Identifying the issues and problems of Bumiputera Commercial and Industrial Community (BCIC) agricultural entrepreneurs in Sabah and Sarawak

(Mengenal pasti isu dan masalah usahawan pertanian Masyarakat Perdagangan dan Perindustrian Bumiputera di Sabah dan Sarawak)

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Abstract

The study was conducted to determine the issues and problems of BCIC agricultural entrepreneurs in Sabah and Sarawak. A total of 172 respondents from the clusters of livestock, crops, fisheries, agro-based industry and marketing were selected to participate in this study. This study used structured questionnaires to get the primary data. Extensive descriptive analysis showed that, the main problems faced by agro-based industry entrepreneurs was high input and unstable prices, while increasing operational cost was the major problem faced by marketing, fisheries and crop entrepreneurs. Meanwhile, for livestock clusters, the main problem was lack of skilled labour. The factorial analysis described five components of problems extracted through varimax rotation. The employee factor with 30.77% of variance ratio contributed the greatest influence on BCIC programme problem. The second and third influencing components of factor were financing sources and marketing, with a variance ratio of 17.79% and 10.06% respectively. Finally, BCIC programme effectiveness could be further enhanced with the diversity of quality training to the entrepreneurs as well as sufficient facilities, equipment, inputs and machinery supports to the enterprises.

Introduction to Bumiputera Commercial and Industrial Community (BCIC)

Prior to 1970, Malaysia's development policy was primarily aimed at promoting economic growth with strong emphasis given to the export market of primary commodities. Although the economy grew rapidly during that period at annual average of GDP 6%, there was insufficient emphasis on inclusive distributional aspect, resulting in socio-economic imbalances among the ethnic groups. Racial riot in 1969 was the negative social consequence of those policies.

The New Economic Policy (NEP) was introduced in 1970 after the crisis of May 1969. It emphasised poverty eradication and societal restructuring to eliminate the identification of race to the economic function for national unity. The NEP has been principally to reduce inter ethnic economic disparities between bumiputera and non-bumiputera.

In the 2nd Malaysia Plan (1970 – 1975), the government outlined structured planning to achieve government mission including the modernisation of rural area, enrichment

of economic activities as well as facilitating bumiputeras in commercial and industrial sectors. As a result, a core policy was formulated to encourage bumiputera who have the capability and skills to expand in business and industrial activities. This policy continued to be strengthened and improved in every 5-year Malaysia plan. In the 3rd Malaysia Plan (1976 – 1980), the formulation of policies and programmes to increase bumiputera commercial capabilities were enhanced and renamed as 'Bumiputera's Commerce and Industrial Community' (BCIC). This programme was primarily aimed to encourage the involvement of bumiputera in commercial and industrial activities.

In 1995, the BCIC programme under the Ministry of Agriculture and Agro-based Industry (MOA) was officially established. The main purpose of the establishment was to develop bumiputera entrepreneurs who are directly involved in agriculture to be more competitive; to expand bumiputera market share in strategic agricultural sector and to develop companies and organisations that have a strong quality and competitive in the global market. The BCIC programme was also aimed to strengthen business networking among themselves, non-bumiputera and foreign investors. This would enable them to use advanced technologies to produce quality and innovative products.

There were several impact studies pertaining to bumiputera entrepreneur conducted in the country. Shahrin and Hasma (2003) explored the specific needs of entrepreneurship among bumiputera SMEs in Sabah. The study concluded that some courses related to business, marketing, financial and operational management are required by the entrepreneurs. Mohamad Rashid (2008) conducted a study on bumiputera SME entrepreneurs in Kedah. The SMEs played an important role in developing the national economy. However, the level of financial aid and outreach programmes as well as its impact on the government's credit performance were still low, where only 45% of entrepreneurs received financial aid. Zaidatol and Habibah (2004) investigated the perception of bumiputera entrepreneurs on their entrepreneurial skills. The result showed that bumiputera entrepreneurs have high ability in developing good human relationship among customers and able to determine customers' needs.

