Review

Agribusiness in Malaysia: Some Facts and Emerging Issues

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Abstract: The paper discusses some facts and emerging issues related in agribusiness industry. Agriculture is the backbone of the people and the economy of the developing countries, particularly in the highly populated countries such as India, China, and South East Asia. The world population will rise to 8.3 billion by 2030 and to 9.2 billion by 2050. By then to feed the growing population, the need to grow doubles the amount of food to keep pace with the escalating food demand. Achieving a sufficient food supply is a global challenge and a complex sustainable development issue to most of the developing countries. Many countries including Malaysia have declared food self-sufficient in their strategy. However, the collective action plan must be developed in order to sustain food security in long term. In that sense, Malaysia cannot depend on ageing farmers anymore; the new breed of farmers or agropreneurs (young, energetic, high-tech, visionary and entrepreneurial) must be groomed. Thus, those will determine the factor affecting talent shortage in Malaysia agribusiness. Hence, the contribution of the finding will give a significant value in this study towards theoretical and practice aspect. The expected outcome of this study is to produce a talent development framework model for agribusiness in Malaysia.

Keywords: Talent Development; Agribusiness; Food Security

1. Introduction

Agriculture has been remaining an important sector of a national and global economy. It provides the ultimate source of essential food and fiber for the population (Nasir, 2010). No industrial substitutes have yet been found to replace food requirements. Thus the long-term survival of mankind will depend on the sustainability of the agricultural sector. The Malaysian government wants to modernize the agriculture sector with the objective of increasing food production. This is important for stabilizing the economy and reducing the yearly food import bill of RM13 billion in year 2014 (Statistic Report, 2015). Consequently, agriculture has been identified as the third engine of economic growth in Malaysia, resulting in large scale farming projects being implemented throughout the country. In order to increase productivity, the various inputs (seeds and planting materials, labor, fertilizer, irrigation, crop protection and others) must be utilized effectively.

In the developed countries, agribusiness is defined as the total output arising from farm production and product processing at both pre- and postfarm gate levels. In developing countries like India, the agribusiness sector encompasses four distinct sub-sectors, viz. agricultural inputs; agricultural

production; agro-processing; and marketing and trade. All these add value or utility to the goods. Agribusiness is emerging as a specialized branch of knowledge in the field of management sciences. In this context, agribusiness can be defined as science and practice of activities, with backward and forward linkages, related to production, processing, marketing, trade, and distribution of raw and processed food, feed and fibre, including supply of inputs and services for these activities.

One of the most debated issues facing the Malaysia agribusiness industry is the shortages of domestic labor (Jamal & Yaghoob, 2014). While the contribution of agricultural employment (including livestock, forestry and fishing) declined very substantially from 26% of total employment in 1995 to 11.4% in 2014 (Tables 1), there was also a clear shift in terms of employment proportion within the various agricultural sub-sectors. Most notably the proportion of labor employed in the oil palm sub-sector increased remarkably, whereas the number of employment in other sub-sectors (rubber, cocoa, and other crops including seed) declined substantially (Ministry of Plantation Industries and Commodities, 2015).

Another related issue is the imposition of current minimum wage policy for domestic and foreign labor across economic sectors including oil palm and rubber sub-sectors. In short, how labor supply uncertainties and the implementation of the minimum wage policy will affect Malaysian agricultural sustainability and competitiveness in the longer run is quite unknown empirically.

Table 1: Share of Agricultural Employment with Respect to Total Employment

Year	Agricultural Employment	Percentage with respect to total employment
1995	1738.0	26.0
2000	1492.7	18.7
2005	1407.5	15.2
2010	1401.4	12.9
2011	1392.4	12.5
2012	1389.9	12.2
2013	1390.9	12.0
2014	1389.4	11.4

Source: Ministry of Plantation Industries and Commodities Malaysia (2015)

2. Research Methodology

This paper uses qualitative approach by systematically review all relevant literature from various databases. In searching for literature only articles in established journals are reviewed including Proquest, EBSCO, Web of Science - Social Citations Index and Business Source Premier. A literature search produced a total of more than 30 articles, of which 22 are randomly picked for detailed review.

