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**COMMERCIALIZATION FACTORS AND BUSINESS  
PERFORMANCE: A CASE OF BIO GREENO SDN. BHD.**

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## **SUPERVISOR CONFIRMATION**

I hereby declare that I have read  
this thesis and in my opinion this project  
is sufficient in terms of scope and quality for the award  
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COMMERCIALIZATION FACTORS AND BUSINESS PERFORMANCE:  
A CASE OF BIO GREENO SDN. BHD.

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Report submitted in fulfillment of the requirements for the  
Bachelor Degree of Technopreneurship

Faculty of Technology Management and Technopreneurship  
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## DECLARATION

“I admit that this report is the result of my own but summarizes and quotes that for everything I have explained the source.”

Signature : .....

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Date : .....

## **DEDICATION**

I would like to dedicate the appreciation to my family members who supported me from spiritually and financially, beloved supervisor and panel who guided me throughout the research, housemates and course mates that assisted me through the journey of research.

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## **ABSTRACT**

Commercialization is important to realizing the benefits of the investment in business because it opens new markets, helps create new jobs and improves the well-being of Malaysians through better products and services. There are many overseas studies discussed the topic of family business and its performance in its respective company, but, few studies have been conducted in Malaysia especially in terms of its commercialization. To maximize efficiency in a family business through technological innovation, commercialization strategy should include the utilization of specific types of opportunities that arise from those environments. Thus, this research aims to increase the understanding of commercialization and business performance through two main objectives. This paper presented a simple prescription for investigating the barrier factors in commercialization of family business products in Bio Greeno Sdn. Bhd.. Besides that, it is reviewed to identify the family business performance in healthcare product business in the same company. A single case study in qualitative research method, which included the semi-structured interview, was conducted in determining the most contribution in the barrier factor of commercialization that affecting the family business performance in Bio Greeno Sdn. Bhd.. The findings showed that risks of branding and threats of competing brands affect the most in the family business performance in the Bio Greeno Sdn. Bhd. The results could support the researcher to further elaborate frameworks on how the barriers in commercialization to achieve a better business performance in healthcare product business. The discussed barriers can be of practical use for other healthcare organizations trying to achieve their business in market which can bring a great enhancement on their respective business performance.

## **ABSTRAK**

*Pengkomersialan adalah penting untuk merealisasikan manfaat daripada pelaburan dalam perniagaan kerana pengkomersialan membuka pasaran baru, membantu mewujudkan peluang pekerjaan baru dan meningkatkan kesejahteraan rakyat Malaysia melalui produk dan perkhidmatan yang lebih baik. Terdapat banyak kajian di luar negara membincangkan topik perniagaan keluarga dan prestasi dalam syarikat masing-masing, tetapi, banyak kajian yang dijalankan di Malaysia terutama dari segi pengkomersialan. Untuk memaksimumkan kecekapan dalam perniagaan keluarga melalui inovasi teknologi, strategi pengkomersialan harus merangkumi penggunaan jenis tertentu peluang yang timbul dari orang-orang persekitaran. Oleh itu, kajian ini bertujuan untuk meningkatkan kefahaman pengkomersialan dan prestasi perniagaan melalui dua objektif utama. Kertas kerja ini dibentangkan preskripsi yang mudah untuk menyasat faktor penghalang dalam pengkomersialan produk perniagaan keluarga dalam Bio Greeno Sdn. Bhd .. Selain itu, ia dikaji semula untuk mengenal pasti prestasi perniagaan keluarga dalam perniagaan produk penjagaan kesihatan di syarikat yang sama. Satu kajian kes tunggal dalam kaedah penyelidikan kualitatif, termasuk temu bual separa berstruktur ini dijalankan dalam menentukan sumbangan yang paling dalam faktor halangan pengkomersialan yang menjejaskan prestasi perniagaan keluarga dalam Bio Greeno Sdn. Bhd .. Dapatan kajian menunjukkan bahawa risiko penjenamaan dan ancaman jenama yang bersaing memberi kesan yang paling dalam prestasi perniagaan keluarga dalam Bio Greeno Sdn. Bhd. Keputusan boleh menyokong penyelidik untuk lagi kerangka huraikan bagaimana halangan dalam pengkomersialan untuk mencapai prestasi perniagaan yang lebih baik dalam perniagaan produk penjagaan kesihatan. Halangan-halangan yang dibincangkan boleh menjadi penggunaan yang praktikal untuk organisasi penjagaan kesihatan lain yang cuba untuk mencapai perniagaan mereka di pasaran yang boleh membawa peningkatan besar kepada prestasi perniagaan masing-masing.*



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## Chapter 1

### 1.0 INTRODUCTION

#### 1.1 Background of Study

Nowadays, the family controlled firm or family ownership is the most common form of business organization in the world (Campopiano, De Massis, & Chirico, 2014). Family businesses that have been painstakingly nurtured by their founding fathers for decades, growing from small companies into multi-corporations have become a remarkable element in the corporate economy. Family businesses need to plan ahead in making sure the family firms will sustain for next generations. In 2010, total market capitalization of family businesses in Malaysia accounted for nearly 67 per cents of the normal GDP growth and accounted for 62 per cents of listed entities (The Star Online, 2010).

