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INCREASING THE NUMBER OF BUNIPUTRO ENTREPRENEURS

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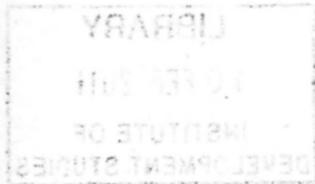
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INCREASING THE NUMBER OF BUNIPUTRO ENTREPRENEURS

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ABSTRACT

Increasing the supply of entrepreneurs and expanding the pool of entrepreneurial talent has become a key ingredient in promoting economic development, because without the entrepreneur a developing region or country stands little chance in promoting its economic growth. This paper is concerned with developing a "delivery system", which will increase the supply of small-scale Malay (Wananchi) entrepreneurs. It argues that developing small-scale entrepreneurs involves reducing the role strain the Malay encounters when he makes a business decision in an environment whose social and cultural structure places little value on making correct business decisions.

The research is based upon a similar program which was designed to promote entrepreneurial talent in the Appalachian region of the United States. The success of that program and its recognition of the vital influences the Appalachian culture has on entrepreneurial decision making prompted the MARA Institute of Technology in Malaysia to underwrite a similar research effort. The research results indicate that Malay entrepreneurs can be promoted by adopting a similar "delivery system" to the one developed for the Appalachian region of the United States.

## INCREASING THE SUPPLY OF BUMIPUTRA ENTREPRENEURS

## INTRODUCTION.

The important role in economic growth played by the entrepreneur has been well recognized in economics literature since it was first introduced by Cantillon in 1775. The entrepreneur has been described by various authors as the "economic agent who initiates all means of production" (Say, 1821); "the individual whose function is to carry out new combinations called enterprises" (Schumpeter, 1934); "the individual, or group of individuals, who undertakes to initiate, maintain, or organize a profit-oriented business unit the production or distribution of economic goods and services" for (Cole, 1959); "a risk taker". (Drucker, 1965); "and an organization builder" (Harbison & Myers, 1959). His role is recognized as critical to economic development, because he performs four vital economic functions;

1. He takes the "initiative in combining the resources of land, capital, and labor in the production of a good or service. Both a sparkplug and a catalyst, the entrepreneur is at once the driving force behind production and the agent who combines the other resources in what he hopes will be a profitable venture."
2. He has the "chore of making basic business-policy decisions, that is, those nonroutine decisions which set the course of business enterprise."
3. He is an innovator - "the one who attempts to introduce on a commercial basis new products, new productive techniques, or even new forms of business organization."
4. He is a risk bearer. "He has no guarantee that he will make a profit. The reward of his time, efforts, and abilities may be attractive profits or immediate losses and eventual bankruptcy. He risks not only his time, effort, and business reputation, but his invested funds, and those of his associates or stock-holders."<sup>1</sup>

Since the end of World War II, developed countries have been offering economic aid in the form of loans and grants to the non-communist developing world. Initially, the U.S. foreign aid program was called the Marshall Plan

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<sup>1</sup>BUMIPUTRA means MALAY (i.e. "WANANCHI")

1. Campbell R. Mc. Connell, Economics: Principles, Problems and Policies, Mc Graw Hill Book Company, 5th Edition. p. 23.

and was concerned with the transfer of capital and modern technology from the United States to the developed nations ravaged by World War II. Enemy and ally were treated alike, and in Western Europe and the Far East, the capital flows into such countries as France, Germany and Japan provided the basis for their present economic prosperity and growth.

Unfortunately, one key factor was not stressed in the foreign aid programmed for the developing world -- i.e., the role of the entrepreneur. It appears that Western Europe and Japan possessed the "built-in" entrepreneurial experience and knowledge that the developing world lacked. Large transfers of capital from the United States could be skillfully and productively combined with an already existing and well-trained labor force and result in the rapid expansion of national output.

In the developing world such entrepreneurial talent did not exist in sufficient quantity. As a result, labor, capital, and resources were not rapidly converted into viable industries and commercially profitable enterprises. Such conversion depends upon an adequate supply of entrepreneurs, without whom little economic development in a profit-oriented economy can be attained.

It is surprising that few systematic programmes for promoting and developing entrepreneurship exist in the developing countries. Far greater attention has been paid to building public investment in overhead capital and attracting large-scale foreign industry. Daily accounts in newspapers and on TV and Radio in the developing countries attest to the attraction of new foreign investment and the opening of new plants. But little detail is given to the development of the indigenous entrepreneur, on whom the success of all development plans and programmes depends.

As one noted American psychologist put it "the most valuable 100 people to bring into a deteriorating society would not be economists, or politicians, or engineers, but rather 100 entrepreneurs."<sup>2</sup>

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2. Abraham Maslow, as quoted in Readings in Readings in the Economics of Education, (United Nations: UNESCO, 1968) p. 623.

II THE SCOPE OF THE PROBLEM

Geographic and Economic Setting

Malaysia covers some 128,000 square miles and comprises two regions: Peninsular Malaysia and the Borneo States of Sabah and Sarawak.<sup>3</sup>

Peninsular Malaysia is covered in large part by dense tropical rain-forest, resulting in the concentration of development on the coastal plains. The west coast of the peninsular is much more advanced than the east coast. On the west coast are found the principal cities and towns and the Federal Territory of Kuala Lumpur.

Because of its nearness to the Equator, the climate of Peninsular Malaysia is tropical: uniform temperature, high humidity and a very heavy rainfall, which averages between 120 and 160 inches annually, are the principal climatic characteristics. Peninsular Malaysia is affected by two monsoon seasons, the south-east monsoon blows from May to September, the north-east monsoon from October to February.<sup>4</sup>

The economic development of Malaysia has been considerable, and the chances for continuing this development in the future are good. The targets of the Second Malaysian Plan for 1971-1975 call for an average annual rate of growth in gross national product (GNP) "at current prices of 6.5 per cent during 1971-1975 and a real per capita income growth of 2.9 per cent per year, resulting in an increase of annual income to \$1,123 by 1975 from \$1,066 in 1970".<sup>5</sup> During 1971-1973, the real output of the economy per year grew slightly faster than the Plan target: 6.9 per cent as compared with 6.8 per cent. But the impact of price changes for exports and imports reduced the net purchasing power of the gross national product to an annual rate of 5.5 per cent.

Population grew during this same period at a 2.7 per cent annual rate, permitting real per capita income to expand 2.8 per cent per year.<sup>6</sup>

Prospects for 1974-1975 indicate a GNP growth rate of 5.6 per cent annually in current prices. In real terms the economy is expected to grow at

3. Education in Malaysia, prepared by The Educational Planning and Research Division, Ministry of Education, Malaysia 1968, p. 1-3.

4. Francis Wong Hoy Kee and Gwee Yee Hean, Perspectives: The Development of Education in Malaysia & Singapore, Heinemann, Educational Books (ASIA) Ltd., 1972, p.1.

5. Mid-Term Review of the Second Malaysian Plan 1971-1975, printed at the Government Press, by Director General of Printing Peninsular Malaysia, Kuala Lumpur 1973 p. 37

6. Ibid.

a rate of about 6.9 per cent per year. This growth rate will permit per capita income to increase significantly during the plan period. The overall outlook is "even brighter in the light of the expected uprising in the world business cycle and projected improvements on the terms of trade."<sup>7</sup>

#### The Population

The population of Malaysia as of August 24, 1970, was 10,439,530: 46.8 per cent were Malays, 34.1 per cent Chinese, and 9.0 per cent Indians and Pakistanis.<sup>8</sup> The Peninsular Malaysia population was 8,810,348: 53.2 per cent were Malays, 35.4 per cent Chinese, 10.6 per cent Indians, and 0.8 per cent others.<sup>9</sup>

In Peninsular Malaysia, 28.7 per cent of the population live in urban areas and 71.3 per cent live in rural areas. In terms of ethnic origin, the largest number of urban dwellers are the Chinese, followed by the Malays and then the Indians. In rural areas the reverse is true: there are more than twice as many Malays as Chinese and six times as many Malays as Indians.<sup>10</sup> The growth of urban population is a common experience among the developing nations. It reflects the lack of economic opportunity in rural areas, the growth of investment in cities, and the expectation that jobs can be found in cities not in forming communities.

#### The Universe of Malay Businesses

Unfortunately, very little statistical data exist on the number of Bumiputra businesses. The best source is the Government of Malaysia's Department of Statistics which collected data in 1970 from various directories of Malay-owned retail and wholesale establishments, service establishments, rubber and oil-palm estates, mining and manufacturing industries, and contractors.

The data on Malay-owned wholesale <sup>and</sup> retail establishments concerned only Malay businesses in urban areas with an estimated population of 10,000 or more. Because retail and wholesale establishments in urban areas below 10,000

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7. Ibid p. 53.

8. 1970 Population and Housing Census of Malaysia, Statistics Dept., Government of Malaysia, p. 24.

9. Ibid, p. 27.

10. Ibid, p. 30

11. Ibid, p. 33

12. Ibid.

and in rural areas are excluded, the data understate by an unknown factor the total number of such establishments. But because most of the retail and wholesale establishments in the kampongs (villages), Mukims (parishes), small towns, and local council areas are owned and operated by non-Malays, this exclusion is not regarded as serious. The list of contractors covers all Malay-owned establishments engaged in the construction industry in 1970, and is divided between those whose value of work was over \$100,000, and those who operated with value of work below \$100,000. The service establishments included: restaurants, cafes, and other drinking and eating places; hotels and other lodging places; laundries and laundry services; barber and beauty shops; and photographic studios. The list indicates those establishments which operated from fixed premises in the urban areas of Peninsular Malaysia. The data on rubber and oil-palm estates and on rubber dealers cover all such Malay-owned establishments in Peninsular Malaysia cover all such Malay-owned establishments. Similarly, the data on mining and manufacturing establishments in Peninsular Malaysia covers all such Malay-owned establishments in 1970. Table III shows the number of Malay-owned establishments by industrial category.

Malay ownership of business establishments is concentrated heavily in wholesale and retail establishments, service establishments and the construction industry below \$100,000. In fact these three types of business make up almost 92 per cent of all types of Malay businesses listed in Table VI. By state, Kelantan ranks first with almost one-fourth of all Malay establishments. Trengganu is second, Selangor third, Johore fourth. It should be noted that Table VI shows only the number of establishments. If a value of output originating figure could be derived by state, it is possible that a state with a smaller number of establishments would be numbered first. The manufacturing value of its output does not necessarily correlate with the number of establishments. Also the respective ranking of Kelantan and Trengganu as first and second reflects the presence of many batek factories in those two states. Nevertheless, the existence of 2550 establishments in Kelantan suggests that the production of entrepreneurs could be encouraged more in Kelantan than elsewhere in Malaysia. If this is so, some indication may be given in the research analysis.

For comparative purposes, a rough estimate of the total number of establishments using the same categories of Malay and non-Malay businesses is given in Table VII for 1970. While it was possible to obtain the total number of establishments for some categories such as manufacturing, it was not possible for other categories like selected services because no survey was done for that category on 1970. Accordingly, 1971 figures were used as a rough approximation of the number of service establishments in 1970. Other estimates are indicated by placing the estimated figure in parentheses.

TABLE I MALAY OWNED BUSINESS ESTABLISHMENTS 1970

Malay owned Wholesale and Retail Establishments	4,177
Malay owned Service Establishments	3,494
Malay owned Rubber Estates	46
Malay owned Oil Palm Estates	2
Malay Rubber Dealers	629
Malay Mining Establishments	28
Malay Manufacturing Establishments	143
Malay Contractors	
Over \$100,000	45
Under \$100,000	<u>2,098</u>
Total	<u>10,662</u>

As Table V indicates, fewer than one-fifth of all establishments listed in the above table are owned by Malays. But this overall figure cannot be used as a measure of Malay ownership. In the construction business valued below \$100,000 about 78 per cent of all business is Malay owned; in wholesale trade only about 2.7 per cent is controlled by Malays. On the other hand, Malays own only 4.5 per cent of the manufacturing businesses, 2 per cent of the mining business and 2 per cent of the rubber estates, even though they make up 22 per cent of the rubber dealers.

As to the number of small businesses among the Malay establishments no definite answer can be given. There are several definitions of small business used in Malaysia. The one adopted by MARA is based on net worth and states that any business with a net worth of less than \$10,000 is a small business. Other definitions define a small business in Malaysia as any business whose net worth is less than \$100,000; Popenoe, in his study of Malay businesses, confined his universe to those businesses with ten or more employees.<sup>13</sup> He interviewed about 140 such businesses in Malaysia in 1967, and estimated that this amounted to about 90 per cent of the universe of Malay businesses covering ten or more employees. Whatever definition is chosen, most Malay-owned establishments are small by American or European standards. And if such standards are used, the definition of small business can be expanded to cover most, if not all, of the universe of Malay businesses.

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13. Oliver Popenoe, A study of Malay Entrepreneurs, London School of Economics, 1969, p. 6.

III Models of Entrepreneurial Growth

There are at least seven different behavioural science models explaining the determinants of entrepreneurial supply: four are psychological theories, three are sociological.<sup>14</sup> All the behavioural science concepts have one common feature: they make the entrepreneurial supply curve inelastic, i.e., an increase in the return for entrepreneurial services by some percentage will not increase the supply of entrepreneurs by a like or greater percentage. Profits are the return usually associated with the entrepreneur, and the profits attributed to entrepreneurship as defined by Schumpeter are associated with innovation and risk.

The entrepreneurial supply schedule, according to behavioural science, is primarily a function of socio-psychological variables: e.g., achievement motivation, religion, cultural values, role expectations and social sanctions, which by their very nature cannot produce an increase in entrepreneurial supply in response to an increase in the return for entrepreneurial services.

