# MANAGERIAL SKILLS AND USING HIGH TECHNOLOGY AND ITS RELATIONSHIP WITH THE SUCCESS OF THE ENTREPRENEURS IN MALAYSIA

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## ABSTRACT

*The objective of this study is to identify whether managerial skills and using high technology are an important factors in contributing the success of entrepreneurs in small medium enterprise (SME) in Selangor. The researcher obtains 120 respondents who are involved in various businesses consisting of the manufacturing and service industries in the state of Selangor, Malaysia. The questionnaire were distributed to 200 entrepreneurs but only 120 questionnaires were returned. The researcher also conducted structural interview after respondents completed answering the questionnaire. The data were analyzed using analysis of variance (ANOVA), frequencies, Pearson correlation and multiple regression. The instrument has a high reliability values. Findings indicated that the managerial skills and using high technology are the two important factors in contributing the success of entrepreneurs in small and medium sized enterprise.*

**Keywords**: Entrepreneurship, Success, Involvement, High Technology, Managerial Skills, Involvement.

## 1.0 INTRODUCTION

It is seen that the Malaysian agricultural sector has come a long way since Malaysia achieved independence 57 years ago. The major earner for the country coffer in 1950s was the agricultural sector. That has been reduced to one of the many sectors in the country economic statistics. At the beginning of the 21st century agriculture accounted for less than 1/10th of the country Gross Domestic Products and export earnings. This is because the industrial sectors such as services, electrical and electronics, and constructions have become the country engine of growth. Thus agriculture plays a role as the catalyst to industrialization in the early stage of development. As a result of this rapid industrialization during the last decade led to a decline in the agricultural sector relative contribution to national income, export earnings, employment and investments.

Malaysia moves towards becoming a highly industrialized economy, this changing in economic scenario and structure would make it necessary to evaluate the role and contribution of the agricultural sector in the economic development of the country. It is now required not only to play its role as supplier of raw materials to the manufacturing sector to support the agro-based industry, it should also be producing good returns from increasing productivity on land. In order to make agriculture relevant it should be undertaken on a more commercial basis with greater private sector participation, using modern methods of employment and introducing new technologies in the management. This will help maintain the progress of crops, fisheries and livestock production to support the income and population growths as well as changes in lifestyle resulting from urbanization have increased the demand for food, also generated changes in food habits, food purchasing as well as consumption patterns. For decades, the Malaysian fisheries sector has played significant roles in alleviating poverty and in achieving food security. The incidence of poverty among fishing households has been reduced from 73 percent in 1970 to 63 percent in 1976 and 28 percent in 1984 (Government of Malaysia 1986). The incidence of poverty in the rural areas where the households are predominantly engaged in agriculture, including fishing decreased from 14.8 percent in 1999 to 11.9 percent in 2004 (Government of Malaysia 2006). Fish is the main and considerably cheaper food for the majority of Malaysians. Households‟ consumption of fish in 1970s was estimated to be twice that of meat (Labon, 1974). The per capita of food fish in Malaysia was 40 kg in 1981 (Majuikan 1981) and has increased to 49 kg in 2000 and 53 kg in 2005 (Mohd Fariduddin, 2006). Suitable land and water bodies for the development of aquaculture industry are available. It is estimated that the contribution of aquaculture production to total national.

Table1.0 **:** Gross Domestic Product (GDP) by Sector

| Sub-Sector | 2005 | 2010 | 2020 | 2006-2010 | 2011-2020 | 2006-2020 | 2005 | 2010 | 2020 |
|---|---|---|---|---|---|---|---|---|---|
| | (RM million) | | | Annual Growth Rate (%) | | | Share of GDP (%) | | |
| Manufacturing | 82,394 | 113,717 | 187,583 | 6.7 | 5.1 | 5.6 | 31.4 | 32.4 | 28.5 |
| Services | 152,205 | 208,086 | 437,563 | 6.5 | 7.7 | 7.3 | 58.1 | 59.2 | 66.5 |
| Business and other non-Government services | 132,374 | 183,327 | 392,806 | 6.7 | 7.9 | 7.5 | 50.5 | 52.2 | 59.7 |
| Finance, insurance real estate and business | 39,568 | 55,385 | 113,866 | 7.0 | 7.5 | 7.3 | 15.1 | 15.8 | 17.3 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Wholesale and retail trade, hotels and restaurants | 38,437 | 53,456 | 113,208 | 6.8 | 7.8 | 7.5 | 14.7 | 15.2 | 17.2 |

