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Key Drivers of Venture Capital in Malaysia: A Study of Investor Perspectives

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ABSTRACT

Venture capital (VC) is essential for the growth of technology-based startups, but Malaysia's venture capital sector is still developing and struggling to meet the needs of local startups. Malaysia has not been able to attract significant global private capital unlike Singapore and Indonesia. This study aims to identify the key enablers in attracting venture capital to invest in Malaysia and provide recommendations to boost the domestic venture capital sector from the venture capitalists' viewpoint. Using interviews with five experienced Malaysian venture capitals as a research method, data was analysed employing thematic analysis. It is found that while Malaysia's venture capital enablers align with global practices, factors like exit strategies, taxation, and technology adoption are less critical in the local context. The recommendations focus on two critical areas which are enhancing startup market readiness and strengthening the government's role in the sector. This research offers valuable insights for startups by clarifying the key criteria prioritised by venture capitalists. With this understanding, startups can better tailor their strategies to secure the fund and resources from venture capital. The findings of this also contribute to academic insights on Malaysia's venture capital landscape.

Keywords: Venture Capital, Startups, Investment Enabler, Technology Startups, Malaysia

INTRODUCTION

Startups are young and innovative companies that use disruptive technologies for higher growth and expansion, setting them apart from typical small and medium-sized enterprises (SMEs) (Vandenberg et al., 2020). However, due to their limited resources and high-risk nature, startups often struggle to secure traditional sources of financing from banking institutions. Venture capital (VC) has emerged as a key solution, providing funding and resources in exchange for equity (Pradhan et al., 2018). This arrangement helps startups grow while offering substantial returns to investors.

A thriving VC industry is essential for fostering high-growth startups as seen in Silicon Valley, where significant VC investments have propelled global tech giants like Google, Apple, and Uber (Pradhan et al., 2018). In Malaysia, VCs have supported the rise of unicorns such as Carsome Sdn Bhd and Aerodyne Group. Though VC's direct economic contribution is small, its impacts on innovation, job creation, knowledge and technology transfer as well as productivity drives broader economic growth (The World Bank, 2022), fostering a more resilient and future-ready economy (Startup Genome, 2020).

Since the establishment of Malaysia's first VC in 1984 (Lyons & Kenney, 2007), the number has grown to 113 registered VC firms by end of December 2023 (Securities Commission Malaysia, 2023). Despite this growth, VC funding is still insufficient to meet startup demand. Total funds increased from RM5.37 billion in 2022 to RM6.58 billion in 2023, but most investments target growth and early-stage startups (Securities Commission Malaysia, 2023). Additionally, government-affiliated VCs dominate, comprising 39% of total funds (Securities Commission Malaysia, 2023), which risks crowding out private investment and adding pressure to the country's financial resources.

The VC sector in Malaysia is underdeveloped compared to its economic potential and neighbouring counterparts such as Singapore and Indonesia (The World Bank, 2022). Malaysia lags behind, with fewer deals and smaller average deal sizes, indicating limited access to global private capital. Malaysia's inability to match this support has led to notable losses, such as the shift of Grab Holdings to Singapore for better fundraising opportunities. Despite some growth in the number of deals, Malaysia still faces barriers and challenges, including insufficient capital and less vibrant market activities (Noordin, 2020).

Malaysia ranks 20th on the Venture Capital Country Attractiveness Index, trailing Singapore (7th) but ahead of other Southeast Asian nations (Groh et al., 2023). However, regional competitors like Thailand, Indonesia, and the Philippines are improving rapidly, threatening Malaysia's position. If these challenges are not addressed, Malaysia may slow down startup growth and weaken its startup ecosystem.

Therefore, this study aims to analyse factors that support or hinder the growth of the VC sector in Malaysia. This study offers insights for policymakers to address challenges in Malaysia's VC sector, despite existing initiatives like tax incentives, government-backed VCs, and matching grants under the Penjana National Fund. It identifies bottlenecks limiting these policies' effectiveness and suggests improvements based on successful strategies from countries like Singapore. Additionally, the study fills a gap in research by examining challenges faced by Malaysian VCs, an area previously overlooked in favour of studies focused on Western countries (Tykvova, 2018). It highlights Southeast Asia's growing importance in producing unicorns but notes limited research on the region's VC sector, especially in Malaysia (Aleenajitpong & Leemakdej, 2021).

