



UNIVERSITI PUTRA MALAYSIA

**INDICATORS OF MICRO ENTERPRISE DEVELOPMENT FOR SMALL
FAMILY BUSINESS IN RURAL PENINSULAR MALAYSIA**

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By

ZUMILAH ZAINALALUDIN

**Thesis Submitted to the School of Graduate Studies, Universiti Putra
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Abstract of thesis presented to the Senate of University Putra Malaysia in the fulfilment of the requirement for the degree of Doctor of Philosophy

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September 2010

Chair: Laily Paim, PhD

Faculty: Human Ecology

Micro enterprise (ME) development is essential for poverty eradication, promoting rural economics and has always been associated with women. The expectation of family members for women to always be at home for household chores as well as being an income earner increases the work-family conflicts for women. It seems that entrepreneurship is the best career for woman albeit entrepreneurship involves masculine activities. Thus, family business is the best solution for rural women entrepreneurs.

The main objective of this study is to identify developmental indicators that predict the likelihood of ME scaling up to small family business (SFB). In addition, it explores the profile of rural entrepreneurs, their families and the enterprises' background, as well as the developmental stages. All businesswomen/men in this study are assumed to be entrepreneurs. The



Developmental Model of Family Business by Gersick, Davis, Hampton and Lansberg (1997), which was fully developed by Rutherford, Muse and Oswald (2006) and known as the Expanded Family Business Model; and the gender role perspective (Oakley, 1972) were used to develop the research framework. The theory of human capital (Becker, 1964) and the conclusion of business theories by Drucker (2003) were used to strengthen the choice of variables.

Rural entrepreneurs in the Women's Extension Group (*KPW*), under the governance of the Malaysian Department of Agriculture (*DOA*), are the population of this study. They were chosen as they were initially ME by women in rural areas. Data was collected through interviews by using a fully structured specially designed questionnaire. Data was analysed using the mean, percentage and Binary Logistic Regression. Only processed food enterprises were selected. Data reduction processes were carried out by the Binary Pearson's Correlation test and Factorial Analysis.

The entrepreneurs' profiles include the general information, entrepreneurship experience and communal activism. The family profiles consist of spouse, children, family origin and family involvement in the enterprises. The enterprises' backgrounds consist of information about products, sales, workers, technology, business documents use and the external input. The development stages of rural enterprises indicated four stages. The findings indicate that entrepreneurs and families profiles, as well as the enterprises'

backgrounds are significant in predicting the likelihood of rural enterprises scaling up to SFB. The significant variables in each group are termed as developmental indicators and significantly predict the likelihood of rural enterprises scaling up to SFB. Entrepreneurs operating in the South region of Malaysia have a 1.2 times likelihood of scaling up to SFB compared to entrepreneurs in the North region. Enterprises with assistance from banking institutions have a 4 times likelihood of scaling up to SFB; and a one year increment in age of enterprise increases the likelihood of rural enterprises scaling up to SFB by 6%. However, the presence of one son reduces the likelihood of a rural enterprise scaling up by 28%. The issue of sons can be seen from a gender role and human capital perspective.



Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia
sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

**INDIKATOR PEMBANGUNAN PERUSAHAAN MIKRO MENJADI
PERNIAGAAN KECIL KELUARGA DI LUAR BANDAR
SEMENANJUNG MALAYSIA**

oleh

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Pembangunan perusahaan mikro (ME) penting untuk pembasmian kemiskinan, pembangunan ekonomi luar bandar dan selalunya berkaitan dengan mendayaupayakan wanita. Jangkaan ahli keluarga terhadap kaum wanita supaya selalu berada di rumah menguruskan rumah tangga di samping menjana pendapatan isi rumah boleh meningkatkan konflik kerja-keluarga seseorang wanita. Justeru keusahawanan dilihat sebagai kerjaya terbaik untuk wanita, bagaimanapun keusahawanan adalah aktiviti yang maskulin; maka perniagaan keluarga dilihat sebagai penyelesaian yang terbaik.

