

FACTORS AFFECTING SOCIAL ENTREPRENEURSHIP TO REVITALIZE THE
SME FOOD MANUFACTURERS

IZZAH YUHANEES BINTI YUNUS

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

FACTORS AFFECTING SOCIAL ENTREPRENEURSHIP TO REVITALIZE THE
SME FOOD MANUFACTURERS

IZZAH YUHANEES BINTI YUNUS

The report submitted in partial fulfillment of the requirements for the Bachelor
Degree of Technopreneurship

Faculty of Technology Management and Technopreneurship

Universiti Teknikal Malaysia Melaka

JUNE 2016

“I hereby declare that i have read this thesis and in my opinion this thesis is sufficient
in terms of scope and quality for the award of
Bachelor of Technopreneurship”

Signature :
Name of supervisor : SITINOR WARDATULAINA BINTI MOHD YUSOF
Date :

Signature :
Name of panel : MURZIDAH BINTI AHMAD MURAD
Date :

“Hereby, I declare that this thesis entitled “Factors Affecting Social Entrepreneurship to Revitalize the SME Food Manufacturers” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree”

Signature :

Name : IZZAH YUHANEES BINTI YUNUS

Date :

DEDICATION

Special thanks to my beloved parents:

Yunus Bin Hamid

Zaliah Binti Md. Diah

Thanks to:

My family members

My beloved friends

My all lecturers

My panel:

Mrs. Murzidah Binti Ahmad Murad

Special thanks to my beloved supervisor:

Miss Sitinor Wardatulaina Binti Mohd Yusof

Special thanks for all because always giving me the moral support during doing the research.

ACKNOWLEDGEMENT

First and foremost, I am most grateful to Allah S.W.T for giving me the strength to complete my final year project research of my final year. Alhamdulillah with His Blessing and finally I was able to complete my final year project research. I would like to thank my supervisor, Miss Sitinor Wardatulaina binti Mohd Yusof for her support, advice and guidance throughout the entire preparations of this dissertation. I am greatly touched by the commitments and dedications she has shown. Without the support and guidance, I would not be able to complete this final year project research.

I also would like to thank my beloved family for support and understanding throughout the course of the completion of this research. Their endless support had been invaluable and was the force that pushed me to go on.

I also would like to thank to the other lecturers who direct or indirect help me, give me some guidance throughout my studying in UTeM especially my panel Mrs. Murzidah binti Ahmad Murad. Not forgetting also my fellow course mates who had provide assistance and support encouragement throughout the completion of this research.

Last, I truly feel happy when my final year project research was finished and every contribution made from various parts means a lot to me in this research.

ABSTRACT

Nowadays, the rate of the social entrepreneurship was based on mission which is the factors affect social entrepreneurship. Social entrepreneurship is a type of business that can be as a non-profit business or profit business but most important is they aim to help the communities. Mission of the social entrepreneurship can be the best way to meet a social or environmental need of the communities. Not only that, the successfulness of the social entrepreneurship can give the big impact on the SME food manufacturers and the communities. Therefore, the purposes of the study are; firstly, is to identify the entrepreneur's profiles of SME food manufacturers. Secondly, to analyze the factors that affect social entrepreneurship. Thirdly, to determine the most effective factor that affect social entrepreneurship. In addition, researchers will be using Statistical Package for Social Science (SPSS) version 20.0 for analysis of respondents' feedback. To achieve all these objectives, 150 respondents have been answered the questionnaire and the collected data has been analyzed using frequency to identify the entrepreneur's profiles of SME food manufacturers. Then, using simple linear regression to analyze the factors that affect social entrepreneurship and using multiple regression analysis to determine the most effective factor that affect social entrepreneurship. The result shows the level of significant <0.50 with $R = 0.625$ and $R^2 = 0.390$. This high R^2 value shows strong relationship between the factors that affect social entrepreneurship. The originality that comes out from this research is this study identifies the factors affect social entrepreneurship in order to revitalize the SME food manufacturers in Malaysia.

