ENTREPRENEURSHIP EDUCATION IN MALAYSIA: A CRITICAL REVIEW

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Abstract

Recognising the importance of entrepreneurship education in promoting entrepreneurship development and the economy, Malaysia Ministry of Higher Education has taken the initiative by making entrepreneurship subjects compulsory to all students at the nation public universities. At the same time, these students are encouraged to take part in the many entrepreneurship activities at their respective universities - trainings, seminars, short courses, conferences and entrepreneurship events. The results of the effort can lead to less unemployed graduates and an increase in business opportunities, which will have a direct impact on achieving the developed nation status as envisioned by Malaysians. The entrepreneurship education in Malaysia is moving forward towards the right direction however issues and challenges still persist. This paper aims to review the entrepreneurship education in Malaysia by discussing the current situation of entrepreneurship education, the issues and challenges and recommending ways to improve the situation.

Keywords: Entrepreneurship, education, higher learning institution, Malaysia

1.0 Introduction

Malaysia Vision 2020 lays the foundation for the nation to achieve the status of a developed country by the year 2020, putting much emphasis in education in the nation’s effort to build a knowledge-based economy. Among entrepreneurship scholars, there is a consensus that entrepreneurship activities generate employment, create wealth and stimulate developing economies (Ahmad and Xavier, 2012; Johansen, 2007). Entrepreneurship is deemed important in the transformation of nations, politically and socio-economically (Matlay, 2005).

Recognising the importance of entrepreneurship education in promoting entrepreneurship development and the economy, Malaysia Ministry of Higher Education has taken the initiative by making entrepreneurship subjects compulsory to all students at the nation public universities. At the same time, these students are encouraged to take part in the many entrepreneurship activities at their respective universities - trainings, seminars, short courses, conferences and entrepreneurship events. It is hoped that these exposures to entrepreneurship will help develop the entrepreneurial attitudes and mind-set of students in the nation’s drive to develop 5 percent entrepreneurs from among the local graduates (Harian, 2006). The results of the effort can lead to less unemployed graduates and an increase in business opportunities, which will have a direct impact on achieving the developed nation status as envisioned by Malaysians.

This paper aims to discuss the current status of entrepreneurship education in Malaysia, the issues faced and the way forward. The first part of this paper will review the literature on entrepreneurship and entrepreneurs followed by entrepreneurship education. Secondly, the importance of entrepreneurship education will be discussed. Next, the paper will examine the current situation of
entrepreneurship education in Malaysia in terms of the ecosystem, business environment, support and the current state of entrepreneurship education in higher learning institutions (HLIs). Lastly the paper will discuss on the challenges and issues of entrepreneurship education, followed by the recommendations and conclusion.

1.1 Entrepreneurship and Entrepreneurs

Studies indicated an agreement among researchers that there is no definition of entrepreneurship that is considered as a universally accepted definition (Brown, 2000; Henry et al., 2005). There are different schools of thoughts, each with its own definition. According to Low and McMillan (1988), entrepreneurship is the creation of new enterprises. To Bruyat and Julien (2000), entrepreneurship is seen as a change process, that results in the creation of new values and entrepreneur as business founder.

Schumpeter (1911) sees an entrepreneur as an individual who introduces new products and new services, or creates new forms of organisation, or exploits new raw materials. It is necessary to destroy the economic order in existence in order to benefit from the new structure. Hamilton and Harper (1994) define an entrepreneur as a person who takes certain level of risks in order to capitalise on an invention. On the other hand, Thompson (1999) views an entrepreneur as someone who is able to identify unexploited business opportunities.

Although there are differing definitions of what entrepreneurs are made of, there are common characteristics and issues that the scholars can agree to. Mainly, they agree that an entrepreneur is someone with the unique instinct to see change as an opportunity for value creation. They also agree that entrepreneurs are visionary, able to conceptualise and implement business plans and possess an inspirational mind-set.

