

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 INTRODUCTION**

This research project has the objective to study the relationship between Locus of Control and the intention of being entrepreneur among managers of Fishery Development Authority Malaysia (FDAM). FDAM has been entrusted by the government to pioneer and serviced the fishery industry. To develop the fishery industry, FDAM, play a leading role in pioneering the fishery's commercial activities and involve directly in production and trading. Most of FDAM managers engage in entrepreneurial decision making and assumed as entrepreneurs in their daily roles.

Locus of control refers to the perceived source of causality of one's behavior by an individual. Locus of control can be categorized into two different groups, that is, internal and external Locus of Control. The person who feels internal control believes that he or she is primarily able to influence what happens, whereas the person with a belief in external control tends to regard factors beyond his or her control as the major influences on behavior. The purpose of the research is to investigate the relationship between an individual's locus of control and their intention of being entrepreneur, whether a person who feels internal locus of control have high intention of being entrepreneur and have high entrepreneurial spirit and awareness.

Entrepreneur is one who undertakes to organize, manage, and assume the risks of a business. To a great extent, our future economic well being hinges on the quality of entrepreneurs. Therefore, the result of this study would perhaps help in providing insight on the entrepreneurship in FDAM and on managers' entrepreneurial spirit and awareness. Do FDAM managers has the entrepreneurial spirit and awareness to become entrepreneurial managers. Does this entrepreneurial spirit and awareness has different degree among managers of FDAM.

## **1.2 BACKGROUND OF FISHERY DEVELOPMENT AUTHORITY OF MALAYSIA (FDAM)**

### **1.2.1 HISTORY**

Fishery Development Authority of Malaysia (FDAM) or commonly named as Lembaga Kemajuan Ikan Malaysia (LKIM) was established on 1 st. November 1971. FDAM is a statutory body set up by the Ministry of Agriculture under the Lembaga Kemajuan Ikan Malaysia Act 1971 (Fisheries Development Authority of Malaysia Act 1971). The Act was enforced on 1<sup>st</sup> November 1971 in Peninsular Malaysia , 1<sup>st</sup> July 1973 in Sawarak and on 1<sup>st</sup> August 1995 in Sabah.

The main thrust of FDAM objectives in effect is two-pronged – to act as a catalyst and faciliator of the industry's development and to ensure the well-being and empowerment of the fishing community. These objectives are to be achieved in concert with one another as entrenched in its Corporate Mission which embodies the commitment:

*"To form and create a self-reliant, dedicated and progressive fishermen community which is able to move in line with the nation's development and establish a modern fisheries industry."*

The FDAM's function can be said to have a promotional element as opposed to a regulatory one. It complements the functions of the Fisheries Department. FDAM undertaking has been guided by a philosophy based on the integrated development of the various components of the industry.

To facilitate the activities in the fisheries industry and help create a healthy and vibrant commercial environment, the MAJUIKAN Pantai Timur Sdn Bhd., renamed as Majuikan Sdn. Bhd. (MSB), a subsidiary of the FDAM was incorporated in 1988. Established under section 4 of the Fisheries Development Authority of Malaysia Act, MSB spearheaded the FDAM's very own foray into commercial activities in a number of areas. MSB has played a vital role in providing both supporting services and the capability to implement the more capital-intensive projects.

In line with the provisions stipulated in Act 49, FDAM Act 1971, FDAM started in activities in the fisheries industry by carrying out fishing operation. This was followed by aquaculture and marketing. Its direct involvement in the fisheries industry has enriched its experience and enhanced its ability to formulate sound policies, strategy, and programmes for the development of the fishing sector.

Various projects and programmes have been implemented by FDAM in pioneering the development of this industry. The fisheries sector is crucial in providing the supply of protein to the national populace. As a producing sector it is market oriented. FDAM ensures that this industry has adequate marketing infrastructure for the growth of the industry. Simultaneously, to assure the smooth and organized fish marketing operations at the domestic as well as international levels, for the benefit of all concerned, specific marketing regulations were enforced.

To keep abreast with the latest marketing situation and taking advantage of it for trade development, the establishment of market information and dissemination system to those involved is given priority. This responsibility is further strengthened with FDAM's involvement as host agency to INFOFISH, an Asia Pasific inter-governmental body which provides marketing and advisory services to the member countries within this region.

From the fisherman institution development aspect, FDAM has churned out effective leaders within the fishermen community. These leaders have proven to be capable of moving the Fishermen's Associations at the Area, State, and National levels. Through FDAM's guidance and supervision as the Registrar of Fishermen's Associations, fishermen's institutions at various levels and locations are well administered and organise, conforming with their respective regulations and bye-laws. From the economic aspect, Fishermen's Associations have stepped up their efforts and commitment in carrying out various commercial activities with the intention of championing their members' rights and at the same time to strengthen the instuation as a business entity capable of moving parallel with other trading bodies venturing in the fisheries sector.