ABSTRAK

Pada masa kini, kadar keusahawanan sosial adalah berdasarkan misi yang merupakan factor yang mempengaruhi keusahawanan sosial. Keusahawanan sosial adalah sejenis perniagaan yang boleh menjadi sebagai perniagaan bukan keuntungan atau perniagaan keuntungan tetapi yang paling penting adalah mereka bertujuan untuk membantu masyarakat. Misi keusahawanan sosial boleh menjadi cara yang terbaik untuk memenuhi keperluan sosial atau alam sekitar masyarakat. Bukan itu sahaja, kejayaan sesuatu keusahawanan sosial boleh memberi kesan yang besar kepada pengeluar makanan PKS dan masyarakat. Oleh itu, tujuan kajian ini adalah; pertama, adalah untuk mengenal pasti profil usahawan pengeluar makanan PKS. Kedua, untuk menganalisis faktor-faktor yang memberi kesan kepada keusahawanan sosial. Ketiga, untuk menentukan faktor yang paling berkesan yang memberi kesan kepada keusahawanan sosial. Di samping itu, penyelidik akan menggunakan Pakej Statistik untuk Sains Sosial (SPSS) versi 20.0 untuk analisis maklum balas responden. Untuk mencapai semua objektif ini, 150 responden telah menjawab soal selidik dan data yang dikumpul telah dianalisis dengan menggunakan kekerapan untuk mengenal pasti profil usahawan pengeluar makanan PKS. Kemudian, dengan menggunakan regresi linear mudah untuk menganalisis faktor-faktor yang memberi kesan kepada keusahawanan sosial dan menggunakan analisis regresi berganda untuk menentukan faktor yang paling berkesan yang memberi kesan kepada keusahawanan sosial. Hasil kajian menunjukkan tahap signifikan <0.50 dengan $R = 0.625$ dan $R^2 = 0.390$. Nilai R^2 yang tinggi ini menunjukkan hubungan kuat antara faktor-faktor yang memberi kesan kepada keusahawanan sosial. Keaslian yang keluar dari penyelidikan ini adalah kajian ini mengenal pasti faktor-faktor yang memberi kesan kepada keusahawanan sosial dalam usaha untuk memulihkan semula pengeluar makanan PKS di Malaysia.

TABLE OF CONTENT

CHAPTER	TITLE	PAGES
	DECLARATION	ii-iii
	DEDICATION	iv
	ACKNOWLEDGEMENT	v
	ABSTRACT	vi
	ABSTRAK	vii
	TABLE OF CONTENT	viii-xiv
	LIST OF TABLES	xii-xiii
	LIST OF FIGURES	xiv
CHAPTER 1	INTRODUCTION	
	1.1 Research Background	1-4
	1.2 Problem Statement	5-6
	1.3 Research Questions	7
	1.4 Research Objectives	7
	1.5 Scope	8
	1.6 Significance of the Study	9
	1.7 Summary	10

TABLE OF CONTENT (Continue)

CHAPTER	TITLE	PAGES
CHAPTER 2	LITERATURE REVIEW	
	2.1 Introduction	11
	2.2 Overview of Social Entrepreneurship	12-14
	2.3 Overview of SME Food Manufacturers	15-17
	2.4 Factors That Affect Social Entrepreneurship	
	2.4.1 Entrepreneurial Context	18-20
	2.4.2 Entrepreneurial Characteristics	21-23
	2.4.3 Entrepreneurial Outcomes	24-26
	2.5 Hypothesis	
	2.5.1 Hypothesis 1	27
	2.5.2 Hypothesis 2	27
	2.5.3 Hypothesis 3	28
	2.6 Theoretical Framework	29-30
	2.7 Summary	31
CHAPTER 3	RESEARCH METHODOLOGY	
	3.1 Introduction	32-33
	3.2 Research Design	34
	3.3 Methodological Choices (Quantitative)	
	3.3.1 Questionnaires	35-36
	3.4 Primary Data Sources and Secondary Data Sources	37
	3.5 Sampling Technique	38
	3.6 Method of Primary Data Collection	
	3.6.1 Surveys	39
	3.7 Data Analysis	40
	3.8 Time Horizon	41
	3.9 Reliability, Correction and Multiple	

TABLE OF CONTENT (Continue)

