

**CONSTRAINTS OF SMALL AND MEDIUM ENTERPRISES
OWNED BY CHINESE IMMIGRANTS IN MALAYSIA**

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IN MALAYSIA**

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CONSTRAINTS OF SMALL AND MEDIUM ENTERPRISES OWNED BY CHINESE IMMIGRANTS IN MALAYSIA

ABSTRACT

This research sets out to explore and discover the main barriers to small and medium enterprises owned by the Chinese immigrants and identify policy measures that the Malaysian government agencies should take to support them. For this, it investigated the following research questions. 1. What are the demographic profiles and personal traits of Chinese immigrant entrepreneurs in Malaysian SME sector? 2. What are the main constraints and challenges faced by Chinese immigrant entrepreneurs in the Malaysian SME sector? 3. What are the main contributions made by Chinese immigrant entrepreneurs to the economy in Malaysia? 4. What are the policy measures the government could take to help the immigrant Chinese entrepreneurs to overcome the constraints and challenges they are facing currently and help to grow their businesses? This study employed qualitative phenomenological research approach and case study method, and an integrated theoretical framework which included cultural theory, ethnic enclave theory, disadvantage theory and mixed embeddness theory. The study used primary data gathered from 15 Chinese immigrant business owners of diverse SMEs (older than 3 years) in Kuala Lumpur, Malaysia. For data analysis, an analytic framework has been framed from literature review which identified seven main constraints to entrepreneurial activities among Chinese immigrants in Malaysia: (a) Low human capital; (b) Low management; (c) Lack of financial supports; (d) Low social networking; (e) Lack of technology and innovation; (f) Lack of marketing; (g) Lack of government assistance.

The research findings show that the demographic profiles and personal traits of Chinese immigrant entrepreneurs in Malaysian SME sector include: most of them are in the 30

to 40 age group, six business owners are in the 40-50 group, married, and hold at least bachelor's degree. In terms of perceptions of personal characteristics of an entrepreneur, innovative is viewed as the most important personal traits for an entrepreneur, followed by sociable and decisiveness. They also show that the entrepreneurial activities of Chinese immigrants in Malaysia are indeed constrained by the seven factors identified in analytic framework, and that the Chinese immigrant entrepreneurs received little assistance from government agencies. The study found that SMEs owned by the Chinese immigrants make significant contributions to the economy in terms of creating employment, creating wealth, producing diverse goods and services and helping to increase exports. The findings are significant for informed policy making as they highlighted the main constraints faced by the Chinese immigrants owned SMEs. It is important that government comes up with specific policies to support these SMEs for growing and expanding their businesses, thereby increasing their contributions to the national economy such as job creation, wealth accumulation and diverse economic productive activities.

The study makes following recommendations for future research: (i) to undertake similar study with participants from other ethnic groups such as Indian and Iranian; (ii) to conduct same study covering different regions or cities in Malaysia because of the influence of environmental factors; (iii) to conduct the same study with participants of identical gender.

KEKANGAN PERUSAHAAN KECIL DAN SEDERHANA YANG DIMILIKI OLEH IMIGRAN CHINA DI MALAYSIA

ABSTRAK

Tujuan kajian ini ialah untuk meneroka dan menemui halangan utama perusahaan kecil dan sederhana (PKS) yang dimiliki oleh imigran China dan mengenal pasti langkah-langkah yang perlu diambil oleh pihak kerajaan Malaysia untuk menyokong mereka. Untuk ini, soalan penyelidikan berikut telah disiasat. 1. Apakah profil demografi dan ciri-ciri peribadi usahawan imigran China dalam sektor PKS Malaysia? 2. Apakah kekangan utama dan cabaran yang dihadapi oleh usahawan imigran China dalam sektor PKS Malaysia? 3. Apakah sumbangan utama usahawan imigran China kepada ekonomi di Malaysia? 4. Apakah dasar yang dapat diambil oleh kerajaan untuk membantu usahawan imigran China untuk mengatasi kekangan dan cabaran yang dihadapi oleh mereka dan membantu mengembangkan perniagaan mereka? Kajian ini menggunakan kaedah penyelidikan fenomenologi kualitatif, kajian kes, dan rangka kerja teori bersepadu yang merangkumi teori kebudayaan, teori etnik sekelompok, teori kelemahan dan teori perkongsian campuran. Kajian ini menggunakan data primer yang dikumpulkan dari 15 pemilik perniagaan imigran China dari pelbagai PKS (lebih tua dari 3 tahun) di Kuala Lumpur, Malaysia. Untuk analisis data, kerangka analitik telah dibingkai dari kajian literatur yang mana tujuh kekangan utama telah dikenal pasti dalam aktiviti-aktiviti keusahawanan di kalangan imigran China di Malaysia: (a) Modal insan yang rendah; (b) Pengurusan yang rendah; (c) Kurang sokongan kewangan; (d) Jaringan sosial yang rendah; (e) Kekurangan teknologi dan inovasi; (f) Kurang pemasaran; (g) Kekurangan bantuan kerajaan.

Penemuan penyelidikan menunjukkan bahawa profil demografi dan ciri-ciri peribadi usahawan imigran China dalam sektor PKS Malaysia termasuk: kebanyakannya dalam lingkungan umur 30 hingga 40, enam pemilik perniagaan berada dalam lingkungan 40-50, berkahwin, dan memegang sekurang-kurangnya ijazah Sarjana Muda. Dari segi persepsi ciri-ciri peribadi seorang usahawan, inovatif dilihat sebagai ciri-ciri peribadi yang paling penting untuk seorang usahawan, diikuti dengan mesra bergaul dan ketegasan dalam membuat keputusan. Mereka juga menunjukkan bahawa aktiviti keusahawanan imigran China di Malaysia memang dikekang oleh tujuh faktor yang dikenal pasti dalam rangka kerja analitik, dan usahawan imigran China menerima sedikit bantuan daripada agensi kerajaan. Kajian ini mendapati bahawa PKS yang dimiliki oleh imigran China membuat sumbangan penting kepada ekonomi dari segi mewujudkan pekerjaan, mencipta kekayaan, menghasilkan pelbagai barang-barang dan perkhidmatan dan membantu meningkatkan eksport. Penemuan ini penting untuk membuat dasar yang bermaklumat kerana ia menekankan kekangan utama yang dihadapi oleh pemilik PKS imigran China

Kajian ini membuat cadangan-cadangan berikut untuk penyelidikan masa hadapan: (i) melakukan kajian serupa dengan responden dari kumpulan etnik lain seperti India dan Iran; (ii) untuk menjalankan kajian yang sama di rantau atau bandar yang berbeza di Malaysia kerana mempunyai pengaruh faktor persekitaran.; (iii) untuk melakukan kajian yang sama dengan responden jantina yang sama.

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LIST OF ABBREVIATIONS

Association of Southeast Asian Nations	ASEAN
Bank Negara Malaysia's.....	BNM
Biotechnology Commercialization Funding	BCF
Bumiputera Enterprise Enhancement Program.....	BEEP
Business Accelerator Program	BAP
China Entrepreneur Association in Malaysia.....	PUCM
Companies Commission of Malaysia.....	CCM/ SSM
Commercialization of R&D Fund	CRDF
Development Financial Institution.....	DFI
Economic Transformation Program	ETP
Free Trade Agreements	FTA
Five-factor model of personality traits.....	FFM
Galakan Eksport Bumiputera	GEB
Government-Linked Companies.....	GLCs
i-Enterprise Premise Financing	i-EPF
Information and Communication Technology.....	ICT
Integrated Plan of Action	SMEIPA
Investment promotion agency.....	IPA
Investment Tax Allowance.....	ITA
MAI Intelligent Technology System.....	MITS
Malaysia Automotive Institute	MAI
Malaysia Digital Economy Corporation.....	MDEC
Malaysia External Trade Development Corporation.....	MATRADE
Malaysian Industrial Development Finance Berhad	MIDF
Malaysian Investment Development Authority.....	MIDA
Malaysia Productivity Corporation	MPC
Majlis Amanah Rakyat	MARA
Market Development Grant	MDG
Ministry of agriculture and agro-based industry.....	MOA
Ministry of Communications and Multimedia Malaysia	MKKMM
Ministry of Communication and Multimedia Malaysia.....	MCMM
Ministry of Domestic Trade, Co-operatives and Consumerism.....	MDTCC
Ministry of Finance	MOF
Ministry of International Trade and Industry.....	MITI

Ministry of rural and regional development.....	KKLW
Ministry of Sciences, Technology and Innovation.....	MOSTI
Multimedia super corridor.....	MSC
Multinational corporations	MNCs
National SME Development Council.....	NSDC
New Economic Policy	NEP
New Economic Model.....	NEM
Participatory action research	PAR
Perbadanan Usahawan Nasional Berhad.....	PUNB
Pioneer Status.....	PS
Prime Minister's department	JPM
Promotion of Investments Act	PIA
Qualifying capital expenditure.....	QCE
Theory of planned behavior	TPH
Sabah state government.....	SABAH
Science, Technology and Innovation	STI
Shariah - Compliant SME Financing Scheme	SSFS
Skim Peningkatan Produktiviti Enterpris - Malaysia Productivity Blueprint.....	SPPE-MPB
Small Business Financing.....	SBF
Small, Medium and Micro Enterprise.....	SMME
Small Medium Business.....	SMB
SME Corporation Malaysia	SME Corp. Malaysia
Soft Loan Scheme for SMEs.....	SLSME
Soft Loan Scheme for Services Capacity Development.....	SLSCD
Soft Loan Scheme for Services Sector	SLSSS
Strategic Reform Initiatives.....	SIRs
Vendor Development Program.....	VDP

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Appendix A: Interview Protocol

Appendix B: Interview Questions for Immigrant Chinese entrepreneurs

Appendix C: Informed Consent Form (English and Chinese Translation)

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Chapter 1

Introduction

1.1. Background to the Study

Small and medium enterprises (SMEs) are critical enablers for driving and sustaining economic expansion and social advancement. SMEs all over the world are considered as the lifeblood of the economies (Carvalho and Costa, 2014). They are also closely related to job creation, employment opportunity, poverty reduction and economic growth. A large number of researches have confirmed it. For example, Ayyagari et al. (2011) highlighted that SMEs contribute to the largest share in the term of employment, especially in low income countries, and they create most of new jobs. Razak and Othman (2012) and Okpara (2011) found that SMEs are critical for poverty alleviation by creating employment and generating income, and therefore it is necessary to include support and encouragement to SMEs for any strategy of poverty eradication, above all, they are the main source of innovation and technological advancement (Razak, 2012). Wignaraja (2014) indicated that a vibrant SME can reduce income inequality, create jobs and promote economic growth in the developing countries. In addition, SMEs have been a main promoter of trade, and enablers of production linkages among companies in the economy through supplying goods and services. Almost two thirds of the newly created jobs stem from the SME sector and the costs related to an employment generation in SMEs are relatively less, compared to counterparts in a big enterprise (Savlovski and Robu, 2011). Apart from that, Arasti et al (2014) found that in contrast to large companies, SMEs are more responsive to market demands and broadly contribute to job generation in developed economies. Furthermore, SMEs are predominant in many countries. For example, according to SME Corp Malaysia (2017b), SMEs are responsible for 97% of all enterprises and over 50.0% of employment in the Asia-Pacific Economic Cooperation (APEC). In addition, as of 2006, employees of

SMEs in Japan made up 69% of the labor force while large enterprises only accounted for 31% (Nakagawa, 2012). In the US, more than 99 per cent of businesses are SMEs which represented 99.9 percent of the 27 million employers (non-farm businesses) (Pandya, 2012). Asian Development Bank (2009) revealed that the majority employment in manufacturing sector is by SMEs; for example, 77.1% (Philippines), 89.5% (India), 71% (Indonesia) and 70.4% (Korea). Moreover, there is also a perception that SMEs are more flexible and responsive to the demands of consumers than big firms. Australia has been trying to stimulate entrepreneurial activity and promote SMEs, which are widely viewed as a key factor to solve economic problems including unemployment and industrial stagnation (Parker, 2000). About 99 % of the economic activities in the European Union can be attributed to SMEs, which occupy two-thirds of jobs in the private sector (Matias and Susana, 2012). The development of SMEs, therefore, is considered as catalyst and backbone of economic growth, job creation and poverty alleviation in most countries. SMEs are vital for accomplishing Malaysia's Vision 2020, which aims to develop and make Malaysia an industrialized nation by the year 2020.

In the case of Malaysia, SMEs dominate business establishments with 98.5 percent share, (i.e. 907,065 establishments, with 76.5 percent of them microenterprises, 21.2 percent small enterprises and 2.3 percent medium enterprises). In the total SMEs sector, services sector accounts for about 89.2% (SME Corp Malaysia, 2016a). In relative terms, the SMEs contribution of GDP in 2016 was higher at 36.6 % compared to 36.3 % in 2015. That is, the contribution of SMEs to GDP accounted for above one third, and the SMEs contribution to GDP at constant 2010 price increased to RM385.6 billion in 2015 from RM 363.4 billion in 2014 (DOSM, 2016b). Liu (2004) argued that SMEs' development and economic development are completely interrelated.

Malaysia is a small nation with a population of 31.7 million in 2016 (DOSM, 2016a) and has a relatively small domestic market because of the size of its population. Therefore, exports of its domestic production to foreign markets are important for its economy. Based on the SME Corp Malaysia (2016b), in terms of exports and employment, SMEs in 2016 represented 18.6 percent of all exports (a slight rise compared with 17.7% in 2015), and employed about 3.7 million out of a total of 7 million workers, which accounts for 65.3 per cent of total employment. Like in other countries, SMEs play a pivotal and fundamental role in Malaysian national economy. However, due to the slowdown of global economy in recent years, annual GDP in Malaysia went down from 6% in 2014 to 4.9% in 2016 (World Bank, 2016). Therefore, it is imperative to cultivate and develop SMEs for boosting economic prosperity.

Recognizing the importance of entrepreneurial-led SMEs in promoting social stability and economic prosperity, in order to develop capable and resilient Malaysian SMEs, and to make them competitive in the global market, Malaysia established the Small and Medium Industries Development Corporation (SMIDEC) in 1996, a specialized agency under the Ministry of International Trade and Industry (MITI) to promote the development of SMEs. In 2004 the National SME Development Council (NSDC) as the highest policy-making body was set up to formulate strategies for SME development across all economic sectors. The SME Masterplan (2012-2020) was introduced in July 2012 aimed at raising SMEs contribution to GDP to 41% and SMEs share of employment to 65% by 2020 (SME Corp Malaysia, 2016c). In addition, by 2020, the value-added production created by SMEs is projected to be worth RM120 billions or 50 % of total production in the manufacturing sector (Saleh and Ndubisi, 2006).

Although the policy environment in Malaysia is favorable for entrepreneurial activity and new business creation, Malaysia's entrepreneurial activity is still below the average entrepreneurial activity level of all Global Entrepreneurship Monitor (GEM) countries.

According to GEM 2016, out of 60 countries, Malaysia ranks 60 for total early-stage entrepreneurial activity (TEA) rate and 45 for established businesses ownership rate. Furthermore, the failure rate of SMEs in Malaysia is alarmingly high in the first five years, which is about 60 percent compared to 23% in Australia (Ahmad and Seet, 2009). Low entrepreneurial activity level and high mortality rate of SMEs in Malaysia necessitate identifying and exploring the main barriers and obstacles to survival and growth of SMEs. In this context, it will be interesting to explore the constraints faced by small and medium enterprises owned by immigrants in Malaysia, specifically the recent Chinese immigrants from the main land China¹.

1.2. Problem Statement

Under the background of globalization, more and more people choose to migrate to other countries for various reasons such as climate factors (e.g. earthquake, tsunami and other natural disasters) or political, economic, cultural and social factors. Generally speaking, a large majority of people prefer to reside in a country or region where there is political stability, where they can economically thrive and become prosperous, there is cultural and social harmony. When these conditions are severely scarce or could not be fulfilled, people will seek to migrate (Omisakin, 2017). The stably political environment, multicultural social structure and pleasant climate, coupled with relatively open social environment, make Malaysia an ideal destination for a wide variety of foreigners. These migrants contribute significantly to the social development and economic prosperity of Malaysia by relieving labor shortage, bringing in skills and capital, and also by creating new businesses. It is argued that the contribution of SMEs owned by foreign-born entrepreneurs to the receiving country economy is not confined to employment creation but it also generates innovation and external trade (Desiderio

¹ In this study, the sample Chinese immigrant entrepreneurs are selected as respondents on the basis that they were born in China and are living and doing business in Malaysia for at least 3 years.

and Mestres-Domènech, 2011). It can be said that immigrants owned business fueled the host country's economic engine to some extent.

According to the DOSM (2017b) the total population of Malaysia in 2017 was about 32 million. Malaysia has the fourth largest number of migrants and the seventh highest ratio of migrants to total population in East Asia Pacific. There are 2.1 million registered immigrants and over 1 million undocumented immigrants, accounting for 15% of Malaysia's workforce in 2014 (World Bank, December 2015). Immigrants have filled the labor force shortage and have economically and socially become an integral part of Malaysia. Based on the data from Migrant Policy Institute (2015), the migrants from China in Malaysia were around 10,000 in 2015. Among them were a significant number of immigrant businessmen and women from China (i.e. these are people born in China but living in Malaysia currently). The economic contributions by these individuals have become increasingly visible in national economy. These immigrant Chinese entrepreneurs are likely to play even more influential role in the Malaysian economy with the deepening of globalization and trade liberalization. This makes the study of the immigrant Chinese entrepreneurs in Malaysia more important and necessary than ever before.

An entrepreneur is an individual who takes risks, strives for innovation, gathers resources and adds value through constructive ideas in order to increase the wealth of individuals and develop them for social prosperity (Omar and Azmi, 2015). By setting up the business venture and managing its operation and development, an entrepreneur plays a critical and directive role in creating and sustaining an enterprise. Accordingly, supporting entrepreneurs is considered as crucial for stimulating future economic growth prospects (Zhang, 2013). Therefore, it is extremely important to explore and

investigate the constraints and barriers of SMEs from the perspective of the business entrepreneurs, as they play a dominant role in determining the firm's direction and performance. In this context, it is important to examine the major constraints faced by the immigrant Chinese entrepreneurs in Malaysia, in order to identify proactive policy measures to help them to be successful, which, in turn, will assist them in making positive contribution to the Malaysian national economy.

The contributions of SMEs owned by migrant entrepreneurs worldwide have been widely recognized by scholars and policymakers. The migrant entrepreneurship has been a structural phenomenon in a globalizing economy, especially in Europe, United States and Canada, but in developing countries like Malaysia, it has not paid much attention. Over the years, there has been growing number of studies focusing on SMEs in Malaysia. However, they mainly focus on Malaysian entrepreneurs including Indigenous or Bumiputera entrepreneurs and Malaysian Chinese entrepreneurs (e.g. Omar and Azmi, 2015; Jamak et al., 2011; Zainol and Daud, 2011; Fuad and Bohari, 2011; Pihie et al., 2011; Jamak et al., 2014; Minai et al, 2012). There is hardly any study in the existing literature on SMEs owned by immigrant entrepreneurs in Malaysia, including Chinese immigrant entrepreneurs. There is a dearth of knowledge on Chinese immigrant entrepreneurs in Malaysia, such as their background, personality traits, status, problems and constraints faced by them. This study, therefore, aims to address this gap in the existing literature.

Okpara (2011) revealed that the main factors hindering the growth and survival of SMEs in Nigeria involve corruption, poor infrastructure, lack of financial support, low demand for product and services, lack of training and experience, and poor management. In Malaysia, it was found that both weaknesses in management and failures in

marketing in SMEs affect the success of Bumiputera Entrepreneurs (Omar and Azmi 2015; Jamak et al, 2011). But whether the primary factors constraining SMEs owned by the Chinese immigrant entrepreneurs are similar or different from other groups of entrepreneurs has not been studied. Therefore, it will be interesting and useful to gain insights into what are their characteristics, role, and contribution in the Malaysian SME sector; what are the challenges and constraints they face; and what the government could do to help and support them so that they perform successfully and make positive contribution to the national economy.

1.3. Research Questions & Research Objectives

Being an international student from China, I came across a Chinese entrepreneur in Malaysia and he talked about some problems faced as an immigrant entrepreneur when running a business venture in Malaysia. Interaction with him gave me some impetus and momentum to undertake research into these issues. After reviewing considerable literature to identify and understand problems faced by the Chinese immigrant entrepreneurs, I could not find out much. Although I felt disappointed, I became more determined to investigate the issue further.

While the immigrants tend to start up business at a higher rate than the local counterparts, their businesses have lower survival rates than enterprises owned by the locals. This is shown by the study by Desiderio and Mestres-Domènech (2011) in OECD countries. The main reasons are that they faced more complex and greater hindrance in start-up periods and growth periods. Therefore, the main objective of this study is to identify the main constraints faced by the Chinese immigrant entrepreneurs in Malaysia, which prevent them from unleashing their full potential in the SME sector.

Other objectives include examining the demographic profiles and personal traits of the Chinese immigrant entrepreneurs in Malaysia; exploring their contributions in the SME sector and to the economy in Malaysia; and identifying key policy measures that government agencies could initiate to support and help them to be successful and contribute positively to the national economy.

The research questions and the research objectives of this study are:

Research Questions	Research Objectives
1. What are the demographic profiles and personal traits of Chinese immigrant entrepreneurs in Malaysian SME sector?	1. To examine the demographic profiles and personal traits among the immigrant Chinese entrepreneurs in the Malaysian SME sector.
2. What are the main constraints and challenges faced by Chinese immigrant entrepreneurs in the Malaysian SME sector?	2. To identify the main constraints and challenges faced by the immigrant Chinese entrepreneurs in Malaysian SME sector in terms of startup barriers and growth oriented barriers
3. What are the main contributions made by Chinese immigrant entrepreneurs to the economy in Malaysia?	3. To explore the main contribution made by Chinese immigrant entrepreneurs in the Malaysian SME sector and to the national economy.
4. What are the policy measures the government could take to help the immigrant Chinese entrepreneurs to overcome the constraints and challenges they are facing currently and help to grow their businesses?	4. To map out and analyze the key policy measures the government has taken so far to help facilitate the development of immigrant Chinese entrepreneurs in Malaysian SME sector and also to identify alternative policy measures that the government should consider to address the constraints faced by the immigrant Chinese SME entrepreneurs.

1.4. Research Methodology and Data

This study employs qualitative and phenomenological approach, case study method, and semi-structured interview method to analyze the constraints faced by the SMEs owned by Chinese immigrants in Malaysia. As the overall purpose for this study is to identify the constraints of SMEs owned by Chinese immigrants and provide some policy recommendations to sustain and grow their businesses profitably, a qualitative multi-case exploratory study research method is more appropriate. It helps the researcher to explore in-depth a social phenomenon in real life.

The study used purposeful sample, as it is common in qualitative studies and it is also useful when randomization is impossible especially when the size of population is very large, and it is also useful when the research does not intent to develop theories, create generalizations and infer in research project. As this study neither involves theory development, the size of sampling is 15 respondents, which is aligned with the requirement of purposeful sampling. In the absence of a reliable database of Chinese immigrant businesses that could be drawn on for the sampling frame, snowball sampling, thus, had to be adopted to help collecting data.

These are discussed in detail in Chapter 3.

1.5. Significance of Study

Firstly, as of now, there is little or no research which studied systematically the Chinese immigrant entrepreneurship in Malaysian SME sector. This research will make a significant contribution to the literature on Chinese immigrant entrepreneurs in Malaysia SMEs and add to the body of knowledge on Malaysian entrepreneurship research in general.

Secondly, understanding the factors impeding the survival and growth of SMEs in Malaysia in general or particularly understanding the constraints faced by the Chinese

immigrant entrepreneurs in Malaysia will help policymakers (federal, state, and local) to formulate targeted policies and programs that could enhance ventures survival rates and growth rates, increase employment and income, stimulate innovation and help to contribute towards the economic growth at different levels in Malaysia (national, regional, and local).

Last but not least, this study offers policy alternatives at micro level, that is, to locate and identify what are the primary constraints and challenges faced by the Chinese immigrant entrepreneurs at firm level, such as poor management, insufficient finances, and scarcity of skilled labor. It is very crucial for the start-up firms to identify such barriers in advance so that they can make provision for surmounting them, managerially and financially.

1.6. Operational Definitions

Defining key terms were a part and parcel of the study. The definitions of these core terms stemmed from peer reviewed sources.

SMEs

The study followed the definition of SMEs Corporation Malaysia. It was discussed in Chapter 2. SMEs are termed small and medium business in some countries. The term SME and Small, Medium and Micro Enterprise (SMME) and Small Medium Business (SMB) are used interchangeably worldwide.

Immigrant entrepreneurs

In the migrant entrepreneurship literature, immigrant entrepreneurs often are regarded as those who are foreign-born business owners seeking to generate value by creating and expanding economic activity through identification of new products, processes or markets (Ahmad and Seymour, 2008) or refers to these immigrants who establish a business venture or engage in self-employment (Khosa and Kalitanyi, 2014). In this

study, immigrant entrepreneurs primarily referred to Chinese immigrant entrepreneurs who are all born in Mainland China and have lived in Malaysia for at least three years, and all four terms (immigrant entrepreneurs; ethnic entrepreneurs; minority entrepreneurs; Chinese immigrant entrepreneurs) will be used interchangeably.

Entrepreneur

Entrepreneurs are those who are self-employed or who employ some workers in their enterprises to work for them (Spivack, et.al., 2014). In the study, entrepreneurs are also business owners of SMEs.

Human capital

Human capital measured by education and language proficiency, serves as a significant role and has been found to be a main determinant of business ownership in different groups (Fairlie and Lofstrom, 2015). Apart from that, it also includes various training and experiences.

Financial support

Financial support mainly refers to the loans, various funding and grant from financial institutions and Malaysian government agencies.

Social network

Social networks are made up of informal networks such as family, relatives, friends and acquaintances and formal business networks such as customers, distributors, suppliers, competitors, government (Gunto and Alias, 2014)

Government Assistance

Government assistance means these aids from Malaysian government instead of China government.

External Support

External support generally represents all supports from the outside except for the sources owned by entrepreneurs themselves, such as supports from family, friends and community. Additionally, external support excludes the support from Malaysian government because government assistance was discussed separately in the study.

Besides, external support in financial refers to all external financial support except financial one from Malaysian government. It involves lending from family and friends as well as supports from venture capital and other private credit institutions.

External support in legal refers to aids from professionals in laws such as lawyers in law firm.

External support in marketing refers to aids from professionals in marketing including friends or peers in same industries who are good at market.

External support in management refers to aids from those who are familiar with management knowledge and have rich management experiences, including the suppliers and other entrepreneurs.

External support in technical training refers to aids from professionals in the area related to his or her sectors, which cover support from friends and their peers in same industries.

External support in product development refers to aids from professionals, family and friends.

1.7. Layout of the Study

The rest of the study is structured as following:

Chapter 2 provides literature review which helps identify the gaps in the literature.

Chapter 3 discusses the research methodology and research methods employed in the study and also the data collection process.

Chapter 4 provides analysis of interview data

Chapter 5 provides case study analysis

Chapter 6 draws conclusions and makes some recommendations for policy and future research.

University of Malaya

Chapter 2

Literature Review

2.1. Introduction

This chapter provides a review of relevant previous literature in line with the objectives of the study. It starts by discussing the definition of the SMEs in Malaysia. Then, the review also concentrates on the literature related to the role and contribution of immigrant entrepreneurs, background on Chinese immigrants in Malaysia, personal traits of entrepreneurs and the challenges and issues encountered by immigrant entrepreneurs, followed by theory pertaining to immigrant entrepreneurs and government policy on immigrant entrepreneurs.

2.2. Definition of SME in Malaysia

It is widely acknowledged that there are a wide range of definitions and conceptions with regard to SMEs, varying greatly from country to country. Some of the commonly used indicators are the number of employees, total assets, revenue, ownership structure and turnover. Taking examples of developed countries such as the US, and the EU countries enterprises can be seen as micro, small or medium-sized enterprises (SMEs) grounded on maximum ceilings for staff headcount and either a turnover ceiling or a balance sheet ceiling. The European Commission uses the staff headcount and turnover to define SMEs, that is, less than 10 person and €2 million (micro enterprises), less than 50 person and €10 million (small enterprises), less than 250 person and €50 million (medium enterprises) (EU Commission, 2009). However, four criteria are used to identify SMEs in USA: three generic qualitative rules and one quantitative requirement linked to the industry type. Broadly speaking, the maximum numbers of employee is 500 and the average annual receipts should be less than \$28.5million, but these limits are different for each industry (Altman et al., 2008).

Compared with developed countries, Malaysia has come up with an alternative definition for SMEs. A new SME definition was formed at the 14th National SME Development Council (NSDC) meeting in 2013. The definition involves all sectors, namely services, manufacturing, agriculture, construction and mining & quarrying. Two criteria -- sales turnover and number of full-time employees are used in determining the definition as indicated in Table 2.1. Definitions of SMEs in Malaysia are divided into two broad categories. To be specific, for the manufacturing sector, SMEs are defined as firms whose sales turnover do not exceed RM50 million or number of full-time employees not exceeding 200 and for the services and other sectors, SMEs are defined as firms whose sales turnover are less than RM20 million or number of full-time employees not more than 75.

Table 2.1: Definition of SMEs in Malaysia

Category		Micro	Small	Medium
<i>Manufacturing</i>	Sales turnover(RM)	<300,000	300,000<15million	15million≤50million
	employee	<5	5 ≤NO.<75	75≤NO.≤200
<i>Services and other sectors</i>	Sales turnover(RM)	<300,000	300,000<3million	3million≤20million
	employee	<5	5 ≤NO.<30	30 ≤NO.<75

Source: SME Corporation Malaysia

2.3 Contribution of Immigrant Entrepreneurs

In the migrant entrepreneurship literature, immigrant entrepreneurs often are regarded as those who are foreign-born business owners seeking to generate value by creating or expanding economic activity through identification of new products, processes or markets (Ahmad and Seymour, 2008) or refers to these immigrants who establish a business venture or engage in self-employment (Khosa and Kalitanyi, 2014). In addition, immigrant entrepreneurship is generally considered as ethnic entrepreneurship or minority entrepreneurship. These terms are often employed interchangeably, with a

gentle difference between them. The slight difference means that immigrant entrepreneurship refers to the early stages in the process of ethnic entrepreneurship (Azmat, 2010). In this study all four terms (immigrant entrepreneur; ethnic entrepreneur; minority entrepreneur; Chinese immigrant entrepreneur) will be used interchangeably.

In today's increasingly interconnected world, international migration has become a reality that touches nearly all corners of the globe. As of 2015, according to UN Population Division estimates, the number of international migrants worldwide reached almost 244 million or 3.3 percent of the world's population (United Nations, 2016). The significance of international immigrants have been recognized well, as they can enrich host countries by promoting cultural diversity and social inclusion. Even though it could be incorrect to maintain that the influence of international immigration on society has been completely favorable (because of some negative impacts such as lowering wages for existing workers, rising housing prices and changing the demographic makeup of host countries), it is widely recognized and accepted that migrants, especially immigrant entrepreneurs, to greater or lesser extent consistently benefits the countries of origin and destination. As stated by Vissak and Zhang (2014), many benefits accrue to a host country because immigrant businesses contribute in a number of ways from contributing to tax revenue to expansion of cultural diversity and innovation. The role and contribution of immigrant entrepreneurs have been increasing, bringing with them positive and productive influences in economic, political, cultural and social dimensions.

2.3.1. Economic Contribution

Plenty of past empirical evidences indicated that the benefits brought by immigrant entrepreneurs involve high entrepreneurship level and innovation, employment growth, increased import-export activities, high quality and diversity of products and services as well as taxation and so on.

First, there is a positive correlation between immigrants and entrepreneurship. Zelekha (2013) found clear evidence that immigrants may have a significant positive effect on the hosting country's level of entrepreneurship using a cross-section data set of 176 countries related to immigrants and entrepreneurial activity, especially when the host country have these characteristics – urban, open, competitive and culturally diversified (including open mindedness towards ethnic diversity and gender). In addition, Zelekha (2013) also showed that with the flow of immigrants growing, these positive effects are magnified. Baycan-Levent and Nijkamp (2009) highlighted that immigrants in Europe in general tend to be self-employed in comparison with similarly skilled native-born people and self-employment rates of immigrants are higher in many countries than those of native-born. In line with Zelekha (2013) and Baycan-Levent and Nijkamp (2009), the study conducted by Lin (2014) argued that immigrants are major contributing sources of the entrepreneurial base in many countries. He further pointed out that immigrants are also an important source of human capital, and particularly highly skilled immigrants stimulate the economy because they are innovative and entrepreneurial in nature. The role entrepreneurship in economy could not be ignored as entrepreneurship is a force for creating a better world (Igboamazu, 2016; Griffiths, et al 2012; Shepherd and Patzelt, 2011; McMullen, 2011) and increased levels of entrepreneurship enhanced a country's competitiveness (Amorós et al., 2012). Robinson et al. (2004) and Audretsch et al. (2006), argued that entrepreneurship has been identified as one production factors other than capital, labor and technology in the aggregate production function. Before that, Antoncic et al (2002) showed that entrepreneurial activity represents the economic foundation and ensures new employments. In other words, the more immigrants there are in a host country, the more entrepreneurial activities, thus, the greater job creation and economic growth.

Second, immigrant entrepreneurship generates new businesses, more jobs and increased imports and exports. In Australia and other Western countries, immigrant businesses, mainly small enterprises, generate remarkable employment opportunities and economic growth, import-export activity in a wide range of industries (Kloosterman and Rath, 2003; Collins, 2008). In terms of employment growth, Pekkala and Kerr (2016) found that in the US, on the whole, the businesses opened by immigrant entrepreneurs perform better than those owned by native businesses over three- and six-year horizons. Omisakin (2017) found that immigrants in New Zealand create more employment and new businesses, pay various taxes and serve as a bridge between domestic enterprises and international enterprises, thereby, leading to the economic growth and development of New Zealand. Fairlie and Lofstrom (2015) also highlighted that immigrants are greatly regarded as being highly entrepreneurial and crucial for economic growth and innovation. The increasing role and impact of immigrants on the host countries can also be reflected in migration policies. Many advanced countries have formulated special visas and entry requirements in order to attract immigrant entrepreneurs. Sahin et al. (2011) claimed that one out of five newly set-up businesses in the Netherlands belong to immigrant entrepreneurs who are often operating in the service sector and deliver high-quality products.

Third, immigrant entrepreneurship is one of the ways to enhance the level of entrepreneurship and decrease unemployment and poverty and increase technological change and innovation. Fatoki and Patswawairi (2012) also highlighted that immigrant entrepreneurs employ native South Africans, indicating that immigrant entrepreneurship is one of the ways to improve the level of entrepreneurship and also decrease unemployment and poverty in South Africa. It is obvious that immigrant in US has

become a important impetus in the process of creating new businesses and intellectual property and that their contributions have risen over the past decade. Immigrant entrepreneurs, for example, have been seen to contribute significantly to the technology and engineering sectors of the economy, in particular, in Silicon Valley in the US (Lofstrom, 2014; Fairlie and Lofstrom, 2015). Lofstrom (2014) concluded that high-skilled immigrants make contribution to innovation through spillover effects measured by numbers of patents, licenses, and publications.

In summary, immigrant entrepreneurs spur economic expansion directly or indirectly. They are likely to grow and potentially contribute to economic growth activities in Malaysia (Nel and Abdullah, 2017) and in New Zealand (Nel and Abdullah 2016). Researchers such as Kallick (2012) and Wang and Liu (2015) have also identified that immigrant-owned firms, which include not only small businesses, but also 18 % of all Fortune 500 companies, create more than \$775 billion in revenue, \$125 billion in payroll, and \$100 billion in income, and employ one out of every ten workers in US. Not only can an immigrant entrepreneur be a significant force in the wave of globalization in promoting resource distribution such as the distribution of wealth between the haves and have-nots, but also can boost the technical innovation and material abundance in the host economies.

2.3.2. Socio-cultural Contribution

Apart from the economic effects, immigrant entrepreneurs can also contribute to the improvement of the social and cultural climate of urban neighborhoods and the whole society. Immigrants and their integration into the society are essential and necessary for the host countries (Levent and Nijkamp, 2009) because economic interactions, on the one hand, among same ethnic groups promote the business correlations and emotional links based on common preferences and culture, on the other hand, they promote mutual

understanding and trust grounded on common business interests among different ethnic groups.

Immigrants who succeed in entrepreneurship not only offer an important avenue to improve their economic and social position since entrepreneurship activities provide immigrants and the native-born with opportunities to obtain a respected position for upward mobility in a society, but also contribute to the integration and social bonding of immigrants as well as socio-cultural diversification. As stated by Dana (2007) and Fatoki and Patswawairi (2012), the key influence of entrepreneurship on the economic and social integration of immigrants has been widely established. Diversity is an important resource for a city's prosperity and a potential driving force for socio-economic development (Bodaar and Rath, 2005) and is linked to its role in promoting creativity and innovation (Eraydin, et al. 2010). According to Jacobs (2016), socio-cultural diverseness is far-reaching to the economic vitality. Abundance of ideas have contributed to a 'differentiated' economic and cultural structure, and development of a strong diversified economy over a long term. Besides, diversity may bring in traditional and new combinations, thus producing innovation, a predominant factor to attract customers and capture markets. Moreover, Nathan and Lee (2013) claimed that diverse management teams not only augment the rate of innovation, but are also significant for establishing relationship with international markets. Nel and Abdullah (2016) also asserted that immigrant entrepreneurs in New Zealand have increased the country's global linkages by providing employment opportunities for other immigrants as well as the locals. The provision of job opportunity for other same ethics or the native-born promotes social connect and social integration among different ethics.

The inflow of immigrants to a host country enhances its human capital, thereby creativity and innovation. As explained by Sobel et al, (2010), diverse populations may provide a rich mix of skills, tastes, and ideas spanning across a wider variety of cultures. Hirschman (2013) claimed that the presence of large numbers of talented immigrants in Hollywood, academia and the high-tech industries has pushed American institutions to be more meritocratic and open to innovation than they would be otherwise. Immigrants, and especially the second or third generation immigrants, have made indispensable contributions in many fields of artistic, cultural and scientific endeavor. The growing immigrants urge the formation of diversity and pluralism. Social, cultural, ethnic and spatial pluralism attract multiple forms of human capital, and undoubtedly encourage cultural and artistic creativity and technological and scientific innovation (Fainstein, 2005).

It was found that immigrant entrepreneurship resulted in social inclusion and sustained economic performance in two different cities -- Antwerp (Belgium) and Izmir (Turkey) where there are considerable number of immigrants (Eraydin, et al., 2010). Immigrants make a positive contribution to a metropolitan city's competitiveness and creativity, the socio-economic well-being of neighborhoods and cities and the growth of different forms of production and services, not only as a result of their talents and skills, but also as a result of their social connections. Additionally, the immigrants stimulate informal support mechanisms and networks in a host country, as a means of both surviving in and integrating into the host society.

2.4. Background on Chinese Immigrants in Malaysia

According to the DOSM (2016c), the Chinese community has accounted for 23.4 percent in total population of Malaysia in 2016, occupying the second largest ethnic

group in Malaysia following the ethnic Malay majority. Those Malaysian Chinese are the descendants of immigrants who came to Malaya a couple of centuries ago in order to pursue a better life than that in their homeland. As the second largest community group in Malaysia, Chinese immigration to Malaysia had witnessed a long history. Tan (2005) expounded that the immigrations history can be classified into three waves. The first wave is in the sixteenth century when a small community of Chinese has already arrived there by the time of the Portuguese conquest of Malacca. The second wave, took place in the nineteenth century, is a sizable proportion of Chinese migration from southeast China to Malaysia, including from the provinces such as Guangdong, Fujian, Hainan and Guangxi. The increase in population of Chinese immigrants was reflected in a number of villages and towns. For example, Kuching, a Malay village in 1840, had become a prominently Chinese town by the end of this century. As stated by Andaya and Andaya (2016), the significant rise in the migrant population of Chinese was partly due to the support of the Straits Settlements and Sarawak government and partly due to the fact that the Chinese community provided European administration with a guaranteed source of income through tax and the sales of spirits. In terms of the reasons of surge in Chinese migrations, Tan (2005) highlighted that on the one hand, the Taiping rebellion in China in 1851, acted as a driving force to migration, as it bred much suffering in south China, and many people had to migrate to overseas. On the other hand, the expanding British colonial economies in Malaya (mainly West Malaysia and Singapore) also attracted migrants. The establishment of the Straits Settlements that comprise of the British colonization of Penang in 1786, Singapore in 1819 and Malacca in 1824 attracted large Chinese to emigrate, and from there the Chinese moved to other parts of Malaya. Other researchers also further expressed similar view. Andaya and Andaya (2016) argued that the intent of Chinese immigration to Malay is to escape the extremely poor life they lived at home, and the lure of riches continued to appeal to

them in large numbers. These immigrants worked in tin mines and gambier and pepper plantations and they Chinese agriculturalists achieved great profits and successes. These successes were apparent in three favored crops -- tapioca, pepper and gambier. The third wave occurred during the chaotic periods between 1920s and 1930s, a time of fighting between the Communists and the Kuomintang government. Many parts of China were controlled by warlords during that period that witnessed another surge of migration to overseas. The main reasons for migration were escaping from bandits and avoiding army recruitment at that time. The situation of free immigration to Malaya has occurred till in 1930 when Immigration Restriction Ordinance introduced, even though immigration of women and children was allowed due to the need of balancing the gender ratio (Tan, 2005). Malaya attained independence in 1957, the constitution of the new state granted these immigrants and especially their local-born children citizenship. Today the Chinese with citizenship of Malaysia are descendants of these Chinese immigrants from the three waves discussed above (Tan, 1988).

In the migration history of Chinese in Malaysia, according to Bhattacharya and Kripalani (2015), in the immediate post-colonial period until 1970, although SMEs were predominately owned by Chinese immigrants, there was little government support for these businesses. After 1970, the affirmative action were introduced through New Economic Policy (NEP), the government paid more attention on government-linked companies, which mainly represented the interests of Bumiputeras, than SMEs in general. The NEP laid down that 30 percent equity of all quoted firms be transferred to Bumiputeras so that they can hold greater corporate ownership than other ethnic groups in all sectors of economy. As a result, SMEs prefer to maintain small size in the form of family-based businesses for fear of drawing government attention when they grow. The emphasis on Bumiputeras preferences stipulated by NEP exerted a significantly

negative impact on the local Chinese SMEs. This discouraged and impaired the SMEs' development. Priorities to Bumiputeras enterprises have been given until the advent of economic turndown in the late 1990s, then the government recognized the need to promote SMEs. In particular, in 2003 when some NEP mandates were suspended, promotion of SMEs attained a high priority status that drew greater attention and resources from the authorities.

2.5. Personal Traits of Entrepreneurs

Although some research from Gartner (1985) raised serious doubts with respect to the role of personality in entrepreneurial activities, recent meta-analytical evidence provides support for the predictive validness of personality traits, such as generalized self-efficacy, that is closely associated with business establishment and business success (Rauch and Frese, 2007). Many research studies demonstrated that personality have an impact on business creation in meta-analysis (e.g. Zhao and Seibert, 2006) and entrepreneurial success (e.g. Rauch and Frese 2007; Leutner et al 2014). As stated by Zainol and Ayadurai, (2011), personality traits, for example, can be used as an assessment standard for granting financial aids to new business creation or growth of existing business.

2.5.1. Entrepreneurs' Behaviors and Personal Traits

Entrepreneurial activities are closely bound up with entrepreneur's behavior. Especially the behavior that leads to business innovation (Shane, et al., 2010) and growth (Zampetakis, et al., 2009) and that is correlated to the value creation of a business by exploiting opportunities in novel and innovative ways (Hisrich, et al., 2005). Furthermore, an entrepreneur's behavior correspond with her/his personal traits. The personality-performance linkage can be easily found across all occupational groups. It is

conceivable to consider individual differences in entrepreneurship to be, at least in part, a function of an individual's personality regardless of the career of that person such as business owner, manager, student or employee (Leutner et al, 2014; Ahmetoglu et al, 2011). This makes our analysis for individual personality meaningful and worthwhile due to the importance of personal traits of an individual for entrepreneurial phenomenon.