3. Food Security

3.1. Food Security Issues

The world population will rise to 8.3 billion by 2030 and to 9.2 billion by 2050 study from the International Institute for Applied Systems Analysis (2014) and the Wittgenstein Centre for Demography and Global Human Capital (2014). By then to feed the growing population, the need to grow doubles the amount of food to keep pace with the escalating food demand. The population size in Malaysia has just reached over 32 million people in 2015 excluding outside populations (Statistic Report, 2016). The challenges faced by this country in providing sufficient food to cater for the growing number of population. Malaysia is primarily an agriculture country. The agriculture sectors played a dominant role

emphasizing on plantation crops. According to Department of Statistics Malaysia (2016), in 2015 the agriculture commodities showed increases 58.9% in import dependency ratio (IDR) as compared to 32.2% in 2014. IDR explains a country's dependence on imports of agricultural commodities to meet domestic needs. The higher IDR shows the more supply of agricultural commodities to be imported.

With the overgrowing population in the world today, food security can become an important issue to deal with not only by international organizations but also governments across the globe. Every country is basically fighting to provide a continuous supply of foods to match every demand and this seems to be a big struggle especially in currently develop and poorer nations. Questions are, are these countries able to match foods supply with every increase in demand and if so, for how long? The small-scale farming system encounters a severe structural problem, particularly the rapid ageing of farmer population and scarcity of young farmers or agropreneurs entering the profession. The consequences of unsolved structural problems will hamper sustainable agricultural development (Ilbery, Chiotti & Rickard, 2007). The demographic ageing problem is more severe in Asian Countries than in the EU (Oizumi, Kajiwara & Aratame, 2006). The age-related structural crisis will lead to an array of agricultural development problems; in particular, farm productivity, market competitiveness, rural economic viability and food security will be under threat. These challenges related to the lack of generation renewal in the farming system should be overcome to secure agriculture sustainability. Therefore, determining how to support young farmers is a political priority for future agricultural policy regarding smallholder farming in the world (Hazell, Poulton, Wiggins Dorward, 2007).

Food security is considered differently, depending on whether the focus is at the macro or the micro level. At the macro level, food security means that enough food has to be available to cover the entire population's nutritional requirements. At the micro level, for households and individuals, three conditions need to be considered: sufficient food at the macro level, stability in supply, and regular access and income in all households for food for all members. Various studies emphasize food availability at the macro level by focusing on the market elements such as production inputs, labor, consumer goods and credit, quantities supplied and demanded, and prices. On these terms, food security is achieved if subsistence production and market supplies are sufficient to meet total household food requirements. However, in order to successfully provide food security to all citizens, two additional elements of the domestic food system have to be considered. First, individual households must be able to afford the food that is produced. Employment opportunities and income distributions play an important role here. The second element is food prices. Short-run food price fluctuations or unexpected increases make low income households especially vulnerable to food insecurity (Timmer, 2000; Margaret, 1999).

Furthermore, food may be available globally but not all countries or households within countries, or individuals within households may have access to it. At the national level, persistent food insecurity is the result of development failure that prevents food-deficit countries from either acquiring food in the international market or producing it themselves. However, even when sufficient food for the entire population is available, food insecurity may persist. Poverty is often the culprit. The poor do not have adequate means to secure access to food even when food is available in local or regional markets (Downing, 1998; Stamoulis, 1999).

3.2. Foctors Influencing Food Security

More recently, economics have come to view food security through a framework of uncertainty, risk and vulnerability. Introducing concepts of risk and uncertainty more accurately portrays food security as a time variant probability which falls below a certain threshold of consumption to satisfy the physical and social requirements of food intake. As such, risk and uncertainty help explain why food security status is

likely to vary over the course of the lifetime of an individual and is subject to random shocks to health and the immediate environment (Barrett, 2002).