An impact study on BCIC programmes under MOA was conducted by Ariffin et al. (2003). The study evaluated the effectiveness and impact of the programmes on entrepreneurs during the 7th Malaysia Plan (1996 – 2000), focusing on crop, fisheries, livestock and food processing. Half of the programme participants confessed that the courses they attended were very successful and the current model and approach should be continued.

The MOA has also formulated policies, programmes and strategies to form a sustainable and resilient BCIC programmes in Sabah and Sarawak. About RM68 million was allocated to Sabah and RM72 million to Sarawak in the 8th Malaysia Plan (2001 – 2005). With the same objectives of BCIC programme in Peninsular Malaysia, the government aimed to encourage bumiputera involvement in commercial and industrial activities in Sabah and Sarawak.

General problems of agricultural entrepreneurs
Businesses especially the new ventures have difficulties in securing financing, finding skilled employees, obtaining managerial and technical assistance, and identifying suppliers and markets. The BCIC entrepreneurs also experienced these problems. Local banks are generally reluctant to get involved in new business ventures. Management assistance for starting and operating the business and technical assistance for product and services development are problems faced by one-third of the entrepreneurs. Nevertheless, most entrepreneurs were able to find both

low and high skilled workers to meet their needs (Korsching and Jacobs 2005).

Despite the government's concerted efforts and initiatives, bumiputera entrepreneurship is still far behind. Even though the government has been successful in helping more bumiputera to become entrepreneurs, the number of bumiputera entrepreneurs are still small and their sustainability and competitiveness are well below as compared to entrepreneurs from other race (Jamak et al. 2014). Furthermore, the government objective of achieving 30% Malay corporate equity share within the economy failed (9th Malaysia Plan, 2006 – 2010).

Micro-enterprises (MEs) are the backbone for most countries in the world including Malaysia. Nearly 80% of total establishment of companies in Malaysia are micro-enterprises. High competition, lack of business networks and lack of management skills are the main problems facing the Malay entrepreneurs (Jamak et al. 2014). In the market place, competition among micro-entrepreneurs are intense that some of them are fighting with each other in terms of price, quality, spaces, product, promotional materials and after the same customers. Inablity to build good business network creates major barrier for these entrepreneurs to grow their business, gain visibility and achieve competitiveness. Lack of planning appears to be a feature of small businesses (Bosworth and Jacobs 1989).

Previous study on BCIC entrepreneurship problems in Peninsular Malaysia conducted by Tapsir et al. (2012) showed that the main constraint faced by BCIC entrepreneurs in Peninsular Malaysia was high input costs, followed by labour problems and loans. The difficulty to get workers and high workers turnover were among the obvious problems. The workers also lacked required skills, but demanded high salary. Tight loan pre-requisites were also the other constraint faced by bumiputera entrepreneurs. Thus, BCIC impact study was carried out in Sabah and Sarawak involving five clusters namely livestock, agro-based industry, marketing, fisheries and crop. The objective of the study was to determine constraints, issues and problems among BCIC entrepreneurs in Sabah and Sarawak.

Methodology
Sampling procedures
The names and biodata of entrepreneurs under BCIC programmes were identified from the lists provided by agencies under the MOA. Primary information was obtained by using stratified random sampling. About 30% of entrepreneurs from each sub-sector under the MOA that have attended BCIC training, mentoring, promotion and funding programmes were selected as a sample study. Surveys were carried out by implementing a face-to-face interview with respondents using a structured questionnaire.