Behavioural scientists believe that "the alleged shortage of entrepreneurship in many of the less developed countries is probably due, not so much to any difference in the inherent capacities of the population, but to cultural and institutional factors."<sup>15</sup> In other words, in the immediate future - the short run - the supply of entrepreneurs is relatively fixed; but, in the course of time, education and cultural changes together with government support can effect an increase in the number of entrepreneurs.

By contrast, however, some economists argue that the socio-psychological variables have little if any influence on entrepreneurial supply. They believe that the supply curve of entrepreneurial services is highly elastic because such services can be easily found and will quickly respond to the psychological drive to maximize real income, money and profit.<sup>16</sup> In their opinion, to increase the number of entrepreneurs, social and cultural factors should be ignored. Instead, all efforts should concentrate on increasing the demand for entrepreneurial services through maintaining economic prosperity and adopting appropriate government policies; such as loans to business,

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14. For a complete discussion of these models, see Entrepreneurship and Economic Development, Edited by Peter Kilby, the Free Press, New York, 1971.

15. Lloyd G. Reynolds, Economics, A General Introduction, 4th Edition, Richard D. Irwin, INC., Homewood, Ill., 1973, p. 521.

16. Kilby, Op. Cit., p. 24.

government contracts to create firms and import restrictions to foster import substitution. Taken separately, neither position can become a complete explanation of how to increase the number of entrepreneurs. But taken together, the two theories can meaningfully explain the long-run determinants of entrepreneurial supply.

The fundamental thesis of this report is that Bumiputras in the business world experience considerable role conflict between social and economic roles and that this conflict impedes development of their entrepreneurial potential. From the sociological and cultural viewpoint the thesis argues that in many traditional or semi-traditional societies there has existed in the past little need for entrepreneurial roles in the economic and social structure. The needs that did exist could be fulfilled by only a few members of the society or by members of other ethnic groups. Consequently, entrepreneurial skills were not developed in large numbers and passed on from father to son. In addition, entrepreneurial roles in many such traditional societies held a relatively low social status and were not considered goals worthy of young men and women; instead, society's preferences <sup>favoured</sup> agricultural pursuits or military exploits.

Similarly on the economic side, many governments of traditional societies have not been interested in opening up their societies and expanding the role of the entrepreneur. They have not raised the social status of business in their society, expanded business loans to entrepreneurs, made special working capital credit facilities available to business when needed, or provided market analyses and management assistance. Instead, the demand for entrepreneurial services has often been restricted to match the existing supply.

#### Malaysia's New Economic Policy

The great interest in creating the Bumiputra entrepreneur began with the New Economic Policy, which was incorporated as <sup>an</sup> integral part of the Second Malaysian Plan and became its central theme. The New Economic Policy is designed to overcome the economic imbalance in the ownership and control of wealth and the means of production, which has existed since the colonial period. It incorporates a two-pronged objective: 1. to reduce and eventually eradicate poverty, irrespective of race. 2. to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function with a view to reconstructing a new Malaysian society, particularly to promoting national unity.

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The first and most important target in the plan is that "within a period of twenty years, Malays and other indigenous people will manage and own at least thirty percent of the total commercial and industrial activities in all categories and scales of operation."<sup>17</sup>

As explained by Tan Sri Datuk Muhammad Ghazali bin Shafie before the Malaysian Senate on 5th March 1971, the second objective involves, the restructuring of society through the modernization of rural life, a rapid and balanced growth of urban activities and, above all, the creation of a Malay commercial and industrial community in all categories and at all levels of operations so that over a period of time - in one generation - they can be a full partner in the economic life of the nation." Specifically as regards Bumiputra entrepreneurs, the plan categorically states: "An essential part of the racial balance objective is the creation of a Malay entrepreneurial community. The development of that particular kind of motivation, skill and acumen that goes to make up an entrepreneur is a complex process. Formal training and education can help, but practical experience and perseverance are also necessary and these are often costly in terms of financial and other resources. Thus facilities will be established to provide special financial assistance to Malay entrepreneurs. Steps will be taken to identify promising projects and provide advisory as well as technical services. The Government's aim is to foster the emergence of a full-fledged Malay entrepreneurial community within one generation."<sup>18</sup>

#### Determinants for Increasing the Supply of Entrepreneurs

To adopt a policy for the creation of small-scale entrepreneurs is one thing; to accomplish it is another. Two essential requirements must be fulfilled to create a climate for entrepreneurship. First, the requirement is that the social structure of the society must be open and competitive rather than ascriptive. In an ascriptive social system, economic roles are distributed according to the status a person has, not his competence to fill the role; in addition, goods and services are largely exchanged according to prescribed and sanctioned acts, rather than purchased openly in the market place. Because competitive self-reliance is not rewarded in an ascriptive society, it is almost impossible to create a climate for entrepreneurship.<sup>19</sup>

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17. Second Malaysian Plan, 1971-1975, p. 4.

18. Ibid; p. 47.

19. H.K. Charlesworth, Small Scale Entrepreneurs, The Forgotten Men in Economic Planning and Development, College of Business and Economics, University of Kentucky, Lexington, Ky. 1973.

The Malaysian Government through its New Economic policy opened the door to Bumiputra entrepreneurs, and thereby it effectively increased the demand for entrepreneurial services. The government did this by giving special emphasis to Malay interests; for example, banking facilities were mobilised to help finance Bumiputra participation in business, and various agencies in the government were created and funds allocated to them to implement various projects outlined in the Second Malaysian Plan.

But creating an open society is alone insufficient. A second requirement must be fulfilled. Prospective small-scale entrepreneurs must become motivated to overcome two important deficiencies: fatalism about their own destiny and lack of orientation towards the future. Emphasis must be given to what might be called the "motivational-psychological" components of the entrepreneurship problem, that is, to the attitude and behaviour patterns of the individual.

#### The Social Setting

It is in these patterns that the problem of creating Malay small-scale entrepreneurs becomes more difficult. As described by one study on rural Malay farmers, "the Malays are tied strongly to custom and tradition. Their economic practices are interwoven with their cultural belief."<sup>20</sup> Traditionally, Malays group together in nuclear families composed of husband, wife and dependent children, and attach strong feelings of love and loyalty to their family group. The group feelings are also reinforced and maintained by the force of kinship among the Malay people.<sup>21</sup>

Education and religion are also important in promoting group feelings and reinforcing the feeling of group solidarity. Conformity to conventional behaviour and obedience to the accepted group norms are taught in school. Children, in particular, are taught the importance of doing what is expected of them. Among Malays the norms of integrity, honesty, cooperation, mutual help, group participation and group welfare carry high marks. Conformity to these norms is imperative. Non-conformity may result in one's being ridiculed, gossiped about, temporarily boycotted and in extreme cases even ostracized by other members of the group.<sup>22</sup> In summary, the socio-cultural environment may act to inhibit a Malay from easily becoming

20. Nayan bin Ariffin, A Study of Factors Associated With the Farmer's Attitudes Toward the Agricultural Extension Service in the Mukim of Simpoh, District of Kuala Muda, State of Kedah, West Malaysia 1970, College of Agriculture, Research Publication No. 1 Extension Service No. 2, p. 3.

21. Ibid.

22. Ibid.

an entrepreneur, because the entrepreneur is one who creates or innovates and is willing to accept risk to introduce a new idea. Conformity to accepted norms, reinforced by tradition and custom, does not lend itself to producing an environment in which the entrepreneur flourishes.

#### The Importance of Management

Many people in developing regions and countries disregard whatever impact the social setting may have on the supply of entrepreneurial talent. They prefer to believe that the major problem faced by the small-scale entrepreneur is his lack of capital. If this were resolved, they argue, the supply of small-scale entrepreneurs would be noticeably enhanced. While it is acknowledged that this is an important problem, it is not the only important problem. As Lawrence R. Laughlin, Head of the U.S. Small Business Administration's Boston office, stated in his comments to the Wall Street Journal on ailing entrepreneurs: "Money isn't the main problem any more; it's management assistance that is needed."<sup>23</sup> Moreover, consideration of the monetary aspects of the problem reflects a myopic viewpoint, because it concentrates only on one side of the problem, i.e., the demand for entrepreneurial service.

A similar view is taken by the report of the Working Party of Small Business Development in its report presented to the permanent Secretary of the Ministry of Finance and Planning of the Government of Kenya. The committee stated that the problems facing the small scale entrepreneur, include:

1. A lack of understanding of the technology involved or of the market being served;
2. A complete disregard and lack of knowledge of basic accounting and managerial principles;
3. Not knowing where or how to apply for financial or other assistance;
4. Credit either being received at the wrong time or being misused when received, and, of course;
5. Inadequate capital - particularly working capital.<sup>24</sup>

As emphasized by studies of the business failure records in the United States during the sixties and early seventies, most of these problems are the problems of management. In fact management can be considered to be accountable for more than 90 percent of the cause of small business failures.<sup>25</sup>

23. Wall Street Journal, 23rd September 1969, p. 1.

24. Report of the Working Party on Small Business Development, Ministry of Finance and Planning, Government of Kenya, Nairobi, Kenya, p. 16.

25. Dun and Bradstreet, Inc., The Failure Record Through 1968, 1969, 1970, 1971 and 1972.

Reasons for Poor Management<sup>26</sup>

Historically, small business management has suffered from:

1. Lack of qualifications to run a business,
2. Lack of training as a manager,
3. Improper pricing of products and not buying at the best price,
4. Poor selling programmes, and
5. Inadequate records.

Without basic skills, small business often operates only marginally, and frustration and despondency develop with disastrous results. But if the basic problem of small business failure and entrepreneurial development has been poor management, then why have effective programmes not been designed to correct this deficiency?

The answer lies in the failure of previous assistance programmes offered by universities, government agencies, and private institutions to recognize that "those who would shape any programme designed to supply managerial assistance to the small businesses which need it most, must find securing its acceptance more difficult than solving operating problems."<sup>27</sup>

The failure to concentrate on securing acceptance for managerial assistance programmes by many small business managers comes about because such programmes do not view problems of small business management from the standpoint of "the habit patterns and attitudes of individuals in social groups."<sup>28</sup> What must be recognized is that the supply of small-scale entrepreneurs can be expanded only if the business risks associated with poor management are sharply reduced. But this reduction of risk can only occur in developing countries and regions if the "motivational-psychological" components of the problem facing the small-scale entrepreneur, i.e. the small business manager, are completely understood and if programmes are designed to overcome them. For the heart of the problem is found in the role strain which the small-scale entrepreneur faces when he enters the business world.

Definition and Meaning of Role Strain

As already stated, it is the thesis of this study that the entrepreneur, regardless of the society in which he operates, faces considerable role strain in making business decisions. There often exists a conflict for him between the values and attitudes of his social structure and the values and attitudes of the business world. This thesis can be

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26. Clide Bothmer, "Management Counseling for Small Business," Defense Industry Bulletin, September, 1963, p. 27

27. Karl Morrison, Small Business and Management Counseling University, Miss.: The University of Mississippi, Department of Economics, 1965 p. 12.

28. Frank A. Heller, "Management's Contribution to Economic Development" M.S.U. Business Topics Vol. 17 No. 1, p. 39.

tested for Malaysia by comparing the values and attitudes of business executives in developed countries, such as the United States, Australia, Germany and Great Britain with those of Malay businessmen living in Malay society. The research examining this thesis asks the specific question: Can role strain, explain by ambiguity in role expectations and subsequent conflict between values and attitudes, adversely affect the management decision-making capabilities of Malay or Bumiputra entrepreneurs?

Ambiguity in role expectation is a serious source of role strain. It arises because information regarding expectations is unclear or altogether lacking. For example, the expected role to be played today by the modern man or woman is fraught with ambiguities as to acceptable and unacceptable behaviour. Strain can also arise because of conflict over types of behaviour. A typical example is the businessman who must play the role of boss in the professional situation and the role of friend to the same person in a social situation on the golf course or tennis court.

Role strain may also arise from conflict over values and attitudes. Values and attitudes often go together, although they are not the same thing.

Values refer to belief that legitimize the existence and importance of a particular social structure.<sup>29</sup> The value of free enterprise, for instance, endorses the existence of business firms organized around the institution of private property and engaged in the pursuit of private profit. In general, attitudes may be defined as enduring concepts or predispositions which affect an individual's favourable or unfavourable evaluation of another individual, group, object, or action.<sup>30</sup> Behavioural scientists believe that a direct relationship exists between a man's attitudes towards someone or something and the manner in which he behaves towards that person or object.

#### The Business Executive Role in Modern Society

Studies of the business executive's role in modern society should begin by contrasting the social and cultural variables operating in the modern, advanced, industrial societies with those variables found in the traditional developing societies. In making this contrast one must hasten to add that such variables apply to no one particular country. All countries possess these different social and cultural variables but in varying degrees.

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29. Neil J. Smelser, The Sociology of Economic Life, Prentice Hall, Inc., Englewood Cliffs, New Jersey, 1963, p. 27.

30. Albert Shapero, An Action Programme for Entrepreneurship, Multi Disciplinary Research, Inc. Austin, Texas, 1971, p. 59.

Nor does the combination of any two or more variables into a pattern imply an evaluation of a country or region. What is to be remembered is that these variables provide a convenient hook on which to hang the values and attitudes that help determine the role of the business executive and permits one to contrast and compare them with the values and attitudes of more traditional societies. The major characteristics are:<sup>31</sup>

Modern Industrial Societies

1. Achievement norms, whereby people are evaluated by their "achieved status" (by what they can do).
2. Universalism, whereby anyone is able to compete for any job.
3. Specificity, whereby relationships between any two persons are specific, e.g., limited to a labor contract.

Developing and Traditional Societies

1. Ascriptive norms, whereby people are evaluated by their ascribed status (by who they are rather than what they can do).
2. Particularism, whereby certain people are permitted to do only certain jobs, e.g. by right of birth.
3. Diffusiveness, whereby economic relationships are controlled by non-economic variables such as kinship, extended family relations, religion or other social structures.

