

ENTREPRENEURSHIP

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CHAPTER 1

INTRODUCTION TO ENTREPRENEURSHIP

1. INTRODUCTION TO ENTREPRENEURSHIP

1.1 Define The Concept Of Entrepreneur And Entrepreneurship

1.1.1 Entrepreneur

A person who runs a business by taking risks on financial to produce a service / product that will generate profit in the short / long term.

1.1.2 Entrepreneurship

According to *Yep Putih* (1989), entrepreneurship is said to be an ability, capability, and tendency to do the following:-

- Identify business opportunities
- Conducting business ventures that benefit the entrepreneur him/herself and the public.
- Achieve success through efforts that can meet the needs of the people.
- Gain wealth by trying to meet the needs of society.
- Taking calculated risk
- Administer and use the factors of production to produce economic development and social welfare.
- Always strive and be ready to make innovations that can increase productivity over time.

In short, it can be stated that entrepreneurship as a human quality that not only benefits oneself but it can develop the economy rapidly as well as contribute to others. It is the process of creating and managing a business to achieve desired objectives.

1.1.3 Differentiate Between Small Businessman And Entrepreneur

Characteristics	Entrepreneurs	Small Businessman
Time	Unlimited	Limited
Nature of Job	Flexible	Rigid in adapting to changes
Decision Making	Makes own decisions	Follows decisions made by others
Effort and Commitment	Continuous	Low
Risk Taking	Moderate	Low
Goal	Maximizes self potential by utilizing available opportunities	Solely for profit maximization

Table 1.1: Differentiate Between Small Businessman and Entrepreneur

1.2 Types Of Entrepreneurship

1.2.1 Corporate Entrepreneurship

An entrepreneur in a large company. Large companies have the ability to expand and diversify entrepreneurial activities to ensure that they are always in the industry that is always producing new products or services to customers. The way entrepreneurship works in large companies can be seen at different levels or scopes.

1.2.2 Private or Independent Entrepreneurship

It is the entrepreneurial activity of a private or independent firm where many entrepreneurial activities take place within this range. Independent entrepreneurship contributes to the national economy in terms of providing employment and value-added initiatives.

1.2.3 Intrapreneurship

Innovative corporate management strategies encourage employees within the organization to create new products. It is usually large companies that monitor the increase in entrepreneurial activity in the previous few years. These firms strive to create a creative work environment and be able to find new methods to develop new things and products in the context of the company.

1.2.4 Social entrepreneurship

It is entrepreneurship run by non-profit companies such as social companies, non-government organizations, and charities. It will seek to solve social problems by using an entrepreneurial approach to achieve the needs of social objectives.

1.2.5 Public sector entrepreneurship

The government sets up government-owned companies or government-linked companies to conduct business. In other words, it is a national privatization program.

1.2.6 Academic entrepreneurship

An education institution sets up a company and conduct studies, research, processes, systems, materials, product testing, and others. The innovations produced will be registered as intellectual property.

1.3 Entrepreneurship Theories

1.3.1 Economic perspectives

Israel Kirzner (1978): According to Kirzner, an entrepreneur is an arbitrageur: one who bears uncertain risk by acting as a mediator by buying at a lower price from one party and selling back to another party at a higher price in order to cover cost incurred, and finally gaining profit from the sales. An entrepreneur is the

one who identifies an opportunity that has been overlooked by others and resources that are unexploited by most people around.

1.3.2 Psychological perspectives

Julian Rotter (1954): As said by Rotter, entrepreneurs tend to have a strong internal locus of control and strongly believe in their own ability to control the consequences of their attempts and effort by influencing their own socio-economic development rather than leave anything to luck. Locus of controls is one's perception of success as being either within or beyond his personal control.

1.3.3 Sociological perspectives

Ibn Khaldun (Abdul Rahman Mohamed Khaldun) (1406): According to ibn Khaldun, the entrepreneurs are the ones who have incentives for maximum efficiency, and greater production through trade and specialization to gain profits. The entrepreneurs are the ones who bear the consequences of their actions in terms of gains and losses. The increase in socialization and interaction within the community leads to higher civilization; therefore development, modernization, and entrepreneurial activities occur more in urban areas than in the countryside.

1.3.4 Management perspectives

Donald F. Kuratko and Richard M. Hodgetts (2004): Kuratko and Hodgetts defined an entrepreneur as one who undertakes to organize, manage, and assume the risk of a business.

1.4 Attitudes and Attributes of Entrepreneurs

1.4.1 Attitude of Entrepreneurs

Attitudes	Description
Risk taker	Businesses face risk. Entrepreneurs minimize risk through research, planning and skill development.
Perceptive	View problems as opportunities and challenges
Curious	Like to know how things work. They take the time and initiative to pursue the unknown
Imaginative	Creative. They imagine solutions to problems that encourage them to create new products and generate ideas
Hardworking	Need a great deal of energy to see a venture start and succeed. Yet they are not deterred by the long hours to achieve their goal.
Independent	Desire for control. The ability to make decisions often makes it difficult for them to work in a controlled environment.

Table 1.2: Attitude of Entrepreneurs

1.4.2 Attributes of entrepreneur

Attributes	Description
Great entrepreneurs blend vision with execution.	Most ideas are going to have to be heavily revised when you get out to the market. Successful entrepreneurs are highly goal oriented, blending their big-picture strategy with a laser focus on execution and results.
Have an ability to find backdoors.	Good entrepreneurs tend to be skilled problem solvers and analytical, but they also approach problems in a creative fashion. The very good entrepreneurs that I have met are not trying to be eccentric or

Attributes	Description
	unconventional; they simply tend to think a little bit differently and creatively. Without question, there's a "cult of the entrepreneur" in this country. Part of this involves assigning an almost mystic quality to individuals who start successful companies from scratch.
Willing to work the long hours.	Facebook went from an idea in a dorm room to a billion dollar company in a flash. That is the exception not the rule. The truth is that the task of building a successful business is a thankless and grueling one. The hours are intense. The rate of success is relatively low. It takes a long time to generate momentum. The amount of work involved is unfathomable for those who haven't tried it yet.
They can either sell or build.	Good entrepreneurs tend to fall into one of two buckets: those who sell stuff or those who can build great products. Some of them, a rare breed, can do both. Companies live or die on the strength of their products and their ability to market and sell those products. To successfully lead a company, you have to be able to drive at least one of those pillars. Steve Jobs was a good communicator, but his skill lies in products. Even though Bill Gates had technical expertise, he was actually a sales and marketing specialist. Scott Cook at Intuit is a product entrepreneur. Donald Trump is a sales entrepreneur (among other things).
They can reduce complicated data into something manageable and actionable.	Even extremely complex business problems usually reduce down to three or four important components. Good entrepreneurs are able to identify the few key factors that are important to a decision or a business. Shark Tank is an entertainment show, without question. But notice how the judges on the show (all of whom are successful entrepreneurs) really know what they are talking about. They rapidly

Attributes	Description
	get to the success or failure points of the business almost every time. Regardless of the industry or product, they can almost immediately home in on the two or three key points that the business' success depends upon.
They are very effective with people.	Growing a business is a matter of getting people to work together; the probability of being able to build a business, without working well with others, is very, very low. This does not mean to say that good entrepreneurs, like the rest of us, do not have personal foibles, because they do. However, if you look a little bit more closely, it is obvious that the truly great entrepreneurs are very effective with people, or else they would not have achieved the same level of success.

