

Graduate Entrepreneur Creation: Tunas Mekar Program

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Abstract: Tunas Mekar, a unique entrepreneurship program for graduates is considered as one of the most successful entrepreneur creation programs in Malaysia. This paper analyzes the approach and concept of Tunas Mekar in creating graduate entrepreneur through its tripartite involvement of educational institution, entrepreneurs and government agency. It is a descriptive analysis that evaluates the objectives, content, delivery, and benefits of the initiative. It offers the reasons of the success of the program. In addition, it adds to the debate on the importance of linking educational institutions and industry, especially the small firms, by suggesting a number of methods of collaboration which mutually benefit a number of stakeholders.

Keywords: Graduate entrepreneurship, small and medium enterprises, Tunas Mekar, UiTM, ICU-JPM

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INTRODUCTION

Entrepreneurship, in recent years, has been getting a lot of attention primarily due to its wide reaching effect on a nation's economy. Research done by Christensen et al. for example, shows that entrepreneurship has been the driving force in every nation's economic progress (2002). Entrepreneurship also plays a key role in creating innovation, diversity, generating new ideas, enhancing competitiveness, and providing employment opportunities. This is in addition to being a means for social adjustment and economic growth of industrialized and developing nations (Robson and Bennett, 2000; Gurol and Atsan, 2006) indicating that entrepreneurship is vital to a healthy economy. The drive towards entrepreneurship is attributed to a host of factors. Matlay iterates that education is seen as a way out for both developed and developing countries undergoing stagnating or declining economic activity (2001). Similarly, for economies that are in transition, their private and state owned educational institutions will incorporate entrepreneurial education as part of their curriculum (Li and Matlay, 2005). On the other hand, economies that are experiencing a growth in its graduate population will see entrepreneurship as a solution for the job market to absorb the influx of graduates (Matlay and Westhead, 2005). Due to the factors mentioned above and the realization on the importance of entrepreneurship towards the country's economy, Malaysia also has placed entrepreneurship centre stage in its development agenda. This is reflected in the number of supporting mechanism, policies and activities that is geared towards entrepreneurship creation by the government of the Malaysia (Sandhu, Sidique, & Riaz, 2011). The Tunas Mekar Program is one of the entrepreneurship programs embarked by the government of Malaysia to encourage the creation of graduate entrepreneurs. It is perhaps one of the various steps taken in reaction to an increasingly challenging employment landscape as witnessed by unemployment of 39,665 graduate in 2005 (Clarence Ngui, 2005 as cited by Sandhu et al., 2011). This paper descriptively analyzes the implementation of the Tunas Mekar initiative.

LITERATURE REVIEW

Despite being one of the most common human activities, the scholarly field of entrepreneurship is relatively young due to lack of proper theoretical development within the field. As a result, it is not uncommon to see, despite numerous studies done within the field, scholars still engage in conceptual and methodological debates (Brazeal and Herbert, 1999). For example, we can see that many scholars are still at odds what actually defines entrepreneurship (Henry, Hill, & Leitch, 2005). Schumpeter's (1939) definition of entrepreneur is markedly different from what we find in any dictionary today. The relative youngness of the field has also led to the belief that entrepreneurship, while has been actively researched, has only found a modest level of academic legitimacy (Low 2001).

When it comes to entrepreneurial training and education, we are also seeing the same incidences observed in the general study of entrepreneurship – “that entrepreneurship education also suffers from a range of conceptual and contextual problems, thus limiting the significance, applicability and generalisation value of the growing body of knowledge on this topic” (Matlay, 2006). Even on the concept of whether entrepreneurship can be taught or not there is still an ongoing debate amongst the scholar. However, majority of the scholars seem to feel that at least some parts of being an entrepreneur can be taught. Kuratko (2005) and Gib (2005) are two examples of the proponents of this idea. However, a study done on micro-entrepreneurs in Peru suggests otherwise. It found that there is little or no evidence of changes in key outcomes such as business revenue, profits or employment resulting from entrepreneur training (Karlan & Valdivia, 2010).