In the questionnaires, respondents were asked about the problems faced in operating their enterprise. Statements were provided to be answered using a five point Likert scale of 1 = Strongly disagree , 2 = Disagree , 3 = Do not know , 4 = Agree and 5 = Strongly agree, to identify the level of importance of each of the problems faced by the BCIC entrepreneurs surveyed. Scores were analysed using factor analysis to identify the underlying factors that were formed from a combination of several variables of problems. Factor analysis approach has been widely discussed in econometrics, economics, marketing journals and statistics (Koutsoyiannis 1977). The correlation between the number of variables analysed and consolidated variables will be represented by a number of factors or components. The factors can be explained in terms of a linear combination of observed variables set as follows:

$$F_i = B_{i1}X_1 + B_{i2}X_2 + \ldots.. B_{ik}X_k$$
where:
F_i = Estimated ith factor
B_i = Coefficient of factor scores or 'weight' (factor score coefficient)

X_1 = Standard variable (standardised
        variables)
k = Number of variables

The first factor explains the largest part of the total variance, the second factor explains the remaining variance (does not relate to the first factor) and the next election will use the same procedure. Before factor analysis is conducted, KMO test (The Kaiser-Meyer-Olkin) and Bartlett's test were conducted to determine whether the appropriate Factor Analysis (FA) was done. If the value of KMO and Bartlett's is greater than 0.5, the data collected can be used for FA. Results of FA with Eigen values above 1.0 are taken as factors that stand in each component. These factors are measured or categorised using standard coefficient ratio (a_{im}) as follows:

- a_{im} <0.5 = Not significant
- 0.5 <a_{im} <0.69 = Moderate
- 0.7 <a_{im} <0.79 = High
- a_{im} ≥0.8 = Very significant

Questionnaire design
The initial stage of exploratory study was to provide the long lists of attributes or factors based on the underlying theories to be included in the structured questionnaire. Reviewing literature and organising focus group discussions were used in this study as the method to define the most appropriate structured questionnaire.

Respondents were interviewed using a structured questionnaire in the Malay language. The content and items of the questionnaire were discussed with experts. The substances of the questionnaire were originally adapted from a previous study on this particular subject matter of BCIC programmes. The framework of the study was fundamentally derived from the study on BCIC programmes in the Peninsular Malaysia.

Each respondent was briefly explained by the interviewer regarding the purpose of the study and was given guidelines on how to answer the questionnaire. This study used close-ended and open-ended questions to identify the existing problems. A total of 25 closed-ended problem statements were asked to selected participants involved in the BCIC programmes.

Descriptive analysis was also used together with the FA to analyse the problems that have been categorised according to specific clusters, namely agro-based industry, marketing, fisheries, crops and livestock since each cluster has their own specific problems.

This categorisation was expected to be a reference to the specific solution to the problems faced by entrepreneurs in these clusters. The value of score was used to classify level of agreement of the stated problems as follows:

- 1.00 – 1.99 (Disagree)
- 2.00 – 2.99 (Not sure/Neutral agree)
- 3.00 – 3.99 ≙ 4.00 (Agree)

The open-ended questions were used as a secondary method to obtain suggestions and recommendations in improving the effectiveness of BCIC programmes. The participants interviewed had a freedom to answer without any limitation to a specific number or range of recommendations.

Data collection procedure
A total of 172 respondents from Sabah and Sarawak were interviewed using stratified random sampling. The survey was conducted from June to December 2012. Initially in the early phase of the interview sessions, the interviewers briefly explained about the structured questionnaire and were guided in managing the questionnaires' distribution. It summarised and provided a crude yardstick for determining the sample size as proposed by Sudman (1976). It was also based on the availability of the list prepared by related agencies especially the Department of Agriculture in both states of Sabah and Sarawak.

Results and discussion
Profiles descriptive results of Sabah and Sarawak BCIC entrepreneurs
Majority of entrepreneurs were in the 40 – 50 years old range (35.5%) with an average age of 46.4 years. Approximately 30% of them completed primary education while 1.2% did not receive any form of formal education. From the analysis, three quarters of the entrepreneurs have primarily worked as breeders (39.5%) and involved in business (35.5%). Livestock farming and business were the major areas for earning income other than agriculture (15.7%). Almost 84.7% of the respondents have less than 15 years experience with the BCIC programmes, which have been established for 25 years, and most of the entrepreneurs were involved in the livestock industry. Only 15.3% of them were already entrepreneurs before the BCIC programmes were established.

