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DETERMINANTS OF ENTREPRENEURIAL ACTIVITY IN FOOD AND
BEVERAGE INDUSTRY

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BEVERAGE INDUSTRY

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“I hereby declare that the work of this research is mine except for the quotations summaries that have been duly acknowledged”

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DEDICATION

Special thanks to my beloved parents:

Razali Bin Minhat

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Thanks to:

My family members

My beloved friends

My all lecturers

My panel:

Pn. Murzidah Binti Ahmad Murad

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ABSTRACT

Entrepreneurial activity is influenced by environmental factors where they will take advantage of the economic system to produce something new or innovating existing products. This can be seen, awareness of the increasing demand for health promoting food products and health-based drinks such as low fat, low sugar, and so on. This is an opportunity for entrepreneurs, particularly in the food and beverage industry producing such products as well as grow their business. From there, it will affect the business activities. Therefore, the aim of this study was to investigate and analyze the determinant of entrepreneurial activity in the food and beverage industry. This study employs a quantitative method in which using a sample of 150 entrepreneurs in the food and beverage industry to determine entrepreneurial activity that is most effective. In addition, the researchers will be using Statistical Package for Social Science (SPSS) version 22.0 for analysis of the responses of the entrepreneurs. The study will be concluded overall on the determinants of entrepreneurial activity in the food and beverage industry. The authenticity that comes out of this study is to help entrepreneurs identify food and beverage industry determinant of entrepreneurial activity.

Keywords: Entrepreneurial Activity, Determinants, Food and Beverage Industry

ABSTRAK

Aktiviti keusahawanan dipengaruhi oleh faktor persekitaran di mana mereka akan mengambil kesempatan daripada sistem ekonomi untuk menghasilkan sesuatu yang baru atau inovasi produk sedia ada. Ini dapat dilihat, kesedaran permintaan yang semakin meningkat untuk produk kesihatan mempromosikan makanan dan minuman berasaskan kesihatan seperti lemak rendah, rendah gula, dan sebagainya. Ini adalah satu peluang untuk usahawan, terutamanya dalam industri makanan dan minuman yang menghasilkan produk tersebut dan juga mengembangkan perniagaan mereka. Dari sana, ia akan memberi kesan kepada aktiviti perniagaan. Oleh itu, tujuan kajian ini adalah untuk mengkaji dan menganalisis penentu aktiviti keusahawanan dalam industri makanan dan minuman. Kajian ini menggunakan kaedah kuantitatif di mana menggunakan sampel 150 usahawan dalam industri makanan dan minuman untuk menentukan aktiviti keusahawanan yang paling berkesan. Di samping itu, penyelidik akan menggunakan Statistical Package for Social Science (SPSS) versi 22.0 untuk analisis jawapan daripada usahawan. Kajian ini akan membuat kesimpulan keseluruhan mengenai penentu aktiviti keusahawanan dalam industri makanan dan minuman. Kesahihan yang keluar dari kajian ini adalah untuk membantu usahawan mengenal pasti industri makanan dan minuman penentu aktiviti keusahawanan.

Kata Kunci: Aktiviti keusahawanan, Penentu, Industri makanan dan minuman

TABLE OF CONTENTS

CHAPTER	TITLE	PAGES
	DECLARATION	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	<i>ABSTRAK</i>	vi
	TABLE OF CONTENTS	vii-x
	LIST OF TABLE	xi-xii
	LIST OF FIGURE	xii
CHAPTER 1	INTRODUCTION	
	1.1 Background of Study	2-3
	1.2 Problem Statements	4
	1.3 Research Question	5
	1.4 Research Objectives	5
	1.5 Scope	6
	1.6 Limitation	6
	1.7 Significant of the Study / Importance of the Study	7
	1.8 Summary	8