CHAPTER	TITLE	PAGES
	Regression Analysis	
	3.9.1 Reliability	42
	3.9.2 Correlation	42
	3.9.3 Multiple Regression Analysis	43
	3.10 Pilot Test	44
	3.11 Summary	45
CHAPTER 4	DATA ANALYSIS AND FINDINGS	
	4.1 Introduction	46-47
	4.2 Data Analysis	
	4.2.1 Reliability Test	48
	4.2.2 Cronbach's Alpha for 50 Respondents	49-50
	4.2.3 Cronbach's Alpha for 150 Respondents	51
	4.3 Pearson Correlation Coefficient	52-54
	4.4 Descriptive Analysis of Respondents Background	55
	4.5 Analysis of Demographic Factor's	
	4.5.1 Gender	56-57
	4.5.2 Age	58-59
	4.5.3 Educational Level	60-61
	4.5.4 Position	62-63
	4.5.5 Marital Status	64-65
	4.5.6 Ownership Structure	66-67
	4.5.7 Year of Establishment	68-69
	4.5.8 Source of Business	70-71
	4.5.9 Nature of Business	72-73

TABLE OF CONTENT (Continue)

CHAPTER	TITLE	PAGES
	4.5.10 Annual Sales	74-75
	4.6 Multiple Regression Analysis	76
	4.7 Research Objectives Testing	
	4.7.1 Objective 1	77-79
	4.7.2 Objective 2	80-82
	4.7.3 Objective 3	83-87
	4.8 Research Hypothesis Testing	
	4.8.1 Hypothesis 1	88
	4.8.2 Hypothesis 2	89
	4.8.3 Hypothesis 3	90
	4.9 Discussion	91-92
	4.10 Summary	93
 CHAPTER 5	 CONCLUSION AND RECOMMENDATION	
	5.1 Introduction	94-95
	5.2 Conclusion	96-97
	5.3 Limitation and Recommendation for Future Research	98-100
	 REFERENCES	 101-111
	APPENDICES (Gantt Chart, Literature Review and Questionnaire)	112-128

LIST OF TABLES

TABLE	TITLE	PAGES
Table 1.1	Definitions of SMEs in Malaysia	4
Table 2.3	Definitions of SMEs in Malaysia	17
Table 4.2.1	Cronbach's Alpha Coefficient Alpha Value	48
Table 4.2.2	Reliability Test of All Variables	49
Table 4.2.3	Reliability Statistic	51
Table 4.3.1	Rules of Thumb about Correlation Coefficient	52
Table 4.3.2	Correlation	53
Table 4.5.1	Respondent's Gender	56
Table 4.5.2	Respondent's Age	58
Table 4.5.3	Respondent's Educational Level	60
Table 4.5.4	Respondent's Position	62
Table 4.5.5	Respondent's Marital Status	64
Table 4.5.6	Company's Ownership Structure	66
Table 4.5.7	Company's Year of Establishment	68
Table 4.5.8	Company's Source of Business	70
Table 4.5.9	Company's Nature of Business	72
Table 4.5.10	Company's Annual Sales	74

LIST OF TABLES (Continue)

TABLE	TITLE	PAGES
Table 4.7.1	Respondent's Demographic Factor	78
Table 4.7.2.1	Model Summary of Objective 2	81
Table 4.7.2.2	ANOVA	82
Table 4.7.3.1	Model Summary of Objective 3	84
Table 4.7.3.2	ANOVA	85
Table 4.7.3.3	Coefficients	86
Table 4.10.1	Summary of Hypothesis	93

LIST OF FIGURES

FIGURE	TITLE	PAGES
Figure 2.6	Theoretical Framework	30
Figure 4.5.1	Percentage of Respondent's Gender	56
Figure 4.5.2	Percentage of Respondent's Age	58
Figure 4.5.3	Percentage of Respondent's Educational Level	60
Figure 4.5.4	Percentage of Respondent's Position	62
Figure 4.5.5	Percentage of Respondent's Marital Status	64
Figure 4.5.6	Percentage of Company's Ownership Structure	66
Figure 4.5.7	Percentage of Company's Year of Establishment	68
Figure 4.5.8	Percentage of Company's Source of Business	70
Figure 4.5.9	Percentage of Company's Nature of Business	72
Figure 4.5.10	Percentage of Company's Annual Sales	74

CHAPTER 1

INTRODUCTION

This chapter explains about research background, problem statement, research questions, and research objectives. This chapter also explains briefly about scope and significant of study.

