

**EXPLORING FACTORS FOR SMALL BUSINESS START-UP AND COMMERCIALISATION:  
QUALITATIVE EVIDENCE FROM HANDICRAFT ENTREPRENEURS IN SABAH,  
MALAYSIA**

Noor Fzlinda Fabeil<sup>1</sup>, Kamarul Mizal Marzuki<sup>2</sup>, Iklima Husna Abdul Rahim<sup>3</sup>, Khairul Hanim Pazim<sup>4</sup>,  
Juliana Langgat<sup>5</sup>

*Faculty of Business, Economics and Accountancy, Universiti Malaysia Sabah*

*Jalan UMS, 88400 Kota Kinabalu, Sabah*

Email: fzlinda@ums.edu.my<sup>1</sup>, cmarizal@ums.edu.my<sup>2</sup>, iklim.husna@ums.edu.my<sup>3</sup>,  
k\_hanim@ums.edu.my<sup>4</sup>, juelanggat@ums.edu.my<sup>5</sup>

**ABSTRACT**

*This paper aims to understand in-depth, from the handicraft entrepreneurs' perspective how they first get involved in handicraft production, and how they make decisions about to move (or not) to formal commercialisation. The Malaysian Handicraft Development Corporation (MHDC Census, 2014) revealed that vast majority of handicraft entrepreneurs are operating as modest production, i.e. home-based and mainly part-time, which has always been regarded as low performance. The in-depth interviews therefore were conducted with 16 handicraft entrepreneurs in Kota Belud, Sabah to explore why this modest kind of production is so favoured among handicraft entrepreneurs in Malaysia, regardless of its perceived disadvantageous, and why some entrepreneurs commit to full-time production. The selection of the samples was based on two main performance criteria, which were assumed likely to provide different responses on the topic under investigation: (1) premises location (home-based and workshop-based) and (2) production status (part-time and full-time). The analysis of data was guided by initial conceptual framework relating to concept and theories on small business performance which allows similar data to be labelled under similar codes and categories. Overall, the in-depth interviews together with insights from the literature led to the identification of five sets of factors that may influence the start-up and factors that stimulated or inhibited the entrepreneurs to move to a greater level of commercialisation, namely personal background, personality traits, motivations, personal skills and support contexts. The findings of this qualitative fieldwork served as a basis for the development of a questionnaire for the large-scale survey in the future.*

**Keywords:** Small Business Start-up, Commercialisation, Performance, Handicraft Entrepreneurs

## **1.0 INTRODUCTION**

This study investigates in-depth, how handicraft entrepreneurs first get involved in handicraft production and why they made choices of their levels of commercialisation, either as formal or modest operation. Sabah is the second largest of the thirteen states in Malaysia, occupying the northern part of the island of Borneo. It has a population of over 3 million people, half of whom live in rural areas (Population and Housing Census of Malaysia, 2015). The Malaysian government, in cooperation with non-governmental agencies, has been promoting entrepreneurship among rural people to encourage them to earn their living from community-based and nature-based activities in order to enhance the economy in Sabah by making good use of the diverse natural resources and local cultures of the Sabah people. As part of this, the development of small scale handicraft production has received much attention from the government, particularly in terms of provision of financial and technical support for commercialising production. Currently, there are more than 2,000 handicraft entrepreneurs found in Sabah, throughout twelve main districts, specializing in the production of local village craftwork. The activity of making handicrafts is predominantly amongst women, mainly in hand-woven materials (batik and weaving, embroidery) while men are actively involved in the production of metal-based handicrafts (machetes, brass-gongs) and wood carving. The vast majority of handicraft entrepreneurs in Sabah make handicrafts in a modest way, on a part-time basis or at home, and only very small numbers operate their production full-time in dedicated workshops (MHDC Census, 2014).

In Malaysia, particularly in Sabah, one of the endogenous growth strategies that has been followed by the government is the One District One Product (ODOP) program, which aims to encourage rural entrepreneurs to convert the available natural resources in their district/village, using local experts and their creativity, to produce resource-based and cultural-based products for commercialisation (Kader, et al, 2009). Under this program, the government facilitates the rural communities with advisory services and technical training, which aim to develop their business knowledge and interest towards commercialisation for community-based tourism production, like village-stay, handicrafts and local food. The key objective of the ODOP program is to encourage greater levels of commercialisation. In the small scale handicraft sector for instance, handicraft entrepreneurs are encouraged to increase the level of commercialisation of their handicraft production, towards full-time and workshop production instead of modest, informal production (part-time/home-based). In fact, full-time workshop production is strongly viewed by the government as genuine business activity, which is able to provide significant contributions to incomes and economic development compared to part-time, home-based

production. Nevertheless, despite the government's aim to encourage formal commercialisation of handicraft production, and the financial and technical supports it has put in place, the vast majority of handicraft entrepreneurs in Sabah remain as home-based and part-time entrepreneurs.

