

CONTRIBUTIONS OF COTTAGE INDUSTRY BASED ON LOCAL'S
PERCEPTION IN SABAK BERNAM, SELANGOR

NOR SYAZNI BT MOHD FOUZI

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

CONTRIBUTIONS OF COTTAGE INDUSTRY BASED ON LOCAL'S
PERCEPTION IN SABAK BERNAM, SELANGOR

NOR SYAZNI BT MOHD FOUZI

Submitted in partial fulfillment of the requirements for the
Bachelor of Technopreneurship (Honours)

Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka

JUNE 2014

DECLARATION OF SUPERVISOR

‘I hereby acknowledge that I have read this project paper and in my opinion, this work sufficient in terms of scope and quality for the award of Bachelor of Technopreneurship’

Signature :

Supervisor’s Name : Mr. Albert Feisal @ Muhd Feisal b. Ismail

Date : 25th June 2014

DECLARATION OF ORIGINAL WORK

I declare that this project paper ‘Contributions of cottage industry based on local’s perception in Sabak Bernam, Selangor’ is the result of my own research except as cited in the references.

Signature :

Name : Nor Syazni binti Mohd Fouzi

Date : 25th June 2014

DEDICATION

This paper is dedicated to:

My beloved husband Mr. Muhammad Razali, my parents Mr. Mohd Fouzi and Mdm. Junaidah, and siblings with their love and effort who always pray and for their never ending support, motivation and attention.

ACKNOWLEDGEMENT

Express sincere appreciation to loyal supervisor, Mr. Albert Feisal for his guidance, support, those never stop to give wisdom and understanding throughout this final year project. Appreciation is also extended to the others lecturer who has taught us since the first year that exposed me on the field of Technopreneurship and able to applied into this research.

Besides that, this appreciation is sincerely to my beloved family that's always behind and supports me along the journey in my bachelor degree and during finishing this final year project. Not forget also, this appreciation is expressing to my friends from first year that never stop in supporting, helping and guiding me a long 4 years of study.

Last but not least, to all those involved either directly or indirectly help the success of this research project. Hopefully this report will be a reference to the others in the future.

ABSTRACT

This study aims to identify the contributions of the fastest growing cottage industry based on local's perception against their economic. The research also looks into the role of cottage industries in the context of towards a more advanced industrial era. A cottage industry is moving towards more rapid pace in the industry, including small and medium enterprises (SME). This research has been conducted in the district of Sabak Bernam, Selangor. This research was used a survey method of distributing questionnaires to 100 respondents. The data collected and then analyzed using Statistical Package for Social Science (SPSS) for Windows Version 20.0. This research founded the elements of employment opportunities, living standard and strengthen between industry (IV) contributed to the cottage industry based on local's perception (DV) in Sabak Bernam. It is proved by the data analysis using correlation and regression that shown the perception of the local's most significance to strengthening industry towards the contribution of cottage industry in Sabak Bernam by the value ($r = 0.816$, $p < 0.05$, $Beta = 0.816$), followed employment opportunities ($r = 0.761$, $p < 0.05$, $Beta = 0.761$) and living standard ($r = 0.731$, $p < 0.05$, $Beta = 0.731$). Indirectly, this research has also achieved their two objectives.

Keywords: Cottage Industry, Local's Perception, SME, Correlation, Regression

ABSTRAK

Kajian ini bertujuan untuk mengenal pasti sumbangan industri desa yang paling pesat berkembang berdasarkan persepsi masyarakat tempatan terhadap ekonomi mereka. Kajian ini juga melihat kepada peranan industri desa dalam konteks ke arah era perindustrian yang lebih maju. Industri desa bergerak ke arah kadar yang lebih pesat dalam industri, termasuk perusahaan kecil dan sederhana (PKS). Kajian ini telah dijalankan di daerah Sabak Bernam, Selangor. Kajian ini telah menggunakan kaedah tinjauan dengan menggunakan boring soal-selidik kepada 100 responden. Data yang dikumpul dan dianalisis dengan menggunakan Pakej Statistik Untuk Sains Sosial (SPSS) untuk Windows Version 20.0. Kajian ini telah mengasaskan unsur-unsur peluang pekerjaan, taraf hidup dan pengukuhan antara industri (IV) yang telah menyumbang kepada industri desa berdasarkan persepsi masyarakat tempatan (DV) di Sabak Bernam. Ia dibuktikan dengan analisis data dengan menggunakan korelasi dan regresi bahawa persepsi penduduk tempatan lebih signifikan kepada pengukuhan antara industri terhadap sumbangan industri desa di Sabak Bernam dengan nilai ($r = 0.816$, $p < 0.05$, $Beta = 0.816$), di ikuti peluang pekerjaan ($r = 0.761$, $p < 0.05$, $Beta = 0.761$) dan taraf hidup ($r = 0.731$, $p < 0.05$, $Beta = 0.731$). Secara tidak langsung kajian ini juga telah mencapai kedua-dua objektif.

