

Factor Encouraging Entrepreneurship in Mukah, Sarawak

Mohammad Fardillah Bin Wahi, Aida Nurhafidzah Binti Zahili, Rizal Bin Rejli
(Polytechnic Mukah, K.M 7.5, Jalan Oya, 96400 Mukah, Sarawak, Malaysia)

Abstract: The purpose of this research is to identify the “Factor Encouraging Entrepreneurship in Mukah, Sarawak”. In this era of globalization, technology, science, and inventions have progressed at an accelerated rate and dazzled us with the novelty and wonders of innovation which have been created that makes small businesses to bloom and increasingly submerged. The research involved 105 small scale entrepreneurs in Mukah town area. The questionnaire consists of two parts. Part A is aiming to get the demographical background of the respondents, while part B focuses on the identified factors including business location and financial management. The data was analyzed using Statistical Package for the Social Sciences SPSS 21.0 for Windows, which includes reliability test and descriptive statistic. The result obtained for the factor of business location and financial management are in medium and moderately high level. The Cronbach Alpha value of reliability for business location and financial management were 0.82 respectively, above 0.60. Majlis Daerah Dalat Mukah (MDDM) should provide the strategic location, reasonable business space and safety place. However any financial support must take action by the relevant authorities such as bankers or government agencies such as financial loan, financial record and financial courses.

Key words: entrepreneurship, small business

1. Introduction

The business sectors are expected to become more and more important in Malaysia. Entrepreneurs, from the aspects of culture of entrepreneurship training to the level of the expansion of business networking to improve performance and business development, should be followed by advisory services and guidance. It is not only a sector but more support towards the foundation and development of technology should be given to ensure the success of larger companies. Factors like financial and location are very important to ensure that the entrepreneurs can compete healthily among each other. As we know, China is the number one country that has long been involved in this industry which produce varieties of products which were marketed at many other countries internationally.

The importance of entrepreneurship growth in Malaysia is supported by the vast amount of supporting mechanisms and business policies created by the policy maker to support the industry growth. As the focus on Sarawak itself, many entrepreneurship activities seem to become more and more important in supporting the

Mohammad Fardillah Bin Wahi, Polytechnic Mukah, Sarawak; research areas/interests: entrepreneurship. E-mail: fardillahwahi@yahoo.com.sg.

Aida Nurhafidzah Binti Zahili, Polytechnic Mukah, Sarawak; research areas/interests: entrepreneurship. E-mail: aidadzahili@pmu.edu.my.

Rizal Bin Rejli, Polytechnic Mukah, Sarawak; research areas/interests: entrepreneurship. E-mail: rizal@pmu.edu.my.

people and the state economy. For instance, the Women Economic Development (WEDA) programme under the Department of Agriculture, Sarikei Division of Sarawak was established to strengthen the entrepreneurial potential of local women (Man, 2010) are among the entrepreneurship empowering tools in Sarawak. As a multicultural state, the role of the indigenous people of Sarawak is not to be forgotten in contributing to the state entrepreneurship growth even though some believed that businesses are meant for certain ethnics but not the Dayaks (due to the identification of race with economic activity). They also said that their lack of knowledge and training on entrepreneurship is one of their disadvantages as compared with other ethnics (Tateh O., Latip H. A., & Awang Marikan, 2014).

A prior study by Ibrahim, Salleh & Awang (2015) showed that the place of location is a success for the entrepreneur. This is because the location is closely related to a business. Without a strategic location, business carried could be extremely difficult. Decker, Haltiwanger, Jarmin & Miranda (2014) stated, the money that used to start or support the business is a core part. Business finance is where the money is spent, rather invested, with the object of getting the maximum return, irrespective of its effect on public welfare, and it involves an analysis of the various means of securing money for private business enterprise and the administration of this money by individuals, voluntary associations and corporation (Norman A. S., 2014).

According to Dana Griffin (1999), the finance is required to create a business, gain assets, advertise, and develop products and more. The conventional view the finances that focuses on being efficient, risk, reactive and quantitative. Therefore, financial planning is the most valuable asset for an entrepreneur to secure the future of both individual and organization. This research will help entrepreneurs to find ways to make greater efforts to promote their business. Thus, they will be more open-minded to work and develop their businesses. In addition to that, the importance of this study is to create awareness, understanding and sensitivity to the business environment for entrepreneurs in this era of globalization.

