

LOCAL AUTHORITY POLICIES AND ENTREPRENEURIAL SPIRIT TOWARDS MALAYSIAN MICRO ENTERPRISE PERFORMANCE

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ABSTRACT

Small profit and limited opportunities for further growth is always associated with Micro Enterprises (MEs). With a few studies focus on MEs, this study is among the few. In addition, viewing the Local Authority (LA) policy and its effect towards MEs business performance making this study more interesting. Combining both effect towards MEs business performance in particular, this paper investigates local authority's role and how the local authority could facilitate MEs in setting up and growing their business performance according to the stipulated rules and regulations. In addition, this paper attempts to investigate the local authority existing policies compatibility with MEs business growth. The research employed a survey method using a questionnaire. The respondents were the owners of MEs. This study had used 457 completed and returned questionnaires by MEs from northern region of Malaysia. The findings have indicated that local authority's policies have no significant relationship on MEs business performance. On the other hand, this study revealed that entrepreneurial spirit does have a significant influence on MEs business performance. The results showed that local authorities' should reassess the current policies so that that it would be more MEs friendly thus helping the growth of MEs. With the increase uncertainty in today's economic leading to escalating unemployment rate, involving in business at a small scale could be among the solutions for generating income. Local authorities should assist the MEs in this regard. We conclude by highlighting some specific problems concerning local authority's policies and a few practical implications for local authorities.

Key words: Attitude, Entrepreneurial mindset, Knowledge, Local Authorities, Micro Enterprises

INTRODUCTION

Nowadays, either micro, small or medium enterprises have an opportunity to venture in international market even though they are becoming more tight and needs to considered appropriate economic attributes that are much favorable to the consumer needs and requirements. Therefore, in the due course, it is very significant to note that the difficulties, challenges and problems faced specifically by micro enterprises (MEs) today required to be seriously considered by the local authorities (LAs) who directly dealing with them. It is also needed to clear the LA's objective towards recognition of ME's success, business growth and help them to effectively avail their business opportunities (Teoh & Chong, 2007). On the other hand, the federal and state government are too remote for observing and providing necessary facilities needed by MEs due to geographically, psychologically and socially they are distant from them. Thus, no other choice, the LAs has to play a complimentary role and it is operative in a centralized political system that does very limited in term of appreciating autonomy or public participation at the local level (Nooi, 2008). In other words, LAs are solely answerable for the supplying of services and goods for at local status. The effectiveness and efficiency of the LAs in delivering their assigned task regarding ME's facilities was a big concern as to make sure that these administrative bodies are able to meet the ever changing demands from communities and higher level of urban or rural services.

In the Malaysian context specifically, there is a rapid change of business environment, demographics and business activities worldwide that needs to be addressed properly by the LAs or any other statutory bodies. Consequently, this situation ensure that LAs needs to become more crucial roles as they are a significant component of developing economies. In addition, it contributes importantly to enhance the above average lifestyle of ME's owners (local people) in local communities. The LAs envisage the ME's problems and helping them out in order to meet their interest, needs, and requirements are necessary not just gives consultation. Therefore, there is a need to address the LA's effectiveness and its impact on ME's performance whereby social problems required inter-agencies and community partnerships. As a drawback, the social problems cut across disciplines required the LAs to "think globally" and "act locally" (GLOCAL) in order to tackle such complicated social problems (Chesterman & Horne, 2002).

Malaysian MEs have been at the forefront of local economic development, even before the country achieved independence in 1957. What is different now is the development of a serious and concerted Master-plan to ensure the success of the sector (Kannan, 2013). A large body of literature has acknowledged that MEs play significant roles in Malaysian economic development (Abd Razak, Wan Fauziah, Noor & Ahmad Kaseri, 2012 and Abu Bakar, Razol Mahari, and Zulkpli, 2014). In Malaysia, MEs represent 76.95% (496,458 out of 645,136) of registered Malaysian SMEs of the total establishments in five key economic sectors, namely manufacturing, services, agriculture, construction and mining & quarrying. Overall micro enterprises provide almost 36.50% (1,366,838) job opportunity or employment. In addition, Kedah represent 5.8% among the total

distribution of MEs by State (Department of Statistics, Malaysia; DOSM) Economic Census, 2011; SME Corp. Malaysia, 2016). In terms of location, the majority of MEs located on the west coast of Malaysia Peninsular are concentrated in the central region (Federal Territory Kuala Lumpur and Selangor), which accounts for 32.6 %, followed by the states of Johor (10.7 %), Perak (7.3%), and etc.