Kata kunci: Industri desa, Persepsi tempatan, SME, Korelasi, Regresi

CONTENTS

CHAPTER	TITLE	PAGE
	DECLARATION OF ORIGINAL WORK	ii
	DEDICATION	iii
	ACKNOWLEDGMENT	iv
	ABSTRACT	v
	<i>ABSTRAK</i>	vi
	CONTENTS	vii
	LIST OF TABELS	x
	LIST OF FIGURES	xi
	LIST OF ABBREVIATIONS	xii
	LIST OF SYMBOLS	xiii
	APPENDIX	xiv
CHAPTER 1	INTRODUCTION	
	1.1 Background	1
	1.2 Problem Statement	3
	1.3 Research Questions	3
	1.4 Research Objective	3
	1.5 Scope of the Research	4
	1.6 Limitation of Research	4
	1.7 Importance of Research	5
	1.8 Summary	5
CHAPTER 2	LITERATURE REVIEW	
	2.1 Introduction	6
	2.2 Local's Perception	6

2.3	Cottage Industry	8
2.3.1	Development of cottage industry	9
2.3.2	Strategies of Rural Development	10
2.3.3	Cottage industry initiatives	11
2.3.4	Entrepreneurs of cottage industry	12
2.4	Research Location	13
2.4.1	Origins of Sabak Bernam	14
2.4.2	Background Sabak Bernam	14
2.4.3	Cottage industry in Sabak Bernam	16
2.5	Contributions of Cottage Industry	17
2.5.1	Employment opportunities	18
2.5.2	Living standards	19
2.5.3	Strengthen industry	20
2.6	Summary	20

CHAPTER 3

RESEARCH METHODOLOGY

3.1	Introduction	21
3.2	Research Theoretical Framework	21
3.3	Hypotheses Development	22
3.4	Research Design	23
3.5	Quantitative Research	24
3.6	Research Approach	25
3.7	Target Population	25
3.8	Sampling Technique	25
3.9	Data Collection	26
3.9.1	Primary data	26
3.9.1.1	Questionnaire construction	27
3.9.2	Secondary data	28
3.10	Data Analysis	28
3.10.1	Descriptive analysis	28
3.10.2	Reliability analysis	29
3.10.3	Correlation analysis	30
3.10.4	Regression analysis	31
3.10.5	Validity analysis	32

	3.11	Summary	33
CHAPTER 4		DATA ANALYSIS AND DISCUSSION	
	4.1	Introduction	34
	4.2	Descriptive Statistics on Demographic	35
	4.2.1	Gender	35
	4.2.2	Age	36
	4.2.3	Race	36
	4.2.4	Jobs	37
	4.3	Respondent Profile Variable	37
	4.3.1	Employment opportunities	38
	4.3.2	Living standard	40
	4.3.3	Strengthen industry	41
	4.3.4	Local's Perception	42
	4.4	Reliability Analysis for Items in Variables	43
	4.5	Pearson Correlation Analysis	45
	4.6	Regression Analysis	46
	4.6.1	Objective I	46
		4.6.1.1 Hypothesis 1	46
		4.6.1.2 Hypothesis 2	47
		4.6.1.3 Hypothesis 3	48
	4.6.2	Objective II	50
	4.7	Summary	51
CHAPTER 5		CONCLUSION AND RECOMMENDATIONS	
	5.1	Introduction	52
	5.2	Findings	52
	5.3	Conclusion	55
	5.4	Recommendation	55
		REFERENCES	57
		APPENDIX	61

