

## Issues and Challenges of Micro Food Entrepreneurs in Dungun, Terengganu

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### ABSTRACT

*This project is based on the concern of the university on the issue of small and medium entrepreneurs (SMEs) and micro-businesses in the food processing industry. The research was conducted also to support the government's aspirations under the Rural Transformation Project (PTLB). These objectives can be realized through good quality food processing research because the field of dry and frozen food processing has the potential to create job opportunities among Malaysians, especially in rural and suburban areas. A qualitative research approach was adopted with exploratory, inductive research. The sampling method used in this research is purposive sampling since only respondents with the selected criteria will be considered as a respondent in the study. The researchers targeted 60% of the food-based entrepreneurs registered with Majlis Amanah Rakyat (MARA) of Dungun and Lembaga Terengganu Tengah (KETENGAH), however, 20 entrepreneurs were selected based on the entrepreneurs list provided by MARA of Dungun and KETENGAH. They are involved in the food industry by manufacturing products such as frozen food, dry chips, cakes, fruit juice etc. In this paper, we discovered that among the issues faced by the entrepreneur are the lack of competitiveness and marketing effectiveness. They also have many challenges to overcome, especially in packaging, labelling, managing financial records and choosing the most effective promotional tools. In this paper, we also highlighted the business problems faced by entrepreneurs. Among the problems explored are internal factors, external factors, packaging, storage, and branding. In addition, they are also facing problems in acquiring nutritional labelling and food standard certification such as MESTI, GMP and HALAL certifications. The researchers also proposed several strategies for entrepreneurs to overcome the problem. We believe this project can help them address the problems and challenges mentioned earlier as the proposed project is a holistic project that will help them to become competitive and quality-conscious entrepreneurs. This project will also help entrepreneurs and food stall operators to improve the quality of their food products.*

**Keywords:** *Competitiveness, Food Products; HALAL Certificate, Packaging, Small and Medium Enterprise (SME).*

### INTRODUCTION

The food processing industry is one of the important sub-industries in the manufacturing sector in Malaysia. The food processing industry has been identified as one of the 12 prioritized industries in the

Third Industrial Master Plan 3: 2006-2015 (IMP3) and the Third Industrial Master Plan 2 (IMP2). In addition, the industry is credited as one of the industries that are able to create jobs, strengthen foreign exchange and create added value in the food industry (Che Omar & Tajudin, 2014). The food-processing sector accounts for about 10% of Malaysia's manufacturing output. Processed food contributed about RM21.76 billion while import value amounted to RM20.27 billion in 2019 (Malaysian Investment Development Authority (MIDA), 2020). Malaysian processed foods are exported to more than 200 countries and as of October 2021, the export value equals RM 2,287,446. This figure showed an increase from the previous figure of RM 2,054,980 for September 2021. The lowest export value for processed food in 2021 was RM 1,751, 972 recorded in February 2021. The increase indicates that the processed food industry has the potential to become a major contributor to the Malaysian gross domestic product and revenue (Malaysian Department of Statistics 2021). Although the export performance of this sector has doubled over the last ten years, Malaysia continues to be a net importer of agriculture and food products with an import value of RM 98 billion in 2020 as compared to RM93.5 billion in 2019 (Department of Statistics Malaysia, 2021)

In Malaysia, food processing from Small and Medium Enterprises (SMEs) is the largest part of the business (Husna & Idris, 2010) with SMEs contributing to 99.2% of the overall business establishments in Malaysia (Nor et al., 2016). SMEs can be defined as 'the manufacturing enterprises or companies that provided the services associated with manufacturing with the sales income not exceeding RM50 million and hires the full-time worker not exceeding 200 persons. Meanwhile, microenterprise can be defined based on certain criteria which consist of the number of employees not exceeding 5 persons and annual sales turnover not exceeding RM300 thousand. Since most of the participants in the study are micro-entrepreneurs, this study will use the second definition and focus on micro-entrepreneurs only (SME Corp. Malaysia). Micro enterprises are very important in a country since they contribute to the growth of the economy and employment in the country (Dahnil et al., 2014). They are the backbone of the Malaysian economy, representing 97.2% of overall business establishments in 2020 where 76.4% (903, 174 firms) are micro-enterprises (Department of Statistics, Malaysia 2021). In 2020, Micro-enterprises employed about 48% of the country's employees or 7.25 million workers and Gross Domestic Products (GDP) of RM 512.8 billion or 38.2% of the Malaysian GDP (Malaysian Department of Statistics, 2020). The increase in convenience and healthy food demand has led to innovative new products in the food processing-based SMEs in Malaysia. In such a situation, innovation is considered the key element to success in the increasingly global competitive environment (De Silva et al. 2021; Da Silva et al., 2016).