Objektif utama kajian ini adalah untuk mengenalpasti petunjuk pembangunan yang meramal kemungkinan untuk sebuah *ME* di luar bandar meningkatkan skala kepada perniagaan kecil keluarga (*SFB*). Disamping itu kajian ini juga bertujuan meninjau profil usahawan, keluarga mereka dan latar belakang perusahaan dan tahap pembangunan perusahaan luar bandar. Semua ahli perniagaan diandaikan sebagai usahawan di dalam kajian ini. Kerangka kajian ini adalah berdasarkan *The Developmental Model of Family Business* oleh Gersick, Davis, Hampton dan Lansberg (1997) yang kemudiannya dibangunkan oleh Rutherford, Muse dan Oswald (2006) dan dikenali sebagai *Expanded Family Business Model (EFBM)*, dan perspektif peranan gender (Oakley, 1972). Teori Modal Insan (Becker, 1964) dan kesimpulan teori – teori perniagaan oleh Drucker (2003) digunakan untuk memperkukuhkan pilihan pembolehubah.

Populasi kajian adalah usahawan luar bandar dalam Kumpulan Pengembangan Wanita (KPW) di bawah pentadbiran Jabatan Pertanian Malaysia. KPW dipilih kerana pada peringkat permulaan mereka adalah *ME* dan dijalankan oleh wanita luar bandar. Data dikutip secara temubual menggunakan soal selidik yang dirangka khas. Data dianalisis menggunakan min, peratusan dan *Binary Logistic Regression*. Hanya perusahaan makanan berproses dipilih. Proses pengurangan data dijalankan menggunakan *Binary Pearson Correlation* dan Analisis Faktor.



Profil usahawan adalah mengenai maklumat umum, pengalaman keusahawanan, aktiviti kemasyarakatan dan profil keluarga termasuk maklumat pasangan, anak – anak, keluarga asal dan penglibatan keluarga di dalam perusahaan. Latar belakang perusahaan pula meliputi maklumat produk, jualan, pekerja, teknologi, dokumen perniagaan yang digunakan dan input luar. Terdapat empat tahap pembangunan perusahaan luar bandar. Kesimpulannya profil usahawan, keluarga dan latarbalakang perusahaan telah meramalkan secara signifikan kemungkinan untuk perusahaan luar bandar meningkatkan skala kepada *SFB*. Pembolehubah yang signifikan di dalam setiap kumpulan dinamakan sebagai petunjuk pembangunan, juga meramal secara signifikan kemungkinan perusahaan luar bandar untuk meningkatkan skala kepada *SFB*. Usahawan yang beroperasi di wilayah Selatan Malaysia mempunyai kemungkinan 1.2 lebih tinggi untuk meningkatkan skala kepada *SFB* berbanding dengan usahawan di wilayah Utara. Perusahaan yang dibantu oleh institusi perbankan mempunyai 4 kali lebih kemungkinan untuk meningkatkan skala kepada *SFB*; dan peningkatan satu tahun usia perniagaan beroperasi meningkatkan 6% kemungkinan untuk meningkan skala kepada *SFB*. Bagaimanapun kehadiran seorang anak lelaki berupaya mengurangkan sebanyak 28% kemungkinan untuk perusahaan mikro meningkatkan skala kepada *SFB*. Isu anak lelaki ini boleh dilihat daripada perspektif peranan gender dan modal insan.

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Syukur to Allah for all His blessing and *hidayah* in allowing this thesis to finally be completed after six years. I have termed the travel log of the six years as my gender-journey. Women's conflict between study, family and the practice of religion really challenged me in completing this study. Before these six years, the expectation of progeny was at the cost of my family annulment. There I headed a family with a golden aged mother; continuously Allah gave me endowments including a master degree and new companion. Then, I began this study.

Another surprise was when a cute son was born after a miscarriage and thirteen years past the time and exactly after my comprehensive examination was completed. Pregnancy is an expected gender role by the family for a woman; however, an epidural complication confronted me. The doctors decided to put me to sleep for three days. I underwent extended treatment and only regained health after two years. These two challenging years resulted from the demand of the triple feminine roles, low physical fitness and disturbance in my personal life. However, despite my puny physical and emotional condition, the data collection of this study was completed after an extremely difficult process; but my tears only flowed when I had to defer Hajj twice.