An appreciation of differences among family businesses and how these differences influence the relative business performances can potentially answer many questions relevant to a theory of the family firm. Thus, understanding family businesses help identify what types of business are most likely to engage in new venture creation and which of these new ventures are most possibly to grow into substantial enterprises. For instance, different families possess different sets of resources that might prove important during and after start-up (Sirmon & Hitt, 2003). Moreover, the goals of families, as well as the self-interested or altruistic tendencies of individual family members influence the governance configurations of family firms (Chrisman et al., 2005; Schulze et al., 2001). In short, knowledge about different types of family business and the mixtures of interests, involvement, and

relationships found in those relative families and businesses will contribute to the ability to explain variations in family firm and performance.

Ward (2002) claimed that family businesses tend to be complex. This is because in addition to deal with common business opportunities and requirements, the owners must consider the needs and desires of their own family, leading to the risk for long-term supervision (Ward, 2002). Statistics show that only 30% of these companies survive beyond a second-generation transition; 10% survive into the third generation and just 4% remain in the existence by the fourth generation.

However, there are also a number of prominent family businesses that are family-controlled and can last longer. For example, the Genting Group which was founded by the late Tan Sri Lim Goh Tong and was inherited by Tan Sri Lim Kok Thay; the Melewar Group, one of the notable Bumiputera companies which was founded by Tunku Abdul Rahman and Sapura Holdings Bhd started by Tan Sri Shamsuddin Abdul Kadir are now in their second-generation (Ngui, 2002); and Indian companies like Globe Silk Store and PLal Store are in their third-generation families as the Indian entrepreneurs remained conservative and largely cautious of firm expansion due to the highly competitive industry (Gomez, 2001).

Family involvement in management (FIM) is a key attribute distinguishing family firms from non-family firms. FIM mainly entails family participation in strategic decision making (Astrachan, Klein, & Smyrnios, 2002). Family involvement in management in emerging markets could play various roles due to their institutional and cultural characteristics. The family involvement is often subsumed under the umbrella of power. Nevertheless, it is strategically important for a firm's potential to create value and this will affect its business performance directly or indirectly. To maximize efficiency in a family business through technological innovation, commercialization strategy should include the utilization of specific types of opportunities that arise from those environments.

According to Diane (2004), the simplest way to define commercialization is offering a new product to the market. Many technologies begin in the laboratory and are not practical for commercial use in their infancy. Countries all over the world



nowadays try their most to provide the society with welfare and security to increase in national income to promote national and international economic growth. The most convincing example of a successful commercialization is Secret Recipe, a cakes and café restaurant. It is known for award-winning cheese cakes along with its great variety of fine and quality gourmet cakes at affordable prices. Other well-known examples of Malaysian brands included OldTown White Coffee, PappaRich in food and beverage industries; Snips, Ms. Read, Bonita in beauty and fashion industries.

## **1.2 Problem of Statement**

Nowadays, family businesses have become a significant element in the corporate economy. This may be because family firms were established a long time ago and have proven performance track records. Both the practitioners and scholars acknowledge the successful background of family-controlled firms. Due to the significant role of family firms play in the global economy (Anderson & Reeb, 2003), gaining a better understanding of the factors that influence their goals, strategic behaviors, and performance is important (Chrisman , Chua, & Sharma, 2005). These factors may affect the commercialization of family business products in Malaysia as well as its business performance.

It is difficult to assess the product value before it is commercialized in the market. In a family business, commercialization strategy should utilize the technological innovation to maximize efficiency, including the specific types of opportunities that arise from those environments such as creating their own branded products and introduce to the market. One of the most successful companies in food and beverage industry is Secret Recipe, which is Malaysia's fastest growing lifestyle cakes and café chain. Secret Recipe has since experienced a rapid growth over the years and currently, it has more than 280 outlets in major cities including Singapore, Kuala Lumpur, Jakarta, Bangkok, Manila, Brunei, Shanghai and Melbourne.