CHAPTER	TITLE (continue)	PAGES
CHAPTER 2	LITERATURE REVIEW	
	2.1 The Nature of Entrepreneurship	10-16
	2.2 Entrepreneurship and Entrepreneurial Activity	17-19
	2.3 The Determinants of Entrepreneurial Activity	20
	2.4.1 Environmental Infrastructure	21-23
	2.4.2 Environmental Turbulence	24-26
	2.4.3 Personal Life Experiences	26-28
	2.4 Food and Beverages Industry	29-32
	2.5 Theoretical Framework	33
	2.6 Research Hypotheses	
	2.7.1 Hypothesis 1	34
	2.7.2 Hypothesis 2	34
	2.7.3 Hypothesis 3	35
	2.7 Summary	36
CHAPTER 3	RESEARCH METHODOLOGY	
	3.1 Research Design	38
	3.2 Methodological Choices (quantitative)	39
	3.2.1 Questionnaire	39-41
	3.3 Data Collection	41
	3.3.1 Primary Data	41
	3.3.2 Secondary Data	42
	3.4 Sampling Technique	42
	3.5 Data Analysis	43
	3.6 Time Horizon	43
	3.7 Reliability	44
	3.8 Validity	44

CHAPTER	TITLE (continue)	PAGES
	3.9 Pilot Test	45
	3.10 Summary	45
CHAPTER 4	DATA ANALYSIS AND FINDINGS	
	4.1 Introduction	47
	4.2 Data Analysis	48
	4.2.1 Reliability Analysis	48-49
	4.2.2 Cronbach's Alpha for 50 respondents	50
	4.2.3 Cronbach's Alpha for 150 respondents	51
	4.3 Pearson Correlation Coefficient	52-55
	4.4 Research Objectives	56
	4.4.1 Objective 1: To identify the entrepreneur's profile of foods and beverages industry	56
	4.4.2 Descriptive Analysis of respondents Background	56
	4.4.3 Respondent Profile	57
	4.4.3.1 The Gender of Respondent	58-59
	4.4.3.2 The Age of Respondent	60-62
	4.4.3.3 Marital Status	63-65
	4.4.3.4 Educational Level of Respondent	66-67
	4.4.3.5 Position in Industry	68-69
	4.4.4 Industry Information	70
	4.4.4.1 Ownership Structure	71-72
	4.4.4.2 Year of Establishment of	

CHAPTER	TITLE (continue)	PAGES
	Industry	73-74
	4.4.4.3 Types of Product Foods and Beverages Industry	75-76
	4.4.4.4 Source of Funding	77-78
	4.5 Objective 2: To analyse the determinants of entrepreneurial activity	79
	4.5.1 Regression Analysis	79-80
	4.6 Objective 3: To determine most effectiveness the determinant entrepreneurial activity	81
	4.6.1 Multiple Regression Analysis	81-86
	4.7 Hypothesis Verification	87
	4.7.1 Hypothesis 1	87-88
	4.7.2 Hypothesis 2	89-90
	4.7.3 Hypothesis 3	91
	4.8 Summary	92
 CHAPTER 5	 CONCLUSION AND RECOMMENDATION	
	5.1 Conclusion	94-95
	5.2 Limitation and Recommendation for Future Research	96-97
	REFERENCES	98-117
	APPENDICES (Literature review, gantt chart and questionnaire)	118-131

LIST OF TABLE

TABLE	TITLE	PAGES
Table 3.6.1	Table for Determining Sample Size for a Finite Population	33
Table 2.4.1	Manufacture of Food Products and Beverages	30
Table 2.4.2	Manufacturer of Food Products, Beverages and Tobacco	32
Table 4.2.1	Cronbach's Alpha Coefficient alpha value	49
Table 4.2.2	Reliability Test of All Variables	50
Table 4.2.3	Reliability Statistic	51
Table 4.3.1	Rules of thumb about Correlation Coefficient	52
Table 4.3.2	Correlation Analysis	53
Table 4.4.3.1	The Gender of Respondent	58
Table 4.4.3.2	The Age of Respondent	60
Table 4.4.3.3	Marital Status	63