Venture Capital Attractiveness Factors

The Venture Capital Country Attractiveness Index is based on six key factors namely economic activity, depth of capital market, taxation, investor protection and corporate governance, human and social environment and entrepreneurial culture and deal opportunities (Groh et al., 2021). These enablers foster a supportive environment for VC investment and the growth of technology-driven startups.

Economic Activity

VCs favour established economies like the U.S., Hong Kong, and Taiwan due to reduced risks. Gbadegeshin et al. (2022) argued that it is impossible to determine whether favourable economic conditions attract VC, or vice versa, as the national economy and VC market are highly correlated. In many countries, the first few VCs are typically funded by the government, and their success boosts the economy and investors' confidence.

Another line of argument is that the setting up of more VC in the market helps to accelerate economic growth (Institute for Capital Market Research Malaysia, 2019). While both lines of arguments are valid and reasonable, it is undeniable that a growing economy is attractive to the establishment and participation of venture capitalists in the market (Gbadegeshin et al., 2022). Adepoju (2017) also emphasised that factors like land, labour, capital, entrepreneurship, and ease of doing business drive economic growth. Strong business regulations and structural reforms can enhance these conditions.

Depth of Capital Market

VCs are drawn to countries with deep, liquid capital markets that drive growth. Public policy often plays a crucial role in fostering these markets. Silicon Valley's success, for instance, is linked to a 1979 U.S. policy change under ERISA 1974, allowing pension funds to invest in VC, unlocking significant capital (MOSTI, 2021). Singapore's VC market grew through the Technology Incubation Scheme (TIS) from 2008 to 2016, with government co-investments and mentorship boosting startup growth (Pangarkar & Vandenberg, 2022). The scheme's success attracted private investors, with venture capital tripling between 2014 and 2018 (Singapore Business Review, 2019).

Exit strategies, such as initial public offerings (IPOs), are critical for VCs to liquidate investments. Indonesia's IPO market has flourished, with major debuts like GoTo and Blibli raising significant funds and boosting local market performance (Pacheco, Dahrul, & Lee, 2022). A strong capital market ensures startups receive funding at all stages. Early-stage government grants often lead to later-stage private investment, as startups gain valuable experience and credibility (Islam, Fremeth, & Marcus, 2018; Zhao & Ziedonis, 2020). Public sector investment in early-stage startups encourages private sector participation, fostering a vibrant venture capital ecosystem.

Taxation

Gbadegeshin et al. (2022) highlighted the difficulty in linking tax regimes directly to venture capital activity, as both high and low tax countries may have strong markets. Tax incentives can reduce costs for VCs and influence their decision to invest in a country. However, taxation remains crucial for attracting businesses (Cullen & Gordon, 2002). Singapore's low corporate tax rate (17%) and absence of capital gains tax have driven VC success (Pangarkar & Vandenberg, 2022; Deloitte Singapore, 2021). Indonesia has followed suit, reducing corporate tax rates and offering discounts to startups, enhancing profitability and market appeal (PWC Indonesia, 2022).

Investor Protection and Corporate Governance

The fourth contributing factor is a sound legal framework which is crucial for attracting VC by safeguarding investors' rights (Tykvova, 2018). Singapore leads the region due to its strong intellectual property protections and legal environment, ranking highly in global indices (Intellectual Property Office of Singapore, 2022). Government initiatives, such as regulatory sandboxes, foster innovation by allowing startups to test new business models (Pangarkar & Vandenberg, 2022). Meanwhile, weak legal frameworks, as seen in Thailand and Indonesia, can force startups to register in more stable jurisdictions like Singapore (Vandenberg et al., 2020). For this purpose, Indonesia has improved in areas like starting a business, taxes, electricity access, and contract enforcement, but challenges remain with strict labour laws and minimum wage rules (World Bank Group, 2020).

