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‘I hereby declared that I have read through this thesis and in my opinion that this thesis is adequate in term of scope and quality which fulfil the requirements for the awards of Bachelor of Technopreneurship with Honours’

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**CRITICAL FACTORS AND STRATEGIES INVOLVED IN MICRO
ENTREPRENEUR SUCCESS**

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This report is submitted in accordance with the requirements for the award of the
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STUDENT'S DECLARATION

I hereby declare that this thesis entitle “Critical Factors and Strategies Involved in Micro Entrepreneur Success” is my own work except for the quotations summaries that have been duty acknowledged.

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DEDICATION

I dedicated this thesis to my beloved parents, Zulkifli Bin Mohamed and NorainiBteKassim, for their endless support and motivation. Besides, special thanks to my loved one and friends for the guidance and support to make this study possible.

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ABSTRACT

This study aims to develop clearer understanding regarding of the critical success factor and strategies for micro entrepreneur success in Melaka. Besides, the objective of the research is to propose framework in becoming successful micro entrepreneur. The research design for this case study is using mono method qualitative by conducting a semi-structured interview. The interviewee involve of micro entrepreneurs who is successful in business and sustained many year in business. The rational using qualitative method is due to the researcher want to acquire more information and in-depth insight about the business success among the micro enterprises. From the findings, the researcher has completed and achieved all the objectives where to uncover the emphasized critical factors and strategies involved in micro enterprise success. Besides, the propose framework in becoming successful micro entrepreneur also has arranged based on the most significant to least significant which helps potential micro enterprise to get an overview regarding of micro entrepreneur success.

Keywords: Micro Enterprise, Critical Success Factor, Strategies

ABSTRAK

Kajian ini bertujuan untuk membangunkan pemahaman yang lebih jelas mengenai faktor kejayaan kritikal dan strategi untuk kejayaan usahawan mikro di Melaka. Selain itu, objektif penyelidikan ini adalah untuk mencadangkan rangka kerja untuk menjadi usahawan mikro yang berjaya. Reka bentuk penyelidikan untuk kajian kes ini menggunakan kaedah mono kualitatif dengan melakukan wawancara separa berstruktur. Ahli temu duga terdiri daripada usahawan mikro yang berjaya dalam perniagaan dan berjaya bertahan belasan tahun dalam perniagaan. Rasional dalam memilih kaedah kualitatif kerana penyelidik ingin mendapatkan lebih banyak maklumat dan pengetahuan yang mendalam tentang kejayaan perniagaan di kalangan perusahaan mikro. Dari hasil penemuan, penyelidik telah mencapai semua objektif kajian iaitu untuk mendedahkan faktor kritikal dan strategi penting yang terlibat dalam kejayaan perusahaan mikro. Di samping itu, rangka kerja yang dicadangkan untuk menjadi usahawan mikro yang berjaya juga telah di susun mengikut faktor kritikal dan strategi paling penting kepada yang kurang penting dalam membantu perusahaan mikro yang berpotensi untuk mendapatkan gambaran mengenai kejayaan usahawan mikro.

Kata kunci: Mikro Enterprise, Faktor Kejayaan Kritikal, Strategi

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LIST OF ABBREVIATION AND SYMBOLS

%	= Per cent
CSF	= Critical Success Factor
DoSM	= Department of Statistic Malaysia
GDP	= Gross Domestic Product
ET	= Entrepreneurship Theory

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CHAPTER 1

INTRODUCTION

1.1 Background of research

Definition of Micro entrepreneur in Oxford Dictionary (2017) is a person who sets up or runs a small business where it comes to the word of 'Micro' and 'Enterprise'. Micro means a thing that have extremely small scale while the meaning of 'Enterprise' is a business or company which part of entrepreneurial activity that requires an effort to operate it. Normally, micro entrepreneur are operated from home based and does not have fix shop to sell their product and services. Thus, all the work and decision is made by themselves as they are the owner and usually they do not delegate the work to their employee even where they can. They try to handle and manage the business by themselves according to the news reported through (New Straits Times Online 28 Jun 2017).

The word of entrepreneur is noted as activity of discovery, evaluation and exploitation of opportunities to introduce new products and services, ways of marketing, process the raw material and organizing business in new ways and effort that does not existed (Shane 2003). This indicate the entrepreneur is an innovative person who utilize the opportunities with their skill and ability to organize the business well. In Addition,

according to the news reported from The Star Online (24 Oktober 2017), Sabah Chief Minister Tan Sri Musa Aman stated the state government has provide varies activity or program to assist and bring the Sabah women venturing into entrepreneurship world including in rural areas. This indicate that the government always support people who want to start a business like micro enterprise.

This research study about the critical success factor of micro entrepreneur where actually success has no standardized target parameters to measure it (Kloppel&Stummer 2015). It can be measure through different perspectives either through financial or non-financial. According to Cambridge Dictionary (2017), success can be defined as something that achieve positive result or wanted for. To become a successful micro entrepreneur is not easy seem they need a lot of hard work and knowledge to operate the business effectively. Besides, this studydiscover strategies involved in sustaining micro entrepreneur success in Melaka. The strategies in Oxford Dictionaries (2017) can be defined as a plan of action designed to achieve a long-term or overall aim while strategies in business represent the firms' strategic choice and orientations about how to compete for improved performance (Uchegbulam et al. 2015). The researcher stated the firm's strategies must be centrally concerned with the creation and exploitation of its so called distinctive competences which are unique strengths that set the basis for a competitive success.

