

Intention of Rural Community Entrepreneurs towards Product Commercialization

Abstract:

This article explores the rural entrepreneurs' intention to commercialize their product. Based on qualitative data derived from the focus group interviews, contents of interview data of 25 rural entrepreneurs are analyzed. Results show all rural entrepreneurs still require financial support and advice, mentoring program and consultancy in terms of management, marketing and financial management. However many of them were not aware and get access to financial/non-financial assistance, and the availability of programs arranged by the government due to (i) lack of networking and (ii) lack of accessibility to information. These bring attention to the importance of entrepreneurial support and guidance in dealing with challenges faced by rural entrepreneurs in Malaysia. The findings are valuable to rural entrepreneurs, researchers, and policy makers in understanding the mindset of rural entrepreneurs, as well as highlighting the significant support which start-up rural entrepreneur need. Apart from that, the findings offer useful inputs to policy makers towards improving the existing rural entrepreneurial support system in Malaysia. Future researchers may benefit from the study by alternating the design to quantitative methods to understand the relationships between intention to commercialize and entrepreneur support. Given the lack of studies on the matter, this article has the merit to identify critical supports that rural entrepreneurs need.

Keywords:

Entrepreneurship; Entrepreneur intention; Commercialization; Rural community; Rural Entrepreneurs

Introduction:

Over the past 20 years, the future success of rural area is often closely related with entrepreneurship (William, 2011). Thus, it is seen as one of the adept strategies for rural community development. Naturally, economic development in rural areas is dominated by agriculture-related services industry. In relation to this, rural entrepreneur has been defined as someone living in rural locations and focusing on agriculture that relates to natural resources

(Degei & Martin, 2009), in order to create local wealth. Additionally, rural area was also defined as a place outside of standard metropolitan statistical area (SMSAs) comprising of small towns, villages and scattered dwelling, with 10,000 or fewer residents (Small Business Administration, 2006).

Entrepreneurship in rural context faced unique challenges. According to Doltu (2011), there are six critical challenges in rural entrepreneurship as compared to urban's, namely; (i) lack of opportunities to find jobs, (ii) inconsistent approach to encourage small businesses, (iii) low human capital skill, (iv) insufficient of expertise for recovery potentials, (v) unstable and insecure existing infrastructures that may prevent business and reduce transition costs, and (vi) inefficient government's approach in promoting entrepreneurship. Moreover, there were limited accesses to human resources due to small sized, geographic isolation of communities (Zampetakis & Kanelakis, 2010).

Therefore, rural communities need to move beyond their market remoteness by engaging in innovation and entrepreneurship activities (Drabenstott, 2010). Rural communities would have to find innovative ways to revitalise and stimulate their local economies. In that sense, Newbery and Bosworth (2010) suggested home-based business as a potential vehicle for both social and economic developments in rural areas. Home-based business refers to *'any business entity engaged in selling product or service into the market operated by a self-employed person, with or without employees, that uses residential property as a base from which they run their operation'* (Mason, 2008).

Consequently, the starting up of a home-based business has been common among rural communities. Nevertheless, these rural entrepreneurs should be aware of their intention, since intentions are the best predictor of planned behaviour. Other than the desire to be an entrepreneur, intention was also connected with the aspiration towards entrepreneurship (Rantanen & Toikko, 2013). As stated by Krueger (2009), *"the construct of intention is appeared to be deeply fundamental to human decision making and, as such, it should afford us multiple fruitful opportunities to explore the connection between intention and a vast array of other*

theories and model that relate to decision making under risk and uncertainty". These suggest that the intention is the foundation of every action.

Actions are by intentions as the Messenger of Allah said: "*Verily actions are by intentions, and for every person is what he intended*" [Al-Bukhari and Muslim]. This hadeeth convinces that the intention determines our destinations, actions or behaviour. Any great achievement is ascertained with the right intentions or decisions. Our lives begin with a clear intention, without intention we do not know how to start. Therefore the desire or decision to become an entrepreneur must begin with the right intentions.