Currently the most urgent challenge for LAs is to help the less and incapable of ME’s owners to start or continue their existing business operations even though face the stiff economic as well as social challenges. More importantly there is a need to look at how LAs could improve and expedite their services towards ME’s owners so that along with growth of Malaysian economy development could also be benefited by both parties (Noya, Padoan, Arzeni, Potter, & Lunati, 2010).

Considering the significant roles of MEs in economic growth, the Malaysian Government has provided numerous business support services through various agencies to support MEs’ activities (National SME Development Council, 2013). Up until now, a billion of Ringgits have been spent under various programs with the aim of supporting the business growth of MEs. Saud (2005) and Duasa, Thaker, Mohamed, Afroz, and Zainal Abidin (2014) informed that Malaysian government launched several programs and schemes to boost MEs activities at federal, state and local level and their contributions to the development of the country, but, the influence of these programs, initiatives and schemes are yet to be felt. The government is also helping MEs through various institutions and facilities such as financial services, training, marketing, business management and administration at national, state and local level.

In addition, physical infrastructure and choice of strategic location whereby most MEs are operated in small premises or shelters by road or street sides, or even in the city centers without proper additional facilities such as ample parking spaces, street lighting at night time, drainage, sewage, disposal of food waste, and etc. In some places, it is observed that MEs are being neglected by LAs without basic facilities even though there are such planning in the blueprint of LAs for future development.

Furthermore, LAs roles however could beneficial, elevate MEs owner’s talent, and “entrepreneurial spirit” which help to reduce urban poverty rates. Appropriate service delivery to MEs owners by LAs can indirectly help the local government in the long run. LAs are seemed to be lacking in term of continuous and improve service delivery. This could be in the form of local tax collection, issuing and approving the license for operators, local administration and management, sewerage lines, garbage collection and disposal, draining excess rain water to avoid flash flood, friendly leisure and recreation parks, street and spacious parking lot for customers, street lights and so on.

Some LAs have been found not so far developed or applied integrated management techniques or innovative technology solutions for sustainable development (Atkinson, 2002 and Bacot, McCoy, & Plagman-Galvin, 2002). LAs has significant potential to influence the thinking of businesses and residents, and, in turn, reflects the social and environmental values to the stakeholders. Therefore, all sectors involved in the LAs planning should develop knowledge understanding and awareness to transfer practice in sustainability development agenda. Hence, the Malaysian local governments’ staff must have knowledge of sustainable development in their capacity (Mohamed, 2014). There has been ample neglect on implementing specific research on LAs contribution to the success of MEs (Brackertz, 2006; Havenga, 2002; Nooi, 2008; Yilmaz, Beris, & Serrano-berthet, 2008). For better understanding, next we outline a few research objectives, conceptual framework and hypotheses proposed for this study.

RESEARCH OBJECTIVES

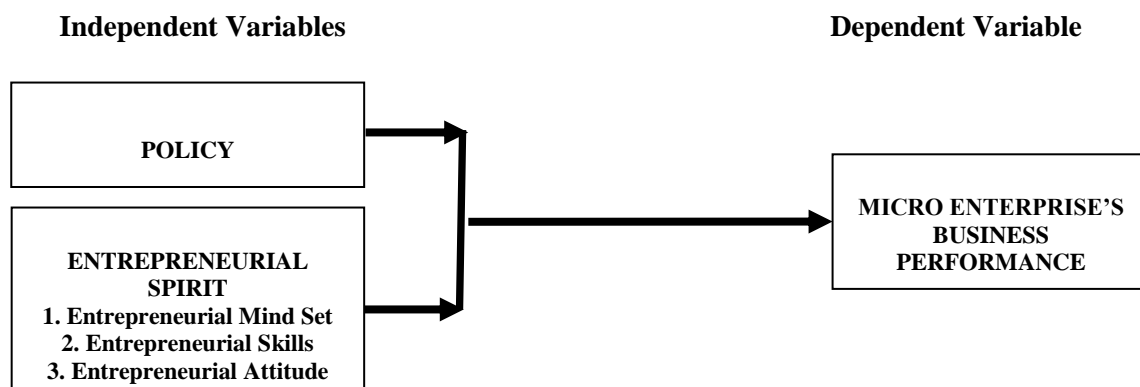
Given below are research objectives of this paper:

1. To determine the relationship between LAs policy and MEs business performance.
2. To determine the influence of entrepreneurial spirit on MEs business performance.

