

The Challenges Faced By Traditional Food Entrepreneurs In Business Sustainability

Aemillyawaty Abas¹, Soo Yew Phong², Suhailah Kassim³,
Amirah Hazimah Borhanordin⁴, Ijlal Saja⁵, Nur Aqilah Norwahi⁶,
Nur Hayati Abd Rahman⁷

Faculty of Business and Management, University of Technology MARA, Melaka Branch,
Bandaraya Campus^{1,3,4,7}, Academy of Language Studies, University of Technology MARA,
Melaka Branch, Jasin Campus^{2,6}, Academy of Language Studies, University of Technology
MARA, Melaka Branch, Alor Gajah Campus⁵

Corresponding Author Email: sooyewphong@uitm.edu.my

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Abstract

Malaysia is currently facing high living cost issue since COVID-19 pandemic in 2020. Many entrepreneurs are poorly affected as they depend on irregular income, especially the small entrepreneurs that reside out of the city area. Therefore, this study explores the issues and challenges faced by the traditional food product operators for their business stability. This study was conducted around Bukit Senggeh, Selandar, a rural area in Melaka, Malaysia. A total of 10 entrepreneurs were selected as the study sample. They consisted of small rural entrepreneurs who produced and cultivated traditional food products. Traditional food products were often seen to have a great potential in attracting tourists to experience local food. Therefore, this study is a preliminary study to assist the Malaysian Government's notion in restoring the economy post-pandemic. The results of the study showed that the problem faced by entrepreneurs was mainly the lack of awareness to register business companies with The Companies Commission of Malaysia (SSM) and The Inland Revenue Board (LHDN). In addition, there was also a lack of resources to assist the development of the small business where traditional methods such as direct-selling was still used as well as not utilising social media platforms to market or sell the products. In fact, financial management was also reported to be disorganised and non-systematic. Based on the findings, future studies can look into developing models for business stability for both short- and long-term plans. In conclusion, traditional food businesses had a huge impact in improving the economic state of rural communities as it could also commercialise the products internationally through the tourism industry.

Keywords: Challenges, Traditional Food, Entrepreneurs, Business Sustainability

Introduction

Melaka, a small state in the southern region of Malaysia, is one of the states that has become a famous tourist attraction due to the number of interesting places it has. A total of 79.3% tourists visited Melaka because it is a heritage city and a historical site (Er Ah Cho, 2013). In addition, Melaka is also well-known for its traditional food. Traditional food is the food and drinks that are regularly eaten by a community with certain tastes. Besides being nourishing, nutrient-dense and having fibres, traditional food is also cheap and obtainable (Shuhairi, 2019). Some examples of traditional foods are Nasi Lemak, Roti Canai and a variety of kuih, or delicacies.

The business of traditional food in Melaka is also closely related to the history of foreigners coming to Melaka. Since the 15th century, the influence of culture and customs from Arab, Chinese and Indian traders directly spread widely when they did their trading activities. The glory of Melaka is undeniable due to this trading factor and the great impact it has contributed to the sustainable economic growth. This practice happened for centuries until traded goods were able to be exported and imported abroad such as to China, Saudi Arabia, Iran and India (Syaffiq, 2016). Some examples of the traded goods were spices, pepper, cloves and corn. Meanwhile, the area that widely produces traditional foods is in Selandar, Jasin. The settlements of the residents are located in Kampung Hilir, Kampung Cembung, Kampung Rencang, Kampung Ayer Keroh and Kampung Lanjut. Selandar was originally a control point for warships during the Malay Sultanate of Malacca (Peei, 2022). Hence, this place is so popular for its traditional food and it becomes one of the main attractions among tourists when they visit Melaka (Rahmat & Mat Isa, 2019). Besides, in the same locality, tourists can also enjoy nature by trying out hill climbing activities at Bukit Batu Lebah (Peei, 2022).

No doubt that small and medium enterprises (SMEs) play a significant role to drive the economy. However, unexpected circumstances like COVID-19 pandemic gave greater challenges for the SMEs to sustain their businesses. Entrepreneurs need to be mentally and physically prepared (Popkova et al., 2022), especially in innovating and enhancing existing strategies to adapt with market changes (Arif, 2009). For instance, a large numbers of SMEs faced losses during COVID-19 pandemic and it adversely affected their source of income (Gaban, 2022; Popkova et al., 2022; Ariffin, 2022). Without strong mental, physical and financial preparation, many of the SMEs had to shut down their business operations (Emami et al., 2022). Even though there were authorities who offered help, this issue could not be overcome in the long term because there was this perception and stigma that entrepreneurs want to do business only on a small scale and as a hobby (Sakdiah, 2022; Abu, 2022).

