

The Effectiveness of Entrepreneurship Extension Education among the FOA Members in Malaysia

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Abstract: The purpose of this study is to assess the state and effectiveness of informal entrepreneurship extension education among Malaysian farmers especially the members of Farmers' Organization Authority (FOA). The development of an agri-entrepreneurship, both concept and activity, has been growing in importance in Malaysia. The government of Malaysia has established few agencies within the Ministry of Agriculture and Agro-based Industry (MOA) such as FOA to provide extension on technical and motivational training to individual farmers to become agri-entrepreneurs. This is in tandem with Ministry motto of "agriculture is business". Such training it is hoped to strengthen capacity building among the farmers and to have a sustainable growth in the agribusiness sector. Despite the recognition of the importance of entrepreneurship in the knowledge economy, the effectiveness of its informal entrepreneurial extension education remains debatable. Four hundred farmers who are members of FOA were interviewed with a structured questionnaire to gather information on their social attitude towards the effectiveness of the informal entrepreneurship education on their capacity building as agri-entrepreneur. The results shows that informal entrepreneurship education is not able to provide the entrepreneurship skills acquisition as expected. The findings also indicate that the level of understanding on "what is entrepreneurship" is still low among the FOA members. In this regard, efforts should be intensified to improve informal agri-entrepreneurial courses and training, and extension on developing entrepreneurial skill among the farmers. Thus extension and training courses not only apply the modern technologies to the agriculture but also the fundamental changes in farmers' attitude towards agriculture is a business.

Key word: Agri-entrepreneurial, attitude, farmers, informal training, perception

INTRODUCTION

The development of agri-entrepreneurship has gained its importance in Malaysia. Malaysian economy has been moved from production based economy to a knowledge based economy (Institute of Strategic and International Studies, 2002). Realizing the importance placed upon entrepreneurship in the development of knowledge based as one of the new engines of growth for Malaysia's economy can be seen through the amount and variety of supporting mechanisms and policies. To ascertain the development of agricultural entrepreneurship, the government allocated RM 511.9 million in the Ninth Malaysian Plan and expected to create and develop a total of 260,928 agri-entrepreneurs. The thrust of agriculture entrepreneur development lies with training and inculcation of entrepreneurial work culture. In the Ninth Malaysian (9MP) Plan period (2006-2010), the government of Malaysia has spelled out the way forwards for the agriculture sector and to revitalized the sector as third pillar of economic growth. Under the plan the "new

agriculture" program will be undertaken, which will include greater orientation towards more modern and commercial scale production; the production of high value added primary and agro-based products, wider application of information and communication technology (ICT) as an enabler and biotechnology for wealth creation; use of better marketing approaches emphasizing products standards and farm accreditation; and the introduction of a higher level of professionalism and the participant of entrepreneurial farmers and skilled force. Farmer has to be an entrepreneur and develop entrepreneurial culture that could enhance their productivity and the agriculture sector productivity as a whole. Thus there are great challenges a head of the FOA (farmers' Organization Authority Malaysia) members not only until 2010 but beyond to realize the vision of Malaysian government to make agriculture as the engine of growth for Malaysian economy.

Along with the 9MP there is The Third National Agriculture Policy (NAP3 2000-2010) which was introduced in the Eight Malaysian Plan (8MP, 2000-

2005). The NAP3 is build upon the strengths of the product-based strategic approaches to overcome the issues and challenges that constrained the progress of the agricultural sector. The products-based approach will enable a more effective formulation of policy thrusts to meet the challenges of increasing competitiveness and enhancing profitability in agriculture. Beside NAP3 also focus on resource constraints such as land and labor as well as addressing the sustainability and conservation agenda in agricultural development. With this approaches, the NAP3 in the 9MP focus on agricultural development through the above mentioned strategic policy thrusts that will provide the enabling environment to sustain and enhance the growth of the sustainable agricultural sector to meet national needs and become globally competitive. In order to achieve the objective of making agriculture as the engine of economic growth, Malaysian government has emphasized the training need for the farmers focusing on entrepreneurship development among the farmers. The training focuses on business registration, book-keeping and ethics. Beside is the teaching on the managerial skills required to operate a small firm or in this case an agricultural farm successfully is also being stress in the training modules. The Malaysian government believes that entrepreneurs education and training will create enormous business opportunities and equip farmers with innovative enterprise skill and turning opportunities into strength in developing agriculture as business. Indeed, empirical research supports positive links between entrepreneurial activity and economic outcomes such as economic growth and innovation (Van Praag and Versloot, 2007).

