

*Full Length Research Paper*

# Consultation-based entrepreneurial/business learning: Malaysia experience

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Accepted 20 July, 2010

**The purpose of this article is to describe the implementation of the business-consultation training as adopted by National University of Malaysia (UKM) and to evaluate the learning mode exhibit in such program based on experiential learning theory. This paper also highlights factors that contribute to the success of such program based on the observation of SMIDEC-UKM consultation-based program. SMIDEC-UKM consultation-based learning program fits the Kolb experiential learning theory and Lewin Field Theory. Such program has exposed varsities students to real-business cases, hence enabling the application and practice of their classroom knowledge. In addition, new knowledge can be gathered directly from the field. This paper is innovative at reviewing the implementation of entrepreneurial experiential learning method in developing country (Malaysia) and providing critical argument based on theories of experiential learning.**

**Key words:** Entrepreneurship, learning, experiential-learning, entrepreneurship development, consultation-based training, Malaysia.

## INTRODUCTION

As the population of graduates increased, entrepreneurship could provide an alternative source for graduates' employment especially during the economic recession (Jyothi, 2009). Jyothi's study also found that 85% of the students in her study agreed that setting an enterprise of their own would reduce the growing unemployment problems. Thus, entrepreneurship is proposed as an alternative for undergraduate employment and mitigates dependencies to the government or corporate sectors for job opportunities. The graduates can independently venture into small business as opposed to working with other employer. Moreover, as the number of small businesses increase, the recruitment for new staffs is also fast growing among it. Hence, the graduates have more chances to be recruited by small firms as opposed to previous trend of recruitment by large corporate entities. As a result, there is an emergence need to develop learning module that spur entrepreneurial skills among

graduates. Such module would benefit the graduates in two ways:

- i.) Empower the graduates with skills and capabilities in order to enable them to run business of their own; or
- ii.) Enrich the graduates with skills and ability to manage small to medium sized enterprises, in order to increase their employability by small and medium enterprises (employers).

According to Baumbach (1983), the management of small to medium size of business entity is different from the management of larger business scales. Although some management principles can be applied to the management of small entities, there are circumstances in which specific and unique solutions are required. Thus, there is an emerging importance to understand the need of small business management as it is increasingly becoming an important component in most economy (Freeman 2000; Liedholm and Mead 1999 and Barber et al., 1989).

O'Gorman (2001) stated that the sustainable growth of small enterprises is depending on entrepreneurs' strategic

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choices. As a result, knowledge and management capability of entrepreneurs play important role and need to be developed at every level. This is also similar to Bosworth and Jacobs (1989) whom suggested that lacking of managerial training, relatively poor qualifications and poor competence among the owners as the barriers to the growth of small enterprises. As a consequence, there is a need to re-look for new model of entrepreneurial education in varsities in the developing countries as suggested by Jyothi (2009).

Developing entrepreneurial and business management skills requires more than theoretical approach. However, the conventional entrepreneurship education which emphasizes theories and classroom setting is commonly used (Siohong et al., 2007). Hence it led to the issue of inadequacy of the program to train future graduate entrepreneurs and small business experts (Ahmad et al., 2007). Furthermore, there is possibility that many of the general management principles were solely developed to suit the need of large corporate rather than the small entities. As far as the small business management is concerned, an innovative and enterprising learning approaches need to be integrated into the curricular of the higher education institutions.

The aim of this article is to describe the execution of experiential-business consultation program as adopted by University Kebangsaan Malaysia and to evaluate the ability of the program to fulfill the learning process according to Experiential Learning Theory. This paper also highlights the success factors for such program based on authors' participation in the program.

## LEARNING THROUGH EXPERIENCE

According to Rae (2007:605), employability has become the main agenda for Higher Education Institutions (HEIs) in United Kingdom and other developed nations. However, despite the effort taken by the universities, employability has remained as complex and problematic area without objective solutions. As a result, the HEIs curricular need some form of innovation in order to secure the marketability of their graduates. According to Rae (2007), enterprising students and graduates are increasingly regarded as more employable. Thus, it justifies the need of basic management and entrepreneurial skill to be integrated within HEIs learning structures. Therefore, many developing countries have intensively integrated entrepreneurship education and training programme into their formal education system (Ahmad et al., 2007). However, the issue has extended beyond the availability of entrepreneurship courses within HEIs learning structures. The issue has transcended the boundary of offered subject but to include question on how effective the knowledge has been conveyed to the students. This will relate to the discussion of method or approach of conveying and receiving the knowledge and