Table 1.3: Attributes of entrepreneur

1.5 Importance Of Entrepreneurship

1.5.1 To self

An entrepreneur must use the advantage of skills and potential to face tests, challenges and obstacles in order to succeed in his business. Entrepreneurs cannot always be comfortable with their existing position and must faithfully maximize their advantages to further develop the business. Thus, entrepreneurs need to constantly monitor product relevance, understand competitor planning, identify problems, risks and find new opportunities. Entrepreneurs need to understand the risks involved and ways to overcome them and turn them into business opportunities.

1.5.2 To family

Entrepreneur's family members will benefit from their efforts. They also get financial security if they need a little financial help. Increased family income, living standards, and status. At the same time, they also do not neglect their responsibilities as part of the entrepreneurial family.

1.5.3 To society

Entrepreneurs play an important role in the expansion and introduction to the market on new innovative products and services to society. It also

- Improves the standard of living and lifestyle of the community.
- Gives an opportunity to contribute to society.
- Meets the needs of the community.

1.6 Ethics and Standards For Professional Conduct

Business ethics is a branch of ethics that examines ethical rules and principles within a commercial context and the various moral or ethical problems that can arise in a business setting as well as any special duties or obligations that apply to persons engaged in commerce.

1.6.1 Principle of ethics

i. Identify and accept the rights of customers

Entrepreneur must ensure that activities will bring benefits to the society as a whole.

ii. Be trustworthy

Entrepreneur must deliver product to their customers as claimed by them.

iii. Carry out a genuine profession

They will not create any claims or baseless accusations, confusion, fraud or bad mouth their competitors.

- iv. **Provide clear information**
Only reveal accurate and correct information.
- v. **Adhere to fair competition**
The business activities carried out must be in line with moral values and society's expectations.

1.7 Social responsibilities



Diagram 1.1: Entrepreneur Social Responsibilities

1.7.1 Responsibilities towards customers

Establish a code of responsibility that sets the guidelines for product quality and customer relations. Monitor complaints and follow-up on the matter then identify the necessary corrective action to be taken.



Diagram 1.2: Responsibilities towards customers.

1.7.2 Responsibilities towards staff

Always take care of the staff welfare, give adequate wages to the workers and provide guidance to staff. Conduct courses and training to update staffs with the latest information and skills. Rewards staffs with bonuses, allowances and other perks – extra holidays. Appreciate and recognize dedicated and highly ethical staff.



Diagram 1.3: Responsibilities towards staff

1.7.3 Responsibilities towards creditors

Meet the financial obligation to the creditors. Manage the business well so that creditors can be paid on time.

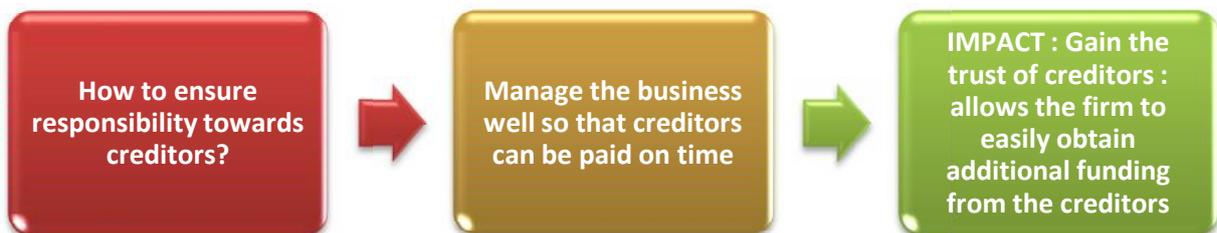


Diagram 1.4: Responsibilities towards creditors

1.7.4 Responsibilities towards environment

Ensure that production process does not harm the environment. Produce products that are not harmful to the environment. Enforce specific guidelines that limit the amount of poisonous gases that escape into the air.



Diagram 1.5: Responsibilities towards environment

1.7.5 Responsibilities towards suppliers

Nurture good relationship with suppliers. Pay any dues to suppliers at the agreed stipulated time. Share opinions and experiences to create new ideas related to the business.



Diagram 1.6: Responsibilities towards suppliers

1.7.6 Responsibilities towards competitors

Practice healthy competition, share ideas and opinions on ways to prepare and provide the best services to customers. Work together to produce and create products that can give the most benefit to the customers and make improvements to the product to attract more customers. Healthy competition among entrepreneurs will lead to more job opportunities for the community.



Diagram 1.7: Responsibilities towards competitors

1.7.7 Responsibilities towards society / community

Produce, create and improve products. Create choice through innovative and creative production. Produce products of high quality. Always be sensitive to the needs of customers. Fulfill the needs and wants of customers. Create more job opportunities. Improve the lifestyle of the society.



Diagram 1.8: Responsibilities towards society / community

1.7.8 Responsibilities towards government

Create job opportunities; assist in improving the lifestyle of the society. Create more infrastructure facilities for the society. Improve socio-economical aspects and increase national income. Diversify the national economy so as not to depend solely on one sector of the economy.



Diagram 1.9: Responsibilities towards government

EXERCISE

Q: Describe the difference between an entrepreneur and entrepreneurship.

A: The difference between an entrepreneur and an entrepreneurship is that an entrepreneur is a person who runs a business or industry. The individual has the characteristics needed by an entrepreneur such as innovative, creative, and daring to take risks that have been calculated, wise to take opportunities and others. While entrepreneurship is a field of knowledge that is ventured into the field of knowledge, skills and attitudes.

Q: What are the elements of attitude contained in entrepreneurship?

A: The elements of attitude in entrepreneurship are high motivation, self-confidence, initiative, responsibility, ability to deal with uncertainties, determination as well as mental and physical endurance.

Q: Mention a few people as examples of successful entrepreneurs. State the things that have been done until they succeeded in becoming an entrepreneur.

A: Examples of successful entrepreneurs:

- a) Bill Gates - Computer Programs (Microsoft)
- b) Dato' Maznah Hamid - Security (Securiforce)
- c) Tan Sri Mustapha Kamal - Property Development (MK Group)

CHAPTER 2

ENTREPRENEURIAL IDEAS, CREATIVITY AND INNOVATIONS

2. ENTREPRENEURIAL IDEAS, CREATIVITY AND INNOVATIONS

2.1 Source of entrepreneurial ideas

A business idea and opportunity can be obtained through **primary** and **secondary** sources. These sources will provide the types of information needed by an entrepreneur to effectively identify opportunities or evaluate ideas.

2.1.1 Primary source

Primary sources refer to first-hand data or information gathered directly through **observation, experiments, interviews** and **surveys**. This method of gathering information is also known as field research. The cost of preparing for the research and collecting and interpreting data to information is expensive.

2.1.2 Secondary source

Secondary sources refer to desk research, also known as library research. It involves gathering data that have already been compiled and are available, often at a very reasonable cost or sometimes even free. It is initially conducted for one purpose using existing data which is **reliable, available references** and **information obtained from the mass media and electronic media**, such as magazines, annual reports and many more.

