they are more into the small kind of business...where they think...this is the only thing I can be involved with and my capacity is only at this level (R6).

In addition the attitude of the Malays to be over-dependent on the government to provide them with business opportunities and assistance has also been quoted by seven of the respondents (R1, R3, R8, R13, R21, R22 and R25) as the cause for their lack of entrepreneurship progress. One of the respondents, Respondent 22, also believed that the tendency among the Malays to treat land as a hereditary asset rather than a vehicle to create more wealth has to some extent curbed their entrepreneurial development.

(2) Problems with Implementation

The second factor that could serve as one of the causes for the lack of progress in Malay entrepreneurship is related to problems associated with the implementation of government policies. On this aspect seven of the interview respondents (R1, R5, R6, R7, R8, R12 and R24) felt that the lack of efforts by relevant government agencies to do a talent scouting exercise has consequently led them to award business opportunities and other privileges to the people without the right qualities to be genuine entrepreneurs.

Likewise, the absence of government efforts and capability to monitor that opportunities and privileges given to Malay entrepreneurs actually served their intended purposes were also revealed by eleven of the respondents (R2, R7, R11, R12, R14, R16, R19, R21, R22, R23 and R26) as the cause for the limited success in government initiatives to promote Malay entrepreneurship. Two of the comments that illustrate this view are:

The government servants are busy just planning and giving out the contracts all that. They got no time to supervise whether the Malay who got the job actually does it (R22).

Unfortunately important departments which are connected with the distribution of projects are not having enough manpower to monitor and they don't have also the manpower to enforce regulations...We are not able to ensure that what have been allocated to Bumiputera could be achieved (R23).

The above mentioned problem is made worse by the failure of the government to take actions against those who abuse the opportunities given to them due to political interferences and lack of manpower on the part of the government as expressed by Respondent 17 and Respondent 23, respectively. In addition irregularities in contract awards as a result of the corruption activities were also seen by four of the respondents (R20, R21, R22 and R26) as inhibiting the development of Malay entrepreneurship in Malaysia.

(3) Lack of Competitiveness and Sustainability of Malay Businesses

The major problem faced by Malay businesses according to 12 of the interview respondents (R1, R5, R9, R10, R12, R14, R15, R16, R19, R22, R24 and R25) is the lack of capital or financial capability. The Malays also do not have other alternative means of financial assistance besides having to borrow from the commercial banks or government institutions. This view is shared by five of the respondents (R2, R3, R12, R22 and R26). Among their comments are:

Kita tak pernah dengar anak Melayu keluar di kampong-kampong contribute ataupun kawan-kawan sekolah menyumbang (R3).

(We have never heard stories of Malay children receiving financial aid from their kampong folks or school friends).

Fund is a big, big obstacle and generally brother and sister they don't really lend money to another sibling who wants to go into business...And I suppose when a brother asks for money they just make a joke out of it so the money doesn't come out at all. So we have a situation where the Malay who wants to go into business he gets to turn to the bank (R22).

We don't have savings and we don't have this guild that will help us and, you know, pinjamkan duit dulu (to lend us the money first) (R26).

Due to their financial constraints, Malay businesses also faced difficulties securing strategic business premises especially in urban areas because of their high rental costs. This is clearly expressed by Respondent 15:

Kita menemui masalah Bumiputera ialah daripada segi premis perniagaan. Macam premis kita lihat banyak menjadi macam satu halangan kepada Bumiputera untuk buat business. Satu lokasi yang strategik biasanya tidak dapat dibeli atau disewa. Akibatnya Bumiputera tidak dapat hendak buat business di kawasan itu. Dan satu lagi ialah dari segi kos untuk membeli dan menyewa dengan harga yang tinggi di strategic location (R15).

(We discovered that Bumiputeras are having a problem with regard to business premises. We can see that this problem has become a barrier for them in doing business. They cannot afford to buy or rent business properties in strategic locations because of the high costs. Consequently the Bumiputeras are not able to set up their businesses at these strategic locations).

His view is shared by the other four respondents (R3, R12, R20 and R22).

In brief, because of their lack of capital and alternative means of financial assistance as well as their problems in getting business premises at strategic locations, the third factor that could contribute to the lack of success of Malay entrepreneurship as determined by the researcher is the lack of competitiveness and sustainability of Malay businesses.

(4) Lack of Entrepreneurship Culture

Nine of the interview respondents (R1, R3, R12, R15, R16, R17, R22, R24 and R26) attributed the preference of the Malays to go for stable paid jobs as the reason for their lack of entrepreneurship development. This could be due to their risk-averse attitude as specifically expressed by three respondents (R3, R6 and R22) as follows:

The majority of them don't want to take the risks or to gamble. They want an easy life. They want to have a good fat salary, travelling allowance...medical allowance. They always believe in subsidy. Our children, the youngsters, are all old fashioned. They want safe jobs. They don't want to take risks (R3).

And the Malays...their comfort zone...is perhaps bigger. And they couldn't care less about being in business or leverage. And because of that, people are more comfortable in finding more comfortable jobs where pay is guaranteed, ada (got) certainty in terms of working hours, the risk factor is not big. Always we are talking about things that are more certain (R6).

Firstly we are quite averse to risk-taking. We are afraid to take a risk. We like to take a job which is based on monthly salary...The Malays are afraid to take in business. They go for security, they go for pension (R22).

The risk-averse attitude of the Malays also makes them disinclined to venture into risky businesses despite the potential higher returns and better prospects. The view is strongly expressed by Respondent 8 as follows:

They will go into areas, business to go into areas that they are familiar with...They don't want to trade in areas that they are not familiar. They don't want to take the risks (R8).

Besides their preferences for employment and their risk-averse attitude, lack of entrepreneurial exposure at an early age among the Malays has also been quoted by eight of the interview respondents (R3, R7, R8, R12, R15, R19, R21 and R22) as contributing to the underdevelopment of their entrepreneurial skills. This could be mainly due to the fact that the majority of the Malay children were raised in a non-business environment with many of their parents government servants or kampong dwellers. Several comments that accentuate this view are:

After independence most Malays don't have entrepreneurship exposure. Their parents are either police officers or kerani kerajaan (clerks in government service)...cikgu sekolah (school teachers) or in the army...and when they go home, they sit down and talk among themselves, they all talk about employment. So everybody has dreams and inspirations to be employees. None of them thinks about becoming businessmen. They leave the business to the non-Malays particularly the Chinese (R3).

The Chinese have got the flair or business acumen through...the conditioning of their minds and activities. When they were small they saw their parents succeed. So they deal with accounts...they supervise the closing of the shop, the opening of the shop, they look at the inventory of the product and services and many other things that they do. So they develop business acumen, you know. But the Malays, not many have that chance (R19).

Most Malays are not raised in a business environment. Their parents are not business people. Their parents chiefly are either farmers or kampong folks or government servants from the lowest class job right to the highest class job...the Malays are not really exposed to business. They are used to be consumers or buyers of products and services (R22).

Similarly seven of the interviewees (R2, R9, R15, R16, R17, R22 and R24) believed that the historical background of the Malays in an agricultural society also plays a role in explaining why the entrepreneurship culture is lacking among the Malays. Six of the respondents (R1, R12, R15, R16, R17 and R24) felt that this is an especially significant factor because changing agricultural-based values to entrepreneurial values requires time and patience.

On the other hand, Respondent 25 did not agree that the Malays were historically not business people. Rather he believed that the Malays' entrepreneurship spirit has been curbed by colonisation. His remark was:

There is a myth that the Malays do not have the mind of business people...literature proves otherwise...for instance in Sejarah Melayu (the Malay Annals), some of the richest Malays were businessmen. And they had got involved in business as long as not only during the Malacca Sultanate but even long before that. There are records of seafaring traders coming from the Malay Archipelago...and these people had been trading in many areas...it proves a point that Malays had been doing business. It is just that probably after 1511 when the Portuguese attacked Malacca and invaded Malacca so basically the activities were stopped and Malays became dis-spirited...for almost 400 years the Malays were under...the yoke of colonialism and probably that had affected them (R25).

Three respondents (R2, R9 and R22) also felt that the lack of international exposure, since few Malays travel overseas extensively has consequently caused them not to have enough exposure to international trade and that it could subsequently affect their entrepreneurial development. In addition the failure of Malaysia's education system in

promoting an entrepreneurship culture and skills among the Malay children has also been cited by three of the respondents (R7, R9 and R24) as a cause for this lack of interest in being entrepreneurs.

Based on the above responses and views, the researcher concluded that the fourth factor that could be a cause to the underdevelopment of Malay entrepreneurialism is the lack of an entrepreneurship culture among the Malays. This is evident through their preferences for employment in stable, salaried jobs, their risk-averse attitude and their lack of international exposure and entrepreneurial activities at a young age. In addition the historical background of the Malays as an agricultural society, the negative influences of colonisation and the failure of the country's education system to educate and promote entrepreneurship among the Malay children have also been cited as contributing to the underdevelopment of an entrepreneurship culture among the Malays.

(5) Politicised Nature of Malay Businesses

Ten of the interview respondents (R1, R6, R7, R10, R11, R15, R17, R20, R22 and R26) have blamed political interference for the lack of success in the development of Malay entrepreneurship. In this regard political interference was seen as causing opportunities and privileges to be given to non-deserving Malay entrepreneurs who were either rent-seekers or politico-businessmen. This would consequently result in the problem of "leakages". Six of the respondents (R1, R2, R5, R8, R14 and R20) also blamed political interference as causing "leakages" in which opportunities that were meant for the Malays were instead given to the non-Malays. Respondent 8, however, felt that it was inappropriate for the Malays to put the blame on the non-Malays for the "leakages" problems as it was reasonable for them to do anything for the benefits of their businesses. His remark was:

Entrepreneurs yang (who) because of their...position they get the things but they don't want to do it, they give it to the Chinese or to the non-Malays. You don't blame the non-Malays. The non-Malays as far as the business is concerned...they will use the Malay. This is the business consideration, they will use...they have to pay they will do it (R8).

Similarly, five respondents (R1, R8, R9, R17 and R18) commented that it was not uncommon for business opportunities to be given away in order to serve the political needs of the ruling government. As a result there is a strong tendency among the Malays to use their political connections to obtain opportunities such as government contracts and tenders despite their incapability to do the jobs. This view is shared among Respondent 2, Respondent 14 and Respondent 17. Respondent 2 and Respondent 17 also revealed that the need to provide upfront money in order to obtain political favours from certain politicians has to some extent killed many Malay businesses because of their inability to meet such demands as compared to the more financially-able Chinese entrepreneurs.

In addition the inclination to use opportunities and privileges as a vehicle to garner political support and to rely on one's political connection for business success have also been quoted by five of the respondents (R5, R8, R11, R15 and R25) as detrimental to the sustainability and competitiveness of Malay businesses. Examples of the comments that illustrate this view are:

Bila orang Melayu bertukar pemimpin, dia potong habis dekat sana...orang Cina tak. Tukarlah pemimpin mana he will be there...as successful as ever (R8).

(When there is a change in leadership, the Malays will suffer...but not the Chinese. Despite the change he will be there...as successful as ever).

Kalau you totally depend on seseorang ahli politik ni tak panjanglah you punya business (R15).

(If you totally depend on the politicians, your business will not be sustainable).

If you are a successful businessman, you have to align yourself to dahan pokok (the tree's branch). When this pokok (tree) crumbles, you crumble with the pokok (tree), you know. For instance if you are a Daim man, when Daim falls you fall with him. If you are close to Anwar or if you are associated with

Anwar, when Anwar falls so you fall together with Anwar. So this process has been going on...Dulu zaman bila Tengku Razaleigh (previously during Tengku Razaleigh's time)...when he fell out of favour satu generasi (one generation of) good businessmen gone with him (R25).

On the other hand, six respondents (R8, R9, R11, R17, R21 and R26) put the blame on the selfish attitude of the Malay-politico-businessman as contributing to the unfavourable environment for the development of Malay entrepreneurship in Malaysia. Several of their comments are:

It is not politics that is interfering with the implementation, it is the politicians who are businessmen that are causing the problem (R9).

Melayu ni (the Malays) if they are in business, they are politicians. So the politician who gives you the opportunity will kill you if you don't support him because he knows that you are a threat to him (R11).

A lot of people are fighting very hard to become politicians...because of the wealth that can go with it...it is not about serving the economic public it is more about enriching oneself (R17).

Finally, Respondent 22 believed that the politicised nature of Malay businesses has to some extent created a feeling of unfairness and discouragement to genuine Malay entrepreneurs who feel discriminated against those who have strong political connections and/or the politico-businessmen. His remark was:

It is definitely discouraging to a genuine Malay entrepreneur...when he sees that just because he is not very strong in UMNO, he doesn't get the job, he doesn't get the contract, he doesn't get the permit (R22).

This belief was confirmed by the other five respondents (R1, R6, R8, R9 and R21) who were themselves entrepreneurs with one of them expressing his frustration as follows²⁷:

Saya sendiri rasa saya cukup tersisih...saya dianak tirikan oleh Kerajaan...orang yang betul-betul boleh buat kerja dia tak akan nak pergi tunggu pejabat Menteri sampai satu hari...Menteri juga tak mahu bercakap dengan orang kita yang macam ni. Kalau cakap dengan saya in under one minute...Tapi orang ni boleh court, gesture dia, layan...so macam-macamlah yang jadi. Tapi saya tak boleh...Saya memandang delivery is very important. You judge me, you measure me because saya boleh buat kerja dan I boleh deliver. Jangan bersangkut paut soal politik (R21).

(I myself feel very discriminated against, to be side-lined, to be treated unfairly by the government. The people who can really do the jobs cannot afford to wait the whole day at the Minister's office. The Minister has also refused to talk to these people. If he talks with me it is only for less than one minute but not with those who can court him, who can entertain him...To me what is important is delivery. You judge me, you measure me because I can do the jobs and I can deliver, not because of political reasons).

The five respondents, however, admitted that although they feel discriminated against, this has not dampened their entrepreneurial spirit and the desire to be successful. For instance one of the respondents commented:

When you are at a disadvantage...you are not known to the politicians, you are not part of the UMNO structure so you are at disadvantage. So you just quadruple your effort in order to get into a position of competitiveness (R1).

By and large, based on the foregoing findings the fifth factor that could be a cause for the lack of development of Malay entrepreneurship as determined by the researcher is the politicised nature of Malay businesses.

²⁷ Although Respondent 21 was classified as leader of the Malay Chamber of Commerce, he is also an entrepreneur.

(6) Lack of Cooperation and Networking

The sixth factor that could be the cause for the underdevelopment of Malay entrepreneurship that has emerged from the interview data is the lack of cooperation and networking among the Malays. In this respect five of the respondents (R10, R12, R17, R24 and R25) felt that the lack of networking among Malay businesses has caused them to be less competitive as compared to the more entrenched Chinese businesses.

The disinclination among the Malays to cooperate and help one another and to share their expertise and knowledge has also been cited by nine (R2, R8, R11, R14, R18, R19, R21, R22 and R23) and three (R4, R8 and R16) of the respondents respectively as contributing to their lack of entrepreneurial success. As well, five respondents (R8, R11, R17, R22 and R26) commented that the attitude of ‘hasad dengki’ (extreme jealousy or spite) is still prevalent among the Malays. This could consequently cause them to undermine the business success of their own kind instead of assisting and cooperating with one another.

Finally, two of the respondents (R5 and R23) believed that the failure of Malay businesses to pool their resources together has to some extent put a limit to the growth of their entrepreneurial venture. Their remarks are:

We have not learnt to work together. We would rather work as individuals and that is the major source of our financial problem because as a person how much can you master resources (R5)?

Through associations we can do a lot of things rather than operating individually. With the individual resources that we have, capital so little, you know, we don't have that kind of umbrella which is also a bridge to higher level of success (R23).

(7) Failure to Capture the Business Chain

Nine respondents (R1, R2, R3, R5, R11, R14, R20, R23 and R25) acknowledged that the presence of Malay businesses is not equally felt throughout the whole business value chain. Consequently, four respondents (R2, R10, R12 and R14) thought that Malay businesses were faced with prejudices and unfair treatment from a stronger Chinese business network in terms of getting credit facilities. Eight respondents (R2, R8, R10, R12, R15, R19, R20 and R25) also believed that Malay businesses are being discriminated against in terms of prices for materials and supplies. Respondent 13, however, felt that it is unfair to accuse the Chinese of discriminating against the Malays because she had personally seen instances where the Chinese were assisting and cooperating with Malay businesses.

Moreover six of the respondents (R15, R16, R20, R21, R22 and R23) also believed that the failure of the Malays to capture the business supply chain could subsequently have resulted in the problem of “leakages”. Two of the comments that illustrate this view are:

Bumiputera memang terpaksa depend on non-Bumi punya bahan binaan, terpaksa beli. So bila beli, materials control by non-Bumi. So from this kind of situation menyebabkan banyak kebocoran berlaku di situ. Dan pada waktu yang sama because of bahan-bahan ini terpaksa dibeli pada harga yang agak tinggilah, kerana masalah tadi tu, control by certain group (R15).

(Bumiputeras depend on non-Bumis for building supplies. They need to buy from them. So when Bumis buy the materials that are controlled by non-Bumi, this could result in “leakages”. And at the same time these materials have to be bought at high prices as a result of them being controlled by a certain group).

The mechanism, they give you 30%, yes, you can take that. This is if it is a genuine Bumiputera...but then immediately 80% is not Bumiputera. One, building materials...this is about 50-60%. Then the system 20%, you know, the piling, you know, things like that...So the Malay contractor is left with 20%

job or 20% in value...so if 20% of 30%, so it is really the whole net, bottom line roughly 5% (R20).

Based on the above findings, the researcher has been able to conclude that another factor that has contributed to the lack of progress in Malay entrepreneurship is the failure of the Malays to capture the business value chain.

(8) Prejudices against Able Malay Entrepreneurs

The eighth factor that has emerged from the interview data is prejudice against able Malay entrepreneurs. On this aspect, six of the respondents (R1, R2, R3, R6, R8 and R25) specifically revealed the prejudices that they would have to face in trying to obtain loans from the banks. In this regard the bank officials were seen as having less confidence in the ability of the respondents to succeed entrepreneurially as well as to meet their financial obligations. This view was also shared by Respondent 22 who made the following remarks:

Now the banks some more than others have got attitudes towards Malays...Banks are willing to lend to a Chinese but when it comes to processing applications from a Malay, they really process thoroughly because they start with a premise that the Malays are bad at paying bank loans (R22).

The above conviction has to some extent been confirmed by Respondent 26 who commented on the disinclination of the banks to give loans to Malay entrepreneurs because they are treated as higher risks as compared to the Chinese businesses. She, however, thinks that it is necessary for the banks to be cautious about their lending practices as is evident in her following remark:

Commercial banks have got an obligation to the shareholders...we demand returns, we demand prudent management of the way our deposits and our funds are being allocated or utilised or disbursed (R26).

In addition one of the respondents, Respondent 8, also expressed his frustration with the attitudes of other Malays such as government officials and administrators who are

continuing to undermine his entrepreneurial capability despite his successes. His remarks were:

Being the Malay is more of a disadvantage...The confidence of the Malays towards another Malay and I always say that the Malays have to work may be four times more, more harder than the non-Malays to get the confidence of the Malays...Kita mesti yakin, kita mesti percaya kepada orang Melayu kita ni boleh berjaya kalau diberi kesempatan...tapi bila kita minta sesuatu tu (we must have confidence, we must have faith that the Malays can succeed if they are given opportunities...but when we ask for some help), we always, we perceive, I mean, we perceive that, ha, this fellow nak (wants) something, you know. Mesti ada gold, dia tak tahu yang susah payah, pahit maung, tak tahu (there must be “gold” but they don’t know the difficulties and the hardships that we have to go through) (R8).

This frustration is also shared by the other three respondents (R10, R11 and R24). Respondent 11 and Respondent 24, however, felt that such prejudices are widespread throughout the society including from the non-Malays and the foreigners.

(9) Ineffective Role of Malay Trade Association

The ninth factor that has been identified by the researcher is the ineffective role of the Malay trade associations such as the Malay Chamber of Commerce. On this aspect, six of the respondents (R5, R8, R9, R19, R22 and R25) blamed the leaders or/and the committee members for putting their self-interest above other considerations as a reason for the associations not being able to play a more effective role in promoting the entrepreneurial development of their members. Several of the comments that illustrate this view are:

The Malay Chamber...must be independent from the patronage of government, independent totally. On the contrary they are worse than the patronage of the government. Kalau dapat jadi president tu macam menteri. Of course dia boleh berganding bahu dengan PM, boleh dapat perks, boleh dapat Datukship, boleh dapat Tan Sri (When someone becomes president, he

behaves like he is already a Government minister. Of course he now has opportunities to meet the Prime Minister, can get perks, and might even be awarded titles such as Datuk and Tan Sri) (R9).

The Malay Chamber of Commerce is always involved in in-fighting...because whoever gets the control they get their business. Banyak (many) siphon out. Benda yang patut bagi association, dia punya company get it (things that are supposed to be given to the association are instead given to the Chamber leaders' companies)...they split among them, it doesn't go to their members (R22).

The Malay business guild has become a vehicle for people to assert themselves, how to make themselves very powerful or even getting themselves richer (R25).

Three of the respondents (R15, R19 and R22) also believe that the attitude of self-interest by the leaders and/or the committee members of Malay trade associations have consequently discouraged many Malay entrepreneurs from becoming members of such associations as they feel that the associations cannot help them.

These accusations have indirectly been confirmed by the leader of the Malay Chamber of Commerce himself, Respondent 20, when he admitted that for a long time the Chamber has not been able to operate effectively for its members because of the interference from the political masters in the appointment of the Chamber's leaders. However, Respondent 20 believes that things are changing for the better now as is evident in his following remarks:

Things became change now. The new generations are coming up. We got the young people, young girl, very bright. They can change and this group understands my thinking...And happily now, luckily, fortunately also, we have a good team...we spend our time and money. That is our culture, my culture and my team's. We never take a single cent from the Chamber. Everything we spend on our own...And that is the reason the Chamber today spends half of

the cost...50% to 60% of my time is spent here and my colleagues every second day here. Never happened in the last decade (R20).

Respondent 20 further elaborated on the high commitment shown by his new committee members as follows:

They are busy, they are not big business, they are small businesses. They have to check their office, they have to be at their shop...but they are here, every second, third day. Some even travel from Sabah on their own money...from Kelantan, they drive down...some are not that healthy, some are not well but they come. So we are very proud and committed (R20).

On the other hand, Respondent 2 put the blame on the dependency attitude of the members of the Malay trade associations as a reason why the association could not operate effectively as compared to the Chinese trade associations. His remark was:

When they join the association, they depend too much on association to help them. To help them get the jobs, to help them to get all the facilities...whereas non-Malay associations especially the Chinese, the members are helping the association, to build up the association and when the association grows, the association gets united and they get benefits from there (R2).

Furthermore two of the respondents (R15 and R19) also believe that the reason why Malay trade associations are still weak as compared to the non-Malay trade associations is because there are still not many successful Malay entrepreneurs to back-up such associations. Their comments are:

The strength of Bumiputera dalam business ni kalau dibandingkan dengan non-Bumi masih ketinggalan. Jadi yang mendokong NGOs, persatuan, Dewan, mungkin tak seramai non-Bumi (R15).

(The strength of Bumiputera businesses as compared to the non-Bumi is still weak. Therefore, there may not be as many successful Bumiputera

entrepreneurs to back-up their NGOs, associations and Chamber as compared to the non-Bumis).

The Malay Chambers of Commerce are weak because they are not supported by strong businesses. So in order to have a very strong Chamber of Commerce and business council, your constituents must be strong (R19).

(10) Competition with the GLCs and the SEDCs

Another factor that has been identified by six of the respondents (R1, R8, R11, R17, R24 and R25) for the lack of success of Malay entrepreneurship is the failure of the Government-Linked-Companies (GLCs) and the State Economic Development Companies (SEDCs) in nurturing and promoting Malay entrepreneurialism. In this respect rather than helping the government to create and to nurture more individual Malay entrepreneurs, the GLCs and the SEDCs are seen as competing directly with them. Examples of the comments that illustrate this view are:

You are facing not only the non-Malays, you are facing GLCs...they got jobs from the government...at the expense of the real genuine Melayu (Malays)...It is easier for GLCs to compete dengan orang Melayu (with the Malays)...I do not deny they have contributed some but...they become competitor to the Bumis...orang Melayu buat sos dia buat sos, orang Melayu jual kicap dia jual kicap (when the Malays make the sauce they also make the sauce, when the Malays sell the soy sauce they also sell the soy sauce) (R8).

There has been a strong tendency for these companies to look inward. Looking inward means they have this particular integration of companies, holding company, subsidiary, associate company and so on. And because of that there had been less opportunity for the Malays (R17).

Respondent 18, however, does not agree with the accusation that GLCs are competing directly with the individual Malays as well as not helping the government to promote their entrepreneurship. His defence was as follows:

As we grow...we can create Bumiputera entrepreneurs, we can create Bumiputera manufacturers, we can create consultants all that and they all come under us...By having government behind us...if we want to go overseas people would be able to espouse us...will have more confidence in us rather than entrepreneurs...then we can bring our entrepreneurs to go along with us. They can follow us which we have already done...we expand their market and they do really well (R18).

Respondent 18 also commented that there is a need for the government to award certain opportunities and privileges to the GLCs in order to make them strong so that they can be better able to help the others. His view was also shared by the other two respondents, Respondent 19 and Respondent 22.

(11) Lack of Successful Role Models

Four of the respondents (R3, R8, R11 and R17) believed that the failure of the government to promote entrepreneurship as a career of choice among the Malays is because there are not enough successful Malay entrepreneurs who can serve as role models to the other Malays. Respondent 8 and Respondent 11 also believed that the existence of the Malay rentiers as well as the Malay politico-businessmen whose sincerity in doing business is questionable, has to some extent discouraged others from becoming entrepreneurs themselves because of the bad reputation of these non-genuine Malay entrepreneurs.

Based on the above, the researcher has been able to conclude that the eleventh factor that could be a cause to the underdevelopment of Malay entrepreneurship is the lack of successful role models among the Malays.

(12) Negative Attitude towards Failure

The twelfth factor that could be a cause to the slow development of Malay entrepreneurship is the negative attitude of the Malay society towards failure. Two of the respondents (R3 and R12) have helped to identify this factor. Their remarks were:

The problem of the Malays is that if you fail, your own society looks at you without respect. Failure in Malay is almost unforgivable. It becomes ejekan, you usik-usik, you perli-perli (It becomes a taboo, you ridicule, you make fun of him)...for the Chinese, the Jew, the Arab...failure is no big issue. People expect if you fail, you make a come-back. In United States you can even be a bankrupt and still come back into business, nobody will black-list you. But in Malaysia, the society black-lists you...so you can never make a come-back (R3).

Orang Melayu kalau jadik usahawan sekali jatuh dia dah putus asa. When dia datang balik kepada kerajaan, ha, yang dulu pun gagal nak lagi? (When Malay entrepreneurs fail in business, they know they have to give up. If they go back to the government, the official reaction will be: ha, you have failed before but still you want more help?) So we are not helping them...so this is the thing that we have to timbangkan (consider)...allow failures (R12).

In summary twelve factors have been identified by the researcher, based on her interviews with the Malay respondents, as the causes that could be contributing to the lack of development of Malay entrepreneurship in Malaysia. They are: (1) the negative attitudes and mindset of the Malays, (2) problems with implementation of government policy, (3) lack of competitiveness and sustainability of Malay businesses, (4) absence of an entrepreneurship culture among the Malays, (5) the politicised nature of Malay businesses, (6) lack of cooperation and networking among the Malays, (7) the failure of the Malays to capture the business value chain, (8) prejudices against able Malays, (9) the ineffective role of Malay trade associations, (10) competition with the GLCs and the SEDCs, (11) lack of successful role models and (12) negative attitudes towards failure.

4.3.2 Opinions on Government Policy and Initiatives

One of the main predicaments posed by this study is the question of why despite the government's concerted efforts, Malay entrepreneurship is still lagging behind. To find the answer, the interview respondents were encouraged to give their opinions and

views on government policy and initiatives to promote Malay entrepreneurship as well as to criticise their shortcomings. Their responses are presented below.

Twelve of the respondents (R1, R2, R6, R7, R8, R9, R10, R18, R20, R24, R25 and R26) agreed that the government policy to promote Malay entrepreneurship has been well-conceived with good intentions and clear objectives. However, there are still problems in implementation as previously discussed in section 4.3.1. Two of the comments that illustrate this view are:

There is absolutely no doubt that the DEB, Dasar Ekonomi Baru (New Economic Policy), has definitely, what I say, the main contributor to the progress of the Malays in the economic world or the business world...If there is any failure it is the distribution of wealth...the wealth has not distributed as well as, I think, the original thinker or the original policy maker of the Dasar Ekonomi Baru (New Economic Policy) wants (R11).

There is nothing wrong with the government policy...I would say it is as good as any other plan, well-planned...right from the first economic policy to the New Economic Policy to OPP and all the strategies adopted, these are all fantastic, well conceived, well developed, well documented...if properly implemented in the form that it should be, we won't be where we are, we should be I think not only at 30%, I think we should be more than that (R8).

One respondent (R21), however, questioned the sincerity of the government in promoting Malay entrepreneurship. His criticism was as follows:

Usaha-usaha kerajaan itu bukanlah untuk membina. Maknanya dia tidak membina empowerment, empowerment entrepreneur tu sendiri...dia tak de entrepreneurship lah...affirmative action ke preferential treatment tu setakat menolong orang itu supaya orang itu in return menolong kerajaan...berdependent on government lah (R21).

(The government initiative is not meant to develop empowerment, the empowerment of the entrepreneur...it does not have entrepreneurship...the

affirmative action or the preferential treatment was meant only to help those people who in return will help the government...to be dependent on the government).