While some people tend to reach a consensus about the importance of personality as a predictor of entrepreneurial success (Baron et al., 2007), in the survey of Rauch and Frese (2007), the authors unfolded a theoretical assumption that justify a positive linkage between business owners' personality traits and entrepreneurial behavior. In their early study on the relationship between personality traits and entrepreneurial behavior, Rauch and Frese (2000) revealed that personality traits are indeed predictors of entrepreneurial behavior. Similarly, recent meta-analytic studies portrayed important associations between personality and entrepreneurship (e.g. Brandstätter, 2011). For instance, previous studies indicate that entrepreneurs and managers have varied personal traits. Entrepreneurs are somewhat more likely to take risks than managers. Zhao and Seibert (2006) showed that entrepreneurs tend to score remarkably higher on Conscientiousness and Openness and lower on Neuroticism and Agreeableness than managers in the big five factors model on personality and entrepreneurship. Ong and Ismail (2008) further confirmed that, among Malaysian SMEs, the relationship between personality traits and competitive advantage did exist. Consistent with this, Sánchez Garcia (2010) presented that personal traits are one of the elements in individual competencies under each domain, apart from other two elements -- knowledge and skills, and the competencies are regarded as critical and crucial to business growth and

success. That is to say, personal attributes represented by entrepreneur's behavior either promotes or hinders business development.

2.5.2. Types of Personality Traits

Personality traits can be regarded as a description of a person's mean level states (of extraversion, Openness, etc.) across different circumstances and events, partly accidental encountered, partly deliberately selected or inspired by the person (Fleeson, 2001). Personality traits such as tolerance for risks, preference for autonomy, creativity and innovation and the demographic profiles such as age, gender, education, industry experience (private experiences and family business experiences), sector of operation are important to study because previous literature in other countries placed emphasis on the role of personality traits and demographic profiles in starting and growing business ventures. Given the significance of personal traits, some scholars began to study the function of personality profile. Rauch and Frese (2007) classified personal traits into narrow traits and broad traits in meta-analysis. Narrow traits include need for achievement, need for autonomy, self-confidence, innovativeness, stress tolerance, and proactive personality. Broad traits include conscientiousness, extroversion, optimism, rigidity and conformity. What's more, personality accurately predicts entrepreneurial success outcomes in addition to business start-up and success, and narrow traits matched to more specific entrepreneurial behaviors or outcomes are stronger predictors of entrepreneurial success outcomes beyond business creation and success compared with broad, unmatched traits (Leutner et al., 2014; Rauch and Frese 2007).

2.5.3. Personal Traits Related to Business Performance

2.5.3.1. Entrepreneurial Orientation and Business Performance

The three factors, risk-taking, innovation and pro-activeness, often are used to describe personality traits of a person. Interestingly, these dimensions are involved in entrepreneurial Orientation (EO) which is often conceived of as a competitive advantage, growth force and superior performance. Entrepreneurial orientation can be found in the work of Covin and Slevin (1989) as well as Miller and Friesen (1982). A great deal of existing literature concluded that the entrepreneurial orientation has a significant positive effect on business performance in Malaysia (Tajudin, et al., 2014), China (Tang, et al., 2007) and Turkey (Gurbuz and Aykol, 2009). Specifically, with respect to innovativeness and pro-activeness, many scholars have arrived at a consensus that both traits have positive correlation with firm performance. A study by Kreiser et al. (2013) has shown that there are predominantly positive U-shaped relationships among innovativeness and pro-activeness with SME performance. Kraus et al. (2012) discussed the links between entrepreneurial orientation and the business performance of SMEs in Netherlands using a quantitative study. Their research found that proactive firm behavior positively contributes to SME performance during the economic crisis and that SMEs with innovation indeed demonstrated greater performances in turbulent settings.

Rauch and Frese (2007) claimed that the impact of risk taking on entrepreneurial success is rather small, and that personal trait does not necessarily increase the business success probability. But empirical evidence from many scholars showed that the extent of risk aversion is closely associated with entrepreneurship. Brandstätter (2011) also suggested that risk propensity not necessarily promotes business success, but promotes business foundation. Caliendo et al. (2009) highlighted there is a positive correlation between risk attitudes and the decision to become an entrepreneur. By analyzing data from Spanish university students, Sanchez (2010) showed that students with the higher three factors -- self-efficacy, pro-activeness, and risk-taking have the

stronger intention to become self-employed at the end of an entrepreneurship program than the ones in the control group. Kraus et al. (2012) concluded that innovative SMEs should minimize the level of risk and should take measures to avoid too uncertain programs. By contrast, the empirical analysis by Caliendo et al (2010) revealed that among all entrepreneurs, persons with moderate risk attitudes live better significantly in self-employment than persons with particularly low or high risk attitudes. That is, the relationship between risk attitudes and entrepreneurial survival is inversely U-shaped. As stated by Kreiser et al., (2013), there is a predominantly negative U-shaped relationship risk and SME performance.

2.5.3.2. Five-Factor Model of Personality and Business Performance

The study on personality of entrepreneurs is based on Five-factor model of personality traits (FFM), used by Brandstätter (2011). Brandstätter utilized meta-analyses to explore the role of personality traits in predicting entrepreneurial intention and entrepreneurs' performances. Personality aspects of entrepreneurship in FFM encompass openness to experience, conscientiousness, extraversion, agreeableness and neuroticism on five meta-analyses basis. He argued that personality traits serve an important role when entrepreneurs are compared with managers and that personality traits can predict entrepreneurial intention and entrepreneurs' performance. Entrepreneurship (foundation decision and success of the enterprise) is viewed as behaviors relevant to opportunity recognition, exploitation, innovation and value creation (Leutner et al., 2014). That personality affects entrepreneurial activities should be greatly noticeable. For example, identifying new opportunity needs openness to experiences. Exploiting opportunity involves building up social network which is related to extraversion and agreeableness. Innovation and value creation entail conscientiousness (hard working) and emotional stability (less neuroticism). Similarly, Leutner et al. (2014) indicated that extroversion and agreeableness remained the only significant Big Five predictors of entrepreneurial

success and pointed out that individuals with extroverted personality are more likely to participate in a variety of entrepreneurial activities such as new businesses creation.

Beyond that, they also revealed that personality, especially, narrow personalities, accurately predicted several entrepreneurial outcomes and further demonstrated that all the personality traits of the Big Five linked with entrepreneurial success. Apart from the five traits, Brandstätter (2011) found that psychological factors, such as personality traits, generalized self-efficacy, stress tolerance, need for autonomy, locus of control, have significant relationship with business foundation and business success as well as achievement motivation is conducive both for business creation and business success. Besides that, some researches also suggested that demographic factors (e.g., age, entrepreneurial parents, and education background) perform a key role in entrepreneurial success.

2.6. Constraints Faced by Immigrant Entrepreneurs

Despite specific strengths such as flexibility and adaptability, SMEs owned by immigrant entrepreneurs still confront a wide range of constraints that impair their performance and survival rates. Existing literature focuses on various barriers facing SMEs in a globalized context, ranging from low productivity, lack of managerial capabilities, difficulty in access to credit, shortage of accessing technology to heavy regulatory burden (Olusegun, 2012; Radam, Abu and Abdullah, 2008). But it is not clear whether immigrant entrepreneurs and other majority groups face similar constraints and challenges in running SMEs, particularly in Malaysia.

From the immigrant entrepreneurs' perspectives, main barriers and obstacles encountered in advanced countries such as Canada, Sweden and United States have been well researched. Teixeira and Truelove (2007) highlighted problems faced by immigrant SMEs in Toronto such as access to financing, language and cultural barriers, marketing and market penetration, inexperience and lack of connection and

customer building and retention, personnel management administration and high operating costs. In Sweden, Khan (2015) observed that immigrant entrepreneurs often feel marginalized in host country and they are running into difficulties in getting support from the established business communities and networks. In United States, Kerr and Kerr (2016) found that some specific issues that limit immigrant entrepreneurs from opening or growing their businesses including language barriers, difficulty in starting a company due to legal complexities, and lack of funding for pilot projects.

In less developed countries, like Malaysia, however, the major constraints faced by immigrant entrepreneurs in SMEs have not been well studied. Much discussion focuses on SMEs in Malaysian economy in general or Bumiputera entrepreneurs rather than ethnic entrepreneurs. For example, Hoq and Said (2009) highlighted lack of management expertise, less access to finance, human resource constraints as major impediments to the SMEs development in the Malaysian economy. Halim et al. (2014) claimed that the Malaysia SME business environment is characterized by many barriers including lack of energy to severe competition, low skill and inferior entrepreneurial personality, lack of financial management and high external locus of control. Rahman et al. (2016) identified main constraints facing SMEs such as lack of access to credit, management skills and marketing skills. Furthermore, failures in marketing, shortage of skilled workers, marketing the product in the supermarket are also considered as major barriers adversely affecting the development of Bumiputera SMEs (Omar and Azmi, 2015). Contrary to previous research, Rahman et al. (2016) underscored that financial, management and marketing skills are the main hindrance faced by the Malaysian SMEs. This point is underscored by the Malaysian authorities and SME support agencies, in their statements and they emphasized these three constraints as major reasons for SME failure in Malaysia.

Considering the main focus of this study is on Chinese (national) entrepreneurs, we have to take into account the role of social networking (*Guanxi*)². According to McNally (2011), 93% of business owners in China identified *Guanxi* as a necessary aspect for their business' success. Hence, lack of social networking is likely to be a significant repressing factor to immigrant Chinese entrepreneurs in Malaysia.

On the basis of the literature review, it is possible to identify various factors that are likely to constrain the success of both SMEs in Malaysia in general and SMEs run by the immigrant Chinese entrepreneurs in particular. Broadly, the problems facing the SMEs can be identified as following: low human capital, low management, lack of financial support, lack of social networks, low technology and innovation, lack of government assistance, and low efficiency in marketing.

2.6.1. Low Human Capital

Human capital measured by education and language proficiency has been found to be a major determinant of business ownership differences among different groups (Fairlie and Lofstrom, 2015). Education can provide entrepreneurs with requisite skills and knowledge related to creation, survival and growth of business venture, such as learning ability, absorptive ability, risk management abilities, communication skills, and organization skills. The ability for entrepreneurs to learn and absorb quickly and accurately new knowledge then to transform it into sensible strategies is vital to their survival and development. Abundant previous studies have emphasized on the

²-*Guanxi*" is a general Chinese term used to describe relations that may lead to the exchanges of favors or "connections" that are favorable for the parties involved. The Chinese term "*guanxi*" can be considered equivalent to the term "networking". The elements of exchanges based on "*guanxi*" carry a long tradition in doing business in China and Chinese communities. Good "*guanxi*" can be crucial to open doors otherwise closed. Good "*guanxi*" can minimize natural or man-made obstacles in doing business in China. It may take some effort and time to maintain and nurture the needed amount of "*guanxi*" to do business at different levels. Those taking part in the acceptance of "*guanxi*" are required to return "*guanxi*" given measured on the amount of previous "*guanxi*" accepted (World Learner Chinese, <http://www.worldlearnerchinese.com/content/what-guanxi>).

significance of education level and its impact on the performance of enterprises owned by immigrants. Many studies also found that the education level of businessmen has a positive link with business performance (Nichter and Goldmark, 2009). A study by Unger et al. (2011) shows that well-educated business owners operate more successful businesses, create more innovations and grow their firms faster than less-educated ones over time. Congruent with the finding, Fairlie et al. (2012) also found that Indian entrepreneurs earn around 60 per cent more than white entrepreneurs and gain the largest business income on average in all immigrant groups of the United States because the education levels of Indian immigrants are higher than that of entire population. These findings confirm the results of a previous study of Robb and Fairlie (2007) who underlined that educational background can be a critical factor that leads to the chasm between the Asian immigrant businesses and white owned businesses. What is more, entrepreneur training is positively correlated with the performance of SMEs (García 'a, 2005; Mahmood and Mohd Rosli, 2013) and is a formal process by which relevant information is transferred to increase the human and social capital of the participants (Mahmood and Mohd Rosli, 2013).

Coleman (2007) indicated that human capital variables, involving education and experience, affect positively the profitability of women-owned firms. These outcomes are in line with the human capital theory, which regard education as a key element influencing business performance and view business experience as an influential factor on firm performance (Van and Rocco, 2004). In other words, previous experiences in addition to education or training and language can be part of human capital as well. In the previous literature, insufficient experience was found to be one of the most common explanations of business failure (Shepherd and Wiklund, 2006). Experiences enable entrepreneurs to deeply understand market and help identify customers, marketing

strategies and opportunities for growth. A number of studies from advanced countries such as Canada, Germany, Spain and the US indicated that educational attainment and experiences obtained in country of birth or origin bring about lower returns than if obtained in the host country (Lofstrom, 2014).

Human capital can be also measured by language ability. Gebre et al. (2011) discovered that the inability of Ethiopians to speak any of the languages spoken in South Africa (host country) not only adversely affect the businesses they run, but also it is a chief barrier to social integration, a critical element for building up social linkages and social networks related to growing businesses. Khosa and Kalitanyi (2014) reported that a majority of 55 respondents (59.1%) mentioned that there are some disadvantages related to lack of understanding of local languages, and that 68 African foreign entrepreneurs (73.1%) agreed that there are advantages to be derived from understanding of local languages as it enable business to run smoothly. Limited English language ability to immigrant entrepreneurs makes them difficult to communicate with potential customers, suppliers and local staff in government and other companies. English and Malay languages are predominantly used in Malaysia. Some of foreign-born businessmen are not able to speak English and Malay languages very well. Lack of fluency in English and Malay language, especially the latter which is the national language of Malaysia may limit development opportunities for enterprises founded by immigrants. Hart (2011) suggests that it is difficult for well- educated immigrants to recognize and seize entrepreneurial opportunities quickly due to language barriers.

Having command of English and Malay language can integrate immigrant entrepreneurs into the Malaysian community, identify needs of these people living in the community and provide them high quality services. In addition, it may also help ethnic entrepreneurs acquire much more legal, regulatory, business knowledge and public

policy as well as gain more government assistance. Above all, learning and having command of local language can facilitate immigrant integration into the society, local communities, understanding government policy and program.

To sum up, low human capital is likely to have a negative influence on development of immigrant Chinese entrepreneurs.

2.6.2. Poor Management

Management skills for SMEs can be described as the capability of the management to steer enterprises towards and then go beyond their goals and objectives. These skills are necessary for SMEs to plan, organize, control and direct their operations (Zarook et al., 2013). Good management team can help SMEs have access to finance more easily than those with insufficient management skills. For example, Arasti et al. (2014) stressed that managerial experience and financial management team are crucial for the success or failure of a firm.

Management is usually divided into specific areas involving human resource management, risk management, financial management, quality management and R&D management. Mamabolo and Kele (2017) employed both qualitative and quantitative methods to explore the role of management in South Africa and concluded that financial management, human resource management and business management skills are instrumental for entrepreneurs. The importance of management varies with different company size. It was confirmed that small firm less participates in formal management than large firm (Gray and Mabey, 2005).

Management skills are important in preparation of the growth of SMEs. Although some empirical studies from Appuhami (2007) and DuBrin (2012) have shown that insignificant relationships between management skills of managers and firm

performances, scores of studies have indicated that management skills are positively correlated with firm performance (e.g: Asah et al,2015; Carmeli and Tishler ,2005; De Zoysa and Herath,2007; Dzansi and Dzansi,2011). According to Khan (2015) 70% of the immigrant entrepreneurs in Sweden are lacking skills in management, marketing and advertisement. It is important for them to learn these skills to become competitive in their business. Thus, as stated by Peter Drucker, the father of modern management, proper management is critical to operate sustainable business (Drucker, 2014).

Hayton (2015) emphasized the key constraints on SME performance lie in deficiencies in leadership and management skills. His statement indicated that the two skills are extremely significant for the business success in Britain. Arasti et al. (2014) also stressed that weaknesses in management skills, such as lack of crisis management skills, are important factors hindering the business success and causing business failure in newly set-up small businesses. Research conducted on SME failures revealed that failure was primarily brought in by lack of management skills (Ishwarlall Naicker, 2006; Rogerson, 2008; Okpara, 2011; Smit and Watkins, 2012). Number of research studies showed that SMEs' development is largely constrained by lack of management skills in Ghana (Abor and Quartey, 2010), South Africa (Abor and Quartey, 2010; Cant et al., 2014), Nigeria (Okpara, 2011) and in Netherlands (Nijkamp et al., 2010). Lack of management skills reduce the competitiveness and effectiveness and impair the ability of designing sound plans and strategies as well as cause low efficient resource allocation.

Jaafar and Abdul-Aziz (2005) suggested that small and medium sized contracting enterprises (SMCEs) in Malaysia should emphasis more on managerial capabilities in finance, project and marketing with the aim to enhance firm performance, and effective

and efficient managerial capabilities help develop strategies to attain sustainable competitive advantage in the industry. Both insufficient management experiences and inadequate skills for most SMEs owners have negative influences on operating and growing a business, even contribute to the demise of the business.

Agyei-Mensah (2010) illustrated that lack of financial management is the main cause of SMEs failure and the most common issues identified by small firms are inadequate management in capital, cash flow and inventory control. Abanis et al. (2013) also claimed that good financial management practices have been regarded as critical elements in the success of SMEs in Uganda and inefficient financial management may damage business efficiency, thus impacting the growth of SMEs. Furthermore, there is consensus among researchers that the financial management of a small business is indispensable for the business sustainability and expansion (Lucky and Olusegun, 2012; Salikin et al., 2014).

2.6.3. Lack of Financial Support

Both lack of capital and the difficulties of obtaining loans from financial institutions and government development agencies have been listed as major impediments to SMEs owned by immigrants. According to Smit and Watkins (2012) inaccessibility to finance is cited as one of the primary external hindrances faced by SMEs. Consistent with them, Khosa and Kalitanyi (2014) and de Aghion and Morduch (2010) underlined that access to financial capital still remains one of the notorious constraints in entrepreneurship and has received much attention among donors and practitioners, as witnessed by the rise of the micro-finance movement, aiming at developed and developing countries alike. Micro-credit is positively related to the performance of micro and small enterprise (MSEs) (Mahmood and Rosli, 2013) because micro credit increased the profit rate of small enterprises (Hietalahti and Linden, 2006) and also can effectively cover the

operating expenses, the ones related to procurement, lease, energy, taxes of their businesses.

The capitals used for setting up and operating business are largely derived from personal savings rather than capital markets, which is far from enough. The scarcity of financial capital will become an impediment and hurdle for enterprise survival and expansion. As Coleman (2007) implied, the ability and willingness to obtain external sources of capital are major determinants of firm growth, firms that are not able to attain external capital are more likely to be vulnerable for coping with the fluctuation faced by small firms in general. Likewise, Salikin et al. (2014) further argued that insufficient capital is one of the crucial problems among SMEs due to the difficulties in accessing external fund. If there are not sufficient and adequate financial supports for enterprises from outside (e.g. government and financial sector) whether in survival stage or development stage, SMEs are likely to fail.

Gibson (2001) suggested five categories of small firms as per their predominant sources of financing (debt and equity). Specifically, debt includes trade credit debt, bank loan debt and related persons debt, equity refers to working owner equity, and other debt or equity such as venture capital, credit card or government loans. By examining the role of personal capital in the startup decision for US high technology entrepreneurs, Elston and Audretsch (2011) found that Small Business Innovation Research (SBIR) grants, credit cards, and earnings from a salaried employment are the most important sources of funds for entrepreneurs in their decision to startup a firm. Policy implications of this finding suggested that firm start-ups in developed countries depend on access to capital such as government loans and grants in both initial and early stages of development. A study on SME financing volumes about over 140 countries revealed that the majority of SME lending volume (70%) is in rich countries. The median ratio of SME loans to GDP

in advanced countries is 13% compared with only 3% in less developed countries. In the term of SME loans, the second largest area is East Asia and the Pacific, occupying one-quarter of the total volume. However, 90% of this figure is concentrated in China, and excluding China, the total amount in East Asia and the Pacific is comparable to Eastern Europe and Central Asia, approximately 3% of the total. Sub-Saharan Africa, Middle East and North Africa, and South Asia all are responsible for only 1.7% of this total (Ardic et al., 2012). This might explain the reason why there is inadequate funding for SMEs development in less developed nations always, that is, the dearth of total financing volumes in underdeveloped countries whereas there are affluent capital flowing into rich countries.

In addition, recent research indicates that start-up capital of immigrant-owned businesses is higher than that of non-immigrant owned businesses (e.g. Fairlie et al., 2012). The primary reason, scholars have discovered lies in that ethnic minority businesses have never used or gained business and financial support from financial institutions and thus had to rely on personal savings and ethnic social resources (Piperopoulos, 2010). The importance of personal wealth as an important factor of entrepreneurship has been the concern of an extensive body of literature (e.g. Fairlie and Lofstrom, 2015) because it is a prime source of financial capital of SMEs. Beck et al. (2008) revealed that smaller firms in countries with underdeveloped financial and legal systems, generally, developing countries, use less external finance, based on data from a firm-level survey in 48 countries. Most immigrant-owned businesses tend to rely heavily on internal financing mechanisms. On the one hand, It may have been encouraged by underdeveloped financial markets, on the other hand, the difficulty with respect to access to sufficient finance to set up or run SMEs in host country are partly attributed to inaccessibility due to immigrants' credit history and shortage of collateral.

2.6.4. Lack of Social Networks

One of the major problems to entrepreneurship development includes lack of access to formal business and social networks in Malaysian SMEs (Teoh and Chong, 2008). Zulkifli-Muhammad et al. (2009) also identified that shortage of good contacts with local and international enterprises are the main issues faced by SMEs. Ekpe and Ekpe (2015) concluded that women entrepreneurs in Malaysia do not only require loans and skill acquisition training but also social networks that can afford information and other resources such as professional advice and avenues for customers. Lack of social networks is also applicable to ethnic enterprises in the study. The importance of social ties has been visible for Chinese immigrant entrepreneurs. This is echoed in Bhagat et al. (2010), who asserted that the predominance of relationship orientation in Chinese culture serves as a stronger role in immigrant businesses in contrast to ethnic groups from other countries. In addition, the recent survey from Khan (2015) revealed that there are about 65% immigrant enterprises lacking a good social network.

Globalization in concert with the spread of ICT (information and communication technologies) enables entrepreneurs to reap the benefits of scale economies through loosely organized networks (Wennekers et al., 2010). Through studying wood industry in Malaysia, Hassan et al. (2014) concluded that in order to keep sustainability, it is critical to have a good networking especially with government, suppliers and customers. Ahmad and Seet (2009) also indicated that it is central to keep a good connection with customers through comparing factors related to business failures in Malaysia and Australia. Since connections with agents, government officials, manufacturers, producers, transporters, bankers and other businesses' founders and managers create the networks, and it can afford various values to their members through access to intangible social assets embedded in the network (Watson, 2007). The significance of social

network lies in that it is convertible into other types of resources. Networks, for example, can afford knowledge, technologies, expertise, information, markets and other resources to a business venture. Kim and Vonortas (2014) also demonstrated that networking is a frequently used risk-reduction strategy in SMEs, mostly for coping with various risks such as technology, financial and market risks. Burt, (2009) and Cooke (2007) underlined that the continued success of migrant business enterprises entails social capital and the available networks of business owners because they are essential for business opportunities and resources. Entrepreneurs with lack of affiliations and without network with other enterprises often find it hard to access funding, and this is particularly the case in less developed countries. Pandula (2011, February) also revealed that there is a significant and positive effect of networking with officers in SME Corp. Malaysia (a government agency) on the ability of SMEs to gain financial system support.

Social capital is an attribute embedded within, and is available through individual and familial network of relationship (Seghers et al., 2012). Social capital theories suggest that a lot of business elements such as immigrants' access to information, ability to acquire essential resources, entrepreneurial propensity and even entrepreneurial success are dependent on a host society's networking and trustworthiness norm (Turkina and Thi Thanh Thai, 2013). Social networks represent the resources that the immigrant entrepreneur can mobilize and utilize such as emotional support, strategic information, trust and financial support (Chrysostome and Arcand, 2009). Turkina and Thi Thanh Thai (2013, p. 190) maintained that social ties are particularly crucial for immigrant entrepreneurs because social relationships are able to provide immigrant entrepreneurs with information about existing business opportunities.

Social networks include informal networks such as family, relatives, friends and acquaintances and formal business networks such as customers, distributors, suppliers, competitors and government (Gunto and Alias, 2014). In the survey of Cain and Spoonley (2013), the authors pointed out that participants' high level of reliance on family and friends is not unusual for new migrants and suggested that social/relational networks are crucial in contributing business start-ups. Informal networks, however, may have a limited capability of mobilizing resources beyond the family circle (Fong and Chen, 2007). As a matter of fact, formal and informal networks generally interplay in operating businesses. Ip (2007) highlighted that Chinese immigrants in Australia build and finance businesses, as well as arrange imports through home ties and transnational networks. Bagwell (2008) and Bagwell (2015) also regard transnational networks as a new form of social capital that potentially provides ethnic minority entrepreneurs with access to various resources, new market opportunities and business information, which can be demonstrated by UK Somali entrepreneurs (Jones et al., 2010).

In terms of immigrant entrepreneurs, social network emerges in the form of geographical clustering. The ethnic and immigrant character of rapidly growing business clusters in New Zealand has been a significant development in the last decade (particularly in Auckland) and reflects that migrant groups are dependent on ethnic-specific networks (Cain and Spoonley, 2013). Geographical clustering is an important and crucial feature in the ethnic entrepreneurial activities in host country. Immigrants tend to be geographical concentration, because foreign-born entrepreneurs are likely to start their businesses in those areas where a large resident population of people with the same migrant background are living (Nijkamp et al., 2010). Similarly, Hart and Acs (2011) reported that companies founded by immigrant entrepreneurs in

high-impact, high-tech sector in United States tend to be located in states that hold large number of immigrant populations.

2.6.5. Low Technology and Innovation

It is widely accepted that technology and innovation have been a significant element in strengthening and enhancing viability and competitiveness of businesses worldwide. Technology and innovation is closely bound up with each other, both technology and innovation interplay in promoting SMEs. High level of technology and innovation enable entrepreneurs to have access to international markets, reduce cost, improve productivity and efficiency, attain robust information and increase profitability. Aziz and Samad (2016) revealed that innovation has a strong positive correlation with the competitive advantage, in which innovation account for 73.5 percent variance in competitive advantage, they further demonstrated that SMEs in Malaysia should invest in innovation to gain competitive advantage. Inadequate innovation in SMEs is not unusual due to the fact that small size of SMEs determined the dearth of internal R&D funds and human capital.

Lack of innovative activities can have a severe impact on SME competitiveness (Arasti, et al, 2014). Vissak and Zhang (2014) analysed three cases of Chinese immigrant entrepreneurs in Canada and found that successful immigrant entrepreneurs under intensifying competition condition would realize more and more the importance of innovation for the business expansions.

Information and Communication Technology (ICT) is a wide range of technologies related to computers. It is closely correlated with entrepreneurship nowadays. Specifically, it ranges from product and services such as desktop computers, laptops, wired or wireless intranet to business productivity software such as enterprise software,

data storage and network security among others (Ashrafi and Murtaza, 2008). Past literature (e.g. Apulu and Latham, 2011; Rastrict and Corner, 2010 and Lin and Lin, 2006) illustrated that there is a positive relationship between ICT and organizational advantages. To be specific, on the one hand, ICT in SMEs as a business tool can mitigate costs, generate innovations and stronger links with customers as well as facilitate market niche (Kutlu and Özturan, 2008) and improve efficiency and provide better customer service (Ashrafi and Murtaza, 2008) as well as can better cope with the challenges than ones without adoption of ICT in the business environment (Ongori, 2009). Empirical evidence from Nigerian SMEs revealed that ICT adoption can assist SMEs in obtaining store information, communicating with customers and business partners and so on thereby increasing their competitiveness (ApuLu and Latham, 2011). The usage of ICT in SMEs promotes easily and cheaply information communication and boost prevalence of electronic commerce. Ongori and Migiro (2010) stated that e-commerce will aid them in enhancing efficiency in their day-to-day business operations and administrations, sustaining their business growth through the opening of new market channels, increase the flow of information. Nevertheless, they further pointed out that most SMEs owners/managers do not understand the benefits of ICTs adoption, lack of legal framework and inadequate infrastructure. Hashim (2015) highlighted that the level of ICT skills possessed by SME owners in Malaysia is poor, and that their use of the ICT is low, because they find that ICT adoption is difficult.

Innovation is one of the core constructs grounded on Schumpeter's (1935) approach to entrepreneurship. Innovation is a multi-faceted effort such as technological innovation, product /services innovation, marketing innovation, managerial innovation and organizational innovation. The innovation is classified into four different types of objects of change, covering product innovation, process innovation, market innovation

and organizational innovation. Innovation is associated with business success (Bausch and Rosenbusch, 2005) which boosts competitive edge. Aziz and Samad (2016) revealed that innovation positively influence the competitive advantage, in which innovation contributes 73.5 percent in competitive advantage. In Malaysia, studies on the influence of innovation on competitive advantage can be seen in hotel industry (Asree et al, 2010), wood industry (Hassan et al., 2014) and foods manufacturing industry (Aziz and Samad, 2016).

2.6.6. Lack of Government Assistance (Policy and Program)

The last few decades have witnessed the growing positive influences of immigrant entrepreneurship on the economy and society of several developed countries, including New Zealand, Australia, Canada, the United Kingdom and the United States. Governments in these countries are increasingly aware of the need to create various programs to support immigrant entrepreneurs. For example, the government in United States introduced several local and national policy initiatives to attract immigrant entrepreneurs including the office of New Americans in Chicago and the White House Startup America initiative (Pekkala and Kerr, 2016).

Although government support for SMEs is increasing in the advanced countries since SMEs contribute to high-quality employment generation and exceptional innovation (Parker, 2000), the assistance from the government for business venture is inadequate and incomplete in developing world. For example, in Malaysia, Abdullah et al. (2009) contended that one of contributing factors to business failures or setbacks is related to government policies such as inappropriate policies and difficulty in getting government aid. In Iran, four main causes of business failures are identified by Arasti (2011), one of

which is government policies deficiency. The scarcity of government aid has been remarkably palpable for immigrant entrepreneurs. It is widely recognized that policy makers and administrators seemed to experience the “invisibility of migrant entrepreneurs” (Ram and Smallbone, 2003; Rath and Kloosterman, 2000; Jesrina Ann, 2017).

Entrepreneurs do not run their businesses in an institutional vacuum instead they are either constrained or empowered by the ever-changing institutional context in which they operate (Engelen, 2001). Government policy shapes the institutional environment in the host country that have a critical and crucial impact on the survival and growth of a business venture. Not only does an institutional environment determine the rules of the game that affect entrepreneurial decisions but also an institutional environment favorable to economic growth provides incentives for efficient production as well as investments in physical and human capital (Gohmann et al., 2008). Beyond that, Powell (2008) also addressed the significance of institutional infrastructures, and he claimed that only if a proper institutional setting is in place, entrepreneurship unlocks economic development. Owing to an insufficiently advanced institutional infrastructure, immigrants in low income countries are reluctant to involve in entrepreneurial activities. Even though sometimes they engage in entrepreneurship for seeking a livelihood, they will encounter a large number of hindrances.

In effect, the role of government is to spur firms to move to higher levels and gain competitive advantage in the globalized surroundings (Samad, 2007). The empirical evidence from Elston and Audretsch (2011) revealed that in high technology sector in United States when the researcher asked respondents how the firm was funded 56 percent of candidates reported that government support was important and 20 percent

felt Small Business Innovation Research (SBIR) grants from government are important sources of capital for potential and nascent high-technology entrepreneurs. While the government agencies of Malaysia have introduced several measures and platforms to help SMEs to manage the impact of higher costs on their production, slower turnover and financial distress, these initiatives are aimed at mostly Bumputera rather than immigrants.

2.6.7. Low Efficiency in Marketing

The marketing concept focuses on the identification of client's needs and their satisfaction (Kotler, 2002). Lack of marketing skills of SMEs definitely is a crucial factor contributing to high business failure rate in South Africa (Van Scheers, 2011) and Entrepreneurs are experiencing challenges to marketing products in local supermarkets in Malaysia (Omar and Azmi, 2015). Further, Rahman et al. (2016) identified that the main issues encountered by SMEs in Malaysia involve lack of understanding of marketing techniques, branding, customer loyalty as well as lack of good links with other local and international enterprises. All of these imply that low efficiency in marketing has a negative impact on the success of SMEs.

Insufficient marketing capability triggers marketing problems in the small business sector since the marketing skills of SMEs determine, in long term, whether the business will succeed or not (Rahman et al., 2016). As such, the incapability of locating foreign opportunities and potential markets can be perceived to be a major difficulty in exporting of SMEs in poor countries (Agyei-Mensah, 2010). Locating and catering to target audiences have been a critical strategy for entrepreneurial success. Mahmoud (2010) shows that the higher the level of market orientation, the greater the level of

performance in Ghanaian SMEs. This is consistent with the recent studies. For example, by analyzing the sample of 253 in small and medium sized new technology-based firms operating in Turkey, Qureshi et al. (2017) found that firms with higher level of marketing capabilities display a higher performance and that marketing capabilities is crucial for achieving sustainable competitive advantages. In addition, some other researchs have shown a high positive effect of marketing capabilities on overall business performance and financial performance manner (Azizi et al, 2009; Nath et al., 2010). Sok and Sok (2013) also concluded that marketing capability has a positive relationship with SME performance by drawing on the resource-based view theory and examining 171 manufacturing firms in Cambodia and they further pointed out the complementary relationship between innovation capability, marketing capability, and learning capability has a positive and overarching correlation with SME performance.

The importance of marketing to SMEs has been remarkable since marketing is connected to the survival and growth of SMEs in the long run. As stated by Rahman et al (2016), SMEs can develop well if they have a solid management and marketing strategy. The assumption means, if you want to gain the potential customers, allowing them to remember your products or services is a crucial method (Van, 2011). Armstrong and Kotler (2005) argued that the key to successful strategic marketing lies in focusing, positioning and differentiation. Focusing means the business should find out target market; positioning refers to that the venture should identify and occupy in a favorable position in market; differentiation represents that the SMEs have to find the distinction and distinctiveness that their competitor do not have or is not easily copied. As the stated by Chahal and Kaur (2013) and Vorhies and Morgan (2005), an organization should work on developing valuable, non-substitutable and inimitable marketing capabilities in order to attain competitive advantage and business

performance in an intensely competitive environment. Marketing capabilities can assist an organization in narrowing the gap between the complexity of the market and its ability to cope with this complexity to meet not only the market demand but also to stay ahead of the competitors (Day, 2013). Apart from that, it is argued that domestic businesses that can have access to international markets are more likely to obtain rapid growth and long-term profitability, thus overall economic prosperity (Charles, 2015). This is to say, to overcome marketing barrier surrounding SMEs, it is of great importance to combine domestic and overseas markets.

2.7. Government Policy on Foreign Investment and SMEs

The establishment of immigrant enterprises (SMEs) in Malaysia could be regarded as investment from immigrants (foreigners) into Malaysia. Malaysia encourages, welcomes and attracts foreign investment. Malaysian government provides a wide range of incentives and formulated initiatives to attract foreign investors without restriction on repatriation of capital and profits. In 2010, Malaysian government launched New Economic Model (NEM) and Economic Transformation Program (ETP), which aimed to develop the country into high income nation by 2020. The goal of NEM and ETP are to move further up to the value-added chain by emphasizing on investments. Malaysian Investment Development Authority (MIDA), the predecessor of Malaysian Industrial Development Authority established in 1967, is the most important investment promotion agency (IPA) which is responsible for the promoting coordinating and facilitating investments in the manufacturing and services sectors (except utilities and finance) in Malaysia. Also, SME Corporation Malaysia (SME Corp. Malaysia), a central coordinating agency under National SME Development Council (NSDC) of the Ministry of International Trade and Industry (MITI), was established in 1996 to develop overall policies and strategies for SMEs and coordinates the implementation of SME

development programs across all related Ministries and Agencies. SME Corp. Malaysia further launched the SME Masterplan (2012-2020) to spur the growth of SMEs through innovation-driven and productivity-led strategies to achieve 2020 vision of Malaysia.

According to SME Corp Malaysia (2017c), 89.2% of SMEs in Malaysia represents service sector. Major sub-sectors within service sectors cover real estate and business service, wholesale and retail trade, tourism, catering industry and education and training agency. All 15 immigrant owned businesses under this study belong to service sector. Thus, this part is devoted to government policy on service sector. Service sector is projected to contribute 60 percent of GDP by 2020 in Malaysia. In accordance with the implementation of NEM, prime minister has liberalized some main sectors of the economy including service sector, financial sector and capital markets. One significant measure taken by Malaysian government is deregulation of Foreign Investment Committees' investment guidelines from 30 June, 2009. According to Pwc (2017), 27 services sub-sector which comprised of these fields of ICT, education and training, healthcare, welfare, tourism and business sectors was liberalized in 2009 with no equity conditions imposed. In 2012, 18 sub sectors are further liberalized including telecommunication, private hospital services, education and training services and courier services. With the repeal of the guidelines for the Acquisition of Interest, Mergers and Takeovers by Local and Foreign Interest with effect from 2009, the foreign investment committees no longer imposes the requirement of at least 30 percent of Bumiputra equity in an Malaysian company. Nevertheless, some strategic sectors of national interest will be safeguarded through sector regulators (e.g. water, ports and energy).

With regard to the policy, the researcher mostly referred to MIDA (2017) and SME Corp Malaysia, (2016c) that showed that the full list of programs for 2017 is available

in the SME Integrated Plan of Action (SMEIPA) 2017. In SMEIPA, there are 10 government agencies that designed policies related to SMEs development, these agencies include Ministry of International Trade and Industry (MITI), Ministry of Communications and Multimedia Malaysia (MCMC), Ministry of Sciences, Technology and Innovation (MOSTI) and Prime Minister's department (JPM). Besides, based on SME Corp Malaysia (2016c), SME Development Programs for 2017 funded by government mainly focuses on six areas: access to financing, innovation and technology adoption, human capital development, market access, infrastructure, and legal and regulatory environment. This study is concerned with immigrant entrepreneurs, thus the policies on tax and visa were addressed.

A total of 169 SME development programs were implemented in 2017 with total funds of RM5.85 billion helping 80,860 SMEs. Among these programs, 87.6% (148) is funded by Malaysian government and the rest of programs (21) are private-funded (see Table 2.2). The 77.1% of Government funding (RM1.93 billion) was allocated to Access to Financing programs. The allocation fund 34 Access to Financing programs, benefiting 22,524 SMEs. 9.5% of total of Government funding (RM236.7 million) has been provided to fund 25 SMEs programs on Innovation and Technology Adoption benefiting 1,995 SMEs. While the highest number of programs (40) was related to Human Capital Development with an allocation of RM137.7 million benefiting 37,820 SMEs in 2017. There are 34 Market Access programs, with an allocation of RM129.5 million funding (5.2% of total allocation), have been implemented benefiting 4,016 SMEs (SME Corp Malaysia, 2016c).

Table: 2.2: SME Development Programs for 2017(Government-funded) by Focus Area

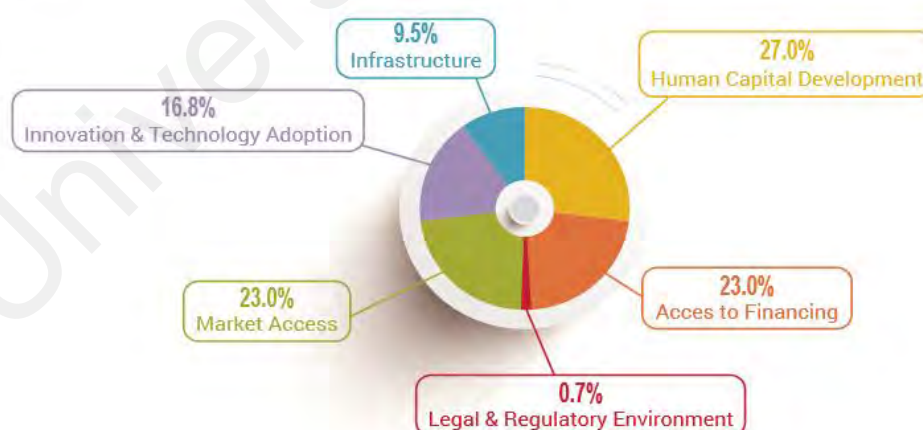
Focus Area	Number of Programs	Financial Allocation (RM Million)	Targeted SME Beneficiaries
Access to Financing	34	1929.8	22524
Innovation and Technology Adoption	25	236.7	1995
Human Capital Development	40	137.7	37820
Market Access	34	129.5	4016
Infrastructure	14	61.7	55
Legal and Regulatory Environment	1	8.0	N/A
Total	148	2503.4	66410

Source: SME Corp., Malaysia (2016a).

There are six focus areas stressed in SME Development Programs for 2017 in the term of the number of programs, financial allocation and SME beneficiaries (see Table 2.2, Figures 2.1, 2.2. and 2.3).

Figure 2.1: Six Focus Areas stressed in SME Development Programs for 2017

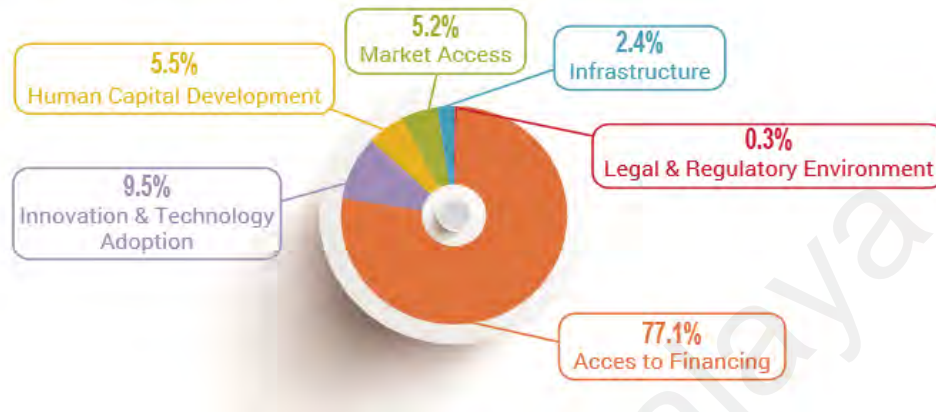
Number of Programmes by Focus Area (%)



Source: SME Corp., Malaysia (2016a)

Figure 2.2: Financial Allocation by Focus Area (%)

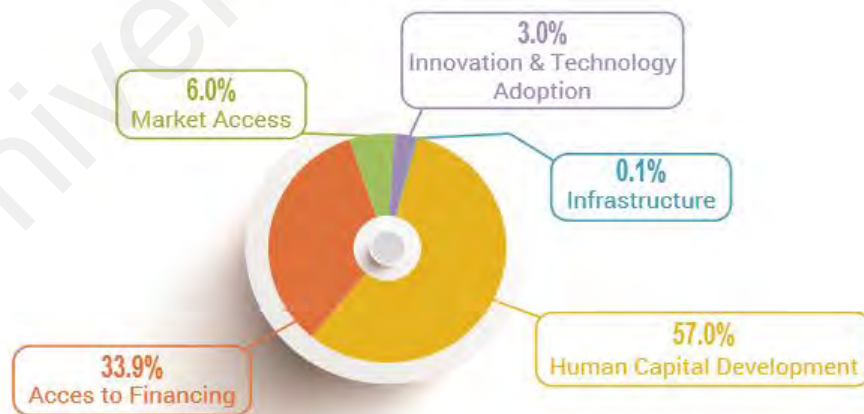
Financial Allocation by Focus Area (%)



Source: SME Corp., Malaysia (2016a)

Figure 2.3: SME Beneficiaries by Focus Area (%)

SME Beneficiaries by Focus Area (%)



Source: SME Corp., Malaysia (2016a)

Overall, from Figures 2.1, 2.2 and 2.3 related to SME Development Programs for 2017, it is obvious that the number of programs of human capital was greatest in the six focus areas, reaching 27% and the SME beneficiaries under the program was also the

biggest, representing for 57%. By contrast, government committed more than a half of funds (77.1%) to help SMEs get access to financing. The number of programs in the area of access to financing accounted for 23% and its' SMEs beneficiaries reaching at 33.9%. In terms of legal and regulatory environments, the number of programs and financial allocations is the least in the six focus areas, 0.7% and 0.3%, respectively.

