

11 JUL 2000

Mahathir-Bumiputeras

BUMIS CAN SUCCEED IN FRANCHISE BUSINESSES AND SMIs, SAYS MAHATHIR

KUALA LUMPUR, July 11 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that the government, in studying the problems faced by Bumiputera entrepreneurs, has identified them as having the potential to succeed in the retailing business as well as small- and medium-scale industries (SMIs).

However, he said, Bumiputera entrepreneurs were not too keen in taking up retail activities which were difficult or complicated.

Therefore, a viable approach was for them to be involved in the franchising business, he said during a closed-door dialogue with Bumiputera businessmen organised by the International Trade and Industry Ministry.

Also present was International Trade and Industry Minister Datuk Seri Rafidah Aziz.

In a franchise, all the important work such as brand identification and interior decoration had already been undertaken and all that the entrepreneur needs was a little management expertise and capital, he said.

Examples of franchises include mini markets, bakeries, confectioneries and photo shops.

He said that Bumiputeras prefer to get contracts, projects and approved permits rather than being involved in difficult retailing businesses.

If they do not participate in retailing activities, new townships would not reflect the racial distribution in Malaysia which would bring about negative social effects in the future, he said.

He said this was not a good sign for the future. There would be ghettos for the different races, he said.

"If this continues, I am confident that one day, we will face a much greater social problem than that of 1969," he said.

As such, the government was emphasising on the franchising business as potentially the most suitable for Bumiputeras to be involved in, in new townships compared with activities which they could not afford or have no knowledge of, he said.

He said that the franchise system could be expanded into many other businesses.

The issue, he said, was discussed by the National Economic Action Council (NEAC) to enable Bumiputera participation in retail activities.

He said that one way was to identify and give opportunities to ex-servicemen and other groups who were keen or eligible to run businesses in new townships, with proposals to provide them training and capital.

For other industries, the manufacture of child parts was being encouraged given the ready markets for these products, he said.

He cited how during his recent visit to Japan, a factory using computer-aided machinery known as the five-axis machine could produce various products.

Dr Mahathir said that the government had directed Technology Park Malaysia to buy the machine and thereafter provide training on operating the machine to interested entrepreneurs.

During the dialogue, the Prime Minister also touched on the difficulty among entrepreneurs to obtain loans.

While understanding the problem, he nevertheless said that entrepreneurs should be serious about the loans they obtain and cultivate a good relationship with the banks.

He also said that Bumi equity had still not reached 30 per cent and

based on a graph, it was like an "inverted wine glass" where the base was wide but the mid section which represents professionals was too narrow.

"The strength of any society is dependent on the middle-class," he said.

-- BERNAMA  
SHO OS/MR RM