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**FACTORS INFLUENCING THE  
ENTREPRENEURSHIP ENGAGEMENT OF  
NECESSITY ENTREPRENEURSHIP: A CASE  
STUDY ENTREPRENEURSHIP AT MELAKA**

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I/We, hereby declared that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor Degree of Technopreneurship

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**JANUARY 2020**

**DECLARATION**

“I admit that thesis is the result of my own, except certain explanations and passages where every of it is cited with sources clearly.”

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## **DEDICATION**

I would like to dedicate the appreciation to my beloved parents who have been my constant source of supported, supervisor and panel who guided me throughout the research as well as my friends that helped me along of research. Without them, this project would not be completed possible.

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## ABSTRACT

This research is a case study aimed in identifying the factor of the emergence of necessity entrepreneurship to individual in Malaysia. This research was conducted in Malacca. The field of entrepreneurship is now growing in Melaka regardless of teenagers, adults or older. Next, this research examines the factors of necessity entrepreneurship as a job and there are two emerging factors on necessity entrepreneurship such as 'pull' and 'push'. This research uses qualitative methods to collect data in this research. Then, there are two instruments used in qualitative methods in terms of observation and interview. By collecting information through observations and interviews it will be easy to get more effective information on the emerging factors of necessity entrepreneurship at Melaka. In this study, a total of four respondents from necessity entrepreneurship at Melaka. Furthermore, the thematic analysis approach will be used in analyzing data collected through interviews and observations. Thematic analysis is a generic approach for analyzing qualitative data. This is to determine the coding and categorization of themes or patterns in the research. Finally, it is important that this research to provide more information and factors on necessity entrepreneurship to the community today and in the future.



## ABSTRAK

Kajian ini merupakan satu kajian kes yang bertujuan untuk mengenal pasti faktor- faktor kemunculan kepada keperluan keusahawanan pada kalangan keusahawanan di Melaka. Kajian ini dijalankan di negeri Melaka. Bidang keusahawanan pada masa kini semakin berkembang maju di Melaka tidak kira dikalangan remaja, dewasa mahupun yang sudah berusia. Secara ringkas, kajian ini mengkaji factor keperluan keusahawanan sebagai pekerjaan dan terdapat dua faktor kemunculan terhadap keperluan keusahawanan iaitu ‘tarikan’ dan ‘tolakan’. Kajian ini menggunakan kaedah kualitatif untuk mengumpul data dalam kajian ini. Kemudian, terdapat dua instrument yang digunakan dalam kaedah kualitatif iaitu dari segi pemerhatian dan temubual. Dengan mengumpul maklumat melalui pemerhatian dan temubual ia akan mudah mendapat maklumat yang lebih berkesan mengenai faktor kemunculan keperluan keusahawanan di Melaka. Dalam kajian ini melibatkan seramai empat orang responden dari kalangan keperluan keusahawanan di Melaka. Tambahan pula, pendekatan analisis tematik akan digunakan dalam menganalisis data yang telah dikumpul melalui temubual dan pemerhatian. Analisis tematik adalah sebagai pendekatan generik untuk menganalisis data kualitatif. Hal ini adalah untuk menentukan pengekodan dan mengkategorikan tema atau corak dalam kajian. Akhir sekali adalah penting dalam kajian ini dijalankan untuk memberi lebih banyak maklumat dan faktor mengenai keperluan keusahawanan kepada masyarakat pada masa kini mahupun akan datang.

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**LIST OF ABBREVIATION**

et, al.,	and other
FYP	Final Year Project
UTeM	University Technical Malaysia Malacca



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# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Overview**

The first chapter is discuss relating the introduction concerning the overall research guiding. This chapter can justify concerning the background of study, problem statement of the research, clarify purpose of research, research questions that require to handle, scope of study and limitation of study throughout conduct the research and significance of study is discuss in this chapter.

### **1.2 Background Study**

Definition of entrepreneurship is that the dynamic method of making incremental wealth. This wealth is created by individuals who assume the key risks in terms of equity, time or career commitment of providing value for some product or service. Meanwhile, the product or service itself may or may not be new or unique however value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources (Robert Ronstadt 's, 1984).

Entrepreneurship could be a method of making something new (creative) and completely different (innovative) for the aim of creating wealth for people and adding value to society. In addition, entrepreneurs are those who undergo the method of making wealth and value more through incubators of ideas, aggregation resources and implementing it (Kao, 1995).

Business is also employment for an individual and the person also is called an entrepreneur. Do not matter of the type of business involved, whether large or small it is one of the sources of financial gain. Undoubtedly through a person's business is able to change their lives. Experiencing loss and profit in business is life of entrepreneurship. Besides that, in Islam for the Muslims encourage to seek sustenance by way of business. (Sudin, 1997) defines entrepreneurship as the process of seeking, easing and utilizing the gift of Allah for the benefit of ourselves, the ummah and other creatures of Allah according to the Al-Quran and Al-Sunnah. Referring to (Surah Al-Baqarah, 2) means there is no sin for you to seek the grace (result of business) from your Allah. There is a hadith usually used to encourage the Muslim community to venture into business. The hadith was recorded by (Imam al Ghazali, p.505H) in his renowned book, *Ihya' Ulumiddin*. There is a well known and widely distributed hadith among the societies regarding business interests. Among them are "You should trade because of it 9 out of 10 sustenance" and "9 out of 10 get from on business." Besides that, Muhammad S.A.W is one person example of a successful entrepreneur, before he received his revelation for about 25 years and during that time he always succeeded in his business (Suwandi, Hakimi and Nasyrudin, 2016). It can not be denied that enterprise is a favourite of prophets. In the Qur'an and Hadith it is instructed of a commercial enterprise that involves the best source and technique of doing business.