In a study funded by research grants from Harvard University, on the American Business Creed, the modern American business society was described as "giving only a very limited place to ascribed status, that is status which is fixed independently of individual performance and is generally by sex, by race, or, within the same ethnic group, by kinship."<sup>32</sup> Rather the business executive in the modern business society is guided by two characteristics which distinguish personal relations in business from inter-personal relations in general, i.e., affective neutrality and self-orientation.<sup>33</sup> Affective neutrality pervades the business world and stipulates that personal preferences are not to be allowed to favour decision-making in such judgments as recruitment, promotion, sales purchases by customers or goods ordered from suppliers.

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31. T. Parsons, Revised Approach to a Theory of Social Stratification, in Essays in Sociological Theory. (Glen e, Illinois: The Free Press 1949) pp. 405-424.

32. Francis X Sutton, Seymour E. Harris, Carl Kayser and James Tokin, The American Business Creed, Schocken Books, New York, p.311.

33. Ibid, p. 339.

For example, the businessman who allows his salesmen to deal with customers only as according to personal preference would be considered to be a poor businessman. Whereas affective neutrality is tied to the concept of universalism, self-orientation is tied to achievement. Self-orientation refers to an individual's behaviour which places the firm's self-interest first and above interest to others or to the community, i.e., it is not businesslike to patronize a particular supplier because of ties of kinship or friendship. As noted by Adam Smith long ago "efficiency in carrying out business transactions demanded an exclusion of amenities and concerns which surrounds other kinds of action. We do not behave in the market place in the same way as we do with friends or relatives, and brusqueness and forthrightness are essential to expedition and efficiency."<sup>34</sup>

These business characteristics extoll competition, which keeps the businessman on his toes lest "his rivals steal his market, pirate his labor, invent a new gadget, or launch a new selling campaign."<sup>35</sup> Status in the business society is based on personal achievement and is measured by money income and wealth. "Good Luck" is completely disregarded as a reason for business success. If a respected businessman assigned any portion of his personal business success to chance he would forfeit his status as a business leader.

In a later study (1972) about the personal value systems of American managers based on answers to 1072 questionnaires, similar conclusions to the earlier study were reached. It was noted that American managers made their business decisions primarily on a pragmatic value orientation; that is, they tended to view a business decision simply in terms of success or profit for the firm.<sup>36</sup> If they considered the results of a proposal to be successful from the firm's viewpoint, the decision to go ahead would be favourable. If the proposal was considered to be too disadvantageous, the firm would reject the proposal. As to a firm's business goals, the study indicated American managers are primarily interested in organizational efficiency, high productivity and profit maximization. As for their employee preference, they clearly favoured characteristics demonstrating ability, ambition, skill, cooperation, and aggressiveness over obedience, compassion and conformity. In terms of individual personal goals they measured achievement, success creativity and job satisfaction above dignity, security, power and leisure.

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34. Ibid., p. 338

35. Ibid.

36. George W. England, Personal Value Systems of American Managers, Institute of Advanced Projects East-West Center, University of Hawaii, p. 58.

Finally, the study made clear that many American business managers have a personal value system which could be characterized as being "hard," i.e., they favoured such concepts as Ambition, Obedience, Aggressiveness, Achievement, Success, Competition, Risk and Force over those values which have been called "soft" and include such ideas as Loyalty, Trust, Cooperation, Compassion, Tolerance, Employee Welfare, Social Welfare, and Religion.<sup>37</sup>

#### Malay Business in Malay Society

In contrast to the business ethic and value system existing in the modern business world is the attitude and value system faced by many Malay businessmen in Malay society. In this social structure, economic security is extremely important; change and innovation are not. A man's income is based not so much on his own ability but on the concept of "rezeki," i.e., the idea that one's economic success or failure is only in part one's responsibility and that for the most part what is to be achieved will only come about through fate. Thus efforts to improve one's lot are often regarded indifferently and fatalistically.<sup>38</sup> As described by one author.

"The most important way in which the character of Malay society affects the economy is the field of values and attitudes. This cannot be treated as the impact of "society" on "the economy," for these attitudes colour the social system throughout, and cannot be identified with any specific area, as can the process of concentration of wealth with the economy. Value-attitudes such as fatalism, the short run orientation, the reluctance to alter an arrangement which is satisfactorily meeting minimum consumption needs, the contingent character of economic bargains, together with the factors which impede organization, such as the lack of legitimate leadership roles within the village, are of great importance in understanding the people's economic activity; above all its lack of dynamism and weakness in the face of outside competition."<sup>39</sup>

One of the principal concepts in Malay society that governs business is malu, which

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37. George W. England Personal Value Systems of American Managers 1072 pp 53-67.

38. P.J. Wilson, A Malay Village and Malaysia, HRAF Press, New Haven, Conn., 1967, p. 106.

39. M.G. Swift, Malay Peasant Society in Jelebu, University of London, Athlone Press, 1965, p. 169-170.

"....acts as a hidden thermostat in interpersonal social relations. The term not only means shame, it also means shyness and embarrassment. For someone to be malu may be proper in the sense of being demure, but even demureness carries with it the implication that the status between two persons is unequal, and this is the core of the meaning of malu. That is to say, any diversion of the expectations of a relationship will result in malu or shame on the part of the one confounded and will also shame the one who makes the mistake."<sup>40</sup>

In terms of social and economic behaviour malu translates into: "Being correct, showing consideration and concern, anticipating the other, conducting oneself with gentleness and refinement, speaking softly and using the proper word, and above all, being sensitive to the other person."<sup>41</sup> Thus in Malay business, interpersonal relationships require each party to be sensitive to the status of the other. Moreover such expectations are the only personal relationships which many Malays understand and accept. The idea that expectations and obligations of a human relationship can be governed by a contract which is impersonal is alien to the concept.

Among the Malays then, business decisions are most often made on a personalized basis, which is not confined to the immediate family or kinship circle, but is often spread to include non-kin individuals who are Malays. If the individual is a non-Malay, however, the personalized relationships are weaker, and frequently cease to exist at all. In a 1973 study on the influence of the social structure on economic interaction of farmers in the MJDA scheme, the difference was noted in socio-economic interactions among Malays on the one hand and Chinese or other non-Malays on the other. "There is a high expectation on the proper behaviour and the elements of respect among the Malay villagers. But this degree of sensitivity to the normative behaviour is negligible in the interaction with the Chinese shopkeeper. The Chinese almost always escape any social disapproval, rejection or ostracism for many behavioural infringement on the basis that he is an orang asing no matter how long he has been residing in the village."<sup>42</sup>

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40. P.J. Wilson, Op.Cit., p. 130-131.

41. Ibid., p. 132.

42. Afifuddin Haji Omar, The Commercial Farming Behaviour and Attitudes of Farmers with MJDA Scheme, MJDA Agricultural Development Authority, The General Manager's Office, Telok Chengai, Alor Star, Kedah, 1973, p. 24.

The study went on to point out that the high sensitivity of Malays towards Malays was given as the principal reason most Malay shopkeepers fail in their business. Over 74 per cent of the respondents questioned in that study attributed the failure of Malays in business to social reason; only 24 per cent attributed their failure to economic reasons.<sup>43</sup> Because of the high sensitivity Malays have towards all Malays, business decisions become highly personalized. The sole reason for this differential treatment "is the inability of the Malays to differentiate clearly between social and economic behaviour when they are interacting among themselves due to the normative expectations of all interactions which are highly personalized and highly social in character, whereas interaction with the Chinese shopkeeper is well differentiated in both social and economic dimension. In other words, harsh words by the Chinese would be tolerated but would not be if used by a Malay."<sup>44</sup>

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43. Ibid, p. 25

44. Ibid.

IV.

THE HYPOTHESIS

The hypothesis posed by our current research in West Malaysia is that through the medium of a change agent it is possible to bring about changes in the attitudes of Bumiputra small-scale business management towards modern management practises, which will significantly increase the number of successful Bumiputra entrepreneurs. This hypothesis is based upon the thesis that role strain can be successfully reduced by using change agents.

Because the small-scale entrepreneur is a product of his socio-cultural environment, he is apprehensive of the consequences of making the necessary decisions required to achieve greater profits. He recognizes the risks facing small business where the odds of achieving success are "about one chance in ten" and the odds of dismal failure "about one chance in two,"<sup>45</sup>

As already indicated, business clinics and management training programmes offered by universities and government agencies have not been strikingly successful in promoting better small business management. The small businessman is hesitant about entering into formal class discussions or seminars that will reveal confidential knowledge about his business or show his lack of knowledge about business matters.

What is important in achieving attitudinal change towards business management is the establishment of rapport between two individuals, one offering assistance (the change agent) and the other receiving it (the client). The offer has to be made in such a way that it will not downgrade the client's self-respect whether he accepts it or not. The agent must have the necessary technical competence and business background plus the unique capacity to establish a relationship between himself and his client, if rapport is to be established.

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45. Lawrence L. Steinmetz et al, Managing the Small Business, Homewood, Ill. Richard D. Irvin, Inc., 1968 p. 29.

The Change Agent Approach

One of the most proven methods of changing behaviour patterns formed by attitudes arising out of an individual's experience with his culture is to inject a change agent into the environment. Basically, the change agent approach implements a behavioural model of man, which postulates that the great majority of behaviour patterns are established and maintained by what is described as "differential reinforcement" of human activities taking place after an activity has occurred. Reinforcement occurs in several ways: by supplying the individual with new information concerning his environment; by changing the reactions of the peer group to whom he looks for social support and approval; or by changing the rewards or punishment associated with his everyday behaviour. Not all behavioural patterns are encouraged. Only those deemed desirable by a group or society are rewarded, others are not, and still others may be punished. Rewarding an activity increases the probability that its repetition will be increased; punished or unrewarded activities are likely to cease. But no special material incentive is required. "Recent attempts to develop achievement motivation have shown that they work by increasing a person's confidence in his ability to perform in moderately challenging situations. People are taught to apply reasonable standards of excellence to their own performance, to set goals for themselves that they can in fact reach so that they gradually build up confidence in their ability to achieve."<sup>46</sup>

Moreover, research into the psychology of behaviour change has established that the conditions of real life must be favourable if new responses are to be learned. If a person's real life does not permit resolution of his personal doubts and conflict, change reinforcing stimuli will not help. Personal stress arising out of the individual's own culture and environment must be overcome. In effect, the individual's own culture must be made immune against "counter arguments" by providing him with a basis for discounting them.

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46. David C. McClelland, Assessing Human Motivation, General Learning Press, 1971.

Essentially, the change agent must link the world where the small scale entrepreneur or small businessman lives to the outside world where solutions to problems can be found. To accomplish this linkage, the change agent must play a variety of roles. First, the agent must play the role of the analyst, who interprets the problems facing the small scale entrepreneur in the context of his culture, arrives at an understanding of his needs, assigns priorities to these end needs and assesses the availability of resources to meet those needs. Second, the agent must act as an adviser and present to the entrepreneur alternative choices among different possible solutions. Third, he must be an advocator and by ranking the alternative solutions suggest some order in their applicability to the problem. And, finally, the agent must himself play the role of an innovator. By acting out all of the above roles, the change agent becomes a model for the entrepreneur or the "entrepreneur-to-be" to emulate. And by so doing the psychological resistance to change and the role strain involved in accepting new ideas is reduced.

#### Research Methodology

To test the hypothesis in West Malaysia that change agents can induce positive change among Bumiputra small-scale entrepreneurs, a research design instrument was developed to measure the attitudes of Malays towards business. The design instrument was modelled after a programme developed by the Office of Business Development and Government Services, College of Business and Economics, University of Kentucky. The Kentucky programme concentrated its research effort and assistance programme in the eastern part of the state, i.e., Appalachia, where many small-scale entrepreneurs are respectors only of their own "kith" and "kin" and seemingly uninterested in the opinions of the outside world because their cultural and psychological boundaries tie their interests to their own local communities.

After seven years experience encompassing over 1500 business cases together with research into the cause of small business failures, several conclusions became evident. First, the evidence supported the conclusion that improvements requiring behavioural change in business decision-making patterns can be effected by change agents. Second, as the programme became better known, and its success in assisting entrepreneurs recognized, the willingness

of individuals to accept assistance and change old business patterns increased. Third, the presence of a change agent actively supporting the small-scale entrepreneur reduced the fatalism that previously had attended most entrepreneurial attitudes. Fourth, that as the programme became better known and accepted, the time and number of visits required to an entrepreneur by a change agent before the entrepreneur would take effective action shortened noticeably. Fifth, for those entrepreneurs who were left to their own devices and declined help, their ability to change in the face of strong cultural and social opposition was almost non-existent.

The design instrument used in the Malaysian entrepreneurial research programme consisted of two questionnaires: one for the Malay businessman and one for the customer of the Malay businessman. The questionnaires were the result of a research design seminar held at MARA Institute of Technology on November 28th, 1973. The purpose of the seminar was to design a research instrument which would identify: (a) The attitude of Malays towards business; (b) the attitude of the Malay businessmen towards accepting management assistance; (c) whether a management assistance programme modelled after the Kentucky-Appalachian programme could be successfully introduced into Malaysia, and (d) the attitude of the Malay customers towards Malay businessman.

The business questionnaire took about five months to draft, pre-test, validate for Malaysian life, and translate from English into Bahasa Malaysia. The drafting went through about eight rewrites. By no means is it perfect, yet it attempts to identify the factors and forces which are essential to producing small-scale entrepreneurs.

Essentially, the business questionnaire seeks to get at Malay business attitudes towards business problems. But these attitudes are buried deep in the Malaysian culture and the culture's code of inter-personal reactions between Malays, as well as between Malays and non-Malays.

To be specific: attitudes towards accepting assistance, attitudes towards credit, attitudes towards collecting bad debts, etc., all reflect institutional attitudes found in the culture, as was the case in Appalachia. To become a successful businessman requires a change in attitude from a personal to an impersonal

relationship. This is many times very hard for the Malay to do, because his whole culture is based on very personal inter-relationships such as expressed in his religion, among his customs called adat and in his status or position in his society. Many of these inter-personal relationships enter into the business world and are governed by a concept known as malu or seگان, which translates into shame or diffidence. In dealing with Malays, the Malay entrepreneur must always be aware of the danger of malu or seگان; otherwise he may offend his customer.