2.2 Techniques for generating new business ideas

2.2.1 Brainstorming

This is the process of thinking through a specific topic to generate several ideas. Brainstorming sessions could be formal or informal

- One person trying to fish for ideas
- Group of people with a moderator thinking through each other's idea.

Brainstorming session is usually informal since relaxed atmosphere produces better ideas.

2.2.2 Focus group

5 and up to 10 people are selected due to their relationship and insight into the topic at stake to generate business ideas through a frank discussion. Focus groups could be selected from the customer base, employees, a research group or any group with good knowledge on the subjects. There is a moderator who enables and challenges the group to give it their best.

2.2.3 Survey

Survey refers to the development of a short questionnaire with respect to the targeted product. The questions should be very specific. The answer provided must be limited and straightforward, for example, yes or no; excellent, good, fair or poor; and agree or disagree.

2.3 Business Model Canvas (BMC)

Business Model Canvas is a strategic management and lean start up template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances. The following list with questions will help you brainstorm and compare several variations and ideas for your next business model innovation.

Business Model Generation, Alexander Osterwalder & Yves Pigneur, et. al., John Wiley & Sons, Inc. halaman 14. Penulis bersama dengan 470 BMC practitioners di seluruh dunia.

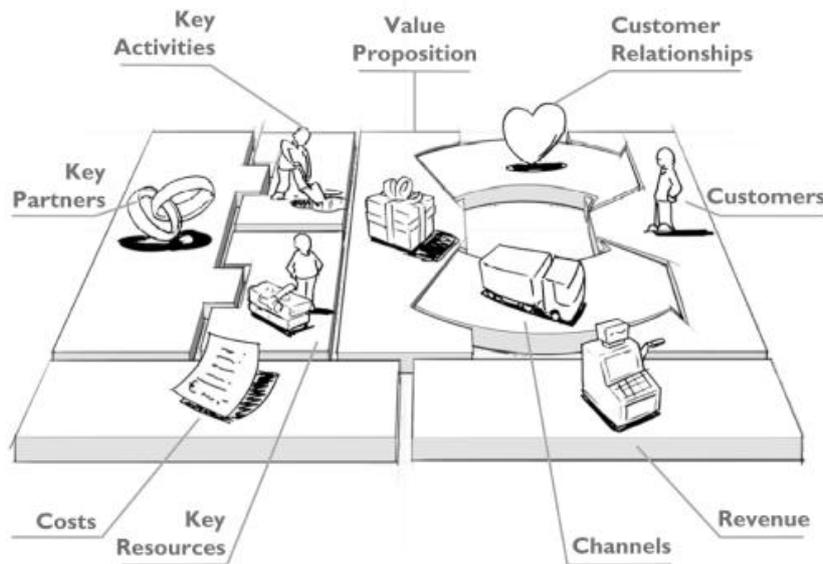


Diagram 2.1: Nine (9) element of Business Model Canvas

2.3.1 Nine (9) Elements of Business Model Canvas

2.3.1.1 Customer Segment Targets

The target market is more segmented consisting of residents of the surrounding area. Area is 30 Km from the eatery / restaurant.

Can be:

- The surrounding community.
- Factory, office and shop nearby.
- University and college students.
- Cooking fans are offered.

2.3.1.2 Value Proposition

Value propositions refer to the value we want to build on the products and services provided. This value offer must be specific to the customer segment we choose. Some of the elements that can be used to build value offers:

- New product/service
- Performance

- Customization
- Getting the job done
- Design
- Brand/Status
- Price
- Cost Reduction
- Risk Reduction
- Accessibility
- Convenience

2.3.1.3 Channel

Channel is how do business organizations communicate or connect with customers to:

- Offer their value
- Let customers know about the existence of businesses, product and services.
- Let customers know about your restaurant or business

Here are five phases to get customers in our business:

- Customer awareness of our business and products
- Product evaluation (customer reviews)
- Product purchases
- Delivery
- After sale

2.3.1.4 Customer Relationship

The relationship between business organization and customer is very important. The main purpose is to maintain the customer and increase the sales. From the good relationship, we also can up sell and get a regular customer, especially businesses based on foods

and services. Regular customers are important to maintain the business.

2.3.1.5 Revenue Streams

Income generate from products and services on preferable customer segment. For business such as restaurant or food based business, the income is from food and drinks. Price mechanisms often depend on the price of raw materials and the size of the food served. For example:

- Food and drinks with premium price and packaging.
- Food and drinks with affordable price suitable for all customers.
- Add on sale, such as food truck.
- Introduce the catering style.

2.3.1.6 Key Resources

Key resources are key assets for business, continuity and sustainability. Some of the key resources needed are:

- Physical (store building, equipment, systems, vehicles).
- Intellectual property.
- Human Resources (workers).
- Finance.

2.3.1.7 Key Activities

Key activities also describes what business entities need to do to make their business modal successful. Similar to key resources, these key activities are needed to build value offerings, build and support relationship with customer and generate revenue.

2.3.1.8 Key Partnership

Key partnerships refer to the network of suppliers and partners in the business. There are four main types of partnership:

Chapter 2: Entrepreneurial Ideas, Creativity and Innovations

- Strategic alliances between business entities that are not in competition with one another
- Strategic cooperation between competitors
- Joint venture (JV) to build a new business
- Relationship between buyers and suppliers to ensure adequate supply.

2.3.1.9 Cost Structure

The cost structure describes all the costs involved in running a business based on the planned business model. All aspects of building and delivering value propositions, maintaining relationships with customers and subsequently generating income require the costs involved. These costs can be well planned as we determine the aspects of Key Resources, Key Activities and Key Partnerships in our business model.

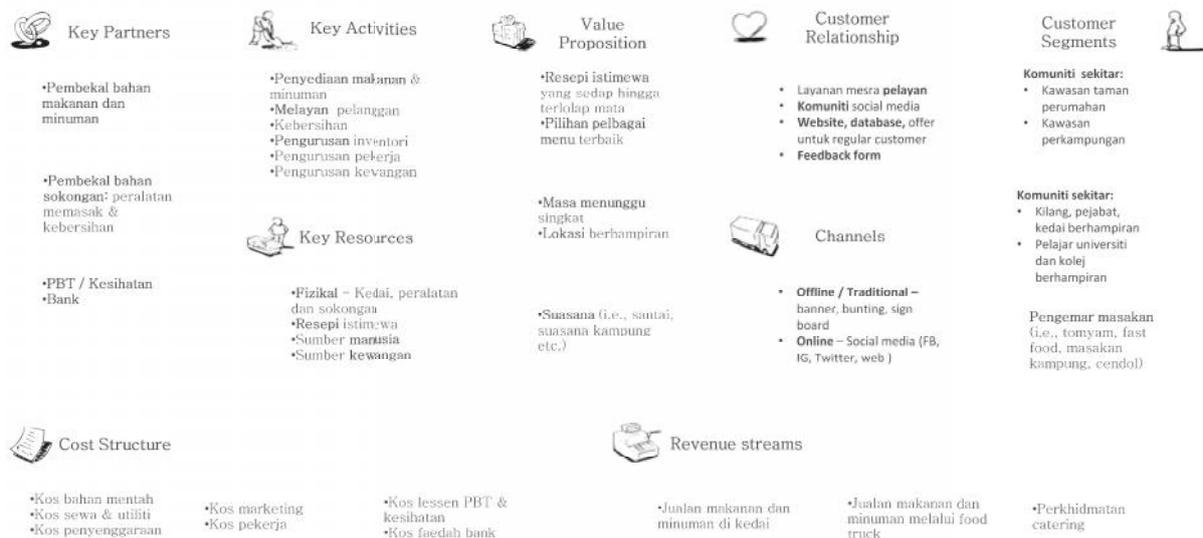


Diagram 2.2: Business Model Canvas (Example 1)

