

# THE IMPACT OF GOVERNMENT SUPPORT ON THE SUCCESS OF STARTUPS CREATION IN MALAYSIA

TENGGU AZRUL, T. A.<sup>1</sup> – WONG, W. W.<sup>1\*</sup> – AINUL ZARINEY, A.<sup>1</sup> – NADISAH, Z.<sup>1</sup>

<sup>1</sup> Faculty of Business, International University of Malaya-Wales, Kuala Lumpur, Malaysia.

\*Corresponding author

e-mail: waiwah[at]iumw.edu.my; waiwah\_28[at]yahoo.com

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**Abstract.** This study delves into the influence of government support on the establishment and prosperity of startups in Malaysia, focusing on various forms of support including funding-related, policy-related, and incubator support. Employing a quantitative methodology, the research aimed to elucidate these relationships through questionnaire-based data collection. A sample of 334 respondents participated, with distribution facilitated via email and popular social media platforms such as WhatsApp, Telegram, and Facebook groups. The questionnaire, utilising a 5-point Likert scale, aimed to discern the perceived importance of different forms of government support among Malaysian entrepreneurs. Data analysis and hypothesis testing were conducted using Statistical Package for Social Sciences (SPSS) version 29. Results indicate a positive correlation between government support and startup success in Malaysia. Specifically, funding-related support demonstrated a significantly positive impact on startup success, while policy-related support exhibited a negative impact, and incubator support was found to be statistically insignificant. These findings contribute to the existing body of literature on entrepreneurship by offering insights into the efficacy of government support mechanisms in fostering startup success within Malaysia. This research could serve as a valuable resource for policymakers and businesses alike, aiding in the development of strategies to bolster the startup ecosystem in the country.

**Keywords:** *startups, entrepreneurship, government support, innovation*

## Introduction

Baldrige and Curry (2021) defines startups as emerging companies primarily focused on developing unique products or services tailored to specific market needs, often characterised by their novelty and rarity. Another widely recognised definition, attributed to Ries (2011), conceptualises startups as human institutions navigating extreme uncertainty to innovate new offerings. Musa et al. (2017) further elaborate on startups as early-stage ventures aiming to address market gaps with distinctive solutions. Specifically, technology startups operate within the realm of technology-driven products or services, adapting to evolving landscapes and markets (Giardino et al., 2014). Critical to understanding startups is their propensity for uncertainty and adaptation, distinguishing them from conventional businesses (Baldrige and Curry, 2021). Founders typically aspire to introduce ground-breaking concepts, often disrupting industries and altering societal interactions with them. However, the risk of failure looms large, with startups exhibiting higher failure rates compared to more established enterprises (Giardino et al., 2014; Freeman and Engel, 2007). In regions like Malaysia, the challenge of startup survival is pronounced, with reported failure rates ranging from 50% to 95% (OECD, 2000). Recognising startups' pivotal role in economic development, governments worldwide, particularly in emerging economies, have intervened to bolster their success. This intervention ranges from fostering supportive ecosystems to providing direct support services (Cooney, 2012).

Government intervention aligns with the Triple-Helix Theory, fostering collaboration between government, academia, and industry to drive innovation (Etzkowitz and Leydesdorff, 2000). However, the optimal form and extent of government involvement remain subjects of debate (Nelson, 1993). Determining the precise impact of government intervention on startup success is challenging due to the complex dynamics involved. Policymakers must avoid merely "picking winners" and instead focus on cultivating robust startup ecosystems. Various support services are available to nurture such ecosystems, emphasising factors like team passion, domain expertise, market size, unique value propositions, and time-to-market entry. While government intervention plays a crucial role in fostering innovation, its efficacy hinges on strategic alignment and contextual nuances (Etzkowitz and Leydesdorff, 2000).