Although there are many studies related to family business performances, the emphasis on its commercialization is less concern. There are many family businesses

or products in Malaysia that cannot last longer. The key factor to the problems of the family businesses commercialization is related to owners of the respective family business. Most of the owners are lack of confidence and knowledge to create their own brands. In short, knowledge about different types of families in business and the mixtures of interests, involvement, and the relationships found will contribute to the ability on explaining the successful commercialization in family firm products and its performances.

### **1.3 Research Objectives**

Based on this research, there are few objectives that need to be achieved to solve the questions. The following objectives are directly related to the research questions that will be discussed later. The objectives are as the followings:-

1. To investigate the barrier factors in commercialization of family business products in Bio Greeno Sdn. Bhd..
2. To identify the family business performance in healthcare product business in Bio Greeno Sdn. Bhd..

### **1.4 Research Questions**

Based on the above statement, there are some ideas of question that have been discovered. The questions are directly related to the topic chosen. The questions are as shown below:-

1. What are the barrier factors in commercialisation of family business products in Bio Greeno Sdn. Bhd.?
2. What is the business performance in healthcare product business in Bio Greeno Sdn. Bhd.?

## **1.5 Scopes and Limitations of the Study**

The below section discuss about the whole research scope, limitation and key assumptions.

### **1.5.1 Scopes**

This whole research is main focus on the barrier factors in commercialization in Bio Greeno Sdn. Bhd.family businesses.

### **1.5.2 Limitations**

Although this research is carefully prepared, there are still the limitations and shortcomings. First of all, time constraint is one of the limitations during this research. It is given a short time to finish the research and prepare for the presentation. The part that spends the most time in this research is the data analysis and discussion part from the respondent. Before getting a chance to interview with the person in charge of chosen family business, researcher has to make appointment first. The period of waiting the reply from chosen family businesses is long and not every interview application is accepted. The researcher ends up getting one interview at the end due to the limited time given.

Additionally, budget is also one of the limitations in this research as this research is done in 100 over pages. We are compulsory to print out three copies in color with hard cover, which one is given to our supervisor; and the other two are given to UTeM to be kept in library. It is also happens in accessing secondary information due to some of the journals and reports online required paying in advance in order to access and read.

Lastly, data constraint is one of the limitations as well. At first, the researcher has sent email to every company of the branded family businesses based on the list in Branding Association of Malaysia. There are roughly 300 emails that researcher has

sent out but get zero response in return. The researcher has tried to call to each company as well but mostly have rejected to give information due to their company privacy. There is one and the only company that is willing to share with the researcher about the commercialization of product in his company. Therefore, a single case study is carried out by the researcher in this study.

### **1.6 Importance of the Study**

This research contributes the increased understanding on family business performances through commercialization. From this research, we can know that the factors of commercialization to a family business which affect its performance directly or indirectly. Based on the factors detected, we will also know the relationship between the business performance and the commercialization factors of family businesses in Malaysia. This research paper may become one of the useful papers to refer in the future when there are business students willing to start their own business.

### **1.7 Summary**

In this chapter, the researcher has briefly explained about the background of study on family business performances and the commercialization. This chapter consists of two main items that are the research objectives and research questions. Both the research objectives and research questions are the of the whole research report. Besides that, the researcher has explained about the limitation that facing during the period of conducting this research. Additionally, the researcher has explained about the importance of study about this report and the contribution of this research report towards the publics, especially those own a small business.

## Chapter 2

### 2.0 LITERATURE REVIEW

#### 2.1 Introduction

In this chapter, researcher discussed the relevant theories using secondary data as references. It began by introducing family business from global view to local view. From there, researcher then looked into the business performance that is one of the approaches to family business. Those literatures on the commercialization are reviewed and the research framework showed the relationships between these variables were presented too. Additionally, there were five hypothesis formulated and specified at the end of this chapter. For more insight to understand with the topic of the research, this chapter was organized in a number of subtopics. It was started with the explanation and the overview of the healthcare in Malaysia in section 2.2 then the overview of commercialization problems in section 2.3 and the five barrier factors that lead to the commercialization problems in family businesses. Then, it was continued with section 2.4, review on family businesses in Malaysia with few examples followed by the explanation of business performances overview in a family business in the next section. In section 2.6, the research framework of this research is presented followed by generating five hypotheses based of the barrier factors discussed earlier in previous section. Last but not least, summary for the overall of chapter two is presented in section 2.8. This chapter is concluded with a restatement of the problem and the rationale for the need this research project.

