

Globalisation and Socio-economic Development in Malaysia: Wither Small Businesses?

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Abstract

The paper discusses - by way of a case study - the effects of globalisation on small businesses in Malaysia. It examines how globalisation affects the work values of Malaysian corporate managers, which in turn influence their decisions regarding the small business community. Due to weaknesses in domestic governance systems and their own limited understanding of human rights and business management, small business owners often find it hard to overturn many of these decisions which inevitably cause hardship for them. The case is analysed in the context of existing literature on globalisation, cultural homogeneity and economic disparity, and derives implications for various stakeholders. The final part of the paper recommends measures that can help Malaysian small businesses enhance sustainability in a highly globalised environment. These measures include building a united and persistent small business community, improving domestic governance, raising public awareness of the rights of small business players and improving their innovativeness, efficiency and effectiveness.

Keywords: Small Business, Globalisation, Economic Disparity
Cultural Homogeneity, Governance, Malaysia

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1. Introduction

All over the world, small businesses contribute significantly to a nation's economy. In developed countries, they account for about half of the

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gross domestic product and employment opportunities (Longenecker et al., 2008). Within the Asia Pacific region, 95 per cent of firms are small businesses and they employ more than 50 per cent of the total working population (Tarmidi, 2005). In general, small businesses not only provide job opportunities, they also cultivate entrepreneurship skills among ordinary people and expose them to hands-on business experience. Unlike larger companies which are usually slowed down by internal bureaucracy, small businesses have the advantages of flexibility and agility, and therefore are able to accommodate specific customer demands faster.

In Malaysia, it is quite common for the working population to turn to running small businesses in difficult times. Since the outbreak of the Asian financial crisis in 1997, followed by more recent economic downturns in the west, downsizing and layoff strategies have been implemented by large local firms exposed to external trade effects, such as electrical goods manufacturers and international transportation firms (UNDP, 2009). Although there are attempts to relocate laid-off workers to other large-scale industries such as plantations, many have turned to the small business sectors for their new jobs. They become either self-employed or employees of small business operators. In any case, income earned from these operations will go towards purchasing products and services of other local businesses, thus encouraging the country's economic growth.

In view of this, small businesses are often said to be the pillar of Malaysia's economy. It follows then that small business operators should be supported by public institutions, large corporations and society in general so that they can continue to flourish. In reality, however, they are not. Malaysian small businesses frequently have to grapple with bureaucratic procedures, legal constraints, corporate greed and corruption, et cetera, which tend to hamper their performance. Some of these weaknesses, for instance bureaucracy and red-tape, are intrinsic and have been acknowledged by the Government to merit serious attention (Ninth Malaysia Plan, 2006). Others have evolved over time as a result of global factors. In particular, the effects of globalisation in terms of open competition and cultural value shifts have been felt quite strongly given that small businesses in many developing and less-developed nations are still unprepared to cope with a direct challenge to their traditional work values and systems (Eregare and Afolabi, 2009; Saleh and Ndubisi, 2006).

Considering the above, the current study set out to examine the effects of globalisation on small businesses in Malaysia. However, instead of approaching the subject clinically from a macroeconomic perspective typically adopted in many previous works (Goh and Lim,

2009; Khor, 2000; Rajapakse, 2010; UNDP, 2007; Yusoff et al., 2000), the study analysed it from a cultural angle in a micro-environment. Basically the research objectives were to investigate:

1. The effects of globalisation on Malaysian corporate values, and how those values determine the relationship between Malaysian corporate managers and small business owners; and
2. The performance and sustainability of small businesses in Malaysia, as a consequence of the corporate-small business relationship mentioned in 1 above.

A case study approach was chosen due to its strengths as a methodology for research which aims to conduct an in-depth exploration of microeconomic trends and changes over time (Yin, 2009). Case-based analysis is considered more appropriate for current purposes as, unlike quantitative research, it allows open-ended discussions and is able to capture details in the specific environment of study (Taylor and Bogdan, 1984). At the same time, findings of the case can also be used as a platform for future quantitative analysis of a larger sample to determine further support for current findings and recommendations. In accordance with case-based analysis, the paper will begin with a general discussion of the small business sector in Malaysia, before narrowing its scope to the particular sector of interest. Here the focus is on food court operation, which is one of the most common types of small business in the country.