1.2 Entrepreneurship Education

Traditionally, entrepreneurship education is defined as education that imparts skills needed to set up a new business. However, the optimum mode of delivery has been much debated. To Hytti and O’Gorman (2004), depending on the objectives, there are many ways how entrepreneurship education can be offered. If the objective of the entrepreneurship education is to enhance the understanding of entrepreneurship, a good choice is to provide the information through public channels such as lectures, seminars or media. These methods are known for its effectiveness in disseminating information to a large group of target audiences within a short time period. If equipping individuals with entrepreneurial skills is the objective, it is best that method like industrial training is used. However, if creation of entrepreneurs is the objective of entrepreneurship education, an effective technique is by using controlled environment to facilitate experiments, through methods such as role play or business simulation. Regardless of the ways chosen, clearly the argument of Hytti and O’Gorman (2004) is that educational institutions play a role in providing entrepreneurship education.

Kirby (2002) and a few other scholars of entrepreneurship education have slightly different view. They emphasise the difference between entrepreneurship education and the so-called traditional management studies, viewing the latter as impeding the development of entrepreneurial skills and quality. Entrepreneurship education needs to be approached differently. To be effective, it should be linked to experiential learning (Kolb, 1984), entrepreneurial training (Gibb, 1999), work-related learning (Dwerryhouse, 2001) and action-learning (Smith, 2001) and. Learning to start and prepare for a new business is about learning to integrate experience, skills, knowledge and experiences.

Other definition of entrepreneurship education is by Kourilsky (1995) whereby it is explained as the ability to recognise opportunity, marshall resources in the presence of risk, and set-up a business venture. Bechard and Toulouse (1998) define entrepreneurship education as formal teaching that does the followings - informs, trains and educates potential entrepreneurs towards
business creation and development. For Jones and English (2004), entrepreneurship education is about teaching entrepreneurship skills and developing new and innovative plans. Overall, entrepreneurship education is hailed as a platform to develop new entrepreneurs.

Broadly, entrepreneurship education should be able to provide students with an understanding of a business purpose, structure and how the business interrelates with society and the economy. It should be able to impart skills that can be imparted through the educational system that enable individuals to develop new, innovative plans (Lundstro¨m and Stevenson, 2001; Klapper, 2004). A group of researchers have suggested that entrepreneurship education should start early within the education system (Kourilsky and Walstad, 1998; Stevenson and Lundstro¨m, 2002; Kroon and Meyer, 2001). At school level, a study by Waldmann (1997) indicated that entrepreneurship education increases the number of students seriously considering starting a business after graduation. In Hong Kong, entrepreneurship education programmes at secondary schools level were found to be effective in increasing awareness about business and in developing personal attributes (Cheung, 2008). In view of the positive association between entrepreneurship education and positive factors associated with entrepreneurship development many countries have started to introduce entrepreneurship education at all levels of the education system - schools, colleges and universities (Fayolle and Klandt, 2006; Matlay, 1999).

For the purpose of this study, entrepreneurship education refers to a formalised programme to equip students with entrepreneurship knowledge and skills to understand customers’ insights, market needs and recognise business opportunities. It encompasses networking skills, idea creation, developing and implementing a business plan, running a business and evaluating the internal and external business environment.

1.3 The Importance of Entrepreneurship Education

Numerous studies have shown that entrepreneurship education is significant in cultivating the spirit of entrepreneurship among graduates (Sexton and Upton, 1984; Ronstadt, 1987; Robinson and Hayes, 1991; Solomon et al., 2002; Katz, 2003). Studies by Kolvereid and Moen (1997) found that students who had majored in entrepreneurship, or had taken an entrepreneurship course or subject, had shown greater inclination to become entrepreneurs. They also displayed more entrepreneurial behaviour compared to other students not exposed to entrepreneurship studies. This was in line with the study of Ibrahim and Soufani (2002) that indicated that the formation of entrepreneurial traits is strongly influenced by the education system and the schools. Although the study does not imply that it is possible to develop entrepreneurs from entrepreneurship education alone, it does show the contributing effect of entrepreneurship education in the formation of entrepreneurs.

