

Knowledge Entrepreneur Exploring the Model in Malaysian Organizational Context

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Abstract

This paper proposed the model of the development of knowledge entrepreneur that can be used for the entrepreneurship development program in Malaysian organizational context. The entrepreneurship concept is based on a multi dimensional approach, which integrates personality trait, business skill, business processes and business environmental. The knowledge entrepreneur is an extension of the entrepreneurship concept. Knowledge entrepreneur begins in the recognition of the potential value of knowledge, a likely result organisational, and ends in the implementation of an innovation aimed at the realization of that added value. Knowledge entrepreneur describes the entrepreneur ability to respond to learning, to capitalize on an opportunity, and protect against a threat by adopting an innovation. In summary, a knowledge entrepreneur is a combination of people, know-how and technology which can be brought together and beneficially manages and understand how to establish, launch and manage a knowledge-based business. In order to develop more competitive and sustained entrepreneurs, entrepreneurs must equip themselves with competitive knowledge in the future. The competitive knowledge includes knowledge development, knowledge management, knowledge creation and intellectual capabilities. It also provides an inside into the understanding of the projective and the meaning of knowledge entrepreneurs.

Keywords Entrepreneurship, knowledge entrepreneur, innovation

INTRODUCTION

Rapid changes in technology, especially in computer and information technology have changed the economic pattern from industrial economics to knowledge-

based economy. Bohn (1994) stated that, as we move from the Industrial age into the Information age, knowledge is becoming an ever more central behind the competitive success of firms and even nations. Meanwhile, Marquardt (1996) has also indicates that to obtain and sustain a competitive advantage in this world, the companies should realize that they would have to evolve into a higher form of learning capability or to be able to learn better and faster from their success and failures, from within and from outside. The companies also need to continuously transform themselves into an organization where everyone, groups and individuals would quantum increase their adaptive and productive capabilities (knowledge). At present, an organization's competitive advantage depends highly on its knowledge: on what it knows, how it uses, what is known, and how fast it can know something new. It has replaced the previous strategic resources of land, labour and capital (Ruggles, 1997).

Knowledge has been discussed widely in the area of knowledge society (Drucker, 1992), knowledge worker (Drucker, 1997), knowledge economy (Kim W. Chan, Mauborgne & Renee; 1999, Butera; 2000; Rowolle; 2000, Leadbeater; 1998), knowledge business (Beck, 2000) and knowledge management (Fawzy Soliman & Keri Spooner; 2000; Maria; 2000, Thomas; Kellogg & Erickson, 2001; Blumentritt, Johnson, 1999). The knowledge entrepreneur is an extension of the entrepreneurship concept. The entrepreneurship concept is based on a multi dimensional approach, which integrates personality trait, business skill, business processes and business environmental (Kuratko & Walls, 1998). These elements form the basic requirement in entrepreneurship development programmes. In order to be more competitive and sustainable in the long term, entrepreneurs must equip themselves with knowledge on how to become knowledge entrepreneurs.

The knowledge entrepreneur concept is new, although entrepreneurship has been studied academically since at least Schumpeter in 1939 and, of course, practiced for much longer. Recently, research on the attributes of knowledge entrepreneurs has emerged (Carayannis & Formica 2006; Edvinsson 2002). Thomas (2003) discusses the knowledge entrepreneur and how a business can create, manage and profit from intellectual capital. Further, he adds that knowledge entrepreneurs can help companies to construct knowledge maps and formulate knowledge creation, management and exploitation policies. Knowledge entrepreneurs also need to have a more know-how that might have an application in a different context, understanding where to look other than in the usual places and the ability to sense that a particular area of knowledge may be relevant are important skills. Knowledge entrepreneurs are aware and creative individuals who ask first principles question about who might require what combination of information, knowledge and supports tools where, when and in which formats. He concludes that the knowledge entrepreneur needs to understand how to acquire, develop, package, share, manage and exploit information, knowledge and understand the related supporting tools. He also stated that helping and enabling others to use and how to apply effectively, communicate and share information and complex knowledge in ways that

assist comprehension and increase understanding. These will include creating, badge, protecting, managing and exploiting intellectual capital and best practice-based job in utilizing the supporting tools.

Knowledge entrepreneur is defined as the ability of an entrepreneur to recognise new or existing knowledge as valuable, and react to, or exploit it through innovation (McDonald, 2002). The term knowledge is used to emphasise the resource upon which the organization creates the advantage. The use of the term entrepreneurship is used to convey the heart of the entrepreneurship function, "getting things done" (Schumpeter, 1942). Knowledge entrepreneur begins in the recognition of the potential value of knowledge, a likely result organisational, and ends in the implementation of an innovation aimed at the realisation of that value. Knowledge is valuable to the organisational in the sense that Hayek (1945) described it, that it enables the holder of the knowledge to gain an advantage in the market. A competitive advantage can result from offering superior perceived value produced at an equal cost, equal perceived value at lower cost, or both higher value and lower cost relative to competitors (Hunt & Morgan, 1997).