The study explored a real situation taking place at a food court located in a prominent office complex in Kuala Lumpur, the capital of Malaysia. However, the names of individuals and organisations involved have been changed to maintain confidentiality of sources of information. Site visits to the case location and informal interviews were regularly carried out with the food court operators, other small business tenants of the office complex, as well as their employees, over a period of eight months from December 2009 to July 2010. Observations and ethnographic approaches were also utilised to gather information from customers and the building managers. In this article, a detailed account of the case is given first, followed by an analysis within the context of existing literature on globalisation and its socio-economic effects on developing countries. The paper then proceeds with a discussion of implications for stakeholders, before concluding with practical recommendations to improve the sustainability of small businesses in Malaysia.

2. Small Business Sector in Kuala Lumpur

According to the Small and Medium Enterprise Corporation Malaysia (SMECorp, 2011), a small business is defined as an entity which:

- Employs fewer than 20 full-time workers and earns an annual revenue of less than RM1million (if it is a service provider), or
- Employs fewer than 50 full-time workers and earns less than RM10 million (if it is a manufacturer).

Hence, the small business category also includes micro businesses which are firms employing fewer than 5 full-time workers and earning less than RM200,000 per annum (service providers) or RM250,000 per annum (manufacturers). Small businesses in Malaysia are usually either sole proprietorships or partnerships, and family-run. Industries supported by these business units are mainly service-oriented such as retail, health and beauty, local trading, and hospitality. Specific sub-sectors which are most popular include sundry stores, beauty salons, office supplies and interior decoration, laundry, and restaurants. The businesses must be registered with at least two bodies of authority: the Companies Commission at the federal level, and the municipal council which administers their individual areas of operation – in this case, the Kuala Lumpur City Hall. There are also other related agencies responsible for their welfare such as:

- The Small and Medium Enterprise Corporation,
- The Association of Small Businesses and Petty Traders, and
- Respective Members of Parliament.

In recent years the number of issues concerning small businesses has escalated in Malaysia, especially trading without license and red-tape in the license application process. Although national statistics concerning these issues are not readily available, similar observations about bureaucratic barriers have been made by other researchers on Malaysian small businesses (Saleh and Ndubisi, 2006; Syed et al., 2011). For instance, Syed et al. (2011) find in their survey of 166 food manufacturers in Malaysia that bureaucratic obstacles come second only to financial barriers as an impediment to growth among local SMEs.

To counter illegal trading, the authorities have responded with intermittent raids, confiscations and even legal prosecutions, but the strategy has not been very effective in combating the problem. While law makers consider introducing more punitive measures, the traders themselves believe that solutions lie in greater flexibility and less

bureaucracy. They argue that many of the issues can be easily resolved if applications are processed faster and more transparently. Despite these issues, the sector remains a vital component in Malaysia's economic environment. Small businesses account for 98 per cent of total businesses in Malaysia and the employment opportunities they offer have contributed substantially to poverty reduction from 16.5 per cent in 1990 to 5 per cent in 2006 (UNDP, 2007). Unfortunately, in some sectors, the increase in new start-ups has not been accompanied by improvements in performance. Due to increasing challenges and threats in a highly competitive environment, small businesses often find it difficult to sustain their operations.

The current study examines one of the most competitive small business sectors in Malaysia, i.e. food court operation. The operators are small business owners of eating outlets in shopping and office complexes, as well as other public areas such as hospitals, bus and railway stations, housing estates and recreational parks. They have a wide and varied customer base, ranging from students to young executives to pensioners, all of whom share a similar preference for convenient, reasonably-priced, freshly-cooked meals.

3. Background of the Case

This section details the dilemma faced by operators at one of the most well-known food courts in the heart of Kuala Lumpur – The Kitchen at Globaleffort Complex. It aims to describe a growing trend in Malaysia which has risen as an unfortunate consequence of globalisation and modernisation, and how Malaysian small businesses are fighting to survive each day.

3.1 *The Food Court Operators at The Kitchen, Kuala Lumpur*

Surrounded by many historic landmarks such as the Independence Square, national mosque, post-office headquarters, central market as well as numerous banks and offices, Globaleffort is often regarded as a symbol of early modern Malaysian architecture. Established in 1984, Globaleffort is owned by an international firm and one of the country's largest government-linked companies (henceforth named the GLC). The building used to house the GLC's head office and accommodate hundreds of its staff. In 2007, the GLC moved its headquarters to another location in Kuala Lumpur but has until now retained ownership of Globaleffort. After the relocation, things were rather quiet at Globaleffort for several months. In 2008, another firm (henceforth named the Firm) moved into the complex and the bustle somewhat reappeared.