Human and Social Environment

Another key element is a tech-savvy society which boosts startup growth attracting VC. Singapore's success stems from empowered universities, strong research and development initiatives, and an innovation-driven culture (Lyons & Kenney, 2007). Graduates from Singaporean universities were viewed to have strong inclination towards specialisation in startup-related fields such as engineering, sciences, mathematics, and business administration (Pangarkar & Vandenberg, 2022), which enhances the talent pool.

Entrepreneurial Culture and Deal Opportunities

Ultimately, startups thrive on innovation and technology, driving economic growth and attracting VC. Innovative startups often secure higher valuations and successful exits (Hidayat et al., 2021). Malaysia, with a larger population and strong digital economy, ranks second in social media usage in Southeast Asia (Kemp, 2022) but faces constraints from lower income levels and limited connectivity, which may hinder demand and deal opportunities (Pangarkar & Vandenberg, 2022).

RESEARCH METHODOLOGY

This qualitative study gathered data through interviews enabling the participants to explore their experiences and perceptions in detail, providing in-depth insights into and revealing unanticipated concerns (Curry, Nembhard, & Bradley, 2009). The interviews provided industry insights on success factors and constraints affecting VC growth. The sampling strategy for this study involved selecting five experienced venture capitalists with a strong track record in Malaysia from a list of VCs in Malaysia. Their firsthand experience in participating and financing startups in the local context provided great insights into the area of interest and issues faced by the VCs.

Given the VC population, which comprises of 113 companies is relatively homogenous, the sample size requires fewer participants to obtain a comprehensive view on the topic (Bornstein, Jager & Putnick, 2013). To compensate for the small sample size, the selection includes VCs of various types, size and investment strategies to ensure that the industry is well represented. Most participants also operated internationally, providing valuable

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comparisons between Malaysia and other countries. This approach aimed to gather comprehensive insights despite the small sample size.

The interview guide is prepared to ensure that the purpose of the interview and specific information sought are obtained (U.S. Department of Health and Human Services, 2018). The interview was conducted based on a semi-structured approach with a set of guiding questions. Interviews were scheduled after initial contact, with interview guides shared beforehand for preparation. The interviews, lasting one to two hours, were conducted in person or via Teams, with participant consent for recording. The process began with background information on the interviewee and then explored investment criteria, views on the local startup ecosystem, and the impact of external factors like regulation. Participants also shared suggestions for improving government policies. The interview process took four weeks to complete.

The collected data from document reviews and interviews was analysed using thematic analysis, where data was transcribed verbatim, coded, and categorised into common themes (Willig & Rogers, 2017). Triangulation analysis was employed to cross-check and validate the findings from multiple data sources, ensuring the accuracy and comprehensiveness of the study (Carter et al., 2014). This approach helped identify the key factors and catalysts influencing the growth of the domestic VC sector, along with the challenges impeding its development.

RESULTS AND DISCUSSION

The study interviewed five well-experienced participants with at least five years in the VC industry, 60% having over 10 years of experience. The participants held senior management positions and represented various types of VC, including public, private, and corporate sectors. The study covered different asset sizes, ranging from below $500 million to over $1 billion, and various investment stages (early, growth, late). Participants had experience across the ASEAN region or globally, allowing comparisons of Malaysia's operating environment to other countries. The study also included local-only VCs impacted by government policies. Figure 1 shows the summarised profile of the participants.