CONCEPTUAL FRAMEWORK

Figure 1.1: Conceptual Framework

Given below conceptual framework of this paper based on the literature reviewed:



HYPOTHESIS

Given below are the hypothesis developed based on above research objectives:

- H1 : *There is a significant relationship between LAs policy and MEs business performance.*
H2 : *There is a significant relationship between entrepreneurial spirit and MEs business performance.*

Based on conceptual framework suggested, subsequently we discussed literature review.

LITERATURE REVIEW

MICRO ENTERPRISES BUSINESS PERFORMANCE

MEs business performance is basically based on their efficient performance demonstration of performing or doing something in the most effective ways by utilizing available information as well as resources within the organization. Nevertheless, business performance looks to be operationalized, conceptualized and measured in distinctive ways (Srinivasan T., 1994). In this case, the operationalized been defined in term of business performance such as sustainability, survivality, profitability, and developing employee's expertise (Lerner, Brush, & Hisrich, 1997). However, Thibault et al. (2002) proposed that individual elements, demographic and business variables, measure of firm's financing performance, utilization of firm's technology advancement, experience of running business operations daily, working environment, et cetera (Just to name a few). In addition, the total number of full or part time workers also significant factors in examining business success performance. On the other hand, Wiklund and Shepherd (2005) suggested that the business performance referred to past experience as an individual from an entrepreneurial administration team, number of past begins, age, and filtering intensity of the firm. In the context of the current study, business performance refers to increase in sales volume, expansion by the means of buying more business equipment such as more stove, utensils and tables/chairs. It also includes opening new branches and investing more money for business.

ENTREPRENEURIAL SPIRIT

MEs is acknowledged globally as a tool for empowering the citizenry and economic development and growth. It has been connected with the fast economic development of countries especially in Asian. A great deal has been said and written in regards to MEs all the world over. It has additionally framed the subject of examinations in such a large number of seminars and workshops both locally and globally. In the same token, governments at different levels (local, state and federal levels) have in one way or the other concentrated on the MEs development growth. While a few legislatures had defined strategies gone for encouraging and empowering the development, improvement and performance of the MEs. Meanwhile, the others had concentrated on helping the MEs to become through delicate credits and other financial incentives (Onuorah and Appah, 2012).

Gikonyo, Zainalaludin, and Masud (2005) revealed that Malaysian women entrepreneurs' spirit needed to be economically independent when they will be empowered in making any decisions which within the stipulated procedures. They further emphasized that men and women entrepreneurs have equal devotion and contribution to the Malaysia's economic activities either at domestic or international levels. Most MEs solely focused on their basic needs and necessity, but on the other hands, lack of resource's utilization and problems regarding of facilities provided is quite common. Their contribution has been likewise been undervalued, unpaid, and unrecognized by some quarters of stakeholders. However, some do believe that their business economy will enhance if they will be scaled up and been empowered in certain important aspects of business activities (Thomas & Velthouse, 1990). In some cases, the individuals concern should derive a sense of satisfaction with their work itself when they have been directly involved in decisions making in which the outcomes affect the organization (Clinton, 2014). In this paper, entrepreneurial spirit is explained in three sub-dimensions, namely, entrepreneurial mind-set, skills or knowledge, and attitude. These sub-dimensions of entrepreneurial spirit are discussed below.

