

AGRO-PRENEURIAL OBSTACLES AMONG STUDENTS IN THE FACULTY OF PLANTATION AND AGROTECHNOLOGY, UiTM PAHANG

**Ilyani Azer¹, Siti Aishah Mohamad¹, Nur Suraya Abdullah² and
Musramaini Mustapha¹**

¹Faculty of Business Management

²Faculty of Plantation and Agrotechnology,

Universiti Teknologi MARA Pahang, 26400 Bandar Jengka, Pahang Darul Makmur

Email: ilyani_azer@pahang.uitm.edu.my

ABSTRACT

Most tertiary institutions offer entrepreneurial programmes and courses to the students. However, there appears to be a lot of challenges in maintaining the elements of business in the real world. This study highlights the obstacles in entrepreneurship among students from the Faculty of Plantation and Agrotechnology, Univeristi Teknologi MARA (UiTM) Pahang. The main objective is to explore the perceptions toward the obstacles in agro-preneurship among the respondents. The results pointed out that the students' perceptions of lack of experience, finding the right partner, and lack of information are the main three obstacles in agro-preneurship. In addition, specific obstacles in agro-preneurship exist based on the student's gender which is caused by different obstacles.

Keywords: *obstacles, students, agro-preneurship, agri-business*

INTRODUCTION

The SME Master plan (2012-2020) is considered to be very important for future entrepreneurs as it helps transform our nation into a high income nation. Government projects and initiatives are the inducers for a better entrepreneurial environment for Malaysia. In October 2013, the Fourth Global Entrepreneurship Summit (GES) was held in Kuala Lumpur and witnessed a gathering of more than 100 influential industry players to share

their knowledge regarding the entrepreneur community and innovative funding models, talent development, and digital entrepreneurship. It shows that the government endeavours to provide a platform and catalyst to encourage entrepreneurial skills among the youths in Malaysia in particular. This is to develop Malaysia into a high-income nation through the National Agro-Food Policy, which could increase the revenue of farmers, as well as agro-entrepreneurs. In the recent 2012 Budget, YAB Dato' Sri Mohd Najib Tun Abdul Razak raised the issue with regards to the subject of rising prices of food supplies and the well-being of Malaysians. He stated that a total of RM1.1 billion had been allocated for the agricultural sector (www.kada.gov.my).

In addition, several universities have embarked on the initiatives to lay the foundation to develop entrepreneurship at the tertiary level (Louise, 1989; Shane, 2004). In December 2011, MyAgrosis Club was established in UiTM to increase the country's food production and to lessen the food import deficit. Recent statistic indicates that Malaysia is exporting RM18 billion worth of food products a year, and importing food worth RM30 billion. In many parts of the world, the agricultural sector covers a wide range of industries, such as farming, livestock, fisheries, food processing, non-food processing, plantation, and many more (Silva *et al.*, 2010). The agricultural industry offers high potential and is a thriving business with constructive support from the government to provide vast opportunities to the entrepreneurs (Silva, 2009).

An entrepreneur is defined as an innovator, a risk taker, a person who operates resources, recognises opportunities, and establishes one or more businesses (Howorth *et al.*, 2005). Agri entrepreneurs or agro-entrepreneurs are people who are embroiled in the aspects of agriculture as a business. The agricultural products present lots of agribusiness opportunities from the farm to the table (www.businessdayonline.com). This creates greater income to those who are involved in it. In order to realise the objectives laid out by the government in becoming a high income nation through personifying entrepreneurs, Shukor (2006) suggested that values and attitudes, entrepreneurial skills, managerial skills, and entrepreneurial characteristics are required and is important for entrepreneurial success. Although much effort has been initiated by the Malaysian Government to encourage students from the institutions of higher learning to becoming entrepreneurs, they face obstacles when starting up a venture, especially at the level of postgraduate, which is still sketchy (Yeng & Shuhymee, 2012).

LITERATURE REVIEW

Although the agricultural sector offers significant value economically, it is a greater task to attract the youngsters to become agricultural entrepreneurs (Abdul Aziz & Norhlilmatur, 2013). Amadi (1996) expressed the need to not only attract, but also retain the youths in the agricultural occupations through proper mobilization. It is crucial as it can act as guidance to strategize and nurture the intention of being entrepreneurs, and to be ready to face the challenges during the early stage of establishing new ventures. This is because youngsters are more attracted to the glamorous jobs in the commercial sectors (Abdul Aziz & Norhlilmatur, 2013).

