

# MULTIPLICITY IN ENTREPRENEURSHIP ECONOMIC DEVELOPMENT OF MALAYSIAN SMALLHOLDER FARMERS

**Firos Mustaffa, University of Malaya**  
**Kuppusamy Singaravelloo, University of Malaya**  
**Azmah, Othman, University of Malaya**

## ABSTRACT

*Land can be considered as economics generated space by farming communities, mostly located in rural areas. Modern agriculture has largely been accompanied with the development of new techniques in producing agriculture products. Current world agriculture demands for more agronomics at a higher level of economic development. Most agricultural activities are labour intensive and may or may not employ new technologies. Agriculture that lacks innovation has high tendencies to fail in modern farming practices leading to clogged economic growth in this sector. Use of modern technologies and machineries can overcome poverty problems among smallholder farmers by increasing farm production and supply into the market. Understanding the production of agriculture requires the knowledge of the distribution market till the ground level of the farm land. Nevertheless, poverty among smallholder farmers is always linked to lost opportunities of resources. This occurs due to the practice of conventional agricultural methods in farming, distance from market, and employment of outdated production equipment. Therefore, there is a high need for innovation, support of network and latest information on new equipment and technologies in the market be disseminated to increase farm production. To counter this, entrepreneurship mechanisms have been introduced by many developed countries in addressing poverty in this community. In current times, agropreneurship alone in farming is deficient in various angles, but multiple entrepreneurship has begun to emerge to support the smallholder farmers' talent, skills and ability to shape their economic growth and release them from the poverty trap. This paper intends to evaluate whether the multiple entrepreneurship implemented by Malaysian smallholder farmers is effective in raising income and their quality of well-being and poverty eradication in rural area. The discussion emphasizes on the serious need for modernization in agriculture through such entrepreneurship that are guided by government policies.*

**Keywords:** Agriculture Entrepreneurship, Multiplicity Entrepreneurship, Smallholder Farmers.

## INTRODUCTION

Poverty is quite synonymous with farmers due to unoptimised resources and lack of ability to manage the farms (Rondinelli, 1983). This occurs due to poor agriculture practices, lack of infrastructure or packaging and marketing systems (Parfitt et al., 2010). According to Norton and Smit (1977), small scale agriculture cultivation without innovations does not impact on economics of the area. Highly agriculture-based smallholder farmers are associated with poverty in developing countries (Jodha, 1990). As mentioned in Friedmann (1993), agriculture

technological change in 1980s had benefitted farmers in the rural areas in many countries. Modern productive agricultural activities are mostly related with non-labour intensive, use of appropriate technologies and good agriculture practices. Agricultural economic growth does not deal with increasing the volume of product alone but also to develop cultivation area intensively and cultivated more frequently (Robinson and Sutherland, 2002). The United Nations Food and Agriculture Organization identifies Third World countries as the largest contributor to the agriculture activities (UNFAO, 2014). In order to understand the production of agriculture one must comprehend the market areas to the farm level (Haggett et al., 1965). Introduction of “*new seeds*” shifted the distribution by region with modification of the environmental factors (Hayami and Ruttan, 1971).

Despite substantial modernization that had taken place in the sector, contribution of the agriculture sector including in forestry and fishing to the national economies still remains very low at around 10 percent in Asian countries (Rani and Corley, 2011). Peet (1969) summarised and developed dynamic ideas of a world scale agricultural zonal system. These systemic movements are applicable to the whole agriculture sector in terms of changes in internal supply, production system, structure of land farming and centralized markets distributions, and productivity. Morgan and Munton (1971) argued that the agriculture cultivation in a big scale will contribute to different levels of economic growth. Asia has shown keen interest on large scale rubber plantations as a huge agriculture cluster but lacked financial resources that stunted the industry (Gaiha, 1987). In addition, transportation, networking facilities and supply of fertilizers were also key issues then. Realizing the importance of developing and promoting the wellbeing of smallholders, the Malaysian government since Independence had established various rules, programs and policies (Ng, 2016). Large scale improvement in plantation policy involving smallholder farmers’ wellbeing was implemented in 2014, which resulted in 542,000 tons of rubber produce in Peninsular Malaysia that benefitted 182,500 smallholder farmers (MRB, 2016).

