MEDEC vs Entrepreneurs (IKS/PKS) in Malaysia

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Abstract: The writing of this article will talk about how the role of MEDEC in the development and development of IKS/PKS in Malaysia. It will reveal the detail about the role of MEDEC itself. It includes the establishment of MEDEC, the individuals behind the name MEDEC itself, the role of this institution and the progress and development of those involved in the SME/SME from the beginning until they succeed.

This article will trace MEDEC's journey in guiding the entrepreneurs involved. It does not matter in terms of guidance, motivation, capital to ensure that each entrepreneur continues to succeed in the field they are involved in. In line with the government's desire to ensure that Malaysia becomes an industrial nation that will continue to grow, the role of MEDEC is very important to realize that dream.

We will also take some articles as well as past research to look at this issue in another writing perspective. But to be sure, MEDEC plays an important role in ensuring the development of every entrepreneur under their supervision.

Keywords: Entrepreneurs in Malaysia, MEDEC, Malaysia, Politic Malaysia, Economy Malaysia

Introduction

Pusat Pembangunan Usahawan Malaysia, MEDEC or Malaysian Entrepreneurship Development Center was established at Universiti Teknologi MARA (UiTM) in 1975. It aims to produce more Bumiputera entrepreneurs in Malaysia. In particular, it was created to shape entrepreneurship plans and programs such as training, research and consulting. MEDEC was established during the rule of the Barisan Nasional party. At that time, MEDEC was renamed the Ministry of Public Corporation Coordination (KPPA) in 1974. After that it was renamed the Ministry of Public Enterprises (KPA) in 1976. After that it was given a new lease of life again with the name of the Ministry of Entrepreneur Development on 8 May 1995. It aims to give special focus and emphasis on the development of Bumiputera entrepreneurs to accelerate the achievement of the goal of creating a Bumiputera Commercial and Industrial Society (MPPB). In the end, it was renamed the Ministry of Entrepreneur Development and was given a new name, namely the Ministry of Entrepreneur Development and Cooperatives with additional responsibilities to the Cooperative Development Department, Malaysian Cooperation College and Bank Kerjasama Rakyat Berhad. However, this ministry was abolished in 2009 when the country was under the leadership of Prime Minister Mohd Najib bin Abdul Razak. In 2018, under the leadership of Prime Minister Tun Dr. Mahathir bin Mohammad, this ministry was re-established under the name of the Ministry of Entrepreneur Development. At that time, the reins of leadership at that time were under the National Alliance party. Next in January 2020, once again the rebranding was done and the ministry was renamed the Ministry of Entrepreneur & Cooperative Development (MEDEC) and it remains to this day under the leadership of prime minister Dato 'Sri Ismail Sabri bin Yaakob. The diagram below shows the history of the establishment of MEDEC in full and in detail.



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Today, MEDEC has grown into a body that has become a center for entrepreneurship training and education in Malaysia. MEDEC is also in the process of further expanding its role to shape courses and training for graduates at the master's and doctoral levels. The main philosophy of MEDEC is the belief in the ability to produce entrepreneurs through strong education and training in terms of knowledge, skills and motivation. MEDEC joins forces with other government statutory bodies such as Majlis Amanah Rakyat (MARA), SME Bank and others in an effort to provide training and guidance to entrepreneurs.

MEDEC was established with several key objectives. Among them is to educate potential entrepreneurs and make entrepreneurship through learning and training. The second objective is to produce entrepreneurs who are knowledgeable and able to compete locally as well as globally or internationally. Next, the main objective of MEDEC is to help entrepreneurs form strong businesses and companies and be able to further grow their business to the highest level.

MEDEC's mission is to create a holistic and conducive entrepreneurial ecosystem to support the country's entrepreneurship development agenda that is inclusive, sustainable and driven by knowledge and innovation. MEDEC's vision is to make Malaysia a superior entrepreneurial nation that is united, prosperous and dignified.

September 11, 2021, Tan Sri Noh bin Haji Omar was appointed Minister of Entrepreneur Development and Cooperatives. Yang Berbahagia Tan Sri Noh bin Haji Omar was stoned by Yang Berhormat Muslimin Bin Yahaya as his deputy. There are several other important individuals who co-lead MEDEC. The figure below is a list of these individuals.