Although many studies have been conducted on small enterprises, only a relatively small number relate to non-urban, non-western settings, i.e. small-scale enterprises in rural areas, developing countries, and especially the handicraft sector itself. Existing research on rural small enterprises is often based in Western developed countries (North & Smallbone, 1996), and often involves highly educated samples (Soldressen, et al, 1998), which pose different implications for a rural, developing region like Sabah, Malaysia. Furthermore, available studies on the handicraft sector often focus on identifying success factors based on production and marketing activities of handicraft enterprises (Soldressen, et al, 1998; Kean, et al; 1996; Giron, et al, 2007; Paige & Littrell, 2002). Only a few focus on understanding handicraft producer's behaviours and experiences in starting and growing an enterprise (Berma, 2001; Bhagavatula, et al, 2010). So, the existing literature on small rural handicraft enterprises provides some relevant insights for the current research.

## **2.0 HANDICRAFT PRODUCTIONS AS SMALL ENTERPRISE**

Handicrafts can be defined as those items that are normally hand-made products, with attention to materials, design and workmanship. Often, handicrafts have a decorative or wearable function, and can have the purpose of providing beauty and aesthetic value (Kean, 1996; Paige & Emery, 2002). In the context of the handicraft sector in Sabah, the raw materials used are largely nature-based resources (Berma, 2001) for example tree-bark, woods, clay, stone, and metal, and the skills of making are often inherited from parents or the elderly (Dhamija, 1975; Berma, 2001). In terms of business operation, it can be said that handicraft entrepreneurs are often microenterprises undertaking a highly labour intensive operation involving customized, hand-made, or semi-mechanised systems (Berma, 2001). In relation to Malaysia, Berma (2001) explains that handicraft production is largely located in rural areas, and is typically run by local people, in a modest or informal setting, i.e. home-based or on a temporary basis. The entrepreneurs are largely female, as handicraft work has always traditionally been associated with wives/mothers' past-time activity alongside household work (Dhamija, 1975; Berma, 2001). Production is often closely linked with folk rituals and festivals which mean that preservation of culture can be a reason for entrepreneurs to continue in

handicraft production (Dhamija, 1975; Berma, 2001). Normally there is no hired labour and start-up is characterized by little capital investment (Soundarapandian, 2001; Berma, 2001).

In terms of performance, small scale handicraft entrepreneurs are most often described as low-growth-oriented firms. Many do not expand even after a long period of operation because the owners prefer to maintain a certain level of operation rather than achieve growth. This is parallel to Soldressen, et al (1998) who mention that intrinsic enjoyment like personal happiness, to be independent and sense of accomplishment (life-style oriented firm) are more important than making profit to textile producers in US. In the context of handicraft entrepreneurs in Malaysia, especially in rural areas, practical challenges may also prevent growth, for example Berma (2001) found several constraints to handicraft entrepreneurs' involvement in commercialised handicraft in rural Sarawak, namely market constraints, financial constraints, slow production due to traditional production, non-availability of quality raw materials supply, lack of skilled labour and lack of appropriate support from relevant institutions like government or banks. These constraints limit the involvement of handicraft entrepreneurs into formal production as desired by the government, as it is believed it might provide higher income.

### **3.0 FACTORS FOR SMALL BUSINESS START-UP AND PERFORMANCE**

Reviews of relevant literature on studies relating to small business start-up and performance found that external factors, in particular, have importance in contributing to the performance of small rural entrepreneurs. For example, two influential factors which are often mentioned in the literature are government assistance for entrepreneurial development (Yusuf, 1995; Sarder, et al; 1997; Kader, et al, 2009) and social/family networking (Honig, 1998; Chan, 2005; Bhagavathula, et al, 2010). Nevertheless, internal factors like personality traits, skills and motivations are also found to contribute to performance. Traits which were most commonly studied were need for achievement, locus of control and risk taking propensity, the ones first proposed by works of McClelland (1987) and Brockhaus and Horwitz (1986) as frequently associated with entrepreneurial behaviour. Yusuf (1995) and Dhamija (1975) found government support was critical for entrepreneurial development in rural areas, in particular subsidies for tools and equipment, and technical guidance on marketing and finance. Likewise, Kader, et al (2009) found rural entrepreneurs rated the training and education they received through government assistance as key factors for their development. These studies provide insights that

government assistance for facilities/infrastructure, especially for access to resources (financial, technical knowledge and skill) is critical to local entrepreneurs in rural areas.

Many studies highlight the importance of social networks amongst rural entrepreneurs to the start-up and growth of their enterprises. Family and friends are widely mentioned as sources of resource, like financial capital (Honig, 1998; North & Smallbone, 1996; Chan, 2005), labour (Berma, 2001; Kodithuwakku & Rosa, 2002) and knowledge/skills (Berma, 2001; Bhagavathula, et al, 2010). Honig (1998) asserts those entrepreneurs' networks with extended family and community-based relationships are likely to increase the establishment and growth of enterprises through the accumulation and utilisation of resources, especially credit. Chan (2005) also finds small business owners in rural Malaysia typically rely on informal social networks, especially family and friends, as sources of financing. Social networks are also used to find labour. A number of studies contend that lack of skilled labour as one of the main reasons why small enterprises in rural areas are not so well developed compared with those in urban areas (Kalantaridis & Bika, 2006; Shaolian, 2000). Berma (2001) explains that handicraft entrepreneurs depend on their family to take up handicraft production when they are unable to find labour. Kader, et al (2009) found rural entrepreneurs rated the establishment of good networks with wholesalers and retailers to penetrate niche markets as one of their success factors, though business technical skills were also rated as important. Other than external influences on entrepreneurship, personal-related factors like goals or motivations of entrepreneurs have also been found to effect development and growth of handicraft enterprises. Soldressen, et al (1998) found that craft entrepreneurs who aim for profit in their enterprise experience a significant effect on performance. Nevertheless, most studies of handicraft producers find "non-financial motives" as important, for example, personal happiness, to be independent (Soldressen, et al, 1998), to pursue craft tradition (Berma, 2001) or to reinforce the region's cultural identity (Paige & Emery, 2005). These findings emphasise the importance of taking into account handicraft entrepreneurs' goals or motivations when measuring their performance.