Respondent 21 together with the other three respondents (R11, R24 and R25) also commented that the government should not worry much about producing Malay billionaires or big Malay businesses but to put more emphasis on developing and assisting the Malay's small and medium enterprises. Similarly, Respondent 9 and Respondent 25 were against the government's effort in pushing Malay businesses to be listed as public companies and subsequently used that as an ultimate measure of success. Their criticisms were expressed as follows:

Getting listed is not the only way for it. Because the economist says, so you must get listed, and all the government agencies...they all end up saying we help you, and up to a certain point you must get listed. I don't believe that entrepreneurship, the ultimate in entrepreneurship is getting listed (R9).

So they are looking too much at the higher end of the success, that is, the public listed companies because their indicator is the more Malay companies going to be listed, will help push the equity structures. But they must also remember that we are lacking that bit about this, the middle group...the retailers, the distributors...yang ni yang lacking (this is where we are lacking), they should look at this (R25).

In addition Respondent 8 believed that Malay entrepreneurship should not be based on the expansion of the GLCs, rather it should be based on the development of individual Malay entrepreneurs. He said:

We must have a lot more successful models...but we cannot have a model like GLCs, it just doesn't work. It is a different environment. It must have...we give a person an opportunity and you see that it develops. Then it becomes a model (R8).

Moreover three of the respondents (R1, R2 and R7) commented that the failure in communication between government agencies and the private sector has consequently resulted in a discrepancy between what the private sector wants and what the government has provided for them. Similarly, Respondent 22 revealed that his association has also been receiving complaints about the failure of the government's programmes in addressing the psychological aspect of entrepreneurship. His remark was:

We have some complaints about their programmes because their programmes failed to address the semangat (spiritual) issue, the attitude issue (R22).

Respondent 22 also felt that government policy in giving privileges to promote Malay entrepreneurship has to some extent perpetuated a negative stereotype against able Malays. This view was expressed as follows:

So for some Malays who have made it, they feel it is demeaning. They feel that this policy is putting down the Malays. It is not giving a good image to the Malays (R22).

Nevertheless, Respondent 22 as well as eleven other respondents (R1, R2, R3, R5, R12, R16, R17, R18, R19, R24 and R25) acknowledged that the government policy has not been unsuccessful. In this regard, the policy was credited with expanding the supply of educated and professional Malays and in improving their income status and the standard of living by R3, R5 and R22, in encouraging the Malays to save and invest in the unit trusts by R5 and to be involved in entrepreneurial activities by R24 and R25, as well as in producing successful Malay entrepreneurs, although their numbers are still small by R1, R2, R3, R5, R12, R16, R17, R18 and R19.

Likewise four of the respondents (R1, R3, R4 and R5) acknowledged that they have been benefiting from the government policy to promote Malay entrepreneurship. Their acknowledgements were expressed as follows:

I am very happy at the moment that MATRADE²⁸ has been sponsoring my firm in the valve exhibition all over the world for the last 4-5 years. I don't spend a penny for any of those exhibitions (R1).

And I never depend on the government but I am what I am today because of the government policy, DEB (R3).

Kementerian Perikanan banyak membantu dan menunjuk ajar macamamana cara nak handle vessels...so we are thankful dapat kerjasama dengan Jabatan Perikanan (R4).

(The Fishery Department has helped us and taught us how to handle vessels...so we are thankful for their cooperation).

I am one of the beneficiaries of NEP in the sense that I learnt about business by running a government company for ten years. I learnt how to acquire companies...to value companies...to manage a group. I learnt about industrial relations...so when I came into private sector I was more or less prepared to face the world. I know what financial management is, I know what the risks are (R5).

However the above four respondents admitted that government policy will only help them to a certain extent but it is their own initiatives that would ultimately determine the success of their entrepreneurial ventures.

Moreover six respondents (R3, R4, R6, R16, R19 and R22) acknowledged that the government has done a lot to encourage and promote Malay entrepreneurship. In fact three of them (R3, R4 and R22) even felt that the government has done more than enough for the Malays to the extent that it has made them to be less independent and to be lacking in initiatives. Their comments were:

²⁸ MATARDE is Malaysian External Trade Development Corporation.

The government has helped a lot...I think the government has done more than enough. Too much already, over pampering already (R3).

Sebab kerajaan...dah banyak keluar duit untuk Bumiputera berniaga...kalau Bumiputera tak ambik kesempatan benda-benda macam ni, cukup sayang...So itulah sikap yang barangkali pasal kerajaan tolong tulah kita jadi manja (R4).

(Because the government...has spent a lot of money to help Bumiputeras do business...it is a pity if the Bumiputera does not take this opportunity seriously...so there is the attitude that may be because the government is helping us, we have become pampered).

I agree that the government has done so much for the Malays...we do not value opportunities that are given, the permit that's given, the contract that's given. We do not attempt to do it ourselves, we take the easy way out and of course we give excuses. They say it is a policy to help the Malays in business, MPPB policy and so on. So everybody is in a game of making quick gains (R22).

Two respondents, Respondent 2 and Respondent 25, also believed that government assistance and privileges have consequently made the Malays more dependent on the government. For instance Respondent 25 commented that:

The Malays are too over-dependent on the government because they take things for granted. The government will help them and they assume that the present government will stay on forever (R25).

Furthermore Respondent 17 felt that the practice of direct negotiation in awarding government contracts and tenders could consequently remove the element of competition among the Malays, thus, making them less competitive in the open market. Respondent 17 also commented on the difficulty faced by his Ministry to get cooperation from the private sector for them to be involved in the attachment programme for the undergraduates as well as on the lack of coordination between his Ministry and the Ministry of Education in their effort to promote an entrepreneurship

culture among the Malay children. In addition, Respondent 17 also revealed the difficulty that he would have to face whenever there is a change in the leadership of the Ministry as the change could consequently cause the change in the priority and the direction of the Ministry.

Besides the difficulties expressed by Respondent 17, budget constraint has also been quoted by two of the government respondents (R14 and R16) as limiting the success of government efforts to promote Malay entrepreneurship. In this respect both of them felt that they could do better if more financial resources were allocated to their Ministry or agency. For instance Respondent 14 commented:

Cabaran dia sebenarnya yang paling utama sekali pada saya is budget...Kalaulah budget yang diberikan tu cukup saya rasa memang, memang MARA boleh buatlah, MARA boleh buat, boleh sampai objective yang kita nak buat (R14).

(The major challenge to me is budget...If the budget that is allocated to us is enough, I think MARA can definitely make it, MARA can do it, can achieve the objective that we have set).

Despite the difficulties and the shortcomings, 16 of the respondents (R1, R2, R3, R5, R8, R11, R12, R14, R15, R17, R18, R22, R23, R24, R25 and R26) felt that government policies in assisting and promoting Malay entrepreneurship should be allowed to continue. In this regard, five of the respondents (R5, R11, R22, R23 and R25) commented that the continuation of such policy is critical in order to ensure the stability of the country as it could be chaos if the Malays, who constitute the majority of the population, fail to have a fair share of wealth or the economic well-being of the country. Similarly, Respondent 1 and Respondent 15 believed that such continuation is unquestionable as it is the right of the Malays as the “sons of the soil” to be entitled to certain privileges.

In addition eleven of the respondents (R2, R3, R5, R8, R14, R15, R17, R22, R24, R25 and R26) felt that the policy should remain as the Malays are still lagging behind the

others in terms of entrepreneurship development and success. Three of the comments that illustrate this view are:

You enter a marathon at lap number 80 where your opponent already left so when do you think you will catch up with him (R3)?

We need a bit of assistance to put us on the same level, at the level of the non-Malays who have been involved in business for a very long time (R8).

Everybody got to compete on an even field...the fields are not even for the Malays at the moment. We are so far behind so don't expect us to compete when we are further far behind so that is the reason for continuing (R22).

Moreover Respondent 5 commented that government privileges and assistance for the Malays should be allowed to continue in order to overcome prejudices against them by the non-Malays. He thinks, these prejudices are still prevalent. Three of the respondents (R12, R15 and R16), on the other hand, felt that the continuation of the policy to promote Malay entrepreneurship is important because the inculcation of entrepreneurship culture is not easy and it requires time. For instance Respondent 16 commented:

Dia tak boleh buat dalam sekelip mata. Dia akan memakan masa kerana kita nak suruh orang itu berminat nak jadi usahawan. Daripada dia tak jadi usahawan nak suruh dia minat nak jadi usahawan (R16).

(It cannot be done instantly. It will take time because we want the person to have an interest to be an entrepreneur. Although he is not an entrepreneur we want him to have an interest to become an entrepreneur).

Respondent 12 also commented that the policy is still needed as without it there will be no concrete effort by the government to enhance Malay entrepreneurialism. His remarks were:

Without this BCIC programme the success will be very, very low so it is better to have this programme...something direct effort, full commitment of the government to create this usahawan (entrepreneurs) (R12).

By and large several conclusions can be made based on the above responses and revelations of the interview respondents on government policy and initiatives to promote Malay entrepreneurship in Malaysia. Firstly, the majority of the respondents agreed that there is nothing wrong with the policy to promote Malay entrepreneurship. Generally there is a consensus that if the policy is properly implemented, the objective to have viable and competitive Malay entrepreneurs as well as the objective to attain the 30% equity target will be achieved. However, there are perceptions that government initiatives and programmes do not help much in terms of boosting an entrepreneurship culture and spirit among the Malays. Rather than making the Malays more independent and competitive, the assistance and privileges have to some extent made them more dependent on the government as well as lacking in initiatives. This could consequently result in competent Malay entrepreneurs also being included in the general stereotypical image of Malays as businessmen.

The government has also been criticised for giving too much attention on efforts to produce big Malay businesses and/or individual Malay billionaires rather than on developing and assisting individual Malay entrepreneurs who are mostly in small and medium industries. The lack of communication between government agencies and the private sector has also been identified as causing a discrepancy between what the private sector wants and what the government is providing for them.

The foregoing discussions reveal that government officials are also faced with difficulties and challenges in their efforts to promote Malay entrepreneurship. These include the lack of support from the private sector for the government's attachment programmes, lack of coordination between different government agencies, changes in direction of the ministry as the result of leadership change and budget constraints. Nevertheless, the majority of the respondents agreed that government has done enough and to some extent more than enough for the Malays. They also acknowledged that the government's policy has been beneficial in terms of expanding the supply of professional and educated Malays, in improving the income status and

the standard of living of the Malays and in exposing the Malays to the modern economic activities of the country. The policy has also been credited with providing the necessary skills or the starting block for able Malay entrepreneurs.

Finally despite the shortcomings, the majority of the respondents believe that the government's policy and initiatives to promote Malay entrepreneurship should be allowed to continue. Such continuation is deemed necessary in order to: (1) ensure the stability of the country, (2) acknowledge the privileges of the Malays as the "sons of the soil", (3) push the Malays to be at par with the non-Malays, (4) overcome prejudices against the Malays, (5) allow more time for the inculcation of an entrepreneurship culture and (6) ensure commitment from the government.

4.3.3 Theoretical Perspective of Malay Entrepreneurship

Another objective of this study is to examine the nexus between the conventional concepts of entrepreneurship and their applicability to Malay entrepreneurial development. In order to attain this objective, the Malay entrepreneur respondents of this study were encouraged to share with the researcher their personal backgrounds, their motivations, as well as their philosophy of entrepreneurship. These will be discussed accordingly.

Personal Background of Malay Entrepreneurs

Out of the eleven Malay entrepreneur respondents of this study only one of them, Respondent 3, has been involved in entrepreneurial activities since he was young. Five of the respondents were ex-government servants (R2, R4, R5, R7 and R8), three were ex-employees of private companies (R9, R10 and R11) and two were ex-employees of the GLCs (R1 and R6).

Out of these eleven respondents only Respondent 3 and Respondent 9 were from families with business backgrounds. Hence, they were the only ones who were exposed to entrepreneurship activities since their early years. The other five respondents (R1, R5, R6, R10 and R11) mainly acquired their business knowledge from their previous working experience and on their own initiatives. The other three

respondents (R2, R7 and R8) decided to work with private companies, after resigning from their government posts, in order to learn the necessary skills and knowledge about business. Finally, one of the respondents, Respondent 4, learnt about business primarily by trial and error as well as by getting guidance from relevant government agencies.

Motivating Factors

Eight elements have been identified by the researcher based on the interview data as the motivating factors for the Malay respondents of this study being involved in their entrepreneurship activities as well as striving to achieve for their business success. Details are shown in Table 4.2.

Table 4.2: Motivating Factors for Malay Entrepreneurs

Motivating Factor	Respondent										
	1	2	3	4	5	6	7	8	9	10	11
(1) To provide comfort & better life			x	x				x		x	x
(2) To contribute to society	x	x					x	x	x		
(3) Passion for business	x	x				x	x		x		
(4) Love for challenge	x			x	x	x					
(5) To prove a Malay can achieve						x	x	x			x
(6) To prove oneself				x		x					x
(7) Monetary gain			x		x						
(8) Gain in social status			x								

The first motivating factor was the desire to provide for comfort and a better life for oneself and for the family. This motivating factor was shared among the five respondents (R3, R4, R8, R10 and R11) with three of them expressing it as follows:

I want to make sure that I have enough money to take care of myself, my mother, my parents, my children...Not only I built my own empire but I also made sure my children are better off than me...If you are successful in your business...your success can make your entire generation successful...all of them can have a healthy life...you travel in style and comfort (R3).

Oleh kerana saya rasa untuk membina lebih kuat skop untuk keluarga saya, langsung saya menceburi dalam bidang perniagaan (R4).

(I decided to be involved in business because I want to give my family better prospects and opportunities).

The only reason that I push this is that I want to build up this company so that the next generation, my children...relatives...can also enjoy that money (R8).

The second motivating factor that emerged from the interview data attributed by five of the respondents (R1, R2, R7, R8 and R9) was the desire to contribute to society. Examples of the remarks that accentuate this are:

If I want to work as an engineer...I feel that I am not able to contribute to the society. I could not make...world of my own that I can call it mine to contribute...it is a mission, a sense of mission, a sense of serving society to the maximum (R1).

Kita buat business kita nak develop the community...kita bagi job, employment...bukan dia berniaga tu untuk dia kaya (R2).

(We do business because we want to develop the community...to give jobs, employment...not that we want to be rich).

In this regard, Respondent 7 also believed that one of the contributing factors for his entrepreneurial success was that people have prayed for him in return for his good deeds. His remarks:

Whatever I said to you is not that I am smart, it is not that I am intelligent but I think what I have given back to society, doa diaorang tu (it was their prayers). At times I didn't know what else to do, it was so bad I didn't know what else to do but the next day somehow or rather, God gave me ideas that come out (R7).

The third element that motivates five of the respondents (R1, R2, R6, R7 and R9) to be involved in entrepreneurship activities is the passion that they have for business. This was expressed by them as follows:

I had some notion when I was a student that I wanted to be in business one day...I can't explain it but it is in the blood (R1).

I am very much interested in doing business than working for people (R2).

This is, I can say, my dream for me. From those days I dreamt I wanted to be a businesswoman one day (R6).

I like what I am doing...that's why I started NL Group of companies. If I want...I will be the employee, the Managing Director then earning RM10,000 a month. Why should I leave? Because the urge of wanting (R7).

I have had my own little businesses which I sold and bought and went into and got out of, depending on what I felt happy to do, not because I wanted to be rich...so that is how I would say how did I get into business. I enjoy it (R9).

The fourth motivating factor that has been identified by the researcher is the love of challenges. This conclusion is based on the following remarks by four of the respondents (R1, R4, R5 and R6):

There are some of us who are not made to become salary earners...I am not at rest because I am regulated. I must be thinking and transacting and doing transactions (R1).

Sebenarnya laut dalam ni saya pun kurang arif juga...saya nak cuba juga sebab masa tu perempuan langsung tak ada. Kalau dibandingkan dengan di Kelantan pun memang saya yang pertama menceburi laut dalam (R4).

(Actually I am not an expert in deep-sea fishing...but I still wanted to try because at that time no woman was ever involved in this. Even in Kelantan, I was the first to venture into deep-sea fishing).

It is a momentum. I just moved on, a restless kind of person (R5).

It is a huge business and it is very challenging business for a woman like me. And I was still young at that time (R6).

The fifth motivating factor that has emerged from four of the respondents (R6, R7, R8 and R11) is the desire to prove that they as Malays can achieve. Two of the comments that highlight this theme were:

To prove...that we the Bumiputeras willing to do this and with our own initiatives...of course there is doubt...but at the end of the day I proved it to them...from one computer, I think I have a few. Three storeys of building, a small factory where we manufacture our ceramic balls (R6).

What pushes me today is not money. What I am doing now is because of credibility. I want people to say Malay pun ada (the Malay can also do it). That is the only thing, I think, that pushes me out there (R7).

Besides wanting to prove that the Malay can do it, Respondent 6 admitted that she was also motivated by the desire to prove to others that she can do it. Her remark was:

You have to struggle, to prove yourself...I want to do it. Yes, I want to get it, I want to be someone, I want to prove it to the world that I can (R6).

This passion was also shared by the other two respondents: Respondent 4 and Respondent 11. Based on this, the researcher has concluded that the sixth factor that has motivated the Malays to strive entrepreneurially is the desire to prove oneself.

The seventh motivating factor that is of relevance to two of the respondents (R3 and R5) is the monetary gain as implied from their following remarks:

I am afraid of being poor in old age. I want to make sure that I have enough money...If you are successful in your business...you don't need to apply for a scholarship, you don't need to borrow any money...we make tonnes of money (R3).

When I left...for private sector I was not young so I decided to go into an area where I can get quicker money (R5).

Finally, the eighth element that might have motivated one of the respondents, Respondent 3, is the gain in social status as implied from his remark below:

My children are all enjoying the benefits because when they mention 'anak Dato' Armand' (the child of Dato' Armand), they have first comfort of working already. Even my second wife...now is very respectable and a wealthy lady (R3).

Philosophy of Entrepreneurship

One of the respondents, Respondent 1, believed that entrepreneurship is about venturing into the open market. His belief was expressed as follows:

You don't go into business because you know how to do accounts, you know how to read financial statements, no! The business person is about going to the market place (R1).

Respondent 1 further commented that entrepreneurship is not just about transactions but also about creation and production. He strongly felt that Malay entrepreneurship is not about producing more Malay franchisees for foreign franchisors, rather it is about the Malays producing and creating their own products and businesses. His remark was:

Business is not just about transactions, business is also about creation, about production. You cannot measure business in the amount of how many

Microsoft software dealers there are...it is also about how many have gone into the business itself, creating that software itself...Business is not about berapa banyakkah orang Melayu telah mendapat lesen untuk menjadi agen menjual McDonald's (how many Malays have obtained the licence to sell McDonald's), no (R1)!

This view was similarly shared by Respondent 2 who commented that:

Malay to venture business ni kalau boleh (if possible) you try to get new products and then different from others (R2).

Moreover, Respondent 1 together with Respondent 5 believed that entrepreneurship cannot be forced but it can be nurtured. For instance Respondent 5 commented:

Although they said that entrepreneurs are born and not trained, I don't think that can be true in all instances. I myself was not born as entrepreneur. I learn the way of business (R5).

Similarly six of the respondents (R3, R4, R5, R6, R7 and R10) commented that it is critical for the entrepreneurs to be passionate about their business for them to be successful entrepreneurially. Two of the comments that illustrate this view are:

You must have the spirit, you must understand what you are doing...what you like, what you are capable with...don't just jump into any business, you will be in hot soup at the end of the day (R6).

You must be passionate about it...minat yang mendalam (a deep liking). It is something that if you don't have, it is not sustainable (R7).

Seven respondents (R2, R4, R6, R7, R8, R9 and R10) also believed that entrepreneurship requires honesty. Examples of the remarks that demonstrate this belief are:

The most important thing is to be very honest to ourselves. Kadang-kadang kita business ni (sometimes in our business)...we get a lot of money tapi (but) not all the money is our money and then we have to be very honest. Tak boleh nak pakai semua duit tu lah (we cannot use all those money) (R2).

Mesti kena ada amanah...saya sendiri pun terima gaji. Hak mana yang gaji, saya ambil...saya tak akan ambil duit lebih daripada itu...untuk keperluan diri...use our salary money. Do not use the company money (R4).

(We must be trustworthy...I myself receive a salary. Whatever that is my salary, I will take...I will never take more than that...for my own personal consumption...use our money. Do not use the company's money).

You have to put yourself very sincerely in whatever matter you do (R6).

You can do business as an honest Muslim. You don't have to bribe, you don't have to steal, you can still make profits (R9).

We tried to introduce a policy of prudence, not to make money from the company but the company must develop. Whatever we need we will declare...whatever profit you have, this is company money, leave it there (R10).

Furthermore five respondents (R1, R3, R6, R7 and R8) admitted that entrepreneurship involves risk taking. Likewise five (R1, R3, R4, R5 and R10) were of the view that entrepreneurs are expected to work hard and three (R4, R6 and R11) believed they have to be perseverant. Five respondents (R2, R3, R6, R8 and R11) also believed that entrepreneurship requires a willingness to face hardship. This belief was succinctly expressed by Respondent 3 as follows:

The Malay who has a dream to become a businessman must be willing to suffer (R3).

In addition four respondents (R3, R6, R7 and R9) believed that entrepreneurship requires sacrifices. The remarks that accentuate this belief are:

You must sacrifice, you cannot succeed without sacrifice (R3).

As you put yourself in business you must know how to sacrifice (R6).

Businessman requires a lot of sacrifices...now I come up in the morning, balik lapan malam (go back at eight o'clock). I don't have time for my grandchildren now. And my business is not here, in Australia and I don't mind (R7).

The meaning of 'qurban'...is the willingness to sacrifice...My late father and my grandfather and his ancestor before, from the Coromandel Coast of India sailed across the sea to the Straits of Malacca and started the business and none of them brought their wives...so you make sacrifices (R9).

Moreover five respondents (R2, R3, R4, R8 and R11) commented on the need for the Malays to cooperate among themselves in order for them to be successful entrepreneurially. Two of their comments are:

Whatever it is, we have to work together, business and politics. Then only we can grow (R2).

I think if we all work together, the politicians and everyone, there is no way we cannot be successful, there is no way. We can be successful (R8).

Entrepreneurship also requires a willingness to learn on the part of the entrepreneurs for them to acquire the necessary business knowledge and skills. This view was shared by four respondents (R2, R6, R7 and R9) with two of them making the following remarks:

So in anything you do in business...you should know the requirement of that business...when I go into business I want to learn so I joined JK Berhad and

*entered SA Property*²⁹ ...study down there to get to know the mechanism, to get the feel of what to do, how to do (R7).

Basically you must enrich yourself with the knowledge, skills and business acumen...few Malays are born with it. They have to acquire it. The only way to acquire it is by interfacing, by mixing, by engaging and dealing with people who are cleverer than you, who are more shrewd than you, who are more crooked than you. All these are learning processes and therefore by the time you go through those processes you would have enriched yourself (R9).

Besides the need to acquire business knowledge and skills, Respondent 2 and Respondent 9 also believed that entrepreneurship requires an entrepreneur to “know-who”. This belief is evident in their following remarks:

Business is a game...the game of who you know, the game of how you can tackle the big boss and other things you know. It is not really...the trading itself (R2).

There got to be three elements in business, right. You should have capital, ‘know-who’ and ‘know-how’. Tak usahlah nak pretend benda tu tak ada (no need to pretend that it does not exist), no! ‘Know-who’ tu mustahak (is important) (R9).

The above-mentioned belief is also shared by Respondent 8.

In addition, five respondents (R1, R2, R5, R7 and R8) believed in the need for entrepreneurs to be creative and innovative for them to be competitive as well as to differentiate their businesses from the others. Respondent 5 and Respondent 7 also stress on the need for the entrepreneurs not to over-diversify but to focus on business areas that they have expertise on. Their remarks were:

²⁹ Both are fictitious names of the companies.

Be focussed on what you do...put your priorities right...we can only do so much and no more. So don't be greedy, concentrate on the area you know best. That is why in my case I concentrate on property development because that is the area I am familiar with (R5).

You must be focussed, you must be different from other people, you must be compelling enough...that is why the NL Group of Companies only focus on property related projects. We don't go into shipping, we don't go into banking (R7).

Attributes of the Malay Entrepreneurs

Several attributes of the Malay entrepreneurs of this study have been identified by the researcher, as indicated in Table 4.3, based on her interviews with them. The first attribute is hard work. This characteristic was seen by the researcher to be evident in all of the Malay entrepreneur respondents of this study. Examples of the respondents' remarks that exemplify this attribute are:

But to get that, I have to fight three times or four times more from someone who is in that class (those with political connection)³⁰. But I know that, when you know that the odds are against you, you just have to work harder (R1).

I am already 70, I am still enjoying working (R3).

In business you never retire...rezekinya (the bounty) is there somehow if I am prepared to work for it (R5).

They don't care...who you are. So you have to struggle...I built up my own company, I convinced the principal, you see. At the end of the day they trust me (R6).

³⁰ Added by the researcher.

I take pride in the sense that I built this company out of nothing...I learnt hardship, I got the experience, I have to be more creative (R8).

You have to work very, very hard. It is not easy to make profits. Every year you are looking higher and higher and you have to be very hard working, very sharp, very fast moving (R10).

Table 4.3: Attributes of Malay Entrepreneurs

Motivating Factor	Respondent										
	1	2	3	4	5	6	7	8	9	10	11
(1) Hardworking	x	x	x	x	x	x	x	x	x	x	x
(2) Independence	x		x	x		x	x	x	x		
(3) Alertness to opportunity				x		x	x				
(4) Taking pride in one's achievement	x		x			x	x	x	x		x
(5) Proclivity to "berbudi"					x		x	x	x		
(6) Determination			x	x		x					
(7) Risk-taking				x		x					

The second attribute that has been identified by the researcher to be evident in seven of the respondents (R1, R3, R4, R6, R7, R8 and R9) is independence. This conclusion was made based on the respondents' inclination to search for their own opportunities rather than depending on others or the government. Several of the remarks that illustrate this characteristic are:

I have to go out and search for the market myself...It is not up to MATRADE to go and promise me a market, no!...I have an uncle who is now an ambassador in Egypt and I am doing business in Cairo...Do I go and consult him about 'Ayahanda tolonglah membuka ruang untuk anakanda membuka business' (Uncle please open up opportunity for me to do business), no (R1)!

I am president of PERDASAMA designed to wake up my fellow Malays to realise there are opportunities for all of us...myself never depend on the government (R3).

As a Bumiputera...you have to use your initiatives, you have to change your mindset...you have to learn...you have to be very independent...I have to

convince my mum...draw out my money from the bank...put on the credit card (R6).

You have to create your own...I am doing it myself. There is no Godfather. If you fail, you fail (R8).

In addition three of the respondents (R4, R6 and R7) also demonstrated alertness to opportunity. Their remarks that accentuate this quality are:

Saya mencari-cari bagaimana untuk memulihkan semula perniagaan saya selain daripada buat kontrak. So saya menceburi dalam bidang ini...nak kata saya minat pun tidak begitu minat tapi terpaksa saya push myself for that job because that job is tak ada orang yang faham sangat (R4).

(I keep looking on how to rebuild my business besides doing contract jobs. So I get involved in this area of business...not to say that I am very much interested in it but I have to push myself for the sake of that job because nobody seems to have expertise in that job).

At that time...majority of Malays...they involved in construction not oil and gas...I can see that there is a lot of opportunities...I can see there is a gold mine in front of me (R6).

Actually God has given me this nikmat (blessing). I can smell whether the project is worth taking or not (R7).

The fourth attribute that is evident in seven of the respondents (R1, R3, R6, R7, R8, R9 and R11) has been identified by the researcher as taking pride in one's achievement. Examples of the remarks that demonstrate this attribute are:

Not only I built my own empire but I also made sure my children are better off than me (R3).

(I am)³¹ *the only Bumiputera lady in Malaysia that can manufacture, I can say, that a medium tech...I really appreciate what I am doing (R6).*

I have been in business for 25 years. I went through two recessions. There must be something right about me...and I am proud to be one of these people whom I say could do very well (R7).

I take pride in the sense that I built this company out of nothing (R8).

I think in terms of kebolehan (capability), I have been in business for 42 years, I survive. I have been questioned whether I am an UMNO member or not, my political stance. So in terms of kebolehan (capability) we are at par with the others now (R11).

Moreover the fifth attribute that have been identified by the researcher and shared by four of the respondents (R5, R7, R8 and R9) is their proclivity to give back or to 'berbudi' to the community. This value is apparent in their following remarks:

I did a lot of national work...all on voluntary capacity (R5).

I have eleven years ago adopted a kampong Melayu (Malay village)...This is not a joke...you can actually go and meet the kampong people...I gave out mosques under the names of my wife, my father, my mother. I don't know how many mosques that I have contributed but one thing that I have done which is close to my heart is the dewan (hall) in Ulu Kelang. I named it after my father (R7).

I have been talking, even I like to go to student level, university level after SPM. I even started some people with some seed money to go in, whatever I can do (R8).

³¹ Added by the researcher.

I always give more than what I take, kata orang Melayu berbudi banyak (like the Malays say... 'berbudi' a lot). I never take back. I never do it for money and that is good because you build friendship that way, you build sincerity (R9).

The sixth attribute is determination. This characteristic was seen by the researcher to be evident in three of the respondents (R3, R4 and R6) based on their following remarks:

I am afraid of being poor in old age. I want to make sure I have enough money to take care of myself, my mother, my parent, my children. I want to spend my retiring life comfortably (R3).

Dulunya saya buat contract dan masa buat kontraktor tu tahun 80an saya begitu teruk kejatuhan. Mungkin saya tak ada pengalaman sangat dalam kontraktor so saya jatuh. Dalam masa tu saya terus mencari-cari, saya tak putus asa (R4).

(Previously I did contract jobs and in the 80s my business went down very badly. Maybe because I didn't have experience being a contractor, so I failed. But I continued searching, I never gave up).

I had to convince my mum, I had to draw out my money from the bank. And then I had to put on the credit cards and so on and a lot of difficulties...of course there is doubt...and they said, 'oh, I don't think you can achieve this because this is huge, this is not meant for a lady'...all those nonsense. But at the end of the day I proved it to them (R6).

