

**MODERATING ROLE OF MARKETING ENVIRONMENT
ON THE LEAD SUCCESS FACTORS OF HALAL SMALL
AND MEDIUM ENTERPRISES IN PAHANG**

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FACULTY OF ECONOMICS AND ADMINISTRATION

UNIVERSITY OF MALAYA

KUALA LUMPUR

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AND MEDIUM ENTERPRISES IN PAHANG**

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ABSTRACT

The importance and the role played by entrepreneurship and entrepreneurs in the growth and development of the Malaysian economy cannot be denied. As businesses become more complex, the current dynamic business environment makes it necessary for organizations to employ effective plans of action and business strategies. Recognizing the importance of the contributions of Small and Medium Enterprises (SMEs), the government plays a crucial function in generating, developing and enabling conducive environment for SMEs to operate and succeed.

Several studies that were conducted previously on SMEs emphasize primarily on observing and reporting the profile of the SMEs, the personal characteristics of the SME owners, problems and constraints faced by them, the factors that leads to performance and success of SMEs, and the assistance programmes provided by the government. However, there was no special attention given to SMEs that operate in the halal industry. Such investigations are exposed to several limitations and appear to be of little help to provide framework for better understanding of the SMEs that operate in the halal industry. Unlike general SMEs where there is no rigid and unique requirement to adhere to, halal SMEs face an environment in which their characteristics and operations are strictly controlled by guidelines set according to the Syariah law. As such, the environment in which the halal SMEs operate may pose opportunities and challenges that can either be conducive or not conducive for the success of halal SMEs. SME owners need to be educated and trained to face the unique requirements in the halal environment, and should also be able to assess their own personal characteristics in order to succeed in such environment. Therefore, in line with Malaysia's effort to put the local SMEs in the global halal market, this study

examines whether the halal marketing environment acts as a moderator to influence the effect of two lead success factors chosen, namely, the types of entrepreneurship education and training that the SME owners attended and the personal characteristics of the SME owners on the success of halal SMEs.

Qualitative and quantitative approaches were used in the research design as the personal interview conducted enhanced the survey instruments used to examine the relationships. The SMEs registered with the Pahang State Development Corporation for the halal industry was chosen as the sample in this study because of their owners' active participations and proactive efforts for their own development in the halal business. Results of correlation revealed that there is a strong relationship between the types of entrepreneurship education and training and the level of success for halal SMEs, and between the personal characteristics of the SME owners and the level of success of halal SMEs. The role of marketing environment as a moderator was tested using hierarchical multiple regression, and results showed that it does moderate the effect of the lead factors on the SMEs in this study.

The research significantly provides a better understanding of why the halal SMEs should be studied as a separate entity from the general SMEs based on how the SME owners perceived the effect of the environment and how they would increase the level of success by implementing a realistic and practical approach to their businesses to suit the environment. The findings from this study also add to the information on the suitability of the types of entrepreneurship education and training that the SME owners attended and the personal characteristics of the SME owners and how they are moderated when such environment like the halal environment exist. By recognizing and understanding the uniqueness of the halal environment, government bodies and legislative bodies would be able to better prepare the SMEs to be successful in the global halal market.

ABSTRAK

Kepentingan dan peranan keusahawanan dan usahawan dalam pertumbuhan dan pembangunan ekonomi Malaysia tidak boleh dinafikan. Apabila perniagaan menjadi lebih kompleks, kedinamikan semasa persekitaran perniagaan menggesa organisasi untuk menggunakan rancangan tindakan dan strategi perniagaan yang berkesan. Menyedari kepentingan sumbangan Perusahaan Kecil dan Sederhana (PKS), kerajaan memainkan peranan penting dalam menjana, membangunkan dan membolehkan persekitaran yang sesuai bagi PKS untuk menjalankan operasi dan berjaya.

Beberapa kajian telah dijalankan tentang PKS dengan penekanan kepada memantau dan melaporkan profil PKS, ciri-ciri keperibadian pemilik PKS, masalah dan kekangan yang dihadapi, faktor-faktor yang mempengaruhi prestasi dan kejayaan PKS, dan program bantuan yang ditawarkan oleh kerajaan. Walau bagaimanapun, tiada tumpuan khas diberikan kepada PKS dalam industri halal. Hasil siasatan daripada kajian-kajian tersebut adalah terhad dan tidak begitu membantu dalam penyediaan rangka kerja yang baik bagi memahami PKS yang beroperasi dalam industri halal. Berbeza daripada PKS lazim yang tidak perlu mematuhi apa-apa keperluan yang tegar dan unik, PKS halal menghadapi satu persekitaran dengan ciri-ciri dan operasi dikawal ketat oleh panduan yang ditetapkan oleh undang-undang Syariah. Oleh itu, persekitaran untuk operasi PKS boleh mengutarakan peluang dan cabaran yang sesuai, mungkin juga tidak sesuai untuk kejayaan PKS halal. Pemilik PKS memerlukan bimbingan dan latihan untuk menghadapi keperluan persekitaran halal dan sepatutnya boleh mendalami ciri-ciri keperibadian sendiri untuk berjaya dalam persekitaran sebegini. Oleh itu, sejajar dengan usaha Malaysia untuk meletakkan PKS tempatan di dalam pasaran halal global, kajian ini meneliti sama ada persekitaran pemasaran halal bertindak sebagai penyederhana untuk mempengaruhi kesan ke atas dua faktor kejayaan utama yang dipilih, iaitu jenis-jenis pendidikan dan latihan keusahawanan

yang dihadiri oleh pemilik PKS dan pengaruh ciri-ciri keperibadian pemilik PKS ke atas kejayaan PKS halal.

Pendekatan kualitatif dan kuantitatif telah digunakan dalam rekaan kajian kerana temu ramah peribadi yang dijalankan mempertingkatkan alat tinjauan yang digunakan untuk meneliti perhubungan ini. PKS yang didaftarkan di Perbadanan Kemajuan Negeri Pahang untuk industri halal dipilih menjadi sampel kajian ini kerana penglibatan aktif pemilik dan usaha proaktif untuk membangunkan sendiri syarikat mereka dalam industri halal. Hasil hubung kait menunjukkan hubungan rapat antara jenis-jenis pendidikan dan latihan keusahawanan dengan tahap kejayaan PKS halal. Peranan persekitaran pemasaran sebagai penyederhana diuji menggunakan kaedah regresi berganda berheirarki dan hasilnya menunjukkan ia memang memoderasikan kesan faktor-faktor utama ke atas PKS dalam kajian ini.

Kajian ini memberikan pemahaman lebih baik tentang sebab-sebab mengapa PKS halal patut diselidik sebagai entiti yang berbeza daripada PKS lazim berdasarkan persepsi pemilik PKS terhadap kesan persekitaran dan bagaimana mereka akan meningkatkan tahap kejayaan dengan melaksanakan pendekatan yang realistik dan praktikal untuk perniagaan mereka yang bersesuaian dengan persekitaran. Hasil daripada kajian ini juga memberikan lebih maklumat tentang kesesuaian jenis-jenis pendidikan dan latihan keusahawanan yang pemilik PKS hadiri dan ciri-ciri keperibadian pemilik PKS, dan bagaimana mereka dimoderasikan jika persekitaran seperti persekitaran halal wujud. Dengan mengenal pasti dan memahami keunikan persekitaran industri halal, badan-badan kerajaan dan perundangan boleh membantu PKS mencapai kejayaan dalam pasaran halal global.

DEDICATION

To my family members, especially to my son, Meor Adlan Putra for his unwavering support, understanding and patience while I complete this process.

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CHAPTER 1

INTRODUCTION

1.1 Research Background

The importance of entrepreneurship and entrepreneurs in modern society has been the subject of increased attention in recent years. Historically, economists have associated entrepreneurship with profit orientations, capital investment and risk (Cantillons, 1755; Say, 1803; Joseph Alois Schumpeter, 1934); they have supported the view that entrepreneurship is responsible for economic expansion (Cole, 1965; Joseph Alois Schumpeter, 1934; Weber, 1930). In recent years, the field of entrepreneurship has become more popular, and even more important, with the inclusion of entrepreneurial activities having the potential to positively affect the economy. This is important since these activities can build a strong economic base and create job opportunities (Hisrich & Peters, 1998). The creation of businesses in the local economy may hold the key to a nation's future prosperity. Government and policy makers have often mentioned the importance of entrepreneurship for creating niches in saturated job markets. The entrepreneurial role is a potential solution to rising high unemployment rates and economic recessions. The job opportunities created through entrepreneurship activities can lead to economic prosperity (Garavan & O'Conneide, 1994).

The word *entrepreneurship* itself is no longer new to most people. Often used interchangeably with the term *business*, the focus of discussion surrounding entrepreneurship itself revolves around best practices for developing successful entrepreneurs and enterprises.

Entrepreneurship—or *entreprende* in French, its original language—is not a new

phenomenon: research in this area began hundreds of years ago in France (Hisrich & Peters, 1998). In 1700s, a French economist, Richard Cantillon, associated entrepreneurship with the possible risks concerned in a commercial business, and linked them together with the cost, where profit was ambiguous. This innovative concept of entrepreneurship was further developed and widened and included explanation of many economic phenomena such as expansion and growth of market, exponential development of technical equipment, and the development of small and medium sized enterprises (Zimmerman & Scarborough, 1998). Since then, areas of research in this field have expanded to include profiles of entrepreneurs, their characteristics and attributes. Many researches in the past were carried out in order to explain the importance of entrepreneurship and role of entrepreneur in the business activities. Moreover the characteristics of entrepreneurs and entrepreneurship has been linked to different areas of management, marketing and business in order to find the impact, relationships and synchronization to identified areas of study.

The Wealth of Nations, a book written by Adam Smith in 1776, suggests that entrepreneurs are those who are able to use their ability to develop competitive strategies for their firm and their nation. In his study on the entrepreneurial psyche, McClelland (1961) proposed that an entrepreneur is practical, attainment oriented, and dedicated. He takes a risk on the financial assets in order to operate and organize the business activities. Joseph Alois Schumpeter (1952) argues that an entrepreneur should be able to improve and transform the production pattern with the aid of exploiting latest, underserved or untried technology and processes. Thus, Schumpeter conceived of the capitalist as a leader (Hisrich & Peters, 1998). Innovative skills, then, have been generally accepted by many as some of the critical attributes of successful entrepreneurs, and empirical studies have generally supported the view that entrepreneurs' characteristics or attributes have positive impacts on entrepreneurial success (Drucker, 1985; Kanter, 1984). As the relationship

between certain characteristics and success has become more evident, social scientists have ventured into areas of research that include the study of success among entrepreneurs from different ethnic groups, of different genders, and in different nations.

In Malaysia, entrepreneurs and the development of small and medium enterprises (SMEs) have always been central to nation building. Effective and supportive environment have been established to develop and nurture new enterprises. As the emergence of new market creates even more opportunities to encourage entrepreneurship activities, many countries are now actively promoting the growth of new business through entrepreneurship activities. Malaysia, being a young, dynamic, and progressively developing country, is no exception to this. SMEs in Malaysia have been given special attention, as they account for 99.2% of all businesses, 5.6 million employees, and about 32% of the gross domestic product (BNM, 2008). SMEs are found in a broad range of sectors, from manufacturing to sales and marketing, finance, and education.

The Malaysian government has stepped up every possible effort to develop SMEs, and recently the country has urged SMEs to take participation in the 12 National Key Economic Areas (NKEAs)—sectors which have successfully been identified as driving financial enlargement. SMEs will also be capable of finding the correct solutions which will help in transforming their input to the GDP, which has been forecasted to be about 50% to 60% by 2020. At the National SME Economic Transformation Conference 2010 and SMI 1-Stop Solution Exhibition (SMIOSS) in 2010, Domestic Trade, Cooperative, and Consumerism Minister Datuk Seri Ismail Sabri Yaakob said,

“I hope SMEs will take the opportunity to study, evaluate and actively participate in the 131 entry point projects (EPPs) worth RM124bil identified under the Economic Transformation Programme”(TheStarOnline, 2010, October 1).

The minister also said that the private sector will drive the growth of the country in

the latest model of economics and that SMEs will be considered as the driver of this financial development.

The present day's flexible and ever-changing business environment makes it necessary for organizations to employ effective plans of action and business strategies. However, those measures alone are not enough. To maintain their competitiveness corporations also need to be able to respond to environmental changes. If a resource-based view (RBV) is considered, any organization can continue to exist at a certain competitive advantage level if the resources of the organization meet the following criteria: important, scarce, and hard to imitate and substitute (Hilmi, Ramayah, Mustapha, & Pawanchik, 2010).

The importance of SMEs for the economy has been realized and identified; the government will have to play a crucial function in generating an enabling conducive scenario for SMEs. In 2010, a total of 354 programs with an assurance of RM6.02 billion were under implementation for the development of high-performing and elastic SMEs. The administration will continue its pursuit of developing policies, initiatives, and programs that would intensify support for the local SMEs.

Over the past few years, the Malaysian government has been promoting the idea of entrepreneurship to its citizenry through various training and support programs. For several years, various bodies such as the Council of Trust for the Bumiputera—an agency under the Ministry of Rural and Regional Development and better known as Majlis Amanah Rakyat (MARA) — as well as the former Ministry of Entrepreneurship and Cooperative Development (MECD) and Multimedia Development Corporation (MDeC) have been assigned roles to enhance entrepreneurship activities and to develop entrepreneurs.

There may be a variety of justifications for government authorities' provisions of greater interest and means to help the advancement of SMEs over the years. Within developing Asian economies, poverty elimination and job creation have generally been

reported as objectives for supporting SMEs, particularly during the 1970s and 1980s. Nonetheless, when the Asian monetary crisis of the late nineties uncovered the susceptibility of impacted financial systems, assistance directed at SMEs shifted to companies that prompted technological improvement. This was done in order to widen and expand the economies and commercial frameworks. This is particularly important for the secondary wave of newly industrializing financial systems (also called Newly Industrializing Economies, or NIEs) of Southeast Asia (Indonesia, Malaysia, Thailand, the Philippines, and Vietnam), which are not able to depend upon resource-reliant and low-cost worker benefits to preserve their financial development (Habaradas, 2008).

A few government authorities also provide an extended collection of funds and lending options, along with other types of monetary support intended to deal with several SME demands. A collection of grants and soft lending options had been previously made accessible by the Ministry of International Trade and Industry (MITI) in Malaysia and its agencies engaged in the former Small and Medium Industries Development Corporation (SMIDEC), now known as SME Corporation (SME Corp.).

The important donation of SMEs in the growth of Malaysian economy cannot be neglected. The important role of SMEs in the development process has attracted the attention of many researchers even though studies related to them are still comparatively incomplete and incline not to be included (Hashim, 2000). Such investigations are exposed to several limitations and appear to be of little help in providing a structure for improved understanding of the sector (Hashim & Abdullah, 2000).

Researchers generally admit the importance of studying SMEs and argue that more studies are required for helping the formulation of financial resolutions and programs. From research view point, results of the studies will have much insinuation for the development of small and medium entrepreneurs' success in developing countries like Malaysia.

1.2 Problem Statement

The environments in which the halal SMEs exist are different from general SMEs and therefore operate in different settings and principles. The producers of halal SMEs operate in environment that is based on the use of halal products (Nooh, Nawai, Dali, & Mohammad, 2007). For example, in the food industry, all the ingredients and the products used for the manufacturing are halal and strictly follow the Syariah laws. Similarly, the main ingredients used in aerosols produced and manufactured are mainly non- alcohols. Therefore there is a need to ensure proper compliance with Islamic principles (Shafie, & Othman, 2006). Thus, the marketing environment in which these SMEs operate will have to suit the processes that are rigid and strict and cannot be altered according to the needs of the producers. Hence, there is a need to apply and assess the halal marketing principles. SMEs' desired outcomes might be affected by factors unique to the halal industry and therefore, there is a need to educate and train the owners of Halal SMEs on the halal principles that exist in the marketing environment.

Another factor that should be considered in the context of this study is the target market. The target market or the target audience for halal products and marketing is different from those in the general marketing (Mohiyaddin, & Ijaz, 2006). Furthermore, the entrepreneurial and business practices also differ since they are based on complex principles and Islamic laws that uses the profit and loss sharing concept (Tan, Razali, & Desa, 2012). Therefore there is a need to access these market and marketing environments based on halal SMEs and to examine whether entrepreneurship education and training attended by halal SME owners are associated with the success of halal SMEs. It will also examine if the personal characteristics of halal SME owners are associated with the success of their enterprises.

Studies conducted on SMEs generally primarily emphasize the observance and reporting of general profiles of SMEs, individual properties of the SME owners, harms and limitations that they face, and governmental aid programs. Thus a more comprehensive research must be carried out for clearing the blur state of importance of SMEs in this context. SMEs and the environment can be one of the important areas to research, in which they operate. In past literatures, studies of Malaysia exclude the examination of Halal SMEs' marketing environment, which would be important for the field (Siaw, & Rani, 2012). Therefore, there is a need to investigate the factors from different perspectives as well. For the purpose of this research, the researcher has aimed to focus on entrepreneurship education and training attended by the halal SME owners in order to convert SMEs into success by halal means. On the other hand, the past studies have captured chapter characteristics of entrepreneurship on SMEs but personal characteristics for success of halal SME owners were not discussed. Fur there is a need to analyze the importance of marketing processes and environment that is responsible for entrepreneurship towards halal SMEs. In short, the study will discuss the relation of halal SMEs to personal characteristics of entrepreneur and entrepreneurship environments for the success of the business.

1.3 Gap in the Studies

The past studies have explained the importance of halal SMEs in the business settings. From the studies it has been found that there has been extensive literature present on the SMES in Malaysia but most of the content relates it to the general issues like such as SMEs and global competition, and to much focused areas, such as measuring the SME performance (Machfud, Khatib, Haji-Ahmed, & Dahlan, 2011). But there is a need to

examine whether entrepreneurship education and training attended by the halal SME owners are associated with the success of halal SMEs. Moreover, the business and entrepreneurship practiced in halal SMEs is different from those in general SMEs. Moreover, the personal characteristics of an individual also impact on the success of an enterprise (Nooh, Nawai, Dali, & Mohammad, 2007). In past, there are no studies that will explain the personal characteristics of halal SME owners and its association with the success of enterprises (Nooh, Nawai, Dali, & Mohammad, 2007). Therefore, this study extensively developed literature and information on both areas.

Further, the past studies also explain that there is a difference in the halal marketing environment when it is being compared to general marketing settings. The difference between the Halal marketing environment and general marketing environment differ on a great extent. The Halal marketing is based on the segmentation of the customers, that is, it usually targets those individual that prefer Halal products. Therefore the target market of halal SMEs is more specific from that of general SMEs. Moreover, marketing environment for halal SMEs is believed to be more rigid than the marketing environment of general SMEs, in part because of the need to demonstrate compliance with Syariah law and to procure halal certification from the Department of Islamic Development Malaysia (JAKIM) (Tan, & Husny, 2012). Therefore the owner needs to be more specific about what he is producing for the customer. Furthermore, there is a huge difference when it comes to the business requirements of entrepreneurship settings of halal SMEs. It differs on the profit and loss sharing. Therefore in order to be complied on Syariah laws and principles. Therefore the marketing settings of halal SMEs differ from those in general SMEs (Tan, & Husny, 2012; Nooh, Nawai, Dali, & Mohammad, 2007). The past studies do not explain environment of halal marketing environment as moderating variable which will influence entrepreneurship education and training attended by the halal SME owners and their

success (Senik, Isaa, Scott-Ladd, & Entrekin, 2010). Therefore this study explains all the points in this regard, that is, the role of halal SMEs' environment and the training and education of SMEs' owners for the success.

1.4 The Importance of Marketing Environment on Success of SMEs

Marketing environment has often been linked to success of a business. Kotler and Armstrong (1994) posit that as marketing environment can determine the strengths, weaknesses, opportunities, and threats for a business or corporation, responding to the environment is likely to be important; it directly affects business success. One obvious question that emerges at this stage is why should we give so much importance to marketing environment of SMEs? The answer might not be very simple because there are a lot of issues involved. However, one thing undoubtedly agreed upon by all; without proper analysis of marketing environment and proper marketing of the products, the very existence of entrepreneurs who depend on various income-generating activities in those areas, will be in danger (Senik, Isaa, Scott-Ladd, & Entrekin, 2010). Furthermore, economic development is significantly dependent on entrepreneurship. Thus, it can be stated that proper analysis of marketing environment is one of the stepping stones for SME development that ultimately result in economic development and growth.

Analysis of marketing environment is also of help to consumers in general. Many products, such as traditional medicinal herbs, do not reach consumers. This could be due to a lack of proper marketing-environment analysis. At the same time, such an analysis also helps strengthen Malaysia's indigenous enterprises, particularly the small-scale and agricultural enterprises which form a significant part of the country's SME economy. Marketing-environment analysis helps in maintaining self-sufficiency by responding to the

changes in the environment which could otherwise be affected by lack of analysis. Efforts in the marketing activities of SMEs can only be properly designed to ensure success if the marketing strategies are prepared from analyses of the marketing environments themselves.

Recently, emphasis has been placed on the development of SMEs in the halal industry, especially their competitiveness in the global market (Aziz, & Yasin, 2010, p.154). Efforts have been made to prepare them on the domestic front so that these SMEs will be able to meet the demands and challenges in the wider halal market (Abdul, Ismail, Hashim, & Johari, 2008). The notion of preparing them to meet even the very basic requirements that will ensure success in the global arena is imperative and is the main theme presented in this study.

The current study is conceived in the spirit of the 1Malaysia 1Halal campaign (1M1H). To advance with the government's agenda of promoting the country as a halal hub, it is imperative that the SMEs are educated and trained in order to prepare them to face the prospect and challenges of marketing their businesses to the global market and to become successful. As managers of their enterprises, the SME owners must know what kind of requirements they need to fulfill in order to tap into this tremendous market (Senik, Isaa, Scott-Ladd, & Entrekin, 2011). Thus, preparation for their success in the halal business has to start on the domestic front.

The above discussion gives a general overview of SMEs and explains the focus on marketing environment because that context can affect the structure, policies, and even practices of the SMEs. The environmental setting that will be the main focus of this study is the halal environment. Therefore, the entrepreneurs being studied are those SMEs who are business founders, owners, or shareholders of the SMEs registered as halal SMEs. They are the chosen entrepreneurs in this study because they are not only consistently involved in the operations and decision-making process within the businesses (Ab Rahman, 2012,

p.274), but also involved in analyzing the environments in which they make those decisions.

In studies where there is no intention to examine SMEs in the halal industry as a separate sector or as a specific sample, there is minimal need to study the influence of different environmental settings on the effects of those independent variables of success. The unique characteristics of the SMEs that may be shaped by the unique halal marketing environment were likely not an issue in the past. The marketing environment for halal SMEs is believed to be more rigid than the marketing environment of general SMEs, in part because of the need to demonstrate compliance with Syariah law and to procure halal certification from the Department of Islamic Development Malaysia (JAKIM) (Nooh, Nawai, Dali, & Mohammad, 2007). Therefore, SMEs' desired outcomes might be affected by factors unique to the halal industry. This study therefore proposes to examine whether the halal marketing environment acts as a moderator to influence the effect of the lead success factors. This study will provide a foundation plan for accessing the success of halal SMEs and halal marketing environment is the moderating variable that will influence the effects of halal SME owners' personal characteristics and success.

SMEs in the halal industry face a different, even unique, set of environmental factors. With the provided conditions, any research that combines both halal and general SMEs into a single group can overlap the concepts. Those unconsidered disparities have ended in sure inconsistencies in organization styles, practices, and presentation (Ahmad, & Haron, 2002). Even though results of previous studies sustain the proposal where environment does influence the effect of the lead success factors, little empirical data actually supports it. In fact, many of research observations are based on general SMEs and do not reflect the halal industry's special circumstances. Despite the recognition of the halal industry's unique practices, policies, and concepts and the recent surge of halal SMEs in

Malaysia, there appears to be scarce scientific effort to study them. In fact, existing literature not only excludes the examination of environment as a moderator but also neglect to consider the influence of the halal environment on SME success.

SMEs also rely heavily on the ability of owners to follow through with their business missions. In most studies on SMEs, much attention is paid to very broad areas, such as SMEs and global competition, and to very focused areas, such as measuring the SME performance(Ahmad & Seet, 2009) and the success factors of Malaysian SMEs(Rose, Kumar, & Yen, 2006b).

As mentioned above, the SMEs need to be trained in preparation for facing the challenges and prospects specific to the halal market; their success also depends on the SME owners, who are the driving force behind their enterprises. Therefore, this study focuses on two lead success factors which mainly explore the types of entrepreneurship education and training that the SME owners attend and examine the personal characteristics of the SME owners, as they are most relevant to the effort of preparing SMEs to be successful in the market and of positioning Malaysia as the global hub for halal products.

The main emphasis of this study will be placed on the most integral part; that is, whether the marketing environment acts as a moderator by influencing the effect of the two lead factors on success of SMEs in the halal industry. Therefore, the types of entrepreneurship education and training that the SME owners attend and their personal characteristics will be the independent variables, while the halal marketing environment will be the moderating variable. SME success will be the single dependent variable in this study. The rationale for choosing these variables for this study will be explained in detail in the theoretical structure of this paper.

This study focuses on the SMEs that are registered with the halal project, as this is in line with the prospects and challenges of marketing them. For ease of understanding this

study, the term *halal SME* is given to any SME registered as a halal business, and the term *general SME* is given to any SME not registered as a halal business.

It can be observed from the literature above, no existing research has indicated an attempt to distinguishing Halal marketing environment SMEs. Most of the studies also suggest the use of business performance as a measure of success (Ahmad, & Haron, 2002). The previous research indeed increased understanding of the success factors for general SMEs from financial and non-financial perspectives, which also included the personal characteristics of SME owners, the business characteristics of SMEs, and other variables such as marketing and business practices (Syed Marzuki, Hall, & Ballantine, 2013). Studies also focus on the effectiveness of entrepreneurship education and training programs which are more relevant to preparing entrepreneurs or potential entrepreneurs for certain desired outcome. These previous studies, which are discussed in detail in Chapter3, also conclude that these factors indeed have associations with business success.

It can also be seen that, in the past, other related ministries and agencies such as MARA, Perbadanan Usahawan Nasional Berhad (PUNB), and the former MECD and through the National Entrepreneurship Institute (INSKEN), have made serious efforts to focus more on developing successful SMEs by providing courses for entrepreneurship education and training and by matching them with the personal characteristics of potential entrepreneurs. Since many agencies and even ministries were involved in these efforts, there was a lack of coordination among the courses and programs, which left many entrepreneurs without a direction in which to proceed. Although these efforts were effective in terms of implementation only, there is no concrete evidence to indicate whether these efforts would lead to the success of SMEs (Informant 1, 2007). Even if indicators of success exist, there is no evidence that shows whether the SMEs could achieve similar results in the halal environment (Informant 2, 2009).

Due to the lack of co-ordination, in 2007 the National SME Development Council (NSDC) appointed a single agency dedicated to devising general resolutions and approaches for SMEs. This agency also was appointed to synchronize programs over all the linked departments and authorities. SMIDEC, which was formed in 1996 with the task of developing capable and resilient Malaysian SMEs that were competitive in the global market, was officially transformed to assume the role of NSDC under a new name, the SME Corp. Since its commencement on 2 October 2009, SME Corp. Malaysia has become the center to which all SMEs in Malaysia refer whenever they need any information and advisory services (SyedMarzuki, Hall, & Ballantine, 2013). Known as One Referral Center, it provides facilities and services which range from general advice pertaining to business and funding to more specific advice such as that given by the SME Expert Advisory panel (SEAP) and an in-house publication for purchase (SMEcorp, 2011). With SME Corp. branches established in eleven states in Malaysia, it can be said that this is a major effort undertaken by the government to ensure participation of SMEs across the nation (Idris, Bakar, Noor, Ekonomi, & dan Pengurusan, Sulaiman, & Osman, 2013).

The setting-up of the halal Industry Development Corporation (HDC) on 18 September 2006, indicates a significant milestone in the development of entrepreneurship in Malaysia. As the halal market started to become a new major global market, HDC was set up with the intention of building a global halal community by developing the enlargement and contribution of home businesses with the international market. Various programs and events continue to be held worldwide to develop halal standards with HDC's focus on building Malaysian practice and skills in the sectors related to food and non-food items. Leading and guiding the development of halal standards is among the core responsibilities of HDC. Auditing and certifying the necessary procedures for protecting the halal integrity, directing the growth of Malaysian halal industry for all the stake owners,

supporting the financial investments in the halal industry of Malaysia, facilitating the contribution of Malaysian market to the international market, promoting the halal standards and ensuring the implementation of halal standards in the Malaysian market are among other core and primary responsibilities of HDC (HDC, 2008).

To ensure that Malaysia becomes the example and point of reference for producer, distributors, sellers, industrialists, examiners and shareholders trying to obtain all the essential aid for penetrating the international halal market, the local SMEs are being offered assistance in introducing their products, marketing their products, and building halal business networks. Efforts are also made to equip these local SMEs to obtain halal status and all the benefits that come along with that status. One such initiative is the halal-parks project, which was initialized to prepare entrepreneurs, especially the SMEs, to be relocated to more conducive premises which are designated as halal zones with full infrastructure i.e. better manufacturing facilities and location that can ease the process of obtaining halal certification and status (Idris, Bakar, Noor, Ekonomi, & dan Pengurusan, Sulaiman, & Osman, 2013).

In spite of the various programs and support given by all parties, many local SMEs do not have the ability to cope with the aggressive efforts made by the ministries and agencies: hence, their successful development could stall. Data collected through personal interviews, which are explained in Chapter 6, highlight some of these issues, indicating the unique halal environment that makes this current study important. For SMEs to be successful as halal businesses domestically and globally, efforts must be made on the domestic front first, which will ensure that these SMEs are able to be successful, given the dynamic environment of the halal industry (Bohari, Hin, & Fuad, 2013). As the Malaysian halal industry is still considered to be in its infancy, many SMEs are still going through the initial process of registering for halal status and trying to fulfill the requirements for halal

certification and status.

Since halal SMEs are categorized differently due to the industry's requirements, it is imperative that they be studied as a separate entity. Previous literature highlighting and focusing on the success of halal SMEs is nonexistent (Zulkifli-Muhammad, Char, bin Yaso, & Hassan, 2009, p.66). Careful and thorough examination of many existing studies in the broad area of SMEs shows that past researchers in Malaysia focused their work on issues that are more relevant to general SMEs—their performance, development, and personal characteristics as well as the effectiveness of entrepreneurship education and training—but none of them focus on success of halal SMEs.

Several scholars in the existing literature have highlighted that the idea of entrepreneurship is considered to be in its early years (Low, 2001). There is a very little amount of focus on SMEs in Malaysia in the existing research.

Currently, studies of the precise effects of entrepreneurship teaching and training on triumph of halal SMEs are not available, since this is a concept in the literature even newer than entrepreneurship. The discussion above shows that it is important to study this area not only because of the nonexistence of previous literature but also because it is an area of high importance to the nation, if Malaysia is serious about developing successful SMEs through education and training and positioning itself as a halal hub. Most studies focus only the restricted numbers, whereas many still rely on self-reporting rather than precise ability extent. Likewise, there is a lack of experiential proof indicating regarding the fact whether this talent should be taught to the owners of business or not, and whether this has a significant impact on the success of halal SMEs.

This justifies lack of information therefore this study's focus on the two lead success factors of halal SMEs as described above- the entrepreneurship education and training that the SMEs owners attended and the personal characteristics of the SME owners.

This study was conducted based on resources available to the researcher and also in the development of successful halal SMEs in which the researcher is directly involved as a scholar and practitioner. It also indicated that one particular reason why there are no evidentiary studies related to the two lead factors of success for halal SMEs is because those SMEs face a particular environmental setting.

1.5 Research Objectives

Generally, this study seeks to understand the association between halal SMEs in Malaysia and the lead success factors of halal SMEs. Specifically, the study aims to:

- RO1. To examine whether entrepreneurship education and training attended by the halal SME owners are associated with the success of halal SMEs.
- RO2. To examine whether the personal characteristics of halal SME owners are associated with the success of their enterprises.
- RO3. To investigate whether both (1) entrepreneurship education and training attended by the halal SME owners and (2) the personal characteristics of the halal SME owners themselves are significant predictors of their success.
- RO4a. To determine whether the halal marketing environment is the moderating variable which will influence the effects of entrepreneurship education and training attended by the halal SME owners and their success.
- RO4b. To confirm whether the halal marketing environment is the moderating variable that will influence the effects of halal SME owners' personal characteristics and success.

1.6 Research Questions

This paper seeks to address the following research questions so as to ensure successful accomplishment of the objective of this research. A total of five research questions are being developed to address the objectives:

RQ1. Are entrepreneurship education and training programs attended by the SME owners associated with the success of halal SMEs?

RQ2. Are personal characteristics of the halal SME owners themselves associated with success of halal SMEs?

RQ3. Are both (1) entrepreneurship education and training programs attended by the halal SME owners and (2) their personal characteristics significant predictors of the success of halal SMEs?

RQ4a. Is the halal marketing environment a moderator that influences the effect of the entrepreneurship education and training that the halal SME owners attended and the success of halal SMEs?

RQ4b. Is the halal marketing environment a moderator that influences the effect of personal characteristics of halal SME owners and the success of halal SMEs.

1.7 Rationale of the Study

In order to support the significance of the topic, the researcher has identified the importance and the innovations in the field of entrepreneurship through different support program by the government. Moreover, the researcher has also explained the importance of SMEs in the business settings in Malaysia. It has revealed the significant role played in the development, progress and growth of SMEs and GDP in Malaysia (Ariff, 2004). The past

researches are connected to study of SMEs that are based on the halal principles. This study is SMEs are based on the practicing unique policies and concepts of Syariah Law (Saleh, & Ndubisi, 2006). In most studies on SMEs, much attention is paid to very broad areas, such as SMEs and global competition, and to very focused areas, such as measuring the SME performance but has never studied the principles of entrepreneurship education and training programs attended by the SME owners with the success of halal SMEs (Nooh, Nawai, Dali, & Mohammad, 2007). Further, there is a need to study the personal characteristics of the halal SME owners themselves are significant predictors of their success (Saleh, & Ndubisi, 2008, p.272). Therefore, the researcher has developed this study on two basic principles; one will the types of entrepreneurship education and training that will be attended by SME owners to identify the individual skills and distinctiveness halal SMEs and the other is based on the successful methods for promoting the market and of positioning Malaysia as the global hub for halal products.

The studies in the past do not study the topic and do not cover the examination of environment as a moderator. It also lacks to develop knowledge about influence of the halal environment on SME success. Therefore, the mentioned study was collected by the researcher through primary research (interviews) and the secondary research (literature). Further the researcher will also cover the integral part of the study, that is, whether the marketing environment acts as a moderator by influencing the effect of the two lead factors on success of SMEs in the halal industry. It can be observed from the literature above, no existing research has indicated an attempt to distinguish halal SMEs from general SMEs.

The researcher has followed detailed analysis of the previous study in order to identify and develop a strong understanding of success factors for general SMEs from financial and non-financial perspectives. The research in this study will be more precisely focused on characteristics of SME owners; the characteristics exhibited by Halal SMEs and

also cover variables like marketing and business practices. The main reason is that there is no previous research done on success factors of halal SMEs, which is the focus of the current study. Further the researcher has significantly highlighted the barriers and the problems associated with the uniqueness of halal environment of SMEs and therefore the study is significantly important.

1.8 Significance of Study

The discussion done in the past studies reveal that it is important to research this topic not only because nonexistence of previous literature but also because it is an area of high importance for development and growth of SMEs and GDP in Malaysia. The main reason for lack of previous studies on the success of halal SMEs could be due to that industry's particular environment and it further supports the importance of examining the role of marketing environment (Saleh, & Ndubisi, 2008, p.272; Zulkifli-Muhammad, Char, bin Yaso, & Hassan, 2009; Nooh, Nawai, Dali, & Mohammad, 2007; (Kurnia, Alzougool, Ali, & Alhashmi, 2009).

Further, from a theoretical perspective, this study has several features that distinguish it as a new study worth conducting. It is expected to contribute to the development of the success model by implementing a realistic and practical approach. As highlighted earlier, the key findings of this study are expected to highlight the unique environment in which halal SMEs operate and which is different from that of the general SMEs. It will also not only contribute to the existing literature on SMEs and their success but also advance the welfare of halal SMEs. It should also strengthen the contention of many halal SMEs that most existing theories are insensitive to the unique elements of the halal environment and need to be interpreted and applied with caution.

As stated in the previous section, unlike most previous studies, which have concentrated on the general SMEs, this analysis would be based on halal SMEs. In the broader environment where general SMEs operate, it is easier to conduct businesses because there is no rigid and unique environment to which the general SMEs have to adhere (Nooh, Nawai, Dali, & Mohammad, 2007). However, for halal SMEs, unique environmental characteristics are strictly controlled, and guidelines must be strictly followed. Many agencies and ministries as well as new rules exist to enable halal SMEs to seek advice, guidance, and support in every possible way to succeed in the billion-dollar global market. From a theoretical perspective, this is perhaps the main significance of the study. It is expected that information from this research will help improve understanding of the halal SMEs and of the halal industry.

As proposed in the research objectives and research questions, the key findings of this study are expected to highlight whether there are specific factors to be acknowledged, or requirements to be fulfilled, for an SME to succeed in the halal environment. These specific requirements would perhaps include any entrepreneurship education and training programs or personal characteristics that the SME owners must have.

From the perspective of religious practitioners, the reemergence of religious beliefs in the region of Malaysia has paved the way to an increase in the usage of several products that meet the requirements of the Muslim market sector. This advancement represents the fact that the markets require non-general information that will assist them in complying with their belief systems. Indeed, this has given way to the emergence of newer challenges for the management of organizations to cater to a customer's religious beliefs (Shafie & Othman, 2006).

Moreover, it is important to note that the concept of halal is not restricted to food or diet only. It is also a subjective issue that differs according to opinions and includes

nonfood. Generally, it pertains to cosmetics and medicines, hygiene and diet supplements, art, culture, finance, and even marriage. The concept of halal has received alarming positive reviews that can be associated with religious enthusiasm and sincerity. Also, most practitioners assure that following the concept signifies a clean and healthy lifestyle. Some outsiders maintain that it is only led by the desire of customers to conform to religious beliefs and to be accepted in their community, while others consider it as a string attached to increasing globalization (Burgmann, 2007). This phenomenon can be seen not just in Malaysia but in other countries as well. According to Munir Pervais, the secretary general of the Muslim Canada Congress (MCC), the concept of halal has garnered signifies fundamentalism's penetration into western countries. MCC reflects the views of moderate Muslims. Most of the individuals that have arrived in the West from Middle Eastern countries make their decisions based upon fundamental Islam (Burgmann, 2007).

This study is expected to enrich the methodologies found in existing literature on SMEs. The methodologies employed in previous studies differ in the focus of research, which thus far is composed mainly of observational and quantitative studies published occasionally in researches involving SMEs but do not cover anything other than general SMEs. This limits the knowledge on whether SMEs can succeed when they operate their same businesses as halal SMEs. The extensive coverage of the halal industry is due to the dynamics of the environment in which halal SMEs operate, and the current study is intended to address this gap.

The study has several practical implications, too. To be effective, public policies and programs for the development of halal SMEs have to be carefully planned. The unique environment, in which the halal SMEs operate, needs to be considered when preparing these SMEs to transact their businesses. The findings of this study, especially the qualitative data concerning the respondents' perceived definitions of success for halal

SMEs, the nature of entrepreneurship education and training programs, and the unique halal environment, are expected to have significant contributions for the business formulation of halal SMEs.