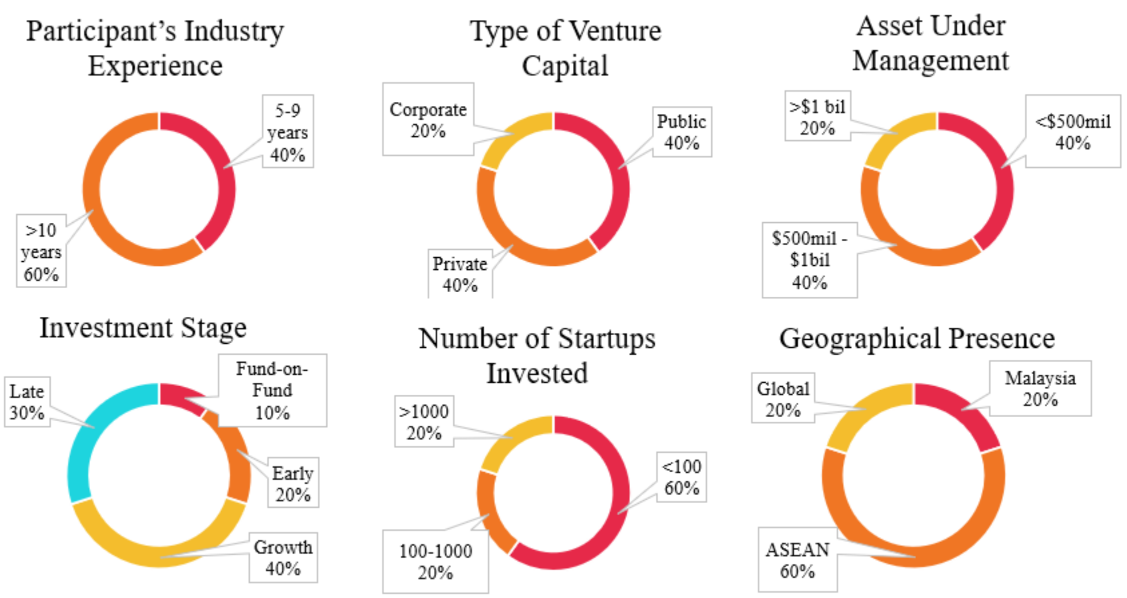

Figure 1: Profile of Participants (Source: Authors)

Economic Activity

All participants agreed that a country's economic activity is crucial for attracting VC investments. Malaysia with a GDP of USD 400 billion in 2023, ranked sixth in Southeast Asia, following Indonesia in first place (USD 1.4 trillion), Thailand in second place (USD 515 billion) and Singapore in third place (USD 501 billion) (International Monetary Fund, 2024). Similarly, a higher GDP growth rate was found to positively impact the VC industry by increasing both the number of deals and the average investments per deal (Ning, Wang & Yu, 2015).

"Investors love to invest in Indonesia because of its huge population and huge economy. Naturally you will have more capital and opportunities to grow in a bigger country." *(P4, Senior Analyst, Private Venture Capital)*

While Singapore's GDP is one-third of Indonesia's, the participants noted that Singapore's mature financial and capital market leads to more bustling economic activities. In other words, GDP is not the main factor in attracting VC to invest in the country as GDP is clearly evident to be an insignificant determinant in a more recent study that was conducted across 21 countries (Jeng & Wells, 2000), probably advanced infrastructure or ecosystem is more appealing than higher GDP as stated follows:

"There is a strong attractiveness to invest and grow in Singapore… the ecosystem in Singapore is more advanced. So I think that's the reason, a lot of venture capitals are setting up in Singapore." *(P2, Vice President, Public Venture Capital)*

Economic activity was considered to be important by all participants to attract and support the growth of VCs in a particular country. This can be seen in the ability of Indonesia and Singapore to attract VCs into the country.

Depth of Capital Market

Participants identified different concerns in Malaysia's capital market affecting VC funding and exit strategies. Public VCs appear to rely heavily on government budgets. This is a worrying trend as public VCs is the largest portion of the total VC funds in 2023 (Securities Commission Malaysia, 2023). Overreliance on the government's budget can restrict the capability of these public VCs to secure budgets and invest in startups, as shared by the participant below.

"We are receiving like hundreds of applications every year, but…we can only invest in two or three startups a year." (*P1, Senior Analyst, Public Venture Capital*)

In contrast, private VCs have more diverse fundraising options but face competition from Singapore and Indonesia which offer better infrastructure and larger markets.