Rubber plantation was the biggest contributor of industrial crop to the economy since 1960s until 2015 (Jackson, 1961; RISDA, 2016). About 827,400 hectares of land in Peninsular Malaysia, 794,060 hectares in Sabah and 833,471 hectares in Sarawak have been commercially cultivated for agriculture products by 2016 (RISDA, 2016). Other cash crops were oil palm, tea, pepper, coconut, pineapple and other fruits. Government intervention has helped smallholder farmer communities to replant, open new land and also improve production standards on tapping methods. With these, quality of rubber production rose and helped raise price of the commodity (RISDA, 2010). However, the landscape of rubber smallholding changed extremely due to drop in global price of the commodity in 2012, resulting in the return of poverty among smallholder farmer communities who were caught unprepared. This continued to the current state as Siti Murni and Kuppusamy (2018) found almost 90 percent of smallholder farmers are still categorized into crude poverty in their study at four states of Malaysia.

## **AGRICULTURAL ENTREPRENEURSHIP**

In the effort to address low income among farmers, cash crops agriculture such as durian, jackfruit, mangosteen, rambutan, papaya, banana, melons, pineapple, chilies, groundnut, sweet potatoes, longan and rose-apple fruit trees were introduced to gain quick results. This led to vast expansion of land cultivated for these crops widely and using better techniques and advanced species (Marra et al., 2003). However, rubber plantation cultivation was continued in parallel with the hope of rebound in future market demand. Rubber trees grow easily but its quality of

latex is often affected as its nutrition cycle gets stunted by inconsistent tropical weather conditions.

Over the years from 1966 till of late, the Malaysian government introduced and improvised policies in the agriculture sector. Following this, the Ministry of Entrepreneurial Development was formed in 1995 to strengthen competitiveness of entrepreneurs and to promote greater capacity for technology and innovation in the agricultural sector. Therefore the government agencies and government-linked companies such as People's Trust Council (MARA), Federal Land Development Authority (FELDA), Federal Land Consolidation and Rehabilitation Authority (FELCRA), Rubber Industry Smallholders Development Authority (RISDA), Federal Agricultural Marketing Authority (FAMA), Small Medium Enterprise Bank (SME) and Malaysian Rubber Board (MRB) gave priority in empowering the agricultural sector's step up of entrepreneur financing schemes, grants and strengthened the effectiveness of programmes (MoA, 2018). In 2009, the outreach programmes known as entrepreneurship development under the National Key Results Area (NKRA) of the Government Transformation Plan (GTP) allocated a total of RM 1.66 billion to raise the living standards of low income households especially in rural area.

The entrepreneurship model on agriculture design was introduced in 2005 with a pilot experiment implemented in rural areas of Pahang state involving 200 smallholders (RISDA, 2016). Over time, the number of smallholder farmers have increased. The success rates were between 2 and 8 percent, which was considered relatively an efficient effort. All smallholder farmers who cultivated cash crops became small scale entrepreneurs, and were able to increase their household income by 2008. High value agricultural products were able to reduce smallholder farmer's poverty (MoA, 2018). However, parity between low and high capita income smallholder families is related to the size of smallholding land cultivated (MoF, 2018).

Weather affects agriculture produce. As a result, this tends to fail agricultural entrepreneurship products. Therefore, innovation of farming agriculture is needed to change the pattern of economic produce. Nevertheless, contiguity is an important element in the networking support and dissemination of information on new equipment and advanced machineries in the sector.