### **1.2.2 SET- UP AND ORGANIZATION**

The highest management authority in FDAM lies with the Board of Directors of FDAM. However, as the Chief Executive Officer, the Director-General has been given the mandate to run the organization according to the policies agreed upon by the Board of Directors. The Director-General is assisted by two Deputies, i.e. the Deputy Director-General (Development) and the Deputy Director-General (Services). Apart from the two Deputies who are directly responsible to the Director General, the Internal Audit and Corporate Planning Divisions are also under the supervision of the Director-General. At the regional level, the State Directors also report directly to the Director-General.

The Fisheries Industry Development, Entrepreneur, Marketing and the Fisherman Institution Development Divisions are under the responsibility of the Deputy Director-General (Development). The Deputy Director-General (Services), on the other hand, oversees the Administration and Human Resources, Finance and Accounts, Engineering, and Computer Divisions.

### **1.2.3 ENTREPRENEURIAL ACTIVITIES**

FDAM's entrepreneurial activities began from the very beginning of its establishment in 1971. FDAM initially do commercial trials and pilot projects in wide areas of fishery industry before commercialization. Today, FDAM has been entrusted by the

government to pioneer and serviced the fishery industry. To develop the fishery industry, FDAM, play a leading role in pioneering the fishery's commercial activities and involve directly in production and trading.

To date, FDAM's projects include integrated container depot, fish marketing, forwarding, deepsea fishing, shrimp feed mill, slipways, aquaculture (fish cage culture, oysters and mussel cultures, cockle rearing, fish and prawn farming), seafood processing (fish crackers, surimi, fishball, fish fillet), fish and prawn hatchery, refrigeration facilities and ice supply.

Majuikan Sdn. Bhd. (MSB), a subsidiary of the FDAM, spearheaded the FDAM's very own foray into commercial activities in a number of areas. MSB has played a vital role in providing both supporting services and the capability to implement the more capital-intensive projects. Over the years, FDAM's business portfolio has steadily expanded to include other areas, particularly in upstream and downstream sector, service sector, credit facilities, agrotourism and infrastructure facilities.

These feats have ensured a strong foundation from which FDAM was able to implement its masterplan to build the fisheries industry into a major contributor to the nation's economy. These efforts have been delineated into a number of sectors which include Aquaculture Development, Deepsea and Coastal Fisheries Development, Upstream Development, Downstream Development, Marketing Support Services Development and Commercial Development.

FDAM's achievement is made possible by continuous development of efficient and skilled work force in the fisheries industry and the fishing

community and also by fostering good relationship and team work between FDAM's staff and the target group through dissemination of accurate information and current affairs.

#### **1.2.4 FDAM MANAGERS**

FDAM managers refer to line, middle and general managers of Federal Development Authority Malaysia (FDAM) and all are Malaysian.

In 2001 there are 400 managers in FDAM out of 1065 FDAM's population. These managers are attached throughout the country at FDAM Headquarters and 11 Regional/State Office, 52 FDAM's Fishery Landing and Fishery Checking Point Complexes, 12 Aquaculture Farm ( Fish/Prawn Hatchery, Prawn Culture, Fish/Mussel/Cockle/Oyster Culture), 4 Seafood/Feedmill Processing Factory, 5 Slipways, 73 Fishermen Association, and 12 other fishery related projects.

#### **1.2.5 DUTIES AND RESPONSIBILITIES OF FDAM MANAGERS'**

FDAM manager has a managerial responsibility and engaged in entrepreneurial decision making at their respective attachment.

FDAM, since its inception in 1971, was entrusted by the government to service and develop the fishery industry and the fishermen community of the country. To develop the fishery industry, FDAM, play a leading role in pioneering the fishery's commercial activities and involve directly in production and trading. Most of FDAM

managers engaged in business decision making and assumed as entrepreneur (and as 'intrapreneur').

The duties and responsibilities of FDAM managers can be broadly summarized as follows:

- Responsible for planning through coordination of programmes, policies, objectives and strategies at project, functional division or organization level;
- Ensuring that all project operations, accounting and financial records are complete, efficient and effective,
- Administer day-to-day project operation and staff supervision,
- Engage in purchasing inputs and marketing output, and
- Monitoring and project evaluation.

