



***CHARACTERISTICS OF BUMIPUTERA ENTREPRENEURS IN NON-WOOD
INDUSTRY***

ZHARIF ASHRAF BIN ZULKIFLI

FH 2018 128

**CHARACTERISTICS OF BUMIPUTERA ENTREPRENEURS IN NON-WOOD
INDUSTRY**

BY

ZHARIF ASHRAF BIN ZULKIFLI

FACULTY OF FORESTRY

UNIVERSITY PUTRA MALAYSIA

SERDANG, SELANGOR

2018

**CHARACTERISTICS OF BUMIPUTERA ENTREPRENEURS IN NON-WOOD
INDUSTRY**

BY

ZHARIF ASHRAF BIN ZULKIFLI

**A Project Report Submitted in Partial Fulfillment of the Requirement for the Degree of
Wood Science and Technology in the Faculty of Forestry
University Putra Malaysia**

DEDICATION

This is especially dedicated to:

My family, who support throughout the course of these thesis

My parents,

Zulkifli bin Mat Yajid and Adura bte Awang

Siblings,

Zehan Azureen, Zehan Ayuni, Zehan Alisha

Special thanks to those who supported me in the process of making this thesis

To all my friend, my classmate, my roommate, and the big thanks to my supervisor Prof. Dr. Jegatheswaran a/l Ratnasingham, lecturers, examiner and those who helped in completing my final year project.

ABSTRACT

Non-wood industry is an industry that has been in Malaysia for a long time. This industry has helped Bumiputera entrepreneurs in providing profit to them and at the same time uplift our country's economy. This research is conducted to find Key Success Factor (KSF) from Bumiputera entrepreneurs in this non-wood industry. A total of 57 questionnaires were distributed but only 38 Bumiputera entrepreneurs responded within a period of four months. The result shows that success factor is important to improve their product performance. This research involved five main factors which are management, financial, marketing, technology and human resource. The research is conducted in Peninsular Malaysia, involving states such as Selangor, Johor, Kelantan and Malacca. The research utilized Score Analysis which covers five main contexts in research objective. According to Score Analysis Method, management is placed in top position while technology is ranked last. This is because management is the key factor among all the other factors while technology is placed last because Bumiputera entrepreneurs need more manpower than technology in the process of product production. Management factor is the most important basic factor in ensuring Bumiputera entrepreneurs succeed in non-wood industry.

ABSTRAK

Industri bukan kayu merupakan industri yang sudah lama berada dalam industri Malaysia. Industri ini banyak membantu Bumiputera untuk menjana pendapatan mereka dan membantu menaikkan lagi ekonomi negara kita. Kajian ini dilakukan untuk mencari kunci kejayaan daripada usahawan Bumiputera yang terlibat di dalam industri bukan kayu ini. Sebanyak 57 borang soal selidik diedarkan kepada usahawan Bumiputera yang mana hanya 38 usahawan Bumiputera yang membalas borang soal selidik dalam tempoh empat bulan. Keputusan kajian telah mendapati faktor-faktor kejayaan yang telah di kecapai oleh usahawan Bumiputera adalah untuk meningkatkan lagi prestasi produk mereka. Faktor kajian ini melibatkan lima faktor utama iaitu, pengurusan, kewangan, pemasaran, teknologi dan sumber manusia. Kajian ini dilakukan di Semenanjung Malaysia melibatkan negeri Selangor, Johor, Kelantan dan Melaka. Kajian ini menggunakan kaedah analisis skor kedudukan yang merangkumi konteks lima faktor utama objektif kajian. Menurut hasil daripada kaedah analisis skor kedudukan, faktor pengurusan berada di kedudukan pertama dan faktor teknologi di kedudukan yang terakhir. Ini adalah kerana pengurusan mempengaruhi semua faktor utama yang lain manakala teknologi berada di kedudukan terakhir kerana usahawan Bumiputera memerlukan ramai tenaga pekerja berbanding teknologi dalam penghasilan produk. Konsep pengurusan merupakan asas yang paling penting dalam memastikan usahawan Bumiputera dalam industri bukan kayu ini untuk berjaya.

ACKNOWLEDGEMENT

In the name of Allah, The Most Beneficent and Most Merciful

Firstly, I would like to express my deepest thanks and appreciation to my final year project supervisor Associate Professor Dr. Jegatheswaran a/l Ratnasingham, who has given me endless guidance, encouragements, patience and comments in process of completion this research project.