### ***Problem statement***

Numerous empirical investigations have highlighted the precarious trajectory of startups within their initial five years of establishment, particularly evident in emerging economies like Malaysia (Kee et al., 2019). The susceptibility to failure among technology startups, in particular, underscores the perceived necessity for governmental intervention to bolster their chances of success. Wang (2018) underscores the efficacy of governmental initiatives in enhancing local industry capabilities, yet acknowledges extant limitations warranting further exploration. Notably, comparative analyses of governmental interventions in fostering supportive ecosystems for entrepreneurs and startups in Singapore, Israel, and Taiwan underscore varying strategies yielding positive outcomes (Gündogdu et al., 2021). Governments, cognizant of the inherent challenges in securing conventional financing for startups from traditional financial institutions, have increasingly prioritised financial support mechanisms. The reliance on internal funds or informal networks, colloquially referred to as "friends, family, and fools" (Klačmer Čalopa et al., 2014), underscores the imperative for governmental intervention in financing endeavours. However, the allocation of taxpayer funds towards startup financing remains contentious, given the elevated risk profile associated with nascent ventures compared to established enterprises.

Policy recalibration is imperative for nascent entrepreneurial ecosystems in developing economies like Malaysia to align with international standards. Emulating successful programs from developed nations, which have effectively fostered small business expansion and development (Zamberi Ahmad and Xavier, 2012), necessitates a paradigm shift. Enhancing entrepreneurial attitudes and skill sets through the educational framework emerges as a pivotal strategy to cultivate a conducive environment for startup growth. Recognising the pivotal role of startups in the Malaysian economy, governmental involvement has intensified since the early 2010s, primarily focusing on financing, technology transfer, and infrastructure development initiatives. For instance, SME Corporation's 2018 endeavours benefitted a substantial number of small and medium-sized enterprises (SME Corp, 2020). Beyond financial aid, governmental agencies such as the Malaysia Digital Economy Corporation (MDEC), Malaysia Global Innovation and Creativity Centre (MAGiC), and Cradle Fund Sdn Bhd (Cradle) play integral roles in bridging funding gaps and providing essential expertise and technological support to nascent startups (MOSTI, 2021).

### ***Research question, objective and hypothesis***

The Research Questions derive for this study are:

Q1: What is the relation between funding-related supports by the government in determining the success of startups creation in Malaysia?

Q2: How the policy-related support by the government in determining the success of startups creation in Malaysia?

Q3: How incubator support by the government will determine the success of startups creation in Malaysia?

This research aims to identify the impact of government intervention from funding-related support and how the intervention can influence the success of startup creation in Malaysia. Many factors influence the ability for successful startup creation in Malaysia and understanding its requirements and needs are important for the government. Government all over the world is active in creating and formulating programmes that assist and support the creation of startups in addressing many of their challenges (Yusuf et al., 2014). The second factor influencing the success of startups is policy-related support. The Malaysia government via its many agencies has created many incubator sites to support and encourage more startups to be formed and be part of the country startups ecosystems. Therefore, the hypothesis is includes:

H1: Funding-related support by government has a significant positive impact in determining the success of startups creation in Malaysia.

H2: Policy-related support by government has a significant positive impact in determining the success of startup creation in Malaysia.

H3: Incubator support by government has a significant positive impact in determining the success of startups creation in Malaysia.

### ***Significance of the study***

The examination of government support's influence on the success of startup creation in Malaysia holds significant academic and practical relevance for several reasons. Primarily, comprehending the ramifications of government support on startup success can furnish policymakers in Malaysia with invaluable insights to formulate more efficacious policies and programs. Such initiatives are pivotal for nurturing the growth of the startup ecosystem and fostering the establishment of new ventures within the nation. Consequently, an enhanced environment for startups can catalyse economic expansion, job creation, and contribute to holistic national development. Furthermore, scrutinising the impact of government support on startup success yields practical implications for entrepreneurs and investors operating within the Malaysian context. A deeper understanding of the determinants of startup success empowers entrepreneurs to make well-informed strategic decisions in steering their ventures towards growth trajectories. Similarly, investors can leverage insights gleaned from such studies to make more judicious investment choices, thereby optimising their portfolios and fostering sustainable growth within the startup landscape.