## 2.2 Healthcare

Malaysia is a Southeast Asian country with thirteen states, consisting of two different geographical regions that are divided by the South China Sea. The rapidly growing economy has made a major impact, resulting in some commentators referring to it as the "Asian Dragon". In relation to healthcare, Malaysia can boast of high-end hospitals that provide excellent services.

Most countries undergoing structural change from low to high value added activities of healthcare have been characterized by the private providers. The process of privatization and contracting out services to the private businesses has led to an increasing shift in healthcare from being delivered as an essential public utility to a profit seeking target by private providers. Privatization has also been used frequently by governments as a policy instrument to reduce the financial burden of the public sector.

According to the WHO (2013), Malaysia's primary care model has been acknowledged as a viable system to achieve "Health for All". The demand for quality healthcare continues to rise in Malaysia with increasing affluence and rising consumer awareness. Currently, about 7.25% of the country's GDP is expected to be spent on healthcare. This is expected to increase with the growing population and a longer life expectancy, as well as the Government's increasing expenditures on provision of better healthcare facilities and services. Healthcare remains a priority of the Malaysian Government. For 2012, the Government had increased the budget allocation for healthcare to RM16.87 billion. A total RM1.87 billion for the budget will be spent on healthcare development to enhance health facilities and provide medical equipment, increase supply of medicines, develop human resources, intensify research and enforcement activities, as well as to build more hospitals, clinics and quarters.

### Demographics - 2011

Crude Birth Rate (per 1000 population)	17.5*
Crude Death Rate (per 1000 population)	4.8*
Infant Mortality Rate (per 1000 live births)	6.8*
Life Expectancy - Male (age in years)	71.9*
Life Expectancy - Female (age in years)	77.0*

\* Provisional/Preliminary data (as of 2010)

### Health Facts

Number of registered doctors (Government & Private)	36,807
Population per doctor	791
Number of hospitals	366*
Number of clinics	11,212**
Number of beds	55,923
Number of dental chairs	486***

\* Includes Government hospitals, special medical institutions, non-MOH Government hospitals & private hospitals.

\*\* Includes MOH dental clinics, MOH mobile dental clinics (including mobile and pre-school team); MOH Health Clinics, MOH Community Clinics, MOH maternal & child health clinics, MOH mobile health clinics, private medical clinics & private dental clinics.

\*\*\*Includes MOH dental clinics and MOH mobile dental clinics.

Source: Ministry of Health Malaysia, (as at July 2012)

**Figure 2.1: Summary of Demographics and Health Facts in Malaysia as at July 2012**

The figure above shows the summary of the demographics and health facts in Malaysia. It can be seen that over the years, Malaysia has been continuously vigilant about her healthcare system. The presence of so many medical schools is enough to attest to the fact that Malaysia is serious about providing quality healthcare, not only to its citizens, but also to expatriates, tourists, migrants, and visitors.

## 2.3 Commercialization

Confusing with new product development, Isabelle (2004) provides an integrative definition of commercialization as the “process of translating research knowledge into new or improved products, processes and services, and introducing them into the market place to generate economic benefits.” Commercialization

explains the actions and decisions required in getting the product to a given market. In other words, commercialization is the process of making new products available to consumers.

According to McCoy et al., (2008), commercialization models describe the process of coordinating and optimizing all of the technical and business decisions required by the successful introduction of a new product or service to the marketplace. The literature on the commercialization of new products states that the attributes of new products and consumer traits are the primary components taken into account when consumers adopt new products. There are very high costs associated with commercialization. A small business may not afford to the high cost, especially the new start-up family business. Family firms generally introduce their products region by region, or city by city gradually until their potential market is covered. This is called a limited rollout in business. Limited rollouts have the problems of allowing rivals to anticipate one's family business movement into their markets and to counterattack.

Every product, service, or even industry goes through a life cycle, so as the family business. In a standard product life cycle, there are four stages. The Introduction stage acts as the beginning stage of the cycle, then the Growth stage and Maturity stage in stage 2 and 3 respectively and it is ended with the Decline stage. Generally in a family business, once a product is introduced, it takes time for the consumers to beware of the new products in market. After some times, the acceptance of new products is clearly seen as it increases rapidly and comes to the Growth stage. Consumers are now well aware of those products or services and this lead to the attraction of many competitors.

The life cycle of those products keep running in a rapid pace till a certain time, it will start to slow down due to the competitive environment. Once the rapid growth begins to slow down, the product enters Stage 3, which is the Maturity stage. This is a stage where the product can stay for a long period of time and consumers are comfortable to continue purchasing the product. By the time of commercialization, although most of the new products launch successfully, there are still a laot of weak or unattractive ideas have dropped out of consideration. Those