



UNIVERSITI PUTRA MALAYSIA

**MANAGING A CHANGE:
CASE HISTORY OF A BUMIPUTERA
ENTREPRENEUR**

HJ JOHARI BIN HJ JEMAIN

FPP 1998 73

**MANAGING A CHANGE :
CASE HISTORY OF A BUMIPUTERA
ENTREPRENEUR**

HJ JOHARI BIN HJ JEMAIN

**MASTER OF SCIENCE
UNIVERSITI PUTRA MALAYSIA**

1998



**MANAGING A CHANGE :
CASE HISTORY OF A BUMIPUTERA ENTREPRENEUR**

By

HJ JOHARI BIN HJ JEMAIN

**Project Submitted as Partial Fulfilment of the Requirements for
the Degree in Master of Science at the Department of Extension
Education, Faculty of Educational Studies
Universiti Putra Malaysia**

April 1998



Especially For

My beloved wife

Hjh. Rashidah bt. Hj. Yahya

whose love, support, sacrifices and 'redha'
has made the study possible

My wonderful children

Nadiah, Mohd Najib, Mohd Nasrin

May this inspire you to learn and not just to study
and be a useful member of the Muslim 'ummah'

My endearing mother

Hjh. Zabedah bt. Hj. Kasbin

who believes that learning is forever and pushes me to study
thus leaving her to live alone

To all you beautiful people

Thank you.

ACKNOWLEDGEMENTS

In the name of Allah, the most merciful
and the most benevolent

All praise to be Allah (s.w.t.) for his guidance and mercy, for with His blessings I have finally managed to complete the write-up of this research project successfully.

From the depth of my heart, I would like to express my sincere appreciation and say thank you to my supervisor, Dr. Shamsuddin bin Ahmad for his compassion and understanding, encouragement, insights, guidance and times in guiding me in this research process.

I would also like to put on record my heartfelt thanks to the following academicians ;

1. To Asso. Prof. Dr. Hajah Mazanah Muhamad, my examiner, who had painstakingly read my project and given comments for improvements,
2. To Asso. Prof. Dr. Hj. Azimi Hamzah, Dr. Raja Ahmad Tajuddin Shah, and Asso. Prof. Dr. Hj. Azahari Ismail, your guidance in the qualitative sessions had really managed to help me in this qualitative research.

3. To Asso. Prof. Dato Dr. Hj. Nasir Ismail, Asso. Prof. Dr. Abu Daud Silong, Asso. Prof. Hajah Aminah Ahmad, Asso. Prof. Dr. Hj. Saidon Teh, Asso. Prof. Dr. Hj. Salleh Hj. Hassan, Asso. Prof. Dr. Hajah Maimunah Ismail, Asso. Prof. Dr. Hj. Turiman Suandi, Dr. Bahaman Abu Samah, Dr. Ezhar Taman, , Dr. Jegak Uli, Dr. Saodah Wok, Dr. Asmah Ahmad, En. Rashid Md Ali, En. Omar Ismail and Prof. V. Anantharaman, for the knowledge that you have shared. May it stand me in good faith in my future trials and tribulations.

Recognition has to go to all my friends of this graduate studies for the knowledge shared is just part of a life experienced. For my group buddies, Nordin Muhamad, Zaniah Ahmad, Ahmad Nasir Yaakob, Latif Anwar, Ustadz Rosli Arup, Uztadz Abdullah A Rahman, Johar Bakhari, Norizan Azizan, Hj. Salim Taha, Shafei, Jamsari and Hj. Arieff - remember the wonderful moments. For Jean A. Saludaez, Phang CY and Soo Thet, thanks for the lively qualitative discussions and good luck in your research.

I am also indepted to my sponsors, the Public Services Department for facilitating my studies. To my Director-General of the Department of Agriculture, Malaysia, Dato Abd. Jamil b. Mohd Ali I would like to say thank you for the approval and support of my study.