Thus, recognizing the factors that influence them to become entrepreneurs is vital. Gwary (2011) indicated lack of capital as their major constraint in their agricultural enterprises. Young and Welsch (1993) found that some of the entrepreneurs' obstacles were the lack of financial assistance, lack of information on various aspects of business, excessive taxation, and high rate of inflation. On the other hand, Kozan *et al.*, (2006) contended that 'financial constraint has become a barrier towards technological improvement and resource aggregation' for small business owners in Turkey. According to Small Medium Industry Development Corporation (SMIDEC) (2006), and Saleh and Ndubisi (2006), the challenges faced by the SMEs are lack of financing, low productivity, lack of managerial capabilities, access to management and technology, as well as heavy regulatory burden.

Moy *et al.*, (2001) substantiate that the main obstacles in starting and maintaining new ventures among students are high labour cost, high interest rate, strict government regulation (exogenous factors), lack of managerial experience, lack of technical knowledge, and excessive risk (endogenous factors). These obstacles were found to be identical to the study of Zhuplev *et al.*, (1998) on Russian and American's small businesses which were affected by high taxes, hatred for government regulations, and start-up capital. Aristidis and Ersanja (2005) found that the obstacles faced by the entrepreneurs in Albania include unfair competition, changes in taxation procedures, lack of financial resources, and problems related to the public order.

A study conducted by Kamal *et al.*, (2013) showed that the obstacles faced by the Malaysian herbal-entrepreneurs were their attitude and mind-set, competitiveness of sustainability, entrepreneurship culture, cooperation and networking, support, and government policy that had affected their

business venture. Carolien *et. al.*, (2002) found that the farm feature, such as the ways of farming, and environmental factor such as region, plus a personal feature such as age, can affect agricultural entrepreneurship. The major challenges identified include poor policy framework, socio-economic pressures, undue parental and peer influences, improper value orientation and the nature of the curricula (Ugochukwu, 2012). Schilden and Verhaar (2000), mentioned that the challenges that they have to face are increasing in competition due to open trade, the need for integration within the agricultural chain, the failing attractiveness of the sector as an employer, and the increasing flexibility in work time and contracts.

METHODOLOGY

The respondents in this study consisted of 286 students from the Faculty of Plantation and Agrotechnology and were selected using the cluster sampling technique. The data for this survey were collected through questionnaires that were distributed to the respondents. The questionnaires consisted of two sections; graduates' demographic and graduates' obstacles towards agro-preneurship. The 22 obstacles instruments are derived from Fatoki (2010) using a four point scale (1 is for "strongly disagree" and 4 "strongly agree"). While Likert used a five-point scale, other variations of response alternatives are appropriate, including the deletion of the neutral responses (Clason and Dormody, 1994). The descriptive approach used in this study looks into the frequencies, percentages and mean values.

FINDINGS AND DISCUSSION

The data analysis and findings in this section are classified into three sections; students' demographic profiles, mean obstacles in agro-preneurship, and mean comparison toward obstacles in agro-preneurship between genders. The Cronbach's Alpha that measured the reliability of the questionnaire was 0.938; which is considered as strong and reliable.

Table 1: The respondents' Demographic Profiles

| Demographic | | Frequency | Percentage (%) |
|-----------------------------|--------------|-----------|----------------|
| Gender | Male | 137 | 47.9 |
| | Female | 149 | 52.1 |
| Age | 21-23 | 273 | 95.5 |
| | 24-26 | 8 | 2.8 |
| | 27 and above | 5 | 1.7 |
| Education level | Diploma | 284 | 99.3 |
| | Bachelor | 2 | 0.7 |
| Family involved in business | Yes | 98 | 34.3 |
| | No | 188 | 65.7 |
| Experience in business | Yes | 98 | 34.3 |
| | No | 188 | 65.7 |

Table 1 indicates that the total numbers of respondents were 286 with female and male students at 149 and 137, respectively. The highest range of age was between 21 and 23 years old, which was 95.5% (273) of the respondents. Only 1.7% (5) of the respondents were in the range of 27 years old and above. The result showed that 99.3% (284) of the respondents were with diploma. It was stated that 65.7% (188) of the respondents did not have any family involvement in business and 65.7% (188) of the respondents had no experience in business.