In another study, Webb et al. (1982) found that students are more likely to start their own business if they had participated or took part in an entrepreneurship programme. Upton et al. (1995) found that among students who attended any courses in entrepreneurship, 40 percent founded their own businesses. Other studies have similar outcomes. Entrepreneurship education, especially that relates to technological matters is found to be crucial in enhancing the innovative skills of entrepreneurs’ in the increasingly challenging environment of most nations (Clarke,1990; Menzies and Paradi, 2003). The findings of Henderson and Robertson (2000) indicates that even if we cannot teach a person to be an entrepreneur, entrepreneurial skills needed to be successful can still be taught. There are other researches that suggest that students have higher tendency to start their own after participating in entrepreneurship programmes (Carter and Collinson, 1999; Galloway and Brown, 2002).

Thus, the numerous studies that linked entrepreneurship education to development of entrepreneurship and entrepreneurs pointed towards the need for entrepreneurship education in today’s society. These findings also highlight the needs for entrepreneurship education to be a subject at all levels of higher institutions of learning in developing countries, particularly Malaysia with its
aspiration to achieve developed country status by 2020. As a developing country, Malaysia needs to accelerate entrepreneurship education in its education system. Earlier exposure to entrepreneurship education can be a useful agenda to foster early an entrepreneurial culture among the population students. This early exposure can benefits a country in need of more job providers than job seekers.

1.4 Entrepreneurship Education in Malaysia

Entrepreneurship education in Malaysia started with the introduction of the *Kembara Usahawan* (KEMUSA) co-curriculum in June 1982 by one of the public institutions of higher learning known as Institut Teknologi MARA (ITM) as a mean to mainly create awareness on entrepreneurial opportunities among its students. Later in 1988, ITM introduced a full-fledge entrepreneurship subject known as Fundamentals of Entrepreneurship (ETR300) as a compulsory subject to all diploma students (Abdul Latif et al., 1996). The implementation of KEMUSA and ETR 300 in ITM not only marked the emergence of Entrepreneurship Education in Malaysia but also act as a starting point of a structured dissemination of entrepreneurial knowledge and skills to students of higher learning institutions (HLIs) to better equipped themselves with necessary competencies in order to start their own business venture.

Parallel to the entrepreneurship domain’s progress in the Western countries in the 1990s, Malaysia has witnessed the development of various entrepreneurship training programmes and initiatives to facilitate the country’s transformation towards self-reliance nation (Zakaria et al., 2011). Government has been playing a very significant role to promote entrepreneurship via national plans and policies as well as supporting the establishment of various agencies. In addition, local universities have set up entrepreneurship centers to facilitate the instigation of entrepreneurship education into universities’ curriculum. Malaysia National Higher Education Action Plan 2007-2010 clearly envisioned the transformation of teaching and learning entrepreneurship to impeccably embed entrepreneurial skills among students of higher learning institutions.

Recent development of entrepreneurship education in Malaysia underlines the importance of creating an ecosystem of entrepreneurship education in HLIs that further nurtures entrepreneurial culture not only among students but also HLIs’ citizen in general.

1.5 Entrepreneurship Education Ecosystem

Spearheaded by the Entrepreneurship Unit of the Ministry of Higher Education (MOHE), a research was conducted to identify the factors in the ecosystem that contribute towards an effective entrepreneurship education in Malaysian HLIs and to assess the current state and effectiveness of entrepreneurship education among Malaysian HLIs. It involved public and private universities, polytechnics and community colleges across the country with the total number of 3,286 respondents comprises of students, alumni, employers and lecturers of HLIs and their respective entrepreneurship centres (EC). The study combined survey method with focus group and phone interviews as well as documents analysis and the results were triangulated for greater accuracy of research findings.