Source: Ministry of International Trade and Industry, Economic Planning Unit and Department of Statistics (in the Third Industrial Master Plan 2006-2020

## 2.0 Literature Review

The entrepreneur is defined as being the one who creates something new, something different, the one who changes or transforms values. Economics specialists use the term entrepreneur for a meaning of enterprising person. Intelligence, energy, far-sightedness, decision-making, capability, and initiative emotional balance, intellectual flexibility, intuition, passion for working with employees, receptivity towards technical and social progress, honesty, good intentions, integrity and justice. Panda (2001) reveals that entrepreneurial characteristics are not universal. They may depend on psychology like ability to take risk, desire to be successful and leadership skills which are associated with entrepreneurial success.Technology development is important. The factors that lead to successful technology development and commercialization created interest in understanding and this has been increasing exponentially during the last decade. Seminal research done by Cooper (1979) and Madique and Zirga (1984), a large body of empirical success studies has developed that attempt to capture the critical factors that are positively correlated with successful new product innovation and commercialization. A large body of empirical technology success studies has developed over the past two decades (Balachandra & Friar, 1997; Cooper, 2001; Jones (1982) and Emory and Cooper, (1991). Astebro (2004) suggests a general consensus around the dimensions of market, technology, environment, and organizational characteristic. Research falls into three perspectives: research on factors leading to success, research on factors leading to failures and research on factors that separate success from failure (Cooper, 1979; Wong, K. P. (1997).

Peter and Jane (1999), stated that the suppliers selection strategy in terms of technology, quality, cost and delivery performance are important strategies in overcoming the upstream uncertainties, such as suppliers defaults on delivery and performance, high cost production and quality rejects. According to Kuan (2005), the management skills is the other factors that encouraging involvement community in small medium size enterprise (SME) sector in Malaysia. They have found the positive factors that have significant influences on entrepreneurial involvement in business, the factors are the improvement of management commitment, customers focus, employees involvement, training and education, reward and recognition to the workers (Rodney and Renee, 2001). The success of total quality management (TQM) will result in improvement of employees involvement, improved communication, increased productivity, improved quality and less rework, improved customer satisfaction, reduce cost of poor quality product and improved competitive advantage (Ian R.,2007).

Much of the technology used in aquaculture is relatively simple, often based on small modifications that improve the growth and survival rates of the target species, e.g. improving food, seeds, oxygen levels and protection from predators. Simple systems of small freshwater ponds, used for raising herbivorous and filter feeding fish, account for about half of global aquaculture production. The technologies in aquaculture research lead to genetic improvement of fish species and control of production, selective breeding and the production of single sex and sterile population are considered the present day high technology that benefit the farmer or the aquaculture

entrepreneurs. The black nile talapia fish which was introduced in 1950 into Malaysia, did not augur well to its color compared with red hybrid talapia which was introduced from Thailand some time in 1979 (Ang, et al, 1989).

## 3.0 Objective

The main objective of this study is:

1. To determine whether there is a relationship between management skills and the business success of entrepreneur in small medium enterprise (SME) in Selangor.

2. To determine whether there is a relationship between using high technology and the business success of entrepreneurship in small medium enterprise (SME) in Selangor.

## 4.0 Methodology

The study utilized a descriptive research design. Sample of the study comprised of 120 entrepreneurs in Kuala Selangor. Data were gathered from October until November 2012 using a set of questionnaire measuring the entrepreneurial background, business opportunities given to the entrepreneurs, management skills and how it gave an impact in the success of entrepreneurs involvement in small and medium enterprise in Selangor. This study focused on entrepreneurs who are involved in the manufacturing and services industry. The manufacturing industries consisted of retail shop, agriculture, handicraft, foods and drinks manufacture. Where else the services industry consists of tuition centre, workshop, barber shop or beauty saloon and tailor shop. Permission was obtained from the entrepreneurs before data were collected. Data collected were processed using the Statistical Packages for the Social Science (SPSS) software. The researcher used descriptive statistics, analysis of variance (ANOVA). Pearson Correlation and Multiple Regression to analyze the data.