Overall, it is found in the literature that government assistance, 'network affiliations' and goals/motivations have particular influence on the development and performance of small-scale handicraft enterprises. Nevertheless, much is still unknown about the nature of these influences, for example, the relative importance of each factor or the extent to which any of them has impact at different levels or stages of commercialisation. For example, family and friends might be the main sources of support during initial start-up stage, whereas government agencies and intermediaries might become more important sources of information and market

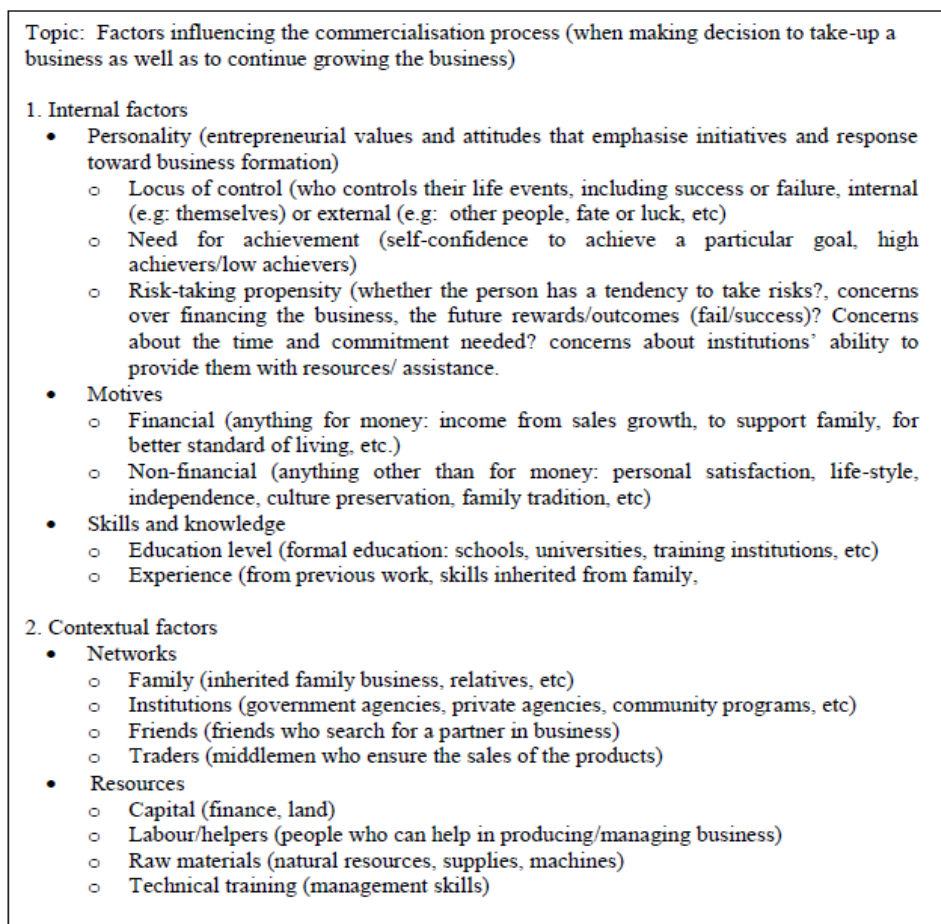
opportunities as the enterprise matures or grows. Therefore, the current research needs to explore further empirically, the specific factors that may be important in the commercialisation process in the handicraft sector.

#### **4.0 RESEARCH APPROACH AND DATA ANALYSIS**

The in-depth interviews were conducted for this study with the aim of gaining a deep understanding from entrepreneurs' experience and perceptions how they actually behave and make decisions for the start-up and growth of their enterprises. It is understood that reviews of academic literature or data available in hand from local desk studies are valuable for a researcher to gather knowledge on the topics under investigation (Blumer, 1969), nevertheless, it is normally insufficient to make generalisations about a phenomenon based on secondary findings. Therefore, qualitative in-depth interviewing was used in the early phases of this study because of its inductive, epistemology and ontology features (Bryman, 2004), which allow the researcher to understand social reality in its own terms. Initially, the sample for in-depth interviews was planned for not more than 20 handicraft entrepreneurs in Kota Belud district. In-depth interviews are human-intensive and time consuming, thus, a small sample befitting the research objectives was selected. Besides, it was believed that large-scale interviews could be problematic if the large quantities of information collected were irrelevant to the research objectives. Conveniently, Kota Belud was chosen as the area for the study because most handicraft entrepreneurs in Sabah are based in this district. The sample for the in-depth interviews was purposely selected from the population based on primary characteristics befitting the research objectives. Some interviewees were drawn from the MHDC census (2014), others through a snowballing technique, based upon suggestions from key informant interviewees (the chief trainer of a handicraft incubator and the MHDC officials) as well as from other handicraft entrepreneurs in the villages. Two main criteria were assumed likely to provide different responses on the topic of the commercialisation process among handicraft entrepreneurs: (1) premises location (home-based vs. workshop-based) and (2) status (full-time vs. part-time).

