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The implementation of Green Practices toward trusted brand of SME product: A case study at Koko Minda Food Industries Sdn Bhd.

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THE IMPLEMENTATION OF GREEN PRACTICES TOWARD TRUSTED  
BRAND OF SME PRODUCT: A CASE STUDY AT KOKO MINDA FOOD  
INDUSTRIES SDN BHD

NAZIHAH BINTI ANUAR

Report submitted in fulfillment of the requirement for the Bachelor degree of  
Technopreneur

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MAY 2018

**DECLARATION OF ORIGINAL WORK**

I, NAZIHAH BINTI ANUAR

“I hereby declare that the work of this exercise is mine except for the quotations and summaries that have been duly acknowledge.”

Signature : .....

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Date : .....

## DEDICATION

This research paper is lovingly and sincerely dedicated to my father, En. Anuar bin Jaamat and my mother Pn. Zaiton binti Emam Abd Majid, who constantly support and always give constant source of inspiration in doing my research. Besides toward my supervisor who has teach me.

## ACKNOWLEDGEMENT

Alhamdulillah, I want to praise to Allah because give me strength to complete this final year project. This research is successfully completed with the help of a lot of people that have helps me a lot during completing the study.

First and foremost, I would like to thank my deepest appreciation to my supervisor, EN KAMRUDDIN BIN for the advices, comments, and encouragement in completing my project. Even with his packed schedule, but he still manage to give advice along the research study.

Lastly, I would like to thanks to my family especially my parent for their support, pray, and encouragement to stay strong and positive thinking in completing this study. Also not to forget to my friends especially my classmates who always help and support in completing this final year project. Thank you.

## ABSTRACT

A study conducted to the implementation of Green Practices towards trusted brand of SME products, which is focusing at the Koko Minda Food Industries Sdn Bhd. There have three objective of this study (i) to determine the relationship of entrepreneurship attitudes towards the trusted brand of SME products (ii) to determine the environmental procedure toward trusted brand (iii) to determine the relationship of awareness program towards trusted brand. This research is a quantitative method that using the survey item which is questionnaire. The population of the targeted respondents is 150 which is targeted on the Koko Minda worker and consumer, therefore the sample size needed is 126 respondent in order to analyze the result.

**Keywords:** Green Practices, Trusted Brand, Koko Minda

## ABSTRAK

*Kajian ini dijalankan untuk mengetahui dengan lebih lanjut mengenai kaitan diantara implementasi praktis hijau dalam melahirkan jenama produk SME yang dipercayai, dimana difokuskan pada syarikat Koko Minda Food Industries Sdn Bhd. Terdapat tiga objektif dalam menjalankan kajian ini (i) untuk mengetahui kaitan sikap entrepreneur terhadap melahirkan jenama produk SME yang dipercayai (ii) untuk mengetahui prosedur alam sekitar terhadap jenama produk SME yang (iii) untuk mengetahui kaitan program-program kesedaran terhadap melahirkan jenama produk SME yang dipercayai. Kajian ini merupakan kajian kuantitatif dimana ia menggunakan item survey iaitu boring soal jawab. Jumlah target populasi ialah 150 orang yang terdiri daripada pekerja dan pengguna Koko Minda ini, oleh itu saiz sampel yang diperlukan untuk mendapatkan keputusan ialah 126 orang.*

**Kata Kunci:** Praktis Hijau, Jenama yang Dipercayai, Koko Minda

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**LIST OF SYMBOL**

$\bar{x}$ =sample mean

$\Sigma fx$ = sum of score of distribution

$N$ = number of item

$\sigma$  = Standard Deviation (S.D.)

$i$  = length of class interval

$\Sigma$  = sum of

$X^2$  = squares of the deviations of scores from the assumed mean

$f$  = frequency of class interval

$c^2$ = square of correction

$N$  = total number of score

$N$ =Number of item

$v$ =average variance

$\bar{c}$ =average inter-item covariance

$\hat{Y}$ = Predicted value

$X_i$ = the  $i$ th independent variable



## ATTACHEMENT

Gant Chart

Example of Survey Question/Questionnaire

## **Chapter 1**

### **Introduction**

#### **1.1 Background of the Study**

The environments have gone through impact on the corporate activities due to industrializations and globalizations which causing severe environmental degradation and pollution. The environment concern has lead people to choose the green lifestyle. People around the world are in increasing number that are expressing the concern toward the environmental (Dunlap, 1991; Dunlap et al., 1993; Bosso, 1994; Kempton et al., 1995; Schultz, 2001).The concern of green lifestyle has increase due to increasing in the environmental issue of rain acid, landslide, flood, and depletion on the ozone layer. The latest issues are in the Midanao and Pulau Pinang, this disaster happen is because of the human factors (The star, 2017)

Nowadays, there have many companies that take serious on these environmental issues. For example is the Unilever Company. The Unilever have practices the green through the partnership with Forum for the Future, it has developed a “greenhouse gas profiling tool” to enable research & development teams to assess whether innovations will improve a product’s greenhouse gas footprint across its lifecycle, from sourcing to use and disposal.

