

## **Entrepreneurship Quality and Rural Entrepreneur Development in Malaysia**

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### **Abstract**

The Malaysian Government has implemented various policies and initiatives to develop rural entrepreneurs, such as the center of economic growth has been established in rural areas since the 1980s in Malaysia. The objective of the center of economic growth is to develop marginalized areas and re-distribute the income of rural people in tandem with the progress made in urban areas. Therefore, this article discusses the role of South East Johor Development Authority (KEJORA) as a region of economic development to develop rural entrepreneurs in Malaysia. The article initially explains about rural entrepreneurs and economic development areas in Malaysia, and also explains about KEJORA. In addition, the article also discusses the quality of entrepreneurship, the indicators and the determinants of entrepreneurial success. Finally, the articles discuss the programs implemented by KEJORA. The article summarizes the roles and the benefits of center of economic growth areas such as KEJORA in emerging rural entrepreneurs.

**Keywords:** Rural Entrepreneur, Regional Development, Economic Development, Entrepreneurship Quality, KEJORA

### **Introduction**

The Malaysian Government has implemented various policies and initiatives to develop rural entrepreneurs (Juego, 2018). The Government has launched the 2012-2020 SME Masterplan to provide direction and focus to create quality, resilient and competitive entrepreneurs who are able to compete with foreign enterprises (Malaysia, 2011). Various business support and entrepreneur development programs such as business financing, entrepreneurial training, product marketing, product development and branding, construction of small and medium industry business premises and factories are carried out by various agencies at central and state levels throughout the country (KKLBW, 2012). However, success will only be achieved if the SME entrepreneurs developed have an entrepreneurial oriented self-quality and mindset such as innovative, creative, proactive and dare to take business risks. According to Putih

(1985), entrepreneurs are the energy and human quality responsible for using production factors to achieve self-improvement and local economic development. The quality of an entrepreneur will determine the success of the initiatives and programs undertaken by the Government.

In addition, the Centre for Economic Growth has been established in the rural areas since the 1980s in Malaysia. The Ministry of Rural and Regional Development (KPLBW) has created a rural growth centers in several settlements (KKLBW, 2010). The rural growth center become "small town" in rural areas as a center of economic activities for the rural population. This rural growth center provides the convenience of a small post office, product collection center, a premise of commercial activities and bus station to become the center of economic activities for the rural population. The Rural Growth Centre has been further developed to the extent of opening a new township and eventually form new development areas, such as those carried out at the South East Johor Development Authority (KEJORA), South Kelantan Development Authority (KESEDAR), Central Terengganu Development Authority (KETENGAH), Kedah Regional Development Authority (KEDA) and Penang Regional Development Authority (PERDA) (KKLBW, 2011). The purpose of opening the development area is to reduce the migration of rural population to urban areas by providing economic opportunities, such as becoming entrepreneurs and traders. Various business development programs have been created and exposed to people in the development areas to reduce the problem of poverty and improve the rural population's standard of living, in line with the New Economic Policy (DEB).

The study in KEJORA is very significant because the entrepreneurs developed do not belong to families who are doing business. The KEJORA's families' original occupations are fishermen, cultivating oil palm or farmers. Through this study, an observation on the entrepreneurs' entrepreneurship quality developed through the hybrid approach, that is by changing the families' original field of employment or source of income to entrepreneurship and businesses were carried out (Truong & Hall, 2015; Sciortino, 2017). An observation on the personality and entrepreneurial nature formed among entrepreneurs of the KEJORA region was also conducted. This study also observes the environmental factors such as policies and entrepreneur development programs conducted by KEJORA in developing entrepreneurial qualities among entrepreneurs.

Government through the Rural Transformation Programmed (RTP) has targeted that by the year 2020, the rural Bumiputera entrepreneurs will be able to obtain a per capita income of USD15,000 through economic activities in the rural areas (Malaysia, 2015). The policies set is said to be paralleled to the implementation of various entrepreneur development programs undertaken by the Government to develop entrepreneurs since 1970. However, this target is quite difficult to achieve as a result of the various constraints and weaknesses facing the rural entrepreneurs such as lack of access to financial loans, lack of business skills, and lack of research and development. In addition, rural entrepreneurs will also face unstable and liberal global market conditions. This situation gives fierce competition to local SMEs that are often lagging in terms of business capital, latest technology and skilled manpower versus foreign enterprises.