Face-to-face unstructured interviews were conducted at the interviewees' preferred place (at their house or in their premises) and time. The interviews were in the form of free-flow conversations and were guided by an interview guide which contained an outlined script and list of open-ended questions relevant to the topics to be discussed. These related to respondents' experiences and history of their businesses, operation and management of their businesses, what they thought of factors that encouraged or inhibited their businesses' start-up and growth,

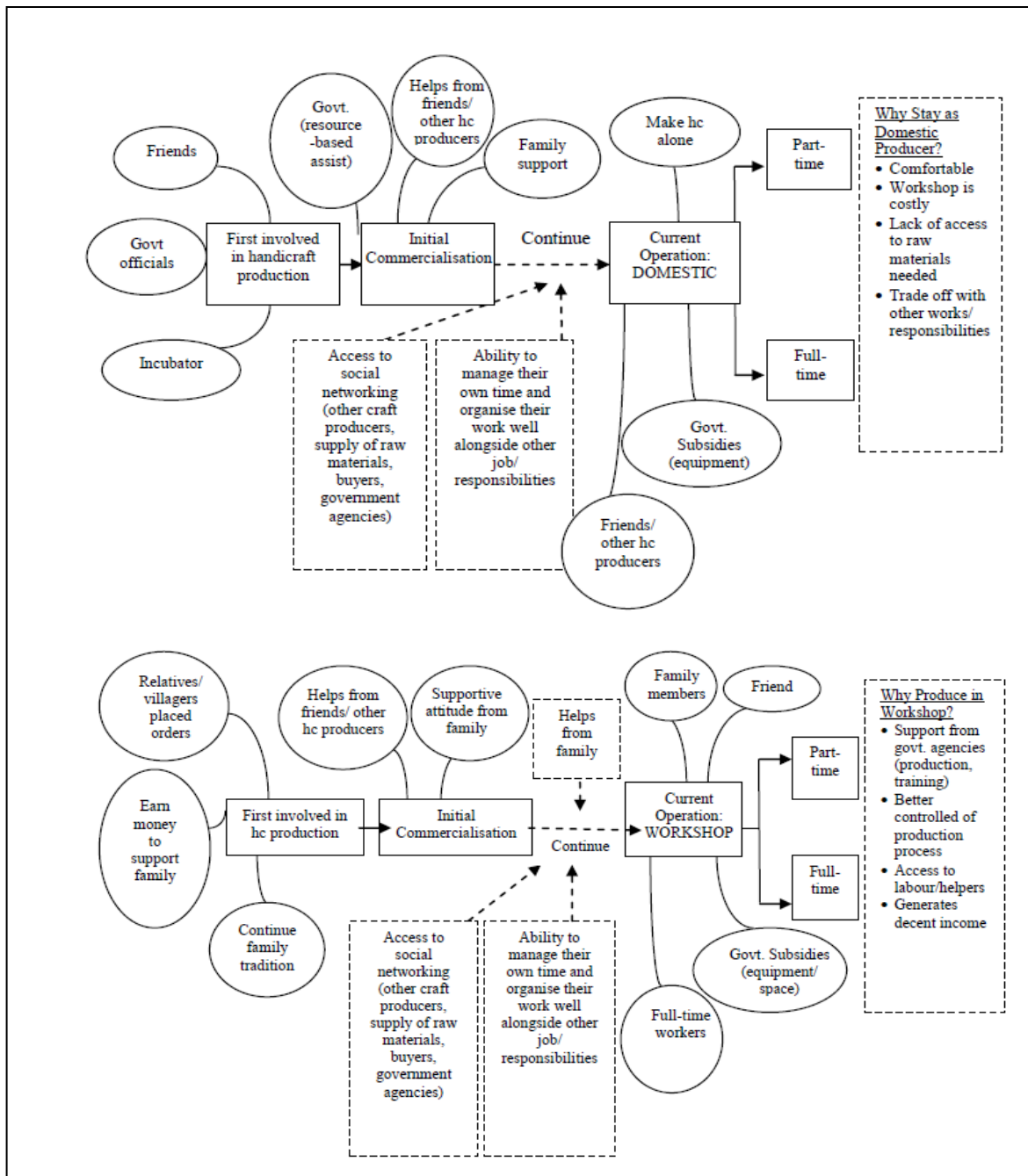
motives for commercialising handicraft production (or not), and perceptions of their businesses' performance including problems or challenges they faced. All interviews were conducted in the Malay Language. Note taking and digital recording were employed to record the interview responses and photographs were also taken. The discussion started with the most factual and easy to answer questions first, for example the demographic profiles and business profiles, then, questions that asked about interviewees' experiences and operation of their businesses. Finally, the conversations were ended with questions that asked for opinions and perceptions on related information.



**Figure 1:** Initial Conceptual Framework for the Factors Influencing Start-Up and Commercialisation

Every digitally recorded interview in the current study was transcribed and typed up into a word processing document to be analysed. The transcribing process was done in the Malay Language which was also used during the interviews with the respondents. The ideas, interests and views given by interviewees were sorted into categories that were developed prior to the interviews

which was guided by the initial conceptual framework (Ritchie & Lewis, 2003) based on concepts and theories from the literature related to the study (Figure 1). The process of coding the data into categories was done directly from the data during and after the transcribing process. Similar data were labelled under similar codes, and were allocated under relevant categories, each code together with the number of the interviewees was coded into a thematic table for comparative analysis purposes, to see the pattern or associations of the data.