Unexpected circumstances that happened around the world recently should open up opportunities for respective authorities and entrepreneurs to re-evaluate their business sustainability in the long run. This is to ensure that their SMEs are still able to standstill even though economic turmoil happens and affects economic and businesses worldwide. With that, this research is specifically designed to investigate the issues and challenges faced by SMEs in Bukit Senggeh, Selandar, Melaka that are particularly involved in businesses selling traditional foods.

The significance of this research is as follows. Firstly, this study is important in supporting the government's notion to help dealing with the current economic challenges faced by entrepreneurs in rural areas. Among the assistance provided included the capital in the form of equipment or monetary. Another approach was by increasing foreign tourists visiting Melaka by making traditional foods the attraction. Therefore, the stability for traditional food businesses needs to be strengthened although it may cause less physical aid resources such

as the equipment and monetary assistance. Other than that, these entrepreneurs also need to generate and strive independently to develop their business in the long term without expecting much of government assistance. It is worth noting that when businesses in rural areas expand, the job opportunities for the residents are also expanding which will resolve unemployment issues and eventually reduce the number of young people that leave their small hometowns to search for jobs in the city. Hence, this paper is unique in the sense that it explores the issues and challenges faced by SMEs that sell traditional foods in Melaka, Malaysia. To our knowledge, no research has been made to address this issue, specifically when dealing with SMEs in the rural area of Selandar, Melaka.

Literature Review

A pandemic is not a new phenomenon in society as it has happened multiple times according to history. Unfortunately, COVID-19 happened where many of us were experiencing a pandemic for the first time. Based on a study conducted, it was revealed that 82% of the small businesses had faced the negative impacts of the pandemic. A hefty 70% needed a minimum of twelve months to start their recovery process (Pathak, 2021).

SME

Entrepreneurship refers to a practice of venturing into a business when an opportunity is given. 90% of the agricultural establishment in Malaysia belong to micro, small and medium entrepreneurs (MSMEs) (Mafi, 2020). SMEs in Malaysia account for a large proportion of the total number of businesses in many sectors, and contribute a considerable share in terms of Gross Domestic Product (GDP). As in many other countries, SMEs in Malaysia are also involved in various industries. In determining the importance of SMEs in the country, especially in terms of their economic contribution, it is important to classify or categorise them.

SME Corp has defined SME in two categories which are the sales and number of full time employees. For the manufacturing sector, SMEs are defined as firms with sales turnover not exceeding RM50 million or number of full time employees not exceeding 200. For the services and other sectors, SMEs are defined as firms with sales turnover not exceeding RM20 million or number of full time employees not exceeding 75. According to the latest statistics in the Malaysia Statistical Business Register (MSBR), Department of Statistics (DOSM), Malaysia, estimates that there were 1,151,3389 or 97% SMEs in Malaysia in 2022. In Melaka, directory data as in December 2022 from IKS.my showed there were 1005 establishments of SME. A total of 79.2% of SME in Melaka are from food and beverage industry. It shows that this industry has gained a strong market share in the local community. SMEs have become increasingly aware of opportunities in the convenience and 'halal' food market and strong growth in the sector reflects this trend.

Based on the field research, which aimed to identify the issues for small rural entrepreneurs, it was found that there was a lack of awareness in registering business companies with Suruhanjaya Syarikat Malaysia or The Companies Commission of Malaysia (SSM) and Lembaga Hasil Dalam Negeri or The Inland Revenue Board (LHDN). In addition, the entrepreneurs also faced short-staffed issues that supposedly assisted business expansion. It was also reported that the traditional method of direct selling was still widely used and social media platforms were hardly utilised to market their products (Gaban, 2022; Ariffin, 2022; Sakdiah, 2022; Abu, 2022). Thus, these issues need to be addressed based on the Sustainable Development Goals (SDG).

SDG 8 Good Job & Economy Growth

Sustainable Development Goals or SDG 8 recognises the importance of sustainable economic growth and high levels of economic productivity for the creation of well-paid quality jobs, as well as resource efficiency in consumption and production, according to the United Nation (UN). One of the targets in SDG 8 which is 8.9 is where the objective is to devise and implement policies to promote sustainable tourism that creates jobs as well as to promote local culture and products. The area of interest that this research has focused complement SDG 8.9 where Felda Bukit Senggeh is a rural community and it promotes local cultures, delicacies and products. According to the UN Report on SDG Good Practices Publication 2020, Yemen has developed a project to enhance rural resilience. The objectives of this project included provision of emergency employment opportunities, capacity building for employability skill set and the support in the establishment of solar micro-businesses.