However, being a relatively smaller organisation with about half of GLC's size, the Firm occupied only 50 per cent of the office floors at Globaleffort.

Perhaps due to this much lower building occupancy, earnings did not return to normal for the tenants who rented small shop lots in Globaleffort even after the Firm moved in. These small businesses provided the building's occupants and visitors with a range of products and services such as food and beverage, stationery and other office needs. Many started to have difficulties paying rentals and some of the weaker ones had to evacuate their premises. While this was happening at the ground level, the higher floors too were facing their own challenges. Over the span of ten years, the management of Globaleffort had changed hands thrice over: from Global Maintenance (in the 1980s) to Global Assets (up till the late 1990s) to the present Pro Clean. The first two management companies were the GLC's subsidiaries while Pro Clean was a private agent. Responsibilities of the building manager included rental collection, cleaning and maintenance and tenant relations.

The hand-over from Global Assets to Pro Clean was done as part of a strategic move to enable the GLC to concentrate on its core activities. It was also believed that Globaleffort would be run more efficiently and effectively under the new Management. The transition process went rather smoothly, and initially there were no major operational disturbances. The first batch of Pro Clean officers took over from their Global Assets counterparts not only their managerial roles and responsibilities, but also their traditional corporate values and practices. These former managers looked upon much of their job scope as a social obligation; thus their relationship with the small business tenants went beyond mere professional responsibilities. In other words, collecting rents and providing cleaning services were considered only a small part of their job - helping the tenants to stay in business was considered the greater objective.

All this slowly eroded, however, as the older generation of managers was gradually replaced by younger executives. These young managers possessed very different personal characteristics than the older ones, particularly in terms of education, language/communication style and family background. Generally, the younger generation was observed to possess the following traits: 1) had received western tertiary education and training; 2) communicated widely in English and are more direct or abrupt in speech; 3) were raised in urban settings as part of the nuclear family structure. More importantly, they also brought with them a new set of corporate values and practices which soon caused friction with the small business owners. According to some of the tenants, in their rush to

produce higher organisational results, the young Pro Clean managers were inclined to neglect humanitarian and relationship issues. Many tenants often recalled the good old days when Globaleffort building managers were “more tenant-friendly and sympathetic” and “less materialistic”.

3.2 *What's cooking in The Kitchen?*

The Kitchen was an open-air food court at the Globaleffort Complex. Consisting of individual kiosks rented out to nine different operators, the food court began its business about the same time the main complex did in 1984. Over the years, it continued to be a very popular hangout for the working population in surrounding areas.

Competition among the individual operators was tough, but controlled by implementing a simple policy: no two outlets should sell the same type of food. This policy resulted in a wider selection of products for consumers as well as better camaraderie among the operators. Prices were not regulated, however it was common knowledge that they were lower than those charged by restaurants, cafes and even other food courts in the vicinity. Prior to the GLC's move-out in 2007, business was brisk. After that, most of the operators experienced a drastic fall in revenue. Breaking even became increasingly difficult to do and by October 2009, their rental dues had accumulated to more than 6 months. Reminders from the Pro Clean building manager were countered with appeals for reduced rental rates, at least until the economic uncertainty was over. Unfortunately, attempted negotiations with the manager did not produce the desired result and their dues kept piling up. Still, among the nine operators, there were three whose bottom lines remained positive and they were still able to make the monthly rental payments.

In early December the same year, all nine operators of The Kitchen received a notice from the building manager. It said “To accommodate future expansion plans made for the Globaleffort Complex, The Kitchen food court is required to cease operations. We are hereby tendering a 30-day notice to terminate the rent agreement with all operators effective 1st. January, 2010”. The notice split the group into two. Those who had been facing problems with rental were quite willing to leave. “This is it, then, the end of my journey here”, one lamented. On the other hand, the three who had been diligently paying their dues were angry. “What kind of nonsense is this?” they asked. “We don't owe anything to the management, why are they kicking us out too?”

Subsequent appeals made by these three operators to the building manager were turned down. “We have plans for this place – it's

going to be renovated – but that’s none of your concern. All you have to do is leave,” was the only response they got. Initially, they decided to fight back and the following actions were planned:

- Engaging professional legal advice.
- Writing an official complaint to the Chief Executive of the GLC.
- Reporting the matter to the district’s Member of Parliament and the Mayor of Kuala Lumpur.
- Organising a press conference for major local media.