The business questionnaire was divided into seven parts:

1. Data concerning business;
2. Personal data;
3. Business problems;
4. Malay attitude towards business;
5. Locus of control;
6. Bumiputra knowledge questionnaire; and
7. Extension service.

The section headed "Malay Businessmen Attitudes Towards Business," identifies the subject, but the heading, "Locus of Control," is not self-identifying. This section measures the individual's "internal" versus his "external" attitude. A person who is a strong "internalist" believes he is the "Captain of his fate," that he is solely responsible for his success or failure. The "externalist," on the other hand, believes that "God" or "fate" controls his life, and what happens is not his responsibility, but is governed by outside external forces. As we know, businessmen must be willing to accept responsibility and make decisions; thus, we are interested in knowing whether a person is an "externalist" or an "internalist."

The Bumiputra Knowledge Questionnaire is designed to test an individual's knowledge about key problems in business by asking him to identify how strongly he agrees or disagrees with each statement. Similarly the "Extension Service" questions are designed to determine the type of assistance he wants, and how business consultants should act when giving assistance.

The questionnaire on consumer attitudes towards Malay businessmen arose out of library research. The research indicated that some Malays may prefer to trade or buy from a non-Malay - particularly a Chinese - than from a Malay. The reason was again that they could speak frankly with the non-Malay complaining about his prices, quality of his product, credit offered, etc., but not with the Malay businessmen, because of

malu or segan. Accordingly, a questionnaire was designed solely to ascertain their attitude, because the customer's attitude influences the demand for entrepreneurial service.

To undertake the study of attitudes, the "Likert technique" of summated ratings was adopted. Any attitude scale consists of a series of carefully formulated statements dealing with different aspects of the research study. The individual being interviewed reacts with expressions of approval or disapproval to the items on the scale. These reactions are considered a "measure" of a respondents position on the issue or question involved. Each attitudinal question asked a Malay business respondent called for a response by checking or ticking one of five words, i.e., strongly agree, agree, undecided, disagree, or strongly disagree as is shown below:

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
1	2	3	4	5
5	4	3	2	1

Weights of 1,2,3,4 or 5, or 5,4,3,2 or 1, as is indicated in the above illustration, were assigned to each answer, the direction of weighting being determined by the degree of the question's favourableness or unfavourableness to the respondent. For example, question "1a" on Malay business attitudes reads,

"Bear with Dollah and take no stern action, so as to maintain harmony in the family."

The respondent was asked to choose which answer appealed to him most. If he ticked the box which corresponds to the answer code based on modern business attitudes, he would receive a four or five depending on whether he disagreed or strongly disagreed. In this question the answer code indicated that modern business attitudes would disagree with the concept of overlooking Dollah's work habits and responsibilities. However, if the respondent ticked the "strongly agree " or the "agree " boxes, he would receive only a "one" or "two." In contrast to the direction of the weighting on question "1a," question "1c" shown below would be coded in the reverse order, because the correct business attitude would be

to agree that Dollah should be sacked. Question "1c" reads, "Since he has been given enough chances already, he should be sacked."

In addition to asking the respondent to mark each question, he was also asked to rank his choice among the questions, i.e., first, second or third. Here he could compare the answers and identify which one he preferred. Unfortunately, some of these questions may inadvertently indicate which is the better or correct business answer. It is very hard to remove all suggestion or indicators from a question. However, by asking the respondent to rank his choice, as well as reveal his attitude towards each question, it is believed that some of the uncertainty and bias is removed.

Likert scaling techniques were also used for the section entitled Bumiputra Knowledge Questionnaire and Extension Service Questionnaire, and the Consumer Questionnaire. Questions concerning business problems were also scaled to reflect the importance of a problem to a respondent. However, these ratings were never summated, because they measured facts rather than attitudes.

The Locus of Control questions were not scaled. The answers were simply coded to indicate which choice was preferred. Summations of each individual respondent's score permitted a judgement to be made as to whether the Malay business beliefs were "externally" or "internally" oriented.

Three research teams of interviewers travelled throughout West Malaysia interviewing over 400 Malay businessmen for a period of two months. The sample size was based upon the total population (universe) of MARA business loanees in 1973 in each state, and the sample in each state was randomly selected. The sample was divided between good paymasters and bad paymasters by state. In this way it was possible to measure differences in attitudes between successful and unsuccessful Malay businessmen. Table I with Appendix shows the

number of interviews and their distribution among the states. Table II also in the Appendix shows the number of customer questionnaires returned from each state.

Because the sample was drawn from all types of MARA small business loanees, it was necessary to ascertain whether such a sample would be representative of all Malay small businesses. Appropriate statistical procedures and tests were taken, and it was determined that there was no significant difference between MARA Malay small business loanees, and the total universe of Malay small businesses.

## THE RESEARCH ANALYSIS

The research data have been organized under four major headings: the analysis of all Bumiputra businessmen; the comparison of Bumiputra businessmen who are good paymasters with those who are bad paymasters; the analysis of customer attitudes towards Malay businessmen; and a factor analysis of the causes of Bumiputra attitudes toward business. Each of these four major headings have numerous sub-headings which identify particularly important parts of the analyses. The questionnaires developed for the research are presented in the Appendix to this report; the analyses follow the outline of the questionnaires.

Data Concerning Business

More Bumiputra businesses were started in the 3½ years from 1970 than in any previous period. In all 45 per cent of the total number of business respondents began business operations in 1970 and after. Prior to 1970 Bumiputra business starts were few in number and spread over many years. Since 1970, however, the number has increased, demonstrating the attractiveness to Bumiputras of the government's New Economic Policy; for example:

<u>Year</u>	<u>Number of Bumiputra Business Starts</u>	<u>Percent of Total Sample</u>
1971	48	11.8
1972	63	15.5
1973	70	17.2
1974 (Jan., Feb.)	3	7
Total	<u>184</u>	<u>45.2</u>

Details on data of business starts are shown in Table II in the Appendix.

Seventy per cent started business without any outside financial assistance; for those who received financial aid, MARA was by far the principal source. About 89 per cent received their loans from MARA. The bulk of the loans made to the respondents was made after 1970. In fact 57.2 per cent of the loans were made in 1971, 1972, and 1973, as is shown on the next page. Prior to 1971, only 41 loans had been granted.

<u>Year</u>	<u>Number of Bumiputra Loans</u>	<u>Per-Cent of Sample Total</u>
1971	33	8.1
1972	82	20.2
1973	110	27.0
1974 (Jan., Feb.)	8	2.0
Total	233	57.3

Total number of loans given and their dates are shown in Table VIII in the Appendix.

The primary reason for business loans was to increase working capital; nevertheless, such other reasons as low interest rates, convenient loan terms, and ease of loan security provisions were also sighted. What is significant here, however, is the purpose for which the loan was made: by far, the principal reasons were economic, such as consolidating outstanding debts and business expansion.

About 47.2 per cent reinvested their business profits into their operations, a number almost equal to those who did not, 46.7 per cent. The two principal reasons for such reinvestment were to expand business operations and to increase working capital.

The amount of capital investment with which the Bumiputra businessman started business varied from below \$50,000\*. A breakdown of such investment by amount is shown below:

<u>No Response</u>	<u>Below \$ 1000</u>	<u>Between \$1000 &amp; \$2000</u>	<u>Between \$2000 &amp; \$3000</u>	<u>Between \$3000 &amp; \$5000</u>	<u>Between \$5000 &amp; \$10,000</u>	<u>Between \$10,000 &amp; \$50,000</u>	<u>Over \$50,000</u>
6%	35%	20%	9%	13%	9%	2%	1%

The table suggests that most Bumiputra entrepreneurs had very little capital to start business. Shortage of capital leads to a principal cause of poor business management; i.e., undercapitalization of business.

\* 1 Malay Dollar = Approx K.Shs. 2.80

About 71 per cent of the businesses had five or fewer employees. Fifty-nine per cent of the respondents had between one and five relatives working for them; 29 per cent employed non-relatives. Asked if they run another business in addition to their principal business 22 per cent said "yes," 75 per cent said "no," and three per cent declined to reply. This large number engaged in only one business activity is very encouraging because another significant cause of small business failure is the persistent belief among small-scale entrepreneurs that they can easily manage more than one business. Many have difficulty understanding that one business is a full-time occupation.

Finally, the majority of business respondents interviewed -- 84 per cent -- were proprietorships. Only nine per cent were partnerships; five per cent were companies; two per cent did not answer. As for previous business experience, 60 per cent had none, 35 per cent had received some experience, and five per cent declined to respond.

#### Personal Data

The median age and average age when the respondents started operating their business is 30, and this age is also the mode of the age distribution. Nevertheless, 20 is almost as popular as an age for beginning business as 30. Another way to consider the popularity of the younger ages, as compared with older ages, to start a business is shown in Tables IX and XX. About 39 per cent (154 Bumiputras) had started their business careers between the ages 21 and 30; around 24 per cent, between 31 and 40; and ten per cent, between 41 and 50.

At the time of the interview, however, the median age was 37 while the average age was 35. Given the average age for starting their business and their average age when the sample was taken, the respondents had about five years experience in operating their business.

Most of them were married -- 82 per cent -- and many had dependents. The average number of dependents was 3.5, and the modal frequency was four. The distribution, however, was quite skewed. Eight had ten or more children, five had eleven, three had twelve and two had fourteen. Interestingly enough, only about 19 per cent had fully dependent parents, fewer than ten per cent

had partly dependent parents, and 17 per cent had fully dependent brother and sisters. Rural birthplaces dominated urban by a ratio of slightly more than four to one, as indicated in Table XI in the Appendix.

In terms of education, more than 60 per cent had attended primary school, 15 per cent lower secondary and 14 per cent upper secondary. While educational levels generally were not high, there were no illiterates among the respondents.

Forty-five per cent of the entrepreneurs had fathers who were farmers, and 21 per cent - a rather surprising figure - had fathers who were businessmen. More than 40 per cent came from families which had some previous business experience, whereas 58 per cent were their family's first venture into the business world. When asked why they went into business, 13 per cent said they had no other choice. By that it may be inferred there were no employment opportunities, and rather than be unemployed, they went into business. Thirty-nine per cent demonstrated a sincere interest in business and were glad they had chosen a business career. Nine per cent were interested in business because they believed it offered better income prospects than alternative choices; four per cent claimed they wanted to inspire their friends; and 25 per cent listed reasons other than the ones enumerated.

When asked why they chose their particular type of business, many answers were given. Twenty per cent replied that their choice appealed to them, because it was a business they could understand and learn to manage. Another 20 per cent had some previous experience in their business, and chose their present venture for this reason. Nine per cent preferred their choice because it was a business they could manage easily from the start, and eight per cent believed that the market influenced their decision. Sixty-nine per cent stated that their family agreed to their entering business, whereas 28 per cent received some opposition.

Only 29 per cent had any business training, primarily book-keeping. Of those that had received training a little more than half had received it before going into business. The remainder had taken their training after entering the business world. What is important here is that about 70 per cent who were in business had never received any training.

When asked about the qualities a person should possess to succeed in business, their choices leaned heavily towards personal ones, as is indicated in Table XI. Patience, honesty and hardwork were the three qualities ranked as first choices far more frequently than others. The same three qualities had the same ranking and in the same order for second place. For third place, however, the entrepreneurs listed a willingness to accept advice as an important characteristic of a successful businessman. Aggressiveness in sales, however, was not a popular choice as a admired quality for business success, and accordingly was among those ranked fourth in desirability. Details of the desirability ranking are shown in Table XII. It is significant that more than 60 per cent listed a willingness to join business associations as last in their choice of characteristics important to the successful businessman.

#### General Business Problems

The sample clearly established financial assistance as a top business problem in the eyes of the Bumiputra entrepreneur. Sixty-four per cent stated they had difficulty borrowing from banks; 73 per cent, from relatives and friends. By contrast they preferred to borrow from MARA, because they considered MARA more sympathetic to their position and problems, terms were easier and collateral requirements less stringent. Over four-fifths of the respondents strongly endorsed accounting and record-keeping problems as one of their principal worries. They also reacted strongly to the belief that Malay businessmen face unfair competition because their suppliers, often non-Malay, do not give them fair treatment. Seventy-six per cent agreed with this position; only 12 per cent disagreed. There may be some ethnic overtones in the answer, because the question poses one ethnic group, the Malays, against another ethnic group, the non-Malays.

Ambivalence in answering appears for the first time in responses to Malay business attitudes toward customer bad debts: 46 per cent believed that Malay businessmen are reluctant to use harsh measures such as strong language or undertake recourse to legal procedures to enforce debt settlement. Thirty-five per cent disagreed and said they would, whereas 12 per cent were undecided. Ambivalence also appeared in the question of how difficult it is to promote sales among Malay customers. Thirty per cent said it was difficult, 10 per cent were undecided and 59 per cent disagreed, claiming that it was not difficult. A complete breakdown of answers given to the different business problems is shown in Table XIII.

Specific Business Problems

Having tested the Bumiputra entrepreneurs on the general problems facing Malay businesses, the questionnaire next sought answers to his specific business problems. As expected, there is a similarity between answers to general and specific problems.

For example, 25 per cent experienced repeated difficulty in borrowing from banks; an even larger number, 31 per cent, reported significant problems over bank credit, but they did not suggest that this occurred frequently. By contrast, obtaining credit from a supplier was not perceived as serious. Those who had difficulty in providing their own capital for investment or in raising operating capital were about equal in number to those who did not. The answers to the question regarding capital demonstrated no definite pattern. As for sales campaigns, only one-fourth of the respondents had ever undertaken efforts to increase their sales volume; more than one-half had done absolutely nothing; and about 20 per cent declined to answer the question.