All matters pertaining to the SME entrepreneur's importance to the national economy, the discrepancy of the study's findings on SME entrepreneurs by the Government, studies

conducted by local researchers that jumbled business management factors, financial management and entrepreneurial quality factors are viewed to be less realistic to the rural SME entrepreneurs. The global market liberalization challenge requires a research to be conducted on SME entrepreneurs in Malaysia (Ismail, 2018). This study was conducted in KEJORA because it is located in rural areas and they are not people who originally operate a business or inherited a family business. The change in occupation was undertaken through an effort by KEJORA through an entrepreneur development programs. The effort carried out by KEJORA has actually carried out the role of the enhancement sphere through the organizer's sub-function in the business function spherical concept (Guzman, 1994) that is, by identifying new entrepreneurs and increasing the number of existing entrepreneurs. Therefore, this study is to identify another 'Enhancement Sphere', that is the 'Sub-Function of Booster' which is also identified as an entrepreneurial quality that looks at personality (sociology), entrepreneurial orientation (psychology) and KEJORA Entrepreneurial Development Programmed (environment).

Therefore, the study entrepreneurship quality and rural entrepreneur development in KEJORA is very significant because the entrepreneurs developed do not belong to families who are doing business. The KEJORA's families' original occupations are fishermen, cultivating oil palm or farmers. Through this study, an observation on the entrepreneurs' entrepreneurship quality developed through the hybrid approach, that is by changing the families' original field of employment or source of income to entrepreneurship and businesses were carried out (Truong & Hall, 2015; Sciortino, 2017). An observation on the personality and entrepreneurial nature formed among entrepreneurs of the KEJORA region was also conducted. This study also observes the environmental factors such as policies and entrepreneur development programs conducted by KEJORA in developing entrepreneurial qualities among entrepreneurs.

## **Literature Review**

### **Rural Entrepreneurs and Economic Development Regions**

Rural entrepreneur refers to an individual who carry out entrepreneurial activities in areas other than the urban areas, namely settlement areas with small settlements of less than 10,000 populations and are characterized by agricultural and natural areas (Department of Urban and Rural Planning, 2014). Rural entrepreneurs are characterized by entrepreneurs who carry out old business techniques, have no vision of expanding their business, themselves and the local community (Shariff & Samsudin, 2008). Rural entrepreneurs are also faced with the small market and low-income problems. They need to explore the market outside of their settlements to expand their businesses. Lack of infrastructure is also seen as reducing the entrepreneurial activities (Malaysia, 2011). In addition, rural entrepreneurs are often associated with lack of capital, limited market information and less skilled in producing quality products and quantities that do not meet market demand (Ehlert & VoBemer, 2015; Heis, 2015; Ismail, 2018). Rural entrepreneurs are in need of government support and assistance to carry out entrepreneurial activities to compete with other long-running businesses such as entrepreneurship training, product marketing, construction of business premises and business financing.

Regional economic development is an area that has been gazette for a new settlement with living facilities, social amenities facilities and economic opportunities for life sustainability.

The objective of setting up regional economic development in the rural areas is to develop marginalized areas and re-distribute the income of rural people along with the progress made in urban areas (Alden et al, 1985; Mat, 2003; Bloh, 2008; Abdullah et al. 2010). The opening of the regional economic development area enhances the population's socio-economic through the settlement's facilities, schools, health clinics, basic facilities infrastructures and the provision of business opportunities. According to Guzman et al. (2001), infrastructure model in the economic environment or external factors such as those implemented in the rural regional economic development will affect the quality of entrepreneurship. The creation entrepreneurs in the regional economic development in rural areas does not depend entirely on the level of education, business experience and family support to become a successful small and medium business (SME) entrepreneurs (ibid).

The opening of regional economic development along with the development policy for rural areas has awoken an entrepreneurial culture among the population (Barquera, 1993). Programs implemented in the rural regional economic development are also able to develop its human capital (Misra & Bhoosan, 1980; Sarmila et al., 2015). Regional Economic development in rural areas should have the capability to accommodate the needs of the people and attract investors to carry out economic activities. Hence, the Government and regional economic development administrators in rural areas often undertake economic interventions in the area, such as entrepreneurial training, construction of business premises and the establishment of financial institutions. All of these efforts are aimed at attracting more foreign and local investors to develop the area.

In Malaysia, there are two types of development region, namely economic development region based on the location of a state, such as the Northern Region Economic Development Corridor (NCER), the Eastern Economic Development Corridor (ECER) and the Iskandar Development Region. The second type of regional development is at the rural level, such as the South East Johor Development Authority (KEJORA), South Kelantan Development Authority (KESEDAR), Central Terengganu Development Authority (KETENGAH), Kedah Regional Development Authority (KEDA) and Penang Regional Development Authority (PERDA). This study focuses on KEJORA's regional economic development only.