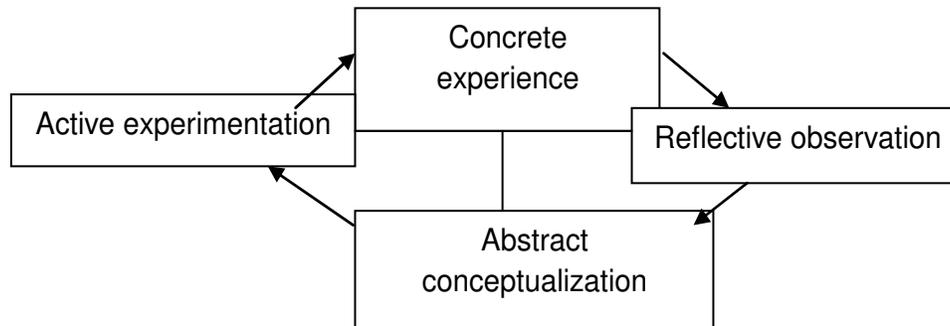
that is the focus of this paper.

Learning refers to some kind of betterment or doing something better than before (Lewin, 1952:65). Learning involved some changes and Lewin (1952) had distinguished four types of change resulted from learning:

- i.) Learning as change in cognitive structures (knowledge).
- ii.) Learning as change in motivation (learning to like or dislike).
- iii.) Learning as a change in group belongingness or ideology and
- iv.) Learning as the meaning of voluntary control of the body musculature (acquiring skills such as speech and self-control).

Learning as a change in cognitive structure means to move from the state of unknowing through the element of differentiation and structuralization (Lewin, 1952:69). For example, a stranger who just came to a new town would be in the condition of unknowing to reach certain places he wishes to go. But as he took a cab to reach the destination, he starts to develop a structure cognitive by differentiating the route taken by the cab and to restore this in his cognitive as new knowledge. The following days, he would able to reach the destination on his own by taking the same route which had been differentiated in his mind by the mean of direct exposition. In the context of learning about management of small entities, the students are assumed to be able to move from unstructured condition to better cognitive understanding as they become part of the situation. The changing condition of individual state of knowledge due to specific life-space exposed to the individual was explained by Lewin in his Field Theory. According to Lewin, "field" refers to the life-space of individual which composed of the person and the psychological environment as exist for him. Thus, practical involvement would lead to enhancement of one's knowledge.

The concept of experiential learning is recognized as an established approach in the tradition of adult education theory (Miettinen, 2000). Kolb theory which was built around the work of Dewey (1938) and Lewin (1951) is parallel to the idea of experiential learning. The substance of Kolb learning theory rests upon the translation of one's experience(s) into concepts that eventually guide to the choice of new experience (Atkinson and Murrell, 1988). Kolb described learning as a four-step cycle along the orthogonal relationship of two continuums of cognitive growth and learning as depicted in Figure 1. The concrete-abstract continuum refers to how individuals gather information from their environment, which range from direct involvement in particular situation (concrete experience) to a detached analysis (abstract conceptualization). The reflective-active continuum refers to how individual process the gathered information, extends from taking an observational role in



**Figure 1.** Kolb Model of experiential learning. Source: The illustration was extracted from Atkinson and Murrell 1988, p. 375.

learning (reflective observation) to a more active participation learning (active experimentation).

Concrete experience requires individual to immerse themselves into the moment, relying on their intuitive and effective response to the situation. The reflective observation demands individual to make impartial perspective towards the learning situation and to consider many alternatives that fit with the exposed situation. Next, the reflective observation is transformed into abstract conceptualization or theory which will be the basis for new generated action or implication. Finally the active experimentation would require individual to move towards action, involvement and risk taking for example by influencing other people to have belief (confident) in the ideas or to apply the abstraction in practical form. The four processes will circulate continuously as a process of individual learning. Kolb experiential learning has been adapted in numerous fields and training endeavors (Atkinson and Murrell, 1988: 375).