Special recognition and mention must be made of that unique bumiputera entrepreneur who had willingly participated in this study. For reasons of anonymity and confidentiality, others will never know who you are, but your contribution has

provided me with a deeper understanding and meaning to this study. In my eyes, you have been successful and may Allah (s.w.t.) bless your endeavours.

To all the numerous others whom I have not mentioned, but have helped me in one way or another in my graduate studies, I would like to express my appreciations.

Last but not least to my beloved wife, Hjh. Rashidah Hj. Yahya whose tremendous love, support and sacrifices had given me the strength to do the graduate studies. To my wonderful children, Nadiah, Mohd Najib and Mohd Nasrin, thanks for inspiring me by just being there. To my mother, Hjh. Zabedah Kasbin and late father Hj. Jemain Hj. Yahya, I would not have gone on this journey but for the education that you have given me.

Allah bless us all. Amin.

LIST OF FIGURES

Figure		Page
1	Managing Change in Entrepreneurship : A Conceptual Framework. _____	21

TABLE OF CONTENTS

	Page
ACKNOWLEDGEMENTS	iii
LIST OF FIGURES	vi
ABSTRACT	xi
ABSTRAK	xiii
 CHAPTER	
 I INTRODUCTION	 1
Background to the problem	1
The New Economic Policy	1
The New Development Policy	2
The Bumiputera Commercial and Industrial Community	3
Statement of Problem	4
Objective of the Study	5
General Objective	5
Specific Objectives	5
Significance of the Study	6
Limitations of the Study	7
Operationalisation of Terms	8
 II LITERATURE REVIEW	 9
Introduction	9
The Entrepreneur and Entrepreneurship	9
The Concept	9
The Definition	11
Entrepreneur Development	12
Introduction	12
Process Approach to Entrepreneurship	13

Successful Entrepreneurial Profile	15
The Gap in Entrepreneurial Research	17
Summary	19
The Conceptual Framework	20
III METHODOLOGY	22
Introduction	22
Research Design	22
Site and Sample Selection	24
Research Instrumentation	26
Data Gathering	28
The Strategy	28
The Techniques	29
Data Analysis	32
Trustworthiness of Research	35
Truth Value or Internal Validity	35
Transferability or External Validity	37
Consistency or Reliability	38
Ethical Issues	38
IV FINDINGS AND DISCUSSION	40
Introduction	40
Introduction to the Entrepreneur	41
Personal Biodata of the Entrepreneur	41
Work History of the Informant	42
The Processes in the Entrepreneurial Development	43
The Opportunity	43
The Preparations Towards Entrepreneurship	44
Setting up the Venture	45
The Market Search	48
Establishing the Venture	50
Expansion and Diversification	52

Handling the Changes in the Entrepreneurial Life	57
The Sacrifications	57
The Management Practices	61
The Financial Balancing	65
The Profile of the Entrepreneur	67
Calculated Risk Taker	67
Innovative Behaviours	68
High Achievement Orientation	69
Realist	70
A Committed and Hard Worker	72
 V SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	73
Statement of Problem	73
The Objectives	74
The Methodology	75
Summary of Findings	76
Introducing the Entrepreneur	77
The Processes in the Individual's Entrepreneurial Development	77
Handling the Changes in the Entrepreneurial Life	80
The Profile of the Entrepreneur	83
Conclusion from Findings	85
Processes in Entrepreneurial Development	86
Handling the Changes in the Entrepreneurial Life	88
The Profile of the Entrepreneur	90

Recommendations	92
Implications of Study	92
Recommendations for Practice	93
Recommendations for Research	94
BIBLIOGRAPHY	95
APPENDICES	100
Appendix A	101
Appendix B	104
VITA	106

Abstract of Research Project submitted to the Department of Extension Education,
Faculty of Educational Studies, Universiti Putra Malaysia
in partial fulfilment of the requirements for the
degree of Master of Science.

MANAGING A CHANGE :
CASE HISTORY OF A BUMIPUTERA ENTREPRENEUR

by

HJ JOHARI HJ JEMAIN

APRIL 1997

Supervisor : Dr. Shamsuddin Ahmad

Faculty: Educational Studies.