On the last day of January 2010, they were still operating. The next day, however, water and electricity supplies to the food court were cut off and the entrants barricaded. But the final shock was yet to come – a new operator had been appointed, who would occupy a space just outside the barricaded areas until the food court was reopened. The three began to feel victimised. “Why appoint a new guy when we are the ones who have been paying rent all these years? There’s something strange going on here,” they whispered. A last minute plea to the building manager was met with a stony, “If you persist, I would have to call the police”.

The threat worked. Compounded by the fact that none of their letters sent earlier to the Member of Parliament, the mayor and the top management of the GLC had received any response, they felt completely abandoned. Save one, the others quit their attempts to fight on. One of them said, “I can’t risk getting arrested. What’ll happen to my family if I go to jail? I’ll just have to look for another place and start over.” As they loaded their utensils out of the kiosks and drove away, fears and uncertainties about the future were etched all over their faces.

There was only one of them left now. Aisya, as she was known to family and friends, looked on grimly. “Well, I’m not giving up this place. I’ve raised a family, bought a house, a pick-up and a car with the business here... plus what’ll happen to my eight employees and *their* families if I quit? We’ve been here for almost twenty years now. I’ll fight this monster and, God willing, we might stay on for another twenty”. For many months, Aisya continued to be true to her words. Every morning, she appeared in her battered pick-up and set up her stall right next to the new operator’s premises. But Aisya also realised that the battle was far from over. Day after day, she would wake up wondering whether it was her last at The Kitchen and that soon she too might need to quit and move on.

When this article was first written in September 2011, The Kitchen had been fully renovated but was no longer in business. The site appeared to have been abandoned and neither Aisya nor the new

operator could be contacted for clarification. Attempts to interview Pro Clean managers were also futile.

4. Case Analysis

Unfortunately the case above is not an isolated incident but really a reflection of a larger picture that is troubling the small business community in Malaysia. Comparable cases have been observed in other small business sectors. For instance, the intra-city bus transportation system in Kuala Lumpur undertook a drastic restructuring a few years ago when individual-owned mini buses were replaced with a single large operation (Utusan Online, 2011). Small retailers too have had their own nightmare as the construction of new super-luxury malls and mega shopping complexes has led to higher rentals and lower margins for them, while facing a direct and potent threat from multinational retailers.

Scholars have argued that globalisation typically creates a highly competitive environment for businesses. For corporate players, this is usually addressed by increasing organisational efficiency and effectiveness to maximise wealth-generation. However, for small operators the challenges are far greater as they struggle with scarce resources, management information and skills, and market opportunities. Thus it is perhaps much harder for small businesses to survive the intense competition that comes with globalisation.

Globalisation is generally defined as a process in which goods, services, information, capital, et cetera, flow freely across national boundaries thereby increasing interconnectivity and interdependency of societies living in different parts of the world (Berry, 2008; Legrain, 2002; McGrew, 1992). From a business perspective, globalisation not only brings about trade and financial liberalization as well as open competition, but also transmits the effects of politics and cultures in dominant societies to the domestic environment of non-dominant societies. Much of the literature points to two major consequences of globalisation on developing and least-developed nations, i.e. cultural homogeneity and widening economic disparities (Eregare and Afolabi, 2009; Floyd, 1999; Lee and Vivarelli, 2006; Marsella, 2005; Winters et al., 2004; Youngman, 2000). In the studies, these effects are usually discussed at a macro level by making clinical comparisons of cultural and economic indicators such as value scores, gross domestic product, income per capita, rate of poverty, et cetera. The current study departs from this conservative approach, and attempts to analyse the above effects at a micro level through the eyes of individuals involved in the case, as reported in the following sub-section.

4.1 *Globalisation, cultural homogeneity and economic disparities*

The relationship between globalisation and widespread adoption of western-capitalist philosophies and practices, which has resulted in converging cultural trends across the world, is well-documented in extant literature (Floyd, 1999; Marsella, 2005; Morden, 1998; Youngman, 2000). Value shifts observed in the case are happening also in other countries which have opened their doors to the global economy. The fact that they happen in Kuala Lumpur is but a testament of how much the city itself has changed and how fast it is catching up with the rest of the modern world. The Malaysian Government has certainly worked hard at implementing an open policy over the last few decades and the effects – both positive and negative - are now showing, particularly in the socio-cultural environment.