However, more than half of the participants (66.7%) participated in BCIC programmes for less than 5 years (2007 – 2011) while 25% have joined the programmes for more than 10 years and the rest had nearly 15 years of participation in BCIC. Majority of entrepreneurs ventured in the livestock cluster (52.9%) followed by marketing (15.7%), crops (12.8%), and both agro-based industry and fisheries (9.3% respectively).

Agro-based industry issues
According to *Table 1*, there are two significant problems for the agro-based industry, namely the problem of 'high input and unstable prices' (Mean = 3.25) and 'increasing operational costs' (Mean = 3.19). Generally, other problems faced were moderate (2.06 – 2.94). Problems that were associated with the role of government agencies were scored moderately and appeared at the bottom of the list which demonstrates that weaknesses of the role of agency were not very prominent (*Table 1*).

Marketing issues
There were four main problems faced by the BCIC participants in the marketing cluster as shown in *Table 2*. The problems were finance related, which include 'increasing operational costs' (Mean = 3.27), 'strict loan

Table 1. Specific problems for agro-based industry

No.	Problem	Mean	SD	Variance
1	High input and unstable prices	3.25	0.68	0.46
2	Increasing operational costs	3.19	0.83	0.69
3	Too much competition	2.94	0.68	0.46
4	Lack of training/skills	2.75	0.68	0.46
5	Scarce input when required	2.69	0.79	0.62
6	Difficult to get employees	2.69	0.87	0.76
7	Employees frequently quit	2.56	0.81	0.66
8	High cost of wages	2.50	0.73	0.53
9	No collateral for loans	2.50	0.65	0.42
10	Limited market access and had to go through middlemen	2.50	0.81	0.66
11	Scarce technology, lack of understanding	2.50	0.73	0.53
12	Outdated technology	2.50	0.51	0.26
13	Strict loan condition	2.47	0.64	0.41
14	Unstable prices	2.44	0.72	0.52
15	No/hard to get market information	2.44	0.62	0.39
16	Low quality of raw material/input	2.38	0.71	0.51
17	Limited market	2.31	0.70	0.49
18	Difficult to get loans	2.27	0.45	0.21
19	No monitoring from agency	2.19	0.65	0.42
20	Hard to get agency services	2.06	0.44	0.19

conditions' (Mean = 3:08) and 'high input and unstable prices' (Mean = 3.04). Other problem encountered was 'scarce input when required' (Mean = 3.00). Problems relating to advisory services and monitoring were not critical.

Fisheries issues

Overall, BCIC participants in this cluster had no noticeable problems. This could be seen in *Table 3* as the 'increasing operational costs' (Mean = 2.79) topped the list of problems. Although the problem was not significant, its position which topped the list among all the other problems justified the special attention to the specific problem of this cluster. Participants had no negative perceptions with the role of the agency based on the results obtained. More surprisingly, the bottom four problems were categorised as not agree with the value of <1.99. Based on the table, the problems associated with the loan were not a matter for fisheries cluster, while technology-related problems were also insignificant.

Crops issues

BCIC participants from the crop cluster were found to face three main problems (*Table 4*). The 'increasing operational costs' (Mean = 3.45) topped the list of problems followed by 'high input and unstable prices' (Mean = 3.27) and 'scarce inputs when required' (Mean = 3.14). However, the problems and issues related to the role of government agency do not have significant value to participants in this cluster. Bottom positions have been dominated by the problems related to loans and associated with technology issues. However, the role of agencies still needs to be addressed since most of the values approaching 3.00.

Livestock issues

Livestock cluster under BCIC programmes have at least nine major problems that need attention (*Table 5*). List of problems led by 'lack of training/skills' (Mean = 3.35) followed by 'strict loan conditions' (Mean = 3.35) and 'difficult to get loans' (Mean = 3.34). The next two problems