LITERATURE REVIEW

Since the establishment of the entrepreneurship education in the mid-1990, there has been a tremendous growth in developing entrepreneurship throughout Malaysia (Mahmood and Cheng, 2005). It shows Malaysian government believes that increased levels of entrepreneurship can be reached through education and especially entrepreneurship education. Therefore, such education is promoted and implemented into school curricula in many universities (such as UPM, MMU and UM) and also through informal training course especially in field of agriculture. A key assumption underlying these programs is that entrepreneurship skills can be taught and are not fixed personal characteristics. Indeed, the study by Van der Sluis and Van Praag (2004) shows the effect of general education as measured in years of schooling on entrepreneur performance is positive. Besides business training is also effective for the performance of people who applied for microfinance to start their own business (Kuratko, 2005). In Malaysia Farmers' Organization Authority (FOA) members are the prime mover of food

production. Hence, agri-entrepreneurial education needs to be evaluated from the standpoint of FOA members' perspectives. Similarly, positive attitude towards enabling and supporting entrepreneurial activity make important contributions to the economic productivity and sustainable growth in agribusiness sector.

In the psychological literature on entrepreneurship, as well as in some theories by economists (Covin and Slevin, 1991), entrepreneurs are often described as individuals with certain kinds of stable and enduring characteristics or features. The emphasis is on personality traits, (Brockhaus and Horwitz, 1986; Cromi, 2000). Morris *et al.* (2001) have characterized entrepreneurship as a step-wise process which is influenced by both exogenous as well as endogenous factors, such as the existence of a business friendly environment, availability of the required factor endowments, ability to acquire desired resources, and ability to implement and manage the business concept. To a large extent, Morris's conceptual framework assumes that entrepreneurial talent is given. On the other hand, Drucker (1985) and Gorman *et al.* (1997) argue that entrepreneurship can be taught or encouraged through entrepreneurship education. Abu-Bakar *et al.* (2003) show that among success factors for Malaysian entrepreneurs in franchising dominant are related to full support and training from government, continuous communication and excellent franchise image. Abi-Sofian and Nawawi (2007) also supports that training programs to make the farmers become more creative, innovative, motivated and skillful was very important. Thus government supports in the development of entrepreneurial work culture among farmers is very important in influencing the productivities of farmers agricultural activities. Cheng *et al.* (2009) take the view that the entrepreneurship education in Malaysia is not matching students' skill expectations with skill acquisition. Their findings also indicate that the level of understanding on "what is entrepreneurship" is still low among the trainers from entrepreneurship course. In lieu of the above discussion, the objective of the study is to assess the effect of informal agri-entrepreneurial training in developing the entrepreneurship skills and the demographic factors that could enhance the success of FOA members as agri-entrepreneurs in their agricultural activities.

MATERIALS AND METHODS

Survey was conducted in December 2009 until April 2010 in order to gather information about the effectiveness of entrepreneurship extension education among the members of FOA in Peninsular Malaysia which consists of 13 states. Structured questionnaire was designed to capture farmers' perception and opinion on entrepreneurship extension education among FAO

members in order to realize government aspiration to be competitive in the world market. A likert scale of 1 to 5 (1 representing strongly disagree and 5 strongly agree) was used to measure the farmers' perception on 27 statements formulated in relation to work culture among agri-entrepreneurs. The samples of the population were farmers who registered with FOA. The list of members from different states was obtained from FOA headquarters' in Kuala Lumpur. The respondents were selected randomly from each state proportionately to the numbers of members in each state. In total 500 farmers were selected as respondents and 400 answered the questionnaires completely. The collected data was analyzed using descriptive analysis. This is to describe the basic features of the data in this study. It described the respondents' profile and their perceptions towards entrepreneurship extension education that can be inculcated among FOA agri-entrepreneurs. Subsequently chi-square analysis was carried out to uncover the relationship between selected demographic factors of the farmers and entrepreneurship extension education. These elements are crucial for the success of FOA members to become agri-entrepreneur and turn agriculture as a business.