### **1.3 PURPOSES AND SIGNIFICANCE OF THE STUDY**

The primary objective of this research is to study the relationship between Locus of Control and the intention to become an entrepreneur among FDAM managers. Entrepreneur is one who undertakes to organize, manage, and assume the risks of a business. The entrepreneur is the aggressive catalyst for change in the world of business. He or she is an independent thinker who dares to differ in a background of common events (Kuratko & Hodgetts, 1998).

Locus of Control is a personality construct referring to an individual's perception of the locus of events as determined internally by individual own behavior versus fate, luck, or external circumstances. Locus of control refers to the perceived source of causality of one's behavior by an individual (Spector, 1992, Nwachukwu, 1995, & Carver 1997). The person who feels internal control believes that he or she primarily able to influence what

happens, whereas the person with a belief in external control tends to regard factors beyond his or her control as the major influences on behavior. The purpose of this research is to investigate the relationship between an individual's locus of control and their intention to become an entrepreneur, whether a person who feels internal locus of control have high intention to become an entrepreneur.

An individual's intention, vision, motivation and objection are the basis of a business venture. Although the intentions to start a business may be a strong predictor of venture creation, we know that not all intentions become reality (Carter, Gartner, and Reynolds 1996).

#### **1.4 RESEARCH OBJECTIVES AND QUESTIONS**

This research paper has the objective to find out the relationship between locus of control and the intention to become an entrepreneur among FDAM managers. What is the relationship between the internal or external locus of control and the entrepreneurial spirit of FDAM managers?

This research study also has the objective to study the entrepreneurial spirit among FDAM managers. Are FDAM managers' has the intentions to become an entrepreneur? Does this intention has different degree on education levels, locations of attachment, various ethnics groups and gender in FDAM? Which ethnic group has higher degree of intentions to become an entrepreneur? Is male FDAM' managers, or graduate managers having higher degree of intentions to become an entrepreneur?

This study first finds out the definition of entrepreneur and entrepreneurship. Then, it continued with the thorough definition of internal and external locus of control by Rotter. This study needs to answer questions, such as: what

is internal and external locus of control? Who is entrepreneur? Then, a survey need to be done on the FDAM managers to find out the relationship between locus of control and the intention to become an entrepreneur among those FDAM managers.

## **1.5 SCOPE OF THE STUDY**

This research study is targeted on the FDAM managers. A survey questionnaire based on Rotter's Locus of Control has been prepared to survey a sample of 100 FDAM employees consisting of managers (line, middle & general managers). These 100 respondents are FDAM managers working in FDAM Headquarters and State Office and at Project Centers. These respondents are located throughout the country and have some working experience.

This study will focus on the Locus of Control, intention of being an entrepreneur, and demographic profile of the survey sample.

## **1.6 LIMITATIONS OF THE STUDY**

There are few limitations of this study

- (a) This survey sample is only targeted to 100 respondents of FDAM managers. Again this sample's size is too small to represent the truth facts of the FDAM managers' intention to become an entrepreneur.
- (b) The 100 respondents of FDAM managers have been selected by using Convenient Sampling technique. In many cases, a research project

using convenient sampling signals that the entire research project may lack objectively. (Zikmund W.G. 1997)

- (c) The survey respondents, who are FDAM managers does not represent the whole FDAM or Malaysian managers. They may have different attitudes towards intention to become entrepreneur among FDAM managers whose now working in various states in Malaysia.
- (d) There are limited research studies on the locus of control and entrepreneurship from the local researchers, particularly in the subject of intrapreneurship in organization or on government employees. Therefore, the researcher faced some limitation in getting information on this field.

## **1.7 ORGANISATION OF THE STUDY**

This research study has been divided into five (5) chapters. Below shown how all the chapters are laid out.

### **Chapter One-Introduction**

This is an overview chapter of the whole research study. It started with purpose and significance of the study, and followed by hypotheses or research questions. It does include scope of the study, limitations and problems faced of the study and the organization of the study.

## **Chapter Two-Literature Review**

This is an organized review of related and relevant literature in locus of control and entrepreneurship. The recent findings in this area, is also can be found here.

## **Chapter Three-Research Methodology**

This chapter mainly explained the research methodologies been used in the research study. This research study is based on survey questionnaires done by 100 respondents of FDAM managers in various locations in Malaysia. It explained the methodology used in research hypotheses, selections of measures, sampling design, data collection procedure and data analysis techniques.

## **Chapter Four-Research Results**

The results of the research study were published in this chapter. This chapter summarizes the statistics of respondents, analysis of measures, testing of the hypotheses, and summary of the research results as a whole.

## **Chapter Five-Conclusion and Recommendations**

This is the last chapter of the research study, which summarizes and makes conclusions out of the findings. There are also suggestions for additional research. The implications of the findings to the society and organization are also included.