Table 2. Specific problems for marketing

No.	Problem	Mean	SD	Variance
1	Increasing operational costs	3.27	0.53	0.28
2	Strict loan conditions	3.08	0.88	0.77
3	High input and unstable prices	3.04	0.66	0.43
4	Scarce input when required	3.00	0.74	0.56
5	Difficult to get loans	2.96	0.85	0.73
6	Limited market access and had to go through middlemen	2.95	0.84	0.71
7	No/hard to get market information	2.85	0.67	0.45
8	Too much competition	2.77	0.86	0.74
9	Unstable prices	2.75	0.95	0.91
10	No collateral for loans	2.74	0.86	0.74
11	Scarce technology, lack of understanding	2.73	0.70	0.49
12	Employees frequently quit	2.68	0.94	0.89
13	Hard to get agency services	2.68	0.85	0.72
14	Outdated technology	2.65	0.64	0.41
15	High cost of wages	2.64	0.81	0.65
16	No monitoring from agency	2.63	0.87	0.76
17	Lack of training/skills	2.60	0.81	0.66
18	Difficult to get employees	2.58	0.80	0.65
19	Limited market	2.50	0.72	0.52

Table 3. Specific problems for fisheries

No.	Problem	Mean	SD	Variance
1	Increasing operational costs	2.79	0.80	0.64
2	Employees frequently quit	2.50	0.52	0.27
3	Unstable prices	2.50	0.51	0.26
4	Too much competition	2.43	0.51	0.26
5	Limited market	2.36	0.49	0.24
6	Limited market access and had to go through middlemen	2.36	0.63	0.40
7	High input and unstable prices	2.27	0.96	0.92
8	High cost of wages	2.25	0.62	0.38
9	Difficult to get employees	2.25	0.62	0.38
10	Lack of training/skills	2.25	0.75	0.56
11	No/hard to get market information	2.14	0.53	0.28
12	Low quality of raw material/input	2.13	0.83	0.69
13	Hard to get agency services	2.07	0.73	0.53
14	No monitoring from agency	2.07	0.61	0.37
15	Scarce input when required	2.00	1.13	1.28
16	Scarce technology, lack of understanding	2.00	0.70	0.50
17	Strict loan conditions	1.92	0.79	0.62
18	Difficult to get loans	1.75	0.62	0.38
19	Outdated technology	1.62	0.65	0.42
20	No collateral for loans	1.58	0.51	0.26

Table 4. Specific problems for crops

No.	Problem	Mean	SD	Variance
1	Increasing operational costs	3.45	0.60	0.36
2	High input and unstable prices	3.27	0.82	0.68
3	Scarce inputs when required	3.14	0.77	0.60
4	Scarce technology, lack of understanding	2.90	0.91	0.83
5	Outdated technology	2.85	1.04	1.08
6	Difficult to get employees	2.83	1.03	1.06
7	Hard to get agency services	2.81	0.98	0.96
8	No monitoring from agency	2.81	1.07	1.16
9	Strict loan conditions	2.79	0.71	0.50
10	Low quality of raw material/input	2.76	0.62	0.39
11	No/hard to get market information	2.76	0.94	0.89
12	No collateral for loans	2.72	0.75	0.56
13	Unstable prices	2.71	0.95	0.91
14	Lack of training/skills	2.67	0.98	0.97
15	Too much competition	2.67	1.01	1.03
16	Limited market access and had to go through middlemen	2.67	0.85	0.73
17	Difficult to get loans	2.63	0.76	0.57
18	High cost of wages	2.58	0.79	0.62
19	Employees frequently quit	2.58	0.99	0.99
20	Limited market	2.57	0.92	0.85

Table 5. Specific problems for livestock

No.	Problem	Mean	SD	Variance
1	Lack of training/skills	3.35	0.61	0.38
2	Strict loan conditions	3.35	0.76	0.59
3	Difficult to get loans	3.34	0.73	0.53
4	High cost of wages	3.29	0.69	0.48
5	Employees frequently quit	3.27	0.66	0.44
6	Increasing operational costs	3.26	0.55	0.31
7	High input (feed) and unstable prices	3.26	0.51	0.26
8	No collateral for loans	3.18	0.89	0.79
9	Difficult to get employees	3.15	0.56	0.32
10	Unstable prices	2.88	0.65	0.43
11	Scarce technology, lack of understanding	2.68	0.66	0.44
12	Limited market access and had to go through middlemen	2.56	0.80	0.64
13	No/hard to get market information	2.49	0.80	0.64
14	Limited market	2.43	0.77	0.59
15	Many livestock had died of the disease	2.39	0.77	0.60
16	Outdated technology	2.39	0.63	0.39
17	Thief threat	2.23	0.86	0.74
18	Too much competition	2.15	0.78	0.61
19	Threat of wild animals	2.10	0.92	0.85
20	Hard to get agency services	2.09	0.89	0.79
21	No monitoring from agency	2.04	0.86	0.75