Entrepreneurial Mind-Set

The term entrepreneurial mindset is defined as a particular state of mind which positions human conduct towards entrepreneurial accomplishments and outcomes whereby are most of time looking for opportunities, innovation idea and they always thing about new value creation (FT.com). An entrepreneurial mentality assigns a methodology of pondering business opportunities that catch the advantages of instability (Dhliwayo and Vuuren, 2007). Meanwhile, Wikipedians (editors)(2017) suggested entrepreneurial mind-set it the creative and enthusiastic questing, abusing or investigating for opportunities. Therefore, it is critical to maintain the aggressiveness of economic associations and the socioeconomic lifestyle of the entrepreneurs through creating entrepreneurial value and employment (Thompson, 2004). In addition, Neneh (2012) further explained that it is "the successful future strategists will exploit an entrepreneurial mindset and the ability or capabilities to rapidly sense, act, and mobilize, even under uncertain conditions."

Entrepreneurial Skills and Knowledge

Entrepreneurship knowledge is basically an acquisition of specific set of information, abilities (skills), and behavior to empower the learner to go along with life's difficulties in whatever structure. Finally, make definitive moves to acknowledge available new opportunities and tends for meeting those difficulties in all aspects of human life. Entrepreneurship education is to acquire necessary knowledge and at the same time building up the entrepreneurial spirit in term of talent and spirituality. The main objectives of entrepreneurship education is to expose potential entrepreneurs to advance innovativeness, creativity, development,

and carrying independent work. Among others the natives through the teaching of entrepreneurial information, skills, abilities, and learning behavior for the starters, beginners or learners. They will be taught of acquiring entrepreneurial capacities and skills which eventually will make them to be more self-reliant and self-employed. In addition, entrepreneurial dimensions is another important elements in setting up the entrepreneurial spirit to include the aptitude of taking risks, able to create opportunities and available resources, manifest fearless commitment to achieving stated goals, coping with drastically changing environment, and could be able to generally act with entrepreneurial mindset (Israel & Johnmark, 2014).

Entrepreneurial Attitude

Individual entrepreneurial behavior or attitude towards entrepreneurship is situated out by incidental elements, for example, through past experience (Krueger, Reilly & Carsrud, 2000). This variable has not been yet looked into, particularly effect of business enterprise education on the state of mind, perceived behavioral control, and subjective norms and standards. Some studies have been investigated that entrepreneurship education directly or indirectly encourages in building up an individual's level of self-efficacy (Wilson, Kickul, & Marlino, 2007 and Israel & Johnmark, 2014).

LOCAL AUTHORITIES POLICY

The present MEs Policy in Malaysia was preceded and informed by initiatives contained in the Enterprise Development Policy and Strategic Vision 2020 and in line with others yearly Malaysian developmental targets. The government's wish to expand and modernize the economy in harmony with the social gains by mean of supporting MEs owners which indirectly support and elevate the life of poor Malaysian people through enhancing the ME's paradigm in running their business entity.

Despite of so many initiatives and incentives being provided by the government through their agencies such SME Corp, MATRADE, MIDA, FMM (just to mention a few) but still MEs are facing critical challenges and difficulties to start-up their business locally. MEs survivability and challenges are among the main important element for country's economy growth. Among others, the MEs critical challenges are due to limited access to financial facilities, high business risks, limited skills and resources due to constraint of funds, lack of knowledge and experience exposure in operating the businesses (Selamat, Razak, Gapor & Sanusi, 2011 and Ekpe; Mat; Al Mamun and Nik Mahdi, 2015). In addition, many other problems local authority roles is deeply missed in delivering adequate facilities to ME's operators. The Malaysian's LAs is the lowest level of government administered under the states and federal territories which in turn are beneath the federal tier. The LAs collects tax and revenue by assessing appropriate rates (licenses & rentals), government grants (inclusive of road grants), car parking charges, planning fees, compounds (fines & interests) and loan from higher level of government or financial institutions (Farvacque-Vitkovic and Kopanyi, 2014; The Local Government Act 1976 (Act 171); The Town and Country Planning Act 1976 (Act 172) and The Order and the Street Drainage and Building Act 1974 (Act 133)) they provide services such as housing and town planning, transport, environment and public sanitation, culture leisure and sports (theatres & concerts, parks, religious facilities, etc.), and utilities (gas services if necessary). Thus, LAs should play an important role in providing facilities to boost the MEs business operations by providing suitable basic facilities (car parking, street lights, foot-paths, toilet, sewerage, and etc.). This will add value to MEs business operations by helping customers (also operators) to be more convenient and conducive environment which might be attended by foreign tourists. This paper is focus on the role of LA's initiatives specifically policies in which supporting at least sustainability of the ME's performance. This paper also will examining on how could the LA's facilities and bureaucracy could influence on ME's performance. Furthermore, also highlighted the possible hurdles and problems faced by Kedah MEs in operating their businesses.