Finally the seventh attribute of entrepreneurs is their inclination towards risk-taking. This emerged from the interview conducted by the researcher with two of the respondents (R4 and R6). The conclusion was reached following the respondents' decision to venture into business areas that are not popular because of the uncertainties involved.

What Other Malays are saying

Besides Malay entrepreneurs other Malay respondents of this study have also commented on what constitutes entrepreneurship. For example, Respondent 19 believed that entrepreneurship requires some element of competition. His belief was expressed as follows:

I feel that entrepreneurship must, will only thrive in an environment of competition. If there is no competition, we don't develop entrepreneurship (R19).

Respondent 19 further elaborated that entrepreneurship is about profit making and risk-taking. His remark was:

If you are an entrepreneur that means you are going for profits, you are going for risks, risk-taking. That means you are an entrepreneur (R19).

Likewise Respondent 21 believed that entrepreneurship is about going to an open competitive market place. Accordingly, he emphasised the need for the Malays to create their own market rather than depending on government contract. His remark was:

Kita minta sangat supaya dia jangan 100% bergantung kepada kontrak kerajaan...go into pasaran terbuka, create your own market...Melayu kena faham yang kata bantuan tu is only 30%, 70% must come from yourself (R21).

(We should really encourage them not to depend 100% on government contracts...go to the open market, create your own market...the Malays must understand that assistance is only 30%, 70% must come from yourself).

In addition, Respondent 26 believed that entrepreneurship will not thrive in a safe and comfortable environment; rather it needs some element of hardship. This belief was implied in her following remark:

So the drives and motivations come with the environment you work with. You single swim...you want them to thrive and all that but you want them to have that drive, that hunger, you know. If people are not hungry they are lazy (R26).

Another respondent, Respondent 22, commented that entrepreneurship requires an entrepreneur to be innovative in order for him to create products or services that others are willing to pay for. This respondent also believed that successful Malay entrepreneurs are hard working, independent and perseverant. This belief was evident in his following remarks:

They work hard, they have been patient, they started small, they are genuine people, they endure hardship. They got their ups and downs. Some have become bankrupt but they survive...They struggle so there is nothing given to them on a plate. They slowly come up, prove the hard way. They turn a small opportunity into some money to make more money and then they grab bigger opportunities (R22).

Similarly Respondent 24 commented on the need for the entrepreneurs to work hard for them to be successful. His comment was:

Some people say you must work smart not hard. But I think both, you must work hard then you work smart (R24).

Respondent 24 also believed that entrepreneurs must be trustworthy enough not to misuse company's money for their own personal consumption as is manifested in his following remarks:

The other thing we are talking about business ethics. I think every individual must have, whether you are running the big corporation, running your own business, small or big, honesty I think is very important, you know. Not your money you spend like not your money. You get your income, you get whatever salary, allowances, bonus, that's all your income and you don't get anything else (R24).

In addition, three respondents (R14, R23 and R25) believed in the need for the Malays to cooperate or to network with one another for them to be successful entrepreneurially. This view was clearly expressed by one of them as follows:

We are trying to tackle this problem (lack of progress in Malay entrepreneurship)³² by injecting or instilling into them the sense of Malay economic patriotism...We are emphasising that every one of the Malays has got the responsibility to help his own race...to help the Malay brothers within the country...assisting or helping the Malay enterprises in the market whatever business they carried out...we want the Malays to be sincere, to be accountable, to feel that whatever they do whether it be success or failure there is a bearing, there is an impact on overall Malay achievements (R23).

In brief the foregoing discussion has illustrated that the majority of the Malay entrepreneurs of this study came from families with no business background. As such they would have to acquire the necessary business knowledge and skills primarily through their previous working experience and own initiatives.

Eight elements have been identified by the researcher based on the interview data as motivating factors for Malay entrepreneurs of this study. They are:

- (1) the need to provide comfort and a better life for oneself and family;
- (2) the desire to contribute to society;
- (3) the passion for business;
- (4) the love for challenges;
- (5) the desire to prove that a Malay can achieve;
- (6) the desire to prove oneself;
- (7) the monetary gains offered by the entrepreneurial activities; and
- (8) the gain in social status.

Moreover the foregoing discussion has also demonstrated that entrepreneurship requires entrepreneurs to: (1) go to an open market and search for opportunities, (2)

³² Added by the researcher.

be creative and innovative, (3) be passionate about business, (4) be honest, (5) take risk, (6) work hard and be perseverant, (7) face hardship, (8) make sacrifices, (9) be cooperative and network with one another, (10) learn and acquire the necessary business knowledge and skills, (11) 'know-who' (build up relationship with people who can help you in your business) and (12) focus on business areas that they know best. There are also perceptions that entrepreneurship cannot be imposed but should be nurtured and will only thrive in a competitive and challenging environment.

Finally, seven attributes have been identified by the researcher to be evident in the Malay entrepreneurs of this study. These are hardworking, independence, alertness to opportunity, pride in one's achievement, proclivity to 'berbudi', determination and risk-taking.

4.3.4 Opinions on Chinese Businesses

This study also seeks to find out the implication of the government policy to promote Malay entrepreneurship with regard to the non-Malays, particularly, the Chinese. In view of that, the Malay respondents of this study were encouraged to give their opinions and perceptions on Chinese businesses/entrepreneurs in Malaysia. Their responses are discussed below.

The most common perception that was shared by twelve of the respondents (R2, R3, R5, R12, R14, R17, R19, R22, R23, R24, R25 and R26) about the Chinese is their strong cooperation and dynamic networking which work towards preserving their communal advantage in business. Examples of the remarks that illustrate this perception are:

Bangsa Cina mereka tidak perlu UDA, tidak perlu MARA. Dia punya pakatan kerjasama antara kaum dia tu banyak menyumbang dan membantu antara satu dengan lain. Itu tabiat budaya Cina (R3).

(The Chinese do not need UDA, they do not need MARA. Their strong ethnic bonds have contributed and helped them a lot. That is the nature of the Chinese culture).

Among Chinese...the cooperation, collaboration and jugak (also) cohesiveness as community, business community is very, very strong (R17).

Chinese...their networking is very good. They always have good networking with the banks, with their clan associations, with their industry association, with their Chamber of Commerce, with their business council (R19).

The Chinese punya mentality ni (the mentality of the Chinese) they help each other. They set up the company, the guild will help them, find land dan sebagainya (and etc) (R25).

Likewise because of their strong associations with one another, the Chinese trade associations such as the Chinese Chamber of Commerce were seen as more effective in helping their members compared to the Malay Chamber of Commerce. This perception was shared by three respondents (R2, R9 and R25) with two of them commenting as follows:

It is true that the Chinese, they are very cooperative because of their organisation. In fact their associations are very helpful compared with ours...Their associations always think how the associations can help them (R2).

So you see the influence of the power of the Chinese Chamber of Commerce. These are very powerful guilds and they are helping each other (R25).

In addition, four of the respondents (R2, R3, R12 and R26) also pointed out how Chinese networking has helped in terms of providing financial assistance to the Chinese entrepreneurs. For instance Respondent 3 commented:

There are a lot of successful Chinese persons who are willing to lend money. May be private arrangement, may be with some interest and all that. That is an advantage, you know...With the Chinese if they have any idea that can bring money, many want to sponsor, many want to contribute (R3).

Similarly one of the respondents, Respondent 14, believed that the Chinese are more competitive as compared to the Malays because they are more financially-able.

On the other hand Respondent 9 did not agree that the Chinese are naturally cooperative. Rather they cooperate because of the potential benefits that they see could result from that cooperation. His remark was:

You think the Chinese are cooperative? It is a perception, it is an urban myth. Because in the Chinese community they only come to each other when there is a mutual need to cooperate not because they are Chinese. But because the Chinese business community is very, very spread out so there will always be one Chinese that will cooperate with one another. The factor of chauvinism plays a very little role in this (R9).

Respondent 9 further elaborated on how he thinks that to the Chinese money is everything. His comment was:

Money is their religion. Money is their motivation. If they can make money with a Malay and not with the Chinese they will kick the Chinese out (R9).

The second most common perception that the Malays have about the Chinese is that they have benefited significantly from government policy meant to promote Malay entrepreneurship. This view was shared by seven respondents (R1, R5, R8, R14, R19, R22 and R24). Four of the respondents (R1, R5, R8 and R14) even commented on how Chinese businesses were also using their political connections for them to obtain government contracts or tenders. Their remarks that reflect this conviction are³³:

Does ZSK have so much experience running railway lines before? No. Donald Lim was my classmate in university...what has he got above our experience running railways? He doesn't even know...but he got it (R1)!

³³ All the Chinese names mentioned are fictitious names.

The Chinese also sell influence, you know. What they call influence peddling...For example how did the people like Richard Ching, ZSK, if not for the Malay help, if not for Dr Mahathir punya help (with the help of Dr Mahathir)...you wouldn't get far without government support (R5).

At my level, you see, I have, I would say I have access to so many people, be it in the public sector, be it in the banking sector and I find it difficult...I am yet to get one negotiated thing from the government. And I would say if I get half of what ZSK is getting, I can tell you, I can bet, I can be better than them (R8).

You tengok George Tan...dia mencadangkan Malaysian Shipyard...dan diluluskan oleh kerajaan dengan 20 juta modal dan dia yang menjadi Chairman dia, CEO dia yang pertama. Dan dia akan gunakan kemudahan dia yang pengerusikan tu untuk diri dia sendiri (R14).

(You look at George Tan...he was the one who suggested the Malaysian Shipyard...and it was approved by the government with 20 million paid-up capital and he became the first Chairman, the first CEO. And he used that facility for his own benefits).

Nonetheless Respondent 8 believed that the majority of the Chinese entrepreneurs are hardworking people who are willing to learn business the hard way. This belief was evident in the following remark:

Look at the Chinese when they do development. Dia jadi apprentice (he became an apprentice)...but dia (he) build up, they know the business, they come up bit by bit, step by step and they know about the whole mechanism, the whole transaction and the whole infrastructure of business...They are willing to learn about other jobs, related jobs and that is why they can go up and become sub-contractor then contractor. And they become big contractor after that they go another step become developer (R8).

Five respondents (R2, R16, R19, R21 and R22) also made remarks on the advantages that the Chinese have as a result of them controlling the business value chain. Two of the comments that demonstrate this view are³⁴:

The non-Bumi, their business sometimes you see without capital also you can do business...They got their materials being supplied by their suppliers and then their workers also they can get the things. They just get the job and then they can coordinate with all their suppliers, with the workers to get the things done (R2).

I was talking about vertical and horizontal integration. For example, non-Bumiputera property owning companies have no problem in sourcing their building materials, the cement, dia punya window frame (the building's window frame) and lift and all that because the whole chain is controlled by them (R19).

Moreover four of the respondents (R16, R17, R22 and R25) believed that one of the reasons why the Chinese seem to be more entrepreneurial as compared to the Malays was because of their long history in business. This perception is supported by the following remarks:

The Chinese have been long in business...then looking back at their history, their forefathers migrated to Malaysia...And the fact that they migrated during those days, it shows these people are actually...risk-takers and...very perseverant and I would say didn't rely so much on other people to survive...In other words in the context of the Chinese, the whole society is very entrepreneurial by nature, you know, because of their forefathers (R17).

The Chinese have a long tradition of being merchants, getting involved in mercantile business. And these are for thousands of years they have been in this business. So basically they have the psyche of businessman as compared to the agrarian thinking of the Malays (R25).

³⁴ Although both respondents were using the term 'non-Bumiputera' in their remarks, the context in which the comments were made inferred that they were referring to the Chinese.

Respondent 17 also believed that the Chinese are entrepreneurial in nature because of their calculative sense and their mindset that nothing is considered wrong when it comes to business. This belief was implied in his following remark:

To the Chinese nothing is wrong until you are caught. Then even if you are caught you can bribe your way out, then you are still not wrong...Dia punya mindset (their mindset). And I thought because of that they are very entrepreneurial. Kemudian (then) they are very calculative...they are very entrepreneurial (R17).

Furthermore two respondents (R16 and R19) believed that the Chinese are more aggressive in terms of looking for business opportunities as compared to the Malays. Their remarks were:

Cina lebih agresif. Kalau Bumiputera ni dia tidak begitu agresif, dia tak boleh nak cari sendiri. That's why kita punya trade commissioner has to do that (R16).

(The Chinese are more aggressive whereas the Bumiputeras are not so aggressive and they cannot find business by themselves. That's why our trade commissioner has to do that).

The non-Bumiputeras are better than Bumiputera because they are always looking for jobs. So they hang around government offices or companies. They get information and they are always the first to submit their tender forms. And the Malay companies might just be not aware of such tenders being called (R19).

Finally, another two respondents (R8 and R25) commented on how Chinese businesses were insulated from being affected by any changes in the leadership of the country. This was expressed as follows:

You look at our change...It does not affect ZSK, it does not affect Richard Ching, Jimmy Ching all these...tukarlah pemimpin mana (despite the change in leadership) he will be there. Tukar IGP (change the Inspector General of Police) ke, tukar Perdana Menteri (or change the Prime Minister), tukar TPM (or change the Deputy Prime Minister), he will be there as successful as ever (R8).

The Chinese made adjustments very simple. Kwan Yeng Chin did not suffer after Mahathir left office. Jeremy Chia did not suffer, Richard Ching did not suffer, in fact they continued to prosper (R25).

By and large several inferences can be made based on the preceding discussion of opinion and perceptions about Chinese businesses/entrepreneurs by the Malay respondents of this study. Firstly, there was the general perception that the Chinese are very cooperative among themselves. Secondly, there was also the perception that Chinese entrepreneurs have benefited a lot from their dynamic networking and cooperation such as in getting financial assistance for their businesses. The Chinese trade associations are also seen as being more effective in helping their members as compared to their Malay counterparts.

Similarly, the Chinese were seen as having competitive advantage over the Malays by them being the ones who are controlling the business value chain as well as because of their long history in business. They were also perceived as being more astute and financially-able.

There has been agreement among seven of the respondents that the Chinese have been benefiting significantly from government policies to promote Malay entrepreneurship. There have even been strong rumours that the Chinese are also involved in influence peddling in order for them to obtain favours from the government.

The Chinese were perceived by some respondents as hardworking and more aggressive in looking for business opportunities as well as better able to insulate themselves from being affected by leadership changes in the country. Finally there

was perception that to the Chinese money is everything. Therefore they were perceived as being more willing to do anything for the success of their business.

The foregoing discussion has presented the analysis and findings resulting from the interviews with the Malay respondents. The section that follows will accordingly present the analysis and findings from the interviews with the Chinese respondents.

4.4 Themes and Findings Resulting From Interview with Chinese Entrepreneurs

This study offers the proposition that “state assistance in the form of affirmative action to an economically-challenged sector of the society (i.e. the Malays) does little to create entrepreneurship; rather it challenges rival economic groups (i.e. the Chinese) to sharpen their own competitiveness”. In order to confirm or refute this proposition and to understand how the Chinese business community triumphs without receiving any special privileges from the government as well as to explore the implications for the Chinese about the policy promoting Malay entrepreneurship, the Chinese entrepreneurs of this study were encouraged to share with the researcher their business backgrounds and experiences, their philosophy of entrepreneurship and their views on Malaysian government policies towards businesses. Their responses will be discussed accordingly.

4.4.1 Personal Background of Chinese Entrepreneurs

Four Chinese entrepreneurs (R27, R28, R29 and R30) were involved in this study. Out of this number, two entrepreneurs (R27 and R29) inherited their businesses from their fathers, one entrepreneur (R28) initiated her own businesses and the remaining one (R30) is in partnership with a Malay businessman (R10).

Both Respondent 27 and Respondent 29 have been exposed to entrepreneurship activities since they were young. They have even been made aware by their fathers when they were young that the family businesses were meant for them to take over. In the words of Respondent 27:

I am in the year, 17, 16 years old my dad said this is your job, put the mind like that. This is your job (R27).

However unlike Respondent 29 who went straight to business after completing his secondary education at the age of 19, Respondent 27 went overseas for his tertiary education before joining his father in business.

On the other hand Respondent 28 and Respondent 30 came from families with no business backgrounds. Respondent 28, however, was married to a business person. She has also been involved in two other businesses prior to her present one, both in Australia, right after she completed her tertiary education there. In this regard she admitted that although her parents were not business people she had always had a passion for business. Her remark was:

I have a passion for business when I was studying already...we like business world (R28).

In contrast, Respondent 30 decided to venture into his own business only after he got frustrated with the in-fighting problems in the previous company that he had worked for as a result of the merger between that company and two other construction companies. He even admitted that he never thought of himself being a businessman prior to that. His words were:

So post merger, the fighting went on and on...and that was then I decided to leave and start my own business. Actually I was the last person to, I never thought about myself as being a businessman. I thought I would be working to become the project manager and rise through the rank and become a director of the company because I was quite happy there. But because of all the politicking, you know, post merger so life became a bit unbearable...so I talked myself out of the company (R30).

Respondent 30, nevertheless, acknowledged that his previous working experiences have helped him quite significantly in providing him with the necessary skills and

knowledge required by his present business. In addition he also sought advice from his friends who were businessmen before venturing into his own business.

4.4.2 Philosophy of Entrepreneurship

Respondent 27 considered that it is important for entrepreneurs to have a vision and aim for the best for their businesses to thrive as implied in his remark:

It depends on how you look at business, what you want in this business and what contribution can you do to maximum...my philosophy, make a good product and let the people know...so whatever we do we try to achieve the best standard (R27).

Respondent 27 also believed that entrepreneurs must be independent and aggressive in terms of looking for business opportunities as well as in keeping themselves ahead of their competitors in order for their business to sustain. This belief was evident in this remark:

We believe we have to do it ourselves whether you want to go to that future or you want to stay at what you are doing presently...so what we do...we do running more faster, more aggressive, go for international market, go for better design. If you don't produce anything new or something better you cannot survive. There is other competitor coming up. More young people coming up (R27).

In addition Respondent 27 believed in the need for the entrepreneurs to be passionate about their businesses, to work hard, to sacrifice as well as to be patient and persevering. This belief was expressed as follows:

To me if you want to run the company of this size, you have to have a full time effort and you have to love the company. You have to put it as a hobby, develop it into a next stage...you need patience, you need all the endurance (R27).

Furthermore Respondent 27 also thought that it is critical for the entrepreneurs to be familiar with the requirements of their businesses. His remark was:

There are a lot of things to be done...you cannot say, oh, you come in and they can be run, no, no! You have to know technology, you have to know your products, you have to know the manufacturing process, everything before you can do (R27).

Similar to Respondent 27, Respondent 28 also believed in the need for the entrepreneurs to be passionate about their businesses for them to be successful. In fact she admitted that it was her passion for business that served as her motivating factor. Her remark was:

When I start the business it means we have put a lot of thought into it...we have passion for business. We like the business world. That is the thing that keeps us going...You should have the passion because all along you wanted to find something (R28).

As well, Respondent 28 also believed in the need for the entrepreneurs to be patient and perseverant in order for them to survive the difficult times which are common in business. She also emphasised the importance for the entrepreneurs to know about their business requirements.

Respondent 28 further acknowledged that entrepreneurship requires a lot of money as is evident in her following remarks:

You need a lot of money, ok. That is a pure fact. You need a lot of money to keep pumping in...And if you don't have enough money to keep pumping in to the business, to pay for rentals, the quiet place when there is no season, when there is no occasion like, maybe, after the Chinese New Year, it will be down. If you don't have that amount of money to...reserve money...you will run out and then you will be out of business (R28).

Respondent 28 also thinks that there is no such thing as quick money in business. Rather entrepreneurs are expected to strive to succeed. Her remark was:

A lot of people they start business because they just want fast money. There is no such thing as fast money. Even if you go to share market you have to sit down and analyse that company of whether they will make money or not...But a lot of people they close down because they just wanted to be in for quick money and out they go (R28).

In addition Respondent 28 believed in the need for the entrepreneurs to be open-minded and to be willing to learn and seek help from others as reflected in her remarks below:

If one person wants to go into business, I think she must always be open-minded and willing to learn. If this person has a lot of ego and he is not willing to ask for help from others eventually he is just going to lose his money and close. Because we cannot survive alone regardless of whether it is business world or what but we need help from other people (R28).

On this aspect Respondent 28 told the researcher that she always seeks advice from her other Chinese business acquaintances regardless of the fact that some of them might even be her competitors. This is because she believes that in business one needs to learn not only from his/her friends but also from his/her competitors.

On the other hand another respondent, Respondent 29, considered that it is important for the entrepreneurs not to overspend or to over diversify in their entrepreneurial activities. Rather they should be careful in managing their financial resources as well as to stay focussed in the business area that they are familiar with. Respondent 29 also felt that it is critical for him to have good relationships and rapport with his suppliers and customers. In fact he believes that this is the key factor to his business success.

Similar to Respondent 28, Respondent 29 acknowledged that entrepreneurship requires sufficient money or cash flow. He also agreed that it is important for the entrepreneurs to be proficient about their business requirement.

Likewise Respondent 30 believed in the importance for the entrepreneurs to profess good management skills for their business to thrive. His remark was:

I think basically there is no substitute for good management. It is very important... You need to know how to handle your staff, you need to know how to handle accounts, you need to know how to handle supplies... you must know how to run a company and you must know how to run your business with good management practices (R30).

Like the other two respondents (R28 and R29), Respondent 30 also believes in the significance of cash flow in entrepreneurship. This belief was apparent in his following remark:

You also need to put up a cash flow. That means when you start a project, at least you have to project a cash flow and to see what working capital you need (R30).

Finally similar to Respondent 27, Respondent 30 emphasised the need for the entrepreneurs to seek their own business opportunities and not to depend on others for their business success.

4.4.3 Attributes of Chinese Entrepreneurs

Several attributes of the Chinese entrepreneurs have been identified in this study by the researcher based on her interviews with them as shown in Table 4.4. Two of the attributes that were deemed to be evident in all of the four entrepreneurs are hard work and independence. The importance of these characteristics is apparent through their stories on how they would have to strive on their own in order to make sure that their businesses succeed. Examples of their remarks are:

You have to look after everything... nobody can help you... so door to door, see all architects we have in Malaysia... see the contractors... collect all the information, collect the order, doing the project, doing here, doing there... We are not looking at any type of assistance. So I developed all this product day

and night, non-stop, actually non-stop because you cannot stop...so the time spent, the effort spent, the family time all this...we believe we have to do it ourselves (R27).

We are creating a Malaysian-made brand and we are trying to go global. So it is harder for us and we have to constantly make sure our quality is good, our product is good (R28).

My philosophy, my strategy...we want to be the best among all these companies...we don't get help, you know. I mean we don't think that I makan (cheat) here and there... we are basically on our own, you know (R30).

It is also noteworthy that none of the four Chinese entrepreneurs is depending on government jobs or contracts for their businesses.

Table 4.4: Attributes of Chinese Entrepreneurs

Motivating Factor	Respondent			
	27	28	29	30
(1) Hardworking	x	x	x	x
(2) Independence	x	x	x	x
(3) Aggressive	x	x		
(4) Forward-looking	x	x		
(5) Alertness to opportunity	x	x		x

Two other attributes were also seen by the researcher to be apparent in Respondent 27 and Respondent 28. They are aggressiveness and forward-looking or visionary. Their aggressiveness and the forward-looking characteristics are primarily evident through their continuous efforts to promote their products internationally as well as in ensuring that they continue to stay ahead of their competitors. Examples of their remarks that illustrate these characteristics are:

We believe we have to do it ourselves whether you want to go to that future or you want to stay at what you are doing presently...we do running more faster, more aggressive, go for international market, go for better design...If you don't produce anything new or something better, you cannot survive. There's

another competitor coming up...whatever we do we try to achieve the best standard we have. When it comes to security we have the best security, when it comes to fire-proof we give you the best. This is the philosophy of this business (R27).

We are going into Australia and also into London...we brought our stuff there and then we met them and then a lot of lobbying and talking and showing them...we are trying to make it, we are trying to go international as soon as possible (R28).

Another attribute that has been identified by the researcher to be manifested in three of the respondents (R27, R28 and R30) is alertness to opportunity. Respondent 28 and Respondent 30 demonstrated this characteristic chiefly through the way in which they came up with the ideas of their present business. In their own words:

When I gave birth to my son, my first child, I was like in the mood for shopping, so constantly looking for clothes for him. And then I discovered that there was actually, you know, very limited clothing for boys especially when it come to like proper wear like shirts, pants and so on...So we decided to open a shop...specialise in boy's wear (R28).

There was the time when all this NEP came out...and my idea was I also want to benefit from the NEP. There's nothing that says that the Chinese cannot benefit, you know...You also can benefit but you tied with the Malay, ok. So now you get a smaller slice of a bigger cake, betullah (right)! Look, I mean, my partner probably on his own, he might not be able to do so well. So he has the political contacts, I have the technical knowledge there's a good thing (R30).

In contrast Respondent 27 demonstrated his alertness to opportunity when he decided to expand his business during the recession period experienced by the country in 1997. In his own words:

So 1997 the economy crashed down, many people got hurt...and then we saw 1997 as a chance. Chinese always say when there is a crisis there is a chance. And I believed there is chance...in terms of many people relax, they collapse. Many people can't do one. So it is a chance to go in...you're filling in the vacuum of the situation. Many people say, just give up...and I tell my people, no this is the time of change...so we do the developing, a lot of products come up...then we sell, start overseas, go to overseas market (R27).

4.4.4 Opinions on Government Policy towards Business

The most common criticism that the Chinese entrepreneurs of this study have towards government is the bureaucratic process that they would have to face in dealing with government agencies such as in getting approvals for their businesses or projects or in getting access to incentives provided by the government for Malaysian businesses. This criticism was voiced by three of the respondents (R27, R28 and R30) who also thought that the bureaucratic process is detrimental to the competitiveness of their businesses.

Respondents 27 and Respondent 30 also commented on how common it was for business opportunities and incentives to be given to the wrong people who would subsequently abuse such privileges. Their remarks were:

Those companies need it cannot get it. Those companies not really do the thing got it and they spend it. Then the country cannot grow. Too much of this, this abuse...You get the loan 10 million and put the 2 million in the pocket, then the whole thing cannot work...This is Malaysia now, the problem we have...the leaking of all these resources (R27).

All these contracts and the land privatisation, they are giving them to all the Ketua Bahagian (UMNO Division's leader), all the cronies, all that. There's any of them who knows how actually to do it (R30).

Respondent 30 further elaborated on how politics or the interference of the politicians has negatively affected the business environment in Malaysia. In his own words:

Well, the politicians make the rules and laws...they influence a lot of things because in Malaysia the government...wants to control everything. That's why they have a lot of rules and regulations, licences...We are in a country where everything goes back to politicians. They are responsible for giving out contracts, land and licences; it is a cronyism system (R30).

Respondent 30 also commented on how up-front money demanded by certain political figures has caused hardships to Malay entrepreneurs who have no financial ability to meet such high demands. His remark was:

When the politician gives the contract to the Malay businessmen, he expects upfront money, you know. And there is no way the Melayu (Malay) can deliver it...the demands are very outrageous...They ask for such an amount that...the poor Malay businessman can't do...And then normally after paying him you find the job doesn't make money (R30).

Moreover Respondent 30 felt that the government should not be involved in business at all; rather the government's job is to provide a conducive environment for businesses to thrive:

The government has no business to be in business. The government's job is to provide a stable environment, provide good police, good security, good parks, good roads, good things, good tax and leave the business to the private sector or leave it to the citizens to do it. Once the government starts to be involved in business they set up GLCs, every state now got its SEDCs...Why does the government do business and compete with all the private sector (R30)?

As well, Respondent 30 believed in the need for the government to have constant dialogues with the private sector in order for them to better understand problems faced by the private sector as well as their business needs. This belief is reflected in his following remark:

I think the government is really out of touch with the private sector. There is not much communication...How does the government know what the private sector is doing and what are the problems they have...So we are working in two separate environments. The civil service, public sector, they are doing their things, they think...what is good for private sector. And private sector here working on the business commercial environment and they exclude them (R30).

Respondent 30 further elaborated on the tendency for the government to only invite the Chairman of the public companies to attend their dialogues. And he felt that since many of these Chairpersons are Bumiputeras who know little about business it would also result in government not really understand the problems of the private sector. His comment was:

Normally in Malaysia most of the companies, public companies, the chairmen are all Bumiputeras. They are Tan Sri, Dato', chairman of, you know, these public companies. And when the government wants to have a dialogue they will decide who to invite. Of course they will invite the chairmen to come to their dialogue, ok, more so because they are Bumiputera, you know. But most of the chairmen are not hands-on. They don't know what the hell the company is doing anyway. So they are the ones who are talking to the government, so what you get? Nobody there knows what's going on (R30).

In addition, Respondent 30 commented that government interference in the country's business environment has consequently caused the Malays to be lacking in initiatives and be more dependent on the government. His remark was:

The government's job in any country is to provide a stable government, a stable infrastructure where businesses can thrive and where people can do their business without many interference from the government. Malaysia...too much interference...so everyone looks up to the government...all want to do business with the government especially the Malays. First thing Malays do, they want to do business with the government. They are looking for licence, they are looking for land from the government, they are looking for

privatisation. It is not you are going out and create something new...Nobody is interested to do business...They only want handouts from the government (R30).

Respondent 30 also believed that such interference has caused the Malays to be less cooperative among themselves as there would be a tendency for them to treat each other as a threat rather than as friends. This was implied in his following remark:

And this thing of creating an umbrella, a Malay entrepreneur, he provides the umbrella for other smaller Malay, doesn't work...you know why? The Malays look at the other Malays as a threat. Because I know, because my partner, I bring some Malays, let's do some joint venture to help them all that, he doesn't want (R30).

On the other hand two respondents (R28 and R29) felt that government policy and incentives have benefited big and established business more instead of the new or the small and medium enterprises. For instance Respondent 28 commented:

The government is actually giving a lot of subsidies to bigger company who is already earning millions of dollars. They come up with the programme thing that doesn't help the new entrepreneurs. They are helping those who are already there (R28).

