

Best practices in rural entrepreneurship development

Entrepreneurs are not born, but are made. Entrepreneurial competencies and skills can be learned and developed, but an enabling environment plays a crucial role in this process and is necessary for entrepreneurs to grow and survive in the increasingly competitive business environment. These were some of the views of the participants and experts in the recently concluded multi-country study mission on Best Practices in Rural Entrepreneurship Development organized by the APO in cooperation with the National Productivity Corporation of Malaysia, 7–11 August. Twenty participants from 14 countries, three international experts from India, Indonesia, and the Philippines, and five national experts from Malaysia were involved in the mission.

Participants noted that in almost all countries in the region entrepreneurship is now recognized as an effective approach in addressing unemployment and underemployment, especially in developing countries. Thus, the promotion of entrepreneurship development has become an essential feature in the national development plans of most countries, and those that have adopted this strategy earlier than others are now reaping some success. Malaysia is an example of how an effective entrepreneurship development strategy can translate into employment generation, poverty alleviation, and reductions in disparities in opportunities and the quality of life of urban and rural people. A clear indication of that success is the low unemployment rates of barely 3% over the last decade and overall reduction in poverty from 7.5% in 1999 to 5% in 2005. This is a notable achievement when considering that in 1970, 52% of the population was living below the poverty line. The success was based on the holistic approach pursued by the Malaysian government in its rural development strategies and the importance it placed on the development of entrepreneurs, particularly in rural areas.

Malaysia is the only country in Asia in which a Ministry of Entrepreneur Development was created specifically to cater to the needs of entrepreneurs and development of SMEs. In 2004, it was renamed the Ministry of Entrepreneur and Cooperative Development. It is responsible for developing quality entrepreneurs, encouraging their participation in new growth sectors, and mobilizing the cooperative movement as the nation's third engine of growth. Comprehensive programs on human resources development, business development, and viable financing schemes were developed and a well-coordinated institutional infrastructure involving various government agencies was established.

Participants also recognized the importance of incubators in attempts to foster entrepreneurs and new enterprises. Professor Reuel K. Vitucio, Vice President for Business Development of STI Education Service Groups in the Philippines, and one of the resource persons, emphasized that in the initial stage most entrepreneurs need to be assisted and nurtured through an incubation program. Incubators, whether sponsored by a government or the private sector, play a critical role in the life of new entrepreneurs. When young entrepreneurs are hatched, not all can be expected to survive on their own but must be nurtured, guided, and supported until they can fly on their own. However, the incubation period should be well defined at the outset, since it would be unhealthy for a business enterprise to remain dependent on government support over the long term. This is a pitfall of many governments that take an overprotective stance toward domestic enterprises.



Appreciating the delicate handiwork of jewelry and accessories at Dór Rue Sdn. Bhd.

Factors affecting the development of women entrepreneurs were also dissected. It was pointed out that entrepreneurship among women is affected by intrinsic and extrinsic factors. The intrinsic factors are made up of women's motivation, goals, risk-taking ability, and competencies that make them entrepreneurial. The extrinsic factors are social, cultural, and environmental factors that can facilitate or restrict development as entrepreneurs. Resource person Dr. Rashmi Singh, Senior Scientist, Indian Agricultural Research Institute, noted that in some Asian countries, especially South Asia, women must surmount tremendous odds to succeed as entrepreneurs. While there have been efforts to mainstream women's participation in entrepreneurship, much remains to be done for women to enjoy equal opportunity to realize their entrepreneurial potential.

The topics covered by the experts included: Rural entrepreneurship in the Asia-Pacific region: Issues of competitiveness and sustainability; Rural entrepreneurship: Essential preconditions for success; Microcredit and microfinance support systems for entrepreneurship development; Business incubators and rural enterprise development; Building entrepreneurial communities in rural areas; Women's participation in entrepreneurship development; Issues and challenges for family-owned and -operated agribusiness enterprises; and Rural entrepreneurship best practices projects: Selected case studies of successful agricultural enterprises in Malaysia.

Participants visited Dór Rue Sdn. Bhd. in Taman Sri Batu Caves, Selangor Darul Ehsan. The family-owned corporation produces jewelry and accessories. Started by Hanizah Haji Zainuddin in 1987 with two employees, it now has 11 full-time employees and provides training to numerous neighborhood women who do piecework for the company in their homes. The company has also served as an internship workshop for students wanting to learn the craft. Participants also visited the Institute for Rural Advancement in Selangor Darul Ehsan, a training center under the Ministry of Rural and Regional Development, which serves as a venue for local and international training in entrepreneurship. 