Moreover, this line of inquiry also holds considerable scholarly significance, offering valuable contributions to the academic discourse on entrepreneurship and innovation. Through empirical investigation, scholars, policymakers, academics, investors, and entrepreneurs stand to gain deeper insights into the multifaceted factors underpinning startup success. Consequently, this enriched understanding can serve as a springboard

for the development of novel theoretical frameworks and analytical tools, further enriching the academic literature on entrepreneurship and innovation. In sum, the study of government support's impact on startup success in Malaysia serves as a focal point of academic inquiry and practical relevance. By delving into this domain, stakeholders across various spheres-ranging from policymakers and entrepreneurs to investors and researchers-can derive actionable insights to inform their decision-making processes and contribute to the sustained growth and prosperity of the Malaysian startup ecosystem.

### ***Literature review***

#### ***Definition of startups***

The term "startups" emerged in the early 1990s, originating from the United States, coinciding with the popularisation of the internet and the rapid rise of prominent growth companies such as Google and Yahoo! This period saw a surge in the usage of the term, facilitated by the dynamic landscape of innovation and entrepreneurship. Drawing from prior research, a prevalent definition of startups characterises them as ventures initiated by entrepreneurs aiming to develop unique products or services tailored to specific market niches (Baldrige and Curry, 2021). Blank and Dorf (2012) further elaborate on this notion, defining startups as entities comprised of individuals collaboratively pursuing a repeatable and scalable business model amidst conditions of profound uncertainty. They posit that this definition encompasses not only independent ventures but also new subsidiaries, divisions, or units within existing organisations embarking on entrepreneurial initiatives. Expanding on this conceptualisation, Giardino et al. (2014) describe startups as nascent companies with limited operational history navigating volatile technology and market landscapes. Subsequent explorations of the startup concept have underscored various defining characteristics, including innovation, team size, resource constraints, agility, uncertainty, rapid evolution, external dependencies, lack of self-sustainability, singular product focus, inexperienced teams, organisational novelty, and inherent risk (Giardino et al., 2014). Similarly, Musa et al. (2017) characterise startups as newly established independent ventures spearheaded by nascent or novice entrepreneurs venturing into business ownership.

A critical indicator of startup success lies in their capacity to progress from early-stage inception to maturity, enduring beyond a threshold of 42 months (Zamberi Ahmad and Xavier, 2012). This metric aligns with the Global Entrepreneurship Monitor (GEM) maturity index, which gauges the ratio of early-stage entrepreneurial activity to established entrepreneurial endeavours over a specified period. In Malaysia, this index stood at 0.40 in 2009, contrasting with the average index across GEM countries, which registered at 0.85. Furthermore, startups play a pivotal role in job creation, outpacing larger, established enterprises in employment generation (Carter and Auken, 2006).

#### ***Finding-related support***

Funding-related support encompasses various forms of financial assistance provided by governmental or non-governmental entities, including incentives, grants, low-interest loans, and similar provisions. For instance, the Budget Speech of 2020 in Malaysia outlines governmental efforts to attract foreign investment through tax incentives targeting venture capital and angel investors (Ministry of Finance, 2020). Geibel and Manickam (2015) underscore the significance of financial aid, such as venture capital

funds and direct financial support, as pivotal factors contributing to the success of startups in both the United States of America and Germany.

### ***Policy-related support***

In addition to funding support, this study aims to investigate the impact of policy-related support provided by governmental entities on startup success. Existing literature offers limited resources regarding the nexus between startup success and policy-related support. Singh (2021) underscores the importance of appropriate policy interventions, including facilitation of business initiation and operation, cost reduction in patent evaluation and registration, provision of legal support, streamlining public procurement processes for startups, and expediting exit procedures. Choi et al. (2021) echo these sentiments, advocating for policy interventions aimed at addressing short-term challenges, mitigating barriers to entrepreneurship, providing requisite incentives, and enhancing the entrepreneurial landscape to bolster the potential for startup success.