**Figure 2:** Schematic Diagram for Factors for Start-up and Commercialisation for Both Home-Based and Workshop-Based Handicraft Entrepreneurs



Analysis of data was then written up in text form based on underlying research objectives, supported by verbatim quotes from interviewees' testimonies. Several propositions about factors influencing start-up and level of commercialisation were developed based on qualitative data analysed. Apart from the development of lists of codes and categories in a table, the researcher also developed two diagrams summarising the emergent factors driving the events under study, i.e. the level of commercialisation and performance, based on two different types of respondent, home-based and workshop-based. Shabbir and Gregorio (1996) analysed their two types of respondent (starters and non-starters of small business) separately, and then compared them in terms of factors that were likely to influence start-up. This framework allowed the researcher to have some hindsight about what influenced interviewees' decision to go (or not) to greater level of commercialisation. Figure 2 presents the schematic diagrams summarising the interview findings relating to factors that stimulate/inhibit a greater level of commercialisation in handicraft production, among domestic producers and workshop producers.

## **5.0 FINDINGS**

Of the total 16 respondents interviewed, ten were domestic producers and six were workshop-based. These interviewees were also a mix of full-time and part-time producers. There was a division between female and male producers based on the type of handicrafts they produce. Seven female producers were *dastar* makers (textile-based handicraft) and two made forest-based handicrafts like baskets and handbags, whereas all males were *parang*-makers (metal-based handicrafts). This similar trend is also found in the MHDC census profile (2014), which shows that women's participation in handicraft production is mainly in hand-woven materials, especially textile, basketries or bead-making, while men are actively involved in the production of metal-based handicraft production, mechanised or semi-mechanised like *parang* (machete), brass gong or wood carving. In terms of age, the interviewees were predominantly middle aged, with 11 of them 30 to 49 years, three of them 50 years and above and two of them less than 30 years. In terms of status, interviewees were the same number of full-time and part-time producers, whilst in terms of premises, ten of them produced at home, and six of them in a workshop.

## 5.1 How Handicraft Entrepreneurs Started their Enterprises

To understand how interviewees arrived at their current level of commercialisation, interviewees were asked how they first got involved in handicraft production, specifically, when they first learned about handicrafts and who was involved in their initial production. It is possible that how they started in handicraft production may have influenced later decisions to go full-time or part-time, or to produce from home or in a workshop. Previous studies of entrepreneurial development contend that a person's life history like age when they started a business (Kalantaridis & Bika, 2006), or supportive upbringing, for example parental entrepreneurship or encouragement from family and friends (Davidsson & Honig, 2003) increase the probability of a person entering into a business. Therefore, in this section, interviewees' first involvement in commercial handicraft production is discussed.

Based on the domestic producers' testimonies, mostly the part-timers, "friends" and "attendance at an incubator" were most often mentioned as influential in starting their own enterprises. Only one interviewee stated they first made handicrafts for sale primarily because they wanted to earn money to support their family. One also mentioned starting because they were asked by a government agency to do so. In terms of people involved in initial commercialisation, many interviewees, in particular part-timers, mentioned government agencies/officials, stating they received assistance from the government in terms of provision of resources (raw materials, equipment and production space). None of the full-timers mentioned receiving assistance from government agencies, but they often mentioned that "friends" or "other handicraft producers" in the village helped them in production and marketing. Several of them mentioned family being involved during initial commercialisation, i.e. they received supportive attitudes from their mothers or husbands. Only one interviewee stated she hired ex-incubator workers during initial commercialisation.

Among full-time workshop producers, the reasons they first became involved in handicraft production were "to support family", "inherited handicraft activity from parents" and "villagers placed orders". "Relatives" were often mentioned by the part-timers, as they stated relatives provided sales opportunities and business ideas to them. In terms of people involved in initial commercialisation, many interviewees (mostly full-timers) mentioned "family" in terms of provision of production space, technical production skills and supportive attitude. Several interviewees (mostly the full-timers) said "friends" provided sales opportunities and helped them get raw materials into production. Only one interviewee (full-timer) said she received assistance from the government in terms of marketing during her initial commercialisation.

Figure 3 summarising the responses from interviewees regarding how they first get involved in handicraft production.

Initial commercialisation	Original production Status and Premises prior to Current Operation				Total No. of incidence
	Domestic (n=10)		Workshop (n=6)		
	Part-time (n=6)	Full-time (n=4)	Part-time (n=2)	Full-time (n=4)	
<u>How interviewees first started own enterprise</u>					
Friends	#1, #2	#10			3
Attended incubator	#3, #4	#8			3
To earn money to support family	#5			#13, #14	3
Government came to village		#7		#14	2
Inherited from parents				#11, #13	2
Villagers placed order				#12, #13	2
Relatives			#15, #16		2

**Figure 3:** How Respondents First Get Involved in Handicraft Production

Overall, there were some differences between domestic and workshop producers in terms of how they first got involved in commercialisation as well as the people involved in the process. For domestic producers, many first made handicraft commercially either as a result of friends or through attendance in an incubator. Whereas for the workshop producers, several said they first started their own enterprise primarily to support family, because they inherited from their parents, they received orders from villagers, or support from their relatives. In terms of who was involved during their initial commercialisation, many domestic producers stated they received support from government agencies/officials, especially in terms of raw materials and equipment provision, whereas for workshop producers, most of them stated family were important during their initial commercialisation in terms of inherited skills and equipment from parents, or because they received orders or marketing advice/ideas from relatives. Friends were mentioned more by the domestic producers than workshop producers as people involved during initial commercialisation, especially for production and sales.

