

**EXPLORING ENTREPRENEUR OF FOOD AND BEVERAGES SERVICES IN
MELAKA DEPRIVED AREA**

SITI SYAHIRAH BINTI HAMDAN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

APPROVAL

'I / We* hereby declare that I / We* have read this thesis and in my / our*

Opinion this thesis is sufficient

In terms of scope and quality for the award of the Degree of Technology of Innovation'

Name of Supervisor: DR. FAM SOO FEN

Date:

Signature:

Name of Panel: MADAM EDNA BINTI BUYONG

Date:

Signature:

*Cut if not applicable

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SITI SYAHIRAH BINTI HAMDAN

**A project report submitted in fulfilment of the requirement for the award of Bachelor
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DECLARATION

'I declare that thesis entitle social demographic of entrepreneur in food and beverages services in deprived area is the result of my own research except as cited in the references'

Signature:

Name: SITI SYAHIRAH BINTI HAMDAN

Date:

DEDICATION

For my beloved father Mr. Hamdan bin Ahmad and my caring mother Mdm. Janah binti Ahmad who is my backbone, and my family that being the great supporter in my lifetime.

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ABSTRACT

This study focus on the social demographic of entrepreneur in food and beverages services in Malacca. There are three main objectives for this study which are i) To describe the main socio-demographic characteristics of the selected in food and beverages in Malacca, ii) To identify the motivations to create its own companies in food and beverages in Melaka entrepreneurs, and iii) To explore the entrepreneur's characteristics may affect the success on internet start-ups. The data will be collected from respondents between amongst entrepreneur around Malacca that focused in Jasin using the several method. To get all the information required, the method of questionnaire was given to the SMEs. The data is analysed by using the descriptive statistics and exploratory. The results will shows that e- commerce adoption among entrepreneur in Malacca is relevant.

ABSTRAK

Kajian ini memberi tumpuan kepada demografi sosial usahawan dalam perkhidmatan makanan dan minuman di Melaka. Terdapat tiga objektif utama kajian ini yang i) Untuk menggambarkan ciri-ciri sosio-demografi utama yang dipilih dalam makanan dan minuman di Melaka, ii) Untuk mengenal pasti motivasi untuk mewujudkan syarikat sendiri dalam makanan dan minuman di usahawan Melaka, dan iii) Untuk meneroka ciri-ciri usahawan boleh menjejaskan kejayaan di internet start-up. Data ini akan dikutip daripada responden antara kalangan perniagaan kecil dan sederhana di sekitar Melaka menggunakan beberapa kaedah. Untuk mendapatkan semua maklumat yang diperlukan, kaedah soal selidik telah diberikan kepada perniagaan kecil dan sederhana. Data yang dianalisis dengan menggunakan statistik deskriptif dan penerokaan. Keputusan akan menunjukkan bahawa penggunaan e- dagang di kalangan usahawan di Melaka adalah berkaitan.

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LIST OF ABBREAVATIVES

SME	= Small medium enterprise
SSM	= Suruhanjaya syarikat Malaysia
F&B	= Food and Beverages
AD	= Area Deprivative

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CHAPTER 1

INTRODUCTION

1.0 Background of the study

As Malaysia is moving towards a developed and high income country in year 2020. All levels of communities should gain this benefit. However, previous studies (Fam et. al 2011a, 2011b, 2014) have found the existence of area socio-economic inequality in Peninsular Malaysia. In order to achieve the 2020 insight, there is a need to close the areas social economics inequality gaps. Among the effort to achieve this insight is to develop and transform the deprive area or previously unknown areas into popular tourism attractions (Ibrahim, Y. 2015).

According to previous findings, development through tourism has elevated the socioeconomic status and improved the physical makeup of local communities especially in Third World countries. Redang Island is one of a major example of the succeed economics brought by tourism sector. Originally, the main socioeconomics activities for the Redang Island community is solely depends on fishing industry and earns on daily wages (Yahya 1995a). However, with the revenues earned from the development of tourism in Redang Island, this has dramatically changed the traditional community and its physical environment. As a result, to the local community members have benefited a better quality of life and undergoing modernisation and globalisation.

Jasin an Administrative District (AD) situated in Negeri Melaka has been rank as the 47th deprived area in Peninsular Malaysia and the most deprived AD in Melaka (Fam et al., 2014). As Melaka is moving to a developed State in year 2020, this research believe that development of

tourism in Jasin can enhance local socioeconomics standard and make Jasin an affluent AD. There are three main activities directly support the success of tourism namely food and beverage (F&B), accommodation and retails. This research investigates the current entrepreneurships in Jasin focus on F&B retails only due to time constrain.

Two key areas that will be dealt with in this research are the F&B entrepreneurships profiles and involvements of e-commerce usage. E-commerce is a new medium of doing business, spurred on by the advert of the Internet. This research will focus on the nature and characteristics of F&B entrepreneur e-commerce environments and the factors that affect e-commerce adoption.