Table 2: Mean Obstacles in Agro-preneurship

| Mean Obstacles | | Mean | Strongly Disagree | Disagree | Agree | Strongly Agree |
|----------------|---|------|-------------------|----------|-------|----------------|
| | | | | | | |
| Percentage (%) | | | | | | |
| 1. | Lack of experience | 3.17 | 1.4 | 11.5 | 55.2 | 31.8 |
| 2. | Finding the right partners | 3.17 | 1.7 | 9.1 | 59.8 | 29.4 |
| 3. | Lack of information about how to start a business in agriculture | 3.16 | 1.4 | 11.5 | 56.6 | 30.4 |
| 4. | Difficulty in obtaining bank finance | 3.15 | 1.7 | 12.6 | 54.5 | 31.1 |
| 5. | Need to pay school loans | 3.14 | 2.1 | 12.6 | 54.9 | 30.4 |
| 6. | Lack of savings | 3.13 | 2.4 | 11.2 | 57.7 | 28.7 |
| 7. | Lack of assets for collateral | 3.12 | 2.1 | 14.7 | 52.4 | 30.8 |
| 8. | Cost of business registration | 3.12 | 2.1 | 11.2 | 59.4 | 27.3 |
| 9. | Lack of business in agriculture skills (financial, marketing) | 3.11 | 1.4 | 13.3 | 58.4 | 26.9 |
| 10. | Lack of information about any government agency that can provide fund for business in agriculture | 3.10 | 1.7 | 14.0 | 57.0 | 27.3 |
| 11. | Do not know how to write a business plan | 3.08 | 2.1 | 15.4 | 55.2 | 27.3 |
| 12. | Have not done any business management or business in agriculture module | 3.06 | 2.8 | 14.3 | 57.0 | 25.9 |
| 13. | Convincing others that it is a good idea | 3.03 | 1.7 | 15.0 | 61.9 | 21.3 |
| 14. | Fear of crime | 3.03 | 2.4 | 19.6 | 50.7 | 27.3 |
| 15. | The uncertainty about the future if I start my own business in agriculture | 3.02 | 2.4 | 16.1 | 58.0 | 23.4 |
| 16. | The fear of starting a business in agriculture because of the risk associated with business | 3.00 | 2.8 | 16.4 | 58.4 | 22.4 |
| 17. | Fear of failure | 2.98 | 3.1 | 17.5 | 58.0 | 21.3 |
| 18. | Nobody in my family has ever gone into business in agriculture | 2.94 | 5.9 | 17.1 | 54.2 | 22.7 |
| 19. | No one to turn to for help | 2.92 | 6.3 | 17.5 | 58.3 | 22.4 |
| 20. | Cannot see any opportunity in the market place | 2.91 | 5.9 | 19.2 | 52.8 | 22.0 |
| 21. | Weak economic environment | 2.90 | 4.2 | 19.9 | 57.3 | 18.5 |
| 22. | Lack of support from family and friends | 2.85 | 7.7 | 18.2 | 55.9 | 18.2 |

Based on the findings in Table 2, there are two highest mean score; they are the lack of experience and finding the right partner with 3.17 each. Most of the respondents agreed (55.2%) with the first item, followed by strongly agree (31.8%), disagree (11.5%), and strongly disagree (1.4%). The result is supported by the previous research conducted by Ugochukwu (2012) and Moy et al. (2001). They found that one of the major constraints in joining the agricultural business is lack of managerial experience, and parental and peer influences. The respondents faced the obstacle of lack of experience as they were merely diploma students.

As for the second part of the questionnaire, the respondents had agreed (59.8%) followed by strongly agree (29.4%), disagree (9.1%), and strongly disagree (3.17%), with the first item "Finding the right partner was an obstacle because the respondents needed to find practitioners in the market, who are able teach and guide them to become apprentice and later, develop their own agri-business. The lowest obstacles factor was the lack of support from family and friends with 2.85 as most of the respondents agreed (55.9%), followed by strongly agreed, and disagreed at the value of 18.2%, and strongly disagreed (7.7%). Perhaps, their families and friends have always been the motivators in becoming agro-preneur.

Table 3: Mean Comparison for the Obstacles in Agro-preneurship for Male Respondents

| Mean Obstacles | | Mean | Std Deviation |
|----------------|---|------|---------------|
| | | Male | |
| 1. | Finding the right partners | 3.21 | 0.635 |
| 2. | Lack of information about how to start a business in agriculture | 3.19 | 0.670 |
| 3. | Lack of experience | 3.18 | 0.699 |
| 4. | Lack of information about any government agency that can provide fund for business in agriculture | 3.18 | 0.652 |
| 5. | Difficulty in obtaining bank finance | 3.18 | 0.685 |
| 6. | Cost of business registration | 3.15 | 0.636 |
| 7. | Need to pay school loans | 3.15 | 0.670 |
| 8. | Did not do any business management or business in agriculture module | 3.14 | 0.688 |
| 9. | Do not know how to write a business plan | 3.13 | 0.684 |
| 10. | Lack of savings | 3.11 | 0.693 |
| 11. | Convincing others that it is a good idea | 3.11 | 0.638 |
| 12. | The uncertainty about the future if I start my own business in agriculture | 3.10 | 0.689 |
| 13. | Lack of assets for collateral | 3.09 | 0.792 |
| 14. | Lack of business in agriculture skills (financial and marketing) | 3.08 | 0.676 |
| 15. | Fear of crime | 3.05 | 0.741 |
| 16. | The fear of starting a business in agriculture because of risk associated with a business | 3.04 | 0.680 |
| 17. | Nobody in my family has ever gone into business in agriculture | 3.01 | 0.786 |
| 18. | Fear of failure | 3.00 | 0.767 |
| 19. | Cannot see any opportunity in the market place | 2.96 | 0.803 |
| 20. | No one to turn to for help | 2.96 | 0.844 |
| 21. | Weak economic environment | 2.91 | 0.702 |
| 22. | Lack of support from family or friends | 2.81 | 0.800 |