Whether government or private agencies that provide training programs, other parties will also benefit from this study in ways that can improve their own delivery of entrepreneurship training designed to develop these SMEs to be successful.

Finally, and more importantly for halal SMEs, the results may be used as guidelines for their business strategies and indicate whether additional resources should be allocated to prepare them for success, given the unique and dynamic environment. The findings of this study are expected to have significance especially in the formulation of SME business missions and strategies. Worth noting in particular is that the findings about the entrepreneurship education and training for halal SMEs should inspire existing and potential entrepreneurs to pursue the same path in their businesses that was not carried out in the past literature.

1.9 Limitations of the Study

In this study only the SMEs registered with Pahang State Development Corporation (PSDC) was used as respondents. It is proposed that because of the unique environment in which the halal SMEs are located, the result is unique to the SMEs in Pahang only. Detailed descriptions of why the Pahang SMEs was chosen are described in Chapter 2 of this study. The description also justified and further support the conceptual framework of this study as presented in Chapter 4. The sampling process and sample size are discussed in the methodology section to support this study. The researcher also discussed this issue in the concluding chapter of this study.

1.10 Organization of Study

This dissertation is organized into eight chapters. Chapter 2 presents a more localized and focused review on the SMEs involved in this study, namely the halal SMEs in Pahang. Highlighting their significance contributes to the subsequent chapter's framework and hypothesis formulation. It also explains a brief discussion on the development of halal SMEs in Malaysia, and a brief history of the halal industry in Pahang.

To highlight the diversity of facts and interpretations that evolved from the expanding literature, Chapter 3 reviews previous work on related topics. This chapter builds a theoretical foundation upon which the research is based. Major research themes are introduced here are: SMEs, halal SMEs, entrepreneurship education and training programs, the personal characteristics of halal SME owners associated with success, and marketing environment. The objective is to present an overall picture of the dynamic environment that functions as a factor moderating the success of halal SMEs where gaps are then highlighted.

Chapter 4 presents the conceptual framework of study and begins by discussing the importance of conceptual framework in this study and the construction process of the framework. The data used and constructed for the study are discussed, and limitations of data encountered in the research are also highlighted. This model is then finalized to take into consideration specific propositions in the current framework. It also explains definitions of the relevant concepts, terms and constructs are presented. Several hypotheses on the relationships between the variables are also forwarded in order to be examined for the study.

Chapter 5 explains the research methodology. This chapter revolves mainly around the two stages of data collection employed, namely personal interviews and quantitative

survey, as well as the decision to choose hierarchical multiple regression analysis as the main statistical analysis technique.

Chapter 6 discusses the results of the personal interviews to show how these qualitative data lend additional support to the author's proposition regarding the development of the measurement constructs and the quantitative research instruments. Then, Chapter 7 continues with presentation of findings obtained through quantitative procedures. Included in this chapter are the results of the reliability and normality checks to show how data is handled and a detailed discussion on all statistical tests. These results are then used to address specific research questions and hypotheses.

Finally, in Chapter 8, the author revisits the research objectives and, based on them, draws the conclusions of the study. Some key theoretical and practical implications are also proposed, and some suggestions for future work are also presented.

CHAPTER 2

THE HALAL INDUSTRY AND SMALL AND MEDIUM ENTERPRISES IN PAHANG

2.1 Introduction

This chapter begins with development of the halal industry and SME in Malaysia, followed by the role of the HDC in that development. Then discussion will be more localized and more focused on the halal industry in Pahang. These SMEs are the halal businesses that are involved in the halal project developed by the Pahang State Development Corporation (PSDC). This special review attempts to highlight the significance of this unique group of SMEs, and these differences contribute to conceptual framework, hypotheses formulation and methodology chosen for this study that are discussed in later chapters.

The central theme of this study is the uniqueness of the halal SME, the discussion largely revolves around the development of the halal SMEs in Pahang and the halal marketing environment in which they operate. To demonstrate their importance and the importance of developing them to be successful, historical data on their development is given. It is also important to understand that the SMEs chosen in this research are not just those SMEs that originally started their businesses as halal but also existing SMEs that have operated in the past as general SMEs but have since moved to halal operations due to the opportunities, privileges, and support that exist in the halal market (Zulkifli-Muhammad, Char, bin Yaso, & Hassan, 2009). This issue highlights the importance of the halal marketing environment as the moderating variable affecting the lead success factors described in the previous chapter.

This chapter is made possible with the assistance of the official spokesperson of PSDC and the Pahang SME Training and Development Unit (PSMETD). Most of the information presented in this chapter was collected and derived from interviews with these parties over a one-year period in an effort to supplement information on halal SMEs, which, during the initial stage of the research when literatures were extensively read, was found to be scant. Approval to use published material collected from the official website of PSDC and documents supplied by the Corporate Communication Division of PSDC was granted. A letter confirming this can be seen in Appendix A.

2.2 Development of Halal Industry

One very particular viable sector for SME is the halal business, as the market for halal is gaining momentum and growing. The estimation for the halal global industry is dependent on many factors and the cost or the worth of the industry was summed as USD two trillion (Abdul, Ismail, Hashim, & Johari, 2009). The potential of Halal industry can be measured by the increase in Muslim population accompanied by surge in demand for halal products. Consumers have become more aware of the many benefits of halal products and therefore have increased their expectations when making purchases. Realising the importance of the industry, the Malaysian government has embarked on various initiatives to transform the country into a major global halal hub. The country's reputation has further strengthened following recognition by the Organisation of the Islamic Conference (OIC) on the nation's halal certification.

2.3 Development of Halal SMEs in Malaysia

One of the most important central themes in the movement towards achieving sustainable economic growth is the development of a group of diverse and competitive SMEs. Some advanced economies across the globe because of many reasons. One of the reasons is that, it has become one of the important constituent of the world's economy and has accounted for almost 98% of establishments. Further, it has contributed to almost 65% of employment in the region. More specifically it has accounted for 50% of GDP (Muhammad, Ahmad, & Shannan, 2011). Even though SMEs are not new in Malaysia, the figures are still lower than those of advanced economies. Nevertheless, SMEs in Malaysia are regarded as the impending area of growth that will improve its sustainability and economic development (Zulkifli-Muhammad, Char, bin Yaso, & Hassan, 2009). It also provides foundation plan for economic development in Malaysia and additionally strengthen the existing situation of economy.

Since it has been found that 98% of total business establishments in Malaysia are due to SMEs, the government has created clear strategies to further develop these SMEs' ability to contribute to the economic growth of Malaysia. It has not been identified by academic literature, but also by the national development policies, agendas named as Ninth Malaysia Plan (9MP: 2006–2010), Third Industrial Master Plan (IMP3: 2006–2015), Eighth Malaysia Plan (8MP: 2001–2005) and Second Industrial Master Plan (IMP2: 1996–2005).

2.4 Developing Halal Industry- The Role of Halal Industry Development Corporation (HDC)

The researcher has already discussed the importance and the role of Halal SMEs; it is also of great concern to evaluate the role of HDC in Malaysia. Several interventions have been made by HDC in order to for the development of local Halal SMEs. In order to meet the objectives, HDC has proposed many reforms. HDC not only coordinating for the development of Halal SMEs but also but also making efforts to increase the participation of general SMEs towards halal SMEs but on the other hand it is also promoting the growth of Malaysian companies for the purpose of meeting the requirements in the Halal global markets. In order to do so, HDC has promoted them to meet the Halal standards, follow and comply with audit and certification (Kurnia, Alzougool, Ali, & Alhashmi, 2009). Moreover, it has also influenced the developing ability to follow and meet and meet the requirements of for halal products and services. One of HDC's roles as part of the master plan is ensuring the integrated and comprehensive development of the local halal industry throughout the entire value chain.

The Halal Industry Master Plan comprises of holistic and wide-ranging policy. It has further identified that Malaysia in the future will be developed as the global example centre for halal integrity and a global hub when it comes to the factor identifying production and trading for all the industries in Halal sectors. The Industry Development Division (IDD), this one of the affiliations of HDC, has been asked to identify the development and implementation one of the most important element of National Halal Master Plan. This has been done in order to enhance economic contribution from halal-related industries through identification of agenda and curriculum and to implement the

services that are provided to improve export-led growth and reduce imports in halal-related industries in order to meet the requirement, IDD's main objectives are as follow:

1. To provide effective role of coordination in order to improve the conditions of Malaysia's halal industry in all the sectors of development, that private and public.
2. To improve the capability of the SMEs for halal production by improving the conditions of halal service providers
3. To improve and sustain the conditions of investment in the halal industries of Malaysia.
4. To smoothen the process of development and growth for the participation of Malaysian companies in the global halal markets.
5. To encourage the investors in order to support halal industries in Malaysia (HDC, 2008).

Within these responsibilities, one special area that receives high importance is the need to increase the number of SMEs exporting to the global halal market. This led to the development of a key unit in PSDC, which is the Pahang SME Training and Development Unit (PSMETD). This unit is entrusted with the task of developing programs to increase the economic contribution of halal SMEs in Pahang.

2.5 Development of Halal Industry in Pahang

The chronology of events that describes the development of halal SMEs in Pahang can be traced back since 2004. It started during the International Halal Food Conference in 2004, where the idea of establishing the Halal Food Complex in Gambang, at Taman Teknologi Pahang was broached. Various incentives and motivational activities, such as the World

International Halal Exhibitions (MIHAS) in 2007 and World Halal Forum in Malaysia have also contributed to halal-industries development (Informant 3, 2010).

The federal government at that time had allocated RM11 million under the Ninth Malaysian Plan to develop Pahang Halal Food Park in Gambang. Food was chosen as the first sector under the halal business in Pahang as described in the previous chapter where halal is mostly found.

Although this study focuses on halal SMEs in Pahang, it is worth mentioning that Pahang was not among the first to develop this park. The Selangor Halal Hub in Pulau Indah was established much earlier. Because of distance to Kuala Lumpur and better infrastructure that links Kuala Lumpur, Selangor, and particularly Port Klang, the halal SMEs in Selangor did not experience many challenges in developing businesses more successful than the halal SMEs in Pahang.

Pahang was chosen as the focus in this study due to the aggressive and proactive effort made by some of its SMEs which were concerned about their own development in the halal business and wanted to see improvement and the active involvement of PSDC (Informant 4, 2008). The current study is also conducted as an appropriate way of communicating with the relevant parties based on the plight of the halal SMEs in Pahang. By participating, the SMEs intended to shed some light on their plight and to show the present state of their development to the state economic planning unit. Their hope is that the unit might become more actively involved in discussions about the federal government's implementation of its directive to develop these SMEs.

Upon successful visit to Pulau Indah, a committee was set to develop a similar park in Pahang using Selangor as the model, and efforts were made to select SMEs to be placed under the programme. Since the halal concept was still at its infancy stage when the idea was brought to Pahang, various seminars and workshops were conducted to create

awareness of such industry to the halal SMEs. The first batch of 27 SMEs in Pahang were invited to the seminars and workshops and were also invited to relocate their business to the halal park, which would allow them to have better facilities and better service to comply with the halal regulations (Informant 3, 2010).

Since then, nine modules for courses that were to be offered and organized to train the halal SMEs in preparation for relocation to the new premises in the halal park were developed. The training programs organized and attended by the SMEs included the Preparation to be relocated to the halal park, modules about selecting and purchasing machinery for production and about financing opportunities. Soon, many more SMEs were invited to join the seminars and workshops, and consultants were hired to train the SMEs on areas such as marketing, web design, and packaging (Informant 3, 2010).

In June 2008, the first module on group coaching was conducted with seven SMEs taking part in the programme; the second module, with several more SMEs invited to participate, followed. Upon completion of the two modules, five SMEs from the first module were shortlisted to be interviewed and assessed regarding their businesses' suitability for relocation to the halal park. However, only two out of the five SMEs attended. In the second module, five more SMEs were shortlisted, and three attended the assessment. Due to the poor attendance, in June 2010 the unit decided to organize seminars and workshop that covered general topics such as business opportunities for SMEs in Pahang, field visits to the Halal Park, and talks on halal industry.

These broader topics managed to attract the interest of more SMEs which were curious about being part of the halal project. The trainings then covered a combination of broad topics and more focused topics, which PSDC categorized as general and specialized. Programs covering broad topics such as business opportunities and the development of the halal industry in Pahang were combined with specialized topics such as integrated

marketing systems, financial-assistance application procedures, and halal-certification procedures were organized. Various government bodies as well as private companies were selected by the government to organize the trainings, workshops, and seminars. At the same time, the SMEs were also encouraged to attend trainings organized by the private companies with which they established connections and relationships through PSDC (Informant 2 and Informant 3, 2010).

PSDC undertook many efforts to encourage Pahang SMEs' participation in the halal project and to develop halal SMEs in Pahang through various seminars, trainings, and workshops. However, the confidential internal reports by PSDC, 2010as supported by Appendix A showed that SME participation rates were still very low and that many had not completed the modules, even though the record showed that 687 SMEs in Pahang were listed as halal SMEs. These 687 SMEs are discussed further in Chapter 5; however, information such as owners' names, addresses, phone numbers, and exact natures of their businesses was kept confidential due to the commitment of the author to ensure confidentiality of the respondents.

Due to the low participation, the budget was cut and thus the process of providing seminars and trainings to the halal SMEs slowed down. Nevertheless, the earlier group of aggressive and proactive SMEs did not give up: they took the initiative to discuss with the Pahang State Entrepreneur Guidance Center (PBUn) in PSDC to proceed with the plan. It was during this period that the task, which was formerly performed by PSDC, was transferred to PBUnso that SMEs would be given a sort of priority. Ever since then, in an effort to revive the program, the unit has been organizing seminars covering both general and specialized topics. Together with the group of aggressive and proactive SMEs mentioned earlier, PBUn made attempts to communicate with all 687 SMEs. Upon completion, the list finally revealed that only 317 SMEs were still active and contactable

and would still want to remain as registered as halal SMEs. Further checks also revealed that some of the SMEs have either terminated business or decided not to be recognized as halal SMEs any longer. Some SME owners who are still new in business also decided to withdraw from the list because their businesses were still in the introduction stage and because they were not sure of their businesses' directions.

This earlier section of Chapter 2 provided information on the efforts made by PSDC in developing halal SMEs through various general and specialized training which helped the author to determine the measurement construct for the variable of entrepreneurship education and training. Upon validation and agreement, which are discussed in the methodology chapter, entrepreneurship education and training contained two categories—namely, general and specialized types—which help refine the variables in the conceptual framework presented in Chapter 4.

The later section of Chapter 2 resulted in the researcher's interest in linking the information to another major lead factor: the personal characteristics of SME owners. As mentioned above, 687 SMEs were initially registered with PSDC as halal SMEs, but over a period of 1.5 years since the first module was organized, many SMEs withdrew from the project. The author then proceeded with extensive literature reviews of Chapter 3, which include discussion on personal characteristics of SME owners with the objective to examine the characteristics' association with SME's success. This was also supported by informant 2 where PSDC observed different reaction of participating in halal business due to the SME owner personal characteristics.

2.6 Summary

This chapter has presented an overview of the development of the halal industry in general, and development of halal SMEs in Pahang in particular. Discussion proceeds in the next chapter with more focused topics that contributed to the main theme of this study: the lead success factors of halal SMEs in Pahang and the moderating role of marketing environment.

CHAPTER 3

LITERATURE REVIEW

The term “literature review” implies review and evaluation of the existing studies and available information related to the topic of research. Paula (2010) iterates that literature review is the objective evaluation of the existing body of information and data (Paula, 2010). When a researcher begins the journey to reveal unexplored elements and new facets, then in this journey, reviewing the literature acts as an itinerary. Similarly, conducting the process of review of literature is also imperative for this study. The following part of the paper mentions vital information that is reviewed.

3.1 Introduction

While Chapter one presents the general idea of studies related to SMEs and Chapter two presents the development of halal SMEs in Pahang, this chapter reviews literature to provide guidance for developing the framework for this study. As Chapter two has described the halal SMEs in Pahang and its related issues, this chapter will be devoted to review of variables related to the major theme of the study. The first part deals with the subject of “Entrepreneurship and SMEs”, as well as the current status of SMEs and factors that bring success for SMEs. Since there appears to be no previous literature on success for halal SMEs, the discussion will revolve around the general SMEs as gleaned from previous studies, and how they provided assistance and contribution to development of the framework and hypotheses in Chapter four.

The second part proceeds to look at the lead success factors chosen for this study as explained in Chapter 1 that are associated with the success of SMEs. The objective of

focusing the discussion on these themes in this chapter is to present an overall understanding of the effects of the chosen lead success factors. They are the effect of entrepreneurship education and training program on success of halal SMEs and the effect of personal characteristics of SME owners on the success of halal SMEs. Then, a discussion of the marketing environment that influences the way halal SMEs may conduct the business follows the section. This is a fresh and important area to be discussed here so as to lead the discussion on why the halal SMEs is unique and different from the general SMEs. A summary of the salient points of the overall discussion will then conclude this chapter before they are linked to the framework discussion and hypotheses development in Chapter 4.

3.2 Entrepreneurship from Various Perspectives

The concept of entrepreneurship is a multi-faceted one (Verheul, Wennekers, Audretsch, & Thurik, 2002). Broadly, the concept of entrepreneurship can be identified as the total of personal choices carried out by the entrepreneurs about expending funds in their ventures. As a result, one of the viewpoints is to take entrepreneurs into account as individuals and then to identify the sum of their activities (Davidsson, 1995). Based on evidences from the literature, there is no universally accepted definition of entrepreneurs or entrepreneurship; however researchers, practitioners and society view entrepreneurs and entrepreneurship from various perspectives.

3.2.1 Entrepreneurship from Economic Perspective

The first theories in entrepreneurship were introduced in the field of economics in eighteenth and nineteenth century. Among the economist who introduced entrepreneurship theories were Cantillon (1725), Say (1803), and Joseph Alois Schumpeter (1934). In their studies,

both entrepreneurs and the entrepreneurship theory have an impact on the economic development of a society. From the economic perspective, Cantillon suggested that an entrepreneur plays a significant role in the economic development. Kirzner (1973), who supports free economy through his Kirznerian theory, also emphasized entrepreneur as someone who is aware of making profit through exchange and moreover, information plays an important role in his model. Marshall (1890), an English economist described entrepreneurship from the economic perspective as a revolution in which a business expands through time, that is from a small retail business to becoming a big business that carries out various business activities. According to Marshall, entrepreneurship is the main element that moves an organization. Mill (1848) in his theory claimed that entrepreneurship is “no ordinary skill” where entrepreneurship is considered as a concept that explains failure or success, and it can be used as a lifelong journey to get out of failure and continue to accumulate continuous success. Joseph Alois Schumpeter (1934) sees innovation as the base for entrepreneurship, where the entrepreneur is the one who introduces the innovation and that can improve the economic development. The various theories and models from the economic perspective concluded that entrepreneurship is needed for economic development, as it will help in job opportunities and innovativeness.

McClelland (1961) in his seminal work maintained that the level of personal psychological attributes identifies the extent of entrepreneurship in a region. This implies that the sum of attributes related to entrepreneurship eventually identifies the result of entrepreneurship and then the economic growth.

Gagliardi (2008) contests that individuals are impacted by systems in all their behavior they carry out being economic agents. Therefore, the framework and agents function in an ever changing relationship (Jack & Anderson, 2002). According to Vaillant and Lafuente (2007) a conceptual structure and outline established on a socio-cultural

paradigm may be more suitable for the research on entrepreneurship and SMEs than the traditional financial and psychological models (Granovetter, 1985; North, 1990).

A far more traditional financial conceptualization associated with entrepreneurship is the Kirznerian methodology; at this point, entrepreneurship is really a procedure of discovering possibilities. To Kirzner (1973), business owner is actually an individual who spots innovative profit prospects that are present in the market. Staying with financial conceptualizations, Joseph Alois Schumpeter (1934) defines “entrepreneurship”, as the power plant of an economic system. Schumpeter argues that it was continuing entrepreneurial innovative developments inserted innovative vitality into an economic system for development and affluence. With regard to Schumpeter, the entrepreneur’s function is to arrange and transfer assets by splitting up present equilibriums by way of inserting entrepreneurial innovative developments. According to Schumpeter’s explanation, this is the procedure of innovative damage (Joseph Alois Schumpeter, 1934).

Nonetheless, various other economists additionally offer some conceptual purchase. Baumol (1996) notices that even though presently there are several variants in entrepreneurial provision all over countries, the greatest distinction is situated in the contribution of entrepreneurship in effective or unsuccessful consequences. Therefore, Baumol (1996) suggests these “rules associated with the game” or the establishments for business should be examined. He subsequently states that if the appropriate environments can be found, they will give rise to wealth and prosperity.

But if the suitable circumstances tend not to exist, enterprisers are not going to generate wealth simply because their pursuits might end up being derailed into unsuccessful as well as damaging forms. The essence of Baumol’s dissertation is that entrepreneurship may be portrayed into different types, a few of them might be rather undesirable through a public perspective (Baumol, 1996). Our society and the ‘invisible hand’ of A. Smith (1776)

may offer means to encourage entrepreneurial pursuits, but if improper circumstances dominate, then enterprisers will make use of these means for individual benefit at the expense of financial development.

3.2.2 Entrepreneurship from Social Perspective

Weber, Gerth, Mills, and Turner (1991) describes entrepreneurship from sociology point of view as a religious element that is used as a platform for success and economic activity. Gibbs (1972) saw entrepreneurship as a social development model. This model explains that the process that one has to go through in social relationship is the driving force for one's decision to make a difference and also to venture into business. The difference in the process will have different impact on this individual as it depends on his hard work, personality and preparation before venturing in business. Barth (1967) claimed that entrepreneurship is a change agent because of the innovations made by entrepreneurs who contribute innovations to their societies. Thus, from the sociology perspective, it can be concluded that social situations and social factors are the driving forces for entrepreneurship.

Nonetheless, the respective psychological and personal standpoint has been negatively received with the most popular criticism of it being way too narrow in its scope (A.R. Anderson & Starnawska, 2009; Dodd & Anderson, 2007). What R. M. Knight (1985) has suggested is that it's not possible to evaluate the logicity of an individual's action without considering the relevant cultural and systems setting where day to day choices are established.

One of the difficulties is that the risk takers of an enterprise carry out their decisions within society and their process is molded according to the demands of the society (A. R. Anderson & Miller, 2003; A.R. Anderson & Smith, 2007). Another and an even bigger

difficulty is that even though the risk takers of entrepreneurs are facilitators of change, the structure cannot be defined by them in a more complete description.

3.2.3 Entrepreneurship from Islamic Perspective

The foundation of economy in Islam is that Allah S.W.T; the Almighty God is the creator and the absolute owner. In his book, *The Muqaddimah of Ibn Khaldun: Religion, Human Nature and Economics*”, Omar (2008) claimed that entrepreneurship is based on the human and social theory is built according to the life of Muslim. Entrepreneurship is based on the Syumul concept, where all business activities are considered religious activities. Entrepreneurship thus refers to any activity that is carried out by any individual with the intention of creating a product or service based on the Syariah concept. Entrepreneurship is seen as amal soleh (good deeds) where through entrepreneurship, sources of income are being created and job opportunities exist to help minimize poverty. As Islam teaches its followers to find wealth in the world for life of eternity in the latter life, entrepreneurship in Islam emphasizes creating wealth as part of living as human, and to practice entrepreneurship as a social function and that all activities must be directed at improving the wealth of the society.

3.3 Defining Entrepreneurs and Entrepreneurship

From the perspective described in the earlier part, the definitions are now being discussed for general understanding of its concepts to be used in the later part of this study. The word Entrepreneur, by its actual definition from where it originated in the early eighteen century, means “go between”. As what the French economist, Richard Cantillon, described an entrepreneur is someone who “goes between” two parties or who acts as a middleman between these two parties, i.e. the financier and the market (Coulter, 2006). This person

who acts as a middleman is seen as separate entity from the business owner as he merely facilitates the transactions of these two parties (Hamilton & Harper, 1994). Hence, the description in the opening paragraph above is sufficient to explain what an entrepreneur does. Entrepreneurship then continues to become very popular in studies and practice which includes Joseph Alois Schumpeter (1934) and Drucker (1964) who focused on the functions of an entrepreneur to describe it. A summary of the definition of entrepreneurs from the old studies, are shown in Table 3.1.

Table 3. 1: Definition of Entrepreneurs from Old Studies

Richard Cantillons (1725)	A person who takes responsibility or who tries something
Adam A. Smith (1776)	An individual who develops and organization, and who is able to identify potential demands for a product or service.
Jean Baptise Say (1803)	An individual who needs money who is different than an individual who has money
Joseph Joseph Alois Schumpeter (1934)	A person who introduces something new and who is different than a business person or a manager

Source: Developed by author/researcher (June 2010)

In today's world, the phenomenon of entrepreneurship has grasped more attention all over the globe and this increased attention led to the development of a practical and more profound definition of entrepreneurship. According to Zimmerman and Scarborough (1998) the concept of entrepreneurship can be defined as someone who has the capacity to exploit opportunities and is capable of developing business in a situation that is uncertain in order to gain profit (Zimmerman and Scarborough, 1998). From this definition it can be

inferred that entrepreneurship involves generating ideas to exploit opportunities so that this opportunity can be turned into an appropriate business. On the other side, in the perspective of Kuratko and Hodgetts (2004) an entrepreneur is a daring person. He is daring enough to take the risks that a business entail, an entrepreneur is a creative person who remains in quest of new resources so that old resources can be replaced so that profit can be made (Kuratko and Hodgetts, 2004).

Hebert and Link (1989) purport that an entrepreneur is someone who make the purchases of goods and services at a certain price and resell these goods and services at an uncertain prices and make profit out of this situation. This predicts that an entrepreneur is the cornerstone that facilitates the transaction in different ways and therefore becomes the ultimate source of creation of wealth in the society and market economy (Hebert and Link, 1989).

Another perspective is highlighted by Shapero (1975) who thinks that an entrepreneur can be considered as a displaced individual who may prefer to explore his talents because of a positive idea that he may have or because of a negative consequences such as loss of job (Shapero, 1975). Holt (1992) defines entrepreneurship in a different way and describes entrepreneur as an incubator who generates noble and innovative ideas. He also specifies the difference between a run of mill business person and an entrepreneur by asserting that an entrepreneur is a creative person whose unique and creative ideas add value to the economic activity in a constructive and meaningful way (Holt, 1992). In the similar line, another definition of entrepreneur is put forwarded by Silver (1983). In the eyes of Silver (1983), an entrepreneur is a person who has a mission and a vision (Silver, 1993). A very unique and different approach is adopted by Gibb and Cotton (1998) to provide the description about the entrepreneurship. This different and unique approach of Gibb and Cotton (1998) regard entrepreneurship as a social process (Gibb and Cotton,

1998). Kets de Vries (1977) is of the opinion that entrepreneurship is a product of experiences of childhood (Kets de Vries, 1977).

One of the ways through which the conception of entrepreneurship can be described is by looking at the characteristic and persona of the people who undertake activities related to entrepreneurship. There are some characteristics that are found to be associated with all the entrepreneurs. These variegated characteristics include: a desire and urge to take responsibility, presence of element of flexibility and tolerance for ambiguity, high level of confidence, future oriented and presence of high level of energy (McClelland, 1986). Chell (2001) mentions that for entrepreneurship, ownership of business is not a prerequisite but, a person who is an entrepreneur must have his own business venture or an owner of a business (Chell, 2001; Dollinger, 1999; Green, Bush and Hart, 1999; Licuanan, 1992). Brockhaus (1980) view entrepreneur as someone who possess high needs to attain something (Brockhaus, 1980). Rotter (1966) associates the quality of having an internal locus control with entrepreneurs (Rotter, 1966). Hisrich and Peters (1998) points out the difference between employee managers and entrepreneurs by mentioning the fact that an entrepreneur assumes and undertakes certain attitude towards risk, time orientation, status, decision making etcetera (Hisrich and Peters, 1998).

The above discussion showed that recent studies on entrepreneurship showed that entrepreneurship is a more sophisticated process that focuses beyond the personal stimulus of what makes someone an entrepreneur. The summary in Table 3.2 below showed that the environment which is an external stimulus may have shaped the way entrepreneurship is practiced thus leading to the inclusion of the marketing environment in this present study.

Table 3. 2: Definition of Entrepreneurs from More Recent Studies

Zimmerman and Scarborough (1998)	An entrepreneur is someone who can exploit opportunities and starts a business in a situation that is uncertain to make the profit.
Kuratko and Hodgetts (2004)	An entrepreneur is someone who possess the capability to take risks related to a business and is someone who is creatively capable of finding new resources in order to make the profit.
McClelland (1986)	There are some characteristics that are found to be associated with all the entrepreneurs. These variegated characteristics include: a desire and urge to take responsibility, presence of element of flexibility and tolerance for ambiguity, high level of confidence, future oriented and presence of high level of energy
Chell (2001)	For entrepreneur, ownership of business is not a prerequisite but, a person who is an entrepreneur must have his own business venture or an owner of a business
Hisrich and Peters (1998)	Entrepreneurs are founder of business who adopt certain attitude for risks, time orientation, status, decision making etcetera.

Source: developed by author/researcher (June2010)

Based on the description above, it is clear that entrepreneurship in more recent years relies heavily on the characteristics of the owner/founder themselves and depending on the types of environment or situation they are in. Entrepreneurship and entrepreneurs can exist in almost everywhere as long as the entrepreneurs recognize opportunities in the environmental settings and turned the opportunities into suitable business. No matter how small and minimal the changes in the environment, it is crucial for entrepreneurs to examine the environment first and respond by designing strategies to suit the environment to be successful. One such category would be those that are suitable for SMEs.

3.4 Small Medium Enterprises in Malaysia

The Small Medium Enterprises (SMEs) are now becoming an integral part of many economies all over the globe. With regard to the growth, success and development of entrepreneurs of the small businesses it is assumed that these companies are potential companies and these companies would make waves in the economic world. In the economy of a country, SMEs play an indispensable part as these business become the reason for creation of new jobs, introducing new products, starting new industries and to some extent inducing advanced technologies.

The SMEs in Malaysia have gradually become one of the main contributors to the Malaysian economy. SMEs are often considered as the backbone of economic by virtue of their size and nature of their businesses, numbers, and increasing share in employment and Gross Domestic Product. SMEs too, are now one of the well identified and recognized areas in the development of entrepreneurs in Malaysia (Aris, 2007). In Malaysia, SMEs are considered and valued to make various contributions such as generation of regional income,

as a seed-bed for growth and opportunities, savings, introducing innovation, training, providing aid to large firms, and stimulation of competition (Hashim, 1999).

As far as the production sector of Malaysia is concerned, SMEs are known to play an important part in developing the economy of the country. According to the data gathered around 2006, it was revealed that SMEs revolved around almost hundred percent of the businesses and added to around fifty percent of the GDP while providing employment to over sixty-five percent of Malaysia's labor force. What is unfortunate is the fact that despite their importance, they are occasionally overlooked as they are not able to garner the required assistance of foreign investors (Thurasamy, Mohamad, Omar, & Marimuthu, 2009).

According to the Prime Minister of the country, SMEs are an important and essential part of the economic system of Malaysia. The ongoing progress and advancement of a strengthened and competitive SME segment is one of the main constituents of the overall objective of the government in attempting to attain well rounded economic growth and enhanced ways of living, applicable to all segments of the society. The gist from the speech of the Prime Minister below depicts the significance of technology for the longevity and survival of SMEs (Thurasamy et al., 2009).

The sudden advancement and development in the field of e-commerce can also be used by the SMEs so that they enter global markets. Indeed, the introduction of the Internet in people's lives has transformed how business functions and competes against its competitors with e-commerce overcoming the restriction of staying within a particular geographical region. For instance, by adequately making use of the internet, SMEs can carry out extensive research and gather the required information about trends in international business and identify partners for linkages while at the same time avoiding the costly use of their time and efforts. Even more so, with the means of e-commerce,

improved value-added services can be provided at relatively lower costs (Thurasamy et al., 2009).

The government itself has expanded a number of funds to finance the establishment of an adequate infrastructure and framework so that e-commerce is facilitated. Technology based corporations such as Multimedia Development Corporation MDC, Malaysian Biotechnology Corporation MBC and Malaysian Technology Development Corporation MTDC in partnership with SMIDEC have come up with the ability to help SMEs in taking from the international supply chain via technology adoption (Thurasamy et al., 2009).

The Prime Minister was of the belief that opportunities continue to arise in abundance if the corporations are ready to innovate and entirely make use of all the available means of e-commerce. Lastly, it is useful to note that successful and well run companies like Amazon, Yahoo! And e-bay did not start off directly as being large and well-funded companies (Thurasamy et al., 2009).

Three factors were acknowledged by the Federation of the Malaysian Manufacturers (FMM) that was associated with the reason for SME's technology usage issues. These factors revolved around the absence of understanding about the significance of technology, particularly for SMEs, the less than adequate dissemination of IT usage; none of which serve as a good example of ideal IT usage (Thurasamy et al., 2009).

As the country is moving towards times that are increasingly technological reliant, the SMEs have to encounter overwhelming difficulties and challenges as they are not adequately prepared to meet the upcoming issues. For instance, according to the Malaysian SMI Association (July 17, 2001, The Star) it was discovered that hardly thirty percent of the total SMIs in the country made use of their own website. Furthermore, few of these websites were kept up-to-date and reflected current information. The understanding is that

it shows that the Malaysian SMEs are still not where they should be in terms of accepting technology (Thurasamy et al., 2009).

With respect to interventions in the realm of research and development the progress of Malaysia benchmarked against other comparatively new manufacturing countries, for instance Singapore and also, South Korea may be a mark or two off from the ideal position. One of the sayings states that the country no longer possesses adequate cost competitive advantage or the appropriate skill to sustain its position on the value chain. However, this is almost an inevitable finding today (Thurasamy et al., 2009).

3.4.1 Categorizing and Defining Small Medium Enterprises in Malaysia

In Malaysia, SMEs can be categorized into two according to industries as shown in Table 3.3.

Table 3. 3: Categories of SMEs in Malaysia

<p>Category A:</p> <p>There are SMEs that are in the field of manufacturing, businesses that provide services related to manufacturing and Agro based industries that have full time employees of not more than 150 people or this category also entails businesses that have an annual sales turnover of not more than RM25 million.</p>	<p>Category B:</p> <p>This category includes businesses that provide services, businesses that indulge in agricultural and information and communication technology (ICT) fields with full time employees of not more than 50 people or it also entails businesses that have an annual sales turnover of not more than RM5 million.</p>
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Source: SME Corp (2010)

The two categories are further refined to distinguish Micro enterprise, Small enterprise and Medium enterprise. This is because an SME is owned and/or managed by an independent enterprise, whose focus is usually based within a community. Generally, when

using certain variables like employees' number or turnover, the enterprise is considerably small compared to others in its industry. Therefore, the SMEs in Malaysia are defined according to their size and how they are identified in the various sectors and sub sectors. This common definition is used as it enables the Malaysian government to formulate development policies, support programs as well as technical and financial assistance. For easy identification, the SMEs are defined based on Annual Sales Turnover or number of Full-Time Employees approved by the National SME Development Council on 9 June 2005. The definition was approved to be used as the common definitions of SMEs across economic sectors, for adoption by all.

Table 3. 4: Definition of SME in Each of the Respective Sectors Based on the Annual Sales Turnover or Number of Full-Time Employees

	Micro-enterprise	Small enterprise	Medium enterprise
Manufacturing, Manufacturing-Related Services and Agro-based industries	Enterprises that have turnover of annual sales of less than RM250,000 or enterprises that have less than five full time employees	Enterprises that have the turnover of annual sales between RM250,000 and less than RM10 million or enterprises that have full time employees between five and fifty	Enterprises that have turnover of annual sales between RM10 million and RM25 million or enterprises that have full time employees between fifty one and one fifty
Services, Primary Agriculture and Information & Communication Technology (ICT)	Enterprises that have turnover of annual sales of less than RM200,000 or enterprises that have less than five full time employees	Enterprises that have turnover of annual sales between RM200,000 and less than RM 1 million or enterprises that have five to nineteen full time employees	Enterprises that have turnover of annual sales between RM 1 million and RM 5 million or enterprises that have twenty to fifty full time employees

Source: SME Corp (2010)

3.4.2 Challenges Faced by SMEs in Malaysia

In Malaysia, SMEs play immensely important role in the national economy with the help of its business operation that has more than a quarter of all manufacturing output (Saleh and Ndubis, 2006). But, there are many SMES that encounter different challenges. There are a number of businesses that have to face challenging and struggling time to reach to the desired and expected level of performance. In the current global economy, only few small businesses can be developed to sustain and survive for so long in the market. A regular pattern can be observed with regard to the failure of these newly established small businesses and there are some organizations that fail after few years of entering in the market (Ladzani & Van Vuuren, 2002).

The government and other non-governmental agencies are also playing an important role in strengthening the SME sector in the country since they are the backbone of the economy. However, being small and medium in size poses some challenges to them. SMEs in the country operate within a multitudinous of factors that can cause constraints to such firms. Among the various constraints is the lack of a right kind of marketing effort that turns out to be a major problem these days.

3.4.3 Marketing Environment of SMEs in Malaysia

Since SMEs are small, lack of proper analysis of marketing environment may hinder the development of their businesses. The marketing environment, which consists of all actors and forces that will affect the way businesses meet their customer is also changing like any other environmental factors. As changes are inevitable, measures in the marketing efforts that can ensure success of entrepreneurs in the country is crucial.

One obvious question that emerges at this stage is why we should give so much of importance to marketing environment of SMEs. The answer might not be that simple

because there are a host of issues involved. However, one thing is undoubtedly agreed upon by all is that, without proper analysis of marketing environment and proper marketing of the products, the very existence of entrepreneurs who depend on various income-generating activities in those areas will be in danger. Furthermore, economic development is significantly dependent on entrepreneurship. Thus, we can say that proper analysis of marketing environment of SMEs is one of the stepping stones for SMEs development, which ultimately results in economic development and growth.

3.4.4 The Syariah Law and Halal Concept

In a general way, Syariah can be described as a body of Islamic laws that are devised on the basis of Divine guidance. Syariah takes into account all the aspects of Islamic faith such as ethics, faith and beliefs. In a specific way, Syariah can be defined as laws based on following:

1. Primary sources – the *Qur'an* and the *Sunnah* (sayings and doings of Prophet Muhammad).
2. Secondary sources – *Ijma'* (consensus), *Qiyas* (analogy) and *Masalih mursalah* (public interest), etc. (FPAM, 2009).

While the Syariah laws explain the code in which the religious laws that observant Muslims follow, halal, on the other hand, is the abbreviation of Halalan Toyyiban, which describes the good or actions that are permissible and wholesome according to Syariah laws and Islamic principles. The opposite of this is haram or non-halal, which means forbidden or prohibited. Though this term is widely evidenced and used with regards to food and beverages, awareness among the Muslim has extended it to include all other sectors.

For any other type of products and action of services that come under the grey area and cannot be clearly classified as halal and non-halal is referred to as “Syubhah”, this

implies that these products and services are questionable and dubious in nature. In relation to the food and beverages category, Muslims are refrained to consume a product until the status of the product get clear classification as a halal and non-halal. Related to Syubhah matter, The Prophet (peace be upon Him) has provided clear guidelines. It is reported by Bukhari, Muslim, Abu Daud, Ibn Majah and Darimi, as follows:

“What is halal is clear. And what is haram is also clear. And in between those two is a dubious area in which many people do not know about. So whoever distanced himself from it, he has acquitted himself (from blame). And those who fall into it, he has fallen into a state of haram.”