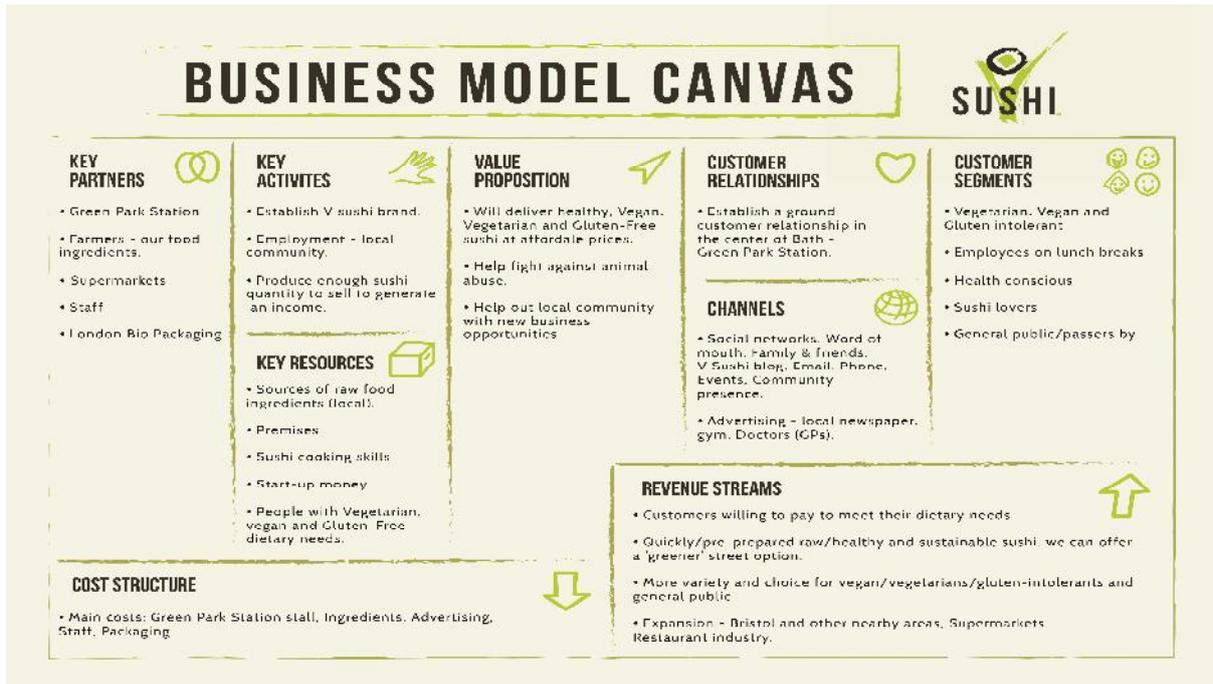


Diagram 2.3: Business Model Canvas (Example 2)

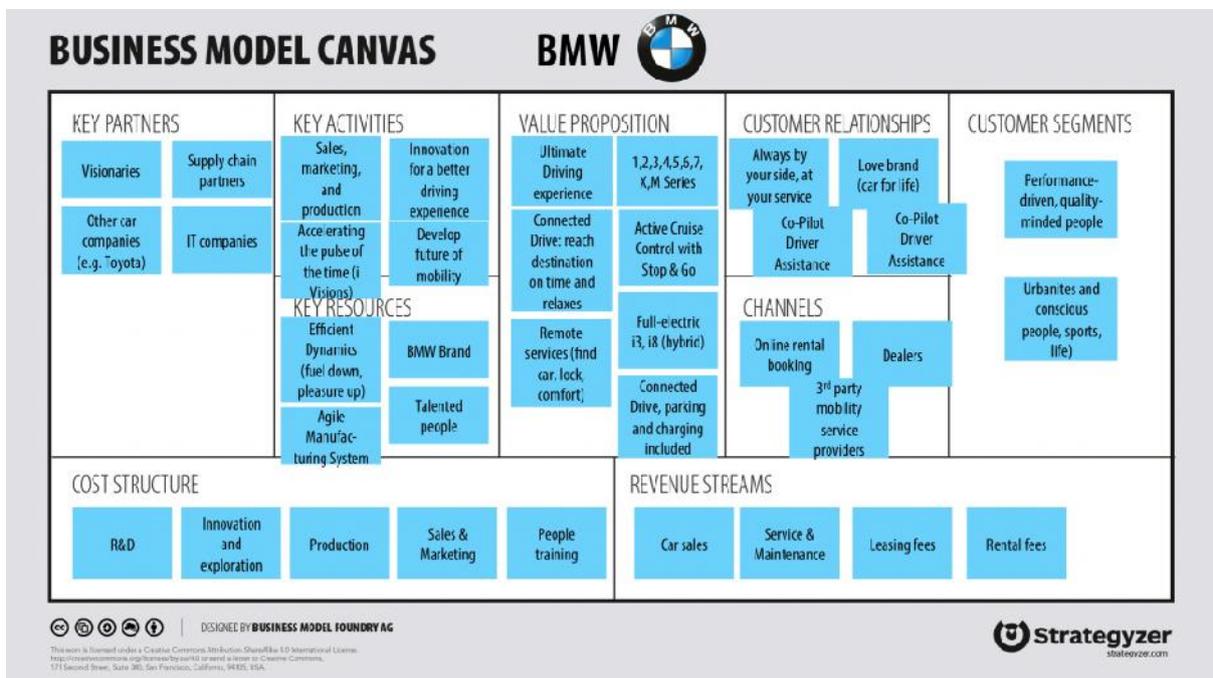


Diagram 2.4: Business Model Canvas (Example 3)

References: <https://mdxnazri.com/2017/01/business-model-canvas-bmc/>

EXERCISE

Q: What are the elements in the business model canvas?

A: Customer segment, customer relationship, channels, value proposition, key activities, key resources, key partners, cost structure, and revenue streams.

CHAPTER 3

BUSINESS OWNERSHIP AND SUPPORT SYSTEM

3. BUSINESS OWNERSHIP AND SUPPORT SYSTEM

3.1. Business Ownership and Characteristics

Business ownership in Malaysia can be categorized into four types

- Businesses established under the Business Registration Act 1956 (Amendment 1978) and the rules of the Registration of Businesses Act 1957.
- Businesses established under Company Law 1965
- Businesses established under Co-operatives Act 1948
- Businesses established under Parliament Act and State Government Enactment.

3.2. Types Of Business Ownership In Malaysia

1. Sole Proprietorship
2. Partnership
3. Company:
 - i. Private Limited Company
 - ii. Public Limited Company

3.2.1. Sole Proprietorship

Section 4, the Business Registration Act 1956 defines a single business as a business established, owned, financed in terms of finances and management handled by a single individual. It usually involves a small-scale business. Examples of business sole proprietorships are tailors, beauty salon, convenience store and laundry.