Previous literature has demonstrated a significant research gap in terms of the quality of the management practices in the organizational performances of micro-businesses particularly in the food processing industry in Malaysia. Many micros, especially Bumiputera enterprises are involved in the food processing industry. The business ranges from spices, frozen samosa, spring rolls, and chocolate cookies to spices and mutton curry. However, many micro-businesses are unable to penetrate new and larger markets beyond their hometown or districts. In addition to financial challenges, these businesses face difficulties in promoting their products and using the right media. Weaknesses in the intricacies of marketing and packaging of products among micro-entrepreneurs are often highlighted by various parties. This has become one of the problems in the process of developing and expanding micro businesses. In large firms, marketing activities are important to the success of the company, but in micro-businesses, the role of marketing is critical since poor marketing may cause greater problems for micro-businesses (Maksum et al., 2020). Marketing activities not only involve promotional activity but involve the development of products, determining the right price, creating efficient and effective distribution and storage efforts and a sound promotional process (O'Dwyer & Gilmore, 2019). We postulate that micro-entrepreneurs are facing many challenges in their marketing activities in their effort to identify the right customers, segmentation, promotion methods and channels (Bettiol, Di Maria, Finotto, 2012). In addition, a study conducted by Hashim, Mohamad and Othman (2020), revealed that issues faced by micro-entrepreneurs include a lack of skills and knowledge in business management especially financial aspects, operation of production and marketing activities. Many of them are facing

difficulties in growing their business due to lack of equipment, labour-intensive, lack of capital, lack of focus on a product, limited space, hygiene issues, and many more.

## BACKGROUND OF STUDY

This research is conducted based on a project organized by researchers in addressing issues on the lack of competitiveness among micro-entrepreneurs in the food industry in the State of Terengganu. They face many challenges in the industry, especially in producing high quality and long-lasting food products, packaging and labelling. Furthermore, they also face problems in segmentation, promotion and brand positioning. These challenges impede their efforts to penetrate larger and new markets, hence they are unable to sell the products beyond the district of Dungun, Terengganu. We targeted 60% of micro-entrepreneurs, who are involved in the food processing industry, food packaging and food stall management. However, not all micro-entrepreneurs are registered with MARA and KETENGAH. The researchers, therefore, decided to interview 20 entrepreneurs who were proposed by MARA and KETENGAH and were willing to cooperate in the interview. Previous studies have found that micro-entrepreneurs have constraints in the proper handling, processing, and knowledge that conform to local and international standards (Shah & Ahmad, 2015). In this article, we postulate this project can help micro-entrepreneurs address the problems and challenges mentioned above as the proposed project is a holistic project that will help them become competitive and quality-conscious entrepreneurs. Without the basic knowledge of food processing, packaging and labelling, we feel these entrepreneurs will not be able to produce high-quality food products and will experience unsatisfactory demand from potential customers.

The proposed research conducted also helps to support the government's aspirations under the Rural Transformation Project (PTLB), which has eight (8) Initiatives. One of the Initiatives is the processing of agricultural food products which supports the goal of stimulating the agriculture sector through food production. The researchers argue that it is important for SME entrepreneurs to learn the best methods of processing and marketing food-based products. In this regard, we intend to further develop this initiative not only for agriculture-based products but also for seafood, traditional and modern cakes, as well as for the preparation of food for parties such as breaking fast ceremonies, wedding ceremonies, birthday celebrations, a celebration of religious holidays and others.