This study seeks to understand what an individual did, in the entrepreneurial processes that he underwent, when he entered the world of entrepreneurship. Specifically, the objectives were 1) to identify the processes in the individual's entrepreneurship development, 2) to know how the entrepreneur handle the changes in his entrepreneurial life, and 3) to identify the profile of the entrepreneur.

The life period of the Bumiputera understudied covered the time prior to his leaving the salaried job until his business venture became profitable. A historical

case study design was utilised. Three in-depth interviews of the informant were made and a two month field observation of the informant was done. All the interviews were tape recorded and transcribed. The daily observations were recorded. The data were then inductively analysed.

From this study, it was found that the individual 1) underwent through six processes in his entrepreneurship development. These were the opportunity, the preparation towards entrepreneurship, setting up the venture, the market search, establishing the venture, and expansion and diversification. 2) Handle the changes in his entrepreneurial life through three approaches, which were the sacrifices, the management practices, and the financial balancing. 3) Had five distinguishable behaviours in his profile. These were as a calculated risk taker, innovative behaviours, high achievement orientation, realist, and a committed and hard worker.

The researcher concluded that the entrepreneur had undergone a natural evolution or metamorphosis in entrepreneurial development, and had become a rational decision maker and adopted a new culture of instant action. He had also exhibited the profile of a successful entrepreneur in becoming focused in the business interests in the early phase of venture set-up in his entrepreneurial life.

Implications from the findings were discussed in the specific and similar context of what generally an entrepreneur could do to manage change and recommendations were then made for both theory and practice.

Abstrak Projek Penyelidikan yang dikemukakan kepada
Jabatan Pendidikan Pengembangan, Fakulti Pengajian Pendidikan,
Universiti Putra Malaysia sebagai memenuhi sebahagian daripada
keperluan untuk mendapatkan Ijazah Sarjana Sains.

MENGURUS SUATU PERUBAHAN : KAJIAN KES TENTANG SEJARAH SEORANG USAHAWAN BUMIPUTERA

oleh

HJ JOHARI HJ JEMAIN

APRIL 1997

Penyelia : Dr. Shamsuddin Ahmad

Fakulti : Pengajian Pendidikan.

Kajian ini berusaha untuk menyelami apa yang dilakukan oleh seorang individu apabila dia menjejakkan kaki ke dunia keusahawanan. Objektif khususnya adalah untuk 1) mengenali proses-proses dalam pembangunan keusahawanan seseorang individu 2) mengetahui bagaimana usahawan menangani perubahan dalam kehidupan keusahawanannya dan 3) mengenali profil usahawanan ini.

Tempoh masa kajian yang ditetapkan terhadap usahawan yang dikaji merangkumi waktu sebelum meninggalkan profesion bergajinya sehinggalah perniagaannya menguntungkan. Kajian kes berasaskan sejarah digunakan sebagai rekabentuk penyelidikan. Tiga temuduga secara mendalam ke atas informan telah diadakan serta tempoh pemerhatian selama dua bulan telah juga

dilakukan. Kesemua temuduga telah dirakamkan serta ditranskripsikan. Pemerhatian telah direkodkan secara harian. Data-data telah dianalisis secara induktif.

Daripada kajian, penemuan telah menunjukkan bahawa seseorang individu (1) melalui enam process dalam pembangunan keusahawanannya. Ini adalah peluang, persediaan terhadap keusahawanan, memulakan bidangusaha, mencari pasaran, mengukuhkan bidangusaha, dan perkembangan dan kepelbagaian. (2) Menangani perubahan-perubahan dalam kehidupan keusahawanannya melalui tiga pendekatan, iaitu pengorbanan, amalan pengurusan, dan keseimbangan kewangan. (3) Mempunyai lima tingkahlaku tersendiri sebagai profilnya, iaitu mengambilkira risiko, berinovatif, darjah pencapaian yang tinggi, realistik, dan pekerja yang komited dan rajin.