No	Features	Description
1	Possession (pemilikan)	Sole proprietorship owned and operated by one person only.
2	Establishment	Business established under Business Registration Act 1956 (Amendment 1978).

No	Features	Description
3	Registration	Ease to register
4	Capital	Require a small capital
5	The distribution of profits and losses	Owner will own and bear all profits and losses derived from the business.
6	Business period / life	Business life is not guaranteed. Dissolution would happen if a disaster upon the owner

Table 3.1: Sole Proprietorship Criteria

Advantages	Disadvantages
Easy to manage	Limited capital
Formation and dissolution is easy	Liability is not limited to - personal property can be used to cover liability
Business profits will be the overall owner	Business Development limited - depending on the owner
This business is not subject to government regulation and legislation	Business life is not stable / vulnerable

Table 3.2: Advantages / Merits and Disadvantages Demerits Sole Proprietorship Business

3.2.2. Partnership

According to Section 3, the Partnership Act, defines a partnership as the relationship that exists between those who do business with for profit.

Merits	Demerits
Ease of establishment	The action of a partner can involve all the partners.
Easy to get credit financing	Capital is still limited.

Merits	Demerits
More capital resources than sole proprietorships	The existence of non-permanent partnership.
Business risk is spread	Prone to misuse power
The burden of income tax is low	Simple occurrence of conflicts between partners.
Established division of labour and specialization.	
Limited liability of limited partners. (According to the total capital partners)	

Table 3.3: Merits and Demerits for Partnership

No	Features	Description
1	Possession	<ul style="list-style-type: none"> ○ This business is owned by more than one and not more than 20 people. ○ Form of business professionals such as legal services, accountants and architects, the membership can be increased up to 50 people.
2	Establishment	<ul style="list-style-type: none"> ○ Registered pursuant to Business Registration Act 1956. ○ Business establishment must comply matters. ○ Matters which are under the Partnership Act 1961. ○ Avoid any confusion or misunderstanding, between partners is good if held Deed or the Partnership Agreement Contract
3	Registration	○ Establishment of business is simple
4	Capital	Partners do business together and share capital. Total capital contributions by partners are determined based on the discussions between them.

No	Features	Description
5	Profit & Loss Distribution business	<ul style="list-style-type: none"> ○ According to the Partnership Act 1961, all gains and losses earned by them must be divided equally between the partners. ○ In addition, the ratio can be determined by agreement between the partners.
6	Business Life	Business life is not guaranteed. It can be dissolved if one partner dies, retires, on the instructions of the court or the expiration of a contract

Table 3.4: Partnership Criteria

3.2.3. Company:

It consists of two types:

- Private Limited Companies.
- Public Limited Company.

3.2.3.1. Private Limited Company

No	Features	Description
1	Possession	The company may be formed by two persons and a maximum of 50 students only
2	Establishment	This business establishment must comply with the matters covered under the Companies Act 1965. States must use the word "Sdn" or "Limited" at the end of its name.
3	Registration	Business establishment is more difficult compared to other business. Establishment procedures must comply with the subject matters under the Companies Act 1965. It has a foreign name in its own name.

No	Features	Description
4	Capital	The accumulated capital of the Company limited is greater than other types of business. Capital raised through stock issuance. States should not make an invitation to the public for subscription of any shares.
5	Distribution Profit & Loss	All profits are the property of the company. Shareholders will receive distribution of profits through dividend payments
6	Business Life	Business life is more secure. It does not depend on the members where the business will continue to exist despite changes in the death of a member

Table 3.5: Private Limited Company Criteria

Advantages	Disadvantages
Easy access to financial resources through changes of ownership of shares or financial institutions.	Company shares cannot be trade in the stock market.
Shareholders are not burdened with business management	The Company is subject to tax business
Liability of members of the company is limited to the capital contributed.	Financial statements must be audited by an auditor of a person appointed and the documents must be complete and updated
Business span does not depend on the age of its members.	People can know the financial affairs of the company.
The Company may sue and be sued in its name because it is a separate entity	The high cost of establishment
	These companies must comply with all provisions of the Companies Act 1965

Table 3.6: Private Limited Company Advantages and Disadvantages

3.2.3.2. Public Limited Company

- Characteristics of a public limited company are quite similar to the characteristics of a Private Limited Company.
- The difference is in terms of business ownership.
- There is no limit for those wishing to become members or shareholders of the company of this type.
- According to the law, at the end of each name of a public limited company must be written the name "Berhad".
- Shareholders are free to buy and sell shares on the stock market without the need for approval from anyone.
- Other matters such as formation, company registration, distribution of profits and business are the same life expectancy as a Private Limited Company.

Advantages	Disadvantages
Easy to raise capital through the issuance of more shares to the public.	Establishment of a public limited company is more complicated and expensive.
Business is a more permanent existence.	Business management is more complicated. This is because it is regulated by law.
Stock performance easily transferable	Possession and management are separate
Business activities may be conducted on a large scale. (Economies of scale)	Bear a high tax
Liability incurred by the members is limited.	

Table 3.7: Public Limited Company Advantages and Disadvantages

3.2.4. Factors in Selecting a Business Ownership

Factors	Example
1. Capital	<ul style="list-style-type: none">• If the individual possesses a small amount of capital, he should venture in a sole proprietorship. It is because the cost forming company is relatively high.• Capital also determines the probabilities to obtaining credit or loans from external sources.
2. Personal assets	<ul style="list-style-type: none">• Personal assets are liable to the creditor if losses are incurred either in a sole proprietorship.• Companies are a separate entity.
3. Span of control	<ul style="list-style-type: none">• Sole proprietorship has full power and authority in carrying out his business.• In a partnership, the span of control is shared among all partners.
4. Sharing of information	<ul style="list-style-type: none">• If an individual decides not to share information with his counterparts, it is advisable to form proprietorship.• In partnership, no confidential information among partners, members of the company or creditors.

Table 3.8: Factors in Selecting a Business Ownership

3.3. Registration Procedures of Business Ownership

3.3.1. Sole Proprietorship and Partnership registration

- The prohibition imposed on the use of names using the word "National", "ASEAN", "Royal" and others.
- Second: Applicants complete and submit Form P NA 1A To Register Business
 - The applicant shall submit the information and personal details
 - For a partnership, all partners of the information to be filled.

- Third: To obtain the Registration Certificate, Form D
 - Certificate of registration certificate issued within seven days after the Form A was submitted.
 - This certificate must be displayed at a business address.
 - Failure to do so allows the business owner a fine.
 - Applications should be made to renew the certificate each year using Form D.
- Changes in business information - Form B (P. NA 2)
 - For owners who wish to change any information in the Form A as name, address and type of business, they must fill in Form B (P. NA 2) and inform within seven days of it happening

3.3.2. Company Registration

- First: Apply for permission to use the proposed business name - Form 13A
- Applications should be made to suggest the company name using the Form 13 A in duplicate to the Registrar of Companies.
- The proposed name must be one hundred percent in Malay or English and not exceed 50 characters including the word 'Limited'.
- Second: Provide the following documents as soon as the establishment of the company name approved by the Registrar of Companies and document must be submitted within three months from the date of approval.
 - Memorandum of Company - Document that will inform the activities of the company and the powers and limitations.
 - Articles of Association, document that outlines the internal management policy and the rights and responsibilities of the Board of Director
 - Form 6 - Statutory Declaration of compliance of all regulations
 - Form 24 - Form fraction of shares allocated
 - Form 44 - Notification of a registered office address

- Statutory Declaration Form 48A, before the appointment of a director or promoter.
- Form 49 - Statement of particulars of Directors, Managers and Company Secretary
- Form 9 - Certificate of Corporation Account
- The applicant must pay the registration-payment amount depending on the authorized share capital

3.4. The Entrepreneurship Support System

- **Financial**
- **Marketing**
- **Technical**
- **Training**
- **Research and development**

3.4.1. Financial Support

Financial facilities or accommodation is provided by financial institutions for an entrepreneur to start and perform a business. These facilities assist in establishing the factory's side, buying office equipment and purchasing machinery as well as for the capital turnover.