We also believe that this project supports the goal of the 4th National Key Results Area (NKRA) which is "Improving the Low-Income Citizen's Living Standards". These objectives can be realized through good quality food processing research because the field of dry and frozen food processing has the potential to create job opportunities among Malaysians, especially in rural and suburban areas. Furthermore, the demand for dry processed food such as meat, chips, local fruit cordials, traditional and frozen cakes received an excellent response, making the proposed research possible to help increase the income of micro-entrepreneurs involved in the proposed project. The project will also help the micro-entrepreneurs to become more competitive in penetrating the bigger consumer's market as they will be exposed to more effective and comprehensive marketing processes and methods, in addition to helping to raise the economic status of foreigners, it also helps increase the country's gross income.

## LITERATURE REVIEW

Challenges and problems by micro and small entrepreneurs in marketing activities arose due to several factors. The quality of the goods produced is among the leading causes. Most of the goods produced are of inferior quality. Among the causes of this situation are low-quality raw materials, machines and technology, lack of quality control system, low level of skills and expertise among the workers, unattractive design of a product and limited capabilities to improve the quality of products. One of the reasons why micro-entrepreneurs in Malaysia fail to penetrate bigger markets is due to the failure of not being able to fully develop the products which have not gone through reliable quality control

processes. This failure of the SMEs resulted in poor quality products which did not meet the needs and wants of the customers (Basari & Shamsudin, 2020; Kaminskaite, 2017).

Meanwhile, the marketing problems that exist among the micro-entrepreneurs are also heavily influenced by several factors such as lack of customer confidence, transport and delivery, storage and storage area. Extensive competition among micro-entrepreneurs, monopoly of bigger firms and seasonal demand are also among the challenges that are often experienced in marketing micro products (Sudari et al., 2019). These external business forces as well as globalisation may affect the consumer's demand that in turn will influence the micro strategic business activities and ability to compete (Bocconcelli, 2016). Evidence has shown that food manufacturing in Malaysia is incapable to gain competitiveness mainly due to their inability to innovate and for those micro-entrepreneurs who hope to achieve a competitive advantage, they are suggested to join a formal learning project, through direct or indirect subsidy regarding training and learning of new technology in the manufacturing process (Räsänen & Tuovinen, 2020; Dada & Fogg., 2014). Moreover, packaging plays a role as a tool of sales promotion that can induce impulsive buying behaviour. Packaging has become a vital tool to help customers to differentiate between similar products offered by manufacturers (Mardalena et al., 2021) as well as a tool to persuade customers to choose a particular brand over others (Tiekstra et al., 2021). Good packaging definitely can enhance the product image and that may affect the customers' perception of the product. Therefore, it was reported that packaging can give a stronger impact on the customers' purchasing decisions than advertising (Mutsikiwa & Marumbwa, 2013).

Moreover, the nutritional label on food packaging gives many benefits to the consumer. For example, consumers can gain more knowledge as they read more nutritional labels on the products they purchase. Diaz et al., (2020) and Drichoutis et al., (2005) found that labels used in general, and the vitamins/minerals and ingredients information improve consumers' knowledge of nutrition. In addition, good nutrition labelling can educate the consumers to choose healthier food (Hagmann & Siegrist, 2020; Aygen, 2012), as well as provide the consumers with details of the food nutrition before purchasing, helping the consumer to choose food products that are most beneficial for their health (Mensah et al., 2012). It is recommended that to educate the consumers, manufacturers and retailers must take seriously the accuracy of the information on the food label to enhance consumers' purchasing experience (Zhang et al., 2020; Abd Majid et al., 2015).