The findings presented by Hamidon (2015) at the 4th UNESCO-APEID Meeting on Entrepreneurship Education in Bangkok, Thailand accentuated that entrepreneurship education ecosystem in Malaysia is divided into two main elements, the external and internal. The external factors consist of business environment, support from government (agencies and Ministry of Higher Education) corporate sector, NGO, society and funding institutions. Whereas, the internal factors comprise of support from HLIs’ top management, academic and non-academic staff, effectiveness of ECs, education programmes, development of student entrepreneurs, competency of educators and readiness of students. Figure 1 below illustrates the entrepreneurship education ecosystem in Malaysia.
1.6 Business Environment

As for the business environment contribution to entrepreneurship education in Malaysia, the study analyses the GEM data published in 2014 which underlined the scores for entrepreneurial framework conditions for Malaysia as compared to other competitive countries namely Singapore, Thailand, U.S.A and United Kingdom. Apparently, Malaysia fall short behind southern neighbouring country, Singapore, with regards to entrepreneurial framework conditions; finance, general policy, regulation, government programs, primary, secondary and post-secondary education, R & D transfer, commercial infrastructure, internal market dynamics and openness, physical infrastructure and culture and social norms. Figure 2 depicts the score for entrepreneurial framework conditions for Malaysia compared to other competitive countries.
Figure 2: The entrepreneurial framework conditions for Malaysia compared to other competitive countries

Source: GEM (2014)

2.0 Support

In addition to business environment, the findings from the recent study by the Ministry of Higher Education revealed that supports from government (agencies and Ministry of Higher Education) corporate sector, NGO, society and funding institutions are essential in creating a conducive entrepreneurship education ecosystem in Malaysia.

Business loans, venture capital, grants, micro financing and crowdfunding are among funding supports available to Malaysian entrepreneurs and made-up the current entrepreneurship education ecosystem. Malaysia is in the top 20 in Ease of Access to business loans as reported in GEM report 2014 and it is the first among ASEAN countries to have a legal framework for crowd funding legislated in 2015. The findings from this current research is fairly consistent with Yusoff et al. (2014) that highlighted only six out of twenty universities were found to have no provision for funding students’ business activities.

The Ministry of Higher Education itself plays a very important role in providing support in the form of policy on entrepreneurship for HLIs, developing strategic entrepreneurship action plan (2013-2015) and providing entrepreneurship funding and research grants to HLIs. The continuous support from MOHE flourishes entrepreneurship education in the country and has made significant impact on the creation of student entrepreneurs.

Apart from the abovementioned supports, the corporate sector, NGOs and associations have been contributing to the development of entrepreneurship education ecosystem via technical and financial support, collaboration and internship opportunities as well as training and mentoring programmes. Consequently, these various supports offered by numerous parties and stakeholders are changing the ecosystem of entrepreneurship education in Malaysia.
2.1 Entrepreneurship Education in Higher Learning Institutions

The current state of entrepreneurship education in Malaysia can be analysed upon four main elements namely entrepreneurship centre (EC) maturity, education programmes offered, development of entrepreneurs and competency of educators. The followings discussions are based on the data presented by Hamidon (2015) at the 4th UNESCO-APFID Meeting on Entrepreneurship Education.

In terms of EC maturity, EC has successfully being established in all of the HLIs in Malaysia with 5% of the public universities are able to generate income of more than 30% of spending. However, while the Ministry of Higher Education strongly supports public universities, the support from parents towards them is hugely absent.

For education programmes, HLIs in Malaysia are heading towards the right direction by emphasising entrepreneurship education. 53% of HLIs in Malaysia inculcate entrepreneurship elements (LO8) in their courses and 57% of HLIs incorporate more than 15% of practical elements in teaching entrepreneurship. 52-75% of students are encouraged to do industry attachments and 70% of HLIs are able to adapt curriculum to changes.

The effort to develop entrepreneurs in HLIs is considerably high in Malaysia. 90% of HLI students in Malaysia have the aspiration to start a business and almost all of HLIs in Malaysia encourage students to start a business while studying. This effort is further enhanced by having entrepreneurship incubator programmes in 70% of HLIs in Malaysia.

As entrepreneurship education is spearheaded by the lecturers in HLIs, it is important to have high competency educators to ensure entrepreneurship education effectiveness. However the competency of educators in Malaysia is still lacking in terms of entrepreneurship competency. 50% of lecturers in HLIs are experience in entrepreneurship education but only 20% of lecturers have attended entrepreneurship training programmes and less than 20% of lecturers have attended entrepreneurial mind-set pedagogy training. The numbers are quite alarming as this situation may be interpreted as most of the lecturers that taught entrepreneurship education have not gone proper training.

