

**EVALUATING THE IMPACT OF THE "RURAL BUSINESS CHALLENGE" (RBC)
PROGRAMME ON BUSINESS EXPANSION: AN ASSESSMENT OF RBC PROGRAM
OUTCOMES**

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Abstract

This study emphasizes the important of Rural Business Challenge (RBC) programme's in facilitating business development for entrepreneurs, particularly young individuals residing in rural areas. The RBC programme has proven to be highly effective in nurturing successful entrepreneurs by offering financial assistance, providing business premises, and extending various other forms of support. It serves as a source of inspiration for aspiring entrepreneurs, encouraging their active involvement in entrepreneurial endeavours. Furthermore, this study serves as a means to increase public awareness regarding the government's commitment to supporting business ventures, offering valuable insights to individuals interested in initiating their businesses. By drawing upon the experiences of past RBC winners, this study guides how to address weaknesses, leverage strengths, and overcome potential threats. Consequently, it enables new entrepreneurs to enhance the organization and planning of their businesses, leading to more

systematic and effective operations.

Keyword: Rural Business Challenge, Entrepreneurship, Economic development, Rural Development Policy.

1.0 INTRODUCTION

The six-year Rural Business Challenge (RBC) program by Malaysia's Ministry of Rural and Regional Development is designed based on Dermot's perspective to foster competitive, innovative, and leadership-oriented entrepreneurs (Dermot, 2012). It employs business plan competitions to select youth entrepreneurs, benefiting rural economic growth. RBC has produced 209 successful rural youth entrepreneurs, with representation from almost all Malaysian states, excluding only three Federal Territories. The program has achieved wide participation and recognition for its unique approach to driving economic development in rural areas. It operated from 2012 to 2017, making a significant impact on entrepreneurship in the country (Mohd Osman, 2007; Salleh et al., 2018).

Despite a six-year duration, the RBC program lacks evident impact. No study confirms its positive influence on rural youth or the community, nor evaluates its effectiveness in implementation, outputs, or outcomes. Recognizing this gap, researchers plan a comprehensive assessment. They intend to analyze implementation methods, outcomes, and community impact, using a study focused on business expansion resulting from winning projects. Through this investigation, they aim to assess the program's effectiveness, scrutinize how winning projects contribute to rural business growth, and ascertain whether the program successfully promotes entrepreneurship and economic development in the targeted communities (Ministry of Rural Development, 2019).

2.0 RESEARCH QUESTION

The following are the current study research question.

a) What are the outcomes of the Rural Business Challenge (RBC) program based on business expansion resulting from the implementation of the winning project?

3.0 SCOPE OF STUDY

This study investigates Rural Business Challenge (RBC) winners who received grants between 2012-2015. It centers on six entrepreneurs, given a 2 million Malaysian Ringgit (RM) grant under Business Development from the Ministry of Rural Development and Territory.

4.0 SIGNIFICANT OF STUDY

This research evaluates the RBC program's impact and similar initiatives in Malaysia, aiding youth entrepreneurship and rural development. Valuable insights and recommendations will benefit policymakers, program designers, and researchers, enhancing program quality, decision-making, resource allocation, and effectiveness. This strengthens Malaysia's entrepreneurship landscape, especially the Rural Business Challenge.

5.0 LITERATURE REVIEW

This section discusses Malaysia's economic and rural development policies, focusing on the Rural Business Challenge (RBC) competition and its indicators. Emphasis is placed on economic

advancement in RBC and related policies.

5.1 Malaysia's Economic Policy in Brief

Malaysia's economic policy prioritizes equitable wealth distribution, transcending race or religion, with a focus on poverty eradication. Initiatives like the New Economic Policy (NEP) from 1971 promote unity, elevate living standards, and create job opportunities regardless of ethnicity. Entrepreneurship-centric policies, including the National Entrepreneurship Policy, Rural Development Policy, and Shared Prosperity Vision 2030, align with programs like the Rural Business Challenge (RBC). By empowering impoverished communities, these policies and programs stimulate entrepreneurship, elevate income, and foster economic growth, ensuring inclusive wealth access for all citizens (Ministry of Rural Development, 2019).

