

APPROVAL

I hereby confirm that I have examined this project paper entitled:
Factors That Contribute to the Participation of Youth to Become Agropreneur

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FACTORS THAT CONTRIBUTE TO THE PARTICIPATION OF YOUTH TO
BECOME AGROPRENEUR

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DECLARATION

I, SYAZWANI BINTI MOHD TOHIR

—admit that this report is a product of my own work except the citation for each which I
have mentioned the sources”

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DEDICATION

This research paper is lovingly dedicated to my mom Puan Zalinah Binti Siraj, and my dad Mohd Tohir Bin Elias, who has been my constant sources of motivation and also given unconditionally support with my studies. I am honored to have both of them as my parents. Thank you for giving me a chance to prove and improve myself through all my walk of life. To all my family members thank you for believing me for allowing me to further my studies. Lastly, a special thanks to my supervisor, panel and my fellow friends for helping me throughout the project towards accomplishing my final year project.

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ABSTRACT

In comparison with service and manufacturing industry, the agriculture sector has always been the least preferred job for the younger generation. Realizing this issue, the government has been targeting to modernize this sector by the year 2020 via the Eleventh Malaysia Plan. In order to achieve this target, one of the strategies listed by government is to produce more young agropreneurs. Therefore, the signal is the need to examine the factors that contribute to the participation of youth to become agropreneur. In quantitative research, the research strategy is by employ questionnaire forms which was designed based on the research objectives. A total of 312 usable questionnaires were analysed. Statistical techniques such as descriptive analysis, reliability analysis, Multiple Regression Analysis and Pearson Correlation Analysis were used in this study. The multiple regression analysis results showed that Knowledge, Psychological Characteristic, Relational Support and Technology Change were positively influenced to the entrepreneurial inclination of youth to become agropreneur. However, Environmental Support was found not have a significant relationship with the youth entrepreneurial inclination. Hence, this research provides valuable information for agriculture sector to accelerate the process of youth employment in the field.

Keywords: Agropreneur, Youth, Knowledge, Psychological Characteristic, Relational Support, Environmental Support, Technology Change.

ABSTRAK

Dalam perbandingan industri perkhidmatan dan pembuatan, sektor pertanian sentiasa menjadi pilihan pekerjaan paling rendah dalam kalangan generasi muda. Menyedari isu ini, kerajaan telah mensasarkan untuk memodenkan sektor ini menjelang tahun 2020 melalui Rancangan Malaysia Kesebelas. Untuk mencapai matlamat ini, salah satu strategi yang disenaraikan oleh kerajaan adalah untuk menghasilkan lebih ramai usahawan muda agro. Oleh itu, isyarat keperluan untuk mengkaji faktor-faktor yang menyumbang kepada penyertaan belia untuk menjadi usahawan agro telah diberi penekanan. Dalam penyelidikan kuantitatif, strategi penyelidikan adalah menggunakan borang soal selidik yang direka berdasarkan objektif penyelidikan. Sejumlah 312 borang soal selidik yang boleh digunakan dianalisis. Teknik statistik seperti analisis deskriptif, analisis kebolehpercayaan, analisis Regresi Berganda dan analisis Korelasi Pearson digunakan dalam kajian ini. Hasil analisis regresi berganda menunjukkan bahawa Pengetahuan, Ciri Psikologi, Sokongan Hubungan dan Perubahan Teknologi positif mempengaruhi kepada kecenderungan keusahawanan belia untuk menjadi agropreneur. Walau bagaimanapun, Sokongan Persekitaran didapati tidak mempunyai hubungan yang signifikan dengan kecenderungan keusahawanan belia. Oleh itu, kajian ini memberikan maklumat yang berharga bagi sektor pertanian untuk mempercepatkan proses pekerjaan belia di lapangan.