One study which analyzes a 26 year literature of the development of entrepreneurship training from more than 61 different journals found that the field is centered on a few thematic fields. The study indicates that generally, the entrepreneurship education domain can be considered a systemic output, where it provides the infrastructure and support for the occurrence of graduate enterprise and employment once ‘education’ is turned into ‘practice’ (Pittaway & Cope, 2007). That study also centered on the following themes:

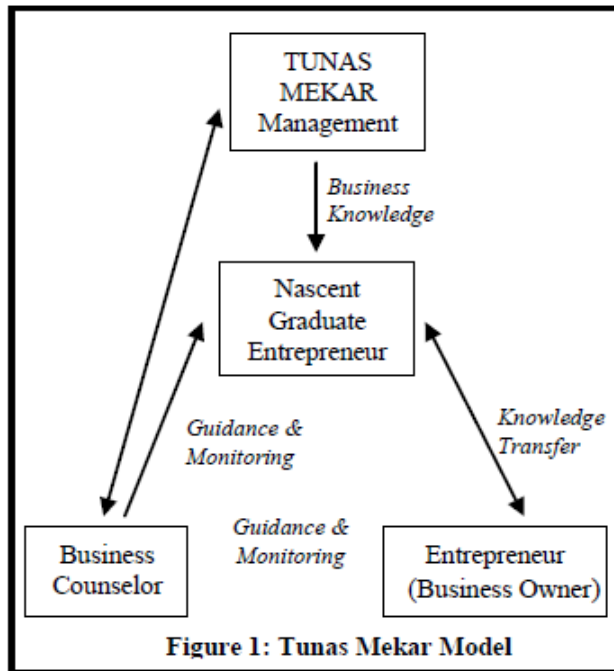
1. General policy on entrepreneurship education
2. The university enterprise context influences entrepreneurship education.
3. Other outside contextual influence on encouraging entrepreneurship.
4. Program context or inputs towards entrepreneurship education
5. Entrepreneurship activity resulting from education.

TUNAS MEKAR PROGRAM

The Tunas Mekar Project, started in 2005, is the brainchild of Malaysia's former prime minister, Tun Abdullah Ahmad Badawi. It is a unique concept involving University Teknologi MARA (UiTM) which manages the program, the graduates who aspire to be entrepreneurs, and the small and enterprises which provide entrepreneurship trainings to these graduates. Funding is provided by the Implementation and Coordination Unit of the the Prime Minister department (ICU-JPM) which provides policy direction of the program.

The program places chosen university graduates with entrepreneurial leanings at selected rural small and medium enterprises in an attachment program for the purpose of knowledge transfer. In this program, the graduate and entrepreneur gain mutual benefit where the entrepreneur would be getting feedback from the graduate with regards to his or her operations while the graduate will be taught about the entire operations of the entrepreneur's business. The impact of such engagement would be the development of new graduate entrepreneurs as well as growth of existing rural entrepreneurs through better management of their business.

In ensuring that the process of knowledge transfer between these parties goes smoothly, the Tunas Mekar Program engages business counselors who are UiTM lecturers. These counselors will periodically meet the graduates and the participating entrepreneurs for feedback to monitor the development of both parties. The relationship model of Tunas Mekar can be seen in Figure 1 below:



PROGRAM MANAGEMENT

Tunas Mekar Project is managed by the Tunas Mekar Institute under the purview of the Malaysian Academy of SME and Entrepreneur Development (MASMED) at UiTM. The institute is responsible in doing the necessary process of selecting qualified graduates to be enrolled into the program and match them to the relevant entrepreneurs. They are also responsible in training the graduates on the basics of entrepreneurship before being released for attachment. Other than that, they are also responsible in selecting and training business counsellors and monitor the progress of all parties involved in the program.