Agency	Financial Facility
Majlis Amanah Raya (MARA)	Provides assistance in the form of loans and equipment to SME entrepreneur.
Commercial banks	Provide loans that are allocated by the Central Bank of Malaysia (BNM) to be distributed to qualified.

Agency	Financial Facility
Bank Pembangunan dan Infrastruktur Malaysia Berhad (BPIMB)	Gives financial credit to industrial businesses.
Malaysian Industrial Development Finance Berhad (MIDF)	Provides fixed asset financing to manufacturers in Malaysia.
Bank Pertanian Malaysia	Gives financial assistance and equipment to agriculture-related industries.

Table 3.9: Financial Support Agencies

3.4.2. Marketing Support

An effort which is performed to penetrate the sale of products or services offered by the business. The purpose of providing marketing assistance is to help an entrepreneur distribute and market his products locally and internationally.

Agency	Extension And Advisory Assistance
Federal Agricultural Marketing Authority (FAMA)	Markets agricultural products locally and abroad.
Malaysian External Trade Development Corporation (MATRADE)	Exposes the entrepreneur to available business opportunities
Ministry of International Trade and Industry (MITI)	In charge of affairs related to foreign trade, high technology, environmental protection and industry location, energy and other areas.

Table 3.10: Marketing Assistance Agencies

3.4.3. Technical And Technological Support

Can increase their technical knowledge by attending educational courses provided by several agencies in Malaysia. To expose the entrepreneur to the latest production methods and systematic management. To learn about latest technological advancement in the manufacturing and management field.

Agency	Technical Assistance
Palm Oil Research Industry Malaysia (PORIM)	Develops quality products using the latest technological advancement
Forest Research Institute of Malaysia (FRIM)	Promotes sustainable management and the optimal use of forest resources by generating knowledge and technology through research, development and applications
Malaysian Institute of Microelectronic System (MIMOS)	Promotes innovation in information technology . Strives to be a premier applied research centre in frontier technologies.

Table 3.11: Technical and Technological Support Agencies

3.4.4. Management And Entrepreneur Training

To train the entrepreneur to obtain the necessary skills in the relevant field and knowledge in the area of management. Build the entrepreneur's confidence and give them encourage.

Agency	Entrepreneur And Management Training
Majlis Amanah Raya (MARA)	Provides training and guidance to SME entrepreneurs so that they are highly skilled in their area of interest

Agency	Entrepreneur And Management Training
Malaysian Entrepreneur Development Centre (MEDEC)	Plans and implements entrepreneurship development programmes such as training, education, research and consultancy.
State Economic Development Corporation (SEDC)	To provide and promote commercial, industrial and socio-economic development in the states.
National Productivity Corporation (NPC)	Provides training in enhancing quality and productivity, consultation services, and guidance in Total Quality Management (TQM)

Table 3.12: Management and Entrepreneur Training Agencies

3.4.5. RESEARCH AND PROJECT RECOGNITION

The research and analysis that will be performed include project responsibilities, marketing research, and research on technology. Helps the entrepreneur to increase efficiency, technological achievement, and production as well as produce better quality products.

Agency	Extension And Advisory Assistance
Malaysian Agricultural Research and Development Institute (MARDI)	Carries out research on the output of agricultural products, improves the quality of agricultural products, and produces new seeds for farmers.
Rubber Research Institute Malaysia (RRIM)	Carries out research on the quality of rubber and produces new rubber-based products
Malaysian Palm Oil Board (MPOB)	Carries out research on products produced from the output of palm oil, spreads over the market of palm oil, and improves the quality of palm oil.

Agency	Extension And Advisory Assistance
Standard and Industrial Research Institute of Malaysia (SIRIM Berhad)	Focus on discovering and developing new technologies to enable industries to move up the value chain.

Table 3.13: Research Assistance Agencies

EXERCISE

Q: List the two types of companies.

A: Private Limited Companies and Public Limited Company.

Q: Elaborate/Define the meaning of Sole Proprietorship.

A: A single business as a business established, owned, financed in terms of finances and management handled by a single individual.

CHAPTER 4

SMALL BUSINESS AND PLANNING

4. SMALL BUSINESS AND PLANNING

4.1. Business Plan

Business Plan is a written document between 25 to 40 pages describing the:

- Business or project to be carried out, business direction and how it will develop a comprehensive.
- Studies have been made and steps to be taken in future to develop the business and Predictions, expectations, and how the implementation of business strategies.
- Other names for Business Plan are business master plan, paper, and project paper prospectus. It is a map that will determine the direction and strategy of how success is achieved by the entrepreneur.

4.2. Importance Of The Business Plan

4.2.1. To Entrepreneur

- Provide opportunities for entrepreneurs to see and **evaluate business ideas** or business projects **carefully, objectively and critically**.
- To provide an **overview** of the proposed project, whether viable or not, help entrepreneurs to make **estimates and resource** requirements of the business properly and efficiently.
- Entrepreneurs realize the **problems that may arise** in the implementation of business projects.
- Making the **guidelines** for managing daily business.
- Make **predictions** of sales, expenses and cash flow business.
- Explain the **duties and responsibilities** of and the needs and expectations of business employees.
- **Evaluate** business performance.
- **Plan** for development of new products.
- Make basic **recommendations** for funding applications.

4.3. Importance of Business Plan For The Outdoors

4.3.1. Banker or bankers

To **assess** the potential of the proposed project in relation to the application of business financing.

4.3.2. Supplier

To get a clear **idea** of business and financial position for the purpose of evaluating whether to extend credit facilities or not.

4.3.3. Staff

To understand the **goals and purposes** of the business. Enable them to carry out works as expected by the business.

4.3.4. Consumer

Assess whether the business can offer products or services that are **safe and convincing**. If the manufacturing process guarantees in terms of safety and health.

4.3.5. Investor

To assess the business information and provide greater confidence to prospective investors or investors to **invest**.

4.4. Basic Features Of A Good Business Plan

- Facts and information used is correct and current.
- Available - resources that can be trusted as business.
- Records and internal data, government statistics and internal data government marketing research data and others.
- Information or data collected will be analyzed in detail and justified.
- Information and data that changes from time to time will be modified and updated.