Knowledge entrepreneur describes the entrepreneur ability to respond to learning, to capitalize on an opportunity, or protect against a threat by adopting an innovation. Successful adoption of innovation requires an organisational ability to manage the process within the organisation that deals with new or newly interpreted knowledge and under conditions of uncertainty and in the face of controversy, develop and initiate a plan of action to respond with goal-oriented organisational behavioural changes. Knowledge entrepreneurship connotes a "drive" to implement change, to accomplish this goal, to adopt an innovation. The proposed dimensions of knowledge entrepreneur include: environmental awareness, analytical skill and diligence, new project support, tolerance of mitigated risk, and communication.

In summary, a knowledge entrepreneur is a combination of people, know-how and which technology can be brought together and beneficially manages and understand how to establish, launch and manage a knowledge-based business. The first step in knowledge entrepreneur is that the organization is able to recognize intelligences as important through its awareness of its environment such as awareness facilities the organization's ability to notice change, and understand their impact.

ENTREPRENEURS DEVELOPMENT PROGRAMME IN MALAYSIA

The involvement of Bumiputera in commercial and industrial actively began after the Notional Economic Policy (NEP) was launched in 1970. Throughout the NEP programme from 1970 to 1990, the government had adopted inter-related programmes for this purpose. These included training, advisory assistance, credit facilities, a scheme of preference for contractors and suppliers among the Bumiputera and reservation of share capitals in trust for them. The NEP has set as its target the ownership and management by Bumiputera at

least 30% of commercial and industrial activities by 1990. Through the Second Malaysia Plan (1970 - 1975), Third Malaysia Plan (1976 - 1980), Fourth Malaysia Plan (1981 - 1985) and Fifth Malaysia Plan (1986 - 1990), the government had established various government or semi-government departments to conduct special programmes through direct participation in private sector activities.

Technical and advisory services,, including consultancies, are provided by *Majlis Amanah Rakyat* (MARA) under the entrepreneurial development programme. MARA, the National Productivity Centre (NPC) and the advisory services of PERNAS are aimed at developing the entrepreneurial potential Bumiputera. Courses ranging from elementary book keeping, inventory management to cost controls and basic marketing management are introduced. In addition, NPC offers courses ranging from management to industrial engineering and industrial relation. Since many enterprises begin as small businesses, the government has intensified efforts to increase credit for small business enterprises with special emphasis on Bumiputera. Credit assistance was given through institutions like MARA, MIDF, the Malaysia Industrial Estates Sdn. Bhd. (MIEL), *Perbadanan Nasional* (PERNAS), *Bank Bumiputera*, the Urban Development Authority (UDA), *Bank Pembangunan Malaysia Berhad* (BPMB), State Economic Development Corporation (SEDC), Food Industrial of Malaysia Sdn. Bhd. (FIMA) and Commercial Bank administered within the framework of the Credit Guarantee Corporation (CGC) and *Kompleks Kewangan Malaysia Berhad*.

Administrative supports embraced all measures to promote the development of Bumiputera entrepreneurs within the existing competitive environment and also to increase their participation in the ownership and control of the modern economic sectors. The measures include quotes and price allowances in supplies and work contracts, issue of licenses in local authority areas, allocation of shares when new companies are formed or when existing companies restructure their ownership and *Bank Negara Malaysia* guidelines on lending to Bumiputeraputeras. In addition, companies enjoying various fiscal incentives provided under the industrial development least strategy were required to set aside 30% of their share capital for Bumiputeraputeras. In the 5th Malaysia Plan (1986-1990), although the pace of government programmes and assistance in recent years had been affected, the government continued to emphasise the importance of individual initiatives.

However, help will be given in a selective manner, while a more effective mechanism for monitoring the utilisation of various kinds of assistance will be adopted. Towards this end, the role of trust agencies and other public enterprises will be reviewed to allow more initiatives to come from the entrepreneurs themselves. Private Bumiputera enterprises which have the capacity and expertise comparable with other enterprises will be encouraged to take over or acquire certain enterprises or services that have been under government control and management.

By the year of the NEP in 1990, government policy had continued to assist potential Bumiputera entrepreneurs and businessmen to establish themselves in the commercial and industrial sectors. The role of public enterprises and

trust agencies had been consolidated and made more effective under the Sixth Malaysia Plan (1990-1995). A major strategy allows the agencies to have greater freedom and authority with respect to corporate and business decision making to enable them to become more competitive. In this regard, particular attention is given towards encouraging Bumiputera to venture into technology-based activities with the agencies providing appropriate assistance under the umbrella concept. The package programmed to develop a viable, competitive and resilient Bumiputera Commercial and Industrial Community (BCIC), particularly in SMES, was further expanded in the Seventh Malaysian Plan (1996-2000). Larger corporations that included the multinationals participated in the vendor development programme. Moreover, more Malaysia products and services had been launched. Similarly, PUNB's venture capital programme was enlarged. Another programme is the *Kontraktor Binaan Bumiputera Berwibawa* programme. The umbrella concept marketing arrangement and commercialisation of research findings of Bumiputera research is geared towards promoting greater participation of Bumiputera entrepreneurs.