TABLE	TITLE (continue)	PAGES
Table 4.4.3.4	Educational level	66
Figure 4.4.3.5	Position in Industry	68
Figure 4.4.4.1	Ownership Structure	71
Figure 4.4.4.2	Year of Establishment	73
Figure 4.4.4.3	Types of Product Foods and Beverages Industry	75
Figure 4.4.4.4	Source of Funding	77
Table 4.5.1	Simple Linear Regression of Model Summary	79
Table 4.5.1	Simple Linear Regression of	79
Table 4.6.1	ANOVA Multiple Regression Analysis of	82
Table 4.6.1	Model Summary Multiple Regression Analysis of	82
Table 4.6.1	ANOVA Multiple Regression Analysis of	84
Table 4.6.1	Coefficients Coefficient the most effective determinant of entrepreneurial activity	85

LIST OF FIGURE

FIGURE	TITLE	PAGES
Figure 2.1	Entrepreneurship as a variable phenomena	15
Figure 2.6	Theoretical Framework	33
Figure 4.4.3.1	The Gender of Respondent	59
Figure 4.4.3.2	The Age of Respondent	60
Figure 4.4.3.3	Marital Status	63
Figure 4.4.3.4	Educational level	66
Figure 4.4.3.5	Position in Industry	68
Figure 4.4.4.1	Ownership Structure	71
Figure 4.4.4.2	Year of Establishment	73
Figure 4.4.4.3	Types of Product Foods and Beverages Industry	75
Figure 4.4.4.4	Source of Funding	77

CHAPTER 1

INTRODUCTION

This chapter explains about the introduction and background of research, problem statement, and list of objective. This chapter also explains briefly about scope and limitations of the research. Moreover, the importance of this research will be covered in this chapter.

1.1 Background of Study

Entrepreneurship has become essential to every country ever since the age of globalization because the growth of entrepreneurial activities will help in generating jobs for the society. This is supported by Kuratko (2007), entrepreneur is an individual who is creator, risk taker, opportunity seeker, wealth maximize as well as who brings the change in the environment by using technology, employees, and resources in most effective way. Similarly, Stokes and Wilson (2006) said that entrepreneur takes existing resources, such as people, material, buildings, money and redeploys them and make them more productive and also give greater value. Likewise, entrepreneurs often this can take some effort and can be relatively risky (Gilmore, Carson, & O'Donnell, 2004).

In the organizational context, most big businesses are now starting a small business (Shubhi, 2013) which is a small, home-based business or an independent retail establishment to a large multinational corporation (Cornwall & Perlman, 1990, Hisrich & Peters, 1992). Further, nonprofit organizations, institutions, and governmental units are all susceptible to entrepreneurial behaviors (Berry, 1989). Further, nonprofit organizations, institutions, and governmental units are all susceptible to entrepreneurial behaviors (Berry, 1989, Kanter, 1983). Though some researchers appear to differentiated entrepreneurship from intrapreneurship or corporate entrepreneurship, the similarities with regard to the definition, the process, the required inputs, and the potential outputs are greater than the differences.

In addition, entrepreneurship is the phenomena associated with the entrepreneurial activity (Ahmad & Seymour, 2008). Entrepreneurship and entrepreneurial activity are related each other. This can be seen, whether start-up ventures or/and existing firms, entrepreneurship carried on in the pursuit of business opportunities spurs business expansion, technological progress, and wealth creation. An entrepreneurial activity represents one of the majority engines

of economic growth and today accounts for the majority of new business development and job creation (Jia & Guanglun, 2012). This is because, entrepreneurial activity as an enterprising human action in pursuit of the generation of value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets (Penrose, 1980).

However, the enterprising human action implies indicators of entrepreneurial activity will consider the significance of activity rather than attitudes or intentions. This can be shown, one particular action that is measurable is the creation of vehicles in which the activity is undertaken, including corporations, joint ventures and registering as a sole trader (Ahmad & Seymour, 2008). Moreover, entrepreneurial activities are related to the environmental determinants which are environmental turbulence, environmental infrastructure and personal life experiences (Morris & Lewis, 1995). It is because these environmental will influence all the activities producing by entrepreneurship

1.2 Problem Statements

Due to the expanding rapidly the number of businesses in the food and beverage industry, in tandem with the growth of the industry. The Malaysian Government is planning to develop its food processing industry, specifically halal food products, which have the potential to expand into international markets (Habibah & Khairul, 2009). Besides that, Malaysia has encouraged more entrepreneur to explore the market in Turkey especially in the Food and Beverage (F&B), Healthcare and services sectors which offer a lot of potential and opportunity to expand their business (New Straits Times, 2015). Moreover, entrepreneurial as an enterprise human action must take this opportunity and generate value through creation or expansion of economic activity by identifying new products, processes or markets (Ahmad & Seymour, 2008).