Table 6. Descriptive analysis of general problems for all clusters

No.	Problem	Mean	SD	Variance
1	High input (feed) and unstable prices	3.26	0.51	0.26
2	Increasing operational costs	3.23	0.62	0.39
3	Strict loan conditions	3.03	0.88	0.77
4	Lack of training/skills	3.01	0.80	0.64
5	High input and unstable prices	3.00	0.84	0.71
6	Employees frequently quit	2.97	0.81	0.67
7	High cost of wages	2.95	0.81	0.66
8	Difficult to get loans	2.95	0.88	0.77
9	Difficult to get employees	2.90	0.75	0.56
10	No collateral for loans	2.86	0.93	0.87
11	Scarce inputs when required	2.78	0.92	0.86
12	Unstable prices	2.76	0.72	0.52
13	Scarce technology, lack of understanding	2.64	0.73	0.54
14	Limited market access and had to go through middlemen	2.61	0.81	0.65
15	No/hard to get market information	2.55	0.78	0.61
16	Low quality of raw material/input	2.48	0.74	0.55
17	Limited market	2.44	0.75	0.56
18	Outdated technology	2.43	0.73	0.54
19	Too much competition	2.41	0.84	0.71
20	Many livestock had died of the disease	2.39	0.77	0.60
21	Hard to get agency services	2.26	0.89	0.79
22	No monitoring from agency	2.24	0.90	0.81
23	Thief threat	2.23	0.86	0.74
24	Threat of wild animals	2.10	0.92	0.85

involve human resource issues of 'high cost of wages' (Mean = 3.29) and 'employees frequently quit' (Mean = 3.27). The 'increasing operational costs' (Mean = 3.26) was recorded as the sixth most significant problem and recognised as one of the problems often faced by participants in each cluster. 'High input and unstable prices' (Mean = 3.26) was also one of the prominent problems in the livestock cluster. The last two significant problems include 'no collateral for loans' (Mean = 3.18) and 'difficult to get employees' (Mean = 3.15). According to the findings, the role of agency has been categorised as moderate where 'hard to get agency services' (Mean = 2.09) and 'no monitoring from agency' (Mean = 2.04) ranked at the bottom of the list. Problems of 'unstable prices' (Mean = 2.88), 'scarce technology, lack of understanding' (Mean = 2.68), with values approaching to 3.00 present an indirect indicator of justifying the need for attention.

General problems for all clusters

The specific problems arising from each cluster and the problems in general showed several important things. Referring to *Table 6* and the previous discussions, a descriptive analysis of general problems among BCIC programme participants showed that all clusters share the same problems which is the 'increasing operational costs' (Mean = 3.23). Despite that, 'high input (feed) and unstable prices' (Mean = 3.26) obviously topped the list based on a schedule given. Although the problems of 'high input (feed) and unstable prices' were listed as the most common problems for all clusters, it should be noted that this problem was more geared to the problems for the livestock cluster.

'Strict loan condition' (Mean = 3.03) was also among the common issues that needs to be addressed even if it only emerged as a major problem for livestock and marketing clusters. Last two general problems that require further research and action were 'lack of training/skills' (Mean = 3.01) and 'high input and unstable prices' (Mean = 3.00). Analysis and discussion of specific problems for crop, marketing and agro-based industry clusters have previously recognised that 'increasing operational costs' was the main problem faced by the majority of participants.