Since entrepreneurship is based on the “Syumul” concept which means that all business activities are considered religious activities, Islamic businesses are defined as business organizations that operate under the Syariah law. Therefore, their operations should be excluded from the following criteria:

Those operations that are controlled and undertaken on the basis of *riba* (interest). This usually entails business and activities of trade dealings and business of financial institutions such as finance companies, merchant and commercial banks.

“Allah will deprive usury of all blessing, but will give increase for deeds of charity: For He loveth not creatures ungrateful and wicked” (Al-Baqarah, 276).

Operations that involve elements of *Maisir* (gambling) which involves activities that are based on luck of making, more than needed.

“They ask thee concerning wine and gambling. Say: In them is great sin, and some profit, for men; but the sin is greater than the profit.” They ask thee how much they are to spend; Say: “What is beyond your needs.” Thus doth Allah make clear to you His Signs: In order that ye may consider” (Al-Baqarah, 219).

Activities that involve the manufacturing and/or selling of products that are

haram (forbidden). This includes products such as pork, liquor and non-halal meats.

The Prophet (PBUH) once said, “Allah has prescribed certain obligations for you, so do not neglect them; He has defined certain limits, so do not transgress them; He has prohibited certain things, so do not do them; and He has kept silent concerning other things out of mercy for you and not because of forgetfulness, so do not ask questions concerning them.” (Reported by al-Darqutni and classified as hasan (good) by al-Nawawi).

Businesses and operations that encompasses the element of Gharar (uncertainty). The best example of this is business of conventional insurance.

“The Prophet (PBUH) prohibited the pebble sale and the Gharar sale” (Reported by Ibn Majah on the authority of Abu Hurayra (r.a)).

A detailed and elaborated principles related to halal and haram is covered in an extensive way in the book written by the respected and imminent Muslim scholar, Dr. Yusuf al-Qardawi called “The Lawful and the Prohibited in Islam”. In the book Qardawi describes a business in Islam with the connotation:

“Islam does not prohibit any trade except those which involve injustice cheating, making exorbitant profits or the promotion of something which is haram” (Al-Qardawi, 1997).

Therefore, any organizations that are involved in Islamic businesses or halal business must take part in the development of their businesses to be at least at par with all other businesses.

In many countries including Malaysia, the practice of halal is clearly explained and understood in matters pertaining to food. According to Islamic teachings the general principle related to food asserts that in Islam, everything is halal except three things. These three things are: intoxicant, impurity (or mixed with impurity) and harmful. Thus, it is

important for Muslims to eat meals that are proper and healthy and avoid all those food items that are forbidden.

There is a concept of slaughter in Islam. According to this concept; before the consumption of an animal it should properly be slaughtered. The act of slaughtering is done to make sure that quality of the meat is good and to avoid any sort of microbial contamination, which basically entails the *Toyyiban* part of *Halalan Toyibban*. Normally, a dead animal that is not slaughtered is associated with disease. Most of the diseases originate or carried in the blood of animals. Thus, slaughtering is mandatory to make sure that the blood is drainage in a complete way from the body of animal which in turn would minimize the chance of microbial infection. This action and requirement of the slaughtering is akin with the phenomenon of cleanliness which is consistently repeated and emphasized in Islam. Besides making sure that food items are clean, Islam also restrict the usage of any sort of materials that are harmful for the spiritual, mental and physical well-being of an individual such as alcohol, drugs and drinks etcetera. In the Muslim society, awareness about preference of halal, wholesome and clean food is propagated to a greater extent because these are the teachings of Islam. As a result of this awareness knowledge about consuming clean and halal food is widespread.

Besides the compliance of the *Syariah* law, which is a mandatory measure for all Muslims; the factor of safety of food plays an important role in examining the *Halalan Toyyiban*. This involves aspect of wholesome (safe, quality, clean and nutritious) related to food. In order to make sure that these aspects are taken into serious consideration, Malaysia has provided the definition of halal food with the help of its *MS1500:2009: Halal Food - Production, Preparation, Handling and Storage -General Guidelines (Second Revision)* as food that is allowed according to the *Syariah* law and comply the following conditions:

- Food and drinking items must not have parts or products of animals that are declared as non-halal to Muslims. This also includes products of animals that are not slaughtered according to the Syariah law.
- Edibles should not include any ingredients that Syariah law considered as Najis which means any ingredient that is filth and unclean
- All the food and drinking items that are available to public must be safe and are not harmful for the health and well-being of people
- The food and drinking items should not be processed and manufactured by making the usage of equipments that are contaminated with the Najis things
- Human parts and its derivatives that are not allowed by the Syariah law should not be in the food and its ingredients
- According to this law, it is required that during the preparation, processing, packaging, storage and transportation of the food it should not be mingled with the food that are not in accordance to the Syariah law and things that are Najis. This clearly indicates that according to the Malaysian standard products that are harmful, intoxicated and hazardous would not be classified as halal.

It is the Islamic principles and doctrines that unite the otherwise extremely diverse Muslim population of various countries. For Muslims, the implication of their religious beliefs is pervasive and above everything. However, when Syariah is mentioned in the west, it is immediately associated with harsh religious practices, from a view that has been spread by extremists. Even though a number of non-Muslims would like to disagree, the first step in marketing in halal businesses must be to take into account the critical significance of Syariah compliance and the importance it holds for Muslims in their day to

day lives. People need to acknowledge how their sincerity, irrespective of the extent of their intensity have an influence on their lives(Hope & Young, 1994).

From the above discussion, the notion of Syariah, Halalan Toyyiban, and Islamic business is introduced to accentuate the reason for choosing halal SMEs, and more importantly to highlight the distinct difference of halal SMEs as compared to general SMEs which was discussed in Chapter 2. This further strengthens the researcher's attempt to develop the first definition of halal SMEs. Since for ease of policy, general SMEs are defined according to SMEs' annual sales and number of employees, attempt is also referred to policies. The first distinguishing characteristic is that the SMEs will need to fulfill the specific requirements to be considered as halal SMEs, shaped by halal environment itself and more importantly required by the Syariah Law. This halal environment signifies how different the halal SMEs are, and therefore, should be treated as separate entity from general SMEs. The second distinguishing characteristic of halal SMEs is that, by fulfilling all the specific requirements of the halal process, these SMEs would be eligible to receive the support from the relevant bodies for their own development. This is supported by the definition provided by SMECorp in which the definition is used to ensure that policies, etc., designed for them. The halal SMEs definition is then proposed to include the extension of the first distinguishing factor.

3.5 The Concept and Measurement of Success for Small Medium Entrepreneur

Although literature on the success of SMEs is very extensive, there is lacked of consensus on the meaning of success itself (Johannessen, Olsen, & Olaisen, 1999; Lussier, 1995). Studies in the past attempted to define success by looking at various dimensions that are considered to represent success. From an extensive reading of literature by the researcher, it

can be seen most studies in the past exhibit a pattern in which successes are often categorized into two different groups: One is related to what is inhibited or in the control of the SME owners; the other is what is considered as beyond the control of the SME owners. For the former group, studies reported characteristics of entrepreneurs themselves as crucial to the success of the business and the latter are usually associated to the external parties' involvement in making the environment conducive to a business success.

For instance, in the former group, Covin and Slevin (1991) suggest that organizational and individual variables within the company itself affects a firm's performance such as the organization's resource and competencies, the organization's culture and the organization's structure can all enhance the likelihood of success. The study by B. C. Ghosh and Kwan (1996) describes from the descriptive approach that characteristics or attributes possessed by the entrepreneurs themselves holds the key to successful business.

In the latter category, the research has been performed in different areas such as funding policy of government, providing protection against competition of big businesses and making the provision of basic infrastructure (Yusuf, 1995), making the provision of soft loans and assistance with regard to the export (Mahajar and Mohd yunus, 2006) and provision of various education and training programs ((Robertson, Collins, Medeira, & Slater, 2003).

A few authors also suggest that like any other types of enterprises, the success of SMEs should be the consequence of the proficient achievement of the corporate mission and a reflection of doing things right. This view is supported by Hashim and Wafa (2002) that success refers to the effectiveness of an enterprise in accomplishing its objective.

Geographical factor that determines one nationality is further seen as a way to describe success. The results of the study that was conducted by Ahmad and Seet (2009)

suggest that according to nationality and origin of country the perception of precisely what constitutes a successful business can be different (Ahmad and Seet, 2009). For instance, in the research, different factors related to financial condition, social factors and lifestyle proved to be more important in determining the success in Australia than they were in Malaysia (Ahmad and Seet, 2009).

In a study among Jamaican entrepreneurs, Huck and McEwen (1991) found technical knowledge and customer relations to be the competencies most important for the success of small businesses.

Other than those describe above, theory and evidence also suggest that an enterprise's success is a multi-dimensional construct (Hashim, Wafa, & Sulaiman, 2004). As such, it can be consider that the firm's growth can be a more appropriate dimension to measure the success and this may also pose positive influence over firm for survival (Mead & Liedholm, 1998).

In Malaysia, there are studies and researches that are about comparison of the success factors between Malaysia and some other country and region. There are also researches that discuss case studies of successful SMEs. A study was conducted by the University Putra Malaysia in the year 2006 about the success factors of entrepreneurship and its escalation in Malaysia reveals the relationship that exists between growth of the venture and factors. These factors include personal initiatives, governmental support program, human capital, areas of focus on competency (Rose et al, 2006b). According to a study in which success factor is interrogated from the experienced entrepreneurs and most of the entrepreneurs affirm that one of the most important success factors and major key to success is personal initiative. Entrepreneurs who highly display the quality of personal initiative will be able to overcome the disadvantages or weaknesses in them because of their self-starting and proactive attitude. A positive relationship is also established among

the factors of education level of entrepreneur, working experience and their parents' owned business with the success of the business (Sin, 2010). This clearly indicates the area where entrepreneurs need to keep their focus to get success and growth. Overall, the findings that are revealed in this study act as a guideline for helping out entrepreneurs to get success in their urge to get superior venture growth.

The major reason for the different ways of defining success is because success is usually associated with business outcome measured by several indicators. To many scholars on the subject, entrepreneurship is defined by success. Successful SMEs have been known to attribute their outcome to success.

3.6 Lead Success Factors on Success of SMEs

This section will give a description of success factors based on review of existing literatures that are chosen in this study. This is in line with Malaysia's effort to put the local SMEs in the global halal market.

3.6.1 Entrepreneurship Education and Training as Determinant of Success

Fayolle and Klandt (2006) purport that there are three different angles with which contemporary entrepreneur education can be understood. These three angles include as a matter of creating specific situation, as a matter of culture or state of mind and as a matter of behavior (Fayolle and Klandt). If we view education of entrepreneurship as a matter of culture or as a matter of state of mind then this involves aspects that keep its focus on values, attitudes and beliefs that are linked with the practice of entrepreneurship such as stance, mindset that is required for entrepreneurship and spirit or identity. Secondly, if we view entrepreneurship as a matter of behavior then it can be said that it involve the aspect

of particular skills related to the behavior that entrepreneurs portray such as seizing opportunities, social skills and making decisions. Lastly, if we view entrepreneurship as a matter of specific situation then it can be asserted that it is the aspect that encompasses entrepreneurial situations such as new and corporate venturing. In the past the focus of entrepreneurship was on the last dimension that is viewing entrepreneurship in terms of specific situations such as creation of ventures, writing and devising business plan. There are many current researchers and scholars that present the argument that the most important challenge with regard to the entrepreneurship education is related to the development of the first two dimensions as compared to the learning about the entrepreneurship (A Gibb, 2002; Honig, 2004).

As such to determine whether entrepreneurship education and training are essential in the development of successful SME has to be clearly reviewed. Previous researches in entrepreneurship education and training have attempted to define it for various objectives. The following part of this section will review the meaning of entrepreneurship education and training.

The topics of whether an entrepreneur is born or made or whether entrepreneurship is nature or nurture have been long debated in education, and in general.

It is acknowledged by the researchers, practitioners and scholars that in today's society education and training about entrepreneurship is essential, but, there is no single definition that can be found that describes what it means. Hytti and O'Gorman (2004) consider education of entrepreneurship and training related to entrepreneurship in accordance with the objective of the outcome of such education and training program (Hytti and O'Gorman, 2004). If an educational or training program about entrepreneurship is organized with the objective to develop understanding about the basic concept of entrepreneurship then in this case the best method is to provide information with the help of

public channels such as lectures, seminars and media. These channels are effective means to transfer message and information to a broader audience in short period of time. Secondly, if an educational or a training program related to entrepreneurship is organized with the objective to instill skills and qualities that are directly and closely related to work then in this case the best method that can be adopted is to engage the learners directly with the entrepreneurial process such as providing industrial training and apprenticeship. Finally, if the objective of the entrepreneur educational and training program is to prepare learners as an entrepreneur then in this case the best and effective way is to facilitate experiments by extending forums to practice entrepreneurship in a controlled environment such as role playing and business simulation (Yu and Chan, 2004).

Kirby (2002) while discussing the difference between the entrepreneurial education and education of traditional management asserts that here is a difference between imparting education about entrepreneurship and traditional education of management. He further claimed that there are certain aspects of traditional management education that may impede the development of important skills and qualities for entrepreneurship. A different teaching pedagogy is required for the education of entrepreneurship. A number of studies have been conducted by researcher about the in which an attempt is made to related education of entrepreneurship with the work related reading (Dwerryhouse, 2001), experiential learning (Kold, 1984), action learning (P.A.C. Smith, 2001) and training (A. Gibb, 1999). These studies are true portrayal that presents the reflection about the types of entrepreneurial education and training that are used in the present study.

The education related to entrepreneurship can be regarded as more than the management of business. Education of entrepreneurship implies learning to integrate knowledge and skills so that the entrepreneur can be prepared to start a new business venture. This shows that entrepreneur or anyone in general can be an entrepreneur if they

are being taught. As mentioned in the opening part of the definition, learning is a relative permanent change in behavioral potentiality that occurs as a result of reinforced practice (Kimble, 1961). Thus, it can be suggested that entrepreneurs can be taught regardless of whether the SME owners have the characteristics or not.

In Malaysia, the entrepreneurship education can be seen as a national agenda in line with the development of Small Medium Enterprises under the Ninth Malaysian Plan. The growth of entrepreneurship education and training programs in recent years has been tremendous with the introduction of both formal and general educational programs at higher institutions in Malaysia to more specific training programs in respective industries that are offered to the public. As Sivapalan (2001) said, "without entrepreneurs, there is no knowledge economy," efforts have been taken to nurture entrepreneurship in all ways. Conferences, seminars, short courses and training on entrepreneurship are being held and organized by various organizations, along with the formal entrepreneurship education offered by higher-education institutions. Both public and private organizations have started to introduce entrepreneurship education and training programmes at various levels. Entrepreneurship clubs are being started at primary and secondary school. Entrepreneurship subjects and entrepreneurship major are being offered in many higher institutions, and various competitions and being held by major parties to promote the growth of entrepreneurship and to stimulate the entrepreneurial mindsets of young people, encourage innovative business start-ups, and foster a culture that is friendlier to entrepreneurship and to the growth of SMEs.

3.6.2 Personal Characteristics of Entrepreneurs as a Determinant of Success

The previous explanation of the concept of entrepreneurship education and training was discussed to ascertain whether entrepreneurs could be nurtured. In this part, the discussion

will revolve around the concept of entrepreneurs who are born with certain personal characteristics that can be related to success. Emphasis is being drawn on the importance of the owners of the SME as entrepreneurs and their personal characteristics as factors that drive the small medium enterprises to success.

There are other studies that have made an attempt to analyze a number of characteristics to point out those characteristics that are commonly linked with the success of the business. For instance, the study of Benzing, Chu and Kara (2008) revealed that honesty and friendliness are the two characteristics that are most commonly associated with the success of business in Turkey (Benzing, Chu and Kara, 2008). There is another study that was conducted in Mexico that made an attempt to realize the most common characteristics that are associated with the success of the business. This study shows that in Mexico, the two qualities that are imperative for the success of business are innovation and creativity and entrepreneurship. A study of Rose, Kumar and Yen (2006a) shows that the quality of taking personal initiative as the quality that is most associated with the growth and success of the business (Rose, Kumar and Yen, 2006a). These same researchers conduct another study. In this another study, the researchers identify the successful businesses and then with the help of questionnaire an attempt is made to know the traits and characteristics that have helped these businesses in gaining success. In the results of this study also it is found out that entrepreneurial qualities are important. Moreover, this study pays immense emphasis on the quality of personal initiative to be the most important quality for the success of the business. In the explanation and discussion section of this study, it is mentioned that the quality of personal initiative is something that reflects positive behavior and positive mind set which is an important aspect to deal with the challenges that the business is facing in today's era. This is the reason because of which

this quality of personal initiative is considered as the most important quality to gain success and growth in the business.

3.7 The Marketing Environment and SME success

While previous literatures on education and training and personal characteristics of SME owners may suggest that they can help to prepare an SME for success, it is not clear how these can be a static or considered as the ultimate remedy. This is because, in an environment that is conducive to such trainings and suitable with the characteristics of the SME owners; success may be achieved. However, if the environment is dynamic and may vary from conducive to nonconductive, it is quite impossible that the SMEs can be guaranteed success. It requires proper maneuvers by not just the SMEs, but also relevant parties involved in the changing environment.

3.7.1 The Marketing Environment Theory

The marketing environment as defined by Kotler and Armstrong (1996) is “any actors and forces that affect the performance of companies”. These variables are usually categorized into two categories, namely macro environment and micro environment.

The marketing environment is one of the first theories to be given attention to by researchers, academicians, and practitioner on whether it plays a crucial role in determining the success of a business. Proper analysis on each of the actors and forces in both types of environment is crucial as it will determine the strategies for companies to market their product. As marketing environment affects the marketing behaviors, it is crucial to examine this effect.

3.7.2 The Link between Marketing Environment and the Factors and SMEs Success

So far, the review is done about the two different sets of factors that may cast its impact on the success of SMEs, but, these all may be connected to each other. The possibility that there may be a connection between the characteristics of entrepreneurship and training of entrepreneurship seems to be obvious as the aim of training of entrepreneurship is to enhance and impart the necessary skills that are needed for entrepreneurship. However, studies also reveal that these two may not be interrelated as some training maybe too task oriented that it results in failure. Therefore, characteristics are independent. Work by Keh, Nguyen, and Ng (2007) also suggests that there exist a third element that could explain this. His research showed that marketing environment may also be related to these two factors. This may be explained by the way entrepreneur's characteristics and the types of entrepreneurship education and training may both be influenced by the marketing decisions made based on the marketing environment in which the SMEs are in, thereby providing a combined impact on the business. The effect may be strengthened or weakened in the presence or absence of the marketing environment. It has been observed that SMEs that are successful may dependent on decisions that entrepreneurs make, particularly, those decisions that are made on the basis of innovative marketing strategies (O'Dwyer et al, 2009).

Factually, Keh et al (2007) further researches and proposes that the relationship between entrepreneurial orientation (as identified by training and characteristics) and the organizational performance actually is moderated by one of the variables of marketing environment which is marketing mix (internal decision). On the basis of the available evidence it would be logical to conclude the significance of innovative marketing strategies to the business. If the SME is run by an entrepreneur who possesses the optimal and desired

sets of skills but, the organization does not implement effective marketing strategies then it may cause a negative impact on the effects noted. This cannot be considered as an issue that should be investigated in any sufficient details in relation to empirical evidence, despite the fact that the theory that extends its support to this concept would be rational. At the present time, it is difficult to conclude that whether this is, in fact, the case without further evidence. However, this is not the purpose for which this study is being conducted.

For the halal SMEs, even though the marketing environment variables introduced by Kotler and Armstrong (1996) are the same, certain laws, rules and procedures require amendments to suit the halal environment as required by the Syariah laws. For instance, the procedure of preparing a canned food like chicken curry in a can has to follow the proper ways as described in the teachings of Islam and under the Syariah laws. Thus, such laws may require a halal company to have a panel of full time Syariah advisors to sit in its permanent organization structure and to have all its processes and procedures checked by relevant parties such as Jakim. This would then require the SMEs to restructure the organization and perhaps make some changes in their procedures and processes to fulfill the requirements of halal.

3.8 Summary

On the basis of the literature that is reviewed it can be concluded that there scores of important factors. These factors can be of immense importance to determine the success of SMEs. Particularly, entrepreneurs who are in charge of the business must have certain set of skills if their businesses have to attain optimum growth and to successfully face the challenges that are prone to business and SMEs in the current marketplace of business and economy. The debate to impart knowledge and education to teach these skills is still on

with most of the evidences of studies and researches that suggest that as a result of the implication of appropriate and well-designed education program these skills can be taught and there can be a ray of hope for success.

This section has reviewed the major works that have been published and related to the major themes and variables presented in this current study. The review of the literatures is essential in capturing the major concepts and outcome of previous work that relates to this study. Major elements are identified, and the relationship established between the elements will shed some light to how the design of this current study is developed in the next chapter. This section has discussed the notion of SMEs success as well as its association with the chosen factors and how they may be moderated by marketing environment. In doing so, the chapter will have encompassed all areas in its attempt to review the various issues concerning halal SMEs, marketing and success.

CHAPTER 4

CONCEPTUAL FRAMEWORK

4.1 Introduction

This chapter addresses the conceptual framework that is developed based on readings available and compiled from previous studies as well as fresh and new information discussed in Chapter 2. It permits the accomplishment of dual-purpose; to provide an insight to its contribution and to guide the design of the research methodology and data analysis. This chapter opens with the discussion of the conceptual framework, the construction process of the conceptual framework and how it contributed to the theme of this study. Particularly, it contributed to the final framework developed for this study, the working definitions of the relevant concepts, terms and construct. As the final research framework is developed, the study then proceeds to develop certain hypotheses that link the variables. The significance of discussing the conceptual framework in detail is because of the uniqueness of the halal SMEs.

4.2 The Importance of Conceptual Framework

While the topic of the differences between conceptual framework and theoretical framework are still being discussed by researchers, this current research highlights the need to clearly distinguish between the two based on readings and discussion on forums among researchers. As research for halal SMEs is new and requires originality where existing measures from previous studies cannot be immediately use, the conceptual framework is necessary to present an outline of possible courses of action or to present a preferred

approach to this study. This is based on a study conducted by biologist Heinrich (1984) who made a surprised discovery where his result contradict with other studies published by different researchers. The area on which study conducted was similar to other researchers. He discovered that his team has made an unexamined assumption about their subjects' key aspects and therefore concluded that "even carefully collected results can be misleading if the underlying context of assumption is wrong" (Heinrich, 1984).

The traditional use of theoretical framework is often used in research as it serves as a lens for a researcher and it helps to develop the framing of debates, questions, inquiries and constitutes a powerful way of seeing a phenomenon. Using a theoretical framework extracted from theories introduced in existing literatures alone in this research would be sufficient if all necessary information especially on variables and measures are easily available from the past studies. However, if this current research immediately uses existing variables and measures, it can be misleading for three reasons.

Firstly, the existing researches were mainly conducted on SMEs in general, thus, due to which the focus of the study was too narrow and the conceptual resources were neglected which are very significant for this study. The study of Locke, Spirduso, & Silverman (1993) explained that any area which is currently at inquiring stage having current knowledge base would not be found in the library. The reason behind is that it is in informal relationship between research workers. In addition, an exclusive orientation towards literature only will lead a researcher to ignore own experience, speculative thinking and any exploratory research that a researcher have done.

Secondly, past and existing literature is used in order to form strategies which can cover field areas of the study rather than only focusing on those areas which are partially relevant to this study. Since there is no existing literature on success of halal SMEs, using the existing measures to develop theoretical framework straightaway will give a misleading

picture of the focus of the current study.

Thirdly, such situations make researchers look at the study from descriptive point of view. In which they only have to report what work has been done on the study by other researchers and the theories which are linked and applied in the current study. Furthermore, in this current research, the work is critically analyzed instead of only focusing on descriptive part. It will make an original contribution from a research field that is lacking in focus. Due to which this current study has developed its own conceptual framework instead of applying conceptual framework of other studies. The conceptual framework offers more depth and breadth of this new area which is crucial as this is the first time a research is done on success of halal SMEs.

4.3 The Construction Process of the Conceptual Framework

Maxwell (2004) explained the four ways of constructing the conceptual framework: 1) the experimental knowledge of researcher's, 2) theories and research which already exists, 3) exploratory and pilot study of researcher and 4) experiments of thoughts. In this research, the author began with experiential knowledge. According to Maxwell again, experiential knowledge is one of the significant conceptual resources but most of the studies neglect this area and does not even consider it in research design of the study. His view of developing the conceptual framework from the experience of the researcher is supported by the fact that researchers are considered to be the instrument of qualitative studies. Mills (1959) argued that; "The most admirable scholars within the scholarly community...do not split their work from their lives. They seem to take both seriously to allow such dissociation, and they want to use each for the enrichment of the other. (p. 195)."

Distinguishing research from personal life of research will cut the researcher off from major reliability, validity and hypotheses checks and insights. The study of Glesne & Peshkin (1992) explains the role of subjectivity in the research by stating that subjectivity is taken originally as affliction. The reason behind is that it could not be foregone. On the other hand, it can be taken as contrary as virtuous. Subjectivity of the research is on the basis of story which is told by researcher. It can be considered as strength on the basis of which research build. It also makes researcher to understand that at the same time it is human as well as researcher. This includes the perception and insights which helps in shaping things which are done as researcher. The research selects topic and passes through the emphases and bring it in written form. Subjectivity is considered to be exorcise instead of capitalize by seeing it from virtuous point of view.

The researcher's experiential data which are made up of the technical knowledge of the researcher, background of the research and experience which is faced personally should not be ignored as emphasized by Strauss (1987). He argued that: "These experiential data should not be ignored because of the usual canons governing research (which regards personal experience and data as likely to bias the research) for canons lead to the squashing of valuable experiential data. We say, rather, mine your experience, there is potential gold there!" (p. 11)". The above discussion supports the development of conceptual framework which is imperative where fresh and new concepts have to be introduced for SMEs in the halal industry. In this study, the researcher began by using the researcher's own experiential knowledge that was the main driver of the researcher's goal in the quest of her doctoral study. A technique called "researcher identity memo" based on the work by Maxwell (2004) is used for reflecting the personal goal of the researcher and their application for research can be used to explore the personal assumptions and knowledge of researcher.

4.4 Developing the Definition for Halal SMEs

Since there is no standard definition for halal SMEs, based on the discussion in Chapter 2, it is imperative to be clearly able to distinguish what constitute the term halal SMEs. As highlighted in Chapter 1, this research initially uses the common definition of SMEs in Malaysia to describe the SMEs generally based on the definition approved by the National SME Development Council. Past and existing researchers in Malaysia particularly agree that there is no standard definition for SMEs. Researchers also agree that the standard definition is commonly used in their research as it would help in identification of small and medium size enterprises in different sectors. This makes the formulation and implementation of development programs of small and medium enterprises more effectively. Furthermore, it also assists financially and technical provision and all allows better evaluation of performance and contribution of small medium enterprise in the economy.

Since SMEs can be categorize according to the different sectors for the purpose of policy implementation, it is imperative to determine if the term halal SMEs represents an industry or another subset of SMEs in the difference categories that have adopted the halal business. For example, an SME can either be known simply as an SME or, halal SMEs based on some unique characteristics; otherwise there will be no distinction between a general SME and a halal SME. This concept is necessary to be determined first since the development of halal SMEs is managed by a different body with a different set of mission and goals, which are separated but not exclusive of the usual activities of the SMEs. For this purpose, the researcher first used the researcher's identity memo based on the researcher's own experiential knowledge and as a guide to introducing the meaning of halal SME in the framework.

Identity Memo on Halal SME

My first interest in understanding the true meaning of halal SME was when I was introduced to the work of Halal Development Corporation (HDC) by a fellow entrepreneur. Though success has been the major concern in studies involving entrepreneurship, it was interesting to see how the halal market would shape the success of the SMEs. I frequently travel to Kuantan Pahang to work with a close friend on developing her business. Because she was a panel member of an entrepreneur's society in Pahang, it was apparent that her work also involved formulating policies and procedures for the development of entrepreneurs in Pahang. As the state government was promoting halal SMEs, I began to work closely with her on this area. I remember during our discussion that the entrepreneurs are aware of the opportunities given in the halal market but to comply with the regulations to be certified as halal requires them to go through series of seminars, workshop and training programs to ensure that they would be successful in the halal business.

This made me started thinking and as far back I remember my meeting with the former Deputy Director of INSKEN that the government has given the mandate for INSKEN to provide training to develop entrepreneurs through various scheme but a tracer study on the success of their graduates were nonexistence at that point. The way in which both of the experience above links with the work of researcher done on success of small and medium enterprises is one of the main technique for dealing with the true meaning of success for SMEs. As an entrepreneur who was active in business on full time basis at that time, I was also interested in developing myself to be successful. Given the opportunities that support the development of halal SMEs to be successful, I began doing a thorough research on this. This led to my first investigation on defining halal SMEs and the lead success factors, which then led to investigation on the meaning of success for halal SMES. Work then started with interviews conducted over a period of 1 year with Pahang SDC on the definition of halal SMEs which I described in detail in Chapter 2 of this study.

Based on the above and description in Chapter 2, the existing general definition of SMEs is still applicable to the SMEs used for this study but with the inclusion of criteria being set by the PSDC to be recognized as halal SMEs that are registered with them (Informant 3). Therefore, the halal SMEs in this study refers to Small and Medium Enterprises that have adopted to use the halal practices and procedures in their business and have registered with PSDC upon meeting the requirements. This includes characteristics such as those that have obtained the halal certification process and registered with PSDC, and those that are in the process of obtaining the halal certification process and have registered with PSDC (Informant 3).

4.5 The Use of Existing Theory in Constructing the Conceptual Framework

The process of construction of the remaining variables in the conceptual framework then continues by using current research and theory. Theory means a group of concepts and planned associations among the structure which is anticipated to represent the model in front of the world. The study of LeCompte & Preissle (1993) explains that “theorizing is simply the cognitive process of discovering or manipulating abstract categories and the relationships among these categories.” In this research the researcher not only simply includes categories which are theoretical, but on the other hand they are concrete and concepts are also specific. All explanations have fundamental features in common to cover the entire range of such propositions and emphasis will be more on association of multiple concepts by proposing relationship.

In this study, the main role of the theory is to provide route or pathway to understand the reason that why world is in such a way (Strauss, 1995). It is not generalizing the world instead it is aimed to clear the concepts and explain that how systems work in this world. If

a theory is useful then a framework is provided to analyze what sense it makes to researcher. Specific areas of data are sometimes considered as irrelevant or not connected with other research questions of the study but they are fitted in the research by connecting them with theories used in the study. Another point is that theories which are useful also enlighten the point of view of researcher. It also draws attention of researcher towards specific phenomenon or event on links which are otherwise not noticeable or they are misunderstood. According to the study of Heinrich (1984) the investigation has been conducted on caterpillars feeding habits; “The clipped leaf stood out as if flagged in red, because it didn’t fit my expectations or theories about how I thought things ought to be. My immediate feeling was one of wonder. But the wonder was actually a composite of different theories that crowded my mind and vied with each other for validation or rejection...Had I no theories at all, the partially eaten leaf on the ground would not have been noticed.” (pp. 133-134). Thus, the role of theory is explained that how it enlighten one area and leave other aspects in unenlightened. Due to which it is analyzed that no theory can enlighten all the aspects of the study. In the current study, existing theories are used as reference towards similar situation but not as a whole as it will leave the halal SMEs areas in the dark. This approach was used in developing the definition of success for halal SMEs.

4.5.1 Success for Halal SMEs Using Existing Theory

Although some indications of the definition of success have been defined and given in Chapter 3, a more practical understanding of the term success for halal SMEs is required to guide the formulation of its measure. Success is not the sole prerogative of SME, it is also linked to all other aspect of life, be it personal, organization or national. Therefore, careful analysis and distinction must be made between success of halal SMEs and that of the society in general.

Attempts were made to introduce the concept of SME success to be applied to the current study using the definition given by A. Ghosh and Craig (1983) as it is perhaps the nearest resemblance and most relevant to the current study. In that study, to achieve success it is important for firms to take into account the marketing environment confronting the firm and also possible future changes in the environment. The study showed that changes can occur due to actions taken by competitors, whereby, strategy changes by any one firm may lead to reactive changes by competitors. Firm must also cope with the environment that changes independent of competitors' actions. Nevertheless, as there is no benchmark to equate success measure for the SMEs in halal environment, and since there is no research on this previously, success is derived from existing theory as a guide to identify unit of analysis but measured based on the perception of SME owners when compared to the nearest competitors.

Although, the present literature of the study represents various approaches for measuring the success of business, for research on SMEs to be meaningful, accurate and suitable measures of success are critical. This is because the measurement of success in a research work itself is also difficult, and that the appropriate use of particular success measures may depend on the circumstances unique to the study (Swamidass & Newell, 1987). Hashim & Wafa (2002) suggests that ample consideration should be given to determine the meaning of success in the context of SMEs, and how success should be measured. Murphy, Trailer, & Hill (1996) pointed out that there has been no consensus in research involving entrepreneurship on the appropriate set of measures for assessing organizational success. The reason for this is because there is a wide range of properties and approaches used in the study of entrepreneurship. This diverse scope invalidates the capability of any single performance measure to represent appropriately the needs of an equally diverse set of research questions. Researchers may also face a number of challenges

in adequate assessing the success and failure of new business ventures (Chakravarthy, 1986).

Some researchers use traditional measures of success using financial measures which includes turnover of sales, revenues, and investment returns. The example of this is found in the study which was conducted by Hall and Fulshaw (1993) they claim that profitability, and growth are two important measures due to the reason that only those businesses are considered to be successful who uses financial measurements like turnover and revenue. Growth of the business indicates the achievement of long term goals. The study of Chandler & Hanks (1994) has used financial estimators of success such as cash flow, market share, sales growth, earnings and net worth in their study of venture performance. In the study of Perren (2000) it is explained that certain level of growth indicates the performance of firm in terms of sales and income. This indication is also supported by strong statements in order to consider the financial measurement of success. In such cases businesses are only feasible in case of financial solvency (Marlow & Strange, 1994).

In some of the researches, non-financial measures of success is also found which includes job satisfaction, work flexibility, work and personal life balance , and career development (Kuratko, Hornsby, & Naffziger, 1997). The study of Jennings & Beaver (1997) also represents similar views as they debate on the point that success in mean to be more significant than money and financial achievements. The study also believes on the concept that successful business also includes the element of entrepreneur's intrinsic rewards for themselves. According to their statement, the success for small and medium enterprises is measure in terms of achievements of objectives by individuals which includes the personal involvement of an individual, work life balance and autonomy instead of outcomes in terms of financial numbers.

Another way through which success can be measure is to use value of objective measures as compare to subjectivity as used by multiple researchers. Measures for objectives are considered as gain which is achieved in financial terms like sales and revenue. On the other hand, subjective measures are considered as satisfaction of owners in terms of both financial and non-financial aspects. As mentioned before, the financial aspects include profitability, turnover of sales, shares in market. Non-financial aspects include progress in career, satisfaction of customers, employee retention, owner and employees work relations and work life balance (Hoque, 2004; O'Regan & Ghobadian, 2004). In certain cases, it is useful to determine the performance of firm by objective measures. In the case of small firms this approach is not applicable. The reason behind is that it is difficult to analyze the actual performance of the firm as their documentations are not done in proper manner. Another reason behind is that objective measures in different industries may misguide as complete scores on criteria of financial performance is affected by factors which are industry specific (Chandler & Hanks, 1993).

However, it is unfortunate that in Malaysia, success is often equated with the performance measures such as financial gains and ignores the development of novelties in other areas of SME development such as designing the right education and training programmes, marketing and human-resource management. While success is generally viewed as getting what you want and performance is the result that indicates success. To use the performance measures to show success in this study is not appropriate since the focus of this research is on the lead factors and the effect of marketing environment as moderator and not on the result of success. Worthy of mentioning here too is that since previous studies on success were done on general SMEs and performance measures were used as the benchmark to indicate success, it cannot be applied to current study since there exist no benchmark or indicators of success for halal SMEs.

From the above explanation, as success is deemed as a result of combination of a few factors, this study will focus on fulfilling the general research problem of studying the halal SMEs in Malaysia as a separate entity. Because success also has various meanings based on the above discussion, it is vital to determine how the SME owners perceive success in their own respective businesses that operate within the halal environment. Therefore, since success is a matter of perception, knowing the degree of the perception on the level of success is crucial. By doing so, the author also have made measuring of success much easier to be presented as a continuous variable as the level maybe measured based on the entrepreneur's perception of their competitiveness on units that are relevant to halal business. It also matches the findings by A. Ghosh and Craig (1983)who attributed a firm's success through designing successful strategies to respond to marketing environment which compares firms and their competitors, and that the dynamics of marketing environment changes firm's reaction and competitors' reaction.

More precisely, as this study examines the success of halal small and medium enterprise by the relationship between training programs and education of entrepreneurship. It also includes the association of personal characteristics of the SME owners to success of halal SMEs; this discussion now then proceeds with the construction process of the conceptual framework where the two variables above were chosen as the lead success factors. The association of the combined two major factors to success of SMEs will also be examined and finally the influence of halal marketing environment as moderator in the above relationships will be shown that justifies why a separate study is conducted on halal SMEs.

4.6 The Process of Constructing the Conceptual Framework for Lead Success Factors of Halal SMEs

4.6.1 Entrepreneurship Education and Training and Success

As the definition of halal SME was constructed using the first approach, the first lead success factor which is the types of entrepreneurship education and training chosen in this study as explained in Chapter 1 and 2 was also derived using the same approach which is the identity memo. The second lead success factor which is the personal characteristics of the SME owners was supported by existing theories that were done on general SMEs. Based on the identity memo one, information pertaining to training and was significantly highlighted during the interview with Deputy Director of INSKEN. The detail discussion on the development of halal SME in Chapter 2 has also highlighted the importance of these two factors.

Identity Memo 2 on Entrepreneurship Education and Training

As I recalled my meeting with the assistant Director of INSKEN, majority of the SME owners attended trainings and seminars organized by INSKEN. Some were provided by the government and while some were provided by external private training companies. As mentioned by the Assistant Director, the categories of education and training can be categorized into two- the general type which comprises of the seminars, workshops and talks that are categorized as those that appeal to all industries and the specialized education and training which comprises of specific areas that are needed for the development and sustainability of the business.

From the above description, the researcher then theorize that the entrepreneurship education and training need to be categorize into two to clearly differentiate investigation on the effect of the different types of entrepreneurship education and training. In entrepreneurship trainings the components on different perspectives and theories must added as they are crucial for future researches. Research focus should be more on looking at how to categorize this wide perspective into different types and look at the impact the different types of training on the success of small medium enterprises. There are many few researches conducted to analyze the impact of education of entrepreneurship and training on the success of small medium enterprises. Furthermore, very few information is available regarding the types of trainings and education on entrepreneurship. As such, this study attempts to investigate the effect of the categories of the different types of entrepreneurship education and training that the SME owners attended on success.