- Having a set of financial statements: cash flow Performa, end accounts.
- Focusing on consumer needs.
- Displaying the coordination of all functions and business activities.
- Act as a 'one team' to achieve the targets specified.
- Shows the determination, commitment and competence of entrepreneurs or managers involved.
- Have an action plan (action plan) which is clear and workable

4.5. Reason Business Plan Failed

- Objective to be achieved is not reasonable.
- No measurable goals and fuzzy.
- Entrepreneurs are not fully committed to Business Plan provided.
- Entrepreneur with less experience in business planning.
- Too easy with threats and weaknesses of the business.
- Does not meet the requirements of consumers.

4.6. Business Plan Format

4.6.1. Mission Statement

In general, the information in the mission statement is as follows:-

- Established business reasons.
- Products or services offered.
- Clients or customers for business.
- Geographical area of marketing.
- Competitive advantages, products or services offered.

4.6.2. Content of A formal Business Plan

4.6.2.1. Content

Lists the contents of the main topics page.

4.6.2.2. Executive Summary/ Abstract

Highlight the important matters of the business plan. It should be possible to arouse the interest of the reader to examine the contents of the business plan has been prepared.

4.6.2.3. Introduction

State the type of business, business location, date the business is run, background and the pattern of trade which the industry. (Information needs to be supported with real facts and realistic)

4.6.2.4. Objective/purpose of preparing business plan

Clearly state the purpose of preparing a business plan. For example, to apply for a capital funding or business site of Bank Pembangunan Malaysia Berhad. etc.

4.6.2.5. Business background

Provide the following information:-

1. Business name
2. Business address
3. Mailing address (if different)
4. Telephone number
5. Business form
6. The main activities
7. Start date or want to start a business
8. Business registration number
9. Initial capital
10. Name of bank
11. Bank account number

4.6.2.6. Owner background

Information on each owner or partner of the following should be:

1. Full name

2. Identity card number
3. Age
4. Gender
5. Fixed address
6. Telephone number
7. Marital status
8. Courses attended
9. Skills
10. Experience
11. Current job
12. Other business (if any)

4.6.2.7. Project background

State information about the location of business:-

- Physical position of the project.
- Buildings (type of structure, condition, shape, size and value of buildings).

4.6.2.8. Organization Plan/ Administration

- Stated mission and objectives of the organization
- Present organizational structure in the organization chart.

No	Position/designation	No of workers
1	General Manager	1
2	Clerk	3
3	Salesman	10

Table 4.1: Position and number of labour

Designation	Main Responsibility
Financial Manager	<ol style="list-style-type: none"> 1. Prepare Annual Budget for business. 2. Provide business Financial Reports 3. Control and manage the use of business Resources. 4. Coordinate personal ledger in the financial.

Table 4.2: Job Description Schedule.

Designation	No	Monthly Salary	EPF	SOCSSO	Jumlah
General Manager	1	RM5000	RM650	RM100	RM5750
Financial Manager	1	RM2500	RM325	RM50	RM2875
Total					RM8625

Table 4.3: Schedule employee remuneration Reply Service.

Types	No	Price RM
Computer	2	RM8000
Printer	2	RM1000
Photostat machine	1	RM5000
total		RM14000

Table 4.4: List of Furniture and Office Needs

item	Property expenses	Monthly expenses	Other expenses
Services Salaries and Remuneration Reply		RM8625	
Furniture and fixtures	RM14000		
Rental		RM2000	

Table 4.5: List of Administrative Expenses

4.6.2.9. Marketing Plan

- Description of products / services offered relate to the requirements and needs.
- Customer profile of the target group of customers.
- Market size in terms of sales units or Ringgit Malaysia or both.
- Key competitors in the market. List the strengths and weaknesses of their status and indicate the proposed market share and key competitors
- Monthly sales forecasts for the first year of business and annual sales forecasts for years 2 and 3. State the form of either cash sales, credit, or both.
- Marketing strategies that will be used to achieve the forecasted sales. Examples of products strategy, pricing strategy, promotional strategy and strategy circulation.

Detail	Property expenses	Monthly expenses	Other expenses
Vehicle	RMxxxx		
Promotion		RMxxxx	
Insurance			RMxxx

Table 4.6: Details of the marketing expenses

4.6.2.10. Production Plan / Operations

- This section is to be provided to businesses in the form of processing or production.
- Production processes in the process flow chart.
- Production unit or the operating hours of business with sales forecasts based on the Marketing Plan.
- Monthly material requirements in a table.
- State estimates of monthly purchases for the first year and the estimated annual buying materials for years 2 and 3.
- Plan the location of production activities or operations.

- Overhead operations that include water supply, electricity, telephone and other who constitute the operation.
- A sketch of the layout area of operations and state the main factors taken into account in planning the layout.

Material type	Quantity used	Stock	Price per unit	Total purchase
Sand	1000 tonne	500 tonne	RMxxx	RMxxxx

Table 4.7: Details of the material expenses

Designation	No	Monthly salaries	EPF	SOCSSO	Total
Production operator	20	RMxxx	RMxxx	RMxxx	RMxxx

Table 4.8: List the position and amount of labour operations and their remuneration

Type	Supplier	Price per unit	No	Total price
Sewing machine	Kedai Hong	RMxx	3	RMxxxx

Table 4.9: List of machinery and equipment in the table as follows

Item	Property expenses	Monthly expenses	Other expenses
Machine	RMxxx		
Salary		RMxxx	

Table 4.10: List all items in a table of operating expenses.

4.6.2.11. Financial Planning

- This section is important because it has all the financial information contained in the
- Administration, Marketing and Operations. This information is necessary to :
 - Prepare Project Implementation Costs to know the total cost which will be involved in starting the project

- Planning for financial resources to finance project implementation. With the installation of Project Funding Sources.
- Predict and know the financial position of the business by providing Performa Cash Flow.
- Predict and know the profit / loss of business at the end of the accounting period to prepare Performa Profit and Loss.
- Predict and know the whole financial position at year-end accounting by providing the Performa Balance Sheet.
- Providing Fixed Asset Depreciation Schedule, Schedule of Loan Repayment (if any) and Hire
- Purchase Instalment Fee Schedule (if any).

4.6.2.12. Project Implementation Schedule

- This table is provided to show the stages of events that will happen to business when the business is done.
- Usually it shows the progress of the operation of the idea to reality.
- These tables are presented using graphs that clearly show all the activities that will be made, when the activity will take place and how the relationship between activities.

4.6.2.13. Summary

Give a statement to convince certain parties why the project should be continued or loans must be given or licenses must be approved and so on.

4.6.2.14. Appendix / Supporting Document

If any, must be accompanied by documents to support a statement specified in the body of the Business Plan. For example, the procedure Memorandum of Association.

Q: Elaborate the reason of Failing in Business Plan

A: Objective to be achieved is not reasonable, No measurable goals and fuzzy, Entrepreneurs are not fully committed to Business Plan provided, Entrepreneur with less experience in business planning, too easy with threats and weaknesses of the business, and Does not meet the requirements of consumers.

CHAPTER 5

SOCIAL MEDIA MARKETING

5. SOCIAL MEDIA MARKETING

5.1. Introduction to Social Media Marketing

Nowadays, many entrepreneurs are using a social media account to promote their products. They built trust by updating their profile, previewing products, allow direct communication with customers. From these methods, they gain sales, platform traffic and ratings. By using social media, the entrepreneur can analyze their rating, sales, product video, likes, share and followers.