Factor analysis result

In addition to the descriptive analysis, factor analysis (FA) was also used to further strengthen the results in identifying the problems faced by the participants in the BCIC programmes. The KMO and Bartlett's tests were performed to determine the appropriateness in conducting the FA. Results of KMO and Bartlett's test were shown in *Table 7*.

KMO test would be able to display and test the relationship among the independent variables, or the problems of lack of information or 'multicollinearity'. Appropriate FA can be done if the KMO >0.50. In this case the value of KMO (0.82) indicated that data do not have a serious multicollinearity. Bartlett's test was used to determine whether the correlation between the item was sufficient to run FA. The test results were significant ($x^2 = 3253.69$, $p = 0.00 \approx p <.05$) which showed that the correlation between the items were sufficient to apply the FA.

Table 7. KMO dan Bartlett's tests

Kaiser-Meyer-Olkin measure of sampling adequacy		0.82
Bartlett's Test of Sphericity	Approx. chi-square	3253.69
	Df	276.00
	Sig.	.00

Kaiser-Meyer-Olkin measure of sampling adequacy >0.50 and
Bartlett's test of sphericity $p <0.05$

There were five components of the main factors extracted through varimax rotation (*Table 8*). The components of these factors explain a total of 70.6% variance in the study exceeded the set value (>60%). Overall, eigenvalues are well above the prescribed rate (>1) with value of 16.95. The components of these factors have been categorized as: employee, financing sources, marketing, technology and services by the government department or agencies. Almost all the items in the five factors provided a high correlation value of more than 0.70 except for the one item, namely 'not many outlets and had to go through the middle men' from the marketing component.

Variance ratio was an indicator of valuation referred to determine the strength of the influence of each component or category of factors problem. Factor analysis results showed that the livestock factor with 30.77% of variance ratio presenting the greatest influence on BCIC programmes' problems. Its top position in the list of components shows the severity of this problem and clearly required effective and aggressive actions from the responsible parties for the betterment of this cluster.

The second and third components of factor were followed by the problem of financing sources and marketing, with a variance ratio of 17.79% and 10.06% respectively. Technology component with variance of 6.436 ranked fourth in the factor component list. Department/agency services component was the least influential factor which emerged from the factor analysis with 5.63% of variance ratio.

The participants gave a few suggestions and recommendations to effectively improve the existing programmes. These suggestions were grouped according

Table 8. Factors related to business problems

	Component				
	1	2	3	4	5
Employee					
Difficult to get employees	.88				
Employees frequently quit	.84				
Lack of training/skills	.82				
High cost of wages	.73				
Financing sources					
Strict loan conditions		.88			
Difficult to obtain loans		.87			
No collateral for loans		.74			
Marketing					
Limited market			.82		
No/hard to get market information			.74		
Too much competition			.73		
Not many outlets and had to go through the middlemen			.66		
Technology					
Scarce technology, lack of understanding				.88	
Outdated technology				.76	
Department/agency services					
Hard to get services					.92
No monitoring from agency					.90
Eigenvalue	7.38	4.27	2.41	1.54	1.35
% Variance ratio	30.77	17.79	10.05	6.43	5.6
% Variance of cumulative ratio	30.77	48.56	58.62	65.05	70.69

to the same related issues and encoded based on their similarities. A total of 153 proposals from 172 respondents were submitted by participants from Sabah and Sarawak entrepreneurs. All these recommendations were classified into 14 major constraints (*Table 9*).

The majority of respondents suggested that BCIC programme's effectiveness can be further enhanced with diversity of quality training and sufficient facilities, equipment, inputs and machinery support to the enterprises (*Table 9*). At the same time, it was vital to frequently increase the existing activities in the programme and efficiently enhance the monitoring from the implementing agencies.

Continuous and periodical monitoring were the most proposed and recommended by BCIC participants. This proposition should be viewed from a positive dimension since the monitoring effort by the agencies was not a major problem both in general and specific cluster problems, despite a need in further improvement and enhancement related to their services. This showed that the role of agency could provide a positive impact on agribusiness development among the BCIC participants in Sabah and Sarawak.

