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Terengganu Fishery-Based Industries: The Influence of Social Entrepreneurship on the Social Change in Small Malay Businesses

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Abstract: The aims of this study were to analyze the influence of social entrepreneurship (e.g., agents of change, seizing opportunities, innovations and inventing new approach) on the social change of small Malay businesses in the Terengganu fishery-based industries. A survey questionnaire was employed as the data collection tool. A total of 96 questionnaires were received from small Malay businesses in fishery-based products which operate in eight locations in Terengganu (Kuala Besut, Setiu, Batu Rakit, Seberang Takir, Losong, Chendering, Seberang Marang and Kuala Kemaman). The results of multiple regression analysis indicate that the factors of seizing opportunities, innovations and inventing a new approach to social entrepreneurship are significantly associated with social change. Meanwhile, only the factor for social change is significantly associated with small business performance. The path-model shows that the factor for social change is significant as an intermediary variable with an indirect effect for social entrepreneurship on small business performance. In general, these findings provide evidence that social change is crucial in the Terengganu fishery industry to develop social entrepreneurship in small Malay businesses.

Key words: Social entrepreneurship, fishery-based industries, small business performance, social change, seizing opportunities

INTRODUCTION

Social entrepreneurship may be the most exciting field in the study of business activities in the context of social development. Additionally, the theory and concept of social entrepreneurship clearly exists in widely read journals that were written by scholars, like; Yong (1986), Alvord *et al*. (2004), Barendsen and Gardner (2004) and Thompson (2002). They meet in rapidly growing associations such as the social enterprise alliance, social venture, network and young women social entrepreneurs. Fundamentally, most of the scholars defined social entrepreneurs as individuals who launch entirely new social-business purpose and non-emphasized profit ventures. Indeed, the field continues to mix and match a range of terms to describe social entrepreneurship in a business social cooperation including; reduce emphasizing on profit ventures, social enterprise, social-purpose endeavor, corporate social responsibility and social innovation.

Certainly, social entrepreneurship is a new phenomenon in Terengganu as well as Malaysia as a whole. Consequently, the field of social entrepreneurship has struggled with similar conceptual challenges in small Malay businesses in the Terengganu fishery-based industries as well as other social entrepreneurial studies found in the literature. Terengganu is a state on the East coast of Peninsular Malaysia in which fishery-based products are being rapidly produced. According to part of the economic resources of communities in Terengganu are agriculture and fishery-based products.

In addition, to studying social entrepreneurship in the Terengganu fishery-based industries, the research question of this study is whether social entrepreneurs in the Terengganu fishery industry are significantly contribute to the social change in small business performance. Therefore, the purpose of this study is to examine the relationship of social entrepreneurship and the performance of small Malay businesses in the Terengganu fishery-based industries. It seeks to provide an explanation for this phenomenon from the academic perspective for small Malay businesses that have been created and that may have stemmed from changes in the fishery-based industrial factors.

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Small Malay businesses and social entrepreneurship: Since last decades, the development of fisheries-based products in Terengganu have influenced small Malay businesses in a trend of product innovation and development, the ability to seize market opportunities and to open the change of business strategy as well as in a study of social entrepreneurship. The state of Terengganu is acknowledged to be a state blessed with rich fisheries-based products such as fish crackers (keropo klekor), drying fish, anchovy, anchovy-sauce (budu), fish-sausage and prawn-crackers. In fact, the Terengganu state government has made great efforts to ensure that the development of small Malay businesses in the fishery industry becomes a reality in terms of product innovation, inventing a new approach in fisheries business and willingness to change the conventional production for new technology. According to Alvord *et al.* (2004), the concept of social entrepreneurship is an important tool to assistent repreneurs to become highly motivated towards social change in developing their small business.