The research discovers how the entrepreneurs can compete and survive out there with the other large business industries. The main objective is to know how much the factors like location; like a quite remote place like Mukah Sarawak — and financial documents can encourage entrepreneurship, and whether the knowledge in financial management can encourage entrepreneurship in Mukah, Sarawak.

2. Literature Review

There are many studies done regarding entrepreneurship and the factor encouraging it around the globe. The knowledge regarding entrepreneurship is very crucial to ensure ones success. Government support to economic development through infrastructure development, facilitation, industrial parks, as well as the availability of infrastructure and utilities such as good roads, power, communication facilities, and lack of corruption and bureaucratic delays in obtaining such utilities encourage entrepreneurship, whereas high taxes that cut into the returns usually discourage entrepreneurs. Thus, the government plays a big role in managing and supporting entrepreneurship financially in Malaysia, and in this case, Mukah. The nature of the economy in Mukah is also a major factor that influences entrepreneurship too. Other critical factors that influence entrepreneurship include the availability of resources such as capital, human assets, raw materials, infrastructure, and utilities, considering that Mukah is a remote area unlike the growing industrial cities of Sarawak like Bintulu, Kuching, Miri and Sibiu.

As our paper analyze further on location and financial factor in contributing to entrepreneurship growth in Mukah area, we became more aware of the challenges faced by the entrepreneurs. According to Ebrashi (2013), an

entrepreneur is an individual who establishes a business and manages it to obtain profit and to become successful. This statement was also supported by the statement that business entrepreneurs are driven by the profit motive. They seek growth and profits within the business world. They are constant innovators and always are trying to capture larger market shares in the competitive marketplace. They are pioneering individualists who create one venture after another and one innovation after another (McGourty, 2009). Other than that, key encouraging factor like location where a business is conducted is important too; the location must be easy to see and to be known by others. According to Tjiptono (2004), where the place or location is a success for the entrepreneur. This is because the location is closely related to a business. Without a strategic location, business carried could be extremely difficult. The location of the business is directly linked to whether or not the business will be successful. The proper location determines whether or not the customers will frequent the business or not market, force, materials and location (Rajput A. A. & Murad A., 2008).

It also mention that among the major factors to be considered when choosing a proper location for a business like the market, labor force, transportation, site location, community interest, raw materials and many other less important factors. Not only that, Salleh F. & Ibrahim M. D. (2011) stated that the location is where the entrepreneur needed to run the business.

For the entrepreneurs themselves, the choice of strategic location is an important decision (Lamb, 2001). Miranda Steel (2009) quoted that the location as a place which is suitable for the business running. Therefore, the location is a source of success and also as a bonus of competitiveness in the future. The word "money" refers to any generally accepted as a medium of exchange for goods or means of payment generally accepted. In addition, money must have a stable value and purchasing power of fixed so as to give confidence to others. However, the term 'finance' is used by individuals, businesses and even government and so on.

Finance is an important aspect of business operation. Nasrul Hadi (2010) says, the financial planning that taking care of one's economic or financial position. The word finance also act as a money affairs or that money has to spend or give money for a business (Times-Chambers Learners' Dictionary, 1985). In addition, Scott, Wiliam R. (2005) stated that, to study finance and make a report about the business running in the end of year the business. Miranda Steel (2009) mentioned it as the money that used to start or support the business. According to Dana Griffin, Demand Media (1999), finance is required to create a business, gain assets, advertise, and develop products and more. The conventional view the finances that focuses on being efficient, risk, reactive and quantitative. Therefore, financial planning is the most valuable asset for an entrepreneur to secure the future of both individuals and organizations.

3. Methodology

This study deployed a survey method for data collection. It begins with discussing and identifying facts and problems of entrepreneurship encouraging factors like programme and support from the local government, and challenges faced by the entrepreneurs like location and financial support. Besides that, the need to determine and identify the scope and its significance is important in this study. In addition, to obtain the necessary data in this study, the collection of information was carried out. Sampling size was determined by using the table for "Determining Sample Size for Research Activities" by Krejcie and Morgan (1970), where the sample is determined at 86 from a total population of 110 registered petty traders from the data given by the Mukah District Council.