5.2 Ministry of Rural and Regional Development of Malaysia: Entrepreneurship Policy

Malaysia's National Entrepreneurship Policy targets national transformation into an entrepreneurial hub, fostering an inclusive mindset and ecosystem. Goals set for 2030 encompass global rankings, MSME contributions, employment, exports, and innovation. Strategies promote entrepreneurship, regulatory optimization, financing access, holistic development, innovation, MSME strengthening, and internationalization. Concurrently, the Rural Development Policy aims for rural prosperity through sustainable social, economic, and environmental growth, guided by ten pillars. This narrows urban-rural disparities, attracting investment and aiding residents to adapt to the Fourth Industrial Revolution and global challenges, fostering holistic socio-economic progress and inclusive development (Ministry of Rural Development, 2019).

5.3 Rural Business Challenge (RBC) Competition

The Rural Business Challenge (RBC) by the Ministry of Rural and Regional Development in Malaysia targets young entrepreneurs aged 18 to 40, fostering innovation and economic enhancement in rural areas. It offers Business Plan opportunities across sectors like agriculture, manufacturing, services, and tourism, driving entrepreneurship, job creation, and income generation. The competition comprises three stages: business plan evaluation, project implementation, and business development support. Evaluation panels assess plans based on rural location, job creation, compliance, and capabilities. The program's second stage involves executing winning projects with oversight committees, while the third offers support for business development through training, marketing, and research. The RBC ultimately empowers rural economic growth through innovative ventures (Ministry of Rural Development, 2019).

5.4 Indicators Used in The Rural Business Challenge (RBC) Study

Indicators guide studies by marking direction and competence achievement. They measure goal attainment and guide research alignment, ensuring proper study progression and goal fulfilment (Ministry of Rural Development, 2019).

Competition Categories

The competition categories, referring to participant traits essential for business grant competition. "Category" signifies trait-defined groups, while "competition" evaluates skills in specific fields. In RBC, categories define traits needed for participants to win grants, aiding rural entrepreneurs

across scales, enhancing their status, and using government-provided capital to boost local development (Ministry of Rural Development, 2019).

Competition Assessment Methods

Referring to the Ministry of Rural and Regional Development's (KKDW) process for selecting business grant winners. This process involves three evaluation levels: reviewing entry documents, assessing proposals for aligned objectives, and site visits/interviews. These methods identify rightful recipients of government business grant assistance (Ministry of Rural Development, 2019).

Project Implementation Period

This indicator evaluates financial assistance's efficacy for entrepreneurs. This period represents the task completion timeline. Positive outcomes determine assistance success. Mariani et al.'s (2017) study showed enhanced economic status through business capital assistance, boosting income and competitiveness. RBC winners must showcase their business impact within a three-year span, evaluating achieved changes and successes, including income improvement, job creation, and new entrepreneurship (Ministry of Rural Development, 2019).

Grant Value

Another indicator is the "grant value," referencing rewards for winning the RBC competition. Successful entrepreneurs receive government business grants ranging from RM300,000 to RM2,000,000. This value, effective since 2012 to 2017, varies based on business type, idea, and location (Ministry of Rural Development, 2019).

Monitoring Method

Monitoring is vital for program success, involving continuous activities to ensure effective execution of plans and goals. Bumiputera Youth Entrepreneurship Program uses 12-month monitoring in its third phase. In RBC, monitoring during the second phase is managed by two committees: JPPRBC for coordination and strategy, and JPT-RBC for execution and addressing project matters. These methods ensure RBC's successful implementation and goal achievement (Ministry of Rural Development, 2019).

Income Enhancement

The New Economic Policy (NEP) aims to foster rural development, addressing poverty, unemployment, and migration. Government initiatives, including entrepreneurship programs, focus on economic growth. Entrepreneurs contribute through leadership, innovation, and industry establishment. Programs like RBC encourage rural youth towards entrepreneurship, elevating income and prospects for a better life (Ministry of Rural Development, 2019).

5.5 Economic Advancement

The study examines the improvement of economic status as a key indicator, especially in rural areas. Low income and rapid living standard changes can elevate costs, affecting economic well-being, particularly in rural regions. The Ministry of Rural Development and Territory of Malaysia addresses these concerns through policies and programs, including the Rural Business Challenge

(RBC). RBC aids rural communities by providing grants and resources to expand businesses, leading to economic growth, job opportunities, increased income, and improved socio-economic conditions. This research evaluates RBC's impact, contributing to rural development literature and guiding effective strategies for economic challenges in rural communities (Ministry of Rural Development, 2019).