To recognize the quotes related to the business, then the *ulamā* are the human beings who are responsible for giving a view of the business (Ibn Khaldun, p.467).

The business in the meaning is not just one place, but it encourages business to go out of the area to other areas even across the ocean as stated in word Allah s.w.t. That is: "... And you can see the ships dividing the seawater so that you can seek the grace of God and hopefully you are grateful" (Surah al-Fatir, 35).

The acknowledged 'entrepreneurship' is based on the observation of the opportunity of entrepreneurial practice, an individual who initiates a business when sees the opportunities accessible within the market. Necessity entrepreneurship is completely different from opportunity entrepreneurs. It is an entrepreneur who starts the business when that person can not find some need of life or work. Such entrepreneurship is very necessary to grow and rising economies. With the rise of instability in socio-economic conditions, entrepreneurship initiatives need to grow quicker than mature opportunities entrepreneurship (Buheji, 2018). Necessities entrepreneurship as a result of market improvement and generally related to non-innovative firms (Urbano & Aparicio, 2016).

Some evidence show that the prevalence necessity entrepreneurship has inflated in recent years due to the 2008 economic crisis (Fairlie, 2009). Similarly, some studies have connected the phenomenon of necessity entrepreneurship with the current unemployment rate (Cowling and Bygrave, 2003; Bergmann and Sternberg, 2007) and also the level of economic development in a very particular country (Maritz, 2004; Wennekers et al., 2005). Besides that, necessity entrepreneurship happens when individuals set up a business as a result of they have no higher possibility for work. this type of entrepreneurship results from market friction and it is related to non-

innovative corporations (Urbano & Aparicio, 2016). On the opposite hand, necessity entrepreneurs tend to be a lot of motivated by financial rewards and driven by push motivations (Zali et al., 2013).

The purpose of this study was to clarify, examine and explain the factors of necessity entrepreneurship to individual to become entrepreneurship in nowadays. Within the conclusion, necessity entrepreneurship to individual will to analyze through necessity entrepreneurship is related with survival for individual, lack of employment, financial money, educated level and previous experience (Mohamad Buheji, 2018).

### **1.3 Problem Statement**

There is often a problem for individuals regarding necessity entrepreneurship as a job to gain value for use in life. It starts with myself where do not have chance and money constraints for use during study. In addition, it can be seen also by some individuals who start as necessity entrepreneurship because they have no job opportunities, living standards are rising and also have certain skills. There are some individuals who have to migrate certain place where to use the skills they acquire elsewhere. The problem of unemployment and the difficulty of getting jobs in society is not a new issue. According on (Hays Asia Salary,2017), 97% of employers say they are difficult to get skilled workers in the industry. Furthermore, the industry will now only take the job according to the qualifications that industry want. Hence, with necessity entrepreneurship it can help individuals to earn money for survival in life.

Based on the background of the research, there are two factors of pull and push in necessity entrepreneurship . Furthermore, in Islam it is always encouraged to trade and relocate from one place to another place. This research is aimed to study the necessity entrepreneurship of individuals at Melaka.

#### **1.4 Research Objectives**

The overall purpose of this study is to study the facktor's emergence of entrepreneurship necessity at Melaka. Until the emergence of many individual of necessity entrepreneurship. There are two main objectives of this study as shown below:

1. To investigate the factors that lead to necessity entrepreneurship among individual at Malacca.
2. To evaluate the impact of necessity entrepreneurship among individual at Malacca.

### **1.5 Research Questions**

Important steps in the research process are to develop the right research questions. Research questions are considered as the essence of a research project. Current research pertains to necessity entrepreneurship using an entrepreneurial profile approach. There are two research questions that have been set up so that the purpose of this study can be achieved. Therefore, the main questions are as follows:

1. What is the factor that lead to necessity entrepreneurship among individual at Melaka?
2. What the impact of necessity entrepreneurship among individual at Malacca.

### **1.6 Scope of Study**

This study was conducted to examine the emerging factors of necessity entrepreneurship at Melaka. Therefore, with research the emergence of necessity entrepreneurship at Melaka today. The study will select entrepreneurship that makes necessity entrepreneurship in Melaka acting as the respondent of this research. Therefore, it is an excellent opportunity to conduct this study with useful information by engaging entrepreneurs who are necessity entrepreneurship.

### **1.7 Limitation of Study**

The first of these research was about constraints in research time. This research needs to be completed within a set time of about 7 months to 8 months. Due to insufficient time to run around the place, this research will focus on states in Melaka to be able to focus fully on it. It is because the other sources such as financial resources are the limitations of this research. This study considers the cost of the expense as the researcher needs to make all costs while conducting interviews with respondents such as transport and telephone bills to complete the research.

### **1.8 Significance of Study**

The importance of this research can be seen through different perspectives. Previous research can not be fully focused and explains the emergence of necessity entrepreneurship at Melaka. Therefore, this study is conducted to understand how the emergence of entrepreneurship necessity and how it can induce necessity entrepreneurship to entrepreneurship in Melaka. Furthermore, previous research did not state the factors that led necessity entrepreneurship in Melaka. Most of these studies are examined in other countries. This research will be able to provide clear information on the various factors of necessity entrepreneurship and factors that drive them in necessity entrepreneurship in Melaka. In this research, data will be collected using qualitative methods such as interviews where respondents are necessity