There are nine agencies under MEDEC that work together to assist in the development of SME entrepreneurs in Malaysia. They are Suruhanjaya Koperasi Malaysia, Institusi Korperasi Malaysia, SME Corp Malaysia, TEKUN Nasional, Institusi Keusahawanan Negara, Bank Rakyat, SME Bank, UDA Holdings Berhad and Perbadanan Nasional Berhad. All these agencies are the core in the development of SME entrepreneurs in Malaysia.

So far, there are many definitions that refer to the meaning of SMI. A study conducted by the Georgia Institute of Technology in the United States for example found that there are approximately 55 different definitions in 75 countries around the world. If based on the report of the Ministry of International Trade and Industry (MITI), small industry means a manufacturer with a paid-up capital of not more than RM0.5 million or has full-time employees of not more than 50 people. While the medium industry means asset ownership between RM0.5 million to RM2.5 million or having employees between 50 to 199 people. With this, SMEs are defined as industries whose assets do not exceed RM2.5 million or the number of employees does not exceed 200 full-time employees. Meanwhile, the Credit Guarantee Corporation defines SMEs as an industry whose paid-up reserve capital is not less than RM0.1 million for Bumiputeras while for non-Bumiputeras it is not less than RM0.2 million.

Small and Medium Enterprises or better known as SMEs are among the most important items in the Malaysian economy. SMEs are seen to be able to give a big impact and it is even the most important item that needs to be emphasized in formulating economic development policies in various countries (Azizi & Syed Mazlan, 2011). This can be seen through the role of SMEs in helping to increase Malaysia's GDP from 28.1% in 2003 to 31.9% in 2010 and 32% in 2012 (Rosli et al., 2014). In fact, based on the presentation of the 2016 budget by the Prime Minister of Malaysia, Dato 'Seri Mohd Najib Tun Abdul Razak said that the expected contribution by SMEs to the country's GDP is 41% by 2020. In addition, the importance of SMEs can be seen based on the total percentage represented, which is 99.2 % of total businesses in Malaysia as well as providing almost 5.6% of entrepreneurial employment opportunities to bumiputera (Sharina et al., 2013). Therefore, encouragement to bumiputeras to get involved in this sector needs to be carried out. However, SME entrepreneurs initially faced difficulties in providing business capital as a result of lack of income sources or difficulty in obtaining loans from banks. succeeded with the goal of improving the living and economic standards of its people. Agencies such as the Ministry of Entrepreneur and Cooperative Development (MECD), Malaysian Standards and Research Institute (SIRIM), Malaysian Entrepreneur Development Center (MEDEC), Malaysian Agricultural Research and Development Institute (MARDI) and Small and Medium Industry Development Corporation (SMIDEC) were established, to implement various programs including training programs to increase the number of bumiputera entrepreneurs. Financial assistance is also provided to help the bumiputera entrepreneurs start a business or grow their business

The Role and Function of MEDEC and its Effectiveness on IKS/PKS Development

The role of MEDEC in entrepreneurial development is very important. MEDEC is like a school that educates entrepreneurs to run their businesses. Among the main functions and roles is to set the direction of inclusive, sustainable and competitive entrepreneurship development. Entrepreneurs need to set the direction of their business. This is to ensure that their business development continues to increase and be able to compete with other entrepreneurs. For example, entrepreneurs in the food business. Many entrepreneurs are in the food business but with the competitiveness and the right and clear direction, they are able to take their enterprise to a higher level despite the competition from the same industry. For example, a village in the Sepang district which is better known by the nickname Banghuris is a settlement where there are many SMEs run by the residents. Among the popular SMEs in Banghuris are the Chips Manufacturing Factory and the Frozen Products Factory. There are more than 10 SME entrepreneurs running this business in Banghuris. Most of their products are the same but there is a uniqueness that attracts customers and they are able to compete well. Among the IKS that run chip products in Banghuris is Jamirah Food Industries (M) Sdn Bhd (JFISB) and it is the largest producer of potato chips in Malaysia with a production of 100 tons per month, especially before the festive season. Jamirah Food Industries (M) Sdn Bhd started with a small chip business before they were assisted by MEDEC. They use more manual equipment than they use existing machines now. its production is also small compared to now. The workforce at the masaitu is also limited. Due to the encouraging response, they have started asking for help from TEKUN to equip the machine tools for the production of chips. They are also given an injection of capital funds to run their businesses larger. Nowadays, Jamirah Food Industries (M) Sdn Bhd has become famous in Malaysia due to its wide market. The success of such entrepreneurs to some extent helps boost the country's economy. It can provide added value to Malaysia's economic development.