1.1 Problem Statement

The results from GID indicate that the ADs can be ranked and grouped into four quartiles; the most affluent, the moderately affluent, the moderately deprived area and the most deprived. According from the analysis by choropleth maps depict that the majority of affluent areas were mainly scattered in the westcoast of Peninsular Malaysia and the most deprived area were mainly scattered in the northeast of Peninsular Malaysia for the three censuses year respectively. From the Fam's research it shows that Melaka have four district which have be classified as deprived area on 2010. According of that, Jasin is the 41 district in list of deprived area. Melaka have four administrative district that has power to control the activities in that area.

Entrepreneurs are important components in many economies in the world (Mutula & Van Brakel, 2007). This is because of the contribution they make in creating jobs and facilitating regional development and innovation (Jones & Beynon-Davies, 2011; Bharati & Chaudhury, 2006), thereby affecting their economy. Entrepreneur development is on the agenda of the countries and peoples around the world. The rapid development in information and communication technology (ICT), particularly the Internet, has brought about many changes in the world,

developing countries (Jones & Beynon-Davies, 2011; Montazemi, 2006; Looi, 2005) in almost all walks of life.

For businesses of entrepreneur there is motivation to develop commercial activities outside the physical boundaries of the organization to the remote geographical areas through the domain of computer networks, telecommunications, satellite broadcasting, digital television (Chaston, 2004) and the Internet. The channels of these networks mostly through the personal computer (PC) but recent Internet technology has facilitated the use of digital devices such as mobile phones, smart phones, palm-pad and laptop (Senn, 2004, p. 382), and many devices the same.

Besides that, drawing from Turban et al. , (2008), the process of buying, selling, transferring, or exchanging products, services and/or information by e- mail, Internet and world wide web is meaning of electronic commerce (e- commerce). Based on Kshetri (2007), most developing countries have lagged behind in acquiring and using ICT resources in their business due to several challenges such as e- commerce is too difficult, time and choice are a problem and unsuitable to the business. This study's aim is not to showcase better price in e- commerce adoption cases from the developing country context as has been done by Scupola (2009), Kshetri & Dholakia (2002). Vice versa, the aims of the study is to represent the natural environment in which entrepreneur has in developing country scenario where the place that will be focused is in Malacca, how they have started the business and also how they struggling with big issues according e- commerce and its development in the firm.

Furthermore, the others question is how the phenomena of e- commerce has been understood and it can be applied in a developing country. According to Alice (2012), entrepreneur that have missed representation in the mainstream scholarly publication pool because they have failed or discontinued the development of e-commerce. The goal is to build an understanding of e-commerce environment of entrepreneur (Martinsons, 2008; Tarafdar & Vaidya, 2006) by targeting areas that

are less researched of developing countries and contribute to the knowledge of the ever-changing e-commerce.

1.2 Research Question

Research question is the basic core research projects, study or research literature. It focuses on the study, defining methodologies, and provide guidance to all levels of inquiry, analysis, and reporting. Cloete et al (2002) found that some of the factors that influence the use of e-commerce in entrepreneur which they claim is a result of the characteristics of the organization, the context in which the firm is in, and more importantly, the perception of the manager or owner and receiving e-commerce. Below are the research question that has been wrote:

- 1) What are the main socio-demographic entrepreneur's characteristics of food and beverages?
- 2) What the motivations can help to create own companies for food and beverages sector?
- 3) What are the characteristics that affect the success of Internet start-ups for food and beverages sector?

1.3 Research Objectives

Research objectives is a clear, concise, declarative statement which provides direction to investigate the variables. Generally, research objective focus on the ways to measure the variables such as to identify or describe them. Sometimes objectives are directed towards identifying the relationship or difference between two variables. So, this is the research objectives for the research:

- 1) To describe the main socio-demographic characteristics of the selected in Food and Beverages in Malacca?
- 2) To identify the motivations to create its own companies in Food and Beverages in Malacca entrepreneurs?
- 3) To explore the entrepreneur's characteristics may affect the success of Internet start-ups?

1.4 Scope of the study

The research's scope study is about the exploring entrepreneur of food and beverages services in Melaka deprived area. The research is focusing on the entrepreneurs around Malacca. Besides that, the targeting's group for the research is from the entrepreneur in Jasin.

1.5 Importance of the study

The research study ICT will give better impact for entrepreneurs around Malacca firstly especially for food and beverages services sector. From the research it can be used to direct an organization's effort in developing strategic plans (Monro & Wheeler, 1980), monitoring entrepreneurs activities by establish the guidelines (Dickinson, et al. 1985), the entrepreneurs can implement a strategic plan through identifying the critical issues (Boynton & Zmud, 1984) and the manager of entrepreneur can used it for their organizations to achieve high performance (Anderson, 1984).