In Malaysia, the classification of Small and Medium Enterprise (SMEs) is defined in many ways using different criteria on the business profile such as amount of capital, number of employees, amount of assets and sales turnover. Many agencies have their own perception and interpretation which are affected by the different classifications of small and medium businesses. However, the agency for Small and Medium-Sized Industry Development Corporation (SMIDEC) has fixed the definition of SMEs in Malaysia. They classify small businesses as an enterprise with a paid-up capital of less than RM500,000 and that employ full time employees not exceeding 25 persons. Meanwhile, medium-sized businesses are an enterprise with a paid-up capital of RM500,001-2.5 million and that employ full time employees of between 25 and 50 persons. Table 1 displays the definitions of SMEs offered by SMIDEC.

Furthermore, Barendsen and Gardner (2004) highlighted that the differences of business category in social entrepreneurship contribute to the different perceptions concerning innovation and business performance. However, argued in their study that most small businesses in any industry in Malaysia are not really concerned with the development of business vision and mission. Therefore, this study considers most of the fishery-entrepreneurs in the small business scale category in Terengganu as those that did not have any strategic vision to develop product innovation, seize opportunities or invent a new approach as compared to the medium business scale and big size companies.

Table 1: The definition of SMEs offered by SMIDEC

Items	Small	Medium
Paid-up capital	Between RM50,001 and 500,000	Between RM500,001 and 2,500,000
No. of employees	Between 6 and 24 full time employees	Above 25 full time employees
Sales turnover	Sales turnover between RM250,001 and 10,000,000 per year	Sales turnover between RM10,000,001 and 25,000,000

Terengganu fisheries-based products: The fishery industry is a booming business worldwide through which the value of international fish trade continues to increase (Badjeck *et al.*, 2010). In addition, the contribution of the fisheries sector to the Terengganu economy can be regarded as an essential element for the nation's development as it is well known that Terengganu is a rich source of fishery-based products such as fish crackers (keropok lekor), drying fish, anchovy, anchovy-sauce (budu), fish-sausage and prawn-crackers. There are eight places that are actively producing fishery-based products in Terengganu, there are Kuala Besut, Setiu, BatuRakit, SeberangTakir, Losong, Chendering, SeberangMarang and Kuala Kemaman. In addition to the Terengganu state government, the Malaysian Ministry of Agriculture and Agro-Based Industry are also responsible for managing, developing and regulating all fisheries-related activitiesin Terengganu through the agencies of Malaysian Agricultural Research and Development Institute (MARDI), Federal Agricultural Marketing Authority (FAMA) and the State Fishery Department (Jabatan Perikanan Negeri).

Despite the popularity of fishery-based products in Terengganu, they are currently lacking innovation, product changing, seizing opportunities and inventing new approaches. In the production of fishery-based products, most producers in Terengganu are still using traditional manufacturing practices with low competitiveness and poor efficiency. Therefore, Terengganu fishery-producers may need some form of innovation in order for a change of business as well as to employ a standard processing procedure in order to maintain the quality while meeting consumer demands for safety, quality and nutritional value of these foods.

Senik (1995) identified several problems that occur in Malaysia's small business scale food processing as well as the problems in the Terengganu fisheries industry these are:

- Food-based enterprises generally use traditional methods of processing such as pickling and snack food production. This is because of financial constraints which mean that they cannot afford sophisticated machinery and lack technical information
- No research activity is undertaken at a factory level. Most of the research and development concerning food-processing technology is undertaken by research institutions such as the Food Technology Research Centre, MARDI and some universities
- The product quality of small-scale food enterprises is in consistent, due to a lack of facilities for quality control or awareness of the need there of and due to poor manufacturing practices
- Some entrepreneurs still produce goods packed in low-quality packaging material with a rather unattractive packaging design
- Most small-scale food enterprises are managed by the owners who do not know modern techniques of management including book keeping or maintaining proper records. They are not innovative or motivated and tend to be satisfied with what they have achieved