4.6.2 Personal Characteristics and Success

As explained earlier, extensive literature search showed that there are hardly any major success theories for halal SME that has been done before. However, previous literatures have attempted to describe success theories and success models from success factors on SME. Since entrepreneurship and SME are practical and action oriented in nature, it is more valuable that the discussions will be based on several significant success factors reported in findings of previous studies which primarily focused on characteristics of the SME owners. These factors will be discussed from the perspective of general SMEs since there is hardly any research done on success factors of halal SMEs. Some of the early studies on success factors for SMEs focused on what makes an entrepreneur or enterprise successful. The study conducted by B. C. Ghosh and Kwan (1996) focuses on the descriptive and prescriptive approach used to describe the success factors based on the

review of earlier researchers.

Descriptive approach is used to describe characteristics or attributes that should be possessed by the entrepreneurs themselves. On the other hand, prescriptive approach is focused on the factor which contributes in the well-known characteristics of successful entrepreneurs which are also mentioned before in the literature of the study. The descriptive approach is based on the attributes and characteristics which must be possess by successful entrepreneurs who include attribute like innovator, risk lover, and opportunity grabber (J.A. Schumpeter, 1971); (Yee, 1991); (Drucker, 1985).

According to the study of Graham (1992) it is found that there are five basic skills which must be possessed by an entrepreneur to be successful. The five skills include development of original ideas, ability to influence others and many more. In the study of Danco (1992) it is found that in order to gain success there are many factors other than talent. It is found that early days of the business are most crucial times for any business and it require great efforts and motivation. Business also face ups and down in initial days but a successful entrepreneur is able to pass through all those days with high motivation. The research conducted by Duchesneau, & Gartner (1990) finds that most of the entrepreneurs successfully run their business is due to the fact that their parents are entrepreneurs and they are raised in such a way. They have broader view of business, experience how to start new business and have ability to control their business to achieve success.

In the study of Plotkin (1990) it is explained that intelligent mind is required to run business successfully which includes inquisition and creativity, applying advanced technology, producing efficiently, effective use of energy and ability to drive in all time. In the study of Silver (1988) it is found that most of the entrepreneurs are found to be male who are between the ages of twenty seven to thirty four. Most of them are not satisfied from their career path or field and they decide to make their own career path or make mark

on this world by their name and producing goods and services for people to make their life easier. In this study, other traits are found which are required by a successful entrepreneur. These factors include heart, courage, patience, co-operation, drive and understanding of leverage.

The founder of united consumer club name as Jim Gagan believed that to build successful business it is important to have honesty and integrity (CEO-Profile, 1987). The study of Cooper, (1989) explains that in order to start large firm more resources are required as more qualified staff, experienced management and objectives that have managerial nature. The study of Niehouse (1986) has defined ten characteristics which are common among successful entrepreneurs. These characteristics include vision of owner, resource organizations, intuition, creativity, innovation, motivation, action orientation, risk lover, restless, independent, impatient and individualism.

For a more practical approach, the studies on success factors for SMEs can be traced from early studies conducted on case examples of successful real SMEs(Sin, 2010). Some of the characteristics and attributes that can be similar to the earlier studies describe in the previous section can be summarized into the following table that is illustrated in next page:

Table 4. 1: Summary of Characteristics and Attributes

SME	Type of business	Success factor
<p>-1. Banguris homestay- The kampong Getaway Business - 2. Puan Hajah Shamsiah Jurain, Frozen Food Business</p>	<p>Homestay Programme</p>	<p>Unity and mutual cooperation among community</p>
<p>Proreka (M) Sdn Bhd</p>	<p>Logistics, supply chain, parts and other components for automobiles manufacturers.</p>	<p>Training is considered to an important element for the success of organization. It enhances the ability to better equip the staff in order to gain competitive advantage. Another advantage is proactive and team which is passionate.</p>
<p>MM Vita oils Sdn Bhd</p>	<p>Commodities trading company which trade commodities like palm oil and other products.</p>	<p>- Owners inner strength, power, innovation and determination. Adopting customer centric approach by identifying trend and practices in market.</p>
<p>Elit Purnama Sdn Bhd - Sharply Dressed Exports</p>	<p>Trade of readymade garments.</p>	<p>- Ability to understand business by gaining knowledge from government programs and incentives. -positive approach and ability to understand and love your business is one of the most important factors for success.</p>
<p>Roondy (M) Sdn Bhd</p>	<p>Manufacturing company of shoes.</p>	<p>- Ability to accomplish dream of having own bran.</p>

Table 4. 1: Continued

SME	Type of business	Success factor
Perusahaan Sindi Sdn Bhd	Manufacture swimming products.	<ul style="list-style-type: none">- Innovative and visionary team of entrepreneurs.- Ability to understand the needs and requirement of foreign customers.- having win-win situation in agreements from customers and suppliers.-continuous application of advance technology- improving manufacturing process by focusing on quality and waste management.- Ability to understand needs of employees and retaining them.

Although education and training are not explicitly mentioned in the above studies except in the case of Proreka (M) Sdn Bhd, the characteristics that were mentioned were results of competencies that derived from entrepreneurship education and training. For example, Proreka mentioned that continuous training will better equip its staff, and Perusahaan Sindi hinted on the ability to acquire and use technology in product design and development and human capital improvement which shows training is needed.

One particular study attempted to introduce success theories from several perspectives. From the social perspective of entrepreneurial development, Aldrich and Zimmer (1986) placed a focus on critiquing personality-based theories - which suggest that people's special personality traits make them prone to behave and succeed as entrepreneurs. Empirical evidence, however, did not provide a strong support for using this approach. This was also supported but leadership theories that have not made progress on identifying a

generic entrepreneur trait for success. From the economic, rational actor theories, entrepreneurs are viewed as rational, isolated decision-makers; and deterministic, Hence difficult to recognize in over-socialized models of entrepreneurship (*i.e.*, socio-cultural) that attempted to explain success based on an individual's propensity for entrepreneurship on national origin, culture, or religion. Since the research focused on the U.S. entrepreneurship, it was seen as under-predicting the true extent of U.S. entrepreneurship. This study, however, did not conclude on the success factors. Rather it concluded on a model that may lead to probability of success through a more focused area in entrepreneurship, which is social entrepreneurship.

First, that increasing the salience of group boundaries and identity leads individuals within the group to form new social ties and action-sets which increase the likelihood of entrepreneurial attempts by persons within that group and raise the probability of success. Second, that increasing connections between individuals through information brokers facilitates the spread of information and resources within social networks. Third, that increasing an individual's social network diversity will broaden the scope of opportunities open to him or her. Finally, that increasing ties to those contacts with the most social resources - that is, contacts as high in the social hierarchy as possible - will provide the most access to social resources and more entrepreneurial opportunities.

4.7 The Marketing Environment as the Moderating Variables

There are certain factors which influence the success of organizations; these factors operate in both internal and external environment of the organizations. By implementing strategies the changes of an organization to succeed increases. The strategies manipulate the factors in order to take advantage of these factors. Successful organizations are not only

able to understand the existing factors rather than predicting the future changes in order to gain competitive advantage in the industry in which they are operating. Proper marketing strategies can be designed based on analysis of the environment. Therefore, it is the main aim of this study to accentuate the importance of the role played by the marketing environment as the moderating variable in influencing the effects. For the purpose of this study, the environment introduced by Kotler and Armstrong (1996) which was discussed earlier will be treated as a whole for the purpose of reporting and analyzing the result. Even though each type of marketing environment has many variables, but since this is an initial study on halal SMEs, treatment of environment as a whole is sufficient to meet the objective of this study that is to determine if the marketing environment is a moderating variable.

As explained earlier, only one study came close to the theme of this present study that attempted to relate a firm's success to marketing environment. Although Ghosh and Craig (1983) attributed a firm's success through designing successful strategies to marketing environment in the sense that firms must cope with the dynamics of the changing environment that changes a firm's reaction and competitor's reaction, the study used the competitive equilibrium theory and game theory that were applied to marketing environment with varying degree of success (Baligh & Richartz, 1967; Barcun & Jeming, 1973; Krishnan & Gupta, 1967; Rao, 1984). However the study only focused on the changing environment as in the physical location and could not be used as comparison with the recent study because the requirements for the halal SMES do not only include physical location.

While previous literatures on education and training and personal characteristics of SME owners may suggest that they can help to prepare an SME for success, it is not clear how these can be a static or considered as the ultimate remedy. This is because, in an

environment that is conducive to such trainings and suitable with the characteristics of the SME owners; success may be achieved. However, if the environment is dynamic and may vary from conducive to nonconductive, it is quite impossible that the SMEs can be guaranteed success. Hence, success is determined by the perception of the SME owners on the level of success in his or her own business context. It also shows that to ensure the success of SMEs in the halal environment, proper maneuvers by not just the SMEs, but also relevant parties involved in the changing environment is needed to ensure that the environment is perceived as conducive for success.

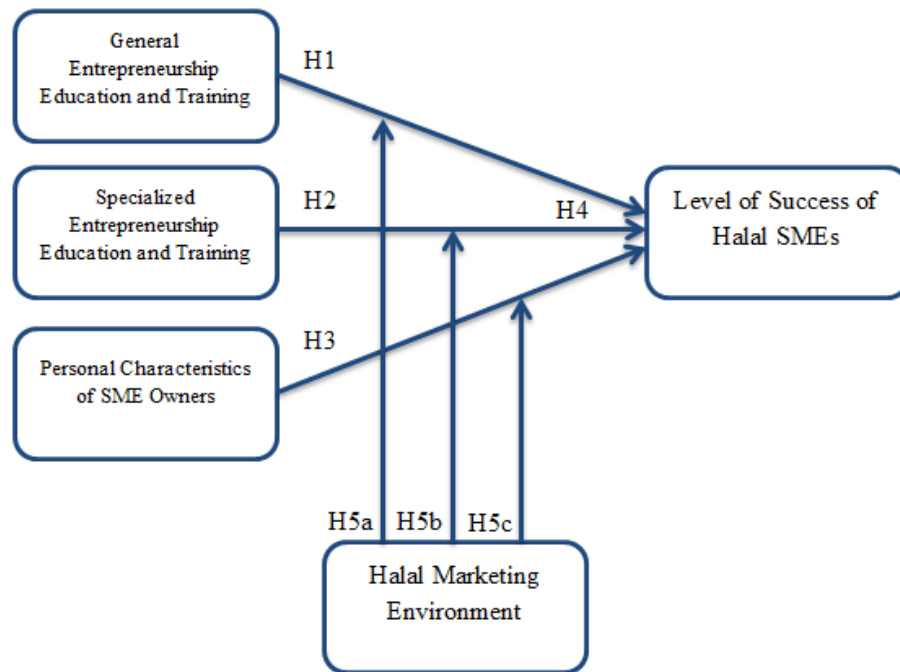
The only way success related factors to the halal environment can be described is by getting the information from the SME owners themselves. Firstly, the perception of success would be different to the different owners and secondly, the kind of training they went to would determine whether it would prepare them to fit the requirement in the halal environment and thirdly, the characteristics of each individual SME owners are different and only the SME owners would be able to describe whether the characteristics would prepare them for the halal environment. As described in the previous sections, halal marketing environment is different from general SME as it deals with religious issues as depicted in the Syariah law. Hence, an SME that is deemed successful in a general environment may not be considered successful when halal environment is present.

4.8 The Final Conceptual Framework

Since this study is new where there is no existing research on halal SMEs, concept maps of the discussion in the construction process of conceptual framework is used to finally illustrate the visual display for this study. It is a picture of what is going on with the fresh and new phenomenon of this study. Concept mapping is used as a tool for developing the

final conceptual framework in the research design for this study. The rationale of using concept map that shows the concepts and the relationships among the variables are to present a fresh new approach on variables investigated in this study. The above comprehensive discussion led to the following concept map which presents the conceptual framework, followed by the hypotheses developed for this study:

Figure 4. 1: Moderating Role of Marketing Environment on the Lead Success Factors of Halal SMEs in Pahang



The above model is considered appropriate because it appears equipped to address the research questions and objectives stated in Chapter 1. Figure 4.1 shows the incorporation of halal marketing environment as moderating factor and the types of entrepreneurship education and training and personal characteristics of SME owners are proposed as the independent variables. The types of education and training programs on

entrepreneurship are categorized into two, namely general and specialized as discussed in previous section.

4.9 Definition of Operationalization of Constructs

As the proposed model is finalized, discussion now proceeds with the definitions of all constructs used in the study. Proper definitions are given to guide the development of items which measure each construct discussed in the next chapter. These definitions are wide enough to cover the general concept of a particular word and at the same time, not so wide enough that it is not possible to distinguish the word from others which may appear related but not defined in a manner that is relevant to the study. Some discussion is also given on the alternative ways of operationalizing each construct.

4.9.1 Level of Success

As discussed in the earlier part of this chapter, in the present context, the definition of level of success is considered appropriate as it reflects novelties in which have already been carried out by the halal SMEs, instead of relying on factors that are inclined towards success which requires more comprehensive measures. Therefore the level success of halal SME success is defined as follows:

“The level of success is perceived by the entrepreneurs themselves with regards to their nearest competitors in various aspect of halal business that may facilitate the achievement and realization of the entrepreneur’s objective.”

4.9.2 Types of Entrepreneurship Education and Training

The Oxford dictionary gave the definition of education and training as below:

Education:

- Education and training is the process of providing information in an organized way. Mostly it is provided in institutions like schools and universities.
- It also means teaching theory and practices.
- Knowledge is gained during the process of education
- Education also means providing knowledge on specific subjects.
- It is considered as enlightening experience

Training:

- Training is considered to be the act of teaching any skill or behaviour to people or animals.
- An act for understanding the course of exercise in order to prepare for particular event.

In short, the education and training of entrepreneurship means acquiring a body of knowledge during the process of being educated and the act of learning the course of exercise to prepare for an event. Since the focus in this study is on the effect on the halal SMEs, the definition that best suit the study would be as follows:

“A body of entrepreneurship knowledge that is being acquired whiles being educated and the action of undertaking an entrepreneurship course and preparing for entrepreneurial success in the halal environment”

4.9.3 Personal Characteristic of SMEs Owners

The definition of personal characteristics defines by oxford dictionary is as below:

Personal Means:

- Belonging or affecting to a specific person instead to multiple people.
- Developed by specific person which includes the actual action and presence of that person
- It also refers to private life, emotions or relationship of a person which does not includes the career and public life a person
- The appearance of an individual, the character or private life is referred in unsuitable or unpleasant way
- It can also relate to the body of a person
- The existence is as self-aware entity and not as the concept

Characteristic means:

- It is of specific person, place or thing
- A feature to identify particular person, place or thing.
- It is also considered an integral part of logarithm which provides original numbers order of magnitude.

In the current context, the following definition of personal characteristics of successful SMEs is adopted: *“The behaviour, attitude, and attributes that belongs to the halal SME owners who operate their businesses in the halal environment”*. This definition is considered apt because it encompasses all issues related to characteristics of entrepreneurs that have been suggested to influence success in previous studies.

4.9.4 Halal Marketing Environment

Marketing environment, as previously mentioned, has been introduced to the research framework as a moderating variable that will influence the effects of the types of

entrepreneurship education and training and characteristics of SME owners on level of success.

Marketing, which is considered as the heart of every organization is well known and defined according to well-known authors and researchers in the Marketing field. In particular the definition of marketing environment given by Kotler and Armstrong (1996) in the book, *Principles of Marketing* is widely accepted and used.

Therefore, marketing environment refers to factors and elements which influence the abilities of the organization to perform their business efficiently in the selected market.

These include the following:

- Marketing environment at micro level includes the forces which are close to company and its effects the ability of the company to serve its customers.
- Macro marketing environment includes large societal forces which also affects the micro-environment of the organization.

In the modern world of management today, the term environment is generally used to describe all elements and forces surrounding an organization which affect its performance (Kotler & Armstrong, 1996; Robbins & Coulter, 2002; Stoner, Freeman, & Gilbert. Jr, 1997). These elements and forces, which make up the two types or layers of environment, namely macro and micro-interact with one another and the organization in ways that will either facilitate or impede the achievement of its goals. In a business and marketing environment, the common elements of macro include political, economic, socio-cultural, technological, and natural factors while the micro environment include employees, suppliers, customers, competitors and public pressure groups. In the present context all elements are considered primary as they are present in any marketing environment. Subsequently, the interest lies on the effect of macro environment on the various elements of the entrepreneur's micro environment. The unit of analysis in this study is an individual

and not an organization; thus some elements or forces relevant to the study maybe more personal than those commonly cited in most marketing text. In view of this, the ensuing definition of marketing environment is offered as follows: *“The larger societal and closer forces that are unique in the halal environment that affect the ability of halal SMEs to transact business effectively with its customers.”*

4.10 Statement of Hypotheses

This section of the chapter presents several propositions made as an attempt to predict the relationships between variables used in the study based on the final conceptual framework. Most are derived from the researcher’s own experiential knowledge and also supported by empirical studies done by other authors in some areas of this study. However, where empirical evidence is lacking, qualitative or theoretical studies as well as personal observations are drawn upon.

4.10.1 The Effect of Types of Entrepreneurship Education and Training and Level of Success on Halal SMEs

Although the field of entrepreneurship is expanding, the development of the literature can only be traced back within the past two decades. Most of the research question done tend to focus on the recent measures taken for the effectiveness that is interest of the participants in the subject itself, acquisition of knowledge by participant, understanding with specific instructor, and content of program. The studies conducted by Sexton & Bowman (1984); Hills (1988); McMullan & Long (1983); and Vesper (1982) found that theories of education and training are not generally acceptable. The study of M. H. Morris & Lewis (1991) explains that individuals’ initiative, thinking in conceptual form, contradicting ideas and problem solving in unstructured way must encouraged by education. With the help of

training and education, the success and competencies for entrepreneurs are developed (A. A. Gibb, 1990; Romijn, 1989). This view is further supported by Hisrich and Peters (1998) who categorize various skills that are needed by successful entrepreneurs which include technical skills like management and organizing skills, business management skills in the areas of marketing, accounting, and people management.

The duration of entrepreneurship education is also a topic usually debated in the field. The study of A. A. Gibb (1993); Sym & Lewis (1987); and Curran & Stanworth (1989) discussed that the time period of education and training programs on entrepreneurship is few number of days. In certain cases the programs are extended but still the time period is not too long as compared to other educational programmes. As the previous literature did not suggest much regarding the success outcomes in entrepreneurship education and training programs. The following general hypothesis is developed and tested based on description in Chapter 2 and based on the explanation given in the process of constructing the conceptual framework in this chapter:

H1: There is a positive impact of general entrepreneurship education and training on the success of halal small and medium enterprises.

H2: There is a positive impact of specialize entrepreneurship education and training on success of halal small and medium enterprises.

The above two hypothesis on the types of entrepreneurship education and training are based on the assumptions that the different types of education and training will contribute to the level success of halal SME. From the discussion in Chapter 3 and information derived from the identity memo, general type of training programs on entrepreneurship refer to the type which offers information on basic introduction to entrepreneurship and business opportunities. This type is suitable to all SMEs regardless of sectors or development stage in their business. Specialized type of entrepreneurship

education and training refer to those that are more specific and relevant to the business that the SMEs undertake with regards to entrepreneurial skills needed. A general entrepreneurship education and training programmes may prepare the SME to analyse the opportunities in the global halal market and therefore, as an SME owner is aware of this, it will lead to a higher level of SME success. A more specialized education and training also facilitates access to important related business formation and requirements that pertain to halal businesses. If SME owners are trained in various aspects of business management that are specific to their business, then the chances of them to increase their level of success will be higher. This is because proper type of entrepreneurship education and training that are suitable for the environment encourages the enterprises to be more responsive to these elements.

4.11 The Effect of Personal Characteristics of SME Owners on Level of Success of Halal SMEs

Moen, Rahman, Salleh, and Ibrahim (2004) reported in their study that characteristics of successful entrepreneurs depend on imagination, effort, deliberation and maintenance of the individual who has the attitude. J. M. Morris (1989) further proved that certain quality personality that consists of attitudes, values and the spirit to achieve success help in the development of entrepreneurs. These literatures suggest that if the characteristics are being highlighted, and accentuated, the positive effect of these characteristics will strengthen the positive effect on development of SMEs.

Trait theory explains how entrepreneurs are differentiated from non-entrepreneurs and successful entrepreneurs from unsuccessful entrepreneurs on the basis of behavioural and attitude factors. This approach aims to highlight the importance of entrepreneurs as

owner of the business. The study of Palmer (1971) explains that those areas which resources and capital but lack in entrepreneurship suffers from economic development. On the basis of which this study is focused on:

H3: the impact of personal characteristics of small and medium enterprises on success of halal small and medium enterprises.

This hypothesis relies on the findings by El Namaki, Janssen, & Capati (1985); A. A. Gibb (1990); J. A. Hornaday & Aboud (1974); F. H. Knight (1921); Mancuso (1974); McClelland (1961, 1971); McClelland, Winter, & Winter (1969); Miller (1983); Palmer (1971); Patel (1986) that revealed that traits on personality like support, self-determination and leadership need of achievement, locus of control, desire, etc. In these studies, positive relationships were established between the characteristics and the dependent variable of success. For this study, since characteristics of human being are considered embedded in the human, it is also proposed that the same relationship exist between the independent variable and dependent variable.

4.12 The Effect of both Types of Entrepreneurship Education and Training and Personal Characteristics of SME Owners on Level of Success of Halal SMEs

In the previous three hypotheses proposed above, the effect of each may be seen clearly with simple regression. It is interesting to see whether when combined, all three are significant predictors to the level of success of halal SMEs since the three can be a variable that can stand on its own when examining the effect on level of success of halal SMEs. This hypothesis relies on the assumption that types of entrepreneurship education and training programs may result in an outcome that can prepare for the formation of successful small and medium enterprises. The past studies have clearly shown that different types of

entrepreneurship education and programs attract different types of participant. Therefore since audience for such programs is wide (Jack & Anderson, 1998), and may possess different types of personal characteristics, it is worth examining when all factors are combined with:

H4: General training and education program on entrepreneurship, specialized entrepreneurship education and training and personal characteristics of SME owners are strong predictors of level of success of halal SME.

4.13 Halal Marketing Environment as Moderator

As mentioned earlier, the direct effect of types of entrepreneurship education and training and personal characteristics of SME owners on level of success may be easily determined using simple regression. However, it is unforeseeable that these types of entrepreneurship education and training determine what level of success. In a situation where halal marketing environment is involved, a better understanding of this is needed.

Previously H1, H2 and H3 and H4, suggest that all 3 hypotheses have direct association with level of success of halal SMEs. As an extension of this hypothesis, which is also the main objective of the current study, it is reasonable to see if the halal marketing environment acts as a moderator on the effects of those predictors described above on level of success of halal SMEs. Most importantly, the main contention of this study is that the marketing environment moderates the effect of types of education and training, and personal characteristics of SME owners on level of success for halal SME success. Hence the following are hypothesized:

H5a- Marketing Environment moderates the relationship between general entrepreneurship education and training and level of success of halal SME

H5b- Marketing Environment moderates the relationship between specialized entrepreneurship education and training and level of success of halal SME

H5c- Marketing Environment moderates the relationship between personal characteristics of SME owners and level of success of halal SME

The bases of the hypotheses above are as follows:

a) *Entrepreneurship Education and training and the Marketing Environment*

Traditionally, psychologists define and label learning outcome through categorizing three elements; knowledge, skills, and attitude (KSA). Knowledge includes the declarative level, retrieval level and strategic level (Kraiger, Ford, & Salas, 1993). Skills refer to ability that is acquired through education which is reflected through the ability to perform group of tasks (Dunnette, 1976) and finally attitude are represented more by the abilities that are acquired to genes that shaped the attitude of learners. The definitions are further enhanced through a research done by Li (2009) who used content analysis to categorize the literature used in his study to analyse the KSA and the result indicated that network, recognition of opportunities, creation of business and development of business were developed as the basis for entrepreneurial competencies.

Thus, it is in line with what has been suggested in H1 that entrepreneurship education and training will have a positive effect on development of successful SMEs. This is considered normal as any form of education and training will improve the chance of success. However, under certain circumstances where the environment setting is different, as in the case of halal environment, the level of success can be affected. This is because, having the ability to tap on the marketing environment through proper analysis of the strengths, weaknesses, opportunities and threats (SWOT) of the environment can further improve the success of entrepreneurs. As evidenced in a case study done on two small UK

organizations that won the National Training Award in the past years, there is a strong relationship between training and business performance. One of the organizations, Café Spice Namaste (CSN), an Indian Restaurant situated in London recognized that good customer service is imperative in the development of the organization, which is also a key success factor in the business(Johnson, 2002).

Initially, when sales were low due to language problems where majority of its workers are Indians, the owners decided to train its staff to improve the sales of the restaurant since the language barriers were also a barrier in attracting repeat customers. Realizing that the food and ambience at the restaurant may be attractive enough to attract initial business, CSN introduced a training programme to improve customer service to encourage repeat business. As their staff are mostly front liners who are incompetent in the English communication skills, CSN introduce training programmes which revolves around the English language skills pertinent to their business and not only a general English course which is essential to anyone working in London. This case showed that having both types of training are important to the success of a business and the level of success can be increased with proper analysis of the environment in which the business operates.

The above hypotheses- H5a and H5b also rests on the assumption that that without proper analysis of the marketing environment, it will poses some challenges to the SME and the development of successful SMEs will be halted. This is because the dynamics of the halal environment can be seen as either conducive or not to the halal SMEs if they are not able to respond to the requirements exist in such environment.

b) Personal Characteristics and the Marketing Environment

In this study, adequate literature has been generated by using the work of different studies regarding the topic. Based on the literature, it is analyzed that entrepreneurs who are

successful is due to the reason that they understand the opportunities and avail them by understand the market environment of the business. Successful entrepreneurs are able to understand the needs and requirements of current as well as future habits and behavior of consumers. On the basis of which they take advantage of such opportunities as successfully execute business activities. Trait theory explains that money is not the motivation for entrepreneurs instead their motivation is to achieve their needs or provided needs in the appropriate market environment. These types of entrepreneurship motivations lead to successful entrepreneurs according to the study of (McClelland et al., 1969). There are also other characteristics which are required in an entrepreneur which includes innovation, risk lovers, active, goal oriented and (El Namaki et al., 1985; A. A. Gibb, 1990; J. A. Hornaday & Aboud, 1974; F. H. Knight, 1921; Mancuso, 1974; McClelland, 1961; McClelland et al., 1969; Miller, 1983; Palmer, 1971; Patel, 1986). The study of J. A. Hornaday & Aboud (1974) also found other traits of entrepreneurs which includes support, leadership and independence. From some of the studies it is found that characteristics of entrepreneurship can be learned. The reason behind is that characteristics of entrepreneurs are related to sociological factors which are adopted by entrepreneurs in their childhood and they are mold and used later in their adult life (J. A. Hornaday & Aboud, 1974). These entrepreneurs can be developed to be successful when they can see and tap the opportunity that exist in the marketing environment (McClelland, 1961). Thus, if existing characteristics are possessed by the SME owners, the level of success can be affected with the presence of marketing environment. Based on this assumption, H5c is hypothesized.

4.14 Summary

This chapter has given priority to the discussion on development of the conceptual framework with reviews on available literatures. Because existing study on halal SME is lacking, this chapter also highlighted the need to view the framework from the relevant people directly involved in the development of halal SME and the researcher's experience. The final framework was then derived to be tested using the methodology that best suit the framework which is presented in the next chapter.

CHAPTER 5

METHODOLOGY

5.1 Introduction

The emphasis of methodology in this chapter refers to “the system of methods and principles that are used in a particular discipline”, which in the case of this study is the methods and principles in the research. Also, worthy to mention that researchers have to find the most workable method to collect data that would help to fulfill the objectives of this research and to answer the research questions.

There were essentially two independent variables and one dependent variable in the study. A moderating variable is also introduced in this study to examine the effect of the independent variables on the dependent variable. The conceptual framework previously discussed illustrates why types of entrepreneurship education and training has to be broken into two, namely general and specialized, and personal characteristics of SME owners are chosen as the independent variables, and level of success as dependent variable. Explanation has also been given on why marketing environment is appropriate to be used as moderating variable. In this section, the focus on the explanation will be on the complete methodology with details of the constructs, items, and scales for each variable.

5.2 Research Design

According to Mouton (1996), methodology is generally influenced by the type of data collection and the specific kind of research that is conducted. This can be usually grouped into two categories, namely:

- Qualitative method: This is unstructured exploratory research method which is generally based on small samples intended to provide insight and understanding of the problem setting (Malhotra, 1996).
- Quantitative method: Involves the collection of data from a large number of individuals , frequently with the intention of projecting results to the number of population (Martins, Loubser, & Van Wyk, 1996).

Hence, as discussed above, the process of collecting the data for this study was conducted using two approaches: quantitative method and qualitative method. Discussion begins with the qualitative method which involved the collection process and analysis. From the analysis, the variables for measurement of level of success were derived, and some information collected using the qualitative data collection method were included in the discussion in the quantitative data section. Subsequently, this chapter then discusses the quantitative employed in this study.

5.2.1 Qualitative Method

5.2.1.1 Qualitative Data Collection

To meet the research objective of this study, qualitative data collection process was employed first. This is to enable the examination of the perception of level of success of the halal SME owners when compared to their nearest competitors. Since, there are no existing studies that show measurement for level of success for halal SMEs, data can only be collected through personal interviews with the halal SME owners.

Personal, face-to-face interviews have several advantages as part of research methodology (Burns, 2000). It allows the researchers to collect information and insight over subjective experiences of the respondents when they are telling about their life events.

It also represented the perspective of the respondents rather than their own views about the researchers. Lastly, it gives equal status to the researcher and the respondents in the conversation, specifically useful in qualitative research method. In the context of the present study, the findings of the personal interviews become significant as there were no prior research on halal SMEs.

The personal interviews was necessary and conducted as an exploratory study with the intention of unearthing practical issues faced by the SMEs particularly with respect to success and halal marketing environment. As an exploratory study, the personal interviews open up a whole new range of related issues which were not surfaced in the literature review. With the themes derived from previous literatures, the qualitative findings were largely useful to enhance subsequent methodology which was later employed in the quantitative part to test the hypotheses. In the present study, these include values or practices observed among respondents that vary from a typical, general SMEs situation. One such instance is the concept of Syariah, which is *Halalan Toyyiba* which is rare or unfound in western business philosophy. Such issues, which have been further discussed in the previous chapters, highlight the advantages of the personal interviews approach and also serve as a reminder of how unique the environment of halal SMEs is.

The approach for the personal interview adopted in this study was semi-structured interview. This is where the researcher adhered to a list of possible questions and seeks open-ended answer. Due to the subjectivity and newness nature of the said issues, personal interviews facilitated and strengthened the development of construct for the issues. Semi structured was appropriate and chosen for this study because it allows in depth sourcing of information while keeping the conversation focused. According to Morse and Richards (2002):

“It is appropriate to use semi-structure interviews when the researcher has enough of information about the topic of the study for developing the required discussion beforehand. Such interviews offer this researcher the organization and comfort of pre-planned questions, but also the challenge of presenting them to participants in such a way as to invite detailed, complex answer” (p. 94).

Similar strategy was carried out by Martin and Staines (1994) in their study to measure entrepreneur competencies of SME owners-managers in Scotland. According to the authors, using semi-structured interviewing techniques in the study of competencies can address directly the respondents’ world views of what is important to them rather than imposing the researchers’ own views on what is important. This method of data collection can also be used to gain such information as thoughts, intentions and feelings that otherwise might not be directly observable (Merriam, 1998). Therefore the identification of the pertinent factors drawn from this qualitative study is of high relevance to be adopted in the quantitative data collection stage.

Each interview was guided by a set of open ended questions and the key strategies employed to build the interview questions are mainly focusing on:

- the SME owners’ perception of the level success when compared to their nearest competitors,
- the lead success factors and
- the halal marketing environment.

The researcher did not provide the meaning of success in order not to restrict the respondents from independently expressing their perspective on success of halal SMEs. Table 5.1 shows the Questions used for the Personal Interview.

Table 5. 1: Questions for Personal Interviews

Questions	Response sought
Q1. What made you decide to become a halal entrepreneur?	To find out the reason for going halal
Q2. Did you attend any types of seminar or training when you started the business?	To assess whether entrepreneurship education and training is a lead factor
Q3. Was your business already operating when you register for the halal project?	To determine if they were general SME prior to registering as halal SME and to gauge if halal environment is a moderating factor
Q4 Do you consider your business to be successful? Why?	To assess their perception/their definition of their level of success
Q5 What are some of your characteristics that you have as an entrepreneur?	To assess if they have the characteristics that would be a lead factor
Q6. What are some of the opportunities or challenges significant environment factors that you faced in the halal environment?	To examine the influence that the halal marketing environment play

Testing the initial draft of interview questions was done based on the research questions. As shown in Table 5.1 above, each question is related to the SME owners being considered as halal SMEs. The interview questions were tested with two professional colleagues, who are active members of the halal SMEs in Pahang and two entrepreneurs who were not part of this study. Based on their feedbacks, no changes were made to the original questions. As anticipated, the information collected during this test showed preliminary themes consistent with the conceptual framework that was developed earlier.

As mention earlier, methods and designs can be influenced by factors such as money, time and the availability of the researcher. Hence, 12 SMEs were initially picked to conduct the personal interviews from the list of active SMEs registered as halal with PSDC. Out of the 12 SMEs, only 8 were able to participate based on the researcher's own effort to network with them and their agreement to such a detailed investigation of their environment and business operation. They were deliberately chosen to represent a wide range of business, age group and location to capture the richness of data. Results of the interviews are discussed in Chapter 6 while profiles of respondents are shown in Table 6.1.

The process begins with a fieldwork, which is the central activity in this type of data gathering process (Patton, 2002). In this fieldwork, the researcher has direct, personal contact with the respondents in their natural environment which enabled him or her to record and document important results in terms of outcome and effects that could not be done using standardized measures (Patton, 2002). Each interview was conducted at the business premises of the respondents and was of approximately 1 hour long. In some situations, a brief tour was also conducted which helped the researcher to observe some of the activities that were implemented by the business owners. These ranges from preparation of materials to workers involved in the process.

The qualitative data from the interview was collected using the basic process of data collection, note taking, transcribing the information and then analyze according to information pertinent to the focus of this study. The interviews explored the SME owner's perceptions of the success of their enterprise. Each interview was conducted alone by the interviewer which begins with the introduction and an explanation of the purpose of the research. Explanation was also given on the reasons for the choice of the selected respondents. Permissions were sought from the respondents for the note takings being

made in the course of the interviews. The questions are open ended in order to encourage the respondents to think freely about the information sought from the interviews.

Then information is sorted and result from the content analysis is presented. This was considered the most suitable method for this study as there is no one best way to analyze qualitative data as they contain words and observation and not numbers (Taylor-Powell & Renner, 2003). This method is useful to facilitate content analysis presented in the qualitative data analysis in Chapter 6 and can be adapted to the author's own extension evaluation.

5.2.1.2 Qualitative Data Analysis

From the method employed above, content analysis was the primary or main analysis done. Based on the various information collected, responses were analyzed against the framework developed for this study to develop constructs of variables not sufficiently supported by previous literature.

Initial face validating of the information was done by the researcher based on the themes derived from literatures. Faced validity is mainly based on the researcher's judgment and perception and the determination of face validity is on the basis of the researcher's subjective opinion and perception (Walonick, 1993).

Since the face validation may be subjected to the researchers own opinion, the findings from the qualitative data were then validated again using content validity. Even though, there is lot of similarity between content validity and face validity as both of them rely of the subjective opinion of the investigator (Walonick, 1993). However, content validity goes a step further by attempting to determine whether an instrument is able to cover various aspects of the topic adequately or not. Content validity was carried out in this study to ensure that a qualitative measure includes an adequate and representative set

of items that capture a particular concept and usually assessed by a panel of reviewers. This is important as the information collected through this qualitative process, assisted the development of the data collection instrument in the quantitative data collection process. Content validity is defined as “a function of how well the dimensions and elements of a concept have been delineated” (Sekaran, 2003). Here, content validity was determined with the participation of three experts: The first one was an associate professor of entrepreneurship and the other two were made up of a senior lecturer in business and marketing studies and a trainer who is also a business practitioner in halal SMEs. The trainer is also the person who happened to be recently appointed as the Technical Head Committee in entrepreneurial studies in one of the specialized colleges in Pahang where the SME owners are trained. The reviewers were consulted individually. Based on the feedback received from the experts, two minor adjustments were made. First, the term HALAL was inserted in the preface of the quantitative data collection instrument. This would enable respondents to recognize the significance of the status of the enterprise as halal SMEs. The term “level of success” which was conceptualized in the framework was also used as a result of content validity in qualitative data analysis presented in Chapter 6. This was considered important as some respondents may also have a misconception of the term “level of success” as relevant to the common, generally acceptable understanding in all fields, which is “profit”. As described in previous chapter, profit in the form of financial performance should not be the only item representing success.

Secondly, certain words perceived to be technical business jargon such as “macro environment” and “microenvironment for the marketing environment” were divided with significant variables in each of the macro and micro environment that are considered more understandable to the layperson as advised by one of the reviewers who is a Senior lecturer in marketing. This was further agreed by the trainer. Hence, the final version of the

quantitative data collection instrument which will be discussed next shows the breakdown of macro and microenvironment which are the 12 variables, even though the breakdown is not an immediate objective in this study.

Then the findings from the content validity are validated again by a more reliable source which are the respondents of the personal interviews. Counterchecking of contents with the respondents from the personal interviews is needed to ensure consistencies besides validity. Expert opinions were also consulted to establish content validity.

As explained earlier, the responses were then analyzed and validated to facilitate the formulation of an appropriate instrument to be used in the quantitative part of the study. Although it would be ideal to present the qualitative findings before moving on to the next chapter, for organization of report purposes, they are documented in Chapter 6. As of now, discussion proceeds with the quantitative data collection method.

5.2.2 Quantitative Method

Due to the small size of respondents and the subjectivity of data obtained in the qualitative data collection stage, the study then proceeded with a quantitative survey to derive a more sound and objective conclusion pertaining to the research objectives (Adams & Schvaneveldt, 1985). This particular research technique, which is popular in the area of study, provides an advantage as conclusions can be based on mathematical and numeric outcomes. These are considered to be more objective as compared to qualitative results (Adams & Schvaneveldt, 1985) and the use of computer technology software enables ease of handling of large data, thus allowing more representative of the population being studied. This method produces data which are more relevant to current study that are related to the refined research constructs which were strengthened from findings of qualitative data. Therefore, instead of having to contend with any available data, a

quantitative survey entitles the researcher to collect and analyze more genuine and more accurate information. In this study, the survey complements and strengthened the personal interviews by lending statistical evidence on supportive or unsupportive outcome on the hypotheses to meet the objectives of this study.

5.2.2.1 Survey Instrument

The instrument selected for this research is questionnaire survey. Survey instrument is referred to a form that is composed of structured questions answers asked from the participants, which are designed for obtaining information. This research instrument which is also known as questionnaire survey can be conducted in several ways, such as online through surface mail or telephone, or face to face (Zikmund, 2003).