### ***Incubator support***

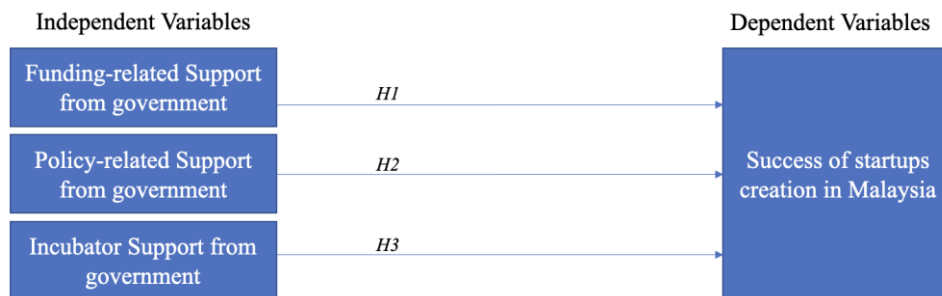
In the context of this study, incubator support refers to a structured assistance program designed to aid startups in overcoming challenges encountered during their establishment and early stages of operation. Existing research conducted in the United States of America and other nations has demonstrated the efficacy of such programs in enhancing the success, performance, survival, and growth prospects of startups (Geibel and Manickam, 2015). Incubation support encompasses a range of services and resources aimed at nurturing startups, including shared working spaces, access to tools and equipment, advisory services, mentorship, coaching, networking opportunities, and business acceleration initiatives. Incubators are positioned as organisations dedicated to fostering the development of innovative companies. Contemporary startups devote considerable efforts towards cultivating business acumen, technical proficiency in startup management, and ensuring the long-term viability of their ventures beyond the initial stages of inception. Additionally, modern startups exhibit a proactive approach, closely monitoring the progress of their ventures from inception to achieving self-sufficiency (Pauwels et al., 2016).

### ***Relevant theories***

Various economic theories offer analytical frameworks for assessing the impact of government support on the success of startup creation. One such theory is the Resource-Based View (RBV), which posits that a firm's unique resources and capabilities are fundamental determinants of its success. Accordingly, governments can foster an enabling environment wherein startups can access the requisite resources conducive to their success. Another pertinent theoretical framework is Transaction Cost Economics (TCE), pioneered by Nobel laureate Oliver E. Williamson (Williamson, 1979). According to TCE, firms endeavour to minimise transaction costs to enhance efficiency and mitigate risk. Transaction costs encompass expenses associated with the exchange of goods, services, and information, including search and information costs, bargaining and decision costs, and policing and enforcement costs.

### ***Conceptual framework***

The conceptual framework illustrates the relationship between the support required from startups and the success of startups in Malaysia (*Figure 1*). The framework was developed after considering the gap from previous literature that shows there is a lack of studies on the impact of government intervention on startups success in Malaysia. In this study, a support-related factor from government required by startups will be categorised as independent variables and the success of startups creation in Malaysia will be the dependant variables.



*Figure 1. Conceptual framework.*

## Materials and Methods

### *Data collection method*

Multiple data collection methods are available for quantitative research endeavours. In this study, primary data is obtained first hand by the researchers through an online survey conducted using Google Form. According to Evans and Mathur (2005), online surveys offer significant advantages including expansive reach, flexibility, adherence to timelines, and ease of data entry and analysis. The survey will be disseminated via email to Cradle's mailing list (with their permission), as well as through messaging platforms such as WhatsApp, Telegram, and Facebook groups. Andrews et al. (2003) contend that online surveys are more efficacious than traditional methods like email and offline media, although they suggest augmenting online surveys with invitations through email and offline media to maximize participant engagement. Secondary data for this research comprises governmental publications, organizational records, and information gleaned from the internet (Ruggiano and Perry, 2019). The selection of an online platform for primary data collection is predicated on the ease of access to the questionnaire using mobile devices and the cost-efficiency associated with data collection. Prior to participation, participants will be presented with a consent form elucidating the research objectives and serving as an ethical safeguard when human subjects are involved. Clear instructions will be provided to participants, stipulating a designated timeframe of 5 to 10 minutes for survey completion. Successful participation entails the completion and submission of the survey form.