Table 3 indicates the finding for mean comparison of the obstacles in agro-preneurship for male respondents. 'Finding the right partner' had been chosen as the main perceived obstacle among the male students with 3.21 mean score, and followed by 'lack of information about how to start a business in agriculture' (mean score 3.19). It would be quite difficult for the respondents to find the right partner and to have their own business as they were still studying. The mean score of 3.18 was for the 'lack of experience', 'lack of information about any government agency that can provide funding for business in agriculture', and 'difficulty in obtaining bank finance'.

On the other hand, 'lack of support from family and friends' showed the lowest mean score for the male students (mean score 2.81). It shows that the respondents did not agree with the statement because their family members and friends did support them to start their own agri-business.

Table 4: Mean Comparison towards Obstacles in Agro-preneurship for Female Respondents

| Mean Obstacles | | Mean | Std Deviation |
|----------------|---|--------|---------------|
| | | Female | |
| 1. | Lack of experience | 3.17 | 0.662 |
| 2. | Lack of assets for collateral | 3.15 | 0.691 |
| 3. | Lack of savings | 3.14 | 0.698 |
| 4. | Difficulty in obtaining bank finance | 3.13 | 0.710 |
| 5. | Lack of business in agriculture skills (financial, marketing) | 3.13 | 0.664 |
| 6. | Lack of information about how to start a business in agriculture | 3.13 | 0.674 |
| 7. | Finding the right partners | 3.13 | 0.671 |
| 8. | Need to pay school loans | 3.13 | 0.738 |
| 9. | Cost of business registration | 3.09 | 0.710 |
| 10. | Lack of information about any government agency that can provide fund for business in agriculture | 3.03 | 0.716 |
| 11. | Do not know how to write a business plan | 3.03 | 0.735 |
| 12. | Fear of crime | 3.01 | 0.767 |
| 13. | Did not do any business management or business in agriculture module | 2.99 | 0.735 |
| 14. | The fear of starting a business in agriculture because of risk associated with business | 2.97 | 0.735 |
| 15. | The uncertainty about the future if I start my own business in agriculture | 2.95 | 0.710 |
| 16. | Fear of failure | 2.95 | 0.671 |
| 17. | Convincing others that it is a good idea | 2.95 | 0.671 |
| 18. | Weak economic environment | 2.89 | 0.772 |
| 19. | No one to turn to for help | 2.89 | 0.767 |
| 20. | Lack of support from family or friend | 2.88 | 0.813 |
| 21. | Cannot see any opportunity in the market place | 2.87 | 0.803 |
| 22. | Nobody in my family has ever gone into business in agriculture | 2.87 | 0.803 |

The female students perceived the 'lack of experience' as their main obstacle to joining the agro-preneurship (mean score 3.17). The mean score for 'lack of assets for collateral' was 3.15, and followed by 'lack of savings' (mean score 3.14). 'Cannot see any opportunity in the market place' and 'nobody in my family has ever gone into business in agriculture' were not considered as obstacles due to the lowest mean score of 2.87 (see Table 4).

RECOMMENDATIONS AND CONCLUSION

This study is limited to the perception of the current students from the Faculty of Plantation and Agrotechnology, UiTM Pahang. It is recommended that future studies to be carried out in other faculties and other universities in Malaysia. In addition, study can be conducted to the obstacles faced by graduates' who have started their own agri-businesses. Thus, we can identify the real obstacles face in becoming agro-preneurs. Further studies should also investigate the strength and weaknesses of tertiary institutions in relation to agro-preneurship.

In motivating the future agro-preneurs, the university should strengthen its business relationship with successful practitioners to encourage the students in facing agri-business. Non-governmental organisations should be funded through local and international grants to help with the training needs of graduate entrepreneurship (Fatoki, 2010). Furthermore, future entrepreneurs should do research on the types of business that they would want to pursue. Becoming an agro-preneur is not just doing business, but it relates to creativity and being a pioneer for new products, and thus enhance the usage of the agro-products to the users. Musra *et al.*, (2012) stated that experience from the industry is substantial to make sure that knowledge is adequate to venturing into business because it will help entrepreneur in enhancing their awareness in the real business world.

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