## 5.0 Findings

### 5.1 Background of Respondents

Table 1.0 shows that 72 of the respondents (60%) are Malay, followed by 36 respondents (30%) are Indian and the rest 12 respondents (10%) are Chinese.

TABLE 1.0 Background of Respondents

| Race | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Malay | 72 | 60 | 60 |
| Indian | 36 | 30 | 90 |
| Chinese | 12 | 10 | 100 |

## 5.2 Respondents Age

Table 2.0 shows that 50 (42%) of the respondents are between 31to 40 years old, Followed by 40 respondents (33%) are between 20 to 30 years old, 15 respondents (13%) are between 41 to 50 years old, 10 respondents (8%) are between 51 to 60 years old and the rest of respondents are between 61 years old and above.

**TABLE 2.0 Respondents Age**

| Age | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| 20-30 years | 40 | 33 | 33 |
| 31-40 years | 50 | 42 | 75 |
| 41-50 years | 15 | 13 | 88 |
| 51-60 years | 10 | 8 | 96 |
| 61 years and above | 5 | 4 | 100 |
| Total | 120 | 100 | |

## 5.3 Respondents Gender

Table 3.0 shows majority of the respondents 85(70.8%) are male and 35(29.2%). The questionnaire were randomly distributed to entrepreneurs in Kuala Selangor, Selangor.

**TABLE 3.0 Respondents Gender**

| Gender | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Male | 85 | 70.8 | 70.8 |
| Female | 35 | 29.2 | 100 |
| Total | 120 | 100 | |

### 5.4 Marital Status

Table 4, shows 60 (50%) respondents are married, 45 (38%) respondents are single and 15(12%) are widower.

**TABLE 4.0 Marital Status**

| Marital Status | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Single | 45 | 38 | 38 |
| Married | 60 | 50 | 88 |
| Widow | 15 | 12 | 100 |
| Total | 120 | 100 | |

### 5.5 Level of Education

Table 5.0 shows, that the majority of the 60 respondents (50%) possessed Sijil Pelajaran Malaysia (SPM) , followed by 35 respondents (29.2%) possessed Bachelor Degree, 13 respondents (10.8%) possessed Diploma and the rest 12 respondents (10%) possessed Penilaian Menengah Rendah (PMR).

**TABLE 5.0 Level of Education**

| Level of Education | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| PMR | 12 | 10 | 10 |
| SPM | 60 | 50 | 60 |
| DIPLOMA | 13 | 10.8 | 70.8 |
| BACHELOR'S DEGREE | 35 | 29.2 | 100 |
| Total | 120 | 100 | |

### 5.6 Gender and Involvement in Selected Sectors

Table 6.0 shows 35 male and 12 female (47) respondents engaged in grocery business, 25 male and 15 female (40) respondents engaged in agriculture business, 5 male and 8 female (13) respondents engaged in handicraft business, 8 male and 2 female (10) respondents engaged in food and drink manufacturing, and lastly, 7 male and 3 female (10) engaged in service industries. Interesting to note that majority of the female respondents, 15 of them engaged in agricultural sector while majority of the male 35 of them engaged in grocery.

**TABLE 6.0 Gender and Involvement in Selected Sectors**

| Gender | Involvement in IKS | | | | | |
|---|---|---|---|---|---|---|
| | Agriculture | Grocery | Handicraft | Food and Drink Manufacturer | Services | Total |
| Male | 25 | 35 | 5 | 8 | 7 | 80 |
| Female | 15 | 12 | 8 | 2 | 3 | 40 |
| Total | 40 | 47 | 13 | 10 | 10 | 120 |

### 7.0 Management Skills and Its Relationship With Business Success

Table 7.0 shows that there is significant and strong relationship between managerial skills and business success of entrepreneurs ($r=0.797$, $p<0.05$).