Conclusion

The identification of specific problems in the clusters involved in the BCIC programmes in Sabah and Sarawak was necessary to address the obstacles faced by each cluster. The general problems found can be used as guidelines in enhancing and advancing the entrepreneurs' agribusinesses. There are several important aspects that need to be addressed and required further attention and action from relevant authorities and agencies.

The increasing operational costs were the major setbacks for entrepreneurs in developing and improving their businesses. This critical factor presumably affected the financial and management of the agribusiness itself. This problem appeared very frequently in all specific analyses for all clusters. Advisory role and agency delivery services appeared to be on a satisfactory level and did not dominate the top list of specific or general problems faced by the entrepreneurs. However, there are areas for improvement on the delivery services and the role of lead agencies involved in this BCIC programmes.

The strategy of BCIC programmes should consider the attractive and effective activities or courses to encourage youngsters to venture into agricultural entrepreneurship.

Table 9. Suggestions for BCIC programme's effectiveness improvement

	Frequency	Percentage
Diversify type of quality training	29	19.0
Aid facilities, equipment, input and machine	23	15.0
Increase monitoring	21	13.7
Continue BCIC programmes	15	9.8
Visit to the successful enterprise's premises	12	7.8
Reduce loan bureaucracy	10	6.5
Financial assistance	10	6.5
Essential disclosure to the related technologies	8	5.2
Marketing assistance	8	5.2
Increase bilateral ties between entrepreneurs and monitoring agencies	6	3.9
Price controls and the current policy	4	2.7
Improve product quality of entrepreneurs	3	2.0
Increase BCIC programme promotion	2	1.3
Delivery of quality information	2	1.3
Total	153	100

Related agency should continuously expose the latest applicable technologies and market information to the entrepreneurs to sustain their competitiveness. Bilateral understanding between mentor agencies and entrepreneurs should be continued and enhanced since the advice from those agencies are vital and necessary.

More funds under BCIC programme managed by AgroBank should be allocated to provide greater opportunities for entrepreneurs to get the appropriate financial assistance to expand their operation. Bureaucratic hurdles and strict loan conditions lead to the fading enthusiasm among entrepreneurs. These problems require attention and effective action to ensure the effectiveness and goal of the BCIC programmes can be achieved. Reviewing the current BCIC policies by taking into consideration those identified issues and problems could lead to better implication and impact for the benefit of BCIC.

Acknowledgement

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Abstrak

Kajian ini telah dijalankan untuk mengenal pasti isu dan masalah usahawan
program Masyarakat Perdagangan dan Perindustrian Bumiputera (MPPB)
di Sabah dan Sarawak. Seramai 172 orang usahawan telah dipilih daripada
kelompok penternakan, pertanian, perikanan, industri asas tani dan pemasaran.
Soal selidik berstruktur telah digunakan bagi mendapatkan data primer. Analisis
deskriptif lanjutan menunjukkan permasalahan utama yang dihadapi oleh
usahawan kelompok industri asas tani ialah kos input yang tinggi dan harga
yang tidak stabil, manakala peningkatan kos operasi merupakan masalah utama
yang dihadapi oleh usahawan kelompok perikanan, pertanian dan pemasaran.
Sementara itu, antara masalah utama yang dihadapi oleh usahawan kelompok
ternakan ialah buruh yang kurang mahir. Nisbah varians menerangkan bahawa
terdapat lima komponen masalah yang diolah menerusi 'varimax rotation'.
Faktor utama mendapati sebanyak 30.77% nisbah varians daripada faktor buruh
merupakan penyumbang terbesar kepada masalah yang dihadapi oleh usahawan
MPPB. Faktor kedua dan ketiga yang berpengaruh ialah sumber kewangan
dan pemasaran dengan nisbah varians masing-masing 17.79% dan 10.06%.
Kesimpulannya, keberkesanan program MPPB boleh dipertingkatkan dengan
kepelbagaian latihan yang berkualiti di samping kemudahan yang mencukupi,
peralatan, input dan sokongan mesin kepada usahawan.