



The impact of education meritocracy on SME performance in Klang Valley, Malaysia

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ABSTRACT

Meritocracy values undergrid the ideology of democracy and identifies the core belief that a) individuals can succeed on the basis of their autonomous decisions and actions; b) this success is based upon moral virtue; and c) equal opportunity applies to everyone regardless of origin or social identity. Meritocracy is generally held to be a social system within which individuals earn rewards according to their abilities and efforts.

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Introduction

To be a successful entrepreneur in a very challenging business world of today, all required knowledge is essential as tools to remain relevant, competitive and profitable. The success of any company big or small is measured by two variable: the sales volume and the propensity to grow physically in terms of size or product/services diversification

Firms with learning orientation learn from their successes and also from their mistakes and thus tend to achieve better performance (Zahra, Ireland and Hutt, 2000). The process of internationalization is a learning process for enterprises. Some author argue that, when companies learn to operate in different markets and with different cultures, they generate knowledge and skills to deal with new reality. (Porter, 1990; Zahra et al., 2000).

Literature review

From an early age, educational institutions identify and reward those students who demonstrate the most potential for academic success (Ainsworth and Roscigno, 2005). However, most academic institutions fail to identify and develop the abilities and potential of the gifted among the lower population. Cognitive ability and academic performance generally only account for half of the variation in tracking decisions, and once a child is in a low-or-high performing track, they are less likely to transfer into higher or lower levels in their school careers. Educational institutions "recognize" the social capital that students bring from their homes and communities reproduce social inequalities and safeguard the continuity of elite privilege (Bourdieu and Passeron, 1990).

Nevertheless, within a traditional meritocratic framework, education is not always viewed as a set of passive endeavours with which millions comply year after year. Instead, academic attainment and performance can be construed as the active accumulation of academic and cultural human capital with which to compete and trade on the employment market. People, however young, may be cast as agents making human capital investments with which to increase their productivity and earnings (Becker, 1993; Schultz, 1961). By adolescence and young adulthood, academic records, degrees and credentials are

taken as indicators of potential career trajectories (Collins, 1975). These individualistic perspective assumed by meritocratic constructs of just rewards still do not adequately account for a number of structural variables (Blau& Duncan, 1967).

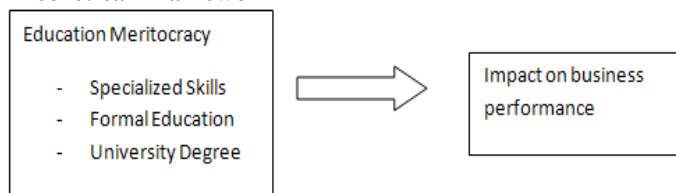
On a global scale, as societies become more technologically advanced, the demand for greater specialization favors those with higher academic performance and more education. At the same time, shifts from industry and manufacturing to service and advance technocratic economies result in a smaller proportion of lower-skill employment and opportunities. In addition, with the increasing globalization of capital, commerce and labor, projected employment opportunities and life chances are subject to greater risk and transformation. Therefore, education and occupational attainment is explained by complex interactions of achieved and ascribed characteristics at the individual level, a host of intervening contexts of societal and political-economic forces (on local, regional, national and international scales), and the fortune of one's life decision (McNamee & Miller, 2009).

Hypothesis

H¹ : There is a direct relation between education meritocracy and performance of business

H⁰ : There is no relation between education meritocracy and performance of business

Theoretical Framework



Data Analysis

A total of 50of owners of SMEs/entrepreneurs answered a structured questionnaire on the education level and their employees who are university graduates from business studies background as well as others. Their operation base is in Klang Valley, Malaysia. In the questionnaire each SME owners/entrepreneur are required to indicate their formal

education background by choosing the level of secondary, tertiary or no formal education.

Data Finding

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic
How many years did you spend in obtaining formal education?	264	1	4	3.16	.600
Have you attended any formal training with SME corporation?	265	1	2	1.00	.061
Have you attended any formal education in business or selling?	265	1	2	1.02	.149
What is your level of formal education?	265	1	5	3.46	1.401
Valid N (listwise)	264				

Statistics

	What is your level of formal education?	How many years did you spend in obtaining formal education?	Have you attended any formal training with SME corporation?	Have you attended any formal education in business or selling?	What is your level of formal education?
N	Valid 264 Missing 21	264	265	265	265
Mean	3.33	3.16	1.00	1.02	3.46
Std. Deviation	1.905	.600	.061	.149	1.401
Variance	3.627	.360	.004	.022	1.961
25	3.00	3.00	1.00	1.00	2.00
Percentiles					
50	3.00	3.00	1.00	1.00	4.00
75	4.00	4.00	1.00	1.00	5.00

Conclusion

Education is another aspect of a person’s human capital that may be valuable in the discovery and exploitation of opportunities. Education increases a person’s stock of information and skills, including those needed to recognize and pursue an entrepreneurial opportunity successfully.

Suggestion For Future Research

Future research should attempt to investigate ‘why’ small firms fail and how to overcome their failure. To establish the ‘why’ and ‘how’, future research should consider a longitudinal qualitative study because new firms are considered fragile and organisation experience may have an impact on both firm survival and growth.

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