Empirical findings:

Descriptive analysis: Table 1 shows the demographic profile of the respondents from the 13 states in Peninsular Malaysia. Based on the location, the respondents are divided into 4 groups, Northern region, 25.3% (Perlis, Kedah, P. Pinang and Perak), East coast, 30.9% (Terengganu, Kelantan and Pahang), Southern region, 23.7% (Johor, Negri Sembilan and Melaka) and central part, 21.1% (Federal Territory and Selangor). In terms of age distribution, the majority of the respondents 47.40% were between 46-60 years old, and 38.6% of them were between 31 and 45 years old, 8.30% of the respondents were more than 60 years old while another 5.8% were below than 31 years old. The age distribution indicated that there are some young individual out there that has an interest in farming and agriculture. This is good sign in enhancing the entrepreneurship work culture among the FOA members. Out of 400 respondents, 31.3% had only primary school education, while 59.5% completed Lower Certificate of Education (LCE), while Secondary Certificate of Education (SCE), Higher School Certificate (HSC), diploma holders and degree holders made up the remaining 6.2 and 3%, respectively. In terms of education in agriculture, out of 400 respondents, 66% did not have any formal training in agriculture, 22.7% respondents completed their certificate level 1 year training in agriculture. Only 11.3% received formal training in agriculture at tertiary level (i.e. at diploma and a degree level). This is what Malaysian is looking for. For such a long time agriculture has been dominated by the rural

Table 1: Demographic Profile of Respondents

Characteristics	%
State of origin	
Northern region	25.3
Southern region	23.7
Central part	21.1
East coast	30.9
Age (year)	
≤ 30	5.8
31-45	38.6
46-60	47.4
≥ 61	8.3
Education level	
SR (Primary school)	31.3
SPM/SPMV/STPM (Secondary school)	59.5
Diploma	6.2
Degree	3.0
Education in agriculture	
Non-schooling	66.0
Certificate	22.7
Diploma	1.80
Degree	0.60
Others	8.91
Years of experience in agriculture (year)	
≤ 5 years	9.3
.5 years to 10 years	49.4
10 years to 15 years	28.1
≥ 15 years	13.2
No. of participation in non formal capacity building	
≤ 1	16.0
2- 4	37.4
5-7	19.0
≥ 8	9.0

folks that do not have a formal education in agriculture or holding a higher qualification. These young and energetic individual it is hope to move agriculture sector especially food sub-sector forwards. In term of experiences in agriculture practices, the majority of the respondents had between 5 to 10 years of experience in agriculture, and they made up (49.40%) of all the respondents. About 28.10 and 13.3% had between 10 to 15 years of experience and more than 15 years of experience respectively. There were only 9.30% of the respondents who had less than 5 years of experience in agriculture. With regards to the participation in non-formal capacity buildings, the respondents who had participated between 2 to 4 times made up (37.40%), 19% of the respondents had participated 5 to 7 times while (16%) had only participated once.

