

**THE ROLE OF HIGHER EDUCATION IN ENHANCING THE  
COMPETITIVENESS OF SMEs IN ASEAN ECONOMIC COMMUNITY  
(AEC): UNIVERSITI TEKNOLOGI MARA'S EXPERIENCE.**

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**Abstract:**

This paper presents the role of Higher Education in assisting SMEs in Malaysia. The role of higher education and universities in entrepreneurship is crucial especially in helping SMEs to be more competitive and sustainable in the market place. Universities are not only to offer business solutions from researches but also provide a pool of young entrepreneurs to the nation. Through various initiatives by government and universities, SMEs can be innovative and resilient especially in global market competition.

**Introduction**

Small and medium-sized enterprises (SMEs) have a reputation as boosters of employment, economic growth and economic dynamics (Keizer et al., 2002). The role of SMEs in economic development has been a growing concern of economic researchers, policy makers and numerous international agencies for many years (Ratanapornsiri, 2003). Small Medium Enterprises (SMEs) are integral to the economic development and growth of ASEAN Member States as they largely outnumbered by large enterprises both in terms of quantity of establishments and share of the labor force they employ. SMEs account for more than 96% of all enterprises and 50% to 85% of domestic employment. The contribution of SMEs to GDP is between 30% and 53% and the contribution of SMEs to exports is between 19% and 31%. They are important in terms of income and employment generation, gender and youth empowerment through business participation, and their widespread presence in non-urban and poorer domestic regions. SMEs are the backbone of ASEAN and SME development is integral to achieve long-run and sustainable economic growth (ASEAN Economic Community, 2014). In addition, Asian governments and firms are playing an increasingly active role as promoters and new sources of innovation. Although China and India are at the forefront, South Korea, Taiwan, Singapore and Malaysia are equally well developed. Small and Medium Enterprises contributed 97.3% of total business establishment in Malaysia with more than 645,000 establishment (SME Annual Report, 2013). Despite SMEs average overall growth higher than expected at 6.3% it is much lower compared to other high-middle income countries. Based on Asia Pacific Economic Committee 2013 Report on SME contribution to GDP, Malaysian SME recorded 33% compared to Singapore at 47%, Korea 54% and Indonesia at 59% (APEC, 2013). Realizing this, the Government has launched SME Master Plan (2012-2020) to enhance SMEs productivity and competitiveness (SME Annual Report, 2013). To strengthen SMEs in Malaysia, the government has launched an initiative to tie up SMEs to universities in promoting commercialization and productivity. This collaboration between universities and SMEs is very important especially for a long term sustainable development.

### **The Role of Higher Education/ Universities**

There are many ways in which universities can help SMEs ranging from supporting entrepreneurs launching their business and developing technologies and new products and services to providing students for fixed term projects addressing business challenges such as new product introduction and international expansion. One of the key issues for SMEs' competitiveness is innovation. Innovation and commercial technology are coming from academic research outcomes (Henderson, Jaffe and Trajtenberg, 1998). Furthermore, universities have been contributing in the small entrepreneurial success (Siegel and Wessner, 2012) in providing innovation products and services. Universities have a wealth of research knowledge, talent and network connections. Indeed, universities are working closely with industries not only to tackle employability issue but also to create graduate entrepreneurs. This can be seen from lecturers' industry attachment programme and students' internships. Moreover, universities have been strongly encouraged to do research on entrepreneurship that can provide solutions and recommendation to current SMEs issues. As such it is in an enviable position to assist economic growth through entrepreneurship research, training, programs, as well as students' attachment and internship with entrepreneurs. In Malaysia, entrepreneurship education has become an important integral part of the national agenda. Every public university has set up their entrepreneurship centre. One of the KPIs of Vice-Chancellors of Universities is to ensure the success of this scheme.

### **Universiti Teknologi MARA**

Universiti Teknologi MARA (UiTM) is Malaysia's largest institution of higher learning in terms of size and student enrollment. It underwent phenomenal growth since its inception in 1956 and it is still expanding. Beside the main campus in Shah Alam, the university has expanded nationwide with 12 state campuses, 6 satellite campuses in Shah Alam, 11 state satellite campuses and 21 affiliated colleges. With this vast network and a workforce of 17,770, the university offers more than 500 academic programmes in a conducive and vibrant environment. It is also home to some 175,200 students. The teaching is fully conducted in English. As the university is committed and dedicated in its entrepreneurial drive, it has not only embedding entrepreneurship into its curriculum across faculties and syllabus but also very active in development and creation of graduate entrepreneurs as well as further educate existing entrepreneurs through its various entrepreneurial activities, courses and programmes. In 2012 and 2013, the Ministry of Education awarded UiTM the Entrepreneurial Awards for being the best Entrepreneurial University of The Year. To realize its entrepreneurial drive, Malaysian Academy of SME & Entrepreneurship Development (MASMED) was established as the university's entrepreneurial arm which is headed by Assistant Vice-Chancellor of Entrepreneurship.

