



**THE SUCCESS FACTORS OF RURAL ENTREPRENEUR UNDER ONE VILLAGE ONE
PRODUCT PROGRAMME AT KUALA LAJONG NIAH AND BAKAM VILLAGE.**

SHAHREL BIN RAMLEE

2014627482

BACHELOR OF BUSINESS ADMINISTRATION HONOUR (MARKETING)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA SARAWAK

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SHAHREL BIN RAMLEE

2014627482

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ABSTRACT

This paper presents the determinants of success factor of rural entrepreneur under OVOP program at Kuala Lajong Niah and Bakam village in Miri, Sarawak. A sample of rural entrepreneurs under the One-Village-One-PRODUCT (OVOP) program at Kuala Lajong Niah and Bakam village was surveyed using a structured questionnaire. By reviewing previous journal and article, despite the importance of both internal and external factors, it is found that, for Niah Village internal factor which is entrepreneurial quality and external factor which is market accessibility are dominant in contributing to the successful of their business. Then, for Bakam village internal factor which is price and service and external factors which is networking are important dimension in contributing to their business success.

Keywords: Rural Entrepreneurs, One-Village-One-Product, Success Factors, Factor Analysis

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CHAPTER 1: INTRODUCTION

In chapter 1, background of the research, research problem, research objectives, scope of the study, research constraint and significant of the study are highlighted in order to provide an overall overview on research.

1.1 RESEARCH BACKGROUND

One of the way taken by the Malaysian government to boost rural income is to facilitate the growth of small enterprises under the One-Village-One-Product program (briefly OVOP). Introduced in 2003, this program was inspired by the success story of the One-Tambon-One-Product program (OTOP) of Thailand. OVOP works on three main principles namely “Think Globally, Act Locally”, “Independence and Creativity” and “Fostering Human Resources”. The first principle encourages rural entrepreneurs to produce at least one product of commercial value per village using available natural resources, local craftsmanship and creativity. Second principle, to promote self-reliance and government subsidies are not provided for OVOP groups. Instead government aid comes in the form of technical assistance and R&D support for product development, assistance for marketing and distribution to reduce the transaction costs that local entrepreneurs have to bear if they were to execute product development and penetrate markets themselves. Finally under the third principle, human resources are developed through training in terms of management, leadership and communities building as communities become engaged in the OVOP process.

In economic development literature, OVOP concept is really recommended. (Friedman, 1987) And (MacKenzie, 1992) state that by enhancing rural entrepreneurship is the one of the primary measures to boost economic development in rural areas. (Wortman, 1990) defines rural entrepreneurship as “the creation of a new organization that introduces a new product, serves or creates a new market, or using a new technology in a rural environment”.