Basic policies for Malaysian MEs development fall basically under the arrangement of Ministry of Industry, Trade, Industry (MITI) and other relevant ministries or commerce and trade associations. However, sometimes in crafting and developing appropriate policies would involve a few ministries, government agencies, departments, and business or trade associations that can offer ascent to issues of coordination and consistency. Some existing policies are not tailored according to the current MEs needs and requirement which sometimes very complex, unstructured flow chart of the procedures to be followed, and messy ways to get thing done. Various government policies influence different stages of entrepreneurial exposure, action (controlling and monitoring mechanisms), local business practices, labor market environment, local community development, and its impact toward strengthening the ME's growth (Asghar, Nawaser, Paghaleh, Mohammad, Khaksar, Club, and Branch, 2011; Vadevelo and Singaravello, 2013, and Cavaye, Jim, 2017).

For example, recently United Kingdom (UK) government make some policies to be more flexible for MEs development as the government is seeking to help MEs to take on apprentices and apprenticeship system more responsive to current MEs needs and requirement (UK Local Government Association Report, 2013). The UK government take initiative by giving out funding to set up business growth hubs to bring together all support services in one place, such as Urban Transformation Center (UTC) or Rural Transformation Center (RTC) by Malaysian government. In spite of that, the government also initiated contemporary trainings, programs, conferences, and at the same time renewed support infrastructure for MEs future development. In addition, to address problems such as accessing to financial facilities and initiatives such as Business Link among stakeholders for exchange of any relevant information.

Considering the nature of this research and subject matter, in the following section we discussed the research methodology employed in this study. Subsequently, we provide analysis of the findings followed by the discussion, recommendation and conclusion.

RESEARCH METHODOLOGY

Population and sampling

The total population frame was 72,736 MEs owners with licensed from local authority. The data was collected from the MEs owners of Kedah whom are willing or intending to grow their business locally as our unit of analysis. Mendenhall, Beaver and Beaver (2012) estimation formula was used therefore, the required sample was 382. The calculation is shown below is the estimation formula for sample size:

$$n = [NZ^2 \alpha/2 p q] / [(N - 1) e^2 + Z^2 \alpha/2 p q]$$

Where :

- n : The sample size
- N : The size of population
- $NZ^2 \alpha/2$: The critical value of a two-tailed Z test at 1- α confident level
- E : The tolerable error level of estimation (5%)
- pq : Component of sample proportion variance estimate (Maximise 0.5)

In the context of this research assigned p = 0.5 and q = 0.5 to the equation above. Applying the formula above, the calculation of the minimum sample size, as follows:

$$n = (N) \times (1.96^2) \times (0.5) \times (0.5) / (N - 1) (0.05)^2 + (1.96^2) \times (0.5) \times (0.5)$$

$$n = 381.940040865598$$

$$n \approx 382$$

However, a total of 457 questionnaires were completed and returned for data analysis purposes using Smart PLS 2 software. In order to ensure an equal distribution of local MEs in the Malaysian northern region, a purposive stratified sampling technique was used.

DATA ANALYSIS: RELIABILITY, VALIDITY AND FINDINGS

MEASUREMENT MODEL: The evaluation of the measurement model consist of reliability and validity assessment. Glocker (2012) informed that measurement models can be evaluated according to factor loadings of more than 0.7 (refer to Table 1 for more details) and composite reliability criteria need to be higher than 0.6 is measured as internal consistency (Henseler, 2012 and Hair, Sarstedt, Ringle and Mena, 2012). Meanwhile, the Average Variance Extracted (AVE) criterion the average variance should be higher than 0.5 and the results show that each AVE value are above 0.5 benchmark (ranges between 0.520 to 0.984 and refer to Figure 2 for more details). In addition Table 1 shows the Cronbachs Alpha value of business performance (0.874974), entrepreneurial spirit (0.968122) and policy (0.703804) were all considered acceptable to be tested which mostly found to be more than 0.7 benchmark (also refer to Table 1).