## 5.2 What Stimulates or Inhibits a Greater Level of Commercialisation in Handicraft Production?

When asked why part-time/domestic producers do not move to full-time or workshop production, almost half of the domestic producers interviewed (four out of ten), perceived domestic production as "comfortable" compare to workshop production. These were mostly

women, some of them part-time, and some full-time. The testimonies provided insight that for some women producers, working from home enables them to combine their handicraft production activities with their household work and childcare responsibilities. Some domestic producers seemed to continue to make handicrafts at home for many years because they perceived that making handicrafts at home avoids disruption in their daily work or family. As stated by two of them (#2, #7):-

*I make it at home. It is more comfortable I think. I prefer to make it at home, it's not a heavy work actually (#2, part-time domestic, female)*

*I make it at home. I can do the household work; I can take care of my children. These are what I like most about making craft (#7, full-time domestic, female)*

In addition to comfort and flexibility, some of the part-time interviewees perceived that a "lack of resources for production" (raw materials) prevented their involvement to a greater level of commercialisation (i.e. full-time, workshop). As stated by interviewees #1, #8:-

*At that time, I refused to join (making handicraft). It is not only about time, it is about money too, especially to buy the raw materials, the benang (nylon threads)? And the weaving equipment, it was not in a good condition. Some of the main tools were missing (#1, part-time domestic, female)*

*Now I have capital problem. Capital to buy for the raw materials. When I was with the incubator, it was easier for me to get the raw materials because all of the raw materials were provided by the Kraftangan (MHDC) (#8, full-time domestic, female)*

In addition, some of the domestic producers (interviewees #6, #8) perceived producing in a "workshop as costly" as high capital is needed to build a proper production space. Some domestic producers mentioned operating in a workshop could be realised through government assistance or subsidies. As stated by two of them:

*It requires lot of money I guess for building a workshop, unless it is subsidised by the government (#6, part-time domestic, male)*

*It is good to have our own business. But for me to have my own workshop really needs quite big sum of money. If I have enough money, it would be possible to build my own workshop (#8, full-time domestic, female)*

From the testimonies, one of the domestic producers mentioned that she chose to be a part-timer rather than a full-timer because she perceived that full-time or workshop production is not a worthwhile activity compared to farming. This was because the search for resources for making handicrafts is very time consuming, and involves quite challenging tasks. As she stated:-

*It is quite time consuming to search and pound the rattan nowadays. It is not worth it to devote our time to search for the rattan in the jungles when it is more worthwhile to work on our own farm and take care of the vegetables to be harvested and sold. (#2, part-time domestic, female)*

Overall, for the domestic producers, there were a number of perceived advantages of home-based/part-time production and perceived disadvantages of workshop/full-time production. Some of them seemed to not move to full-time or workshop production because they perceived that domestic production is comfortable, whereas operating in a workshop is perceived as costly. Some of them also perceived lack of resources especially raw materials and production equipment as barriers to becoming more formally involved in handicraft production. Finally, one interviewee perceived that handicraft production is not worthwhile enough compared to other income generating activities like farming, as the process of making handicrafts is quite demanding.

Meanwhile, when asked why some interviewees make the commitment to full-time, workshop production, "receiving assistance from government agencies" was often mentioned by workshop producers, mostly full-timers, as a reason why they made the commitment to workshop production. Interviewees #11, #12, mentioned they got involved in handicraft production full-time in a workshop when they received a subsidised workshop from the Ministry of Rural Development (KPLB) of Sabah and Malaysia Handicraft Development Corporation (MHDC). As stated by four of them:-

*But these days, when the government subsidised the workshop, it encourages more parang makers to get involved in this activity full time. Like for me now, I can make*

*parang together with my friends in this workshop if more orders need to be fulfilled. (#11, full-time workshop, male)*

*Now they (MHDC) built a dastar workshop beside my house. I was appointed as Adiguru (master craftperson) and supervise the trainees in the workshop. (#12, full-time workshop, female)*

Some interviewees mentioned they started full-time handicraft production after attending programs organised by government agencies, like "seminars/talks/courses" on business and production skills organised by the government (interviewee #7) and the One District One Product program (interviewee #8).