In fact, rural community in Malaysia has evolved since the last five decades, where the growth process can be generally encapsulated into; (i) Post-Independence Era (1957-1970), (ii) The Era of the New Economic Policy (1970-1990), (iii) The Era of National Development Policy (1991-2000), (iv) The Era of Knowledge-Based Development (2001-2010), and (v) The Government Transformation Era (2011-2020). During these five eras, much effort and many resources were spent to improve the well-being of rural people, ranging from development of infrastructure and facilities, modernisation of rural sectors through the use of modern techniques of production, agriculture support services, integrated area development and institutional development. Each course comprises of various government agencies, policies, strategies and programs planned for the sake of citizenry (Rural Development Master Plan, 2010).

Due to high sensitivity on the fragility of rural entrepreneurial values, numerous support, strategies and programs were introduced to promote the well-being of rural people ranging from development of the agricultural sector, rural industrialisation, resettlement schemes, provision of public facilities and infrastructure to human and community development (Ngah, 2010). In that view, The Ministry of Rural and Regional Development has provided training and business consultation specifically to supply knowledge and understanding of business among rural entrepreneurs (Rural Development Master Plan, 2010). For example, this ministry had introduced various programs, including entrepreneurship training, marketing program, agriculture and tourism development program, and various financial schemes to facilitate the growth of One-District-One-Industry Programs.

Methods:

This study used qualitative approach, a focus group interviews were conducted in March 2017 at Kampung Tok Bedu, Tasek Gelugor, Pulau Pinang, Malaysia. Taking the approach of Miles and Huberman (1994), we employed a qualitative approach (which is based on words rather than numbers) to obtain a more holistic picture that would be rich in understanding. To obtain an in-depth investigation and rich description, Darke, Shanks, and Broadbent (1998) used a single case study approach. Also, a case study with symbiosis as the main context of by Darke and Shanks (1997) suggests that single case studies are more suitable when cases are unique or extreme. Furthermore, Benbasat, Goldstein, and Mead (1987) found that case study allows the study of a phenomenon of interest in its natural setting. Considering the nature and setting of this research, the researcher combined all previous approaches to a case study and select respondents among rural community, who were; (i) involved in business, and (ii) have an effort to commercialize their product. We sought voluntary participation in the focus group interview and assured the respondents of confidentiality. Research inquiries were operationalized by open-ended questions on their intention to commercialize their product, and their concerns of growth and sustainability during commercialization stage. The questions were structured as follows to cover three main

areas; (i) demographic profile, (ii) intention to commercialized, and (iii) entrepreneurial support. The questions were structured as follows:

- 1) What is your product? Have registered your business?
- 2) Do you have intention to commercialize your product?
- 3) What kind of support have you received from supporting agencies? What kind of support do you still need?

Results:

Table 1.1 below summarizes the respondents demographic profile. All respondents were Malay, with gender distributions of 14 male respondents (56%) and 11 female respondents (44%). In term of marital status, 64% (N=16) of respondents are married, 24% (N=6) are still single, and 12% (N=3) are single mothers. Regarding education level, 84% (N=21) of respondent finished secondary education, 12% (N=4) completed SPM (Sijil Pelajaran Malaysia) and only one respondent with 4% completed tertiary education at Diploma level.

Table 1.1: Respondent's Demographic Profile

Demographic	Frequency (N)	Percentage (%)
Gender		
Male	14	56
Female	11	44
Education Level		
Diploma	1	4
SPM	3	12
Secondary School/SRP	21	84
Marital Status		
Married	16	64
Not Married	6	24
Single Mother/Single Father	3	12

Owing to the awareness and their intention to commercialize their product, the rural entrepreneurs still need support and advice. It was a surprising fact that, most of the rural entrepreneurs did not register their business yet even after years of operation, mainly due to the lack of awareness on registration procedure. Though The Ministry of Rural and Regional Development had assisted the rural entrepreneurs to register their business, only 30% (N=8) of respondents have registered their enterprise with SSM (Suruhanjaya Syarikat Malaysia). Table 1.2 indicated the number and percentage of registered business.