### **South East Johor Development Authority (KEJORA)**

The South East Johor Development Authority (KEJORA) was established on 1 June 1972 to develop the Southeast Johor Region. The objective of KEJORA is to reduce economic imbalances, create job opportunities and enhance economic growth in the KEJORA region. KEJORA covers 16 percent of the State of Johor area with a total area of 300,111 hectares. KEJORA is divided into two small regions, namely Central Johor (149,009 hectares) and Pengerang (151,356 hectares) located in two districts namely Kota Tinggi (75%) and Kluang (25%). KEJORA has developed a total of 500 entrepreneurs comprising of micro entrepreneurs and SMEs. There are six urban groupings that become the entrepreneurs' focus in KEJORA, namely in Bandar Mas, Bandar Penawar, Bandar Tenggara, Bandar Seri Perani, Bandar Petri Jaya and Taman Sri Lambak. The enterprises in KEJORA consist of food manufacturing, traditional medicine, contract manufacturing, retail outlets, eateries, handicrafts, automotive workshops, metal workshops and homestay operators.

KEJORA provides a conducive environment for business through business facilities such as entrepreneurial training, business financing, marketing and promotion and construction of business premises. The entrepreneurial training conducted provides prospective and existing entrepreneurs in the field of business management, entrepreneurship, manufacturing and packaging techniques and knowledge in obtaining certain certifications, such as acquiring halal certification, hygiene and food safety (HACCP) and Good Manufacturing Product (GMP) to enable the entrepreneurs to market their products to a wider market. According to Robertson et al. (2003), entrepreneurship education plays a role in enhancing the environmental awareness and the importance of entrepreneurship, attitude change and skills that will influence the quality of entrepreneurship. Hassan (2007) describes the features of effective entrepreneurship training programs as long-term, having regional involvement, periodic monitoring of entrepreneur development agencies and frequent problem-solving sessions with entrepreneurs.

### **Entrepreneurship Quality**

According to Oakland (1993), quality means a condition that meets consumers' needs. In the context of entrepreneurship, quality of entrepreneurship means the social, psychological and environmental conditions that meet the need to become successful entrepreneurs who have high initiative (Guzman et al., 2001). Entrepreneurship quality demonstrates two important elements of becoming a quality entrepreneur that is derived from personality (sociology), entrepreneurial orientation (entrepreneurial psychology) And the environment which created entrepreneurs through the entrepreneur development programs.

Entrepreneurs are said to be of good quality when they are self-employed and refused to work for or under others. They usually want to develop their own family owned business, have good academic qualifications and have previous business experience. They also have business motivations influenced by their confidence that their businesses will provide good returns or doing business to support the families (Manaf et al., 2012). Entrepreneurs with high level of education, experience in business and intrinsic motivation are often associated with a high level of entrepreneurial quality.

Psychological factors also stimulate the existence of quality entrepreneurs from the aspect of entrepreneurial orientation. They are entrepreneurs with innovative, proactive, risk-taking minds and personality and are ready to work with friends and similar business chains. All the elements that made up a quality entrepreneur come from within oneself, environment and psychology. Santos et al. (2012) describes the environmental aspects such as regional economic development as factors that influence entrepreneurship quality in developing entrepreneurs through the guidance and assistance from Government agencies.

According to Guzman (1994), there are three spherical functions which made up an entrepreneur, namely the financial sphere, management sphere and booster sphere (Figure 2). Financial sphere refers to providing capital to own a business. Management sphere refers to forming entrepreneurial attitudes to direct, manage and plan their businesses. The booster sphere refers to the actions of entrepreneurs to initiate the business that they will start to operate, move forward and grow. Booster spheres are most difficult to measure because it viewed sociological and psychological factors in the quality of an entrepreneur. While

financial sphere and management sphere are more routine in nature and common techniques for an entrepreneur who wants to pursue a business well.

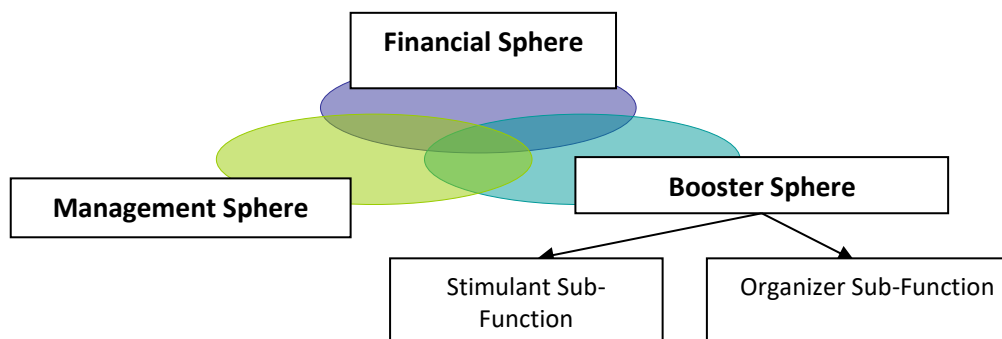


Figure 2. Entrepreneurial Function Sphere  
Source: Guzman (1994)