Literature review: As the number of scholars, researchers and opinion leaders has grown, the field of social entrepreneurship is currently confronting its own definitional conundrum, albeit one that is moving forward with each research contribution. Indeed, the terminology of social entrepreneurship is still the subject of considerable debate by scholars, policy-makers and entrepreneurs about what, when, where and how the term applies. Based onthe literature pertaining to entrepreneurship, the term social entrepreneurs can be conceptualized as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches and creating sustainable solutions to change society for the better (Alvord *et al*., 2004). According to Young (1986), social entrepreneurs are the innovators who found new organizations, develop and implement new programs and methods, organize and expand new services and redirect the activities of faltering organizations. Meanwhile, Thompson (2002) extended his definition of social entrepreneurs to include people with the qualities and behaviors we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than making money.

According to Schumpeter, social entrepreneurs play the role of change agents in the social sector by adopting a mission to create and sustain social values; recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation, adaptation and learning; acting boldly without being limited by resources currently in hand and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

Furthermore, the economist most closely associated with the term social entrepreneurship in the 20th century is Schumpeter who described entrepreneurs as the innovators who drive the creative-destructive process of capitalism. Indeed, the function of social entrepreneurship is to reform or revolutionize the pattern of business operation.

Additionally, reported that inventing a new approach and innovation of certain business operations could contribute to the sustainable change of small and cottage business performance such as new business opportunities, attraction of financial institutions in investment, attracting customers product promotion and increasing the product demand. Finally, some scholars and researchers define social entrepreneurs as the agents of changes for society, seizing opportunities, improving systems, inventing new approaches and creating sustainable solutions to change society for the better.

Limitations of the study: This study was limited to a sample recruited at eight places conducting fishery-based activities in Terengganu including; Kuala Besut, Setiu, Batu Rakit, Seberang Takir, Losong, Rusila, Seberang Marang and Kuala Kemaman. In addition, the data gathering method was restricted to a survey questionnaire rather than in-depth qualitative data due to financial and time constraints.

Hypotheses: This research has identified nine hypotheses in order to determine the significant relationships between variables. These nine hypotheses or testable statements have been formulated based on the research objective and questions to determine the relationships among the social entrepreneurship (e.g., change agents, seizing opportunities, innovations, inventing new approach), social change and small business performance. The hypotheses are as follows:

- H_1: the greater the emphasis on the predictors of change agents, the higher will be the sustainability of social change
- H_2: the greater the emphasis on the predictors of seizing opportunities, the higher will be the sustainability of social change
- H_3: the greater the emphasis on the predictors of innovations, the higher will be the sustainability of social change
- H_4: the greater the emphasis on the predictors of inventing new approaches, the higher will be the sustainability of social change
- H_5: the greater the emphasis on the predictors of change agents, the higher will be the micro business performance
- H_6: the greater the emphasis on the predictors of seizing opportunities, the higher will be the micro business performance
- H_7: the greater the emphasis on the predictors of innovations, the higher will be the micro business performance
- H_8: the greater the emphasis on the predictors of inventing new approaches, the higher will be the micro business performance
- H_9: the greater the emphasis on the predictors of social change, the higher will be the micro business performance

MATERIALS AND METHODS

Survey: A self-administered survey was conducted for data collection. Based on my observation of the number of fishery entrepreneurs in Terengganu, there are 137 producers and retailers still active in their business in the coastal area. However, only 106 respondents were selected in the survey comprising eight locations in Terengganu, there are: Kuala Besut (11 respondents), Setiu (9 respondents), BatuRakit (14 respondents), SeberangTakir (8 respondents), Losong (16 respondents), Rusila (18 respondents), SeberangMarang (23 respondents) and Kuala Kemaman (7 respondents). A simple random sampling technique was used to select the respondents.

Measurement: The questionnaire was designed to determine the level of social entrepreneurship among fishery entrepreneurs in the context of change agents, seizing opportunities, innovations and inventing a new approach. Participants had to evaluate the social entrepreneurship that reflects the change in society and micro business performance on a five-point Likert scale (1 = Strongly disagree; 2 = Disagree; 3 = Agree/Disagree; 4 = Agree; 5 = Strongly agree). Table 2 shows the indicators and number of items that the respondents will be asked.