### **Malaysian Academy of SME & Entrepreneurship Development (MASMED)**

Malaysian Academy of SME & Entrepreneurship Development (MASMED) was previously known as "Pusat Pembangunan Usahawan Malaysia (Malaysian Entrepreneur Development Centre - MEDEC)". MEDEC was established in 1975 to run academic programs, research activities and consultation services. The mission was to facilitate the growth of Bumiputera entrepreneurs in Malaysia. It was set up for the

purpose of planning and implementing entrepreneurship development programs such as training, education, research and consultancy. Moving forward, MASMED has set its vision to be a well-recognized Centre of Excellence (COE) in entrepreneurship education at national and international level by:

- Enriching the body of knowledge in the field of entrepreneurship and nurturing the development of quality entrepreneurs.
- Collaborating with the small and medium industry, and government agencies in promoting entrepreneurship
- Enhancing and strengthening networking strategies at national and international level.

### **MASMED's UiTM Entrepreneurial Initiatives**

MASMED of UiTM are conducting numerous entrepreneurial activities, programmes, and courses and training not only to cater for the university's students and graduates but also for SMEs owners and CEOs. Few major programmes are discussed below.

### **STEP - SECTORIAL TECHNO ENTREPRENEURSHIP PROGRAMME**

Sectorial Technopreneurship Programme (STeP) is an entrepreneurship creation program for graduate in specific courses. It emphasizes "experiential learning" approach combining input of business management skill, technical skill and enterprise attachment together with business mentoring and coaching services. To date, only four sectors have been selected which are Retails and Services, ICT, Built Environment and Tax & Auditing. The objectives of this program are to create graduate entrepreneurs from critical sector as needed by industry as well as guiding students to kick start business enterprises through training and mentoring services. This programme is conducted for 6 months.

### **GEDeP - GRADUATE ENTREPRENEURSHIP DEVELOPMENT PROGRAMME**

Graduate Entrepreneurship Development Programme – GEDeP) is targeted at fresh graduates. It is a 3-month fulltime program comprising subjects such as interactive learning, skill training, and technical training as well under business coach guidance. The objectives of the this programme are to train graduates with critical small business management input, to provide ICT skills and to develop graduate technical expertise as preparation to start a business.

### **SUS - SKIM USAHAWAN SISWAZAH (INSKEN - MITI)**

This program was introduced in 1998 under National Entrepreneurship Institute of Ministry of International Trade. This program is available to graduates below 40 years old, who are interested in starting businesses. Upon completion of this 5-day program, graduates are eligible to apply loan under Entrepreneur Graduate Fund (Tabung Usahawan Siswazah) from SME Bank.

### **SME Business Counsellor Certification Programme**

The purpose of SME Business Counsellor Training and Certification Programme is to develop a pool of expertise accessible to SMEs in this country in order to enhance the competitiveness of SMEs in local and global markets. The program is designed to

ensure that high quality business counselling services are provided by the business counsellors. It has been recognised that firms which access counselling and/or advisory services during their formative stages have higher survival and growth rates. Participants are academicians and practitioners who are passionate about SMEs development.

#### **SME@UNIVERSITY PROGRAMME (SME CORPORATION)**

The Programme is designed to help develop capable human capital that will drive diverse management innovation and creativity in developing the business acumen of new and existing entrepreneurs. This programme is based on Japan's SME University hands-on approach model for participant to learn on what it takes to become a world-class CEO. The program is a collaboration between SME Corporation Malaysia (SME Corp) and UiTM. Through this programme, CEOs of SMEs will be more competent when facing the business competition. In UiTM, CEOs are exposed to innovative and creative thinking.

#### **TUNAS MEKAR (ICU-JPM)**

This program is a special programme managed by Tunas Mekar Institute of MASMED. The qualified participants for this program will be selected through interview and will be attached to entrepreneurs for 1 year to learn about entrepreneurship. The objective of this program is to increase numbers of graduate entrepreneurs by closely working and training under established entrepreneurs.

#### **SME UNIVERSITY INTERNSHIP PROGRAMME**

This program is collaboration between MASMED and SMECorp. The objectives of this programme are to improve the performance of SMEs through innovation and technology exposure. A group of students will be attached to SME for 3 months to identify their strengths, weaknesses, opportunities and threat. At the end of this program, students will present their recommendation for SMEs improvement. This program not only helps SMEs to perform better but also give an opportunity for students to learn about entrepreneurship from entrepreneurs. Students will be assisted by Lecturer Counsellor and Business Counsellor (BC) from SMECorp.

In addition to programmes, UiTM also has set up another centre, Research Innovation Business Unit to help researchers to commercialize research products as well as provide linkages between SMEs and researchers. Malaysian Technology Development Centre (MTDC) had taken further initiatives by setting up its building within the university compound to bridge the link between UiTM and SMEs.

#### **Conclusion**

The contribution of Universities towards the development of SMEs is very important. In advanced economies, the collaboration between universities and industries particularly SMEs have long been established. For example, in University of Cambridge, CEOs or SME owners are encouraged to pursue their doctorate programme under supervision of professors in developing innovative prototypes. The opportunities to discover new knowledge and be creative and innovative have been proven as a key success factors for

business establishments. Universities are an important key to producing the next wave of entrepreneurs and business leaders (University of Lancaster, 2014). Therefore, Universities or higher education should work closely to assist SMEs which in turn will help SMEs to be more innovation and productive. This will enhance economic growth. For ASEAN Economic Community, the excellent performance of SMEs will help the region to greatly improve its economic growth. Finally, universities are the platform for students to learn and discover their entrepreneurial skills. As we in the knowledge-based economy, knowledge and innovative entrepreneurs would help SMEs to perform better.

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