Based on Guzman's (1994) idea, entrepreneurial qualities can be viewed and formed into two main components, namely entrepreneurial personality and entrepreneurial orientation (Figure 3). According to Guzman (2001), external factors or environment influenced the entrepreneurs. External factors encourage entrepreneurs to work on their own and to have entrepreneurial motivation through entrepreneur development programs carried out in the regional development. External factors can enhance the quality of entrepreneurship in regional development through government institutions and policies that carry out a specific role in developing entrepreneurs in a specific settlement setting (Santos et al. 2012). In addition, the value, beliefs and entrepreneurial attitudes factors formed through entrepreneurial development programs such as entrepreneurial training and business premises construction are able to enhance the economic development of a regional development (Gibb, 1993).

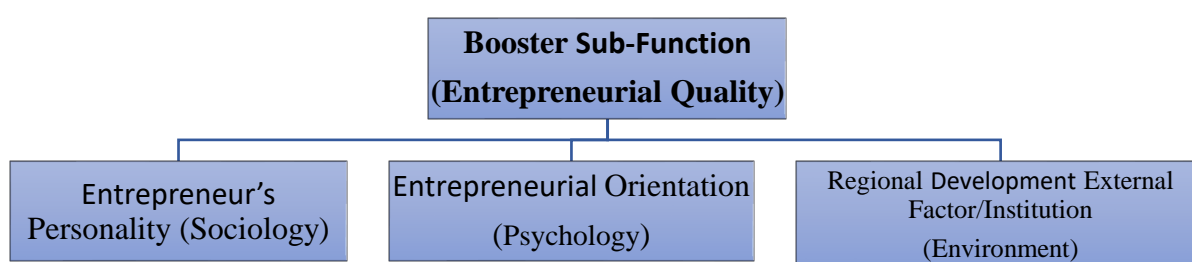


Figure 3. Entrepreneurial Quality Factor Component  
Source: Guzman et al. (2001) & Santos et al. (2012)

The measuring of entrepreneurial quality or stimulant sub-function is by looking at the 'Booster's Sub-Function' behavior (energizer behavior) of an entrepreneur in terms of business aspiration, business initiatives, collaborations and innovations viewed in terms of previous achievements and future plans. Santos et al. (2002) studies the quality of entrepreneurship in Seville, Spain. It is a region of development that is still backward. The study findings show that the entrepreneurial quality studied is still lagging based on the



measurement index which involves stimulant's characteristics such as business aspirations, innovative qualities, tendency to collaborate and having initiatives in doing business. The most determining factor of the entrepreneurship quality level in Seville is the entrepreneurs' personality such as level of education, business experience and the family's influence which was originally an entrepreneur. Environmental factors, i.e. policies and programs implemented by Government are less likely to influence the entrepreneurship quality level.

Darroch and Clover (2005) studied the success of entrepreneurs from the perspective of entrepreneurial quality in affecting the repayment of business loans. The findings show that the entrepreneurs' entrepreneurial quality level is directly proportional to the repayment of their business loans. Santos et al. (2012) was using the quality of entrepreneurship in explaining the success and growth achieved by a number of regional economic development in Spain. He uses the entrepreneurial personality factor through education level elements, business experience and intrinsic or extrinsic motivation to influence the quality of entrepreneurship. Entrepreneurial orientation factor was used in the study by taking into consideration the innovative, proactive and risk-taking elements. The findings show that the personality factor for the element of education level and intrinsic motivation and the enterprise type factor that depends on productivity affect the quality of entrepreneurship in the regional economic development in Spain.

In Malaysia, the study of entrepreneurial quality has been conducted by a few researchers. Tih and Shamsul Huda (2013) found that psychological factors which include working experience, university education, social support and mentor's role in shaping entrepreneurial quality among the students at Universiti Utara Malaysia.