*I started selling my handicrafts in a handicraft centre in Kota Belud. I rented the shop from Kraftangan (MHDC). Then, I also applied for the business license under business registrar. I was invited to kursus bimbingan usahawan, wanita dan keluarga (entrepreneurship development, women and family course) organised by Puteri UMNO in Kota Belud. They taught me about financial management, family management, as well as business start-up. They said that we have to apply for business license in order to undergo our business easily (#7, full-time domestic, female).*

*Then I was absorbed to SDSI (one district one product) by Kraftangan (MHDC). SDSI means outside incubator, we do not necessarily have to produce in a workshop or premises, but as long as we do it fulltime. Like myself, now I weave the songket full-time though at home. (#8, full-time domestic, female)*

Some of the full-time producers, even though home-based, placed importance on "having suitable professional equipment and spacious premises" for dedicated or continuous production. Interviewees #7 and #8 mentioned having modern and suitable production equipment to allow a faster production process. As stated by two of them:-

*Currently, I do not have bengkel (workshop), but I am using the space in my house, on the ground level, as the place to make the crafts. It functions like a workshop too. I have my own sewing machine. (#7, full-time domestic, female)*

*I'm also thinking of getting a modern machine. I think it is better to use a machine compared to the kek method, for quicker production. I have been in semenanjung (west Malaysia) for the songket exhibition organised by the Kraftangan (MHDC), I saw some songket were weaved with the machine. (#8, full-time domestic, female)*

Some of them mentioned having ample space for handicraft production to allow better control of the production process compared to producing at home. Interviewees #14 and #16 perceived producing *parang* (machete) in a workshop is comfortable, safe, and easier to manage for their workers. As stated by two of them:-

*I think it is suitable to make it in a workshop like this. All the blowers and grinders are placed within one building. It is easier to manage especially if we have many workers or many types of equipment. It is more comfortable. (#16, part-time workshop, male)*

*For me, parang making must be done in a workshop like this. It is quite comfortable, this workshop made of bricks. We use fire to burn the knife, so it is important to have a safe place for this process. (#14, full-time workshop, male)*

Some producers mentioned they operated their handicraft enterprise full-time/in workshop because of the "availability of helpers" throughout their production. Some of them mentioned they employed their friends and former incubator students into their production as paid full-time workers (interviewees #8, and #13).

*I was involved with the Kraftangan (MHDC) program, tried to gather the former trainees from the weaving incubator, then Kraftangan (MHDC) and the SDSI chief gave talks to them about the potential business for the songket and dostar production. Then from there, I hired those who were interested as my workers. (#8, full-time domestic, female)*

*Currently I have two full-time workers, every day they will come to my workshop to weave. I pay them per piece of cloth they made (#13, full-time workshop, female)*

For interviewee #7, having regular contact with other handicraft producers allowed her to outsource some of her orders to them. This allowed continuous supply to her to fulfil customer demand.

*Other than my own crafts, I bought from other people too. I told them the type of crafts and traditional costumes that I can provide to them. I have my own people to make them. Then, many people knew about my crafts, the orders were getting high. (#7, full-time domestic, female)*

Finally, some of the producers who engaged in full-time/workshop production revealed that they perceived handicraft production can generate a decent income. As stated by two of them (interviewee #7 and #9):-

*Income as a teacher with SPM (Malaysian Certificate of Education) qualification is not much, around RM1000 plus. Just enough for our basic needs. With that much of money, it is quite inadequate for me to spend extra for other things. However, when I received fixed income within 2 weeks from the craft sales, within a month I got 1000 plus, that was really good enough. (#7, full-time domestic, female)*

*I have no other income, my wife is a housewife. For now, the income from parang making is still sufficient for my family. (#9, full-time domestic, male)*

Overall, six reasons were identified from interviewees' conversation to explain why they made the commitment to full-time or workshop production. Namely, they (i) received government assistance, (ii) had suitable production equipment, (iii) had ample space for production, (iv) had helpers in production, (v) had regular contact with other handicraft producers and (vi) perceived that handicraft production provided a decent income. Many of the full-time producers also mentioned that "receiving government assistance" - which included being given a subsidised workshop, being exposed to business skill development through courses, and being given financial assistance - were significant reasons that made them go full-time. It was found that some full-timers perceived the importance of "having suitable production equipment" and "access to social networking" facilitated them to go fulltime, regardless of whether they were home-based or workshop based. In addition, some of them mentioned they were highly committed to handicraft production because they perceived handicrafts provided a "decent income" over other alternatives. For some workshop producers nevertheless, they perceived "having ample space for production" and "having full-time helpers" facilitated them to operate a workshop-based production. These producers seemed to perceive the advantages of workshop production when they mentioned having a proper space or building for handicraft production,



so it would be comfortable and safe. All of these reasons might facilitate some of the handicraft producers interviewed to go full-time or to engage in workshop production.

## **6.0 CONCLUSION**

Overall, the in-depth interviews conducted in this study were quite exploratory in nature and the development of propositions limited to the evidence provided by 16 handicraft entrepreneurs. Nevertheless, the data provided considerable detail which assisted in developing initial profiles of full-time/part-time, workshop-based/home-based and high performing and low performing handicraft entrepreneurs. In relation to factors that might explain a handicraft entrepreneurs' move to greater commercialisation, the in-depth interview data, together with the literature review, generated a list of person-related factors and contextual factors likely to influence entrepreneurs' decisions towards their levels of commercialisation and performance. In summary, this study provides preliminary insight into why some handicraft entrepreneurs undertake production as a full-time activity or in a workshop, while some undertake it only on a part-time basis and/or located at home. The testimonies have revealed a mixture of factors which influence those choices, some person-related, for example, the specific motivations or skills of the producer, some are related to producers' environment or context, for example, availability of resources and labour, family support or government support. The next section discusses all these factors in more detail, in terms of their influence on handicraft entrepreneurs' choice of status and premises. The influence of these factors on performance is also considered. The discussion also draws from previous studies of factors influencing small enterprise behaviour. Overall, the aim is to generate a full, relevant list of factors influencing the start-up and performance of handicraft entrepreneurs which can then be tested via a survey of a larger sample of handicraft entrepreneurs.