The questionnaire mainly included self-designed questions and some of the questions were also taken from reviewing the literature for the data collection as shown in Appendix C. The questionnaire was divided into five (5) sections main sections: Personal Background, Business Background, Level of Success, Entrepreneurship Education and Training, Personal Characteristics of SME owners, and Marketing Environment. The questionnaire was finalized with the information collected from the personal interview, particularly on the measurement of constructs, namely on measurement of level of success and types of entrepreneurship education and training, and on those that need to suit halal SMEs. Administration of the questionnaire was then initiated with a pretest before moving to the actual survey. The initial section consisted of profile information and demographic characteristics of the research participants, followed by their perception of level of success as compared to their nearest competitors using 5-point Likert scale. Then the participants were asked to rank the statements in the second and third part of the questionnaire based on contextual conditions associated with each factor that measures success by the

participants. These statements were ranked using 5-point Likert scale represented by 1-strongly agree to 5-strongly disagree. The factors used for measuring success include: general entrepreneurship education and training, specialized entrepreneurship education and training and personal characteristics of the SME owners. In the last part, the questions were asked to score the perception of the participants about whether environment factors were conducive or not to their business success. 5-point Likert scale anchored by strongly agree to strongly disagree was applied to measure the perception.

The survey instrument was developed to suit the targeted respondents in the present study. Since the target respondents are the SMEs, it should be noted that they are perceived as simple and non-cumbersome. As such the language and format of the questionnaire was developed to suit the respondents for its simplicity and user-friendliness.

The language use in the questionnaire was both Bahasa Malaysia and English because of their respective status as the national and business jargons in Malaysia. As a precaution, however, PSDC was consulted to determine if Mandarin or Tamil should also be used. Based on the consultation, it was decided that Mandarin and Tamil were not necessary because even though halal SMEs in Pahang comprises of owners that come from the three major ethnic groups in Malaysia, their overall business communications, trainings and seminars are dominated by Bahasa Malaysia and English. Hence, the use of two languages, namely Bahasa Malaysia and English in the questionnaire would pose no communication problem to the three ethnic groups. These arguments also support the author's own observation of the respondents from the three major ethnics in the personal interviews.

The questionnaire was examined for content validity and a pilot study was conducted by pre-testing the instrument on a group of respondents, selected using convenient sampling for evaluating the clarity and ease of compilation of the instrument.

Based on the recommendations and feedback received from the respondents, the instrument was modified and was then used to obtain data from the sample.

Two months were allocated for streamlining the availability of respondents and the data collection process. Data were then entered and checked for accuracy into the computer and henceforth analyzed using SPSS application. Further analyses were done on the data to ensure data reliability and conformance to the requirements of the intended statistical analysis. These three separate elements in the survey process-the production and administration of the survey instruments, sampling procedure and data analysis are each examined in length.

5.3 Variables and Measures

This section explained the variables and measures that were used in the quantitative instrument that is the questionnaire. The qualitative findings discussed in Chapter 6 also lend support to variables and measure in the survey instrument.

5.3.1 Dependent Variables

As described in the previous chapter, since there is no existing measure of success for halal SMEs, the study focused on the perception of the SME owners on the level of success. The reason for this is because; as the marketing environment is chosen as the moderating variable, it makes more sense to measure the level of success for the SMEs. Since there is also no standard benchmark for perception of the level of success for the halal SMEs, the researcher started the process with identifying the variables that represents success for the general SMEs. Hence, a fresh instrument to measure the meaning of level of success of halal SMEs is needed. As the term success itself can be defined from many perspectives, thus the issue of the level of success can be very subjective especially for the halal SMEs.

Although success in previous research has not concluded on the actual variable, many researchers have attempted to suggest the meaning of success for SMEs as described in previous chapter. However, the measurement of success for halal is different. In other words because previous studies were developed to study general SMEs, its applicability to the halal SMEs needs to be assessed through personal interviews before it is administered in a full scale quantitative survey to test the relationships. Real-life participation and observations done by the researchers also have some advantages. However, due to the constraint and impracticality of it, personal interviews were preferable in this study to determine the measurement for level of success.

A suitable or standard scale for measuring entrepreneurial level of success is either too wide or too scarce. Previous studies on the subject have used either financial or non-financial measures and are believed to be inappropriate for the current study. As there is no clear benchmark of measurement of success, the personal interviews is extremely useful in facilitating the identifications of genuine areas of success for the present sample. Based on the suggestion derived from Chapter 2 and 4, measuring of success is made much easier to be presented as a continuous variable as the degree or level maybe measured based on the entrepreneur's perception of their competitiveness when compared to their nearest competitors on units that are relevant to halal business.

Generally, success is associated with the achieving goals and objectives and the success of a business is a broader term used in management, even though it is not stated explicitly every time. Success and failures can be used for measuring good or bad management; however no existing universal accepted definition has ever been established. Because of the broad meaning of success, the definition of success in terms of business has been interpreted in various manners (Foley & Green, 1989). The usual dimensions for success are 1) financial success versus other success and 2) short versus long-term success.

Therefore, success can come in different form: e.g. survival, profit, return on investment, sales growth, number of employees, happiness, reputation and so on.

For this study, since success may be measured differently in halal SMEs, this study measured level of success in the form of statements and derived from measurement of success on general SMEs (Abu Kasim, Minai, & Chun, 1989; R. Barkham, Gudgin, Hart, & Hanvey, 1996; Brüderl & Preisendörfer, 1998; Doyle, 1994; A. A. Gibb & Davies, 1992; Gray, 1997; Hashim, 2000; Nash, 1983; Ibrahim & Goodwin, 1986; Kalleberg & Leicht, 1991; Holmes & Zimmer, 1994; Masuo, Fong, Yanagida, & Cabal, 2001). Because the halal environment has certain limitations, rules and boundaries as described in Chapter 2, the items derived from existing studies on general SMEs were further refined and strengthened from the personal interviews conducted as the items for measurement which were derived from previous researches needed to be applied to the halal environment. The objective of this is to find out if there exist other conditions set by the authorities on labeling a successful halal SMEs.

This construct represented the single dependent variable in the study. As previously discussed and explained, an apparent lack of suitable measurement for level of success for halal SMEs highlighted the need for a fresh instrument. In the present study, such an instrument was based on the qualitative data obtained during the personal interviews when the respondents were asked to define success as compared to their nearest competitor. Table 5.2 lists out the nine (9) numbers of items compiled for the construct. They represent changes or novelties which were mentioned during the interviews such as introducing their business to export market. The 5 point Likert scale ranged from, 1=Strongly Disagree to 5=Strongly Agree with Neutral as the midpoint.

Table 5. 2: Items Measuring Level of SMEH Success

1) Sales	<i>1= Strongly Disagree</i>
2) Profit	<i>2= Disagree</i>
3) Market Share	<i>3=Neutral</i>
4) Labor productivity	<i>4=Agree</i>
5) Increase in Manpower	<i>5=Strongly Agree</i>
6) Increase in customer	
7) Customer satisfaction	
8) Customer loyalty	
9) Export market	

5.3.2 Independent Variables

5.3.2.1 Entrepreneurship Education and Training

The first independent variable, entrepreneurship education and training is measured according to the types of entrepreneurship education and training that they received. The items were constructed based on the arguments presented in previous chapters and those that are considered relevant to the current sample, namely halal SMEs. This was deemed fit for the research objective and because to encourage response using an instrument that must be kept simple and concise. The identity memo derived from the researcher's experiential knowledge and the discussion in Chapter 2 mainly contributed to the measurement variables. Responses given in Chapter 6 from the personal interviews also helps in developing the items measured.

Table 5. 3: Items Measuring Types of Entrepreneurship Education and Training

<p>Always attend <u>GENERAL</u> entrepreneurship education and training offered by <u>Government</u> agencies:</p> <ol style="list-style-type: none"> 1) Intro to Entrepreneurship 2) Business Opportunity 	<p><i>1= Strongly Disagree</i></p> <p><i>2= Disagree</i></p> <p><i>3=Neutral</i></p> <p><i>4=Agree</i></p> <p><i>5=Strongly Agree</i></p>
<p>Always attend <u>GENERAL</u> entrepreneurship education and training offered by <u>Private</u> agencies:</p> <ol style="list-style-type: none"> 1) Intro to Entrepreneurship 2) Business Opportunity 	
<p>Always attend <u>Specialized</u> Entrepreneurship education and training offered by <u>Government</u> agencies:</p> <ol style="list-style-type: none"> 1) Business operation 2) Marketing 3) Finance 4) Human resource management 5) Technical and Vocational 	
<p>Always attend <u>Specialized</u> Entrepreneurship education and training offered by <u>Private</u> agencies:</p> <ol style="list-style-type: none"> 1) Business operation 	

Table 5. 3: Continued

2) Marketing	<i>1= Strongly Disagree</i>
3) Finance	<i>2= Disagree</i>
4) Human resource management	<i>3=Neutral</i>
5) Technical and Vocational	<i>4=Agree</i>
	<i>5=Strongly Agree</i>
<p>I have a basic entrepreneurship certificate that is specialized for my business that is handled by Private agencies</p>	
<p>I have high level of learning ability to learn about my business from private agencies</p>	
<p>Inherit a business that is taught by my family that specialized in present business</p>	
<p>I always attend a seminar and workshop which involve small groups that is organized by private business network that focuses on my present business</p>	
<p>I always attend seminars and workshops alone that is handled by private forms that focuses on my business sector</p>	

5.3.2.2 Personal Characteristics of Halal SMEs Owners

The other factor that affects level of success is personal characteristics of the halal SME owners themselves. The items were based on characteristics being used previously based on McClelland's observation which are presented in Table 5.4. The table lists the eight (8) items which also concentrated on issues considered relevant to halal SMEs. As can be seen in the table, those SME who are confident of having these characteristics are believed to be more successful.

Table 5. 4: Items Measuring Personal Characteristics of Halal SME Owners

1) Confidence in facing risk	<i>1= Strongly Disagree</i>
2) Being creative and Innovative	<i>2= Disagree</i>
3) Strong desire to succeed	<i>3=Neutral</i>
4) Optimistic attitude	<i>4=Agree</i>
5) High level of confidence	<i>5=Strongly Agree</i>
6) Strong desire to achieve high level of success	
7) Honest and Friendly	
8) High level of commitment	

5.3.3 Moderating Variable

The halal marketing environment which was proposed as the moderating factor are being measured using the 12 items found in the marketing environment which was then refine to suit the halal environment . Although researchers such as Kotler (1977), have established the dimension on marketing environment, thus limiting its subjective nature, in this study, this researcher contends that it is necessary to determine whether the same dimensions

apply to the present sample. Therefore, the same 12 variables proposed by Kolter are being used to measure the marketing environment and for the ease of understanding of the Pahang SMEs. As discussed in Chapter 4 of the conceptual framework, environment in this study may moderate effects of the lead success factors on the halal SMEs. The possibility of having a moderating impact is consistent with the traditional support provided to the theory environment tends to moderate the impact and effectiveness of the firm's characteristic. Several researches have observed that there is a consistent relation between the effectiveness of certain strategic orientation and the market dynamics (Hambrick, 1983; McKee, Varadarajan, & Pride, 1989; Snow & Hrebiniak, 1980). On the basis of information derived from the researchers' identity memo and extensive discussion with halal SMEs in Pahang, there is a possibility of moderator effect of environment on the success of halal SMEs (Informant 3). As conditions are put on the SMEs before they can be categorized as halal SMEs, some already successful general SMEs may perceive that the environment is not conducive for them to be successful. On the other hand, some general SMEs may perceive the conditions set in the environment may be conducive for their success since proper facilities and locations are given for their development.

As shown in the table, these items represent all the variables. The 5 point Likert scale used for this construct also varied from 1 =Strongly Disagree to 5=Strongly Disagree

Table 5. 5: Items measuring the marketing environment

1) Political and Social	<i>1= Strongly Disagree</i>
2) Economy	<i>2= Disagree</i>
3) Demography	<i>3=Neutral</i>
4) Technology	<i>4=Agree</i>
5) Cultural	<i>5=Strongly Agree</i>
6) Natural	
7) Organization	
8) Intermediaries	
9) Competitor	
10) Supplier	
11) Public	
12) Customer	

5.4 Population

The population of the research was defined as the SMEs who are registered with PSDC as halal. These SMEs are categorized as halal SMEs to differentiate them from business operations which are not considered as halal. This population was focused as they were considered to be providing with most accurate and relevant information about the topic.

5.5 Sampling

The selection of participants for this study was based on three criteria: firstly, the shareholders or business owners were actively engaged in the decision making and operational activities of their respective businesses. Secondly, the enterprise should have

been registered with PSDC, the business must still be active and in operation to be considered as halal SME. Thirdly, this study was conducted for halal SMEs in Pahang only.

The sample consisted of 317 units of SMEs that are still active in halal industry and registered as halal SMEs with PSDC. After conducting surveys from three seminars, a total of 229 responses were received, yielding a response rate of 72.24%. After filtering the surveys filled by the employees and not the SME owners themselves, and the surveys that were filtered out due to errors such as multiple answers, gross incompleteness and extreme values (outliers), only 94 usable responses were available for data analysis. Thus, out 317 only 94 useful and complete responses were obtained for data analysis.

The sample for qualitative analysis consisted of 8 SME owners, out of which two were Indians, two Chinese and four Malays. These SMEs were from different parts of Pahang and were selected using purposive sampling in order to represent different industries in which hala Malaysian SMEs were commonly found. Three of them are in food and café business, two in food processing, one in health and beauty, one in retail and one in service. These were purposefully selected on the basis of their experiences in the business and the amount of relevant information they could provide.

Although small, the sample size was considered to be adequate for this study. To ensure adequacy of the sample size, the guideline specified by Roscoe (1975) was adhered where two conditions were met: firstly, a sample size should be larger than 30 and smaller than 500. Secondly, if the study entails the execution of any form of multivariate analysis, the sample size should be at least ten times than the variables used. Thus, the sample size of 94 was acceptable.

5.6 Quantitative Data Collection

5.6.1 Pretesting and Administration of the Actual Survey (Pilot Survey)

A pilot study was conducted using pre-testing method in order to ascertain the clarity of the research objectives and to ease the completion of the survey on the survey sample. The main reason for conducting a pilot study was to check the validity and reliability of the instrument. With the help of pre-testing method, the researchers intended to identify the weaknesses and problems in the survey instrument and to modify the instruments based on the recommendations and feedback of the participants. In order to pre-test the survey validity, a group of twelve (12) SMEs was identified and contacted by phone. Upon their agreement to participate in the pretest, they were invited to a tea session and the questionnaire was given to them by the researcher. The SMEs were brief on the objective of the study, and the importance of them giving independent answer was explained. This method was chosen to assess the effectiveness of personal approach.

Based on the pretest, several observations were made. Most respondents agreed that both English and Bahasa Malaysia were the right choice of language, as well as the decision to use 5 point Likert scale. The instrument was said to be easily understood, manageable and presentable. Self-administration was preferred as it was perceived to be less time consuming and easily fitted into their busy schedules as well as easily fitted to streamline with their training schedules. It was also observed that since the study sample was limited to halal SMEs, there was no problem to obtain the participants cooperation as their business commitments and confidentiality are not as high as large corporation. A few respondents also highlighted their appreciation in being involved in a study that would benefit their progress in the halal business.

With permission from organizers, the distribution and collection of questionnaires were personally conducted by the researcher during three series of seminars which was compulsory to be attended by all halal SMEs registered with PSDC. This method was highly recommended and suitable in order to minimize the low response, enhance communication, solve any misunderstanding in the question, and ensure high response rate. Approximately 89 were received within one seminar with the remaining being collected in the following two seminars in a period of two weeks. To ensure no double entry by the same respondents which would be erroneous in the data analysis, in case the same respondents attended all three series of seminars, the attendance registration list compiled by the seminar organizers for all three series were manually administered and checked before questionnaire were given out.

Upon collection of the questionnaires at the seminars, the returned documents were first counted, eye scanned for their physical condition, readability and completeness. They were filed according to the order to which they were received and immediately labeled with unique IDs.

5.7 Quantitative Data Analysis

In order to analyze the data collected from the questionnaire survey, The Statistical package for Social Science (SPSS), Windows version 17 was used for this research in order to assist the complete quantitative data analysis.

Prior to the data analysis, the values of all variables were computed using the average of the scores of all individual items that make up each variable. However, the individual items would not be averaged up if it has been removed due to the cause of low Cronbach's Alpha. Thereafter, the variable values are standardized to enable the researcher

to directly compare the relative impact of each independent variable on dependant variable, having different units of measure. Standardization allows easier comparison between variables as they are on the same scale. Using standardized variables also eliminates the effects due to scale differences not only across variables, but for the same variable as well (Hair et al, 2006). The regression analysis done on the data will be using the standardized values for the independent and dependent variables. The quantitative data analysis started with data screening. This is to ensure the reliability and conformance of data for further statistical analysis. Descriptive analysis was then conducted to describe the profile of the respondents. Then to further analyze the model presented in the conceptual framework of this study, a series of test were conducted. Correlation and hierarchical multiple linear regression analysis are finally used to measure the effects of the independent and moderating variables on level of success.

5.7.1 Reliability Analysis

The reliability of a survey instrument is generally defined as “the accuracy, stability, and relative lack of error in a measuring instruments’ (Burns, 2000) (p.337). A reliable instrument is also one that is dependable, predictable and consistent. One most common indicator of reliability is Cronbach’s Alpha. Cronbach’s alpha is a measure of the instrument’s internal consistency (Pallant, 2005) and an alpha coefficient of 0.7 is the minimum acceptable level (Davis & Cosenza, 1998; Nunnally, 1978; Pallant, 2005). In this study, the test was performed thoroughly on all variables for each of the sections, namely, General & Specialized Education and Training, Personal Characteristics, Halal Marketing Environment and Level of Success. To assess consistency of the items, each must achieve at least 0.7. Further investigation is being carried out to identify which individual items can be removed to boost up the Cronbach’s Alpha if the Cronbach’s Alpha is less than 0.7.

5.7.2 Descriptive Analysis

The descriptive analysis is being used in the study to analyze the background information of the SMEs in the sample as well as the background of their business. The frequency distribution table is constructed for nominal and ordinal variables. Statistics such as mean and standard deviation are provided for scale variable.

5.7.3 Correlation

Correlation analysis is conducted for testing the linear relationship between level of success, general entrepreneurship education and training, specialized entrepreneurship education and training, personal characteristics of SMEs, and marketing environment. If the variables tested are normal, parametric test - Pearson correlation coefficient is being used. The non-parametric test - Spearman' Rho is being used if the variables are not normally distributed. If one of the variables above is not normally distributed, to be conservative, the non-parametric test statistics – Spearman's Rho correlation is used. Otherwise, the parametric test statistics – Pearson correlation is employed. The significance level used is at 5% and 10%. If the test is significant ($p < 0.05$), it indicates the linear relationship is significant, vice versa. A significance level of 10% ($p < 0.10$) would be considered as marginally significant.

5.7.4 Multiple Linear Regression

Multiple Linear Regression is used to assess the linear relationship for list of independent variables to predict the dependent variable. However, prior to this, the diagnostic check is performed to ensure that the assumptions of multiple linear regressions are not violated. First, the residual of the model is assessed to be normally distributed. Second, by plotting the standardized residuals against the standardized predicted values, the assumptions

related to homoscedasticity and assumptions related to linear relationship between dependant variables and independent variables can be validated. If the assumption of linear relationship is obeyed, there is no curvilinear pattern in the plot. If the spread of the residuals is similar in the plot, it indicates homoscedasticity. Finally, the independent variables were also assessed for multicollinearity. The Variance Inflation Factor (VIF) should be within 10 if there is no serious multicollinearity. However, no multicollinearity check is required if the model has only one predictor.

Subsequently, multiple linear regression analysis is done on four sets of variables and one dependent variable. Field (2000) suggested using the four-step hierarchical multiple regression to test the moderating effects of a variable on the relationship between the independent variables with the dependent variable. In this study, the researcher employs the four-step hierarchical multiple regression approach in testing, whether marketing environment has any moderating effect on the relationship between and the independent variables and the dependent variable. In hierarchical multiple regression, control variables are included in the analysis. These variables may make a difference in scores on the dependent variable and hence, had to be controlled. The independent variables are the variables that are of interest in this study, but whose effects are to separated out from the control variables. The following procedure is employed in the hierarchical multiple regression:

In step 1, regression analysis was only done on the control variables (i.e. the demographic variables). This is referred as Model 1.

In step 2, the three independent variables – general entrepreneurship education and training (GT), specialized entrepreneurship education and training (ST) and personal characteristics of SMEs (CE) were next added to Model 1, resulting in Model 2.

In step 3, the moderating variable, marketing environment was next entered into the model giving Model 3 to examine if it is a predictor.

In Step 4, the interaction terms of all independent and moderator variables were entered to examine whether there are any significance interaction, leading to Model 4. If the interaction term is significant and there is a significant increase in total variance explained, or R^2 , as indicated by the F statistic, then there is an interaction effect (Hair, Black, Babin, Anderson, & Tathan, 2006). If the overall interaction is insignificant, further investigation has to be done to determine the moderating role of marketing environment. The interaction model as proposed by West and Aiken (1991), is more advantageous in the sense that it enables the investigation of direct and indirect effects of the variables as opposed to other methods (Tansuhaj, Randall, & McCullough, 1991). This approach is necessary because it has an edge over the previous studies in that it incorporates interaction effect. An understanding of this is important in a unique and strict environment like in the halal industry.

CHAPTER 6

QUALITATIVE RESULTS AND FINDINGS

6.1 Introduction

The qualitative study on the salient factors, which contribute to the success of *Halal* SMEs, was undertaken with the explicit intention of unearthing issues to explain such successes in the Malaysian context. As discussed in Chapter 5 of the research methodology, the understanding of level of success for SME in the *Halal* industry can only be collected through personal interviews with the SME owners. Existing literatures may have given some clues to what is deemed as success for SMEs in general but because of the environment in the *Halal* industry that may affect the success, it only makes sense to investigate if the perception of success for the general SMEs is also valid for *Halal* SMEs. This chapter discusses the various aspects involved in the above study. Discussion is divided into two parts. The first is a descriptive profile of the eight respondents, and the second section concerns a content analysis of the responses as well as underlines the major pointers which may be deduced from them. Finally, it summarizes the main points of the study and presents a conclusion that supports the conceptual framework of this study. The findings from this qualitative analysis also lend support to the designing of the survey instruments for testing the framework.

This section, however, does not intend to serve as a transcript for the entire dialogue between the researcher and each respondent but more as a compilation of information pertinent to the focus of the study. As mentioned in the previous chapter, data was collected in the form of transcripts of in-depth interviews and supplemented by field notes. They

represent the respondents' opinions, ideas and perceptions of success and the factors that contribute to the success of *Halal* SMEs.

For the reporting purposes, only selected responses are shown here and arranged according to the major questions posed during the interviews. This format is known as Case Analysis structure (Burns, 2000) which enables the reader to focus on each issue independently and systematically. According to Burns (2000);

“If there are multiple cases, the advantages are enormous, as examination of the same question across cases is possible. This allows the writer to tailor the cross case analysis to different audiences who may well be interested in different questions”.

6.2 Profiles of the Respondents

The respondents for this interview are eight *Halal* SMEs, which comprised of four Malays, two Chinese and two Indians. As noted earlier these SMEs were based on different parts of Pahang and deliberately chosen to represent the various industries in which Malaysian *Halal* SMEs are commonly found.

As shown in Table 6.1, their age ranged from 20s to early fifties. Three of them are in food and café business, two in food processing, one in health and beauty, one in retail and one in service. Three have been operating 3-5 years; three, for 6-10 years and two have been operating for more than 10 years. Four were based in the Kuantan, 2 in Rompin, and 2 in Pekan. All locations were either in town or outskirts of towns. More detailed information on each of the respondents would be ideal as reference in reporting. However, due to the small number of respondents in the interview and the commitment of the researcher to adhere to the request of the respondents as not to reveal a significant information that is their location, which might lead to their easy identification, only those information on

related items were asked to each of them such as on Ethnicity, Age Group, Type of Business, and Duration are shown in Table 6.1.

Table 6. 1: Profile of respondents in the Personal Interviews

Identification	Ethnicity	Age group	Type of Business	Duration of Business
P1	Malay	39	Bakery and Cafe owner	8 years
P2	Chinese	41	Seafood Processing	12 years
P3	Malay	28	Financial Advisor	6 years
P4	Malay	36	Snacks Manufacturer	8 years
P5	Indian	53	Restaurant	5 years
P6	Indian	46	Retail shop	7 years
P7	Malay	29	Traditional Herbs, Ointment and Beauty	4 years
P8	Chinese	38	Bakery shop	4 years

Source: Researcher's own personal interview (2009)

6.3 Interview Questions and Answers

The following are excerpts of questions and answers given in the personal interviews.

Q1. What made you decide to become a *Halal* entrepreneur?

In the first interview question of the survey, the research participants were asked that what made them decide to become a Halal entrepreneur. The purpose of this question is to analyze and examine the reason of SMEs for going Halal. This interview question also intends to examine the first objective of this research which is “whether entrepreneurship education and training attended by the halal SME owners are associated with the success of halal SMEs” and the subsequent first research question of this research which is “Are entrepreneurship education and training programmes attended by the SME owners

associated with the success of halal SMEs?” The interview question, hence, particularly suggests whether first objective and first research question of this study are addressed or not.

Each participant in the interview survey has provided its own explanation and reasoning for going to Halal business and many of these explanations are found to be consistent with the previous findings in the available literature. P1, who is Malay, bakery and Café Owner, stated his explanation for deciding to become a Halal entrepreneur that *“One thing for sure is that when I found out about the potential business in the Halal market, I don’t want to wait another day to register as Halal SME. I have been trained by my father when I was helping him in his business that I should always go where the money is”*. In addition, P2, who runs Chinese, Seafood Processing, stated his explanation of deciding to go for Halal business that *“I was invited to a seminar by the other business owners in my area on the potential of business in Dubai”*.

Subsequently, P5, who runs an Indian restaurant business, mentioned his reason of why he become engaged in Halal business that *“I’m always looking to challenge myself to achieve more than what I have achieved. Ever since I started a small stall in front of my house, I always knew that that was not the only stall that I will have”*. He further specifically added that *“I always vision having many other stalls in other parts of town. So, my food can be eaten by all and knowing that my customers are majority Muslim, I see that it is to my advantage if I register as Halal. You know, many Indians are also Muslim”*.

The overall responses of this interview question suggested the perceptions of participants that entrepreneurship education and training programmes attended by the SME owners associated with the success of halal SMEs. The research addressed the first research objective and subsequent research question that owners perceive that entrepreneurship education and training programmes attended by them are the major influential factors

which induce them to Halal business. They also perceive both entrepreneurship education and training programmes attended by them as the significant factors associated with the success of their halal SMEs in Malaysia.

Q2. Did you attend any types of seminar or training when you started the business?

In the second interview question of the survey, the research participants were asked that did they attend any types of seminar or training when you started the business. The purpose of this question is to assess whether entrepreneurship education and training is a lead factor. Like previous question, this interview question also, partly, intends to examine the first objective of this research which is “whether entrepreneurship education and training attended by the halal SME owners are associated with the success of halal SMEs” and the subsequent first research question of this research which is “Are entrepreneurship education and training programmes attended by the SME owners associated with the success of halal SMEs?” The interview question, hence, particularly suggests whether first objective and first research question of this study are addressed or not.

P2, who runs Chinese Seafood Processing, suggested that *“Of course, I build this business and as my business grew, I knew I had to keep proper management records, and being a Chinese in Halal business, I wanted to make sure I have all the trainings in all managerial aspects especially human resource and accounting. The ones that PSDC gave are also good”*. In addition to that, P3, who is Malay financial Advisor, suggested that *“Many years ago, when I first started my business, I was young and wanted to know about business. So I followed my friend to a seminar and listen to an insurance business talk. But I did not do insurance only. I was looking for something more than suit my skill. So, I asked the people in that business and they invited me to their workshop on Islamic financial planning”*.

In addition, P6, who is an Indian retail shop owner, indicated “*No I didn’t attend any training. I was helping my brother on part-time basis. He was working in a small sundry shop and sometime when I’m free I accompanied him. I saw the potential of the business and told my brother that I would open one like that sundry shop. So my brother introduced me to the shop owner and I started learning from him during weekends*”. Also, P7, who trades in Malay Traditional Herbs, Ointment and Beauty products, suggested “*I was never really interested to do other business as I am currently satisfied with what I achieved. However, when I attended a training program organised by my local council to claim from the EPF account 2 which I had from my employment, I realized that one day my current business may not be as highly demanded as it is now. So, I started to enrol in seminars and trainings during my space time on the potential of Halal business*”. The overall responses of this interview question suggested the perceptions of participants that they have attended numerous training programs which greatly influenced the success of their halal business.

Q3. Was your business already operating when you register for the *Halal* project?

In the third interview question of the survey, the research participants were asked that whether their business already operating when they register for the *Halal* project or not. The purpose of this question is to determine if they were general SME prior to registering as halal SME and to gauge if halal environment is a moderating factor. This interview question also intends to examine the first part of fourth objective of this research which is to determine “whether the halal marketing environment is the moderating variable which will influence the effects of entrepreneurship education and training attended by the halal SME owners and their success” and the subsequent first part of fourth research question of this research which is “Is the halal marketing environment a moderator that

influences the effect of the entrepreneurship education and training that the halal SME owners attended and the success of halal SMEs?” The interview question, hence, particularly suggests whether first part of fourth objective and research question of this study are addressed or not.

P1, who runs a Malay Bakery and Café, suggested *“Well, being a Muslim, I started the business with Halal all the way in my mind. So for me, it was easy transition. I started five years before I was invited to take part in the Halal project. There was much assistance; financial, advertising, marketing and loans provided to expand my business in the Halal category”*. In addition, P4, who is a Malay Snacks Manufacturer, mentioned *“Yes, this business has been in my family for many years. My father started it. Being illiterate, he couldn’t find other jobs. So he started making “kerepek ubi” (tapioca crackers) and ‘kerepek beras” (rice crackers). When my sister and I grew up, father asked us to help him as he needed people whom he can trust to manage his accounts and stocks. So here I am”*.

Apart from that, P8, who runs a Chinese Bakery shop, suggested *“Yes, in a different industry though. I ventured into a new area where I think is easier for me to get Halal status. Being in financial business and selling insurance, it was tough to convince my customers to buy insurance. But I saw the potential in this Halal market, so I opened another company, which is a bakery. Funny though it seems that from insurance to bakery, but many of my previous clients now buy from my bakery shop too!”*

The overall responses of this interview question suggested the perceptions of participants that they were previously engaged in a Halal business prior to the registry of their business as halal in the food industry of Malaysia. Most of them also suggested that they were engaged in the halal marketing environment prior to registry either because they being Muslims are responsible to trade in halal food market or they saw a growing potential in the halal market as compared to conventional markets. The responses of this question

hence addressed the first part of research objective and research question that halal marketing environment is the moderating variable which will influence the effects of entrepreneurship education and training attended by the halal SME owners and their success.

Q4. Do you consider your business to be successful? Why?

In the fourth interview question of the survey, the research participants were asked that whether they consider their business to be successful and what may be the reasons for considering so. The purpose of this question is to assess their perception/their definition of their level of success and to gauge whether they consider personal characteristics and entrepreneurship education and training attended by the halal SME owners to be significant factors of their success. This interview question also intends to examine the third objective of this research which is “whether both (1) entrepreneurship education and training attended by the halal SME owners and (2) the personal characteristics of the halal SME owners themselves are significant predictors of their success” and the subsequent third research question of this research which is “Are both(1) entrepreneurship education and training programmes attended by the halal SME owners and (2) their personal characteristics significant predictors of the success of halal SMEs?” The interview question, hence, particularly suggests whether third objective and third research question of this study are addressed or not.

P1, who runs a Malay Bakery and Café, stated “*I think after eight years in business, yes it is People who are doing the same business with me when I started are either out of the business, moved to a different state, or quite far behind me. Even though I am not from Pahang, I now supply hampers and gifts of my own products to many high net worth clients here. Even the Tengku Puan (Pahang) and her relatives and close friends, order cakes and*

cookies from me and not from others, without fail every year during hari raya. I also took part in exhibitions organised by Matrade as they encourage us to export our products overseas". In addition, P2, who runs a Chinese, Seafood Processing, suggested "Oh yes, here in Kuantan, we are well known for our fish crackers. Although there are so many competitors selling the same products, you can only find my company's products at the airport. We produced, packed and deliver them ourselves. I have doubled my manpower since we got the contract to supply at the airport five years ago. Sales of course increase too. I think I beat all other competitors already!"

Apart from that, P7, who trades in Malay, Traditional Herbs, Ointment and Beauty Products, suggested *"I think I am successful considering I'm still in business. However, I'm not making a lot of money like the bakery in the other town. Maybe my business now has reached a saturation point. My customers are not buying my products like they used to. Sales fell but in business, sometimes it is seasonal. Some buy from my competitor. So, I'm taking a wait and see approach while looking for opportunities in the Halal market. Maybe I will venture to new market outside the country and market through the internet for a change. This is a good market, and HDC helps too"*.

The overall responses of this interview question suggested the perceptions of participants that they consider both entrepreneurship education and training attended by the halal SME owners and the personal characteristics of the halal SME owners themselves as significant predictors of their success.

Q5. What are some of your characteristics that you have as an entrepreneur?

In the fifth interview question of the survey, the research participants were asked regarding some of characteristics they consider within themselves as entrepreneur. The purpose of this question is to assess if they have the characteristics that would be a lead

factor. This interview question also intends to examine the second objective of this research which is “whether the personal characteristics of halal SME owners are associated with the success of their enterprises” and the subsequent second research question of this research which is “Are personal characteristics of the halal SME owners themselves associated with success of halal SMEs?” The interview question, hence, particularly suggests whether second objective and second research question of this study are addressed or not.

P1, who is a Malay Bakery and Café, suggested “*I like to win. What I mean is that I will always try to improve myself; I will always try to be the best in the industry. I also prefer to be in control of my work so business is the only one that keeps me in control*”. In addition, P5, who runs an Indian restaurant business, averred that “*I’m very brave, everytime I see opportunities I will take eventhough I don’t know how to do it yet. Well of course, to be successful. I came from a poor family; I just have to be better than before. I want my children to have better education so I work hard every day and I love doing what I do*”.

The overall responses of this interview question suggested the perceptions of participants that the personal characteristics of halal SME owners are associated with the success of their enterprises.

Q6. What are some of the opportunities or challenges significant environment factors that you faced in the *Halal* environment?

In the sixth interview question of the survey, the research participants were asked regarding some of the opportunities or challenges significant environment factors that you faced in the *Halal* environment. The purpose of this question is to examine the influence that the halal marketing environment plays. This interview question also intends to examine the second part of the fourth objective of this research which is “whether the halal

marketing environment is the moderating variable that will influence the effects of halal SME owners' personal characteristics and success” and the subsequent second part of the fourth research question of this research which is “Is the halal marketing environment a moderator that influences the effect of personal characteristics of halal SME owners and the success of halal SMEs?The interview question, hence, particularly suggests whether second part of the fourth objective and second part of the fourth research question of this study are addressed or not.

Like previous interview questions, the participants have also provided varied responses in this interview question and suggested their own perceptions regarding some of the opportunities or challenges significant environment factors that you faced in the *Halal* environment. P1, who runs a Malay Bakery and Café, stated “*I actually have problems in looking for suppliers. Though I am in the Halal business, my suppliers are also suppliers of other businesses. So, I'm still trying to figure out if I can be 100% categorized as Halal since my supplier falls under the “grey” area. JAIP and the people at SME development Unit in Bandar have yet to determine the status of my supplier. Luckily, on the wholesaling and retailing part, I have selected exclusive agents who are my ex schoolmates. So I did not have to worry about them not gaining Halal status since as my agents, I paid them commission and control the production and logistic matters*”.In addition, P2, who runs a Chinese Seafood Processing, suggested “*JAIP requirements (referring to the Pahang State Religious Department). I have to go to courses that they require me to go. Being in food business, my premises always checked by the Health department, and sometimes they checked our raw materials to see if we use Halal materials or not. Last time, in my previous business, I did not have to worry about complying with all these rues but I think it is okay since I get to expand my business horizon. He further stated that “To export, I must also get a distributor who will only distribute my product and other Halal product. It will be quite a*

problem to me if my distributor carries other competitors' product which is of the same nature but not in the Halal category”.

Apart from that, P3, who is a Malay, Financial Advisor, suggested that *“My partners and I have decided to invest in research and development to ensure that our business operation is Halal. It is both easy and challenging to us as our business is service. Though the product is Halal financial products since we deal with sharia approved funds, we have to invest in a system that ensures that our documentation and accounting system is Halal too”.* Moreover, P4, who is a Malay, Snacks Manufacturer, suggested *“My factory is my backyard at home. But since my father has started to export his products to Dubai with the help of HDC, we have to move to a different location to facilitate logistic requirements. At least for now we do not have to move yet due to the halt in the Gambang project. So we are still thinking”.* P7, who is a Malay, Traditional Herbs, Ointment and Beauty Products, suggested that *“It’s quite difficult for me because I’m in the beauty/cosmetic business to get supplies. My customers are mostly women and some of them want youthful skin. Recent popular product is the stem cell. Even though stem cell is good, the status of whether it is Halal is still doubtful. Since stem cell is Bioengineered, I can’t get suppliers who can guarantee that the supplies are Halal or not. The people in my neighbourhood also are somewhat traditional. Even though my business operation is near resorts where tourist come from western countries, my neighbours are old kampong folks and they complaint about my business to the local media and their ADUN”.*

The above extract provided in depth knowledge about the main issues. An enormous amount of work is required during the process of interviewing since researcher has to cross check based on theme derived from the past literature and conceptual framework presented in Chapter 4. However, respondents indicate their agreements with the themes that represent items in measuring level of success and types of entrepreneurship

education and training. These items were then incorporated in the survey instrument in the quantitative data collection method which has been explained in the previous chapter. Discussion will now proceed with the content analysis of the above extracts.

6.4 Content Analysis

Discussion of the content analysis is presented in relation information identified during the interviews for the interview questions as illustrated in Table 5.1. The discussion seeks to strengthen the hypotheses made in Chapter 4 where applicable and also present the major themes for this study. In particular, the information obtained from the personal interview was useful to develop constructs of variables not sufficiently supported by previous literature.

6.4.1 Reasons for Turning Halal

The Malaysian SMEs market includes a significant Muslim segment not only in Malaysia but across the globe. With estimated figures for *Halal* trade of USD2.1 trillion, there is staggering potential for *Halal* products globally (Zulkifli-Muhammad, Char, bin Yaso, & Hassan, 2009). Products that are targeted for use by this segment must comply with the *Halal* prescriptions as set by the relevant authority in Malaysia as described in Chapter 2. In view of these, SMEs who wish to do well and tap the *Halal* market would want to obtain the *Halal* certifications. This certification will mean that the SMEs can expand their businesses to other countries as well. Because of the potential business in the *Halal* market, in this qualitative study, it was apparent from respondent's P1 comment that becoming *Halal* and getting the *Halal* certification is crucial to the success of their business. According to respondent P1, "*I have been trained by my father when I was helping him in his business that I should always go where the money is. The potential looks good*"

Similar view was shared by P2 where the opportunity that exists in the *Halal* market drove him to become *Halal* SME when he attended a seminar on the potential of business in Dubai. He added that time they were talking about *Halal* business opportunities. He mentioned that “*So I decided that I want to be a part of this business since the government is giving various supports.*”

A factor related to training was also being suggested by P1 where “*invitation to a seminar opened his eyes and opportunities to the Halal business*” and P3 on “*invitation to a workshop designed for financial advisors gave him the opportunity to train in the financial instruments related to Halal banking and services.*” This piece of information indicates that there is a relationship between training programmes and level of success and environmental factors does influence the relationship.

