



**SUCCESS FACTORS IN ARGIBUSINESS:  
AN EXPLORATORY STUDY OF FAMA CONTRACT  
FARMERS IN KUCHING DIVISION, SARAWAK**

**ASNINA TANTYYANNA BINTI ABU BAKAR**

**2013827974**

**SUBMITTED FOR THE FULLFILMENT OF THE  
REQUIREMENT FOR THE DEGREE BACHELOR OF  
BUSINESS ADMINISTRATION WITH HONOURS  
(MARKETING)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**SARAWAK**

**DECEMBER 2015**

## **ABSTRACT**

Success in agribusiness are among the efforts in the implementation of the change and change the perception of the agricultural sector towards higher and more secure future. Returns commensurate benefits to farmers in an effort to convince farmers to further develop their businesses. In fact, the greater involvement of farmers in the agribusiness sector, also a good return on the government to improve the country's economy. In addition, the promotion of young people's involvement in this area, helping menjerumus towards national objectives in agriculture and business. The study of these success factors not only reflects the current success and even help attract people, especially young people to be involved in the farming business, as returns are guaranteed in the future. The study was conducted in Kuching Division which includes six (6) areas of Kuching, Lundu, Bau, entertainment, and Padawan Sematan. The method used in this study is the use of questionnaires to gather information. In fact, the quota of respondents obtained through contract farming units FAMA Sarawak. A total of 162 respondents from smallholders and farmers who mostly grow vegetables, fruits and herbs were interviewed. Most of the respondents interviewed were aged between 41-50 years and most have low levels of education.

## **TABLE OF CONTENTS**

	<b>Page</b>
Declaration of Original Work	i
Letter of Submission	ii
Abstract	iii
Acknowledgment	iv
Table of Contents	
List of Figures	v
List of Tables	vii
List of Appendices	x
<b>CHAPTER 1: INTRODUCTION</b>	
1.1 Background of Study	1
1.2 Problem Statement	2
1.3 Research Objectives	3
1.4 Research Questions	3
1.5 Significance of Study	4
1.6 Scope and Limitation of Study	5
<b>CHAPTER 2: LITERITURE REVIEW</b>	
2.1 Introduction	6
2.2 Education and Training	6
2.3 Financial Support	8
2.4 Market Demand	8
2.5 Technology Innovation	9
2.6 Theoretical Framework	10

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of Study

Definition of agribusiness can be said when there is buying and selling activities among farmers directly to consumers, product supply (of sales) and services, the occurrence of processing (such as plants), the grading, packaging and labeling on the product. (Haggblade S, Chapoto A., Aissetou Drame-Yayé, Hendriks S.L, Kabwe S, Minde I, Mugisha J and Terblanche S, 2015).

In line with the development of Malaysia and the national vision 2020, according to the distribution of agricultural products is now the country's progress. Increasingly, more opportunities to expand its business, especially in the agricultural income.

Under the project, researchers conducted research on the success factors of agribusiness in Kuching Division, Sarawak. Malaysia among the countries that managed to export their agricultural products to foreign countries in addition to distributing their farm products in Malaysia. Number of persons engaged in the business of farming is on the rise in Kuching Divisions involving Kuching, Bau, Lundu, Sematan, Siburan, and Padawan. Kuching Division between areas with a large area and is suitable for agriculture

The variety of economy activities such as center of business, education industry, tourism, mixed sectors and also agriculture activities. . This study will determine the key factors that contribute to success of farming in Kuching Division, researchers will study the success factors of agribusiness through knowledge and experience of the entrepreneur itself and get the opinion of respondents to the involvement of young people with agribusiness in the future.

## CHAPTER 2

### LITERITURE REVIEW

#### 2.1 Introduction

Agriculture is important to ensure that the main supply is adequate human. The increase in population led to the participation of entrepreneurs of small farmers is increasing due to the demand for them on farm products. Formerly only agriculture farming farm activities that bring food supplies to their own or consumers. Most of them use a mediator in the sale and purchase. Even Malaysia dependent on farm produce imports from abroad to ensure that demand can be meet. When import many products into the country, then there is a lot of turnover. To achieve the vision of Malaysia on "Agriculture is a business," a very drastic change on agriculture. It was turned into a business that has dealings between farmers and consumers continue to generate income for farmers (Zainalabidin et al, 2012) and many researchers advocate that "Agriculture is a business," not only in economic gains, even as mains supply to the consumer and society (Norberg-Hodge et al, 2002; Allen et al, 2003; Appleby et al, 2003; Renting et al, 2003; Lyson and Gyptill, 2004). There are several factors that alter the success of "Agriculture is a business," better known as "Agribusiness". Among them, education and training, financial support, market demand and technological innovation.

#### 2.2 Education and Training

Some researchers (Jo and Lee, 1996; Lussier 1995; Yusof, 1995) found that education and training or experience in farming practices contribute to the success of entrepreneurs in business. The existence of education in agriculture and business to help small farmers in managing their business in agriculture effectively. Training on agriculture and marketing helped small farmers to move or change the