Supplier relationships were clearly controversial. An ethnic preference may again help to explain some of the replies. About two-thirds of the respondents receive supplies promptly; one-third report delays. But 55 per cent are given little, if any, credit facilities by their suppliers, even though the bulk of the respondents claim they keep their credit rating high. This answer somewhat contradicts the answer given under the general business heading. There the respondents claimed little difficulty in obtaining supplier credit. Here the reverse appears to be the case. On the very important question, "Do you notice any difference in the price of goods you purchase as compared to that of your competitors," 53 per cent answered affirmatively. Surprisingly enough, 30 per cent found little or no difference between the price they pay and the price their competitors pay. Sixteen per cent declined to reply.

A majority were relatively satisfied with their business locations but they also believed that a better location existed. When asked why they did not move, standard answers were given: no vacancies, no chance, no capital. The majority believed very little in advertising or door-to-door sales campaigns. If pressed on suggesting a marketing technique, more came up with the idea of

TABLE II  
BUMIPUTRA BUSINESS ATTITUDES

<u>Question</u>	<u>Identifying Remarks</u>	<u>Correct Business Answer</u>	<u>Ambivalent</u>	<u>Incorrect Business Answer</u>
1a	No stern action	X		
b	Punish him by reducing wages		X	
c	Sack him	X		
Rank			X	
2a	Willing to face competition	X		
b	Prefer to open business in his kampong		X	
c	Competition hard on Malay Government must help			X
Rank		X		
3a	Stop credit for Murad		X	
b	Murad should pay what he can	X		
c	Ali should take legal action	X		
Rank			X	
4	Special preference for brother-in-law	X		
5a	Pay cash - don't take credit			X
b	Accept only one creditor		X	
c	Have many creditors	X		
Rank			X	
6a	Sallen likes Ahmad because he is Malay		X	
b	Majid likes Ah Kow because he knows business	X		
c	Hamid likes Maniam because he treats Malays well	X		
Rank			X	
7a	Ali knows it all	X		
b	Kassim will send his son	X		
c	Ahmad will attend himself	X		
Rank		X		
	Total	<u>14</u>	<u>9</u>	<u>2</u>

gifts to customers than anything else. Details of the respondents' answers to the questions identified as specific business problems are found in Table II.

#### Malay Businessmen's Attitudes Toward Business

We now turn from the factual to the attitudinal questions. Here we are seeking answers from our Bumiputra entrepreneurs which will tend to score their attitudes and values toward business. A Likert scaling technique is used whereby respondents expressed how they felt about a statement. Table III shows the results of answers given by Malay businessmen to the attitudinal questions.

The basis on which a question was judged to be ambivalent or not was the attitude of the group as a whole expressed as a percentage. If less than 60 per cent of the group agreed or disagreed, then the answer is judged to reflect ambivalence on the part of the respondents, because as a group they could not make up their minds whether to agree or disagree.

All answers above 60 per cent were judged to show strong preferences on the part of the group. Whether the group's answer was considered correct or incorrect depended on whether the group agreed or disagreed with the answer given by a business executive.

In question one, modern business attitudes would dictate that Dollah be fired, because he had been fairly treated and repeatedly warned. It would also rank question "1c" first, "1b" second, and "1a" third. The evidence indicated that Malay businessmen were somewhat ambivalent as to the decision they would make: whereas they disagreed with the decision taken on the first statement, which would have been the executive decision and favored the decision taken on the third, also an executive decision, they were undecided as to the decision made on the second question, i.e., 51 per cent would reduce his wages, but 32 per cent would not, and 16 per cent were undecided. Ambivalence also appeared in the ranking chosen. Fifty-one per cent ranked "sacking" first, 32 per cent ranked "reducing his wages" second, and 12 per cent choose "bear with him" first. In total, 51 per cent ranked the preferred business decision first, and 44 per cent choose other reasons. 5 per cent declined to rank. A complete listing of questions is given in the Appendix.

The second question concerned competition. Modern business attitudes strongly favour competition as the basis of economic progress and well-being. A businessman must always be alert to what his competitors will do to his market, his product, etc. Therefore, the business decision for the first statement would be to face competition and take a risk. They would disagree with Ibrahim, because of his caution and his choice of a business location, and they would not accept Salleh's position who is afraid of competition and wants to be protected from it.

In their choice of business decisions, 85 per cent agreed with Majid who would face and accept competition. But as to the business decision made by Ibrahim they again showed ambivalence or uncertainty: 42 per cent agreed with the decision, 42 per cent disagreed and 15 per cent were undecided. Regarding Salleh's decision, the unfair nature of competition, 74 per cent agreed, 20 per cent disagreed, and 5 per cent were undecided. The answer to the last question is significant, because it suggests that Malays do not believe they can make it in business alone, but must be supported by public assistance. But in their choice regarding which rank to ascribe to each decision, more than 60 per cent chose Majid's position, which argues for competition. Again ambivalence clearly comes into play. They want to act like modern business executives, but they also wish to be protected.

The third question posed three business decisions on credit. Murad was delinquent in his payments. The first decision was to refuse Murad any more credit. Forty - seven per cent disagreed, but 35 per cent agreed and 17 per cent were undecided. Ambivalence entered into their choice. No clear decision was made whether he should be denied credit.

With the second decision, 89 per cent agreed. This could also be the decision taken by the modern business executive who wanted to recover as much as possible from a "bad debt". Similarly, with the third decision, 78 per cent agreed that legal action should be taken. Again, the business executive could opt for this decision, if he believed that the customer would pay up and should be made aware that he must know his just debts.

The respondents ranked the second decision first. This is a "softer" decision than the other two, which may be considered "hard" decisions. This ranking implies that the Malay entrepreneur does not like getting tough with a delinquent customer, preferring to carry him and continuing to extend credit rather than "cut-him-off." The answer therefore shows uncertainty from mixing personal feelings with business decisions.

The fourth question asked if a special credit preference should be given Murad, who is Ali's brother-in-law. Eighty per cent responded that they would not, but would give him the same treatment as any other customer.

The fifth question offers three different business decisions on credit extended to the businessman by his supplier. The first decision says it is bad business to accept credit. Payment should be made by cash. The modern business executive would not agree with this decision. He looks upon his cash as a very liquid asset to control for the benefit of the company. If his supplier extends him credit for 30 - 60 - 90 days before payment, he can use his cash to the firm's advantage to pay wages, settle other debts coming due, etc. Accordingly, he would disagree with Awang. But 85 per cent of the respondents agreed with Awang. This is clearly a wrong decision and shows how the "cash and carry" customs of the society dictate a very important business decision. On the second decision, the respondents were evenly divided, indicating ambivalence. But on the third question 30 per cent agreed with the decision that Busu should buy from many creditors.

As to ranking 50 per cent ranked number one as their first choice 9 per cent ranked number two, and 36 per cent ranked number three, Ambivalence is clearly shown by these rankings.

The sixth question concerned the choice of a business leader. The modern business decision would be to select the businessman who was the "best" businessman, making the decision in terms of business ability only. In the first decision, ambivalence was indicated: 53 per cent favoured Ahmad because he was a Malay, but 32 per cent disagreed, and 11 per cent were undecided.

With the second decision which chose Ah Kow as the business leader, 80 per cent of the respondents agreed, and only 10 per cent disagreed. As for Maniam as the choice because he mixes well and likes Malays, 66 per cent disagreed, and 15 per cent agreed. Fifty-two per cent ranked the choice of Ah Kow first, 37 per cent chose Ahmad, and 4 per cent chose Maniam. Although the absence of a clear choice indicates ambivalence and uncertainty, it is significant that the first preference for "business leader" was a non-Malay. Again, this appears to indicate that many Malays are becoming aware of and accepting the idea that business ability alone should be recognized and rewarded.

The final question offered three different decisions on management courses. Here the Malay entrepreneur strongly indicated his desire for more management training, rejecting the idea he knows enough already or can wait to have both his son and himself attend such courses. Rather 60 per cent ranked their education ahead of their son's education.

#### Locus of Control

As stated above under methodology, the section entitled Locus of Control was designed to evaluate whether the attitude of the Malay businessmen was "internally" or "externally" oriented. Nine pairs of alternative statements were made, and the businessman was asked to indicate which he more strongly believed to be true, not the one he would like to be true. The results are indicated below in Table III. The questions are presented in the Appendix. If the answers indicated that 60 per cent or more chose either the "internal" or the "external" position, the item is so indicated in the table above. But if between 40 to 60 per cent were undecided, say half choosing an "internal" answer and half an "external" answer, then the question was judged ambivalent.

While the first three answers were "internal," some were more "internal" than others. On the first pair, 90 per cent chose the "internal" answer, and on the third pair 84 per cent chose the "internal" answer. Only 62 per cent chose the "internal" answer on the second pair. In other words the choices on the second pair of statements indicated a growing preference for "external" position, i.e., that luck has a "lot to do with business."

TABLE III

## LOCUS OF CONTROL CHOICES

Question	Ambivalent or		
	Internal	Undecided	External
1. Family/Institute	X		
2. Luck	X		
3. Fate	X		
4. Customers/Goal			X
5. Life		X	
6. Opportunities			X
7. Success		X	
8. Accidents		X	
9. Rural/Town	X		
	4	3	2

The choice among the fourth pair of statements was clearly "external," 85 per cent believing that business success depends upon customer response. On the fifth pair concerning life, uncertainty and ambiguity were very evident. About 49 per cent declined to choose between the alternatives, 16 per cent said that life is what one makes it out to be, and 35 per cent said life is dependent on the will of God. Ambivalence is indicated clearly by the 49 per cent who declined to make a choice between alternatives.

The sixth pair of statements concerned business opportunities. Once again, "externality" predominated, 83 per cent believing that opportunities depend on circumstances and the environment. The seventh and eighth pairs also show ambivalence. The seventh pair was more "externally" oriented, with 43 per cent being "internal" and 54 per cent "external." The eighth pair was more "internally" inclined, with 56 per cent being "internal" and 42 per cent "external."

The last question may have an answer that is in some ways surprising. Given the degree of "externality" already established, one might have expected that many Malay businessmen would believe it would be difficult for a businessman in a rural area to be successful in an urban area. "Not so" was the overwhelming belief of 86 per cent of the respondents. One wonders exactly how to interpret this answer, because there is good evidence that rural Malay businessmen experience difficulty in managing a business in an urban area.

Bumiputra Knowledge Questionnaire

On answers to the questions about business knowledge, the Bumiputra entrepreneur showed himself to have chosen the correct answer seven times and to be ambivalent four times. Based on a rating giving equal weight to each answer, his knowledge index indicates that his knowledge would give him correct answers about six times out of ten. Ambivalence or uncertainty would create doubts in his mind about four of his answers. A breakdown of his responses based on Likert scaling techniques is shown below in Table IV.

The Bumiputra ambivalence centers around cash and his attitude towards cash, his responsibilities towards money, and his inventory and credit risk problems.

Some of the Malay values which hinder the making of good business decisions are attitudes towards money, saving, time, investment, and consumption. Money is primarily a medium of exchange to the Malay. Its other functions, that is, a standard of deferred payment, a unit of account, and an instrument of savings are not as important to the Malay as the first. Consequently, the Malay businessman may make some faulty business decisions because he doesn't understand the use of money in a modern society. In economic terms, the Malay businessman may have difficulty in recognizing that interest is the price paid for capital; that money should be regarded as capital as well as a medium of exchange; and that money when treated as capital represents foregone consumption, and there by becomes a legitimate charge against production.

Extension Service

The extension service questions sought answers to the type of consultant the Bumiputra wanted and would respect. The answer revealed that he had a clear concept of how a consultant should act most of the time. But on several occasions he was ambivalent, and on one he was incorrect. A breakdown of his answer is shown in Table V.

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TABLE IV

## BUMIPUTRA KNOWLEDGE

<u>Question</u>	<u>Correct Business Answer</u>	<u>Ambivalent or Undecided</u>	<u>Incorrect Business Answer</u>
1. Accounting	X		
2. Credit - friend	X		
b. Credit - risk		X	
3. Please customer	X		
4. Inventory		X	
5. Market Size	X		
6. Slow-moving items	X		
7. Employee errors	X		
8. Trouble making loan payment	X		
9. Cash knowledge		X	
10. Cash withdrawals		X	
Total	<u>7</u>	<u>4</u>	<u>-</u>
	=====	=====	=====

TABLE V

## EXTENSION SERVICE

<u>Question</u>	<u>Correct Business Answer</u>	<u>Ambivalent or Undecided</u>	<u>Incorrect Business Answer</u>
1a. Ask Consultant	X		
b. Keep quiet	X		
c. Pretend	X		
2. Consultant attitude	X		
3. Politeness	X		
4. Consultants and conceited		X	
5a. Wear ties		X	
b. Technical terms		X	
c. Maintain his views			X
d. Accesible	X		
e. Persuade Client	X		
f. Age Over 35		X	
g. Number of Visits	X		
Total	<u>7</u>	<u>4</u>	<u>1</u>
	=====	=====	=====

Clearly the Bumiputra entrepreneur is his own man, because 97 per cent insist upon the consultant stopping and explaining adequately his viewpoint; 84 per cent will not keep quiet and ask some one else to explain the consultant's comments later; and 94 per cent will not pretend to understand. These findings are very significant, because the strength of these answers implies that the Bumiputra entrepreneurs will listen well to advice from a professional consultant. The questions asked are given in the Appendix.

His ambivalence about his attitude toward consultants first appears when he is asked if they are ever conceited and rude. About 31 per cent agreed consultants were rude, and 53 per cent disagreed. In as much as many of the respondents may have never seen or heard of a consultant, this attitude probably comes from some other contacts they had with private persons or public officials. Again ambivalence creeps in over the wearing of ties. Although 57 per cent say he does not have to wear a tie, and 20 per cent favour ties, the large number of "undecided" - about 23 per cent - indicate a degree of uncertainty over how consultants should dress. Similarly, they clearly show ambiguity over the consultants using technical terms. Twenty-nine per cent agree he should use technical language, but 48 per cent disagree. While the overall answer is ambivalent, the preponderance of those disagreeing with the answer indicates that many Malays desire their consultants to be frank and open with them.