According to the participants, they agreed that early-stage funding in Malaysia is sufficient, but late-stage startups struggle due to higher risks, larger capital requirements, and complex due diligence. Exit platforms in Malaysia, though limited to follow-on investments, were generally adequate for VCs, as successful startups ensured profitable exits despite the lack of advanced options as extracted below:

"Essentially what happens, at least with the exits that we've seen in Malaysia, …if the number is right, then [the investors] will acquire that business…So [exits in Malaysia] is not impossible, it is very possible. There is no hinderance as well…The reason you see a lot more exits happening in Singapore is just there is a lot more activities in Singapore." *(P3, Vice President, Private Corporate Venture)*

All the participants agreed that Malaysia has its attractive points such as stable economic growth, fair population size, healthy financial and capital market and sound regulatory framework. However, the participants felt there is no differentiating point that makes Malaysia an attractive investment destination for investors, and as a result, Malaysia tends to lose out to its peers such as Singapore and Indonesia. Stable economic conditions serve as a critical determinant (Chocce & Ubeda, 2006) in attracting not only the foreign VC investors but also retain the current domestic investors (Telnova et al., 2022). Overall, Malaysia's stable economy was seen as strengths but lacked a unique appeal to attract more investors.

Tax Incentives

The participants agreed that tax incentives are beneficial for VCs as they help retain more income. This is supported by Telnova et al. (2022) that tax benefits are beneficial for startup in developing high technologies and implementing innovative ideas in terms of research activities. However, 80% of the participants noted that taxation is not a major factor when operating in Malaysia, as most VCs are based in tax havens and already benefit from tax exemptions. Consequently, Malaysia's tax incentives are unlikely to attract these VCs to relocate their headquarters.

"[Our corporate venture capital] is a subsidiary of [a Malaysian-based company], but our headquarter is in Singapore because there is no tax to be paid there. It makes more sense" *(P5, Partner, Corporate Venture Capital)*

Recently, the government is considering imposing capital gain tax on VCs. One of the participants, whose VC is domiciled in Malaysia, shared that this is a discouraging development for Malaysia. The decision to impose capital gain tax does not take into consideration that the investments by VCs created a multiplier effect for the growth of startups in Malaysia, as explained by the participant below.

"We should probably think from the other perspective because for these investment vehicles, they are helping the local startups. When there are more startups in the country, there will be more corporate tax to be earned by the government." *(P1, Senior Analyst, Public Venture Capital)*

Tax incentives are found to be important such as in the U.K. and Netherland to support private equity (Jeng & Wells, 2000). However, it is not the case for most VCs operating in Malaysia, as they are not domiciled in Malaysia and their taxation is determined by their country of jurisdiction, which are mostly exempted from taxes.

Investor Protection & Corporate Governance

The participants acknowledged that Malaysia has a solid legal framework to protect investors' rights. This is important because government policies are found to have a positive impact in attracting VC to invest in a country by establishing supportive regulations and encouraging investment (Jeng & Wells, 2000). However, the participants also highlighted the challenges in enforcement in Malaysia.

"The thing is the law is there, they need to strengthen the law and enforcement" *(P2, Vice President, Public Venture Capital)*

Pursuing legal action in Malaysia is often tedious, time-consuming, and costly, which discourages investors. In contrast, Singapore's strong regulations and efficient enforcement attract more VCs.

"We [Singapore and Malaysia] have very similar common law, but I think in terms of practice, the business law, the company act is a lot more well-established in Singapore. The litigation costs in Singapore are a lot better. Privacy data, data migration is enforced a lot better in Singapore than Malaysia. From an investor's perception, Singapore seems to be a safer environment to undertake M&A opportunities." *(P3, Vice President, Private Venture Capital)*

The findings underscore the importance of both legal protections and effective execution. While Malaysia's legal structure is sound, its weak enforcement might reduce investors' trust and discourage VC involvement.

Human & Social Environment

The participants agreed that Malaysia has a strong talent pool, but improvements are needed in business knowledge and skills among startup founders. While both public and private sectors have launched programmes to enhance talent, execution issues have led to inefficiencies and redundancy.