With regard to Polanyi (1959) argument, the tacit mind has important influence on human wisdom capacity as opposed to the articulation of logical functions. The tacit knowledge exists when individuals organize their experiences to form certain level of intellectual capability which entirely exist within the control of the particular person. It refers to a very deep understanding which involved the element of comprehending that allows individual to have insight which covers beyond the observed phenomenon. Thus Polanyi recognized the personal knowledge as important means of developing human knowledge in social field. As a result, acquiring knowledge through a direct participation (experience) in particular event/occasion would enable a person to reach the level of comprehend and understanding. However, Freeman (2000) argued that practical-based learning approach such as the consultation-based method is challenging to be conducted. The basic step in such approach would be establishing trust relationship with the small business operators. This step poses a big challenge to consultation-based learning approach as the operators often reluctant to disclose their business

information to outsiders. Nevertheless, consultation-based learning method had been reported as successfully implemented in UK environment. Thus, this study describes the implementation of experiential-learning method conducted in Malaysia and contributes to different context for similar programme.

#### **SMIDEC – UKM CONSULTATION-BASED PROGRAM**

The history of this program started with the introduction of Consulting-Based Learning for ASEAN, Small and Medium Enterprises (SMEs) (COBLAS) by Entrepreneurship Research Group which consists of members from Japan, Thailand, Cambodia, Malaysia, Laos and Indonesia. The research group was led by Professor Takeru Ohe of Waseda University (Siohong et al., 2007:42). The consulting-based learning model involved linkages among different related parties, comprised of academics (university), SMEs owners and students as the consultant agent. Such program has reported to be successfully conducted in few ASEAN countries such as Thailand and Cambodia. The pilot run of such program had been conducted in 2007 with participation of 20 students and reported to be successfully conducted. The model was then adopted into the SMIDEC-UKM experiential learning program.

Small Medium Industry Development Corporation (SMIDEC) is the leading Malaysia government agency that responsible in the strengthening of Malaysian small and medium enterprises, by providing infrastructure facilities, financial assistance, advisory services and other support programmes (<http://www.smidec.gov.my/node/32>). The SMIDEC-UKM collaboration program is a pioneered consultation-based program in Malaysia sponsored by SMIDEC.

The six month program started with the selection process of “students-consultants”. Students from various faculties in UKM had been invited to participate in the programme and about 130 students had submitted their application. The selection process comprised of two

screening phases. The first screening was made through a psychometric test and the second screening was conducted through a face-to-face interview. Finally 50 students had been selected to join the programme. Parallel to the screening process, the UKM entrepreneurship coordinator had also identified 10 small companies within the area of Bangi City to participate in the programme. During the first 4 weeks of the programme, the students were provided with business management inputs conducted by series of training module (example, how to do book-keeping and preparing financial accounts, financial analysis, marketing and operational management). The students were then grouped into 10 groups and each group was assigned to a lecturer (advisor). Next, each group was then given a company as their consultation client and they were attached to the companies for five (5) months.

During the assignment period the groups are required to conduct analysis in order to understand problems, strengths, weaknesses and formulate strategies to rectify the identified problems and/or improve their client business performance. From time to time, the “student-consultant” will seek advice and opinion from their respective lecturer (advisor). After six (6) months of programme enrollment, the groups are required to submit a report and present the output to fellow judges comprised of SMIDEC representatives and few local successful entrepreneurs. Upon the presentation, the project output will be evaluated and relevant comments will be given by the judges. The evaluation criteria comprised of the thoroughness of the conducted business analysis, appropriateness and vigorous of strategic planning and implementation recommended to the business owners, business financial performance throughout the program, team-work and entrepreneurial skills gained from the activities. The business operators’ opinion will further validate the performance of the given exercise.

## DISCUSSION

The implementation of SMIDEC-UKM program is slightly different from Freeman (2000) approach. In SMIDEC-UKM programme the students are actively involved with the consultation activities. Even, some of the group attached in as employees and spent their time with the assigned client (organization). As a result, the SMIDEC-UKM consultation program has exposed the students to a real-life business case and allowed them to actively work out for solutions or recommendations. The model also fits Lewin Field Theory whereby the involvement of students in business organization had enabled them to be in the state of differentiating certain characteristic pertaining specifically to small business environment. Thus, the students and the lecturers could restructure and refine their existing knowledge according to the special characteristic

of small business management.