Figure 2 Measurement Model

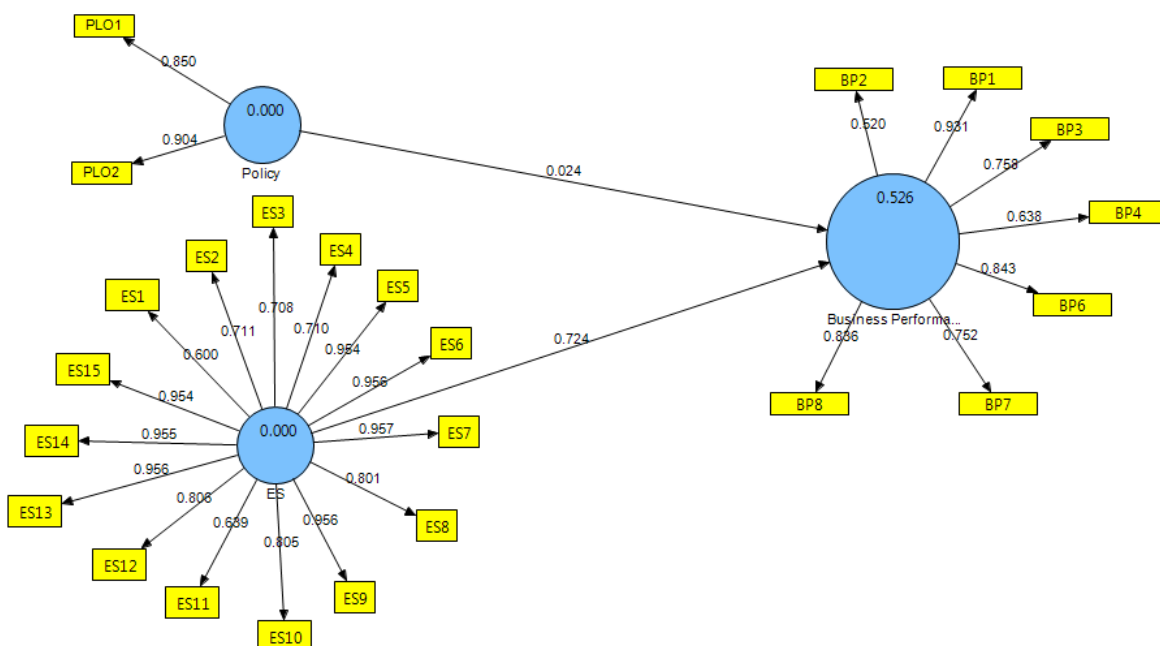


Table 1: Measurement Model Findings Table

	Items	Outer Loadings	AVE	Composite Reliability	R ²	Cronbachs Alpha
Business Performance	BP1	0.930525	0.58487	0.905548	0.52621	0.874974
	BP2	0.520223				
	BP3	0.758076				
	BP4	0.63781				
	BP6	0.843197				
	BP7	0.752304				
	BP8	0.836143				
	Entrepreneurial Spirit	ES1				
	ES10	0.805352				
	ES11	0.639495				
	ES12	0.806343				
	ES13	0.955773				
	ES14	0.955072				
	ES15	0.954477				
	ES2	0.71121				
	ES3	0.707711				
	ES4	0.710107				
	ES5	0.954474				
	ES6	0.955902				
	ES7	0.957187				
	ES8	0.800551				
	ES9	0.955692				
Policy	PLO1	0.849723	0.76973	0.869776		0.703804
	PLO2	0.90412				

Fornell and Larcker (1981) suggest that the square root of AVE in each latent variable can be used to establish discriminant validity, if this value is larger than other correlation values among the LVs. The Fornell-Larcker standard measures how each item relates to each construct (Chin, 1998). Therefore, Table 2, discriminant validity was created in which the square root of AVE is manually calculated and written in bold on the diagonal of the table which shown that all the constructs with a value of AVE more than 0.5. In addition, all constructs also had the diagonal values of square root ($\sqrt{}$) of more than the square correlation with other constructs in off-diagonal (Hair et al., 2012). Therefore, this has indicated that all constructs come across the acceptable standard of discriminant validity.