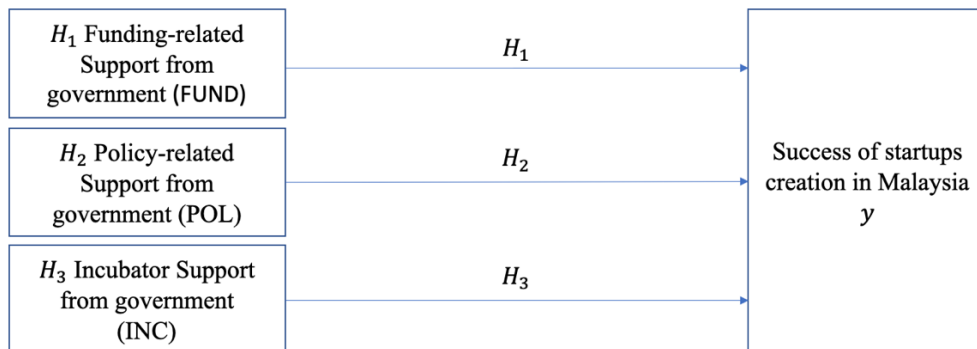
### *Sample size and sampling method*

In addressing the research inquiries, the study will focus on successful startup ventures established in Malaysia. To ensure the credibility and impartiality of the study outcomes, the samples collected will be drawn exclusively from entities listed in the MYStartup database. The proposed inclusion criteria for participants are as follows: Individuals holding the positions of CEO, Founder, or Top Management within startup

companies listed on MYStartup. This selection criteria aims to ensure that participants represent the targeted population accurately. According to Krejcie and Morgan (1970), the recommended sample size for this study is 333 or more surveys, to attain a confidence level of 95%, based on the total population of 2,517.

**Data analysis plan**

The data analysis process will commence upon the conclusion of the survey. The quantitative data gathered via the online survey will be transferred from Google Form to Microsoft Excel for initial analysis. Subsequently, Statistical Package for Social Science (SPSS) version 29 will be employed to conduct further statistical analysis based on the data imported from Microsoft Excel. Prior to conducting linear regression analysis, several preliminary analyses will be undertaken in SPSS version 29 to ensure the normality, reliability, and validity of the data. The results obtained from these analyses will be utilised to validate the hypotheses formulated in the study. In order to elucidate the interrelationships between the independent and dependent variables, regression analysis will be employed to ascertain variable relevance or causation (Brook and Arnold, 2018). This analysis will serve to discern the associations between various independent variables, namely government support, and the dependent variable, which is the success of startups creation in Malaysia, as delineated in the research model depicted in *Figure 2*.



**Figure 2.** The hypothetical research model.

The multiple regression equation based on Equation (1).

$$\gamma = \beta_0 + \beta_1(FUND) + \beta_2(POL) + \beta_3(INC) + \varepsilon \quad \text{Eq. (1)}$$

Where,  $\gamma$  are dependent variable (Success of startup creation in Malaysia),  $\beta_0$  are the constant term,  $\beta_1$  to  $\beta_3$  are the regression coefficients, FUND are funding related support from government, POL are policy related support from government, INC are incubator support from government, and  $\varepsilon$  are error term.

**Results and Discussion**

**Demographics results**

Demographic characteristics of this research are Gender, Age Group, Ethnicity, Education Level, and Role in Company. The demographic data collected from the questionnaire are illustrated in *Table 1*. According to the data presented in *Table 1*, a

total of 334 respondents participated in the survey, with a notable majority being male, comprising 71.9% (n=240), while female respondents constituted 28.1% (n=94) of the sample. Regarding age demographics, the highest proportion of respondents fell within the age bracket of 36 to 45 years old, representing 57.8% (n=193) of the total respondents. Following this group, the age category of 26 to 35 years old comprised 16.5% (n=55) of the sample, while the age groups of 18 to 25 years old and 46 to 55 years old accounted for 12.9% (n=43) and 12% (n=40) of respondents, respectively. Additionally, only 0.9% (n=3) of respondents were aged 56 years old. This indicates that the primary demographic groups in this study are individuals aged 36 to 45 years old and 26 to 35 years old, collectively representing 74.3% of the total respondents.