Kata Kunci: Usahawan Agro, Keusahawanan dan Belia, Pengetahuan, Ciri Psikologi, Sokongan Relasi, Sokongan Persekitaran, Perubahan Teknologi.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF STUDY

The world economy is now changing according to market processes and entrepreneurial activities. In this case, entrepreneurship has been seen contributes much to the economy in the 21st century. There are various benefits of entrepreneurial such as owning his job and be the boss, make the working environment flexible and offers job contentment. Entrepreneurship has been interpreted as innovative acts that establish a new direction and has capability to gain prosperity (Drucker, 1985). According to Bygrave (1989), the desire of entrepreneurship should be acknowledge as a new model of transformation and change, in the meantime, the existing stability vanish. Entrepreneurship also creates jobs for the people thus reducing unemployment and lowering the migration rate of young people from rural to urban areas.

In line with the national agenda, the Ministry of Finance Malaysia (2016) stated the budgeting that has done to empower the economy of Bumiputera by enhancing the viability of entrepreneurs and expand their business capacity through SME Bank about 100 million. This agenda continuously done to encouraged the involvement of people especially youth in entrepreneurship. Furthermore, MARA entrepreneurship programs provide youth entrepreneurship development and training which is also one of the economic strategies to perpetuate the country's competitiveness market in transforming Malaysia into an entrepreneurial nation.

1.1.1 Agriculture Sector in Malaysia

As growing by years, agriculture sector has been the backbone of Malaysian economy through production of agricultural products for domestic consumption, as the earner of foreign exchange (Abu Dardak, 2015). Agriculture sector has wide potential and thriving business with full support by Malaysian government provide big opportunity to entrepreneur (Silva et al., 2009). Highlights in Tenth Malaysia Plan (RMK 10) of 2011-2015 achievement, agriculture sector contributed RM455 billion to the national Gross Domestic Product (GDP) at 2.4% growth per annum. Despite the unstable trend, the country has observed an increase in the total agriculture value added. As the government outlined in the country's new economic model (NEM) which attempts to reduce poverty among 40 percent of Malaysian who monthly income is less than RM1500 (Economic Planning Unit, 2013), the agriculture sectors is viewed to have potentials in achieving the government's plan (Asliza Yusoff, 2017).

The transformation of agriculture sector set by the Prime Minister of Malaysia has open job opportunities as the demand for agriculture products is unlimited. For example, Malaysia's average harvest per hectare for paddy or rice production is 3.7 tons whereas Thailand's harvest is only 2.7 tons per hectare, positioning the country below Malaysia (Abdullah et al., 2015). Therefore, the rapidly increasing demand for agriculture products by neighboring countries, thus give a direction for generate economic growth and create more employment opportunities, especially the young generation (Asliza Yusoff, 2017). However, agriculture is currently focusing on the use of labor, but provides employment according to the ability of the workforce. Mechanization and scaling will be accelerated. Thus, causing elderly farmers to quit and enable the creation of high-income agribusiness for the youths. Agriculture sector continued to expand each year. It is therefore, despite the encouraging transformation in agriculture sector, various incentives should be implementing to foster youth interest toward agriculture entrepreneurial activities.

Youth typically called as man or women who are young, very active and capable to serve the nation (Bahaman et al., 2010). Accordingly, there is hope and clear possibility for encouraging the youth to be in business and most recommended in the agricultural sectors. Results from a follow-up study by other researchers had observed that graduates from the universities in Malaysia showed a negative mindset toward agropreneur as work in agriculture sector is rough with unprofitable income and does not promise a bright future for people (Abdullah & Naem Sulaiman, 2013; Nor et al., 2015). Ironically, the study conducted has been proved that large segments of Malaysia's youth more attractive to glamorous job and believe that agriculture is not a professional job to starting a career. Needless to say, it is crucial for the relevant authorities to create awareness of potential in the agriculture sector and to boost their participation as well.

The recently announced National Transformation Plan (TN50) exposes the direction of the country within the next 30 years after 2020 insight and sets a new vision for the country, focusing on the aspirations of the youth (Ibrahim and Mahyuddin, 2017). Youth unemployment in agricultural sector need to be reviewed from now and then by derives seemly strategy for a bright future. Malaysian government has been endeavoring by providing activities including policies and programmes to specifically inculcate agriculture entrepreneurship and innovation, improve workforce adaptability to changing market demand and nurture lifelong learning. The importance of youth involvement in implementation of agropreneurship should be given due attention to assist policy makers to prepare more young and talented agropreneurs and make agriculture sector more attractive (Asliza Yusoff, 2017). In a nutshell, in order for the new youth entrepreneurial ventures in agriculture sector to be success, these contributing factors should be researched and analyzed.