Similarly Respondent 27 was also complaining on how certain privileges or incentives were given to big companies to the extent that they become a monopoly in that particular industry, which he thinks is bad for other businesses. He also feels that the effort by the government to establish networking for Malaysian businesses through official channels like the trade missions are not that effective because he believes that networking requires personal effort and involvement from the entrepreneurs themselves.

Nevertheless he acknowledged that government support is much needed for Malaysian businesses to be competitive internationally. He also commented on how it was common for governments in other countries like Singapore or America to back-

up certain big businesses. However he felt that it is important for the government to render support and assistance to entrepreneurs irrespective of their race and for the Malaysian businesses to be together in order to fight internationally or country to country rather than enterprise to enterprise within Malaysia. This belief was implied in his following remark:

The government has to work as one with all the entrepreneurs...they shouldn't be separated to consider, should be all in one...we have to work as one. Now globalisation means all of us must sit down together and work as one, you know. We cannot say, you Bumiputera, Chinese whatever, cannot like this, you know. Cannot anymore already...We have to stay together and fight outside (R27).

Respondent 27 also felt that it is critical for the government to be cautious in giving out opportunities and support. In this regard he believes in the need for the government to have a talent scouting or identification exercise in order to ensure that opportunities and support are given to the right people who are genuine entrepreneurs. His remark was:

They have to look into how to identify the real manufacturer, the real business people, give them support, you know. Because when we grow, bigger and bigger it is good for national, you know. We pay more revenue, you create more jobs, you lessen the problems in the public...That is why good people, bad people, government has to see.... Some people just take the money and run away, you know. That means the real checking, identification is necessary...try to select real good people...cannot just get anyone (R27).

In addition Respondent 27 together with Respondent 28 were also complaining about how it was still difficult for them to obtain loans from the banks despite many funds being available for Malaysian businesses. Respondent 27 even commented on the attitude of certain bank officials who were only willing to help 'their friends' as been expressed as follows:

I think may be some of the officers...they took their friends...only the friends can get all this (R27).

In summary the foregoing discussion has shown that generally the Chinese entrepreneurs of this study have someone close to them or family members involved in business. To the majority of them, entrepreneurship has been their only profession.

All the Chinese entrepreneurs of this study agreed that entrepreneurship demands an entrepreneur to be proficient about their business requirements. The majority also agreed that entrepreneurship requires sufficiently large amounts of money or cash flows. As well it is important for the entrepreneurs to be hardworking, patient, perseverant and passionate about their businesses for them to be successful entrepreneurially.

Two of the Chinese respondents also believe in the need for the entrepreneurs to be independent and proactive in their entrepreneurial drives. In addition there were also views that entrepreneurship requires vision, sacrifice, openness and willingness to learn as well as good rapport with customers and suppliers. One of the respondents also emphasised on the need for the entrepreneurs not to overspend and to focus on business areas that they know best.

Several attributes of the Chinese entrepreneurs of this study have been identified by the researcher based on her interviews with them. These are: (1) hardworking, (2) independent, (3) aggressive, (4) forward-looking, and (5) alertness to opportunity.

The previous discussion has shown that the most common criticism that the Chinese entrepreneurs of this study have is the bureaucratic process of the government. There were also complaints in the way that business opportunities and incentives were given to the wrong people who were not genuine entrepreneurs. As such, one of the respondents strongly felt the need for the government to have thorough background checks before such privileges are given out.

Another respondent also commented on how politics or the politicians have negatively affected the business environment in Malaysia. In this regard the

interference of politics has been seen as detrimental to the competitiveness of Malaysian businesses as well as to the development of Malay entrepreneurship in Malaysia. This respondent also felt that government should not be involved in business; rather, it should provide a conducive environment for businesses to thrive. As well, he emphasised on the need for the government to have constant dialogues with the genuine business people in order to better understand their business problems and needs.

Furthermore there was also criticism of the tendency for the government to render support and assistance to big and established businesses rather than the new or small and medium enterprises. One of the respondents also believed in the need for the government to help Malaysian entrepreneurs irrespective of their race. Finally there were also complaints from two of the respondents about the difficulty that they would have to face in trying to obtain loans from the banks.

In brief, the discussion so far has presented the analysis and findings resulting from the interviews with both the Malays and the Chinese respondents. The next section will correspondingly present the analysis and findings from the survey research of this study.

4.5 Analysis of Survey Questionnaire

The main purpose of the survey questionnaire for this study was to find out about general feelings and generate quantified information on issues under investigations. Accordingly a descriptive statistical analysis was primarily employed as the analytical tool to provide the researcher with the desired information as suggested by Bordens and Abbot (2008). In this regard a computer statistical software called the Statistical Package for the Social Sciences (SPSS) was used to analyse the survey data because of its ability to deal with large data sets and complex mathematical calculations in a way that would not be practical or efficient if the data were to be analysed manually (Ruane, 2005).

Recognising the need for the data to be properly managed for it to produce reliable and meaningful information (Buckingham & Saunders, 2004), the data entry process

was done by the researcher’s colleague who has the expertise for the required task. Consultations between the researcher and her were continuously made in order to ensure that both parties understand how the data should be dealt with as well as to discuss any ambiguity or irregularity found in the data.

In addition to statistical analysis, the data retrieved from the open-ended questions of the questionnaire was analysed manually by the researcher. In this regard a multiple response coding strategy was employed as proposed by Vaus (1995).

4.6 Description of Survey Respondents

A total of 114 respondents participated in the survey questionnaire of this study. Table 4.5 summarises the demographic profiles of these respondents. It is important to note that there were five respondents (R3, R5, R11, R47 and R65) who identified themselves as either “Indian” (1 respondent) or “other ethnicity” (4 respondents) with another respondent (R62) not responding to the ethnicity question. As the targeted respondents for this survey were potential and existing Malay entrepreneurs, the responses of these six respondents were excluded from subsequent analysis.

Table 4.5: Demographic Profile of Survey Respondents

RESPONDENTS’ PROFILE	Valid Response	Missing Value*	Min	Max	Mean	Std deviation
AGE	112	2	21	70	39.14	10.141
GENDER	Frequency	Percent	Valid Percent			
Male	69	60.5	61.1			
Female	44	38.6	38.9			
Total	113	99.1	100.0			
Missing Value	1	0.9				
Total	114	100.0				
ETHNICITY	Frequency	Percent	Valid Percent			
Malay	108	94.7	95.6			
Indian	1	0.9	0.9			
Others	4	3.5	3.5			
Total	113	99.1	100.0			
Missing Value	1	0.9				
Total	114	100.0				

Note: * Missing value is the number of respondents who did not respond to a particular question.

4.7 Analysis and Findings of the Survey

4.7.1 Demographic and Business Profiles of the Malay Respondents

Table 4.6 summarises the demographic profiles of the Malay respondents for the survey research of this study. The result shows that the average age for the respondents is 39 years old with a standard deviation of 9.975 and, it indicates that more than half of the respondents, that is 66.4%, were between the ages of 30 to 50 years old³⁵. This is valuable for the study as the majority of the respondents can be said to be still in their prime of life, therefore, making them more willing to share their opinions on issues under investigation.

Although the male respondents outnumbered the females, the difference was not too significant for the research to be considered gender-bias. In terms of the educational background, 42% of the respondents hold at least a Bachelor's degree, underlying the importance potential and existing Malay entrepreneurs give to tertiary education.

Further analysis reveals that the majority of the respondents started their first business between the ages of 20 and 29 years old with another 28.7%³⁶ of them starting their first business between the ages of 30 to 39 years old. Two conclusions can be made, based on this result. Firstly, it confirms the previous prediction that having tertiary education could be perceived as important to the Malays for business. This is based on the premise that it is common for the individuals to complete their undergraduate studies between the ages of 22 to 25 years old. Secondly, the result implies that for the majority of the respondents, business was not their first career choice. This prediction was well supported by another analysis which reveals that out of the total Malay respondents, about 97%³⁷ of them had working experience before becoming businessmen.

³⁵ As the distribution of age is proved to be normally distributed we can assume that approximately 68% of the respondents falls within one standard deviation either side of the mean (Punch, 2005), that is between 30 to 50 years of age. But a thorough analysis done by the researcher found that the actual percentage is 66.4%.

³⁶ In all the analyses when there are cases of missing value the valid/actual percentage will be used by the researcher, with exceptions mentioned.

³⁷ The percentage includes those who are not yet in business.

Table 4.6: Demographic Profile of Malay Respondents

RESPONDENTS' PROFILE	Valid Response	Missing Value*	Min	Max	Mean	Std deviation
AGE	107	1	21	70	39.21	9.975
GENDER	Frequency	Percent	Valid Percent			
Male	65	60.2	60.2			
Female	43	39.8	39.8			
Total	108	100.0	100.0			
HIGHEST EDUCATION	Frequency	Percent	Valid Percent			
Primary School	1	0.9	0.9			
Secondary School	32	29.6	29.9			
Diploma	29	26.9	27.1			
Bachelor	32	29.6	29.9			
Masters	6	5.6	5.6			
Doctorate	2	1.9	1.9			
Professional	4	3.7	3.7			
Others	1	0.9	0.9			
Total	107	99.1	100.0			
Missing Value	1	0.9				
Total	108	100.0				
AGE WHEN STARTED BUSINESS	Frequency	Percent	Valid Percent			
Under 20	6	5.6	6.4			
20-29	42	38.9	44.7			
30-39	27	25.0	28.7			
40-49	18	16.7	19.1			
50 over	1	0.9	1.1			
Total	94	87.0	100.0			
Missing Value	14	13.0				
Total	108	100.0				
WORKING EXPERIENCE OTHER THAN BUSINESS	Count	Percent of Responses				
Less than 3 years	63	27.8				
3 to 5 years	40	17.6				
5 to 10 years	42	18.5				
> 10 years	82	36.1				
Total Responses**	227	100.0				
Valid Respondents	105					
Missing Value	3					
Total Respondents	108					

Note:* Missing value is the number of respondents who did not respond to that particular question.

** The number of total responses is greater than the number of valid respondents as the respondents were given freedom to choose more than one answer for this particular question.

Table 4.7 summarises the companies' profile of the Malay respondents. In terms of business activity, there is sufficient number of respondents from the two major sectors of the economy, the services and manufacturing sectors³⁸, to lend credence to the subsequent findings in the analysis. Table 4.7 also illustrates that almost 70% of the respondents' companies were private limited types with another 17% and 11% as proprietorships and partnerships respectively.

³⁸ The services sector includes construction, retail, transportation, hotel/tourism/recreation services, consulting and personal services whereas the manufacturing sector includes manufacturing and mining activities. This categorization was made based on the guidelines provided by Malaysia's Small and Medium Industries Development Corporation (SMIDEC).

Table 4.7: Companies' Profile of Malay Respondents

COMPANIES' PROFILE			
TYPE OF BUSINESS	Frequency	Percent	Valid Percent
Construction	16	14.8	19.3
Manufacturing	25	23.1	30.1
Retail	19	17.6	22.9
Transportation	2	1.9	2.4
Mining	1	0.9	1.2
Hotel/Tourism/Recreation	7	6.5	8.4
Consulting	4	3.7	4.8
Personal Services	8	7.4	9.6
Others	1	0.9	1.2
Total	83	76.9	100.0
Missing value*	25	23.1	
Total	108	100.0	
FORM OF ORGANISATION	Frequency	Percent	Valid Percent
Proprietorship	15	13.9	16.9
Partnership	10	9.3	11.2
Private Limited	62	57.4	69.7
Others	2	1.9	2.2
Total	89	82.4	100.0
Missing Value	19	17.6	
Total	108	100.0	
Duration in Business	Frequency	Percent	Valid Percent
New (< 5 years)	34	31.5	40.5
Medium (5-10 years)	25	23.1	29.8
Established (> 10 years)	25	23.1	29.8
Total	84	77.8	100.0
Missing Value	24	22.2	
Total	108	100.0	
COMPANIES' PROFILE			
MAIN CUSTOMERS	Frequency	Percent	Valid Percent
Malays	37	34.3	71.2
Non-Malays	1	0.9	1.9
Foreigners	1	0.9	1.9
Government	7	6.5	13.5
Others	6	5.6	11.5
Total	52	48.1	100.0
Missing Value	56	51.9	
Total	108	100.0	
NUMBER OF WORKERS	Frequency	Percent	Valid Percent
< 10	44	40.7	53.7
10-30	27	25.0	32.9
31-50	4	3.7	4.9
> 50	7	6.5	8.5
Total	82	75.9	100.0
Missing Value	26	24.1	
Total	108	100.0	

Note: * Missing value is the number of respondents who did not respond to a particular question.

As well, it is glaring to note that the main customers of many of the respondents' businesses are Malays. This result should be treated with caution as the majority of respondents had not provided answers to this question.

The analysis may reasonably conclude that 40% of the respondents can be classified as newcomers to the business world based on the recent establishment of their business organisations (less than five years). Nevertheless, there are fair representations from those respondents who have been in business for at least five years as well as from those who have been in business for more than ten years i.e. established businesses.

In order to determine the size of firms of the respondents, the researcher has two options: either to use the company's sales turnover or the number of workers as the indicator. The latter was chosen as the preferred indicator due to the larger number of respondents who did not provide information on sales turnover³⁹. As indicated in Table 4.7 more than half of the respondents employed less than ten workers for their businesses with only 8% employing more than 50 workers. We can conclude from this that the majority of the respondents' business organisations, that is about 92%, are small and medium in size. This conclusion was made based on the guideline provided by Malaysia's SMIDEC which defines Small and Medium Enterprise (SME) as business organisations having not more than 50 full time employees⁴⁰.

A more in-depth analysis by the researcher has found that eleven of the respondents did not respond to any question in section B of the questionnaire which seeks information about respondents' business profile as well as on question C1 which asks for information on respondents' age when they first started their business. The inference we can draw here is that these respondents had not yet gone into business at the time of the survey. Based on this we can conclude that the majority of the respondents (about 90%) were already in business, a fact which is beneficial for this study as they are considered to be more versed with the issues under investigation,

³⁹ The missing value for sales turnover is 38 as compared to only 26 for the number of workers.

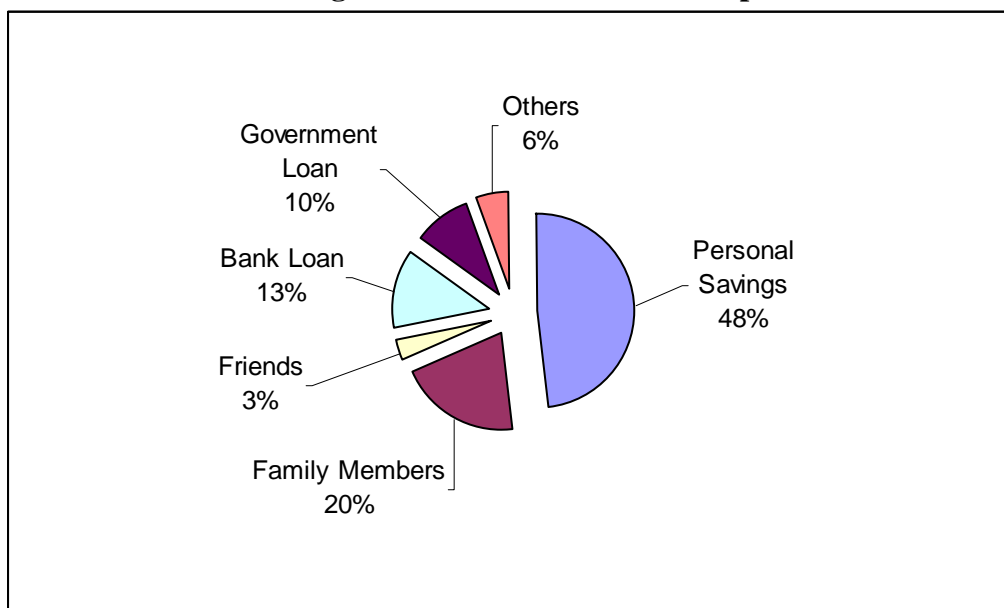
⁴⁰ The detailed definition of SME by SMIDEC is: (1) For the manufacturing companies or companies providing manufacturing related services, their annual turnover must not exceed RM25 million or full time employees not exceeding 150, (2) For the services sector, the business organization must not have sales turnover more than RM5 million or full time employees not more than 50.

and were more able to understand the relevance of the questions as compared to those who were not yet in business.

4.7.2 Sources of Initial Capital and Main Business Problems

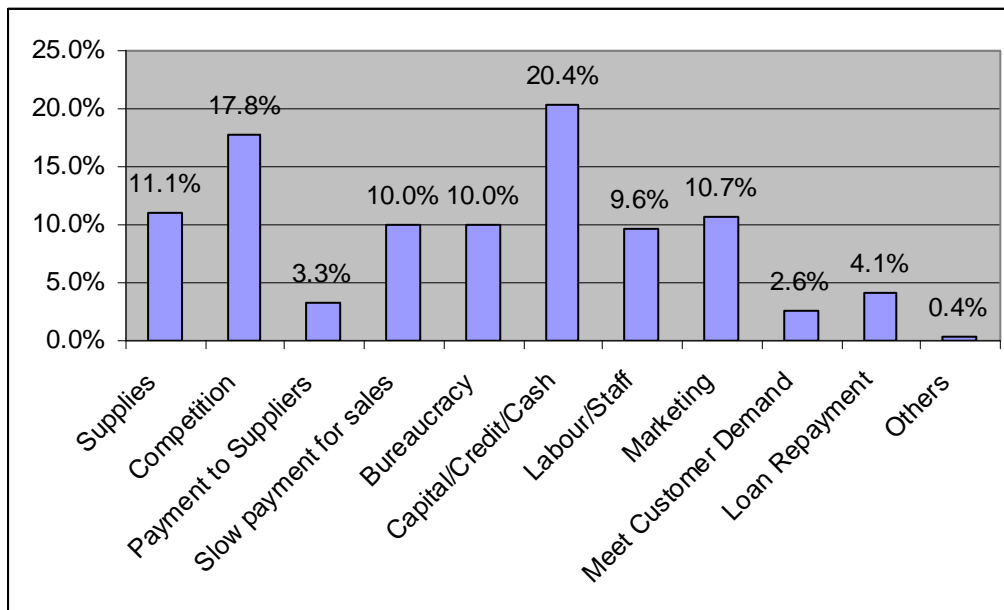
Figure 4.1 illustrates responses from the respondents with regard to their sources of initial capital. It is interesting to note that almost half of the responses indicate personal savings as their source instead of loans from the banks or government agencies. We can hypothesise that this could be due to the difficulty faced by the respondents to get access to the loans provided by either of these institutions. The result also shows that about 20% of the responses, that is the second highest, indicate family members as the source of respondents' initial capital. The analysis, however, cannot determine the proportionate contribution of each of these sources to a respondent's initial capital as most respondents failed to indicate the proportionate sources of funding and indicated only the main source of contributions.

Figure 4.1: Sources of Initial Capital



Question C3 of the questionnaire seeks information from the respondents on their three main business problems. As demonstrated by Figure 4.2 the most common problem faced by the respondents is the lack of capital or cash flow. This could be attributed to their newness in business and the fact that the majority of the respondents' businesses (as demonstrated previously) are small and medium in size.

Figure 4.2: Main Business Problems



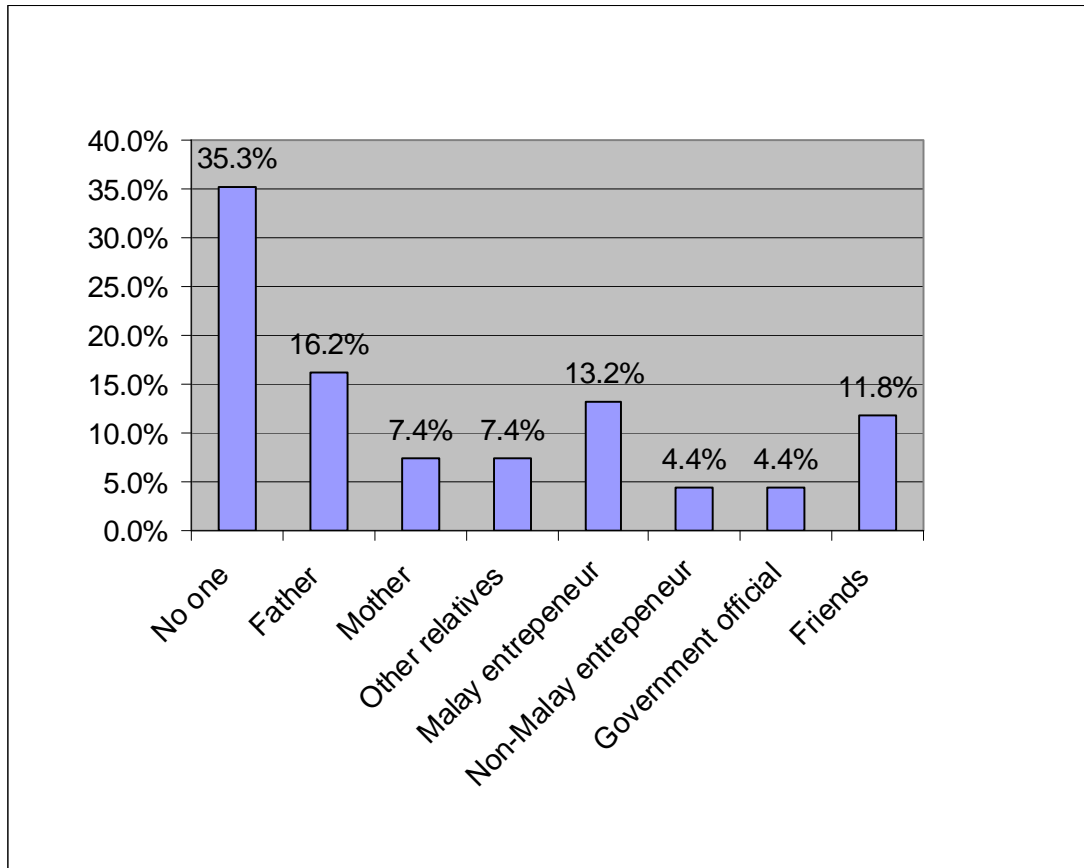
The second most common problem faced by the respondents is competition. Several assumptions can be made based on this result. For instance, we could assume that the problem could be attributed to the respondents' lack of competitiveness as a consequence of their inexperience, size and lack of capital or to the respondents' tendency to venture into business areas which already have many players or competitors. The third most common business problem experienced by the respondents is supplies. In this regard we could postulate that this could be due to the respondents' inability or difficulty in getting access to the supply chain which is known to be dominated by the non-Malays, in particular the Chinese.

4.7.3 Role Models and Support

Figure 4.3 demonstrates the result from the analysis on question C2 which enquires whether any particular person has played a crucial role in teaching the respondents about business. The result shows that about 35% of the respondents who answered this question acknowledged that no particular person had played such a role. The researcher assumes that this could be because the majority of the respondents had come from families without business background, thus, leaving the respondents with no choice but to learn about business on their own. Yet the result also illustrates that 31% of the respondents has family members who taught them about business. In

particular these people include the respondents' fathers (16.2%), mothers (7.4%) and other relatives (7.4%).

Figure 4.3: Individual Who Plays a Crucial Role in Teaching about Business

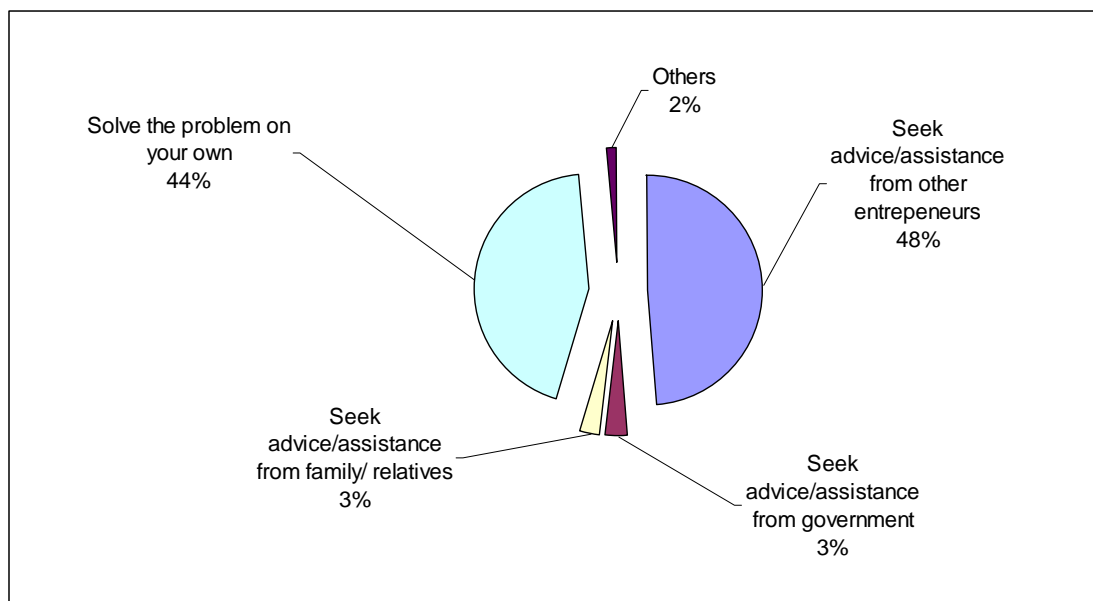


The result indicates that more respondents learn about business from Malay entrepreneurs as compared with the non-Malay entrepreneurs. This could serve as an indication of the lack of interaction or cooperation between different races in terms of entrepreneurship development. On the other hand, it is crucial to note that only 4% of the respondents were taught by government agencies about business. Based on this we can conclude that the majority of the respondents learn about business management through informal sources such as family members, friends or other relatives as well as from other personal resources.

Similarly Figure 4.4 illustrates that only a small proportion of the respondents (3%) seek advice or assistance from the government whenever they encounter problems in their business. On this aspect, the majority of the respondents either solve the

problems on their own (44%) or seek advice/assistance from other entrepreneurs (48%). Two inferences can be made based on this result. Firstly, although the previous analysis revealed that only about 17% of the respondents learnt about how to do business from the other entrepreneurs, the majority of the respondents do seek advice or assistance from this group of people when they are faced with business problems. On the contrary, only 3% of the respondents go to their family members or relatives despite a previous result showing a much higher percentage of family members playing crucial roles in teaching the respondents about business. We can postulate that this contrasting result could be due to the fact that as the respondents become more involved in business they would naturally spend more time associating or networking with other entrepreneurs. Secondly, we can also conclude that the majority of the respondents in this study are not dependent on the government to help them out with their business problems.

Figure 4.4: Resources for Advice/Assistance on Business Problems



Further analysis reveals that almost all of the respondents (about 98%) agree that their families are supportive of their businesses. Likewise more than half of the respondents (about 67%) think that Malay society is supportive of businesses that are owned by Malays. But only about 47% of the respondents agree the non-Malays are supportive of Malay businesses. Among the reasons given by those who did not think that the non-Malay were supportive are:

- (1) the inclination of the non-Malays to support and buy products from businesses of their own kind rather than from the Malays (17 respondents);
- (2) that the non-Malays would only assist Malay businesses if they think that such assistance could bring benefits or profits to them (6 respondents);
- (3) the tendency for the non-Malays who dominate the business value chain to discriminate against Malay businesses (5 respondents);
- (4) the lack of confidence among the non-Malays on Malay businesses (3 respondents); and
- (5) the perception among the non-Malays that the Malays have been receiving too much aid from the government (2 respondents).

4.7.4 The Influence of Politics

Table 4.8 summarises the opinions of the respondents about the influence of politics on businesses as well as on the development of Malay entrepreneurship in Malaysia. The analysis reveals that the majority of the respondents agree that politics plays an important role in Malaysian businesses though many (61.6%) did not agree that they must be involved in politics for the sake of their businesses. Correspondingly about the same percentage of the respondents (62.6%) disagrees that politics is necessary to sustain the development of Malay entrepreneurship in Malaysia.

Further analysis by the researcher has found that in general although the respondents felt that having a political connection or having a Malay political presence in the business could serve as an advantage to the Malays, they did not believe that it could serve as a pre-requisite for success entrepreneurially. Rather, other factors such as hard work, determination, being independent and having the necessary business skills and knowledge were quoted as playing more crucial roles⁴¹.

⁴¹ This conclusion was made based on the analysis of the explanation provided by the respondents to their responses on question C9 (Do you agree politics plays a crucial role in Malaysian businesses?), C10 (Do you agree that you must be involved in politics for the sake of your business?) and C11 (Do you agree politics will slow down the development of Malay entrepreneurship?) of the questionnaire.

Table 4.8: Opinions on the Influence of Politics

Question C9: Do you agree politics play a crucial role in Malaysian businesses?	Frequency	Percent	Valid Percent
Yes	84	77.8	84.8
No	15	13.9	15.2
Total	99	91.7	100.0
Missing Value*	9	8.3	
Total	108	100.0	
Question C10: Do you agree that you must be involved in politics for the sake of your business?	Frequency	Percent	Valid Percent
Yes	38	35.2	38.4
No	61	56.5	61.6
Total	99	91.7	100.0
Missing Value	9	8.3	
Total	108	100.0	
Question C11: Do you agree politics will slow down the development of Malay entrepreneurship?	Frequency	Percent	Valid Percent
Yes	37	34.3	37.8
No	61	56.5	62.2
Total	98	90.7	100.0
Missing Value	10	9.3	
Total	108	100.0	

Note: * Missing value is the number of respondents who did not respond to a particular question.

4.7.5 Government Policy and Initiatives

Section D of the questionnaire seeks feedback from the respondents on the government's policy and initiatives for the development of Malay entrepreneurship. Figure 4.5 illustrates that the majority of the respondents (89%) have been receiving some kind of aid or benefits from government agencies⁴². This is encouraging for the study as these respondents would be more able to assess the effectiveness of the government's initiatives as well as to provide valuable feedback on the questions found in section D of the questionnaire.

⁴² The result makes sense due to the fact that most of the questionnaires for this study have been distributed by government institutions namely the MeCD and MARA, thus, it is plausible that the respondents have been in the past been receiving some form of assistance from these two agencies.