Taking advantage of opportunities presented implies an SME’s concern for high needs of achievement, a notion introduced by (McClelland et al., 1969). Therefore, the responses given by P1 and P5 suggested that environmental factor may influence the *Halal* SME owners’ characteristics to achieve high level of success.

6.4.2 Halal Status as an Issue

Question 3 was asked to determine whether *Halal* status or certification is an issue among SMEs. The answer given by P8 indicated that even after gaining experience in a different business, the *Halal* environment does influence him to venture in *Halal* business. The answers reflected in P8, showed *Halal* SMEs enjoy the special attention, and treatment or face a particular problem with certification requirements.

The owner mentioned that she *ventured into a new area where she thinks is easier for her to get Halal status*. She also saw the potential in this *Halal* market and opened another company, which is a bakery.

Out of the eight respondents, 4 indicated problems with changing business operations. These SMEs highlighted the fact that even though opportunities exist in the *Halal* market, it is worth pursuing business in this area as long as it does not jeopardize the business. The other four who did not fall into this category were either already in the *Halal* business or just starting a business.

The responses given by P1 and P7 also addressed to question 4 which especially highlighted that owners signify different interesting aspect of *Halal* environment in which in line with Malaysia's effort to compete in the global *Halal* market, it is important that the local products are marketed overseas. P1 believes *that taking part in exhibitions organised by Matrade is good as it encourages the SMEs to export our products overseas*, while P7 *So, thought of venturing into a new market outside the country and market through the internet for a change with the help of HDC.*

The author thus believe and reiterated that for this reason alone the *Halal* environment and *Halal* SMEs is a significant area of research in terms of development of SME and especially the *Halal* SMEs. More importantly, the answer given by P7 strengthen the fact that environment thus play a very important part and is associated with SMEs success. Thus, *Halal* environment is a factor worth investigating as turning *Halal* seems to be a conducive factor for success for this owner.

6.4.3 Construct of Level of Success

Initially, as explained in previous section, measurement of success was chosen as the dependent variable. However, since there is no benchmark for *Halal* SMEs, the construct for success and was derived mainly from question 4. Since there is no benchmark for measurement of success due to the absence of concrete measurement of success for *Halal* SMEs in previous studies where standardized measures cannot be captured (Patton, 2002),

the respondents' answers agreed with the construct for level of success that was deemed to be more appropriate than success outcome itself as it better described their responses with regards to the way they perceived when compared to their nearest competitor. This was further validated, which is explained in the content validity section of this chapter. Based on these, the construct on the level of success was developed. This exercise was crucial because there is no available literature that has dealt with the subject of level of success for *Halal* SMEs. Ultimately, 9 items were derived from this part of interview and backed by previous literatures on general SMEs describe in the previous chapter. These were used as constructs of level of success in the survey instruments. These include sales, profit, market share, labor productivity, increase in manpower, increase in customer, customer satisfaction and customer loyalty; most are also derived from the previous literatures explained earlier. Another significant item, export market is added as mention by the respondents as an important feature since the export market seems to be a benchmark set by the government to show that they are successful in exporting to the *Halal* market.

6.4.4 Factors Affecting Level of Success

Responses to questions 2, 4, and 5 in the interviews were used to shed some light on the various determinants of level of *Halal* SME success. This part of the interview attempted to identify whether the author makes the factors affecting *Halal* SMEs success consistent with the earlier proposition.

The responses given by P2 in question 2 indicated that the types of education and training that they attend influence the business operations and thus affect the level of success. As P2 indicated, she needed *to keep proper management record and her need to have all the trainings in all managerial aspects, thus* suggesting the need for specialized training. The importance of training was also supported by P7 when *enrolling in seminars*

and trainings on the potential of Halal business opens up opportunities for him to venture into Halal business.

Additionally when being probed on whether the general and specialized type of training would make a difference, six out of eight respondents answered yes as they believe they needed to be trained properly to suit the environment that they are in.

In terms of characteristics, even though they indicate that they have similar characteristics as the ones mentioned in previous studies, they still have to fulfill the requirements of the new environment and therefore acknowledge the fact that the environment is more dominant than their characteristics in shaping their business success.

6.4.5 Construct of Environmental

The last two questions particularly strengthen the basic theory of how environment plays a role in influencing the success of a business. The answers given by P2 and P3 talks about the challenges they faced in fitting the new environment. If they are able to respond in the way the environment requires, then it will result in favorable outcome, but if they are not able to, the result can be the opposite. As mentioned by P3, *having to deal with Syariah approved funds; they have to invest in a system that ensures that our documentation and accounting systems are Halal too.*

P2 also indicated challenges and opportunities can influence the business positively requirements are met and perhaps negatively if not met. She believed that *to export, she must also get a distributor who will only distribute my product and other Halal product which can be quite a problem if the distributor carry other competitors product which is of the same nature but not in the Halal category.*

The overall responses given by the respondents revolved around the presence of *Halal* marketing environment and how it would affect the business operations. Thus, it can

be concluded from the responses generated that the *Halal* marketing environment thus has an influence on the factors.

Thus, in conclusion, the responses discussed above were taken in the study as further support for the proposed relationship between *Halal* environment and level of success. Even though the types of entrepreneurship education and training are not explicitly disclosed, responses given by P3 and P6 indicate that the different types of entrepreneurship education and training are needed to prepare them to be successful. For instance, P3 mentions about *attending an insurance talk but did not do insurance business only as it does not fulfill the specific requirement of the entrepreneur in Halal business*. P6, on the other hand, mentioned *about learning retail from a retail entrepreneur*. Thus, it can be concluded that there are two types of entrepreneurship education and training namely general and specialized, and they are associated with the level of success. This supports the description in Chapter 4 of the conceptual framework where it discusses the two types of entrepreneurship education and training which the relevant parties organised for the *Halal* SMEs.

Taking advantage of opportunities presented implies an SME's concern for high needs of achievement, a notion introduced by McClelland et al. (1969). Therefore, the responses given by P1 and P2 suggested that environmental factor may influence the *Halal* SME owners' characteristics to achieve high level of success. For P1, the *liking of being in control of her own business* proved the need of high achievement; a satisfaction when something is accomplished but the *difficulty of getting Halal suppliers* is an environment factor to be considered as it may affect her business. As for P2, *JAIP's constant check on his food processing business* is an environment factor that he has to respond to.

The responses above gave some evidence that environmental influence or factors may affect the decision to become *Halal* among the SMEs and also influence the degree of

their success. Certain factors like high-potential growth and opportunities derived from responses were also explicit indications of the *Halal* environmental influence.

6.5 Content Validity

As mentioned in Chapter 5, since personal interview is less standardized and formulaic (Polit & Beck, 2004) whereby each inquiry is distinctive, and the results depend on the skills, insights, analytic abilities and style of the investigator (Hoskins & Mariano, 2004), the validation of content has to be made. As explained, initial face validation was done by the author herself to select the related responses. Since selected responses were used in analysis using the case analysis structure, respondent validation was then used.

In respondent validation, the excerpts from the personal interview transcripts derived from the interview “case-like” structure was validated using interpretations of selected responses presented in the content analysis section where they were carefully explained to respondents and reviewed by the respondents. This is necessary before they are used in the final report (Nisbet & Watt, 1984). Respondent validation proved to be fruitful for *Halal* SMEs in the sense that they also agreed on a better way of addressing success through measurement of level of success. Respondents also confirmed that all other excerpts used for the content analysis were appropriate.

Expert opinions by the two formal authority figure from PSDC and the PSMETD were consulted. This is particularly important to synergize with the description of types of entrepreneurship education and training attended by the respondents. Both agreed of the usage of the excerpts in the final report as the transcripts were derived from the actual personal interview with the respondents, secondly they are commonly used to represent measurement of success and the types of entrepreneurship education and training that the

agencies provided. This further strengthened the decision to use level of success as the dependent variable in this study and the construction of two types of entrepreneurship education and training in the survey instrument.

The above content analysis produced further support for some of the earlier contentions that made in this study. It also eases the process of finalizing the survey instrument which was then administered according to the procedures outlined in Chapter 5. Since the limited sample was involved in the personal interviews, the direction and strength of each type of hypothesis could not be ascertained from the responses. To conclude whether there are significant differences between *Halal* SMEs and general SMEs and how significant the influence of environment on SMEs at this stage is rather premature. Therefore, to draw more reliable and valid conclusions on the hypotheses, the study had to rely on quantitative data. In the subsequent chapter, the results of the quantitative part of the study are discussed.

6.6 Summary

This chapter has dealt with the results of the personal interviews and how the content analysis and validity lend support to the understanding of the meaning of the major themes in this study. In particular, the discussion from the results lent support to the development of the measurement constructs and the quantitative survey instrument.

CHAPTER 7

QUANTITATIVE RESULTS AND FINDINGS

7.1 Introduction

This chapter discusses the results and findings of analysis done on the primary data that was collected through face to face survey with the *Halal* SMEs owners. Various statistical analyses were employed to meet the objective of this research. This chapter begins with descriptive analysis of the respondents' profile, followed by a brief presentation of the survey results before further results were shown for a detailed discussion of the inferential analysis. Selected SPSS outputs which are relevant to this chapter can be referred in Appendix D.

Results of data screening that was done to ensure the reliability of the data as well as conforming to the requirements of the statistical methods used in the analysis are also presented here to show how data was handled prior to the detailed analysis of inferential statistics. It includes, results from data reliability tests and other diagnostic tests for making sure that the data meets the assumptions for employing various statistical methods to test the hypotheses. The applied methods include reliability analysis, descriptive statistical analysis, correlation analysis and multiple linear regression analysis.

Worth to mention here is that for ease of understanding of the tables and explanation, general entrepreneurship education and training is described as general training (GT), specialized entrepreneurship education and training is described as specialized training (ST), personal characteristics of SME owners is described as characteristics of entrepreneurs(CE) and *Halal* marketing environment is described as marketing environment (ME).

7.2 Profile of the Respondents

A total number of 317 questionnaires were distributed to the targeted SMEs. Of the total, 229 questionnaires were collected. Out of the 229, 94 usable questionnaires were obtained from *Halal* SMEs. This analysis provides a surface description of the frequency counts and percentage of each variable being studied. The summary of the respondents' profile is shown in Table 7.1.

Table 7. 1: Respondents' Profile

		Frequency (n = 94)	Percentage (%)
Gender	Male	37	39.4
	Female	57	60.6
Age Group (in years)	Less than 21	4	4.3
	21 to 30	21	22.3
	31 to 40	20	21.3
	41 to 50	46	48.9
	More than 50	3	3.2
Ethnicity	Malay	64	68.1
	Chinese	25	26.6
	Indian	5	5.3
Highest Education Level	Primary School	10	10.6
	Secondary School	28	29.8
	College	27	28.7
	University	29	30.9
Years of Experience	0 to 2 years	21	22.3
	3 to 5 years	34	36.2
	6 to 8 years	32	34.0
	More than 8 years	7	7.4
Years of Business Experience	3 years or less	13	13.8
	4 to 6 years	29	30.9
	7 to 9 years	23	24.5
	10 to 12 years	25	26.6
	more than 12 years	4	4.3
Type of Business	Sole Proprietor	46	48.9
	Partnership	27	28.7
	Private Limited	21	22.3
Types of Industry	Food and Beverage	45	47.9
	Services	23	24.5
	ICT	14	14.9
	Agriculture	8	8.5
	Financial	1	1.1
	Others	3	3.2
Types of Industry	Less than 6	27	28.7
	6.00 - 10.00	32	34.0
	11.00 - 15.00	15	16.0
	16.00 - 20.00	10	10.6
	More than 20	10	10.6
Location of Business operation	City	17	18.1
	Outside city	77	81.9

In term of gender structure, female respondents were more than the male respondents with 60% of the respondents are female and 40% are males. The majority of respondents were aged between 41 to 50 years (49%). Large numbers of respondents were Malay ethnicity (64%). Years of experiences were varied among respondents and majority of them (77%) had more than 3 years of experiences before starting their own business. More than 48percent of the respondents were the sole proprietor of their businesses. Food and beverage was the popular industry among respondents in which 45(47%) out 94 respondents were a part of this industry and majority have more than 3 years of experience in business. The number of employees clearly showed that the businesses were SME with majority having less than 10 employees (62.7%) As for the academic background, majority finished above secondary school with 59.6 percent graduated from college and university. Finally, about 82 percent of respondents' businesses were located outside the city.

The results above are consistent with studies done previously in Malaysia with majority of the business owners are female. The Malaysian Business Commission shows that there are 49,554 business units owned by women in 2010 and 54626 was recorded in 2011(Mahajar & Mohd Yunus, 2012). Among the top business venture registration were food and beverage businesses. Women, in particular has contributed to the development in Malaysia through their participation in business(Ahmad & Seet, 2009).

In a study done on women entrepreneurs in Temerloh, Pahang, Mahajar and Mohd Yunus (2012)also reported that majority of respondents are Malays with business operating for more than 3 years. As for the academic background, although not significantly recorded as a basis of comparison, results in the study done in Temerloh also revealed that majority of the respondents finished their secondary school. In this current study, the result is unique to the SMEs in Pahang because of the support system given by PSDC to develop *Halal* SMEs. Majority of the respondents (77.7%) with more than 2 years of working experience

in a non-business environment were willing to leave their job and start their own business in the *Halal* industries (Informant 4). Hence, those with college and universities account to 59 percent of the respondents in this current study. The result also indicated that majority of business are operated outside the city as major food and beverage businesses are located along beach that are considered the outskirts in Kuantan, small villages outside the major towns of Bentong, Pekan and also in Felda Jengka.

7.3 Survey Results

This section describes the results of the survey on the variables measured in the survey instruments that represent each construct. The following tables in this section show the frequency of all the variables.

Table 7. 2: Frequency Tables of Level of Success

LEVEL OF SUCCESS		Mean = 3.88					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
		1	2	3	4	5	
1	Sales	0	0	24	50	20	94
2	Profit	0	3	14	53	24	94
3	Market Share	2	4	17	51	20	94
4	Labour productivity	2	5	26	47	14	94
5	Increase in number of employees	1	3	33	35	22	94
6	Increase in number of customers	0	0	11	48	35	94
7	Customer satisfaction	0	0	10	56	28	94
8	Customer loyalty	0	0	10	53	31	94
9	Export market	31	5	13	31	14	94

The score for the level of success for each respondent was derived by averaging the above 9 items. Results show that most respondents agreed that they are stronger than their competitor in all items except the export Market. However, this does not necessary mean that the *Halal* SMEs are weak in export but because export is a significant feature of success for *Halal* SMEs as described in previous chapters, many of the SMEs in Pahang have not developed their business up to the export market(Informant 2 and 3).

Table 7. 3: Frequency Tables of General Training

GENERAL TRAINING		Mean = 3.47					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
		1	2	3	4	5	
1	Intro to Entrepreneurship (Government)	16	4	26	28	20	94
2	Business opportunity (Government)	13	5	22	33	21	94
3	Intro to Entrepreneurship Intro (Private)	14	3	18	37	22	94
4	Business opportunity (Private)	13	5	17	37	22	94

The score for general entrepreneurship education and training of each respondent was derived by averaging the above 4 items. Results show that most respondents agreed that they have received general entrepreneurship training. More than 60% of the respondents agreed that they have attended private education and training in introduction to entrepreneurship and business opportunity which are considered as general training.

Table 7. 4: Frequency Tables of Specialized Training

SPECIALIZED TRAINING		Mean = 3.54					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
		1	2	3	4	5	
1	Business Aspect (Government)	15	2	16	39	22	94
2	Marketing Aspect (Government)	14	3	14	39	24	94
3	Financial Aspect (Government)	14	5	12	41	22	94
4	Human Resources Management Aspect (Government)	14	6	15	36	23	94
5	Technical and Vocational Aspect (Government)	19	6	26	27	16	94
6	Business Aspect (Private)	8	2	17	46	21	94
7	Marketing Aspect (Private)	8	2	16	56	12	94
8	Financial Aspect (Private)	8	1	18	53	14	94
9	Human Resources Management Aspect (Private)	8	1	24	46	15	94
10	Technical and Vocational Aspect (Private)	6	3	19	53	13	94
11	I have a basic entrepreneurship certificate that is specialized for my business that is handled by private agencies	9	1	21	36	27	94
12	I have high level of learning ability to learn my business from private agencies	8	7	20	36	23	94

Table 7. 4: Continued

SPECIALIZED TRAINING		Mean = 3.54					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
		1	2	3	4	5	
13	I inherit a business that is taught by my family that specialized in present business	15	7	16	26	30	94
14	I always attend a seminar and workshop which involve small groups that is organised by private business network that focuses on my present business	29	2	13	30	20	94
15	I always attend seminars and workshops alone that is handled by private forms that focuses on my business sector	24	3	13	26	28	94

The score for specialized entrepreneurship education and training of each respondent was derived by averaging the above 15 items. Results show that more than 50% of the respondents agreed that they have attended nearly all courses listed in specialized training. Only 46% agreed that they have received specialized training in technical and vocational aspect provided by government.

Table 7. 5: Frequency Tables of Characteristics of Entrepreneurs

CHARACTERISTICS OF ENTREPRENEURS		MEAN = 4.25					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
		1	2	3	4	5	
1	I am able to face risk	0	2	9	38	45	94
2	I am a creative and innovative person	0	2	14	59	19	94
3	A strong interest to be successful	0	2	9	49	36	94
4	I am an optimist	0	2	16	49	27	94
5	High level of confidence	0	0	7	54	33	94
6	High needs for achievement	0	1	8	44	41	94
7	Honest and friendly	0	0	10	43	41	94
8	High level of commitment	0	0	9	46	39	94

The score for personal characteristics of SME owners of each respondent was derived by averaging the above 8 items. Results show that more than 80% of the respondents agree that they possess the personal characteristics that are identified above.

Table 7. 6: Frequency Tables of Marketing Environment

MARKETING ENVIRONMENT		Mean=3.62					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
		1	2	3	4	5	
Political and Social							
1	Increase legislation regulating business	0	3	30	56	5	94
2	Changing government agency enforcement	0	4	26	58	6	94
3	Increase Emphasis on ethics and social responsibility	0	3	20	66	5	94
Economic							
1	Consumer purchasing power	0	2	18	68	6	94
2	Change in consumer income	0	2	23	59	10	94
3	Change in spending pattern	0	2	18	66	8	94
Demography							
1	Changing age structure of population	1	4	41	43	5	94
2	Geographic Shifts in Population	1	9	33	45	6	94
3	Increasing Diversity	3	6	31	50	4	94

Table 7. 6: Continued

MARKETING ENVIRONMENT		Mean=3.62					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
		1	2	3	4	5	
Technology							
1	Change in market structure	2	4	28	50	10	94
2	New business opportunity	0	3	25	55	11	94
3	Opportunity to introduce new product	0	2	22	58	12	94
Culture							
1	Persistence of Cultural values	0	2	39	48	5	94
2	Shifts in Secondary Cultural Values	1	5	28	54	6	94
3	Society's view of business environment	0	2	31	52	9	94
Natural							
1	Shortage of Raw materials	3	2	29	51	9	94
2	Increased Pollution	6	3	24	56	5	94
3	Increase Government Intervention	8	1	24	55	6	94
Internal organisation							
1	Top management	1	1	28	56	8	94
2	Research and Development	0	0	30	55	9	94
3	Team work	1	1	22	62	8	94
Marketing intermediaries							
1	Agencies that promote /market your product	0	0	35	45	14	94
2	Agencies that distribute your product	0	3	24	55	12	94
3	Agencies that sell your product	0	2	24	56	12	94

Table 7. 6: Continued

MARKETING ENVIRONMENT		Mean=3.62					
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
		1	2	3	4	5	
Competitor							
1	Strategic positioning	0	2	37	48	7	94
2	Competitive Advantage	0	0	25	56	13	94
3	Marketing strategy	0	0	15	53	26	94
Supply chain							
1	Supply of raw materials	8	8	27	41	10	94
2	Supply availability	8	8	29	43	6	94
3	Suppliers purchasing power	8	7	28	42	9	94
Public							
1	Financial publics	0	4	35	48	7	94
2	Media support	1	5	33	46	9	94
3	Citizen action public	10	5	24	49	6	94
Customer							
1	Types of customers	4	8	35	42	5	94
2	Customer purchasing structure	0	2	34	52	6	94
3	Purpose of buying the products	0	3	28	46	17	94

As for Marketing Environment, the score of each respondent was derived by averaging the above 36 items. Results show that most respondents perceived that the environmental variables are conducive to the success of their business as respondents were asked to answer based on the environment in which they operate the *Halal* business.

7.4. Data Reliability

As explained in Chapter 5, reliability analysis was used to measure consistency. It measures the coefficient that reflects how well items in a set are positively correlated to one another. Cronbach's alpha was used to determine the reliability of the variables. Table 7.7 shows, the Cronbach's alpha for these research variables. The Cronbach's alpha values are all greater than the acceptable value of 0.70 as suggested by (Nunnally, 1978). This indicates data reliability for all variables used.

Table 7. 7: Reliability Coefficients for the Major Variables

Variables	Number of Items	Cronbach's Alpha
Dependent Variable		
1. Level of Success	9	0.76
Independent Variables		
1. General Training	4	0.90
2. Specialized Training	15	0.91
3. Characteristics of Entrepreneurs	8	0.86
Moderating Variable		
1. Marketing Environment	36	0.91

7.5 Normality of Data

According to Hair et al. (2006) normality of variables is the most fundamental assumption in correlation analysis. Any data that significantly deviates from normality may render the

results of parametrical statistical tests invalid. However, for large sample sizes (greater than 30), the detrimental effects of non-normality of the independent variables are diminished.

The summary of the results of the normality analysis are presented in Table 7.8. It shows that the skewness and kurtosis values for all research variables, are less than 3.00 and 1.00 respectively. Therefore, these variables are assumed normal.

Table 7. 8: Summary of Normality Analyses

	Minimum	Maximum	Skewness	Kurtosis
Independent Variables				
1. General Training	1.00	5.00	-1.04	0.15
2. Special Training	1.00	5.00	-1.19	1.27
3. Characteristic of Entre.	3.00	5.00	-0.64	0.42
Dependent Variables				
1. Level of Success	2.78	4.78	-0.27	-0.69
Moderating Variable				
1. Marketing Environment	2.64	4.69	-0.15	0.49

7.6 Detection of Outliers

Hair et al. (2006) suggested that the threshold values of greater than 3.0 as determination of outliers. Outliers were detected by examining the standardized values of the variables. The cases with standard deviation above 3.0 were considered as outliers and were taken out of the analysis. Analyses were done using 94 records after removing the extreme outliers and missing values.

7.7 Analyses of Dependent and Independent Variables

The researcher conducted descriptive statistics and correlation analysis to describe the variables and their relationships. The table 7.9 below summarizes the results.

Table 7. 9: Descriptive Statistics and Correlations

Variables	Mean	Std. Dev.	1	2	3	4	5
Dependent Variable							
1. Level of Success	3.88	0.51	1.00				
Independent Variables							
2. General Training	3.47	1.15	0.16*	1.00			
3. Specialized Training	3.54	0.83	0.15*	0.85***	1.00		
4. Characteristics of Entrep.	4.25	0.48	0.16*	0.20**	0.28***	1.00	
Moderating Variable							
5. Marketing Environment	3.62	0.39	0.05	0.34***	0.32***	0.23***	1.00

*** Correlation is significant at the 0.01 level (1-tailed)

** Correlation is significant at the 0.05 level (1-tailed)

* Correlation is significant at the 0.10 level (1-tailed)

From the above analysis, there is a significant positive relationship between the level of success and the independent variables (at significance level of 10%). The correlation between general training and specialized training is significantly strong. The correlation analysis also shows a significant positive relationship between marketing environment and the independent variables (at significance level 1%).

7.8 Checking for Assumptions for Multiple Linear Regression

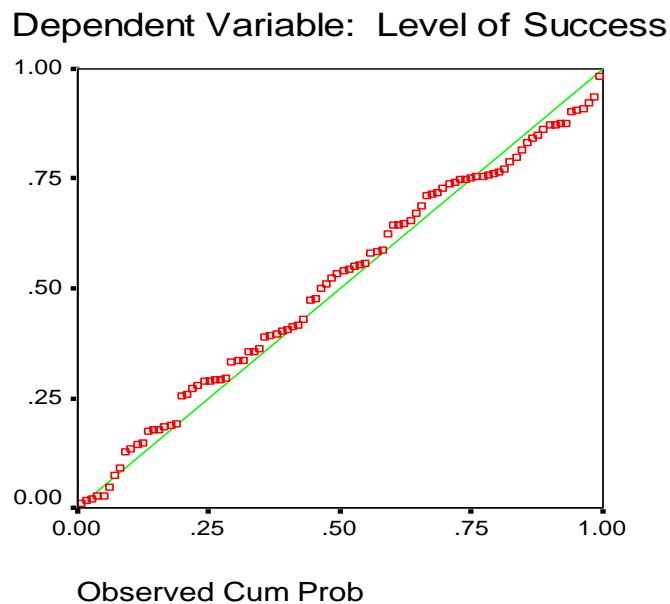
Before conducting the multivariate linear regression analysis, the researcher needs to ensure that the following assumptions are met and also the results obtained were truly representative of the sample, therefore, the researcher has obtained the best results possible (Hair et al., 2006). These assumptions are as follow:

- a. Normality of residuals
- b. Homoscedasticity of the variance of the residuals
- c. Linearity of the relationships between independent and dependent variables
- d. Non-multicollinearity between the independent variables

7.8.1 Normality of Residuals

PP plot of residuals against predicted values of Level of Success. The values of the PP plots fall on the straight line with no substantial departures. Hence, the residuals are considered normal.

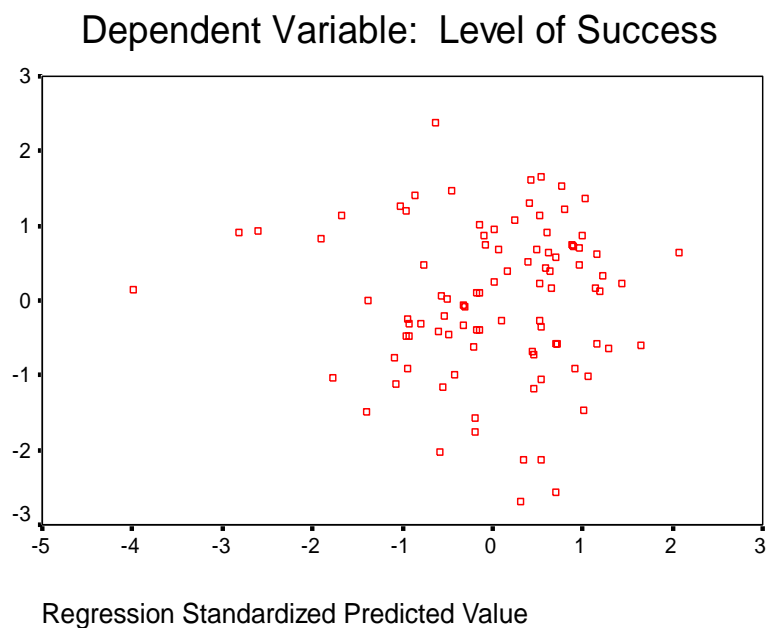
Figure 7. 1: PP plot of residuals



7.8.2 Homoscedasticity

To check whether the variances of the residuals are constant across all values of the independent variables, a scatter plot was used (see the figure below). The scatter plot of standardized predicted values versus studentized residuals for Level of success shows that there is no decreasing or increasing trend in the residuals. This indicates that there is homoscedasticity of the residuals.

Figure 7. 2: Plots of Predicted Values of Level of Success with the Residuals



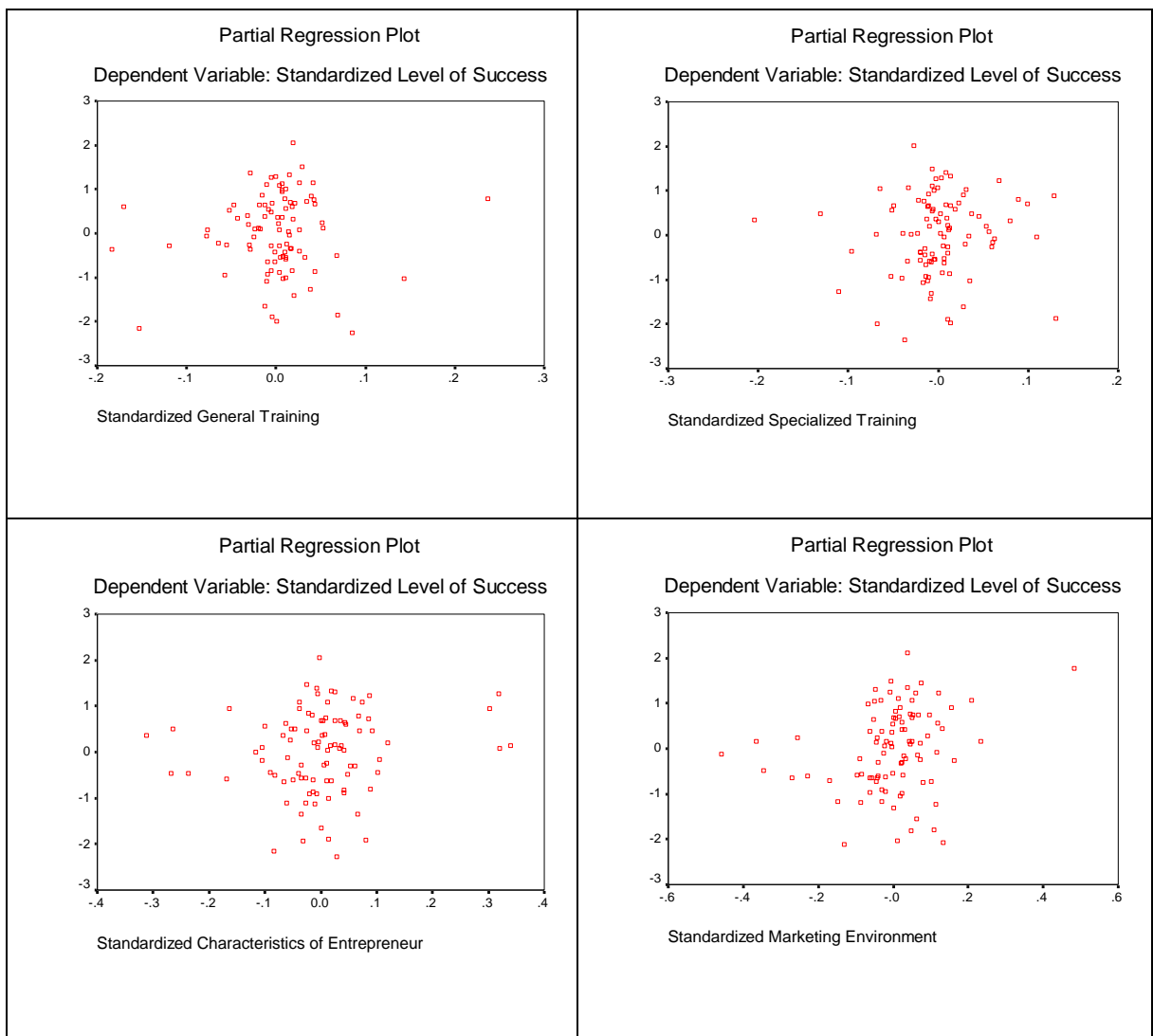
7.8.3 Linearity of Relationships between the Independent and Level of Success

The assumption of linearity between independent and dependent variables is critical in regression analysis. The checking of the linearity was done by analysing the residuals and the partial regression plots of the variables. The researcher did not observe any non-linear patterns from the plot of predicted values versus the residuals. This indicates the overall regression equation is linear.

Linearity is examined by using partial regression plots, which test the link of a single independent variable with each of the dependent variables (Hair et al., 2006).

The partial correlation plots of the variables against the level of success were used to check for the linear relationship of each independent variable with the level of success. Figure 7.3 below shows the standardized partial regression plots of the independent variables with level of success. Each partial correlation plot does not show any non-linear patterns, thus the researcher assumes that the assumptions of linearity relationship between the independent variables and dependent variables has been met.

Figure 7. 3: Standardized Partial Regression Plots of General Training, Specialized Training and Personal Characteristics against Level of Success



7.8.4 Multicollinearity

Multicollinearity was assessed by using the Variance Inflation Factor (VIF). The VIFs were examined to ensure that none were above 10 (Chin, Marcolin, & Newsted, 2003).

The correlations between the independent variables show a significant correlation between general training and specialized training ($r = 0.85$). However, this does not necessarily indicate significant collinearity. The researcher used the VIF values to measure the collinearity of the variables. Large VIF values indicate high inter-correlation between the independent variables. From the hierarchical multiple regression analysis, none of the variables have VIF greater than the threshold value of 10. The VIF for the variables are summarized in the following table.

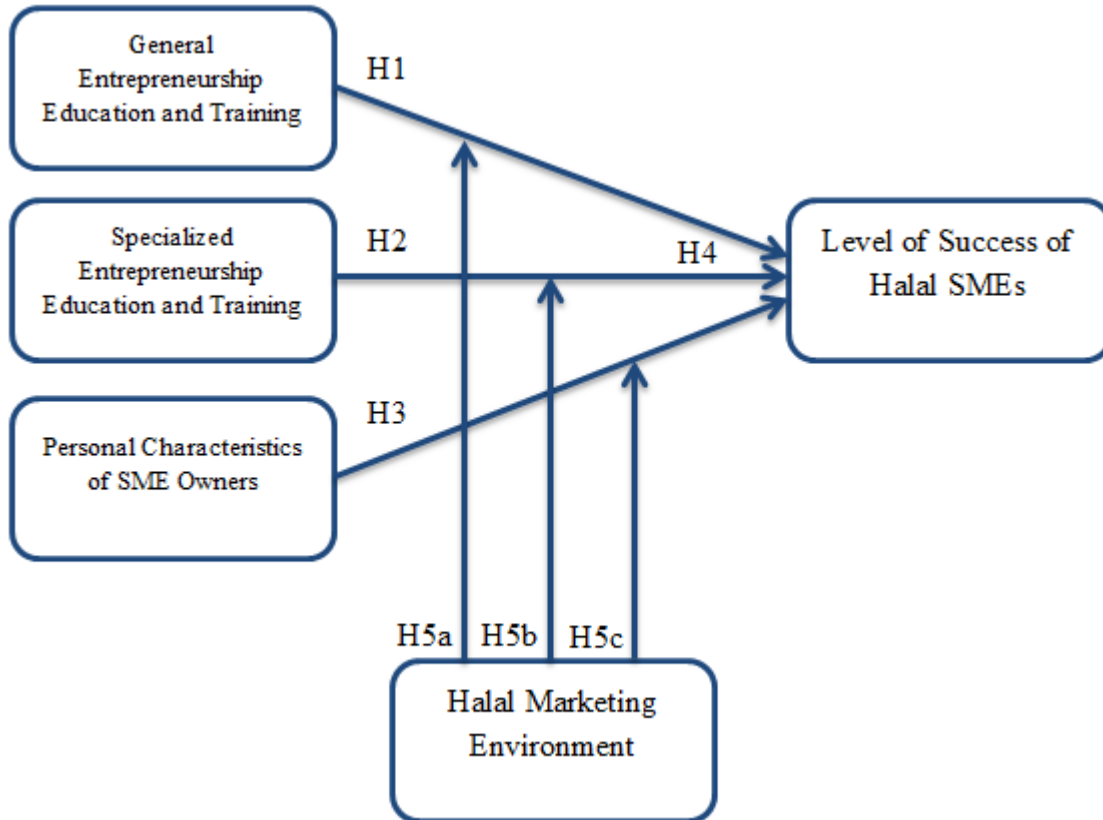
Table 7. 10: Summary of VIF Values to Measure Multicollinearity between Variables in Model 2

Independent Variable	VIF
General Training	4.4
Specialized Training	4
Personal Characteristics	1.4

The values observed for the VIF of the independent variables indicates non-multicollinearity between the independent variables. Thus, there is no violation of the non-multicollinearity assumption for the multivariate linear regression.

7.9 Hypothesis Testing

Figure 7. 4: Moderating Role of Marketing Environment on the Lead Success Factors of Halal SMEs in Pahang



7.9.1 Relationship between General Entrepreneurship Education and Training (GT) and the Level of Success

A relationship between general training that the SME owners attended and their level of success is examined.

Hypothesis H1

There is a positive relationship between general entrepreneurship education and training and level of success of *Halal* SME.

A one-tail hypothesis testing for the significance of correlation between general training and level of success was done by running the correlation test in SPSS. Table 7.9 shows the correlation coefficients between the research variables. The correlation coefficient of level of success and general training 0.16 was observed, which was significant at 0.10 level (p-value = 0.07). Therefore, there is a significant positive relationship between general training and the level of success of the *Halal* SMEs. Hypothesis H1 is supported.

7.9.2 Relationship between and Specialized Entrepreneurship Education Training (ST) and the Level of Success

The relationship between specialized training that the SMEs owners attended and their level of success is examined.

Hypothesis H2

There is a positive relationship between specialized entrepreneurship education and training and level of success of *Halal* SME.

A one-tail hypothesis testing for the significance of correlation between specialized training and level of success was done by running the correlation test in SPSS. Table 7.9 shows the correlation coefficients between the research variables. The sample correlation coefficient of level of success and specialized training= 0.15 was observed, which was significant at 0.10 level (p-value = 0.08). Therefore, there is a significant positive relationship between specialized training and the level of success of the *Halal* SMEs. Hypothesis H2 is supported.

7.9.3 Relationship between Personal Characteristics of the SME Owners and the Level of Success

A relationship between personal characteristics of *Halal* SME owners and their level of success is examined.

Hypothesis H3

There is a positive relationship between personal characteristics of SME owners and level of success of *Halal* SME.

To test this hypothesis, the researcher ran the correlation coefficient test using SPSS. As shown in Table 7.9 the sample correlation coefficient (r) of level of success and personal characteristics equals 0.16, which is significant at 0.10 level ($p\text{-value} = 0.06$). Therefore, there is significant positive relationship between personal characteristics and the level of success of the *Halal* SMEs. Hypothesis H3 is supported.

7.9.4 General Entrepreneurship Education and Training, Specialized Entrepreneurship Education and Training and Personal Characteristics of SME Owners are Strong Predictors of Level of Success

The researcher conducted a hierarchical multiple linear regression analysis of the dependent variable (level of success) on the independent variables (general training, specialized training and personal characteristics of the *Halal* SME owners). This is to test the hypothesis H4 that these independent variables are significant predictors of level of success of the *Halal* SME owners. Table 7.11 shows this result.