LIST OF TABLES

NO.	TITLE	PAGE
2.1	Sub District of Sabak Bernam area approximately	15
2.2	Population of Sabak Bernam	16
3.1	Cronbach's Alpha	30
3.2	Value of correlation coefficient	31
4.1	Gender of Respondents	35
4.2	Age of Respondents	36
4.3	Race of Respondents	36
4.4	Jobs of Respondents	37
4.5	Items of employment opportunities	38
4.6	Items of living standard	40
4.7	Items of strengthen industry	41
4.8	Items of local's perception	42
4.9	Case processing summary	43
4.10	Reliability Statistics	44
4.11	Statistics for items in the group variables	44
4.12	Correlation between independent variables and dependent variable	45
4.13	Simple Linear Regression between employment opportunities and local's perception	47
4.14	Simple Linear Regression between living standard and local's perception	48
4.15	Simple Linear Regression between strengthen industry and local's perception	49
4.16	Multiple Linear Regression between employment opportunities, living standard, strengthen industry and local's perception	50

LIST OF FIGURES

NO.	TITLE	PAGE
2.1	Strategies to boost the rural economy to a high income economy	11
2.2	Projected contributions of Initiatives cottage industries	12
2.3	Map of Sabak Bernam	15
3.1	Theoretical Framework	22

LIST OF ABBREVIATIONS

PIPLB	-	Rural Development Master Plan
SDSI	-	One District One Industry
PTD	-	Village Action Plan
MBELB	-	Rural New Economic Model
KEMAS	-	Community Development Department
GNI	-	Regional Development Authority
PERSADA	-	Rural Empowerment
SME	-	Small Medium Enterprise
MARA	-	Majlis Amanah Rakyat
GIS	-	National Institute for Entrepreneurship System
NEM	-	New Economic Model
SPSS	-	Statistical Package for Sosial Science
IV	-	Independent Variable
DV	-	Dependent Variable

LIST OF SYMBOLS

H_0	-	Hypotheses Null
H_1	-	Hypotheses One
%	-	Percentage
R	-	Regression
R^2	-	R square
r	-	Correlation
p	-	Probability
>	-	Greater-than sign
<	-	Less-than sign

APPENDIX

NO.	APPENDIX	PAGE
A	Questionnaire	61

CHAPTER 1

INTRODUCTION

1.1 Background

In the days of growing fast, a cottage industry in Malaysia is easily known and gets first position (Ibrahim, N. 2003). A cottage industry known as industry in rural areas has been successfully competing with existing industry in Malaysia. Industrial vision of Malaysia as outlined in 'Industrial Master Plan' or PIP (2006-2020) is oriented industrialization based out of intensive development of basic industries. "Rural industries and rural industrialization tend to exit little attention" (Zainal Aznam, 1989:3). Today, a cottage industry has risen and become one of the contributors to the development of the local economy based on the local's population.

Taking up to 'Malaysia Chamber of Rural Industries Entrepreneurs' or DUID (1998), cottage industries should be made special emphasis on first steps to increase 'Bumiputera' participation in the economic organization. Currently cottage industry needs more space and the opportunity to be strengthened, including through effective implementation of policies and regime funding (Mohd Koharuddin, 2005). Therefore, the issues facing right now are how to mobilize and support the growth of rural industry and its contribution to the political, societal and economic. In line with that, a cottage industry has acted upon a number of other sectors involved, such as the tourism industry, the import export industry and other manufactures (M. Nor Hidayad, 2011).

According to the Rural Economy Model (2011), at the heart of rural economic growth strategy, one that emphasized strategy is to strengthen links between rural and urban industries. The importance of the linkages between rural and urban industry is seen as a catalyst to better opportunities for entrepreneurial activities in rural areas (Rural Economic Model, 2011). This method is capable of creating opportunities for rural entrepreneurs to market and further develop their products to urban areas to increase productivity. This approach also provides an opportunity for the city to make the supply of entrepreneurs or input at a more competitive and sustainable supply.

An industrial linkage program organized by the Industrial Master Plan II (1996-2005) and the Industrial Master Plan III (2006-2020) continue to promote linkages between industry or agents who are in the city and rural industry through industry feeder concept. Through this concept, cottage industries will provide input to the industry or agency in the metropolis, whether for market or processing. Network sales centre or mini supermarkets such products should be established in rural countries in order to promote fresh produce in rural areas (Rural Economic Model, 2011).