Nutrition knowledge may facilitate label use by increasing its perceived benefits and by increasing the efficiency of label use, thereby decreasing the cost of using labels. The nutrition label can be used as a source of information to inform the consumers about the nutrition content in the food before they make a purchase decision. However, there is an indication that nutrition labels may not be used, even though consumers say that they do, and they may be misunderstood. Consumers seem to be able to understand certain key terms, but confusion increases with the complexity of the information and the task to which it should be applied. Usually, consumers are confused between the ingredients list and nutrition facts label. These two labels are different in describing a product's information. Meanwhile, many micro-entrepreneur products only show ingredient lists instead of nutrition facts labels. The confusion between ingredient and nutrition facts label will be higher when the label on the packing is too small and cannot be seen by the consumer. This makes consumers feel less motivated to read the labels and affects their buying behaviour especially for those customers who do not have enough time to shop. Consumers also face problems in terms of little understanding and lack of nutrition knowledge. Different terms have been used on the nutrition facts label such as calories (energy), salt (sodium), calcium (nutrient) and others. Many consumers are not familiar with the nutrition terms which may lead them to overlook the nutrition label. Furthermore, in a recent study by Koen et al., (2018), it was revealed that consumers face problems determining the correct amount and type of nutrition information on the food labels and would choose simpler labels with more images, colours and only one health authorization logo used on all food products. Hence, knowing that consumers have problems reading the nutrition label, the government or the relevant authorities need to solve the issue, create awareness and educate the consumers regarding the nutrition labelling (Zhang et al., 2020; Abd Majid et al., 2015).

## METHODOLOGY

In this research, a qualitative research approach was adopted. This approach was chosen since more data is required from the entrepreneurs who operate at business premises, workshops and production premises owned or rented by the entrepreneurs. Hence, an exploratory, inductive research approach is considered the most appropriate method. The sampling method used in this research is purposive sampling since only respondents with the selected criteria will be considered as respondents in the study. We aimed to collect data from 20 micro-entrepreneurs who are involved in manufacturing food products. The entrepreneurs were selected based on the list of entrepreneurs provided by Majlis Amanah Rakyat (MARA) of Dungun and Lembaga Terengganu Tengah (KETENGAH) who are involved in the food industry such as frozen food, dry chips, cakes, fruit juice etc. Researchers went to visit the entrepreneurs at several locations which include business premises in Dungun town, Bukit Besi and Al Muktafibilah Shah. During the visits, we conducted an in-depth interview with a total of 20 micro-enterprises. The visits were conducted between August 2015 and November 2015. The majority of entrepreneurs participated in the survey while the remaining completed the questionnaires during a workshop conducted by the researchers in Dungun in 2016. The data collection process was completed by May 2016.

Questions used in the depth interviews were divided into several sections which include the a. Respondent's profile b. Business profile, c. Business problems d. Marketing strategy, e. financial management f. Recognition or certificate received, and courses attended. All responses collected from the respondents were analysed qualitatively by representing the data in a descriptive format as stated in the following findings section.

## RESULTS AND DISCUSSIONS

### Entrepreneur's Profile

In this study, 20 micro food entrepreneurs in Dungun District, Terengganu, are chosen as the participants in the survey. The majority of the entrepreneurs are 14 women while there are only 6 men. The majority of the entrepreneurs (12) are in the range of 20 to 40 years old while the rest are aged from 41 to 60 years old. In addition, almost all of these entrepreneurs are married and have only one single mother. For education levels, the majority of the entrepreneurs (11) have Sijil Pelajaran Malaysia (SPM) while 3 of them have the Sijil Rendah Pelajaran (SRP). Three entrepreneurs have a Diploma and there is one entrepreneur who has a Master degree and another one who has a doctorate.

Furthermore, in this study, we discovered that many of the entrepreneurs (6) who came to the workshops are involved in the restaurants and catering business. Six (6) entrepreneurs were also found to sell pastry-based food products such as cakes, bread, pizza, and fried ice cream. In addition, 3 entrepreneurs sell dry food such as banana chips, 'Tiram' chips and 'Bunga Durian' chips. The results also found that 2 entrepreneurs sell frozen food products (such as spring rolls, doughnuts, curry and samosa), while 2 of them sell fruit juice or juice-based products (such as durian and seaweed juice). Only 1 of them sells palm sugar ('Nissan Kerek'). When asked about the age of their business, 7 entrepreneurs reported that they have been operating their business for less than 5 years, followed by six (6) entrepreneurs who have been in the business between 5 to 10 years. Two (2) entrepreneurs have been in the business between 11-16 years, 2 entrepreneurs have been doing business for over 16 years and an entrepreneur is uncertain of the age of their business.