Figure 4.5: Government Assistance for Business

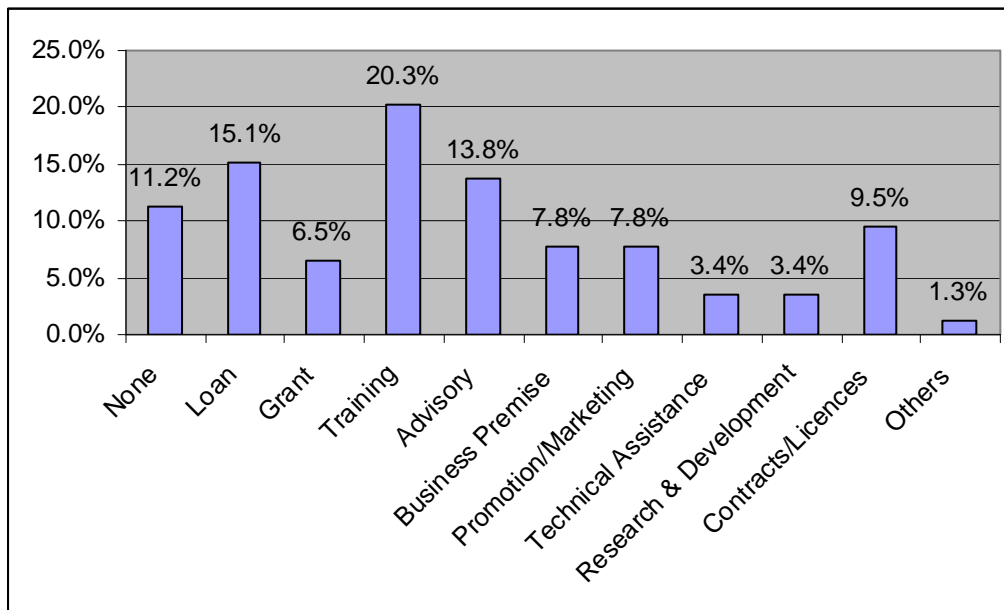


Table 4.9 summarises the respondents' opinions on government assistance and initiatives to develop Malay entrepreneurship in Malaysia. It shows that the majority of the respondents (93%) agree that the government should give preferential treatment to Malay entrepreneurs. Among the explanations provided by them are:

- (1) privileges are needed in order to help the Malays to be at par with the non-Malays (15 respondents) as well as to instil an entrepreneurship culture and to encourage more Malays to be involved in entrepreneurial activities (2 respondents);
- (2) The Malays are still lacking in capital, therefore, government support in terms of financial aid is much needed (13 respondents);
- (3) entrepreneurship is still new to the majority of the Malays, thus, guidance and assistance from the government are crucial (5 respondents); and
- (4) It is the right of the Malays as the "sons of the soil" to be rendered such privileges (5 respondents).

Table 4.9: Opinions on Government Assistance and Initiatives

Question D2: Do you agree that government should give preferential treatment to Malay entrepreneurs?	Frequency	Percent	Valid Percent
Yes	93	86.1	93.0
No	7	6.5	7.0
Total	100	92.6	100.0
Missing Value*	8	7.4	
Total	108	100.0	
Question D3: Do you agree the government has done enough to help Malay entrepreneurs?	Frequency	Percent	Valid Percent
Yes	62	57.4	60.8
No	40	37.0	39.2
Total	102	94.4	100.0
Missing Value	6	5.6	
Total	108	100.0	
Question C11: Do you agree that Malay entrepreneurs will be better off without government assistance?	Frequency	Percent	Valid Percent
Yes	14	13.0	13.9
No	87	80.6	86.1
Total	101	93.5	100.0
Missing Value	7	6.5	
Total	108	100.0	
Question D5: Do you agree there should be a time limit for preferential treatment/assistance to Malay entrepreneurs?	Frequency	Percent	Valid Percent
Yes	65	60.2	65.7
No	34	31.5	34.3
Total	99	91.7	100.0
Missing Value	9	8.3	
Total	108	100.0	

Note: * Missing value is the number of respondents who did not respond to a particular question.

The survey indicates that although a greater number of respondents agree that the government has done enough to help the Malays, the majority (about 86%) did not agree that the Malay entrepreneurs would be better off without government assistance. Further analysis by the researcher reveals that this is because many of them (31 respondents) think that the Malays are still lagging behind the non-Malays in terms of business motivation, competitiveness and success as well as in terms of business knowledge and experience. Ten of the respondents also believe

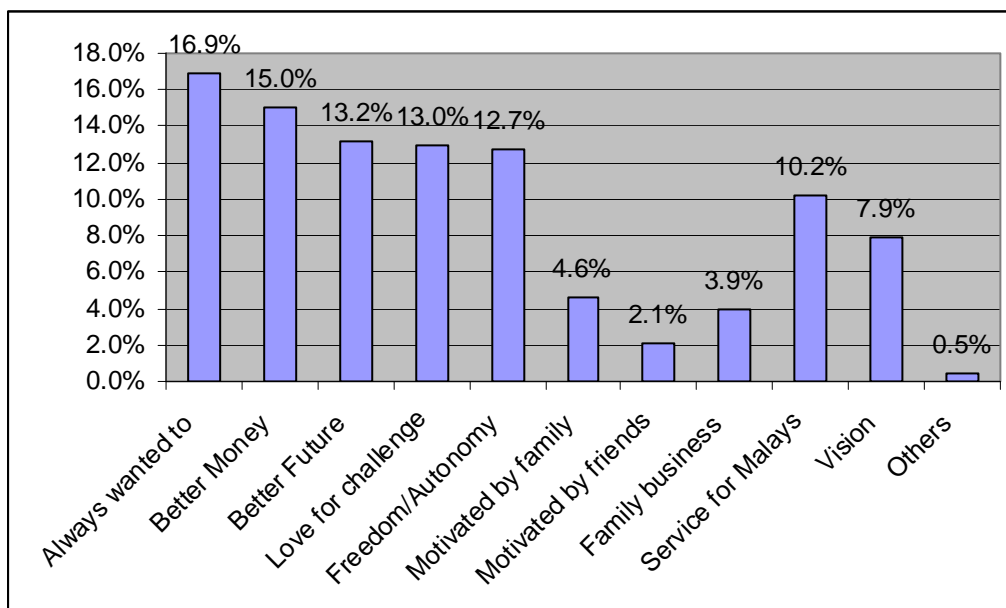
that the continuation of government assistance to the Malays is still crucial due to their lack of capital and alternative means for financial support.

Nevertheless almost 66% of the respondents agree that there should be a time limit for the preferential treatment or assistance to Malay entrepreneurs. In this regard nineteen of the respondents explained that the time limit is important in order to make the Malays more independent and competitive for them to be successful entrepreneurially.

4.7.6 Theoretical Perspective of Malay Entrepreneurship

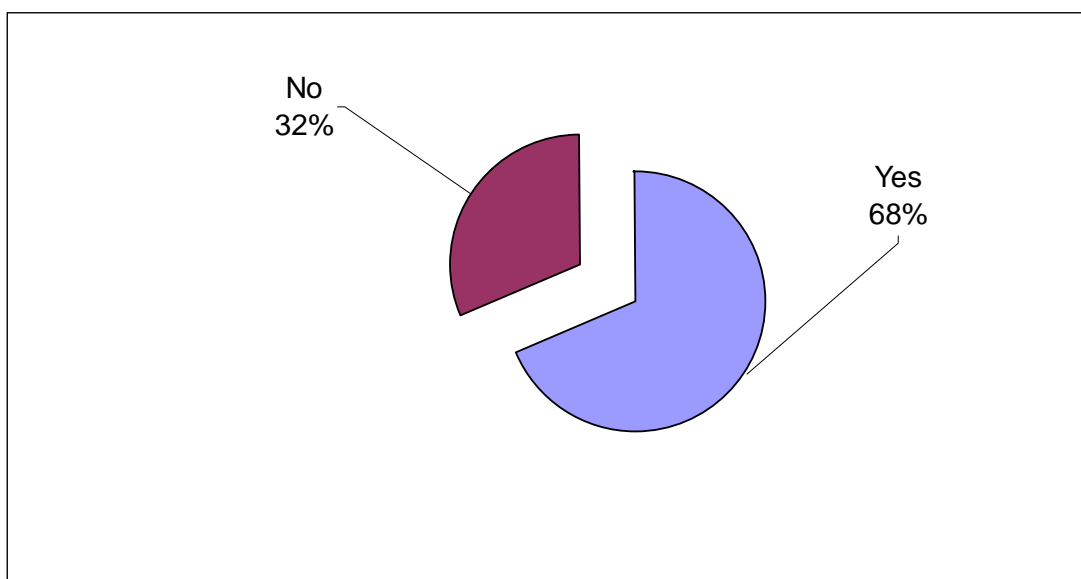
Figure 4.6 highlights the analysis on factors that influence the respondents' decision to go into business. It indicates that the three most popular factors were: always wanted to (16.9%), better money (15%) and better future (13.2). Correspondingly the three least most popular factors were: motivated by friends (2.1%), family business (3.9%) and motivated by family (4.6%). Based on this we can conclude that the decision to become an entrepreneur is very much determined by the internal motivating factors of an individual such as passion for business, the desire to have more money and better future and the love of challenge, rather than by encouragement from others.

Figure 4.6: Motivating Factors for Involvement in Business



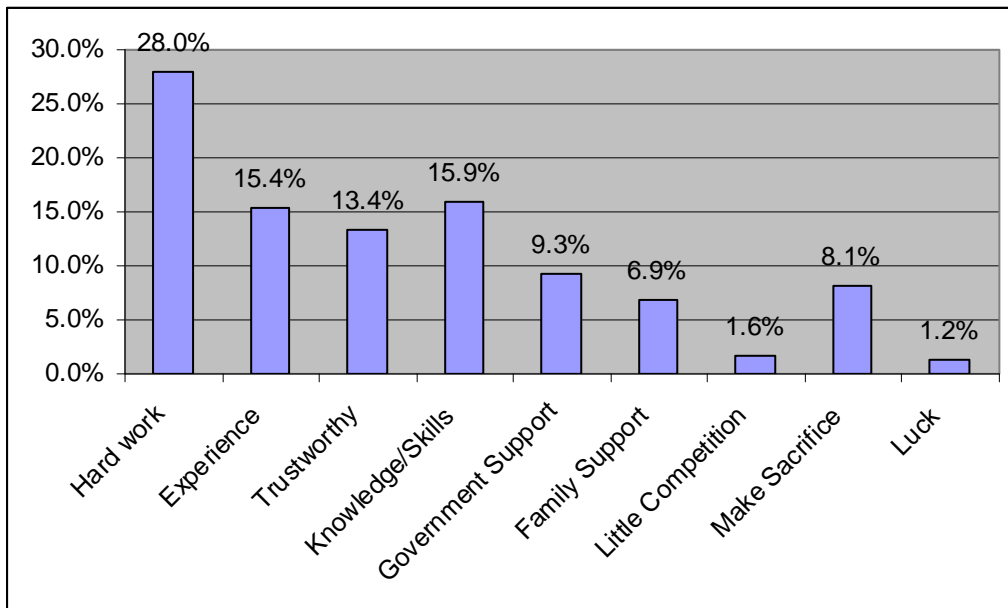
All things considered, it is important to note that almost 70% of the respondents (as shown in Figure 4.7) think that their upbringing has played a role in their decision to become entrepreneurs. We can also conclude that only a small number of the respondents came from families with business backgrounds based on the result showing family business as the second least popular factor that influenced the respondents' decision to be involved in business.

Figure 4.7: Role of Upbringing



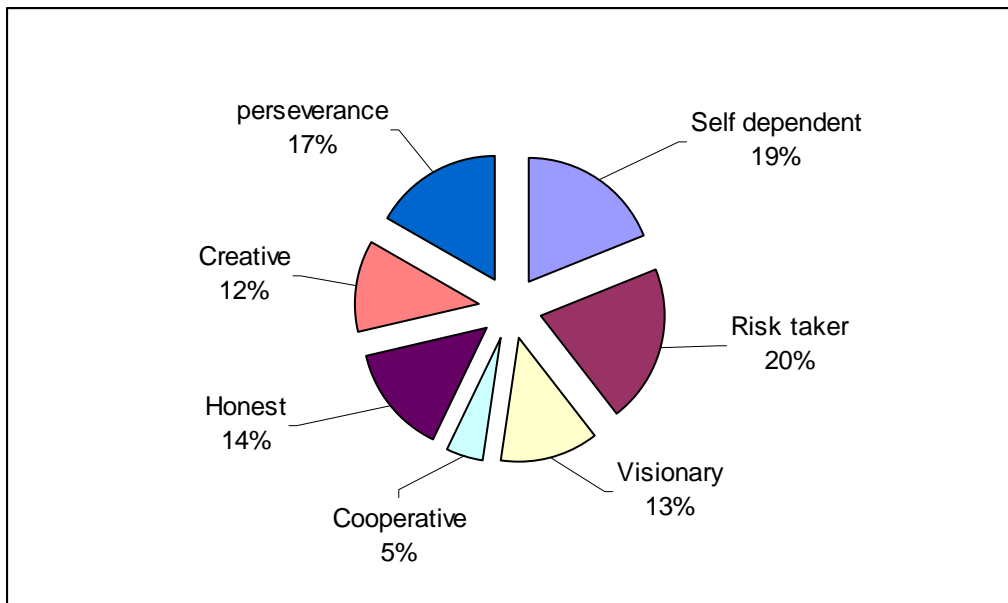
Likewise Figure 4.8 illustrates the analysis on responses provided by the respondents on factors that they think have been contributing to their success in business. It shows that the most popular contributing factor is hard work. This is followed by having the necessary knowledge/skills and experience. On the other hand only three respondents believed they owed their business success to luck. Based on this we can conclude that the majority of the respondents of this study are individuals with an internal locus of control. It is also interesting to note that a higher number of respondents owed their success to government support than to family support. This justifies the role played by the Malaysian government in promoting the development of Malay entrepreneurship.

Figure 4.8: Success Factors in Business



Further analysis (as shown in Figure 4.9) reveals that respondents have learnt that the three most important qualities for a successful entrepreneur are: risk-taking, self dependence and perseverance.

Figure 4.9: Important Traits of an Entrepreneur



4.7.7 The Influence of Culture

Table 4.10 summarises the respondents' opinions about the influence of culture on Malay entrepreneurship. The respondents were divided in terms of their opinions on whether the cultural values of the Malays have made them less inclined to venture into the business world. In this regard 53 of the respondents agreed that Malay cultural values have made them less interested to go into business with the other 50 respondents disagreeing. Among the reasons provided by those who agreed are:

- (1) the Malays lack an entrepreneurship culture/exposure (13 respondents);
- (2) the Malays prefer to work in stable and salaried jobs (11 respondents);
- (3) the Malays have a risk-averse attitude (9 respondents); and
- (4) the Malays have been affected by the negative consequences of colonisation (2 respondents).

Table 4.10: Influence of Cultural Values

Question E5: Do you think cultural values of the Malays make them less interested to go into business?	Frequency	Percent	Valid Percent
Yes	53	49.1	51.5
No	50	46.3	48.5
Total	103	95.4	100.0
Missing Value*	5	4.6	
Total	108	100.0	
Question E6: Do you think Malay cultural values are supportive towards their entrepreneurial development?	Frequency	Percent	Valid Percent
Yes	73	67.6	72.3
No	28	25.9	27.7
Total	101	93.5	100.0
Missing Value	7	6.5	
Total	108	100.0	
Question E7: Have you ever experienced conflict between your cultural values and business practices?	Frequency	Percent	Valid Percent
Yes	32	29.6	31.4
No	70	64.8	68.6
Total	102	94.4	100.0
Missing Value	6	5.6	
Total	108	100.0	

Note: * Missing value is the number of respondents who did not respond to a particular question.

Nevertheless more than 70% of the respondents agreed that the Malay cultural values are supportive of Malay entrepreneurial development. Similarly almost 70% of the respondents acknowledged that they have not experienced conflicts between their cultural values and business practices. We can conclude that the Malay cultural values are not inhibitive to their entrepreneurial development; rather it is their lack of an entrepreneurship culture that has made them to be less interested to venture into entrepreneurial activities.

4.7.8 How to Encourage More Malays to Go Into and Succeed in Business

The last question of the questionnaire (Question E8) seeks feedback from the respondents on what they think could be done to encourage more Malays to go into and succeed in business. 72 respondents have responded to the question. Summary of their suggestions are⁴³:

- (1) inculcate entrepreneurship values on Malay children by exposing them to entrepreneurship activities and knowledge at an early age (15 respondents);
- (2) promote entrepreneurship as a career of choice (13 respondents) with emphasis on young graduates/generations (5 respondents);
- (3) provide guidance and training for potential and new Malay entrepreneurs (15 respondents);
- (4) continue providing greater support for Malay entrepreneurs (10 respondents) especially in terms of financial assistance (13 respondents) as well as to provide more business opportunities (7 respondents), moral support (4 respondents) and in terms of assistance for business premises and space (7 respondents);
- (5) take appropriate measures to ensure opportunities and privileges are given to deserving Malays (6 respondents);
- (6) encourage the Malays to be self-dependent and hardworking (6 respondents);
- (7) ensure that the government reduces bureaucracy (3 respondents) and fights corruption (3 respondents);

⁴³ As question E8 is open ended, it is plausible that the number of suggestions is greater than the number of respondents.

- (8) encourage the Malays to be cooperative and helpful to one another (4 respondents);
- (9) promote successful Malay entrepreneurs as role models (3 respondents);
- (10) encourage Malay entrepreneurs to work together with non-Malay entrepreneurs (1 respondent); and
- (11) get the government to reduce the incentives to work in the public sector (1 respondent).

4.8 Summary of the Chapter

This chapter has successfully presented the analyses and findings of the interviews with the respondents in terms of:

- factors the Malays believe have contributed to the lack of development of Malay entrepreneurship;
- government policies and initiatives to promote Malay entrepreneurship and/or businesses in Malaysia;
- their philosophy of entrepreneurship, and
- Malay opinions on Chinese businesses/entrepreneurs.

The chapter has also presented the analyses and findings from the survey research and the data gathered from potential and existing Malay entrepreneurs were analysed descriptively using the statistical software called the Statistical Package for the Social Sciences (SPSS). The analysis has productively generated quantified information on issues that are of interest to the study such as:

- the respondents' major business problems;
- the influence of politics and culture on Malay entrepreneurship;
- opinions on government policies and initiatives; and
- recommendations to encourage more Malays to go into and succeed in business.

Having presented the findings from the interview and the survey, the next chapter will discuss these findings in relation to the study's research questions and proposition.

5.0 Introduction to the Chapter

The previous chapter presented the findings from both the interview and the survey research of this study. The purpose of this chapter is to discuss these findings in relation to the research questions and the proposition of the study. In this regard, the findings and information gathered from both the interviews and the survey as well as from other means of data gathering, such as the archival and document search, will be strategically triangulated in order to confirm the validity and reliability of the claims made by the study. The chapter concludes by providing a summary of the research findings.

5.1 Discussion of the Findings in Relation to Research Question 1: What are the causes for the lack of development of Malay entrepreneurship in Malaysia?

Twelve common factors have been identified based on the interviews with the Malay respondents as to the causes that could be contributing to the lack of development of Malay entrepreneurship in Malaysia. The first factor is the negative attitudes and mindsets of the Malay themselves. These include:

- the attitude or the mentality to get rich in an easy and quick way;
- the inclination to spend excessively on consumption goods and personal pleasures;
- the lack of effort to develop a competitive spirit or to seek business opportunities;
- the over-dependence on the government for support and assistance;
- the lack of confidence to venture into more profitable and bigger businesses; and
- the retention of the traditional practice of considering land as a hereditary asset rather than as collateral for business financing.

The second factor relates to issues or problems associated with the implementation of government policy and initiatives to promote Malay entrepreneurship. In this regard

the main issue mentioned by the majority of the respondents is the failure of the government to allocate business opportunities and other privileges to deserving Malay entrepreneurs. This could be attributed to the corruption activities as well as to the absence of talent scouting exercises and the lack of government efforts and capability to monitor that the opportunities and privileges given to the Malays actually serve their intended objectives. These problems are exacerbated by the failure of the government to act due to political interferences and the lack of monitoring resources. All these issues will be further discussed in the next section (Section 5.2).

The third factor is the lack of competitiveness and sustainability of Malay businesses. This factor is determined based on the perception by the Malay interview respondents that Malay businesses lack capital or financial capability. This perception is well supported by the findings of the survey research which reveals the lack of capital or cash-flows as the greatest problem faced by the survey respondents followed by the problem of competition. The suggestion by some of the survey respondents for the government to provide greater assistance in terms of business premises and space also indicates the financial incapability of the Malay businesses.

Malays are also perceived to have limited access to financial assistance, thus, contributing more to their financial constraint. The problem is made worse by the fact that it might not be easy for the Malays to obtain loans from government agencies and commercial banks due to their rigid approval requirements. The findings from the survey which show personal savings as the main source of the respondents' initial capital also imply such a difficulty.

The lack of competitiveness and sustainability of Malay businesses could also be due to their inexperience and the size of their businesses. The findings of the survey research show that the majority of Malay businesses are relatively new, mostly small or medium in size, and together with their financial constraints, are less able to compete with bigger and better established companies.

The fourth factor is the lack of an entrepreneurship culture with the Malays. This is evident through their preference for stable and salaried jobs, their risk-averse attitude and their lack of international exposure and entrepreneurship experience as the result

of them not being raised in a business environment and the failure of the country's education system to promote an entrepreneurial culture for Malay children. The historical background of the Malays as an agricultural society and the negative influences of colonisation have also been perceived by the Malay interviewees as factors contributing to the lack of exposure to an entrepreneurship culture. Similar explanations have also been expressed by the survey respondents who agreed that the cultural values of the Malays have made them less interested to go into business.

The findings from the survey also indicate that the majority of the respondents came from families without business backgrounds, thus, leaving them with no choice but to learn about business on their own. The same could also be said about the majority of the Malay entrepreneurs from the interview, as out of the eleven of them only two were from families with a business background. These findings support the notion that the majority of the Malay population have not been raised in a business environment.

The researcher's encounters with the Malay middle class have also provided this study with supporting evidence that an entrepreneurial culture has yet to be fully accepted by an educated Malay society. The Malay middle class prefer stable and salaried jobs and they tend to encourage their children to either work for the civil service or become professionals. These tendencies imply that entrepreneurship is yet to be seen as a career of choice for the Malays.

It is noteworthy to mention that there is no strong evidence from the interview findings which could indicate that the Malay cultural values themselves pose obstacles to entrepreneurial development; rather the findings from the survey research have shown otherwise. The researcher concludes that it is not the Malay cultural values that are posing as stumbling blocks in the development of Malay entrepreneurship but it is because of the Malays' lack of an entrepreneurial culture.

The fifth factor is the politicised nature of Malay businesses. This includes the common practice by the government to use opportunities and privileges as vehicles to serve their political ends, the tendency among the Malays to rely on their political connections for business success and opportunities, the need to provide excessive up-

front money in return for political favours and the selfish attitude of the Malay-politico-businessmen. All these elements have also been identified by one of the Chinese respondents.

Interferences by some political figures are also seen as detrimental to the development of Malay entrepreneurship. In this regard such interferences have been blamed for causing opportunities and privileges to be given to non-deserving Malay entrepreneurs or to non-Malays, actions which have resulted in the problem of “leakages”.

The politicised nature of Malay businesses has also caused a feeling of unfairness among several Malay entrepreneurs of this study. They expressed unhappiness for being discriminated against by favours granted to those with strong political connections and/or the politico-businessmen. These entrepreneurs, however, admitted that they were not discouraged by such discrimination. Similar findings are found in the survey research. In this respect, although the majority of the respondents admitted that politics played an important role in Malaysian businesses, many did not think that they must be involved in politics for them to be successful in business.

The sixth factor is the lack of cooperation and networking among Malay entrepreneurs. It is seen as causing the Malay businesses to be less competitive against the more entrenched Chinese businesses and contributing to their inability to mobilise resources for the growth of their entrepreneurial ventures as a community. The reluctance of the Malays to be cooperative and helpful to one another and to share their business knowledge and expertise have also been cited as contributing to their lack of entrepreneurial success. This could be due to the attitude of “hasad dengki” or extreme jealousy which has been perceived as still prevalent among the Malay masses by several of the Malay interviewees and the survey respondents of this study.

Though there is no conclusive evidence from the survey research, it is possible that the Malays lack business cooperation and networking. This belief is based on the researcher’s experience dealing with Malay businesses during her tenure at the Ministry of International Trade and Industry of Malaysia (MITI). The absence of non-

governmental institutions or Malay associations to effectively mobilise Malay resources and their lack of alternative financial sources of funding, support the conclusion that the Malays are lacking in such business cooperation and networking.

The seventh factor is the failure of the Malays to capture the business value chain. As a result of this, Malay businesses are perceived to be discriminated by a dynamic Chinese business network in terms of getting credit facilities and competitive prices for their materials and supplies. This perception was shared by a number of the survey respondents who did not agree that the non-Malays were supportive of Malay businesses.

The analysis of the main business problems faced by the survey respondents reveals access to supplies as their third most common problem. This has helped to support the view that the stronger Chinese business network discriminates against Malay businesses. Two of the Malay entrepreneurs from the interview had related personal experiences about such discrimination.

The failure of the Malays to capture the business value chain has also been quoted as resulting in the problem of “leakages”. In this regard, although the government’s jobs and contracts are awarded to the Malays, the value of the jobs may actually benefit the Chinese more, as much of the money would have to be spent on buying materials from the Chinese who are known to dominate the business value chain in Malaysia. The possibility of the Malays being charged high prices for their materials and business supplies by the Chinese would also substantiate the problem of “leakages”.

The eighth factor is that the growth of capable Malay entrepreneurs is often curtailed by the general prejudice against Malays. This is evident through the tendency among bank officials to treat Malay entrepreneurs as higher risks than Chinese entrepreneurs due to their lack of confidence in the ability of the Malays to meet their financial obligations and to succeed entrepreneurially. The findings from the survey research which reveal only a small proportion of the respondents who cited bank loans as a source of their initial capital, also infer the existence of such prejudices.

Although there were also complaints from Chinese entrepreneurs about the difficulties they had to face in trying to obtain loans from the banks, it is likely they face less prejudice than the Malays. This has been confirmed by one of the Malay respondents who is a banker and was once a CEO of an international banking group.

Besides prejudices from bank officials, Malay entrepreneurs are also faced with prejudices from other segments of Malaysian society particularly in terms of their entrepreneurial capabilities. This has been commented upon by several of the Malay interviewees with some of them sharing their own experiences of discriminatory practices. Similar sentiments were also expressed by the survey respondents who did not think that society was supportive of Malay businesses.

The ninth factor is the ineffective role of the Malay trade associations such as the Malay Chamber of Commerce. The ineffectiveness is mainly attributed to the selfish attitude of the leaders and/or the committee members which have consequently discouraged many Malay entrepreneurs from becoming members of the associations. Besides these, the dependency attitude of the association's members and the fact that there are still not many successful Malay entrepreneurs to back up such associations have also been seen as contributing to the ineffectiveness of Malay trade associations as compared to the Chinese trade associations.

Despite the sincerity and enthusiasm shown by the present leader of the Malay Chamber of Commerce, nothing in the respondents' remarks revealed that the Chamber can effectively help its members to be independent and competitive in the open market. The Chamber's prevalent tendency to keep asking for government assistance and special privileges for their members, such as in the award of government contracts and tenders, underlines the respondents' cynicism in the effectiveness of the Chamber. Information gathered from the Chamber's newsletter, seminar papers and local newspapers also indicates such a tendency.

The tenth factor is competition with the GLCs and the SEDCs. In this regard rather than assisting the government to create and to nurture more individual Malay entrepreneurs, the GLCs and the SEDCs are seen as competing directly with them.

Two respondents even related their own experiences of having to compete head-on with the GLCs.

The eleventh factor is the lack of successful role models. This is mainly attributed to the lack of successful Malay entrepreneurs who can serve as role models to the other Malays. On this aspect, the celebration of successful Malay entrepreneurs is deemed to be important in order to encourage other Malays to become entrepreneurs themselves as it will convey the message that entrepreneurship is an attractive and viable career option.

The lack of successful role models for the Malays is made worse by the presence of the Malay rentiers and the Malay-politico-businessmen. In this respect, their existence has to some extent discouraged other Malays from becoming entrepreneurs themselves because of the negative perceptions that they have towards these non-genuine Malay entrepreneurs. This has been somewhat confirmed by the feedbacks gathered by the researcher through her informal discussions and encounters with different segments of Malay society during her field work in Malaysia.

The twelfth factor is the negative attitude of Malay society towards failure. In this regard, instead of lending sympathetic support to the Malay entrepreneurs who have failed in their entrepreneurial venture, there was a strong tendency for Malay society to ridicule and look down on them. The negative attitude of Malay society towards failure would also consequently result in its reluctance to give “a second chance” to the Malays who had failed in their past business ventures. There is no hard evidence to support this perception but this has been observed anecdotally. This negative attitude could be partly attributed to “*hasad dengki*” (an attitude of envy) among some Malays which explains the reluctance to help members of their own community.

The foregoing discussion has shown that the lack of development in Malay entrepreneurship in Malaysia is caused by individual, environmental and historical factors. These include:

- the negative attitudes and mindsets of the Malays themselves;
- the problems associated with the implementation of government policy;

- the lack of competitiveness and sustainability of Malay businesses and their failure to capture the business value chain;
- the lack of an entrepreneurship culture and successful role models;
- the lack of cooperation and networking among the Malays;
- the politicised nature of Malay businesses and the ineffective role of their trade associations;
- the blanket prejudices against able Malays;
- the tendency among the GLCs and the SEDCs to compete with individual Malay businessmen; and
- the negative attitude of Malay society towards unsuccessful Malay entrepreneurs who are considered failures.