Table 2: The Measurement of variables

Variables	Indicators	No. of items	Scale
Change agents (independent)	Reproduction and transformation of society	5	Likert
	Social-ecological change agents		
	Have a concrete idea on how their mission can be achieved in practice		
	Have an initiative already developed		
	Economic and cultural shifts might have helped promote an approach to change		
Seizing opportunities (independent)	Constantly searches for economic opportunities in the market	5	Likert
	Studies and identifies the market environment		
	Grabs market opportunities		
	Motivated to study the business opportunities		
	Strong character to grab opportunities based on strength		
Innovations (independent)	Innovative solutions in social problems	5	Likert
	Ambitious and persistent		
	Tackling major social issues		
	Offering new ideas for wide-scale change		
	Lives committed to changing the direction		
Inventing new approaches (independent)	Adopting a new style of business strategic	5	Likert
	Inventing a new product development based on market		
	Engaging in a process of continuous invention		
	Inventing a new social economic in a small business		
Social change (intermediary)	Adopting a mission to create and sustain social value	5	Likert
	Recognizing and relentlessly pursuing new opportunities to serve that mission		
	Engaging in a process of continuous innovation, adaptation and learning		
	Acting boldly without being limited by resources currently in hand		
	Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created		
Small business performance (dependent)	New business opportunities	5	Likert
	Attraction of financial institution in investment		
	Attracting customers		
	Product promotion		
	Increase the product demand		

RESULTS AND DISCUSSION

Data analysis: Data were analyzed using univariate statistics to check the distributions of frequencies and to detect any possible errors that occurred during data entry. All statistical analyses were made using SPSS package. This research used the statistical technique of multiple regressions in order to identify the path coefficients to measure the relationship of standardized regression coefficients or beta value. On the assumption that path-analysis is an extension of the regression analysis (Wright, 1960), this analysis was conducted to examine complex and multidimensional relationships among variables. Therefore, there are three sections of data analysis including; descriptive study on respondents' profile, multiple regression on the association between variables and path-analysis.

Firstly, Table 3 shows that 106 sets of questionnaire were disseminated to entrepreneurs in the Terengganu fisheries industry to represent the total population of 137, however, only 96 respondents replied which is equal to 90.5%.

Respondents' profile: Fundamentally, most of the entrepreneurs in the Terengganu fisheries industry are male with a frequency of 51 persons equal to 53.1% and the rest are female with 45 respondents (46.9%). In terms of age, the majority of entrepreneurs are aged above 50 years old (38.5%) followed by between 40 and 49 (30.2%), 30 and 39 years old (15.6%), 20 and 29 years old (14.6%) and aged below 19 years old (1.0%). The highest number of entrepreneurs operated their business in SeberangMarang (21.9%), Rusila (15.6%), Losong (14.6%), BatuRakit (12.5%), Kuala Besut (11.5%) and both SeberangTakir and Kuala Kemaman are 7.3%. Meanwhile, the term of operations has shown that 18.8% have operated for >21 years followed by 25.0% operated between 16 and 20 years, 19.8% between 11 and 15, 17.7% between 6 and 10 years and 18.8% operated for <5 years. Furthermore, in respect of market size, most of the farmers in PasarTani are engaged at state level (62.5%), national (25.5%), district (7.3%) and international (5.2%). In terms of paid-up capital, 61 respondents (71.9%) have less than RM50,000 and 24 respondents (25.0%) have between RM50,001 and RM500,000. Most entrepreneurs are employingless than five employees (86.5%) and only 13.5% are employing more than six employees. Table 4 shows the frequency and percentage of respondents' profiles of entrepreneurs in the Terengganu fisheries industry.