The FOA members' perception towards extension entrepreneurship education: With regard to the perception towards an extension entrepreneurship education, it is apparent that the effect of extension entrepreneurship education to be more closely aligned with an entrepreneurial characteristics. The results in Table 2 show the perception of FOA members on the effectiveness of extension entrepreneurship education. As can be seen the highest mean score is 3.7 and it shows that the farmers are not well-aware of the benefits of

Table 2: FOA members perception towards extension entrepreneurship education

Statement	Percentage					Mean
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
I believe the entrepreneurship extension education will empower my abilities	3.4	10.1	27.4	37.2	21.9	3.7
I am fully aware of advantages of entrepreneurship extension education	10.9	23.5	37.5	20.0	8.1	2.9
I understand what agri- entrepreneurship is all about	16.4	24.4	32.7	17.5	9.0	2.7
I put more emphasis on what I learnt form the entrepreneurship extension education rather than my experience	27.9	49.0	9.1	7.0	6.0	1.9
I am enough capable , creative and innovative to be called as an entrepreneur	6.7	11.5	37.8	30.1	13.8	3.3

entrepreneurship extension education on their activities. The results presented in Table 2 shows that the level of understanding on “what is entrepreneurship” is still low among the FOA members (mean = 3.3). There is also lack of understanding on the benefit of informal agri-entrepreneurial courses and training, and extension on developing skills among the farmers. The results show that majority of farmers (27.9 and 49%) are influenced more by their experience rather than the knowledge and information from the informal courses. In this regard, efforts should be intensified to improve the concept of informal agri-entrepreneurial courses and training, and extension.

Chi-square analysis: The results of chi-square test of independence show that there significant relationship between selected socio-economic variables and effectiveness of informal entrepreneurship extension education. The state of origin was classified into two different categories; South and central part vs. North and East coast. Similarly, the variables education level, agricultural education, age and year of experiences are also categorized into either higher or lower education level, having agriculture education or not, younger and older generation and also with a lower or higher year of experience respectively. The region where the farmers come from might also influence their perception about the informal entrepreneurship extension education. It is assumed that those farmers from south and central part are more influenced by the new technology and modern agriculture; therefore they are more familiar with the agri-entrepreneurship concept. The results also show that the farmers from the south and central part of Malaysia are more likely to find the extension entrepreneurship education effective ($X^2= 51.575$, $p<0.05$). There is a significant difference between education level of farmers and the effectiveness of informal entrepreneurship extension education. It shows that farmers with higher education level are more influenced by informal training courses ($X^2= 13.513$, $p<0.05$). In terms of agricultural education, this study reveals that farmers with agricultural education background are more likely to favor in the

Table 3: Chi-square values and effectiveness of extension entrepreneurship education from farmers’ perspective

Demographic/ socio-economic variables	X^2
State of origin	51.575
Education level	13.513
Agricultural education	26.351
Age	39.481
Year of experience	11.728

entrepreneurship extension education ($X^2 = 26.351$, $p<0.05$). Information presented in Table 3 also shows that in general, age and experience in agriculture are important variables that can be used to explain the effectiveness of informal entrepreneurship extension education.

DISCUSSION AND CONCLUSION

The study provides an important exploratory analysis of the state of entrepreneurship extension education among the FAO farmers. The results show that although the investment in agri-entrepreneurship education can bring an important return to the farmers and society but yet farmers are not familiar with the core concept of entrepreneurship extension education. Majority of the farmers have not reached to the point that agriculture can be looked as a business and that can happen not only from by using their pervious experiences but applying new technology and knowledge also. The entrepreneurship extension education has a tremendous potential to help the FOA members to realize the vision of making agriculture as third engine of growth in Malaysia. Therefore, careful design curriculum in developing informal entrepreneurial education among FOA members should be identified and need to be carefully implemented. Innovative strategies need to be developed to encourage FOA members to attend informal educational courses. The FAO educational centers for agriculture need to provide services to make the members more aware of the benefits of these training and to address how their participation can have an impact on developing their agribusiness. Thus the important of informal training in entrepreneurship is very crucial among the FOA members especially those that do not possess formal education and experience. The training

could develop farmers with entrepreneurship skills and indirectly creating a new breed of farmers to spear the development of agriculture in the country. The identifiable factors should be included in the capacity building program for agri-entrepreneurs. In this regards, efforts should be intensified to encourage agricultural entrepreneurs with training to focus not only on modern implementation also on fundamental changes in attitude towards farming as an agribusiness.

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