5.2 Discussion of the Findings in Relation to Research Question 2: Why hasn't government assistance worked for the Malays?

The research into Malaysia's entrepreneurship literature as documented in Chapter 2 of this thesis reveals continuous efforts and initiatives taken by the Government of Malaysia to promote the development of Malay entrepreneurship in the country. For instance, the MeCD, through its three strategic thrusts has been implementing various programmes and activities in an effort to boost the number of new Malay entrepreneurs as well as to strengthen the existing ones for them to be more competitive and viable in the open market. However, despite the concerted efforts, Malay entrepreneurship is still lacking. In particular, the number of Malay entrepreneurs is still small as compared to Chinese entrepreneurs with their sustainability and competitiveness still under question. As well, the objective to see a thirty percent Malay corporate equity has yet to materialise and the presence of Malay businesses throughout the business value chain has not been strongly felt.

The analysis on responses provided by the Malay interviewees reveals several factors that could explain why, despite the government initiatives and concerted efforts, Malay entrepreneurship is still lacking or in other words why has not government assistance worked for the Malays? Firstly, although the majority of the respondents agreed that there was nothing wrong with the policy to promote Malay

entrepreneurship, many admitted that there are still problems with its implementation. In this respect the main problem mentioned is the failure of the government to ensure that opportunities and privileges are given to the right Malays who have the capability and qualities to be genuine entrepreneurs. In the past, this failure had resulted in the problem of “leakages”.

Similar perceptions have also been expressed by the survey respondents who believe in the need for the government to take appropriate measures to ensure that opportunities and privileges are given to deserving Malays as well as to fight corruption. Likewise, one of the Chinese respondents also suggested the need for the government to develop a stringent means test for business applicants before any privileges are given out to any entrepreneurs be they Malays or non-Malays.

There were also complaints from one Chinese and three Malay interviewees that the lack of communication between government agencies and the private sector has consequently resulted in a discrepancy between what the private sector wants and what the government has provided for them. But none was able to provide details or examples of the discrepancy. The researcher is not able, therefore, to conclude that this could be a reason why government assistance has not worked for the Malays especially when six of the other Malay interviewees and more than 60% of the survey respondents are agreed that the government has done enough to help the Malay entrepreneurs.

Secondly, the findings from the interview indicate that government initiatives and programmes do not help much in terms of promoting the development of an entrepreneurship culture and spirit with the Malays. In this regard, rather than making the Malays more independent and competitive entrepreneurially, the privileges have been seen as causing them to be more dependent on the government, to be lacking in initiatives and to be less competitive. This perception was also shared by one of the Chinese entrepreneurs of this study. The findings from the survey show that although many of the respondents agreed that the government has done enough for the Malay entrepreneurs, the majority did not agree that the Malay entrepreneurs would be better off without government assistance. These findings also support the belief that the

government programmes and initiatives have failed to make the Malays more competitive and help them stand on their own.

It is also noteworthy to mention the perception of three of the Malay interviewees who believe that the government has done more than enough for the Malays so much so that it has caused them to lose their entrepreneurial drives. There was also a perception that the practice of direct negotiations in awarding government contracts and tenders could consequently remove the element of competition among Malay business people making them less competitive in the open market.

Thirdly, the findings from the interviews with both the Malay and the Chinese respondents indicate a strong tendency for the ruling party or the political masters to use opportunities and privileges as a vehicle to garner political support. The interviewees say this is detrimental to the development of Malay entrepreneurship as it would consequently result in the problem of “leakages”.

The inclination of many politicians to use opportunities and privileges as baits to garner political support has also resulted in the strong tendency among some Malays to use and rely on their political connections to gain access to government business opportunities as well as for their business success. Several of the Malay interviewees pointed out that this tendency is detrimental to the sustainability and competitiveness of Malay businesses as they would be negatively affected whenever there is a change in the leadership of the country or the leadership of the ruling political parties. The need to provide excessive amounts of upfront money in return for political favour to obtain government business has also been identified by one Chinese and two Malay interviewees as harmful to financially-constrained Malay businesses.

Similarly, the politicised nature of Malay businesses has to some extent created a feeling of unfairness or/and “hasad dengki” with the Malays. In this regard, there would always be a tendency for the unsuccessful Malay bidders to question the basis of the government’s decision to award business opportunities or privileges especially if the awards are done through direct negotiations. This was evident from frustrations expressed by several of the Malay interviewees in this study. One of the Chinese entrepreneurs even contended that the government’s interference in the country’s

business environment has consequently caused the Malays to be less cooperative among themselves as there would always be a tendency for them to treat one another as competitors rather than as allies. This contention was made based on his personal experiences dealing with Malay entrepreneurs.

Fourthly, there are indications that the government policy of helping the Malays in entrepreneurial development has, to some extent, perpetuated a negative view against Malay entrepreneurs. This is evident from prejudices experienced by several of the Malay entrepreneurs involved in this study in terms of the lack of confidence that others have towards their sincerity and entrepreneurial capability despite their successes. Similar frustrations were also expressed by several of the survey respondents who did not agree that the non-Malays are supportive of Malay businesses because of their negative perception that the Malays have been receiving a lot of aid from the government.

Fifthly, there are evidences that government officials have also been faced with difficulties and challenges in their efforts to implement the policies promoting Malay entrepreneurship and these could have affected the success of the policies. They include the lack of support from the private sector for the government's attachment programme, lack of coordination between different government agencies, changes in the direction of the Ministry as a result of leadership changes and budget constraints.

There are suggestions that the government has been focussing on the wrong aspects of Malay entrepreneurship. In this regard the government has been criticised for paying too much attention on efforts to produce big Malay businesses and/or individual Malay billionaires instead of developing and assisting smaller Malay businesses. Similar criticisms were also expressed by two of the Chinese entrepreneurs. One of the Malay entrepreneurs had also criticised the emphasis of the government in producing more Malay franchisees for foreign franchise companies rather than encouraging the Malays to produce and create their own brand products and businesses. Likewise, there is also resistance among the Malay interviewees against the government's proposal to use Malay public listed companies as an ultimate measure of Malay entrepreneurial success.

The information gathered from government publications and documents such as annual reports, review papers and minutes of meetings also reveals the inclination of the government to use a quantity indicator rather than a quality indicator as a measure of success for their programmes and initiatives. For instance, it is common to see government agencies reporting on the number of Malay trainees or Malay undergraduates who have benefited from their training programmes rather than reporting on how many have eventually established their own businesses. This could be due to the lack of effort by the government agencies to do a tracing study for their implemented programmes.

It is also common for the government agencies to attribute the success of their programmes and initiatives to how well they have met their budget allocation rather than how the programmes and initiatives have benefited the Malays in terms of their entrepreneurial competitiveness and success.

The foregoing discussion has illustrated several factors that could explain why despite government initiatives and concerted efforts, Malay entrepreneurship is still lacking i.e. why hasn't government assistance worked for the Malays? They are:

- the failure of the government to ensure that opportunities and privileges are given to the Malays who would have the capability and qualities to be genuine entrepreneurs;
- government initiatives and programmes have done little to promote the development of an entrepreneurship culture and spirit with the Malays;
- the tendency to use opportunities and privileges as a vehicle to garner political support is detrimental to Malay entrepreneurship;
- privileges have to some extent perpetuated a negative impression even against genuine Malay entrepreneurs;
- government officials are faced with difficulties and constraints in their efforts to promote Malay entrepreneurship; and
- the lack of emphasis by the government on the important aspects of Malay entrepreneurship as well as on realistic measures to gauge success.

5.3 Discussion of the Findings in Relation to Research Question 3: What are the implications for non-Malays, particularly the Chinese, on the policy promoting Malay entrepreneurship?

This study also seeks to find out the implications for the non-Malays, particularly the Chinese, regarding the government's policy to promote Malay entrepreneurship development. The responses and opinions provided by the Malay interviewees about Chinese businesses/entrepreneurs in Malaysia reveal a general perception that the Chinese are very cooperative among themselves. A similar perception was found among the survey respondents that the Chinese are inclined to support and buy products from Chinese-run businesses. The solidarity of the Chinese was also evident through their willingness to help one another in terms of, *inter alia*, rendering business advice. The researcher learnt this from her interviews with two of the Chinese entrepreneurs.

There are also perceptions that the strong cooperation and dynamic networking with the Chinese have worked towards their advantage and competitiveness in business. For instance, due to their strong bonds, the Chinese trade associations, such as the Chinese Chamber of Commerce, were seen as more effective in helping their members compared to their Malay counterparts. Similarly, Chinese networking has also been seen as helping the Chinese entrepreneurs in terms of providing financial assistance for their businesses. Accordingly they are better able to compete against the financially-constrained Malay entrepreneurs who lack capital and alternative means of financial assistance.

Likewise, the Chinese were seen by the Malay interview respondents as having a competitive advantage over the Malays because they control the business value chain in Malaysia. In this regard their effective networking is once again evident through their help for one another in terms of providing material and other supplies as well as credit and shelf-space facilities. This has created feelings of dissatisfaction with the Malays who feel discriminated against by the strong Chinese business network in terms of getting credit facilities and competitive prices for their materials and business supplies as revealed by several of the Malay interviewees and the survey respondents of this study. One of the Chinese respondents has also admitted that his good rapport

with his suppliers, who understandably are mainly Chinese⁴⁴, has served as the key success factor for his business. This further attests to the advantage the Chinese have in terms of their dynamic networking and cooperation in the business value chain.

The Chinese are also perceived as aggressive in terms of looking for business opportunities be it in the open market or opportunities provided by the government. They are also seen as hardworking people who are willing to learn the business the hard way. These perceptions are confirmed by the findings of the interview which reveals hard work, aggressiveness and alertness to opportunity as the attributes commonly shared by the majority of the Chinese entrepreneurs of this study. In addition the findings also reveal independence as another key attribute that is evident in all of the Chinese respondents through their stories of how they had to strive on their own to ensure the success of their business and the fact that none of them depends on government jobs and contracts.

On the other hand there are perceptions that the Chinese have benefited significantly from government policy meant to promote Malay entrepreneurship. This could be primarily due to the “leakages” problems as a result of the Chinese:

- controlling the business value chain;
- the need to provide business opportunities to the Chinese in order to gain their political support;
- the incapability of the Malays to complete the job awarded to them; and
- the negative attitude of the Malays who are always hoping to get rich quickly.

There is evidence that the Chinese have also been using their political connections to obtain government contracts and tenders. This has been revealed by four of the Malay interviewees of this study. But, unlike their Malay counterparts, Chinese businesses were seen as better able to insulate themselves from being negatively affected by any changes in the political leadership of the country.

In summary, the policy promoting Malay entrepreneurship has underscored for the Chinese the importance of helping each other and cooperating more closely for

⁴⁴ This has been confirmed by the researcher through her informal discussion with the respondent after the interview.

business success. This is evident through their strong networking which has contributed to their competitiveness. Although the strong associations and competitiveness of the Chinese were evident even before the birth of the policy promoting Malay entrepreneurship (Gullick, 1981), it is plausible that their networking became more effective in response to the threat of them being marginalised by the government's policy.

Secondly, by not being the beneficiaries of government assistance and privileges, it has not stopped the Chinese from becoming more competitive entrepreneurially. In this regard they have become more aggressive in looking for business opportunities either in the open market or in the government sectors. Similarly they have become more independent and hardworking in order to ensure their survival and success of their business. As a result of their competitiveness, the Chinese are better able to cope and benefit from government policy meant to promote Malay entrepreneurship.

Thirdly, not being the privileged group of government policy has, in a sense, made the Chinese adopt protective trade measures which discriminate against the Malays. This is evident through their inclination to support and buy products from Chinese businesses. The Chinese are also seen to be hesitant to assist Malay businesses because of their belief that all Malays receive aid from the government. The discriminative attitude of the Chinese is also apparent in their reluctance to provide credit facilities and competitive prices for materials to Malay businesses. All these three implications will be further discussed in section 5.5.

5.4 Discussion of the Findings in Relation to Research Question 4: Are western models of entrepreneurship appropriate for Malay entrepreneurial development?

Studies on entrepreneurship show that the conceptual theories of entrepreneurship have been contributed mainly by scholars from the Western developed countries whose philosophy could be largely influenced by their more laissez faire economy as well as their political and socio-cultural backgrounds. This could make their theories inappropriate for developing eastern societies such as Malaysia's since the practice of entrepreneurship has to be in step with its social reality and maturity.

The analysis of responses provided by the Malay interviewees and survey respondents reveals several elements that they think are essential for entrepreneurship. These include:

- the need for entrepreneurs to go to an open market and search for business opportunities;
- the need to take risks and be passionate about their businesses;
- the need to make sacrifices and be hardworking; as well as
- the ability to be creative, innovative, perseverant and knowledgeable.

This philosophy of entrepreneurship, though, differs little from the conventional Western concepts of entrepreneurship which emphasise the need for the entrepreneurs to be alert to opportunities, to be creative and innovative, to take risks and to make decisions as well as to shoulder greater responsibilities.

Nevertheless in contrast to the western scholars who have the tendency to treat entrepreneurship as an individual's activity, the Malays believe that it is essential for entrepreneurs to cooperate and work together. This tendency to place a high priority on the importance of working together could be attributed to the background of the Malays as a communitarian society.

The Malays believe that entrepreneurship requires honesty, a quality which is not usually found in the conventional Western concept of entrepreneurship. This belief could be influenced by the religious beliefs of the Malays.

The Malays also believe that entrepreneurship requires an entrepreneur to know and be able to interact with a wide circle of contacts in business ("know-who") in addition to "know-how". Although the element of "know-who" is also present in the western concept of entrepreneurship, its significance is more pronounced in Malay society which is still divided along class lines and remains very status conscious.

Another concept that is different from the conventional Western concept of entrepreneurship is that the Malays believe that tertiary education is a requirement to go into business.

Through the interviews, eight elements are identified as motivating factors for Malay entrepreneurs of this study. They are:

- (1) the need to provide comfort and a better life for oneself and family;
- (2) the desire to contribute to society;
- (3) the passion for business;
- (4) the love for challenges;
- (5) the desire to prove that a Malay can achieve;
- (6) the desire to prove oneself;
- (7) the monetary gains; and
- (8) the gain in social status.

In this regard two of the motivating factors seem to differ from the conventional Western thinking of entrepreneurship, and, they will be further discussed in the following paragraphs.

Firstly, unlike the Western scholars who perceive an entrepreneur as chiefly motivated by his/her individual personal gains such as the gain in one's social status and/or power relative to others as well as the personal monetary gain and wealth offered by the entrepreneurial activities, the Malay entrepreneurs of this study are also motivated by the desire to contribute to society. A similar result was also found in the survey research where about 10% of the responses indicate service to the Malays as a factor that motivated them to go into business. The findings of the interview reveal the proclivity to give back or to 'berbudi' to one's society, as one of the characteristics that is found in several of the Malay entrepreneurs of this study. This characteristic is evident, for instance, through their establishment of foundations to help the unfortunate and poor Malays as well as their frequent donations to scholarship funds for Malay children and/or seed capital to aspiring Malay entrepreneurs. The information gathered by the researcher from their company's bulletins/newsletters and annual reports also indicate such tendencies.

The motivation among the Malay entrepreneurs to contribute or to give back to the society is once again influenced by their background as a communitarian society. In a communitarian society, the Malays are expected to ‘berbudi’ or to contribute and offer help to their community without expecting any tangible rewards. They believe the failure to do so could socially cause the individual Malay not to be respected by his/her own community despite his/her distinguished achievement and/or wealth. Therefore it is understandable that the Malay entrepreneurs of this study are motivated to ‘berbudi’ as their social status could be largely determined by how much ‘budi’ they have contributed to their society more than their entrepreneurial achievements and wealth. Being Muslims, Malay entrepreneurs would also be motivated by their religion to ‘berbudi’ for them to be rewarded in the life hereafter.

Secondly, in contrast to western scholars’ argument that an entrepreneur is motivated by the desire to achieve to prove his/her superiority or capabilities over others, the Malay entrepreneurs of this study are also motivated to prove that they as Malays can achieve. This could be attributed to a sense of obligation that the Malays have, as members of a communitarian society, to protect and to enhance their society’s good image and integrity over other societies.

The interviews also reveal resistance against the government’s effort to push Malay businesses to be listed as public companies, although “going public” is another standard used to measure entrepreneurial success in western societies. The resistance could be attributed to the family-oriented nature of the Malays who would view the glare and transparency of a public-listed company on a Malay family business as intrusion into their privacy.

In brief, the discussions so far have illustrated that the Malay theoretical perspectives of entrepreneurship differ slightly from the conventional western concepts of entrepreneurship. The differences are largely due to the cultural background of the Malays as a communitarian society and of them being Muslims as well as the fact that the Malays are still divided along class lines and are status conscious. It is questionable if Western models or concepts of entrepreneurship are appropriate for the development of Malay entrepreneurship in Malaysia. The individual centric western model of entrepreneurship may not work well in the communitarian society

of the Malays who place a high value on the importance of working and cooperating with one another, of performing 'berbudi' and of protecting the society's good image and integrity. In this regard, thrusting the Western model of entrepreneurship on Malay business would be to impose ideologies that are culturally alien to the Malays.

The emphasis put by the western scholars on material and worldly rewards as incentives for undertaking an entrepreneurial activity may not be well accepted by the Malays as they run counter to their conservative belief.

As an eastern and communitarian society, the Malays believe in the importance of preserving their 'adat' and cultural identity. Therefore it is probable that some Malays would not be encouraged to go into business if they believe doing business is in conflict with Malay traditions.

5.5 Discussion of the Findings in Relation to Proposition of the Study: State assistance in the form of affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness.

The overview of entrepreneurship literature in Malaysia, found in chapter 2, illustrates that Malay entrepreneurship stagnated under British colonisation of Malaysia. British imperial policy to segregate economic activities along racial lines and the inadequate nature of the colonial education policy to prepare Malay children for modern economic activities had resulted in the Malays being left behind in terms of commercial experiences and business know-how; elements that would have been crucial for their entrepreneurial development.

Following independence, Malay entrepreneurship continued to lag behind that of the Chinese. Fearing that Chinese economic dominance would eventually give them more political power, which would be unacceptable to many Malays as the "sons of the soil", the Malays started to demand a bigger share of the country's wealth through participation in business and industrial activities (Shamsul, 1997). This has resulted in

the birth of government policies giving special privileges and assistance⁴⁵ to the Malays in order to promote their entrepreneurial development.

Nevertheless despite the government's concerted efforts, Malay entrepreneurship is still lacking and the Chinese domination of the business activities of the country remains. Although past studies had indicated this fact quite well, these studies have failed to provide a convincing explanation for this lack of success. This study offers the proposition that it is state assistance in the form of affirmative action to the Malays that, instead of creating entrepreneurship, has resulted in them becoming more dependent on government assistance and motivated the Chinese to work harder and strengthen their business networking within their community. This will be addressed in the following paragraphs.

The findings of the study reveal that government policies in giving special privileges and assistance to the Malays do not help much in terms of promoting the development of their entrepreneurship culture and spirit. Rather than making the Malays more independent and competitive entrepreneurially, the privileges and assistance have been seen as causing them to be more dependent on the government. This agrees with the argument of the dependency theory that assistance in various forms such as from rich countries to poor countries is not always helpful, instead it tends to prolong the dependency.

Further analysis in this study on government initiatives to promote Malay entrepreneurship through the adoption of the franchisor and the franchisee programmes as well as the vendor development programmes, reveals the propensity of the government to provide a less risky and quicker route for the Malays to become entrepreneurs. These programmes are not entrepreneurially creative in themselves and it is uncertain if they could be successful in producing more enterprising Malay entrepreneurs who are creative, viable and competitive in the open market. Rather, it is more likely the programmes would induce a dependency culture and inhibit their creativity. In this regard it is plausible that the Malay vendors will be dependent on

⁴⁵ In the context of this study, special privileges and assistance includes government initiatives in providing business opportunities for the Malays through contract-giving, the award of government tenders and licenses, and Malay equity ownership of public enterprises.

contracts and licences provided by either the GLCs or their respective private anchor companies instead of aggressively looking for business opportunities in the open market. Similarly the Malay franchisees will be dependent and constrained by the terms and conditions imposed on them by their respective franchisors which would consequently cause them to lose their creativity and innovativeness. On the other hand, it is also probable that the Malay franchisors and the Malay anchor companies will ask for more government preferential treatment in return for their willingness to participate in these government-promoted programmes. Far from making the Malays independent and competitive entrepreneurially, government initiatives through these two programmes could prolong their dependency on the government as well as inhibit their creativity and innovativeness.

The findings of the study reveal the tendency with the Malays to treat government privileges and assistance as their inalienable rights because they are the “sons of the soil”. This is evident through their continuous demands for the government to continue with policies giving preferential treatment and assistance despite acknowledging that the government has done enough to help.

The result of the survey shows that 66% of the respondents are agreed that there should be a time limit for the preferential treatment or assistance to Malay entrepreneurs. Many of them also believe that the time limit is important in order to make the Malays set a target for their learning curve. Although some of the Malay entrepreneurs from the interviews have admitted that they have been benefiting from the policy to promote Malay entrepreneurship, they agreed that the policy has only helped them to a certain extent; rather it has been their own initiatives and hard work that have determined the success of their entrepreneurial venture. This supports the argument that privileges should not be taken for granted by the Malays as their main channel to success as such assistance goes against the grain of entrepreneurship theory of risk-taking, innovativeness and autonomy.

The findings of the study also suggest that government privileges and assistance have to some extent caused the Malays to lose their entrepreneurial drive and initiative. This conforms to the claims of an opponent of affirmative action policies that affirmative action could consequently kill hard work and ambition (Sowell, 2004).

There is doubt, therefore, if the government would be successful to significantly increase the number of Malay entrepreneurs who are willing to take the risk of creating enterprises on their own. It is doubtful also if many of the entrepreneurs could survive in the aggressive “survival of the fittest” environment with continuing government assistance.

A dependency culture could also make the recipients beholden to the government for political reasons. This tendency has been proven in section 5.2 to be detrimental to the development of Malay entrepreneurship.

The findings of the study reveal that government privileges and assistance to promote Malay entrepreneurship have also resulted in stereotyping to the disadvantage of capable Malay entrepreneurs and have subjected them to the same treatment of suspicion and distrust by financial institutions and others. This has consequently contributed to further discrimination against them. Opponents of affirmative action contend that the act of affirmative action could perpetuate negative stereotyping on beneficiaries of such a policy (Eberhardt & Fiske, 1994; Salinas, 2003). In contrast to their argument that affirmative action would negatively affect the actual self-esteem of the beneficiaries, none of the Malay entrepreneurs of this study seems to show any sign of low self-esteem nor lack of self-confidence.

But, there is no question that, as the findings of this study show, Malay “rentiers” and Malay politico-businessmen have abused opportunities and privileges given to them. This has consequently discouraged other Malays to become entrepreneurs themselves because of this negative perception of Malay entrepreneurs. Therefore, it is debatable that the government could be successful in promoting entrepreneurship as a career of choice with the Malays when many of them view the profession with suspicion. This is in line with the argument of entrepreneurship scholars that entrepreneurship will only thrive in a society where entrepreneurs are highly appreciated and regarded as cultural heroes (Malach-Pines et al., 2005).

The analysis in section 5.3 reveals that the policy to promote Malay entrepreneurship has, instead, unintentionally made the Chinese to be more close-knit and cooperative. This has subsequently worked towards the advantage of the Chinese in improving

their competitiveness. Consistent with the argument of the network success theory (Witt, 2004), the strong and dynamic networks of the Chinese have been seen as providing the Chinese entrepreneurs with the access to cheaper resources and special business contacts and business advice that would not otherwise be available through normal market transactions. The Chinese business networks are also seen as providing the Chinese with alternative means of financial resources, thus making them more able to compete against the financially-constrained Malay entrepreneurs.

The analysis in section 5.3 also reveals that by not being the direct recipients of government assistance and privileges, the Chinese felt obliged to develop a higher competitive spirit for their own survival. They became more alert and aggressive in terms of looking for business opportunities as well as becoming more independent and hardworking. Chinese entrepreneurs are also more able to take advantage of business opportunities and privileges meant for the Malays, than the Malays themselves. Their enhanced competitiveness has also helped the Chinese to insulate themselves from being negatively affected by any changes in the leadership of the country despite the fact that some of them are also involved in influence-peddling activities.

Finally, the same analysis reveals that not being the favoured group of government policy has, to some extent, made the Chinese discriminatory of the Malays. This agrees with the argument of the affirmative action scholars that affirmative action policy could consequently create a heightened awareness of group identity which can subsequently exacerbate the in-group/out-group conflict (Yang, D'Souza, Bapat & Colarelli, 2006).

The foregoing discussion has shown that government privileges and assistance do not help much in terms of promoting an entrepreneurship culture and spirit with the Malays, nor do they enhance Malay competitiveness and achievement in entrepreneurship activities. Instead, the privileges and assistance have conversely made the Chinese to become an ever more closely-knit community and more competitive entrepreneurially but discriminative against the Malays. This confirms the proposition offered by this study that “state assistance in the form of an affirmative action to an economically-challenged sector of society does little to create

entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness”.

5.6 Summary of the Research Findings

In summary, the study reveals twelve factors that could be contributing to the lack of development of Malay entrepreneurship in Malaysia. They are:

- (1) the negative attitudes and mindsets of the Malays;
- (2) the problems with implementation of government policy;
- (3) the lack of competitiveness and sustainability of Malay businesses;
- (4) the absence of an entrepreneurship culture within the Malay society;
- (5) the politicised nature of Malay businesses;
- (6) the lack of cooperation and networking among the Malays;
- (7) the failure of the Malays to capture the business value chain;
- (8) the prejudices against the Malay business community;
- (9) the ineffective role of Malay trade associations;
- (10) the competition between individual Malay entrepreneurs and the GLCs and the SEDCs;
- (11) the lack of successful role models; and
- (12) the fear of failure.

The study also reveals six factors that could explain why despite government’s initiatives and concerted efforts, Malay entrepreneurship is still lacking i.e. why government assistance has not worked for the Malays. These factors are:

- (1) the failure of the government to ensure that opportunities and privileges are given to competent Malays who have the capability and qualities to be genuine entrepreneurs;
- (2) government initiatives and programmes do not help much in terms of promoting the development of an entrepreneurship culture and spirit with the Malays;
- (3) the tendency to use opportunities and privileges by the ruling government or the political masters, as a vehicle to garner political support, is deemed detrimental to the development of Malay entrepreneurship;

- (4) privileges have tarred the capable and genuine Malay entrepreneurs with the same negative stereotyped image of the poor-performing Malay entrepreneurs;
- (5) government officials are faced with difficulties and constraints in their efforts to promote Malay entrepreneurship;
- (6) the lack of emphasis by the government on the important aspects of Malay entrepreneurship as well as on the realistic measures of success.

This study is able to identify three implications for the Chinese regarding the government policy of giving special privileges to the Malays. In particular, the policy has unintentionally helped the Chinese to become a more close-knit community, cooperating and developing a greater competitive spirit in business. The policy has also inadvertently made the Chinese discriminate against the Malays.

Furthermore the findings of the study reveal that Malay entrepreneurship differs from the conventional Western concept of entrepreneurship. The differences are largely attributed to the fact that the Malays live in a communitarian society; are Muslims; are still divided along class lines and are status conscious. Because of these differences, it is debatable that the western model or concept of entrepreneurship would be appropriate for the development of Malay entrepreneurship in Malaysia.

Finally the findings of the study reveal that government privileges and assistance do not help much in promoting an entrepreneurship culture and spirit nor the business competitiveness of the Malays, but have instead, spurred a greater resolve with the Chinese to offset this perceived discrimination. These findings confirm the proposition offered by this study that “state assistance in the form of an affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness”.

The chapter, that follows, will draw this study to a close.

6.0 Introduction to the Chapter

This final chapter will draw the study to a close. It will first restate the five objectives of the study followed by a brief summary of the study's major findings and implications. The chapter ends with a number of recommendations to promote Malay entrepreneurial development and competitiveness in a more effective way as well as some suggestions for future research.

6.1 Summary and Conclusion

This study centres on the challenges faced by the Government of Malaysia to promote the entrepreneurial development of an economically-challenged sector of the society, that is, the Malays. Although the issue of Malay entrepreneurial development has been of interest to many people including Malay scholars, academics, government officials, politicians and the general public of Malaysia, objective and in-depth studies of Malay entrepreneurship are limited and difficult to locate. As a result there is still a big gap in knowledge on problems associated with the development of Malay entrepreneurship in Malaysia.

The objective of this study is first to bridge the gap in the literature by analysing and examining issues with regard to Malay entrepreneurial development. The findings of the study reveal twelve factors, both internal and external, as well as historical as causes that could be contributing to the lack of progress in Malay entrepreneurship (see section 5.1). These findings are valuable in providing a better understanding of the nature of the problems associated with the development of Malay entrepreneurship in Malaysia, thus, confirming the attainment of the first objective.

Second, the study seeks to find out why despite the government's concerted effort, Malay entrepreneurship is still lacking and lagging behind that of the Chinese. This objective has been attained with the revelation of six factors (as outlined in section 5.2).

The third objective of this study is to explore the implications for the non-Malays, particularly the Chinese, with regard to government policy of giving special privileges to the Malays. The findings of the study reveal three implications for the Chinese as a result of such a policy (as shown in section 5.3).

The fourth objective is to examine the nexus between the conventional Western concepts of entrepreneurship and their relevance to Malay entrepreneurial development. The findings of the study reveal that Malay entrepreneurship differs slightly from the conventional Western concepts of entrepreneurship. The differences are largely due to the background of the Malays as a communitarian society and of them being Muslims as well as the fact that the Malays are still divided along class lines and are status conscious. It is questionable if Western models of entrepreneurship are totally appropriate for the development of Malay entrepreneurship in Malaysia. In this regard, there might be a tendency to impose ideologies that are culturally alien to the Malays and by which success is measured.

Finally the fifth objective is to contribute constructive feedback and ideas for the improvement of Malay entrepreneurialism and to recommend effective ways to develop Malay entrepreneurial competitiveness.