During my son's second birthday, I met one big-hearted lady in a data collection meeting who assisted me with alternative medicine. That was the point when I felt fit and then I received a third call for Hajj. I signed the call while in the midst of a personal crisis which was expected much earlier. In that year I fully recovered. I thought I had received four bequests in my fourth year of study after struggling with the conflicts of study-work-family-religious duties, but actually, I had received six. The additional two included a wondrous gift from Allah – another life companion; and when reporting for duty in the year that I returned from Hajj, I received a promotion in May – my month of birth. Then, I focussed on completing my thesis during the next thirteen months.

With a deep hope that these findings can contribute to the universe, especially the poor, I wish to express my appreciation to those who were involved in the preparation of this thesis. Their assistance, cooperation and encouragement have made this study possible. No words can express my gratitude but I pray that Allah will reward them bountifully. Special appreciation and grateful thanks are extended to Associate Professor Dr. Laily Paim (Chairperson) and Dr. Ma'arof Redzuan, a dedicated team of supervisors who gave their sincere assistance and encouragement throughout this study. At the initial stage until I completed my pilgrim journey, Dr. Jariah Masud (a professor before retiring) was the chairperson. Thank you to Dr. Jariah and the individuals who gave their cooperation in making this study successful, and especially to all the respondents involved from all over



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Thank You.

ZUMILAH ZAINALALUDIN



I certify that a Thesis Examination Committee has met on 1st September 2010 to conduct the final examination of Zumilah Zainalaludin on her thesis titled “**Indicators of Micro Enterprise Development for Small Family Businesses in Rural Peninsular Malaysia**” in accordance with the Universities and Universities Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U. (A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy (Family Economics and Management).

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DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and is not concurrently, submitted for any other degree at Universiti Putra Malaysia or at any other institution.

ZUMILAH ZAINALALUDIN

Date: September 1, 2010



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LIST OF ABBREVIATIONS

AO	Assistant Officer
AsDB	Asian Development Bank
BLR	Binary Logistic Regression
DMFB	Development Model for Family Business
DOA	Department of Agriculture
EEC	Experimental Economic Center
EFBM	Extended Family Business Model
ERT	<i>Ekonomi Rumah Tangga</i> (Household Economics)
FELCRA	Federal Land Consolidation & Rehabilitation Authority
FELDA	Federal Land Development Authority
FHH	Female Headed Household
FMP	First Malaya Plan
GL	Group Leaders.
IAT	Industri Asas Tani.
ILO	International Labour Organization
KPW	<i>Kumpulan Pengembangan Wanita</i> (Women's Extension Group)
KUNITA	<i>Kumpulan Nelayan Wanita</i> (Fisherwomen Group)
LKIM	<i>Lembaga Kemajuan Ikan Malaysia</i> (Fisheries Development Authority of Malaysia)
LO	Liaison Officer
MARA	<i>Majlis Amanah Rakyat</i> (People's Trust Council)
MARDI	Malaysian Agricultural Research and Development Institute



MB	Micro Business
MCI	Malay, Chinese and Indian
ME	Micro Enterprise
MFB	Micro Family Business
MFE	Micro Family Enterprise
MP	Malaysia Plan
NDP	New Development Policy
NEP	New Economic Policy
NGO	Non-governmental Organisation
PIBG	<i>Persatuan Ibu Bapa Guru</i> (Parent Teacher Association)
PKT	<i>Pembangunan Keluarga Termiskin</i> (development of family under hardcore poverty)
PWPK	<i>Perkumpulan Wanita Pekebun Kecil</i> RISDA (Smallholder Women Group of RISDA)
RDT	Rural Development Transportation
RIDA	Rural Industrial Development Authority
RISDA	Rubber Industry Smallholders Development Authority
RUGS	Research University Grant Scheme
SAWARI	<i>Satu Wilayah Satu Industri</i> (One Region One Industry)
SB	Small Business
SE	Small Enterprise
SFB	Small Family Business
SFE	Small Family Enterprise
SMP	Second Malaya Plan
TOT	Training of Trainees



UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UPM	Universiti Putra Malaysia
WADIRA	<i>Wanita Dinamik</i> FELCRA (Dynamic Women of FELCRA)



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