The Influence of Globalization in Promoting Entrepreneurship in Malaysia

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Abstract:
Entrepreneurship is increasingly becoming a very relevant instrument in promoting economic growth in a country. Thus the role of globalization in promoting entrepreneurship in Malaysia is analyzed in this context. In this regard, universities as teaching and research units and according to their potential and capabilities play an important role in development, entrepreneurship and job creation. What affect does globalization have on an economy? Globalization of education and entrepreneurial studies has allowed efficient access to the scientific environment and culture of various countries. Given the ever-changing world in which we live, this paper aims to explain the importance of investigating educational and research activities of universities converging towards globalization and entrepreneurship.

Keywords: Entrepreneurship education; economic growth; higher education; government role; university students, job creation..

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1. Introduction

Globalization can be understood as the process of increasing the connectivity and interdependence of the world’s markets and businesses. Two major recent driving forces are advances in telecommunication infrastructure and the rise of the internet. According to Hill (2009), globalization can be defined as the shift toward a more integrated and interdependent world economy. Globalization has several facets, including the globalization of markets and the globalization of production. A major concern when dealing with openness or globalization in general regards the pressure that this phenomenon puts on nations to change their customs, norms and social values.

Globalization and entrepreneurship cannot be discussed in isolation, yet the topic has not been given much attention by scholars in the field of international business. Audretsch (2007) argues that globalization has led to a shift in developed countries from an industrial to an entrepreneurial model of production. The importance of entrepreneurship education is derived from the importance of the entrepreneurs to the economic system. Why is entrepreneurship education important? Webb et al. (1982) cited in Garavan and O’Cinneide (1994a) found that students who participated in entrepreneurship programmes were more likely to start their own business than other students. Upton et al. (1995) found that 40 percent of those who had attended courses in entrepreneurship had started their own businesses, while 30 percent had joined family businesses and only 30 percent worked for large organizations. This view is supported by Charney and Libercap (2000, p. 5) who found that entrepreneurship graduates are three times more likely than non-entrepreneurship graduates to start new business ventures. In other words, entrepreneurship becomes a valuable asset either as a stimulus to business start-up or as embedded knowledge for graduates. As understanding of what constitutes entrepreneurs and entrepreneurship extended into a wider range of the
social sciences this contributed to more multi-disciplinary perspectives and methodologies. According to Tribe (2006) this is beneficial, as the dominance of one discipline cannot only determine what will be excluded or included in research but can literally discipline both perception and knowledge creation.

The concept of globalization has been discussed in many scientific areas, making it necessary to reconceptualize many long-established ideas. Globalization is considered a breakthrough factor in the scientific and academic arena of the 21st century. It should be noted that globalization in its modern sense is the product of transnational interactions materialized within the past two or three decades. The phenomena of globalization can be interpreted differently in different situations. From an economic viewpoint, globalization means “a process of increasing involvement in international business operations” (Galloway, L. & Brown, W. 2002). Marguardt and Berger (2003) generalized globalization as “a single market place with growing free trade among nations; the increasing flow and sharing of information, connection or links of people around the world”; the opportunity for organization and people to shop around the world and not be constrained by national boundaries. According to Charney and Libercap (2000) the significance of the study in entrepreneurship education is generally to foster risk-taking and the creation of new business ventures; to increase the likelihood of graduates being self-employed, which causes a significant positive impact on the income of graduates, and increases job satisfaction from increased income; to contribute to the growth of businesses, especially small ones; to promote the transfer of technology from the university to the private sector; and to promote technology-based firms and products. Several studies have shown that entrepreneurship has been identified as a potential catalyst for expanding economic growth (Charney and Libercap, 2000) and to maintain competitiveness in facing the challenges of globalization. The involvement of graduates in the field of entrepreneurship is supported by the government as an alternative to reducing the unemployment rate in the country. This effort can be implemented through education, training and lifelong learning.