1.2 PROBLEM STATEMENT

The agriculture sector is dynamic, and has huge potential for national development. The government and agriculture entities must consider and deal with the various emerging problems in future transformation. The developing country faces a jobs crisis that leads to the need of youth employment creation and it has been a challenge to the youth to find a suitable job or to create a successful career. Since unemployment has been one of the provocative issues, the problems that arise in agriculture are the migration of young people to the urban areas seeking for job and the refusal acceptance by the university graduates on agriculture (Abdullah and Mustapha, 2009). Hence, leave the elderly farmers in the agricultural sector with land development and smallholding schemes. As a result, the workforce in many farms today is insufficient and being almost monopolized by foreigners mostly employed by contractors.

Despite the economic crisis which has been focusing to the issue of food security and persistent food supply in the country, Malaysians relatively show a lack of intention towards agricultural sector when compared to other sectors (Abdullah et al., 2012). The escalate number of unemployment among the university graduates should be taken seriously as it is a national crisis (Bahaman et al., 2010). Therefore, youth participation in agricultural entrepreneurship can lessen unemployment and with their limitless energy and aspiration aid in driving the development of agricultural sector. In fact, based on Eleventh Malaysian Plan, labour productivity in agriculture sector is targeted to reach RM68,800 in 2020 from RM57,700 in 2015. Due to this, Malaysian government takes a very serious steps on this phenomenon through a total of RM6.5 billion was allocated for the sector in the 2018 Budget for the purpose of upgrading in terms of cultivation, infrastructure, financial assistance to farmers and young agropreneur development programmes. It is highly required for the agricultural sector to create an enabling environment for the next generation so that youth are pleased to involve in this sector. However, the effort drawn by the government yet has not been seen and has proven its effectiveness to involve more youngsters and eventually establish themselves as agricultural entrepreneurs.

The low intention of youth entrepreneurs on agricultural sector generate agricultural transformation programs such as Malaysia Global Innovation and Creativity Centre (MaGIC), 1Malaysia Entrepreneurs (1MeT) and My Agrosis Club (commonly known as *Kelab Usahawan Siswazah Tani* ,KUST). The needed initial analysis of these programs is intended to facilitate and encourage youth toward agriculture and expand a cluster of young agropreneur with great latent. With full support from the government, the agriculture sector in Malaysia with its immense visions creates huge opportunities to entrepreneurs (Silva et al., 2009; Nor et al., 2015). Most of these programs have triggered the emergence of new technologies in agricultural execution and have attracted more young people to involve in agriculture sector (Nor et al., 2015). Nevertheless, the efforts remain unimportant and trivial to the people. Therefore, this research aims to identify the factors that contribute to the participation of youth to become agropreneur

and the relationships between contributing factors and the participation of youth to become agropreneur.

1.3 RESEARCH QUESTIONS

The purpose of the study to discuss about factors that contributes to the participation of youth to become agropreneur. The following research questions emerge to conduct the research based on the objectives;

1. What is the current state of youth inclination to become agropreneur in Malaysia?
2. What are the factors that contribute to the participation of youths to become agropreneur?
3. What is the relationship between contributing factors and the participation of youth to become agropreneur.

1.4 RESEARCH OBJECTIVES

It is hoped that these objectives can provide overall view the study of the factors that contribute to the participation of youth as entrepreneurs in agricultural sector;

1. To investigate the inclination of youth in Malaysia to become agropreneur.
2. To identify the factors that contributes to the participation of youth to become agropreneur.
3. To analyze the relationship between contributing factors and the participation of youth to become agropreneur.