2.7.1. Access to Financing

According to Pwc (2017), it is feasible that foreign investors can borrow from external sources if they have real property as collateral and they also can have access to credit on the local capital market. Businesses controlled by foreigners may seek any amount of Malaysian Ringgit credit facilities without Bank Negara Malaysia's (BNM) approval. Besides, foreigners can obtain any number of residential and commercial property loans without upper limitation. In 2008, the government liberalized the foreign exchange administration rules that allow residents to borrow foreign currency and to borrow and lend in ringgit between residents and non-residents. The Malaysian Deposit Insurance Company insures deposit accounts of up to RM 250,000 (\$80,645) with separate funds for conventional and Islamic banking institutions.

An enabling environment is created by Malaysian government in order to promote the growth and development of competitive and resilient SMEs. Initiatives and programs by the government and its agency are directed toward addressing constraints in the dimension of financial accessibility in SMEs. There is SME bank created by government in Malaysia, the main goal of SME bank is to afford standard banking and advisory services tailored to the needs of SMEs. a dedicated SME Unit have been established by some financial institutions to engage with SME customers, aiming at providing suggestions on financial management, identifying and organizing appropriate

financial requirements and other ancillary services for SMEs. Based on MIDA (2017), there are mainly three different types of financial schemes for SMEs:

- (1) Business Accelerator Program (BAP) 2.0
- (2) Shariah - Compliant SME Financing Scheme (SSFS) 2.0
- (3) Soft Loan Scheme for SMEs (SLSME)

2.7.1.1. Business Accelerator Program (BAP) 2.0

Business Accelerator Program (BAP 2.0) is an integrated assistance program that aims to grow and develop SMEs locally and abroad by virtue of business advisory and financial supports. Sector coverage of BAP includes SMEs in all economic sectors except financial services and upstream agriculture activities, but the enterprises have at least 60% Malaysian equity.

2.7.1.2. Shariah-Compliant SME Financing Scheme (SSFS) 2.0

Shariah-Compliant SME financing scheme (SSFS) 2.0 is eligible for Malaysian SMEs in all sectors except financial product and services for which the activities are regulated under, among others, the various banking, insurance, takaful and unit trust laws and regulations.

2.7.1.3. Soft Loan Scheme for SMEs (SLSME)

Soft Loan Scheme for SMEs (SLSME)

Soft Loan Scheme for SMEs (SLSME) introduced in 2001 assists existing as well as new start-up enterprises in fixed assets, IT software/hardware and working capital financing. All Malaysian SMEs sectors are eligible excluding insurance and financial services. One of requirements of the scheme involves at least 60% equity held by Malaysians as same as other financing programs.

Soft Loan Scheme for Services Capacity Development (SLSCD)

Soft Loan Scheme for Services Capacity Development (SLSCD) launched in 2009 is dedicated to assist SMEs to undertake upgrading and modernization and move up into

higher value-added activities as well as boost the productivity, efficiency and competitiveness of service delivery. All Services sector are eligible excluding financial, insurance, utilities and construction sectors. The requirement that Malaysians hold at least 60% equity is indispensable.

Soft Loan Scheme For Services Sector (SLSSS)

Soft Loan Scheme For Services Sector (SLSSS) are applicable to all service sectors excluding financial, insurance, utilities and construction sectors. The eligibility includes that at least 60% equity are held by Malaysians

Other financing schemes

Other financing schemes include Majlis Amanah Rakyat (MARA) Business Financing Scheme For Professionals, Small Business Financing (SBF) and i-Enterprise Premise Financing (i-EPF) as well as Market Development Grant (MDG).

MARA is the agency that administers a scheme known as Business Enhancement Financing Scheme and is directed toward Bumiputera entrepreneurs. The purpose of Small Business Financing (SBF) is to increase product marketability and to transform the business from micro to small category, two of eligibility criteria for this fund include that applicants must be a Micro Enterprise with minimum of 51% Bumiputera equity ownership and with good credit records, and that Chief Executive Officer (CEO) / Managing Director(MD) must be Bumiputera. i-Enterprise Premise Financing (i-EPF) is a financing package for the refinancing and purchase of your shop-houses, office spaces and factories. It also covers acquisition of completed or under construction properties. Eligibility criteria for this fund are as follows: Sole-proprietor and Partnership. The Market Development Grant (MDG) is designed to assist Malaysian SMEs including tourism financial and insurance industry and excluding real estate, Professional Service Providers and Trade & Industry Associations, Chambers of

Commerce & Professional Bodies in undertaking eligible export promotional activities. The grant is given to SMEs with at least 60% equity owned by Malaysian. From these policies related to access to finances, we can see that almost certainly all financing programs and schemes have a requirement of having at least 51% or 60% equity owned by Malaysians in the SMEs that would like to apply for financing. However, immigrants accounted for a majority of stakes in SMEs owned by immigrants. While Malaysia, coupled with South Africa and United Kingdom, ranks top in the world in “ease getting credit” according to the Doing Business 2013 report (World Bank, 2012), it appears to be impossible for immigrant entrepreneurs to receive financing from these programs. Only using real property as collateral in Malaysia, can foreign investors be allowed to apply for loan. Nevertheless, the owners of SMEs generally do not own property or real estate that can be used as collateral. Therefore, the financing sources of immigrant entrepreneurs are often self-raised funds.

2.7.2. Human Capital Development

The quality of labor force skills has been a central factor for SMEs owned either by Malaysian or by immigrants. Skilled workers are conducive to production of qualified goods and services, maintenance of a competitive supply chain and decline in operation costs of an enterprise. The development of human capital can be regarded as the enhancement of productivity. There is a need to shift the economy to a higher level of value-added and productivity in Malaysia, in response, New Economic Model (NEM) was unveiled by Prime Minister in 2010. Besides, Economic Transformation Program (ETP) also emphasize on boosting country’s competitiveness and talent development.

According to SME Corp., Malaysia (2017a), the programs of human capital development for SME available in 2017 include Skim Peningkatan Produktiviti Enterpris - Malaysia Productivity Blueprint (SPPE-MPB), export training Program, INSKEN Business Scale Up Program and SME Seller Adoption.

2.7.2.1 Skim Peningkatan Produktiviti Enterpris - Malaysia Productivity Blueprint (SPPE-MPB)

The objective of SPPE-MPB, under Malaysia Productivity Corporation (MPC), is to promote productivity. MPB launched in 2017 by YAB Prime Minister aims to serve as a holistic measure to step up productivity levels at the national, sectorial and enterprise levels and to double labor productivity growth from 1.8% per year during the 10MP period to 3.7% per year in the 11MP period (SME Corp., Malaysia, 2017a). SME productivity was still lower than large firms which were 3.3 times more productive than the SMEs in 2016 (SME Corp., Malaysia, 2017a). The economic growth in Malaysia rely heavily on input-driven growth, which is becoming increasingly costly to sustain, with every unit of input in economy yielding a decreasing rate of GDP growth. It is imperative to transform input-driven growth into productivity-driven growth.

2.7.2.2. Export Training Program

Export training Program is funded by Malaysia External Trade Development Corporation (MATRADE), under Ministry of International Trade and Industry (MITI) with the objective to internationalize export-ready SMEs, the program's objective is to equip SMEs with necessary knowledge and skills to enhance their export capability. So far, the program involves a total of 156 companies from 12 sectors and generate potential export sales of RM57 million (SME Corp., Malaysia, 2017a).

2.7.2.3. INSKEN Business Scale Up Program

This program is under Primary Ministry's Department, including business training, business coaching and INSKEN 500 intervention programs. Its activity aims to enhance a comprehensive entrepreneurial skills and knowledge in developing sustainable businesses through business counseling, training, consulting and facilitating.

2.7.2.4. SME Seller Adoption

SME Seller Adoption is under the agency of Malaysia Digital Economy Corporation (MDEC), KKUM, the program is a national campaign and training which intends to accelerate SME e-Commerce adoption through multiple approaches. These approaches include increasing promotion / marketing of e-Commerce to SMEs, enhancing scale and effectiveness of e-Commerce training and talent development for priority sub-sectors and establishing one-stop e-Business resource for SMEs.

2.7.3 Market Access

Based on SME Corp., Malaysia (2017a), in 2017, the list of programs available in the SME Integrated Plan of Action (SMEIPA) includes five aspects: Market development grant, e TRADE, SME Brand Development Program (National Mark), Galakan Eksport Bumiputera (GEB) and Vendor Development Program (VDP). Notably, DEB, VDP and Product and Quality Enhancement Program are only applicable to SMEs owned by Malaysian.

2.7.3.1. Market Development Grant

Market development grant, its implementer is Malaysia External Trade Development Corporation (MATRADE), which intends to assist in SMEs, service providers, trade and industry associations, chambers of commerce and professional bodies to undertake activities for development of export market.

2.7.3.2. e-TRADE

Under Malaysia External Trade Development Corporation (MATRADE), e-TRADE provides SMEs with assistance to participate in international leading e-marketplace.

2.7.3.3. SME Brand Development Program (National Mark)

The national mark program is under SME Corp., Malaysia, aiming at boosting the visibility of Malaysian products and services in both local and international markets - National Mark of Malaysian Brand.

2.7.3.4. Galakan Eksport Bumiputera (GEB)

Galakan Eksport Bumiputera (GEB) is also under SME Corporation Malaysia (SME Corp., Malaysia), it is dedicated to facilitate export of Bumiputera SMEs through integrated assistance towards exploration into new export market.

2.7.3.5. Vendor Development Program (VDP)

Vendor Development Program (VDP) is under the agency of Bumiputera Entrepreneurship and SME Division, Ministry of international trade and industry. The goal of the program is to facilitate Bumiputera SME vendors with the assistance from Government-Linked Companies (GLCs) and Multinational corporations (MNCs) on major services or manufacturing-based industries. The VDP introduced in 1988 aims to help SMEs owned by Bumiputera to develop into suppliers of quality industrial components, machinery and equipment to MNCs.

2.7.3.6. Product and Quality Enhancement Program

The Product and Quality Enhancement program, under MOSTi, is to nurture, groom and elevate Bumiputera SMEs to a higher level from micro, small to medium enterprises and become finally export ready companies which are ready to market their product in the domestic and global market.

2.7.4. Infrastructure

The overall goal of Eleventh Malaysian Plan (2016-2020) is making efforts to ensure Malaysia becoming a fully developed country that is sustainable and inclusive. Its concrete objective is to achieve a goal of a growth rate of 5%-6% per year through continued domestic demand, private investment and infrastructure development. Robust infrastructure helps SMEs to operate effectively. Generally speaking, in 2017, 14 infrastructure programs, which primarily to provide proper business premises at strategic locations for SMEs to conduct their business, were implemented with funding of RM61.7 million to assist 55 SME beneficiaries (SME Corp Malaysia, 2017a). Nevertheless, based on the list of programs available in 2017 in the SMEIPA, there is not program related to

infrastructure under MITI,JPM, KKMM and MOSTI although there is a program on infrastructure in Kelantan and Sahah where do not concern the study.

2.7.5. Innovation and Technology Adoption

2.7.5.1. MAI Intelligent Technology System (MITS)

MAI Intelligent Technology System is under the agency of Malaysia Automotive Institute (MAI) and aims to automotive i-Cloud computing and 3D experience and develop existing local vendors to level 4.

2.7.5.2. Bumiputera Enterprise Enhancement Program (BEEP)

Bumiputera Enterprise Enhancement Program (BEEP), under the agency of SME Corp. Malaysia, is to cultivate potential Bumiputera SMEs in all States and provide selected Bumiputera SMEs with comprehensive supports package which comprises of financial assistance and advisory services.

2.7.5.3. Pre Commercialization Fund

Pre Commercialization Fund is under MOSTI. Its objectives includes 1) Help with developing processes, technology or new products or improvements to existing processes and technology to be commercialized; 2) Create environment to encourage techno-preneurs; 3) Increase application of innovative technologies in communities as social responsibility

2.7.5.4. Commercialization of R&D Fund (CRDF)

Commercialization of R&D Fund (CRDF) aims to leverage on Science, Technology and Innovation (STI) for national development and wealth creation through commercialization of products and process.

2.7.5.5. Biotechnology Commercialization Funding (BCF)

Malaysian Bio-economy Development Corporation Sdn Bhd (Bioeconomy Corporation) is the implementer of Biotechnology Commercialization Funding (BCF). The objective

of BCF is to offer funding to Biotechnology focus areas and complement the existing public and private sector fund by providing easy access to financing facilities

2.7.6. Legal and Regulatory Environment

Malaysian government aims to create a legal and regulatory environment that is conducive for the formation and growth of SMEs as well as protection the broader interest of society. A variety of government agencies, such as the Company Commission of Malaysia, SME Corp Malaysia, MIDA and MITI as well as SME Bank are responsible for implementation and enforcement of regulations administering and supervising entrepreneurial activities, including registration of SMEs, the issue of licenses, the enforcement of health and safety requirements as well as ensuring compliance with a wide range of government policies, tax policy, minimum wage policy and equity structure of businesses, for instance. According to Pwc (2017), in order to achieve Vision 2020, to be a fully developed and high income country, six Strategic Reform Initiatives (SIRs) were introduced by the government in 2011, which are catalysts and contributors for Malaysia to become competitive. One of six SIRs encompasses three dimensions---reform in competition, standards and liberalization. In an effort to boost economic advance, the Company Act 2010 came into effect to promote and protect the process of competition; the international standards and best practices were adopted to enhance the quality of goods and services and access to international markets; service sector is liberalized to open markets to foreign competitors. To date, the government replaced the Company Act 1965 with the new Company Act 2016, which was enforced from 31 January 2017, to facilitate and modernize the legal framework about the incorporation, organization and management in Malaysia. Also, the government adopted a policy that entitles the foreigners more flexible in the term of equity structure in the local firms than ever before in recent years. Sound legal and regulatory environment enables SMEs to be the nation's engine of

growth, in line with the Government's economic agenda. According to SME Corp., Malaysia (2017a), there is one legal and regulatory environment program with an allocation of RM8 million. The program assisted SMEs in navigating the regulatory aspect of doing business to ease regulatory burden for entrepreneurs.

There are some important regulatory agencies in Malaysian as shown in Table 2.3.

Table 2.3: Important Regulatory Agencies in Malaysian

Regulatory Agency	Functions
Ministry of International trade and Industry(MITI)	Responsible for all aspects of international trade and industrial development
Ministry of Domestic Trade, Co-operatives and Consumerism(MDTCC)	Supervising domestic trade, formulating policies and formulating measures to encourage fair ethical domestic trade practices and protect the interests and rights of consumers
Company commission of Malaysia(CCM)	The administration of the Registration of Business Act 1956 and the Company Act 2016
Immigration Department	Processing the application of work permits
Ministry of Science, Technology and Innovation	Promoting R&D in science and technology
Ministry of Communication and Multimedia Malaysia(MCMM)	Responsible for communication, multimedia, broadcasting and personal data protection
Ministry of Natural Resources and Environment	Natural resources management, environmental conservations, land management and administration
Bank Negara Malaysia	Regulating financial institutions and credit system and conducting monetary policy
Local government authorities	Responsible for local regulations that affect business operation.

Source: Pwc (2017)

Table 2.4: Ministry of International Trade and Industry (MITI) and its Sub agencies

Regulatory Agency	Sub-Agency	Functions
Ministry of International trade and Industry(MITI)	Malaysian Investment Development Authority(MIDA)	Providing assistances for investors to set up manufacturing and its related support services
	Malaysian External Trade Development Corporation	A central source for trade related information for Malaysian foreign importers and exporters
	Malaysian Productivity Corporation	To enhance productivity and quality consistent with the national industrial plan by providing training, promotion and consultancy and research services
	Malaysian Industrial Development Finance Berhad (MIDF)	To speed up industrial development and manage funds under various government schemes
	SME Corp Malaysia	To promote SME development through the provision of advisory services, fiscal and financial assistances, infrastructure facilities, market access and other support programs

Source: Pwc (2017)

Besides, there is a dedicated SME bank in Malaysia in catering to the financing needs as well as fulfilling SME growth requirements through providing timely advisory service and through better segmenting of financial and non-financial needs of SMEs by industry, stage of growth and product and market potentials. SME bank is a Development Financial Institution (DFI) established in 2005 and wholly-owned by the Ministry of Finance Incorporated and is regulated by Bank Negara Malaysia and supervised by MITI (see Table 2.4). The Bank is designed to accelerate the growth of Malaysian SMEs as ultimately a one-stop financing and business development center. Its mission is to develop SMEs to be the nation's engine of growth, consistent with Government's economic agenda and its vision is to become a full-fledged specialized financial institution and an international benchmark for nurturing SME excellence.

Noteworthy, since its inception in 2004, National SME Development Council (NSDC) chaired by YAB Prime Minister, has been the highest policy-making body for the development of SMEs in Malaysia and the driving force for SME development in Malaysia by designing strategies and formulating policies for growth across all economic sectors. Its main goal is also to promote the comprehensive and coordinated development of SMEs across all sectors.

2.7.7. Tax

2.7.7.1. Corporate Tax System

Residence of Enterprise

An enterprise is a tax resident in Malaysia in a basis year if the management and control of its affairs were exercised at any time in the basis year in Malaysia.

Year of Assessment

Year of assessment coincides with the year of calendar.

Taxation of Shareholders

Malaysia is on a single tier taxation system, under which tax on a company's profits is final tax. The shareholders are exempted from taxing on dividends if the enterprise that they hold shares has already been imposed tax on profits.

Foreign Enterprises - Liability to Tax

Similar to Malaysian enterprises, foreign enterprises are taxed on income accrued in or derived from Malaysia. The fact of whether business profits are derived from Malaysia determines whether the foreign enterprises are taxable or non-taxable in Malaysia.

Based on the Pwc (2017), there are other classifications of tax, including taxes on income, taxes on transaction and taxes on capital gains that is meant to real property gains tax derived from the disposal of real property or shares in the real property company. In the following part, a researcher primarily addressed two types of taxes closely correlated with the study -- Goods and Services Tax and import tax.

2.7.7.2. Import Tax

In accordance with trade liberalization, Malaysia import duties on a wide range of goods have been lessened or eliminated. Malaysia is subject to the Association of Southeast Asian Nations (ASEAN), Trade in Goods Agreement (ATIGA) under which import duties on more than 99% of goods traded within ASEAN have been completely abolished in January 2010. Malaysia continues to engage in negotiating free trade arrangements in some areas such as the fields of goods, rules of origin, and investments. To date, Malaysia has reached bilateral free trade agreements with some countries, for instance, Japan, Pakistan, New Zealand, India and Australia, and also regional agreements with China, Japan, Korea Australia/New Zealand and India. Import duties among Free Trade Agreements (FTA) partners are subject to specific reduction and elimination schedules under these agreements (MIDA2017).

2.7.7.3. Tax Incentive

Tax incentive has been one of tax policies in different country governments. Similarly, it plays an indispensable role in attracting foreign investors to Malaysian SMEs. Malaysia offers a wide range of tax incentives to promote investments from abroad in different sectors.

Tax incentives to promote investments in Malaysia are commonly in the form of tax exemptions on profit, capital based incentives are in the form of allowances or deductions based on quantum of capital expenditure incurred (Pwc, 2017).

In the past, the tax incentives were primarily targeted at the manufacturing and agricultural sectors. But recently such trend has shifted. The service sectors began drawing government's attention. According to MIDA (2012), manufacturing and services firms in Malaysia that are already in production which do not comply with the 'desirable' clause under the Promotion of Investments Act (PIA), 1986, are now eligible to be considered for tax incentives. Tax exemptions equivalent to Pioneer Status or Investment Tax Allowance based on the prevailing rates under the PIA, 1986. By and large, the Malaysian government extends a full tax exemption incentive of fifteen years for firms with "Pioneer Status" that are promoting products or activities to which the government places a high priority and grants a full tax exemption incentive of ten years for firms with "Investment Tax Allowance" status that are those on which the government places a priority.

Pioneer Status (PS) and Investment Tax Allowance (ITA)

PS incentive is an exemption from income tax on 70 percent of statutory income (adjusted income after deducting depreciation allowances) for a period of five years while ITA is an allowance of 60 percent of qualifying capital expenditure (QCE) incurred on a building or plant or machinery for a period of five years. ITA is alternative incentive to PS. The equity ownership of firms represents Malaysian of at least 60% in order to obtain PS or ITA. Also, the firm must participate in a promoted

activity or producing a promoted product (MIDA, 2012). Firms in hotel and tourism sectors or any other industrial or commercial sectors that participate in a promoted activity may be eligible for the PS or ITA incentives when qualifying requirements are fulfilled. Moreover, there are also enhanced PS and ITA incentives available for firms with promoted products or activities where the government further stimulates growth. Enhanced PS usually takes the form of a full tax exemption while ITA is given on 100 percent of OCE. The sectors of education and high technology are included in the projects with promoted products or activities. Multimedia super corridor (MSC) status firm may be applicable to enhanced PS and ITA incentives. MSC status is awarded to both local and foreign firms that develop or use multimedia technologies to produce their products or services.

“Pre-packed” Incentives

Efforts to attract high quality investment, government formulated “pre-packed” incentives that are available to firms resident in Malaysia carrying on an “approved business.” “Approved business” refers to the business approved by the Minister of Finance under the special incentive scheme. Under the scheme, the firm is entitled to claim that either 1) tax exemption of 70 percent of the firm’s statutory income or 2) tax exemption of 70 percent of statutory income granted based on a percentage of qualifying capital expenditure incurred.

Expatriate Post

Approvals for expatriate posts are given by different authorized bodies or agencies, in addition to manufacturing sector and research and development field, expatriate posts are included in hotel and tourism industry.

The minimum paid-up share capital requirement before an application for an expatriate position can be processed by the expatriate committee is 1) RM 250000 in 100 percent of Malaysian owned company; 2) RM350000 in Malaysian and foreign owned company;

3) RM50000 in 100 percent of foreign owned company; 4) RM100000 in company undertaking distributive trade and foreign owned restaurant.

2.7.8. *Visa and Pass*

A visa is an endorsement in a passport or other recognized travel document of a foreigner which implies that the holder of the passport or document has been approved to enter Malaysia. Foreign nationals must apply and obtain a visa ahead at any Malaysian Representative Office abroad before entering the country. A pass is an endorsement in the passport constituting permission to stay for an approved duration.

2.7.8.1. *Types of Visa*

There are seven types of passes given to foreign visitors upon arrival (see Table 2.5)

Table 2.5: Types of Passes Given to Foreigners

Type of visa	Objective
Visit Pass (Social) Short Term	Issued to foreigners for the purpose of a social or/and business visit but this type of pass cannot be used for employment
Visit Pass (Social) Long Term	Issued to a foreigner for temporary stay in Malaysia for a period of not less than six months
Visit Pass (Temporary Employment)	Issued to foreigners who enter the country to take up employment for less than 24 months.
Employment Pass	Issued to foreigners who enter the country to take up employment for a minimum period of two years
Visit Pass (Professional)	Issued to foreigners for the purpose of engaging on short-term contract with any agency.(e.g. researchers, experts, artistes,)
Dependent Pass	Issued to spouse and children of the Employment Pass holders
Student's Pass	To foreigners who wish to study in Malaysia in any educational institutions

Source : MIDA (2017)

2.7.8.2. *Expatriate Personnel*

There is a shortage of trained labor forces in Malaysia, and enterprises are allowed to bring in expatriate personnel, including ‘key posts’ or ‘time posts’. Key posts, high level managerial posts, are essential for foreign-owned private companies to safeguard their interest and investments. Time post covers executive post (determining policies) and non-executive post (technical jobs). Key posts are posts that are permanently filled by foreigners whereby time post are position filled on specified time.

Enterprises undertaking manufacturing activities, R&D activities, hotels with 4-star rating or higher and tourism projects and other services and applying the tax incentives

under MIDA's purview are eligible to be considered for expatriate posts with the minimum paid-up capital as follows:

100% Malaysian-owned company: RM250,000

Jointly-owned by foreign and Malaysian: RM350,000

100% foreign-owned company: RM500,000

2.7.8.3. *Employment of Foreign Workers*

The Malaysian government aims to train and employ all Malaysians at all levels of employment and hopes the employment pattern at all levels of the organization reflects the multi-racial composition of the country. As a matter of fact, the employment opportunities must be given to local citizen and permanent residents first, when efforts to looking for them failed, the applications to employ foreign workers would be considered.

In Malaysia, foreign manpower is permitted to work in the manufacturing, construction, plantation, agricultural, services and domestic help sector. To be specific, restaurant, cleaning services, cargo handling, launderette, caddy in golf club, barber, wholesale/retail, textile, metal/scrap/ recycle activities, welfare homes and hotel/resort islands.

Table 2.5. shows the annual tax on foreign workers in Malaysia.

Table 2.6: Annual Tax on Foreign Workers in Malaysia

Approved sector	Annual tax
Manufacturing	RM1250
Construction	RM1250
Plantation	RM590
Agricultural	RM410
Domestic help	RM410
Services	
---Welfare home	RM600
---Island resorts	RM1200
---Others	RM1850

Source: MIDA (2017)

2.8. Theoretical Framework

Theories can be seen as a lens or viewpoint, through which scholars observe, understand and explain a study topic (Creswell and Miller, 2000). The fundamental theories of this field of research concerns cultural theory, human capital theory, ethnic enclave theory, disadvantage theory, social and human capital theory, theory of planned behavior and mixed embeddedness theory.

2.8.1. Cultural Theory

Cultural theory using elements of Taylor's and Hofstede's work displays that ethnic groups have in-born cultural traits such as hard work, strong sense of community, frugality, and risk acceptance (Buechel, et.al., 2014; Yoo, 2014). Advantages and opportunities can be identified by immigrants through a cultural prism upon arrive in the country, and cultural component commonly hide in immigrants' motivations and emotions (González Rey, 2015). Thus, the use of cultural theory was appropriate to ground this study about the hardships surrounding SMEs owners in business world.

Culture represents a complex whole of attitudes, beliefs, values, and behavior (Woodside et al, 2016) in a certain group and conventional wisdom argues that culture could not shape people, their beliefs, and behavior since culture is perceived as exogenously given and typically immutable (Kathleen Williams, 2007). However, some scholars suggested that the role played by culture is one of the primary determinants in entrepreneurial activity. Nnabue (2016) indicated that culture is significant when considering the perceptions of disadvantages to small business ownership. deVries (2012) implied that cultural characteristics such as adaptability and strong work ethics helped Indian small entrepreneurs survive and grow in New Zealand. Sinnya and Parajul (2012) highlight that immigrants in Sweden from South and Southeast Asian regions were highly influenced by the cultural and family business traditions when

taking the entrepreneurial path. Ozgen and Minsky, (2015) underscored entrepreneurs' cultural background could play a role in entrepreneurs' recognition of opportunities for breakthrough or incremental innovations. Previous study by Ahlstrom et al (2004) found that Chinese immigrant entrepreneurs in East Asia have accomplished remarkable success, which has been attributed to distinctive aspects of Chinese business culture in favor of alacrity, adaptability, networking, and close control of firm operations in some traditional, slow growth industries. In other words, some excellent properties in national cultural peculiarity and idiosyncrasy influence highly the entrepreneurial success. It is well-documented that Culture affects the cognitive and subsequent behavioral response to business decisions and business development.

Chinese cultures are strongly influenced by Confucian cultural paradigm. Confucian thoughts in the certain form of dominant value are necessary condition for economic growth in emerging economies such as China (Xiaoguang and Liu, 2006; Green and Mendis, 2008). Moreover, Confucian ideology is highly regarded as one of predominant philosophical guidelines for business operational and strategic management in Chinese culture (Lee, 2013). Lee argued that Confucian ideology engender Chinese business culture hierarchical and group-centered, low uncertainty tolerant, masculine and patriarchal. Confucian principles are characterized by the emphasis on education, morality and collectivist-orientated norms. In this study, I plan to discuss the three attributes in Confucian thoughts.

2.8.1.1. Education in Confucian

Confucian emphasizes on education regardless of social class and background, the focus on education in fact stimulates and promotes business development through cultivating qualified and skilled workers. According to Confucian principles, the concern for education has been reflected in social status owned by a person. A well-educated

individual corresponds to the highest social class. There are four social classes based on profession in a society: scholars (shi), farmers (nong), workers (gong), and businessmen (shang) (Park and Chesla, 2007). Obviously, the first class is a scholar, the second, third and fourth class is farmers, workers and businessmen, respectively. A scholar is a symbol and representative of knowledge and education. It is well-known that good education affords a route to reach the “scholarly” status and highly educated people will become leaders and make contributions to society (Huang and Gove, 2012). Therefore, education is vital and critical in Chinese traditional culture in which Confucian ideology is embedded.

Strengthening education is conducive to business development through the improvement of human capital. The measurement of human capital involves level of education, work experience learnt from entrepreneurial parents and other life experiences (Martin et al., 2013). The skills required for entrepreneurs, involving risk taking, confidence and less fear of failure, and competencies needed for enterprises, covering clear vision, flexibility, innovation and the ability of resource management can be developed primarily through education, training, and experience (Junquera, 2011). Human capital theory points to that people or organizations with high levels of knowledge, experiences, skills and other elements of competencies will accomplish excellent performance results. Entrepreneurship researchers indicated that the linkage between human capital and entrepreneurial outcomes across different levels of analysis and results generally conformed to the theory. Martin et al. (2013), for example, suggested that there are positive relationships between entrepreneurship education and training (EET) and both entrepreneurship related human capital assets and entrepreneurship outcomes. Unger et al. (2011) also have illustrated that there is a positive relationship between education and success for an entrepreneur. The fact that

the growing universities and colleges run the course of entrepreneurship education and training throughout the world can verify this remarkable links between education and business growth as well.

2.8.1.2. Morality in Confucian

Both morality and self-control are advocated properties in Confucian thought. It is believed that morality/ethics mainly concentrate on loyalty, reverence/filial piety, humaneness, righteousness, propriety/ritual and integrity (Lau, 1979; Bruce and Brooks, 1998). These moral standards are almost equivalent to the corporate values such as integrity, honesty, fairness, responsibility, cooperation and mutuality. Virtually, the emphasis on morality can be seen in some studies. Ju (1947) has shown that people are more likely to give priority to individual morality than legal system in Chinese traditional culture. This belief in individual morality is often invoked to explain the lack of the systemic, objective legal system in traditional Chinese societies. Further, Leung (2008) also held same views and claimed that resisting rigid rules and preferring flexibility in Chinese culture are encouraged. The belief also exercises a critical influence on the business performance. To illustrate, Pugh and Redding (1985) indicated that firms in Hong Kong were less likely to use rules and procedures to regulate work behavior than British firms.

The assumption whether adherence to work ethics is favorable to business performance have been proved by recent research evidences. Donker et al. (2008) have shown that ethics can bring about businesses competitiveness and better performances through attracting talents, enhancing employee commitment, upgrading their image upon the minds of investors, customers and suppliers and avoiding legal compensation and image damage caused by unethical behaviors. In addition, in a work on the correlation between business ethics and intellectual capital, Su (2014) also documented that business ethics

has positive impacts upon the development of intangible knowledge resources-- intellectual capital which consists of organizational capital, social capital and human capital. The authors indicated that ethical values can fortify ethical conducts and credits among all stakeholders, including shareholders, employees, suppliers and customers in a firm, which contributed to the creation of an ethical and trustworthy corporate culture that can increase intellectual capital. Peus et al. (2015) reviewed the literature on the relation between ethically-oriented leadership and objectively measured organizational performance. The results pointed to that there are significant positive relations between ethically-oriented leadership and the performance indicators. Beyond that, Gill (2011) and Leitch et al. (2010) claimed that strong ethical value is a crucial attribute for an entrepreneurial leader.

2.8.1.3. The Collectivist-orientated Norms in Confucian

Confucian ethics is basically humanistic, obligation-based and collectivistic in nature (Chan, 2008) and Chinese culture is characterized by collectivism (Hofstede,1980; Hsu,1981).The basic belief underlying Chinese collectivism where personal relationships are of great importance to business relationships connotes that people in same organizations or communities are interrelated and that the relations between individuals should be harmonious, solidary and trustworthy. In other words, interpersonal relations and emotional considerations are integral parts of Chinese culture. Therefore, some constructs, such as face, harmony, trust and *guanxi* (interpersonal connections) are extremely common in Chinese indigenous culture. Guanxi is a very evident cultural heritage associated with Confucian principles, and we can trace some of the core foundations and connotations to ancient Chinese philosophy of Confucianism (Lytras and de Ordonez Pablos, 2009). The collectivism causes the assertion that an effective way to get things done is often through one's *guanxi* or interpersonal connections (Hwang, 1987; 2000). Guanxi seems to engender trust in a target person,

which inspire positive behaviors towards target person, and their behaviors are reciprocated (Chou et al., 2006; Peng, 2001). It is generally agreed that the guanxi or trust relating collectivism propels Chinese business success. Some recent researchers result can confirm it. To illustrate, Huang et al. (2013) explored the role of Guanxi and develop the propositions that Confucian ideology and Chinese culture lead to a strong perception of Guanxi that is closely and positively associated with trust building in Chinese business markets, and trust is comprised of goodwill trust, competence trust and collective that are involved in business transactions, trust promotes business success in Chinese business context. In China, Guanxi can be considered as a competitive advantage. Empirical evidences can be found on this view. Cao and Schniederjans (2014) linked guanxi to business performance and pointed out that the effect of guanxi on business performance is positive and statistically significant. They further represented that guanxi itself has a beneficial effect on supply chain performance through reduction of the bullwhip effect by facilitating the exchange of information and improves business performance by facilitating the development of trust-based long-term relationships and enabling firms to exert control over supply chain partners.

2.8.2. Ethnic Enclave Theory

Immigrant entrepreneurs tend to open businesses within their ethnic enclave, as it is an indispensable part of their social and cultural context and the location in which ethnic resources reside (Logan et al., 2003). That is, the ethnic enclave is based on territorial concentration of a particular immigrant group from the coethnic (same ethnicity) group origin (Amankwah, 2005) and it helps develop social ties and other resources required for the expansion of immigrant-owned enterprises. Simply speaking, ethnic enclave can be regarded as a socioeconomic and cultural complex that provides economic advantages, which could not be provided by mainstream economy in receiving nation, to a particular population in a geographic clustering when access to labor market of host

country was blocked and it tends to appear in urban, multicultural, and dual labor market contexts (Valenzuela-Garcia et al., 2014). The examples of ethnic enclaves are prevalent in developed countries such as Chinatown, Little Tokyo, and Koreatown in United States.

Ethnic enclaves are initially defined as immigrant groups which concentrate in a distinct geographical cluster and open a variety of enterprises to serve their own ethnic market and/or the general population (Portes, 1981). The construct of ethnic enclave hypothesis is pioneered by Wilson and Portes (1980). The seminal work portrays the Cuban immigrant enclave in Miami, Florida, US. Wilson and Portes examine the potential role that ethnic enclaves perform in influencing the incomes of immigrant workers in host country on the basis of a longitudinal survey. The conclusions drawn from their experiences of Cuban immigrant workers indicate the income similarity of immigrant workers employed in center and enclave firms and systematic differences from those confined to the peripheral sector in mainstream labor market as well as correct their routine stereotype that immigrant workers are assigned to the secondary labor market. It implies that enclave workers show significant return to past human capital investments. To be specific, immigrant labors employed in enclave firms have as same payoff of education and occupational status as those working in the mainstream center economy (Wilson and Portes, 1980).

Classic theories of assimilation postulated a unified economy where immigrants started at the bottom and gradually moved significantly upwards occupational whereas ethnic enclave hypothesis is grounded on dual labor markets -- primary sector and secondary labor market in the US mainstream economy. Primary sector with center firms offer good working conditions and decent salary while the secondary market with small

peripheral firms provide peripheral employment, including low dignity, low earning, harsh and arbitrary discipline, no promises for promotion, job dissatisfaction and the absence of return to past human capital investments. It is thought that immigrants tend to be low-skilled labor forces in US labor markets they often were concentrated in the secondary sector and thus suffer serious disadvantages. Ethnic enclaves mainly serve as additions to mainstream labor market and are composed of immigrant-owned business with both employers and employees from the coethnics. These immigrant enterprises are small but competitive and enclave workers gain as much return to past human capital investment as those working in primary sector. The benefits of ethnic enclaves are concrete manifestations of ethnic solidarity (Xie and Gough, 2011).

In the self-enclosed ethnic enclave, some elements such as ethnic language, ethnic culture and social ties linked with the same place of origin, are significantly positive to ethnic immigrant enterprises and become great advantages rather than barriers, especially social connection, for ethnic economy. (Kanas, 2011) asserted that co-ethnic contacts spur solidarity and reciprocity and facilitate cooperate and provide help for business growth. As a result, contact with people from coethnics has been a crucial factor for business venture in a wide range of entrepreneurship theories. In ethnic enclave theory, immigrant small business owners use social connects of common culture and language, and other social capital as a basis for business formation and development. Zolin et al. (2016) conducted a survey for one hundred and ten Chinese restaurants in Australia with quantitative data. Empirical evidences from their study revealed that whether immigrant businesses succeed or not may depend on whether immigrant entrepreneurs can embed themselves and mobilize the social capital in their ethnic enclave in their early stage of business to surmount cultural barriers and disadvantages in destination country. The conclusion underscores the importance of

coethnic (same ethnic group) resources to the success of immigrant businesses, particularly in the early years as well as the influence of coethnic and non-coethnic networks on growth of an immigrant's businesses in or outside the ethnic enclave. Likewise, Toussaint-Comeau (2012) claimed that self-employment constitutes as an alternative to salaries employment as a result of the significant source of influence roles played by ethnic within ethnic enclaves in the US, especially for immigrants with less schooling and with a short length of residences.

The requirements of development of immigrant enclaves include relatively large and diversified status in socioeconomic dimensions, for example, sufficient economic resources and initial entrepreneurial skills, as well as spatial location bounded in the main economy (Xie and Gough, 2011). Likewise, Achidi Ndofo and Priem (2011) also indicated that immigrant entrepreneurs in ethnic enclave want to succeed they need either of two business strategies -- an enclave strategy with high social capital and strong networks within the ethnic community or a dominant market strategy with high economic resources, human capital, and weak ties outside the ethnic enclave. This interpretation of immigrants going to work for other same ethnicity portrays the ethnic enclave hypothesis (Nnabue, 2016). A study by Xie and Gough (2011), which converges with the finding of Wilson and Portes (1980), suggested that immigrant workers working in ethnic enclaves have higher earnings than ones working in the mainstream economy based on a life-course approach.

Nonetheless, the ethnic enclave theory is subject to intense critiques. Some researchers pointed out that there are divergent and potentially opposing economic interests in ethnic enclave economy. Light and Gold (2000) asserted that immigrant entrepreneurs in ethnic enclaves bloom because they exploit their employees from same ethnicity, and

contended that ethnic economies and ethnic enclaves prevented immigrants from being incorporated into the host country. Shin and Liang (2014) also challenge the ethnic enclave hypothesis and concluded that the concentration of ethnic entrepreneurs does not have a statistically significant effect on the earnings of most of Asian immigrant groups and there is an indication of the exploitative nature of co-ethnic entrepreneurship on the earnings of Vietnamese workers by investigating six major Asian immigrant groups in the United States. Valenzuela-Garcia et al.(2014) also argued that even though the advantage of enclave consist in decrease in labor costs, acceleration in flow of information, increases in competitiveness, and prevention of undesirable consequences because labor recruitment usually takes place through personal networks such as recruitment of employees (they are loyal, flexible and adapt) is likely to be through references, they suggested, on the basis of networks' compositions analysis, that there is a deeply stratified relationship (the contradictions and inequalities) between Indian entrepreneurs and workers (in terms of internal ethnicity and class). More specifically, the ethnic enclave hypothesis underlined the positive outcomes of ethnic groups within ethnic enclave, from which the majority of benefits are given to entrepreneurs (integration, informal credits, upward mobility, social capital, flux of ideas, etc.), most of the negative results from the enclave, however, also remarkably clear, especially for employees (exploitation, limited integration, absence of upward mobility). Valenzuela-Garcia et al. further represented that ethnicity might sometimes be less important than class by exploring the effects of the economic crisis on ethnic businesses in the touristic resort of Lloret de Mar (Gerona, Spain) where Indian enterprises are located using a mixed-methods research (both qualitative and quantitative analyses).

2.8.3. Social and Human Capital Theory

The effect of human and social capital on immigrant business venture has been extensively approached in entrepreneurship research. Human capital includes the skills and knowledge that an entrepreneur acquires through education, work experience, and training and is an important resource that immigrants draw on to start their ventures in their host country (Dhaliwal et al., 2010). Individuals differ in their ability to discover and exploit resources based on varied level of human capital. Social capital theory refers to that individuals utilize their ability to extract benefits from their social structures, networks and memberships (Ashourizadeh et al, 2014). High human capital signifies good education, rich experiences and high skills and ample social capital manifests extensive contact with family and society and acquires affluent social resources such as credibility and competence by mutual trust, social norms and networks. It is widely found that general human capital greatly contribute to entrepreneurs' capacity to successfully set up and develop a new business (Bhagavatula et al., 2010). Social capitals reduce search, transaction, and enforcement costs, especially during the early stages of business when these transaction costs are typically higher (Yang et al., 2012). Starting business for ethnic immigrants need to exploit immediate resources from both human capital and social capital (Ahlstrom et al., 2010) and the expansion of a business requires the support and active cooperation of more people (Nilsson et.al, 2012).

Social networks are divided into two types -- strong ties and weak ties based on magnitude of strengths (Granovetter, 1973; Ashourizade et al., 2016). Strong and weak ties are often expressed through bonding and bridging ties, respectively (Byoun, 2013). Strong ties (bonding social capital) implies close and dense social network such as full trust with family member, relatives and close friend while weak ties (bridging social capital) correspond to wide social network such as civil organization. Immigrant entrepreneurs tend to rely on their strong ties (i.e., families, friends) at the early stage of

entrepreneurial activities because they have few social network in their host countries as a result of the fact that their main connections are within the ethnic enclave and they are unlikely to adapt completely to the culture of host countries (Ghorbani, 2011). Yang et al. (2012) suggest that Chinese immigrant entrepreneurs tend to utilize ethnic network resources in order to reduce transaction costs and thus enhance business performance. Social networks provide access to needed resources readily and cheaply. As stated by Klyver and Schenkel (2013), network ties are not only fundamental to recognize opportunity, but also helpful to acquire resource acquisition.

Human and social capital in generally are positively correlated with business creation and expansion. Ashourizadeh et al. (2016) examined the benefits of human and social capital for entrepreneurial intention by comparing the adults in China and those in Chinese diaspora and contended that human capital and social capital are associated with higher occurrences of entrepreneurial intentions. Similarly, Santarelli and Tran (2013) contended that human capital significantly predicts firm success and that the benefits from weak ties outweigh those from strong ties, besides that, they argued that interaction of both human capital and social capital exhibit a statistically significant positive effect on new-firm performance in the case of Vietnamese. Ashourizadeh et al. (2014) indicated that entrepreneurs' human capital in form of education and social capital in form of networking are mutually beneficial and that both human and social capital produce added value and boost performance on the basis of data from Global Entrepreneurship Monitor provides. They further demonstrated that human capital promote social capital through international networking though the influence of social capital on exporting is complex -- networking in the professional, transnational environment promotes export while networking in private sphere hampers export.

Contrary to a great deal of viewpoints, Beckers and Blumberg (2013) highlight that while high human capital and social capital boost entrepreneurial success, they are not equivalent to good high returns for immigrant entrepreneurs and sociocultural integration through business ownership was not a proven mechanism for higher economic success, using data from Statistics Netherlands (1999 –2004) to compare intergenerational differences of immigrant entrepreneurs in Netherlands.

Each impact of human capital and social capital on business generation tend to be different in some condition and they interplay in some cases. In one case, the influence of human capital on entrepreneurship is greater than social capital. For example, Chavan and Taksa (2017) proposes that human capital have a greater influence on entrepreneurial propensity in second generation of Indian migrant entrepreneurs, compared with social capital, in Australia by examining the shift in the intergenerational mobility of Indian immigrants. In another case, the true is opposite. Unger et al., (2011) underscored that a significant but small relationship have been found between human capital and success and further indicated that social capital have remarkable greater impact on performance than human capital. Besides that, human capital not social capital is related to immigrants' employment. Yücel (2016) found that the work experience (one type of human capital) which is obtained in the Netherlands has a positive impact on the employment participation of the immigrants in the Dutch labor market while the effects of the social capital on employment participation have not found significant results in the empirical analysis by analyzing four large non-Western immigrant groups (i.e., Turks, Moroccans, Surinamese and Dutch Antilleans) in the Netherlands. Additionally, the simultaneous analysis of human capital and social capital revealed that human capital of immigrants affect social capital.