6.0 METHODOLOGY

This section discussed current study research design, target population, sample size, data collection techniques, research instrument/questionnaire, and data analysis. The following Table 1 explained further the process in detail.

Table 1: Research methodology

| | |
|--------------------------------------|--|
| Research Design | Qualitative research was chosen for this study as it needed to be conducted in a natural setting to understand the social reality experienced by the social actors themselves, namely the entrepreneurs participating in the RBC program (Denzin & Lincoln, 2005). |
| Target Population | The respondents included in the study are limited to a specific time frame, from 2012 to 2015. The study centers on six (6) entrepreneurs who have received a grant totalling 2 million Malaysian Ringgit under the Business Development (PP) category from the Ministry of Rural Development and Territory of Malaysia. |
| Sample Size | Six (6) entrepreneurs who have received a grant totalling 2 million Malaysian Ringgit (RM) under the Business Development (PP) category. The sampling in this study used purposive sampling, where the selected respondents were individuals who possessed predetermined characteristics. |
| Data Collection | Face-to-face interviews were conducted with all the six (6) entrepreneurs as this is the most convenient, reliable, and relevant method to reach the respondents. |
| Instrument/ Questionnaire | <p>The research instrument, which was the interview questions used, had been developed by the researchers involved based on information obtained through interviews with the ministry (primary data) and a review of the study (secondary data) in the form of documents obtained from the ministry itself to ensure accuracy of the latest information.</p> <p>This instrument had gone through a validation process by field experts to ensure that it could measure what should be measured according to the terms of reference (TOR). Furthermore, it aimed to ensure the validity of the collected data and its alignment with the objectives of this study. The interview questions used in this study were developed based on the predetermined research objectives and divided into two sets of questions.</p> |
| Data Analysis | The interview data was analyzed using thematic analysis, aiming to identify patterns or themes within the qualitative data. At the beginning of this process, the researcher assigned code names to significant data |

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| | <p>excerpts, usually derived from the meaning present in respondents' narrative texts. According to Sarmila (2012), the combination of codes referred to as basic themes (BT), and subsequently formulated meanings were categorized and combined into groups known as main themes (MT) for the study. Through the development of these main themes, the first-level construction process successfully portrayed the social actors' world. By developing the main themes in the first-level construction, it facilitated the formulation of second-level constructs referred to as categories or components.</p> |
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7.0 FINDINGS

This section delved into the experiences of winners of the 2 million Malaysian Ringgit (RM) grant and the impacts of the Rural Business Challenge (RBC).

Table 2: Respondents answers/responds to research questions

| GRANT RM2 MILLION | | |
|--------------------------|--------------------------------|--|
| BIL. | IMPACT ON ENTREPRENEURS | OUTCOME |
| 1. | Winner's Latest State | <p>Respondent1: <i>“expanded a strawberry farm from 10,000 to 100,000 trees and 8 to 32 rooms after winning RBC, enhancing sales.”</i></p> <p>Respondent 2: <i>“secured RM2 million for dairy cow restructuring after winning RBC 2014.”</i></p> <p>Respondent 3: <i>“mentioned using RM2 million prize to grow business after making RM800,000 in paper.”</i></p> <p>Respondent 4: <i>“spoke about agrotourism and education, with RBC's RM2 million aiding business survival amid challenges, mentioning being the largest private agriculture institute in Malaysia.”</i></p> <p>(Ministry of Rural Development, 2019).</p> |
| 2. | Income Increase | <p>Respondent 1: <i>“sales saw a drop from RM3 million (2019) to RM1.5 million (2020) due to COVID, after RBC boosted them from RM30,000.</i></p> <p>Respondent 2: <i>“dairy cow business saw a profit range of 20-30% from 30% pre-RBC.”</i></p> |