Other peripheral function of the institute includes the preparation of the necessary progress reports to relevant governing institutions such as UiTM and ICU-JPM, help graduates to network with government and private agencies and attend coordination meetings with program advisors and ICU. Tunas Mekar is advised by a panel of advisors that consist of both governmental and non-governmental entrepreneur related agencies such as SME Bank of Malaysia, Institut Keusahawanan Negara (INSKEN) and state economic planning units to aid the institute on technical matters as well as provide an avenue where either participating entrepreneurs or graduates can fast track themselves into mentoring programs organized by these agencies after their involvement in Tunas Mekar.

Funding for the entire program is provided by the Prime Minister's Department. For the period 2011-2012 alone Tunas Mekar Institute received RM7.9 million allocations.

PROGRAM OBJECTIVES

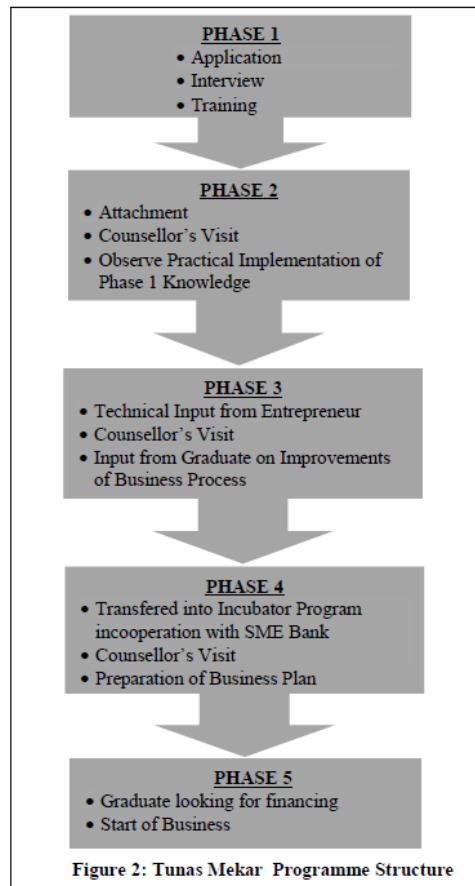
On the outset, the Tunas Mekar Project has outline three operational objectives of which the project will have its key performance indicators based on (Ariffin, 2010). They are:

- i. At least 1/3 (33%) of Tunas Mekar Graduate will actually start a business upon graduating the program.
- ii. To increase the performance of businesses involved in the program that is measured using selected key performance index such as monthly sales, profit, product quality and adherence to international management standards such as ISO 9000:2001, HACCP and GMP.
- iii. To ensure increased prosperity of Bumiputera entrepreneurs that is measured by the number of new employment created by graduates and entrepreneurs of Tunas Mekar.

QUALIFICATION

Tunas Mekar is being run nationwide and only open to Bumiputera university graduates. They must be not more than 33 years of age upon application, must have at least gone through university education to the level of Diploma and be highly motivated to becoming an entrepreneur. Applicants would have to fill in a form for shortlisting purposes before being called for interview and be offered a place in the program soon after if qualified. As for the entrepreneur involved in the program, they are selected through recommendation by Tunas Mekar advisory agencies. Generally, qualified entrepreneurs are those who are located within a rural area and have been in operation for a number of years. Former Tunas Mekar graduates are encouraged to, in turn, be attachments centres themselves after going through the program.

PROGRAM STRUCTURE



Tunas Mekar outlined 5 phases that a graduate has to go through before finishing the program (Ariffin, 2008) Phase 1 occurs as soon as a graduate enters the program. In this phase the graduate will have to enhance their entrepreneurial characteristics through training done by Tunas Mekar. The training will include an assessment of the graduate current competencies level and well theoretical inputs on entrepreneurship and business management.

In Phase 2, the graduate begins his attachment with an entrepreneur and will be exposed to the practical implementation in marketing, operations and finance within an enterprise setting. The progress in phase 2 will be monitored by a business counsellor to ensure that specific sessions must be allocated by the entrepreneur to share their practical experience in implementing the theoretical knowledge gained by the graduate.

In Phase 3, the graduate will be exposed to the technicalities of running their business of interest. For example, if the student is interested in shrimp farming, he or she will learn everything that needed to know about technical aspects of shrimp farming from the entrepreneur that they are attached to.