2. Entrepreneurship

It is not the objective of this article to develop new insights into the definition of entrepreneurship, nor is this within its scope. According to Abdullah (1999), in a developing country like Malaysia, entrepreneurial activities through venture creation are seen as a mechanism to improve the distribution of income, to stimulate economic growth, and to reshape an economic structure which has been highly dependent on the activities of large firms. In essence, entrepreneurship is crucial to the health of Malaysia’s economy. The government of Malaysia, throughout its constitutional bodies, has been playing a crucial role in developing and encouraging homegrown business entrepreneurs. The rapidly changing environment has brought about new conditions for higher education. The outcome of this situation is the necessity to develop entrepreneurial capabilities in the world in order to create new businesses, take advantage of unused capacities, develop existing capacities and solve social problems. To this end, universities should first prepare to play this role.

A low level of education and exposure could prevent motivated entrepreneurial movement in their surroundings. Undoubtedly, we suppose that the proximity of entrepreneurial universities does indeed have a positive relationship to entrepreneurship. Etzkowitz (1983) coined the term “entrepreneurial university” to describe institutions that have become critical to regional economic development. Entrepreneur education and its relationship to performance have been widely examined (see for example, Bird, 1989; Cooper, et al., 1994; Robinson & Sexton, 1994). Not surprisingly, the entrepreneurial movement within universities has been met with both enthusiasm and resentment as the scholarly community struggles with the ethical implications of such activities (Mowery, Nelson, Sampat, & Ziedonis, 1998). As such, developing a more entrepreneurial culture can be regarded as the essential mechanism through which universities become effectively involved in economic development (Fairweather 1990; Hagen, 2002).

Research evidence by Clark (1998) has shown that the concept is related to university attempts to reform and to become more entrepreneurial by strengthening their steering core, enhancing their development periphery, widening their funding base, stimulating the academic heartland and promoting entrepreneurial beliefs. As Saxenian (1994) points out, one of the important mechanisms facilitating knowledge spillovers involves the mobility of human capital, embodied in graduating students as they move from the university to a firm. The entrepreneurial university is thus related not only to the
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university’s mission and tasks, but also to the organizational form, the deeply embedded activities and procedures, and the working practices and goals of individuals and research groups. It thus implies entrepreneurial action, structures and attitudes within the university (Rinne & Koivula, 2005).

In recent years, entrepreneurship as an ingredient of economy development has played a pivotal role in the fields change within world business. It currently has become one of the core elements of managerial reform around the world. Without doubt, entrepreneurship from all over the world is fully cognizant of this potential and thereby those with a high understanding of entrepreneurship roles among economic environments support government activities. Hence, entrepreneurship, or so-called independent business, has emerged for certain goals. Business activities are indeed the most powerful and popular means of delivering entrepreneurship to our life sectors by promoting new business investigations (Shumpeter, 1934).

The rapidly changing environment has brought about new conditions for higher education. The outcome of this situation is the necessity to develop entrepreneurial capabilities in the world in order to create new businesses, take advantage of unused capacities, develop existing capacities and solve social problems. In response to this challenge, the new mission of universities is to create new entrepreneurial capabilities in university graduates. To this end, universities should first get ready and prepare to play this role. In other words, the entrepreneurial approach is a path to adapting the university to real world needs. Academic entrepreneurship means solving the scientific problems of society, governments and firms; creating an innovation development environment within the university's members; supplying the results of academic researchers to the market supply; and producing and supplying new technologies and innovation in expanding the boundaries of human knowledge (Hasoumi and Abtahi, 2006).

3. Aspects of Globalization of Higher Education

Various scholars in their various studies have looked at several factors that could contribute to the inclination of an individual to entrepreneurship. According to Cooper, et al., (2004), there is a significant relationship between education and entrepreneurship. This is to say that the level of education or amount of education or amount of education received by an individual on the importance and development of entrepreneurship can really serve as ingredients of inclination. In a study by Hansmark, (1998), it was found that the need for achievement and locus of control could influence entrepreneurship education. In the same vein, Kirkwood, (2007) found that family background and the kind of orientation given to an
individual is closely related to the entrepreneurship inclination.

Adapting organizational structure and managerial functions for acting in accordance with the requirements of the globalization of higher education is analyzed through contrasting a set of two-dimensional concepts shown in Figure 1. These are the best and most relevant concepts to analyze the different aspects of globalization of higher education and to understand any kind of globalization (Gilbert, 2005).