Primary data and secondary data were used in order to obtain information needed was too executed. The questionnaire instrument contained two sections. The first section focused on obtaining respondents’ demographic profiles such as age, gender, marital status, education level and races. The second section in the questionnaire focuses to identify factors includes business location and financial management in Mukah, Sarawak. These questionnaires adapted from previous research questions.

The relative importance of each construct was assessed by using a 5-point Likert Scale from one being “strongly disagree” to five being “strongly agreed” for the second part of the questionnaire. SPSS Version 21 was used for this purpose. The reliability tests on the identified variables for this study were found to be acceptable and reliable as the Cronbach’s Alpha values for all the variables are above 0.60. The following are the outcomes from the reliability tests: business location and financial management as 0.82.

The dependent and independent variable show as above mention:

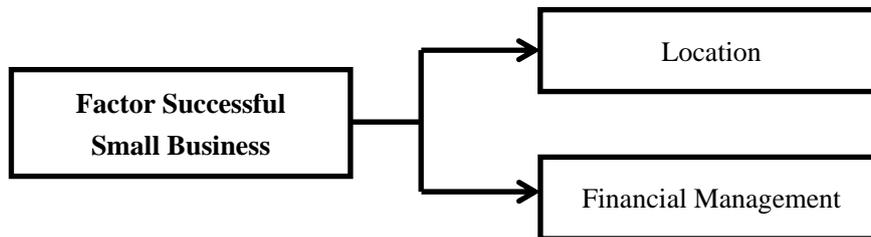


Figure 1 Dependent and Independent Variables

4. Result and Discussion

A total of (44.2%) of respondents were male and (55.8%) of respondents were female. The majority of the respondents are at age 41 years old at 58.1% and the lowest respondents are at age below 20 years old at only 3.5%. This might be due to young people have lack of interest in this field and more interested to work at factories and shop instead. As for races, the highest numbers of respondents are Melanau at 34.9% and the lowest number is Iban at 17.4% which is the same number with Malay. This might be because of the Melanau big population in Mukah compared to others. 65.1% of the respondents are married, while widows are at 12.8%. Most of the respondents have certificated in Sijil Pelajaran Malaysia (SPM); Malaysia Education Certificate — at 27.9% and only 1.2% of them have bachelor degree.

The analyses of data as shown in Table 2 were divided into two sections. In the first section regarding location, the matters correspond with all six (6) aspects related to the business location. The overall mean score is 3.93 which are moderately high. The highest means at 4.20 is “these places have become the focus of the customers”. The lowest means at 3.79 is “the business center has the safety characteristics”. The overall levels of interpretation for these six items are moderately high.

The means score for the seven items in the financial management section that is based on the data have been analyzed as shown in Table 2 as well. From the table, we can see that the means score for the financial support is 2.53. This shows that the entrepreneur was in medium to low level in the financial management, range (1.50 to 3.49). The lowest means are at only 1.74 which is very low for “cash flow have been audited” and the highest means at 3.01 is for “records are updated for daily purchase”. It shows that even though most of them were not exposed to financial record management, they are aware of their daily sales record for their own reference especially when it comes to see their profit.

Table 1 Demographic Profiles

Characteristics		N	(%)
Sex	Male	38	44.2
	Female	48	55.8
Ages	< 20 years	3	3.5
	21–30 years	20	23.3
	31–40 years	13	15.1
	> 41 years	50	58.1
Races	Malay	15	17.4
	Chinese	26	30.2
	IBAN	15	17.4
	Melanau	30	34.9
Marital	Single	19	22.1
	Married	56	65.1
	Widow	11	12.8
Education Level	Primary	16	18.6
	PMR	18	20.9
	SPM	24	27.9
	STPM	3	3.5
	Diploma	8	9.3
	Degree	1	1.2