There appears to be some ambiguity between the position taken by the Bumiputra entrepreneurs in this question and their answer to the first question, where they strongly endorsed forthrightness between themselves and their consultants. In the latter question on technical language, however, 29 per cent agreed that consultants should not use technical concepts and ideas which could easily confuse the Bumiputra entrepreneur rather than help him.

Sensitivity and awareness of personal feelings clearly come out in answer to the question of whether a consultant should maintain his own views at all cost. A large number, 74 per cent, agreed with this position, but this is the wrong answer from the business executive viewpoint. Only 14 per cent disagreed. Executives must question the advice of consultants. They cannot afford to accept the word of a consultant who maintains that he is always right.

Interesting answers were given to the question of how direct the consultant can be in criticizing the Bumiputra entrepreneur about his failure to take action. While 64 per cent preferred the indirect method, a surprising 26 per cent wanted a direct approach. In other words, the consultant can directly approach one-fourth of the Bumiputra entrepreneurial population with the question of why his advice has not been adopted.

Again Malay sensitivity appeared with reference to age and ethnic grouping. About 32 per cent believed that an individual must be over 35 and a Malay to be a good consultant. But 37 per cent disagreed. Finally, 86 per cent stated categorically that the consultant must not stay in his office, but get out into the field. Over all, the responses to the extension service questions indicate a very positive attitude towards consultants, and a willingness to use their advice and wisdom to good account.

#### Characteristics of a Good Consultant

Against a cultural background stressing personal sensitivity among Malays, it is not surprising to find characteristics such as patience, courtesy and sympathetic approach ranked among the first three places as characteristics necessary for a business consultant to Bumiputra entrepreneurs. But, what is surprising, is to find technical knowledge ranked first among the top three choices for first place. What is also interesting is that technical knowledge after being rated first choice for first place doesn't even receive honorable mention again until it appears as third choice for fourth place. Although not shown in Table XI, a closer inspection of the distribution pattern reveals only small differences between the number favouring the third choice for second place - sympathetic approach - and the number favouring the fourth choice for second place - technical knowledge. This suggests that while the number choosing technical knowledge was not sufficient to include it among the top three selections for second and third place, the difference between the third choice and technical knowledge is fairly minimal. It is evident from this distribution, that Bumiputra entrepreneurs want their consultants to respect and maintain the culture of the Malay, but they must also be technically competent. No matter how patient or courteous, a consultant who was not highly knowledgeable about small business would not be acceptable to the Bumiputra entrepreneur.

Type of Management Assistance Desired

Here the Bumiputra entrepreneur speaks out "loud and clear." For his first choice for first place he wants assistance in record keeping or accounting. This choice overwhelms the other two by better than two to one, 181 respondents chose record keeping for first place as compared to 80 for sales promotion and 58 for feasibility studies.

For second and third place, sales promotion and feasibility studies appear prominently. In fact, throughout the research the Bumiputra entrepreneur has shown a pronounced interest in sales promotion, marketing and feasibility studies. The evidence indicates that he is well aware of the deficiencies he faces in his management make-up and is anxious to take steps to overcome them. Table XII shows the types of assistance desired and their rank.

The repeated choice of sales promotion and feasibility studies as types of management assistance desired implies an awareness on the part of the Bumiputra entrepreneurs of their importance to business. It also may indicate some change in Malay business attitudes, for sales promotion and feasibility studies are often associated with aggressive business characteristics.

### GOOD PAYMASTERS AND BAD PAYMASTERS<sup>1</sup>

As was indicated in the methodology, the sample of over 400 Bumiputra businessmen were divided between "good" paymasters and "bad" paymasters. The identification as to "good" or "bad" was taken from the loan payment records of MARA Headquarters. The samples were randomly selected from lists of MARA loanees, and 277 "good" paymasters and 128 "bad" paymasters were chosen. Unfortunately, two respondents could not be identified as either "good" or "bad".

The analyses sought to determine if there were any significant differences between "good" and "bad" paymasters. On the whole there were few significant differences. Both paymasters responded to the same question many times in much the same way. But here and there an important difference appeared.

Comparisons between "good" and "bad" paymasters were made using 100 variables selected from the total number of 199 different variables making up the study. Of the 100 variable minimal but significant differences were detected on answers to 20 questions. The differences are itemized below.

1. Good paymasters had more of their own capital to begin business.
2. Good paymasters had fewer side businesses; preferring to concentrate their management skills on one business.
3. Good paymasters had more business training.
4. Good paymasters were much more aware of the importance of an adequate sales volume to the success of their business.
5. Good paymasters had less difficulty borrowing from banks.
6. Good paymasters had more regular suppliers.
7. Good paymasters were more conscious of the importance of good cash and withdrawal records.

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<sup>1</sup> A "good" paymaster is one who regularly meets his principal and interest payments on his MARA loan. A "bad" paymaster is defined by MARA as one who is delinquent in such payments.

8. Good paymasters were more aware of the price differences charged them by their suppliers.
9. Good paymasters were more aware of the importance of radio and television advertising and door-to-door sales promotion.
10. Good paymasters were less ambivalent than bad paymasters about sacking their employees.
11. Good paymasters would be stricter and insists on promptness and hardwork.
12. Good paymasters were less courtious and more risk oriented.
13. Good paymasters were less in favor of government assistance and more willing to accept competition and risk.
14. Seventy-two per cent of the "good" paymasters would support a Chinese for business leader of the year as against 58 per cent for the "bad" paymasters.
15. Bad paymaster were slightly more "externally" oriented then "good" paymasters and have more difficulty making decisions.
16. Bad paymasters left more Locus of Control questions unanswered.
17. Good paymasters were more convinced they can succeed in business in the urban areas than bad paymasters.
18. Good paymasters were more aware of their customer's needs, and are more willing to cater to them.
19. Good businessmen were more likely to ask a consultant searching questions and discuss business problems with him.
20. Good businessmen were less impressed with the use of technical language by a consultant.

A few differences, however, reflected better business decisions on the part of "bad" paymasters. For example, more "bad" paymasters wanted to know the exact amount of cash available in the till before starting business each day. They were also more convinced about the value of sales promotion than were "good" paymasters.

Overall there were many more similarities between "good" paymasters and "bad" paymasters than there were differences. Among the 25 attitudinal questions posed the respondents, both the "good" and the "bad" paymasters showed the same ambivalence, but the ambivalence was less among the "good" paymasters. For example more "bad" paymasters supported the Malay for "business leader" than did "good" paymasters although both showed uncertainty in their choice. Similarly, both "good" and "bad" showed ambivalence about stopping Ali from taking more credit, but more "good" paymasters supported such strong action than "bad" paymasters.

As for "external" versus "internal" preferences, both reflected the same overall characteristics that Malay businessmen generally were somewhat "internally" oriented. But, here again, the comparison between the "good" and the "bad" paymaster indicated that "externality" was a stronger force among the "bad" than among the "good", or the "good" were more "internally" oriented.

#### CUSTOMER ATTITUDES TOWARD MALAY BUSINESSMEN

The amount of entrepreneurial services available to any country depends on the demand for these services, as well as on their supply. Demand for entrepreneurial services is determined in part by a country's level of economic activity. If the country's gross national product is expanding and the economic growth rate is increasing, the demand for entrepreneurial services rises. When business is good, more people will try their hand at becoming entrepreneurs. But when business is bad, few are interested in becoming entrepreneurs because of the attendant risks and dangers. In Malaysia the growth of the economy and the policy of the government as outlined under the New Economic Policy guarantee an increasing demand for Bumiputra entrepreneurs. But government policy and economic growth are not the only sources for the demand for entrepreneurial services. Each entrepreneur faces his own individual demand curve, which is primarily determined by the attitudes of his customers towards him as a businessman.

Accordingly, a questionnaire was developed for customers of Malay businessmen, both Malay and non-Malay. The customers were randomly selected, and each was asked to indicate his attitude towards the Malay entrepreneur by ticking an appropriate column. The columns were identified in a manner similar to the columns found in the Bumiputra questionnaire.

Overall, 19 different characteristics of the Bumiputra businessmen were chosen as a basis for helping to determine customer attitudes towards him. A similar study, but on a much smaller scale, was used as a guide to help prepare the questions.<sup>1</sup> The attitudes were scored using the Likert technique of assigning numbers one through five to the columns. The answers were coded to favour the Malay businessmen, and the coding sheet was developed to concur with this preference. For example, to the question "He lacks business experience," the answer sheet coded "strongly disagree" as five and "disagree" as four, indicating that respondents who favoured the Malay businessman would not agree with this question. Similarly, in answer to the question, "He understands the Malay customer," the answer sheet coded "strongly agree" as five and "agree" as four, indicating agreement with the question.

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1. Affidudin Haji Omar, Op. Cit., pp. 24 - 25.

A respondent favouring the Malay businessman then would have an average score of four or higher. Those who did not favour him would have an average score below three, the number assigned the column marked "undecided".

Of the 500 questionnaires distributed through MARA Officers in various states, 320 questionnaires were returned, their answers coded, and results submitted to the computer for sorting, computation, and calculation of percentages. The analysis was made in a manner similar to the analysis of the attitudes of Bumiputra entrepreneurs. If the percentage distribution for each item was distributed between the "agree" and the "disagree" choices in a manner indicating no clear or decided preference, the answer was recorded as uncertain or ambivalent. If, however, either the choice labelled "agree" or "disagree" had a percentage distribution greater than 60 per cent, then the item was marked to show that the majority of the respondents either agreed or disagreed with the question.

For example, statement number one reads, "A Malay businessmen knows how to treat a customer." The percentage distribution showed that 38 per cent agreed with the statement, 32 per cent were undecided and 29 per cent disagreed. With about an equal number agreeing and disagreeing, the overall distribution for this item indicated ambiguity. By contrast, 77 per cent agreed with statement number four: "He lacks business experience."

The distribution clearly indicated a high degree of ambivalence towards the Bumiputra entrepreneur. The customers (Malay or non-Malay) were undecided as to how they should regard him. The customers believe he should improved his knowledge about selling and marketing. They also believe he is in business largely through lack of alternatives, and that he lacks experience. In their opinion, he should improve his record keeping system. He does not treat Malay customers any better than non-Malay customers; and he does not go out of his way to attract customers.

Nevertheless, he does have characteristics which make him somewhat attractive to his customers. For example, he like to extend credit to his customers, he joins business associations to help improve his business knowledge, and he does not use strong language with his customers.

When the 320 questionnaires were totalled, the customer's overall view of the Bumiputra businessman revealed that 22.1 per cent were undecided or ambivalent, 45.5 per cent believed that he could become a

better businessman, 8.1 per cent were critical, and 24 per cent of the questionnaires declined making an overall opinion. This judgement was generally the same for both Malay and non-Malay customers. There were no significant differences among the customers of different states.

In assessing the customer questionnaire, one must be aware that the customer and the entrepreneur always occupy adversative or antagonistic positions. The customer wishes to purchase the product at the cheapest price, obtain easy credit terms for payment, and demand the highest quality in the goods bought. The entrepreneur is interested in maintaining his price to promote his profits, keep down his losses due to bad debts, and relate the quality of the product to the price charged, i.e., a high price for high quality and a low price for low quality.

To a considerable degree then, the returns illustrate this antagonistic relationship. But they also shed some light on the problems facing the Bumiputra entrepreneur.

The customer determines in part the entrepreneurs demand curve. He must be cultivated and his respect must be earned by the businessman; otherwise the entrepreneur cannot market his product or service. The customer can never be taken for granted. He has the right to choose among competing entrepreneurs for his purchase, and he will choose the entrepreneur who offers him the best advantage, as he sees it. If the Bumiputra entrepreneur does not strenuously strive to cultivate his customers and to satisfy them by the product or service he offers, it will be difficult for him to become the modern business executive he desires to be. In addition, the government should initiate a well-organized campaign to publicize the many good points of the Malay entrepreneur and help him to improve his customer image, thereby helping his business.

THE BUMIPUTRA ENTREPRENEURIAL PROFILE  
AN OVERALL VIEWPOINT

Likert Averages

By use of the Likert scaling technique and factor analysis, it is possible to outline a general profile of the Bumiputra entrepreneur based upon the research undertaken. In the Likert scaling technique values range from one to five. Those who averaged less than three showed poorer attitudes toward business, were more "externally" oriented, have less business knowledge and were more indifferent to management assistance. Those who averaged three showed ambivalence. Their good scores of four and above reflecting positive business attitudes were balanced by scores of two or below indicating indifferent and ineffective business attitudes. Those whose average was significantly greater than three, say 3.5 and above demonstrated good potentiality towards becoming entrepreneurs.

What is most encouraging is that out of 407 respondents a one-third scored significantly above three and ten respondents - 2.5 per cent - score four or above. However, 214 or 52.6 per cent had an average score of three reflecting ambivalence and uncertainty in their choice of business decisions.

The large number of respondents whose average score was three prevented the establishment of any significant causality, i.e., no one variable can be used to predict the behaviour of another variable. However, this result supports the thesis that role strain produces ambivalence and uncertainty in making business decisions.

Another important and encouraging result emerged from the totals developed to evaluate the "Locus of Control" results. More than half - to be exact 215 respondents - had totals identifying their overall belief concepts as more "internally" oriented than "externally" oriented. This contrasts with 97 who were ambivalent in the sense that one-half their responses were "external" and one-half were "internal," and 63 showed overall belief patterns which could be clearly identified as "external."

Likert averages for business knowledge indicated that 40 per cent had a good working knowledge about business, while 44 per cent were uncertain or had a poor understanding of business operations.