The case of the food court operators at The Kitchen highlights these said effects. Mainly it demonstrates how corporate values are slowly evolving away from traditional Malaysian femininity and collectivism towards more western values of masculinity and individualism (Hofstede, 1980; Sloane, 1999; Winstedt, 1961). Due to greater exposure to global factors, especially western education and training, the younger Pro Clean managers have very likely experienced an assimilation process which produced such value shifts (Berry, 2008). Although the resulting changes have contributed to greater efficiency and effectiveness for the larger firms described in the case, they have also impaired the social relationships between the corporate managers and their small business tenants. In turn, this led to failed negotiations between them that subsequently caused difficulties for the latter.

Most of the business practices demonstrated by the young Pro Clean executives ought to be familiar to scholars of modern management. For instance, their decision to replace the old, small operators with a new and larger one was made to maximise organisational efficiency and effectiveness (recall that most of the small operators were not timely with their payments). The building manager's warning about calling in the police, instead of prolonging negotiations, reflected firmness and intolerance to what he felt was an external threat to the company's wellbeing – an approach also consistent with contemporary micro-management. So was his use of downsizing when he slashed the number of operators from nine to one.

These masculine and individualistic management values and practices have likely been acquired by the younger Pro Clean executives through western tertiary education, training and socialisation, which have been made possible by globalisation. According to Floyd (1999) and Marsella (2005), western-capitalist philosophies and practices adopted by

managers in developing countries are common manifestations of cultural homogeneity as a result of globalisation. Therefore, it is quite reasonable to relate The Kitchen's closure indirectly to globalisation, although on the surface it may appear to be a result of reduced customer traffic after the GLC moved out of Globaleffort. In other words, it is argued here that reduced customer traffic alone would not have resulted in the closure if Pro Clean managers had retained the original Malaysian values of collectivism and femininity (Hofstede, 1980; Sloane, 1999; Winstedt, 1961). Specifically, with collectivism and femininity, the managers would probably have resorted to more traditional strategies such as renegotiating rental rates and payment schedules, instead of evicting the operators.

Another important observation made in the study which can be linked to cultural homogeneity was the shift in commercial property development to more modern up-market architecture (recall that The Kitchen was renovated into a trendy western-styled bistro). In turn this has possibly affected market behaviour such as increasing prices of goods and services at The Kitchen, as well as alienation of its traditional customers, which could have brought about its final closure several months after the renovation. In general, while such physical developments have benefited the Malaysian society in terms of better infrastructure and comfort, their intangible effects on certain segments of the population are sometimes negative, as evidenced in the case. The study also showed that in addition to changes in corporate values and practices, the effects of globalisation may also be felt via government policies. In particular, the renovation of the food court was in line with current economic programs towards redesigning Malaysia and making her more attractive to foreign visitors (Ninth Malaysia Plan, 2006).

The ill-effects of globalisation on the economy of developing and least-developed countries have been discussed by many. Goulet (1998), Khor (2000) and Lee and Vivarelli (2006) show that economic development in a globalised world has not delivered economic wellbeing to all nations and people. Their arguments are supported by statistics on widening economic disparities and income inequality both within and among countries in recent decades. In previous studies, these gaps are usually attributed to the direct effects of open competition on weaker business players who lack the resources to fight back. The current case has provided an alternative explanation for the above findings by examining the indirect effects of corporate values on the small business community. Based on the details of the case, it is quite conceivable that the cumulative effect of many forced closures of small businesses have produced the economic gaps observed at macro levels.

5. Implications

One of the most disturbing lessons learnt in the study is the lack of legal protection accorded to small businesses in Malaysia. In the case of The Kitchen operators, there appeared to be no general tenancy act that specified the rights of all parties involved. The original agreement between Globaleffect and each operator was signed years ago and had long since expired. In Malaysia, when this happens the contract law will usually be applied, which means that tenancy shall from then on continue on a month-to-month basis. Therefore, from a legal perspective, it was not an offence for Pro Clean to evacuate the operators with a 30-day notice, without giving adequate justifications or compensations.

Another flaw in governance identified in the study was the level of bureaucracy which delayed decision-making and action-implementation for policy makers and local councils. In the above case, added to a blurred delineation of authority and jurisdiction among these various stakeholders, the red-tape factor proved to be a disadvantage to the operators. Their appeals for help to the Mayor of Kuala Lumpur and the district's Member of Parliament were met with promises "to bring the matter up" that never produced a concrete solution.