Based on previous studies, cottage industry is moving towards more rapid. Society should not overlook the rural industry as a result can accommodate a total population in the area. It also proves cottage industries as a strategy to increase the chances of manpower and labour, reduce inequality between urban and rural regions and rural income and poverty. In summation to the kind of policies and strategies for rural growth in the context of poverty eradication has the issue of bridge San-down limited, apart from the leakage that reduces the effects of rural development efforts (Chamhuri 1989).

Therefore, the researchers feel these strategies can also be utilized to identify potential improvements in economic growth could be furnished in rural areas in the district of Sabak Bernam, Selangor.

1.2 Problem Statement

Equally we know in our country, cottage industry was going forth. Most of people they still didn't realize on the contributions and benefits of cottage industry. Besides that, the cottage industry is still in lye of problem with the lack of participation of individuals in raising rural industry caused by migration of rural population to urban areas. In addition, rural economic activities are limited to the output of the raw merchandise. As a result, rural products do not produce high yields due to low value added manufacturing activities. The cognition and acquirements of the rural poor as well as economic and technical practices of their traditional character causes the productivity of labour, capital and land in rural regions are at a level not encouraging. In summation, this weakness has also resulted in the rural sector have to bank on foreign labour. Thus, in this study, researchers tested to distinguish the contributions that have been received as a consequence of the growth of a cottage industry based on their local respondents.

1.3 Research Questions

- i. How the relationship between contributions of cottage industry based on the local's perception in Sabak Bernam?
- ii. What are the most significant contributions of cottage industry based on the local's perception in Sabak Bernam?

1.4 Research Objectives

- i. To study the relationship between contributions of cottage industry based on the local's perception in Sabak Bernam.

- ii. To identify the most significant contributions of cottage industry based on the local's perception in Sabak Bernam.

1.5 Scope of Research

The compass of this research is to identify the contributions of cottage industry and which will be the most significant based on the locals perception in Sabak Bernam, by considering each component of work opportunities, living standard and strengthen the industry. This study also linked with the development of cottage industry in rural areas based on political, economic and societal. Other than that, this research is based on the current issues faced by cottage industry nowadays and its effects on the development of the local economy. Respondents involved are local peoples of Sabak Bernam that affected and involved with the growth of cottage industries.

1.6 Limitation of Research

Although the research has reached its aims, there are still unavoidable limitations of this research. First, the limitations of the research are insufficient knowledge of a certain historic period to understand the questioners due to taking in poor educational. The selected area is a rural area whose population is less in receiving proper education. The average local Sabak Bernam district consists of the previous or the aged. So the researchers face difficulty in getting the cooperation of the elderly aged 40 years and above who have broad experience in the development of cottage industry in Sabak Bernam.

Second is lack of time. Research is only given only 1 year to complete this research. The more time given would actually help in the creation of better end result and the stress level also will be lower compared to the time limit given as it is the first time for researchers to do it so, the progress will be much slower. Last but not

least, the distance factor also determines the playing area. As is well known Sabak Bernam district is under the government of the country is known for its development of cottage industries. Nevertheless, the distance has made the best researchers get the sample and require time and fiscal resources to finance the relatively high field work.

1.7 Importance of Research

This study targeted to strike out of locals perception on receiving the contributions from activities that booming cottage industry, particularly in the area Sabak Bernam. Basically, this cottage industry will awareness of the public about the importance and benefits of growth of cottage industries in helping the development of the national economy in line to realize Vision 2020 by developing sectors of the economic organization. Additionally, this study hopes can attract new entrepreneurs to venture in the field of cottage industry by leveraging existing land resources.

Thus, the researcher would like to identify potential improvements in economic growth could be in rural areas such as the district of Sabak Bernam, Selangor as one of the famous cottage industry. Hence this research contribution will provide a learning lesson for future development of cottage industry not in Sabak Bernam only but even the whole Malaysia. Success in this research will surely benefit to future generation of local people in Malaysia not matters what race you are and together to enhance Malaysia's economy.