I also grateful to the Bumiputera Entrepreneurs for providing information vital to my research need and also giving me a chance to carry out this research there. My special thanks to Mohd Nor Amin bin Jamal, Mohammad Aisamuddin bin Ahmad and Mohammad Faizal bin Sulong for their assistance and companion while completing this study.

To my dearest lecturers, thank you for giving a valuable advice and lesson you though me. Not forgetting to my course mate BSTK (batch 2014/2015), thanks for the time we had and all memories. Your assistance will be truly appreciated.

APPROVAL SHEET

I certify that this research project report entitled “Characteristic of Bumiputera Entrepreneur in Non-wood Furniture Industry” has been examined and approved as a partial fulfilment of the requirement for the degree of Bachelor of Wood Science and Technology in the Faculty of Forestry, University Putra Malaysia.

(Prof. Dr. Jegatheshwaran A/L Ratnasingham)

Faculty of Forestry

Universiti Putra Malaysia

(Supervisor)

(Prof. Dr. Mohamed Zakaria Hussin)

Dean,

Faculty of Forestry

Universiti Putra Malaysia

Date: June 2018

TABLE OF CONTENT

DEDICATION	i
ABSTRACT	ii
<i>ABSTRAK</i>	iii
ACKNOWLEDGEMENT	iv
APPROVAL SHEET	v
TABLE OF CONTENTS	vi
LIST OF TABLE	x
LIST OF FIGURES	x
LIST OF APPENDICES	xi
LIST OF ABBREVIATIONS	xii
CHAPTER I	
INTRODUCTION	
1.1 Background	1
1.2 Problem Statement	2
1.3 Objective	3
CHAPTER II	
LITERATURE REVIEW	
2.1 Bumiputera Entrepreneur	4
2.2 Small and Medium Enterprise	4
2.3 Malaysia Furniture Industry	5
2.3.1 Rattan Furniture	6
2.3.2 History of Rattan Furniture	7
2.4 Bamboo Furniture	8

CHAPTER III

METHODOLOGY

3.1 The Theoretical Framework	9
3.2 Research Design	11
3.3 Data Collection Method	13
3.4 Questionnaire Design	13
3.5 Printed Materials or People's Opinion	15
3.6 Granting Score Method	15
3.7 Data Analysis Method	16

CHAPTER IV

RESULTS AND DISCUSSION

4.1 Company Background	17
4.2 Management Factor	19
4.2.1 Management System	19
4.2.2 Record System for Management and Financial	20
4.2.3 Growth Rate	20
4.3 Financial Factors	21
4.3.1 Sales	22
4.3.2 Financial Management	22
4.3.3 Profit Margin	22
4.4 Market Factors	23
4.4.1 Run Advertising	24
4.4.2 Cost Advertising	24

4.5 Technology Factors	25
4.6 Human Resource Factor	26
4.6.1 Number of Workers	27
4.6.2 Type of Workers	27
4.6.3 Training	28
4.6.4 Family Members	28
4.7 The Key Success Factor of Bumiputera Entrepreneurs in Non-wood Furniture Industry	30
CHAPTER V	
CONCLUSION AND RECOMMENDATION	
5.1 Conclusion	32
5.2 Research Implication	32
5.3 Limitations and Recommendation	33
REFERENCES	34
APPENDICES	35

LIST OF TABLES

Table		Page
1	Characteristics of the Organization and Business Aspects	10
2	Frequency and Range for Company Background	18
3	Frequency and Range for Management Factors	21
4	Frequency and Range for Financial Factors	23
5	Frequency and Range for Market Factors	25
6	Frequency and Range of Technology Factor	26
7	Frequency and Range for Human Resource Factors	29
8	Key Success Factor of the Bumiputera Entrepreneurs	31

LIST OF FIGURES

Figure		Page
1	Export of Rattan Furniture	2
2	The Theoretical Framework	9
3	Research Methodology Flow Chart	12



LIST OF APPENDICES

Appendix		Page
A	Questionnaire Form	35
B	Formula of Frequency and Score Analysis Method	45