1.1 Research background

Social entrepreneurship gives a new perspective to the society to help the less fortunate communities by providing activities for them to make a difference in their life. And this view was supported by Johanna, Jeffrey and Kai (2006), the concept of social entrepreneurship is, in practice, recognized as encompassing a broad range of activities which is the enterprising individuals" devoted to making a difference in society life. Furthermore, in the last ten years, social entrepreneurship give a new development and it was different from any other types of business that exist in this world because social entrepreneurship is aim business ventures to commit to adding

for profit motivations to the non-profit sector. And this view is also supported by Johanna et al. (2006), social aim business ventures devoted to adding for profit motivations to the non-profit sector. In the last decade, „social entrepreneurship“ has made a top name for itself on the global scene as a „new phenomenon“ that is reshaping the way we think about social value creation. Some of these patterns are uniquely and new however many have been around for years having finally reached critical mass under a widely endorsed label.

Ashoka (2004), agrees by defining social entrepreneurs as individuals with innovative solutions to society“s most pressing social problems. The Schwab Foundation (2015), defines a social entrepreneur as someone who engages poverty relief goals with entrepreneurial eagerness, business methods, and the courage to innovate and overcome traditional practices“. It is widely observed that one trait that sets apart social entrepreneurs from conventional entrepreneurs is the innovation capabilities they possess. However, just like formal entrepreneurs, social entrepreneurs tend to be somewhat of a disclosed term. This statement was described by Martin and Osberg (2007), because only after they have succeeded in what they do that we acknowledge them as entrepreneurs, before that they are just conceived business failures. Bielefeld (2009), describes that another wider view of social entrepreneurs insists that social entrepreneurs do not necessarily have to be individuals, but can also take other collective form such as groups and organizations.

The main purpose for social entrepreneurship is to face the social problem being addressed, and solve it. Social entrepreneurship also includes the non-profit, business, or government sectors. And this view supported by James Austin, Howard Stevenson, Jane Wei-Skillern (2006), the central driver for social entrepreneurship is the social problem being addressed, and the particular organizational form a social enterprise takes should be a decision based on which format would most effectively mobilize the resources needed to handle that problem. Thus, social entrepreneurship is not defined by legal form, as it can be engaged through various vehicles. Indeed, examples of social entrepreneurship can be found within or can cover the non-profit, business, or governmental sectors. In short, social entrepreneurship as innovative,

social value creating program that can happen within or throughout the non-profit, business, or government sectors.

On the other hand, definition for small medium enterprises (SME) were different refers to the categories and size of the firms and redefinition early 2014 to include structural changes in the economy of the country. And this statement is supported by The Star Online (2014), from the SME Corp chief executive officer, Datuk Hafsah Hashim, the definition for the manufacturing sector and manufacturing-related services (MRS) was similar to the previous one, which is as businesses having sales turnover of less than RM25 million and full-time employees of less than 150 except the businesses needed to only fulfil either one of the standards to be classified as an SME, whereas previously they had to meet both the standards. For the services and agriculture sectors, SMEs were defined as firms with sales turnover of less than RM5 million or full-time employment of less than 50 workers.

Table 1.1: Definitions of SMEs in Malaysia

No.	Category	Micro- enterprises	Small enterprises	Medium enterprises
1.	Manufacturing, Manufacturing-related services and Agro-based industries.	Sales turnover of less than RM250,000 OR full-time employees less than 5.	Sales turnover between RM250,000 and RM10 million OR full-time employees between 5 to 50.	Sales turnover between RM10 million and RM25 million OR full-time employees between 51 and 150.
2.	Services, Primary Agriculture and Information and Communication Technology (ICT).	Sales turnover of less than RM200,000 OR full-time employees less than 5.	Sales turnover between RM200,000 and RM1 million OR full-time employees between 5 and 19.	Sales turnover between RM1 million and RM5 million OR full-time employees between 20 and 50.

Source: SMIDEC, 2002

Therefore, the purposes of the study are; firstly, is to identify the entrepreneur's profiles of SME food manufacturers. Secondly, to analyze the factors that affect social entrepreneurship. Thirdly, to determine the most effective factor that affect social entrepreneurship.