Table 2: Discriminant Validity

	Business Performance	Entrepreneurial Spirit	Policy
Business Performance	0.764765977		
Entrepreneurial Spirit	0.725009	0.841039833	
Policy	0.050369	0.036378	0.877343148

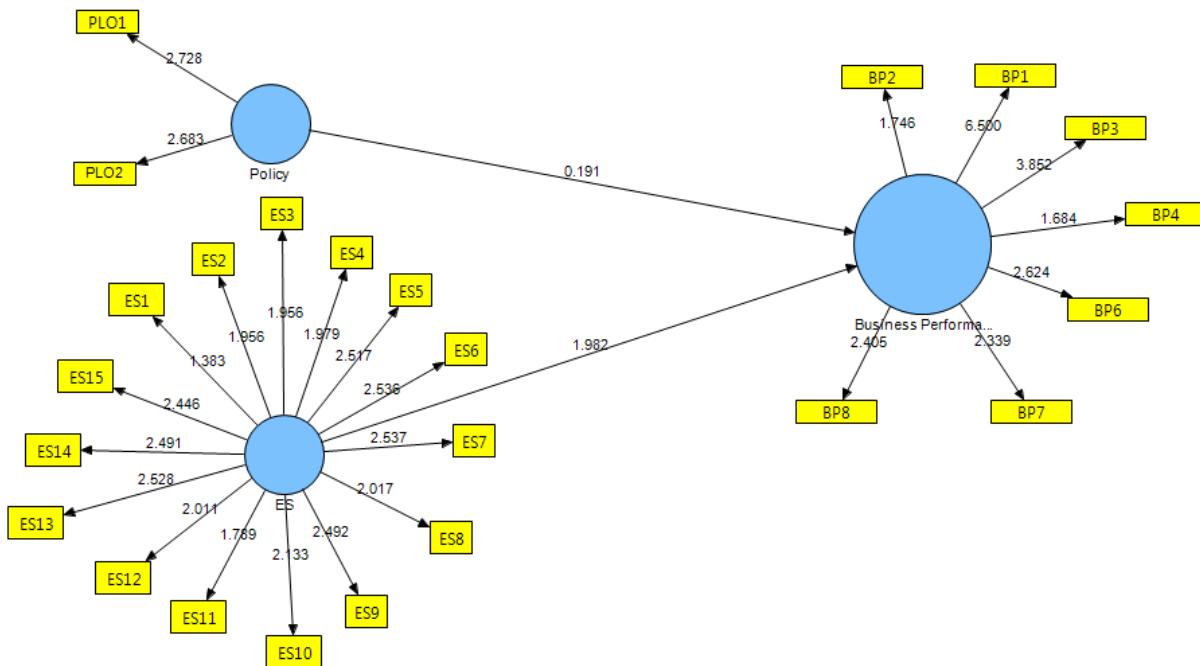
Note: bold diagonal figures are the square roots of AVE.

STRUCTURAL MODEL: Table 3 shows the results of the hypotheses testing for direct relationships between entrepreneurial spirit and policy with the business performance. It shows that only entrepreneurial spirit have significant influence on ME's business performance (T: 1.982129). Meanwhile, Figure 3 shows the structural model in more details and precise way.

Table 3: Hypotheses Testing Results

Hypotheses	Relationships	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ((O/STERR))	Accepted / Rejected
Hypothesis 1	Entrepreneurial Spirit → Business Performance	0.724135	0.479758	0.365332	0.365332	1.982129	Accepted
Hypothesis 2	Policy → Business Performance	0.024026	0.157644	0.125786	0.125786	0.191009	Rejected

Figure 3 : Structural Model



DISCUSSION

This paper has noteworthy implications for government agencies and MEs in that scenario of limited, outdated and controlled policies by LAs, which is a significant factor when seeking to improve MEs business performance. As discussed before in introduction section, the main issue is the mismatching between the LAs role and the need of the MEs. On this ground, this study proves that LAs policy did not effect on MEs business performance. Operationally, LAs policy does influence MEs business operation such providing a specific place for doing business, issuing license and equipped the business location with necessary facilities. Furthermore, this paper further pondering on other avenues which could help the LAs to improve their policies to help the MEs to improve their business performance. The LAs also could derived several guidelines, procedures, policies or “lean” their services for the betterment of MEs progress as well development. Therefore, both parties, LAs and MEs, should always have discussion if necessary to amend any administration policies that involved the ME’s interest. This could be done through dialog and meetings to find out a better way out or at least the consensus before put into force so that MEs can operate their business efficiently and peace of mind from any inquiries from LAs.