Table 7. 11: Multiple Hierarchical Regression Results of Marketing Environment as a Moderator in the Relationships between General Training, Specialized Training, Characteristics of Entrepreneurs and the Level of Success of Halal SMEs

	Model 1	Model 2	Model 3	Model 4
	Standardized	Standardized	Standardized	Standardized
	Beta	Beta	Beta	Beta
Control Variables (Standardized)				
Gender	0.05	0.04	0.04	0.00
Age Group	0.19	0.20	0.20	0.14
Ethnicity	-0.05	0.00	0.00	-0.04
Highest Education level	0.23*	0.20	0.20	0.14
Years of Experience	0.07	0.07	0.07	0.05
Years of Business exp.	0.07	0.03	0.03	0.03
Type of Business	-0.01	0.01	0.01	0.01
Types of Industry	0.12	0.13	0.13	0.11
Number of Employees	0.06	0.06	0.07	0.03
Location of Business	0.16	0.16	0.17	0.17
Model Variables (Standardized)				
General Training (GT)		0.13	0.13	0.66
Specialized Training (ST)		-0.07	-0.07	1.44
Characteristics (CE)		0.10	0.10	1.03
Moderating Variable (Standardized)				
Marketing Environ (ME)			-0.01	1.73*
Interaction Terms (Standardized)				
GT x ME				-0.69
ST x ME				-1.77
CE x ME				-1.42
R ²	0.15	0.16	0.16	0.22
Adjusted R ²	0.05	0.03	0.01	0.04
R ² Change	0.15	0.01	0.00	0.06
F Change	1.46	0.38	0.01	1.80
Significance F Change	0.17	0.76	0.91	0.16

Note: ** significant at 0.01 level, * significant at 0.05 level

In Model 1, only the control variables were entered in the analysis. In the next step, all independent variables (general training, specialized training and personal characteristics)

were included in the model together with the control variables. The Model 2 is used to check the direct relationship between independent variables and dependent variables after statistically controlling the demographic variables. For this model, the adjusted $R^2 = 0.05$ compared to the adjusted $R^2 = 0.03$ for Model 1. This is not a significant change since the F change p-value is 0.76, which is insignificant at level 0.05; thus, the independent variables alone do not provide a significant model. The beta coefficients for general training, specialized training and personal characteristics are 0.61 (p-value = 0.54), -0.36 (p-value=0.72) and 0.84 (p-value0.40) which are all insignificant at 0.05 level. This means that the independent variables (general training, specialized training and personal characteristics) are not significant predictors for the level of success. Thus, hypothesis H4 is not supported.

7.9.5 Moderating Effect of Marketing Environment on the Relationship between General Training (GT), Specialized Training (ST) and Personal Characteristics (CE) of the Halal SME Owners with the Level of Success

The researcher studied the moderating effect of marketing environment on the relationship of the independent variables with the dependent variable.

In Model 1, regression analysis was only done on the control variables (i.e. the demographic variables). The three independent variables – general training, specialized training and personal characteristics were next added to Model 1, resulting in Model 2.

The moderator variable – marketing environment - was next entered into the model (giving Model 3). In Step 4, the interaction terms of all independent and moderator variables were entered. From Hair et al. (2006), if the interaction term is significant and there is a significant increase in total variance explained, or R^2 , as indicated by the F statistic, then there is an interaction effect (Hair et al., 2006).

Table 7.11 summarized the standardized beta coefficients for the research variables for Models 1, 2, 3, 4.

In Model 4, the interactions between the independent variables with marketing environment (the moderator variable) were not significant (significance F change is 0.16). This indicates that there is no overall interaction effect.

Since the overall interaction is insignificant, further investigation was done to determine the moderating role of marketing environment using Dawson's Plot of Interactions.

Hypothesis H5a: Marketing Environment moderates the relationship between general entrepreneurship education and training and level of success of *Halal* SME.

The researcher employed the hierarchical multiple regression to test the moderating effects of marketing environment on the relationship of general entrepreneurship education and training and the level of success. In the first step, only the control variables were included. In the second step, general training was included with the marketing environment. The third step included the interaction of general training with the marketing environment variable. The results from this regression analysis are summarized in Table 7.12.

From Table 7.12, the F change between Model 2 and Model 3 is marginally supported since p value is 0.09 (supported at 10% significant level). Therefore, Hypothesis H5a is supported. Marketing environment moderates the relationship between general training and the level of success of the *Halal* SME owners.

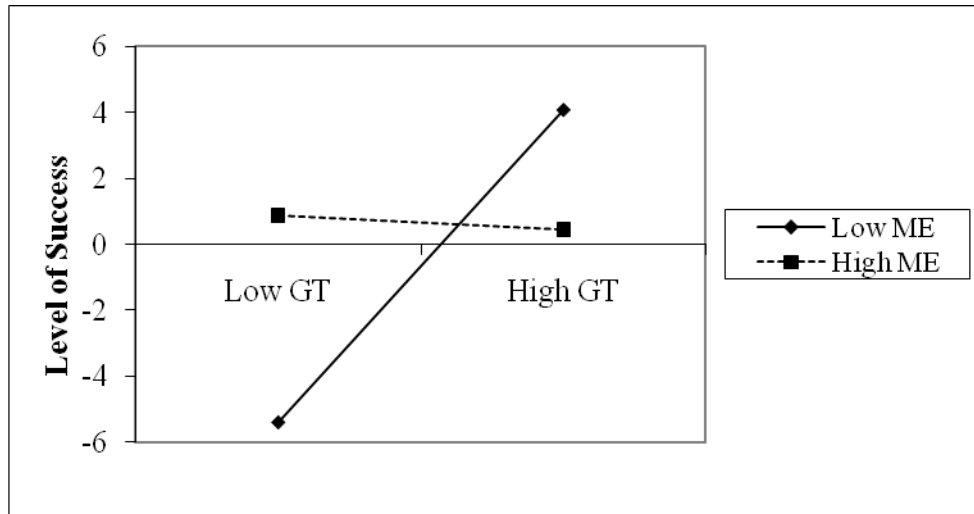
Table 7. 12: Standardized values of moderators' coefficients (General Training × Marketing Environment)

	Model 1	Model 2	Model 3
	Standardized	Standardized	Standardized
	Beta	Beta	Beta
Control Variables (Standardized)			
Gender	0.05	0.05	0.00
Age Group	0.19	0.19	0.16
Ethnicity	-0.05	-0.03	-0.08
Highest Education level	0.23*	0.21*	0.18
Years of Experience	0.07	0.06	0.05
Years of Business exp.	0.07	0.06	0.05
Type of Business	-0.01	-0.01	0.00
Types of Industry	0.12	0.14	0.14
Number of Employees	0.06	0.06	0.04
Location of Business	0.16	0.17	0.15
IV with Moderator (Standardized)			
General Training (GT)		0.07	2.12
Marketing Environ (ME)		0.00	0.71
Interaction Terms (Standardized)			
GT x ME			-2.39
R2	0.15	0.15	0.18
Adjusted R2	0.05	0.03	0.05
R2 Change	0.15	0.00	0.03
F Change	1.46	0.20	3.04
Significance F Change	0.17	0.82	0.09

Figure 7.5 shows the moderating effect of the marketing environment on the relationship between general training and the level of success. When the marketing

environment is high, there is a negative relationship between general training and the level of success. In low marketing environment, general training and the level of success is positively related.

Figure 7. 5: Moderating Effect of Marketing Environment on the Relationship between General Training and the Level of Success



Hypothesis H5b: Marketing Environment moderates the relationship between specialized training and level of success of *Halal* SME.

The researcher tested the moderation effect of marketing environment on the relationship of specialized training with the level of success of the *Halal* SME owners. The hierarchical multiple linear regression technique is employed where three models were used. In Model 1, only the demographic variables are included as controls. The independent variable (Specialized training) was entered next with marketing environment, the moderator variable. In Model 3, the interaction of specialized training and marketing environment was entered. Table 7.13 shows the summary of the beta coefficients resulting from the analysis.

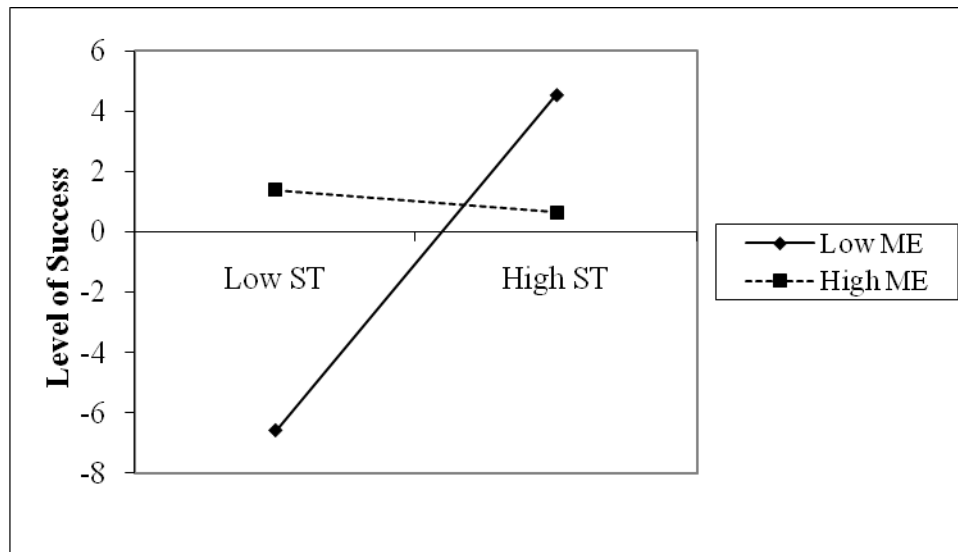
Table 7. 13: Standardized values of moderator coefficients (Specialized Training x Marketing Environment)

	Model 1	Model 2	Model 3
	Standardized	Standardized	Standardized
	Beta	Beta	Beta
Control Variables (Standardized)			
Gender	0.05	0.05	-0.01
Age Group	0.19	0.19	0.15
Ethnicity	-0.05	-0.04	-0.09
Highest Education level	0.23*	0.22*	0.17
Years of Experience	0.07	0.07	0.06
Years of Business experience	0.07	0.06	0.04
Type of Business	-0.01	-0.01	0.00
Types of Industry	0.12	0.13	0.11
Number of Employees	0.06	0.06	0.04
Location of Business	0.16	0.16	0.15
IV with Moderator (Standardized)			
Specialized Training (ST)		0.04	2.57*
Marketing Environ (ME)		0.01	1.17*
Interaction Terms (Standardized)			
ST x ME			-3.10*
R ²	0.15	0.15	0.20
Adjusted R ²	0.05	0.03	0.07
R ² Change	0.15	0.00	0.05
F Change	1.46	0.08	4.81
Significance F Change	0.17	0.92	0.03

From Table 7.13, the F change between Model 2 and Model 3 is significant at 0.05 level (p-value = 0.03). Therefore, Hypothesis H5b is supported at 5% significance level.

Figure 7.6 shows the moderating effect of the marketing environment on the relationship between specialized training and the level of success. When the marketing environment is high, there is a negative relationship between specialized training and the level of success. In low marketing environment, specialized training and the level of success is positively related.

Figure 7. 6: Moderating Effect of Marketing Environment on the Relationship between Specialized Training and the Level of Success



Hypothesis H5c: Marketing Environment moderates the relationship between personal characteristics of SME owners and level of success of *Halal* SME.

The researcher tested the moderation effect of marketing environment on the relationship of personal characteristics with the level of success of the *Halal* SME owners. The hierarchical multiple linear regression technique is employed where three Models were used. In Model 1, only the demographic variables were included as controls. The independent variable personal characteristics were next entered with marketing environment, the moderator variable. In Model 3, the interaction of Personal Characteristics

and Marketing Environment was included. Table 7.14 is the summary of the beta coefficients resulting from the analysis.

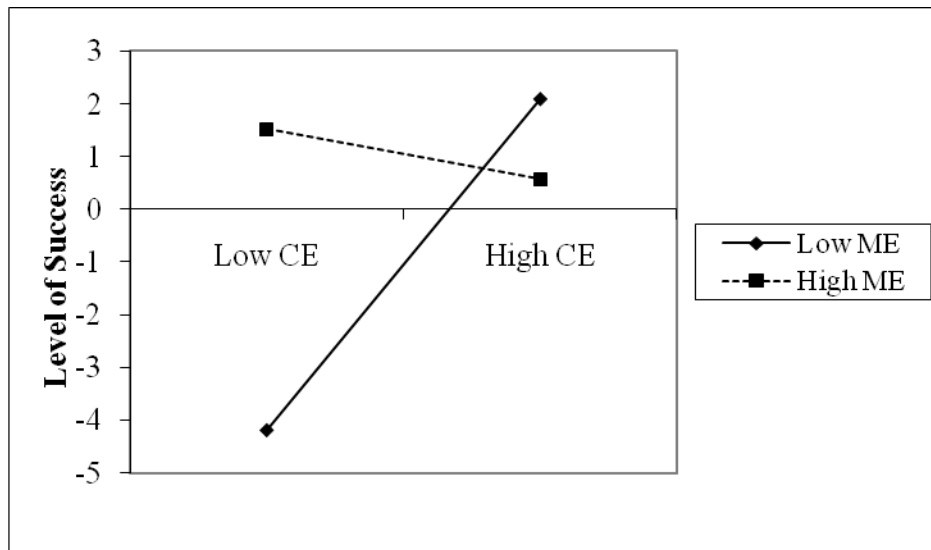
Table 7. 14: Standardized values of moderator coefficients (Personal Characteristics x Marketing Environment)

	Model 1	Model 2	Model 3
	Standardized	Standardized	Standardized
	Beta	Beta	Beta
Control Variables (Standardized)			
Gender	0.05	0.04	0.05
Age Group	0.19	0.20	0.16
Ethnicity	-0.05	-0.02	-0.02
Highest Education level	0.23*	0.21	0.18
Years of Experience	0.07	0.08	0.07
Years of Business exp.	0.07	0.04	0.06
Type of Business	-0.01	0.01	-0.01
Types of Industry	0.12	0.11	0.10
Number of Employees	0.06	0.05	0.03
Location of Business	0.16	0.16	0.18
IV with Moderator (Standardized)			
Characteristics of Entrepreneur (CE)		0.10	1.53
Marketing Environ (ME)		0.00	1.36
Interaction Terms (Standardized)			
CE x ME			-2.19
R ²	0.15	0.16	0.19
Adjusted R ²	0.05	0.03	0.06
R ² Change	0.15	0.01	0.03
F Change	1.46	0.36	2.96
Significance F Change	0.17	0.70	0.09

From Table 7.14, the F change between Model 2 and Model 3 is significant (p-value = 0.09) at 10% significance level. Therefore, Hypothesis H5c is supported.

Figure 7.7 shows the moderating effect of the marketing environment on the relationship between personal characteristics and the level of success. When the marketing environment is high, there is a negative relationship between personal characteristic and the level of success. In low marketing environment, personal characteristics and the level of success is positively related.

Figure 7. 7: Moderating Effect of Marketing Environment on the Relationship between Personal Characteristics of Entrepreneurs and the Level of Success



7.10 Summary

In this chapter, the demographic profile of the respondents and the diagnostics' steps in ensuring the data are reliable and fit the assumptions for doing multivariate regression analysis to test the stated hypotheses are presented. The results from the analysis and hypotheses testing are summarized in Table 7.15 below. Out of the seven hypotheses, six

were supported. The implications of the findings of this research will be discussed in the next chapter together with the conclusion.

Table 7. 15: Summary Results of Hypotheses Testing

Hypotheses	Description	Findings
Hypotheses	Relationships between the independent variables and level of success	
H1	There is a positive relationship between general training and level of success	Supported at 10% significance level
H2	There is a positive relationship between specialized training and level of success	Supported at 10% significance level
H3	There is a positive relationship between Personal Characteristics and level of success	Supported at 10% significance level
Hypotheses	The independent variables as predictor of level of success	
H4	General training, specialized training and personal characteristics are strong predictors of level of success.	Not supported
Hypotheses	Moderating effects of marketing environment on the relationships	
H5a	Marketing Environment moderates the relationship between general training and level of success of <i>Halal</i> SME owners	Supported at 10% significance level
H5b	Marketing Environment moderates the relationship between specialized training and level of success of <i>Halal</i> SME owners	Supported at 5% significance level
H5c	Marketing Environment moderates the relationship between personal characteristics and level of success of <i>Halal</i> SME owners	Supported at 10% significance level

CHAPTER 8

DISCUSSION AND CONCLUSION

8.1 Introduction

While research in the area of small business enterprises is growing, one of the aspects where little research has been conducted is in the area of success related to halal SMEs. This study explores this area and presents a general guideline for future frameworks. This study was undertaken to examine the halal SMEs, the lead success factors and the moderating role of halal marketing environment on their level of success. As a brief visual summary, this thesis has been arranged and made up of eight chapters according to the research approach.

This study concludes with discussion of several research and implications of its findings, and some suggestions that indicate future work. In the first section of this chapter, the research objectives and research questions as outlined in Chapter 1 will be reviewed. The overall of this is intended to ensure that all issues have been addressed thoroughly and adequately. It will also serve to see if the purpose of the study is met. The second part of this chapter will then discuss the implications and suggestion for future research. This chapter will then conclude the whole thesis with suggestions for future research, providing details of the conclusion and discussion on the various variables and their link, in order to highlight the various clauses involved in the situation:

8.2 Revisiting the Research Objectives and Research Questions

The general objective of the study attempted to examine the lead success factors for halal SMEs. The first primary objective of the study was to see if the types of entrepreneurship education and training is associated with the level of success of halal SMEs and a research question was asked to facilitate the investigation of this particular issue. Based on the literature review, experiential knowledge and preliminary discussion which was presented in the identity memo on entrepreneurship education and training, the researcher has combined some variables that indicate two types of entrepreneurship education and training; namely; general and specialized. The first objective was examined with the general type of entrepreneurship education and training and its association with the level of success. This also leads to investigation on the second primary objective of whether the specialized type of entrepreneurship education and training are related to level of success of halal SMEs. Results showed that both types of entrepreneurship education and training are associated to level of success of halal SMEs. Thus, both types of entrepreneurship education and training can determine the level of success of halal SMEs.

The third primary objective concerned with the personal characteristics of the halal SME owners themselves and whether these characteristics are related to level of success. Results also showed a significant correlation effect for level of success for halal SMEs.

The fourth objective was to examine if the combine factors, that are, both types of entrepreneurship education and training and personal characteristics of SME owner are significant predictors for level of success of halal SMEs. However, when all these factors were combined, there is no association with the level of success. The last objective concerned the moderating role of halal marketing environment on the relationship between types of entrepreneurship education and training and level of success of halal SMEs, and

personal characteristics of SME owners and level of success of halal SMEs. The study has introduced halal marketing environment due to its unique feature and how it would moderate those relationships. This variable was added to the final framework as the moderating variable. The result seemed interesting as halal marketing environment, being dynamic, does make its presence known. When tested, results showed that the halal marketing environment indeed acted as the moderator and there is a significant interaction between both types of training and marketing environment. Addressing this last primary objective served to emphasize the halal SME perspective within the existing pool of theories on success, education and training, personal characteristics and SMEs. The study revealed that although past research, and explains the measurement of success (for example, Ahmad and Seet (2006)), they do not sufficiently highlight the distinctive characteristics of halal SMEs, and the specific issues they face in their business environment that affects their business activities. In particular, some emerging issues in level of success for halal SMEs suggested that the halal SMEs has somewhat been underrepresented in entrepreneurship studies.

8.3 Association among the Variables Tested

In the last section of Chapter 7, a series of hypotheses was tested through a combination of statistical procedures. The results have shown that both types of entrepreneurship education and training, and personal characteristics of SME owners do have a positive relationship with the level of success of the halal SMEs; and under the influence of halal marketing environment, the relationships can be strengthened or weakened. The following paragraphs present an overall idea regarding the association between various variables involved in the

research, which does not only assist in presentation of proper results but at the same time, also highlights the link between the various clauses involved in the situation.

8.3.1 Association between Types of Entrepreneurship Education and Training and Level of Success in Pahang

Previous literatures may suggest that entrepreneurship education and training is vital in ensuring certain outcomes. Though previous researches were conducted on general SMEs, the similar themes were used as guidelines to measure success and finally after validating with the respondents of the personal interviews, the level of success was deemed fit to be used for halal SMEs. Thus, the earlier part of this study proposed that an association exists between the variables. The findings of this research may not all fully be consistent with the literature since the previous literatures did not clearly specify that the outcome was the success. In this study, the main focus is on lead success factors, and the research focus is on halal SMEs. The main reason for these inconsistencies appears to be the nature of the sample chosen. This study has specifically targeted at halal SMEs in Pahang. In addition, some of these SMEs are not new in the business. They are only new in the halal business. Entrepreneurship education and training is one of the main elements in the level of success of halal SMEs. Findings showed that types of entrepreneurship education and training is influenced by the halal marketing environment even though it does not immediately and clearly shows the direction of level of success of SMEs. The analysis that shows low or high marketing represents the perception of the respondents on whether the environment is conducive or not to their business in such a way that it influenced the level of success. This shows that the halal marketing environment can be perceived by the halal SMEs as

conducive or not conducive to their business. For instance, if the SMEs perceived that the environment is not conducive (low marketing), it may be interpreted that these SMEs may need more education and training to ensure they increase or improve on their level of success. On the other hand, if they perceive that the halal marketing environment is conducive, then it can be interpreted as either they do not need more entrepreneurship education and training, or they could still need more training to increase or improve on their level of success.

It is eminent to mention here that in case of halal SMEs, the rules and well as regulations are different and stricter as compared to other organizations and enterprises, as the concerned individuals are expected to fulfill the requirements of Shariah and other religious obligations. This implies that on one hand, the concerned individuals are supposed to follow particular rules and regulations and at the same time, they are also supposed to keep the divine instructions in view in order to make sure that the halal system are implemented in the utmost possible manner. Thus, proper training and formal education is required in order to make sure that the participants are rendered enable to implement the procedure in right and appropriate manner. It has been observed that although proper training and guidance is required in all the other fields and aspects as well, imparting formal education and training in case of halal SMEs increases the chances of success to manifolds, and ensuring implementation of the various rules and regulations in utmost possible manner.

8.3.2 Association between Personal Characteristics of SME Owners and Level of Success of Halal SMEs in Pahang

The success of an enterprise can also be dependent on the SME owners themselves. Results showed that there is a positive correlation between personal characteristics of SME owners

and level of success of SME owners, but it is not a significant predictor in the case of halal SMEs. This finding may be interesting to researchers. It may be argued that even if they have the personal characteristics to be successful, in the halal business, the characteristics may not be important. The qualitative data in the personal interview given by P7 on the difficulty in getting a halal supplier suggest that there are many specific requirements in the halal business that may restrict the business activities.

Apart from the statistics, the review of the literature also suggests close association and direct link between the personal characteristics of SME owners and the level of success of the halal SMEs. This implies that if the SME owners are well aware of the divine instructions situation prevailing in the concerned field, they would be better able to manage both and at the same time, the chances of any adverse happening would be reduced. It is essential to note that in addition to the presence of information and concerned knowledge, an inclination toward religious thinking and a clear idea regarding implementation of these rules is also essential to make sure that the model is implemented in proper manner. On one hand, the information would allow the concerned individuals to make sure that the process is rightly implemented and enforced, and at the same time, the personal inclination of the SME owners would allow them to enforce all the clauses appropriately. It is eminent to mention here that in absence of any of the two personal characteristics, the implementation of proper procedure would not be possible, which implies that the formation of exemplified halal SMEs cannot be ensured without presence of both characteristics. The fact was further reinforced by the findings of the research, which showed clear link and strong correlation between the personal characteristics of SME owners and the level of success of halal SMEs.

8.3.3 Moderating Effect of Halal Marketing Environment on Level of Success of Halal SMEs in Pahang

As the main variable in this research, the halal marketing environment was proven a moderator in the final model presented in this study. The relationships between the independent variables and level of success are affected (influenced) by the marketing environment. Under low marketing environment, there is a positive relationship between level of success and the lead success factors, while in high marketing environment the relationship is opposite. Therefore in a low marketing environment, both types of entrepreneurship education and training and personal characteristics are crucial to the success of the halal SME owners.

On one hand, the marketing environment is essential in allowing proper implementation of the various procedures and on the other hand, it is also required to ensure that the level of success of the process is increased significantly. This implies that although the marketing environment might or might place any direct impact on the industry and the overall effectiveness of the SME, the same places an indirect impact and thus influences the level of success or failure of the same. The inability of the concerned individuals to maintain proper environment, that is not only expected to facilitate the owners and encourage positive change and constructive ambiance, is required to cause an increase in the level of success of the SME owners, thus amplifying the moderating effect of the business environment and at the same time, highlighting the impact placed by the same on the concerned environment.

It is eminent to mention here that the moderating role of the business environment is not only essential for highlighting the various factors linked to the situation but at the same time, it is also required to make sure that the various aspects of the business situation are

rightly and appropriately implemented. This implies that in addition to the provision of suitable circumstances and apposite conditions, the environment also plays an eminent role in ensuring chances of improvement and betterment in the situation. Thus, if the SME owners are provided with suitable condition and favorable environment, they would not only be able to implement the appropriate and apt rules, that suit the situation and are in accordance with the Islamic principles, but at the same time it also plays an eminent role in focusing on the chances of bringing about improvement in the situation. Thus, the findings further strengthen the stance that improvement and changes in the environment is essential for ensuring proper implementation of the rules and regulations, that does not only assist in focusing on the specific situation and thus paving the way for bringing about positive change in the situation.

8.4 Research Implications

In Chapter 1, several theoretical implications of the study were suggested among which are the enrichment of scientific data for SMEs and the design of more relevant measures of success for them. The main contribution, however, is to incorporate a perspective of halal SMEs in the development of their success. To this end, issues such as the reconstruction of measurement for success, identification and reconstruction of measurement of types of entrepreneurship education and training were discussed and tested.

8.4.1 Measurement of Level of Success

The first research significance lies in the re-conceptualization of success. While previous research used similar dimensions (financial and nonfinancial) as implicit construct to measure performance, the author has argued earlier that the dimensions may not necessary indicate the true measure of success for halal SMEs. Thus, for a halal SME sample, the

construct needs to be measured separately. Since this study was first challenged with measurement of success, literature reviews were extensively done to examine the patterns of research and how success was measured. Since previous studies were mostly done on general SMEs and none was done to indicate success for halal SMEs, the qualitative data collection through personal interviews was valuable in terms of providing a true picture of what the sample really experienced under their normal setting. The issue of level of success for halal SMEs was examined through a series of personal interviews as an attempt to derive to a more comprehensive and practical measure of level of success for halal SMEs. Based on the qualitative findings, nine items were identified as items suitable to measure the level of success for SMEs when compared to their nearest competitor. Thus, level of success is defined as how the halal SMEs perceived with regards to sales, profit, market share, labor productivity, increase in the number of customers, customer satisfaction, customer loyalty and export market when compared to their closest competitors in various aspects of halal business that may facilitate the achievement and realization of their objective. If the SMEs perceived and believe that they are better than their nearest competitor, then their level of success is higher and vice versa.

Indeed, results, especially from the personal interviews, indicated that there exists no clear measurement of success for halal SMEs. The measurement of success was made possible and finalized as level of success based on respondents' feedback to suit the sample for this study. This highlights a significant contribution to methodologies employed for this research.

The items used for constructs measurements were also being assessed individually, in which Cronbach's alpha shows reliability. This means that even though the personal interviews were done separately according to individual SME's location, when it comes to

environment setting, their understanding of success is the same. Content validity further proved that the measurement of level of success is valid.

8.4.2 Reconstruction of Measurement of Types of Entrepreneurship Education and Training

Types of entrepreneurship education and training are defined as the kind of courses that the SME owners attend to prepare them to be successful in their business. In terms of the identification and reconstruction of measurement of the types, the previous literatures were also used as guidelines to examine patterns of research concerning them. The qualitative data collected through the personal interviews' discussions with the respondents on the items again prove to be valuable. It aids not only in the grouping of certain aspects of entrepreneurship education and training that represents general and specialized types, but also further aided the identification of several previously non categorized items such as “learn from family” or “learn from people in similar business” which are now labeled as specialized as perceived by the respondents and in the context of this study. This is a true testament of how these items represent specialized type for halal SMEs in Pahang and what made them who they are.

8.5 Managerial Implications

From the managerial perspective, interest mainly lies in the implementation process itself. Understanding the success is perhaps one of the most critical concepts, not only by the business owners but also employees, policy makers, and other private and public stakeholders. Findings with regards to the determinants of success are also expected to provide valuable insights towards improving the performance of halal SME as well as the halal SME owners. It is eminent to mention here that one of the basic purposes of

management is to ensure that the organization succeeds in implementing various procedures in the utmost possible manner, which allows movement towards success. On one hand, the concerned managers are required to ensure that the procedures used for implementation of halal SMEs are rightly understood and executed and on the other hand, the same is also required to make sure that business is being operated in the right environment and appropriate situation. This implies that while the managers are required to have proper information and knowledge regarding the various procedures as well as their implications, they are also required to make sure that the favorable results are obtained. Keeping in view the above mentioned responsibilities and requirements, the major managerial implications are presented in the following paragraphs:

8.5.1 Performance May NOT Necessarily Mean Success

As indicated by previous researchers that success can be measured by financial and non-financial indicators, it may not be the case for halal SMEs. As pointed out by P1 in the qualitative data, one of the agendas on halal SME development is to ensure that they can compete globally. In this essence, it is not financial or non-financial indicators as described in previous studies that matter, it is rather the presence of the products of halal SME in the global market that indicates an achievement which can be equated to a level of success. Many do not realize that this is a major tangible factor. Though some acknowledge that the halal SMES may be performed as shown in their financial or non-financial records, these halal SMEs may not be considered successful if the products do not reach the global market. This shows that there is a need to raise awareness among Malaysian SMEs of the benefits of benchmarking – which is usually defined as the process of studying the products, services and practices of other firms and using the knowledge gained to improve one's business operations. As to contribute to a level of continuous improvement,

benchmarking has been attributed by many successful firms to be their greatest source of guidelines. However, since benchmarking is usually intertwined with information gathering, its success depends on the existence of knowledge orientation in the organization. Hence for trainers and entrepreneurs alike, the development of learning culture and proper design of courses that specifically targeted at improving the level of success is a matter of great urgency.

It is eminent to note that more there are a number of cases where the organizations fail to achieve success despite of their outstanding performance and effectiveness, which implies that performance is not the sole indicator of success and triumph. There are a number of other clauses and factors that have to be kept in consideration in order to make sure that the business and enterprises turn out to be a success, including the environment, the level of knowledge and training of the concerned individuals as well as the extent to which the concerned individuals are able to ensure implementation of the proper procedures. It is can thus be concluded that performance of the organizations is not the sole indicator of its success: there are a number of other factors that have to be properly considered and formally highlighted in order to ensure that the organizations succeed in moving towards progress effectively.

8.6 Limitations

The major limitations of the study include the inability of the researcher to conduct massive survey, combined with detailed interviews of the large number of respondents, which would not have assisted in getting comprehensive knowledge but at the same time, also assists in highlighting various concepts and factors. It is eminent to note that the increase in data sources does not only assist in widening the scope of the research but at the same time,

it also adds the significance and implications of the same. Moreover, the methodological shortcomings include the inability of the researcher to focus on either the quantitative or qualitative aspects, thus including both the aspects and limiting the scope of the research. The future researches are thus expected to focus on either of the two methodologies, and at the same time, the number of respondents and the amount of literature reviewed should be increased, to make sure that all the aspects of Malaysian industry are highlighted and at the same time, comparison with other areas and countries is also presented. The comparison would not only allow the concerned individuals to bring about positive changes but at the same time, it would also lead to improvement and betterment in the business conditions prevailing in Malaysia.

8.7 Suggestion for Future Research

Based on the current findings, several suggestions for further research are proposed here, which include to further refine the model and enhancing the scope of study. Specific attention should be given on the outcome of this research finding if the country is serious on building successful halal SMEs to compete in the global market. It should be noted that the benefits and advantages of halal SMEs are well known, and the same has also been highlighted at various instances, thus focusing on the importance of the system and the need to conduct proper researches in the same field. The current study and the experiences linked to it have led to the following conclusions and recommendations, that would not only assist the future researchers but at the same time, it would also allow the researchers them to make significant addition in the knowledge body, by increasing the information and knowledge available to the concerned issue.

Analysis of individual aspects of both types of entrepreneurship education and training could be further explored to show which aspects of education and training should be offered in order to achieve higher level of success. Agencies that develop halal SMEs must also identify and nurture the personal characteristics of the SME owners to ensure success.

It is essential to note that the future researches are not only meant to dig new facts and deal with the concepts that have not been discussed before, but the same might also contribute to the previous researches and make significant additions in the already researched topics, thus updating them according to the latest requirements. At the same time, future researches might be conducted in order to include additional factors and dimensions, which might have been ignored by the previous researchers. As far as the current research is concerned, the future researchers might aim at expanding the research by focusing on comparatively vast area, that can be generalized and the same can be applied globally. It is eminent to mention here that the current research is specifically focused on the situations and trends in Malaysia, thus limiting the scope of the research and disallowing the researcher to generalize the researcher.

Moreover, the future researchers might also increase the variables involved in the research, thus increasing the factors involved in the research and allowing the researcher to present better and more comprehensive idea about the research. It should be taken into account that although the focused researches are essential in presenting details of the topics, inclusion of several dimensions would allow the researcher to present the issue in broad sense and thus focus on all the concerned matters. This would not only add to the generalization of the topic, but at the same time, it would ensure that the research can be applied to different and varying situations. It should be noted that the increase in generalization is counted as a major positive sign, which implies that the conclusions and

the recommendations of the research have wide scope and the same can be unanimously applied to different situations and circumstances, or to the industries present in different parts of the world.

The methods used in the research might also be altered in the future researches, in order to produce more comprehensive results. This implies that the future researchers might focus on either of the two research methods: qualitative or quantitative, that would allow complete focus on any one of the two aspects. Adoption of qualitative methods would lead to detailed description of the topic, highlighting all the essential aspects and at the same time, focusing on various dimensions linked to the same topic. It has been observed that the qualitative researchers are more effective for in depth analysis of the situation, that does not only allow them to deal with several dimensions and different variables at the same time, but also increases the impact and authenticity of the research.

On the other hand, the use of quantitative research by the future researcher would place more focus on the statistics and numbers, thus stressing the facts and figures and attempting to present conclusion without providing detailed explanations and minute details. The focus on quantitative method would thus render the research more quantifiable and calculated, thus reducing the chance of making wrong assumptions and suppositions. It is eminent to mention here that the future researches are meant to make valuable additions to the knowledge body while refining the same topic, and thus all the possible efforts should be made to ensure their authenticity and vast scope.

8.7.1 Comparison with a Sample not Registered as Halal; The General SMEs

In this study, main decision to focus on the halal SMEs was made to highlight the unique characteristics of, and issues faced by halal SMEs. Using a mixture of both halal SMEs and general SMEs would have made the task more complicated as it will involve different

marketing environment variables. To keep the study manageable at beginner's level, comparative analysis with the general SMEs is best to be conducted separately.

To further justify this, some of the more pertinent research objectives include evaluating the difference in the effect of the studied variables on the level of success for both halal SMEs and general SMEs. For instance, the measurement of success may be perceived differently by both types. General SMEs will most likely have the same items to be listed as success as can be seen from previous studies. The marketing environment itself may be another different issue where general SMEs do not have to deal with certain uncontrollable requirements as set by the Syariah law concerning halal. Findings in the above areas will be interesting and help to conclude whether the same marketing environment scores could be used. It is also interesting to see whether the same SMEs will have different results in two different sets of environment that is the general environment and the halal environment.

8.7.2 Comparison with Samples from Other States

Another significant area worth investigating is the difference between the current sample and halal SMEs from other states in Malaysia. For instance, do the variables affect to the same extent and in the same direction that they do on SMEs in Pahang? If the different states are categorized according to their main types of industry or types of activities that are found in their respective states and the results show similarities, then it would serve to demonstrate the universality of the survey instrument.

8.7.3 Comparison with Other Halal SMEs in Other Countries

As the halal market is huge and attracts SMEs all over the world, future research can also be conducted to examine the level of success of halal SMES in other parts of the world.

Since the marketing environment is different in the sense that the SMEs in other countries might have different requirements or different perceptions of influence of the environment, results may be able to show that marketing environment indeed play a significant moderating role. For instance, in Malaysia, the governing body that can issue a formal halal certification is only JAKIM, and no other bodies can do the same. In other countries, the certificate issued by the world halal governing body is sufficient.

Another interesting perception that would lead to interesting result could be in terms of cultural and social environment, which includes the society's belief, cultural norms and practices. For example, the kosher market in the western countries has existed for a long time. As kosher is also similar to the concept of halal in Islam, in which kosher follows the religious teachings of the Jews, future research could include comparison of the two in areas of concepts, markets, success factors to name a few. This would contribute further to the body of knowledge and to the business world as a whole.

8.7.4 Separating the Moderating Variable

In this study, the notion was to examine the relationship between types of entrepreneurship education and training, personal characteristics of SME owners and level of success of halal SMEs. The main intention is to look at whether the marketing environment acts as a moderating variable and findings showed that the marketing environment does act as a variable. Nevertheless the marketing environment is categorized into two aspects, the macro marketing environment and the micro marketing environment.

In this study, the marketing environment is grouped into one as the individual effect is not the objective of the current study. It will be worth to see which one or few individual items under the moderating variable have the most influence on the lead success factors of halal SMEs. This is important as success is not an end to itself. It is a series of

accomplishment to be achieved and because the nature of the marketing environment is that it constantly changes, further research that focuses on issues of sustainability can be conducted. This should further contribute to the body of knowledge in areas that are related to business or even success in general.

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APPENDICES

Appendix A: Letter of Support from PSDC

قريدانن كماجوان نكري فمغ
PERBADANAN KEMAJUAN NEGERI PAHANG
PAHANG STATE DEVELOPMENT CORPORATION



SIRIM
CERTIFIED TO MS ISO 9001
Registration No: AR 1590

Bil. (54)dlm. PKNP/IND/600- 9/2

11 Februari 2011

Cik Putri Rozita binti Tahir
Fakulti Ekonomi dan Pentadbiran
Universiti Malaya
50603 Kuala Lumpur

Faks:03-79567252

Puan,

**PERMOHONAN UNTUK MENGGUNAKAN MAKLUMAT BERKAITAN KOMPLEKS
MAKANAN HALAL NEGERI PAHANG, TAMAN TEKNOLOGI PAHANG, GAMBANG,
KUANTAN BAGI TUJUAN PENYEDIAAN TESIS BAGI DOKTOR FALSAFAH (DOCTOR OF
PHILOSOPHY)**

Dengan hormatnya sukacita menarik perhatian puan mengenai perkara di atas.

2. Untuk makluman puan, PKNP pada dasarnya memberikan kebenaran kepada pihak puan untuk menggunakan maklumat bertajuk **Pembangunan dan Prestasi Projek Kompleks Makanan Halal Negeri Pahang, Taman Teknologi Pahang, Gambang, Kuantan** bagi tujuan penyediaan tesis untuk kelayakan bagi penganugerahan Doktor Falsafah.
3. Sukacita dimaklumkan juga, penggunaan maklumat ini adalah khusus untuk tujuan akademik sahaja dan sebarang penggunaan maklumat bagi tujuan komersial adalah tidak dibenarkan.

Perhatian dan kerjasama puan dalam perkara ini didahului dengan ucapan terima kasih.

Sekian dimaklumkan.

"MENGGERAK MEMBINA KEMAKMURAN"

Saya dengan hormatnya,

(HAJI AHMAD SABRI BIN HUSSIN, AAP., AMP)
Pengurus Industri
b.p Ketua Eksekutif PKNP

Appendix B: Informant Details

Informant 1:

Deputy Director of INSKEN- Dato' Kamsiah Yeop Abdullah.

Informant 2:

Tuan Haji Rasli, director, Entrepreneur Training and Development Unit, Pahang State Development Corporation

Informant 3:

Mohd Ibrahim Hashim, Pahang State Development Corporation

Informant 4:

Munir Kasman Abdul Hamid, Committee member- Pahang Halal SMEs

Appendix C: English and Malay Versions of Questionnaire



FACULTY OF ECONOMICS AND ADMINISTRATION

TITLE:

MODERATING ROLE OF MARKETING ENVIRONMENT ON THE LEAD SUCCESS FACTORS OF HALAL SMALL AND MEDIUM ENTERPRISES IN PAHANG

Survey Form

This survey form is prepared for the Small Medium Entrepreneurs whose businesses are registered as halal with the Pahang State Development Corporation. The objective of the survey is to collect information for the purpose of the study mentioned above and the findings from this survey will be able to assist the entrepreneurs in this project to expand their business.