| | | |
|----|-------------------------------|---|
| | | <p>Respondent 3: <i>“earnings transformed from RM7,000 - RM8,000 to RM80,000 monthly, attributing RBC to significant income growth and achievements.”</i></p> <p>(Ministry of Rural Development, 2019).</p> |
| 3. | Return on Income (ROI) | <p>Respondent 2: <i>“started in 2018, we expect business to grow by 2024 with government support, aiming for stronger performance if unaffected by Covid.”</i></p> <p>(Ministry of Rural Development, 2019).</p> |
| 4. | Productivity | <p>Respondent 1: <i>“expanded a strawberry farm from 10,000 to 100,000 trees and 8 to 32 rooms after RBC win.”</i></p> <p>Respondent 2: <i>“diversified products with RBC grants, training, and planned tourism promotion, despite Covid's impact.”</i></p> <p>Respondent 3: <i>“introduced new menu items like salted egg fried rice and expanded offerings.”</i></p> <p>Respondent 4: <i>“sells maternal and child care products under the OMW brand at a Watson retail store.”</i></p> <p>(Ministry of Rural Development, 2019).</p> |
| 5. | Jobs Opportunity | <p>Respondent 1: <i>“workforce grew from 3 to nearly 40, once reaching 60 but reduced due to Covid.”</i></p> <p>Respondent 2: <i>“has only 3 permanent employees, with PERKESO payments.”</i></p> <p>Respondent 3: <i>“employs locals, hiring villagers for salted egg production, providing jobs as per RBC's intent.”</i></p> <p>Respondent 4: <i>“employed 80 workers via iGrow, boosting local economic opportunities and fostering the My Kampung My Future program.”</i></p> <p>(Ministry of Rural Development, 2019).</p> |
| 6. | Creation of New Entrepreneurs | <p>Respondent 2: <i>“I have a one-man train to manufacture dairy products.”</i></p> <p>Respondent 3: <i>“Born under unfavourable conditions, I won RBC grants. Malaysia's significance occupies my thoughts.”</i></p> |

| | | |
|--|--|---|
| | | <p><i>Despite 100 people, 40 matter more. Cattle ownership endures.”</i></p> <p>Respondent 3: <i>“My courses, mostly for the veterinary field, attract many. Farm consultations are common upon request. Despite shifting to personal appointments, farm consulting remains vital, including near Semenyih.”</i></p> <p>Respondent 4: <i>“By promoting tourism, I boost over 20 firms and downstream economy with handicrafts. My role involves drawing tourists to Kampung Gajah, igniting local business growth. Chalets flourish as well.”</i></p> <p>(Ministry of Rural Development, 2019).</p> |
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Table 3: Summary of the findings

| Winning Prizes | Impact of the Program on Young Entrepreneurs | Impact of the RBC Programme |
|-----------------------|---|---|
| RM2 million | The RBC program aims to attract rural youth for entrepreneurial ventures, boosting their skills and knowledge to enhance, advance, and guide their businesses. The findings, derived from interviews with RBC winners, showcase their augmented knowledge and entrepreneurial skills. Moreover, they successfully innovate higher-yield products, broaden entrepreneur networks, and amplify business assets. These outcomes stem from interviews with RBC winners (Ministry of Rural Development, 2019). | The RBC program focuses on nurturing winners' businesses and creating rural employment, bolstering local economies. Its impact study explores economic, social, and sustainability effects in the community. RBC winners drive employment and income generation. Economic benefits from visitors boost rural financial well-being. The study also examines social impact through grants and social entrepreneurship, building village reputation and community bonds. This approach motivates locals, fosters relationships, and promotes job opportunities, facilitating rural economic growth. The program plays a vital role in encouraging villagers to stay through employment and business opportunities (Ministry of Rural Development, 2019). |

9.0 CONCLUSIONS

Rural areas hold potential as creative entrepreneurial centers, acknowledged for low living costs, community spirit, and simplicity. Rural communities excel in certain businesses. Technological advancements enable rural businesses to access local and global markets without sacrificing their lifestyle. However, rural development requires public funding and government support. State and federal governments are essential partners in harnessing rural potential. The study focuses on

rural entrepreneurs, particularly RBC winners (2012-2015), discussing successful business approaches and competitiveness in uncertain economies. The KPLB's RBC initiative, directing rural youth for direct benefits and sustainable village development, aids faster business growth and offers opportunities for marketing beyond local residences, contributing to brand building. The study doesn't solely reinforce RBC's positive image but showcases strategies to counter urban migration, demonstrating proactive rural communities fostering innovation and entrepreneurship. Amid the emerging Industry 4.0 era, new technology generates unprecedented rural opportunities. Effective policies, integrated efforts, and learning from successes and failures pave the way for an advanced and competitive rural life.

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