Likert averages for the extension service suggested that 58 per cent clearly wanted a management assistance program to help them with their business. The averages also indicated a willingness to adopt the suggestions of a consultant, if he were technical competent and could persuade them to adopt his business suggestions. About 31 per cent were ambivalent reflecting uncertainty over the services of a consultant.

The last statistics about business knowledge and the extension service are most important. They give strong encouragement to the idea that a "delivery system" of management assistance could productively increase the number of Bumiputra entrepreneurs.

#### Factor Analysis

A factor analysis of the attitudinal questions was attempted, because such an analysis relates the variables in a meaningful manner. However, no underlying factors could be found, because there was very little intercorrelation among the variables, indicating that individuals all act differently to the strains put upon them by contrasting value and attitudinal systems.

One possible reason for the low correlation is that factor analysis is based upon a linear model, whereas a higher degree model may show correlation. Another reason is that business attitudes are made up of many components. Low correlation among the variables indicates that the questionnaires gave a thorough coverage to all the variables making up business attitudes among the Malays.

At the beginning of the study it was stated that the fundamental theses of the report was that role strain impeded the development of the entrepreneurial potential among many Bumiputras. The research evidence collected supports the theses. Ambivalence and uncertainty appear whenever a business decision involves value judgements which are different from those of Malay society.

A PROPOSED PROGRAM

Business Consultancy

The actual creation and/or expansion of an entrepreneurial group indigeneous to a developing country such as Malaysia must be done by persons belonging to that culture and society. People of a foreign culture and belief system would automatically be suspect by Malay small business managers and entrepreneurs, and their advice may not be followed or even respected. However, by training small business management consultants, who are indigeneous to the Malaysian culture, in the policies and practices of an entrepreneurial and business management assistance programme, the probability of creating a Malay entrepreneurial and business class is considerably enhanced. Such a programme would develop "change agents" who are professional small business consultants, and who would link the world of small business to the world of professional expertise in a manner and fashion which would be both familiar and understandable to the Malay small business entrepreneur.

The research indicates that many of the same problems facing the small-scale entrepreneur in Appalachia are also found in Malaysia among the Bumiputra entrepreneurs. For example, the same fatalism cripples the psychological attitudes of both people towards development. The research also suggests that a management assistance programme modelled after the Kentucky-Appalachian programme would be successful in developing Bumiputra entrepreneurs.

The proposal envisages a training programme to develop Malay professional small business consultants (change agents) around three concepts: The Malay culture and social environment, business subjects and training, and an internship programme. The trainees would be recruited from existing public services and private business, and would tend to be high school graduates.

Part I - The Malay culture and social environment

This part of the programme would involve an in depth study of the Malay value concepts and how they relate to business decisions. Four subjects would be taught: Malay culture and anthropology, Malay sociology, Malay social psychology, and motivation and achievement training. The instructors would all be Malaysians who are well acquainted with Malay value concepts. The training involve: (a) introducing trainees to the

basic concepts underlying Malay culture and how culture and society affect achievement motivation; (b) providing trainees with a variety of experiences in practicing achievement thinking within the Malay culture; (c) helping trainees understand the relationship between achievement motivation and personal goals, self-image and aspirations; (d) recognizing the link between motivation and the role an individual plays in his culture and society; and (e) explaining how the social structure of a country and its cultural pattern becomes a principal determinant in either promoting or inhibiting entrepreneurial development.

Part II - Business subjects and training

This portion of the programme would be designed to resolve the three principal causes of failure found among small businesses; namely: (a) The lack of required managerial experience on the part of the entrepreneur; (b) the danger the small businessman will under-estimate his capital needs; and (c) the failure to provide an accounting system that gives the owner sound basic information on what is happening and what is vital to make decisions on pricing, expanding product lines, purchasing additional equipment, etc. Parts I and II will cover about two-thirds of a calendar or academic year.

Part III - The internship programme

The third component part of the programme involves permitting the trainees to "put into practice" what they have learned under the watchful eye of the instructor. The trainees will call on carefully screened small Malay and non-Malay business clients to observe their current business practices. They will be accompanied by their instructors, and after discussing the business problem with the client, will evaluate their findings with the instructor. Only after receiving the instructor's approval will they attempt to persuade the client to follow their business suggestions. After finalizing their consultation with the small business client, the trainee will report his results to the instructor where they will be reviewed and evaluated.

Entrepreneurial Development

There are a significant number of Malay Arts Graduates of Malaysian universities who could be given entrepreneurial training designed to equip them with the skills of a practising business manager and entrepreneur. Such a programme would involve one complete academic year in entrepreneurial training plus several months as an "entrepreneurial intern" in some successful Malay or non-Malay business.

At the conclusion of the program those who had passed their examinations with honours would be encouraged to approach private or public financial institutions seeking a loan to underwrite their entry into business.

Such a program could be developed which would expand the number of Bumiputra entrepreneurs from among the Malay university students as well as reduce the uncertainty among many Arts Graduates over finding employment.

TABLE VI  
MALAY OWNED BUSINESS ESTABLISHMENTS

IDS/MP 167

	Wholesale and Retail Establishment		Total	Rubber Estates	Oil Palm Estates	Rubber Pealers	Mining	Manufacturing	Contractors Above \$100,000	Contractors Below \$100,000	Service	TOTAL	PERCENT
	Wholesales	Retail											
JOHORE	8	481	489	3	-	15	-	8	1	336	432	1,284	12.0
KEDAH	12	291	303	-	-	130* (119)	-	14	4	177# (154)	225	853	8.0
KELANTAN	67	1,295	1,362	7	1	100	-	51	5	172	852	2,550	23.8
MELAKA	6	51	57	-	-	17	-	3	1	76	131	285	2.7
NEGERI SEMBILAN	2	49	51	8	-	44	2	6	4	111	74	300	2.8
PAHANG	8	210	218	2	-	55	2	7	-	259	124	657	6.3
PERAK	8	220	228	10	1	180	17	14	7	273	321	1,051	9.9
PULAU PINANG	9	151	160	9	-	9	2	15	4	83	470	752	7.1
SELANGOR	15	466	481	2	-	39	3	16	13	379	503	1,436	13.5
TERENGGANU	49	779	828	5	-	40	2	9	6	232	362	1,484	13.9
TOTAL	184	3,993	4,177	46	2	629	28	143	45	2,098	3,494	10,662	-
PERCENT	1.7	37.5	39.2	0.4	0.02	5.9	0.3	1.3	0.4	19.7	32.8	-	100.0

Source: Dept. of Statistics,  
Government of Malaysia.

\* Includes 11 Rubber Dealers from Perlis. Figure in parenthesis are number of dealers from Kedah.

# Includes 23 Contractors from Perlis. Figure in parenthesis are number of Contractors from Kedah.

TABLE VII

NUMBER OF BUSINESSES BY INDUSTRIAL CATEGORY 1970

<u>Category</u>	<u>Malay</u>	<u>Total</u>	<u>Percent</u>
Oil Palm Estates	2	360	Insig.
Rubber Estate	46	2,059	2.0
Rubber Dealers	629	2,833 <sup>1</sup>	22.0
Mining	28	1,506	2.0
Manufacturing	143	3,192	4.5
Contractor > \$100,000	45	895 <sup>2</sup>	5.0
< \$100,000	2,098	2,679 <sup>3</sup>	78.0
Selected Services	3,494	17,156 <sup>4</sup>	20.4
Wholesale	184	6,874	2.67
Retail	3,993	25,660	15.6
TOTAL	10,662	63,214	16.9

1,3, and 4 - No survey in 1970, 1971 figure used

2 - 25% of 1971 total

Source: Department of Statistics, Government of Malaysia.

TABLE VIII

BIRTH PLACE OF BUMIPUTRA ENTREPRENEURS

IDS/WP 167

Outside West Malaysia	Perak		Kedah/Perlis		Kelantan		Tarengganu		Johore	
	Urban No. %	Rural No. %								
No. 20 % 4.9	2 0.5	36 8.9	6 1.5	24	13 3.2	47 11.6	5 1.2	9 2.2	20 4.9	53 13.0

Pahang		Penang		Negeri Sembilan Malacca		Selangor		TOTAL*	
Urban No. %	Rural No. %	Urban No. %	Rural No. %	Urban No. %	Rural No. %	Urban No. %	Rural No. %	Urban No. %	Rural No. %
5. 1.2	11 2.7	15 3.7	21 5.2	2 0.5	73 17.9	6 1.5	34 8.4	74 18.5	328 81.5

\* Total adds to 422 - Five did not respond.

Source: Research on Bumiputra Entrepreneurs, M.I.T., Selangor, Malaysia, 1974.

TABLE IX

TOP THREE SELECTIONS

PERSONAL QUALITIES REQUIRED OF SUCCESSFUL BUSINESSMEN

IDS/W/P 167

1st PLACE	2nd PLACE	3rd PLACE	4th PLACE	5th PLACE	6th PLACE	7th PLACE	8th PLACE
Patience 37%	Patience 29%	Honesty 22%	Aggressiveness in Sales 32%	Aggressiveness in Sales 34%	Aggressiveness in Sales 36%	Aggressiveness in Sales 39%	Join Business Association 61%
Honesty 22%	Honesty 26%	Accept Advise 17%	Accept Advise 21%	Accept Advise 14%	Accept Advise 16%	Change Business 21%	Aggressiveness in Sales 13%
Hard Work 19%	Hard Work 24%	Hard Work 16%	Hard Work 13%	Change Business 20%	Join Business Association 13%	Join Business Association 18%	Change Business 5%

The one most respondents placed last - Willingness to Join Business Associations

Source: Research on Bumiputra Entrepreneurs, M.I.T., Selangor, Malaysia, 1974.

TABLE X

IDS/MP 167

SOME IMPORTANT MALAY BUSINESS PROBLEMS\*

	S.A.	A	U	D/A	S/D	N/R
1. Malays find it difficult to obtain financial assistance in business from;						
	P E R C E N T A G E S					
A. Banks	15.5	49.0	16.0	16.0	1.5	2.0
B. Relatives	15.5	57.5	16.7	8.4	-	2.0
C. Friends	20.2	52.6	17.0	7.6	-	2.5
2. Lack of accounting records is one of the reasons why many Malays do not succeed in business	25.3	56.5	6.6	8.6	-	3.0
3. Many Malay business face unfair competition because they are not given fair treatment by suppliers	24.6	51.8	10.6	12.0	-	0.7
4. Stocks which move slowly indicate poor scale	21.9	57.0	12.5	6.4	0.5	1.7
5. Many Malay businessmen are reluctant to use harsh measures to recover bad debts	5.4	40.5	18.0	32.7	2.5	1.0
6. Malay businessmen find it difficult to promote their scales among:						
A. Malays	5.2	24.8	10.1	52.6	6.4	1.0
B. Non-Malays	16.0	41.5	20.4	17.7	2.0	2.5
7. One of the principal problems found in Malay business is the lack of a good location of his business	28.8	52.6	7.4	8.1	0.5	2.7
8. It is better to stock a large variety of goods that customers will readily buy rather than concentrate on a few popular ones	26.8	63.9	3.7	3.7	-	2.0
9. In business getting the right type of employees for the right type of job is one of the more difficult business problems	23.8	54.8	8.0	11.1	0.7	1.0

Key:-

S.A. - Strongly agree

A - Agree

U - Undecided

D/A - Disagree

S/Da - Strongly disagree

NR - No Response

\* Please note percentage may not add to 100 due to rounding.

TABLE XI

TOP THREE SELECTIONS

CHARACTERISTICS OF A GOOD CONSULTANT

IDS/WP 167

	1ST PLACE	2ND PLACE	3RD PLACE	4TH PLACE	5TH PLACE
1ST CHOICE	Technical Knowledge 24.1%	Patience 24.1%	Patience 23.8%	Sympathetic Approach 25.1%	Sympathetic Approach 24.8%
2ND CHOICE	Understanding Malays 23.9%	Courtesy 22.9%	Courtesy Unders./Malays 20.9%	Patience 20.2%	Understanding Malays 23.1%
3RD CHOICE	Courtesy 21.6%	Sympathetic Approach 19.2%	Sympathetic Approach 16.5%	Technical Knowledge 19.4%	Technical Knowledge 19.4%

Source: Research on Bumiputra Entrepreneurs, M.I.T., Selangor, Malaysia 1974

TABLE XII  
TOP THREE SELECTIONS  
BUMIPUTRA MANAGEMENT ASSISTANCE PREFERENCES

IDS/MP 167

	1ST PLACE	2ND PLACE	3RD PLACE	4TH PLACE	5TH PLACE
1st CHOICE	Record Keeping 44.5%	Sales Promotion 24.8%	Feasibility Studies 21.1%	Market information 27.0%	Support and Supplies 39.1%
2nd CHOICE	Sales Promotion 19.7%	Record Keeping 22.1%	Sales Promotion 20.6%	Feasibility Studies 22.6	Market information 21.9
3rd CHOICE	Feasibility Studies 14.3%	Feasibility Studies 18.2%	Market information 19.2%	Support and Supply 15.0%	Others 12.9%

Source: Research on Bumiputra Entrepreneurs, M.I.T., Selangor, Malaysia, 1974.

