

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF
SUSTAINABLE PERFORMANCE OF
BUMIPUTERA
MICROENTERPRISES IN
MALAYSIAN FOOD AND
BEVERAGES INDUSTRY:
MEDIATING ROLE OF VUCA
APPROACH**

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ABSTRACT

In response to the COVID-19 pandemic and the recent economic downturns, there has been a noticeable shift towards enhancing the sustainable performance of microenterprises (ME) in Malaysia. Despite the allocation of various government aid programs, these microenterprises continue to grapple with low success rates and challenges that leave them uncompetitive within the broader market. This research aims to identify the key determinants of sustainable performance and investigate the mediating effects of sustainable development through the lens of the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) approach on these determinants. Utilizing a quantitative research methodology, data was collected from 261 microenterprises (ME) in Malaysia's food and beverages industry through a self-administered questionnaire, achieving an impressive 76% response rate. The data was then analysed by using Partial Least Squares Structural Equation Modeling to uncover the relationships between three main constructs, determinants of sustainable performance, sustainable performance and sustainable development. The findings reveal significant insights, emphasizing that food and beverage management systems, sustainable orientation, organizational culture, and government support are crucial factors in enhancing microenterprise sustainable performance. Contrary to previous studies, this research found that technology and innovation capability did not exhibit a positive correlation with sustainable performance. Additionally, a lack of comprehensive understanding of sustainable development through the VUCA approach contributed to the insignificance of food and beverage management systems, sustainable orientation, and government support in driving sustainable performance. However, the VUCA approach was found to partially mediate the relationships between technology and innovation capability and organizational culture towards overall sustainable performance. This study provides a deeper understanding of the factors influencing sustainable performance in the Malaysian food and beverage sector, offering valuable insights for industry practitioners, government bodies, and policymakers. The findings contribute to the development of effective strategies and policies that can enhance resilience, sustainability, and ultimately support broader economic stability and growth.

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TABLE OF CONTENTS

	Page
CONFIRMATION BY PANEL OF EXAMINERS	ii
AUTHOR’S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
 CHAPTER 1 INTRODUCTION	 1
1.1 Introduction	1
1.2 Background of Study	1
1.3 Problem Statement	10
1.4 Research Objectives	13
1.5 Research Question	14
1.6 Scope of Study	14
1.7 Significance of Study	15
1.8 Definition of Key Term	17
1.8.1 Food and Beverages Management Systems	17
1.8.2 Technology And Innovation Capabilities	17
1.8.3 Sustainable Orientation	17
1.8.4 Organization Culture	18
1.8.5 Government Support	18
1.8.6 Sustainable Performance	18
1.8.7 Sustainable Development Goals (SDGs)	19
1.8.8 Sustainable Development	19
1.8.9 Microenterprise	19
1.8.10 Bumiputera-owned Enterprises	20
1.8.11 The Food and Beverages Industry	20

CHAPTER 1

INTRODUCTION

1.1 Introduction

The first chapter begins with the background of the study and further describes the field of sustainable development and the sustainable performance of microenterprises (MEs) in Malaysia. This is followed by the background of the study, problem statement, research objectives, research questions, significance of the study and definition of key terms. Finally, the chapter concludes with the organization of the thesis.

1.2 Background of Study

Sustainable is a challenging issue that has been the subject of numerous interpretations and studies. It is a life-saving formula for the global survival of the world that is exposed to the risks of overpopulation, growth without development, rising inequality, poverty, marginalization, mismanagement, and ecological destruction of life (Manshor & Saad, 2022, 2023; Mirović, 2020; Ranjbari et al., 2021; Saad & Manshor, 2023). Salas-Zapata & Ortiz-Muñoz, (2019) claimed that there are over 80 different definitions of sustainable performance, while Ciegis et al. (2009) stated that there are over 100 definitions in the context of economics. However, neither of the studies provides an explicit definition of sustainable performance. This proves a great example of how modern science can acknowledge gaps in knowledge and still advance through the collection of observational data and the application of mathematical tools in search of theory that makes sense and that can generate new sources of power for technological innovation (Alraja et al., 2022; Department of Economics and Social Affairs, 2023; Derhab & Elkhwesky, 2023; Dvorsky et al., 2021; Sobir, 2018; Zastempowski et al., 2020).

Sustainability research continues to be hindered by the ambiguity and lack of clarity in the concept of sustainability, as well as by a lack of understanding of how sustainable is to be implemented (Al Mamun, Ibrahim, et al., 2018; Coduras et al., 2016; Department of Economics and Social Affairs, 2023; Jamak et al., 2014; Md Husin &