**TABLE 6.0: Management Skills and Its Relationship with Business Success**

| | | Involvement in SME's | High Technology |
|---|---|---|---|
| Business Success | Pearson Correlation | 1 | .797 |
| | Sig. (2-tailed) | . | .000 |
| | N | 120 | 120 |
| Managerial Skills | Pearson Correlation | .797 | 1 |
| | Sig. (2-tailed) | .000 | . |
| | N | 120 | 120 |

* Correlation is significant at the 0.05 level (2-tailed).

**8.0 Using High Technology and Its Relationship With Business Success**

Table 8.0 shows that there is significant and strong relationship between using high technology and business success of entrepreneurs ($r=0.857$, $p<0.05$).

**TABLE 6.0: High Technology and Its Relationship with Business Success**

| | | Involvement in SME's | High Technology |
|---|---|---|---|
| Business Success | Pearson Correlation | 1 | .857 |
| | Sig. (2-tailed) | . | .000 |
| | N | 120 | 120 |
| High Technology | Pearson Correlation | .857 | 1 |
| | Sig. (2-tailed) | .000 | . |
| | N | 120 | 120 |

* Correlation is significant at the 0.05 level (2-tailed).

**8.0 Multiple Regression For Managerial Skills and Entrepreneurs Involvement in Business**

The result of multiple regression analysis indicated the value of $R^2$ shows that independent variables that is managerial skills and using high technology contributed 72% of the entrepreneurs success in business and it also showed that there is a positive significant between managerial skills and using high technology with the business success of the entrepreneurs involvement in business ($p<0.05$).

**TABLE 8.0 : Model Summary of Multiple Regression Analysis**

| R | $R^2$ | Adj $R^2$ | Std.Error of the estimate | F | Sig.F |
|---|---|---|---|---|---|
| .849 | .721 | .492 | .5260 | 74.8 | 0.000 |

a. Predictors: (Constant), high technology and managerial skills.

**Table 9 ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig |
|---|---|---|---|---|---|---|
| 1 | Regression | 4.565 | 2 | 1.216 | 4.150 | 0.00 |
| | Residual | 35.538 | 100 | .454 | | |
| | Total | 40.103 | 102 | | | |

a. Predictors: (Constant), technology and managerial skills..
b. Dependent Variable: Success factors of aquaculture entrepreneurs in micro and small enterprises .

**TABLE 10: Multiple Regression Result for Independent and Dependant Variables**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | 2.723 | 2.739 | | -994 | .027 |
| Managerial Skills | .003 | .207 | .731 | 1.147 | .034 |

| | | | | | |
|---|---|---|---|---|---|
| Technology | 0.159 | .118 | .821 | 1.380 | .002 |

a Dependent Variable: Success factors of aquaculture entrepreneurs in micro and small enterprises .

Table 10 shows the Beta values which explained the most and the least contributors for success factors of entrepreneurs in micro and small enterprises. It shows that the most contributor to the success factors of entrepreneurs is using high technology (Beta=.821), followed by managerial skills (Beta=0.731). This shows that for the entrepreneurs to success in business they should focus more on using high technology.

## 6.0 Discussion

Using high technology and gaining efficient managerial skills is strongly influence on entrepreneurs business success in small medium enterprise (SME) in Selangor. The managerial skills comprises of business management training, segregation of duties and empowerment. The business management training played an important role in order to providing knowledge and information to the entrepreneurs for the purpose of managing their business efficiently and effectively. Besides that, segregation of duties and empowerment among employees are also important for the purpose of improving the business operation process. It is very important to ensure that the production and quality of business products and services can be improved to guarantee that business can operate for long period of time. It would be more beneficial for the entrepreneurs to acquire knowledge and skill in order to get the full advantage and with better understanding of the new technology.

## 7.0 Conclusion

From the findings, we identify that there is high correlation and significant relationship between managerial skills and using high technology in relation to entrepreneurs success in business. There are many supporting scheme offered by the government agencies to the existing entrepreneurs in order to enhance the active involvement of entrepreneurs in businesses such as offering loans in purchasing high technology and giving professional advised to enhance the managerial skills of the entrepreneurs..

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