For Phase 4, the graduate will begin to prepare their business plans based on the knowledge transferred through the program. They will also be enrolled into an incubator program organized SME Corp of which they will be guided on how to further refine their business plan before going into phase 5.

Once the incubation program is done they will enter phase 5 where they will begin looking for avenues to finance their project.

The entire program lasts for a minimum of 6 months and maximum of 1 year. Throughout their involvement with the program, they will be closely monitored by business counsellors. Normally, each business counsellor will be in charge of only one graduate to ensure proper focus is given to the graduate.

During the attachment, graduates are to also think about ways and means to help the entrepreneurs improve their processes. They are expected to perform as in-house consultants on top of being an understudy at the entrepreneur's business. This two-role concept is what makes the Tunas Mekar program unique as it allows all those involved to mutually benefit each other presence.

ACHIEVEMENTS

Tunas Mekar is a graduates training program specifically focusing on giving entrepreneurship training and creating as many as possible numbers of bumiputera graduates entrepreneurs among Malaysian universities students. This program has entered its fourth series in 2012. The first series in 2005 -2007 were participated by 198 participants and successfully produced 110 graduates entrepreneurs, a success rate of 55.56% whereby state of Penang had achieved the highest rate of creation graduate entrepreneurs at 94.12 percent.

Tunas Mekar : Year 2005 - 2007				
No.	State	No. of Participants	No. of Graduate Entrepreneurs	% of Graduate Entrepreneur
1	Kedah	26	12	46.15%
2	Penang	17	16	94.12%
3	Melaka	40	29	72.50%
4	Johor	13	8	61.54%
5	Pahang	24	16	66.67%
6	Kelantan	34	11	32.35%
7	Terengganu	21	9	42.86%
8	FELDA	23	9	39.13%
TOTAL		198	110	55.56%

Table 1: Tunas Mekar – 1st Series

In 2008, Tunas Mekar launched its second series with a bigger scale whereby 487 participants participated in 14 states in Malaysia compared to the early series in which only 7 states and 1 government agency involved. This time it was opened-up not only to former Universiti Teknologi MARA graduates but extended to other Bumiputera graduates of public and private institutions of higher learnings. About 54.62 percent of the graduates became entrepreneurs at the end of that series.

The findings from the impact studies of the project confirmed the viability of the project. Hence, the government extended it into the third series in 2011. The program model remains intact with the involvement of three parties i.e. (1) graduates who have been selected through interview session, (2) entrepreneurs where graduates attached to the business to gain practical experience as exposure, (3) business counsellors (appointed UiTM lecturers) who continuously guided mentored participants throughout program.

The chosen participants will choose the interested business areas to venture into with approval of Tunas Mekar State Coordinators where they will get practical business exposure with entrepreneurs (for a minimum of 6 months and maximum of 1 year). The roles of business counsellors are in assisting participants with sufficient knowledge and required information to ensure they are capable to start their own enterprise.

Tunas Mekar : Year 2008 - 2010				
No.	State	No. of Participants	No. of Graduate Entrepreneurs	% of Graduate Entrepreneur
1	Perlis	26	8	30.77%
2	Kedah	24	22	91.67%
3	Penang	60	15	25.00%
4	Perak	24	11	45.83%
5	Selangor	79	63	79.75%
6	WP KL	45	24	53.33%
7	Neg. Sembilan	28	9	32.14%
8	Melaka	53	29	54.72%
9	Johor	18	7	38.89%
10	Pahang	32	32	100%
11	Kelantan	45	23	51.11%
12	Terengganu	33	19	57.58%
13	Sabah	11	2	18.18%
14	Sarawak	9	2	22.22%
TOTAL		487	266	54.62%

Table 2: Tunas Mekar – 2nd Series

In the third series of Tunas Mekar in 2011, former participants from the earlier program are playing the role of established entrepreneurs, giving training to the newcomers. It is an effective model where knowledge and experience are now transferred to the new one. For the third series, numbers of participants are smaller due to limitation imposed by ICU-JPM whereby only 239 participants were allowed to participate coming from 10 states in Malaysia with a creation of 167 graduate entrepreneurs. However, the preliminary conversion rate shows that for WP K.Lumpur only, they had achieved the highest percentage of creation graduate entrepreneurs at 94.74 percent who at the end venture into their own business. All 10 states had achieved the target of creation at 50% and above except for Pahang and Sarawak.