### Business Profile

In addition, in terms of the business capital, 8 entrepreneurs stated that they invested capital of less than RM5000 while 7 entrepreneurs invested a total of RM5000 to RM10000. While the rest use

a capital of more than RM 10000 (6 people). In terms of sales or income per month, 7 entrepreneurs reported earning less than RM5000, followed by 6 entrepreneurs who earn at least RM10000 in sales and 5 entrepreneurs who earn between RM5000 to RM10000 in total sales. In terms of actual profits from January to October 2016, the majority (9 people) of the entrepreneurs claim to earn more than RM10000 and the rest generate a profit of less than RM5000 (4 persons), RM5000-RM10000 (4 persons) and uncertain (2 persons).

Five entrepreneurs are claiming to have equipment such as chillers, ovens, cake tables, pots, kitchens and flour mixers. In addition, 4 entrepreneurs reported receiving capital assistance and 3 entrepreneurs received guidance and assistance such as workshops or courses from the Department of Agriculture and the KEMAS Development Authority. Furthermore, some entrepreneurs claim to have received assistance in various forms from the Department of Agriculture, RISDA, MARDI and KETENGAH. While another 5 entrepreneurs said they did not get any business assistance or guidance from any agency. Furthermore, in terms of the production process, the majority (11) of the entrepreneurs manufactured their goods by order while 4 entrepreneurs produced in-bulk and 3 adopted a mixture of both types of production. Furthermore, the results of the study also found that the majority (13) of the entrepreneurs have less than 5 employees, followed by 4 entrepreneurs who have between 5-10 workers, 4 entrepreneurs with 2 workers and one entrepreneur with more than 10 workers. In addition, in terms of business locations, 8 entrepreneurs each run their business at homes and shops while only 2 entrepreneurs carry out their business at their workshops.

In this study we also discovered the entrepreneur's monthly expenditure that includes the purchase of raw materials, paying wages, fuel, and other expenditures. Two entrepreneurs revealed that the cost of raw materials is less than RM5000 and one entrepreneur spends RM5000-RM10000 for her monthly expenditure. Furthermore, two entrepreneurs stated that the expenses for wages amounted to less than RM5000 a month while an entrepreneur spent between RM5000 to RM10000 for her monthly wages. Six entrepreneurs stated that their monthly expenditure is less than RM5000. Four entrepreneurs spend between RM5000 and RM10000 and four (4) entrepreneurs spend more than RM10000 on their monthly expenses. However, two entrepreneurs have never thought about or are not sure of their business expenses. In addition, the researchers also asked the entrepreneurs about the volume of products manufactured based on days, weeks, or months. Six entrepreneurs mentioned that their products are manufactured daily, while 3 on weekly basis and 4 on monthly basis. Furthermore, this study also obtains information on business assets either leasing or ownership. The majority of the entrepreneurs (10) involved stated that business assets such as shops, transport and machinery belong to the property while the rest are rented (6) and uncertain (1 person).

## **Business Problems**

Problems affecting internal factors include small-scale traditional processing where entrepreneurs highlighted the problems of not being able to produce in large volume and slow production processes. In addition, some entrepreneurs need more employees that may help them in producing traditional products. Furthermore, many entrepreneurs stated they cannot afford to buy proper machines due to the high price in the market. As for the location of the product, entrepreneurs operate their business in the compound of their houses, shops, restaurants, and workshops. One of the big challenges among them is the nonexistence of huge working space for those who are conducting their business at home. This includes entrepreneurs who manufacture food products such as cakes, snacks and dry food. Their main challenges are the small working space. Some entrepreneurs cannot complete the construction of their workshops due to the lack of funds. For entrepreneurs who sell their products at coffee shops or restaurants, the small kitchenette is a major issue too. In terms of hygiene and safety, the majority of entrepreneurs are operating at clean, secure and safe production sites. Some entrepreneurs point out uncomfortable production sites.