Penyelidik merumuskan bahawa usahawan ini mungkin telah mengalami satu proses evolusi atau metamorfosis di dalam pembangunan keusahawanannya. Beliau telah menjadi pembuat keputusan yang rasional serta mengamalkan budaya bertindak segera sebagai budaya baru. Beliau telah juga mempamerkan profil usahawan yang berjaya serta memberi fokus kepada urusan perniagaan diperingkat awal penerokaan perniagaan ini.

Implikasi daripada penemuan ini dibincangkan di dalam konteks yang spesifik dan serupa di mana apa yang boleh dilakukan oleh seseorang usahawan dalam mengurus perubahan dan cadangan-cadangan telah dikemukakan untuk teori dan praktis.

CHAPTER I

INTRODUCTION

Background to the Problem

The New Economic Policy

The concept of the creation of the Bumiputera Commercial and Industrial Community (BCIC) was introduced in 1971 by the Government of Malaysia as a strategy in the overall context of the achievement of one of the two goals of the New Economic Policy (NEP), which is of restructuring society (Government of Malaysia, 1971). In the NEP, the goal of the government then was that within twenty years, at least thirty percent of all commercial and industrial activities in all areas and levels should have Bumiputera involvement that is meaningful and dynamic, besides being resilient, competent and competitive with the non Bumiputera in the modern sector.

Since the launch of the NEP in 1971, which influences the governmental direction in nation building covering the period of 1971 till 1990, the economy of the nation has prospered actively. This was done through monitoring its subsequent five-year socio-economic development plans. A hiccup was felt in the Malaysian economy during 1985 till 1986 when the world experiences an economic downturn. Since then, Malaysia's economic growth had been quite phenomenal resulting in the industrial sector overtaking the agricultural sector as the nation's top export earner and Gross Domestic Product contributor.

Malaysia which had been guided by the successes of the NEP in nation building (whose main thrust was on socio-economic engineering embodied in a two pronged approach of eradicating poverty irrespective of race, and restructuring society to reduce race identification with economic functions), has now moved into a new phase of nation building.

The New Development Policy

On February 28, 1991 the Government of Malaysia, to replace the NEP, which had served its tenure, launched the New Development Policy (NDP). Besides retaining the basic strategies of the NEP of eradicating poverty and restructuring society, national unity remains the basic goal of the NDP. Thus the NDP will aim at bringing about a more balanced development encompassing several critical areas. One of the new dimensions of the NDP will be to focus more on the rapid development of an active BCIC as an essential strategy to increase and render permanent a viable and resilient Bumiputera participation in the economy (Government of Malaysia, 1991). This is extremely important for the strength of the future Malaysia lies in a united society, and a united society can only be achieved when social and economic imbalances are corrected. The Bumiputera being the major ethnic group in the country, and comprising 53% of the population must be able to share in the economic wealth of the country. Therein lies the importance of the creation and permanency of the BCIC.

Dr. Mahathir Mohamed in his historic address concerning Vision 2020, entitled "Malaysia : The Way Forward" addressed the challenges facing the nation

as it strives to be a fully developed country by the year 2020. The eighth challenge in the vision is to ensure an economically just society - a society where economic activity of function is not identifiable by race. In his address, he proposed that small and medium sized industries as the future of Malaysia's industrial thrusts and the creation of a viable and robust BCIC through entrepreneurial development.

The Bumiputera Commercial And Industrial Community

The creation of a Bumiputera Commercial and Industrial Community remains a core agenda of the nation as it strives towards attaining Vision 2020. The prevailing views being discussed amongst the political and business circles now is on the creation of entrepreneurs from among the new Bumiputera middle class formed as a result of the successes of the educational strategy of the New Economic Policy.

Statistics show that of the country's wealth, only 18% are in the hands of Bumiputera at the end of the NEP period (Government of Malaysia, 1991). These wealth however does not lie just in the hands of the individual bumiputera but also in government institutions, quasi-governmental companies and government backed corporations.