2.8.4. Disadvantage Theory

The disadvantage theory, often referred to as 'blocked mobility theory, rooted in Light's (1972) work, posits that immigrants suffer numerous disadvantages, such as language barriers and discrimination, to be employed in mainstream economy in host countries, and accordingly have high rates of business ownership to sustain themselves and enhance the possibility to upward economic mobility. These adverse factors include poor language proficiency, the lack of work experience, unrecognized education credentials, inadequate knowledge of the local culture limited access to social networks (e.g. isolation) and the lack of other human and social capital endowments specific to the host country as well as institutional restrictions including discrimination. In short, immigrant entrepreneurship is due to the fact that immigrants are in a context of disadvantage. A wide range of negative factors haunt immigrant entrepreneurs and push them into entrepreneurship.

There is a notion of "double disadvantage" of racism and sexism for ethnic immigrant women in the labor market of host country. The common roles of gender and ethnicity trigger obstacles rather than opportunities for women (Azmat, 2013). There is increasing evidence demonstrating that immigrant women entrepreneurs are commonly the sufferers of "double disadvantage" (Dhaliwal et al., 2010) and in some cases, even "triple disadvantage" (Raijman and Semyonov, 1997; Azmat, 2013). Triple disadvantages" adds a third dimension that these women entrepreneurs have the status of immigrants from less developed countries (Raijman and Semyonov, 1997). Migrant women entrepreneurs from less developed economies are viewed to be the most disadvantaged group (Raijman and Semyonov, 1997) among entrepreneurs, since they typically find it difficult to adapt to the labor markets and institutional framework of advanced economies.

A similar study conducted by Lofstrom (2013) in United States where a large number of business owners lack skills indicated that self-employment is not an indication of accomplishment for some immigrants, especially for low-skilled workers, but is an alternative to unemployment and non-satisfactory job conditions. Lofstrom further concluded that employment with wages is a more financially satisfying for most low-skilled workers based on longitudinal data from the 1996, 2001 and 2004 panels of the survey of income and program participation (SIPP). In addition, immigrants in Canada are involved in self-employed owing to social issues such as discrimination (Abada et al., 2014). Likewise, Shin and Liang, (2014) contended that Asian immigrant groups are more likely to suffer blocked mobility than other groups when addressing their reasons for self-employment. As stated by Ioannou Panayiotopoulos (2008), this becomes a push-motivating factor in which a person becomes unemployed or fears unemployment, and thus self-employment becomes the only option. This theory is considered to be a push factor in the entrepreneurship literature (Volery, 2007). Baycan-Levent and Nijkamp, (2009) suggested that the main factors that push immigrants into entrepreneurship are high unemployment rates and poor employment conditions in many European countries. As the claimed by Irastorza and Peña (2014), the mean unemployment rate of immigrants living in Spain was higher than that of natives in 2007, it was expected logically that these immigrants would be more likely to become self-employed than locally-born people.

Many immigrants argued that they are unable to enter the labor market at levels commensurate with their qualifications and skills in New Zealand (Department of Labor, 2009) and in the Auckland (Spoonley and Meares 2011), which has led to the establishment of SME sometimes as a default option, often serving the needs of migrant communities. Paulose (2011) interviewed 15 Indian immigrants in New Zealand to

explore the motivation to become entrepreneurs and found that negative experiences in the workplace and the general labor market were an important motivator for Indian immigrants to become self-employed. The research result of Paulose backed up the “disadvantage theory” of immigrant entrepreneurship. Immigrants faced a wide range of disadvantages to enter into labor market of host countries. Some researchers such as Volery (2007) argued that this can explain the rise and growth of informal and illegal activities rather than the widespread generation of immigrant ventures since immigrant policies don’t want newcomers to become legally self-employed upon arrival when the disadvantages might be the greatest.

2.8.5. Theory of Planned Behavior

Theory of planned behavior (TPH) is frequently used in different disciplines (Renko et al., 2012; Sabah, 2016) including in entrepreneurial research and it provides rich potentials for the area (Liñán and Chen, 2009; Sommer and Haug, 2011; Sabah, 2016). Entrepreneurial activity can be viewed as an intentionally planned behavior. TPB is derived from the work of Ajzen (1991). According to Ajzen (1991), TPH provides a prediction and explanation for behavior in specific contexts. Thus, TPH is applicable to entrepreneurship. The hidden factors that influence the behavior of a person are motivation factors which further affect and shape the person’s behavioral intention. This is to say, the intention to perform a behavior is positively correlated with the possibility to perform the behavior (Lortie and Castogiovanni, 2015). This relationship between intentions and subsequent behaviors has been confirmed by a specific meta-analysis in entrepreneurship (Schlaegel and Koenig, 2014). The intention consists of three significant components -- a individual’s attitude towards behavior, subjective norm, and perceived behavioral control. The three factors are primary elements in TPB model (Ajzen 1991).

Attitude towards behavior is defined as the extent to which an actor can make a judgment--- either a favorable or unfavorable evaluation, for the behavior in question in the case of self-employment (Ajzen, 2002). More specifically, it refers to the options between a personal desire to become self-employed and the desire to work as an employee (Souitaris et al., 2007). An individual's attitude towards behavior, it is assumed that an individual with a stronger attitude towards the behavior are more likely to take the action that is being monitored (Ajzen, 2002).

Subjective norm represents the perceived social pressure as to whether an individual perform the behavior in question or not. It is the individuals' perception of values, beliefs and norms of important individuals such as family members, teachers, other business owners, close friends, business consultants and these perceptions are viewed as important for ones' desire to comply with those norms (Kim-Soon et al., 2016). This is to say, the viewpoints of these influential individuals may exert an impact on the choice of whether an individual engages in entrepreneurial activities.

Based on past research, the TPB is commonly used to explain and predict lots of entrepreneurial intentions and behaviors. The links between the components of TPB and entrepreneurial intention has gained considerable amount of research, but the results are inconclusive. Tsordia and Papadimitriou (2015) explored the effect of the components of TPB on entrepreneurship intentions of business student in Greek university, using a systematic quantitative approach. Their findings indicated that the three components of TPB seem to play a divergent role in the aspect of developing the entrepreneurship intentions of these students, with subjective norms proved to be unimportant during the process of intention formation. By contrast, Solesvik et al. (2012) demonstrated that a

direct and significant relationship can be discovered between subjective norm and entrepreneurial intention through conducting a survey among students in three universities in Ukraine, and further pointed at that students with high attitude towards self-employment are more likely to display increased intention for developing entrepreneurial activities.

2.8.6. Mixed Embeddedness Theory

The concept of mixed embeddedness is proposed by Kloosterman et al. (1999) and aims to incorporate both co-ethnic social networks of immigrant entrepreneurs from less developed countries and economic and institutional context of the settlement country by exploring immigrant entrepreneurs in informal activities in Netherlands and their chances/prospects of upward social mobility. According to Kloosterman et al. (1999), the theory focuses on not only the embeddedness of entrepreneurs in social networks but also their embeddedness in socio-economic and politico-institutional settings of the host country. The concept of mixed embeddedness includes the nature of linkages between migrant entrepreneurs and the economic and institutional setting of the destination country. The overarching merit of mixed embeddedness lies in its comprehensive perception that tends to identify ethnic minority businesses in the wider contexts where they are embedded (Ram et al., 2001). In addition to cultural theory, other factors such as the socio-economic and political-institutional context of the country of settlement are added to the mixed embeddedness theory by Kloosterman et al. (1999) and how these elements shape the opportunities of the entrepreneurs (Dana, 2007; Fatoki and Patswawairi, 2012). Apart from institutional factors, Volery (2007) suggested that the economic structures of the mother country and legal-institutional factors greatly affect the establishment and survival of immigrant businesses. Embeddedness is significant when considering the relationship between business

owners and their communities, and this has an impact on business practices and results (McKeever et al., 2015). Beyond that, this nexus between entrepreneurial self and society can be explained in the concept of embeddedness (Granovetter, 1985; McKeever et al., 2015).

Mixed embeddedness theory has been espoused by a growing number of literatures. Empirical evidences from Markova (2013) indicated ethnic entrepreneurs in Malmö, Sweden can be influenced by all three main components -- social, economic and institutional environment through the lens of mixed embeddedness approach. That is, the finding of Markova is consistent with Kloosterman's theory even though Kloosterman's approach is complex. Similarly, the result of Valenzuela-Garcia et al. (2014) also support the mixed-embeddedness hypothesis with a mixed-methods research approach and contends that ethnic entrepreneurs in Lloret de Mar Gerona, Spain need both the co-ethnic social networks and the linkages with the host country to operate their business successfully. Likewise, Price and Chacko (2009) investigated Ethiopian and Bolivian entrepreneurs in Washington, DC and showed the importance of combining social and ethnic networks and politico-institutional environment embeddedness within a particular immigrant community to create successful businesses. They also demonstrated that mixed embeddedness involves the actions of immigrants themselves and those of local officials and institutions.

Mixed embeddedness never create some results in practical business communities and instead produces varied outcomes for different ethnic groups. The effect of embeddedness is contingent on social, political and institutional context. Cain and Spoonley (2013) utilize the concept of mixed embeddedness (both structural and relational embeddedness) to examine the strategies and outcomes for migrant

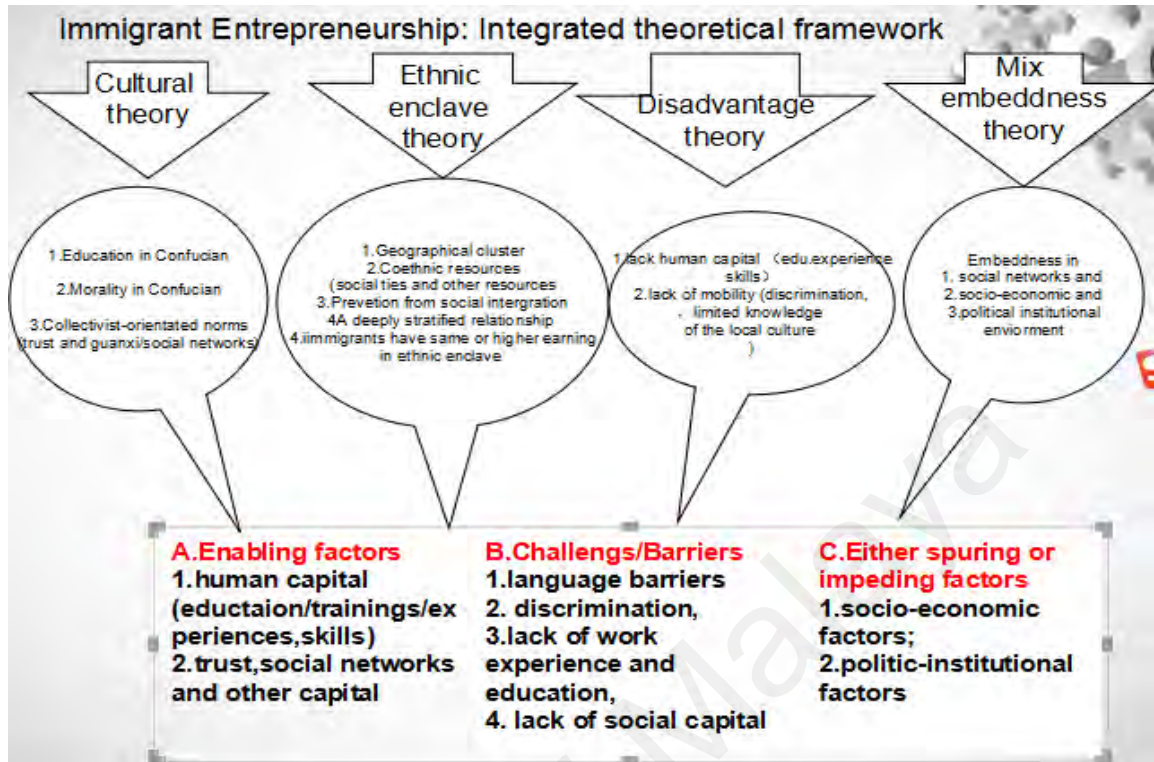
entrepreneurs from five groups (China, the Republic of Korea, the United Kingdom India and South Africa) in New Zealand business environment. Their studies produced quite different forms of embeddedness for different immigrant groups. Chinese and Korean business owners were more likely to rely on co-ethnic networks whereas South African, British and Indian participants were less reliant on co-ethnic relational networks. Meanwhile, South African and British participants invested more in learning business environment, including the political and regulatory framework during the period of business formation and growth. In the study of Kloosterman (2010), the author revealed that political–institutional factors, such as existing rules and legislation, laws and institutions, spur or impede businesses creation and growth. This is to say, the social, economic and political institution of host country embedded by immigrants-owned business can exert an either encouraging or discouraging role for immigrants business set-up and growth. Namely, the government policy of destination country can be overriding and predominant for ethnic enterprises.

These theories about immigrant entrepreneurship tend to be compatible rather than contradictory and they have some common elements in each theory such as social ties and education. The two factors almost get involved in every theory we have discussed above. The primary distinction among these theories probably resides in the condition that we interpret every theory from different angle and the influencing factors of immigrant businesses varied with the social, cultural, economic and political condition in different county. The complementation and compatibility of these theories can be observed through the study of Fatoki and Patswawairi (2012). Fatoki and Patswawairi investigated 101 immigrant entrepreneurs in South Africa with a self-administered questionnaire and found that the networking of immigrant entrepreneurs is mainly limited to ethnic enclave and further revealed that both push and pull factors acted as

triggers of immigrant entrepreneurship. They underscored that the result is in line with the cultural theory, the mixed embeddedness theory and the disadvantage theory of immigrant entrepreneurship (Fatoki and Patswawairi, 2012). In addition, the disadvantage theory maintained that self-employment is an alternative to unemployment and it seems to explain the motivations of immigrant entrepreneurship, which parallels with push and pull theory. Fatoki and Patswawairi (2012) explored the motivations and constraints to immigrant entrepreneurship in South Africa and illustrated that immigrant entrepreneurs are forced into entrepreneurship through push and pull factors, and employment, a push factor, can be seen as the most important driving force. Besides that, Reitz, et al. (2014) argued that disadvantage theory confirms ethnic enclave idea to more or less extent. The variations among these theories also can be seen from the work of Price and Chacko (2009). The authors claimed that Bolivian and Ethiopian immigrants entrepreneurial activities can be explained more by blocked mobility theory and dual labor market than by ethnic enclave formation.

Based on a review of the literature, this research adopted four major theories and developed an integrated theoretical framework as illustrated in Figure 2.1.

Figure 2.4: Immigration Entrepreneurship: An Integrated Theoretical Framework



2.9. Summary

This chapter discussed the definitions of SMEs in Malaysia, and then reviewed the literature related to the role and contribution of immigrant entrepreneurs, background on Chinese immigrants in Malaysia, personal traits of entrepreneurs and the constraints and challenges encountered by immigrant entrepreneurs. It highlighted how the role and contribution of immigrant entrepreneurs around the world have been increasing, bringing with them positive and productive influences in economic, social and cultural dimensions. It also highlighted that despite specific advantage such as flexibility and adaptability, SMEs owned by immigrant entrepreneurs generally confront a wide range of constraints that impair their performance and survival rates. These include low human capital, poor management, lack of financial support, lack of social networks, low technology and innovation, lack of government assistance, and low efficiency in marketing. However, it is unknown that whether immigrant entrepreneurs and other majority groups have similar constraints and challenges in running SMEs. This study set

out to explore this issue. For this it also presented an integrated theoretical framework for studying immigrant entrepreneurship, which combines different theories such as cultural theory, human capital theory, ethnic enclave theory, disadvantage theory, social and human capital theory, and theory of planned behavior. The literature review in this chapter also highlighted the gaps in the literature specifically related to Chinese immigrant entrepreneurs in Malaysia.

University of Malaya

Chapter 3

Research Methodology and Data Collection

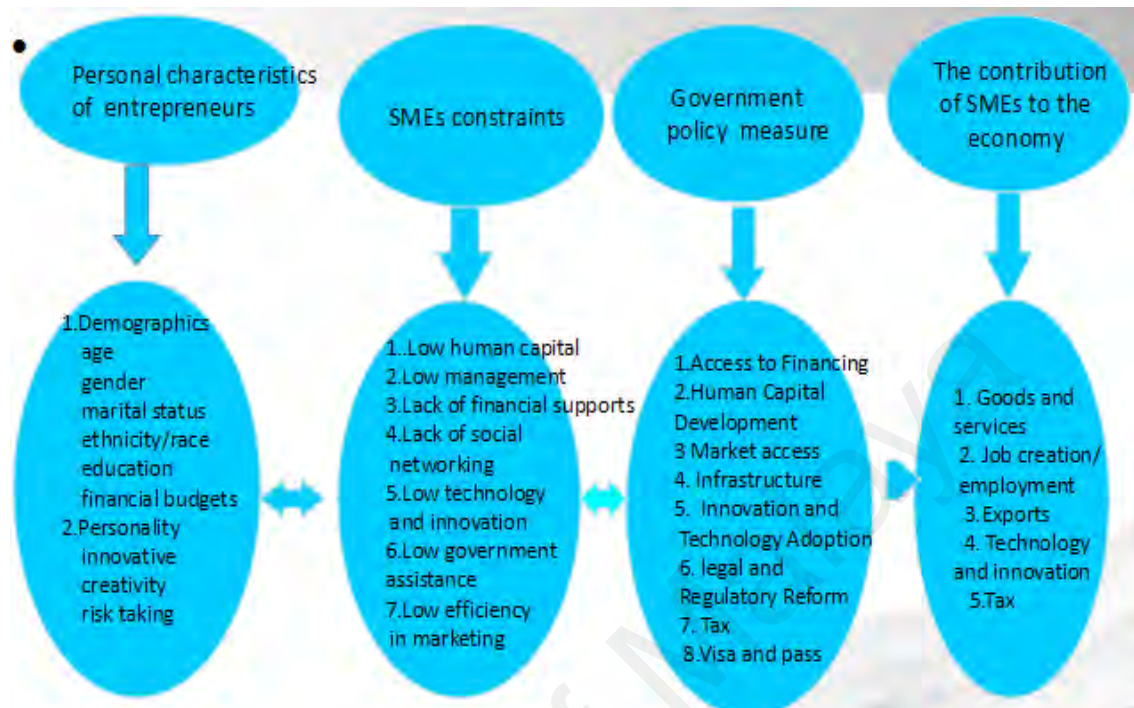
3.1. Introduction

The purpose of this chapter is to discuss the research methodology and methods used to examine the challenges and barriers of small and medium enterprises owned by Chinese immigrants in Malaysia. First, it presents an analytic framework to study the SME entrepreneurship development and environment, including the main constraints encountered by immigrant Chinese entrepreneurs in Malaysian SME sector. Second, it discusses the research methodology. Third, it provides the rationale for the selection of research methodology. Fourth, it addresses the research methods used for the study. Fifth, it discusses the sampling, and finally it discusses the data collection process, including methods of data gathering and procedures used to analyze data. Besides, the ethical issues involved in conducting research are addressed.

3.2. Analytic Framework

Based on the literature review, this research proposes an analytic framework (see Figure 3.1) to study the SME entrepreneurship development and environment, including the main constraints encountered by immigrant Chinese entrepreneurs in Malaysian SME sector.

Figure 3.1: SME Entrepreneurship Development and Environment - Main Constraints Encountered by Immigrant Chinese Entrepreneurs in Malaysia – Analytical Framework



3.3. Research Methodology

A research design provides the researcher with basic instruction to accomplish the research goals in a best way (Nnabue, 2016). Available qualitative designs are extensive, Creswell et al, (2007) select and contrast five qualitative designs: case studies, grounded theory, narrative research, phenomenology, and participatory action research (PAR). Lewis (2015) also choose five key components of qualitative traditions which are as same as those of Creswell et al. (2007) but an exception -- replacing PAR with ethnography. Based on Lewis (2015) five qualitative designs, I compared various qualitative inquiry methods then selected the research design most suitable for this study. A case study, either single or multiple, studies a real-life social phenomenon (Yin, 2013). Grounded theory design uses stories from participants to guide a researcher towards a phenomenon of study, then explain and develop new theories about the phenomenon (Maxwell, 2012). Obviously, the focus of this study was not to generate new theories on immigrant entrepreneurship. Thus, this kind of design is beyond the

boundaries of this research study. Narrative search is to use stories of the lived experiences of the respondents to explore a phenomenon (Dalpiaz, et al 2014). The nature of this research design helps to tell the stories using chronology with a beginning, middle and end. Undoubtedly, this design is inappropriate for the study. Ethnographic design studies human groups such as communities and organization, culture is the key concept for the research design, trying to understand how they collectively form and maintain a culture. This allows the researchers to immerse themselves in the study environment for extended period of time to observe and collect research data (Marshall and Rossman, 2014) and study patterns of action that are socio-cultural rather than cognitive (Wägar, 2012). So, the ethnography design is not aligned with the intent of the study. At the core of phenomenological research study is how to explore the actual experiences about a phenomenon (Maxwell, 2012), and the research studies are divided into three categories, namely, semi-structured, structured and unstructured (Moustakas, 1994). The subject of the study concerns the real experiences of Chinese immigrant entrepreneurs during entrepreneurial activity in Malaysia. Thereby, phenomenological research study is in line with the study.

Researchers use three research methodology quantitative, qualitative, and mixed methodology (Bendassolli, 2014; Creswell and Creswell, 2014). Each of these research methodologies has advantages and disadvantages. Different research methods employ different designs to achieve research objectives. Careful review of the three research methods indicated that a quantitative method was abandoned as it is applicable to the research where there is a need to explore trends or relationships among defined variables rather than studies of human experiences (Moustakas, 1994), and that there are differences in sample size in qualitative and quantitative research studies. Qualitative studies usually use small sample sizes whereas quantitative studies use large sample

sizes (Griffith, 2013). Besides that, in a quantitative study, the researcher employs objective measurement and quantitative analysis to interpret a phenomenon and causes of change in social events (Arghode, 2012). The aim of this study lies in interpreting the essence of the entrepreneurial experiences of the participants as opposed to quantifying individual responses. Accordingly, qualitative approach is selected as appropriate one for this study is the priority of the study.

After careful consideration of the strengths and weaknesses of all the research methodologies available, the qualitative phenomenological, semi-structured design, which concerns with actual experiences and perceptions of a business owner with an in-depth account, is selected as appropriate for this study, as it aims to analyze the constraints of small and medium size enterprises owned by Chinese immigrants in Malaysia.

This study employed interpretive research approach since an integrated theoretical framework has been formed (Figure 2.1) to interpret the constraints of SMEs owned by Chinese immigrant entrepreneurs in Malaysia and to provide some policy recommendations for overcoming these barriers. It employs qualitative (exploratory and interpretative) research approach to explore and interpret the immigrant's perceptions and experiences about what barriers and constraints they face both in the initial stage and growth stage. It is ideal to explore the live experiences of immigrant entrepreneurs in Malaysia by a qualitative research approach since qualitative research offers rich descriptions of a research phenomenon (Moustakas, 1994) and that the method is conducive to studying complexities in individual behaviors from the viewpoint of the participants on a contemporary phenomenon (Blau, et al. 2013; Yin, 2013). Sinkovics and Alfoldi (2012) surmised that a qualitative research can be used in the situation

where the study is exploratory, and where difficulty in solving the problem is for a yes-or-no hypothesis. Only using the answer of yes-or-no could not settle the questions and we did not intend to test any hypothesis in the study. After thorough consideration, a qualitative methodology research paradigm is selected to be more appropriate for this study than others because it is intended to answer questions about events or contexts, perceptions of participants about events, or beliefs or practices (Leedy and Ormrod, 2010).

To sum up, this study mainly employed qualitative (exploratory and interpretative) approach. The rationale for this choice is three-fold. First, the researcher will be able to gain in-depth knowledge and understand what the respondents' views and thoughts are in terms of current constraints faced by them. The second is to enable the researcher to ask specific questions to elicit the information she needs and capture data efficiently as well as expedite access to elaborate qualitative analysis within a short time. In other words, it is important to encourage the participants to narrate detailed demographic information and discuss what they would like to convey within the time permitted. Thirdly, using a semi-structured interview is the most economical and efficient method of data collection for this study.

3.4 Research Methods

This study uses case study method as it explores a real-life socio-economic phenomenon (in this case -- Chinese immigrant owned SMEs).

As regard to what are the most appropriate research method and design for a study, Khan (2014) and Yin (2013) argued that the research question, the purpose, and the requirements of the study should be given careful consideration. The overall purpose for this study is to identify the constraints of SMEs owned by Chinese immigrants and

provide some policy recommendations to sustain and grow their businesses profitably. For this, a qualitative multi-case exploratory study research method is more appropriate. Although some researchers are skeptical of case study due to lack of rigor and reliability in scientific analysis, it enables researchers to have a comprehensive view of a certain phenomenon, series of events and sources of empirical evidences (Noor, 2008). In most cases, the subjects of study in a case study method are confined to a small geographical area or a very limited number of individuals (Zainal, 2017).

For this study, real life entrepreneurial activities of 15 Chinese immigrant business owners concentrating in KL were investigated. A case study design, thus, fits the research. The most often used studies are three categories of case study in qualitative approach: descriptive study, explanatory study and exploratory study (Yin, 2013). Exploratory study is a pilot to other study or social research. It explores the phenomenon where the outcome is not clear. These general questions in the exploratory case study are meant to open up the door for further examination of the phenomenon observed and before formulating questions and hypothesis testing, previous fieldwork and small scale data collection may be conducted in this case study (Zainal, 2017). A descriptive case gives narrative accounts. It is narrated in a focused and detailed way and the propositions and questions about a phenomenon in the design are carefully analyzed and expressed clearly at the beginning. This statement of what is already known about the phenomenon is a descriptive theory (Tobin, 2010). The disadvantage of a descriptive case study resides in that researcher require a descriptive theory to be developed before starting the project (Zainal, 2017). There is not descriptive theory before engaging in the study. Descriptive design, thus, do not conform to the study. An explanatory case study is intended to build or test theoretical explanation of phenomenon. The explanatory design examines the data both at a surface and deep level

to explain the phenomena in the data (Zainal, 2017). The explanatory approach does not accord with the study as the study does not employ a theory to test or explain the phenomenon.

An exploratory case study design is the most appropriate for this research since it makes the researcher to explore deeply a social phenomenon in real life (Hyett, et al 2014) and also since it encompasses face-to-face collaboration and interaction with participants through in-depth, semi-structured interviews as well as secondary data in relation to businesses performance (Draper and Swift, 2011). Abd and Forouzan (2017) studied social constraints for immigrant entrepreneurs in Sweden. They employed exploratory approach in developing a broad understanding of social constraints faced by immigrant entrepreneurs in Sweden since a phenomenon in its real world context is subjective. Exploratory approach, thus applied to this study as well, as it explores the challenges and barriers revolving around immigrant business owners residing in Malaysia.

Some researchers address other categories of case study including interpretative and evaluative case studies. An interpretive case study aims to describe and interpret the phenomena by using theory, or developing conceptual categories, proving or disproving the assumptions of the study. The interpretative research paradigm is especially suitable for investigating, interpreting and understanding the contextual conditions from the perspectives of those involved in each case context, and securing substantial accounts of analysis (Yin, 2013). In evaluative case studies, the researchers add their judgment to the phenomena found in the study (McDonough and McDonough, 2014; Zainal, 2017).

3.5. Sampling

3.5.1. Sampling Size

Informed decisions on sampling are of importance for the quality of research synthesis. (Suri, 2011) and the one and only goal for sampling is to gather complete information related to a study through selecting a part of a group or an entirety (Khan, 2011). The researchers have to assume crucial responsibility to select sample sizes regarding research objectives (Suri, 2011). A sample size of 15 to 30 participants is suitable for a case study (Marshall, et al., 2013). The experiences of 10 to 20 participants create new knowledge and information (Hanson et al., 2011). This study, therefore, involved a sample size of 15 participants in order to figure out what are the constraints faced by these Chinese immigrant entrepreneurs and to get insights into what policies and programs are necessary for helping them to make more contributions to the economy in Malaysia.

Failing to reach data saturation adversely influences the quality of research and lessens content validity and reliability. The extent of data saturation is difficult to define. Data saturation occurs when there is enough information that can replicate the study (Walker, 2012; Fusch and Ness, 2015), and when it involves informed participants on study topic (O'reilly and Parker, 2013). O'reilly and Parker (2013) also argued that the aim qualitative inquiry is not to acquire a fixed number of respondents but to gather sufficient depth of information that can fully portray the phenomenon being studied. Therefore, a sample of 15 participants, who have knowledge on the topic, was considered sufficient to meet the standard of data saturation for this study.

3.5.2. Sampling Technique

Sampling approaches used are commonly on the basis of nonprobability in qualitative research, specifically a purposeful sample. The purposive sampling technique, also called judgment sampling, is to identify and select deliberately participants with the qualities of being willing to offering rich information by virtue of knowledge or

experience (Etikan, et al, 2016). Etika et al further underscored that the availability of participants and their willingness to assist a researcher, and the ability to communicate experiences and views on research topic in an articulate, expressive, and reflective manner in purposeful sample are significantly important. When the whole population could not all be known or having access to them will be not easy, the researcher can focus on the target group. In that case, a purposeful sample becomes effective and appropriate. Although this type of sampling has a lot of limitations, it is common in qualitative studies (Acharya, et al, 2013) and it is also useful when randomization is impossible especially when the size of population is very large (Etikan, et al, 2016) and it is also useful when the research does not intent to develop theories, create generalizations and infer in research project (Lewis, 2015).

This study neither involves theory development nor generalization and inferences. So, the size of sampling is 15 respondents, which is aligned with the requirement of purposeful sampling -- a limited size in targeted population. Purposeful sampling, thus, is appropriate for studies. As the stated by Lahman, et al (2011), a purposeful sampling is proper for studies with a small availability of subjects who satisfy the standard for the theme under study, or when identification of the subjects is not easy in other cases.

Purposive sample is only meaningful way in study and it is aimed to a certain targeted sample. A subset of a purposeful sampling is a snowball sample. As the name implies, snowball sample is analogous to a snowball accumulating snow and it employ recommendations to locate eligible people with proficient in information pertaining to the topic of study. Snowball sampling is a technique that a qualified respondent invites other potential subjects similar to them with qualifications defined for the targeted population to join the activity of research (Dusek, et al., 2015). Snowball sampling can

be employed in those studies where population size is not known and there is no accessible sampling frame for the population, in such case, the only feasible approach, is snowball sampling (Bryman and Bell, 2007), which provides a quick, inexpensive, efficient and accurate avenue to collect data.

Snowball samples are subject to plentiful critiques because sample members are not chosen from a sampling frame. I identified and visited China Entrepreneur Association in Malaysia (PUCM) for data collection before determining to use snowball sampling technique. However, PUCM was reluctant to share information on Chinese immigrant businesses. Shortage of a reliable database of Chinese immigrant enterprises that could be utilized for the sampling frame, snowball sampling, thus, had to be adopted to help collecting data. So far, in Malaysia, there is no official estimate of immigrant-owned ventures. The focus of this study is on the population who comprises of those entrepreneurs born in mainland China but residing in Kuala Lumpur (KL), Malaysia, not Malaysian-Chinese entrepreneurs with Malaysian citizenship. They must have been already doing business in KL with their own initial capital for at least three years. The participants were selected from a list of SMEs registered in the Companies Commission of Malaysia (SSM), which is a statutory body of regulating companies and businesses.

Kuala Lumpur (KL), the cultural, financial and economic center of Malaysia, was selected because it represents 14.7 per cent of SMEs in Malaysia and houses about 1.79 million populations in Malaysia in 2017 (Malaysia Statistics, 2017e) and also because of resources constraints that made it difficult to conduct research outside KL. Fifteen SMEs entrepreneurs located in the metropolitan area of KL participated in the study. Several previous research studies have viewed a minimum of three years as a

convincing indicator of the survival and growth of businesses; the businesses, thus, involved in the study must have been running for at least three years.

3.6. Data Collection

3.6.1. Data Collection Instruments

First, the researcher is the principle data collection instrument. Second, interview approach is also data collection instrument. The researcher and the interview questions are the instruments for a study (Denzin, 2013). In qualitative case studies, researchers often employ interviews to collect data (Yin, 2013). There are multiple sources of data such as interviews, documentation, observations and artifacts in case studies method (Yin, 2013). Of these sources, interviews are probably frequently used instruments and are particularly useful in telling the story behind a participant's experiences (Doody and Noonan, 2013). The interaction between researchers and respondents during interviews provides participants with the opportunity to explore events in their lives (Holloway and Wheeler, 2010). The focus of interview in form of a conversation is on understanding a participant's experiences and personal stories (Gubrium, 2012). One of data collection instruments, which is most commonly used in qualitative studies with a small size of samples, is interview.

The type of interview has three categories: structured, unstructured and semi-structured interviews. Structured interview includes a set of predetermined questions prepared by the researcher in advance and is used in quantitative analysis. By contrast, the questions to be asked to participants in unstructured interview are not prepared in advance and used in qualitative method. An unstructured interview commonly starts by a broad, open question in respect of the area of study and follow-up questions depending on the participant's responses (Holloway and Wheeler 2010). A semi-structured interview can gain insight and understanding of personal experiences of individuals (Giorgi, 2012)

and is well suited for exploring the views of a person towards attitudes, values, beliefs, and motives (Van Teijlingen, 2014, December). Semi-structured interviews also afford the opportunity to ask follow-up questions that allowed the participants to elaborate their answers to the questions (Doody and Noonan, 2013). The interview questions are fully prepared before conducting interview, thus, the unstructured interview is not appropriate for the study. Instead, a semi-structured interview would be preferred since the study discusses the personal experiences and viewpoints of certain group of individuals.

The purpose of the study is to explore constraints of Chinese immigrant SMEs, i.e. the hindrances faced by entrepreneurs in the process of running enterprises based on individuals' experiences and perceptions. The study also requires participants to address their experiences and viewpoints in detail and in depth. Given all this, in-depth, and open-ended semi-structured interview with a set of predetermined questions is suitable for gathering primary data in current study. In open-ended technique, respondents can be given more space to express elaborated ideas or views throughout the interview (Bryman and Bell, 2011). A researcher might build a rapport with each respondent through interviews which can enhance trust, build positive relationships and create a relaxed atmosphere, thus boosting the response rate and the data quality. When respondents feel at ease and liberty to answer these questions, they are more likely to talk more. It was important and necessary to discuss the details so that the researcher can elicit more information and know more particulars on conditions of the interviewee.

For this study, 15 Chinese immigrant entrepreneurs were identified by the snowball sampling method over two months (September, 12 to November, 18) in the 2017. One-on-one interviews were conducted due to small numbers of interviewees. During

the face-to-face interviews, conversations were recorded. After that, the researcher transcribed the information for analysis. Researcher also took handwritten notes in the process of interviews. Taking notes afford cues for follow-up questions, and are fundamental in the record of the interview session in the event of the failure of recording device at any critical juncture in the process of interviews. The 15 interviews lasted between 40 and 60 minutes, and the participants had opportunities to provide additional answers to follow-up questions. Besides that, a consideration that has to be taken into account in the study when studying immigrant business is language barrier. Not all the subjects could speak English fluently and most of them have limited English skills. In view of this, the face-to-face interviews needed to be conducted in Mandarin which is immigrant Chinese mother tongue. In addition, conducting the study in Mandarin would be a strategy to increase validity and reliability. The interview questions were translated into Chinese from English and then back again to ensure a correct translation. Both English and Chinese translated versions of the questions were made available to the interviewees.

The interview questions helped to gain insight into the experiences and deeper understanding of participants as to starting and developing immigrant-owned enterprises, especially the perception on barriers when opening up and operating firms in Malaysia. These factors included the individual and entrepreneurial attributes, business constraints in the terms of human capital, finance, competitiveness, social network, government policies and regulations as well as external supports.

The interview process in the study started with the same interview protocol (see Appendix A) for all participants, followed by interview questions (see Appendix B) to the participants. The use of an interview protocol assure the consistency in the process

of an interview (Bititci et al., 2011). The interview questions were designed in accordance with the analytical framework and prior similar studies on immigrant entrepreneurs. It is indispensable to develop interview questions from the conceptual framework and purpose of the study to ensure validity (Tsang, 2014). This research employed a qualitative method to assess the data collected using a survey consisting of three parts and 59 predetermined open-ended interview questions designed to obtain rich responses. Part A measured the respondents' demographic with 16 questions and business profile with 7 questions, whereas Part B, Part C and part D, respectively, measured the business constraints with 21 questions, external supports with 2 questions and government policy with 13 questions of the immigrant entrepreneurs (see Appendix B). Participants can talk about personal entrepreneurial experiences and freely articulate their personal ideas, insights and reflections in this format (Bititci et al., 2011).

A data collection process is very crucial and requires reliable data collections for researchers and the process must be consistent, stable, and not self-contradictory with precise and unambiguous questions (Alvesson and Sandberg, 2011). To ensure validity and credibility in a qualitative inquiry, some useful strategies can be taken. Houghton et al (2013) suggested that these strategies include that member checking, persistent observation, transcription review, prolonged engagement and triangulation. Of these strategies, member checking is a commonly used technique when using interview design. Member checking is a technique that a research provides opportunity to participants to confirm accuracy of the data in the study obtained from them (Harvey, 2015). In the study, I used member checking as an instrument to guarantee credibility and validity. Participants either agree or disagree with the findings they joined in through member checking and if the results clash with their authentic thoughts and experiences. A researcher have to modify the results in order to assure accuracy and

completeness the conclusions reached in the study. To implement member checking, I sent transcription of the data to all participants by e-mail to ensure the originality of the information in the research. Additionally, Kisely and Kendall (2011) underscored that multiple data sources can boost research scope and facilitates triangulation. Thereby, I used other data collection approaches as my secondary sources of information such as document review to enhance accuracy and reliability of the study. The documents use government reports, the data from Malaysian statistics department, and other credible sources of information on SMEs and /or immigrant-owned enterprises

3.6.2. Data Collection Process – Semi-structured Interviews

Data collection process covered face to face interviews with participants, documents and passive observation. I used in-depth, semi-structured interview format to ask open-ended questions, and explored the SMEs challenges and constraints faced by 15 immigrant business owners.

Face-to-face interviews were conducted with a recording device in mobile phone. Data collection needs the use of a digital recorder during semi-structured face-to-face interviews (Bell, 2013; Paine, 2015). I tested the device to ensure reliability before recording. An electronic recording for each interview enhances the completeness and safety in the study. A interview enables participants fully state the experience under study (Narag and Maxwell, 2014; Reich, 2015). Researchers can help participants to clarify and understand the question when they feel the question ambiguity in face-to-face interview. In addition, body language and reaction also can guide the researchers and provide more information.

There are many strengths to using face to face interviews, for instance, the usage of visual aids and of body language as well as the detection of social cues. Also, the interviewer can have a deeper and broader insight to specific answers by doing a meaningful discussion and deducing the validity of each response. Although this type of interview is very effective, it can be expensive and time consuming. As it takes plenty of time to identify, recruit, and schedule the interview, apart from this, the travel time and costs are necessary.

As to the specific interview process, I followed the five steps (a) identifying and contacting potential subjects and seeking their permissions with consent form signed that included detailed information about the study; (b) scheduling date, time and place for interview; (c) conducting face-to-face interview with in-depth open-ended questions; (d) translating and transcribing the interview data; and (e) reviewing the transcript by the participant. A quiet and comfortable place tends to be favorable for conducting interviews. It can boost response rate and enhance the quality of recording. These places include their business offices, their residences and Starbucks coffee. Interview questions were sent to participants before formally conducting interviews by email or Wechat so that they can think about these questions thoroughly. Participants had the opportunity to review interview schedule to ensure clarity prior to interviews (Moustakas, 1994). The more clarity the interview question provided by the research, the higher quality responses given by the participants (Kim, 2012). Besides that, audio recorder was used to record the interview, whereas Microsoft Word was used to transcribe the recordings.

3.7. Ethical Issues

Ethics is an integral part of the business research (Arend, 2013). Adherence to ethical guidelines that takes all necessary measures to protect study participants is imperative for conducting research (Taylor and Land, 2014). Integrity of a researcher is a highly

recommended ethics. As stated by McLaughlin and Alfaro-Velcamp (2015), a research study rests on the integrity of the researcher. Besides that, other ethical requirements in this study also involve informed consent, confidentiality and privacy as well as options to withdraw.

3.7.1. Informed consent

Informed consent form is necessary in study. Obtaining approval of participants is a critical step in the research process (Lauckner et al., 2012). An informed consent form provides all prospective participants adequate information about the study--- a detailed description of the study purpose and process as well as the role of participants. As suggested by Lahman et al. (2011): 1) the participants need to have a clear understanding of the research question, objective of the study, and their role within the study; 2) participants' rights: without coercion ensuring participation is voluntary and unharmed; with full entitlement to refuse or withdraw at any stage; 3) without incentives or compensation for taking part in the study.

Before the face-to-face interviews, I contacted the potential participants and invited them to take part in the survey over telephone or Wechat. For those who were interested in this study, I emailed the interview questions in advance, which gave them enough time to think about these questions, and made an appointment with them on the date and location of conducting interviews. Every subject signed the informed consent form at the beginning of formal interviews. After interviews were transcribed, interview responses to the interview questions were reviewed and if there were doubts interview were contacted via email or phone to clarify them to ensure that the transcription was accurate.

3.7.2. Confidentiality and Privacy

Treating all information gathering from the participants as confidential was crucial (Vainio, 2013). Participants protected by confidentiality and privacy are willing to freely talk about their family background, personal perceptions and entrepreneurial experiences, in this way, a researcher can obtain affluent information regarding research topic. In order to ensure participants rights to privacy, anonymity and confidentiality, extreme care was needed in the research process. All real names of the participants and firm names in the part of data analysis and finding were removed and a pseudonym coded number was used. Researcher has used pseudonym coding or numerical differentiators to ensure confidentiality of data (Carlström and Ekman, 2012). Only the respondent entrepreneur and the researcher were present in every interview without third party participating.

Data storage and protection measures are crucial to safeguard the confidentiality of the participants (Luo, 2011). Accordingly, after the completion of interviews, the recording and the manuscripts were transferred to external hard-drive with a password. Both the audio recording device and external hard-drive were put in a locked place. After the completion of the data collection, all electronic files involving interview recordings, translations and other electronic data were safely locked for a period of five years. All these records will be destroyed after 5 years.

3.7.3. Options to Withdraw

When I extended an invitation to potential participants, they were told that their participation in the study was confidential and voluntary. And they are entitled to discontinue or withdraw from the study at any time and for any reason, which would not affect their relationship with researchers, nor bring any negative consequence. If any

participant decided to withdraw from the study, I would destroy all data provided by the participant up to that point.

3.8. Reliability and Validity

Researchers need to ensure adequate validity and reliability to make a study accurate and reproducible (Grossoehme, 2014) as well as unbiased (Street and Ward, 2012). The validity and reliability of a qualitative study ensure the credibility and authenticity of the study finding.

3.8.1. Reliability

In qualitative inquiry, reliability ensures that other researchers can duplicate the study procedures, in the same conditions, and secure the same outcomes (Barry et al., 2014). Reliability is dependent on the researcher to ask every subject of a study the same questions in the same orderly manner. In the study, the usage of study protocol during interviews with participants makes the study procedures dependable and consistent. A case study protocol documents the data collection process and develops a case study database for storing the data collected (Yin, 2013). To ensure reliability and trustworthiness of a study, a researcher can start with four criteria: credibility, dependability, conformability and transferability (Grossoehme, 2014; Houghton et al., 2013). In the regard, I discussed reliability from the four aspects.

Credibility refers to the researcher's interpretation of the study results accurately that mirrors the experience and reality of the participants (Frels and Onwuegbuzie, 2013; Houghton et al., 2013). Data triangulation is a recommended avenue to enhance credibility. Methodological triangulation means using multiple information sources so that a researcher can collect extensive data to discuss the research topic (Torrance,

2012). Various data sources can help check and guarantee the validity in this qualitative design. In the study, in addition to interviews, other sources were included such as official publications such as reports from the SME Corporation in Malaysia, the Department of Statistics of Malaysia, online journal articles and archival materials on immigrant entrepreneurship. As suggested by Yin (2013), these multiple lines of evidence strengthen the depth and breadth of the study.

Achieving dependability means that other researchers can follow the trail used in the research process (Thomas and Magilvy, 2011) and that a researcher can keep elaborate documentation or records of each step of the research process as it takes place (Grossoehme, 2014). I designed interview question based on literature review and prior research studies on immigrant-owned businesses, and took notes during the whole interview process and analyzed the data during the research process in a detailed and accurate way to ensure dependability.