1. Gradual innovation vs. sudden innovation
2. Independent innovation vs. systematic innovation
3. Requiring lower skills vs. the need for higher skills
4. Domestic market vs. foreign market and market strategy issues.
5. Internal vs. external issues.

Education is undergoing constant changes under the effects of globalization. The effects of Globalization on education bring rapid developments in technology and communications are foreseeing changes within school systems across the world as ideas, values and knowledge change the roles of students and teachers, and produce a shift in society from industrialization towards an information-based society. It reflects the effect on culture and brings about a new form of cultural imperialism. It brings rapid developments in technology and communications, which are bringing changes within school systems across the world as ideas, values and knowledge. The rise of a global society, driven by technology and communication developments is shaping children, the future citizens of the world into ‘global citizens’, intelligent people with a broad range of skills and knowledge they can apply to a competitive, information based society. The future of countries often lies within their ability to compete in a global market where industrial based economies are giving way to knowledge based industries, realizing the importance of “knowledge, skills and the intellectual capacity to meet the challenges of accelerated change and uncertainty”. Education is becoming a lifelong learning and training process for developing transferable skills and knowledge that can be applied to competitive markets where knowledge and information are being traded as commodities.

The role of education has become more linked to globally competitive positions. Subsequent changes in university functions have led universities toward “direct entrepreneurial activity to sustain themselves.” This in turn produces a change in institutional approaches to the development of overseas education. University courses must now be cross-cultural in content, which is in association with the growing number of students, particularly in the 1990’s, searching for higher education outside of their own country. Education is becoming more invaluable to individuals. In today’s environment, education provides individuals with a better chance of employment, which in turn leads to a better lifestyle, power and status.

Under the prevailing global forces, higher education institutions everywhere are subject to global trends. Universities now facing more challenges than ever before, and the rise of a globalised knowledgebase economy has brought universities in many countries under closer scrutiny for the economic contributions they make. Governments have been particularly concerned that universities serve national interests in the global marketplace. There is an international tendency to emphasize the practical, technical value of higher education. The commodification of knowledge as intellectual property has occurred particularly with regard to connecting the intellectual work of universities with community, business, and government interests and priorities. While such a tendency is often welcomed by so-called applied disciplines, it causes tensions between the more profitable applied subjects of science and technology, and those of basic theoretical enquiry, particularly arts and humanities subjects. It also creates institutional winners and losers.

Under the impact of globalizing market forces, there has been a general trend towards the reduction of per capita public funding to higher education at a time when the system is still expanding at both the initial and the ‘life-long learning’ levels. The burden of funding higher education is being shifted more and more to the shoulders of the individual on a ‘users-pay’ basis. Even public universities are increasingly funded by non-governmental sources, especially via student tuition and other fees, donations raised from alumni and others, and direct payment from business for services provided by universities.

4. What is the Government’s Role in Promoting Entrepreneurship?

Government influence and support for entrepreneurship is very crucial to promoting
entrepreneurial development in order to guarantee SMEs future business success. Thus, it will contribute to greater ability and power for success factors in entrepreneurship. In developing areas, satisfactory government support has been shown to be important for small firm success (Yusuf, 1995). Small and Medium-sized Enterprises (SMEs) in market economies are the engine of economic development. Owing to their private ownership, entrepreneurial spirit, their flexibility and adaptability as well as their potential to react to challenges and changing environments, SMEs contribute to sustainable growth and employment generation in a significant manner. SMEs have strategic importance for each national economy due a wide range of reasons. Logically, the government shows interest in supporting entrepreneurship and SMEs. There is no simpler way to create new jobs, increase GDP and raise the standards of the population than supporting entrepreneurship and encouraging and supporting people who dare to start their own business. Every surviving and successful business means new jobs and GDP growth.