The next role and function of MEDEC is to cultivate the Malaysian community, especially the Bumiputera, youth, women, B40. OKU and also the marginalized with entrepreneurial values and mindset. These people usually have high determination and ambition to succeed and they have products that have the potential to be marketed. Yet they don't have the right platform and way to start and grow their ambitions. MEDEC has an important role to play in ensuring that this group is not left behind in every progress in the field of entrepreneurship. Many OKU entrepreneurs who have been successfully born as a result of programs run by MEDEC. The same goes for single mothers. These groups are often marginalized because they are considered unable to compete in the entrepreneurial industry.

The function and role of MEDEC is also to strengthen the entrepreneurial ecosystem to develop competitive, viable, innovative and knowledgeable entrepreneurs. Competition is important in an industry. This is to ensure that an entrepreneur is not too comfortable being in the same notch. An entrepreneur is a person who is far-sighted, competitive and innovative to ensure that he can survive and compete with other entrepreneurs. Especially if there is a lot of competition in the same industry as the food industry or tourism. The existing advantage will be able to ensure that an entrepreneur is able to survive in the competition.

An inclusive financing and financial system are also important for an entrepreneur. MEDEC therefore has a role to play in improving access to financing and the financial system, including alternative financing. This is where the role of nine financial agencies that work together under MEDEC to help entrepreneurs under MEDEC. The agencies are Suruhanjaya Koperasi Malaysia, Institusi Korperasi Malaysia, SME Corp Malaysia, TEKUN Nasional, Institusi Keusahawanan Negara, Bank Rakyat, SME Bank, UDA Holdings Berhad and Perbadanan Nasional Berhad.

MEDEC also serves as a facilitator of promotional space and business opportunities, access in local and global markets as well as a facility in adapting technology. For new entrepreneurs, MEDEC is a mentor for them to start a business. MEDEC provides a space for entrepreneurs to promote their products for both the local and global markets.

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On 10 June 2021, MEDAC held a press conference stating that they were confident of producing more successful entrepreneurs through various entrepreneurship training and coaching programs organized by the National Entrepreneurship Institute or also known as INSKEN. This program is said to be handholding and very suitable for entrepreneurs, including those who are new to entrepreneurship. The performance of participants who participate in the INSKEN training and guidance program is constantly monitored to ensure that the entrepreneurs involved do not stray from the path or target that they have planned. As a result, entrepreneurs participating in the program have achieved a minimum sales increase of 20%. It is even more gratifying when there are entrepreneurs who have managed to record an increase in sales of more than 200% after participating in the program organized by INSKEN.

The track record of entrepreneurs who participate in this training and coaching program is monitored from time to time. The monitoring is done through an application called iPro. If any problems are detected through this application, assistance will be provided immediately so that the entrepreneur does not go astray for the sake of the outstanding achievements of the entrepreneurs involved.

Coinciding with the current issue of living a new norm due to the COVID-19 pandemic, INSKEN also aims to prepare entrepreneurs with knowledge appropriate knowledge and skills. Since last March, the agency under this MEDAC, too, has come forward in implement 2 Entrepreneur Interaction Sessions with YB Dato Sri Dr. Haji Wan Junaidi bin Tuanku Jaafar physically attended by over 100 entrepreneurs and 8 Industrial Townhall Sessions online through the Zoom and Facebook Live platforms with a total audience of 11,000 entrepreneurs. The objective of this session is to provide an opportunity for entrepreneurs to share opinions, suggestions and feedback on their business situation during the Movement Control Order (PKP). Such programs have helped many entrepreneurs both in terms of technical and motivation.