Moreover, the organization that taking serious in making better environment is gaining an eco-friendly consumer. This can be seen in the past research that consumer would rather choose an eco-friendly organization over a standard organization if they were deciding between two otherwise similar establishments.

The green practices are the initiatives in building a better environment. A company that implemented the green practices always relate their product to the eco-friendly, environmental friendly and eco-green. Thus, it can help in creating a product with trusted brand.

In today economy the Small-Medium Enterprise has become significant contributor towards the Malaysia's economies. There is no denying towards the importance of small and medium-sized businesses in helping the economic development of Malaysia (Aman et al. 2010; Radient, 2008) and it have been long recognized the contributions of small and medium enterprises (SMEs) to socioeconomic developments, in developed and developing countries alike (Abdullah & abd manan, 2011). Nowadays the SME products have penetrated not only into the small market but also the big market. The example of SME products that can be seen in the market is the products of Faiza, Mudim, Azmi and Koko Minda.

It can be seen most of the SME do not implement a good practices in their industries which causing the consumer to feel uncertain to buy. In order to compete with the MNC, the SME should come out with strategies that can help them in gaining trust from customer.

## **1.2 SME Industries**

There have various definition of the Small-Medium Enterprise (SME), the definitions vary by country. For the Northern part of the North America, Canada has uses the term of SME to refer to businesses with less than 500 employees. The 500 or more employees is classifying firms as "large" businesses. While, in the European Union the business with a headcount of fewer than 250 is classified as medium-sized, a business with a headcount of fewer than 50 is classified as small, and a business with a headcount of fewer than 10 is considered a micro-business (Ward, 2017).

A small business is a business that is privately owned and operated, with a small number of employees and relatively low volume of sales. Moreover, by looking at the number of employees and sales turnover it can define the meaning of the SME (SME Corporation, 2015).

The SME in Malaysia has plays important roles. SMEs are significant contributor to Malaysia's economic development. In the year 2005, SMEs account for 98.8 percent of all enterprises, contribute 25.6 per cent of total manufacturing output, 25.9 percent to value-added production and employ 31.1 percent of country's workforce (Abdullah & Shamsuddin, 2009). In Malaysia, it has been reported that the SMEs' contribution to the nation's Gross Domestic Product (GDP) is 32.5% in year 2011, and these companies aim to contribute 41% to the nation's GDP by year 2020 (Ghazilla et al, 2015). It is really crucial for the SME in Malaysia to have a great technology implement in their businesses. Therefore, it is important for the various parties such as the government, the relevant authorities and academics have to play their effective role to equip and facilitate the Bumiputra SME owners with the knowledge of strategic management.

There having a clear evidence early 1970s that showing the government's commitment and concern for the development of SMEs. In 1971, the "New Economic Policy was introduced in order to improve people's welfare and restructure the ethnic economic balances. The other commitment for the SMEs development is in the second Industrial Master Plan (IMP2), which ended in 2005, which is followed by the Third Industrial Master Plan (IMP3) 2006-2020 to correlate with the country's vision for 2020 (MITI,2005).

Besides, the Small and Medium Industries Development Corporation (SMIDEC) also have been formed by the government. This corporation is responsible for coordinating the development of SMEs and the other government's support programs include programs on (Bank Negara Malaysia, 2007) which is Business loans and grants for example Development Financial Institutions (DFIs) and Enterprises Rehabilitation Fund (ERF) (Farinda et al, 2009).

The priority of the Bank Negara Malaysia in the development of SMEs is to ensure that they have sufficient access to financing. Bank Negara regards access to financing at all stages of the business cycle as an important prerequisite for successful SMEs (Abdul Majid et al, 2011).

The other initiative made by the government is One District One Industry (ODOI) program taken by the Malaysian government to increase rural income in order to help the growth of small enterprises (Abdul Majid et al, 2011). Besides, SMEs in the RMKe-11 on 21<sup>st</sup> May 2015 the government increase the operating expenditure from RM1.031 trillion in the RMKe-10 to the RM1.289 trillion and for development expenditure is RM223.6 billion to RM223.6 billion (SME Corp, 2017).

There have many initiatives held by the government for the development of the SME, but the impact to the economy was small (Sin, 2010). The role of small and medium enterprises (SMEs) is vital in the Malaysian economy and they are considered to be the backbone of industrial development in the country (Saleh & Ndubisi, 2006; Husin et al, 2012). This is cause from a few problem faces by the SME.