Table 2 Means for Location and Financial Management

No.	Items	Means	Level
Location			
1.	This place have become the focus of the customer	4.20	Moderately High
2.	The space of the business very satisfied.	3.8	Moderately High
3.	The business centre has the safety characteristic.	3.79	Moderately High
4.	The place has a clean environment.	3.98	Moderately High
5.	Reasonable rate.	3.91	Moderately High
6.	Near to the sources of raw material supply.	3.89	Moderately High
Financial Management			
1.	Financial assistance is provided.	2.27	Low
2.	Have the financial statements.	2.74	Medium
3.	Business truncations have evidence of financial.	2.81	Medium
4.	Purchase of raw materials on credit.	2.43	Low
5.	Financial courses available	2.74	Medium
6.	Cash flow have been audited	1.74	Very Low

7.	Records are updated daily purchase.	3.01	Medium
----	-------------------------------------	------	--------

5. Discussion, Recommendation and Conclusion

Location is the core factor affecting the success for petty traders as their strategic location makes them to be more competitive against each other. Therefore, the objective focusing on business location achieved, but the financial factor does not give any influence on the location for petty. This was too supported by Manulang (2011), indicated that business location factors are the distance between the market and customers, the environment, labour, utilities, easy to get supplies from suppliers and so on. Without a strategic location, business carried can be extremely difficult. However, the financial management is still at low level, which for these small scale entrepreneurs, they do not really understand the importance of cash management. The money supply is enough for capital and everyday use. The government sectors, particularly the Mukah and Dalat District Council (MDDM), MARA, Mukah Agricultural and Fisheries Department, Mukah Resident Office, and Mukah District Office were recommended to intensify efforts and find the best formula to help entrepreneurs particularly Bumiputera to involved in the entrepreneurial activities. They must work hand in hand to help in terms of training assistance and guidance, motivation and capital assistance so that they are able to compete with a look beyond non-indigenous long business activities. Most important first step to be done is to help entrepreneurs to make the census number of entrepreneurs in Mukah. Lastly, entrepreneurs can be formulated in a number of the starting from the aspects of culture of entrepreneurship training to the level of the expansion of business networking to improve performance and business development. It should be followed by advisory services and guidance to entrepreneurs by all relating sectors.

References

- Kingsman B. G., Hendry L. C., Mercer A. and De Souza A. (1996). "Responding to customer enquiries in make-to-order companies: Problems and solutions", *International Journal of Production Economics*, No. 46-47, pp. 219-231.
- Shahzad K., Bashir S. and Ramay M. I. (2008). "Impact of HR practices on the perceived performance of university teachers in Pakistan", *Int. Rev. Bus. Res.*, Vol. 4, No. 2, pp. 302-315.
- Raghda El Ebrashi (2013). "Social entrepreneurship theory and sustainable social impact", *Social Responsibility Journal*, Vol. 9, No. 2, pp. 188-209.
- Decker R., Haltiwanger J., Jarmin R. and Miranda J. (2014). "The role of entrepreneurship in us job creation and economic dynamism", *Journal of Economic Perspectives*, Vol. 28, No. 3, pp. 3-24, available online at: <http://doi.org/10.1257/jep.28.3.3>.
- Ibrahim M. D., Salleh F. and Awang Z. (2015). "The effects of financial factors on takaful demand in Malaysia", *Journal of Entrepreneurship and Business*, Vol. 3, No. 1, pp. 17-29, available online at: <http://doi.org/10.17687/JEB.0301.02>.
- Man N. (2010). "Evaluation of the women economic development (WEDA) programme in developing women entrepreneurship in Sarikei, Sarawak", *Economic and Technology Management Review*, Vol. 5, pp. 57-69.
- McGourty J. (2009). "Entrepreneurship: Theory, Process, Practice", 8th edition, *Journal of Engineering Education*, Vol. 98, No. 2, pp. 205-206.
- Norman AS. (2010). "Importance of financial education in making informed decision on spending". *Journal of Economics and International Finance* Vol. 2(10), pp. 199-207.
- Rajput A. A. and Murad A. (2008) "A national survey: An examination of entrepreneurship centres in Pakistan", *International Journal of Entrepreneurship*, Vol. 12, p. 57.
- Tateh O., Latip H. A. and Awang Marikan D. A. (2014). "Entrepreneurial intentions among indigenous dayak in Sarawak, Malaysia: An assessment of personality traits and social learning", *The Macrotheme Review*, Vol. 3, No. 2, pp. 110-119.