MEDEC's role in the development of entrepreneurs in turn is to lead the development of dynamic, competitive and progressive cooperatives for the prosperity and socio-economic stability of the country. MEDEC in an effort to guide and monitor entrepreneurs, especially Bumiputera entrepreneurs to compete well. Although the efforts undertaken are for excellence in gaining improvement and profit, MEDEC also never neglects about prosperity and socio-economic stability. It is highly emphasized that entrepreneurs born not only to pursue profit but also think of other related aspects.

Finally, MEDEC's role is to provide a platform for assistance support services as well as entrepreneurial capacity building. MEDEC through collaboration with several agencies under it has worked together to help money entrepreneurs under their monitoring. For example, a total of RM451.3 million in funds was channeled to entrepreneurs by TEKUN during the COVID-19 pandemic. This is to help entrepreneurs affected by the pandemic that hit the country. The Rural Entrepreneurship Strengthening Support Program is also implemented by MEDEC to help rural entrepreneurs to continue to compete with other entrepreneurs. All these efforts show the seriousness of MEDEC in ensuring that the entrepreneurs involved are always in a good situation and can achieve the desired targets.

A study conducted by a group of students from the Selangor International Islamic University College (KUIS) in 2016 has repeatedly regarding the factors that drive the business success of micro credit entrepreneurs. The objective of this study is to identify the internal factors that drive the success of micro credit entrepreneurs under the National TEKUN Foundation in the district of Sabak Bernam, Selangor. The aspects studied are family background, motivation, attitude and skills of bumiputera entrepreneurs. Among the factors obtained are background factors, motivation, attitude and skills. A total of 110 sets of questionnaires were distributed to respondents consisting of TEKUN Nasional micro credit entrepreneurs in Sabak Bernam district, Selangor. However, there are 10 questionnaires that cannot be used because the respondents are new entrepreneurs and have not been eligible to receive second and subsequent loans. The results of this study found that the factors mentioned above play an important role in the development of an entrepreneur.

These findings are in line with the results of studies conducted by several previous researchers. Syed Shah Alam, Mohd Fauzi Mohd Jani and Nor Asiah Omar (2011) stated that family support, social relationships and internal motivation have a positive and significant impact on the success of women entrepreneurs in small businesses except Information and Communication Technology (ICT) support. In addition, a study by Zuraini (2000) on the factors that influence the ability of bumiputera entrepreneurs to develop their business in Sungai Petani, Kedah found that the self-motivation of entrepreneurs to succeed affects the performance of their businesses. Mohd Hassan (2007) found in his study that entrepreneurial attitudes have influenced entrepreneurial actions and play an important role in any entrepreneurial demands made by the individual. Thus, the starting point or origin of these entrepreneurial attitudes can be traced in the value system of an entrepreneur's life. These attitudes are self-reliance, perseverance, creativity, innovation, love of challenge, dreaming and ambition, seeing and seizing opportunities, confidence in one's abilities, high morale and energy, diligence and have the power of initiative. These positive attitudes have indirectly motivated an entrepreneur to achieve success in the business he is involved in. Meanwhile, Ab. Aziz (2003) has outlined four skills that must be present to ensure the success of an entrepreneur, namely cognitive skills, interpersonal skills, conceptual skills and communication skills that transfer

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ideas to reality, able to convince others to participate in entrepreneurial activities, convince suppliers to extend credit period, convincing the customer with the product or service provided and the ability to elicit an existing interest in someone.

Individual entrepreneurs whose families are involved with the enterprise will be easier to obtain information through the sharing of experiences and better prepared in managing an enterprise. In addition, entrepreneurs who are more motivated and have a positive attitude are seen to be able to deal with the situation of the enterprise which has various challenges and challenges during the enterprise. The skills available to individual entrepreneurs also play a very important role in moving one's enterprise. Entrepreneurs who have high knowledge will be better able to last a long time and even contribute to the success of their enterprises. In this regard, several steps must be taken in helping entrepreneurs achieve success based on the factors that have been studied. The TEKUN Nasional Foundation, as the responsible party needs to improve in terms of motivational programs and workshops for entrepreneurs to further improve the quality and existing skills. Even more important, entrepreneurs must always work with TEKUN by participating in workshops held for the benefit of the entrepreneurs' own business. At the same time, entrepreneurs also need to be more positive and have a strong desire in managing an enterprise so that their enterprise can have an impact on the national economy.