### **Indicators and Determinants of Entrepreneurs' Success**

Success in business becomes the objective and motivation of every entrepreneur who ventured into it. Various indicators were used to measure the success of entrepreneurs. The commonly used indicators for assessing entrepreneurial success are annual sales or business profits calculated at the end of a financial report of a business. Lussier's model shows that an entrepreneur success indicator is the business profit gained, increase in the number of business premises and an increase in the number of employees (Lussier, 1995). Annual sales are calculated from the average increase in sales from the first year of the company's establishment to the present (Basu & Gosswami, 1999). However, some researchers find that this indicator is difficult to study as most respondents refuse to report the actual profits, feared of being detected by the Inland Revenue Board (Fadahunsi et al., 2000).

In addition, the growth of business premises and the increase of employment opportunities can be used to measure the success of entrepreneurs (Morris et al, 2006). An increase in the number of business premises also means an increase in the number of new premises or enterprises have diversified their products. The enterprises will then increase job offers for workers to operate the business premises. Morris et al. (2006) also noted that premise growth is based on an average increase in the number of premises until currently. According to Zhou (2004), an increase in employment opportunities has become the key measurement indicator of SME's success in developing countries.

Entrepreneurs should always be ready to look at the environmental conditions and constantly making new changes to their businesses that can bring good results. However, often times the attempts have been repeatedly followed by failures causing the entrepreneurial spirit to deteriorate as there are entrepreneurs who suffer from severe debt up to being bankrupt. According to Knaup (2005), an entrepreneur is usually not aware of the challenges faced and does not know how to use certain techniques in running business which will yield success. In this regard, many studies have identified the factors which influence the success of entrepreneurs covering aspects of business management techniques, business types, business skills, and internal and external environment affecting the industry.

Kirzner (1997) introduced the process of identifying entrepreneurial success known as the sensitivity to random scanning processes. This method looks at the success of entrepreneurs in terms of work processes which bring profit to the business. The work process is seen starting from the business planning, business execution, product marketing, financial management and enterprise development. Observations of success are measured based on the most critical work process in ensuring the success of a business. Fiet et al. (2002) explained the determinants of entrepreneurs' success through the economic information model in his book "The Systematic Search for Entrepreneurial Discoveries". Analysis is made based on a systematic search through economic information that looks at the capacity indicator of the reciprocal relationship between cost and interest in business investment.

For Malaysia, several studies pertaining to SME entrepreneurs' success factors have been conducted. Manaf et al. (2012) studied the critical factors which determine the success of entrepreneurs based on the level of business, that is the involvement level, the profit gained and the type of business ventured. The same technique was used by Osman (2007) when looking at the critical factors which influence the success of successful entrepreneurs who had managed to pay off their debts. The study also looked at the entrepreneurs' failure factors and the business ventured in balancing the research discussions.

Wan Hussain (2005) discusses the business ethics necessary to develop successful entrepreneurs. The study explains the form of management that must be available to create a successful enterprise. The findings conclude that business ethics exhibits some of the entrepreneurial qualities which include the personality and education factor of a person. Yaakuob (2012) discusses a successful entrepreneurial model in terms of business strategy, the advantages of raw materials resource, business experience, experience in the same field, confident and motivated.

In addition, there are studies showing that entrepreneurs' weaknesses have become a barrier for the entrepreneurs to succeed (Pihie & Habibah, 1997). The factors that become barriers are lack of capital, lack of marketing techniques, lack of entrepreneurial knowledge, lack of knowledge on technology and the latest production techniques, lack of skilled workers and the inability to secure an appropriate business premise. Muhamed et al. (1992) found that factors of entrepreneurs' failure were due to a weak management, legislation and regulations as well as personal factors. In summary, experience alone is not sufficient to improve the entrepreneurs' knowledge in managing the business effectively.



Sulaiman and Saukani (2007) used social capital and type of business in operation to look at the competitiveness improvement of SME enterprises. Social capital should be utilized as best as possible with other capitals to assist entrepreneurs in a competitive and successful venture (Lin et al., 2006; Sarmila et al., 2015). The social capital studied is personal network, partners, business entities and groups providing business assistance, such as financial institutions.

Hashim et al. (2008) elaborates the quality of entrepreneurship in the form of taxonomic readiness of an entrepreneur which is divided into two, namely the desire to become an entrepreneur and the ability to become an entrepreneur. The desire to become an entrepreneur is the internal preparation of a person before becoming an entrepreneur which include the attitude, the desire of learning and spiritual strength. Their self-internal preparation provides the entrepreneurial strength to overcome every barrier and challenges in the business world. The ability to become an entrepreneur is the preparation of entrepreneurial knowledge and skills involving entrepreneurship vocational skills, entrepreneurial thinking and entrepreneurial knowledge.