2.2 Challenges of Entrepreneurship Education

As discussed, Malaysia HLIs were provided with various supports for entrepreneurship education. However a substantial number of HLIs still facing difficulties in implementing entrepreneurship education effectively.

One of the major issues is financing. Though many agencies support the causes of entrepreneurship education, the process of acquiring loan is considerably tedious for students. Some HLIs took the initiative to offer seed capital in the form of soft loans, but the size of the funds is small and as it is being managed in the way of revolving funds, the funds have constantly experienced a shortage since repayment is slow and erratic (Yusoff et al., 2014). One may argue that the availability of microfinancing is sufficient and it is easier to secure, however another problem arises as 89% of students in HIL are not aware of the availability of microfinancing (Hamidon, 2015). It seems that the promotions and awareness effort of microfinancing targeted to HLI students have considerably failed.

Secondly is the commitment towards entrepreneurship education. Both educators and students find it difficult to commit towards this cause. The student’s priority is to focus on academic grades and the ability to juggle between study and venturing into business is a challenge (Hamidon, 2015). On the educator’s part, they too argued that they are burdened by academic tasks and in order for
them to commit to entrepreneurship education, they need more time as well as recognition (Hamidon, 2015).

As been discussed earlier, it is alarming that most of the educators were not given proper entrepreneurship training before being given the task of teaching entrepreneurship subjects. To make things worse, it was found that some of the educators have no qualifications to conduct entrepreneurship programs due to irrelevant education background and experience (Yusoff et al., 2014). This is a fundamental and crucial issue to ensure the success of these university’s entrepreneurship programs. This phenomenon may indicate that some HLIs management do not see entrepreneurship education as a significant focal point. It is a need to understand that entrepreneurship education is not only about learning the theories of business, but also it demands extensive exposure to personal practical experience, an effective pedagogical method, and an experienced and competent educator.

There is also an issue which the HLIs have a mixed understanding of the objectives of entrepreneurship education. The majority of HLIs believe that that entrepreneurship education is to inculcate entrepreneurial characteristics to students so that when they graduate, they have certain value added skills that will increase their chances in employment (Yusoff et al., 2014). However, contrasting to the former believes, some HLIs understanding of entrepreneurship education is to produce graduate entrepreneurs (Rahim & Chik, 2014). These contrasting understanding has created an issue as different objectives require different pedagogy for the programs to be successful. Mixed understandings of the objective affect the uniformity in the implementation of the programs.

3.0 Discussion and Recommendation

There are 1,134,134 HLI students in the country (Rahim & Lajin, 2015), amounting to 6% of the total population in Malaysia. They are the future of the nation and their education and well-being has to be taken seriously. The time has come for the related agencies to reassess the funding procedures to ensure it is easier for HLIs students to secure financing. With 1,134,134 HLI students in the country, (Rahim & Lajin, 2015) this matter has to promotions and awareness programs towards HLIs students have to be initiated and implemented accordingly. It is important to address the issue of students and educators commitment towards entrepreneurship education. Students need to be given time and recognition for their extra effort out of the normal academic responsibility. Some private HLIs provide two graduation certificate; one for academic and another for extra co-curricular activities, including entrepreneurship. While for educators, Universiti Teknologi MARA has adopt the practice that entrepreneurship activities engaged by the educators is needed for their promotion, therefore giving recognition for entrepreneurship engagement (Rahim & Chik, 2014). Therefore, other HLIs should start and adopt the initiatives to promote and increase the interest among students and educators. Educators are the spearhead of entrepreneurship education and they should be well-trained and have relevant academic background to teach entrepreneurship. HLIs should focus on equipping the educators with relevant training and new batch of entrepreneurship educators should be employed based on relevant academic background. Lastly, Ministry of Higher Education should step up and define clearly the measurement of success for entrepreneurship education and strengthen the policy on entrepreneurship education. Entrepreneurship education in Malaysia can only be improved if steps are taken holistically and by the cooperation of various parties. This effort will surely takes time but it is essential to ensure the objective of entrepreneurship education is met.
References


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