1.8 Summary

This chapter has provided background research and current events connected to the cottage industry. In summation, this chapter will also talk about the objectives of the work to achieve the prerequisites of this research. To find out more about the contribution of cottage industries based on the local's perception, it will be reported in the following chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter discussed about the literature review use in the research. The researcher obtains literature review from several sources such as book, journal, article, as well as internet sources. The researcher begins the chapter by reviewing the available theory follow from the application of the theory. At the end of this section, the researcher will come out with research, theoretical framework which obtains from summarize of this chapter.

2.2 Locals Perception

Oftentimes, when local communities outside the boundaries of protected areas are not included in the conservation planning process, conflicts between conservation goals and community wants and needs arise (Dimitrakopoulos et al. 2010). These conflicts result of constraints imposed by the protected area management on land use and natural resource extraction. Restrictions regarding access to the protected area, agricultural activities, timber extraction, hunting or other such activities, are just some of the most frequent sources of protected area-local community conflicts in the existing literature (Brandon et al. 2005).

This ultimately causes people to have negative perceptions toward the protected area (Hulme and Murphree 2001). Most often damages result from rural population pressure and the financial inadequacy to maintain proper protection of these natural areas. In addition, Ozturk et al. (2010) argue that the damaging effects of local rural population pressure are exacerbated by the fact that most of these people are generally the poorest section of the rural population and the common belief is that natural forest resources are free for the benefit of everyone.

New strategies have been developed in response to the general belief of many conservationists that protected areas are condemned to failure unless local communities are to some extent involved in conservation efforts (Hulme and Murphree 2001; Yeo-Chang 2009). These strategies are referred to as “community conservation” (Infield and Namara 2001; McClanahan, Davies and Maina 2005) or “participatory management” (Dimitrakopoulos et al. 2010). According to Vodouhe et al. (2010), this approach strives to reconcile differences between local residents and protected area needs, to advance their participation in resource management, and to improve their level of economic comfort.

The concept is perception is something that cannot be observed in real and involve psychology of thoughts and one of the ways how an organization responds to stimulus-stimulus detected by senses (Lucius F. Hallett IV and Andrea B. Szell. 2013). Perception is a form of reality based on one's senses. Perception is important because it is a response to stimuli that are available in environment. However, the perception is also influenced by the values and emotions.

By Lewontin (1982:160), "there is no organism without an environment, but there is an environment without an organism ". According to Gibson (1979), however, from the perspective of ecological psychology, humans acquire firsthand knowledge of the environment in the process of their virtual actions. The Ittelson and Gibson (University of Lincoln University Research Archive, 1970) agree that individuals and the environment cannot be separated and perception involves a constant interaction between the two.

Besides, perception is an integrated approach to understanding how people live, learn, work and perceive their environment (Ingold, 2000). Next Bonaiuto et al. (1999) studied the relationship between the perception of the quality of the housing environment with its architect and urban planning. In connection with the introduction of this research is to analyze the perceptions local community for the contribution of rural industry, especially in terms of employment opportunities, quality of life and strengthening the industry.

2.3 Cottage Industry

Cottage industry is a service industry that has grown rapidly in our country. "Rural industries and rural industrialization tend to excite little attention" (Zainal 1989:3). A cottage industry is also known as a traditional industry or rural industry is among the industries that help to generate economic growth and high potential for maturation. Usually it is a small-scale industry carried on at home by family members using their own equipment (Chamhuri, Ahmad & A. Hamid, 1990). At present, the industry has been given a fresh lease of village by injection technology to make it competitive and thereby increase productivity in the worldwide market.

There is a tendency to equate cottage industry to small industry. This equality is correct for small industries located in rural areas. Small industries located in the village may be in equated with cottage industries, particularly for small-scale industries based on natural ingredients locally (Chamhuri, Ahmad & A. Hamid, 1990). Based on this statement, it shows that a cottage industry has own benefits and contribution.

Others said cottage industry can be defined as enterprises located in the countryside, pursued by rural residential districts to produce goods traditional or modern instruments. The industry may be contracted separately or collectively through cooperative manufacturing company (KPNLB 1986). Usually it is a small scale using local natural materials, level of engineering science and traditional skills and requires low investment but quick returns. These industries like handicrafts,