In addition, this study offers the proposition that “state assistance in the form of affirmative action to an economically-challenged sector of society does little to create entrepreneurship; rather it challenges rival economic groups to sharpen their own competitiveness”. This proposition helps to provide a proffered explanation of why despite the government’s concerted efforts and initiatives, Malay entrepreneurship is still lacking whereas Chinese domination of the country’s entrepreneurial activities remains. The assumption here is that a community that receives government assistance can develop such a dependency mentality that it inhibits initiatives. On the other hand, a community such as the Chinese who are looked upon as more successful entrepreneurially and who do not receive government assistance are more likely to act more cohesively and proactively, and are likely to be protective of their group competitiveness. Central to this proposition is the argument that state assistance in the form of preferential treatment and privileges is counter-productive to entrepreneurial development as such assistance goes against the grain of entrepreneurship which

consists of risk-taking, innovativeness and autonomy. The proposition has been confirmed by the findings of the study which reveal that government privileges and assistance to promote Malay entrepreneurship do not help much in terms of boosting an entrepreneurship culture and spirit or enhancing their entrepreneurial competitiveness and achievement; rather such privileges and assistance have conversely made the Chinese more determined to fight these perceived injustices and strive for business more competitively.

This study has shown that Malay entrepreneurial development is a complex process confronted by many issues and problems. Unless these issues and problems are addressed strategically, it is doubtful if the objective to have a significant pool of competitive and viable Malay entrepreneurs could be achieved.

The study also illustrates that entrepreneurial competitiveness cannot be built through preferential treatments and privileges as such assistance goes against the concepts of entrepreneurship. This study also argues that entrepreneurship will not thrive in an environment free of challenges and problems; rather entrepreneurs must be allowed to face hardships and failures in order to become competitive and successful. This has been confirmed by the findings of this study which reveal that successful Malay entrepreneurs had failed and been in difficulties many times before they finally succeeded. Experience also shows that people learn more from their failures rather than their successes. The study argues that the tendency of the government to provide a less risky and quicker route for the Malays to become entrepreneurs through implementation of programmes such as the franchise and vendor development is detrimental to their entrepreneurial development and competitiveness.

This study recognises that developmental support from the government in terms of providing the Malays with necessary skills, training and education as well as financial assistance is crucial for their entrepreneurial development. Being a late comer to the modern business world, compared to the Chinese, the Malays may need some stimulus to accelerate their entrepreneurship development. For example, the blanket prejudices particularly of financial institutions against Malays had also affected the able ones who could have succeeded with some support.

The study also recognises that the inculcation of an entrepreneurship culture on a historically agrarian society like the Malay's is a challenging task that requires time and patience. Therefore, for the time being, concerted efforts and initiatives by the government, in this regard, must be allowed to continue. The conclusion reached by this study about Malay cultural values attest to the view that they are not inhibitive of Malay entrepreneurial development.

This study also urges the government to come up with a more realistic measure for Malay entrepreneurial success. Although the study is not against the idea of Malay companies going for public listings, it should not be treated as an important indicator of their success in business. Similarly, though the study acknowledges that it is not an easy task for the government to gauge the success of their programmes and initiatives based on the quality indicator compared with the quantity indicator, it is still considered a better measure of success.

It is important to note that this study does not question or challenge the rights of the Malays as the "sons of the soil". In a multicultural society like Malaysia's where ethnic economic differences can affect harmony and peace, the gap in economic differences must be narrowed. In this regard, the government's objective of creating a competitive and viable Malay business community as a means of improving their economic standing in Malaysian society is well-intentioned. In any case, as the "sons of the soil", the Malays are rightfully endowed with special rights and privileges under the Constitution. But this study is against the idea that privileges should be regarded by the Malays as a life-long crutch because privileges and assistance will not help much in creating entrepreneurship. The findings of this study have revealed that successful Malay entrepreneurs do not depend on government contracts and licences for them to be successful; rather it is their vision, hard work, dedication and passion that have contributed to their success.

On the other hand, the non-Malays too should not be complaining too much that the government policy of promoting Malay entrepreneurship is discriminatory against them. The findings of the study reveal that the policy has in fact benefited non-Malay businesses, particularly those of the Chinese, more than the Malays themselves. It turns out that not being the favoured group of the government policy has indirectly

been an advantage to the Chinese after all. Likewise, it is noteworthy to mention that the issue of poverty within the Indian community has also been receiving special attention under the present government policy of the National Mission Policy (NMP).

The study recognises that the Malay theoretical perspectives of entrepreneurship differ slightly from the conventional Western concepts of entrepreneurship. Therefore any effort to promote the development of Malay entrepreneurship must be sensitive enough of these differences.

This study acknowledges that despite shortcomings, the government is committed in its efforts to promote Malay entrepreneurship. This is evident through the implementation of various programmes and initiatives for the Malays, particularly, through the Ministry of Entrepreneur and Cooperative Development (MeCD) and its relevant agencies. The interviews and informal discussions between the researcher and government officials also reveal that the officials are keen to provide assistance to potential and existing Malay entrepreneurs who have the capability and willingness to take the risks and face the challenges posed by the business world.

Finally, this study also recognises that government policy and many initiatives to promote Malay entrepreneurship have not been unsuccessful. It was the government that had encouraged the Malays to save and invest in unit trusts, exposed the Malays to modern business activities and provided a starting block for those Malays who were naturally-inclined to be entrepreneurs. But, the number of successful and competitive Malay entrepreneurs is still small and the objective to have at least a thirty percent Malay corporate equity has yet to materialise. There is even a fear that the Malays' current equity ownership of 19.4% might not be sustainable due to the rapid globalisation and uncertainties in the world economy. It is not fair, however, to ascribe these non-attainments as a total failure of the government policy or a failure of the Malay as a race. Progress has been made. Malay society has moved from being an agrarian society to being an urban one where many work as professionals and bureaucrats. They are better educated and their income levels and standard of living have improved quite significantly. Although the Malays might be contented to be just being professionals, bureaucrats or salary earners, the study recognises that Malaysia cannot be built by civil servants and salary earners alone. The risk-averse mentality of

the Malays must be addressed as entrepreneurs are the backbone of a modern market economy. The Malays are left with little choice but to boldly break away from their “comfort zones” and to venture more into the business world and engage more in entrepreneurship activities.

6.2 Recommendations

With the knowledge and insights gained, this study is emboldened to offer recommendations firstly to the Government planners and officials charged with promoting Malay entrepreneurial development and competitiveness as well as to the GLCs and the Malay trade associations, and secondly to potential and existing Malay entrepreneurs. With these recommendations which are presented in the sections following this, the study is able to affirm the attainment of its last objective.

6.2.1 Recommendations to the Government

This study recognises the commitment and concerted efforts by the government of Malaysia to promote Malay entrepreneurship. These are evident through the implementation of various programmes and initiatives, particularly, by the MeCD and its relevant agencies. Nevertheless this study has been able to show that government initiatives and programmes do not help much in terms of promoting the development of an entrepreneurship culture and spirit with the Malays as well as in enhancing their entrepreneurial competitiveness and achievement.

Consequently, this study believes that the government should strategically review the implementation of various programmes and initiatives by its different ministries and government agencies. The main purpose is to ensure that well-intentioned and indeed well-structured programmes that are meant to increase the number of viable and competitive Malay entrepreneurs do not kill entrepreneurial drive and initiative. Such a problem could come from an anxiety to protect against failure and too much molly-coddling by government officers. At the same time, the government also needs to see that these worthwhile programmes are not ended because of a few failures.

The study recognises that it is imperative for the government to provide the Malays with developmental support and conducive environment for their entrepreneurial development. However, this does not mean that the government should provide a safety net for failure and a superficially fail-safe system for them. The Malay entrepreneurs must be allowed to experience failures and difficulties. They need to learn to survive the hard way as this is the very essence of entrepreneurship.

It is also important for the government not to “over-assist” Malay entrepreneurs by continuously awarding them with big government contracts and licences as such a tendency would consequently tarnish their image and the respect that people have for them. Competent and successful Malay entrepreneurs have ironically also been subjected to criticisms and ridicule because of the perception that they are successful only because of government support.

This study also believes that in order to promote healthy competition among the Malays, the practice of direct negotiations in awarding government contracts and licences should be abolished. In this regard, Malay entrepreneurs should be given an opportunity to compete among themselves. The criteria on awards of government contracts and licences should be based on demonstrated professionalism or interest as shown in training or work experiences. Political connections should not be a consideration.

This study has observed that one of the main problems associated with the development of Malay entrepreneurship is the problem of “leakages” where the benefits of government privileges accorded to the Malay entrepreneurs are essentially transferred to others, mainly the Chinese. The study believes that the government is aware of the “leakages” problem and the need to eliminate them. The government is also probably aware of the need to have a stricter means test for business applicants and talent spotting exercises to ensure that opportunities and privileges are given only to the ablest and most deserving Malays. As well, there is the need to set up an on-going support and monitoring system. These issues have been debated in many seminars, Malay economic congresses and conferences, government meetings as well as in political debates, but progress has been slow.

Though recommendations for action have been made, it seems that the government has not followed through some of its own prescriptions. In Malaysia where its political parties are still ethnically-based, it would not be possible to suggest a solution without considering its political consequences. Everything needs to be weighed politically, according to political expediency. But, political expediency should not take precedence over the more important issue of developing a successful and viable Malay entrepreneurial class. In order to achieve this, government officials should be given the autonomy to make politically-neutral decisions on how and to whom opportunities and privileges should be allocated to as well as more autonomy to take action against those who have abused the privileges and opportunities given to them.

There also seems to be the need for Government agencies to do a tracing study for their programmes that are intended to promote Malay entrepreneurship. This is important as an audit system to gauge the success and the effectiveness of their implemented programmes and initiatives.

This study notes that entrepreneurship is yet to be seen as a career of choice by the Malays. This is due to the lack of an entrepreneurship culture which has contributed to their lack of entrepreneurial development. Therefore concerted efforts by the government to promote entrepreneurship as a career option as well as to inculcate an entrepreneurship culture with the Malays are still considered critical.

Unlike the Chinese, the majority of the Malay population have not been raised in a business environment, thus, leaving them with no choice but to learn about business on their own. In view of this, the study believes that the best way to inculcate an entrepreneurship culture among the Malays is by exposing them to entrepreneurship activities and knowledge at an early age through the country's education system. In this regard, entrepreneurship study should be made part of the school curriculum, from kindergarten to secondary level, instead of only being as extra-curricular activities at present. The country's education system should also be aggressively reviewed in order to promote independent learning, skills development and creative thinking among the Malay children as these elements are essential for their entrepreneurial development.

Past studies have shown that the existence of successful entrepreneurs and role models could positively influence the entrepreneurial development and activities of one's society. Therefore more efforts should be made by the government to promote Malay entrepreneurs who have been successful in their own way, no matter big or small, as role models especially to Malay children to make them more interested in business.

This study illustrates that Malay life is primarily governed by their adat (customs) and religion. Malay entrepreneurs in this study have revealed that they are motivated by the desire to contribute to society as well as to prove their society as good as and even more capable than other societies. In view of this, it would be valuable for the government to promote entrepreneurship as a noble career option for Malays as entrepreneurship gives opportunities not only to enrich themselves but also to berbudi or to contribute to their society.

This study shows that one of the factors that have contributed to the lack of progress in Malay entrepreneurship is the failure of the Malays to capture the business value chain. It is important for the government to encourage Malay entry into business areas where their presence can help them to play a more significant role in the business value chain. Such business sectors include manufacturing, retailing, distributorship and import and export activities. There seems to be too much emphasis on the development of Malay franchisees and vendors and in creating more Malay billionaires.

6.2.2 Recommendations to the Government-Linked-Companies (GLCs)

The Government-Linked-Companies (GLCs) need to come up with stronger plans or programmes to nurture and provide more opportunities for nascent Malay entrepreneurs as well as for those Malays who are in Small and Medium Industries (SMIs). Although there is no doubt that the GLCs have been playing a role, as is evident in their intrapreneurship development programme where entrepreneurs are nurtured from within the companies, their tendency to compete directly with individual Malay entrepreneurs is resented by the Malay business community. In this

regard, the GLCs should be discouraged to venture into business areas where the presence of individual Malay entrepreneurs is strongly felt such as in the food industry, catering services and travel agencies. They should instead focus on business areas which require larger capital and advanced technology.

6.2.3 Recommendations to the Malay Trade Associations

The Malay trade associations such as the Malay Chamber of Commerce (DPMM) and the Malaysian Malay Businessmen and Industrialist Association (PERDASAMA) must play a more effective role in promoting the entrepreneurial development and competitiveness of their members than just being an active pressure group. They need to explore possibilities on how they can assist their members to be competitive in the open market rather than be dependent on government contracts and licences. They must make themselves a focal point for nascent Malay entrepreneurs to seek guidance and assistance for their entrepreneurial ventures. They should also come up with a plan on how they can help their members to overcome prejudices and discrimination from the Chinese. In this respect, it would be valuable for the Malay trade associations to facilitate cooperative buying of supplies and materials for their members as buying in bulk could considerably enhance the Malays' bargaining power against the Chinese suppliers.

The study reveals that the greatest problem faced by Malay businesses is the lack of capital or cash flow. This has consequently caused Malay businesses to be less competitive. It is no use for the Malays to keep complaining about the rigidity of the banks' approval requirements as the banks are duty bound to properly manage and bring returns to their stakeholders' funds and deposits. As well, the government agencies also need to exercise prudent management of the public's money. In view of this, it is beneficial for the Malay trade associations to mobilise the resources of their members and set up a trust fund as an alternative means of financial assistance for their members who are in need. In order to avoid mismanagement and conflict of interests, this study recommends that the fund be independently managed by professionals who are not members of the associations and be audited from time to time by independent auditors.

6.2.4 Recommendations to Potential and Existing Malay Entrepreneurs

This study illustrates that entrepreneurial activities in Malaysia are often used by politicians for individual political gains. This has created dissatisfaction among many potential and existing entrepreneurs, particularly Malay entrepreneurs, because privileges and opportunities have been misused as vehicles to promote the political agenda of Malaysia's ethnically-based political parties and/or politically-inclined individuals; i.e. political expediency. Rather than complaining and feeling discouraged about it, potential and existing Malay entrepreneurs need to accommodate and adapt to the political environment of the country as the Chinese have successfully done. Significantly, the findings of this study also reveal that successful Malay entrepreneurs are not discouraged by the politicised nature of Malaysian businesses nor do they think that they must be involved in politics to be successful.

This study suggests that one way to be insulated from the negative consequences of the politicised nature of Malaysian businesses is not to depend on government contracts and licences, but to aggressively look for business opportunities in the open market. It might be necessary to work harder than those who have political connections, but such an entrepreneur would gain the respect of and be a role model to others.

Past studies on entrepreneurship have shown that networking is highly valuable to entrepreneurs and their business ventures. It is essential for Malay entrepreneurs to invest their time and efforts in network-nurturing activities. This is especially important in the context of Malaysian businesses where the element of "know-who" is considered as equally important as "know-how".

In this regard, there seems to be the need for Malay entrepreneurs to develop synergistic relationships and network not only with other Malay entrepreneurs but also with entrepreneurs from other races, particularly, the Chinese. In other words, rather than compete, encourage co-operation as a win-win situation for both sides. The study has somewhat shown that Chinese businesses are not against the idea of working with the Malays as long as they can see the potential benefits from such

relationships. Similarly, several of the Malay entrepreneurs of this study have admitted that their good relationships and networking with the Chinese are valuable for their business ventures.

Nevertheless it needs to be emphasised that the network-nurturing activities must be undertaken by the Malay entrepreneurs themselves rather than through the official channels established by the government. Networking requires personal efforts and involvement for it to be effective as one of the Chinese entrepreneurs of this study had pointed out.

The findings of this study reveal that entrepreneurship requires an entrepreneur to go to the open market and search for opportunities; to be creative, innovative and hardworking, to take risks, persevere, and accept failure as a consequent of risk-taking. The findings also reveal that successful entrepreneurs, be they Malays or non-Malays, are independent individuals who are alert to opportunities. They do not usually depend on the government for success in business. This should be an inspiration to potential Malay entrepreneurs to work hard and be independent. Nobody can prescribe the best business to get into and how to make quick money. Instead an entrepreneur must have vision and passion for the business he/she wants to get into. It is also important to work out a well researched and thought-out business plan. A well conceived business idea carefully researched would also facilitate applications for loans or finding a suitable business partner. Big ideas have been created in the most unusual places, in unusual circumstances and by people who have failed and been in difficulties many times but have bounced back to become success stories.

Finally, this study shows that government officials are keen to guide and assist the Malays who have the capability and qualities to be serious entrepreneurs. But, government resources are limited and insufficient to meet the demands of every single Malay entrepreneur. They need to try to raise their own capital and be alert of other opportunities and resources besides the ones that are provided by the government. Most importantly, budding Malay entrepreneurs need to be mindful that assistance will only help them to a certain limit; rather it is their initiatives and hard work that would determine the success of their business venture. It is time for the Malay

entrepreneur to be independent and to get out of the dependency mentality that affirmative action has bred; to create his/her own opportunities and his/her own funding. That is what other successful entrepreneurs have done.

6.3 Implications for Future Research

This study reveals that the Malay theoretical perspectives of entrepreneurship differ a little from the conventional Western theory of entrepreneurship. The study postulates that the Western models of entrepreneurship may not be totally appropriate for the development of Malay entrepreneurship in Malaysia. Further research on this aspect is needed in order to confirm or refute this assumption.

While the present study is largely concerned with the entrepreneurial development of Malaysian Malays as a homogenous race, it would be valuable for future research to investigate why certain Malays, particularly the Kelantanese Malays⁴⁶, are more entrepreneurial than other Malays. It would be beneficial to find out what their secrets are and whether their secrets could be used to promote the entrepreneurial development of other Malays in the country. Likewise, it would be valuable for future research to explore for basic entrepreneurial cultural values within Malay culture i.e. what elements in Malay culture that could be used as stimuli to promote their entrepreneurship development.

Finally, it would also be valuable for future research to study in detail how the Malaysian education system can be made more amenable for the entrepreneurial development of Malay children.

⁴⁶ The Kelantanese Malays are those Malays who were either born in Kelantan or whose parents were born in Kelantan.

Appendix A (Letter from Public Service Department)



JABATAN PERKHIDMATAN AWAM MALAYSIA
BAHAGIAN LATIHAN
Aras 4-6, Blok C1, Parcel C
Pusat Pentadbiran Kerajaan Persekutuan
62510 W.P. PUTRAJAYA
MALAYSIA



*Pemenang Anugerah Kualiti
Perdana Menteri 2004*



Tel. : 03-88853000
Fax : 03-88892176
Web : <http://www.jpa.gov.my>

Ruj. Kami: JPA(L)A3002288

Tarikh: 20 Jun 2007

KEPADA SESIAPA YANG BERKENAAN

Puan Syahira binti Hamidon
Calon Ijazah Kedoktoran - Massey University, New Zealand

Sukacita saya mengesahkan bahawa Puan Syahira binti Hamidon ialah seorang Pegawai Perkhidmatan Tadbir dan Diplomatik yang sedang mengikuti kursus Ph. D in Business Management di Massey University, New Zealand. Pengajian beliau ditaja oleh Jabatan ini di bawah Program Hadiah Latihan Persekutuan.

2. Ketika ini Puan Syahira binti Hamidon sedang berusaha menyiapkan disertasi bertajuk 'The Development of Malay Entrepreneurship in Malaysia'. Sehubungan dengan itu, Jabatan ini berharap agar pihak tuan dapat memberi bantuan dan sokongan yang sewajarnya kepada pegawai dalam menyempurnakan tugas tersebut.

Kerjasama tuan/puan diucapkan setinggi-tinggi terima kasih.

“ BERKHIDMAT UNTUK NEGARA ”

Saya yang menurut perintah,

(SARAYA ARBI)
Bahagian Latihan
Unit Latihan Dalam Perkhidmatan
b.p. Ketua Pengarah Perkhidmatan Awam
MALAYSIA.

(Sila catatkan rujukan Jabatan ini apabila berhubung)
“KEPUASAN PELANGGAN KEUTAMAAN KAMI”

Appendix B (Letter from MeCD)



KEMENTERIAN PEMBANGUNAN USAHAWAN DAN KOPERASI
(Ministry of Entrepreneur and Cooperative Development)
BAHAGIAN PERANCANGAN DAN PENILAIAN

ARAS 7, BLOK MENARA,
LOT 2G6, PRESINT 2,
PUSAT PENTADBIRAN KERAJAAN PERSEKUTUAN,
62100 PUTRAJAYA

Tel. : 03-8880 5000
Faks : 03-8880 5223
Homepage <http://www.mecd.gov.my>

MECD:RN.20/703/1 Kit.16

25 Julai 2007



Puan Syahira Hamidon,
Department of Management & International Business,
Massey University,
Private Bag 102904,
North Shore Mail Centre,
AUCKLAND, NEW ZEALAND.
(Email: S.Hamidon @ massey.ac.nz)

Puan,

Kajian Bertajuk "The Development Of Malay Entrepreneur/Ship In Malaysia"

Dengan hormatnya saya diarah merujuk kepada perkara di atas dan surat puan mengenai perkara yang sama bertarikh 17 Julai 2007 adalah juga berkaitan.

2. Dimaklumkan disini Kementerian ini tidak ada halangan untuk puan dalam usaha menyiapkan kajian seperti tajuk diatas. Puan adalah dibenarkan untuk mengedarkan kertas soal selidik penyelidikan kepada usahawan-usahawan Bumiputera di sesi latihan dan program lain dibawah anjuran MECD.
3. MECD berharap maklumat hasil kajian yang diperolehi kelak dapat membantu MECD didalam membangunkan lebih ramai usahawan Bumiputera.

Sekian, terima kasih.

"BERKHIDMAT UNTUK NEGARA"

Saya yang menurut perintah,

(SABARUDIN BIN SALLEH)
Bahagian Perancangan Dan Penilaian,
b.p. Ketua Setiausaha,
Kementerian Pembangunan Usahawan dan Koperasi.

Appendix C (Interview Parameters)

Parameters of the Interview with Malay Entrepreneurs

1. Personal background.
2. Business profile.
3. Positive and negative business experiences.
4. Factors contributing to the success/failure of business.
5. Problems encountered in conducting business and ways to overcome them.
6. Opinions on government programmes and initiatives to boost Malay entrepreneurship and whether they are helpful or not. If not, any suggestion on what the government should do.
7. The question of why despite government support and assistance the Malays are still lagging behind the Chinese in terms of business motivation and success.
8. Opinions on Malay-Chinese cooperation in business.
9. What about support from Malay society towards Malay businesses?
10. Conflicts between your cultural values and business practices.
11. Philosophy of entrepreneurship.
12. Advice to other entrepreneurs.

Parameters of the Interview with Chinese Entrepreneurs

1. Personal background.
2. Business profile.
3. Positive and negative business experiences.
4. Factors contributing to the success/failure of business.
5. Problems encountered in conducting business and ways to overcome them.
6. Opinions on government programmes and initiatives favouring Malay entrepreneurs.
7. How Chinese businesses can become successful without receiving special privileges from the government?
8. Opinions on Malay-Chinese cooperation in business.
9. Philosophy of entrepreneurship.
10. Conflicts between your cultural values and business practices.
11. Advice to other entrepreneurs.

Parameters of the Interview with the Other Malay Interviewees

- 1) Personal background.
- 2) Views on the achievement of Malay entrepreneurs after 50 years of independence.
- 3) Opinions on government programmes and initiatives to boost Malay entrepreneurship and whether they are helpful or not. If not, any suggestion on what the government should do.
- 4) The question of why despite government support and assistance the Malays are still lagging behind the Chinese in terms of business motivation and success.
- 5) Opinions on Chinese businesses.

- 6) Do you think Malay cultural values make them less interested to go into business? And whether Malay cultural values are supportive towards their entrepreneurial development?
- 7) Main problems of Malay businesses
- 8) What could be done to encourage more Malays to go into and succeed in business
- 9) The influence of politics in Malaysian businesses.
- 10) Advice to Malay entrepreneurs.

Appendix D (Survey Questionnaire)



QUESTIONNAIRE

SOAL SELIDIK

The Development of Malay Entrepreneurship in Malaysia

Pembangunan Keusahawanan Melayu di Malaysia

Dear Sir/Madam,
Tuan/Puan yang dihormati,

The objective of this study is to analyse problems associated with the development of Malay entrepreneurship in Malaysia and to find out if there is a theory unique to Malay entrepreneurship. *Objektif penyelidikan ini ialah untuk mengkaji permasalahan-permasalahan yang berkaitan dengan pembangunan keusahawanan Melayu di Malaysia dan mengupas samada wujudnya teori yang unik bagi keusahawanan Melayu.*

ALL RESPONSES WILL BE TREATED IN THE STRICTEST CONFIDENCE.
SEGALA MAKLUMAT YANG DIBERIKAN ADALAH SULIT SAMA SEKALI.

Your kind cooperation is highly appreciated.
Kerjasama daripada pihak anda adalah sangat-sangat dihargai.

This questionnaire comprises of 5 sections:
Soal selidik ini mengandungi 5 bahagian:

- Section A:** Background Information
Maklumat Latar belakang
- Section B:** Business Profile
Profil Perniagaan
- Section C:** Problems and Opportunities
Masalah dan Peluang
- Section D:** Government Initiative
Inisiatif Kerajaan
- Section E:** Philosophy of Entrepreneurship
Falsafah Keusahawanan

Any inquiries regarding this questionnaire please contact:
Sebarang pertanyaan berhubung dengan soal selidik ini sila hubungi:

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[Email: A.Shome@massey.ac.nz](mailto:A.Shome@massey.ac.nz)

Please tick (✓) or fill in the blanks the most appropriate answer.
Sila tandakan (✓) atau isi tempat kosong dengan jawapan yang paling sesuai.

Section A: Background Information

Maklumat Latar belakang

A1 Age: _____ years old
Umur

A2 Gender: Male Female
Jantina Lelaki Perempuan

A3 Ethnicity Malay Chinese
Etnik Melayu Cina Others
India *Lain-lain*

A4 Highest Educational Attainment:

Tahap Pendidikan Tertinggi

Primary School Secondary School
Sekolah Rendah Sekolah Menengah
Diploma Bachelor
Diploma Sarjana Muda
Master Doctorate
Sarjana Kedoktoran
Professional Others
Profesional Lain-lain

A5 Working Experience

Pengalaman Bekerja

Please tick (✓) in the blanks and circle the duration of your working experience other than your business based on the following code (you can choose more than one answer).

Sila tandakan (✓) di ruang jawapan yang disediakan dan bulatkan tempoh pengalaman bekerja selain daripada perniagaan anda berdasarkan kod berikut (anda boleh memilih lebih daripada satu jawapan)

- | | | | |
|---|----------------------------|--|----------------------------|
| Less than 3 years
<i>Kurang dari 3 tahun</i> | <input type="checkbox"/> 1 | 3 to 5 years
<i>3 hingga 5 tahun</i> | <input type="checkbox"/> 2 |
| 5 to 10 years
<i>5 hingga 10 tahun</i> | <input type="checkbox"/> 3 | More than 10 years
<i>Lebih dari 10 tahun</i> | <input type="checkbox"/> 4 |

<u>Job Category</u> <i>Bidang Pekerjaan</i>	<u>Duration</u> <i>Tempoh</i>			
<input type="checkbox"/> Advertising/Marketing <i>Pengiklanan/Pemasaran</i>	1	2	3	4
<input type="checkbox"/> Agriculture/Forestry <i>Pertanian/Perhutanan</i>	1	2	3	4
<input type="checkbox"/> Manufacturing <i>Perkilangan</i>	1	2	3	4
<input type="checkbox"/> Computer <i>Komputer</i>	1	2	3	4
<input type="checkbox"/> Electrical/Electronic <i>Elektrik/Elektronik</i>	1	2	3	4
<input type="checkbox"/> Education <i>Pendidikan</i>	1	2	3	4
<input type="checkbox"/> Construction/Mining <i>Pembinaan/Perlombongan</i>	1	2	3	4
<input type="checkbox"/> Hospitality/Tourism/Recreation <i>Hospitaliti/Pelancongan/Rekreasi</i>	1	2	3	4
<input type="checkbox"/> Entertainment/Media <i>Hiburan/Media</i>	1	2	3	4
<input type="checkbox"/> Medicine/Health Service <i>Perubatan/Perkhidmatan Kesihatan</i>	1	2	3	4
<input type="checkbox"/> Retail <i>Peruncitan</i>	1	2	3	4
<input type="checkbox"/> Telecommunication <i>Telekomunikasi</i>	1	2	3	4
<input type="checkbox"/> Transportation/Logistics <i>Pengangkutan/Logistik</i>	1	2	3	4
<input type="checkbox"/> Public Service <i>Perkhidmatan Awam</i>	1	2	3	4
<input type="checkbox"/> Others (specify) <i>Lain-lain (nyatakan)</i>	1	2	3	4

Section B: Business Profile
Profil Perniagaan

B1 Type of your business:
Kategori perniagaan anda

- | | | | |
|---|--------------------------|---------------------------------------|--------------------------|
| Construction
<i>Pembinaan</i> | <input type="checkbox"/> | Manufacturing
<i>Pembuatan</i> | <input type="checkbox"/> |
| Retail
<i>Peruncitan</i> | <input type="checkbox"/> | Transportation
<i>Pengangkutan</i> | <input type="checkbox"/> |
| Mining
<i>Perombongan</i> | <input type="checkbox"/> | Forestry
<i>Perhutanan</i> | <input type="checkbox"/> |
| Hotel/Tourism/Recreation services
<i>Perkhidmatan Hotel/Pelancongan/Rekreasi</i> | <input type="checkbox"/> | Consulting
<i>Konsulting</i> | <input type="checkbox"/> |
| Personal services (Boutique/Saloon/etc)
<i>Perkhidmatan personal (Butik/Salon/dsb)</i> | <input type="checkbox"/> | | |

B2 Form of Organisation:
Bentuk Perniagaan

- | | | | |
|--|--------------------------|---|--------------------------|
| Proprietorship
<i>Kepunyaan Tunggal</i> | <input type="checkbox"/> | Partnership
<i>Perkongasian</i> | <input type="checkbox"/> |
| Private limited
<i>Sendirian Berhad</i> | <input type="checkbox"/> | Public limited
<i>Syarikat Awam Berhad</i> | <input type="checkbox"/> |
| Others
<i>Lain-lain</i> | <input type="checkbox"/> | | |

B3 Year of Founding: _____
Tahun penubuhan

B4 Number of Workers: _____
Jumlah pekerja

B5 Initial Capital: RM _____
Modal permulaan

B6 Sources of your initial capital (you can choose more than one answer):
Sumber modal permulaan (anda boleh memilih lebih daripada satu jawapan)

- | | | | |
|---|--------------------------|--|--------------------------|
| Personal savings
<i>Simpanan sendiri</i> | <input type="checkbox"/> | Family members
<i>Ahli keluarga</i> | <input type="checkbox"/> |
| Friends
<i>Rakan-rakan</i> | <input type="checkbox"/> | Bank loan
<i>Pinjaman Bank</i> | <input type="checkbox"/> |
| Government loan
<i>Pinjaman Kerajaan</i> | <input type="checkbox"/> | Others
<i>Lain-lain</i> | <input type="checkbox"/> |

B7 What is your current paid-up capital? RM _____
Berapakah modal berbayar perniagaan anda sekarang?