Confirmability involves ensuring the documentation gathered is thorough and accurate and truly presents the responses of participants (Houghton et al., 2013). Researchers look for evidence to confirm or contradict the observations and conclusions (Bernard, 2012). I performed member checking to ensure study confirmability. Member checking affords participants the opportunity to check the precision of the transcription of the interviews, the initial results and interpretation (Houghton et al., 2013). In most studies, participants have the opportunity to check whether their statements are accurate or not.(van der Merwe, 2015). I took written notes across interview process, with a digital device recording. Every subject reviewed my interpretation of their interviews for approval or further clarification after completing the transcription of interviews. In

addition, I compared the handwritten notes with the audio recording to establish the accuracy and confirmation of the data.

Transferability needs that other researchers can produce similar results by repeating the procedures and employing similar study methodology during the proposed study (Vaismoradi, et al., 2013). To be specific, other researchers can conclude similar outcomes by choosing research participants, designing similar questions, collecting and analyzing data as well as interpreting the findings in same research field, regardless of the study context. One critical method ensuring transferability is to describe appropriately the original context of the research (Houghton et al., 2013). I ensured that results were observable in a different context with a thorough description of whole study process.

3.8.2. Validity

Validity refers to the credibility and accuracy of the study results (Pannucci and Wilkins, 2010). Three methods of testing validity include construct validity, internal validity, and external validity (Yin, 2013). Construct validity concerns instrument implemented that measures the intended characteristic or issue under study and not any other confounding factors (Leedy and Ormrod, 2015). In this study, the central purpose was to identify the constraints of SMEs owned by Chinese immigrant entrepreneurs to seek the policy assistance and other external supports. As a result, I employed open-ended questions to allow answers to describe constraints faced by them to achieve construct validity. In addition, I further tested construct validity through themes comparison and alignment in the process of data analysis with the study purpose and central research question.

Internal validity (credibility) concerns whether the researcher establishes a clear relationship or alignment between the research questions and the study results (Yin, 2013). I used member checking to achieve internal validity. Member checking conducted by the participants validates the accuracy of the transcribed data and ensures that the participant's experiences were accurately and completely expressed (Birt, et al., 2016). The participants reviewed my presentation of the interviews for accuracy and clarification after completion of an interview. Besides that, each participant reviewed a transcript after transcribing and summarizing the data with email or phone. Moreover, I compared the conclusion of the study with the interpretation of other literature within similar fields to enhance authenticity. As the stated by Yin (2013), the comparison of the results of this study with interpretation and descriptions of the current literature facilitates accuracy. I also employed prolonged engagement to enhance credibility. Another method enhancing the credibility of the study is prolonged engagement (Houghton et al., 2013). Researchers spent sufficient time on collecting data until data saturation to fully understand the phenomena being investigated.

External validity (Transferability) is concerned about the issue of generalizing beyond the study to a larger population or the fact of being able to transfer the findings of a particular study to other contexts or settings (Yin, 2013). To increase validity, qualitative researchers need to regularly compare the rich, thick description of the results (Houghton et al., 2013). Therefore, I provided detailed and thorough descriptions using raw data when reporting findings. Additionally, I used the purposeful sampling method to identify a population of fifteen immigrant entrepreneurs to strengthen external validity and trustworthiness. Purposeful sampling is a system to obtain substantial information and knowledge by identifying participants appropriate for the purpose of the study (Reybold et al., 2013).

3.9. Summary

This chapter discussed the analytical framework, research methodology, methods, and sampling employed in this study. Then, it also discussed the data collection process. After considering the strengths and weaknesses of all the research methodologies available, the qualitative phenomenological approach, case study method, and semi-structured design were preferred to analyze the constraints of small and medium size enterprises owned by Chinese immigrants in Malaysia, as they are appropriate for analyzing actual experiences and perceptions of a business owner with in-depth accounts.

The rationale for the choice of qualitative (exploratory and interpretative) approach is three-fold. First, the researcher will be able to gain in-depth knowledge and understand what the respondents' views and thoughts. Second it enables the researcher to ask specific questions to elicit the information she needs and capture data efficiently as well as promote access to meaningful qualitative analysis within a short period of time. Thirdly, using a semi-structured interview is the most economical and efficient method of data collection for this study.

As the overall purpose for this study is to identify the constraints of SMEs owned by Chinese immigrants and provide some policy recommendations to sustain and grow their businesses profitably, a qualitative multi-case exploratory study research method is more appropriate. It makes the researcher to explore in-depth a social phenomenon in real life. Also, since it encompasses face-to-face collaboration and interaction with participants through in-depth, semi-structured interview method is more suitable for data collection.

Furthermore, the study used purposeful sample, as it is common in qualitative studies and it is also useful when randomization is impossible especially when the size of population is very large, and it is also useful when the research does not intent to develop theories, create generalizations and infer in research project. As this study neither involves theory development nor generalization and inferences, the size of sampling is 15 respondents, which is aligned with the requirement of purposeful sampling. Shortage of a reliable database of Chinese immigrant businesses that could be used for the sampling frame, snowball sampling, thus, had to be adopted to help collecting data.

University of Malaya

Chapter 4

Major Contributions of Chinese Immigrant Entrepreneurs to Malaysian Economy

4.1. Introduction

The contributions made by immigrant entrepreneurs could not be ignored in the host countries. As claimed by Fairlie and Lofstrom (2015), immigrant-owned businesses have made large contributions to total employment in the United States. From many literatures on immigrant entrepreneurship, we discovered countries such as the United States, Canada and New Zealand which are the main destination for immigrants, the immigrant entrepreneurs are well-accepted to be wealthy and developed. This kind of prosperity is closely linked with the significant role played by immigrant entrepreneurs in these countries' economic growth through investing, starting new businesses, creating jobs, enhancing revenue and wealth as well as promoting the country's global network.

This chapter analyses the main contribution of Chinese immigrant entrepreneurs (Research Question 3) using primary data gathered through interviews with 15 respondents. This sets the context to the discussion of constraints faced by the immigrant Chinese entrepreneurs in Malaysia in the next chapter.

4.2. Major Contributions of Chinese Immigrant Entrepreneurs

This study primarily discusses five aspects of contributions made by the Chinese immigrant entrepreneurs in Malaysia: (i) product and services; (ii) employment; (iii) technology and innovation; (iv) export and global linkages. Although tax (e.g. import and export tax) is also important contribution to the host country, the respondents were reluctant to share details about financial conditions of their enterprises and they argued that specific information of a firm such as the annual profits and tax is private and not open to the public. Hence, this is excluded from the analysis.

Table 4.1. shows the main contribution of Chinese immigrant entrepreneurs using data gathered through interviews with 15 respondents.

Table 4.1: Major Contributions of Chinese Immigrant Entrepreneurs

Participant	Products and services	Employment	Technology and Innovation	Export
P1	Property	15	√	√
P2	Textile (e.g. clothing, scarf)	29	√	√
P3	Tour services	12	√	√
P4	Cloth	65	√	√
P5	Education agency	8		√
P6	Catering (Chinese food)	10	√	-
P7	Health care product	14	-	-
P8	Electronic product	22	√	-
P9	Travel agency	27	√	√
P10	Clothing	4	-	-
P11	Textile trade	6	√	√
P12	Catering (Chinese food)	17	√	-
P13	Pay services	10	√	-
P14	Birds' nest	72	√	√
P15	Education training	6	√	√

Source: Primary data gathered from 15 sample respondents

4.2.1. Products and Services

Broadly, the products and services provided by the sample Chinese immigrant entrepreneurs involved tour services, services for studying abroad (Mainly from China to Malaysia), textile products, Chinese food, various manufactured products (e.g. electronics, cosmetics, health care and birds' nest), information advisory and language training. Specifically, Business owner 1 indicated that his firm is property agency selling real estate. Business 2 is in textile industry, selling cloth, clothing and scarf. Business 3 is a travel agency which provides services related to tour to customers. Business 4 is a firm of selling cloth by whole sale. Business 5 is an education agency, offering services related to education such as information advisory services. Business 6 is catering firm, selling Chinese hotpot. Business 7 is a firm selling health care products. Business 8 introduced and manufactured new electronic products, a brand new product to the Malaysian market, increased product types and provided more choices to customers. Business 9 is a travel agency that offers tour product and services. Business 10 is selling Malay clothing at retail. Business 11 is a wholesaler in clothing industry. Business 12 is a restaurant that is selling Chinese food. Business 13 is a technology firm

which provides pay services. Business 14 is a birds' nest manufacturer and retailer, selling birds' nest to customers. Business 15 is an education training agency, mainly offering language training. Studies by Wong and Primecz (2011) revealed that Chinese entrepreneurs in Budapest and Hungary, filled the gaps in local markets with highly sought-after goods, significantly leading to the development of local markets. Similarly, it is evident that the Chinese immigrant owned businesses in Malaysia have significantly contributed to host economy by increasing the diversity in quantity and quality of goods and services produced.

4.2.2. Employment

The sample of 15 respondent Chinese immigrant firms created, totally, 317 jobs in the local economy. Some of these immigrant-owned businesses not only provided employment opportunities for other immigrants but also for the locals, thus helping to reduce unemployment and contributing to social wellbeing in general. All respondents in this study employed between 4 and 72 employees. Employees in the sample were from different ethnic groups in Malaysia (Malay, Indian and Chinese) and foreign workers (Bengalis, Burmese, Pakistanis, Philippines and Indonesian). Furthermore, immigrant entrepreneurs' contribution to their host countries is noticeable in job creation not only in their own enterprises, but also in other enterprises such as upstream enterprises (their suppliers). To be specific, taking the example of textile sector, the rising demand for raw materials from upstream enterprises can generate more job opportunities in these enterprises than before due to the development of immigrant-owned businesses in this sector. Also, immigrant entrepreneurs' contribution to their host countries is not only remarkable in providing jobs in urban areas, but also in rural areas, thereby contributing to economic growth both in cities and rural areas. SMEs are generally not technology-intensive businesses, and the qualification for employees has not been very high. This makes it possible to afford provide jobs to

people with low skills from villages, which helps to decrease the poverty rate in rural areas in Malaysia.

4.2.3. Promoting Foreign Direct Investment (FDI)

FDI is widely acknowledged by academic fields as a positive and significant factor influencing economic growth (e.g. Baharumshah and Almasaied, 2009; Mehic et al., 2013; Melnyket al., 2014). FDI occurs when a business establishes, buys or augments production facilities in overseas (Hamilton and Webster, 2015) or when an organization invests all kinds of resources (e.g. capital, knowledge and technology) into business activities beyond its own country (Hill, 2008). As concluded by Garg and Phayane (2014), immigrant entrepreneurs can be, at a municipal level, regarded as a kind of 'micro' FDI, which contributes positively to the local economy. Similarly, researcher Keat and Young (2009) also viewed that immigrants acquire fixed assets as a form of FDI. Specifically, it is inevitable that when immigrant entrepreneurs move to a host country, they have to invest in real estate, to rent premises as a place running businesses and local landlords have increased incomes greatly from rental from immigrant businesses. Among the sample of 15 respondents, all have brought in considerable capital investment from China, and almost all Chinese immigrant entrepreneurs have purchased houses, even a stretch of lands in Malaysia. They have also rented or leased business premises. Some of them are in the manufacturing sector producing diverse goods. All these practices could be regarded as inward FDI in Malaysia.

4.2.4. Technology and Innovation

According to Hohn (2012) immigrant entrepreneurs in Massachusetts, have promoted economic recovery by stimulating commerce and innovation. Similarly, the results of this study also demonstrated the contribution of Chinese immigrant entrepreneurs in technology and innovation. Especially, product innovation is visible among these Chinese entrepreneurs. Business owner 2⁶ firm is selling textile, including clothing and

scarf in a variety of styles and colors. Above all, he has an own brand, a form of product innovation. Likewise, Business owner 4 said that her firm innovated products by matching colors and styles of cloth, which the Malaysian markets does not have. In addition, Business owner 3 has developed new tour routes, such as a combination of places of both Chinese interest and Malaysian resort, another example of innovation in services development. The innovations developed by Business 6 and Business 11 are a combination of Chinese food and Malaysian food that cater to the need of both Chinese and Malay customers. Business owner 14 is a trader of birds' nest, her firm has developed own brand, which is an innovative behavior, expanding products' diversity.

Besides, according to Business owner 1 his property firm has introduced innovations in marketing strategy, and e-commerce which are very popular in China and well-developed. His company introduced new methods and experiences of marketing into Malaysia from China (such as some portals, which help to enhance business image) that are new and different to the model of traditional marketing in property market in Malaysia. Business owner 3 stressed that the innovation in management is imperative for sustaining his business. The way of management in tour agency was person to person (P2P), and a tour guide leaded a group of tourist throughout in the past, but now it is changing and depending on the use of App (application software). A lot of services can be provided by App on mobile phones or computers, which is greatly cost-efficient. Furthermore, business 11 has come up with innovation in model of management. According to Business owner 11, he learned management model of French catering industry and has come up with his own innovative model of management. Similarly, Business 13 is a technology firm that develops App (Application software) for customers, that is, technology innovation, which can change our life styles.

4.2.5. Export

Although the products (property) provided by Business owner 1 (a property agency) could not be considered as goods that can be transported to overseas market, his customers are mainly from abroad. He said: "Our customers come from around the world such as America, Canada, Africa, Middle East, mainland China, Hong Kong and Taiwan. We can tell that 70% of our market share is in international market, local market share accounts for only 30 %." Hence, his firm can be viewed as predominantly servicing international clients.

Among 15 respondents, 4 (P2, P4, P11, P14) are engaged in products export. Business owner 2 said his business is mainly working in the international market. "In the past ten years, we continuously explored and expanded our markets. As there has been intense competition in the textile industry market, we had to change our marketing strategy to other countries. Our products including clothing and scarf have been produced and exported to Thailand, Indonesia and Brunei where there has been a high demand for these products." During 14 years of operation, his business has grown remarkably driven by exports and generated a large amount of revenue and created more jobs. Business 4 in textile sector also exported their products to the countries close to Malaysia. "We are wholesaler of cloths, we are mainly targeting local market. But we are also making considerable exports to Indonesia, Myanmar, Pakistan and Bangladesh." Business 11 operating in international trade said that their products are exported to Indonesia and Australia. "We are not only selling products locally, we are also exporting to other countries in a great number." Business 14 selling bird's nest exported 90 percent of its products to China. "We sell 200 kg category bird's nest to China every year, and we are hoping to sell 600 kg category soon, but so far we have

not achieved that goal as we could not find right employees, lack of skilled workers is leading to low production.”

Apart from manufactured products export, services export (tour services and education services) are also found among the sample. Two Business owners (P3 and P9) are working in tourism and both of them are mainly servicing and expanding China market. Business owner 3 said that his customers are predominately from China, so the market strategy involved in attracting visitors from China and the market positioning is high-end China market. Under his firm’s promotion and advertisement, large number of tourists come to Malaysia every year, which promotes the development of Malaysian tourism. Business 9 is mainly dedicated to attracting Chinese tourists to travel to Malaysia and export services to Chinese. “We are cooperating with some travel agencies in two cities, Chengdu and Lanzhou in China, providing services for Chinese visitors travelling to Malaysia. We entertain these customers when they arrive in Kuala Lumpur. So, our business can be seen as services export from Malaysia.” In addition, two businesses (P5 and P 15) are serving in education sector. Business 5 serves as education agency that aimed at enrolling Chinese students to study in Malaysia and promoting cooperation and communication between colleges in China and Malaysia. “Our work is to provide the services for studying abroad and to help those who want to acquire good-quality education with low cost and experience different cultures by studying in Malaysia. We are trying to cooperate with private colleges, helping them recruit more students from China.” Business 15 primarily provides foreigners with language training, which can be considered as service export. “Our firms are principally targeting international markets and we recruit foreigners (mainly Chinese) to study languages including English and Arabic, that is, we provide educational training services to foreign market.”

4.2.6. Global linkages

Chinese immigrant entrepreneurs are contributing to the Malaysian global business network. They bring capital, trade and investment opportunities from China to Malaysia and contribute to the local economy. Migrants' personal networks have contributed significantly to the Malaysian economy by attracting foreign investment and promoting trade with other countries. Most of the businesses represent a link (intermediary) between Malaysia and other countries, especially exporting businesses. In the study, 60% of sample business has been targeting at and operating for international markets, including China, America, Australia, Canada, Africa, Middle East, Thailand, Indonesia, Brunei, Myanmar, Pakistan and Bangladesh. That is, international trade makes international linkages possible and easy among these countries, thus enhancing global linkages. In other words, Malaysian businesses can build on an enormous business network of production and sales with these countries through SMEs owned by the Chinese immigrant entrepreneurs. In terms of business network of production, Business 2 and Business 4 import raw materials (e.g. cloth) from main land China and process them to make scarf or clothes in Malaysia. Business 8 purchased silicon chip from Taiwan and made electric products in Malaysia. When it comes to business linkages of sales, 60% of respondents who operate in international markets are parts of global network of sales. Additionally, global businesses linkages help facilitate cultural exchange and cooperation among countries. For instance, Business 9 indicated that his firm developed new routes of travel under the assistance of Malaysian government. He has established cooperation with Chinese travel agency to operate tours so that Malaysians can travel to China and Chinese can travel to Malaysia, which promotes cultural communication effectively.

On the one hand, each immigrant entrepreneur in the study consider himself or herself as an ambassador of Chinese culture and feel proud of promotion and diffusion of Chinese cultural heritage in Malaysia. On the other, hand those Chinese immigrant entrepreneurs in sample have resided in Malaysia for more than three years. They are familiar with Malaysian culture and customs to some extent and some of them even can speak Malay language very well. Having a good command of two languages (Chinese and Malay) and two cultures (Chinese culture and Malaysia culture) significantly promote global networks and relationships as well as cultural blending. In other words, these Chinese immigrant entrepreneurs can be considered as medium between China and Malaysia to promote wide range of business activities. For instance, Business 9 explained that he has cooperation with a Chinese travel agency so that Malaysians can travel to China and Chinese can travel to Malaysia, which promotes cultural communication and integration effectively.

It is evident from the experience of 15 sample respondents that the Chinese immigrant entrepreneurs help introduce many new Chinese foods, fashions and other products as well as business models to Malaysia, ranging from distinctive Chinese cuisines, new styles and designs in different products (e.g. clothing) to new managerial and marketing model such as e-commerce. Today, Chinese fashions, cuisine and culture are part of the multicultural offerings in Malaysia. Chinese immigrants have made Malaysia a multicultural society and have contributed obviously to Malaysia being a tolerant society that reflects the wider diversity culturally and socially.

4.3. Major Contributions of Chinese Immigrant Entrepreneurs – Overall Findings

The main contributions made by Chinese immigrant entrepreneurs can be traced into six areas: product and services, employment, technology and innovation, FDI, export, and

global linkages. The product and services provided by 15 participants encompass property, textile (e.g. Cloths, clothing and scarf), Chinese foods, electronic product, birds' nest, tour services, information advisory services and language training. The 15 respondents (sample businesses) have created 317 jobs. In term of technology and innovation, they made numerous contributions including innovation of marketing strategy (e.g. the application of e-commerce), product diversity (e.g. clothing and scarf in a variety of styles, colors and new routes of tour, a combination of places of Chinese interest and Malaysian resort, a blend of Chinese food and Malaysian food, innovation in management (management model), new brand creation as well as new technology development (new App). Furthermore, Chinese immigrant entrepreneurs promote significantly inward FDI in the form of financial and human capital, property investment, knowledge and technology to Malaysia. Additionally, Chinese immigrant entrepreneurs appear to have contributed significantly to the Malaysian global business network through interpersonal interaction and business activities. Furthermore, out of 15 respondents, 9 business exported their products or services to international markets, including China, the US, Canada, Thailand, Indonesia and Brunei, Myanmar, Pakistan and Bangladesh, Middle East and Australia.

4.4. Summary

The main contributions made by Chinese immigrant entrepreneurs can be seen in following four aspects: product and services, employment, technology and innovation, and export. The product and services provided by them include property, manufactured products such as textile (e.g. Cloths, clothing and scarf), electronic products, birds' nest, and services such as tour services, information advisory services and language training. They have created sizeable number of jobs (total 317, average 21). They also made significant contribution to technology and innovation in areas such as innovation of

marketing strategy (e-commerce), product diversification, innovative tour services, new brand creation, as well as technology development. In addition, two thirds of them (9 businesses) exported their products and services to international markets, including China, America, Canada, Thailand, Indonesia and Brunei, Myanmar, Pakistan and Bangladesh, Middle East and Australia.

University of Malaya

Chapter 5

Chinese Immigrant Entrepreneurs in the Malaysian SME Sector: Demographic Profiles and Main Constraints

5.1. Introduction

The purpose of this qualitative exploratory phenomenological study/ multiple case study was to uncover those constraining factors that hinder the entrepreneurial activities of Chinese immigrants in the Malaysia and advocate policy supports from Malaysian government in order to grow and develop business venture owned by Chinese immigrants. I used an assigned code from P1 to P15 to identify each participant of the selected sample of Chinese immigrant entrepreneurs. After the completion of interviews, I reviewed documents about SMEs owned by Chinese immigrants to ensure methodological triangulation. The goal of data collection was to capture distinctive perspectives and perceptions of the respondents. Fifteen semi-structured interviews of Chinese immigrant entrepreneurs in Kuala Lumpur, Malaysia, provided the primary data for this study. The analysis of the interview data started with transcribing the interview digital recordings and organizing the raw data. Yin (2013) suggests the continuous playback of the audio files is an effective strategy for the researcher. I listened to the audio recordings repetitively in order to understand clearly what the respondents said during the interviews.

In this chapter a qualitative thematic analysis is presented based on the completed interview questions to determine personal experiences and perceptions of immigrant entrepreneurs on starting and operating businesses. The analyses address the Research questions 1 and 2:

1. What are the demographic profiles and personal traits of Chinese immigrant entrepreneurs in Malaysian SME sector?

2. What are the main constraints faced by Chinese immigrant entrepreneurs in the Malaysian SME sector?

5.2. Personal Profile and Business Profile of Sample SMEs

The first question is about the personal profile and business profile: What are the demographic profiles and personal traits of Chinese immigrant entrepreneurs in Malaysian SME sector?

The study used a purposeful sample and selected 15 participants for the study who are Chinese immigrant business owners who meet the requirements of the study. The breakdown of the demographics of the entrepreneurs is given in Table 5.1.

Table 5.1: Breakdown of the Demographics of the Entrepreneurs

Participants	Sex	Ages	Years of residences	Marital status (Number of children)	Education
P1	male	35	16	Married (2)	Bachelor
P2	male	44	25	Married (3)	Master
P3	male	45	19	Married (2)	Bachelor
P4	female	41	16	Married (2)	Bachelor
P5	male	32	8	Unmarried	Master
P6	male	31	6	Married (1)	Master
P7	female	54	18	Married (2)	Associate' s degree
P8	male	40	13	Married (2)	Associate' s degree
P9	male	34	15	Married (3)	Bachelor
P10	male	46	13	Married (3)	High school
P11	male	47	27	Married (3)	Master
P12	male	33	4	Married (3)	High school
P13	female	26	5	Unmarried	Bachelor
P14	female	34	9	Married (3)	Bachelor
P15	male	35	10	Married (2)	Master

The study presented the composition of the 15 samples and analyzed the percentage of demographics of Chinese immigrant entrepreneurs. The detail is given in Table 5.2

Table 5.2 Analysis of Demographics of the Entrepreneurs

Sex	Marital status	Years of residing in Malaysia	Age(years old)	Level of education
Male (73.3%)	Married (86.7%)	0-10 (40%)	20-30 (6.65%)	Under-diploma (13.3%)
			30-40 (46.7%)	Diploma (13.3%)
Female (26.7%)	Unmarried (13.3%)	10-20 (46.7%)	40-50 (40%)	Degree (40%)
		Above 20 (13.3%)	50-60 (6.65%)	Postgraduate (33.3%)

The respondents were asked what personal characteristics do you think are important for an entrepreneur such as innovative, creative, and risk taking qualities, decisiveness, clear vision, networking and sociable and explain why. The responses and findings are as shown in Table 5.3:

Table 5.3: Personal Characteristics that are Important for an Entrepreneur

Personal characteristics	Innovative	Creative	Risk-taking	Decisiveness	Clear vision	Networking	Sociable
Frequency	12	4	4	8	3	6	10

5.2.1. Innovative

Overall, the first major theme of the question is innovative. Every participant except three suggested that the innovative capability is important to be an entrepreneur. Business owner1 explained that innovative is crucial because the development of an enterprise involves building a new brand and design new products, which can retain old customers and attract new customers, thereby innovative entrepreneurs can steer their firms towards growth. Business owner 3 stated that an enterprise needs to be injected with innovative elements to adapt to fast changing market and environment. Business owner 4 echoed that “the style of clothes and fashion varied every year, the combination of Chinese style and Malaysian style is beautiful and original, this kind of combination is a sort of innovation.” Business owner 6 suggested that “dishes are very important in catering industry and call for innovations, new dishes can appeal to clients more and help business develop. If there is no innovation in this industry and no differences

between our restaurant and others, the business is likely to fail in the fierce competition condition.” Business owner 7 highlighted that “we are a sales company of health care product, marketing is of very significant importance, the innovation is able to help us engage the attention of others and improve sale figure in the term of marketing.” Business owner 8 observed that only because new products are continuously introduced to markets to meet the demand of customers, his firm is able to be full of vitality and make profits.

Business owner 9 said that the competition is pretty intense in tourism of Malaysia, the differences of products and services are more likely to bring in more new clients and this kind of differences almost certainly derive from the entrepreneurs with innovation capability in products and services. Business owner 10 expressed that “Malays likes new things which can arouse their desire to purchase, an entrepreneur with ability to innovate can promote new things continuously.” Business owner 12 shared the fact that “there are cultural difference between Chinese and Malay, and cooking culture reflect this difference. Authentic Chinese foods are not accepted by Malay, we have to endlessly make adjustments in order to cater to Malay tastes, a kind of adjustment which itself is a sort of innovation.” Business owner 13 highlighted that their firm is related to technology, as such, technology is closely correlated with innovation, for example, developing and launching an APP (a kind of application software) on mobile phone is innovative process. It would greatly hinder their firm running without Apps and innovation.

5.2.2. Creative

Four of the 15 participants believed that creative personality is a factor influencing their entrepreneurial activities. Business owner 1 argued that “creative thoughts bring with you a competitive advantage by adding values to your products or services and

differentiate your business from other competition.” Business owner 7 indicated that creative ideas can provide entrepreneurs with fresh perspectives to view problems and an entrepreneur with creativity can inject renewed vigor into enterprises. Business owner 10 stated that an entrepreneur possessing the quality of creativity tends to be vibrant and knowledgeable and they can hedge against loss and guide firms through hardships. Business owner 14 who is the owner of bird’s nest firm said that “there are lots of processing plants of bird’s nest in Malaysia. A business with creativity appears distinctive and stands out in markets, which helps to attract customers”.

5.2.3. Risk-taking

Four of 15 participants maintained that risk-taking is crucial for an entrepreneur. Business owner 1 said that “opening a business itself is a risk-taking process. Presumably, there are 50 percent risks and 50 percent certainty in entrepreneurial activity. Starting up businesses is impossible and difficult without the spirit of risk-taking.” According to Business owner 2, “unexpected opportunities always hide under the risks, taking risks can provide you with more opportunities and may be a necessary step in the process of actively pursuing success.” Business owner 12 recalled: “I almost certainly got little support from friends and family members when I came to KL for setting up an enterprise. They supposed that it was full of risks and expressed concern about my choice for fear that I would fail. Just because of the fact that I did not fear failure and was willing to assume risks helped me keep going.” Business owner 13 said that “risks go hand in hand with entrepreneurship, as it is a process full of risks and returns and without risks, there is no return. However, risk taking does not mean making decisions haphazardly, and we should consider and analyze risks with a cautious mind. It does not make sense for an entrepreneur to assume excessive risks.”

5.2.4. Decisiveness

Eight of 15 participants said that decisiveness is important for an entrepreneur. Business owner 1 said, “Our firm is a property agency, the importance of decisiveness stands out when we are dealing with customers and talking about something important, in particular, when entering into sale contract with them.” Business owner 2 stated that “the ability to decisiveness is considerably critical for an entrepreneur, especially when you are thinking of whether to launch a new product to market, you might lose opportunity if you are always hesitant about doing decisions, after all, this is business world filled with brutal competition.” Business owner 5 believed that a good entrepreneur is supposed to be equipped with breadth of vision and clear goal, apart from these qualities, decisiveness is necessary. An enterprise led by indecisive leaders is likely to collapse.”

According to Business owner 7, “strategic decisiveness is one of the vital success attributes for a businessmen, making decisions and taking actions are always better than doing nothing, which kinds of products we should introduce and sell, how and when to market them and so on, all of those are related to decisiveness. You may do nothing in the end if you always hesitate.” Business owner 9 underlined that “an excellent entrepreneur entails high executive forces and the ability to make a quick decision when a new business opportunity appears; otherwise, you will suffer great loss.” Business owner 10 suggested that “an entrepreneur must have decisiveness when making a strategic decision. If you are always hesitant, other decisions of your firm will be encumbered by this kind of hesitation in your mind. It may cause a chain reaction.” Business owner 12 said that “doing business is a process of constantly making choices, and I came to Malaysia without support of friends and family members, and had to decide everything related to business by me. That means that I could not do anything without being decisive.”

5.2.5. Clear Vision

In general, three of 15 business owners opined that having clear vision is critical to businessmen. Business owner 2 observed that “clear vision can give a direction for firm development and help it achieve goals in case business goes astray.” Business owner 11 explained that “a great entrepreneur is endowed with clear vision and foresight to develop business. Clear vision can give people ability to make a judgment for business future and find out a path of development that suits you.” Business owner 13 suggested that possessing clear vision can motivate you and your employees in your business, and the business without vision is like a boat sailing on sea without guide. It is very dangerous.”

5.2.6. Networking

Six of 15 business owners claimed that networking is of paramount importance to entrepreneurs. Business owner 1 said that social networking is essential for start-ups and growth of an enterprise. It is a great lubricant for enterprises. But, it is different from Chinese *guanxi* (social networking). This kind of networking here is a sort of simple communication among individuals. Business owner 6 asserted that “whether in China or in Malaysia networking is indispensable, it can help you avoid lots of troubles and solve some problems. For example, some friends of mine working in advertisement agency helped me publicize my firm during the start up stage and other friends gave me lots of guidance and suggestion as well as providing other resources in the whole process of entrepreneurial activities.” Business owner 7 said that networking is very vital for expanding your knowledge and gaining market information from externals. You can be able to get some valuable advice from experienced business people, particularly in the difficult early phases of a business. Business owner 12 also said that in the ever-changing business world, having networking can allow you to gain some latest trends and information. Business owner 13 said that “the social networking set up in

early stage of entrepreneurship through engaging in some activities related to technology industry offers us lots of resources and knows someone working in this industry for several years who gave us a lot of helps.” Business owner 15 argued that –social networking is very critical no matter where you are. You can do nothing without social networking.”

5.2.7. Sociable

Ten of 15 participants believed that sociable trait is very vital for a successful entrepreneur. Business owner 2 stated that sociable characteristic is extremely important for businessmen. –We are a trading company selling clothes and have to deal with people with different backgrounds. On the one hand, we need to promote our products to various clients so as to establish the selling networks that belonged to our firm. On the other hand, building good relationship with suppliers from China also involves good social skills.” Business owner 3 said that an individual with sociable traits tend to be friendly, outgoing and have good communication skills, tourism industry primarily provides tourists with superior services which includes bonding, and good personal relationship with customers. Business owner 5 claimed that sociability of businessmen is essential asset for promoting enterprises except for the individuals who are engaging in scientific research which need less sociability. Business owner 9 said that –good social skills may bring in prospective new customers more and determine the speed of growth of a business to some extent.”

Business owner 10 maintained that sociability helps the improvement of relations between the boss and the workers, most of the workers like doing work in a friendly and harmonious atmosphere, an employer with sociable characteristic is likely to build a long employment relationship with his/ her employees. Business owner 12 said that –a

simple example with regard to the importance of sociability is that employee turnover rate in my firm is very very low. Some of employees have worked here for a couple of years. I supposed that the low employee turnover rate can be attributed to effective communicative skills.” Business owner 14 stated that when it comes to sociability, a case in this point is that enhancing sales figure and expanding markets rely on personal relationships. Business owner 15 underlined that social skills is very fundamental for any industry. Effective communication helps solving problems and erasing misunderstanding. In the education sector, the importance of sociable characteristics is pretty apparent. As a leader, the sociable traits allow the workers to communicate well and gain respect of subordinates.

Apart from these traits, there are other personal traits that are critical for Chinese immigrant entrepreneurs (see Table 5.4):

Notably, out of 15 respondents, 5 emphasized the personal trait of adaptability (P3, P5, P7, P13, P14); 4 stressed the importance of communication skills (P6, P8, P11, P14); 3 highlighted the personal characteristics of persistence (P1, P2, P6). Beyond that, continuous learning, honesty and collaboration were mentioned by two of fifteen participants

Table 5.4: Other Important Personal Characteristics

Participant	Other Important Personal Characteristics
P 1	persistence, continued learning, good moral quality(e.g. honesty)
P 2	persistence and hard-working
P 3	the spirit of lifelong learning and adaptability
P 4	aggressiveness, collaboration.
P 5	adaptability
P 6	persistence and communication skills, especially improving language skills (Malay language and English language)
P 7	flexibility and principle
P 8	communicative skills
P 9	executive forces
P 10	outgoing and patience
P 11	communication skills
P 12	sincerity, honesty, good work ethics
P 13	calmness and composure
P 14	adaptability and communication skills
P 15	collaboration and managerial ability

Table 5.5: Sources of Skills of Chinese Immigrant Entrepreneurs

Participant	Previous job	School	Other persons
Participant 1	√		√
Participant 2	√	√	√
Participant 3	√	√	√
Participant 4	√		√
Participant 5	√		√
Participant 6			√
Participant 7	√		
Participant 8	√		
Participant 9	√		√
Participant 10	√		
Participant 11	√	√	√
Participant 12			√
Participant 13	√	√	√
Participant 14	√		√
Participant 15	√		√

5.3. Personal and Business Profiles: Findings

In the study, out of the 15 Chinese immigrant business owners interviewed, 11 are male, and 4 are female. Out of 15 participants, seven business owners are in the 30-40 age group, six are in the 40-50 group, two each are in 20 plus and 50 plus years old categories, respectively. In terms of number of years of residing in Malaysia, six business owners are below ten years, seven are in the group of 10-20 year, two are living in Malaysia over 20 years. All except two entrepreneurs interviewed are married. With regard to the education level, five participants have master's degree, six participants have bachelor's degree, two are holding associate's degree and the other two completed high school level education. Among the personal characteristics important for entrepreneurs, innovative (12) is viewed as the most important personal trait for an entrepreneur, followed by sociable (10) and decisiveness (8). By contrast, networking (6), creative (4), risk-taking (4) and clear vision (3) are considered as relatively less important. Other personal characteristics that are highly regarded by the 15 Chinese immigrant entrepreneurs include persistence, good moral quality such as honesty, continual learning, adaptability, hardworking, communication skill, language skills, the spirit of enterprise, executive force, aggressiveness, solidarity, managerial ability, calmness and composure. According to these business owners, most of these

skills are acquired and personal characteristics are derived from previous job experience and other persons, and they are less learned from schools and universities.

As to the business profile, 15 sample businesses provide a variety of products and services. Of the total, 4 are textile trade companies selling cloth, clothing and scarf; 2 are travel agencies; 2 education agencies; 2 technology companies; 2 trading companies; 2 restaurants; and one is property company. Of the total, 9 businesses are oriented toward both the local and outside export markets, and 6 businesses are aimed at operating in the local market. The predominant employees of these businesses are male and permanent (see Table 5.6). The study analyzed the percentage of business profile of 15 Chinese immigrant entrepreneurs, the details are presented in Table 5.7

Table 5.6: Breakdown of Business Profile

Business	Type of business	Years of business	Number of employees					Market
			Total	P	T	M	F	
B1	Property agency	3	15	14	1	10	5	To local and export
B2	Textile trade	14	29	29	0	8	21	To local and export
B3	Tourism	19	12	12	0	3	9	To local and export
B4	Textile trade	15	65	35	30	35	30	To local and export
B5	Education agency	6	8	8	0	8	0	To local and export
B6	Catering industry	5	10	7	3	7	3	To local
B7	Sales agency (Health care products)	15	14	14	0	10	4	To local
B8	Electronics technology	10	5	3	2	3	2	To local
B9	Tourism	5	27	27	45	63	9	To local and export
B10	Sales (cloth)	9	4	3	1	0	4	To local
B11	Wholesale (textile)	5	6	6	0	5	1	To local and export
B12	Catering industry	4	17	14	3	14	3	To local
B13	Technology	4	10	10	0	7	3	To local
B14	Sales(bird's nest)	4	72	12	60	34	38	To local and export
B15	Education	10	7	4	3	2	5	To local and export

Note: P: permanent; T: temporary; M: male; F: female

Table 5.7: Business Profile of 15 samples

Types of business	Textile trade firms (24.7%)	Other trade firms (13.3%)	Technology firms (13.3%)	
	Travel agency (13.3%)	Education agency (13.3%)	Restaurant (13.3%)	Property firm (6.67%)
Years of business	3-10(60%)	10-20(40%)		
Market	To the local (40%)	To the local and export (60%)		

5.4. Main Constraints – Data Analysis

This section provides data analysis and main findings for the second research question: What are the main constraints faced by Chinese immigrant entrepreneurs in the Malaysian SME sector?

The findings on the constraints that the Chinese immigrant SME owners encountered in Malaysia are presented in the term of human capital, managerial Skills, ICT skills/ E-commerce, innovation and technology, productivity and output, experiences, financial support, competitiveness and networking.

5.4.1. Human Capital

To the question about whether they faced or are facing the constraints of low human capital such as unskilled labor, low education level, language barriers either in the start-up period or in growth period has yielded different answers from 15 Chinese immigrant business owners. Almost all participants (14) (93.3%) stressed that they faced mainly the constraint of low human capital (see Table 5.8).

Table 5.8: Human Capital Constraint (Total sample=15)

Constraint	Low human capital	Unskilled labors	Low education level	Language barriers
Number of businesses faced the constraint	14	12	6	10

Among them, 12 participants reported that they experience the constraint of unskilled labor, though 3 out of them showed that the barrier is not obvious (P1, P3, P8). Business owner 2 said that “we have really faced the constraint of unskilled labor, especially low skills in marketing. The employee turnover rate has been high in our firm, we always need to recruit new workers who are invariably low skilled labors, and they had to be trained to acquire knowledge of our products and improve marketing skills.” Business owner 5 claimed that “we have encountered the issues of human capital. The skills in marketing and management have been insufficient. We have been learning by doing.” Business owner 9 said that “the unskilled labors has been our main problem in term of low human capital, it is difficult to recruit high-skilled talents with rich experiences and

knowledge in marketing. With reference to education level and language, our employees are well-educated with undergraduate degree or above and language is not a barrier.” Business owner 15 stated that “the inadequate labor skills in my firm mainly come from lack of systematic training on management of the employees, the way of behavior tend to be casual and informal, besides that, they have basic IT skills but they are insufficient.” By contrast, Business owner 3 argued that although there are problems with unskilled labor, low education level and language barriers in the start-up period and in growth period, but in general these are not serious, as they did not affect the development of his business. Business owner 8 asserted that basically there is no obvious constraint in human capital in his firm.

11 of 15 participants underscored that they indeed face language barriers, though 2 of 11 felt the issue is not serious (P3, P8). Business owner 1 said that in their property company, the two constraints of low unskilled labors and low education level are not obvious, instead, the language barrier is a serious problem and it has been a leading influencing factor whether in start-up period or in growth period. He explained that his customers come from all over the world, even though the firm is located in Malaysia. Most of them speak English, Chinese and Arabic. The employees who have command of the three languages are scarce, so the company is suffering due to lack of language skills. Similarly, Business owner 12 observed that they have the constraint of low human capital which mainly refers to language barrier. He said he can speak a little English but could not speak Malay. He would like to study Malay by himself. Lack of effective communication in Malay is likely to influence the development of enterprise. Respondents P6 and P7 experienced problems of insufficient language capability in the start-up as well as the growth period, but the negative impact of language barriers is shrinking over the years as communication between employer and employees has been

increasing. Among the 15 respondents, 4 have not faced any language obstacle. For example, Business owner 2 reported that “there is no language barrier in our firm because our employees all are Malay (natives), involved in the whole entrepreneurial process.”

In contrast, only 6 of 15 said that they encountered the problem of low education level. Further, out of these 6, 2 indicated that the barrier is relatively less acute (P3, P8). Business owner 4 said that “there are constraints of low human capital -- unskilled labor, low education level and language barriers both in the start-up period or in growth period because the majority of workers in our firm are foreigners who are from Indonesia, Pakistan, Bangladesh and Myanmar and they are less educated. We had to give them training before start working.” Business owner 7 argued that low education and unskilled labor have been hindrances in the two stages. Business owner 14 also revealed that “we have faced the barriers of low human capital throughout all stages, we are the manufacturer of bird’s nest, we have lots of foreign workers in our factory, most of them are from Vietnam and Pakistan and they are less educated, they could not speak Malay language or English language, just speak their mother tongues that we could not understand.”

Only one respondent stressed that her firm did not face the barrier of human capital. Business owner 13 stated that they do not face any issue of human capital. If their employees have any problem either in low skills, or low education level or language barriers, she would not hire them. This is because she owns a technology firm which has a high requirements of human capital for employees. In contrast, 3 other respondents highlighted that they faced the human capital barrier in the three aspects (i.e. unskilled labor, low education level and language obstacle).

5.4.2. Managerial Skills

Participants' responses to the question whether they faced or are facing the constraints of management capability either in the start-up period or in growth period have produced different answers from 15 Chinese immigrant business owners. A large majority of participants (12) (80%) emphasized that they faced the managerial skills constraint (see Table 5.9).

Table 5.9: Managerial Skills Constraint (Total sample=15)

Constraint	Managerial Skills	Employee/staff management	Marketing management	Financial management	Operating management
Number of businesses faced the constraint	12	5	5	4	4

Out of 15 participants, 12 identified that they have the constraint of managerial skill which mainly involved four dimensions: employee management (5), marketing management (5), financial management (5) and operating management (3).

In terms of the barrier of employee management, 5 of participants confirmed that they are facing or have faced the issue (P1, P9, P10, P13, P14). Business owner 9 shared the fact that "lack of managerial skills is not evident in the early stage since the number of our customers was small while it is clearly felt now, as the number of our customers has reached 30,000 per year, the issue of management skills is increasingly clear, particularly staff management." Business owner 13 added that "we did have the management issue in the start-up period. The distribution between rights and obligations was blurred. Some of employees were trying to pass the buck when they were expected to assume responsibility. This is to say, there are issues about personnel management." Business owner 14 also observed that they faced the problem of personnel management in the early stage, as it was difficult to recruit right employees.

With regard to the barrier of marketing management, 5 respondents highlighted that they are experiencing or experienced this problem (P2, P5, P6, P8, P11). Business owner 2 added that “in contrast with nowadays, the insufficient management capability was more obvious in the early stage. It is better now, however, as we are entering into the network age, e-commerce is becoming very popular with everyone, how to manage network marketing is an irresistible trend and is what we are going to study.” Business owner 8 who manufactures electronic products argued that they faced fewer problems in management. In contrast with other dimensions, the problem of marketing management is comparatively acute, as there is cut-throat competition between businesses.

With reference to the obstacle of financial management, 4 respondents claimed that they have encountered problems (P1, P5, P6, P11). Business owner 1 stated that “I worked as a salesman before opening this company, so I actually have no experiences in the aspect of management. The capability of financial management and employee management, for example, are insufficient.” Business owner 5 said that “in terms of management skills, we have been facing the problem with financial management, marketing management and operating management. Since we are small business, in many aspects of management we are not matured enough.” Business owner 11 also indicated facing problems in management in growth stage, particularly financial management involved with cash flow management, and insufficient management skills with customers’ information.

In addition, 3 business owners mentioned that they faced problems with the operating management (P5, P6, P7, P10). For instance, business owner 6 claimed that they lacked management capabilities in operating, marketing and financing in all stages. Business owner 10 also highlighted that “operating management is a main constraint in my firm. Operating management primarily refers to the need of customers who could not match with the supply of the firm.” Business owner 7 argued that lack of management

capability has been a major influencing factor in their firm selling health care products. In the early stage, the problem originated from bad proficiency in language, lack of experiences and the differences in customs and culture; in the growth stage, the constraint stemmed from the inadequacy in management of inventory (operating management) and the difficulties in recruiting talents related to the business, some of the workers were not competent enough.