As the COVID-19 pandemic is nearing an endemic era, the Malaysian government has allowed the reopening of all sectors including business. However, the difficulty experienced by most entrepreneurs today is the lack of funds to continue this post-COVID-19 business. Realizing this, MEDEC under the leadership of its minister, Tan Sri Noh Omar, aims to help a total of 192,541 entrepreneurs affected by the COVID-19 pandemic. The funds provided will be distributed on very simple terms. The minister said that MEDEC would direct all agencies under it to simplify the existing loan conditions to entrepreneurs so that they can continue and restart their businesses affected by the previous COVID-19 pandemic. This gives a breath of relief and new hope to SME entrepreneurs in Malaysia. This is also one of the roles of MEDEC in ensuring the development of SME entrepreneurs in Malaysia. Although the assistance provided is not in large amounts but it can to some extent help SME entrepreneurs to continue to survive and compete in this post-COVID-19 phase.

The Government will continue to enhance entrepreneurship development programs to cultivate the right mindset for those interested in becoming entrepreneurs, according to the 12th Malaysia Plan (12MP) document issued by the Economic Planning Unit (EPU). The implementation of outreach programs will be intensified to boost the capabilities and skills of entrepreneurs among youths, Bumiputeras and specific target groups; incubator facilities will be established in rural and underdeveloped areas to support those interested in becoming entrepreneurs as well as the development of intrapreneurship in organizations will be expanded to provide opportunities for employees to become entrepreneurs. The government will also implement support programs to increase the number of innovative entrepreneurs including youths, Bumiputeras and specific target groups in strategic and high-impact industries such as smart agriculture, halal, aerospace, biotechnology, medical devices and the digital economy. Entrepreneurs are encouraged to continue to innovate in business operations and management through the adoption of advanced and digital technologies. Meanwhile, the government will create a conducive and comprehensive entrepreneurial ecosystem to support entrepreneurship development by taking into account the diverse characteristics of entrepreneurs, cooperatives, agriculture-based associations, social enterprises and small and medium micro enterprises (SMEs).

Prior to the emergence of the COVID-19 pandemic, Entrepreneurs under the auspices of MEDEC were active in their respective businesses. However, after the COVID-19 pandemic, many entrepreneurs had to stop their operations because the government ordered all sectors to be closed to prevent the spread of the virus. They suffered severe losses especially for tourism related SMEs. They were given assistance by the government to meet their needs because they lost their livelihood due to this pandemic. But once all sectors reopened and the people were allowed to move freely with strict SOPs, the entrepreneurs involved were able to breathe a sigh of relief as their businesses returned to operation. The allocation of funds from the government under the auspices of MEDEC for existing entrepreneurs to resume operations has to some extent helped them to re-establish a foothold in their respective industries.

In conclusion, MEDEC and the agencies under it have helped and encouraged the development of SME entrepreneurs in Malaysia since time immemorial. There are some entrepreneurs who have products that have the potential to be marketed but it cannot be implemented due to capital and technology constraints. SME entrepreneurs are also mostly lacking in terms of technology and marketing models. It becomes a barrier for them to continue to compete and grow the business. Old business models such as marketing products face-to-face are no longer the main way of doing business. The advent of technology and online marketing has found a place in the hearts of customers. Therefore, entrepreneurs now need exposure to that way. MEDEC has also provided various platforms as training to entrepreneurs so that they are exposed to the latest ways of doing business. Therefore, entrepreneurs, especially SME entrepreneurs, are not left behind and are able to compete with other entrepreneurs no matter where they are. In addition, entrepreneurs also need the support of enthusiasm and motivation. Entrepreneurial motivation will fall when the product produced does not find a place in the hearts of customers. Failure to sell the product will weaken the spirit of the entrepreneur. MEDEC's role is to provide motivation for these SME entrepreneurs to continue their business. The failure may be due to many factors. Among them are competition from other entrepreneurs who also market the same product or weaknesses in terms of marketing strategy of the product itself. Proper guidance by MEDEC and constant motivation can overcome this problem. Therefore, it can be concluded that MEDEC plays an important role in the development of entrepreneurs, especially SME entrepreneurs.

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