You are required to spend only 10-15 minutes to answer all questions. There is no wrong or correct answers to the questions. However your HONEST answers are very much appreciated.

ALL INFORMATION COLLECTED WILL BE TREATED CONFIDENTIAL AND WILL ONLY BE USED FOR THE PURPOSE OF COLLECTING INFORMATION FOR THE ABOVE STUDY..

Thank you for your cooperation.

Sincerely,

PUTRI ROZITA TAHIR

PhD Candidate

Faculty of Economic and Administration

Universiti of Malaya

BAHAGIAN A: LATARBELAKANG PEMILIK IKS/USAHAWAN
BACKGROUND OF SME OWNERS/ ENTREPRENEURS

ARAHAN: Sila tandakan SATU sahaja bagi setiap soalan dibawah
INSTRUCTION: Please tick ✓ ONE only for each question below.

1. Jantina/ Gender Lelaki/Male Perempuan/Female

2. Umur/Age
 < 20 36-40
 21-25 41-45
 26-30 46-50
 31-35 >50

3. Kaum/Ethnicity:
 Malay
 Chinese
 India n
 Others. Please state

4. Tahap Pendidikan Paling Tinggi/*Highest Level of education:*
 Sekolah rendah/*Primary School* (Tamat Darjah 6/*Completed standard 6*)
 Sekolah Menengah/*Secondary school* (Tamat Tingkatan 3/5 atau 6/*Completed Form 3, Form 5 or Form 6*)
 Kolej/Politek/College/ Politech (Tamat 2-4 tahu program yang membawa ke Sijil atau Diploma/*Completed 2-4 year programme leading to Certificate or Diploma*)
 Universiti/*University* (Tamat Ijazah Pertama/Tinggi/ *Completed Degree/PostGrad*)
 Lain-lain/ Others. (Lain-lain/*any other not in the above categories*)
Nyatakan/*Please state*

5. Berapa lamakah pengalaman anda di dalam pekerjaan sebelum menceburi perniagaan sekarang?
How long were you in employment prior to starting your business?
.....
 0-2 tahun/*years*
 3-5 tahun/*years*

- 6-8 tahun/*years*
- 9 tahun atau lebih/*years or more*

SEKSYEN/SECTION B: LATARBELAKANG PERNIAGAAN/ BUSINESS BACKGROUND

ARAHAN/ Sila tandakan SATU sahaja bagi soalan dibawah
INSTRUCTION: Please tick \surd ONE only for each question below.

6. Berapa lamakah pengalaman anda di dalam bidang perniagaan sekarang?

How long have you been doing the current business?

-
- 3 tahun dan kurang/*years or less*
 - 4-6 tahun/*years*
 - 7-9 tahun/*years*
 - 10-12 tahun/*years*
 - lebih 12 tahun/*years*

7. Apakah jenis pendaftaran perniagaan anda?
What is the form of your business registration

- Pemilikan Tunggal/*Sole proprietor*
- perkongsian/*Partnership*
- Sdn Bhd/*Private Limited*
- Berhad/*Public company*
- Lain-lain. Nyatakan/*Others. Please state.*

Sila tandakan jenis Sektor anda:
Please tick you sector type:

- Makanan dan Minuman/*Food and Beverage*
- Perkhidmatan/*Services*
- Informasi dan Teknoligi Maklumat/ *Information and Communication Technology (ICT)*
- Pertanian/*Agriculture*
- Kewangan/*Finance*
- Lain-lain. Nyatakan/*Others. Please state.*_____

8. Berapa ramaikah bilangan pekerja anda?
How many employees do you have?

.....

9. Dimanakah lokasi perniagaan anda? Bandar Luar Bandar

Place of business operation : [] Town [] Rural

BAHAGIAN C. UKURAN TAHAP KEJAYAAN PERNIAGAAN MEASUREMENT OF LEVEL OF SUCCESS

ARAHAN: Soalan-soalan seterusnya berbentuk Skala Likert Lima Mata. Sila bulatkan **SATU** nombor sahaja di sebelah kenyataan

INSTRUCTION: The following questions are in the form of 5-point Likert Scale. Please circle **ONE** number only next to the statement.

1. = Sangat tidak setuju / *Strongly disagree*
2. = Tidak Setuju/ *Disagree*
3. = Neutral/ *Neutral*
4. = Setuju/ *Agree*
5. = Sangat Setuju/ *Strongly agree*

Nyatakan prestasi perniagaan Tuan/Puan didalam aspek-aspek yang berikut berbanding dengan pesaing terdekat di dalam sektor Halal yang sama.

”Prestasi perniagaan saya adalah lebih baik berbanding pesaing terdekat di dalam aspek2 berikut:”

Indicate your business performance in the following aspects as compared to your nearest competitor in the same Halal sector.

”My business performance is better than my nearest competitor on the following items:”

16.	Jualan/ <i>Sales</i>	1	2	3	4	5
17.	Keuntungan / <i>Profit</i>	1	2	3	4	5
18.	Bahagian perkongsian pasaran/ <i>Market share</i>	1	2	3	4	5
19.	Produktiviti buruh/ <i>Labour productivity</i>	1	2	3	4	5
20.	Peningkatan jumlah pekerja anda/ <i>Increase in number of employees</i>	1	2	3	4	5
21.	Peningkatan pelanggan/ <i>Increase in number of customer</i>	1	2	3	4	5
22.	Kepuasan pelanggan/ <i>Customer satisfaction</i>	1	2	3	4	5
23.	Kesetiaan pelanggan/ <i>Customer loyalty</i>	1	2	3	4	5
24.	Pasaran luar negara/ <i>Export market</i>	1	2	3	4	5

BAHAGIAN D FAKTOR PENDIDIKAN DAN LATIHAN KEUSAHAWANAN, PERSEKITARAN PEMASARAN DAN CIRI-CIRI USAHAWAN.

ENTREPRENEURSHIP EDUCATION AND TRAINING, CHARACTERISTICS OF ENTREPRENEURS AND MARKETING ENVIRONMENT

ARAHAN: Soalan-soalan seterusnya berbentuk Skala Likert Lima Mata. **Sila bulatkan SATU nombor sahaja di sebelah kenyataan.**

INSTRUCTION: The following questions are in the form of 5-point Likert Scale. Please circle ONE number only next to the statement.

1. = Sangat tidak setuju / *Strongly disagree*
2. = Tidak Setuju/ *Disagree*
3. = Neutral/ *Neutral*
4. = Setuju/ *Agree*
5. = Sangat Setuju/ *Strongly agree*

D1. FAKTOR PENDIDIKAN DAN LATIHAN KEUSAHAWANAN
ENTREPRENEURSHIP EDUCATION AND TRAINING

a.	Selalu menghadiri program pendidikan dan latihan keusahawanan umum yang ditawarkan oleh agensi Kerajaan di dalam aspek berikut: <i>Always attend GENERAL entrepreneurship education and training offered by Governrment agencies:</i>					
	Pembudayaan keusahawanan/ <i>Intro to Entrepreneurship</i>	1	2	3	4	5
	Peluang Perniagaan/ <i>Business opportunity</i>	1	2	3	4	5
b.	Selalu menghadiri program pendidikan dan latihan keusahawanan umum yang ditawarkan oleh agensi Swasta di dalam aspek berikut: <i>Always attend GENERAL entrepreneurship education and training offered by PRIVATE AGENCIES</i>					
	Pembudayaan keusahawanan/ <i>Intro to Entrepreneurship</i>	1	2	3	4	5
	Peluang perniagaan/ <i>Business opportunity</i>	1	2	3	4	5
c.	Selalu menghadiri program pendidikan dan latihan					

<p>keusahawanan khusus yang ditawarkan oleh agensi Kerajaan di dalam aspek berikut:</p> <p><i>Always attend SPECIALIZED entrepreneurship education and training offered by Government agencies:</i></p>					
<p>Aspek perniagaan/<i>Business aspect</i></p> <p>Aspek pemasaran/<i>Marketing aspect</i></p> <p>Aspek kewangan/<i>Financial aspect</i></p> <p>Aspek pengurusan sumber manusia/<i>Human resources management aspect</i></p> <p>Aspek teknikal dan vokasional/<i>Technical and vocational aspect</i></p>	1	2	3	4	5
<p>Selalu menghadiri program pendidikan dan latihan keusahawanan khusus yang ditawarkan oleh agensi Swasta di dalam aspek berikut:</p> <p><i>Always attend SPECIALIZED entrepreneurship education and training offered by PRIVATE AGENCIES</i></p>					
<p>Aspek perniagaan/<i>Business aspect</i></p> <p>Aspek pemasaran/<i>Marketing aspect</i></p> <p>Aspek kewangan/<i>Financial aspect</i></p> <p>Aspek pengurusan sumber manusia/<i>Human resources management aspect</i></p> <p>Aspek teknikal dan vokasional/<i>Technical and vocational aspect</i></p>	1	2	3	4	5
<p>Saya mempunyai sijil asas keusahawanan yang khusus untuk bidang perniagaan saya yang dikendalikan oleh pihak swasta</p> <p><i>I have a basic entrepreneurship certificate that is specialized for my buiness that is handled by Private agencies</i></p>	1	2	3	4	5
<p>Saya mempunyai tahap pembelajaran yang tinggi untuk mempelajari tentang perniagaan saya daripada</p>	1	2	3	4	5

badan swasta <i>I have high level of learning ability to learn about my business from private agencies</i>					
Saya mewarisi perniagaan yang diajar oleh keluarga saya khusus untuk perniagaan sekarang <i>I inherit a business that is taught by my family that specialized in present business</i>	1	2	3	4	5
Saya sering menghadiri seminar dan bengkel perniagaan secara berkumpulan kecil yang ditubuhkan oleh rangkaian perniagaan tersendiri yang khusus kepada perniagaan saya <i>I always attend a seminar and workshop which involve small groups that is organized by private business network that focuses on my present business</i>	1	2	3	4	5
Saya sering menghadiri seminar dan bengkel perniagaan secara sendirian yang dikendalikan oleh pihak swasta yang khusus kepada sektor perniagaan saya. <i>I always attend seminars and workshops alone that is handled by private forms that focuses on my business sector</i>	1	2	3	4	5

D2.FAKTOR CIRI-CIRI USAHAWAN *CHARACTERISTICS OF ENTREPRENEURS*

Saya yakin mempunyai ciri-ciri usahawan seperti berikut:

I am convinced that I have the following entrepreneurs' characteristics that prepare me for success

Sanggup menghadapi banyak risiko <i>I am able to face risk</i>	1	2	3	4	5
Seorang yang kreatif atau inovatifre <i>I am a creative and innovative person</i>	1	2	3	4	5
Minat yang mendalam untuk berjaya <i>A strong interest to be successful</i>	1	2	3	4	5
Sikap yang optimis <i>I am an optimist</i>	1	2	3	4	5
Tahap keyakinan yang tinggi <i>High level of confidence</i>	1	2	3	4	5
Tahap keinginan untuk mencapai kejayaan yang tinggi. <i>High needs for achievement</i>	1	2	3	4	5
Seorang yang jujur dan peramah	1	2	3	4	5

	<i>Honest and friendly</i>					
	Tahap komitmen yang tinggi <i>High level of commitment</i>	1	2	3	4	5

D3 .FAKTOR FAKTOR PERSEKITARAN HALAL HALAL MARKETING ENVIRONMENT

Saya percaya faktor persekitaran pemasaran berikut adalah **KONDUSIF** untuk perniagaan saya sekarang:

I believe the following marketing environment are conducive to my current business:

a.	Faktor Politik dan Sosial/ Political and Social					
	Peningkatan undang-undang mengenai perniagaan / <i>Increase legislation regulating business</i>	1	2	3	4	5
	Perubahan agensi yang melaksanakan undang-undang perniagaan/ <i>Changing government agency enforcement</i>	1	2	3	4	5
	Penekanan terhadap aspek tanggungjawab social/ <i>Increase Emphasis on ethics and social responsibility</i>	1	2	3	4	5
b.	Faktor Ekonomi/ Economic	1	2	3	4	5
	Kuasa pembelian pelanggan/ <i>Consumer purchasing power</i>	1	2	3	4	5
	Perubahan pendapatan pelanggan/ <i>Change in consumer income</i>	1	2	3	4	5
	Perubahan corak pembelian / <i>Change in spending pattern</i>	1	2	3	4	5
c.	Faktor Demografi/ Demography	1	2	3	4	5
	Perubahan struktur usia dan populasi / <i>Changing age structure of the population</i>	1	2	3	4	5
	Perpindahan lokasi penduduk/ <i>Geographic Shifts in Population(e.g migration)</i>	1	2	3	4	5
	Kepelbagaian latarbelakang penduduk / <i>Increasing Diversity</i>	1	2	3	4	5
d.	Faktor Teknologi/ Technology	1	2	3	4	5
	Perubahan keadaan pasaran/ <i>Change in market structure</i>	1	2	3	4	5
	Peluang memperkenalkan perniagaan baru/ <i>New business opportunity</i>	1	2	3	4	5
	Peluang memperkenalkan produk baru/ <i>Opportunity to introduce new product</i>	1	2	3	4	5
e.	Faktor budaya/Culture	1	2	3	4	5
	Nilai budaya yang konsisten/ <i>Persistence of Cultural values</i>	1	2	3	4	5
	Nilai budaya yang berubah/ <i>Shifts in Secondary Cultural Values</i>	1	2	3	4	5
	Persepsi masyarakat terhadap perniagaan/ <i>Society's view of business environment</i>	1	2	3	4	5

f.	Faktor Alam Semula Jadi/Natural	1	2	3	4	5
	Bahan mentah/ <i>Shortage of Raw materials</i>	1	2	3	4	5
	Pencemaran/ <i>Increased Pollution</i>	1	2	3	4	5
	Campurtangan kerajaan/ <i>Increase Government Intervention</i>	1	2	3	4	5
g.	Faktor Organisasi Dalaman/Internal organization	1	2	3	4	5
	<i>Top management</i>	1	2	3	4	5
	Penyelidikan dan pembangunan/ <i>Research and Development</i>	1	2	3	4	5
	Kerjasama berpasukan/ <i>Team work</i>	1	2	3	4	5
h.	Faktor jaringan pemasaran / Marketing intermediaries	1	2	3	4	5
	Agensi yang mempromosikan produk anda/ <i>Agencies that promot/market your product (advertising services, media firms, marjeting consulting and research firms)</i>	1	2	3	4	5
	Agensi yang memasarkan produk anda/ <i>Agencies that distribute your product (physical distriution firms)</i>	1	2	3	4	5
	Agensi yang menjual produk anda/ <i>Agencies that sell your product(Wholesalers and resellers)</i>	1	2	3	4	5
i	Faktor Pesaing/Competitor	1	2	3	4	5
	Strategi pembentukan persepsi pelanggan terhadap produk anda (<i>Strategic positioning</i>)	1	2	3	4	5
	Kelebihan yang kompetitif/ <i>Competitive Advantage</i>	1	2	3	4	5
	Strategy pemasaran / <i>Marketing strategy</i>	1	2	3	4	5
j	Faktor Jaringan pembekal/ Supply chain (Suppliers)	1	2	3	4	5
	Bakalan bahan mentah/ <i>Supply of raw materials</i>	1	2	3	4	5
	<i>Supply availability(e.g affected by labor strikes?)</i>	1	2	3	4	5
	Kuasa pembelian pembekal/ <i>Suppliers purchasing power(price trends)</i>	1	2	3	4	5
k	Faktor Awam /Public	1	2	3	4	5
	Sumber kewangan pemasaran/ <i>Financial publics (ability to obtain funds)</i>	1	2	3	4	5
	Sokongan media/ <i>Media support(news, features and editorial opinion)</i>	1	2	3	4	5
	<i>Citizen action public (e.g) Consumer and trade association ”</i>	1	2	3	4	5
l	Faktor pelanggan/Customer	1	2	3	4	5
	Jenis pelanggan seperti pelanggan individu atau perniagaan (B2B atau B2C)/ <i>Types of customers (e.g business market , government market or consumer market)</i>	1	2	3	4	5
	Struktur pelanggan seperti cara mengenakan syarat dan terma pembelian/ <i>Customer purchasing structure (e.g who sets the terms and conditions)</i>	1	2	3	4	5
	Tujuan pelanggan membeli produk anda/ <i>Purpose of buying the products</i>	1	2	3	4	5

Appendix D: Selected SPSS Outputs

AD.1: Reliability Tests

Table AD.1: Scale, Level of Success

Case Processing Summary

		N	%
Cases	Valid	94	100.0
	Excluded ^a	0	.0
	Total	94	100.0

- a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0.768	9

Table AD.2: Scale, General Training

Case Processing Summary

		N	%
Cases	Valid	94	100.0
	Excluded ^a	0	.0
	Total	94	100.0

- a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.902	4

Table AD.3: Scale, Specialized Training

Case Processing Summary

		N	%
Cases	Valid	94	100.0
	Excluded ^a	0	.0
	Total	94	100.0

- a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.907	15

Table AD.4: Scale, Characteristics

Case Processing Summary

		N	%
Cases	Valid	94	100.0
	Excluded ^a	0	.0
	Total	94	100.0

- a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.859	8

Table AD.5: Scale, Marketing Environment

Case Processing Summary

		N	%
Cases	Valid	94	100.0
	Excluded ^a	0	.0
	Total	94	100.0

- a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.914	36

AD.2: Descriptive Statistics of Independent and Dependent Variables

Table AD.6: Descriptive Statistics

	N	Min.	Max.	Mean	Std. Deviation	Skewness		Kurtosis	
	Stat.	Stat.	Stat.	Stat.	Stat.	Stat.	Std. Error	Stat.	Std. Error
Level of Success	94	3	5	3.88	0.515	-0.326	0.249	-0.539	0.493
General Training	94	1	5	3.468	1.14549	-1.037	0.249	0.152	0.493
Specialized Training	94	1	5	3.539	0.83106	-1.191	0.249	1.266	0.493
Characteristics of Entre.	94	3	5	4.246	0.47535	-0.644	0.249	0.417	0.493
Marketing Environment	94	2.72	4.78	3.667	0.3774	0.018	0.249	0.501	0.493
Valid N (listwise)	94								

AD.3: Correlation Analysis

Table AD.7: Correlations^a

		Level of Success	General Training	Specialized Training	Characteristics of Entrepreneurs	Marketing Environment
Level of Success	Pearson Correlation	1	0.157	0.15	0.157	0.102
	Sig. (1-tailed)		0.065	0.075	0.065	0.165
General Training	Pearson Correlation	0.157	1	.847**	.197*	.342**
	Sig. (1-tailed)	0.065		0	0.028	0
Specialized Training	Pearson Correlation	0.15	.847**	1	.276**	.311**
	Sig. (1-tailed)	0.075	0		0.004	0.001
Characteristics of Entrepreneurs	Pearson Correlation	0.157	.197*	.276**	1	.273**
	Sig. (1-tailed)	0.065	0.028	0.004		0.004
Marketing Environment	Pearson Correlation	0.102	.342**	.311**	.273**	1
	Sig. (1-tailed)	0.165	0	0.001	0.004	

** Correlation is significant at the 0.01 level (1-tailed).

* Correlation is significant at the 0.05 level (1-tailed).

a. Listwise N= 94

AD.4: Hierarchical Multiple Regression

Table AD. 8: Model Summary^e

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.387 ^a	0.15	0.047	0.9761957	0.15	1.459	10	83	0.17
2	.402 ^b	0.162	0.025	0.9872354	0.012	0.385	3	80	0.764
3	.402 ^c	0.162	0.013	0.9933818	0	0.013	1	79	0.909
4	.466 ^d	0.217	0.042	0.97871	0.055	1.795	3	76	0.155

a. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group

b. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Specialized Training, Zscore: Characteristics of Entrepreneur, Zscore: General Training

c. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Specialized Training, Zscore: Characteristics of Entrepreneur, Zscore: General Training, Zscore: Marketing Environment

d. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Specialized Training, Zscore: Characteristics of Entrepreneur, Zscore: General Training, Zscore: Marketing Environment, Zscore(MECE), Zscore(MEGT), Zscore(MEST)

e. Dependent Variable: Zscore: Level of Success

Table AD.9: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
		B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-1.882E-16	0.101		0	1			
	Zscore: Gender	0.047	0.105	0.047	0.448	0.655	0.925	1.081	
	Zscore: Age Group	0.193	0.152	0.193	1.267	0.209	0.443	2.255	
	Zscore: Ethnicity	-0.051	0.108	-0.051	-0.472	0.638	0.886	1.129	
	Zscore: Highest Education level	0.23	0.107	0.23	2.157	0.034	0.898	1.114	
	Zscore: Years of Experience	0.072	0.125	0.072	0.575	0.567	0.66	1.515	
	Zscore: Years of Business exp	0.069	0.133	0.069	0.515	0.608	0.578	1.729	
	Zscore: Type of Business	-0.014	0.111	-0.014	-0.127	0.9	0.839	1.192	
	Zscore: Types of Industry	0.124	0.11	0.124	1.133	0.26	0.85	1.177	
	Zscore: No. of Emp. (Binned)	0.059	0.105	0.059	0.56	0.577	0.927	1.078	
	Zscore: Location of Business	0.163	0.106	0.163	1.546	0.126	0.916	1.091	
	2	(Constant)	-7.261E-16	0.102		0	1		
		Zscore: Gender	0.04	0.107	0.04	0.375	0.708	0.916	1.091
Zscore: Age Group		0.201	0.155	0.201	1.299	0.198	0.438	2.282	
Zscore: Ethnicity		-0.001	0.119	-0.001	-0.01	0.992	0.74	1.351	
Zscore: Highest Education level		0.2	0.112	0.2	1.776	0.08	0.829	1.206	
Zscore: Years of Experience		0.067	0.128	0.067	0.525	0.601	0.639	1.565	
Zscore: Years of Business exp		0.027	0.141	0.027	0.194	0.846	0.53	1.886	
Zscore: Type of Business		0.007	0.116	0.007	0.064	0.949	0.784	1.275	
Zscore: Types of Industry		0.131	0.119	0.131	1.102	0.274	0.741	1.349	
Zscore: No. of Emp. (Binned)		0.064	0.108	0.064	0.59	0.557	0.901	1.109	
Zscore: Location of Business		0.165	0.107	0.165	1.535	0.129	0.911	1.098	
Zscore: General Training		0.131	0.215	0.131	0.608	0.545	0.227	4.401	
Zscore: Specialized Training		-0.074	0.205	-0.074	-0.363	0.717	0.25	3.996	
Zscore: Characteristics of Entre.		0.102	0.121	0.102	0.845	0.401	0.716	1.396	

Table AD.9, Continued

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
3	(Constant)	-7.345E-16	0.102		0	1		
	Zscore: Gender	0.04	0.108	0.04	0.369	0.713	0.915	1.093
	Zscore: Age Group	0.199	0.157	0.199	1.267	0.209	0.432	2.316
	Zscore: Ethnicity	0	0.12	0	-0.001	0.999	0.737	1.358
	Zscore: Highest Education level	0.2	0.113	0.2	1.766	0.081	0.829	1.206
	Zscore: Years of Experience	0.068	0.129	0.068	0.527	0.6	0.637	1.57
	Zscore: Years of Business exp	0.029	0.142	0.029	0.204	0.839	0.525	1.905
	Zscore: Type of Business	0.008	0.116	0.008	0.066	0.947	0.784	1.276
	Zscore: Types of Industry	0.13	0.12	0.13	1.082	0.282	0.736	1.358
	Zscore: No. of Emp. (Binned)	0.066	0.11	0.066	0.598	0.552	0.875	1.143
	Zscore: Location of Business	0.165	0.108	0.165	1.529	0.13	0.907	1.102
	Zscore: General Training	0.134	0.219	0.134	0.615	0.541	0.222	4.5
	Zscore: Specialized Training	-0.074	0.206	-0.074	-0.359	0.721	0.25	3.998
	Zscore: Characteristics of Entre.	0.104	0.123	0.104	0.847	0.399	0.698	1.433
	Zscore: Marketing Environment	-0.013	0.115	-0.013	-0.114	0.909	0.8	1.25
	4	(Constant)	-7.58E-15	0.101		0	1	
Zscore: Gender		0	0.112	0	-0.006	0.995	0.823	1.215
Zscore: Age Group		0.136	0.158	0.136	0.865	0.39	0.415	2.409
Zscore: Ethnicity		-0.045	0.124	-0.045	-0.361	0.719	0.668	1.497
Zscore: Highest Education level		0.139	0.115	0.139	1.21	0.23	0.783	1.277
Zscore: Years of Experience		0.053	0.128	0.053	0.417	0.678	0.63	1.586
Zscore: Years of Business exp		0.028	0.142	0.028	0.199	0.843	0.513	1.948
Zscore: Type of Business		0.008	0.117	0.008	0.066	0.948	0.753	1.328
Zscore: Types of Industry		0.11	0.121	0.11	0.914	0.364	0.709	1.41
Zscore: No. of Emp. (Binned)		0.032	0.11	0.032	0.292	0.771	0.851	1.175
Zscore: Location of Business		0.166	0.108	0.166	1.531	0.13	0.879	1.138
Zscore: General Training		0.664	1.932	0.664	0.344	0.732	0.003	362.27
Zscore: Specialized Training		1.439	2.092	1.439	0.688	0.494	0.002	424.759
Zscore: Characteristics of Entre.		1.034	0.981	1.034	1.055	0.295	0.011	93.408
Zscore: Marketing Environment		1.735	0.834	1.735	2.081	0.041	0.015	67.489
Zscore(MEGT)		-0.686	2.212	-0.686	-0.31	0.757	0.002	474.852
Zscore(MEST)	-1.77	2.516	-1.77	-0.703	0.484	0.002	614.674	
Zscore(MECE)	-1.425	1.498	-1.425	-0.951	0.345	0.005	217.942	

a. Dependent Variable: Zscore: Level of Success

**AD.5: Hierarchical Multiple Regression Analysis for Integration
General Training and Marketing Environment**

Table AD.10: Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.387 ^a	0.15	0.047	0.9761957	0.15	1.459	10	83	0.17
2	.392 ^b	0.154	0.028	0.9857954	0.004	0.196	2	81	0.823
3	.430 ^c	0.185	0.052	0.9736042	0.031	3.041	1	80	0.085

a. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group

b. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Marketing Environment, Zscore: General Training

c. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Marketing Environment, Zscore: General Training, Zscore(MEGT)

d. Dependent Variable: Zscore: Level of Success

Table AD.11: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-1.882E-16	0.101		0	1		
Zscore: Gender	0.047	0.105	0.047	0.448	0.655	0.925	1.081
Zscore: Age Group	0.193	0.152	0.193	1.267	0.209	0.443	2.255
Zscore: Ethnicity	-0.051	0.108	-0.051	-0.472	0.638	0.886	1.129
Zscore: Highest Education level	0.23	0.107	0.23	2.157	0.034	0.898	1.114
Zscore: Years of Experience	0.072	0.125	0.072	0.575	0.567	0.66	1.515
Zscore: Years of Business exp	0.069	0.133	0.069	0.515	0.608	0.578	1.729
Zscore: Type of Business	-0.014	0.111	-0.014	-0.127	0.9	0.839	1.192
Zscore: Types of Industry	0.124	0.11	0.124	1.133	0.26	0.85	1.177
Zscore: No. of Emp. (Binned)	0.059	0.105	0.059	0.56	0.577	0.927	1.078
Zscore: Location of Business	0.163	0.106	0.163	1.546	0.126	0.916	1.091
2 (Constant)	-2.376E-16	0.102		0	1		
Zscore: Gender	0.048	0.106	0.048	0.451	0.653	0.925	1.081
Zscore: Age Group	0.188	0.155	0.188	1.213	0.229	0.435	2.301
Zscore: Ethnicity	-0.029	0.114	-0.029	-0.253	0.801	0.802	1.247
Zscore: Highest Education level	0.216	0.11	0.216	1.961	0.053	0.859	1.165
Zscore: Years of Experience	0.059	0.128	0.059	0.463	0.645	0.642	1.557
Zscore: Years of Business exp	0.059	0.137	0.059	0.435	0.665	0.56	1.787
Zscore: Type of Business	-0.013	0.112	-0.013	-0.112	0.911	0.838	1.193
Zscore: Types of Industry	0.14	0.114	0.14	1.232	0.222	0.807	1.24
Zscore: No. of Emp. (Binned)	0.062	0.108	0.062	0.574	0.567	0.894	1.118
Zscore: Location of Business	0.166	0.107	0.166	1.548	0.125	0.911	1.098
Zscore: General Training	0.074	0.125	0.074	0.594	0.554	0.664	1.505
Zscore: Marketing Environment	0.001	0.113	0.001	0.011	0.991	0.823	1.215

Table AD.11, Continued

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
3 (Constant)	-3.22E-15	0.1		0	1		
Zscore: Gender	0.001	0.108	0.001	0.006	0.995	0.867	1.153
Zscore: Age Group	0.163	0.154	0.163	1.058	0.293	0.431	2.322
Zscore: Ethnicity	-0.08	0.116	-0.08	-0.684	0.496	0.752	1.329
Zscore: Highest Education level	0.184	0.111	0.184	1.667	0.1	0.835	1.198
Zscore: Years of Experience	0.05	0.126	0.05	0.395	0.694	0.641	1.56
Zscore: Years of Business exp	0.045	0.135	0.045	0.335	0.739	0.558	1.793
Zscore: Type of Business	-0.002	0.11	-0.002	-0.014	0.989	0.835	1.197
Zscore: Types of Industry	0.142	0.112	0.142	1.259	0.212	0.807	1.24
Zscore: No. of Emp. (Binned)	0.038	0.108	0.038	0.351	0.727	0.879	1.137
Zscore: Location of Business	0.152	0.106	0.152	1.436	0.155	0.906	1.104
Zscore: General Training	2.124	1.182	2.124	1.797	0.076	0.007	137.063
Zscore: Marketing Environment	0.713	0.423	0.713	1.685	0.096	0.057	17.555
Zscore(MEGT)	-2.39	1.371	-2.39	-1.744	0.085	0.005	184.301

a. Dependent Variable: Zscore: Level of Success

Specialized and Marketing Environment

Table AD.12: Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.387 ^a	0.15	0.047	0.9761957	0.15	1.459	10	83	0.17
2	.389 ^b	0.151	0.025	0.9871862	0.002	0.081	2	81	0.922
3	.447 ^c	0.199	0.069	0.9647395	0.048	4.813	1	80	0.031

a. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group

b. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Marketing Environment, Zscore: Specialized Training

c. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Marketing Environment, Zscore: Specialized Training, Zscore(MEST)

d. Dependent Variable: Zscore: Level of Success

Table AD.13: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1.882E-16	0.101		0	1		
	Zscore: Gender	0.047	0.105	0.047	0.448	0.655	0.925	1.081
	Zscore: Age Group	0.193	0.152	0.193	1.267	0.209	0.443	2.255
	Zscore: Ethnicity	-0.051	0.108	-0.051	-0.472	0.638	0.886	1.129
	Zscore: Highest Education level	0.23	0.107	0.23	2.157	0.034	0.898	1.114
	Zscore: Years of Experience	0.072	0.125	0.072	0.575	0.567	0.66	1.515
	Zscore: Years of Business exp	0.069	0.133	0.069	0.515	0.608	0.578	1.729
	Zscore: Type of Business	-0.014	0.111	-0.014	-0.127	0.9	0.839	1.192
	Zscore: Types of Industry	0.124	0.11	0.124	1.133	0.26	0.85	1.177
	Zscore: No. of Emp. (Binned)	0.059	0.105	0.059	0.56	0.577	0.927	1.078
	Zscore: Location of Business operation	0.163	0.106	0.163	1.546	0.126	0.916	1.091
2	(Constant)	-2.206E-16	0.102		0	1		
	Zscore: Gender	0.047	0.106	0.047	0.442	0.659	0.925	1.081
	Zscore: Age Group	0.191	0.155	0.191	1.23	0.222	0.434	2.304
	Zscore: Ethnicity	-0.039	0.113	-0.039	-0.348	0.729	0.825	1.212
	Zscore: Highest Education level	0.222	0.11	0.222	2.012	0.048	0.863	1.159
	Zscore: Years of Experience	0.065	0.127	0.065	0.512	0.61	0.648	1.542
	Zscore: Years of Business exp	0.062	0.137	0.062	0.455	0.65	0.561	1.783
	Zscore: Type of Business	-0.011	0.112	-0.011	-0.094	0.925	0.834	1.2
	Zscore: Types of Industry	0.127	0.112	0.127	1.139	0.258	0.839	1.192
	Zscore: No. of Emp. (Binned)	0.055	0.108	0.055	0.515	0.608	0.904	1.107
	Zscore: Location of Business	0.163	0.107	0.163	1.519	0.133	0.914	1.095
	Zscore: Specialized Training	0.041	0.118	0.041	0.351	0.726	0.759	1.318
	Zscore: Marketing Environment	0.01	0.112	0.01	0.093	0.926	0.836	1.196

Table AD.13, Continued

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
3	(Constant)	8.487E-16	0.1		0	1		
	Zscore: Gender	-0.006	0.107	-0.006	-0.06	0.952	0.877	1.141
	Zscore: Age Group	0.151	0.153	0.151	0.99	0.325	0.428	2.336
	Zscore: Ethnicity	-0.093	0.113	-0.093	-0.822	0.414	0.786	1.272
	Zscore: Highest Education level	0.173	0.11	0.173	1.573	0.12	0.828	1.208
	Zscore: Years of Experience	0.056	0.124	0.056	0.447	0.656	0.648	1.544
	Zscore: Years of Business exp	0.043	0.134	0.043	0.318	0.751	0.558	1.791
	Zscore: Type of Business	0.003	0.11	0.003	0.023	0.981	0.831	1.203
	Zscore: Types of Industry	0.114	0.109	0.114	1.038	0.302	0.836	1.196
	Zscore: No. of Emp. (Binned)	0.041	0.105	0.041	0.389	0.699	0.9	1.111
	Zscore: Location of Business	0.154	0.105	0.154	1.467	0.146	0.912	1.096
	Zscore: Specialized Training	2.57	1.158	2.57	2.219	0.029	0.007	134.093
	Zscore: Marketing Environment	1.173	0.541	1.173	2.168	0.033	0.034	29.251
	Zscore(MEST)	-3.101	1.414	-3.101	-2.194	0.031	0.005	199.668

a. Dependent Variable: Zscore: Level of Success

Characteristics and Marketing Environment

Table AD.14: Model Summary^d

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.387 ^a	0.15	0.047	0.9761957	0.15	1.459	10	83	0.17
2	.396 ^b	0.157	0.032	0.9837594	0.008	0.364	2	81	0.696
3	.433 ^c	0.187	0.055	0.9720662	0.03	2.96	1	80	0.089

a. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group

b. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Marketing Environment, Zscore: Characteristics of Entrepreneur

c. Predictors: (Constant), Zscore: Location of Business operation, Zscore: Ethnicity, Zscore: Type of Business, Zscore: Gender, Zscore: Years of Experience, Zscore: Highest Education level, Zscore: Number of Employees (Binned), Zscore: Years of Business exp, Zscore: Types of Industry, Zscore: Age Group, Zscore: Marketing Environment, Zscore: Characteristics of Entrepreneur, Zscore(MECE)

d. Dependent Variable: Zscore: Level of Success

Table AD.15: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
		B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-1.882E-16	0.101		0	1			
	Zscore: Gender	0.047	0.105	0.047	0.448	0.655	0.925	1.081	
	Zscore: Age Group	0.193	0.152	0.193	1.267	0.209	0.443	2.255	
	Zscore: Ethnicity	-0.051	0.108	-0.051	-0.472	0.638	0.886	1.129	
	Zscore: Highest Education level	0.23	0.107	0.23	2.157	0.034	0.898	1.114	
	Zscore: Years of Experience	0.072	0.125	0.072	0.575	0.567	0.66	1.515	
	Zscore: Years of Business exp	0.069	0.133	0.069	0.515	0.608	0.578	1.729	
	Zscore: Type of Business	-0.014	0.111	-0.014	-0.127	0.9	0.839	1.192	
	Zscore: Types of Industry	0.124	0.11	0.124	1.133	0.26	0.85	1.177	
	Zscore: No. of Emp. (Binned)	0.059	0.105	0.059	0.56	0.577	0.927	1.078	
	Zscore: Location of Business	0.163	0.106	0.163	1.546	0.126	0.916	1.091	
	2	(Constant)	-6.818E-16	0.101		0	1		
		Zscore: Gender	0.039	0.107	0.039	0.362	0.718	0.915	1.092
Zscore: Age Group		0.204	0.154	0.204	1.319	0.191	0.436	2.293	
Zscore: Ethnicity		-0.02	0.114	-0.02	-0.177	0.86	0.799	1.252	
Zscore: Highest Education level		0.21	0.11	0.21	1.907	0.06	0.855	1.17	
Zscore: Years of Experience		0.079	0.127	0.079	0.621	0.536	0.65	1.539	
Zscore: Years of Business exp		0.035	0.14	0.035	0.251	0.802	0.527	1.896	
Zscore: Type of Business		0.01	0.115	0.01	0.088	0.93	0.787	1.27	
Zscore: Types of Industry		0.108	0.114	0.108	0.946	0.347	0.804	1.244	
Zscore: No. of Emp. (Binned)		0.054	0.107	0.054	0.502	0.617	0.903	1.107	
Zscore: Location of Business		0.16	0.107	0.16	1.497	0.138	0.913	1.095	
Zscore: Characteristics of Entre.		0.1	0.12	0.1	0.83	0.409	0.718	1.393	
Zscore: Marketing Environment		0.004	0.109	0.004	0.04	0.969	0.872	1.146	

Table AD.15, Continued

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
3	(Constant)	-1.08E-14	0.1		0	1		
	Zscore: Gender	0.047	0.105	0.047	0.442	0.66	0.914	1.095
	Zscore: Age Group	0.157	0.155	0.157	1.009	0.316	0.423	2.367
	Zscore: Ethnicity	-0.023	0.113	-0.023	-0.201	0.841	0.798	1.252
	Zscore: Highest Education level	0.177	0.111	0.177	1.6	0.114	0.829	1.207
	Zscore: Years of Experience	0.066	0.125	0.066	0.531	0.597	0.648	1.544
	Zscore: Years of Business exp.	0.058	0.139	0.058	0.419	0.677	0.523	1.913
	Zscore: Type of Business	-0.014	0.114	-0.014	-0.122	0.903	0.775	1.29
	Zscore: Types of Industry	0.105	0.112	0.105	0.93	0.355	0.804	1.244
	Zscore: No. of Emp. (Binned)	0.034	0.107	0.034	0.316	0.753	0.893	1.12
	Zscore: Location of Business	0.178	0.106	0.178	1.677	0.098	0.904	1.106
	Zscore: Characteristics of Entre.	1.525	0.837	1.525	1.823	0.072	0.015	68.948
	Zscore: Marketing Environment	1.364	0.798	1.364	1.71	0.091	0.016	62.652
	Zscore(MECE)	-2.192	1.274	-2.192	-1.721	0.089	0.006	159.808

a. Dependent Variable: Zscore: Level of Success