## **REFERENCES**

- Berma, M. (2001). Constraints to Rural Community Involvement and Success in Non-agricultural Activities: Some Evidence from Sarawak, Malaysia, *Humanomics*, 17(1/2): 99-115.
- Bhagavatula, S., Elfring, T., Tilburgh, A. and Bunt, G.G. (2010). How Social and Human Capital Influence Opportunity Recognition and Resource Mobilization in India's Handloom Industry, *Journal of Business Venturing*, 25: 245-260.
- Blumer, H. (1969). *Symbolic Interactionism: Perspective and Method*. CA: Prentice Hall.

- Brockhaus, R. H. and Horwitz, P. S. (1986). The psychology of the entrepreneur. In D. L. Sexton, R.W. Smiller (ed.), *The Art and Science of Entrepreneurship*, pp. 25-48. Cambridge, MA: Ballinger.
- Bryman, A. (2004). *Social Research Methods*. 2nd Ed. US: Oxford University Press.
- Chan, S. H. (2005). An Exploratory Study of Using Micro-credit to Encourage the Setting Up of Small Businesses in the Rural Sector of Malaysia, *Asian Business and Management*, 4: 455-479.
- Davidson, P. and Honig, B. (2003). The Role of Social and Human Capital among Nascent Entrepreneurs, *Journal of Business Venturing*, 18: 301-331.
- Dhamija, J. (1975). Handicrafts: A Source of Employment for Women in Developing Rural Economies, *International Labour Review*, 112(6): 459-465.
- Giron, J. P. H., Hernandez, M. L. D. and Castaneda, M. C.J. C. J. (2007). Strategy and Factors for Success: the Mexican Handicraft Sector, *Performance Improvement*, 46(8): 16-25.
- Honig, B. (1998). What Determines Success? Examining the Human, Financial and Social Capital of Jamaican microentrepreneurs, *Journal of Business Venturing*, 13: 371-394.
- Kader, R. A., Mohamad, M. R., and Ibrahim, A. A. (2009). Success Factors for Small Rural Entrepreneurs under the One-District-One-Industry Programme in Malaysia. *Contemporary Management Research*, 5(2): 147-162.
- Kalantaridis, C. and Bika, Z. (2006). Local Embeddedness and Rural Entrepreneurship: Case Study Evidence from Cumbria, England, *Environment and Planning*, 38: 1561-1579.
- Kean, R. C., Niemeyer, S. and Miller, N, J. (1996). Competitive Strategies in the Craft Product Retailing Industry, *Journal of Small Business Management*. January: 13-23.
- Kodithuwakku, S. S. and Rosa, P. (2002). The Entrepreneurial Process and Economic Success in a Constrained Environment, *Journal of Business Venturing*, 17: 431-465.
- McClelland, D.C (1987). Characteristics of Successful Entrepreneurs, *Journal of Creative Behaviour*, 21(3): 219-233.
- MHDC Census (2014). *Malaysian Craft Industry Study Main Report*. Malaysian Handicraft Development Corporation, Kuala Lumpur, Malaysia: Azlan & Associates.
- North, D. and Smallbone, D. (1996). Small Business Development in Remote Rural Areas: The Example of Mature Manufacturing Firms in Northern England, *Journal of Rural Studies*, 12(2): 151-167.
- Paige, R. C. and Littrell, M. A. (2002). Craft Retailers' Criteria for Success and Associated Business Strategies, *Journal of Small Business Management*, 4(4): 315-331.
- Population and Housing Census of Malaysia (2015). *Population Distribution and Basic Demographic Characteristics*. Malaysia: Department of Statistics.

- Ritchie, J. and Lewis, J. (2003). *Qualitative Research Practice: A Guide for Social Science Students and Researchers*. UK: Sage.
- Sarder, J. H. and Gosh, D. (1997). The Importance of Support Services to Small Enterprises in Bangladesh, *Journal of Small Business Management*, 35(2): 26-36.
- Shabbir, A. and Gregorio, S. D. (1996). An Examination of the Relationship between Women's Personal Goals and Structural Factors Influencing their Decision to Start a Business: The case of Pakistan, *Journal of Business Venturing*, 11: 507-529.
- Shaolian, L. (2000). The Development of Small and Medium-scaled Rural Enterprises in China, in Abdullah, M. A. and Baker, M. I. (ed.), *Small and Medium Enterprises in Asian Pacific Countries*, Nova Publishers, Inc., pp. 50-58.
- Soldressen, L. S., Fiorito, S. S. and He, Y. (1998). An Exploration into Home-based Businesses: Data from Textile Artists, *Journal of Small Business Management*, 36(3): 34-44.
- Soundarapandian, M. (2001). *District Industries Centre for Rural Enterprise Development, Rural Entrepreneurship: Growth and Potential*, New Delhi: Kanishka.
- Yusuf, A. (1995). Critical Success Factors for Small Business: Perceptions of South Pacific Entrepreneurs, *Journal of Small Business Management*, April: 68-73.