Disunity and lack of awareness of their own rights also constituted a major threat to the operators. By staying together, a lot more could have been done to protect their interests including collective bargaining through the Association of Small Businesses and Petty Traders, as well as applying for a legal injunction to halt the eviction. Aisya's decision to stand up to Pro Clean was commendable; however doing it alone diluted the intended effect and made applying for a legal injunction an impractical option because of the high costs involved.

Evident too from the case was the Pro Clean executives' poor understanding of marketing and consumer behaviour in Kuala Lumpur. In their enthusiasm to support the government's policy on international tourism, they overlooked the fact that The Kitchen was not positioned to attract tourists. Although there were a couple of interesting sites in the vicinity, they served only as quick-stops for them and did not motivate their shopping or spending behaviour in the area. In reality, it was the local working population which made up a clear majority of customers at the food court. Turning The Kitchen into a western-styled bistro targeted at foreign tourists could have alienated most of the regular customers and produced an adverse effect on its revenue. This possibly led to the eventual closure of The Kitchen and losses for both Aisya and the new operator.

6. Recommendations

Although the negative implications of globalisation on small businesses in Malaysia appear to be serious, it does not mean they cannot be minimised. There is evidence suggesting that the adverse effects of globalisation on the socio-economy of developing nations may be moderated by certain factors in the domestic environment such as government policies and legal provisions (Winters et al., 2004). According to Lee and Vivarelli (2006), a cautious and controlled approach to globalisation through structural, institutional and technological reforms is possibly the best way forward for developing countries. In other words, better domestic governance systems can help reduce incidence of marginalisation and losses among the weaker segments of the society. Hence, the immediate question is: What roles can different stakeholders, i.e. large corporations, public institutions, the society and small business owners, play to improve the sustainability of small businesses operating in a globalised environment?

Based on the implications argued earlier, the following recommendations are made to help improve survival rates for small businesses in the country. They are discussed along four different themes: 1) unity and persistence, 2) governance, 3) public awareness, and 4) innovation, efficiency and effectiveness.

6.1 *Building a united and persistent small business community*

In the case, although three of the nine operators did initially show an inclination to exercise their civil rights, their courage soon fizzled out. Save for Aisya, they buckled very easily under the psychological pressure of fighting a powerful organization and chose to surrender without putting up too much of a fight. Consequently, this lack of unity and persistence led to their failure to defend The Kitchen, and it finally closed. The case has clearly demonstrated that without unity, perseverance and the courage to challenge the old order, small businesses such as The Kitchen operators will continue to suffer in the name of economic growth.

A more organised small business movement could have taken their cause to a higher level. Besides making their plight known through the media, a stronger voice would likely enable them to catch the attention of local leaders and exert pressure on the GLC's top management to reverse the situation. Additionally, the group could have resorted to collective bargaining through relevant non-government organisations and trade associations for adequate compensation and other legal redress. In the long run, such efforts will potentially

culminate in overall institutional, structural and technological reforms, as advocated earlier by Lee and Vivarelli (2006). Some of these reforms in domestic governance are discussed below.

6.2 *Improving domestic governance systems*

Malaysia needs more effective laws, such as a tenancy act, that protect the interests of small players. Individual contracts between small business tenants and the larger building owners almost always side with the latter with the general attitude being “take it or leave it”. Among others, the tenancy act should specify a more reasonable term of notice of termination, or adequate compensation in the event of forced evacuation. As the people’s representatives, Members of Parliament should take a more proactive role in terms of fighting for adequate legal provisions and working with various non-government organisations to raise the voice of the small business community.

Even without new laws, more can be done presently by relevant agencies such as the Bar Council to secure the legal position of small businesses especially during negotiations by providing legal counselling at minimum cost. Other parties including the Small and Medium Enterprise Development Corporation can also provide assistance by helping the businesses to find alternative business opportunities and relocate their premises to an equally strategic spot.

Major reforms of current understanding of business ethics and corporate social responsibility are required. All too often, large corporations perform acts of social responsibility as mere lip service and blame market forces when they fail to produce positive results (Neimark, 1995). Although business ethics should ideally be viewed as a moral obligation, at the very least, corporations must be convinced that engaging in social responsibility is advantageous as the economic benefits far outweigh the costs in the long run (Falck and Heblich, 2007). A paradigm shift among corporate managers is important as it will lead to a more supportive and benevolent attitude towards small stakeholders and the society at large.