Therefore, designing a comprehensive, coherent and consistent approach by the Council of Ministers and entity governments to entrepreneurship and SMEs in the form of a government support strategy to entrepreneurship and SMEs is an absolute priority. A comprehensive government approach to entrepreneurship and SMEs would provide for a full coordination of the activities of numerous governmental institutions (chambers of commerce, employment bureaus, etc.) and NGOs dealing with entrepreneurship and SMEs.

Malaysia is among the countries now enjoying an emerging economy. The number of companies in Malaysia is growing rapidly and it is now becoming a centre of new business opportunities as international investors have begun to view Malaysia as the place to invest their money and establish their businesses. Of consequence, the development of entrepreneurship has become the main agenda, which is evident by the introduction of mechanisms that cater to entrepreneurs (Ariff and Abu Bakar, 2005; Ismail et al., 2009). Such mechanisms would spur economic activities and in turn, create employment growth. One of the mechanisms introduced by the government is support for entrepreneurship education, which has become an important part of the curriculum in higher education institutions in Malaysia (Ismail et al., 2009). The purpose of entrepreneurship education is to produce graduate entrepreneurship that defines the interaction between the graduate as a product of a higher education institution and their readiness to pursue their career as an entrepreneur (Nabi and Holden, 2008).

As a consequence, governments have a central role in supporting ventures whose success potential is not necessarily visible in the short term, but which may have a significant contribution to economic development (Hustedde & Pulver, 1992). Indeed, further research has shown that the provision of management and entrepreneurship training programs, various forms of start-up incentives (e.g., exemption from custom duties, tax concession) and the provision of consulting services enable a person to start a business (Dana, 1987; Hawkins, 1993). Moreover, an extra measurement of the environment is governmental support. Overall, these showed that governments in many countries are actively contemplating measures, both at the local and state levels, to stimulate entrepreneurial activity and to ensure that adequate financing and advice is present to back up business formation (Keuschnigg & Nielsen, 2000).

The pressures within the higher education sector have increased the interest of researchers on the connection between entrepreneurship and education in general and various entrepreneurship education programs in particular (Fayolle, 2006). Some institutions in Malaysia have responded to the need to impart entrepreneurship knowledge by establishing entrepreneurship centers and units catering to business students (Ismail et al., 2009). They have designed courses in the form of degree/certificate programs on major entrepreneurship but there is debate on the effectiveness of the content and the approaches (Donald, 2005). In essence, there is no common understanding of how entrepreneurship education can be realized within institutions and there is little experience of incorporating it within education institutions (Donald, 2005).

The development and delivery of entrepreneurship education is often affected by the internal organizational structure of an institution, controlled by an inflexible curriculum which impedes interdisciplinary approaches to such education (European Commission, 2008). Despite the efforts that institutions are devoting to mainstreaming entrepreneurship within institutions in Malaysia, there are many challenges that face these efforts, including resource constraints, the narrow understanding of entrepreneurship education, the ambivalence of different academic units, resistance from university managers and some teaching staff, as well as
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Thus fitting entrepreneurship education into the current system of higher education structures and the way it can be fitted into the broad network of education theory is the central challenge (Gibb, 2011). Therefore, the process of embedding entrepreneurship within institutions may need more time and the design of new ways to sensitize it.

The fact that cooperation and regulation are required on many levels as a consequence of the complexities and transnational nature of current world issues has led a number of scholars to predict the "end" of national government power. Some argue that the government may only adjust to globalization, but not have an active role in it. Some believe that the government will become obsolete. Despite the many concerns about the loss of sovereignty, the government remains the key actor in domestic as well as international arenas. The popular assumption that the emergence of global civil society and increasing levels of cross-border trade, finance and investment flows will turn the government into an anachronism is wrong. In the international arena, closer cooperation and concerted action among governments represent an exercise of government sovereignty. Such concerted action does not necessarily weaken governments; rather, it can strengthen them by creating a more stable international environment and by giving them greater scope to expand their exchanges in a variety of fields. Moreover, globalization without effective and robust multilateralism is bound to lead to crisis because markets are neither inherently stable nor equitable.