**Table 1.** Demographic of respondent (n=334).

Variable	Frequency (N)	Percentage (%)
Gender		
Male	240	71.9
Female	94	28.1
Age group		
18-25	43	12.8
26-35	55	16.5
36-45	193	57.8
46-55	40	12.0
>56	3	0.9
Ethnicity		
Malay/Bumiputera	191	57.2
Chinese	112	33.5
Indian	25	7.5
Other	6	1.8
Education level		
Primary	0	0
Secondary	1	0.2
Professional Cert./Diploma	42	12.6
Bachelor degree	205	61.4
Master degree	82	24.6
PhD/Doctorate	4	1.2
Role in company		
Founder	100	30.0
CXO/Management	123	36.8
Team member	111	33.2

As suggested by Azoulay et al. (2020), entrepreneurship success rates tend to be highest among individuals in middle age and beyond. In terms of ethnicity, the majority of respondents identified as Malay/Bumiputera, comprising 57.2% (n=191) of the sample, followed by Chinese respondents at 33.5% (n=112), Indian respondents at 7.5% (n=25), and respondents from other ethnic backgrounds at 1.8% (n=6). Regarding educational attainment, the highest percentage of respondents held a Bachelor's degree, accounting for 61.4% (n=205) of the sample, followed by those with a Master's degree at 24.6% (n=82). A smaller proportion of respondents possessed a Professional Certificate or Diploma (12.6%, n=42), while individuals with a PhD or Doctorate comprised 1.2% (n=4) of the sample. Respondents with secondary education constituted 0.3% (n=1) of the sample, while no respondents reported having primary education.



Finally, concerning the role within the company, the most frequently selected category was CXO/Management, chosen by 36.8% (n=123) of respondents, followed by Team Member at 33.2% (n=111), and Founder at 29.9% (n=100).

**Descriptive statistics**

In this study, the independent variables exhibit varying ranges of values. The Fund variable ranges from a minimum value of 1.00 to a maximum value of 5.00. Similarly, the Policy variable ranges from a minimum value of 1.40 to a maximum value of 5.00. Lastly, the Incubator variable ranges from a minimum value of 2.67 to a maximum value of 5.00. Regarding the dependent variable, Success, the minimum and maximum values observed are 2.00 and 5.00, respectively. Analysis of the Mean values, as presented in *Table 2*, suggests that Incubator-related support is perceived as the most crucial and significant form of government assistance in Malaysia, with a mean score of 4.012. Following this, policy-related support is rated next in importance, with a mean score of 3.759, while fund-related support receives a slightly lower mean score of 3.561.

**Table 2. Descriptive statistics.**

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Fund	334	1.00	5.00	3.561	.908
Policy	334	1.40	5.00	3.759	.706
Incubator	334	2.67	5.00	4.012	.551
Success	334	2.00	5.00	3.964	.756

**Regression results**

From *Table 3*, all the independent variables VIF values are less than 10. This indicates there is no multicollinearity issue exists. The results of the hypotheses testing show below.

**Table 3. Beta coefficient summary.**

Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	3.958	.306	-	12.928	<.001	-	-
Fund	.278	.068	.330	4.090	<.001	.443	2.257
Policy	-.217	.093	-.200	-2.320	.021	.388	2.580
Incubator	-.044	1.00	-.031	-.435	.664	.552	1.811

This study extends the existing literature concerning the influence of government-related support on the establishment of successful startups within the Malaysian context. Three primary research objectives were delineated, focusing on Funding-related Support, Policy-related Support, and Incubator Support provided by the government. Through the application of a regression model, it was found that only Funding-related Support (supported hypothesis) and Policy-related Support (unsupported hypothesis due to a significant negative impact) demonstrated a notable influence on the success of startups creation in Malaysia. Conversely, Incubator Support was deemed insignificant in its impact.