SDG 11 Sustainability City Growth

Achieving goals in poverty eradication, equality, climate change reduction and living healthily is crucial for city folks. One of the objectives is also to determine inclusive economic growth or yield to greater equality. According to the UN, most people will seek opportunities for higher education and employment in the cities that steadily increase the usage of world resources for a more sustainable path. The ultimate aim for the sustainable development goal (SDG) is to make cities and human settlements inclusive, safe, resilient and sustainable. There are many challenges in achieving SDG 11. For instance, cities need to have implementation plans and support in order to achieve the objectives. Innovative solutions from the community are much needed to help people-centred cities where citizens are involved in influencing how they live and interact with their community. An example from the UN report in 2014, HealthBridge's partner in Hoi An, Viet Nam has developed a community engagement process to design and build parks and playgrounds, which resulted in both community fund-raising events and participation in building new playgrounds for children in the neighbourhood.

Marketing Network

Dzuljastri Abdul Razak, Moha Asri Abdullah and Arif Ersoy (2018) have reported that SMEs in Malaysia lack information about the marketing channels and fail to develop marketing networks. They also identified the main challenges faced by Malaysian SMEs in penetrating the external market which included the lack of knowledge about marketing techniques, exporting, branding, customer loyalty and also poor networking system with the local and international enterprises. The researchers also reported that the losses of SMEs were also due to poor design, poor quality of finished products due to the use of raw materials of poor quality as well as lack of quality control, skills in labour and after-sales service. In addition, the difficulties of seeking an export market were also due to a number of external factors such as exporting countries, raw price increases.

Methodology

This qualitative study was conducted to investigate in a more in depth manner on the phenomenon that has occurred. Salim (2018) explained that qualitative research enables an exploration of an issue. Purposive sampling was chosen in this study because it could provide the answers to the research questions. In addition, purposive sampling was chosen because the criteria needed to fulfil the research has been set. Salim (2018) also highlighted that this

sampling method requires no specific number of respondents to determine the minimum level required as long as the saturation level of the data obtained is prioritised. Thus, for this research, a total of 10 traditional food entrepreneurs were identified to assist the study by providing the requested data. Traditional food enterprises around Kampung Bukit Senggeh area were selected as it was home to many business owners and workers which several issues had been identified compared to other areas. In short, the selected interviewees were determined according to the criteria of the challenges faced in their business. Next, an interview protocol was constructed to collect data individually. This method was done to ensure each informant felt comfortable with the researcher and was ready to be involved in this study. In addition, it also made it easier for the researchers to obtain the data as they were able to focus on the research objectives and questions. At the same time, they were also able to work with time efficiently. The protocol began with the introduction of the study, obtaining consent to collect and record data and distributing five unstructured questions to the interviewees before finalising the session. The data collected was then analysed descriptively and presented thematically in tables.

Result And Discussion

Demografi

The selected entrepreneurs or interviewees were of age between 35 and 50 years old. Most of them were small traders who produced food products such as dodol (sweet and chewy candy made of glutinous rice flour, sugar and coconut milk), honey, baked delicacies, quail breeding and smoked meat. Most of the products were manufactured at home since the entrepreneurs focused on marketing their products at a small scale even though some of them have managed to export their goods abroad.

Issue and Challenges

This section discussed the qualitative findings focused on issues and challenges for the traditional food industry in Bukit Senggeh, Selandar, Melaka. In order to understand the issues and challenges faced in the traditional food industry, interview sessions were conducted to explore the current major challenges, which included post Covid-19 related marketing practices and brand management challenges. Lack and limited knowledge and skill in brand management and social media strategies were mentioned most, while challenges in the raw material supply chain were reported as the least challenging.

The major specific challenges identified were on fast-paced marketing digital technology and drastic customer preferences change related to customer engagement in promotional activities, which highlighted the businesses' weaknesses and limitations in these areas. The results are summarised in Table 1.

1. Limited skill and knowledge in brand management and strategies to which some duplicate other SMEs strategies without considering type of product or own resources during execution.
2. Poor packaging selections and strategies.
3. Disengage with customer preferences with no or minimal brand audit.
4. Covid-19 forced entrepreneurs to implement social media platforms, specifically Facebook. This requirement was implemented without proper guidance which resulted in a waste in resources and time as it failed to create high traffic for customer engagement. The finding showed only 3 out of 10 interviewees have active social media

platforms that were related to the promotional strategies while more than 50% were still practising traditional offline marketing strategies.

5. Those interviewees reported to have active social media platforms which reply on Facebook, admitted their social media contents were minimal and focused on promoting the new batch products produced for delivery. These findings indicated that interviewees' inability to create high traffic or high customer engagement due to no or minimal contents were created that aimed to trigger sales.