The program fits Kolb idea of experiential learning as the students had the opportunity to involve in four (4) learning modes as presented in Figure 1. The concrete experience mode could be reached as it enabled the students to immerse into the business operation for five (5) months. By immersing into the organization, the students were able to observe and understand the business operation, as well as screening problems and relate it to their existing knowledge. Next, the students indirectly moved to reflective observation in which they structured their observation systematically and impartially by conducting specific analysis such as SWOT analysis, diagnosing relevant issues (problems) faced by the organization and identifying tentative solutions for identified issues (problems). The abstraction mode involves when the students present the synthesis and conclusion to the lecturers. After the presentation session, the students and lecturers will discuss the issue and brainstorming relevant solutions based on rational, logical and theoretical evaluations. The active experimentation mode involved when the students were required to propose specific strategic action plans to the respective business owners. As the owners convinced to the ideas, the students were responsible to perform (conduct) the suggested plan.

In addition to learning advantage, such program also leads to the development of relationship between the varsity and its environment as suggested in the idea of dependencies in an open-system perspective. Through this programme the small business operators could enhance their growth capacity with ideas and inputs provided by the students-consultant. Furthermore, the hands-on experience would enable the students and lecturers to update their knowledge according to the practitioners (industrial) insight.

As mentioned by Freeman (2000), this type of learning program is challenging to be conducted. Thus, we have identified a few factors that determine the success of such program based on our experience. First, such program requires high commitment from the involved students. The selected students have to be enthusiast and able to work in group. The second factor, is the willingness of the entrepreneurs to work professionally with the students and to accept (or at least to consider) the students’ ideas. The entrepreneurs must have respect and trust on the “students-consultant” expertise and capability, as well as willing to share information to facilitate the consultation process. The third factor is the availability of fund to finance the project costs including students’ transportation, accommodation, materials and stationery, and students’ allowance during the programme. For this program, SMIDEC had spent RM 90,000 (approximately of USD 25,714) to cover the entire cost for program execution. Fourth, the lecturers’ commitment is also important to the success of the program. The assigned lectures have to allocate their time to

assist the students' consultation work. They are supposed to visit the business entity from time to time, monitoring the progress of their students' consultation work and to discuss critical issues with the entrepreneurs.

From above discussion, we recommend that consultation-based learning program is a high value training program which fits the four (4) modes of Kolb's Experiential Learning model. The program also extends the usefulness of real world participation as form of developing human tacit knowledge as proposed by Polanyi (1959). The model also aligns with Lewin Field Theory that stressed on the importance of the surrounding elements to the formation of human structured knowledge.

## IMPLICATIONS

From the evaluation, we also suggest that consultation-based program should be recognized as an important method to spur the entrepreneurial and small business management skills among graduates. Such programme contributes to the enhancement of knowledge through experience and direct participation. Thus we proposed future study to conduct specific investigation to explore the level of structured knowledge attained by the students through similar program. A comparison of "pre and post" level of students' knowledge would further validate the programme benefit empirically. Currently, some universities have also adopted such learning model in their business training curricular and it is possible to make comparison of its implementation and effectiveness among the adopted universities.

In addition, other universities should also develop similar program in order to spur the entrepreneurship skills among graduates. This is because entrepreneurship stands as an eclectic discipline that involves multi-discipline and trans-discipline. Collaboration with small entrepreneurs would enable the students and lecturers to have better insight on small organizations management through a trans-discipline approach. Trans-discipline refers to the development of knowledge through close collaboration between industrial players (practitioners) and academicians as suggested by Thorpe and Beasley (2004).

With regard to the huge amount of cost involved, this kind of project requires great support and commitment from the government. In order to be effective, government should render its commitment in terms of providing fund, facilitating and expedites formal processes as well as to give recognition to such activities. Specific rewards for the small business operators and students who had participated should also be considered. The reward element could serve as sweetener to lever the co-operation from involved parties. Some of the rewards that can be considered for the participating entrepreneurs are the financial aid or business expansion grant, priority for government tenders or support in the promotion activities.

Meanwhile, certain rewards such as grant endowment for setting up business, monetary or business opportunity could be considered for the students.

## CONCLUSION

The consultation-based program has exposed the students to a real-world case-study and the model fits with the experiential-learning theory. Through such program the students could apply their theoretical knowledge and comprehend new knowledge from their direct participation. The program enabled the lecturers to validate theories in hand through practical implementation. In addition, lecturers could update and improve their knowledge in business management specifically the issue that relate to small business management. By and large, the consultation-based program is an alternative learning platform that fits with the theory of experiential and practical learning. Therefore, such learning model could be replicated and further improve in order to develop experts of small business management and/or credible entrepreneurs among the graduates. In addition, such program could also lead to the enrichment and betterment of knowledge through direct extraction from the field or real-life cases.

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