"I think we can do more in terms of education and training. We have met founders who are very apt in creating new, innovative products, but absolutely clueless on how to monetise their invention, or manage basics of their business" *(P4, Senior Analyst, Private Venture Capital)*

"There are a lot of stakeholders that are helping all these early-stage startups even on the private side but these startups that are in a very early stage cannot waste too much of their time dealing with too many people like incubators, accelerators and even stakeholders." *(P1, Senior Analyst, Public Venture Capital)*

Government support for early-stage startups is generally well-received, with many initiatives and agencies providing assistance. Some participants noted a preference for investing in startups that have received government grants, as such startups are perceived to be better prepared. This aligns with the findings of Telnova et al. (2022), who highlighted that state support for innovation is a crucial factor in attracting VC to a country.

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Similar findings were also found in the Chinese Market (Zhou et al., 2023). However, the participants highlighted there is insufficient support for later-stage startups is highlighted more than the participants, prompting some to relocate to Singapore for better growth opportunities. Public venture capitalists also highlighted a lack of coordination among government agencies, contributing to inefficiencies. Overall, while government efforts are commendable, more focus on late-stage support and streamlined execution is necessary for sustained startup growth.

"The thing is when we are communicating between the agencies, this is all happening offline and it is not a streamlined process…more can be done to make it more efficient." *(P1, Senior Analyst, Public Venture Capital)*

Entrepreneurial Culture & Deal Opportunities

The participants emphasised that while technology adoption is part of their assessment, it is not the primary criterion for evaluating startups. Instead, greater importance is placed on the founder's capabilities and the business model, which are seen as stronger predictors of success. Similarly, Jones & Mlambo (2013) found that low entrepreneurial skillset in South Africa is a significant barrier in attracting VC investment, as skilled entrepreneurs are essential for effectively leveraging early-stage funding and driving business success.

"I would say founders are the most important. We do look at the technology parts of things, but more on how it fits into the business model. Does it work, can you monetise from it, is there demand… But the most important is the founder. If the business didn't do well, typically the founders with a strong foundation can turnaround the company." *(P4, Senior Analyst, Private Venture Capital)*

"If you look at Hong Kong and China, they do a lot of deep technology because the ecosystem has matured. I believe we are kind of in phase one of the technology revolution. But having said that, there are some green shoots in terms of deep technology investments in Malaysia." *(P3, Vice President, Private Venture Capital)*

From the perspective of venture capitalists, they also emphasized on the quality of team management, the founder's experience and expertise and robust financial projection in making decisions to invest in startups (Sulillari, 2024). This finding diverges from the study that highlights the role of only advanced technologies in achieving higher valuations and successful exits (Pangarkar & Vandenberg, 2022).

Recommendations to Improve Venture Capital Ecosystem

The study identifies two critical areas for improving Malaysia's VC ecosystem. Firstly, enhancing startup readiness involves fostering entrepreneurial education and targeted training programmes. Integrating entrepreneurship into education helps develop startup talents by fostering creativity, interdisciplinary collaboration and building industry relevant skills (Goli & Babu, 2024). The government may also consider developing targeted training to create knowledgeable and resilient talents to run the startups. As shared by the participant below, current training programmes are mostly academic-based and do not take into consideration that the startups have limited resources to attend the training full-time.

"…if we are asking them to come to class every day and then go through whatever process like homework and tutorials, it's something that is not realistic for them. If we were to educate them, we have to be practical." *(P1, Senior Analyst, Public Venture Capital)*

Drawing inspiration from Korea Institute of Startup and Entrepreneurship Development's (KISED) model established in 2009 (M Today, 2022), Malaysia can develop systematic support across the startup lifecycle, including mentorship, commercialisation funding, and skill-building initiatives. Collaboration between government bodies, such as MOSTI and the Ministry of Education, can drive these efforts.

Another approach in enhancing startup readiness is to promote innovative culture. This is because open innovation spurs startup ecosystem, attracting VCs to invest and boost the overall economy of the country (Aleenajitpoong & Leemakdej, 2021). Malaysia already has the necessary resources and infrastructure to support growth of startups, such as steady economic conditions, growing population, stable financial market, availability of talents and supportive regulations and hence the government should take advantage of this and position

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Malaysia as a good test bed for startups.