5.4.3. ICT skills/ E-commerce

Next respondents were asked whether they faced or are facing the constraints related to ICT skills or lack of understanding of e-commerce either in the start-up period or in growth period. Among the total 15 participants, 11 (73.3%) emphasized that they faced the ICT skills/ E-commerce constraint, 3 stated that the constraint is not severe enough, and 4 said that they do not encounter this issue (see Table 5.10).

Table 5.10: ICT skills/ E-commerce Constraint (Total sample=15)

Constraint (<i>ICT skills/ E-commerce</i>)	Yes	No
Frequency	11 including 3 not obvious	4

Regarding the ICT skills/ E-commerce constraint, 11 highlighted that they faced this problem. Business owner 1 summed up that ~~the~~ development of e-commerce in Malaysia is not better than that of China, the lack of related platforms makes it difficult to promote our products, for example, most of property companies in China have already had web portal, which can give you much publicity to your company or your product. Quite early on, we publicized ourselves through leaflets. Nowadays, we have made an adjustment and replaced leaflets with advertisements online to advertise our products. Besides that, we have also built our website where you can find the information pertaining to our company. But it is not easy to look for and understand other related information on Malaysian website where provided information is either in English or Malay, and not all our customers can understand these information. So, we

are trying to build website in Chinese”. Business owner 10 also said that the ICT skills in Malaysia and e-commerce have not been developed well and are not better than that of China. “Because of this, our products could not be advertised very well and disseminated to wider population”. Business owner 5 also stressed that “in the past we had no problem with this aspect. But now, we are facing the issue, we are establishing website and advertising ourselves via Wechat by hiring part-time worker or seeking help from friends in order to improve skills in ICT.” Additionally, Business owner 11 argued that “like most of businessmen in Malaysia, we have lack of understanding of e-commerce, we have talked about e-commerce for years though. A variety of resources related to e-commerce have not been integrated effectively.”

Among 15 respondents, 3 (P4, P6, P12) argued that the effect of the ICT skills/e-commerce constraint is not great on businesses development. Business owner 4 revealed that they are wholesaler and have a comparatively stable customer group, so the effect of e-commerce is not so conspicuous. Business owner 6 stated that the challenges from e-commerce or ICT skills are not great since they actually are familiar with this aspect. Business owner 12 felt that “a majority of Malay people are not familiar with e-commerce and do not like ordering and purchasing online. Our understanding of e-commerce is far better than Malaysian understanding. So the constraint of the e-commerce is not so obvious. E-commerce in Malaysia is still in an early stage and less developed than China. For example, Ali pay and Wechat pay are pretty popular with everyone in China. E-commerce is a future trend, so we have started to promote our products on Facebook.”

5.4.4. Innovation and Technology

When respondents were asked whether they faced or are facing the constraints of low technology and innovation, either in the start-up period or in growth period, among the

15 Chinese immigrant business owners, 12 (80%) emphasized that they faced the innovation and technology constraint, 1 argued that the constraint is not so obvious, and 3 said that they do not encounter the issue (see Table 5.11).

Table 5.11: the Constraint of Innovation and Technology (Total sample=15)

Constraint (Innovation and Technology)	Yes	No
Frequency	12 including 1 no obvious	3

According to Business owner 4, they did face this constraint in the growth stage. –As far as innovation is concerned, my sector is in textile industry, selecting and matching colors and patterns of flowers on the cloths need continuous innovation, you can capture the market as long as you provide new and different colors and patterns that other competitive rivals do not have,” he added. In the past, they did these works on their own, but now, they have engaged professionals to do the job. Business owner 5 stated that –we have the issue of lack of innovation all the time. We were a part-time entrepreneurs at the beginning, we did not have enough time, energy and experience to think about something in the area of technology and we were learning by doing.” Business owner 7 mentioned that her business has been experiencing low level of innovation, whether it is innovation in brand, advertisement or after-sale services. Business owner 12 said that –we have the constraint regarding innovation, but we are learning new knowledge related to this industry and want to create a new brand. The catering industry is low skills in Chinese mind, but from the foreigner’s perspective, it is full of skills and handmade works. We are learning from western food in different ways, including western culture, food materials and cuisines in creating our own innovations.”

5.4.5. Low Productivity or Quality Output

When they were asked whether they faced or are facing the constraints of low productivity and quality output, either in the start-up period or in growth period, among 15 participants, 13 (86.7%) said that they faced the constraint of low productivity or quality output, 2 said that they do not encounter this problem (see Table 5.12).

Table 5.12: the Constraint of Low Productivity or Quality Output (Total sample=15)

Constraint (low productivity or quality output)	Yes	No
Frequency	13	2

Business owner 2 and 11 stressed that they faced this constraint in the start-up stage. Business owner 2 said that “we did have the problem of low productivity and quality output in the early stage. On the one hand, the productivity of supplier was not high several years ago in China. On the other, there were considerable orders from all round the world at that time. As you may know, China is world factory. In this case, focusing on quantity alone does not ensure the output quality. But, the situations are better now since we’ve established a long-term and stable cooperation relationship by signing a contract.” Business owner 11 also stated that “we predominantly catered to the customers who prefer the products with low prices. So the product quality with low prices was not good at the beginning, as you might know, the consumption ability in Malaysia was not high, low price was a marketing strategy of our firm. But now, as a new generation of youth is coming up, the tastes and the consumption ability have changed. As the low cost advantage has disappeared gradually, the quality of output has improved. Low productivity and low efficiency were barriers in the past, but now we have implemented new incentive mechanism which helps to enhance the productivity.”

Business owner 4 faced this constraint in growth period, and she added that “we did face low quality output in the growth period, as mentioned before, especially in the aspect of matching color. There are color differences between what we see on the computer screen and in the practical life when matching color. Sometimes the color was pretty bright, and sometimes the color was pretty dark, which greatly influence the output quality.”

Business owner 8, a manufacturer of electronic product, claimed that “the low quality output has been a problem we faced and are facing. In order to reduce cost and increase competition, we had to import product parts from Taiwan, China rather than other suppliers from developed countries where they have a higher quality parts than Taiwan. As a result, the quality output is comparatively not high.” Business owner 9 stated that “in our tourism operations, quality outcome mainly refers to quality services. I suppose that we have the problem of low quality output in my firm. For example, our partners, more than 200 drivers, provide services for our customers, the quality of their services could not be consistently supervised, we can only get feedback from our customers, but these customers would leave once finishing the tours and they are not likely to keep in touch with us all the time. Thereby the quality outcome might not be a satisfactory result.” Business owner 14 indicated that “both low productivity and quality output have definitely been one of our main challenges. Our products are always under the operating condition that supply falls short of demand. We could not recruit the right employees to help us. Our goal is to produce the bird’s nest of 600 kg per year but now we can only achieve the output of 200 kg. Low productivity and lack of workers can be seen as the main reasons.”

5.4.6. Experiences

The responses to the question how much experience you had before starting the enterprise and how your personal background or experiences influence your entrepreneurial activity are provided in Table 5.13.

Table 5.13: Profile of Experiences of Chinese Immigrant Entrepreneurs

Participant	Is your educational background relevant for your business / industry sector	What was your first job	What were you doing before starting the enterprise	How much experience did you have before starting the enterprise (i.e. same industry)
P1	No	International trader	International trade	a few years
P2	No	an office clerk	an office clerk	No
P3	Yes	Tour guide	Tour guide	Four years
P4	No	entrepreneurship	entrepreneurship	No
P5	No	accountant	accountant	No
P6	No	student	student	No
P7	No	Civil servant	Office staff	No
P8	Yes	IT worker	Teaching computer	Four years
P9	No	Tour guide	Tour guide	Ten years
P10	No	transportation	Self-employed	Three years
P11	No	entrepreneurship	students	No
P12	No	Civil servant	Civil servant	No
P13	Yes	entrepreneurship	student	No
P14	Yes	salesperson	salesperson	No
P15	Yes	salesperson	Part-time lecturer	Three years of experiences

Overall, from the table, we can clearly see that only 5 participants' educational background is relevant to his/ her business or industry sector and only 6 have significant years of experiences before starting enterprises. Among 15 sample respondents, 5 business owners (P2, P5, P7, P12, P14) started up enterprises after being employed in other industries for a while. 4 immigrant entrepreneurs (P4, P6, P11, P13) went into entrepreneurial activity immediately soon after they graduated or were studying in university without any experience.

Business owner 1 echoed this: ~~my~~ my education background is Mass communications which is not relevant to my business -- property industry. I have other partners in my firm. My first job is about import and export trade that was the work I did before starting up business. When I was doing import and export trade at that time, some of my customers wanted to buy a house here, I led them to look for houses since I had a few years of experiences of schooling in Malaysia. Furthermore, I understand better the culture, customs and habits of Malaysia than them. They trust me. I learned more knowledge about property industry, including house price and purchase procedure by communicating with property developers. That is to say, I learned the business related

to property industry in advance at that time. This laid a foundation for opening business later.” Business owner 2 revealed that his education background is sociology and not related to his business. He worked as an office clerk in publishing house, in Shanghai, China. That is his first job. But he grew up in the atmosphere of business since his parents did businesses for years, it can be said that he had several years of experiences of doing business. He learned some of work ethics on doing business from his parents, such as honesty, punctuality and self-discipline, and he said these work ethics are very vital for doing businesses.

Business owner 3 graduated from a Chinese Tourism College, which is related to his business -- travel agency. In addition, his first job was also in tourism in Guangzhou, China. He had four years of experiences before setting up his enterprise. These experiences help him avoid lots of troubles and make his entrepreneurial activities smooth. Business owner 4 mentioned that ~~I~~ was in school before entrepreneurship, but my major is not relevant to my business. I started with entrepreneurship in China after graduating from University. My first job was to open an elevator company. I had less experience before opening up my business, but joined up with a talented partner and learned a lot about elevator industry. He taught me a lot of about elevator industry, which is very important for personal learning. Besides that, I went to metropolis Shenzhen, a first special economic zone in China, for internship during the fourth year of my university, where I gained much inspiration. Above all, my husband is also a successful businessman, and he gave me lots of help and guidance when starting up my trade company in Malaysia.” Business owner 5 asserted that ~~my~~ education background is not related to my business area, my first degree is accounting, postgraduate degree is economics but my business is education agency. Doing audit in an accounting firm was my first job, which was the work I did before becoming an entrepreneur. I have not had

so much experience related to my business, the only experience was to do part-time job about education during the period of postgraduate study. Chinese students are predominant groups in our social circle and our targeted customers, knowing lots of Chinese has been helpful for expanding Chinese markets.” Business owner 6 also reported that his education background -- education management is not related to his industry sector. He began engaging in entrepreneurship when he was a postgraduate. He does not have experiences relevant to catering industry but he and his partners had some experiences in other sector. He worked in education industry and in property industry before entering catering business.

Business owner 7’s education background is not related to her business as well. A civil servant in China at the start, she became an office clerk in a NGO and has not any experience pertaining to her health care product trade industry, but she has experiences in other industries, such as journalism, and mass media and administration. The extensive experiences from different industries facilitated her business activity.

Business owner 8 added:

–I majored in computers in college and worked in an IT (information technology) company after graduation, both of which are related to my industry sector -- electronic technology industry. I was a teacher, teaching computer science in a school for about five years before becoming an entrepreneur. The fact that both my education background and work experiences are related with my business makes me knowing more about electronic technology industry and doing business with high proficiency. In addition, the work relevant to IT is my favorite. Doing what you like is vital since it helps you overcome hardships when you felt frustrated.”

Business owner 9 suggested that ~~my~~ education background is not related to my business. My first job is a tour guide and interpreter and I worked in tourism before starting my business. I attended university in Malaysia when my part-time job was a tour guide. It can be said that I had more than ten years of experiences in relevant field since I engaged in tourism when I was a student. These experiences help me a lot when starting business.” Business owner 10 indicated that his education background does not have to do with his entrepreneurial activities. He serviced as a driver, which is his first

job, in transportation industry. He was self-employed before starting a business on clothing trade. He started his business step by step from selling cloths to designing and selling clothing. His previous experiences of selling cloths make him learning more knowledge and information on clothing industry and boosting his companies' competitiveness in Malaysian markets. He also suggested that individuals with well-educated have higher capability to solve problems than less-educated and individuals with affluent experiences can avoid wasting funding and energy as well as have vision of future business development.

Business owner 11 claimed that ~~my~~ postgraduate degree is MBA (Master of business management), I don't think it is related to my business. I engaged into entrepreneurship after finishing my postgraduate study so my first job is an entrepreneur. As to experiences in this industry, i have no relevant experiences in the industry, but i grew up in the business environment where my family has been doing business, i learned a lot from my parents such as how to deal with customers, what is the profit rate and so on."

Business owner12 stated that his education background is not correlated with his business. Being a civil servant of China was his first job, which had been the job before coming to Malaysia for entrepreneurship. He has not any experiences relevant to catering industry before opening business. But he learned a great deal of knowledge and ideas about business venture from his parents who had been doing business when he was a child. He claimed that these experiences in other services are significantly important for building his business. Business owner 13 contended that her bachelor's degree is finance. She is in charge of financial management in his company. So it can be said her education background is linked with her business. After graduating from University in Malaysia, her partners and she began engaging in entrepreneurial activity. That is to say, a financial manager is her first job. She had no any experiences before

starting the enterprise no matter what industry, but her partners had prior experiences in other services and navigate their enterprises. She pronounced that each of her partners managed the field which he is good at. One whose major is management is in charge of management and human resources, the other one whose major is software engineering dedicated himself to developing APP (application). Thereby, they are practicing what they learned.

Business owner 14 echoed, "My major is business management, I am using the knowledge I have learned during my studies. My first job was about house sale which was the job before entering into entrepreneurship. I did not have much experience in this industry before becoming entrepreneur but I had some ideas of this industry. I could say that there are some similarities between previous job and my business. I was an employee selling house but now i am an entrepreneur selling bird's nest. I am able to apply the experiences in marketing skills learned from prior work to my business. This is important." Business owner 15's education background is education science which is related to his business -- education agency, but his first job was salesman. Before starting business venture, he was a part-time lecturer in a university in Malaysia. He had three years of experiences about education but no experience in managing a business. He said that he is trying his best to apply what he learned from school to his business and previous experiences gave him lots of inspirations and enlightenment.

5.4.7. Financial Support

The 15 Chinese immigrant business owners were asked how did they acquire funding as well as whether they faced or are facing constraints of lack of financial support and whether they faced or are facing cash flow problem, problem of increasing cost of running the business or low profitability problem, either in the start-up period or in growth period. Financial support here means whether they obtained assistance from

financial institutions such as loans from banks, venture capital and other organizations' grants.

Table 5.14: The constraints of lack of financial supports

Business	Lack of financial support	Source of funding	Cash flow problem	Increased cost problem	Low profitability problem
P1	√	Self-financing	×	×	×
P2	√	Self-financing	√	√	√
P3	√	Investors and shareholders	√	√	√
P4	√	Self-financing and bank loans	×	×	√
P5	√	Self-financing	×	×	×
P6	√	Self-financing	×	√	√
P7	√	Self-financing	×	√	√
P8	×	Self-financing	√	×	√
P9	×	Self-financing and shareholders	×	√	√
P10	√	Self-financing	×	√	√
P11	×	Self-financing	√	×	√
P12	×	Self-financing	×	×	√
P13	√	Self-financing	×	×	√
P14	√	Self-financing	×	√	√
P15	√	Self-financing	×	×	√

Among 15 respondents, 11 (73.3%) stressed that they faced the constraint of lack of financial supports. 14 underlined that self-financing is the source of funding when they started businesses. The number of business owners facing low profitability problem, increased cost problem and cash flow problem is 13, 7 and 4 respectively (see Table 5.14).

Out of 11 respondents facing the lack of financial support constraint, 6 said they have been facing the issue in all the entrepreneurial stages (P1, P2, P7, P10, P14, P15). Business owner 7 underlined that "lack of funds has been a main problem at start-up period and growth period as well. The problem becomes more prominent when we'd like to expand our business scale in the development period." Business owner 10 claimed that he has been facing the constraint of lack of financial support, and he generally uses the high revenues made during the busy season to compensate the loss during the off season. 4 respondents identified that they faced financing constraint in the early stage (P3, P4, P6, P13). For instance, business owner 6 highlighted that he has

encountered the constraint of lack of financial support and he raised external funds and increased another shareholder. He wanted to expand firm's scale but they are facing the difficulty of lack of capital now. Only one respondent faced the hindrance of lack of funding in the growth period (P5). Business owner 5 revealed that he did not face the constraint of lack of financial support in the start-up period since he did not need large financing in the education industry at the initial stage of entrepreneurship. But in growth stage, he is facing the problem of lack of financial support. The business needs finances for premises, marketing promotion and recruitment of professionals for management and marketing.

Of the 15 respondents, 13 business owners expressed that they are facing low profitability problem, and some of them came up with strategies to cope with it. For instance, Business owner 4 mentioned that low profitability is the problem her firm did face in the growth period, in order to overcome the problem, they adopted the strategy of low margins for every product but quick turnover. Business owner 8 claimed that his firm has run into the challenge of increased cost, thus lowering profitability. To overcome these challenges, he came up with solutions including: 1) improving product quality to boost the quantity of sale. 2) controlling the cost of production through buying low price but high quality accessories. Some business owners still choose to keep low profitability to secure competitiveness. To illustrate this, Business owner 9 explained that ~~the~~ depreciation of Malaysian Ringgit and the introduction of GST increased the cost of running business, thus lessening our profits. This led us to increase the price of our products. When we quote the price of our products we would explain the reason behind high prices in the hope of their understanding or we continue keeping low profitability to hold competitive edge.”

Business owner 15 also highlighted that in the fiercely competitive education market his goal at the present stage is to keep profit low so as to attract more clients. Others had no alternative to deal with this constraint but live with it. Business owner 12 said, “increasing wages raised the operational cost and cost of good quality raw materials also reduced profitability, these problems could not be solved at present, but we can live with them.” Business owner 13 also emphasized that she has been facing the problem of low profitability since the start of operating her business, she has not found alternative methods to solve the problem until now and she just live with it.

The number of business owners encountering the issue of increased cost and cash flow is 7 and 4, respectively. Business owner 2 responded saying, “Cash flow problem and increased cost are also problems we have been facing whether in start-up stage or in growth stage. With the growth of business, we’d like to open a branch and employ workers, which may bring in decline in cash flow and increase in cost. What’s more, the profitability has been gradually decreasing from 10 percent, to 8 percent and to 3 percent. Especially from the introduction of GST (goods and services tax) in 2012, profitability drastically went down. In order to solve these problems, some measures have been taken, such as lessening unnecessary expenses, controlling cost, reducing inventory level and exiting markets with high debt ratios.”

Business owner 3 highlighted that he had problems involving cash flow and increased cost during the period of running the business and low profitability, “almost every business may face these problems”, he added. “The introduction of the GST and tourist tax, the tax of 10RM each hotel, increased the operating costs which undoubtedly cut down on profitability. The tax of other countries, like Singapore, is less than that of Malaysia, in order to solve these problems, and we have to increase the volume of

business to counteract these bad influences. ” Business owner 10 claimed that he has been facing the problem of increasing cost during the entire period of running business, caused by increased wages, rental and prices of raw materials. A solution to the problems is to innovate and to look for new products with high performance cost ratio. Business owner 11 signaled that he faced cash flow problems caused by inventory, physical distribution and sales on credit. Business owner 14 said that she also faced the problem of increased cost caused by the increasing prices of raw material (birds‘ nest). “I could not solve the problem now, but my firm has long-term clientele, and we counted on high quantity of sales based on low profitability, which help not only retain the old clientele, but also make profits for our firm.”

5.4.8. Marketing skills

Respondents were asked the question: whether you face problem in entering the local market, whether you face or are you facing the constraint of lack of market information to compete locally and whether you face problem of competing in the local market due to lack of experience and technical skills, if any, how did you solve these problems. The responses from 15 Chinese immigrant business owners are illustrated in Table 5.14.

Table 5.15: The constraint of marketing skills

Business owner	The constraint of competition	The problem in entering the local market	The constraint of lack of market information to compete locally	Problem of competing in the local market due to lack of experience and technical skills
P1	√ but not so obvious	√	×	×
P2	√ but not obvious	√	×	×
P3	√ but not obvious	√ but not serious	√ not obvious	×
P4	×	×	×	×
P5	√ very small	√ but constraint is very small	×	√
P6	√	√	√	√
P7	√	√	√	√
P8	√ not serious	√ but not serious	√	√
P9	√ not serious	√	√	√
P10	√ not serious	√ but not serious	√	√
P11	√	√	√	√
P12	√ not serious	√ but not serious	√	×
P13	×	×	×	×
P14	√	×	×	√
P15	√	√	×	×

From the Table 5.14, we can see that although 13 (86.7%) business owners faced the constraint of lack of competitiveness, a majority of entrepreneurs (8) argued that the constraint they are facing is not severe, and it is small. Business owner 1 said that he has been facing difficulties in entering into the local market, but the competition from the locals is not so intense and don't cause serious problems. Business owner 2 claimed that ~~I~~ have been facing the problems of competition but these problems are not serious. There are thousands of competitors in Malaysian market, but in my opinions, I think the competition itself is a good thing. Reasonable competitions lead to innovation as well as high quality products and services. I have problems due to lack of market information to compete locally since knowing about latest information relevant to your industry is very important. We were lacking of local experiences at the beginning. For example, we were cheated by the customers whom we fully trusted at that time. As the old saying, ~~a~~ fall into the pit, a gain in your wit." We learned endlessly from the past experiences and failures in order to overcome various difficulties and grow business at the end."

Business owner 3 said that ~~t~~alking of the problems due to competition locally, I suppose the influences brought by competition are not serious since we mainly cater for high-end markets. A majority of travel agencies primarily cater to ordinary people, so there is a market niche." Business owner 9 underlined that he faced the problem due to competition locally, but the problem is not that serious. ~~W~~e avoid conflicts with other competitors by catering to upstream markets, that is, we adopted a differentiation strategy." Similarly, Business owner 10 explained that he has the problems due to competition locally, but they are not serious. ~~I~~n the clothing industry, it is clear that the local competitors (Malay) understand more the tastes of Malay than us, they may understand the local markets more. For us, we continue to learn from Malaysian competitors and often conduct market survey, for example, asking the customers what

their favorites are, what their preferences are. Then we produce the products based on their needs.” Business owner 12 stressed that he did face the problem caused by local competition, but the problems are not manageable by employing strategies such as differentiation of products and prices.

By contrast, only 5 maintained that they indeed run into the serious problems due to local competition (P6, P7, P11, P14, P15). For example, Business owner 6 indicated that he is facing the problem because the products provided by him are Chinese food, which is foreign food. He needs to take a long time to make an adjustment for catering to the local market needs and uses two methods to keep competitive. One way is to improve product qualities; the other is to boost investment in advertisement. Business owner 7 revealed that “there is destructive competition locally that would generate loads of bad effects, lessening profits and violating market rules, for example. In order to counteract these adverse effects we generally choose other brands of health care products.” Business owner 15 showed that he overcame the barrier of local competition by improving work efficiency and expanding market.

Of the total 15, 8 respondents said they faced or are facing the constraint of lack of market information to compete locally is as same as the number of entrepreneurs who faced or are facing problem of competing in the local market due to lack of experience and technical skills. Business owner 6 faced the problems of lack of market information in the early stage when he tried to explore what the Malaysian tastes are and how to combine Chinese food with Malaysian tastes. It took more than two years to find out the answer. “Moreover, in the start-up period, we didn’t know what date is public holiday in Malaysia and what are their customs and habits, as a result, we often were overwhelmed by sharp rises of customers when it is public holiday.” Lack of experiences and

technical skills are the problems his firm faces. Continued learning from his peers within same industry and chefs are solutions to these problems.

Business owner 7 said, "What's more, we have been facing the challenges of lack of market information to compete since starting the business. This needs us to keep abreast customers' needs and wants, trying our best to compete with others' products in health care markets. Because I changed my job from an office clerk to dealers of health care products, I have not had any experience in the local market, I have to keep on learning with great patience and learn experiences from failures and learn knowledge about products." Business owner 8 also faced the problem of lack of market information to compete locally in the growth period. He said, "Our target population is Malay, I do not have good command of the information on tastes of Malaysian demand, I just have ideas of the tastes of Malay living in city, but a large majority of Malay are residing in countryside, I don't know enough about them". Furthermore, he has faced the problem of competing in the local market due to lack of experiences and technical skill. "I have lack of experiences on marketing, so I recruited professionals on marketing to assist me. What's more, because we are a technology firm, technical skills are very important for us, lack of technical skills can lead to some troubles, we solve the problem by consulting books and learning from R&D companies."

Business owner 9 stressed that "we didn't have the constraint of lack of market information to compete locally over the past five years, but now we are facing the problem. We do not know new vocational villages or we do not know new developed places of interests. This causes the problem of lack of tour products. Furthermore, we have faced the barrier of competing in the local market due to lack of experience. For example, owing to the dearth of experiences, we don't know how to control cost, the

operation procedure of tour and so on. Learning from professionals in the field is our solution to the problem.” Business owner 11 emphasized that he faced problems due to local competition, for instance, customers churn and profit reduction. In order to solve these problems, he followed innovation and differentiation strategy -- selling products that other competitors do not have. He faced the impediment of lack of information to compete locally in the growth period such as being blind to 1) population structure and income level of Malay; 2) Malaysian culture and customs; 3) the patterns of consumption; 4) market positioning. In addition, he faced problems due to lack experiences such as the experience on product developments. He tried to resolve these problems by learning from the experiences of friends.

The main reasons that some immigrant entrepreneurs have not encountered the barrier to enter the local market may be that either the industry in which the business owners are located is emerging industry in Malaysia or his/ her primary target market is China. To illustrate this, Business owner 13 reflected that she has not encountered any serious problem due to competition locally or to lack of market information to compete locally since her firm is technology firm that is in still emerging industry in Malaysia, so the local competition is quite small. The problems she faced mainly come from government approval. However, she faced the problem of competing in the local market due to lack of experiences such as business development experience. She found a solution by seeking the aid of experienced professionals. Business owner 14 also stated that she did not face any problem either due to local competition or lack of market information because her main targeted market is China not Malaysia and the problems in Malaysian market have hardly any impact on her firm.

5.4.9. Lack of Networking

Responses from 15 Chinese immigrant business owners to the question about whether you faced or you are facing the constraint of lack of social networks, either in the start-up period or in growth, and whether you face or are facing problem in online connectivity/ network as well as whether you use social media to network are provided in Table 5.15.

Table 5.16: the constraint of lack of networking

Participant	Lack of networking	Lack of social networks	The problem of online connectivity/network	Whether use social media to network
P1	×	×	×	Wechat, Facebook
P2	√	√	×	Facebook, Whatsapp and Wechat,
P3	√	√	√ Network speed is not good.	Facebook and Instagram
P4	×	×	×	Wechat and Facebook
P5	√	√	√	Wechat and Facebook
P6	√	√	×	Facebook, whatsapp and Wechat
P7	√	√	√	Facebook, whatsapp and Wechat
P8	×	×	×	Facebook and Whatsapp
P9	×	×	×	Facebook and Wechat
P10	×	×	×	Facebook and Whatsapp
P11	√	√	√	Facebook and Whatsapp
P12	√	√ but not notable	×	Facebook and Wechat
P13	√	√	×	Facebook
P14	×	×	×	Facebook and Wechat
P15	√	√	×	Facebook, whatsapp and Instagram

Out of 15, 9 entrepreneurs (60%) faced the constraint of lack of networking while 6 do not encounter the issue. Lack of networking includes lack of social networking and /or having the problem of online activity or network. Among the 9 business owners, all of them faced or are facing the constraint of lack of social networking while only 4 have the problem of online connectivity or network due to the fact that entrepreneurs' lack of consciousness of the importance of online network. Only Business owner 11 further made an exposition: "Government agencies' work efficiency is not always apparent, some penalties imposed on violators can be removed by government and those who have social networks are given lots of preferential treatment."

In addition, it was found that all 15 respondents used social media such as Facebook, Wechat, Whatsapp and Instagram to network. They employed these social media to publicize their business, promote products and services. Business owner 2 claimed that he does use social media, Facebook, Whatsapp and Wechat, for example, which are

useful for facilitating communication with clients, transmitting products images between suppliers and business and advertising products. Business owner 3 suggested that 网络 (social media) is extremely important and I could not use the social media in the past, I thought that it (social media) was designed for recreational purpose. But now in order to meet the demand of customers, I have to learn about it, this is a part of lifelong study. Social media help us publicize tourism resources of China and advertise our business.” Business owner 7 indicated that she faced the constraints of social networks in the early stage and also online connectivity. She said that she had no awareness of the importance of network because of lack of knowledge in networking and using social media to network which helps promote business culture and build business image. Business owner 9 also discovered that Wechat is popular with Chinese and it is convenient, low cost and fast mode of transmission. These social media facilitate communication with his customers and publicize his firm’s images. Business owner 5 echoed similar views that he has learned to use the social media to network. He is trying to open an account on social media for his business as the influential force of social media is not ignorable and popularity of social media for business is a strong trend.

5.5. Findings: Overall/General Constraints faced by Chinese Immigrant Entrepreneurs

This section presents the findings on overall/ general constraints faces by the sample respondents which includes some similar constraints faced by the local entrepreneurs such as access to finance, marketing support, lack of skilled workers, and also some specific constraints faced by them such as language problems, social networking and so on.

Table 5.16 highlights the overall challenges faced by the Chinese immigrant entrepreneurs in Malaysia at two different phases -- start-up and growth periods.

Table 5.17: Constraints faced by the Chinese immigrant entrepreneurs in Malaysia at two different phases -- start-up and growth periods

Participant	Main constraints faced at present	Main constraints faced when started building up the business	Recommendations for other entrepreneurs to assist them to be successful
Participant 1	tightening lending policy	lack of clientele and lack of good products	1) to learn about local culture(consumption culture 2) to learn regulation and rules related to your sector 3) never give up regardless of difficulties
Participant 2	1) management problem 2) R&D of products	lack of capital, lack of employees and selecting right premises.	to be prepared mentally
Participant 3	1) product updates 2) market changing.	1)adapting local culture, custom and habits 2)communicating with his peers	1) being practical and working hard, 2) enroll yourself as a member of local chamber of commerce
Participant 4	to improve the innovation ability	Lack of funding	working hard, keeping aggressive, continued learning, having ideas of market and being practical
Participant 5	1) the intense competition 2) lack of standardization of markets	1) Lack of market resources 2) product resources	1) adaptability and familiarity to Malaysian business environments; 2) improving innovation ability
Participant 6	1) low profits, 2) high cost 3) lack of innovation	1) develop market	1) Possessing affluent experiences 2) knowing individuals in the sector that you will want to enter into
Participant 7	1) fierce competition 2) product upgrading	1) unfamiliarity with the market prospect 2) good team	1) having command of Malay language 2) knowing culture customs and habits 3) persistence
Participant 8	product renewal	1) look for good partners, 2) expand market.	1) market survey 2) looking for good partners 3) consulting lawyers.
Participant 9	1) new products development 2) lack of workers with technical skills and language proficiency.	expand markets	1) knowing about markets 2)knowing about products 3) building teams.
Participant 10	1) the competition (chaotic market prices) 2) low innovation capability	lack of funds	1)affluent experiences and capitals 2) good social networks 3)personal characters (wisdom, tolerance and innovative capability)
Participant 11	1) small market share, 2) small profits 3) intense competition	Being blind to understand the market	1) having visions/foresight 2) strong learning ability 3) the spirit of cooperation
Participant 12	the difficulty in recruiting applicable workers with skills	1) language barriers, 2) lack of social networks 3) unfamiliarity with the process of recruiting workers	1) earnest efforts 2) hard works 3) long-term visions
Participant 13	1) the difficulty in recruiting talents in IT 2) lack of social networks with government.	lack of funds and team building	1) team building 2) fully understanding competitors 3) fully understanding the regulations and rules of government related to your industry.
Participant 14	improving product quality	1) lack of financial employees with proficient language skills 2) don't understand markets	1) Hard working 2) persistence (never give up)
Participant 15	1) recruiting students (expanding markets) 2) improving education quality (services quality)	1) team building 2) getting capital	1)looking for good partners \ 2) good business plan 3) business model

Table 5.16 presents overall constraints in two phases, namely, main constraints faced by the immigrant Chinese entrepreneurs at present, constraints faced when they started building up their businesses. It also draws recommendations for other entrepreneurs to assist them in success. Table 5.16 can be split into two tables (see Table 5.17 and Table 5.18) based on the main constraints in two different stages.

Table 5.18: Types of main constraints faced at present (Total=15)

Constraints	Product or Service quality	Marketing	Competition	Innovation	Recruiting applicable workers with skills
Frequency	7	4	4	3	3

Table 5.19: Types of main constraints faced in the start-up period (Total=15)

Constraints	Market	Funding	Team building	Recruiting qualified employees	Product
Frequency	8	4	4	3	2

From the Table 5.17 and Table 5.18, it is clear that product or services upgrades and the elements related to markets are two remarkably significant constraints during growth period and start-up period, respectively. As for the recommendations for other entrepreneurs to assist them to be successful, they can be mapped into three main factors: environment factors, human capital factors and external support factors.

1) Environment Factors:

- To learn about local culture, customs and habits (consumption culture); adaptability and familiarity to Malaysian business environments
- To learn regulation and rules related to your sector
- Good social networks such as enrolling yourself as a member of local chamber of commerce
- Market survey in order to fully understand existing competitors
- Knowing individuals in the sector that you want to enter into

2) Human Capital Factors

- Team building such as looking for good partners
- Personal characters (wisdom, tolerance and innovative capability, the spirit of solidarity, being practical and working hard, keeping aggressive, never giving up regardless of difficulties, having long-term visions/foresight, having command of Malay language)
- Affluent experiences and capitals
- Continuous learning including knowing about products

3) External Support

- Consulting lawyers.
- Good business plan including business model

The participants' responses to the question about who supported you when you decided to become an entrepreneur and how they support you as well as whether you receive external support to develop your business when you started your enterprise are mapped in Table 5.19.

Table 5.20: Sources of External Support Received by Chinese Immigrant Entrepreneurs

Business owner I	Family	Friends	Community	Others
B1	√	√		
B2	√			
B3	√	√		
B4	√	√		Peers
B5		√		
B6	√			
B7	√			
B8		√		
B9	√	√		
B10	√	√		
B11	√	√		
B12	-	-	-	
B13	√			
B14	√			
B15	√	√		

Table 5.19 shows the sources of external support received by the Chinese immigrant entrepreneurs when they decided to set up business. 12 entrepreneurs received support from family and 9 entrepreneurs received assistance from friends when they decided to set up business. None of them obtained support from community. This is to say, they is a lack of external support from the community.

Chinese Immigrant entrepreneurs received supports from their families and/or friends in the terms of funding, experiences, good ideas, advises as well as other resources such as market information. Business owner 1 said that "initial funds were from my family and friends, my first customer groups are them as well. What's more, I consult with them about business plan and ideas, and they gave me lots of good advises." Business owner 2 argued that "I got lots of supports from my family members when opening my business, and they supported me with funds and ideas. Besides that, my brothers and my wife came here to help me, it can be said that my business is a family business." Business owner 3 said that they supported me by providing me with information,

experiences and funding. Business owner 5 echoed similar experience that his friends helped him with various resources and channels including providing him with a wide range of information on markets. Business owner 7 indicated that her family supported her with funds and suggestions, and they give her comfort and encouragement when she suffered loss. Business owner 8 revealed that “my friends gave me a lot of help, especially Malay friends, I consulted them for some information on Malaysian markets and they offered me lots of legal aids.” Business owner 9 said that “external support when I decided to become an entrepreneur was mainly from my friends who helped me expand markets and from my family who helped me with finances and some suggestion including market expansion and product development.” Business owner 14 contended that her husband offered funding to her and helped build social networks for her.

When asked whether they received external support to start their business enterprises, the sample entrepreneurs provided the following responses. The external supports refer to the all supports from the externals except from entrepreneurs themselves.

Table 5.20 shows mapping of types of external support received by the Chinese immigrant SMEs.

Table 5.21: Mapping of Types of External Support Received

Participant	Financial	Legal	Marketing	Management	Technical training	Product development
P1	Family and friends	Consulting a friend as a lawyer	seek suggestions from my friends, family and peers			friends, family helped choose properties for sale
P2	Selling on credit from suppliers		Helping expand markets.	Valuable suggestions from the suppliers and other entrepreneurs		
P3	Loans from Malaysian bank	supports from lawyers by payment	Training from training institution	help from the companies of my friends.	helps from the companies of my friends.	helps from the companies of my friends.
P4	loans from Malaysian bank	professionals	professionals		professionals	
P5			his friends.			
P6			Professionals(marketing company)	friends	friends	friends
P7			Professionals(marketing company)			
P8		Consulting a friend as a lawyer				friends
P9		the Tourist Department of Malaysia gave us offer training on law	a lot of my friends helped promote products in China	peers in other travel agencies	peers in other travel agencies	
P10	Friends	friends	friends			peers within clothing industries
P11	Suppliers (sales on credit) and Malaysian banks					
P12						
P13	Relatives	professionals				
P14	Husband	husband			professionals	professionals
P15				Friends		

From the Table 5.20, we can see the number of Chinese immigrant entrepreneurs who received assistance in the six dimensions. The number of business owners who obtained market support is the greatest (9), followed by financial (8), legal (8), product development (6), management (5), and technical training (5). These external supports primarily came from family, friends and other professionals in fields such as law firm, marketing company and other training institutions.

Besides, some suppliers also provided support to respondent entrepreneurs. Business owner 2 pointed out: “when I was in financial trouble, my suppliers sold on credit permitting me in arrears, which relieved my financial pressures.” Business owner 11 also said that “in terms of financial aid, the suppliers supported me through sales on credit and Malaysian banks offered loans to us.”

In addition, some external supports also originated from peers in same industries. Business owner 10 highlighted that “in terms of product development, my peers within

clothing industries help us.” Business owner 9 also highlighted: –as to management and technical training, our peers in other travel agencies offered us training in the early period.”

This section presents findings on main constraints the Chinese immigrant entrepreneurs faced in operating business in Malaysia. These constraints can be traced according to following main themes -- human capital, financial issue, competitive, lack of network, overall constraints and external support. Human capital is comprised of major elements including language barriers, unskilled labor and low education level, and minor elements such as management skills, ICT/ e-commerce, innovation/technology, low productivity/quality output and experience.

Out of 15 Chinese immigrant business owners interviewed, 14 entrepreneurs (93.3%) said that they faced constraints with respect to human capital, 11 out of 14 entrepreneurs encountered language barriers, 12 faced problem of low skilled labors in their firms, 2 faced the some issues with skilled labors, although the impact on their firms is not serious. Of the total 15, 9 entrepreneurs reported that they did not face any problem with low education level. In the term of management, 12 business owners do face constraint of management capability. With regards to ICT/e-commerce, 11 business owners stated they faced the constraint of lack of ICT/e-commerce, but 3 out of these 11 did not feel this is a serious constraint. As to the innovation and technology, 12 business owners (80%) felt that they certainly have the barrier of lack of innovation/ technology which affects the development of their business, such as product innovation and market innovation.

Regarding the constraint of productivity/ quality output, 13 (86.7%) business owners faced the challenge. Concerning the experiences of business owners, 10 out of 15

participants reported that their educational backgrounds are not relevant to their business or industry sector. While 9 did not have any experience in same industry before starting their businesses, the other 6 showed that they had few years experiences related to their industry. Only 2 respondents (P3 and P8) had educational background relevant to their industry sectors.

Of the 15 respondents, 11 of entrepreneurs have more or less experiences either in same industry as their business or in different industries. 4 entrepreneurs (P5, P6, P7, P13) started business without any experiences, they learned and gained experience by doing and operating business. Among 15 sample respondents, 6 began entrepreneurial activity when they were students (P5, P6, P9) or soon after they graduated from schools (P4, P11, P13). The educational background of 4 entrepreneurs (P2, P10, P11, P12) is not relevant to their business. But they grew up in the business environment and learned some experiences from working in other industries and from their parents.

With respect to financial constraint, 11 entrepreneurs (73.3%) reported that they have faced lack of financial support, and only 4 entrepreneurs said that they have not faced such problem, Self-finance is the main source of enterprise funding for 14 entrepreneur in the sample while the other 1 business owner obtained finances through investors and shareholders. Out of 15 respondents, 13 entrepreneurs faced the problem of low profitability, while 7 and 4 business owners suffered from increased cost problem and cash flow problem, respectively.

Out of 15 entrepreneurs, 13 (86.7%) faced the constraint of lack of marketing skills. However, a majority of them (8) argued that this constraint they are facing is not severe and its influence is small.

9 entrepreneurs (60%) out of 15 have faced the constraint of lack of social network and only 4 entrepreneurs have faced lack of online network/ connectivity. It is not surprising that everyone uses social media to network, and the impact of social media (Facebook, Wechat and Whatsapp) on business is positive, such as promoting products and facilitating communication with customers.

Table 5.21 and Table 5.22 summarize major constraints faced by Chinese immigrant entrepreneurs in Malaysia and types of constraints regarding external support, respectively.

Table 5.22: Major Constraints faced by Chinese Immigrant Entrepreneurs in Malaysia (Summary 1)

The type of Constraints	Percent of samples faced the constraint
Lack of human capital	93.3%
Lack of marketing skills	86.7%
Lack of management skills	80%
Lack of innovation and technology	80%
Lack of financial supports	73.3%
Lack of social network	60%
Lack of government assistance	60%

Table 5.23: Types of Constraints regarding external support (Summary 2)

Types	Percent of samples faced the constraint
Technical training	66.7%
Management	66.7%
Product development	60%
Financial	46.7%
Legal	46.7%
Marketing	33.3%

To sum up, the overall constraints they are currently facing include: 1) management problem such as team building such as looking for good partners and recruiting right employees; 2) product updates and renewal; 3) the problem related to marketing such as the intense competition (chaotic market prices) and marketing resources; 4) lack of access to finance in growth stage; 4) low profits and high cost; 5) lack of innovation; 6) the difficulty in recruiting skilled workers; 7) lack of social networks (particularly when dealing with government agencies); 5) adapting to local culture, custom and habits; 6)

language barriers; 7) selecting right premises; and 8) lack of social networks.

With regards to external support, a majority of Chinese immigrant entrepreneurs received external assistance from their family(12) and friends(9), one participant said that he acquired aid from his peers in same industry. The assistance were given in the form of funds, advice, ideas, suggestion and experiences or when these entrepreneurs suffered loss and felt disappointed, their family and friends comforted them and gave encouragement. Additionally, in terms of marketing, financial and legal, 9, 8 and 8 respondents received external support, respectively, followed by 7 receiving support for product development, 5 for management and 5 for technical training. This shows that only on third of respondents received for external support for technical training, management, and marketing; and only half of the respondents received support for product development and financial access.

In terms government regulations and policies, 9 participants faced the constraint of lack of government assistance, including two who claimed that the constraint is not severe. As for the high level of bureaucratic problems or regulatory burdens, 11 participants felt they did not face any serious problem, and only 4 participants encountered such problem. The other problems related to government policy include: policy on loan, visa, tax and other business policies in general which are constantly changing in Malaysia; lack of familiarity with Malaysian government policies and inadequate dissemination of government policies.

5.6. Findings: Major/ Specific constraints faced by Chinese immigrant entrepreneurs

The section discusses the major constraints specific to Chinese immigrant entrepreneurs compared to local entrepreneurs in Malaysia. As a matter of fact, a review of literature

on constraints faced by local Malaysian entrepreneurs revealed that the constraints faced by them are broadly same as those encountered by Chinese immigrant entrepreneurs. For instance, Salikin et al. (2014) found lack of capital as the crucial problem in Malaysian SMEs. Besides, the factors such as access to financing, management skills and marketing are the main constraints to Malaysian SME (Rahman et al., 2016). Haron et al. (2013) argued that although the role of SMEs economically is substantial, many SMEs in Malaysia are facing difficulties in terms of access to credit, human capital, technology and market. The previous results from Saleh et al. (2008) illustrated (based on a sample of 138 Malaysian businesses) that business competition (e.g. quality products, operational costs and interest rates on loans), government policies and the availability of infrastructure (e.g. lack of access to ICT) and human capital (i.e. unskilled workforce) are the major business barriers.