There are several social media platforms that are usually used by entrepreneurs which are Whatsapp, Telegram, Messenger, Instagram, Facebook, TikTok, Youtube and many other platforms. For starters, firstly is by publishing our business and product through social media account. By sharing the information, customers can view the product and through their comment and post sharing, it will drive our social media traffic.

5.2. Element in Social Media Marketing

5.2.1.Strategy

Set Goals - Some businesses use social media for increasing their brand awareness, others use it for driving website traffic and sales. Social media can also help generate engagement around brand, create a community, and serve as a customer support channel for customers.

Focusing on Social Media Platform – It is better to pick most used platform that support post sharing. (example: Facebook + Instagram)

Type of content to share – Choose videos, nice image, links, stories or other content.

5.2.2.Planning and Publishing

Small businesses typically use social media to elevate their respective brand names. Through this method they are able to tell the

advantages of the product to most users on social media. Uploading product descriptions to social media sites is like putting links to blog sites, videos, photos, and more. It is effective if the uploaded material is planned in advance because to make the material more organized. Posting time also plays a role in the right timing to reach potential customers.

5.2.3. Listening and Engagement

As the company grows through the social media, discussions about the brand will increase. Users or customers will write comments, tag, or message their owners directly. Consumers will talk about the brand on social media without the knowledge of the owner.

The owners always have to look at conversations about their brands on social media. If the comments given are positive, the owner can use the opportunity to give surprises and offers that can make them happy. If not, offer something to support our brand and try to rectify the situation before it gets worse.

5.2.4. Analytics

Through social media platforms, it basically provides analytical information on the goods offered/sold. Through this platform, we can get more detailed analytical information and can easily compare it with all social media platforms. From this information, owners can find out about the performance of social media such as customer views, likes or dislikes, customers buying for the second time, and others.

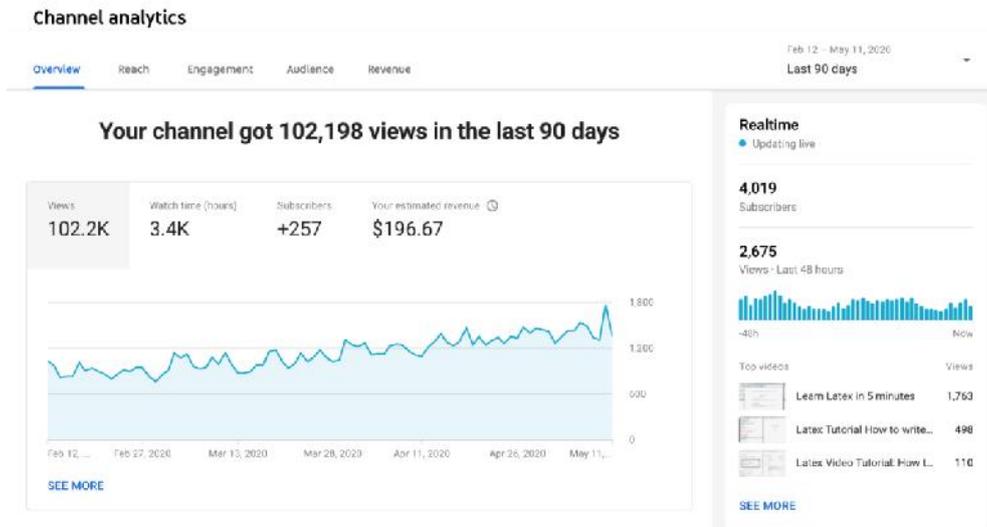


Diagram 5.1: Example Analytics View (Source from Google, Youtube)

5.2.5. Advertising

Social media advertising platforms nowadays are able to accurately target customers to display ads. It can target customers based on demographics, interests, behaviours, and more.

When entrepreneurs raise ads on multiple social media at once, entrepreneurs can use social media advertising platforms to make changes simultaneously, create automatic ad settings, and optimize ads.

5.3. Social Media Algorithm

An algorithm is a set of mathematical data that can determine how a set of data behaves. On social media, algorithms help to organize, and determine search results and ads. For example as on Facebook, there are algorithms that can direct a website and it's content to be displayed in a certain order.

Of the approximately 4 billion internet users, about 3 billion are social media users. It is very difficult to monitor and manage manually. Algorithms are therefore very important in determining the validity and position of accounts and content on social media.

5.4. Optimize Content on Social Media Platform

5.4.1. Create Short Videos

Users usually like to see content in several types of media. In several types of media, users usually prefer video ads. Entrepreneur who use video in their advertising show an increase in quality of their social media each year than those who do not use video. The use of short videos has a greater chance of being fully watched by users while scanning social media and the production of short videos also requires very little time and resources to be published.

Making a live video on social media is one method of keeping engagement with followers. In addition, it can monitor metrics related to the video. Even if the live video has expired it can be set to remain in the profile so that other users can watch it later.

5.4.2. Create Content Which Invites Interaction

It is very important to post an interesting content to attract followers. The more followers who likes, share, and comment, the more likely the post will appear on social media. Some examples of content that attract followers are:

- Question and answer session
- Conduct live interview sessions
- Give followers polls and quizzes
- Create promotions that focus on the concept of likes and sharing
- Competition

5.4.3. Evoke Humour and Emotion

The use of funny meme characters or touching videos such as videos about babies or cute animals can raise emotions towards the advertised product. It can be placed in the comment field using GIF format to illustrate a thank you, a feeling of love to the followers.

5.4.4. User Generated Content

UGC, or User-Generated Content, are reusing memes, photos, videos or other media created by other users with permission. It is a method of

making content according to current trends and attracting the attention of users at a time when the trend is popular. It can also be hash tag or credited to the original media owner. It does not count as taking someone else's work as long as the sharing is made with permission. It indirectly increases the media traffic of the original owner.

5.4.5. Write Back

It is the easiest method to connect with customers through comment in popular posts on social media. Depending on the suitability of the post, entrepreneur can promote products on posts that have high traffic. However, if the post is related to sensitive matters such as death/accident, this method is not suitable.

5.4.6. Report the News

Always updating current news in the industry is something that social media followers like. Post content needs to be updated from time to time. For example if an entrepreneur runs a fashion business, the design must in line with current industry trends. News can be shared through live sessions or any other appropriate method in social media.

5.4.7. Invite Followers In

Business is sometimes seen as a product marketing matter. It is better to show the business as a living thing. Occasionally, one needs to post content regarding the actual appearance of the business, the appearance of management officers and staff. Apart from that, you can also post videos on the actual appearance of the business premises. This is intended to life up the content of the post. Among the posts that can be uploaded are as follows:

- One whole day of entrepreneur life
- Every staff make individual content
- Best moment on a week

- Office tour
- Product review/testimony

5.4.8. Open for Questions

Entrepreneur doesn't have to bother to interact directly with social media users. This is because social media users are always communicating with each other and talking about the brands of goods they are interested in. Users like to share posts of stuff they like on their own site and indirectly the information will spread on its own.

EXERCISE

Q: Elaborate the functions of a hashtag (#)

A: Hashtags will synchronize posts on multiple social media platforms in one tag/label.

Q: Give a reason for the usage of comment "pm" (private message).

A: One of the ways for customers to get detailed information about the product and the method is to increase post traffic.

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