In 2010, the Rural Economic Development Programmed Impact Study was conducted by the Ministry of Rural and Regional Development (KKLWB) with Universiti Teknologi Malaysia (UTM) to see the effectiveness of entrepreneur development programs conducted among rural communities (KKLWB, 2012). The study was conducted to evaluate the impact of the Entrepreneurship Training, Marketing and Promotion Programmed, the Rural Economic Financing Scheme (SPED), the Construction of Business Premises as well as the Commercial Agriculture Programmed and Rural Tourism Programmed and its impact on entrepreneurs developed by KKLWB involving 9,000 entrepreneurs throughout the country for the 8th through the 10th Malaysia Plan (Malaysia, 2010). The findings show that all the entrepreneurs have shown significant improvement in terms of annual sales and increased employment opportunities for marketing and promotion programs, business financing (SPED) and the construction of business premises. The entrepreneurship training programmer has resulted in a number of new entrepreneurs; between 10 to 25 per cent of the participants who attended the programmer. Meanwhile, commercial farming and rural tourism programs have resulted in limited number of entrepreneurs since many of the participants are just paid employees (KEJORA, 2013; 2014; 2017). In summary, this study demonstrates the effectiveness of entrepreneurial success through entrepreneurship development programs implemented by the Government through KKLWB.

The Malaysian Government has also identified the success factors and entrepreneurial skills levels of the local entrepreneurs. In the year 2012, SME Corp. has conducted assessments and ratings to measure the capabilities of SMEs and micro entrepreneurs to become competitive entrepreneurs and expand the businesses involving entrepreneurs throughout the country. This assessment is known as Micro and SME Enterprise Competitiveness Rating for Enhancement (M&S-Core) and it aims to evaluate and monitor the capabilities and performances of SME enterprises in terms of business management, operational management, technology utilization, certification, financial and marketing capabilities. In addition, MARA and Bank Rakyat that are implementing business financing programs for SMEs have also conducted psychological assessments of entrepreneurs using psychometric test (Malaysia, 2015). The assessment was conducted to see the business psychological tendency of the entrepreneurs' who are applying for business loans. Through this assessment,

expectation of the success and development of SME business can be determined in ensuring the consistent repayment capabilities.

### **Method of Study**

The objective of the establishment of KEJORA is to reduce economic imbalances, creating employment opportunities and accelerating economic growth in the KEJORA region. The area of KEJORA region covers 16 percent of the Johor State area with a total of 300,111 hectares. It is divided into two provinces, Middle Johor and Pengerang. KEJORA has developed a total of 500 entrepreneurs as micro, small and medium entrepreneurs (SMEs). There are six urban clusters that focus on entrepreneurship in KEJORA Development Region, that is Bandar Mas, Bandar Penawar, Bandar Tenggara, Bandar Seri Perani, Bandar Petri Jaya and Taman Sri Lambak. The areas have several types of SMEs, such as food manufacturing, traditional medicine, contract companies, grocery stores, eateries, handicrafts, vehicle workshops, metal workshops and home stay entrepreneurs. This study uses a qualitative approach by collecting information through secondary data. The Areas and enterprise background information, entrepreneurial quality, personality, orientation and KEJORA development program are obtained from KEJORA documents and related past studies.

### **Finding and Discussion**

#### **Entrepreneurs Development Programmed in KEJORA**

KEJORA has started the entrepreneur development programmer in collaboration with KKLW from the year 2000. The purpose of the programmer is to increase the income and living standards of its population. This programmer is also being held to reduce the population migration to the city by providing them business opportunities to support themselves and to be independent from continuously expecting the Government's assistance (KEJORA, 2013). The programs conducted are entrepreneurial training, expo and product marketing, business financing, business premises construction and product development. Entrepreneur Development Programmed at KEJORA. Programs and activities carried out such as entrepreneurship training, expo and product marketing, product development, business premises, and business financing (SPED).

#### **Entrepreneurship Training**

Entrepreneurship training is carried out to enhance the knowledge and skills of entrepreneurs in order to develop entrepreneurs who are ever prepared with the market needs and requirements. Entrepreneurship training is one of the entrepreneurial development programs implemented in the rural Economic Development Region as in KEJORA. The course participants comprised of young entrepreneurs and existing rural entrepreneurs at KEJORA. In the year 2012, a total of 18 series of entrepreneurship courses were held around KEJORA involving 880 participants (KEJORA, 2013). Meanwhile, a total of 18 series of entrepreneurship courses were held around KEJORA involving 880 participants (KEJORA, 2017). Entrepreneurship training activities conducted are basic entrepreneurship courses, bookkeeping training for hawkers and small business entrepreneurs, entrepreneur-facilitating workshops, entrepreneurs' motivation camps and entrepreneurship study visits and surveys of Singaporean Malay entrepreneurs.