Thus the creation of a wealthy individual bumiputera through entrepreneurship is deemed critical. They would then form the bulk of the rich amongst the BCIC. This will then aid in the restructuring of Malaysian society thereby achieving the overall goal of a united Malaysia.

Statement of Problem

When a man enters a new career, he has to face many challenges along the new career path. This would be especially so when he makes a career switch from being a salaried employee to becoming an entrepreneur whom is now an employer.

The question that arises is how and why does this salaried employee decide to become an entrepreneur? What were his distinguishable characteristics? What does he do to handle the changes that come along the path in entrepreneurship? What were the processes that he had to undergo in this venture set-up but more importantly what did he do?

These questions would form the basis of the study. In describing the entrepreneurial processes that an individual experiences and reacts to, is thus the managing of change in the new venture creation. This understanding of the entrepreneurial processes and actions would hopefully aid in the creation of more ventures thereby consolidating the creation of the BCIC.

Objective of the Study

General Objective

The general objective of the study is to secure an understanding of what an individual does, in the entrepreneurial processes that he undergoes when he enters the field of entrepreneurship.

Specific Objectives

The specific objectives of the study is :

- 1). to identify the processes in the individual's entrepreneurship development.
- 2). to know how the entrepreneur handle the changes in his entrepreneurial life.
- 3). to identify the profile of the entrepreneur.

Significance of the Study

Since literature has talked of the high percentages of failed entrepreneurial businesses, (Stevenson, Roberts and Timmons, 1985; Low and Macmillan, 1988: Guth, 1991 and Kuratko and Hodgets, 1995), it is hoped that the outcome of this study on successfully managing change in the processes of entrepreneurial development will contribute to the general knowledge of the theories and practices of entrepreneurial development. This could only lead to greater significance in practical applications since a better understanding of the complexities of managing the changes in the processes in entrepreneurial development is sought. The end product of this study could then be used as a guide by the new or would be entrepreneurs on the practices, the processes and the challenges in entering the world of entrepreneurship.

The greater clarity in the understanding of the rational in the actions, and of these processes that a bumiputera professional would undergo in his entrepreneurship development, could also serve as a reference to government corporations responsible for the development of new Small and Medium sized Industries (SMI) or even in developing new entrepreneurs through training by the training bodies concerned.

This would but help in making the BCIC a reality by the creation of new successful entrepreneurial ventures. The objective then in Vision 2020 of having a more equitable distribution would thus be more easily achievable, and in the long run, achieving the ultimate goal of the vision in having a united Malaysia.

Limitations of the Study

The limitations of the study are;

- 1). It focuses on an individual, a bumiputera professional engineer whose last corporate job was as the general manager of a company involved in the production of giftwares. He then left the company to own, operate and run his own manufacturing concern, in short becoming an entrepreneur. Since the purpose is to understand the entrepreneurial processes that he undergoes, and not of others, generalisability is not the aim of the study.
- 2). The time spent by the researcher on interviewing and observing the entrepreneur in his setting is only about a short period of two months.
- 3). The study will only examine at a period of life of the entrepreneur just before leaving the corporate world as a salaried employee until he has managed his entrepreneurial concern to start bringing in profits.
- 4). The personal limitation of the researcher, being a novice qualitative researcher and this is his first attempt on doing a full-scale study besides the limitation of funds.

Operationalisation of Terms

For the purpose of this study, the following terms had been operationalised to take the following meaning.

1). **Entrepreneur**

An individual who owns, organises, manages and assumes the risk of his own start-up venture company.

2). **Entrepreneurship**

The process of owning, organising, managing and assuming the risks of the business.

3). **Managing A Change**

The actions that an individual would undertake in response to a new event or activity in the change which is in becoming an entrepreneur

4). **Profile**

The characteristics or distinguishable behaviours of an individual.

5). **Processes**

A term to describe events or activities in entrepreneurship that may be continuous and sequential and is interrelated to each other..