Table 3: The sample and respondents who replied

Places	Respondents	Sample	Respondents who replied
Kuala Besut	14	11	11
Setiu	12	9	9
BatuRakit	18	14	12
SeberangTakir	10	8	7
Losong	21	16	14
Rusila	23	18	15
SeberangMarang	30	23	21
Kuala Kemaman	9	7	7
Total	137	106	96

Table 4: The frequency and percentage of respondents' profile

Items	Frequency	Percentage
Gender		
Male	51	53.1
Female	45	46.9
Age		
Below 19	1	1.0
20-29	14	14.6
30-39	15	15.6
40-49	29	30.2
Above 50	37	38.5
Education		
School	61	63.5
Certificate	17	17.7
Diploma	13	13.5
Degree	4	4.2
Market size		
District	7	7.3
State	60	62.5
National	24	25.0
International	5	5.2
Area of operation		
Kuala Besut	11	11.5
Setiu	9	9.4
BatuRakit	12	12.5
SeberangTakir	7	7.3
Losong	14	14.6
Rusila	15	15.6
SeberangMarang	21	21.9
Kuala Kemaman	7	7.3
Terms of operation (years)		
<5	18	18.8
6-10	17	17.7
11-15	19	19.8
16-20	24	25.0
Above 21	18	18.8
Paid-up capital		
Below RM50,000	69	71.9
RM50,001-500,000	24	25.0
Above RM500,001	0	0.0
No. of employees		
Below 5 employees	83	86.5
6-24	13	13.5
Above 25	0	0.0

The relationship of social entrepreneurship and social change (1st layer): Instead of descriptive analysis, a multiple regression in inferential analysis becomes crucial to study the relationship of variables. This analysis was chosen to better understand the relative association of four variables in a social entrepreneurship concerning social change as well as mentioned in H_1, H_2, H_3 and H_4. Using the Statistical Package for Social Sciences Program (SPSS), the results of multiple regression indicated that

the value of R^2 is 0.0587 which means that 58.7% of variance in social changeis contributed from the factors of social entrepreneurship change agents, seizing opportunities, innovations and inventing new approach as mentioned in Table 5.

However, the results of the relationship between the factors of social entrepreneurship and social change indicated that only three out of four hypotheses are significant these are hypothesis 2 (B = 0.207, p = 0.014), hypothesis 3 (B = 0.210, p = 0.15) and hypothesis 4 (B = 0.452, p = 0.000) as shown in Table 6. Therefore, this result also supports the literature by Alvord *et al*. (2004) who claimed that social entrepreneurship significantly contributed to social change.

The relationship of social entrepreneurship and social change and small business performance (2nd layer): Furthermore, the study analyzed the hypotheses in a second layer of path-analysis as well as the relationship of social entrepreneurship and social change and micro business performance, these are H_5, H_6, H_7, H_8 and H_9. In Table 7, the R^2 value is 0.446 which indicated that 44.6% of variance in small business performance is contributed from the factors of social entrepreneurship and social change.

In the study of second layer of path-analysis, only the factor of social change is significantly associated with small business performance (B = 0.329, p = 0.008). Table 8 displays the results of the second layer of this study. Despite the significant relationship of social change and small business performance, these results also agreed with who claimed that social entrepreneurship has a significant relationship with small business performance.

Path-model: In addition to path-analysis, the significant results of multiple regression illustrate the interrelationship of change agents, seizing opportunities, innovations and inventing a new approach (independent variables) with social change (intermediary variable) and small business performance (dependent variable). This analysis used a path coefficient that applied the standard regression coefficient (beta) to show the direct and indirect effect of independent variables on a dependent variable in the path-model. The first run of multiple regression analysis showed that the factor of social change becomes important asan intermediary variable with the indirect effect of social entrepreneurship (e.g., seizing opportunities, innovations, inventing new approach) on small business performance.