B8 What is your current annual gross turnover? RM _____
Berapakah pendapatan kasar perniagaan anda sekarang?

B9 Who are your main customers?
Siapakah pelanggan utama anda?

- | | | | |
|----------------------------------|--------------------------|-----------------------------------|--------------------------|
| Malays
<i>Melayu</i> | <input type="checkbox"/> | Non-Malays
<i>Bukan Melayu</i> | <input type="checkbox"/> |
| Foreigners
<i>Orang asing</i> | <input type="checkbox"/> | Government
<i>Kerajaan</i> | <input type="checkbox"/> |
| Others
<i>Lain-lain</i> | <input type="checkbox"/> | | |

Section C: Problems and Opportunities

Masalah dan Peluang

C1 How old were you when you started your first business?

Berapakan umur anda semasa memulakan perniagaan pertama anda?

Under 20 <i>Bawah 20</i>	<input type="checkbox"/> 1 <input type="checkbox"/>	20-29	<input type="checkbox"/> 2 <input type="checkbox"/>
30-39	<input type="checkbox"/> 3 <input type="checkbox"/>	40-49	<input type="checkbox"/> 4 <input type="checkbox"/>
50 over <i>Atas 50</i>	<input type="checkbox"/> 5 <input type="checkbox"/>		

C2 Did any particular person play a crucial role in teaching you about business?

Adakah sesiapa yang memainkan peranan penting mengajar anda tentang perniagaan?

No one <i>Tiada siapa</i>	<input type="checkbox"/> 1 <input type="checkbox"/>	Father <i>Ayah</i>	<input type="checkbox"/> 2 <input type="checkbox"/>
Mother <i>Ibu</i>	<input type="checkbox"/> 3 <input type="checkbox"/>	Other relatives <i>Saudara mara yang lain</i>	<input type="checkbox"/> 4 <input type="checkbox"/>
Malay entrepreneur <i>Usahawan Melayu</i>	<input type="checkbox"/> 5 <input type="checkbox"/>	Non-Malay entrepreneur <i>Usahawan bukan Melayu</i>	<input type="checkbox"/> 6 <input type="checkbox"/>
Government official <i>Pegawai Kerajaan</i>	<input type="checkbox"/> 7 <input type="checkbox"/>	Friends <i>Rakan-rakan</i>	<input type="checkbox"/> 8 <input type="checkbox"/>

C3 Please tick (/) and rank your 3 main business problems.

Sila tandakan (/) dan berikan keutamaan apakah 3 masalah utama perniagaan anda.

Tick		Rank
<input type="checkbox"/>	None <i>Tiada</i>	<input type="checkbox"/>
<input type="checkbox"/>	Supplies <i>Bekalan</i>	<input type="checkbox"/>
<input type="checkbox"/>	Competition <i>Persaingan</i>	<input type="checkbox"/>
<input type="checkbox"/>	Payment to suppliers <i>Bayaran kepada pembekal</i>	<input type="checkbox"/>
<input type="checkbox"/>	Slow payments for sales <i>Mengutip bayaran jualan/hutang</i>	<input type="checkbox"/>
<input type="checkbox"/>	Bureaucracy <i>Karenah birokrasi</i>	<input type="checkbox"/>
<input type="checkbox"/>	Capital/credit/cash <i>Modal/kredit/tunai</i>	<input type="checkbox"/>
<input type="checkbox"/>	Labour/staff <i>Tenaga kerja/kakitangan</i>	<input type="checkbox"/>
<input type="checkbox"/>	Marketing <i>Pemasaran</i>	<input type="checkbox"/>
<input type="checkbox"/>	Meet customer demand <i>Memenuhi permintaan pelanggan</i>	<input type="checkbox"/>
<input type="checkbox"/>	Loan repayment <i>Membayar balik pinjaman</i>	<input type="checkbox"/>
<input type="checkbox"/>	Others (specify) <i>Lain-lain (nyatakan)</i>	<input type="checkbox"/>

C4 To what do you owe your success in business? (you can choose up to 3 answers).

Apakah faktor yang menyumbang kepada kejayaan anda dalam perniagaan? (anda boleh memilih tidak lebih daripada 3 jawapan).

- | | | | |
|---|--------------------------|--|--------------------------|
| Hard work
Bekerja keras | <input type="checkbox"/> | Experience
Pengalaman | <input type="checkbox"/> |
| Trustworthy
Kejujuran | <input type="checkbox"/> | Knowledge/Skills
Ilmu Pengetahuan/Kemahiran | <input type="checkbox"/> |
| Government support
Sokongan kerajaan | <input type="checkbox"/> | Family support
Sokongan keluarga | <input type="checkbox"/> |
| Little competition
Kurang persaingan | <input type="checkbox"/> | Make sacrifice
Berkorban | <input type="checkbox"/> |
| Luck
Bernasib baik | <input type="checkbox"/> | Others (specify)
Lain-lain (nyatakan) | <input type="checkbox"/> |

C5 When you encounter problems in your business, what do you usually do?

Apabila anda menghadapi masalah perniagaan apakah tindakan yang sering anda lakukan?

- | | |
|---|--------------------------|
| Get advice/assistance from other entrepreneurs
Mendapatkan nasihat/bantuan daripada rakan perniagaan yang lain | <input type="checkbox"/> |
| Seek advice/assistance from government
Mendapatkan nasihat/bantuan daripada kerajaan | <input type="checkbox"/> |
| Seek advice/assistance from family/relatives
Mendapatkan nasihat/bantuan daripada keluarga/saudara mara | <input type="checkbox"/> |
| Solve the problem on your own
Menyelesaikan masalah itu sendiri | <input type="checkbox"/> |
| Others (specify):
Lain-lain (nyatakan) | <input type="checkbox"/> |

C6 How is your family support towards your business?

Bagaimanakah sokongan keluarga terhadap perniagaan anda?

- | | | | |
|--------------|--------------------------|------------------------|--------------------------|
| Good
Baik | <input type="checkbox"/> | Not good
Tidak baik | <input type="checkbox"/> |
|--------------|--------------------------|------------------------|--------------------------|

C7 Do you think Malay society is supportive towards Malay businesses?

Pada fikiran anda adakah masyarakat Melayu memberikan sokongan kepada perniagaan Melayu?

- | | | | |
|-----------|--------------------------|-------------|--------------------------|
| Yes
Ya | <input type="checkbox"/> | No
Tidak | <input type="checkbox"/> |
|-----------|--------------------------|-------------|--------------------------|

If no, why?
Sekiranya tidak, mengapa?

C8 Do you think non-Malays are supportive towards Malay businesses?
Pada fikiran anda adakah masyarakat bukan Melayu memberikan sokongan kepada perniagaan Melayu?

Yes 1 No 2
Ya Tidak

If no, why?
Sekiranya tidak, mengapa?

C9 Do you agree politics play a crucial role in Malaysian businesses?
Adakah anda bersetuju politik memainkan peranan yang penting dalam dunia perniagaan di Malaysia?

Yes 1 No 2
Ya Tidak

Please explain your answer:
Sila jelaskan jawapan anda

C10 Do you agree that you must be involved in politics for the sake of your business?
Adakah anda bersetuju yang anda perlu melibatkan diri dalam politik untuk berjaya dalam perniagaan?

Yes 1 No 2
Ya Tidak

Please explain your answer:
Sila jelaskan jawapan anda

C11 Do you agree politics will slow down the development of Malay entrepreneurship?
Adakah anda bersetuju politik akan melambatkan pembangunan keusahawanan Melayu?

Yes 1 No 2
Ya Tidak

Please explain your answer:
Sila jelaskan jawapan anda

Section D: Government Initiative
Inisiatif Kerajaan

D1 Have you received any form of government assistance for your business? (you can select more than one answer).

Adakah anda ada menerima apa-apa bantuan daripada pihak Kerajaan bagi perniagaan anda? (anda boleh memilih lebih daripada satu jawapan)

- | | | | | | | | |
|---|--------------------------|----|--------------------------|---|--------------------------|----|--------------------------|
| None
<i>Tiada</i> | <input type="checkbox"/> | 1 | <input type="checkbox"/> | Loan
<i>Pinjaman kewangan</i> | <input type="checkbox"/> | 2 | <input type="checkbox"/> |
| Grant
<i>Geran</i> | <input type="checkbox"/> | 3 | <input type="checkbox"/> | Training
<i>Latihan</i> | <input type="checkbox"/> | 4 | <input type="checkbox"/> |
| Advisory
<i>Khidmat nasihat</i> | <input type="checkbox"/> | 5 | <input type="checkbox"/> | Business premise
<i>Premis perniagaan</i> | <input type="checkbox"/> | 6 | <input type="checkbox"/> |
| Promotion/Marketing
<i>Promosi/Pemasaran</i> | <input type="checkbox"/> | 7 | <input type="checkbox"/> | Technical assistance
<i>Bantuan teknikal</i> | <input type="checkbox"/> | 8 | <input type="checkbox"/> |
| Research & Development
<i>Penyelidikan/Pembangunan</i> | <input type="checkbox"/> | 9 | <input type="checkbox"/> | Contracts/Licenses
<i>Kontrak/Lesen</i> | <input type="checkbox"/> | 10 | <input type="checkbox"/> |
| Others
<i>Lain-lain</i> | <input type="checkbox"/> | 11 | <input type="checkbox"/> | | | | |

D2 Do you agree government should give preferential treatment to Malay entrepreneurs?

Adakah anda bersetuju kerajaan patut memberikan keutamaan/keistimewaan kepada usahawan Melayu?

- | | | | | | | | |
|------------------|--------------------------|---|--------------------------|--------------------|--------------------------|---|--------------------------|
| Yes
<i>Ya</i> | <input type="checkbox"/> | 1 | <input type="checkbox"/> | No
<i>Tidak</i> | <input type="checkbox"/> | 2 | <input type="checkbox"/> |
|------------------|--------------------------|---|--------------------------|--------------------|--------------------------|---|--------------------------|

Please explain your answer:
Sila jelaskan jawapan anda

D3 Do you agree the government has done enough to help Malay entrepreneurs?

Adakah anda bersetuju kerajaan telah melakukan yang terbaik untuk membantu usahawan Melayu?

- | | | | | | | | |
|------------------|--------------------------|---|--------------------------|--------------------|--------------------------|---|--------------------------|
| Yes
<i>Ya</i> | <input type="checkbox"/> | 1 | <input type="checkbox"/> | No
<i>Tidak</i> | <input type="checkbox"/> | 2 | <input type="checkbox"/> |
|------------------|--------------------------|---|--------------------------|--------------------|--------------------------|---|--------------------------|

Please explain your answer:
Sila jelaskan jawapan anda

D4 Do you agree that Malay entrepreneurs will be better off without government assistance?
Adakah anda bersetuju usahawan Melayu akan lebih berjaya tanpa bantuan daripada kerajaan?

Yes 1 No 2
Ya Tidak

Please explain your answer:
Sila jelaskan jawapan anda

D5 Do you agree there should be a time limit for preferential treatment/assistance to Malay entrepreneurs?
Adakah anda bersetuju perlunya ada tempoh masa bagi keutamaan/keistimewaan/ bantuan yang diberikan kepada usahawan Melayu?

Yes 1 No 2
Ya Tidak

Please explain your answer:
Sila jelaskan jawapan anda

D6 Overall what is your opinion regarding government's policies giving special privileges to Malays entrepreneurs?
Secara keseluruhan apakah pendapat anda mengenai polisi Kerajaan memberi keutamaan/ keistimewaan kepada usahawan Melayu

E4 Do you consider yourself different from other Malays in terms of business motivations?
Adakah anda berpandangan bahawa anda adalah berlainan daripada orang Melayu yang lain dari segi motivasi perniagaan?

Yes 1 No 2
Ya Tidak

If yes, why?
Sekiranya ya, mengapa?

E5 Do you think cultural values of the Malays make them less interested to go into business?
Pada fikiran anda adakah nilai/budaya/adat Melayu menyebabkan mereka kurang berminat untuk menceburkan diri dalam perniagaan?

Yes 1 No 2
Ya Tidak

If yes, why?
Sekiranya ya, mengapa?

E6 Do you think Malay cultural values are supportive towards their entrepreneurial development?
Pada fikiran anda adakah nilai/budaya/adat Melayu dapat membantu/meyokong pembangunan keusahawan mereka?

Yes 1 No 2
Ya Tidak

Please explain your answer:
Sila jelaskan jawapan anda

E7 Have you ever experienced conflict between your cultural values and business practices?
Adakah anda pernah menghadapi konflik di antara nilai/budaya/adat anda dan cara anda menjalankan perniagaan?

Yes 1 No 2
Ya Tidak

If yes, why?
Sekiranya ya, mengapa?

E8 In brief what do you think could be done to encourage more Malays to go into and succeed in business?
Secara ringkas, apakah yang patut dilakukan untuk menggalakkan lebih ramai Melayu menceburi dan berjaya dalam bidang perniagaan?

Thank you for your cooperation.
Terima kasih atas kerjasama anda.

Appendix E (Consent Form)

[Print on Massey University departmental letterhead]
[Logo, name and address of Department/School/Institute/Section]

PARTICIPANT CONSENT FORM

For,
SYAHIRA HAMIDON
PhD Candidate, Department of Management and International Business
Massey University
New Zealand

On research topic,
The Development of Malay Entrepreneurship in Malaysia

This consent form will be held for a period of five (5) years

I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I agree/do not agree to the interview being audio taped.

I wish/do not wish to have my tapes returned to me.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signature:

Date:

Full Name - printed

Appendix F (Information Sheet)

[Print on Massey University departmental letterhead]
[Logo, name and address of Department/School/Institute/Section]

Dear Sir/Madam,

Re: Information Sheet for the Research Project entitled “The Development of Malay Entrepreneurship in Malaysia”

I am a doctoral student in the Department of Management & International Business, Massey University, Auckland, New Zealand and am undertaking a research on "The Development of Malay Entrepreneurship in Malaysia".

Most studies agree that Malay entrepreneurship has not kept in step with economic growth since independence, but, to the best of my knowledge, there is as yet no study that has researched this phenomenon in sufficient depth. My research will, therefore, attempt to examine and analyse issues associated with the development of Malay entrepreneurship in Malaysia and understand how Chinese business community triumph without receiving any special privileges from the government.

The outcomes of my research will identify the causes of the problems, contribute ideas for the improvement of Malay entrepreneurialism, and provide impetus for the continuing research of Malay entrepreneurship. It is also hoped that the findings of this research will be used as an input for the government to come out with a more equitable public policy that can be beneficial to both the Malay and Chinese entrepreneurs.

Important to this research is a survey that will be integral to my research findings. I will be obliged if you could participate in this research by agreeing to an interview which will take between one to two hours. The interview will be in English and will be audio-taped.

Any data collected from participants will be kept strictly confidential. The identities of all participants will also be kept with the strictest confidence. Only myself and my two supervisors will have access to the data collected. Please be advised that participation in this research is voluntary and you are under no obligation to accept this invitation. If you decide to participate in the interview, you have the right to:

- Decline to answer any particular question
- Withdraw from the study before the interview ended
- Ask any questions about the study at any time during participation
- Provide information on the understanding that your name will not be used unless you give permission to the researcher
- Be given access to a summary of the project findings when it is concluded
- Ask for the audio tape to be turned off at any time during the interview

I look forward to your participation and thank you in anticipation. I shall contact you for an appointment in due course. Feel free to contact me or my supervisor if you require any clarification.

Researcher : Syahira Hamidon, S.Hamidon@massey.ac.nz
Teratak MASSS, Jalan Mohamad, Kg.
Berata, 85000 Segamat, Johor, Malaysia Ph. +60-7-
9313936/019-6082449
Supervisor: Dr Anthony Shome, A.Shome@massey.ac.nz;
+64-9-4140 800 ext 9236

Yours sincerely,

Syahira Hamidon

Please note:

This project has been reviewed and approved by the Massey University Human Ethics Committee: Northern, Application 07/021. If you have any concerns about the conduct of this research, please contact Dr Denise Wilson, Chair, Massey University Human Ethics Committee: Northern, telephone +64-9-414 0800 x 9070, email humanethicsnorth@massey.ac.nz.

Appendix G (Interview Memo)

Respondent 22, Pseudonym: Dato' Irhan

Background information

Was a PTD with first post as an Assistant District Officer in Pahang. Then he was appointed as a GM of a state timber company for 10 years before being selected to head the PPZ in 1990 till 2003. Now he is with one of the Malay Economic Organisations.

Why Malay entrepreneurship still lacking

"Firstly we are quite averse in risk taking. We are afraid to take a risk. We like to take a job which is based on monthly salary...The Malays are afraid to take in business. They go for security, they go for pension" (pp.4-5). **[RISK AVERSE/PREFERENCE FOR STABLE INCOME]**

"...the mindset is the biggest problem and...it is connected to the upbringings. Most Malays are not raised in a business environment" (p.5). **[UPBRINGINGS]**

"...Malays involve in agriculture...more as a means of earning the living, to feed the family, it is not for business...So despite Malays heavily involved in agriculture it is not in the entrepreneurial sense" (pp.5-6). **[MALAY AS AN AGRICULTURAL RATHER THAN ENTREPRENEURIAL SOCIETY]**

"They are used to be consumers or buyers of products and services. They just don't know what it takes to be in business". "You could have all the programmes and schemes and training and so on but if the exposure is not there really being in the actual business such as the Chinese being in the family business then that is one of the big reasons why Malays are not in the business" (p.6). **[LACK OF EXPOSURE & BUSINESS ACUMEN]**

"They never thought about saving money from their pay so that one day they can go into business" (p.7). **[LACK OF AN ENTREPRENEURIAL CULTURE]**

"Now the bank some more than others have got attitude towards Malays...Banks are willing to lend to a Chinese but when it comes to processing applications from a Malay, they really process thoroughly because they start with a premise that the Malays are bad at paying back loans" because of the attitude of certain Malays who fail to pay back their loans (pp.7-9). **[PREJUDICE AGAINST THE MALAYS]**

Malay attitude towards land as hereditary asset than as a means to create more wealth (p.10). **[UNPRODUCTIVE ATTITUDE TOWARDS LAND]**

Being a late comer in business the Malays are at disadvantaged of not being able to control the business value chain (pp.13-15). **[DISADVANTAGE OF NOT BEING THE ONE WHO CONTROL THE BUSINESS CHAIN]**

Malays lack creativity and innovativeness to create their own products (pp.16-17). **[LACK CREATIVITY AND INNOVATIVENESS]**

"The Malays can only survive if government and GLCs go out of their ways to help create Malay entrepreneurs and businessmen" (p.17). **[DEPENDENCY]**

"Leakages is a big, big reason why Malay entrepreneurs or businessmen are not there" mainly because opportunities are given to the wrong people (pp.17-20). **[OPPORTUNITIES GIVEN TO THE WRONG PEOPLE RESULTED IN LEAKAGES]**

Government lack capability to monitor opportunities that were given out are used properly to benefit the Malays, “The government servants are busy just planning and giving out the contracts all that. They got no time to supervise whether the Malay who got the job actually does it” (p.18). **[LACK OF MONITORING]**

“We do not value opportunities that given, the permits that’s given, the contracts that’s given, we do not attempt to do it ourselves. We take the easy out and of course we give excuses” (pp.19-20). **[PRIVILEGES RESULTED IN THE LACK OF INITIATIVE]**

The “Ali-Baba” syndrome is still prevalent, “It is very sickening as a Malay to see Tan Sris, retired senior servants, retired KSUs...becoming the barua of the Chinese. The Malays have sold themselves with a very cheap way” (pp.19-20). **[ALI-BABA SYNDROME]**

Opportunities are given to those with political connection or the politico-businessmen (p.24). **[OPPORTUNITIES GIVEN TO POLITICO-BUSINESSMEN]**

“We have some complaints about their programmes because their programmes failed to address the semangat issue, the attitude issue” (p.34). **[PROGRAMMES LACK EMPHASIS ON PSYCHOLOGICAL ASPECT]**

Lack of cooperation among Malay businesses and the “hasad dengki” syndrome (pp.41-42, 43-45). **[LACK OF COOPERATION AMONG MALAY BUSINESSES/HASAD DENGKI]**

“Melayu still...lull since we are in charged. The government is Malay so we are lulled by that” not like a Chinese who needs to work together for their survival (p.42). **[COMPLACENCY ATTITUDE OF THE MALAYS & SURVIVAL SPIRIT OF THE CHINESE]**

Preference of Malay parents to have their children to be employees than in business (p.48); “...bila kata berniaga you are a lower class...You don’t want your daughter to marry a peniaga...your daughter has to run away if nak kawin dengan peniaga” (p.56) **[PREFERENCE FOR PAID JOBS]**

The source of the products or the supplies are mainly from the Chinese (pp.49-50). **[MALAY NOT CAPTURING THE VALUE CHAIN]**

The ineffective role of the Malay Chamber of Commerce (p.50). **[INEFFECTIVE MALAY CHAMBER OF COMMERCE]**

Characteristics of successful Malay entrepreneurs

“They work hard, they have been patient, they started small, they are genuine people, they endure hardship. They got their ups and downs. Some have become bankrupt but they survive” (p.20). “They struggle so there is nothing given to them on a plate. They slowly came up, prove the hard way. They turn a small opportunity into some money to make more money and then they grab bigger opportunities” (p.23). **[HARDWORKING, PATIENCE, PERSISTENCE]**

“So you work hard, you are innovative, you create a product or service that somebody is willing to pay for...a lot of people are willing to pay for” (p.53). **[HARDWORKING, INNOVATIVE]**

Problems faced by Malay entrepreneurs

Lack of fund and alternative means to obtain required capital besides commercial banks; “...generally brother and sister they don’t really lend money to another sibling

who wants to go into business” (p.7). **[LACK OF CAPITAL & ALTERNATIVE MEANS OF FINANCIAL ASSISTANCE]**

Despite many funds allocated for them Malay entrepreneurs still find it difficult to obtain them (p.9). **[DIFFICULTY TO OBTAIN LOAN FROM THE BANK]**

Difficulty to secure business premises in strategic location (pp.10-11). **[BUSINESS PREMISE]**

Inability of Malay companies to employ highly qualified people because of their financial constraint and the attitude of rewarding or giving high position to relatives despite their incapability (p.12). **[DIFFICULTY TO HIRE BEST EMPLOYEES/CRONYISM]**

They can afford to bribe like Chinese because of their financial constraint (p.27). **[BRIBERY]**

Opinion on government policy and initiative

“I agree that the government has done so much for the Malays” (p.1). **[GOV’T HAS DONE MUCH]**

“...if the state is involved, there’s proper management, there’s proper funding, resources are given, you can get Malays who are actively involve in industry” (p.2). **[WITH PROPER MANAGEMENT, FUNDING & RESOURCES CAN SUCCEED]**

“So for some Malays who have made it they feel it is demeaning. They feel that this policy is putting down the Malays, it is not giving a good image to the Malays” (p.25). **[POLICY PERPETUATES NEGATIVE STEREOTYPED AGAINST ABLE MALAYS]**

The policy has been very successful in eradicating poverty among the Malays and in producing Malay professionals (pp.26-27).

The influence of politics

“UMNO will only be elected if it keeps helping the Malay agenda. The moment UMNO abandons the Malay agenda UMNO will be taken out to the street...UMNO needs the Malays, the Malays need UMNO” (pp.25-26). **[POLICY AS A MEANS TO PRESERVE MALAY POLITICAL HEGEMONY]**

“It is definitely discouraging to a genuine Malay entrepreneur...when he sees that just because he is not very strong in UMNO, he doesn’t get the job, he doesn’t get the contract, he doesn’t get the permit” (p.26). **[DISCOURAGEMENT TO PEOPLE WHO DOESN’T HAVE POLITICAL CONNECTION]**

Malay culture

“I see more dramas with setting in terms of business. It is about dynasty, about business problems...not so much more of the kampong settings, much more on business environment...office politics, business rivalry and all that, that’s good” (p.33). **[THERE IS A MOVE FROM KAMPONG TO BUSINESS SETTING]**

The Malays “look at life wholesome....in terms of balance. Balance between the pursuits of money and wealth and material success dengan things like family, ibadat, so family and ibadat is part of a balance. Definitely the Malay is not one who regards money as God which the Chinese do” (p.37). **[THE IMPORTANCE OF FAMILY AND RELIGION VS WEALTH AND MATERIAL SUCCESS]**

The materialistic culture is still prevalent among the Malays (pp.40-41).
[MATERIALISTIC CULTURE/SHOW OFF]

What could be done?

The role of GLCs to develop Malay entrepreneurs by giving contracts and other preferences to Malay businesses (pp.17, 27). Also to develop more Malay entrepreneurs through intrapreneurship (p.32) **[EFFECTIVE ROLE OF GLC/INTRAPRENEURSHIP]**

The banks should have a second chance policy for genuine Malay entrepreneurs who faced with difficulty or experienced failure (pp.20-21). **[SECOND CHANCE POLICY]**

The Malays should travel to overseas more often to find opportunities (p.29). **[THE NEED TO TRAVEL]**

Media should play a more role to promote entrepreneurship culture among the Malays (p.34). **[ROLE OF MEDIA]**

“So as long as Malay parents do the basic duty of advising their children carefully may be it will have” (p.34). **[ENCOURAGEMENT/INCULCATION STARTS AT HOME]**

The Malays should be independent and stop depending on the government and others (p.46); “Don’t depend on government, don’t depend on others, just depend on yourself” (p.47). **[BE INDEPENDENT]**

Whether the policy should continue

It is a dilemma. “At one end if we don’t continue there is a high possibility that the Malays will collapse so we could not allow that to happen because the Malays are the sons of the soil” (p.23). On the other end we are aware that people will not strive in comfortable situations. Examples show that the majority of successful Malay entrepreneurs come from poor background and they work their way up. “So this factor of coming from a hardship or hard background seems to have moulded these people to become tough, to become entrepreneurs. They have the desire to be, to do well in life” (p.23).

But the Malays are still far behind “so that is the reason for continuing” (p.24). **[CONTINUE UNTIL THE LEVEL FIELD IS ATTAINED]**

The needs to continue the policy in order to have stability in the country (p.57). **[POLICY AS MEANS TO PRESERVE STABILITY OF THE COUNTRY]**

Business cooperation between Malay and Chinese

“Very poor, very poor cooperation, very poor genuine cooperation simply because they are different size. There’s a lot of usage of each other. The Chinese use the Malays to secure the job, to secure the contract, the Malays...are having good time enjoying the benefits and the perks” (p.28). **[POOR GENUINE COOPERATION]**

Others

When he was in Zakat he “could see that the Malays do have money” (p.2).

“...there are about 110 funds set up for Malays in business” (p.9).

There is still a need to do a bit of bribery in order to expedite approvals at the local government level; “He admitted the policy of the company is never to pay a bribe but

what happen they have consultants who somehow or rather because they want approval fast so they will take care” (pp.35-36). **[BRIBERY IN BUSINESS]**
Difficulty to get Chinese companies to be involved in apprenticeship programme (p.42).

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Glossary

adat	customs or tradition; customary practices; usual way of behaving or acting
alam	world; universe
balik kampung	return to one's hometown
berbudi	to offer help or kindness without expecting tangible reward
bomoh/pawang	Malay medicine-man; healer; witch-doctor
budi	good deed; unreciprocated help
bumiputera	indigenous people; sons of the soil
gotong royong	mutual aid or cooperation; to work together or to help one another with a task on a voluntary basis
halal	lawful; permitted or recognised by Islamic law
haram	illicit; forbidden by Islamic law
hari kiamat	the day of resurrection; doomsday
hari raya	the festival of Eid-ul-Fitr to celebrate the end of the fasting month of ramadhan
harta pusaka	hereditary or inheritance asset
hasad dengki	extreme jealousy; wishing harm to others; spiteful
Islam hadhari	civilisational Islam
kampung/kampong	Malaysian village; hamlet
kawah	large deep pot for cooking things
kehalusan	polite behaviour; subtlety; aspects of refined manners
kenduri	feast
ketua kampung	village headman
malu	shy
orang asli	original people; aborigines
orang kaya	a wealthy person
padi	paddy
pelamin	bridal dais
penghulu	chieftain
qada'/qadar	divine preordainment; what is destined to happen to a person or thing; destiny; fate

ramadhan	an Islamic month during which the Muslims would be fasting from dawn to dusk
rezeki	livelihood; income; subsistence
riba	usury
rukun iman	Islamic Article of Faith
sultan	Malay King
syurga	heaven
takdir	fate; destiny
tanah pusaka	hereditary land
Yang Di Pertuan Agong	a supreme head of the Federation of Malaysia who shall be elected by the Conference of Rulers (Malay Sultans) for a term of five years