In the scenario described, instead of a direct eviction, a more ethical approach could have been developed by Pro Clean managers to deal with late-payment of rentals. Since the problem rose only after the tenants experienced declining sales, a more positive solution would be to develop action plans that could help boost the figures. These include stepping up efforts to increase the building’s occupancy rate and organising public events to improve customer traffic at Globaleffort. Additionally, the selection of the new operator should have been conducted in a more transparent and accountable manner, for example

through an open tender, so that the old tenants too had an opportunity to bid for it.

6.3 *Raising public awareness*

Neimark (1995), Bourdieu (2001) and Haigh and Jones (2007) argue that large corporations get away with socially irresponsible practices because society lets them. Being too forgiving, society makes excuses for these companies and blames other factors for their failure to engage in corporate social responsibility. In this case, the six operators who were facing rental problems readily blamed themselves for their predicament. Instead of realising their own rights to live and work respectably as lawful citizens, they allowed themselves to be bullied. As a result, the group lost a great opportunity to garner public support for its cause and the GLC and Pro Clean managed to escape from having to perform their obligations to society.

Raising public awareness about the rights of small business operators to live and work respectably is crucial in any effort to bridge income inequality both within and among countries. The recent "Occupy" movements pervading major cities both in developed and developing countries (Eurasia Review, 2011) underlined weaknesses of the capitalist system which split the economy unfairly between a top tiny percentage of the population and the remaining majority. More significantly, the protests have managed to raise public awareness on the importance of corporate social responsibility and good governance in preserving the welfare of society in general. Ironically, in Malaysia, such public spirit and conscience would probably have been easier to cultivate in its pre-globalisation days when feminine and collectivistic values were stronger (Hofstede, 1980; Sloane, 1999; Winstedt, 1961).

Thus the challenge lies in how modernity can be exploited to restore specific traditional Malaysian values such as caring and nurturing, into mainstream culture. In this, the small business community itself must lead the mission through the use of information technology, social networks and systematic public campaigning. The ultimate objective would be to strengthen moral courage among the public so that large businesses can no longer defend socially irresponsible practices (Adler et al., 2007).

6.4 *Improving innovation, efficiency and effectiveness in small businesses*

While efficiency and effectiveness refer to an organisation's ability to maximise performance at minimum cost, innovativeness defines its

capacity to adapt, change and actively create new market demands (Chandra and Neelankavil, 2008; Chell, 2001). Scoring low in all three dimensions implies that the organisation is unproductive, incurs high wastage and is unable to cope with current trends in the environment. In the case, these weaknesses were captured through observation of the operators' limited range of services, lack of attention to cleanliness, decor and presentation, and low professionalism. Even though the majority of customers were traditional, middle-income office workers who did not expect high-end products and services, better competitive advantage could have been gained by improving these business traits. For instance, the operators could have diversified into office delivery and catering services, and upgraded their food presentation style.

According to Marsella (2005), globalisation is inevitable. Therefore, the ability to respond to – and even lead – market changes is crucial for any business to raise its competitiveness and sustainability. For small businesses such as the food court operators discussed in the case, there are tools and techniques offered by globalisation which can facilitate their market responsiveness through innovation. Again information technology should be exploited and is potentially helpful in research and marketing. Besides providing online access to new product knowledge, it can promote the business through websites and social media. In this way, challenges of globalisation are turned into opportunities which will elevate, rather than suffocate, small businesses.

7. Conclusion

The study shows that although small businesses contribute significantly to the Malaysian economy, they are seldom provided with adequate support by public institutions, corporations, and society at large. As a result of globalisation, the values of corporate Malaysia particularly have been homogenised along western-capitalist conventions. This has caused large businesses to increasingly overlook their social responsibilities to smaller players in their mission to maximise organisational efficiency and effectiveness. Consequently, small businesses are often neglected in the general scheme of economic development and continually face the risk of forced closure.

To minimise the effect, the small business community must itself lead the way by standing united and working persistently towards improving domestic governance systems and educating the public on their rights as lawful citizens. To this end, the irony is perhaps in exploiting the technological benefits of globalisation to bring back traditional caring values as popular culture. Efforts to strengthen moral courage among various stakeholders should also be pursued so that

corporate Malaysia can no more justify socially irresponsible behaviour. Finally, small businesses must actively improve their own innovativeness, efficiency and effectiveness to enhance sustainability in a highly competitive environment.

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