#### **Expo and Product Marketing**

Expo and product marketing programs are programs which involve entrepreneurs in the field of food manufacturing and processing. Entrepreneurs who join the programmer will be

financed to participate in the expo and carnival locally and abroad. Programmers' participants will have the opportunity to introduce their products to potential customers at strategic exhibition sites, such as the Putra World Trade Centre (PWTC) in Kuala Lumpur, the MID Valley Exhibition Centre in Kuala Lumpur and the Rural Entrepreneur Carnival organized by KKLW in Putrajaya. In 2012, 17 expositions were participated by businessmen from KEJORA involving 93 entrepreneurs (KEJORA, 2013).

### **Product Development**

Product development programmer is a joint venture programmer with the Sultan Ibrahim Polytechnic, Johor Bahru. The programs involved a variety of activities such as product and companies re-branding, upgrading of product packaging and updating of company management system. In the year 2012, 12 companies participated in the programmer (KEJORA, 2013). The 'Perfect Binding' programmer with the cooperation from SIRIM Berhad was held for entrepreneurs in food processing and manufacturing involving 13 companies to provide products to the hypermarket nationwide.

### **Business Premise**

Construction of business premises are constructions of stalls, workshops, SME factories and factories with Good Manufacturing Product (GMP) standard which were constructed at strategic locations with minimal rental rates. The entrepreneurs will be placed in the business premises built according to the suitability of the products and services produced. Entrepreneurs who are in the processing business will be placed at the SMI factories to make it easier to obtain the halal status as the SME factories building plans met the requirements of the Department of Islamic Development Malaysia (JAKIM). As of 2014, a total of 93 units of business premises were built in KEJORA (KEJORA, 2015).

### **Business Financing (SPED)**

Through the business financing programs, keen KEJORA entrepreneurs will apply for a loan from the Rural Economic Financing Scheme (SPED) organized by KKLW. The financing eligibility limit is up to RM500,000 and the loan is a non-collateral which does not require for guarantee and security from the borrower. Fields funded are services, manufacturing, rural tourism, livestock and agriculture. As of the year 2013, 15 KEJORA entrepreneurs have received SPED funding with a total loan amount of RM2.3 million (KEJORA, 2014).

In summary, all the programs described above are implemented to expose the entrepreneurs with entrepreneurial management techniques, entrepreneurial culture and latest production techniques sought by domestic and international market. According to Ehrlich et al. (2000), there is a significant positive perception relationship between entrepreneurship courses with the participants' tendency in starting a business. The knowledge and motivation gained from the course has increased the interest of entrepreneurs to grow their businesses (Cho, 1998). Additionally, there are also new elements that can be learned in entrepreneurial courses such as product marketing, new product innovation, product packaging and acquaintances to collaborate with fellow entrepreneurs during their course (Rushing, 1990). Hence, increased in knowledge among entrepreneurs through entrepreneurial courses is essential to increase the entrepreneurial confidence in expanding their business (Postigo et al., 2003). In the context of rural entrepreneurship development, entrepreneurs increase in knowledge through this course is known as entrepreneurship university (Etzkowitz et al., 2000).

Entrepreneurship education should include technical skills, financial skills, and marketing and management skills (Timmons, 1985; Hess, 1987).

### **Conclusion**

This study finds that entrepreneurs operating in rural areas were facing difficulties in obtaining the latest technologies and innovation. This is because of their distant from the research and development centers like universities and government agencies which conduct research and innovation, such as MARDI and SIRIM. The difficulties in obtaining information and services from such parties led to the low productivity of the enterprises. This is stated in the Rural Development Master Plan (PIPLB) which lists that among the issues and challenges of rural development is a low level of productivity (KKLBW, 2012).

To address this problem, it is proposed that a body acting on behalf of KEJORA be established together with the parties conducting research and development and the entrepreneurs to identify the technology and innovation requirements in producing products that are able to compete in the market. The involvement of more operators with universities and Government agencies conducting research and product development is important. This is because SME entrepreneurs in KEJORA will receive a variety of new perspectives and exposures on the field of the enterprises they are operating. In addition, KEJORA needs to collect business assistance information, such as business grants, entrepreneurial training and soft business loans.