While this study also has thrown up such findings as shown in the previous section 4.5, it also found some major constraints specific to Chinese immigrant entrepreneurs operating their business in Malaysia which include: language barrier, financial constraint, lack of policy assistance, tax and visa constraints, and lack of fair and transparent business environment.

5.6.1. Language barrier

From our findings, out of 15 Chinese immigrant business owners, 14 entrepreneurs (93.3%) said that they faced constraints related to human capital, specifically 11 out of these 14 entrepreneurs identified the language barriers as a major issue. Limited language skills were regarded as the most common hindrances in the literature on immigration entrepreneurship. Poor language capabilities led to ineffective communication, which is likely to influence negatively the operation and development

of enterprises. Moreover, it tends to cause other obstacles such as financial issues, management issues, marketing issues and inability to deal with government agencies effectively. To illustrate, troubles occurred when immigrants could not understand policy measures in host countries. Hence language skills should be on the top of the checklist of immigrant entrepreneurs since they directly affects other dimensions of their businesses.

5.6.2. Financial constraints

Based on our interviews, 73.3% of participants emphasized that they faced problems due to lack of financial support. 93.3% of respondents identified self-financing as the main source of funding when they were in the start-up phase. The finding is in line with the result of Fatoki (2014) who showed that the major sources of finance for immigrant entrepreneurs at the start-up phase are business owners' contribution, family and friends. This means the overwhelmingly majority of Chinese immigrant business owners lack external financial supports either from government or other external sources. The finding is in accordance with that of previous researchers such as Khosa and Kalitanyi (2014) that have shown that access to financial capital remains one of the remarkable constraints in developing entrepreneurship in general. Piperopoulos (2010) emphasized that ethnic minority businesses have never received or had access to business and financial support from banks and other financial institutions and thus had to rely on personal savings and ethnic social resources. Difficulties in access to sufficient finance to set up or operate enterprises are mainly because lenders or financial institutions find it hard to have immigrants' information such as credit history and arranging collateral. Because of this they lack access to capital market, which makes it less possible for immigrant entrepreneurs to obtain credit in the host country. While one can understand the problem of lack of access to finance for immigrant owned businesses

during startup early phase due to lack of credit history, what is worrying is the lack of access to finance at the growth stage where these business have established considerable business record and they can't rely on friends and families to get financing as capital requirement at this stage is quite high which can be met only by banks and financial market.

5.6.3 Shortage of policy assistance

As to the policy measures provided by Malaysian government agencies, the study revealed that no one among the 15 respondents received any support of incubator program, funding, infrastructure and tax incentive, and only one obtained government support through legal and market regulatory reform. No one secured support in technology and innovation except one participant. Based on the literature on government policy on foreign investment and SMEs reviewed in Chapter 2, we found that these programs in the term of incubator, funding, training, infrastructure, tax incentive, legal and market regulatory reform, technology and innovation are available only to local entrepreneurs, and even many policy measures are only open to Bumiputera entrepreneurs. Very few initiatives and programs are aimed at immigrant entrepreneurs in Malaysia. Accordingly, to attract and promote more foreign investors into Malaysia, Malaysian government may set about formulating policy measures to address these issues. Furthermore, the 15 respondents covered in this study identified what the government can do to make a difference for their business. They identified the following: marketing information and expertise support are most important (8 participants), training (7), legal support (5), financial support (5), and infrastructure(3). That is to say, if Malaysian government can provide policy supports such as marketing information, expertise support and training, that will have significantly positive effects on their Chinese immigrant businesses.

Noteworthy, from the study, we found that some immigrant entrepreneurs did not know and understand the information about immigrant entrepreneurship policies formulated by Malaysian government or they did not know the channel and ways of obtaining the knowledge for starting up business. For example, Business owner 11 highlighted that he is not quite familiar with the government policy and also did not study the policy actively. “There is probably some policies designed for immigrant entrepreneurs, but I don’t know.” he said. Business owner 5 claimed that there is an issue of inadequate dissemination of government policy, “We are foreigners and not familiar with local regulations and laws. Therefore, the government should make an effort to publicize and disseminate the information of entrepreneurship through various media”.

5.6.4 Tax and Visa

The constraints related to tax and visa have been important for the immigrant entrepreneurs. In the study, 8 respondents highlighted the problem of tax and/or visa affecting business operations. Business owner 2 claimed that foreign entrepreneurs are given two years of visa at a time, but it would be better if the term can be increased to five years at a time. Besides, he argued that government should give preferential treatment in visa fee and taxation for SMEs, as they are doing in the case of big enterprises. Business owner 5 observed that there is a problem of changing visa policy. Business owner 6 and Business owner 9 argued that the application of visa should be much easier and faster in the future than now. Business owner 6 highlighted that he wanted to hire a high-level chef, but it is difficult to obtain work visa as the requirements from government are high, and SMEs face difficulties to meet these requirements. Similarly, Business owner 9 in tourism sector illustrated the problems related to visa and various taxes, hotel tax and ocean protection tax, which increased

cost of operations significantly. He hopes to see the government implementing a policy of three month visa at a time for Chinese so that Malaysia can attract large of tourists from China during the winter time because, as most of Chinese would like to come to Malaysia for its hot weather in winter. Business owner 11 pointed out that existing standards of visa application designed by government are not practical. The unfair and opacity of the policies have significantly adverse effects on the real immigrant entrepreneurs.

In terms of lessening tax constraints, respondents for this study suggested that Malaysian government should consider supporting them in ways of tax reduction and exemption. For example, the government can provide tax holiday for the first two years of starting business.

5.6.5 Lack of fair and transparent business environment

Some of participants stressed on the issue of lack of fair and transparent business environment surrounding immigrant entrepreneurship. Business owner 11 pointed out that the business environment is not very open to foreigners, “there are lots of prohibitions and opacity of the policy”, and the support of government for business is inadequate including strict financial control, and tedious procedures. The unfair and opacity of the policy have significantly adverse effects on the real immigrant entrepreneurs. He further stressed that government should provide a fair business environment to immigrant entrepreneurs. That is, rather than opacity and prohibitions, it would be better to set some limitations and high requirements for all. Business owner 10 and business owner 12 also stressed that it is imperative to establish a liberal and orderly business environment. Business owner 12 further added that there seems to be some discrimination for immigrants in Malaysia, and government can take some

measure to eliminate it. Apart from this, Business owner 13 emphasized that Malaysian government overprotects local enterprises and suggested that the government should establish a fair environment for immigrant start-ups and give some capital support for their growth.

5.7. Summary

This chapter analyzed data gathered from 15 Chinese immigrant entrepreneurs to find the main constraints faced by the Chinese immigrant entrepreneurs in Malaysia. The analysis was carried out according to the following main themes -- human capital, financial issue, competitive, lack of network, overall challenges and external support. Within the theme of human capital, data analysis was organized by the following sub-themes: language barriers, unskilled labor, and low education level. In addition, analysis based on following minor themes also was presented -- management skills, ICT/ e-commerce, innovation/technology, low productivity/quality output and experiences.

The findings show that these entrepreneurs face constraints at two levels: at general level they face a number of constraints and some of them are not too different from other SME entrepreneurs in Malaysia; at a specific level they face number of constraints which are particularly affecting them which need special attention of the policy makers.

The overall constraints that the Chinese immigrant entrepreneurs are currently facing include: 1) management problem such as team building such as looking for good partners and recruiting right employees; 2) product updates and renewal; 3) the problem related to marketing such as the intense competition (chaotic market prices) and

marketing resources; 4) lack of access to finance in growth stage; 4) low profits and high cost; 5) lack of innovation; 6) the difficulty in recruiting skilled workers; 7) lack of social networks (particularly when dealing with government agencies); 5) adapting to local culture, custom and habits; 6) language barriers; 7) selecting right premises; and 8) lack of social networks.

Of these, the following are the main constraints which are very specific to Chinese immigrant entrepreneurs which need policy makers' attention: language barrier, financial constraint, lack of policy assistance, tax and visa constraints, and lack of fair and transparent business environment.

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Chapter 6

Government Policy Measures and Chinese Immigrant Entrepreneurs

6.1. Introduction

This chapter addresses the Research question 4: What are the policy measures the government could take to help the immigrant Chinese entrepreneurs to overcome the constraints and challenges they are facing currently and help to grow their businesses? First it presents analysis of the data gathered from the interview question, “Whether you faced or are facing the constraint of lack of government assistance, either in the start-up period or in growth period”. Next, it provides analysis of data on what the Chinese immigrant entrepreneurs think the government can do to make a difference to their businesses.

6.2. Assistance or Support from Malaysian Government Agencies

This section presents analysis of responses on whether immigrant entrepreneurs received any assistance or support from Malaysian government agencies as well as main differences between immigrant entrepreneurs and local entrepreneurs in terms of government policy support in Malaysia (see Table 6.1). It also discusses what support government could provide to help the immigrant entrepreneurs to overcome constraints faced by them.

Table 6.1: Mapping of Different Assistance or Support from Malaysian Government Agencies

Business owner	Incubator program	Training	fundin g	Technology and innovation	Legal and regulatory	Market access	infrastructure	Tax incentive	others
B 1	No	Yes	No	No	No	No	No	No	No
B 2	No	No	No	No	No	No	No	No	No
B 3	No	Yes	No	No	No	No	No	No	No
B 4	No	No	No	No	No	No	No	No	No
B 5	No	No	No	No	No	No	No	No	No
B 6	No	No	No	No	No	No	No	No	No
B 7	No	Yes	No	No	No	No	No	No	No
B 8	No	Yes	No	No	Yes	Yes	No	No	No
B 9	No	Yes	No	No	Yes	No	No	No	No
B10	No	No	No	Yes	No	No	No	No	No
B11	No	No	No	No	No	No	No	No	No
B12	No	No	No	No	No	No	No	No	No
B13	No	No	No	No	No	No	No	No	No
B14	No	No	No	No	No	No	No	No	No
B15	No	No	No	No	No	No	No	No	No

Business owner 1 said that they got training related with his industry for entrepreneurs and employees from government agencies every three months. They sent email to them with training information in advance. These training are mostly free of charge and occasionally they have to pay a fee.

Business owner 3 claimed that Malaysian government often inform local tourism associations about training and the staff including directors and employees in his firm usually attend it. Business owner 4 said that she did not get training from Malaysian government, but received some leaflets and other information materials from regulatory institution, from which provided her and employees some knowledge on law and policy.

In addition, her firm has received loans from Malaysian banks at different stages of entrepreneurial activities. Although she did not receive any tax incentive from government, she pointed out that her firm was not subjected to arbitrary charges.

Business owner 8 suggested that in the terms of legal reforms, government agencies gave his shareholders training several times free of charge, in particular corporate law trainings. In terms of market access, some free booths are provided by government to expand market access. Business owner 9 claimed that –The Tourist Department of

Malaysia gave us training on legal knowledge related to tourism. We need to get licenses from Tourism Department of Malaysia before starting a travel agency, and we needed to be trained in order to get the license by government agency.”

6.3. Government Regulations and Policies: Constraints faced by Chinese

Immigrant Entrepreneurs

Participants’ responses to the question about whether you faced or are facing the constraint of lack of government assistance, either in the start-up period or in growth period, whether you face high level of bureaucratic problems or regulatory burdens which affect your business, whether you are facing other problems related to government policy are mapped in Table 6.2. It highlights the government policy constraints faced by Chinese immigrant entrepreneurs in Malaysia.

Table 6.2: Government Policy: Constraints faced by Chinese Immigrant Entrepreneurs

Participant	The constraint of lack of government assistance	The high level of bureaucratic problems or regulatory burdens	Others
P1	No	No	Constraints of loan policy
P2	Yes	Yes	No
P3	Yes but not conspicuous	No	No
P4	No	No	No
P5	Yes but tolerable	No	Insufficiency of dissemination of government policy, constantly changing policy, the issue of visa
P6	Yes	No	Problem of visa and tax
P7	No	No	Constantly changing policy
P8	No	No	GST
P9	Yes	Yes	Visa, tax
P10	No	No	No
P11	Yes	No	Yes but not serious
P12	Yes	No	No
P13	Yes	Yes	No
P14	No	No	No
P15	Yes	Yes	Visa approval

From Table 6.2 we can see that 9 entrepreneurs faced the constraint of lack of government assistance, and 2 out of 9 mentioned the constraint was not severe though. 4 entrepreneurs showed that they faced the high level of bureaucratic problems or regulatory burdens. 7 talked about other problems related to government policy, such as loan policy, insufficiency of dissemination of government policy, constantly changing policy and other issues related to visa and tax.

Business owner 2 revealed that “we have never got any government assistance, whether Malaysian government or Chinese government, the only benefit from the government is that they do not restrict or forbid doing business in Malaysia. At present, we do not face serious problems owing to lack of government support.” Business owner 11 explained that he has experienced constraints of lack of government support: for example, visa problem, increased tax and continuously changing policy. However, Business owner 12 viewed the government regulations not as a burden but an incentive for immigrant entrepreneurs.

In terms of high level of bureaucratic problems or regulatory burdens, Business owner 2 revealed that “we definitely face the constraints in these aspects. Obtaining licenses required for foreign-fund enterprises from government agency takes too much time, which can affect us. Because only the business that acquired the licenses can solve problems regarding visa. In addition, there is some limitations on funding remitted to overseas, sometime, I must pay for goods to suppliers from China, according to Malaysia government, these remittances must be remitted to designated accounts of these suppliers with export licenses in China, but many suppliers in China do not have the export licenses and they are only subordinate businesses to some big enterprises with the export licenses. This kind of restrictions on financial management brings us lots of troubles.” Business owner 5 observed that he thought that the bureaucratic problem is changing government policy in visa, which affects his firm to some extent and the level of regulatory burdens is tolerable. Business owner 6 stated that “although the Health Department of Malaysia always came here to investigate my firm in the past, the standard of health here is higher than that of China, and we made an adjustment based on their requirements. There is no high level of regulatory pressure, it is a normal

procedure, I think. Business owner 9 emphasized that as for the regulatory burdens, government would inspect the tour bus at times and check each passport of each tourist, although this is their routine work, this may affect adversely his business. Business owner 13 said that the high level of bureaucratic problem definitely affect her business development, especially the difficulty in approval of licenses for her business development. Business owner 15 suggested that ~~there~~ are lots of policy limitations for foreigners and over-protection for the local and bureaucratic procedures is also time-consuming. You have to have long waiting when you apply something for approval of the government.”

Some respondents felt that the government regulations are not severely affecting them. Business owner 3 mentioned that ~~there~~ are liberal market conditions, as long as you do not violate the law of Malaysia. The level of regulation burdens is tolerable for me”. Business owner 10 revealed that he did not face the barrier of regulatory burdens which affect business. ~~It~~ is common that government checks license and illegal foreign workers. The environment of Malaysian policy is very tolerant for foreigners and I have no other problem related to government policy.”

When it comes to other issues related to government policy, these problems involved loan policy, GST, insufficiency of dissemination of government policy, problem of visa, various taxes and business environment that is not very open. Business owner 1 claimed that ~~we~~ are facing some constraints of loan policy from financial institutions, these loan policies related to the foreigners or the locals always change, the loan limitations led to declining number of our foreign customers even local customers since May of this year (May, 2017). Business owner 2 claimed: ~~we~~ have to pay GST to government every three months, we have to pay GST when importing goods and customers have to

pay GST when buying products, the government promised that when these products are sold, the GST generated by these products will be returned back. But now, after a year passed by, we have not got the GST that should be returned back. This influences our cash flow”.

Business owner 5 reported other problems related to government policy such as insufficient dissemination of government policy. “The corporate law of Malaysia is well established, which is different from corporate law of China. We are foreigners and not familiar with their regulations and laws, apart from that, we don’t know all the procedures of approval related to opening and running businesses, plus, the policy of Malaysia is always constantly changing, another issue about policy is the issue of visa”, he added. Business owner 6 mentioned that “we’d like to hire a high-level chef, but it is difficult to obtain work visa since the requirements from government are high and we are a SME that is hard to meet these requirements.” Business owner 9 also highlighted that “Other problems related to government policy are visa and various taxes, hotel tax and ocean protection tax. Although the taxation is imposed reasonably, it definitely increases our cost. In the case of visa, we do need the support of government. In the winter in China, around the spring festivals, we do hope that the government can implement a policy of three month visa for Chinese, because it is winter in China while it is really hot weather in Malaysia and most Chinese visitors would like to come here to enjoy the good weather.” Business owner 11 felt that the business environment is not very open to foreigners, and government support for foreign businesses is inadequate including strict financial control, and tedious procedures.

6.4. Government Policies: Local entrepreneurs vs. Immigrant Chinese entrepreneurs

On the main differences between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy in Malaysia, the respondent provided a range of answers.

Business owner 1 stressed that ~~there~~ is no big difference between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy in Malaysia and we are treated as equals. Since the workers are all Malay except me in our firm, the difference is not so obvious.” Business owner 2 opined that ~~the~~ information from newspapers and magazines portray that there are a great deal of support for the entrepreneurs from Malaysian government, such as government help to promote products overseas, to hold an exhibition, offering subsidies, providing loans and technical assistance for product design and product analysis. But all of these supports have nothing to do with immigrant Chinese entrepreneurs.” Business owner 3 argued that basically, there are few difference between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy support. Similarly, Business owner 4 and Business owner 8 also felt that there is little difference between immigrant Chinese entrepreneurs and local entrepreneurs.

In contrast, Business owner 5 claimed that there are many differences between them. He argued that the local entrepreneurs often receive lots of supports from Malaysian government, but foreign entrepreneurs do not have such support. Business owner 6 also argued that there are many difference between them. He highlighted that the qualification and standards required for (i.e. licenses) opening business by immigrant entrepreneurs are higher than local entrepreneurs such as tax paid and capital required to register company. Business owner 7 said that ~~as~~ far as I know, local government gives lots of financial support such as loans to SMEs owned by Malaysian women

entrepreneurs, while the required capital for starting business is probably hundreds of thousands for foreign entrepreneurs in Malaysia. We have no expectation and don't count on the assistance of Malaysian governments for foreigner entrepreneurs.” Business owner 9 claimed that there are significant differences between immigrant Chinese entrepreneurs and local entrepreneurs. For example, the enterprise owned by foreigners must sell a part of their shares to the local.

According to Business owner 10: “As far as I know, Malaysian local entrepreneurs can obtain various loans from governments and big companies owned by Chinese can also acquire a lot of preferential treatments such as tax and rent reduction, but the SMEs owned by foreigners could not receive such benefits from the government.” Business owner 11 highlighted that he is not quite familiar with the government policy and also did not study the policy deliberately. “There is probably some policies designed to immigrant entrepreneurs, but I don't know. For local entrepreneurs, they receive small loans, and there are some subsidies and funds provided by government to youth entrepreneurs. Some of my friends, local entrepreneurs, received funds from the government. This is a measure that encourages Malay to enter into business. Beyond that, the government also provides local entrepreneurs with booths to promote their products all over the world.”

Business owner 12: “I supposed that there is no discrimination in the aspect of treating us and local entrepreneurs.” Business owner 13 claimed that “as far as I know, government can provide financial supports for the technology firms owned by local entrepreneurs while the immigrant entrepreneurs don't have these support, above all, foreigners need lots of registered funds than local shareholders to open a business in Malaysia. Furthermore, there are many government controls for foreign workers.”

Business owner 14 contended that there are lots of limitations on opening bank account, loan and visa application for immigrant Chinese entrepreneurs. “Moreover, government has restricted foreigners from purchasing house and real estate. If foreigners want to buy properties in Malaysia, they have to pay at least two times more than the local.”

Business owner 15 pointed out: “Local entrepreneurs have government support in different areas and immigrant entrepreneurs don’t have such support” such as incubator program, training, funding support, technology and innovation, legal and regulatory reform, market access, infrastructures and tax incentive. Business owner 6 indicated that “After I registered my enterprise I went to open a bank account, but I was told that I could not do that unless I got work visa, after that, I had to apply for a work visa, but the staff in the government agency told me that I had to provide bank account statement. This demonstrates a conflicting administrative procedure. So, I hope the government can simplify procedures of approval and lessen the level of bureaucratic problems.” Business owner 7 echoed: “I hope that there are not only government policies targeted at promoting local entrepreneurs, but also policies for promoting foreign entrepreneurs.”

6.5. How Government can support the Chinese Immigrant Businesses

Table 6.3 provides summary of what the Chinese immigrant entrepreneurs think the government can do to make a difference to their businesses.

Table 6.3: How Government can help to make a Difference to the Chinese Immigrant Businesses

Business owner	Marketing information	Training	Legal support	Financial support	Infrastructure	Expertise support	Others
B1	4	4	4	1	4	4	
B2	4	4	2	4	1	2	
B3	4	4	2	2	2	4	
B4	4	1	4	4	2	4	
B5	2	3	2	2	1	2	
B6	4	4	2	2	2	4	
B7	2	1	4	1	3	2	
B8	2	2	4	1	1	4	
B9	3	1	3	2	1	4	
B10	4	4	4	4	4	4	
B11	3	4	1	1	1	1	
B12	4	3	3	1	3	1	
B13	4	2	3	4	4	2	
B14	3	1	3	1	3	4	
B15	2	4	3	4	3	3	Tax 4



Summary Mapping:

	Most important	Important	less important	least important
Marketing information	8	3	4	0
Training	7	2	2	4
Legal support	5	5	4	1
Financial support	5	0	4	6
Infrastructure	3	4	3	5
Expertise support	8	1	4	2

When asked –“What do you think are the policy support the government could provide to help to overcome the constraints both in start-up period and operation period faced by you and help to grow your business?”, the respondents provided a number of suggestions for policy makers.

Business owner 1 suggested that –“providing more training, information related to industry and legal assistance are significantly important.” Business owner 2 claimed that in terms of visa policy, at present foreign entrepreneurs are given two years of visa at a time, I request that the term can be expanded to five years at a time. The other things are to give us preferential treatment in visa fee and taxation for SMEs. Maybe these treatments have already been given to big enterprises. After all, the SMEs are

predominant in Malaysia, providing SMEs with favorable conditions is more likely to promote economic development.” Business owner 3 echoed similar views, “I hope that government should provide more training and market information to us.” Business owner 4 said that “If the projects we are applying can be readily approved by the government, I think that would help us better.” Business owner 6 also expressed hope that “The application of Visa should be much easier in the future than now”. In addition, he suggested: “because of language barriers, in some case we are not able to communicate with the staff in government agencies. I request that a dedicated agency should be established by government agency to cater to immigrant entrepreneurs.”

Business owner 8 suggested that government could provide legal consultations to help overcome a number of barriers for doing business which can help avoid violating Malaysian laws. He also suggested tax exemption for for SMEs during the first two years of starting businesses in order make them sustainable and also to attract more individuals into entrepreneurship. Business owner 9 suggested that “Malaysian government can support us in ways of tax reduction, and visa approval more easily and faster such as arrival visa. That is to simplify the procedure of bureaucracy.” Business owner 10 observed that government can support “First, by offering some loans to immigrant entrepreneurs; second, by providing employees with more training; third, establishing a liberal and orderly business environment,; and finally by fighting against illegal trade and piracy.”

Business owner 11 suggested that government should provide a fair environment:

It appears there are lots of prohibition policies, but they are permissible for some individuals on the side, that is opacity of the policy. Rather than opacity and prohibitions, it would be better to set policies imposing some limitations and high requirements for all people, in order to be fair and transparent. What’s more, government should formulate a standard on visa applications. For example, how much tax would I have to pay every year or how many local workers should I have to hire, then how many visas would I can get. Existing standards of visa application designed by government are not practical. The unfair and opacity of the policy have significant adverse effects on the real immigrant entrepreneurs.”

Business owner 13 suggested that “Malaysian government should study the practices of Singapore government which allow an enterprise to grow first and then control it rather than control it first, not allowing the enterprise to develop at the beginning. Malaysian government protects local enterprises too much. So I request that Malaysian government should establish a fairer environment for start-ups and give some capital support (for both local and immigrant business).” Business owners 14 and 15 also suggested supportive government policies in the areas of visa regulation, tax exemption, training, funding.

6.6. Policy Measures to Support Chinese Immigrant Entrepreneurs - Findings

As for the policy measures provided by Malaysian government agencies, none of the sample respondent Chinese immigrant entrepreneurs received any support in terms of incubator program, funding, infrastructure and tax incentive. Only Business owner 8 obtained government support in the term of legal and regulatory reform and marketing. No one received any support or aid with respect to technology and innovation except Respondent 10. According to our 15 sample respondents, marketing information and expertise support are most important (8 respondents), followed by training (7), legal support (5), financial support (5) and infrastructure (3). That is, if Malaysian government can provide support in the areas of marketing information, expertise support and training to immigrant owned SMEs, they are likely to have significant positive effects on their businesses.

Table 6.4 and Table 6.5 present the percentage of policy support measures received by Chinese immigrant entrepreneurs and the comparison of importance of different policy measures, respectively.

Table 6.4 Percent of policy measures received by Chinese immigrant entrepreneurs

The type of policy measures	Legal and regulatory reform	Marketing	Technology and Innovation	Tax incentive	Incubator program	Funding	Infrastructure
Percent of policy measures received	6.67%	6.67%	6.67%	0	0	0	0

Table 6.5: The comparison of importance of different policy measures

The type of policy measures	Marketing information	Expertise support	Training	Legal support	Financial support	Infrastructure
Frequency	8	8	7	5	5	3

From their point of view of most of the respondents, the main differences between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy in Malaysia included: strong support for the local entrepreneurs from Malaysian governments such as holding exhibitions, promoting products overseas, offering subsidies and providing loans and technical assistance. Furthermore, the local entrepreneurs are also supported by the government through incubator program, training, funding support, technology and innovation assistance, legal and regulatory reform, market access, infrastructures and tax incentives. However, immigrant entrepreneurs do not get government support in most of these areas. Instead, they face numerous bureaucratic obstacles such as limitations on opening bank account, loan and complex visa application process. Furthermore, the qualification and standards required for (i.e. licenses) starting business by immigrant entrepreneurs are higher than local entrepreneurs. Also, an immigrant entrepreneur could not own business by himself or herself and he or she has to join hands with a Malaysian to be his or her partner.

In order to overcome the constraints faced by immigrant entrepreneurs both in start-up period and operation period, the sample respondents suggested that the government may consider the following policy measures: 1) providing more training, information related to industry and legal assistance; 2) simplifying the procedure of bureaucracy; 3)

reducing or exempting tax in the first two years of starting business; 4) establishing a liberal and orderly business environment through fair and transparent policies; 5) expanding the term of visa and preferential treatment in visa fee, and making visa application process much easier and faster; and 6) establishing a dedicated government agency to support immigrant entrepreneurs.

6.7. Summary

The respondent Chinese immigrant entrepreneurs have identified some main differences between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy support in Malaysia. For example, the local entrepreneurs receive a range of supports from Malaysian governments such as holding regular exhibition, promoting products overseas, offering subsidies and providing loans and technical assistance.

As for the policy measures provided by Malaysian government agencies, none of the 15 respondents received any support in the following areas: incubator program, funding, infrastructure and tax incentive. No one received support in the areas of technology and innovation and marketing. Most of the 15 business owners considered marketing information and expertise support as the most important areas for policy support, followed by training, legal support, financial support and infrastructure. That is, if Malaysian government can provide support in the areas of marketing information, expertise support and training, it is likely to have significant positive effects on their businesses.

In order to overcome the constraints faced by immigrant entrepreneurs both in start-up period and operation period, the sample respondents suggested that the government may

consider providing dedicated support for immigrant entrepreneurs such as more training, information related to industry and legal assistance; reducing or exempting tax in the first two years of starting business; expanding the term of visa and making visa application process much easier; and establishing a dedicated government agency to support immigrant entrepreneurs.

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Chapter 7

Analysis of Case Studies

7.1. Introduction

Case studies are often used in business management to explore how and why aspects related issues regarding business decisions (Klonoski, 2013). A researcher can explore a topic by developing comprehensive descriptions of different representative cases (Hays and Wood, 2011). A case study can be single or multiple. Information on each case is usually collected through multiple sources in order to build up a full description of the case (Creswell, 2007). These sources can include documents, interviews, observations, and audiovisual material. Case study is appropriate when the goal of a research is to understand or explore an issue in-depth within real-life social phenomenon (Klonoski, 2013). Compared with aggregated, statistical research, the primary advantage of case study research design lies in its deeper understanding of specific instances of a phenomenon (Lewis-Beck et al., 2003).

For this reason, three case studies are selected out of the sample of 15 Chinese immigrant entrepreneurs and analyzed in this chapter in order to complement the data analysis presented in Chapters 3 and 4. These three cases provide more additional detail information than the data analyzed in the previous chapters. The analysis of the case studies are structured on four research questions set out at the start of the study.

7.2. Case Study 1: Business 6

7.2.1. Demographic Profile and Personal Traits

Respondent 6 is a male, 31 years old, postgraduate, and married with 1 child. His business is catering which is operating in Kuala Lumpur since 2012. It has 10 workers (7 permanent and 3 temporary). In his opinion, innovative and networking are important personal characteristics for an entrepreneur. He indicated that cuisine need continual

innovations which can attract clients more and promote business. If there is no innovation and there will not be any difference between his restaurant and others, his business is likely to fail in the fierce competition condition. “If you have networking and know a lot of friends in community of advertisement and marketing, it may help you avoid many troubles in the process of entrepreneurial activities, in addition, these friends in social networking would give you a lot of guidance and offer many resources,” added business owner 6. Apart from these traits, business owner 6 thought that perseverance and language are crucial for a migrant Chinese entrepreneur. Although both English language and Malay language are official language in Malaysia, business owners 6 felt that Malay language is more important than English language for starting business in Malaysia. He acquired these skills over the years.

7.2.2. Main Constraints

7.2.2.1. Low Human Capital

Business owner 6 stressed that he has the constraint of low human capital, specifically, unskilled labor and language barriers. “We are in catering industry and the requirement for the skills of employees is not very high, some of employees in my firm have no experience in catering industry at all and they are continuously learning by doing. Language is also a problem, my English language and Malay language is not good, they (employees) are also not good, there are some questions when communicating with each other in the early stage, but now, we can understand each other only with a simple body language and the influence of language is decreasing.” The constraint of management capability was obvious in the start-up period such as marketing management and operational management. Business owner 6 reported, “Initially, my firm was a small firm and did not recruit professionals to help us manage our business. We had two people managing business then, one was in charge of marketing management,

promoting products by Facebook and local websites, the other was responsible for operating management, training and communicating with workers”.

Both of them had divergences and conflicts in management at that time, in order to sort out the issue of management they agreed to assign only one to manage business afterwards. In term of the ICT skills/e-commerce, he claimed that the constraint is very small because he is good at e-commerce. “When it comes to the constraint of low technology and innovation, we have been facing the problem, as far as buffet is concerned, there is little scope to innovate, we tend to innovate in pattern of consumption, if we intend to innovate in the product development, we have to recruit professional chef to do it, but it is difficult and costly to secure the employee with high skills for our small firm,” he said. In the start-up period, his firm is constrained by low productivity and quality output: “Lots of customers visited my restaurant after I advertised our products on television, I was overwhelmed by sudden rise in customers and we were not prepared for that because we didn’t know that they would come up here. Some customers are underserved due to low productivity”.

7.2.2.2. Experience

Business owner 6 reported that his education background is not related to his industry. He began engaging in entrepreneurship when he was in university. He has not had experiences relevant to catering industry but he and his partners had some experiences in other sectors (i.e. education industry and property industry). He further suggested that the role played by his education background is not great, but the past experiences in other sectors played a key role in entrepreneurship such as how to deal with others and how to sell and promote products.

7.2.2.3. Financial Support

—We have been facing the constraint of lack of financial support in the whole process of entrepreneurial activity. The investment budget is not sufficient in the early period. We shareholders had to find a way to get over it such as increasing funds by adding a new shareholder. We are going to expand our scales at present which needs funding, but there is a dilemma that whether we should expand our firm -- one the one hand, expanding business and making adjustments may cause loss of some old customers, on the other hand, the firm's market share is not ideal if we do not expand," business owner 6 observed. Self-financing and profits are the methods of acquiring funding. Increased cost and low profitability are the other problems his firm faced, he has to increase the price of products in order to survive.

7.2.2.4. Competitiveness

Business owner 6 indicated that he is facing problem due to competition locally. The competition in catering industry is intense owing to low entry requirement. He said that a lot of competitors entering into catering industry later captured a portion of market shares which originally belonged to his. These products provided by him are Chinese food, which is foreign food. He took a long time to make adjustments for catering to the local markets and uses two methods to keep competitive. One way is to improve product qualities; the other is to boost expenditure in advertisement. He faced the problems of lack of market information in the early stage. —Moreover, in the start-up period, we didn't know what date is public holiday in Malaysia and what are their customs and habits, as a result, we often were overwhelmed by sharp rises in customers when it is public holiday." He tried to explore that what the Malaysian tastes are and how to combine Chinese food with Malaysian tastes. It took around more than two years to find solutions. Lack of experiences and technical skills are the problems his firm has been facing. Continued learning from his peers within same industry as well as

seeking suggestions from his relatives and friends helped gain experiences; engaging professionals was a solution to the problem of low technical skills

7.2.2.5. Lack of Network

Lack of social networks is the challenge at the early stage. Business owner 6 further put that, “for example, we don’t know lots of information about equipment purchasing and fixing when we started business, if you have social networks in procurement, you will benefit a lot from them.” He does not have the problem of online connectivity and uses the social media to network. For example, Facebook, which helps him to promote products and gain more attentions from potential customers, whatsapp and Wechat also offer a platform to communicate with his customers, as many local customers are accustomed to ordering food via whatsapp.

7.2.2.6. Government Regulations & Policies

Business owner 6 said that his firm has not received any help from Malaysian government and he has been facing the constraint of lack of government assistance. “Health Department of Malaysia always came here to investigate my firm in the past, and the standard of health here is higher than China, we made adjustments based on their requirements. Despite all this, there is not high level of regulatory pressure, it is a normal procedure, I think. Other problem related to government policy is the problem of visa. We’d like to hire a high-level chef, but it is difficult to obtain work visa since the requirements from government are high and we are SMEs that is hard to meet these requirements.”

7.2.2.7. Overall Constraints

During the growth phase, the main challenges he is facing in operating business in his sector due to rising operational cost but difficulty in increasing selling prices of products, which gives rise to decrease in profits. Moreover, his firm is facing lack of innovation of products and business model. The main obstacles when he started

building up businesses are how to expand market share and attract more clients.

Business owner 6 made some recommendations for other entrepreneurs to assist them in maintaining a successful enterprise in this sector: 1) you do not casually enter into a certain industry without any experiences related to that industry, for instance, if you want to open a restaurant, you should not do it unless you are fully familiar with this sector or you have already had lot of experiences in the sector, and 2) knowing individuals in the sector that you would like to enter into can help you a lot.

7.2.2.8. External Support

Business owner 6 claimed that his family supported him with funding when starting a business, beyond that, in terms of financial and legal support, his firm does not receive external support. In terms of management, technical training and product development, he received aids (i.e. suggestions and guidance) from his friends from China in same industry. In terms of marketing, one of the marketing companies in Malaysia is always proactive to offer assistance to his firm in the process of entrepreneurship but it cost the firm significantly as it has to pay the marketing company.

7.2.3. Main Contributions to the Host Economy

One of the major contributions is tax paid by immigrant entrepreneurs to host country. But the financial information is not open to the public, so the researcher could not know the exact contribution of tax to Malaysia. The respondents were reluctant to discuss this. Business 6 is in catering industry and offers Chinese hotpot. It has 10 workers (7 permanent workers and 3 temporary workers). That is, the business created 10 employment opportunities. The innovation in business 6 lies in a combination of Chinese food and Malaysian food that cater to the needs of Chinese and Malay, a provision for diversity of food to Malaysian markets. Participant 6 also promotes FDI in Malaysia, as claimed by Garg and Phayane(2014), the actions of an immigrant

entrepreneur in establishing his or her businesses in a receiving country can be viewed as micro FDI. Furthermore, business 6 enhances the linkages between Malaysia and China through selling Chinese food to Malaysian and Chinese in Malaysia.

7.2.4. Policy Measures to Support Chinese Immigrant Entrepreneurs

In terms of government policy measures, to be specific, incubator program support, training support for entrepreneurs or employees to promote necessary knowledge and skills, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives, business owner 6 highlighted that he did not get any support in those areas from Malaysian government. Self-financing is the main funding source to start up his business. “I have not got any support from Malaysian government agencies so far, it is probably because we didn’t know the information relevant to government assistance and the channels of getting assistance,” Business owner 6 added.

He indicated that there are many difference between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy support in Malaysia. “Application of work visa is difficult, the requirements and standards (i.e. licenses) of opening business for immigrant entrepreneurs are higher than local entrepreneurs. For example, we need to pay tax on revenues more when running business and more registered capitals when starting business. In terms of policy support that he hoped the government could provide to help to overcome the constraints and challenges, he said that “I hope that the application of Visa should be much easier in the future than now. In addition, because of language barriers, in some cases we are not able to communicate well with the staff in government agency. I request that a dedicated agency should be established by government to cater to immigrant entrepreneurs.”

Furthermore, from business owner 6's point of view, marketing information, trainings and expertise support are significantly important in his sector, and if government can support in these aspects, his sector will become better. He continued to add that "I think that it is difficult to recruit workers here. Malay is not reluctant to sign labor contract, so they usually are casual workers while foreign workers, like Bengalis and Burmese, tend to be permanent workers but they are facing problems with issue of visa. The cost of visa is high. So I hope the government policy can offer support in the issue of visa to help us recruit right workers." He further highlighted a contradictory policy on opening bank account and applying for work visa for immigrant entrepreneurs in Malaysia. "I went to open a bank account after registering my enterprise, but I was told that I could not do that unless I am offered work visa. I went to apply for a work visa, but the staff in the visa center of government agency told me that I had to show statement of local bank account. I hope government can simplify procedures of approval and lessen the level of bureaucratic problems. Also, some policies regarding bank loans can be designed to cater for enterprises owned by immigrants. I know that it is difficult to loan immigrant entrepreneurs by financial institutions since it is argued that it is possible that foreigners can slip away from Malaysia at any time. At last, I'd like to reiterate that I really hope a dedicated agency can be established by Malaysian government to service immigrant entrepreneurs."

7.2.5. Summary of Case 1

Business owner 6 is a male entrepreneur holding postgraduate's degree in catering sector, living in Kuala Lumpur for 6 years. His business was established in 2012 and has 10 workers. In his opinion, innovative, perseverance and networking are important personal characteristics for an entrepreneur. Also, language (English language and

Malay language) is also crucial for a migrant Chinese entrepreneur. Business owner 6 stressed that he has not faced the constraint related to ICT skills/e-commerce but has faced constraints of low human capital (e.g. unskilled labor language barriers and lack of any experience), the constraint of management capability (e.g. lack of market management capability and operational management capability), the constraint of low innovation and the constraint of low productivity, the constraint of lack of financial support, the constraint of lack of social networks, the problem due to competition locally.

He has not had experiences relevant to catering industry and his education background is not related to his industry. The role played by his education background is not great, but the past experiences in other sectors played a key role in entrepreneurship

His firm does not receive external support in terms of financial and legal support, in other aspects of management, technical training, product development and marketing, he obtained assistance either from his friends or from professional consultants. His family supported him with funding when starting a business and has not received any help from Malaysian institutions and he has been facing the constraint of lack of government assistance.

The main challenges that he is facing at present is rising operational cost, low profitability and lack of innovation of product and innovation of business model. In the early stage he faced problems with how to expand market share and attract clients. His main contribution lies in innovation of products and job creation.

7.3. Case Study 2

7.3.1. Demographic Profile and Personal Traits

Business owner 2 is a male entrepreneur, 42 years old, and a postgraduate. He has lived in Kuala Lumpur for 15 years. His firm was established in 2003 in textile industry, with 8 male employees and 21 female employees. In terms of personal traits, he highlighted traits such as innovative ability, risk-taking, decisiveness, clear vision and sociable have far-reaching impacts on entrepreneurs.

We have been doing international trade in textile and created own scarf brand, keeping abreast of market and constant launching new products, this practice itself is a continuous innovative process. Risk-taking quality plays a central role for an entrepreneur because starting a new business can be risky undertaking. We often need to make a decision whether it is necessary to launch new products which involved hundreds of thousands of Ringgit, so the decisiveness is pretty important, you can do nothing without it.

Clear vision can give a direction for firm development and help to achieve goals in case business goes astray. Expanding market needs sociability, doing sales is to deal with people, this involves good sociable skills, particularly at the start-up period of starting business, you need to persuade your customers to trust you and purchase your products, which help you establish sales network. In addition, building relationship with suppliers from China entails social skills. Thus, sociable is important.

Apart from these traits, business owner 2 argued that persistence and hard-working are extremely important for entrepreneurship. It is unavoidable that you may be in trouble during the process of entrepreneurship, you need to keep persistent and stick to it. I am an immigrant, a foreigner in Malaysia and didn't have friends and relatives who could give me a favor when I was starting business, everything related to entrepreneurship depends on my own efforts. I was setting up a stall for four or five years before entering into entrepreneurship. So you must have the spirit of enduring hardships and standing up which are also critical." He said that he acquired these skills from previous jobs, from others such as his parents.

7.3.2. Main Constraints

7.3.2.1. Low Human Capital

Business owner 2 observed that:

There have been constraints of unskilled labor and low education level, but no language barriers in our firm because our employees all are Malay (natives) in the whole entrepreneurial process. These issues were particularly severe in the early stage. In terms of constraints of unskilled labor, low skills especially in marketing are very apparent, the employee turnover rate has been high in our firm, we always need to recruit new workers who are nearly low skilled labors, in this case they had to be trained to have knowledge of our products and improve marketing skills.

Business owner 2 added that –in contrast with nowadays, the insufficient management capability was more serious in the early stage. It is better now, however, as we are entering into the network age, e-commerce is becoming very popular with everyone, how to manage network marketing is an important issue for us to study.” They are facing the constraints of lack of understanding of e-commerce now as mentioned above in the part of managerial skills.

We did face the constraint of low technology but not innovation in the start-up stage, we’d like to launch some new products but these new products could not be manufactured in China where our suppliers are based, due to lack of technology, which have a great impact on our business. After a couple of years, we could launch these products. We did have the problem of low productivity and quality output in the early stage. On the one hand, the productivity of supplier was not high several years ago in China. On the other, there were considerable orders from all round the world at that time. As you may know, China is world factory. In this case, focusing on quantity alone does not ensure the output quality. But, the situations are better now since we’ve established a long-term and stable cooperation relationship by signing a contract.

7.3.2.2. Experiences

Business owner 2 revealed that his education background is sociology and not related with his business. He worked as an office clerk in publishing house, in Shanghai, China. That is his first job. But he grew up in the atmosphere of business since his parents did business for years. So, it can be said that he have several years of experiences of doing business. He learned some of work ethics on doing business from his parents, such as honesty, punctuality and self-discipline, he said these work ethics are very vital for doing businesses.

7.3.2.3. Financial Support

Business owner 2 highlighted that:

Actually, lack of financial support for entrepreneurs has been a constraint which might be a chronic and permanent problem for enterprises. We got initial funds by self-funding in the early stage, and profits and returns from running business supported the operation of this business afterwards. Cash flow problem, increased cost and low profitability are also problems we have been facing whether in start-up stage or in growth stage. With the growth of business, we’d like to open a branch and employ workers, these may bring in decline in cash flow and increase in cost. What’s more, the profitability has been gradually decreasing from 10 percent, 8 percent to 3 percent. Especially from the introduction of GST (goods and services tax) in 2012, it drastically went down. In order to solve these problems, some measures have been taken, such as lessening unnecessary expenses, controlling cost, reducing inventory level and exiting markets with high debt ratios.

7.3.2.4. Competitiveness

Business owner 2 claimed that ~~I~~ have been facing the problems about competition but these problems are not serious. There are thousands of competitors in Malaysian market, but in my opinion, I think the competition itself is a good thing. Reasonable competitions lead to innovation as well as high quality products and services. I have less problems due to lack of market information to compete locally. However, we were lacking of experiences at the beginning and were cheated by the customers whom we fully trusted. As the old saying, ~~a~~ fall into the pit, a gain in your wit.” The firm learned continuously from the past experiences and failures in order to overcome various difficulties and started growing the business.