1.5 SCOPE OF STUDY

This study focused on factors that contribute to the participation of youth to become agropreneur. The rationale for selecting this topic is because the researcher attempts to gain further understanding about the contributing factors affecting the inclination of youth towards agriculture entrepreneurship. In line with the transformation of the agriculture sector which has been endeavored by government, the public especially the young people should be paying attentive of the importance of the agricultural sector in developing the country's economy. The respondents for this study will focus on (1) Youth or named as Gen-Y whose ages are between 18 to 40 years old will be the key drivers of this transformation specifically in agriculture sector, and (2) students who were actively enrolled in agriculture related programs in public Higher Education Institution (HEI). The research scope will involve agriculture students from University College of Agrosience Malaysia, Melaka. Due to the background of sample respondents, they are expected have the ability to answer the questions. Therefore, an effort to promote the agriculture sector with this will give a desire and motivation to the youth in order to participate in agribusiness and to become an agropreneur.

1.6 LIMITATION OF STUDY

One of the limitations of the study is that the sample taken only from one of the agriculture educational institution in Malaysia which constrained in terms of representativeness. The study should be an attempt to cover the other Higher Education Institution (HEI) in Malaysia which offered agriculture and entrepreneurship related programs. Due to the short time period for conducting this study, the study was carried out at the University College of Agrosience Malaysia only, in Alor Gajah, Melaka and the questionnaires distributed through online and offline. The other limitation is there are difficulties in order to get good cooperation from the respondents in answering the questionnaires given. The selected respondents were youth or students whose ages are

between 18-40, both male and female. Some respondent genuine feedbacks are that young people typically do not give an honest and accurate answer. Thus, precise information required was difficult to acquire.

1.7 SUMMARY

This chapter briefly explains about the introduction of the study. The introduction clarifies about the problem statement, research questions and research objectives of the study. Hence, the design of this study also highlights the reason for chosen this study. The next chapter will explain deeper about the relationship between independent variables and dependent variable in literature term.

CHAPTER 2

LITERATURE REVIEW

2.1 ENTREPRENEUR

Based on Kirzner's theory, entrepreneurs has been acknowledge as someone who do something to change prices and quantities and not someone who take action in a situation where the prices and information already given (Douhan et al., 2007). Entrepreneurs are individuals, who are able to recognize opportunities, collect resources, seizes and converted the money making ideas into a passion. They called as developer or innovator for their masterpiece ideas by adding values such as time, effort, skills, money and strength (Ronstadt, 1990). They create something with the urge to get a profit and in the meantime, they take the risks and uncertainties allied with their enterprises.

2.2 AGRICULTURE ENTREPRENEUR OR AGROPRENEUR

The concepts of agropreneurs and agropreneurship need to be first understood in order to examine the agropreneurial intention. Agropreneur in this study was defined by adapting agropreneurship definitions from past studies (Bairwa et al., 2014; Aleke et al., 2011). Aleke et al., 2011 defined an agropreneur as someone who is self-employed by creating a new business venture to seek wealth within the agriculture industry. In addition, Richard and Bulkley (2007) described agricultural entrepreneur or agropreneur as somebody who plays an important role in all activities that aid farmers to improve a free market economy. This create quite a lot of agricultural entrepreneur involve with various activities of farming (Richard and Bulkley, 2007). The agricultural sector are not necessarily offer business activities associate with farm size, gross acceptance, production classification or environmental region (Richard and Bulkley, 2007). An extensive of business opportunities in agriculture sector can be identified such as forestry, fishing, plantation, and poultry industries. Another aspect of agriculture entrepreneurship that significant to the agri-business is the management strategy used in response to physical transformations in agriculture sector (Man et al., 2007). This strategy possesses specialty, variety and accessory to aid an activity to be successful.

2.3 PARTICIPATION OF YOUTH IN AGRICULTURE BUSINESS

The Malaysian government driven transformations in agriculture sector has endeavored in changing the public and society negative perception towards agropreneur. Umno Youth is in the process of establishing young agropreneurs to be given grants of up to RM30,000 to develop agro-based businesses (New Straits Time, 2015). Its chief, Khairy Jamaludin said the agricultural sector could provide many opportunities, welcoming for young entrepreneurs and boost their participation to become agropreneur. The agricultural sector is being hailed as a milestone in recovering the country's economy through food supply to the world's population (Silva et al, 2009). As