Furthermore, the establishments of SME in Malaysia in several sector that has recorded which has 76.9 per cent is from micro enterprise followed by 19.9 per cent from small enterprise while for medium enterprise is 3.1 per cent. In Melaka state also has 21,675 SME enterprises that established out of 645,136 SMEs in total. Besides, adapted from SME portal which the contribution of SMEs to overall GDP by key economic activity is increasing from year to year starting from the year 2010 until 2015 which contribute 32.8 per cent, 33.0 per cent, 33.5 per cent, 35.9 per cent and 36.3 per cent respectively(Economic Census: Profile of SME s, 2011). This is the reason why the government keep supporting and provide lot of initiative to the Micro enterprise in

recent times due to positive impact towards the economy of nation and employment too. Thus, this study is vital to determine and develop the critical success factor of micro entrepreneur and strategies involved towards sustaining micro entrepreneur success in future.

1.2 Problem Statement

Success and failure in a business is a compulsory where usually people who fails the most will win due they need to be good enough in order to survive in business. As what we know, micro enterprise has been the backbone of economic in most countries especially in Malaysia. Besides, Malaysian Budget 2018 presented in Dewan Rakyat, the government has praised successful entrepreneur, Wan Azizah Wan Salleh who manage to become millionaire in poultry business which she started the business with RM500 of capital from AmanahIkhtiar Malaysia (AIM) reported in Malaysia Kini (Razak 2018). However, the reality of micro, small and medium enterprise who contributing in Malaysian GDP is still low compared to other Organization of Islamic Cooperation (OIC) countries such as UAE, Egypt, Indonesia and non OIC countries such as Singapore, Vietnam and Korea (Thaker& Mohammed 2013). This shows that the successful of micro enterprise is still limited due to some factors and challenges faced. Thus, the consequences if the solution cannot be identify earlier, we might be produce less successful of micro enterprises with low quality in future and lead to reduction of Malaysian economic.

The statement above is supported by the research of Loveline et al. (2014), the challenges and issues among the woman entrepreneurs in Malaysia is burden of labor, limited access to financial resources and markets, low education, training, business networks and unfavorable government policies. In addition, barrier of challenges towards the women micro entrepreneur in Malaysia is lack of capital and skills especially in marketing, has low motivational and confidence level in operating the

business (Roddin 2012). Other than that, the News Straits Times online 28th June 2017 has reported a team from the International Labour Organisation (ILO) has spent several months working with the micro entrepreneur where the result shows the limitation of micro entrepreneur to get higher productivity and profit is due to the amount of time use for manually organizing, accessing, preparing and storing their raw materials of product. This exhibit that micro enterprises spend a lot of time in doing the operation manually even the most important part which is record keeping is doing traditionally because of lack education to use information technology (IT) or facilities provided.

Next, the researcher stated general business problem is that small business start-up continue to fail in the United States due to business owners lack strategies to sustain their businesses beyond 5 years (Wani 2018). Besides, the problem faced by some small business manufacturing leaders which lose their investment or go out of business is because of inadequate preparation and business strategies (Modillim 2016). This is because most of them are not well prepared in business due to low of exposure to entrepreneur programs and mentoring or coaching from the expert. Therefore, the purpose of this study is to identify the strategies that drive to success among micro enterprises that help improving the issues above.

1.3 Research Objective

The specific research objective are shown as follow:

1. To uncover critical success factor rendered to micro entrepreneur success in Melaka.
2. To identify the strategies involve in micro entrepreneur success in Melaka.
3. To propose framework that contribute to successful micro entrepreneur in Melaka.

1.4 Research Question

The research are explored by the following key question:

1. What is the critical success factor rendered to micro entrepreneur success in Melaka?
2. What is the strategies involve in micro entrepreneur success in Melaka?
3. What is the framework that contribute to successful micro entrepreneur in Melaka?

1.5 Scope of Research

The scope of this research covers critical success factor of micro entrepreneur in Melaka and how it affect their business. Besides, the research is to determine the strategies involved in micro entrepreneur success among micro entrepreneur in Melaka. Moreover, the research also include the definition of micro entrepreneur, overview of micro enterprise, successful of an entrepreneur, critical success factors and strategy involve in business success.

1.6 Significant of Research

Significant of this research is due to reduction of research gap which most of the past research focused on success factor for small and medium enterprise (SME) only rather than micro enterprise. Based on past research, the success factor is focused at surface area of internal and external factor but not into critical factor. Therefore, this research can gain insight of critical success factors used which exclusively for micro entrepreneur and to encourage youngster into business since micro enterprise contributes a lot in economics of Malaysia. Besides, this research also discover strategies involve in micro entrepreneur success which gives comprehension explanation of suitable strategies for micro entrepreneur to succeed.