7.3.2.5. Lack of Social Networks

Business owner 2 claimed that he faced the constraint of lack of social networks in the start-up period. Particularly lack of sales networks which are set up gradually in the growth period. He does not have problems on online connectivity. He used social media such as Facebook, Whatsapp and Wechat, for example, which are useful for facilitating communication with clients, transmitting products images between suppliers and business and for advertising products.

7.3.2.6. Government Regulations & Policies

Business owner 2 revealed that ~~we~~ never get any government assistance, whether Malaysian government or Chinese government. At present, we do not face serious problems owing to lack of government support. We face some bureaucratic problems and regulatory burdens. Obtaining licensees required for foreign-funded enterprises from government agency takes too much time. It affects our business, because only the business that acquired the licensees can solve problems regarding visa. In addition, there are some limitations on remitting funds to overseas, sometime, I must pay for goods to suppliers from China, according to Malaysia government regulations, the funds

must be remitted to designated accounts of these suppliers with export licenses in China. But many suppliers in China do not have the export licenses and they are only subcontractors to some big enterprises with the export licenses. This kind of restrictions on funds transfers brings us lot of troubles. Another problem related to government policy is GST, we have to pay GST to government every three months, we have to pay GST when importing goods and customers have to pay GST when buying products, the government promised that when these products are sold, the GST generated by these products will be returned. But now, a year passed by, we have not got the GST refund. This affected our cash flow.

7.3.2.7. Overall Constraints

Business owner 2 pointed out that the main constraints when he started building up business were threefold -- lack of capital, lack of skilled employees and selecting right premises. There are two main challenges in his industry at this stage: one is management problem, how to manage an enterprise from traditional marketing to network marketing, and how to combine business with website, namely from offline to online. The other is the research and development of products, how to develop and launch new products to meet the demand of customers. —Entrepreneurs are the hardest in all the groups of professions. You have to be prepared mentally if you want to build up a successful enterprises. As the old saying: it is easy to start a business but difficult to operate it”.

7.3.2.8. External Support

Business owner 2 said: “I got lots of support from my family members when opening a firm, they supported me with funds and ideas. To be specific, my brothers and my wife came here to help me, it can be said that my business is a family business. Other external supports he received to develop business included three aspects: finance, management and marketing. Specifically, when he faces lack of finance, his suppliers

sell on credit permitting him in arrears (trade credit), which relieves his financial pressures. With regard to marketing, his friends introduced customers to him and helped him to expand market. As to management skills, the suppliers and other entrepreneurs communicated with him and gave him lot of valuable suggestions. In terms of legal, technical training and product development, he has not received any support from outside.

7.3.3. Main Contributions

The enterprise built by business owner 2 is textile trade. It was started in 2003 and has 29 workers now who all are Malay and permanent. He created own brand of scarf. The goods produced are exported to Thailand, Indonesia and Brunei. During the last 14 years his enterprise has seen export-led growth, as well as it appears to have helped pay significant tax on revenue. The business owner originally came to Malaysia from China with capital and skills. Since then, business owner 2 has also invested in production equipment, house and land in Malaysia, which enhanced inward micro FDI in Malaysia. More importantly, immigrant entrepreneur 2 also spurred global linkage in production, sale, innovation (new styles in fashion) and culture through import and export activities (e.g: exported to Thailand, Indonesia and Brunei).

7.3.4. Policy Measures

In terms of government policy measures, to be specific, incubator program support, training support for entrepreneurs or employees to promote necessary knowledge and skills, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives, business owner 2 made it clear that he has not obtained any support from Malaysian government.. He said, ~~We~~ We have provided

employees with training by paying fee and have not received any support from Malaysian government agencies so far.”

With regard to the main differences between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy in Malaysia, business owner 2 said:

As far as I know from newspapers and magazines, there are a great deal of support for the local entrepreneurs from Malaysian government. For example, government helps them promote products overseas, holds exhibitions, offers subsidies, as well as provides loans and technical assistance including product design and product analysis. But all of these supports are provided to immigrant Chinese entrepreneurs.

As for the policy support he hoped that the government could provide help to overcome the constraints. According to him, the visa policy that foreign entrepreneurs is given two years of visa at a time, can be expanded to five years at a time, to help businesses. The other thing he suggested is to give preferential treatment in visa fee and taxation for their SMEs. “Maybe these treatments have already been given to big enterprises, but, after all, the SMEs are predominant in Malaysia, so providing SMEs with favorable conditions is more likely to promote economic development.” He maintained that the marketing information, training and financial support are very significant for entrepreneurs. If the Malaysian government is able to offer support in these areas, it is likely to make a positive difference.

7.3.5. Summary of Case 2

Business owner 2 is a male entrepreneur, a graduate, living in Kuala Lumpur for 15 years with his parents. His firm was founded in 2003 in textile industry, employing 29 Malays. He emphasized that traits such as innovative ability, risk-taking, decisiveness, clear vision and being sociable have far-reaching impacts on entrepreneurs. Apart from these traits, persistence and hard-working are extremely important for entrepreneurship. These skills are acquired from previous jobs and schools. He indicated that he face

constraints with human capital, including unskilled labor, low education level, insufficient management capability; and the constraints of lack of understanding of e-commerce, low technology, low productivity and quality output. He does use social media, Facebook, Whatsapp and Wechat. Business owner's background is not related with his business. He has gained some experience and work ethics, from his parents doing business in another industry.

Business owner 2 stressed that he faced other hindrances such bureaucratic problems or regulatory burdens, the issue of GST, lack of financial support (i.e. cash flow problem, increased cost and low profitability), competition and lack of social networks in the start-up period. Self-funding is the main source of capital. At present main challenges faced by him include management problem and research and development of products. When he started building up business, the main challenges faced include lack of capital, lack of employees and selecting right premises. With regards to external support, he has not obtained any aid from Malaysian government. Other external supports are mainly from his family members with funds and ideas. He has received support in three areas: finances, management and marketing. In terms of legal, technical training and product development, he has not received any aids from outside sources.

Business 2 has created 29 jobs for Malays, and it contributed to product innovation, tax payment, export-led growth, FDI and global networks. With respect to government policy measures such as incubator program support, training support, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives, business owner 2 indicated that he has not received any support from Malaysian government agencies. He suggested that the government could provide help to overcome the constraints by efficient visa approval, some taxation exemption and

creating favorable conditions for immigrant owned SMEs. In addition, he suggested that government should provide support in the areas of marketing information, training and financial.

7.4. Case Study 3

7.4.1. Demographic Profiles and Personal Traits

Business owner 9 is a male entrepreneur, 34 years old, holding an undergraduate degree, married, with 3 children. He is running a travel agency. He has resided in Kuala Lumpur for 15 years. His business was established in 2012. According to business owner 9, personal characteristics such as innovative, decisiveness and sociable are quite important for an entrepreneur. He further said that the competition is pretty intense in tourism sector of Malaysia, the differentiation of products and services are more likely to attract more new clients. This is only possible by entrepreneurs with innovation capability in products and services. Additionally, ~~an~~ excellent entrepreneur entails high level of managerial skills and the ability to make a quick decision when business opportunity arises, otherwise, you will suffer great loss.” According to Business owner 9, ~~sociability~~ is fairly important, particularly in the early stage of starting business, good social skills may bring in prospective new customers more and determine the speed of growth of a business to some extent.” Apart from these traits, high managerial skills are critical for enterprises growth. These skills are learned from previous jobs and from others.

7.4.2. Main Constraints

7.4.2.1. Low Human Capital

Business owner 9 said that ~~the~~ unskilled labor has been our main problem in terms of low human capital, it is difficult to recruit high-skilled talents with rich experience and

knowledge in marketing. With reference to education level and language, our employees are well-educated with undergraduate degree or above and language is not a barrier. Lack of managerial skills is not evident in the early stage since the number of our customers is small while it is obvious now, the number of our customers has reached 30,000 per year, the issue of staff management is a problem.”

Business owner 9 does not face the hindrances of ICT skills or e-commerce. However, he added that the business is facing challenge of innovation in the whole process. “For example, product development such as development of new travel route and development of new places of interest. When we identify a new place of interest we have to calculate cost, after that, we’ll think about the preferences and tastes of Chinese tourists, then find a way to control cost.” He added “in our tourism, quality output mainly refers to quality services. I suppose that we have the problem of low quality output in my firm. For example, our partners, more than 200 drivers, provide services for our customers, the quality of their services could not be consistently supervised, we can only get feedback from our customers, but these customers would leave once finishing the tours and they are not likely to keep in touch with us all the time. Thereby the quality outcome might not have been a satisfactory result.”

7.4.2.2. Experiences

Business owner 9 stated that his education background is linguistics that is not related to his business. His first job was a tour guide and interpreter and he worked in tourism before starting business. He attended university in Malaysia and his part-time job was a tour guide. He had more than ten years of experiences in relevant field since he engaged in tourism when he was a student. These experiences helped him and laid the foundation for starting his business.

7.4.2.3. Financial Support

Business owner 9 has not faced the constraint of lack of financial support. He raised capital on his own in the early stage but now in growth period, he has raised funding in the form of shares from new shareholders. The business faced the constraint of increased cost and low profitability. –The depreciation of Malaysian Ringgit and the introduction of GST enhanced the cost of running business, thus reducing profits. This led us to increase the price of our products. When we quote the price of our tour we would explain the reason of high prices in hope of their understanding or we continue keeping low profitability.”

7.4.2.4. Competitiveness

Business owner 9 faced some problems due to competition locally, but the problem is not serious. –We avoid conflicts with other competitors by catering to upstream markets, that is, we adopted a differentiation strategy. We didn’t have the constraint of lack of market information to compete locally over the past five years. But now we are facing the problem as we do not know new resorts or we do not know new developed places of interests. This causes the problem of lack of our products. Furthermore, we have faced the barrier of competing in the local market due to lack of experiences. For example, owing to the dearth of experiences, we don’t know how to control cost and what the operation procedure of our tour and so on. Learning from professionals in the field and senior peers within same industry or developing new products that others competitors don’t have are our solutions to the problem.”

7.4.2.5. Lack of Social Networks

Business owner 9 indicated that he has not faced the constraint of lack of social network and online connectivity either in start-up period or in growth period. He employed social media to network, Facebook, for example. Wechat is very popular with Chinese and it is more convenient, low cost and faster speed of transmission than mainstream

media such as television. These social media facilitate communication with his customers and publicize his firm's products.

7.4.2.6. Government Regulations & Policies

Business owner 9 face the constraint of lack of government assistance. "In term of funding, we did not need government support, but in terms of visa, we do need the support of government. My firm has a project that is aimed at Chinese, we have submitted the application of the project to Malaysian government and are waiting for the approval. Specifically, during the winter in China it is spring festival there, we do hope that the government can implement a policy of three month visa at a time for Chinese during spring festivals in China. Lots of Chinese would like to visit Malaysia during this period as the weather is really nice here." As for the regulatory burdens, government should relax inspection requirements for tour buses and checking passport of each tourist to avoid unnecessary delays and burden on the businesses. Other problems related to government policy are various taxes such as hotel tax and ocean protection tax. "These taxation have definitely increased our cost".

7.4.2.7. Overall constraints

Business owner 9 identified the main challenges in this sector including: new products development including tourist route development, and lack of labor forces with technical skills and language proficiency. "If we recruit workers with technical skills from China, they lack language fluency, if we recruit labor forces from the local, they lack technical skills. The talents with both these skills are difficulty to find." How to expand markets is the main challenge when we started building up the business. The following factors are important to develop a successful enterprise: 1) knowing the markets; 2) knowing about products; 3) building teams.

7.4.2.8. External Support

Business owner 9 said: “external support when I decided to become an entrepreneur is mainly from my friends who helped me expand markets and from my family who helped me with finances and some suggestions for market expansion and product development.” He continued:

As to the legal aspect, the Tourist Department of Malaysia offered training on law related to tourism. For marketing, a lot of my friends helped to promote our products in China. For management and technical training, our peers in other travel agencies offered us training in the early period. For product development, government gave us some assistance by helping us develop tourist routes and other policy support. Besides that, our partner hotels gave us preferential prices. As to the financial aspect, we don't get external support.

7.4.3. Main Contributions

Business 9 was established in 2012. It has 27 permanent employees. The market of travel agency mainly focuses on China market. Service exports are its primary businesses. That is, his enterprise has been contributing to driving exports in Malaysia. It also paid significant amount of taxation. In addition, the travel agency promotes cooperation and cultural exchanges between Malay and Chinese through tours. The establishment of tour agency involves commitment of capital to rent office space and buy office equipment, and acquire knowledge in management and marketing (micro FDI). For instance, e-commerce and network marketing of China are far more advanced than that of Malaysia and Business owner 9 has drawn from that to build e-commerce and network marketing.

7.4.4. Policy Measures

In terms of government policy measures, especially, incubator program support, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives, business owner 9 highlighted that he has not obtained any such support from Malaysian government. He received only training support from the government. “We need to get licenses from Tourism Department of Malaysia before starting a travel firm. We must accept training in order to get the license issued by

government agency. We benefited from the training for employees in enhancing knowledge and skills.”

Business owner 9 claimed that there are definite differences between immigrant Chinese entrepreneurs and local entrepreneurs. A case in this point is that the enterprise owned by foreigners must sell a part of shares to the local entrepreneurs. Only with the local shareholders, a foreigner is allowed to open an enterprise. By contrast, the local do not have such restrictions.”

The policy supports that he identified where the government could provide help to overcome some constraints faced by immigrant owned businesses are following: tax, visa and the simplification of bureaucratic procedure. “In my opinion, Malaysian government can support us through tax reduction, and faster visa approval.” Apart from that, he feels that, if government can provide support such as expertise support on market information and legal support, that is likely to make a positive difference in his sector.

Furthermore, Business owner 9 observed: “Immigrant Chinese entrepreneurs bring in , of management skills and operating knowledge, financial knowledge and marketing knowledge, that they learned in China. The knowledge learned in China can only help in the early stage of business development, but in growth period, these immigrant Chinese may suffer from a number of constraints which they can solve only by learning from others locally”.

7.4.5. Summary of Case 3

Business owner 9 is a male entrepreneur, holds undergraduate degree, and has been operating a travel agency since 2012. According to him, personal characteristics such as innovative, decisiveness and sociable are quite important for an entrepreneur. These skills are learned from previous jobs and from others. His education background is not related to his business. His first job was a tour guide and interpreter and he worked in tourism before starting business. He had more than ten years of experiences in his field. The experiences gave him confidence for starting business.

The main contribution made by business owner 9 included job creation, advanced experiences in e-commerce, taxation and export-led growth, promoting cooperation and cultural exchanges between Malay and Chinese.

The main constraints he faced include low human capital (the unskilled labors), lack of managerial skills (e.g. staff management), lack of innovation of product development, the problem of low quality output (i.e. low service quality), increased cost and low profitability, the barrier of competing in the local market due to lack of experience. The main hurdles faced by business owner 9 in current period are new product development including tourist route development, and lack of labor forces with right technical skills and language proficiency. How to expand the market share is the main obstacle when started building up business. The regulatory burdens from Malaysian government affect adversely his business. Other problem related to government policy on various taxes such as hotel tax and ocean protection tax.

In the term of external support, he received help from his friends and his family. In addition, he obtained external supports in legal, marketing, management and technical training, product development from Tourist Department of Malaysia, his friends in

China, his peers in other travel agencies. He has not received any help in financial aspect. In terms of government policy measures, especially, incubator program support, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives, business owner 9 has not obtained any support from Malaysian government. But he got training support from the government.

He does not face the constraints of ICT skills or e-commerce, lack of financial support, lack of market information to compete locally, lack of social network and online connectivity. He employed social media to network such as Facebook and Wechat.

7.5. Synthesis of Case Studies Analysis

7.5.1. Demographic Profiles and Personal Traits

The three Chinese immigrant entrepreneurs in case study are all male, with them being between 30 and 45 years old. Their duration of stay in Kuala Lumpur is 6 years, 15 years and 15 years, respectively. Two of them are postgraduate, the other is an undergraduate. They are all married with children. Their firms have already in operation for 14 years, 5 years and 5 years, respectively. The sector of operation of the three firms is textile industry, travel agency and catering sector, respectively. They employ 27, 27 and 10 respectively. In response to the question what is important personal trait for an entrepreneur, three participants indicated that innovative ability is important, two of them felt decisiveness and sociable are important. In addition, risk-taking and clear vision, networking, perseverance, persistence, hard-working, language skills, and high management skills are considered as critical for enterprises growth. These skills are learned from previous jobs and other people.

7.5.2. Main Constraints

Table 7.1: Constraints of Human Capital

Constraint of human capital	Participant 2(P2)	Participant 6(P6)	Participant 9(P9)
Constraint of low human capital	√	√	√
Constraint of management capability	√	√	√
Constraint of lack of e-commerce/related to ICT skills	√	×	×
Constraint of low technology and innovation	√	√	√
Constraint of low productivity and quality output	√	√	√

Note: –√”: face the constraint; –×”: don not face the constraint

The three participants (P2, P6, P9) all faced the constraint of low human capital such as unskilled labor, P6 indicated that they indeed faced the language barriers but its effects on his firm is decreasing while P2 and P9 claimed that they have not faced this constraint because all workers of P2 are Malay and all employees of P9 hold undergraduate’s degree or above (see Table 7.1). All of them faced the constraints of management capability, technology and innovation and low productivity and quality output. With regards to the constraint of lack of e-commerce/related to ICT skills, only P2 have this problem, because it is an older firm (more than ten years older than P6 and P9), and young firms are more likely to accept new technology and master it than the older firms.

Table 7.2: Financial Issues and Competitiveness

		Participant 2 (P2)	Participant 6(P6)	Participant 9(P9)
Financial issues	The constraint of lack of financial support	√	√	×
	Cash flow problem or the issue of increased cost or low profitability	√	√	√
Competitiveness	Local or international market	International	local	International
	The problem in entering the local market	√	√	√
	The constraint of lack of market information	×	√	√
	Problem of competing in the local market due to lack of experience and technical skills	√	√	√

Note: –√”: face the constraint; –×”: don not face the constraint

Table 7.3: Solutions to These Problems

		Participant 2	Participant 6	Participant 9
Source of funding		Self-finance	Self-finance	Self-finance
Solution	Cash flow problem or the issue of increased cost or low profitability	Avoiding unnecessary expenses, controlling cost, reducing inventory level and exiting markets with high debt ratios.	Enhancing the price of products	Retaining low profitability
	The problem in entering the local market	Innovation; high quality products and services.	Improving product qualities; to boost expenditure in advertisement	Adopted a differentiation strategy
	Problem of competing in the local market due to lack of experience and technical skills	Learning continuously from the past experiences and failures	Continuous learning from his peers within same industry; seeking suggestions from his relatives and friends; engaging professionals	Learning from professionals in the field and senior peers within same industry or developing new products

Overall, all three business owners face constraints of finances and competitiveness in the process of running business (see Table 7.2.) These are: cash flow problem or the issue of increased cost or low profitability, problem in entering the local market and problem of competing in the local market due to lack of experience and technical skills.

The three business owners had different coping methods to overcome these constraints. In terms of solution to increased cost and low profitability, Business 2 took measures involving reducing unnecessary expenses, controlling cost, reducing inventory level and exiting markets with high debt ratios; Business 6 has increased the price of products; and Business 9 retained low profitability. In term of problem in entering the local market, except participant 2 employed strategy of innovation, participant 6 boosted investment in advertisement, participant 2 and participant 6 improved product quality, and participant 9 adopted a differentiation strategy. In addition, all of them tackled problem of competing in the local market due to lack of experience and technical skills, by learning continuously from the past experiences and failures, from peers within same industry or professionals in the filed (see Table 7.3).

Table 7.4: Lack of network and Government regulations and polices

		Participant 2	Participant 6	Participant 9
Lack of network	The constraint of lack of social networks	√	√	×
	The problem in online connectivity/network	×	×	×
	Whether use social media to network	√	√	√
Government regulations and policies	The constraint of lack of government assistance	√	√	√
	High level of bureaucratic problems or regulatory burdens	√	√	√
	Other problems related to government policy	The issue related to GST	problem of work visa	Various taxes, hotel tax and ocean protection tax

Note: "√": face the constraint; "×": don not face the constraint

Participant 2 and participant 6 did face the constraint of lack of social networks while participant 9 did not face this constraint (see Table 7.4). All of three use social media to network. All three faced the constraint of lack of government assistance and suffered bureaucratic problems or regulatory burdens such as tax and visa problems. None of them received assistance from government.

Table 7.5: Overall Constraints

Overall constraints	Participant 2 (P2)	Participant 6(P6)	Participant 9(P9)
Main constraints you are facing in operating your business	Management problem; R&D of products	Rising operational cost; decrease in profits; lack of innovation of product and business model.	New products development; lack of talents with technical skills and language proficiency.
Main constraints when you started building up your business	Lack of capital, lack of employees and selecting right premises	How to expand market share and attract clients	How to expand market
Some recommendations for other entrepreneurs	You have to be fully prepared mentally	Do not casually enter into a certain industry unless you have good experiences	1) knowing about markets 2)knowing about products 3) building teams.

Although the main challenges they are facing in operating business in their sectors are fairly different such as improving management problem for P2, rising operational cost and decreasing in profits for P6, lack of talents with technical skills and language proficiency for P9, they all face a common challenge, that is, R&D of products. One common challenge for P6 and P9 when they start building up business is how to expand market; for P2, the primary challenges when building up business included lack of capital, lack of employees and selecting right premises.

Some recommendations gave by the three Chinese immigrant entrepreneurs for other

entrepreneurs to assist them in maintaining successful enterprises are provided in Table 7.5.

Table 7.6: External support (1)

Participant	Family	Friend	Community or neighbors	How did they support you
P2	√	×	×	Funds and ideas
P6	√	×	×	Funding
P9	√	√	×	My friends helped me expand markets and my family helped me with finances and some suggestions on market expansion and product development

Note: √: get support; ×: do not get support

From Table 7.6 it is clear that the three participants all received external supports from their families when they decided to become an entrepreneur (see Table 7.6). Specifically, their families provided them with funding and suggestions. From Table 7.6, it is clear the three participants did not receive of assistance from outside family and friends.

Table 7.7: External support (2)

Participant	Financial	Legal	Marketing	Management	Technical training	Product development	Others
P2	√	×	√	√	×	×	×
P6	√	×	√	√	√	√	×
P9	√	√	√	√	√	√	×

Note: √: get support; ×: do not get support

In terms of marketing and management, all of three received external support from friends in expanding markets. They used following sources: marketing companies, the suppliers and other entrepreneurs who gave lots of valuable suggestions in management skills and peers in same industry who offered management training (see Table 7.7). With reference to financial aspect, they all received external supports from family or suppliers on credit. With regard to technical training and product development, P6 and P9 received aids from friends or peers in same industry or government, in comparison with P2 who did not receive any external support. Only P9 acquired legal training from the Tourism Department of Malaysia.

It is clear that Chinese immigrant entrepreneurs received least support in legal area and they lack external support.

7.5.3. Main contribution

Table 7.8: Main Contribution

participant	Services and products	employment	innovation	export	diversity	tax	FDI	Global linkage/network	others
P2	textile trade(scarf)	29	√	√	√	√	√	√	
P6	Catering industry (Chinese hotpots)	10	√	×	√	√	√	√	
P9	Travel agency	27	√	√	√	√	√	√	folk cooperation and cultural exchanges; advanced experiences in e-commerce

The enterprises owned by the three entrepreneurs included textile firm that produces scarfs and clothing, catering firm that offers Chinese hotpot and travel agency that provides tour services.

Major contributions by immigrant entrepreneurs to host country are employment, export, innovation, diversity of products services, people cooperation and cultural exchanges and advanced experiences in e-commerce. They 29, 10 and 27 jobs respectively. The contribution of innovation lies in product innovation -- clothing and scarf innovation, food innovation and tour product/ route innovation. Both P2 and P6 promote export. Textiles are exported to Thailand, Indonesia and Brunei as well as tour services are exported to China. Beyond that, they created diversity of products and services and global network. The enterprise owned by P9 stimulates people cooperation and cultural exchanges through tourism and brings about advanced experiences in e-commerce. All the 3 cases can be considered as inflow of micro FDI (see Table 7.8).

7.5.4. Policy Measures

Table 7.9: Policy Measure(1)

Participant	Incubator program support	Training support	Funding support	Technology And innovation	Legal and regulatory reform	Market access	infrastructure	Tax incentives	others
P2	×	×	×	×	×	×	×	×	×
P6	×	×	×	×	×	×	×	×	×
P9	×	√	×	×	×	×	×	×	×

Note: -√: get support; -×: do not get support

In terms of government policy measures such as incubator program support, training support for entrepreneurs or employees to enhance knowledge and skills, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives, none of the three participants received any supports from Malaysian government agencies. The only exception is training offered by the Tourism Department of Malaysia to the employees of participant 9 which helped to obtain license. Self-financing is the main funding source to start up business for all three participants (see Table 7.9).

Table 7.10: Policy Measure (2)

participant	Main difference between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy support in Malaysia	What are the policy support the government could provide to help to overcome the constraints and challenges
P2	1) Promote products overseas 2)hold an exhibition 3)offer subsidies 4) as well as provides loans and technical assistance	1)The issue of visa period 2)preferential treatment in visa fee and taxation for SMEs.
P6	1) Work visa 2) tax revenues 3) registered capitals	1)Streamlining bureaucratic procedure (e.g. the issue of visa); 2) establishing a dedicated instruction agency catering to immigrant entrepreneurs.
P9	Different shareholder system	1)tax, 2)visa, 3)the simplification of procedure of bureaucracy

With respect to main differences between immigrant Chinese entrepreneurs and local entrepreneurs in terms of government policy in Malaysia, number of differences are identified. There is great deal of support for the local entrepreneurs from Malaysian governments such as 1) promoting products overseas 2) holding s 3) offering subsidies 4) as well as providing loans and technical assistance that including product design and product analysis. But these are not available for immigrant Chinese entrepreneurs (see Table 7.10).

In contrast, they faced number of problems due to bureaucratic procedures and regulations: application of work visa is difficult, the requirements and standards (i.e. licenses) of opening business for immigrant entrepreneurs are higher than local entrepreneurs such as paying tax revenues more when running business and more registered capital when starting business. In addition, there is different shareholding (ownership) system between immigrant entrepreneurs and local entrepreneurs. For example, only with the local shareholder, a foreigner is allowed to open an enterprise.

To overcome these constraints, the general consensus is that the Malaysian government should consider policy changes in three areas -- tax, visa and procedure of bureaucracy. To be specific, they feel that Malaysian government should extend visa period and giving preferential treatment in visa fee and taxation for SMEs. That is, the government should issue five years visa instead of two years of visa at a time, and simplified administrative procedures, and establish a dedicated agency for immigrant owned SMEs.

Table 7.11: Policy Measure (3)

participant	Market information	training	Legal support	Financial support	infrastructure	Expertise support	others
P2	4	4	2	4	1	2	-
P6	4	4	2	2	2	4	Visa
P9	3	1	3	2	1	4	-

Table 7.11 shows that market information and training are considered as two factors that are most important for business owner 2 and business owner 6, meanwhile, expert support is regarded as the foremost element for business owner 6 and business owner 9. This suggest that if the government can formulate and implement relevant policies to support Chinese immigrant entrepreneurs in the three areas -- market information, training and expertise support, this is likely to help them grow and develop their business.

7.6. Chapter Summary

This chapter provided analysis of three case studies -- business 2, business 6 and business 9, to complement the data analyses in previous chapters (4, 5, 6). The Chinese immigrant entrepreneurs involved in the case studies are all male aged from 30 to 45 years, and well-educated, with at least holding undergraduate degrees. The firms are operating at least 5 years in textile industry, travel agency and catering sector, respectively.

In terms of main contribution of the three case businesses, they provided a wide variety of products and services (e.g. scarfs and clothing, Chinese food, tour services), and contributed to employment, export, innovation, FDI and global linkages in production, sales, innovation, cultural exchange and advanced experiences in e-commerce as well as paying tax. The numbers of job created are between 10 and 27. Innovative ability, decisiveness and sociable are considered as most important personal traits for an entrepreneur, in comparison with risk-taking, clear vision and networking.

In terms of main constraints and challenges, all three participants faced low human capital such as unskilled labor, lack of management capability, lack technology and innovation, low productivity and quality output, and access to external finances. They also face the constraint of lack of social networks even though all of three did not face the problem in online connectivity/network and all of them use social media to network. None of them received the assistance from government, and all three faced bureaucratic problems or regulatory burdens. Other problems related to government policy primarily involve the issues of tax and visa.

In terms of government policy measure, the three entrepreneurs didn't receive any support in incubator program support, training support for entrepreneurs or employees to promote necessary knowledge and skills, funding support, technology and innovation, legal and regulatory reform, market access, infrastructure and tax incentives.

To overcome the constraints both in start-up period and operation period, the case businesses suggested that Malaysian government should come up with policy support in three areas: tax, visa and procedure of bureaucracy.

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Chapter 8

Conclusions and Recommendations

The primary purpose of this study was to identify the constraints and challenges that impeded the growth and development of SMEs owned by Chinese immigrants in Malaysia, to explore their economic and social contributions to the host country and to come up with recommendations for policy measures by Malaysian government agencies. It used a qualitative (exploratory and interpretive) approach and investigated four research questions by conducting interviews with 15 participants. The research questions are as follows: 1. What are the demographic profiles and personal traits of Chinese immigrant entrepreneurs in Malaysian SME sector? 2. What are the main constraints and challenges faced by Chinese immigrant entrepreneurs in the Malaysian SME sector? 3. What are the main contributions made by Chinese immigrant entrepreneurs to the economy in Malaysia? 4. What are the policy measures the government could take to help the immigrant Chinese entrepreneurs to overcome the constraints and challenges they are facing currently and help to grow their businesses?

The data analyzed provided the following findings:

Male entrepreneurs are predominant among the Chinese immigrant entrepreneurs, (73.3%). The age of most Chinese immigrant entrepreneurs was in the group of 30-50 years old (86.7%) and most of them are married (86.7%). Besides, the level of education above diploma represented 86.7%. Among various personal traits --“Innovative” is viewed as the most important by the business owners, followed by sociable and decisiveness. The finding on personal traits in the study partly agrees with past research. Entrepreneurial orientation, consisting of three personal traits -- risk-taking, innovation

and pro-activeness, has a significant positive effect on business performance (Tajudin et al., 2014; Tang et al. 2007; Gurbuz and Aykol 2009). In the study, 80 percent of Chinese immigrant entrepreneurs argued that innovative is the most important personal characteristic for an entrepreneur while 26.7 percent of them hold that risk taking is important personality.

Literature revealed that past experiences in business help entrepreneurs operate their business more successful (eg. Naqvi, 2011; Saleem, 2017). Agbim et al. (2014) also demonstrated that prior experience in business have been regarded as success factors for small firms. Mohamad-Azahari and Joni-Tamkin (2013) also reported that compared to inexperienced entrepreneurs, business owners with prior work experience tend to be more successful in operating business. Apart from that, Kumar (2011) demonstrated that professional work experience prior to starting businesses had a significant role in entrepreneurial success in the United States by studying Indian American entrepreneurs. Out of 15 Chinese immigrant entrepreneurs in sample, although only 6 have experience in same industry before starting their businesses, 11 entrepreneurs have more or less experiences either in same industry as their business or in different industries, which shows that prior experiences do play a indispensable role in entrepreneurial activities whether these experiences are from same industry or not and that the role of experiences from same industry in business operation was not so important as expected.

The main contributions made by Chinese immigrant entrepreneurs are in following four aspects: product and services, employment, technology and innovation, and export. The product and services provided by them include property, manufactured products such as textile (e.g. Cloths, clothing and scarf), electronic products, birds' nest, and services such as tour services, information advisory services and language training. The have

created sizeable number of jobs (total 317, average 21). They also made significant contribution to technology and innovation in areas such as innovation of marketing strategy (e-commerce), product diversification, innovative tour services, new brand creation, as well as technology development. In addition, two thirds of them (9 businesses) exported their products and services to international markets, including China, America, Canada, Thailand, Indonesia and Brunei, Myanmar, Pakistan and Bangladesh, Middle East and Australia.

The findings show that these entrepreneurs face constraints at two levels: at general level they face a number of constraints and some of them are not too different from other SME entrepreneurs in Malaysia; at a specific level they face number of constraints which are particularly affecting them which need special attention of the policy makers.

The overall constraints they are currently facing include: 1) management problem such as team building such as looking for good partners and recruiting right employees; 2) product updates and renewal; 3) the problem related to marketing and marketing resources; 4) lack of access to finance in growth stage; 4) low profits and high cost; 5) lack of innovation; 6) the difficulty in recruiting skilled workers; 7) lack of social networks (particularly when dealing with government agencies); 5) adapting to local culture, custom and habits; 6) language barriers; 7) selecting right premises; and 8) lack of social networks.

With regards to external support, a majority of Chinese immigrant entrepreneurs received external assistance from their family and friends, and from peers in same industry. The assistance was given in the form of funds, advice, ideas, suggestion and experiences. Additionally, in terms of marketing, financial and legal, most respondents

received external support. This helped product development, management and technical training.

Most respondents felt high level of bureaucratic problems or regulatory burdens including: policy on loan, visa, tax and other business policies in general which are constantly changing; lack of familiarity with Malaysian government policies and inadequate dissemination of government policies.

The study came up with findings on major/ specific constraints faced by Chinese immigrant entrepreneurs which include: language barrier, financial constraint, lack of policy assistance, tax and visa constraints, and lack of fair and transparent business environment.

From our findings, out of 15 Chinese immigrant business owners, 14 entrepreneurs (93.3%) said that they faced constraints related to human capital, specifically 11 out of these 14 entrepreneurs identified the language barriers as a major issue. Limited language skills were regarded as the most common hindrances in the literature on immigration entrepreneurship. Poor language capabilities led to ineffective communication, which is likely to influence negatively the operation and development of enterprises. Moreover, it tends to cause other obstacles such as financial issues, management issues, marketing issues and inability to deal with government agencies effectively.

Of the total, 73% of participants emphasized that they faced problems due to lack of financial support. 93.3% of respondents identified self-financing as the main source of funding when they were in the start-up phase. The finding is in line with the result of Fatoki (2014) who showed that the major sources of finance for immigrant entrepreneurs at the start-up phase are business owners' contribution, family and

friends. This means the overwhelmingly majority of Chinese immigrant business owners lack external financial supports either from government or other external sources. The finding is in accordance with that of previous researchers such as Khosa and Kalitanyi (2014) that have shown that access to financial capital remains one of the remarkable constraints in developing entrepreneurship in general. What is worrying is the lack of access to finance for immigrant entrepreneurs at the growth stage where these business have established considerable business record and they can't rely on friends and families to get financing as capital requirement at this stage is quite high which can be met only by banks and financial market.

The study revealed that no one among the respondents received any support of incubator program, funding, infrastructure and tax incentive, and only one obtained government support through legal and market regulatory reform. No one secured support in technology and innovation except one participant. Based on the literature on government policy on foreign investment and SMEs reviewed in Chapter 2, we found that these programs in the term of incubator, funding, training, infrastructure, tax incentive, legal and market regulatory reform, technology and innovation are available only to local entrepreneurs, and even many policy measures are only open to Bumiputera entrepreneurs. Very few initiatives and programs are aimed at immigrant entrepreneurs in Malaysia. Accordingly, to attract and promote more foreign investors into Malaysia, Malaysian government may set about formulating policy measures to address these issues. Furthermore, the respondents identified that if Malaysian government can provide policy supports such as marketing information, expertise support and training, that will have significantly positive effects on their Chinese immigrant businesses.

The constraints related to tax and visa have been important for the immigrant entrepreneurs. In the study, 8 respondents highlighted the problem of tax and/or visa

affecting business operations. They claimed that foreign entrepreneurs are given two years of visa at a time, but it would be better if the term can be increased to five years at a time. Besides, it is also felt that government should give preferential treatment in visa fee and taxation for SMEs, as they are doing in the case of big enterprises, visa procedures should be much easier and faster in the future. In terms of lessening tax constraints, respondents for this study suggested that Malaysian government should consider supporting them in ways of tax reduction and exemption.

In addition, the issue of lack of fair and transparent business environment surrounding immigrant entrepreneurship was raised. It is felt that unfair and opacity of the policy have significantly adverse effects on the real immigrant entrepreneurs. He further stressed that government should provide a fair business environment to immigrant entrepreneurs.

8.1. Recommendations for policy

The literature review and the findings of the current study underpinned compelling argument that enterprises started by immigrant entrepreneurs are significant contributors of employment and economic growth in Malaysia and other countries. Immigrant entrepreneurs have a noticeable advantage in taking advantage of transnational ties or international markets especially the market in their country of origin because they are more familiar with their home country than host countries, and the understanding and familiarity of markets of home country further spur the export of products and services. In spite of this, immigrant entrepreneurs still faced many adverse factors in the process of survival and expansion. As mentioned, according to SME Annual Report (2016/2017e), there are many SME programs funded by Malaysian government to assist SMEs in start-up and growth stages. These programs cover six areas: access to financing, innovation and technology adoption, human capital development, market

access, infrastructure as well as legal and regulatory environment. However, the findings of this study demonstrated that the overwhelming majority of Chinese immigrant entrepreneurs (93.3%) did not receive any policy support, let alone be aware of the existence of these resources. These entrepreneurs revealed the reasons why they did not know these programs: language barriers, lack of channels to learn these information and lack of time to gather information on their own. The finding is in line with the result from Rathford (2012), who maintained that it is likely that immigrant entrepreneurs are unaware of such services because of the following factors -- language barriers, isolation from mainstream information outlets or insufficient outreach.

The study makes following policy recommendations.

8.1.1. Establishing a dedicated Department

A dedicated department should be established by government to cater to immigrant entrepreneurs, thus creating an entrepreneurship-friendly environment and to address their specific problems. Recognizing the significant role of immigrant entrepreneurs, Bonner (2015) underscored that a network of cross-sector support services were developed in Philadelphia, America, aiming to help them create a healthy business environment. The dedicated agency have some affiliations, which are responsible for comprehensive information consulting services, mentoring, training and legal assistance so as to foster human capital, management skills, marketing skills and social networks with government and to enable favorable conditions for business establishment and development. Also, the agency can design a number of tailored business-support programs, which are not unusual across the world. Special information sheets are provided to major immigrant communities in Austria; Newcomer Center of Peel in Canadian Global Business Center offers course on business start-ups to new permanent

residents; Business Gateway's Ethnic Entrepreneurship Program launched in 2005 in the United Kingdom aimed at refugee and immigrant populations of Glasgow (Desiderio, 2014).

One of tasks of the department will be to organize outreach programs that inform immigrant entrepreneurs of the various services and resources that they can obtain. For instance, counseling about tax regulation, visa period and labor law, as well as legal advice including licensing and intellectual rights. As suggested by Meres (2016), these programs are designed to relay information related to immigrant entrepreneurs by ethnic media and by information seminars. Such programs play a critical role in disseminating information and policy measures benefiting business owners. Besides, local governments should formulate some initiatives to boost human capital, management skills, and marketing skills, such as Language Access Program that organize regularly Malay language training to alleviate the language barrier immigrants faced, Skill-enhancing Training Schemes that provide immigrant entrepreneurs with training on managerial capability, marketing knowledge, information and communication technology and financial literacy as well as networking building initiatives that can be done through business-to-business, business-to-potential suppliers or business-to-potential customers, business-to-community, business-to-associations connections. What's more, for beginners in entrepreneurial activities, the agency should also provide an introduction to the host country's business environment and culture and acquaint them with tailored information services such as administrative procedures, tax regulations, labor law as well as other related laws and policies.

The department will be in charge of publicizing, executing and implementing these programs, which may also be initiated by private sectors such as civil society

association, banks, private foundations and trust as well as research institutes, a partnership of private, public, nonprofit organizations, and education institutions. Targeted business-support programs for immigrant entrepreneurs are particularly common in developed countries such as United States and Canada.

8.1.2. Providing financial support

The third policy recommendation is to offer financial support to immigrant entrepreneurs, an area of economic policy that needs immediate attention. The immigrant entrepreneurs are less likely to be granted credit from official mainstream financial institutions in host country than local entrepreneurs. One of findings of the study showed that a large number of immigrant entrepreneurs are facing lack of financial assistance particularly at growth stage. Self-finance is the main source of enterprise funding for every entrepreneur in the sample at start up stage. A majority of the immigrant entrepreneurs in the study often obtained initial capitals from family, relatives or friends. They often encounter a number of significant obstacles, including language and cultural constraints, and lack of familiarity with the host country's banking system and limited credit history caused by information asymmetry between lenders and borrowers. The combination of these factors allow most immigrants to rely on personal savings, family or relative loans or credit cards instead of formal lending institutions when opening a new enterprise. But they need large financing at growth stage which is not possible to be met by family and friends.

To overcome the issue on lack of capital, it is worthwhile to consider the practices in developed countries. There are tailored measures to facilitate access to credit, Desiderio (2014) indicated that solutions in Spain and Netherlands such as provision of guarantees and quality-assurance certifications to enhance the creditworthiness of immigrant enterprises are helpful to reduce the risk of credit institution lending to immigrant

groups. Apart from that, dedicated local microcredit initiatives or community programs, notably in United States and Canada, as well as diversity training for financial institution officers are considered important. Other financing options include seed loans and programs that are suitable for start-ups until immigrant groups fulfill the requirement of local banks. Alternative source of funding is that of origin countries' credit institution opening a branch to host country, which assisted immigrant-owned firms in applying loans.

8.1.3. Simplifying the procedure of bureaucracy

In the previous study conducted by Saleh et al (2008), the author recommended that the government should, (1) offer more incentives for non-Bumiputra entrepreneurs, (2) abrogate bureaucracy in the conduct of government operations and abolish the bureaucratic procedures that cause low efficiency or inefficiency in government initiatives and projects, (4) avoid delivering incentives through lots of diverse agencies, (5) shrink bureaucracy and rationalize the number of agencies providing incentives/grants for small business. This study also revealed major problems posed by bureaucratic procedure. Hence, it strongly recommends simplifying the procedure of bureaucracy. Simple but effective policy regulations and interventions could help establish a liberal and orderly business environment, however, complex procedures and excessive interventions not only are time consuming and inefficiency, but also constrain and hinder business establishment and development.

Many participants in the study called for the streamlining of procedure of bureaucracy and for the reduction of business and income tax in the first two years of starting businesses, such as providing them with access to application of visa much easier and faster, expanding the term of visa at a time and preferential treatment in visa fee. The experiences and research from developed countries have also showed their importance.

For example, based on the study of enterprises owned by immigrants in Montreal, Canada, Pare and Maloumby-Baka (2015) recommend a practice of one-stop-shop service, which aimed to fully cater to the need of immigrant business owners.

8.2. Recommendations for future research

To have a holistic and comprehensive understanding of the entrepreneurial activities and development of SMEs owned by immigrant entrepreneurs in Malaysia, I argue that further investigation needs to be conducted in five areas.

First is to repeat the same study with participants from other ethnic groups such as Indian and Iranian immigrant entrepreneurs. As this study only reflects the experiences of Chinese immigrant entrepreneurs in Kuala Lumpur, there is a need for the investigation including the experiences of other ethnic groups.

Second recommendation is to conduct the same study in different regions or cities within Malaysia, such as Klang Valley or George Town where there are lots of Chinese, because the result may differ owing to the influence of environmental factors.

The third is to conduct the same study with participants in other areas of business, such as manufacturing sectors because the constraints and regulations for businesses in these sectors may be not the same as in services sectors.

Fourth, this is a qualitative study exploring the constraints faced by Chinese immigrant entrepreneurs. The sample in the study consisted of fifteen Chinese immigrant entrepreneurs in Kuala Lumpur, Malaysia. The small sample size was one of the limitations of this study, therefore, larger sample can be chosen in future study to improve the accuracy and credibility of the findings.

Finally, it will be useful to conduct same study with participants of identical gender. Entrepreneurs with same gender may have shared obstacles in entrepreneurial activity. The contributors and hindrances of enterprises could vary with gender of entrepreneurs.

8.3. Limitations of the Study

In this study, a small sample limited to the capital of Malaysia -- Kuala Lumpur, was used. This restricted robust generalization of the findings to the larger population. In addition, the sample of the study only confined to Chinese immigrant entrepreneurs, not involving other ethnic groups in Malaysia. Beyond that, the study mainly concentrated in service sectors, encompassing wholesale and retail, education industry, catering industry, tourism and property industry. It did not include other industry sectors. Furthermore, only qualitative and case study researches are used in the study. Another limitation is that different gender is explored, and the study using the participants of identical gender might lead to different findings.

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