**Hypothesis 1**

The funding-related support factor has the highest standardised coefficients beta of 0.330 with a significant value of <0.001 which is lower than the p-value of 0.05. Therefore, in this study, Fund related support is perceived to have a positive significant

impact on the success of startups creation in Malaysia and the hypothesis (H1) is supported.

The funding-related support factor exhibits a notably positive and significant relationship with the success of startups creation in Malaysia, as evidenced by a standardised beta coefficient of 0.330 and a significant p-value of  $<0.001$ , which falls below the conventional threshold of 0.05. Consequently, attributes encompassing venture capital, soft loans or grants, and tax incentives emerge as pivotal factors influencing the establishment of startups in Malaysia. This finding aligns with prior research investigating the impact of funding factors on startup creation globally (David et al., 2021; Islam et al., 2018; Garg and Shivam, 2017). Given the critical role of startups in bolstering a nation's economy, governments have exhibited increased vigour in providing funding support to encourage their establishment and sustainability. Consequently, this research confirms the attainment of its objectives in examining the impact of government-funded support on the success of startups creation in Malaysia. This conclusion resonates with earlier theoretical propositions, such as the Resource-Based View (RBV) theory, which advocates for an active governmental role in fostering successful startup creation by alleviating financial constraints faced by startups in Malaysia.

### ***Hypothesis 2***

The policy-related support factor has a negative standardised coefficients beta of -0.200 with a significant value of 0.021 which is lower than the p-value of 0.05. Therefore, in this study, Policy related support is perceived to have a negative significant impact on the success of startup creation in Malaysia and reject the hypothesis (H2).

Policy-related support provided by the government constitutes another focal point of investigation within this study. Regression analysis revealed a negative standardised beta coefficient of -0.200, accompanied by a significant p-value of 0.021, falling below the threshold of 0.05. The policy-related support examined in this study encompasses five distinct attributes: SME development policy, regulation intervention policy, government procurement policy, supportive policies and regulations, and ease of setting up business in Malaysia. Notably, this form of support exhibited a negative and significant impact on the success of startups creation in Malaysia. The influence of government policy on startup success is recognised to be intricate and multi-dimensional. While policies designed to bolster startups may yield positive outcomes by facilitating access to funding or mentorship, they can also yield adverse effects by erecting barriers to entry or stifling competition (Chambers and O'Reilly, 2022). Governments globally have endeavoured to implement various policies aimed at fostering startup growth, yet often encounter challenges such as limited impact on recipients and the unintended consequence of increased bureaucratic hurdles due to fragmented policy frameworks (Arnold, 2021; Thomas, 2017).

Recent scholarship underscores that while funding is a crucial aspect of startup success, an innovation-driven entrepreneurship policy is imperative for effectively supporting startups within a country. This entails streamlining policies and ensuring coherence, as opposed to the proliferation of unclear and contradictory policies (Choi et al., 2021). Moreover, scholars advocate for the development of effective and robust policies that align with the evolving needs of startups and their developmental trajectory (Audretsch et al., 2020; Kim et al., 2012).

### ***Hypothesis 3***

The Incubator support factor has a standardised coefficients beta of -0.031 with a value of 0.664 which is higher than the p-value of 0.05. Therefore, in this study, Incubator is perceived to have no positive significant impact on the success of startup creation in Malaysia and reject the hypothesis (H3).

In this study, the analysis revealed that the impact of Incubator support provided by the government is deemed statistically insignificant, as indicated by a standard beta coefficient of -0.31 and a p-value of 0.664, exceeding the conventional threshold of 0.05. Incubator support in this context encompasses various components, including the incubator's conducive working environment, access to mentors and coaches, networking opportunities, government-linked agencies' incubator, and incubators' services such as market access. This finding aligns with previous research conducted by Lukeš et al. (2019), wherein the researchers reported negligible effects of incubator programs on startups' creation and business growth. The study suggests that government entities should moderate their expectations regarding the efficacy of incubator programs in generating new job opportunities. Similarly, corroborating evidence is found in the work of Loganathan and Bala Subrahmanya (2022), wherein no direct advantages to startups' creation were observed from their participation in incubator programs. The study indicates that the services and resources provided during the program failed to translate into tangible benefits for the startups.