Furthermore, in the matter of external forces such as the pressure of competition, the majority of the entrepreneurs claim to face stiff competition from other entrepreneurs. Among the competitors faced by entrepreneurs are competitors who produce more durable products, cheaper prices, more attractive packaging and have the ability to produce products in large quantities. Some entrepreneurs express facing competition from competitors who sell the same product. In addition, the findings also found that entrepreneurs have a supply problem. Among the problems involved include costly and uncertain quality of raw materials and scarce supply of goods. For external factors such as agency policies or regulations, the majority said there was no problem. However, some entrepreneurs started having problems involving municipalities that do not carry out comprehensive enforcement. Furthermore, the findings also found that the average entrepreneurs stated that there was no problem with the demand for products because of their high response, encouragement, and satisfaction. However, few entrepreneurs have problems with the demand for products such as lack of response, less marketing, and product problems that have no expiry date.

For product packaging, almost all entrepreneurs made their packaging rather than using a third party. Many entrepreneurs' face problems in product packaging such as unexciting designs and the high price involving a third party to manufacture the labels and stickers. However, few entrepreneurs buy packaging materials at the store. The packaging materials used are plastic wrappers, polystyrene, paper, plastic containers, paper boxes and wrappers. Despondently, some entrepreneurs highlighted problems such as the high cost and lack of affordable packaging material to buy. They also express their need for assistance in choosing the best packaging materials. Moreover, for product labelling, most entrepreneurs have labels for their respective products. However, there are various problems faced by entrepreneurs, including expensive stickers, unattractive seals, and incomplete nutritional information on the labels. Some labels do not have nutritional information and extensive nutritional analysis is required to ensure accurate nutritional information is listed wisely. Some entrepreneurs put unrelated pictures on their product labels which make the product less impressive. For product storage, entrepreneurs store their products in a freezer, chiller, refrigerator, stainless steel container, cooking pot, sealed containers, thermos, and containers wrapped with wrappers. However, some entrepreneurs lament that there is insufficient storage space. In addition, for storage during transportation, entrepreneurs store their food products in thermos, ice boxes, air-tight containers, plastic boxes, well-ventilated places and refrigerators. Nevertheless, some entrepreneurs have problems with damaged products due to improper storage.

Furthermore, for product branding, the majority of the entrepreneurs (15 entrepreneurs) stated that they had business names and the rest were not named. In addition, there are also ten (10) entrepreneurs who claimed to have a business logo while the remainder stated that they have no logo for their products. Additionally, the colour of the logo of the entrepreneurs includes red, white, green, pink, yellow and orange. In terms of branding, some entrepreneurs claim that their self-created current logo is unattractive to attract customers. Some entrepreneurs claim that they need advice or help to design a better logo.

## **Marketing Strategy**

The study also addresses the marketing strategies of entrepreneurs covering customer goals, promotions, product distribution, product uniqueness or privileges, and entrepreneur pricing strategies. Among the targeted customers are children and adults and communities of all ages. Some entrepreneurs target customers between the ages of 25-35 years old. In addition, some entrepreneurs targeted the community from the surrounding areas. The findings also showed that there are entrepreneurs who target customers who visit supermarkets, shops, night markets or farmers markets. Additionally, some entrepreneurs look for quality-conscious societies by selling tasty, tailor-made products at affordable prices. Some entrepreneurs declare that they don't have enough customers buying their products. Furthermore, marketing strategy also involves promotion or marketing communication. This promotion method can involve online or offline methods. The findings showed that entrepreneurs use various ways

or methods of marketing such as through social media (Facebook, Instagram, WhatsApp), advertising in pamphlets, banners, or radios, and through expos, festivals, or night markets. Some entrepreneurs use word of mouth or promoting to close acquaintances to promote their products. In addition, to attract customers, some entrepreneurs offer cash on delivery services and also offer customers to taste the products before they offer the products to the respective customers.

In terms of the distribution of food products, the majority of the entrepreneurs (11 people) did not use wholesalers while the rest used distributors. Additionally, the majority of the entrepreneurs also use direct buyers from suppliers and distribute directly to customers to distribute their products. Furthermore, some entrepreneurs use middlemen to distribute their products. As for product novelty, many entrepreneurs indicate that in food products, good taste and customer satisfaction are a sign that the product is unique. The uniqueness of the products includes an original taste, freshness of the product, no preservatives, and a variety of choices. Furthermore, products claimed to be good for health and strength will attract customers. Additionally, entrepreneurs also agreed that providing delivery services and tailoring to the needs of customers, can add to the advantage of the entrepreneurs. Furthermore, affordable and less competitive prices from other entrepreneurs can also be an advantage to the entrepreneur's products. In terms of the pricing strategy, entrepreneurs use various strategies including offering reasonable prices, prices according to the current market, and based on the demand of the consumers. In addition, some of them also offer their new product at half price and offer free drinks for food products purchased by customers.