The participants believed that startups should not halt their growth due to Malaysia's lack of late-stage funding. Instead, they can seek funding in Singapore while Malaysia's startup ecosystem develops. Over time, this could create positive growth, and as the ecosystem matures, investors may recognise Malaysia as a strong investment destination. One participant clearly expressed this view:

"It's always a chicken and egg situation. Do you grow your venture capitals first or startups first? It's ok to allow our startups to move to Singapore and raise funds there. Most of the time, they will maintain their core business here in Malaysia." *(P4, Senior Analyst, Private Venture Capital)*

Secondly, strengthening government roles in improving sectoral effectiveness. This can be done by profiling Malaysia as an attractive investment destination since Malaysia has a similar profile to its regional peers in Southeast Asia and Malaysia needs to differentiate itself by creating a narrative that appeals to the investors such as advantage of its position as a global leader in Islamic finance to promote Shariah-compliant investments that are supportive of financial inclusion and economic empowerment (Loh & Ley, 2023). These were highlighted by some of the participants:

"Regionally we [Southeast Asia countries] are very similar – strategic location, young population and growing economy. We need to find a narrative, a differentiating factor, that distinguishes us [Malaysia] from Singapore, Indonesia et cetera." *(P4, Senior Analyst, Private Venture Capital)*

"If we have that narrative, then we can sell them to the investors" *(P3, Vice President, Private Venture Capital)*

The Ministry of Investment, Trade and Industry (MITI) is actively working to position Malaysia as an attractive investment destination which is a key strategic thrust in the MITI Strategic Plan 2022-2025 (Ministry of Investment, Trade and Industry, 2022). The government is also recommended to streamline the agency roles and improve inter-agency communication. One of the issues that has been addressed by the government is consolidating agencies with the same role (MRANTI, 2021) as noted by the participant:

"In the last few years, [the Government] is trying to consolidate some of the entities…Recently they merged Technology Park Malaysia (TPM) and Malaysian Global Innovation and Creativity Centre (MAGIC) to become Malaysian Research Accelerator for Technology and Innovation (MRANTI)" *(P2, Vice President, Public Venture Capital)*

Other initiative that can be considered is expanding use digitalised systems within government agencies for work processes to enable real-time dashboard data. This would not only enable up-to-date information and analysis, but also seamless communications between agencies (Janowski, 2015).

CONCLUSIONS

This study evaluates factors that represent the Venture Capital Country Attractiveness Index. The key factors influencing Malaysia's VC sector were found to be mostly aligned with global trends. However, technological adoption, taxation, and exit strategies were less significant due to local conditions and because many VC firms are based in tax-friendly countries. To boost the sector, the study recommends enhancing startup readiness through education and innovation and strengthening government effectiveness by positioning Malaysia as an attractive investment destination and improving agency coordination. Expansion in these areas will support growth as the market evolves.

This study enriches the limited literature on Malaysia's VC sector, contrasting with research focused on developed markets like the U.S. (Berger & Hottenrott, 2021; Tykvová, 2018). Through interviews, it identified factors critical to the Malaysian context, confirming or challenging global theories. While most enablers align with global practices, some factors, such as advanced technology, continue to lag behind. The findings offer valuable insights for policymakers to tailor initiatives that effectively address the unique needs of Malaysia's developing VC landscape.

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This study has notable limitations, including a small sample size compared to the 113 registered VC firms in Malaysia in 2023 (Securities Commission Malaysia, 2023). A larger sample would allow deeper exploration and better data for clarifying relationships. Additionally, the study lacks input from government bodies, limiting insights into policy challenges and regulatory constraints. Including government perspectives would provide a more comprehensive understanding of the VC landscape and improve the study's recommendations. Future studies should expand the sample size and include government dialogues to gain insights into policy challenges and solutions. A robust VC sector is vital for supporting Malaysia's startup ecosystem, but the current sector remains underdeveloped. While aligned with global enablers, factors like technological adoption and taxation are less critical locally. Understanding Malaysia's unique context will help tailor government initiatives effectively. Despite its limitations, this study broadens knowledge and offers context-specific recommendations to enhance the VC landscape.

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