### ***Recommendations***

Based on the findings of this study, it is advisable for the government to sustain its support for fostering the establishment of startups in Malaysia. Particularly in times of economic uncertainty and sluggish productivity growth globally, startups assume a pivotal role in job creation and innovation within the market. Recent research conducted by the Organisation for Economic Co-operation and Development (OECD) underscores the necessity for robust policies and enhanced access to funding for startups to contribute significantly to job creation during uncertain economic conditions. This recommendation aligns with the broader economic transition observed in emerging economies, where startups increasingly drive employment and innovation, transitioning from rapid growth to high-quality development stages (Beck, 1995). To bolster the growth of the startup ecosystem in Malaysia, the government should maintain active involvement in providing funding-related support, which has demonstrated efficacy in stimulating startup creation. Government support, comprising subsidies, venture capital, and soft loans, serves to bridge resource gaps encountered by startups, fostering continued investment by private entities and mitigating challenges prevalent in emerging economy markets (Luo et al., 2021).

Moreover, policy-related support has been evidenced to influence the success of startup creation in Malaysia, emphasizing the necessity for continued government intervention in this realm. Policies aimed at SME development, initially introduced in the early 1990s, should be sustained while being tailored to meet the specific needs of startups in Malaysia. Government policy initiatives should be strategically targeted and inclusive, fostering a conducive environment for the creation of impactful startups (David, 2021). Lastly, it is recommended that the Malaysian government reassess its incubator program in light of the study's findings indicating its insignificant impact on

startup creation. The role of incubators should be refined to incorporate structural enhancements, expanding beyond logistical support, mentorship, and networking opportunities. A standardised incubation program should be instituted to encompass intellectual property management enhancement and increased emphasis on research and development activities (Indiran et al., 2017).

## **Conclusion**

This study possesses several limitations that, in turn, suggest avenues for future research. Firstly, the study's population is confined to the MyStartup database, which solely reflects startups registered with Cradle. This limitation may underestimate the total number of operating startups in Malaysia, potentially compromising the representativeness of the sampled startups and the validity of the study's findings. Additionally, the adoption of a cross-sectional research strategy in this study, motivated by cost and time constraints, is subject to inherent weaknesses, including an inability to assess incidents over time and susceptibility to sampling bias. Future research is recommended to employ time series analysis instead of cross-sectional analysis to gather consecutive observations of the same variable over time, enhancing precision and minimising bias. Secondly, this study solely relies on the online survey method, omitting face-to-face interviews. While online surveys are a prevalent and efficient data collection method in social sciences due to their ease, speed, and cost-effectiveness, they may compromise respondent desirability, questionnaire complexity, and respondent friendliness, according to Nayak and Narayan (2019). Time constraints necessitated the adoption of this method, but future research could benefit from a mixed-method approach, combining quantitative datasets with qualitative research methods to comprehensively understand the impact of government support on startup success in Malaysia.

Thirdly, although this study demonstrates the impact of government support on startup success in Malaysia through funding-related and policy-related support factors, further research should delve into identifying the most potent channels through which this support influences startup success. Future studies could explore specific areas of support that play dominant roles in explaining the impact of funding-related and policy-related support on startup success. Moreover, future research could investigate how government support can cultivate a more conducive environment for startups in Malaysia. This could entail examining the effects of government policies and programs on funding availability, resource accessibility, and the overall business climate in Malaysia. In conclusion, there are numerous potential research directions for studying the impact of government support on startup success in Malaysia. Further exploration in this area could furnish policymakers and businesses with invaluable insights to enhance support for the growth of the startup ecosystem in the country.

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## Conflict of interest

The authors confirm that there is no conflict of interest involved with any parties in this research.

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