5. What is the Influence of Globalization in Promoting Entrepreneurship?

Globalization is a term which has been used to describe and explain many worldwide phenomena. To be sure, globalization is a complex phenomenon, which encompasses a great variety of tendencies and trends in economic, social and cultural spheres. It has a multidimensional character and thus does not lend itself to a unique definition. For the purpose of simplicity, it may be described as increasing and intensifying flows between countries of goods, services, capital, ideas, information and people, which produces cross border integration for a number of economic, social and cultural activities. It creates both opportunities and costs and for this reason it should neither be demonized nor sanctified, nor should it be used as a scapegoat for the major problems that are affecting the world today.

Globalization has completely changed the way in which people communicate and conduct business.

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<th>Not Sure</th>
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<tbody>
<tr>
<td>Advances in production technology</td>
<td>1.4%</td>
<td>19.72%</td>
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<td>Information technology</td>
<td>2.82%</td>
<td>14.08%</td>
<td>52.11%</td>
<td>25.35%</td>
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<tr>
<td>Global over capacity/reduced demand</td>
<td>1.41%</td>
<td>25.35%</td>
<td>50.70%</td>
<td>16.90%</td>
<td>5.64%</td>
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<tr>
<td>Trade liberalization</td>
<td>2.82%</td>
<td>22.52%</td>
<td>40.85%</td>
<td>29.58%</td>
<td>4.23%</td>
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<tr>
<td>Changing consumer behavior</td>
<td>1.4%</td>
<td>23.94%</td>
<td>52.18%</td>
<td>15.44%</td>
<td>7.04%</td>
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<td>International quality management standards</td>
<td>0.00%</td>
<td>18.43%</td>
<td>54.32%</td>
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<tr>
<td>International environmental management standards</td>
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Table 1: Impact of Global Business Environments on Entrepreneurship
Because international business is now a commonality rather than a strategic advantage, entrepreneurs must understand how globalization has a direct impact on operational decisions. It is common for small-businesses to be impacted by globalization because of the ability of corporate giants to acquire cheaper goods and labor. However, small-business entrepreneurs throughout the world are needed for many reasons such as maintaining low unemployment rates and upholding innovation levels. While entrepreneurship is extremely significant to the global economy, its direct impact and importance can be perceived differently throughout the world.

The decision for Malaysia to embrace globalization has obvious implications for its local enterprises. In a study conducted by the author for the Asian Productivity Organization on the impact of globalization, business representatives (72 respondents out of a sample of 235 SMEs) were asked to respond to a series of questions on the extent to which their businesses had been affected by the global environment. The findings of one aspect are shown in Table 1 below.

Globalization compels businesses to adapt to different strategies based on new ideological trends that try to balance the rights and interests of both the individual and the community as a whole. This change enables businesses to compete worldwide and also signifies a dramatic change for business leaders, labor and management by legitimately accepting the participation of workers and government in developing and implementing company policies and strategies. Globalization brings reorganization at the international, national and sub-national levels. Specifically, it brings the reorganization of production, international trade and the integration of financial markets. This affects capitalist economic and social relations via multilateralism and microeconomic phenomena, such as business competitiveness, at the global level. The transformation of production systems affects the class structure, the labor process, the application of technology and the structure and organization of capital. Globalization is now seen as marginalizing the less educated and low-skilled workers. Business expansion will no longer automatically imply increased employment.

6. Conclusion

There is a need for entrepreneurship in Malaysia as it faces the challenges of globalization and the knowledge-based economy. Only with entrepreneurship at various levels in society, including the government, can Malaysia continue to thrive. There is now a renewed effort in place to encourage entrepreneurship. Only time will tell if the efforts to foster entrepreneurship will bear fruit in Malaysia. The definition of entrepreneurship is also broad and encompasses entrepreneurial behavior. Malaysia needs entrepreneurial efforts at all levels of the economy. With concerted efforts, the outlook is promising, even as the task is challenging. There is a greater supply of potential entrepreneurs in society than what is now being produced by the education system. Whether this nation or any other will be able to solve its economic and social problems will depend on the availability of a continued and increasing stream of creative talent. Entrepreneurship education can be a major contributor to creating new education structures that are themselves entrepreneurial. If this happens, then the future of the nation will be insured.

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