Entrepreneurship must determine which factors that influence the rate or type of entrepreneurial activity. It is important for entrepreneurs to find most effective factors can increase the productivity of their companies. If not, it difficult to measure outcome productivity of the company. Usually, the influence comes from environmental determinants rather than attitudes or intentions. For instance, the process of innovation and dynamic capabilities can be indicated by education expenditures and outcomes, logistic capabilities, and business advisory networks and market opportunities by access to markets and communications infrastructure (Ahmad & Seymour, 2008).

Therefore, this study focuses on the relative importance of different determinants of entrepreneurial activity in foods and beverages industry in Malaysia. How industry make a decision in order to identify and determine these elements as well as the most effective determinant of entrepreneurial activity.

1.3 Research Question

The key issues for this research:

RQ₁: What are the entrepreneur's profile of food and beverage industry in Malaysia?

RQ₂: What are the determinants of entrepreneurial activity?

RQ₃: What are most effectiveness determinants of entrepreneurial activity?

1.4 Research Objectives

The objectives that want to achieve in this research:

RO₁: To identify the entrepreneur's profile of food and beverage industry in Malaysia.

RO₂: To analyze the determining factor of entrepreneurial activity in industry.

RO₃: To determine the most effectiveness determinants of entrepreneurial activity in foods and beverages industry.

1.5 Scope

The scope of this study is to identify entrepreneurial profile of foods and beverages industry and to analyse each of determinants that gives influence to the entrepreneurial activity. This research will be conducted in a food and beverage industry which is in Selangor. Furthermore, there are several variables for entrepreneurial activity which are environmental infrastructure, environmental turbulence and personal life. Besides, in this study to determine which are environmental determinant most effective to the entrepreneurial activity.

1.6 Limitation

This research is focus on an entrepreneurs in food and beverage industry. There are many entrepreneurs that running on food and beverage industry in Malaysia and easier for researcher to determining factor of entrepreneurs activity. Our researcher have choose food and beverage industry were located at Selangor. Moreover, the respondent on this research is about 150 entrepreneurs and followed by the several month given to finish this research.

1.7 Significance of the Study/Important of the Study

The findings of the research will be share to food and beverage industry (F&B), place where the research was conducted. In this research, will help the entrepreneurs to find out the natures of environmental determinants regarding to the entrepreneurial activity in their industry. From the findings, entrepreneurs will know what is/are most effective determinants of entrepreneurial activity in foods and beverages industry. Therefore, the results from the entrepreneurial activity on this topic will be valuable for the entrepreneurs to come out better benefits that will help to increase performance of their industry. Furthermore, this research is exposure knowledge to other entrepreneur who is new or have been existing in industry about this scenario that happened during implement the business. Other than that, it also will be useful for students who wish to do any research related to entrepreneurial activity.

1.8 Summary

In this chapter one, provides outlines of the study and the problem of statement, the design of the research questions and objectives, scope and limitation of study, and significance of the study. Moreover, this chapter also explained about the aims of the study during the researcher's preliminary reading and consideration of the problem. After a basic introduction in Chapter One, this research is organized as, Chapter Two reviews of literature on main focus of the research.

CHAPTER 2

LITERATURE REVIEW

This chapter discusses the perception and findings of the topic from previous researchers and authors. This chapter will be explain about literature review for all dependent variable and independent variables that will support this research. The dependent variable in this research is entrepreneurial activity in food and beverage industry. For this research there are three independent variables used to test the dependent variable which are environmental infrastructure, environmental turbulence, and personal life experiences. A review of the entrepreneurship literature is essential for understanding entrepreneurial activity.