In economics, vulnerability can be defined as a combination of exposure to risk and access to coping mechanisms to manage that risk. Attempts to develop theoretical frameworks about people's vulnerability to food security have expanded the recognition of sociological views about food security (and insecurity) as a "managed experience" (Radimer, et al 1990; Frankenberger et al, 1992). People are not victims of catastrophic events, rather they are "active participants in responding to risk in their everyday lives" (Coates et al, 2006). Support for this notion of food insecurity, as a managed process comes from cross-cultural evidence of orderliness to food insecurity experiences, in which households allocate and reallocate resources under conditions of scarcity. First, households express worry and uncertainty about food sources, then they begin substituting foods of insufficient quantity or inadequate quality, and finally, they resort to eating foods which are not socially acceptable or acquire foods through socially unacceptable methods or begin going without meals (Coates et al, 2006). There are many factors that determine food security and many studies about food security which have been done on different levels; such as a country or a household level.

4. Talent Shortage

To date, talent shortage has become more acute compared to previous years. A survey conducted by Manpower Group (2013) revealed 40% of employers struggling to fill positions and felt those candidates lacked the specific skills they were looking for. This trend has accelerated a talent shortage to their highest level since before the recession. The rapid growth of all sectors of the national economy generates a high demand for all types of workers, especially unskilled labour in the agricultural and manufacturing sector and also well-trained professionals in the services sector. This resulted in high employment growth which the local labour markets could not provide, thus was filled with foreign workers.

Malaysia is expected to have the second largest foreign share in its labour force of any Asian country which is about 12% (ILO 2007). Malaysia's dependence on foreign workers has been increasing in the last 20 years from 4% in 1990 to 12% of the country's workforce in 2005. A foreign worker is a person who works in a country other than the one of which he or she is a citizen. In the Economic Report 2010/2011 by Ministry of Finance, it was stated that there are about 1.8 million registered immigrant workers in Malaysia in 2010 compared with 1.6 million in 2005. As of 2006, there were 1,869,209 foreign workers from 23 countries were employed in Malaysia in various sectors (Department of Immigration 2007). About 38.2% of the workers were employed in the manufacturing sector, 16% in the construction and 14.2% in the plantation sectors.

5. Talent Development Practices

Many questions remain, such as how do organizations operationalize talent management, to whom does the term 'talent' refer or, how many organizations engage in talent management? The current global credit crunch and increased unemployment may lessen the import of talent management in its original guise, i.e. Owing to talent shortages. We argue that the context has merely changed and that it has never been more important to have talented employees staff the organization's key strategic positions. (McDonnell A., Lamare R., Gunnigle P., Lavelle J., 2010) They to stated that the talent management literature has thus far failed to achieve consensus on what an organization might do to effectively manage its talent. For example, does talent management involve succession planning, performance management and particular development activities? There has been a failure to truly understand what a 'differentiated human resources architecture' involves in terms

of identifying and developing the organization's talent. However, there are a number of recurring ideas of what should be included in a talent management system.

5.1. Mentoring

Mentoring is defined as a supportive relationship between a youth or young adult and someone who offers support, guidance and concrete assistance as the younger partner goes through a difficult period, takes on important tasks or corrects an earlier crisis (Gay, 1994). Some of the psychological traits of the mentor and mentee may condition their relationship. Eshbaugh (2010) points out that from the standpoint of both the mentor and the protégé, the relationship has a better chance of being perceived as successful where "agreeableness"1 is similar for both partners, and where the mentor has a low level of conscientiousness 2 and the protégé a high level. Mutual liking is also important, since it helps the mentor to exercise psychological and career-related functions (Aryee et al., 1994).

Similarly, as Kram and Isabella (1985) pointed out, trust is a vital component of the mentoring relationship and enhances both its quality and its efficiency. Trust must also be mutual, in order to support the mentor's functions and generate protégé satisfaction with the mentoring relationship. Failure of the relationship between mentor and mentee can be caused by differences in business culture, and especially in how the firm is managed (Herron & Robinson, 1993). To be effective, the mentor's advice must not conflict with the small business culture, or the entrepreneur's communication method and learning style. With regard to the latter, the mentor must foster action-oriented learning, which is the most appropriate type for entrepreneurs.