## **MULTIPLE ENTREPRENEURSHIP**

Entrepreneurship and innovations of the younger generation in the agricultural sector in developing countries have been widely discussed. There has also been a growing interest in entrepreneurs involved in more than one venture or multiple entrepreneurship (Pasanen, 2003). Pasanen showed that high growth businesses mostly have the characteristics of multiple entrepreneurship. In Africa and the Netherlands, agriculture is treated as professional careers due to policy and knowledge on economic growth (Johnston and Mellor, 1961). There is a need for new ideas in the agricultural fields from young professionals on Information and Communication Technology (ICT) to boost economic growth (Toffler and Alvin, 1980). ICT can offer abundance of opportunities for work creation and improvement of agricultural production chains to attract the youth into agri-business. The skilled young rubber smallholders should be given priority in the industry to spur growth in this sector. Information sharing on farming business through social media can improve skills and knowledge of young farmers (Cecchini and Scott, 2003). The e-agriculture strategies based on ICT knowledge has become a new platform for smallholder farmers to shape their own economies of scale. India, Kenya, the Philippines, Uganda and Indonesia have exchanged strategies to attract young people into agriculture by investing heavy

capital on new technology (Fan et al., 2011). Therefore, the initiative to develop entrepreneurs is not focused on agriculture products alone, but also into various fields as servicing, manufacturing, and food and beverage (RISDA, 2010). Starting multiple businesses in parallel can develop smallholder farmers to secure better loans and other assistances from the financial institutions and the government.

Agro entrepreneurship and farming innovations are needed for the better production of future food by engaging youths in the agriculture sector (YPARD, 2016). The Sub-Saharan Africa youth under the age of 25 have wide networks and relationship with farmer cooperatives (GEM, 2018). Seventy-eight percent of agriculture products by youth businesses in Angola were based on new technologies and farming techniques (Auld et al., 2009). Furthermore, young women are less active in agriculture entrepreneurial activities than do young men (Wilson et al., 2007). According to Hampwaye and Hapunda (2016), slow food network in South Africa pushed for grassroots initiatives by the government to involve youth in agriculture. The small-scale smallholder farmer entrepreneurs in South Africa indicate the importance of patience when engaged with the agriculture networks as it takes time to develop products (Lyson, 2012). Agriculture networks can be built to organize events incorporating local cultures and traditions (Woolcock and Narayan, 2000). Therefore, initiatives must be made to encourage the youth to develop a career in the modern agriculture sector. Ideas of young farmer cooperatives have successfully influenced the dairy company Friesland Campina in its decision-making processes (Rapsomanikis). The programmes in Ghana and Uganda addressed cognitive constraints by engaging youths in agriculture which brought changes in agricultural economics of distribution (Inglehart and Welzel, 2005). Entrepreneurial positive attitudes and freedom from psychological stigma are key requirements for success in the agriculture sector. Several stigmas in the agriculture sector by the rural youths have been found to be associated with poverty (Tickamyer and Duncan, 1990). On the other side, the agriculture sector required more attention to attract youths to contribute to this sector by redesigning programmes aimed at changing their perspectives and attitudes in agriculture. The approach must be appropriate and suits youths who possess knowledge and skills in agriculture to improve their psychological and cognitive statuses.

## CONCLUSION

The adage “*agriculture*” is good business is quite apart in modern times and communities require its products to stay alive. In so doing, there is a need to nurture and support the involvement of young persons in modern agriculture that embraces adoption of new technologies. There is a need for smallholder farmers to accept application of innovations and adopt changes to raise their standard of living, agricultural productivity and industrial growth. Attention should also be given to multiple entrepreneurs rather than single business alone as efficiencies and economies of scale can be improved through multiple entrepreneurship strategy. Attracting young and dynamic labour and other resources have played a vital role in raising productivity in the economy of developed countries. Effective marketing of agricultural products in the local market can offer more incentives to the smallholder farmers in rural areas. In other words, it can help reduce the burden of debts on investment of machineries and taxation on the cultivated land. The government has a greater role to attract the younger generation into being agriculture entrepreneurs. This would include providing facilities such as transport services, marketing plan, supply of tools, seeds, fertilizers, machines and information regarding development in the agriculture sector to increase production of crops. These farmers must have

marketing networks to sell their products. New technology adopted by the smallholder farmers must be supported by consistent training and guided techniques as well. Close monitoring by the authorities is required due to poor knowledge of the smallholder farmers which otherwise would lead to failures. Appropriate attention must be given on the smallholder farmer communities to get them out of poverty. The intervention system must be properly designed to ensure smallholder farmers continue to show interest in being new entrepreneurs. The transformation from the conventional agriculture entrepreneurs to multiple entrepreneurs will ensure economic stability of this community.

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