## **Financial Management**

Concerning financial management, the majority of entrepreneurs have files, ledgers, or logbooks to record their business finances, but they still need support and learn how to manage that process properly. Additionally, the majority (12) of the entrepreneurs involved in the study have never followed any store workshops. Only 8 entrepreneurs have attended book-keeping courses held at Sri Malaysia Hotel, Universiti Teknologi Mara Hotel (Hotel UiTM), Youth and Sports Office and Majlis Amanah Rakyat (MARA). In addition, the average entrepreneurs agreed that many agencies run such workshops including the Central Terengganu Development Authority (KETENGAH), the Agriculture Department, the Entrepreneur Development Foundation (YPU) and MARA. Some entrepreneurs say that there are workshops organized by Hotel Seri Malaysia, Hotel UiTM, and Universiti Utara Malaysia (UUM).

## **Recognition / Course / Certificate**

The findings also revealed that the majority of the entrepreneurs (16) had attended entrepreneurship or business courses. In addition, the majority of the entrepreneurs (19) have attended the food handling course and have food handler certificates. In addition, 18 entrepreneurs also stated that they have an entrepreneurial certificate. Subsequently, ten entrepreneurs stated that they did not have any halal certificates. The entrepreneurs also said they have other skills such as teaching cooking techniques, taking photographs, sewing, treating patients and selling insurance. Some entrepreneurs have skills in carving fruits, landscaping, and farming. In addition, this study also describes the courses that entrepreneurs want to attend. Many entrepreneurs (13) wanted to attend basic courses or business workshops such as business management, marketing, labelling, packaging, and culinary courses. In addition, three entrepreneurs expressed their desire to attend courses such as photography courses, science courses and food technology and motivational courses.



## Other Issues

Apart from the problems mentioned earlier, there are also other issues expressed by the entrepreneurs. Some entrepreneurs face financial problems such as having too many debts and experiencing losses on some products. Some entrepreneurs highlighted the problem of not having the right knowledge and skills, thus they express their need to attend workshops related to financial and business management. Additionally, entrepreneurs also express their concern about not having enough equipment to operate their business more efficiently. Therefore, entrepreneurs need financial assistance to buy equipment such as stainless-steel tables, buffets containers, industrial mixers, bottle packaging machines and industrial fryers. Some entrepreneurs express problems with staff who are not disciplined and not punctual. In addition, a few of them also have problems related to policies, for instance, difficulty in obtaining a certificate from the Malaysian Ministry of Health such as MESTI, (*'Makanan Selamat Tanggungjawab Industri'*) GMP (Good Manufacturing Practises) and Halal certificates as applications for these certificates usually would require a long time to process.

The findings also revealed that entrepreneurs also face problems in increasing the size of their business premises and workshops. They are unable to expand their workshops or plants due to limited capital. Some entrepreneurs face problems in marketing their products to supermarkets and hypermarkets. Additionally, some entrepreneurs express problems in getting quality supplies and raw materials at affordable prices. This is due to the high price of goods and supplies. The majority of the entrepreneurs still package their products manually, thus they are unable to market their products more effectively. Other issues of labelling include low-quality materials, misspellings, lack of nutritional information and absence of information on materials used.

## CONCLUSION

In this research, we collected data from 20 entrepreneurs who are involved in the food processing industry, food packaging and food stall management. The list of 20 entrepreneurs was given by two agencies, MARA of Dungun and KETENGAH. The results of the analysis show that micro-entrepreneurs face many challenges in the industry, especially in the field of packaging and labelling. Previous studies have found that SMEs' and micro-entrepreneurs have constraints in the proper handling, processing, and knowledge that coincide with local and international standards. We believe this project can help them address the problems and challenges mentioned above as the proposed project is a holistic project that will help them become competitive and quality-conscious entrepreneurs (Shah & Ahmad, 2015). Without this project, we feel that entrepreneurs will not be able to produce high-quality food products and will experience unsatisfactory demand from potential customers.