As we know, the nature of problems ever changes from time to time but there is need for LAs and MEs to accordingly understanding the needs, requirement, opportunities, issues, threats and challenges to further grow their businesses nowadays. In addition, both parties could aware of drastic changes of business environment especially concerning about the usage of the latest telecommunication technology advancement in their business operations daily. ME’s owners need always to have contingencies plan in order to resolve any problems arise that are related to local authority functions or updating their procedures to avoid any misunderstanding for favoring LAs. In addition, if ME’s owners could not comprise on certain issues arise, this might jeopardize the economic growth of local community businesses.

On the other hand, entrepreneurial spirit is important for business performance. Generally, the majority of MEs are having low academic qualification thus resorting to petty traders is one way of surviving. Thus, earning money for daily expenses and fulfil family needs become prime objective. This study shows that MEs do have entrepreneurial spirit. With proper assistance and suitable LAs policy, the chances are some of the traders may grow big like Kentucky Fried Chicken (KFC), McDonalds etc.

RECOMMENDATION

It is recommended that more critical and empirical research is required to investigate the relevancy and appropriateness of the existing policies, procedures, rules, et cetera due to the drastically changes of the business environment nowadays. In addition, ME’s owner needs to work closely with LAs by provided sufficient information in crafting the appropriate strategies for enhancing the ME’s growth and development that suit with the council/district long term planning. On the hands, ME’s owners need to instill and develop their entrepreneurial spirit which can really make them always search for the opportunities, differences, and facilitating the business operations in more advance and conducive ways as compare to their competitors. Somehow or rather, there is a requirement to conduct similar or identical research in other Malaysian local authorities with different settings or a comparative study between successful and moderate LAs in dealing with the ME’s owners. However, a longitudinal study on the same sample of ME’s owner might help to identify as well as determine the successful factors or failure factors contributing to their business operations which link with LAs. Then, useful generalizing of the results might be scrutinized.

CONCLUSION

This paper discusses the variables in the light of previous literature review and findings. The LAs role towards MEs business performance is rarely discuss. This study is among the few that explore the LAs role from the viewpoint of MEs. It informs that micro enterprise owners are required to design their success and recognize the opportunities which can help their business performance to grow and expand. LAs plays an important role in providing assistance and facilitate the ME's owner for the smooth and helpful operations of their business entity. There is a critical need for the federal and state government to facilitate these LAs to deliver their social, economic, cultural and political roles that suit and could help the lifestyle of ME's owners.

Basically ME's owners with highly developed entrepreneurial spirit eventually could enhance their business performance by doing accumulating successfully in term of revenue generated, high sales turnover, and expansion of their businesses not only in the same sectors but could finally venture into international market. In the due course, the ME's owners are also required to utilize or looking for better used of their skills or competitive advantages, experience, knowledge and learning attitude to meet their business objectives successfully.

The presence of LAs is often taken for granted by MEs. For MEs, LAs just merely issuing license and collecting taxes. A paradigm shift is needed should LAs would like to play active roles in enhancing the MEs business performance. LAs should play an important role by crafting, facilitating, expediting, and always updating the appropriate policies that based on the current needs and requirement of the ME's owners so that they would not left behind as compare to the small and medium enterprises. In order to be understandable the LA's functions, structures, and roles, therefore it is important to occasionally to redefine or redesign local authority's policies, tasks and functions from time to time in line with the contemporary environment change. Otherwise, it might create an opportunity or a give chance for corruption elements to play its role in order to get through the existing procedures or policies that does not fit MEs business design. Thus, they will go other ways round or do whatever they think needs to be done in order to make sure the existing policies compatible with their business model. There is a critical need for the federal and state government to provide free hand or an autonomy to respective LAs to make any suitable amendments and adaptation of procedures, policies, and rules that could help enhance the ME's business performance.

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