LIST OF ABBREVIATIONS

%	Percentage
CSF	Critical Success Factor
FITEC	Furniture Institute Technology
FRIM	Forest Research Institute of Malaysia
FAO	Food and Agriculture Organization
ICAN	International Campaign to Abolish Nuclear Weapon
KLCC	Kuala Lumpur Convention Centre
MTIB	Malaysian Timber Industrial Board
NTFP	Non-timber Forest Product
PWTC	Putra World Trade Centre
RM	Ringgit Malaysia
SMEs	Small and Medium Entrepreneurs
USD	United States Dollar

CHAPTER I

INTRODUCTION

1.1 Background

Malaysia is situated in the tropical area and the tropical rain forest occupies 57% of the land area in Malaysia. Besides that, Malaysia has a large diversity of plants including flowering plants and ferns. Thus, it is one of the countries in the world that still produces a significant amount of non-timber forest products because Peninsular Malaysia, Sabah, and Sarawak has a large forested area. As such, non-wood sector has a strong socioeconomic and technological implication.

Non-timber forest product (NTFP) plays an important role for the socioeconomic activities in Malaysia. NTFP are products which do not include wood. Examples include root, ferns, fruits, resin, bamboo and rattan. However, this study will only focus on bamboo and rattan since these plants can be modified and processed into furniture. Rattan furniture is also one of the major products exported from Malaysia. It is sold not only in the local market, but also internationally.

The planting of these bamboo and rattan resource mainly that of *Calamus manan*, is conducted by the government and private sectors. Other large-scale plantations in Sabah are planting mainly *C. caesius* and *C. trachycoleus*. So far more than 10,000 ha have been established. Other rattan species that have been looked into include *C. scipionum* and *C. palustris*. Figure 1 shows the export of rattan furniture from 2010 until 2015.

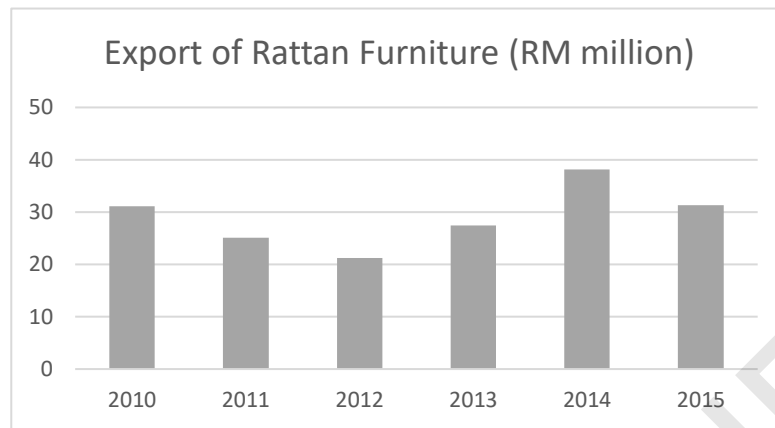


Figure 1: Export of Rattan Furniture

Bamboo is next to rattan in terms of its economic importance especially in Malaysia. It is one of the non-wood resources found growing wild in the forests. The bamboo industry for high end products is still relatively new in Malaysia. The bamboo industry in Malaysia focuses on the production of handicraft materials and interior design. On average, the export of bamboo products for a period of 10 years was only RM250, 000. It is considered very small if compared to China's export of bamboo products for 2011 which was around RM30.33 billion (International Network for Bamboo and Rattan (INBAR, 2013).

1.2 Problems statement

Rattan and Bamboo furniture are exotic tropical furniture often meant for exclusive markets. Although in Malaysia, there are sufficient resources of rattan and bamboo, the non-wood furniture in Malaysia not a large industry as, there are 43 mills that produce rattan furniture and products and 14 mills that produce bamboo furniture (FRIM 2016).

Rattan and Bamboo are highly demand for exclusive markets because with rattan, people can show their creativity to do many designs of furniture since rattan have high bending elasticity. With this high demand, entrepreneurs in Malaysia should take advantage of this industry as they have large market potential

Thus, this study will elaborate on the success factors of Bumiputera entrepreneurs in this field, what's their objectives and encouragements behind their success. Hopefully, with this study it can help more Bumiputera entrepreneurs to get involved in this industry.

1.3 Objectives

Therefore, the main objectives for this study is to evaluate the Bumiputera Entrepreneur performance in the non-wood furniture industry.

Specific objectives of this study:

- I. To identify the success factors that helped Bumiputera entrepreneurship involve in the Malaysia non-wood furniture industry.
- II. To evaluate the growth performance potential of Bumiputera entrepreneurship in Malaysia in the non-wood furniture industry.