During that planning period, Bumiputera were encouraged to participate in strategic industries such as aerospace, automotive, machinery and engineering. Due to this, a group of Bumiputera entrepreneurs was identified and developed systematically, through existing programme to become the pioneers in the growth of these industries. Genuine joint-ventures among Bumiputera, non-Bumiputera and foreign entrepreneurs and investors are expected to increase with the various chambers of commerce taking the lead in establishing and promoting these joint-venture or consortiums prior to government policy on privatisations.

PROPOSE MODEL OF KNOWLEDGE ENTREPRENEUR

Previous entrepreneurship development models are based on a multi dimensional approach. According to Jordan and De Coning (2002), organizational entrepreneurship is a multi-dimensional phenomenon consisting of at least three dominant dimensions namely the individual, the process and the context, while Kuratko and Welsh (1994) said that entrepreneurship is a complex, multi-dimensional framework that emphasises the individual, the organization and the venture process. Based on the above model, most of the entrepreneurship development agencies or training consultancies also use this approach in their entrepreneurship development programme. However, they do not include the element of intellectual capabilities and knowledge management in the programme.

To face current challenges in the business environment due to globalization and rapid changes in technology, Probst *et al.*, (2000) have introduced a building block of knowledge management while Root (1977) refers to Scandia's conceptual roots of intellectual capital. Davenport and Prusak (1997) introduce working knowledge and propose the processes for energizing knowledge sharing and collaboration. Knowledge creation in organization is introduced by Nonaka and Takasehi (1995).

Based on the above concepts, the researcher proposes a model of knowledge entrepreneur. The summary of this conceptual framework is as shown in a figure below.

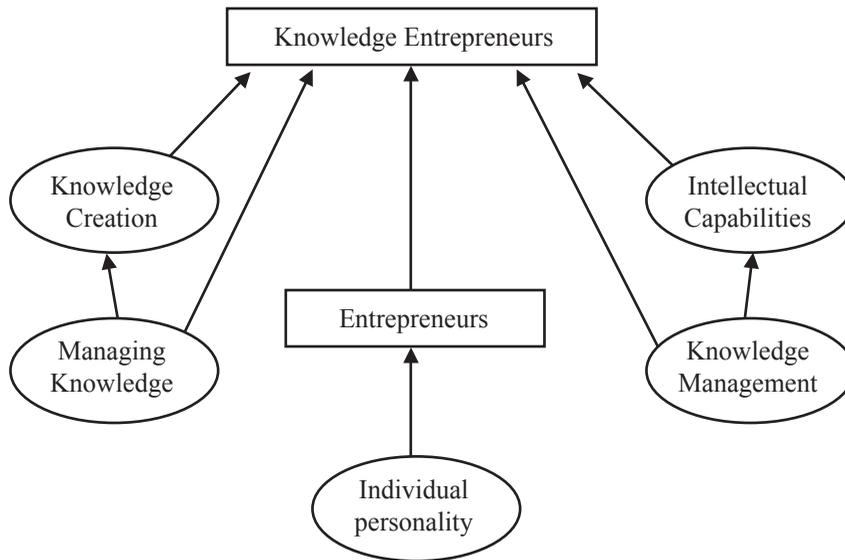


Figure 1 Model of Knowledge Entrepreneur

The development of knowledge entrepreneur is divided into two main categories; foundation elements and knowledge. Foundation element is a basic element required in order to become an entrepreneur. It consists of individual personality, business skills or business process and business environment. Another component in developing knowledge entrepreneur is business skills. It consists of knowledge customer, knowledge finance and business process.

In order to develop more competitive and sustained entrepreneurs, entrepreneurs must equip themselves with competitive knowledge in the future. The competitive knowledge includes knowledge development, knowledge management, knowledge creation and intellectual capabilities.

Knowledge entrepreneurs are the end result in the process of transforming existing entrepreneurs. The process involves knowledge development, knowledge management and knowledge creation.

The process involved in knowledge development are continuous learning, employee capabilities, information system capabilities and motivation empowerment while knowledge management consists of knowledge sharing, knowledge capturing, knowledge storing, knowledge transforming and disseminating of knowledge. As for knowledge creation it includes maximising explicit and tacit knowledge via socialisation internalisation, externalisation and combination. The last component in transforming an entrepreneur to knowledge entrepreneur is intellectual capabilities, which consist of informed person, experience, wisdom, core competencies, religious belief and practice.

CONCLUSION

In order to develop more competitive and sustained entrepreneurs, entrepreneurs must equip themselves with competitive knowledge in the future. The competitive knowledge includes knowledge development, knowledge management, knowledge creation and intellectual capabilities. It also provides an inside in to the understanding of the projective and the meaning of knowledge entrepreneurs. It is suggested that to encourage the Bumiputera community to become entrepreneur, the Malaysian Government has formed various entrepreneurship implementing agencies. The programme range is from training, advisory services, financial assistance, business opportunity and business premises. Most of the programmes are based on multi dimensional approach entrepreneurship development programmes, which emphasised on personality development, business environment and business skills.

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