To do this, effective communication is required, and this demands a certain amount of skill on the part of both parties (Duckworth et al., 2007). Lastly, mentor and mentee must agree on certain guidelines for their relationship – a kind of moral contract that sets the goals, means, roles, plan of action and timeline for the relationship.

In mentoring process, mentors help protégé in terms of career development and personal growth (Kram & Isabella, 1985). Mentoring in entrepreneurship is described as a form of relationship between an entrepreneur (mentee) and experienced entrepreneur or manager (the mentor) (Judge et al., 1995).

From the relationship, the mentee or protégé will be able to develop as both an entrepreneur and a person. In entrepreneur context, mentoring is beneficial in terms of acquisition of new knowledge, increase confidence and in new relationship involvement. As for student entrepreneur, they have advantages to access business advices from other successful person or mentor (Pickernell et al., 2011).

5.2. Training and Developement

Thurairajah (2008) suggested that training could be defined as activities of teaching and learning which is being promoted and implemented by an organization to enhance the technical development, attitude change and to add value to the existing knowledge of the officers within an organization. Besides, according to Gunasegaran (2006) training and development is planned, continuous effort by management to improve employee competence level and organizational performance. In the field of human resource management, training and development in the field concerned with organizational activity aimed at improving the performance of individuals and groups in organizational settings.

It has been known by several names, including employee development, resource development, and development (Rusli et al 2011). Training and development encompasses three main activities: training, education, and development. Training is the activity that focused upon, and evaluated against, the job that an individual currently holds. Development is the activity focus upon the activities that the organization employing the individual, or that the individual is part of, may partake in the future, and is almost impossible to evaluate.

6. Conceptual Framework

The following diagrammatic framework is developed.

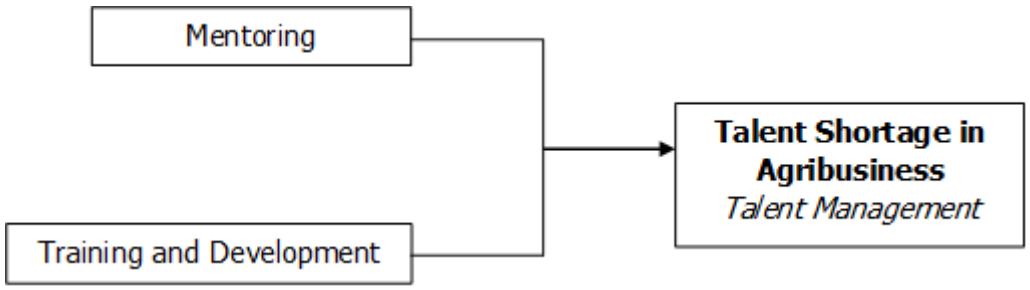

Figure 1: Proposed Conceptual Framework

7. Conclusions

This section is not mandatory, but can be added to the manuscript if the discussion is unusually long or complex.* This paper concludes that the growing population and scarcity of land had change the business landscape, driven the food demand and the price is surging higher each day has effected many people. This global challenge called for better agribusiness approach to increase productivity to sustaining the food security. It was clearly indicated that agriculture could play a major role in addressing the problem (Singh, 1990). In that sense, Malaysia cannot depend on ageing farmers anymore; the new breed of farmers or agropreneurs (young, energetic, high-tech, visionary and entrepreneurial) must be groomed. Thus, those will determine the factor affecting talent shortage in Malaysia agribusiness. Hence, the contribution of the finding will give a significant value in this study towards theoretical and practice aspect.

The expected outcome of this study is to produce a talent development framework model for agribusiness in Malaysia. The presence of talent development practices such as training and development with mentoring in this study have been found to contribute to solve the issues of talent shortage in agribusiness. Limitation of the present study is that we have confined ourselves to published articles, both academic and practioner, which are available to us from the four chosen databases. Therefore based on these problematic issues, there is strong justification for conducting this research, first due to lack of empirical studies in talent development for agribusiness in Malaysia. Second none studies in Malaysia Theses Online (MyTO). Lastly, this issue has become a national agenda of talent shortage in agribusiness industry.

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