1.6 Summary

In conclusion, chapter 1 will be explain the background of the study, problem statement and scope of the study. It is also involve the research question and research objective. Moreover, for this study I want to gain something for the research objectives where firstly, to describe the main socio-demographic characteristics of the selected in food and beverages in Melaka. Secondly, to identify the motivations to create its own companies in food and beverages in Melaka entrepreneurs and thirdly, to explore the entrepreneur's characteristics may affect the success of internet start-ups that will be achieve in the research.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The previous chapter introduced the problem statement, the research objective and research question that this study attempts to address. This chapter reviews the literature on the socio-demographic entrepreneur's characteristics of food and beverages. Besides that, the research question also can be used to controls the research out of the topic. This chapter begins with e-commerce adoption amongst entrepreneur, potential benefits of e-commerce to food and beverages services, and e-commerce adoption factor in food and beverages. Other than that, the theoretical framework also will be reviewed based on the past theories.

2.1 E- commerce adoption amongst food and beverages services

The source of e- commerce precede the Internet. Early 1960s, the development of e- commerce began even though most applications relating with innovations around 1970s in form of electronic funds transfer (EFT) (Turban, King, Lee, & Viehland, 2004). Electronic Data Interchange (EDI) is a new innovation was introduced which is it allows business transactions such as purchase orders or invoices to be passed electronically from one organisations to another using standards procedures and documents (Turban et al., 2004; Papazoglou & Ribbers, 2006).

According to Teo & Ranganathan, (2004) a dot.com was crash experienced whereby some US internet- based business collapsed in year 2000. Since then, there is hype among organizations, governments and practitioners, to find the best way to use ICT with minimum losses and system failures. From time to time, the population of Internet users has become wide (Senn, 2004), p.386) with that services amongst businesses and facilitating the exchange of goods (known as B2B e- commerce), and between organisations and individual consumers (B2C e- commerce). However, the growth of e-commerce has been slower than expected earlier with B2B is becoming more popular than B2C (Humphrey et al, 2003;. Gibbs, Kraemer & Dedrick, 2003).

Based on the MacGregor & Vrazalic, (2004) the e- commerce usage has been very famous in the corporate world but in entrepreneur become slower. Consequently, the study focus on entrepreneur e- commerce adoption in developing country as a follow up for further studies due to inadequate representation in literature (Kpurubandara, 2009; Molla & Licker, 2005b).

2.1.1 Potential benefits of E- commerce to food and beverages services

The utility of e- commerce for food and beverages services has been taken seriously for governments and researchers to make sure the national economies more stable (OECD, 2004; Van Akkeren & Cavaye, 1999). Then, the benefits for engaging in e- commerce for organizations and individuals has been outlined from Senn (2004, p.387) such as:

1. Speed; within the short time the participant of e- commerce can interact each other's
2. Information sharing; the users can access all the information as long as they have connected to the network.
3. Geographical reach; the users can reach any place to communicate with connect to the network
4. Lower costs; traditional methods need more cost to do a business but by using the business transaction are more cheap because of there are no middle men.
5. Productivity; for getting the higher input without use many output the entrepreneur can use the Internet transactions to gain others activities because of the fast speed of internet.
6. New features; the e- commerce users can add new features for their products and services.

The actual consumption and realize the benefits of using e-commerce has been in large companies, especially in developed countries (Eriksson et al, 2008;. Martinsons, 2008). Many large firms was benefited greatly in e- commerce adoption due to the wide resources at their disposal (Kartiwi & MacGregor, 2007; Thatcher, Foster & Zhu, 2006), while entrepreneur in developing country lack of resources and competencies and the political business environment because of that country just provides a little of facilities to boost e- commerce adoption (OECD, 2004).

2.2 Reviewing e- commerce adoption factors in food and beverages services

According to Cragg & King, (1993) the meaning of e- commerce adoption is motivating or inhibiting. The study adopted a four-dimensional framework for studying the factors that affect the use of e-commerce and entrepreneur of food and beverages services that have been used in slightly modified from Fleisher & Tornatzky (1990) model. The process of firms adopt and implement technological innovations is influenced by the technological context, organizational context and environmental context Fliesher & Tornatzky, (1990). So, the factors will based on the organisational, environmental, technological and individual dimensions.

2.2.1 Individual factors

The important aspect of adoption ICT and e- commerce is beginning with the individual persons where the position of individuals matters a lot as they are supposed to be generalist (Drew, 2003) in performing their functions. Most of entrepreneur personnel as key managerial positions or will be classified in a unit or function that performs a certain task and entrepreneur run by a manager which usually an owner of the organisation (Demirbas, Hussain, & Matlay, 2011).

2.2.1.1 Owner/ manager characteristics

The literature continue to recognize the significance of owner or manager in adoption and use of e- commerce amongst food and beverages services (Calderia & Ward, 2002; Charterjee et al., 2002; Cragg & King, 1993; Thong, 1999; Looi, 2005; Stockdale & Standing, 2006; Bharati & Chaudhury, 2006). The challenges comes when the manager is reluctant to push for e- commerce development. The food and beverages services owner/ manager usually transform the food and beverages services objectives to grow the organisation further (Karakaya & Shea, 2008). Consequently, the owner or manager of small enterprise slumbers and do not appreciate the value of ICT innovation, the growth of entrepreneur will be restricted. The combination of owner/