The first problem faces from the SME is from the owner of the SME. The SME owners are poor in possessed ICT skills and the use of ICT is slow and late (Abdullah & Shamsuddin, 2009) and the problem that has been recognizes faced by small businesses has always is the poor marketing (Salleh, 1990).

The ability to formulate and implemented the strategies do have in Bumiputera SME's owner. But it seems that they lack of competence to measure their organizational performance and match with their desired outcome. Moreover, they can implement the formulated strategies, motivate and lead the employees as well as performing structural adjustment for their business growth that showing from the indication of the significant relationship between strategy formulations with the strategy implementation.(Hussin et. al, 2012).

The other challenge is the one which is greatest is it hard to be gaining market access and building networks for distribution of products and services (Boyer et al, 2008). The establishment of this challenge shows that the company is moving towards success (Abd Majid et al, 2011).

The problem faces by the SME does not effects the growing of the SME. The SME Corporation data shows the SME in Malaysia are highly growing. The data show the total establishment of SME in Malaysia in this year is 907,065 and the highest percentage of SME in Malaysia is from Selangor with the total of 19.8% and lowest is from Perlis, 0.8% and Melaka is one of the state that having rapid pace growing of SME. For Melaka State the total of SME is 3.5 % from 907,065 (SME Corp, 2017).

Melaka are divided to three regions which is Jasin, Melaka Tengah and Alor Gajah. The locations of SME in Melaka are mostly in Alor Gajah, Melaka Tengah and Merlimau. The statistic shows that numbers of entrepreneurs in food manufacturing in Melaka are 233 entrepreneurs. Out of 233 entrepreneurs, 85 are from Melaka Tengah, 83 are from Jasin, and 65 entrepreneurs are from Alor Gajah (Abd Majid et al, 2011) and the Bumiputera SME mostly located in the Jasin region, which is Halal-Hub, Serkam, Merlimau. In the halal-hub there have many potential company that can increase their market size, which is not only Malaysia market but also global market. The example of SME in this region is MAMA enterprise, Orang Kampung and Koko Minda Food Industries Sdn Bhd(KMFI). Most of the SME stated is from the food manufacturing. KMFI is the manufacturer of the Cocoa premix drink which can be seen that having high potential to grow success.

### **1.2.1 Koko Minda Food Industries Sdn Bhd**

Koko Minda Food Industries Sdn Bhd is one of the SME in Melaka state, in the Halal Hub, Serkam, Merlimau which is the manufacturer and seller of the Koko Minda and Co-collegen cocoa premix drink. The product produce from this company

is the premix drink of Koko Minda Plus, Co-Collegen and Original Equipment Manufacturer (OEM).

This company was founded by Mr. Salim bin Salleh in the year of 2008 and currently managed by her daughters, Mrs. Nurul Firdaus bin Salim. The product have distributed throughout the Malaysia market and there have a few countries that the successfully in exporting their product, for example is Brunei and Indonesia.

This company has obtained certifications that allowed them to operate their factory legally and help them in operating their factory safely. For example is the certification of authentication Halal from the Department Of Islamic Development Malaysia, MeSTI certification from Ministry of Health Malaysia and certification from SIRIM Berhad which is Skim of Quality Work Environment Management Practices.

### **1.3 Problem Statement**

The world nowadays has worsened because of the uncontrollable development made by the big company which is only thinking on gaining the profit without concerning the environment, with this attitude it will causing a lot of natural disaster that will harm the safety. The developers are taking advantage without take the environment into account. The development has been done that cause world degradation. By this it can be a cause of natural disaster such as flood, land slide and haze.

The environment degradation causing the SME in Malaysia face problem. Moreover, the global finance crisis causing the financial institution stop on giving financial assistance which is this will affect the SME to have capital in upgrading their system to the green system which can help in reducing the environment problem. By this, the SME also find it is very hard to buy and implement new technology for the green business. So, there is lacking of the green technology to support the green practices.

In creating product that can compete with the MNC product, it must gain trust from consumer and build trusted brand. There have many things can be implement in the businesses which is can help in increasing the trust from the consumer for the product. The green practices can be implement in the business which is this is one of the variables that can help in increasing the trust from the customer. Therefore, this study tries to focus on the implementation of green practices and to determine how it would affect towards building of trusted brand by the SME.

#### **1.4 Research Objective**

1. To verify the significant of the implementation of Green practices towards trusted brand of SME products
2. To examine the correlation between the implementation of Green practices towards trusted brand of SME products

#### **1.5 Research Questions**

1. Is there have significant of the implementation of Green practices towards trusted brand of SME products?
2. Are the have correlation of the implementation of Green practices towards trusted brand of SME products.

#### **1.6 Scope**

The scope of the study is the implementation of green practices in the SME industries towards the trusted brand of the SME products. The study is focusing on the SME industry in Melaka, which is Koko Minda Food Industries Sdn. Bhd and having the target respondents of the Koko Minda's workers and the suppliers of the