Table 5: The R^2 of 1st layer

Model	R	R^2	Adjusted R^2	Std. error of the estimate
1	0.766[a]	0.587	0.568	0.32065

Predictors: constant, inventing, seizing opportunities, innovations, change agents

Table 6: The beta value of 1st layer

Model	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
1					
Constant	-0.211	0.402	-	-0.524	0.601
Change agents	0.128	0.106	0.109	1.201	0.233
Seizing opportunities	0.185	0.073	0.207	2.514	0.014
Innovations	0.213	0.086	0.210	2.479	0.015
Inventing	0.521	0.103	0.452	5.040	0.000

Dependent variable: social change; SE = Standard Error

Table 7: The R^2 of 2nd layer

Model	R	R^2	Adjusted R^2	Std. error of the estimate
1	0.668[a]	0.446	0.415	0.44508

Predictors: constant, social change, seizing opportunities, innovations, change agents, inventing

Table 8: The beta values of 2nd layer

Model	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
1					
constant	0.165	0.559	-	-0.295	0.768
Change agents	0.122	0.149	0.087	0.818	0.415
Seizing opportunities	0.168	0.105	0.158	1.588	0.116
Innovations	0.231	0.123	0.190	1.867	0.065
Inventing	0.096	0.162	0.070	0.592	0.555
Social change	0.393	0.146	0.329	2.697	0.008

Dependent variable: small business performance; SE = Standard Error

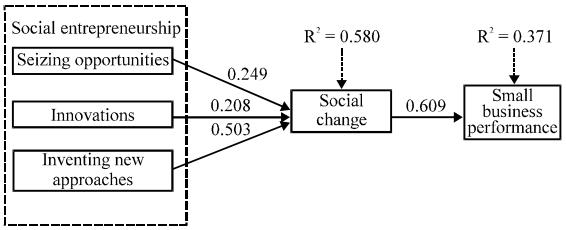

Fig. 1: The path-model for social entrepreneurship

Figure 1 shows that the results of the second run of multiple regression analysis also supported social change as an intermediary variable of the association between social entrepreneurship and small business performance; 58.0% of variance in social change is contributed by the factors of social entrepreneurship (e.g., seizing opportunities, innovations, inventing new approach) and only 37.1% of variance in small business performance is contributed by the factor of social change. In addition, the results indicated a beta value of 0.249 for the relationship of seizing opportunities and social change; 0.208 for the relationship of innovations and social change; 0.503 for the relationship of inventing

new approaches and social change and 0.609 for the relationship of social change and small business performance. Therefore, the factor of social change becomes prominent in developing social entrepreneurship among entrepreneurs in the fishery industry as well as to improve their business performance.

DISCUSSION

In summary, this study provides an insight into the perceptions of social entrepreneurship and social change among small Malay businesses in the Terengganu fishery-based industries. The findings also indicate that most small Malay businesses are concerned about the importance of social entrepreneurship in building social change in the fishery-based industries. Furthermore, this research used path-analysis to analyze the six variables that are classified as an independent, intermediary, ordependent variable. These are change agents, seizing opportunities, innovations, inventing new approach, social change and small business performance. In order to predict the relationship of the independent varibales, intermediary and dependent variable, the path analysis was used to measure the alternative path that can be applied in this research. The results indicated that three out of four indepdenent variables (e.g., seizing opportunities, innovations, inventing new approach) involved the indirect effect which path through the social change to small business performance. Therefore, the factor of social change is prominent as an intermediary variable. In general, this finding gives a positive result for H_2, H_3, H_4 and H_9 as claimed by Alvord *et al*. (2004), Barendsen and Gardner (2004) and Thompson (2002).

CONCLUSION

Therefore, it is generally perceived that the factor of social entrepreneurship assists in developing the factors of social change that contribute to the execution of small business performance in the Terengganu fishery-based industries. As a solution, this study tried to resolve the research questions and hypotheses by constructing a path-model to look at the path coefficient between the variables. As noted in the literature, entrepreneurs in the Terengganu fishery-based industries also need strong social entrepreneurshipto help their development of social development and improve performance in the small business scale in the context of seizing opportunities, innovations and inventing new approach.

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