TABLE XIII

CUSTOMER ATTITUDES TOWARD MALAY BUSINESSMEN

	<u>Supportive</u>	<u>Ambivalent</u>	<u>Non-Supportive</u>
1. A Malay businessman knows how to treat a customer well		X	
2. He understands the Malay consumer		X	
3. He does not know much about selling and marketing			X
4. He lacks business experience	X		
5. He likes to extend credit to his customers	X		
6. He does not have enough goods for sales		X	
7. He goes into business, because he can't find other employment			X
8. He likes to join business association organizations	X		
9. He does not keep proper records and account books			X
10. He does not use strong language with the customers	X		
11. He is not conceited	X		
12. He goes into business because he wants to copy others who are successful		X	
13. Malay businessmen are very patient		X	
14. If you are dissatisfied with your purchase of goods it is easier to return them to a Malay shop than to a non-Malay shop		X	
15. It is easier to bargain over price of goods with a Malay shop-keeper than a Non-Malay shop-keeper			X
16. A Malay shop-keeper will treat you better than a non-Malay shop-keeper			X

TABLE XIII (Contd.)  
CUSTOMER ATTITUDES TOWARD MALY BUSINESSMEN

	<u>Supportive</u>	<u>Ambivalent</u>	<u>Non- Supportive</u>
17. As a farmer, you prefer to sell your padi or rubber to a Non-Malay shop-keeper rather than a Malay shop-keeper			X
18. A Malay businessman goes out of his way to attract customers			x
19. Malay businessmen prefer to sell goods to Maly rather than Non-Malays		X	
T O T A L	<u>5</u>	<u>7</u>	<u>7</u>

Source: Research on Bumiputra Entrepreneurs, M.I.T., Selangor, Malaysia, 1974

QUESTIONNAIRE FOR MALAY BUSINESSMEN

1. DATA CONCERNING BUSINESS

(1) What is your name?

\_\_\_\_\_

\_\_\_\_\_

(2) What is your business address? \_\_\_\_\_

\_\_\_\_\_

Home Address: \_\_\_\_\_

(3) What is your business/home telephone number?

\_\_\_\_\_

( If he has no phone, ask him for the number where he can be contacted) \_\_\_\_\_

(4) When did you start your business? \_\_\_\_\_

(5) Did you obtain any outside financial assistance to start your business other than your own capital? \_\_\_\_\_

Yes


No

Specify the source of such assistance: \_\_\_\_\_

(6) When did you get your FIRST Loan? \_\_\_\_\_

(7) If you received a loan, give the reasons why you borrowed from this source:

Reasons: (A) \_\_\_\_\_

(B) \_\_\_\_\_

(C) \_\_\_\_\_

(8) Did you borrow from any other source?

Yes


No

If so, state the amounts and the reasons for asking for the additional loans.



II PERSONAL DATA

(1) How old were you when you FIRST went into business?

\_\_\_\_\_

(2) How old are you now? \_\_\_\_\_

MARRIED

SINGLE

DIVORCED


(3) State the number dependents you now have (e.g. children, parents, brothers, sisters)

	<u>Full Support</u>	<u>Number</u>	<u>Part Support</u>	<u>Number</u>
Children:	_____	_____	_____	_____
Parents:	_____	_____	_____	_____
Brothers & Sisters	_____	_____	_____	_____
Others:	_____	_____	_____	_____

(4) Where were you born? \_\_\_\_\_

(State name of town/village and state).

(5) What was the highest standard you attended in school?

\_\_\_\_\_  
\_\_\_\_\_

(6) What is/was your father's/mother's occupation?

Father: \_\_\_\_\_

Mother: \_\_\_\_\_

(7) When you started your business, was there anyone in your immediate family circle or among your close friends who was in business?

Yes

No


If so, state the relationship. (Brother, sister, cousin, etc.)

Relationship

Type of Business

(A) \_\_\_\_\_

(B) \_\_\_\_\_

(C) \_\_\_\_\_

(8) What are your reasons for going into business? (Give not more than three reasons - list in order of importance)

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

(9) Why did you choose this particular business ?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(10) Among your relations and close friends what was the reaction when they heard that you were going into business? (Tick ONE)

- (a) Most of them approved.
- (b) Some approved, others disapproved.
- (c) Most of them did not like the idea.

(11) How long were you in this town before you started your business?

\_\_\_\_\_

(12) Have you had any training on how to run a business?

Yes


No

If so, what kind of training? Was it before or after you started your business?

Nature of Training (Pvt., Mara, Other)    Before or After

- (A) \_\_\_\_\_
- (B) \_\_\_\_\_
- (C) \_\_\_\_\_

(13) Below are listed some of the important PERSONAL QUALITIES. (e.g. honesty) a man should possess in order to succeed in business Rank them in order of importance: (First, Second, Third, Etc.)

1. Honesty
2. Patience
3. Willingness to accept advice
4. Aggressive attitude toward customers

5. Aggressive attitude toward sales.
6. Hard work
7. Willingness to change Business practices and attitudes
8. Willingness to join Business Association
9. Others (Specify).

III BUSINESS PROBLEMS

Given below are a number of statements about common Malay business problems. Please indicate your feelings or reaction by ticking the appropriate box.

(A) GENERAL

	S.A.	A	U	D/A	S/D
1. Malays find it difficult to obtain financial assistance in business from;					
A. Banks					
B. Relatives					
C. Friends					
2. Lack of accounting records is one of the reasons why many Malays do not succeed in business.					
3. Many Malay business face unfair competition because they are not given fair treatment by suppliers					
4. Stocks which move slowly indicate poor sales					
5. Many Malay businessmen are reluctant to use harsh measures to recover bad debts					
6. MALAY businessmen find it difficult to promote their sales among;					
A. Malays					
B. Non-Malays					
7. One of the principal problems found in Malay business is the lack of a good location of his business					
8. It is better to stock a large variety of goods that customers will readily buy rather than concentrate on a few popular ones					
9. In business getting the right type of employees for the right type of job is one of the more difficult business problems					

(B) SPECIFIC:

Given below are a number of statements which may apply to your business. Please indicate whether they do or don't by ticking the appropriate box.

Description of Headings:

Please note that the heading definition may change.

V.M. : Very Much; A Large Number, Many Significant Problems.

Q.L. : Quite a Lot; One or Two Significant Problems.

L. : Few or Little; A problem but not important or significant.

N. : None : Zero.

Very Important : V.I. V.O. : Very Often

Important : I O : Often

Undecided : U S : Seldom

Not Important : N.I. N : None

1. Did you have any problem in borrowing from banks
2. Did you have any problem in obtaining credit from your own capital?
3. Was it very difficult to raise your own capital?
4. Do you have enough operating capital to run your business now?
5. Have you ever conducted any sales promotion campaign?
6. How important are accounting records to you?
  - a. Cash book;
  - b. Credit sale book;
  - c. Purchases record;
  - d. Inventories record;
  - e. Withdrawals record;

V.M.	Q.L.	L	N.
V.I.	I.	U.	V.I.

7. Relationship with suppliers

- a. Do you have any regular suppliers?  
None, 1,2,3,4,5, (More than 5) (Circle  
Once)
- b. Do you get prompt supplies of goods  
as requested?
- c. Are you given any credit facilities  
by your suppliers?
- d. Do you keep up with your credit  
ratings?
- e. Do you notice any difference in the  
price of goods you purchase as  
compared to that of your competitors?

V.O.	O.	S.	N.

8. Business Location

- a. Are you satisfied with the present  
location of your business?
- b. Do you think there is a better  
location than the present one?
- c. If so, why don't you go to that area?  
a. \_\_\_\_\_  
b. \_\_\_\_\_

V.M.	C.L.	L.	N.

9. If your sales were declining how would  
you rank the following corrective measures:

- a. Radio, TV or newspaper advertising.
- b. Door-to-door sales campaign
- c. Give customer gifts
- d. Change suppliers
- e. None of the above


MALAY BUSINESSMEN ATTITUDES TOWARDS BUSINESS

Given below are a number of statements about Malay attitudes toward  
business. Please indicate your feelings or reactions by ticking  
any box.

- 1. One of your employees, Dollah, is a close relative  
of your wife. He has been giving you alot of trouble  
by way of absentecism and laziness in spite of your  
repeated advice and warnings. The last one occurred  
only recently and you are debating what you should do.

- a. Bear with him and take no stern action, so as to maintain harmony in the family.
- b. Punish him by way of reducing his wages until he corrects himself.
- c. Since he has been given enough chances already he should be sacked.
- d. Rank a, b, c, according to your preference.

Rank 1 \_\_\_\_\_  
Rank 2 \_\_\_\_\_  
Rank 3 \_\_\_\_\_

2. Three Malays are discussing the importance of competition in business. They all agree that to be successful, a businessman must be willing to face stiff competition. They differ however in their approach.

- a. Majid says he is willing to face competition and take risk anywhere any time. He is prepared to work as hard as any other businessmen, Chinese, Indians or Malay. He believes in the saying, "If they can do it, so can I."
- b. Ibrahim is more cautious. He would prefer to open up a business in his Kampong as the people there know him. Moreover, there are only two retail shops in the kampong and he believes the smaller number reduces the risk of failure.
- c. Salleh agrees that competition in business is healthy. However, he wonders how a new businessman can compete with already well-established businesses because even they find it tough to stay in business.

As a consequence he believes new Malay businessmen should be protected and given a lot of help.

- d. Rank a, b, c, according to your preference.

Rank 1 \_\_\_\_\_  
Rank 2 \_\_\_\_\_  
Rank 3 \_\_\_\_\_

S.A.	A.	UN	D/A	S/D.





LOCUS OF CONTROL

This is a questionnaire to find out the way in which important events in Malaysian society may affect different business people. Each item consists of a pair of alternatives lettered "a", "b". Please select the one statement of each pair (and only one) which you more strongly believe to be more true rather than the one you think you should choose or the one you would like to be true. There are no right or wrong answers.

1. a. A child from a poor family has little chance of success in the business world.  
b. Success in business depends on initiative and hard work.
2. a. Luck has a lot to do with success in a business.  
b. There is no such thing as luck in business. If you manage it properly there is no reason why you cannot succeed.
3. a. Fate decides what type of business I will have.  
b. Good and proper planning will decide the future of your business.
4. a. My success will depend upon the response of customers.  
b. If I work hard I can definitely achieve my goal in business.
5. a. Life is what one makes it out to be.  
b. Life will depend upon the will of God.
6. a. Opportunities in business will only exist when you are able to recognise them.  
b. Opportunities in business depend on circumstances and the environment.
7. a. Bumiputras are able to be successful in business with Government assistance.  
b. BUMIPUTRAS can be as successful in business as non-Bumiputras provided they work for it.
8. a. Accidents are avoidable.  
b. If you are fated to meet an accident, you will meet it one day.
9. a. It would be extremely difficult for a businessmen in the rural areas to be successful in the town.  
b. It is not difficult for a rural businessmen to be successful in the town, because if he is industrious or hard working he will succeed.

BUMIPUTRA KNOWLEDGE QUESTIONNAIRE

Please indicate your attitude toward each statement by ticking the appropriate column.

	S.A.	A.	UN	D/A	S/D A
1. Correct accounting or book-keeping entries are not important as long as cash in hand remains about the same or is increasing.					
2. One should not worry about the amount of credit extended to a customer if he is. a. Good friend. b. A reasonable risk					
3. One must always try to please a customer although he or she may be in the wrong.					
4. It is not necessary to keep accurate inventory records because the need to purchase more stocks can be easily determined by watching the stock level on the shelves.					
5. Knowledge of the potential size of a market is very important. For example, a shopkeeper should consider the number of shops already in existence before he opens his own.					
6. A small shop is in danger of failing, if the store-room is full of slow-moving items.					
7. There is no business danger to the small shopkeeper because of employee mistakes.					
8. A small store is in financial trouble if the owner-manager has trouble in meeting payments on bank loans.					
9. It is a waste of a businessmen's time to know (to the last one) how much cash he starts with each day.					
10. A person who is sole owner of a business often withdraws cash from the business as he needs it for personal use. He does not have to record these withdrawals.					

EXTENSION SERVICE

Please indicate your attitude toward each statement by ticking the appropriate column.

	S.A.	A.	UN	D/A	S/DA
1. When a consultant explains a point which an entrepreneur does not quite understand, the entrepreneur should:					
a. Stop him talking and ask him to re-explain.					
b. Keep quiet and ask someone else about it later.					
c. Pretend to understand and forget about it.					
2. Consultants do not adopt a couldn't "care less" attitude in their approach toward problems, because they do care about an entrepreneur's business					
3. Consultants should always be polite (especially when dealing with problems of entrepreneurs) even if the entrepreneur considers his suggestions stupid					
4. Unfortunately many consultants because of their extensive knowledge and experience are often conceited and rude in their approach to businessmen.					
5. In order to be more effective in the assistance he gives an entrepreneur, a consultant should conduct himself in the following manner:					
a. He should wear a tie and be smartly dressed when he makes his visit.					
b. He should make more use of technical language/terms in order to impress the entrepreneur.					
c. A consultant should listen to the entrepreneur, but he must maintain that his own views and solutions are better; otherwise he is not a good consultant.					
d. He must make himself easily accessible to meet the management needs of the entrepreneur					



CUSTOMER ATTITUDES TOWARD MALAY BUSINESSMEN

Please indicate your attitude toward each statement by ticking the appropriate column.

1. Listed below are several characteristics describing Malay business.

	S.A.	A	UN	D/A	S/DA
a. A Malay businessman knows how to treat a customer well.					
b. He understands the Malay consumer.					
c. He does not know much about selling and marketing.					
d. He lacks business experience.					
e. He likes to extend credit to his customers.					
f. He does not have enough goods for sale.					
g. He goes into business, because he can't find other employment.					
h. He likes to join business association or organizations.					
i. He does not keep proper record and the account book.					
j. He does not use strong language with the customers.					
k. He is not conceited					
l. He goes into business because he wants to copy others who are successful.					
m. Malay businessmen are very patient.					
2. If you are dissatisfied with your purchase of goods it is easier to return them to a Malay shop than to a non-Malay shop.					
3. It is easier to bargain over price of goods with a Malay shop-keeper than a Non-Malay shop-keeper.					
4. A Malay shop-keeper will treat you better than a Non-Malay shop-keeper.					
5. As a farmer, you prefer to sell your padi or rubber to a Non-Malay shop-keeper rather than a Malay shop-keeper.					
6. A Malay businessman goes out of his way to attract customers.					
7. Malay businessmen prefer to sell goods to Malays rather than Non-Malays.					