REFERENCES

- Abdullah, F., Hamali, J., Rahman Deen, A., Saban, G., & Zainoren Abg Abdurahman, A. (2009). Developing a framework of success of Bumiputera entrepreneurs. *Journal of Enterprising Communities: People and Places in the Global Economy*, 3(1), 8-24.
- Ariffin, W. T. W., Husain, H., & Salleh, A. H. (2001). Rattan furniture making unit. *Forest Research Institute Malaysia, Kuala Lumpur*.
- Bird, D. K. (2009). The use of questionnaires for acquiring information on public perception of natural hazards and risk mitigation-a review of current knowledge and practice. *Natural Hazards and Earth System Sciences*, 9(4), 1307.
- Dodgson, M. (2018). *Technological collaboration in industry: strategy, policy and internationalization in innovation*. Routledge.
- Indarti, N., & Langenberg, M. (2004). Factors affecting business success among SMEs: Empirical evidences from Indonesia. *Second bi-annual European Summer University*, 19-21.
- Ishak, S., Omar, A. R. C., & Ahmad, A. (2012). Tales of the survivors: the Bumiputera Entrepreneurs' experience. *Asian Social Science*, 8(3), 25.
- Krivtsov, A. M. (2014, September). Energy oscillations in a one-dimensional crystal. In *Doklady Physics* (Vol. 59, No. 9, pp. 427-430). Pleiades Publishing.
- Ng, K. B. & Thiruchelvam K. (2011). The dynamincs innovations in Malaysia's wooden furniture industry: Knowledge and linkages, *African Journal of Agricultural Research* Vol. 6(16), 3654-3659.
- Mamat, M. & A. Ismail (2011). *Market orientation and business performance: The Study of Bumiputera Furniture Industry in Kelantan*. *American International Journal of Contemporary Research*. Vol. 1 No. 3; November 2011.
- Manaf, A. A., Omar, N. H., & Yee, L. K. (2012). Faktor kritikal kejayaan usahawan dalam perniagaan. *e-BANGI: Jurnal Sains Sosial dan Kemanusiaan*, 7, 34-45.
- McGrath, P. J., & Singh, H. (2016). Resource reconfiguration and transactions across firm boundaries: The roles of firm capabilities and market factors. In *Resource redeployment and corporate strategy* (pp. 217-251). Emerald Group Publishing Limited.

Neacsu, N. A. (2015). Implementation of ISO 22000-a tool to increase business efficiency and customer satisfaction. A Case Study: SC Prodlacta Brasov. *Bulletin of the Transilvania University of Brasov. Economic Sciences. Series V*, 8(2), 105.

Puteri Fadzline, A. K., Razali, & M. N. Norzanah (2008, July). *The dilemma of Bumiputera furniture manufacturers*. International Furniture Conference Proceedings, 2008ifcx.

Omar, C. M. Z. C., & Azmi, N. M. N. (2015). Factors affecting the success of Bumiputera entrepreneurs in small and medium enterprises (SMEs) in Malaysia. *International Journal of Management Science and Business Administration*, 1(9), 40-45.

Rahman, R. R. R. A., Dora, M. T. H., Yusof, A. B. M., Diah, A. B. M., & Yusof, T. (2009). Effectiveness of entrepreneurial leadership styles in improving smis manufacturing Bumiputera technopreneurs performance in Melaka. *Journal of Human Capital Development (JHCD)*, 2(1), 89-104.

Ross, J. E. (2017). *Total quality management: Text, cases, and readings*. Routledge. Boca Raton, Florida.

Shiadri S. (2008). *Causes of poor participation of local workers in Malaysia construction industry and strategies for improvement*, (Unpublished Doctoral dissertation, Universiti Teknologi Malaysia, Melaka).

Sunderland, T. C. (2001). Rattan resources and use in West and Central Africa. *UNASYLVA-FAO-*, 18-23.

Vahlne, J. E., & Jonsson, A. (2017). Ambidexterity as a dynamic capability in the globalization of the multinational business enterprise (MBE): Case studies of AB Volvo and IKEA. *International Business Review*, 26(1), 57-70.

Zulkifli-Muhammad, M., Char, A. K., Yaso, M. R., & Hassan, Z. (2009). Small and medium enterprises (SMEs) competing in the global business environment: A case of Malaysia. *International Business Research*, 3(1), 66.