The entrepreneurial development programs implemented have less impacted the quality level of KEJORA's entrepreneurs' entrepreneurship. This is probably due to the unsuitable entrepreneurship training conducted which is not in line with the needs of the existing entrepreneurs. A total of 880 entrepreneurs participated in KEJORA entrepreneurship training in the year 2013. However, the entrepreneurship training conducted were more focused on creating new entrepreneurs. In this regard, it is proposed that KEJORA provide more practical training that meet the real needs of the entrepreneurs, such as incubator program, partnerships with entrepreneurs, mentor-mentee and attachment program.

Through the incubator programs, KEJORA is able to provide industrial sites for entrepreneurs who operates the manufacturing business with funding to enable the incubators' participants to do business for a two-year period. Upon expiration, entrepreneurs will be assessed and if they achieve an improvement, they will be transferred to larger business premises. While entrepreneurs who failed will be excluded from the programs. Successful entrepreneurs will be given greater funding and placed with officers or researchers from identified research universities to become entrepreneurial references under the peer concept. If there are no specialists in the field, KEJORA can identify enterprises that have long been doing the same business to enable the SME entrepreneur's attachment programs to be carried out at the enterprise. SME entrepreneurs will learn and evaluate the production techniques used by large enterprises in increasing their productivity through the attachment programs.

The study found that 10 out of 500 enterprises developed by KEJORA have marketed their products to the Malaysian and international markets. This shows that much more need to be done by KEJORA to enhance the marketing aspect of SME entrepreneurs' products. KEJORA should solve the problem pertaining to product marketing to the external market, such as costly transportation resulting in the prices of goods to be less competitive. In this regard, KEJORA can set up a collection and packaging center to collect all rural products to be

marketed by wholesalers to the identified markets. The collection centers can also be part of the collection of semi-finished goods to support larger enterprisers. Such solutions are in line with the planning of the Industrial Master Plan 2.0 (2006-2020) through the concept of 'feeder industry'. In addition, the packaging process can also be done to use a brand that represents KEJORA.

For products wishing to enter the international market, entrepreneurs from KEJORA can use the facilities provided by MATRADE's worldwide trade house to obtain market information and demand from foreign countries. Ministry of Trade and Industry (MITI) also has entrepreneurs who have been trading internationally. If the KEJORA entrepreneurs are keen in marketing their products to the same places, they can use the passes and permission to market their products through MITI initiative.

The New Rural Economic Model (MBELB) is designed to propose to rural entrepreneurs in focusing on a number of potential products and has a high-demand in the market. Among the new economic activities are engagement in high-value economic activities such as cassava cultivation, seaweed, swiftlet, feedlot cattle and integrated organic fertilizers, castors, homestay and new facelifted retail outlets. Based on the projections of MBELB, this new economic activity contribution could reach RM353 billion by the year 2020.

The Retail Store Transformation Program (TUKAR) is implemented to change the image of the retail store to be more cheerful and user-friendly. Each program's participant will need to make a loan of up to RM100,000 with Bank Rakyat to beautify the shop, purchase of sales items and sales registration machines accessible to the KPDNKK to monitor sales proceeds. These programs have been expanded for automotive workshops and is being developed by many KEJORA entrepreneurs, such as Modernization of Automotive Workshop Programs (ATOM). The diversification and innovation undertaken are expected to further enhance the innovative and proactive aspects of entrepreneurs, thus enhancing the entrepreneurs' entrepreneurial quality at KEJORA.

KEJORA needs to establish a Rural Transformation Centre (RTC) in the KEJORA region to facilitate the access of business assistance information such as business registration, financing and business transaction processes. The RTC can provide a one stop center of various services that can facilitate business dealings. At present, the nearest RTC is located in Kulaijaya, which is about 60 km from Bandar Penawar. Bandar Penawar has the greatest number of entrepreneurs developed by KEJORA. In addition, there need to be a mini RTC that is close to entrepreneurs to speed up the process of retrieving information. This is important because the facilities provided can ease the burden of entrepreneurs in aspects of business matters and dealings with the Government, such as renewing the license.

The findings also found that among the reasons causing the KEJORA SMEs entrepreneurs making financial loans for doing business is because of the rigid and not customer-friendly financial assessment system. Normally, the lender bank wants to look at the financial records and reservations of each loan applicant before approving the application. In addition, borrowers are required to pledge their existing assets to the bank as a loan guarantee. For rural entrepreneurs, all the conditions imposed are burdensome. The Rural Economic Financing Scheme (SPED), which is a soft loan from the KKLW, is also seen as not facilitating

the approval of rural entrepreneur's business financing. Business and financial records are still the approval of the SPED application which has made it difficult for the loan approval process. In sort, the entrepreneurial quality level can be used in assessing business lending assessment so that it is more appealing to the SME entrepreneurs who are mostly inadequate in business and accounting records.

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