Table 1.

Challenges of traditional food small scale producers related to brand management and social media strategies.

Challenges	Explanation
<p>Brand name and brand elements</p>	<p>Finding showed all interviewees adopted obsolete brand logos with poor brand design. This was expected due conventional practices among Malay entrepreneurs who had been involved in businesses for more than 3 decades. It is commonly found that they named their products using their own name with the faces as brand logos. It was an ineffective strategy as compared to when it was 30 years ago. All interviewees agreed that their brand names need to be updated and refreshed. However, lack of confidence and skill forced them to remain using the same outdated brand strategies.</p> <p>The interviewees had been in the traditional food industry for more than 3 decades, yet they failed to strategize the niche product feature as their brand leverage and association. For products with high market entry and high point-of-parity (POD) like the food industry, it is significant to leverage product features and/or ingredients as point-of-difference (POD) to create high distinction for its target segments. Finding from Hien, Phuong, Tran and Thang (202) a well-developed brand associations and linkage contributes to favourable brand image which include product quality, logos and brand purchase experiences. Similar findings from Purwanto, Haque, Sunarsi and Asbari (2021) indicated that high brand image by consumers have a strong impact on purchase intention for the food industry as it increases customer's perception of food quality.</p>

Challenges	Explanation
<p>Brand evaluation and monitoring</p>	<p>None of the interviewees had conducted any brand evaluation and monitoring as it is unknown to them it is important. Brand audit and tracking is crucial as it provides insights of how consumers perceive one's brand name and equity. Keller (2020) suggested effective consumer-based brand audit assist for future strategic brand management direction by evaluating brand equity satisfactory, which brand association should be strengthened and which brand opportunity can be utilized. As proposed by Brandão, Sousa and Rodrigues (2020) framework of brand audit should be designed by taking consideration of different cultural settings as it can result in increasing brand performance, such as type of product or services in different industry and country development settings. Consumer perceived-brand evaluation is crucial as it provides direction for brand portfolio development and overall brand image will remain for long run in consumer's mind (Koschmann, 2019).</p>
<p>Social media and digital promotional platforms</p>	<p>As mentioned above, implementation of social media strategies among interviewees were concerning. Without engaging in digital marketing tools and platforms, SMEs will experience loss in sales and market share. For the past 5 years, social media has replaced the traditional promotional tools for both individual and business target segments. Creating social media with high engagement with customers allows for high product acceptance and satisfaction during the purchase experience. This relationship can significantly increase consumers' trust and loyalty level on the brand (and affect positively on purchase intention and brand performance (Kircova, Yaman and Köse, 2021). The importance of social media interaction also was found by a study from Moslehpour, Dadvari, Nugroho and Do (2020) where it suggested that marketers should acknowledge the need for more social media role of interaction in their marketing strategies to strengthen customer purchase experience and brand preferences. As for culture-based industry, Bae et al., (2020) suggested marketers should creatively design contents that produced enjoyable experiences by including cultural and artistic features to produce high engagement with customers.</p>

Conclusion

In conclusion, based on the findings of the research, the main challenge for traditional food entrepreneurs is to ensure that product marketing sales are always marketable and profitable. Thus, suggestion to overcome this is by referring to SWOT analysis, which is planning the marketing strategies through e-commerce. Other than that, choosing neat, user-friendly, fast, pretty and durable packaging may also help. Promoting customers with an interesting package could also effectively improve sales. In relation to that, the effect can be seen in the positive attitude of the entrepreneurs to continue doing business in a more orderly and systematic way to market traditional food products even abroad. The entrepreneurs' optimism has made their efforts continuously implemented to generate income. Hence, the impact can improve and stabilise the economy of Malaysia. Recommendations for future research include building a model as a guideline for entrepreneurs to market traditional food towards a more systematic, developed and competitive planning up to international level. In short, the programme to impart knowledge of post-COVID-19 can overcome the entrepreneurial challenges and maximise the potential ability of entrepreneurs to continue to excel.

This study is unique in the sense that the scope of study is specific to the traditional food entrepreneurs in Bukit Senggeh, Melaka. Even though it is assumed that all entrepreneurs shall register their businesses with SSM, there were still cases whereby the entrepreneurs opt not to register due to their perception of not getting any subsidies from the government once they registered. Besides, as the world in 2023 is shifting towards digital era, there are still cases whereby the rural entrepreneurs have lack of knowledge on how to penetrate their products outside their rural areas via various online platforms. Thus, these findings give alarming notice to the respective government authorities to enhance business education among rural entrepreneurs. With continuous education and awareness, they might be able to sustain their business in the long-run and compete in the local and global markets.

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