Microenterprises play an important role in improving the living standards of the low and middle class and contribute to the country's economic development. The emergence of numerous micro firms in both urban and rural areas reflect the country's economic stability. Therefore, all parties need to play their respective roles in ensuring the micro-entrepreneurs continue to be assisted and guided so that it continues to grow into a stronger company. To produce more entrepreneurs who successfully develop both micros, small and medium enterprises in various fields, a solid support system needs to be created such as financial assistance, training and guidance from various agencies. It is believed that state and government agencies such as Federal Agricultural Marketing Authority (FAMA), Lembaga Kemajuan Terengganu Tengah (KETENGAH), Majlis Amanah Rakyat (MARA), Yayasan Pembangunan Usahawan (YPU), Terengganu should coordinate their entrepreneurial activities and workshops so to optimise the resources and the funding available for the entrepreneurs in any business development projects. In addition, these agencies can create collaborate with other private and public organisations such as SIRIM, public universities, polytechnics, and SME Corporation (SMECORP) to support the entrepreneur's success in future.

The combination of activities from various parties will enhance the capabilities of micro-entrepreneurs in terms of management efficiency, product innovation, expansion of new markets, efficient production methods, improvement of distribution channels and more competitive marketing strategies. Among the projects that can be organized through a combination of multi-agency collaboration are effective entrepreneurial motivation training, easier financial assistance procedures, better advisory services, and more effective monitoring of firm operations. Apart from that, micro-entrepreneurs who are involved in the food industry will also be exposed to new knowledge such as digital marketing, customer management and IR 5.0. It is hoped that this study will benefit not only micro-entrepreneurs but the SMEs in identifying issues and challenges faced and also more comprehensive solutions in a competitive business world.

The results of this study also highlighted suggestions for improvements proposed by the entrepreneurs. Some entrepreneurs suggest that the ministries add grants to small entrepreneurs and aid in terms of monitoring. Additionally, there are also suggestions for creating cheaper machines and machines that can be manufactured in bulk. Subsequently, the entrepreneurs also expressed their intention to attend business-related workshops such as cooking workshops, accounting workshops, and motivational courses. The findings also found that entrepreneurs suggested certain parties should provide financial assistance, equipment, packaging and a more strategic location for entrepreneurs. Furthermore, there are also suggested improvements to products such as making the products more durable, smoother, and multi-flavoured. We also proposed that a fund be created to help the entrepreneurs buy the necessary equipment and machine to increase the speed and the volume of production. This effort is necessary to help entrepreneurs fulfil the ever-increasing demand from consumers. Mentors should also be appointed to help the entrepreneurs in their daily activities. If problems arise, the mentors can be consulted especially in managing the financial issues of the business.

We also believe that state and government agencies such as Federal Agricultural Marketing Authority (FAMA), Lembaga Kemajuan Terengganu Tengah (KETENGAH), Majlis Amanah Rakyat (MARA), Yayasan Pembangunan Usahawan (YPU), Terengganu should coordinate their entrepreneurial activities and workshops to optimise the resources and the funding available for the entrepreneurs in any business development projects. We discovered that there are redundancies in workshops attended by the entrepreneurs. In addition, these agencies can collaborate with other private and public organisations such as SIRIM, public universities, polytechnics, and SME Corporation (SMECORP). For example, KETENGAH and MARA may sponsor successful entrepreneurs to join the INNOPACK project where SIRIM will help the entrepreneurs to create attractive branding, labelling, and packaging according to local and international standards. They may also partly sponsor potential entrepreneurs who are applying for HALAL and MESTI certification. Agencies in charge of developing the entrepreneurs may collaborate with Jabatan Agama Kemajuan Islam Malaysia (JAKIM) which awards the HALAL certification and the Ministry of Health which awards the MESTI certification to organise free workshops in terms of the technical standards and procedures of applying these certificates. These workshops may help the entrepreneurs to prepare the necessary facilities and documents to apply for these certificates.

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