1.2 Problem Statement

In Malaysia, the concept of social entrepreneurship had been successfully implemented, but still there are some challenges need to be clarified. This statement was stated by Farok Zakaria (2011), recently, Malaysian was introduced to the concept of understanding the need to help the poor community through entrepreneurship activities. One of the challenges of social entrepreneurship was lack of youths that venture into social entrepreneurship and help to bring about a lasting positive impact on communities. This statement was stated by Prime Minister Datuk Seri Najib Razak in *The Malaysian Insider* (2015), he believe that given the opportunity, young people with the desire to change the world will use the social business model to have deep positive and lasting impacts on social and environmental issues.

Due to the fast change in the SME food manufacturers and increase in production of food, the percentage of solid waste was increased by 15-20% during the festive seasons. This statement was stated by the Solid Waste Management and Public Cleansing Corporation's chief executive officer, Datuk Ab Rahim Md Noor in *The Sun Daily* (2014), he said the solid waste management cost, including for discarded food, ran into billions of ringgit and waste up to 8,000 tonnes or 8 million kilogrammes of food a day, and this amount can feed six million people.

The social entrepreneurs can make a change towards the environment by improving the packaging of food by using many others options available such as glass, ceramic, stainless steel to store or heat food, and traditional wrapping and liners for cooking such as leaves and cotton or linen cloth to make sure the communities stay safe and avoid using plastic in daily life. At the moment, the food industry seems to be one of the potential and an important industry in Malaysia and therefore it is necessary to ensure the conformity, assurance and trustworthiness of the quality of food products. This statement was stated by Musa (2008), the quality of food product is referred to be in every single aspect of the food including the

safety, nutrition and hygiene. The social entrepreneurs also can do some campaign for the communities to aware about the food packaging that used plastic that can interact and cause long-term damage to their health. This view was stated by the S.M. Mohamed Idris as a president of the Consumers' Association of Penang in The Malaysian Insider (2014), he stated that the heated plastic is an unnecessary source of exposure to harmful elements and stringent measures must be taken to prevent it.

Therefore, this study is searching to identify the entrepreneur's profiles of SME food manufacturers; to analyze the factors that affect social entrepreneurship and to determine the most effective factor that affect social entrepreneurship as stated in research questions and research objectives.

1.3 Research Questions

RQ₁: What are the entrepreneur's profiles of SME food manufacturers?

RQ₂: What are the factors that affect social entrepreneurship?

RQ₃: What is the most effective factor that affect social entrepreneurship?

1.4 Research Objectives

- (i) To identify the entrepreneur's profiles of SME food manufacturers.
- (ii) To analyze the factors that affect social entrepreneurship.
- (iii) To determine the most effective factor that affect social entrepreneurship.

1.5 Scope

This study is focuses to identify the entrepreneur's profiles of SME food manufacturers in Malaysia. Secondly, to analyze the factors that affect social entrepreneurship. Thirdly, to determine the most effective factor that affect the social entrepreneurship.

However, to achieve the goals and the objectives of this study, the scope of the study is to study the several variables that affect on social entrepreneurship so that they can revitalize the SME food manufacturers in Malaysia. Besides that, in this study also is to determine the most effective factor that affect the social entrepreneurship so that they can revitalize the SME food manufacturers in Malaysia.

Therefore, the respondents of this study would be 150 people who are chosen in the food industry. 100 of respondents will be answering the survey question by manual distribution and another 50 of respondents will answer the survey questions through online by using the Google Docs.

1.6 Significance of the Study

This study is to analyze the factors that affect social entrepreneurship and determine the most effective factor that affect social entrepreneurship. It is not easy to revitalize the SME food manufacturers because there are future challenges to face. One of the challenges is to provide a healthy food for communities especially for less fortunate people in Malaysia by using a better quality in term of food packaging, nutrition and hygiene. Then, after knowing what the factors affect social entrepreneurship can be used in order to develop or increase the awareness and demand of healthy lifestyle among the communities. Furthermore, the environment also can be safe by using an eco-friendly food packaging. The mainly things of this study to achieve the goals of social entrepreneurship to help the communities especially the less fortunate people who are disabled folks, senior citizens and homeless people to be safe and healthy.