

Entrepreneurship development in malaysia



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1. 0INTRODUCTION Agriculture is Business. The call is clear and strong, reflecting Malaysia's aspiration to turn agriculture into the third engine of growth and to make the country self-sufficient in food by 2010. This programme adopted by successful agropreneurs in the process of transformation from farmer to agropreneur is the creation of more added values to the products in terms of improvement in nutritional contents and taste.

The transformation process is set to modernize and create business opportunities throughout the entire value chain in agriculture and food production sector including the related supporting industries. Business activities in agriculture involve production of primary products, downstream or processed products, byproducts and waste utilization as well as activities in the supporting businesses, such as packaging, transportation, marketing, supply of inputs and machineries.

In these papers we will try to perceive the issues, challenges and prospects of Agropreneurs development when they moving away from the small, traditional, low technology, low productivity subsistence farming into larger scale, capital intensive and modern commercial operations. 2. 0ISSUES With such opportunities and the Government's strong support, the immense potential in agribusiness certainly needs a new breed of business oriented farmers or agropreneurs who will be able to carry out their farming or food production activities as a business and on a commercial basis.

Towards this end, various programmes have been implemented to develop these agropreneurs from the existing farming population as well as those

without agricultural background but having strong interest and capability.

The programmes, implemented and giving more focus on the business and

human capital development. 2. 1Purposes of developing Agropreneurs:

Socio-economic development programmes aimed at improving the economic status of the rural population involved in agriculture has been one of the main strategic thrusts since independence.

Programmes involving: 2. 1. 1Human development. 2. 1. 2Technical advisory services. 2. 1. 3Training of peoples to become Agropreneur, and. 2. 1.

4Financial aids. One of the most important mechanisms is through the

extension and technical advisory services of the Department of Agriculture

(DOA) and supported by other related agencies including Malaysian

Agricultural Research Institute (MARDI), Farmers Development Board,

Rubber Industry Smallholders Development Authority (RISDA) and Federal

Agriculture Marketing Authority (FAMA).

While in the earlier decades, the approach had been to change the

traditional farmers' attitude into adopting better farming practices and

increasing yield, it was only in the nineties that the business elements began

to be included in a more prominent manner through the project impacted

extension programmes. Downstream product processing activities had been

given greater emphasis giving rise to the development of micro-enterprises

involved in the production and marketing of traditional foods and crafts.

However, the majority of these entrepreneurs earn below RM 250, 000. 00

per year and only a handful progressed into the RM250, 000. 00 – RM 10

million category of small enterprises. The Ninth Malaysia Plan (9MP) also saw

higher allocation from the Ministry of Agriculture and Agro-based Industry for agropreneur development with more focused programmes implemented by its agencies. These include improving the knowledge of the entrepreneurs, application of technology, utilization of local raw materials, improving the supply chain management as well as packaging and labeling.

A cluster concept of development will also be implemented whereby an anchor company will act as the catalyst to create business opportunities for other entrepreneurs. This will cover every aspect of the business ranging from raw material production, processing, packaging and transportation. The company identified will provide the marketing and distribution outlets for the participating producers. In addition, these entrepreneurs also have access to various training facilities such as the Entrepreneur Training Centers, the Incubators and the Apprentice Centers of DOA.

Besides knowledge and technical knowhow, the availability and management of financial resources is another critical factor in an agribusiness. For those involved in crop cultivation for example, sufficient fund is necessary to sustain the business during the initial non-productive period as well as the overall operating cost. An entrepreneur is expected to generate his capital either from his own saving, through shareholder's contributions or loans from financial institutions. An important source of fund for the agropreneurs is Bank Pertanian Malaysia.

The bank provides various types of loans, such as the Fund for Food (3F), Food Production Credit Scheme and the Small and Medium Enterprise Scheme targeted for the downstream and product processing business. For

those involved in nonfood products, such as ornamental fish breeding, floriculture and herbal preparations, a scheme called the Non-Food Agriculture Development Scheme is available. In an effort to encourage the younger generation especially those with degrees to venture into agribusiness, the bank has established a special scheme to fund commercial agriculture projects by graduate agropreneurs.

Incentives and grants are also provided by some states to support their commercial agriculture and agropreneur development. Similar incentives are also available from the Ministry of Entrepreneur and Co-operative Development and Small and Medium Industries Development Corporation (SMIDEC). It is envisaged that with the successful implementation of the programmes under the 9MP, the Ministry of Agriculture and Agro based Industry aims to develop 10, 000 agro based enterprises by 2010. This is expected to give added value to agricultural products, create new avenues for growth and improve incomes of those involved in agriculture.