Tunas Mekar : Year 2011 - 2012				
	State	No. of Participants	Graduate Entrepreneurs	% of Graduate Entrepreneur
1	Perlis	17	11	64.71%
2	Kedah	25	20	80.00%
3	Penang	21	14	66.67%
4	Selangor	37	28	75.68%
5	WP K.Lumpur	38	36	94.74%
6	Melaka	16	14	87.50%
7	Pahang	19	3	15.79%
8	Kelantan	30	17	56.67%
9	Terengganu	24	20	83.33%
10	Sarawak	12	4	33.33%
TOTAL		239	167	69.87%

Table 3: Tunas Mekar – 3rd Series

Since the inception of Tunas Mekar in 2005 which comprised of three series, the conversion rates from students to entrepreneur from 1st Series to 2nd Series has been going on downward trend but only at 0.94 percent. However the trend goes up from 2nd Series to 3rd Series which is from 54.62 percent to 69.87 percent (an increase of 15.25 percent).

Series	Year	No. of States Involved/ Agency	No. of Participants	Graduate Entrepreneurs	% of Graduate Entrepreneur
1	2005-2007	8	198	110	55.56%
2	2008-2010	14	487	266	54.62%
3	2011-2012	10	239	167	69.87%
TOTAL		32	924	543	58.77%

Table 4: Tunas Mekar – 1st Series to 3rd Series

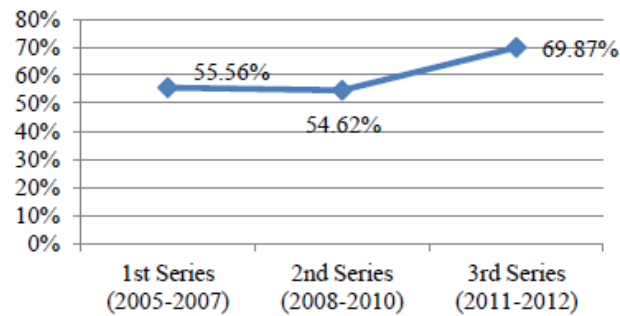


Figure 3: Tunas Mekar Trend (1st Series – 3rd Series)

In August 2012, Tunas Mekar again launched its 4th Series where 14 states were anticipated to participate with 490 participants. As for now, three states which are Selangor, WP K.Lumpur and Melaka had already enrolled with 32, 33 and 15 participants respectively whereas other states are in the recruitment and interview stage of finding potential participants for the program.

No.	State	Estimated No. of Participants	No. of Registered Participants
1	Perlis	30	-
2	Kedah	30	-
3	Penang	40	-
4	Perak	40	-
5	Selangor	40	32
6	WP K.Lumpur	40	33
7	Neg. Sembilan	20	-
8	Melaka	30	15
9	Johor	40	-
10	Pahang	40	-
11	Kelantan	40	-
12	Terengganu	40	-
13	Sabah	30	-
14	Sarawak	30	-
TOTAL		490	80

Table 5: Tunas Mekar – 4th Series

CONCLUSION

The Tunas Mekar graduate entrepreneurship program has been shown to be a success and has grown from strength to strength. The percentage of apprentices who have started their own businesses shot up to 70% for the all states that have completed the third series. ICU-JPM has increased funding for 490 graduates in the fourth series, showing their confidence of the program. In addition, the Tunas Mekar model has been emulated, in one form or another, by other entrepreneurship program for university students and graduates. To ensure the sustainability of the program, Pertubuhan Alumni Tunas Mekar (TM Alumni organization) was formed and is very active in ensuring the graduate entrepreneurs could sustain and expand their businesses in the long run.

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