Table 1.2: Number of Registered Business

	Frequency (N)	Percentage (%)
Yes	8	30
No	17	70
Total	25	100.0

Based on the results of the second part of the interview, all of the respondents agreed to commercialize their product. On the final part, the respondents sincerely expressed their opinions on the support that they received from various agencies, such as the government’s funding agency. The respondents also mentioned that they received help from personal network, proving that social capital played a major role in getting the support they needed. Still, some of interviewees said that mentoring program or consultancy could train them in aspects of management and marketing. Some of their responds were recorded as below:

“We got very little or poor training, so we need mentors”.

“We need training and more knowledge on finance and marketing.”

“We need training on management.”

“Maybe the participant should be given sufficient training and comprehension. We have to prepare the business plan. All that we could do were just estimate.”

“Regarding support, I think it is very little, not enough. Product development is on our own. So it was quite difficult for us to start in the early stage. During the development process, we were on our own. We do not know whether our product meets the original quality standard. We just produced it. We need more support.”

Discussion:

The findings of this study add value to the existing literature by highlighting the importance of entrepreneurial support that could help rural entrepreneurs in dealing with various challenges. Based on qualitative data, the present study identifies the intention of respondents to commercialize their product. Since most of the respondents are rural entrepreneurs with no or little personal savings to backup their business, it is challenging for them to financially support their ventures. Therefore, the findings on operational challenges calls for supporting agencies to consider funding entrepreneurs with prior experience and a relevant background, as well as providing more far-reaching skill development and hands-on programs for more beneficial exposure. Towards commercialization, these rural entrepreneurs would have to go through various processes such as the production, packaging, labeling and marketing of their products. In Malaysian context, where innovation and entrepreneurship are highly encouraged by the government, there is a pressing need for rural entrepreneur to innovate their product, as it takes a great deal of time, as well as financial and human resources to produce an innovative output. Alas, many of the rural products are not being commercialized due to the lack of resources, expertise, industrial linkages, and proper guidance to manage such a venture. Recently, the Malaysian government established helping institutions, agencies, technology parks, and incubators to support young and rural entrepreneurs with their startups. Although government and private agencies provide financial and technical assistance to these entrepreneurs, many of them are either unaware of or unable to access these supports. For example, a research by Kee, Effendi, Talib and Rani (2011) reported that many SMEs are unaware of financial and non-

financial assistance and the availability of management training program arranged by the government.

Conclusion:

In summary, the present study offers valuable insights to practitioners, researchers and policy makers. Practically, by addressing the needs to improve entrepreneurial support to rural entrepreneurs, this study contributes to the authorities, entrepreneurship ecosystems, as well as to the nations that are striving towards knowledge-based, innovation-driven economies, where entrepreneurs play vital roles. Theoretically, this study adds value to the existing literature and to the body of knowledge by bringing up important factors such as mentoring support, links to industry, social networks, prior work experiences of the entrepreneur, the product itself and the marketing strategy. These variables deserve more attention to better comprehend start-up success of rural entrepreneurs as well as formulating strategies for dealing with entrepreneurial challenges. The urge for entrepreneur support calls for future researchers to delve into the impact of support on start-up success. From a policy perspective, the study revealed a great need for the development of policy instruments which will improve the entrepreneur support system especially to rural communities. For instance, local authorities and Government Linked Companies (GLCs) should be more amenable to local communities who have an intention to commercialise their product. Business collaborations with these entrepreneurs could have mutual benefits, where both parties can make use of each other's resources interdependently. On the entrepreneurs' side, they can acquire capitals and resources to keep their business operating and growing, whereby the benefits towards the GLCs are; apart from cost cutting and smaller capitals, risks are reduced because all the preliminary investigations on market demand was already conducted by the entrepreneurs in the field.

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