THE MEDIATING EFFECT OF OPERATION STRATEGY ON THE RELATIONSHIP BETWEEN COMPETITIVE HOSTILITY AND BUSINESS PERFORMANCE OF AGRIPRENEURS: A STUDY IN RAUB, PAHANG, MALAYSIA.

WAN YIP YIN

PERPUSTAKAAN
UNIVERSITI MALAYSIA SABAH

THESIS SUBMITTED IN PARTIAL FULFILMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

FACULTY OF BUSINESS, ECONOMICS, AND ACCOUNTANCY
UNIVERSITI MALAYSIA SABAH
2016
BORANG PENGESAHAN TESIS

JUDUL KAJIAN: THE MEDIATING EFFECT OF OPERATION STRATEGY ON THE RELATIONSHIP BETWEEN COMPETITIVE HOSTILITY AND BUSINESS PERFORMANCE OF AGRIPRENEURS: A STUDY IN RAUB, PAHANG, MALAYSIA.

IJAZAH: MASTER OF BUSINESS ADMINISTRATION

SAYA, WAN YIP YIN

MENGAKU MEMBENARKAN TESIS INI DISIMPAN DI PERPUSTAKAAN UNIVERSITI MALAYSIA SABAH DENGAN SYARAT-SYARAT KEGUNAAN SEPERTI BERIKUT;

1. Tesis adalah hak milik universiti malaysia sabah.
2. Perpustakaan universiti malaysia sabah dibenarkan membuat salinan untuk tujuan pengajian sahaja.
3. Perpustakaan dibenarkan membuat salinan tesis ini sebagai bahan pertukaran antara institusi pengajian tinggi.
4. Sila tandakan [ ]

☐ SULIT (Mengandungi maklumat yang berdarjah keselamatan atau kepentingan Malaysia seperti yang termaktub dalam AKTA RAHSIA RASMI 1972)
☐ TERHAD (Mengandungi maklumat TERHAD yang telah ditentukan oleh organisasi/badan di mana penyelidikan dijalankan)
☐ TIDAK TERHAD

Disahkan Oleh

(TANDATANGAN PENULIS)

(TANDATANGAN PERPUSTAKAAN)

Alamat Tetap: 32, TAMAN MAWAR, SENGAI RUAN, 27500,
RAUB, PAHANG

TARIKH: 22nd September 2016

Catatan:
• Jika tesis ini SULIT dan TERHAD, sila lampirkan surat daripada pihak berkuasa/organisasi berkenaan dengan menyatakan sekali dan tempoh tesis ini perlu dikelaskan sebagai SULIT dan TERHAD.
• Tesis dimaksudkan sebagai tesis bagi ijazah Doktor Falsafah dan Sarjana Secara Penyelidikan atau Disertasi bagi pengajian secara kerja kursus dan Laporan Projek Sarjana Muda (LPSM)
VERIFICATION

NAME : WAN YIP YIN
MATRIX NUMBER : MB1512040T
TITLE : THE MEDIATING EFFECT OF OPERATION STRATEGY ON THE RELATIONSHIP BETWEEN COMPETITIVE HOSTILITY AND BUSINESS PERFORMANCE OF AGRIPRENEURS: A STUDY IN RAUB, PAHANG, MALAYSIA.
QUALIFICATION : MASTER OF BUSINESS ADMINISTRATION

CERTIFIED BY

1. SUPERVISOR
   (MADAM SORAYAH NASIP)
   SIGNATURE

2. CO-SUPERVISOR
   (DR STEPHEN L. SONDOH)

UNIVERSITI MALAYSIA SABAH
DECLARATION

I hereby declare that the material in this thesis is my own except for quotations, excerpts, equations, summaries and references, which have been duly acknowledged.

8 August 2016

Wan Yip Yin
MB1512040T
ACKNOWLEDGEMENTS

I would like to thank all those who have given me the opportunity to complete this project. Special thanks and appreciation to my supervisor and co-supervisor, Madam Sorayah Nasip and Dr. Stephen L. Sondoh, who often help, give advice and guidance to me, to coordinate this project.

Nevertheless, I would like to thank who had involved in my survey, without whose participation and support this research would have been impossible. Besides that, I want to thank everyone who had helped me in various ways with the support and assistance along my journey.

Lastly, thanks also to my family, especially my parents. They have to cooperate, to encourage, to advice, and fully support to me for the purpose of this project from the beginning to the end.

WAN YIP YIN

8 AUGUST 2016
ABSTRACT

Agriculture is a part of a vital part in our every aspect of life. The main purpose of this research is to examine the mediating effect of operations strategy (i.e. Cost, quality, flexibility, and delivery) on the relationship between competitive hostility and business performance of agriculture in Raub, Pahang. The Resource Based-View Theory and Contingency Theory were used in this research. There were two software, SPSS version 20 and SmartPLS version 2 were used in this study. In addition, descriptive and quantitative methods were utilised in this study. The sampling technique used in this research was purposive sampling. The questionnaires are developed in two versions which are English language and Malay language, and distributed to the agripreneurs as respondents. Strong relationships between competitive hostility, operations strategy (cost, delivery, flexibility, and quality), and business performance were observed. This research further found that the mediating effect of operations strategy (delivery) played an important role in helping agripreneurs to understand the competitive hostility and improve their business performance. Implication were produced by this study. Lastly, the limitation and future research were existed in this research.
ABSTRAK

Kesan pengantara strategi operasi terhadap hubungan antara permusuhan bersaingan dan prestasi perniagaan dalam pertanian: satu kajian di Raub, Pahang, Malaysia.

# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>TITLE</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iv</td>
</tr>
<tr>
<td>ABSTRAK</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF CONTENTS</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xi</td>
</tr>
</tbody>
</table>

## CHAPTER 1: INTRODUCTION

1.1 Introduction 1
1.2 Agriculture in Malaysia 4
   1.2.1 Agripreneur 6
1.3 Problem Statement 7
1.4 Research Questions 8
1.5 Research Objectives 9
1.6 Scope of the Study 9
1.7 Significance of Study 10
1.8 Definition of Key Terms 11
1.9 Organization of the Study 13

## CHAPTER 2: LITERATURE REVIEW

2.1 Introduction 14
2.2 Business Performance in Agriculture Field 14
2.3 Business Environment 15
   2.3.1 Competitive Hostility 16
2.4 Theory 17
   2.4.1 Resource Based View Theory 17
   2.4.2 Contingency Theory 18
2.5 Competitive Hostility and Business Performance 19
2.6 The Mediating Effect of Operations Strategy 20
   2.6.1 Mediating Effect of Cost 23
   2.6.2 Mediating Effect of Quality 25
   2.6.3 Mediating Effect of Flexibility 26
   2.6.4 Mediating Effect of Delivery Performance 27
2.7 Competitive Hostility and Operations Strategy 28
CHAPTER 3: METHODOLOGY

3.1 Introduction
3.2 Research Framework
3.3 Research Hypothesis
   3.3.1 The Relationship between Business Environment (Competitive Hostility) and Business Performances
   3.3.2 The Relationship between Business Environment (Competitive Hostility) and Operations Strategy (Cost, Quality, Flexibility, and Delivery)
   3.3.3 The Relationship between Operations Strategy (Cost, Quality, Flexibility, and Delivery) and the Business Performances
   3.3.4 The Mediating Effect of Operations Strategy (Cost, Quality, Flexibility and Delivery) on the Relationship Between Environmental Factor (Competitive Hostility) and Business Performances
3.4 Research Design
3.5 Unit of Analysis
3.6 Sampling Technique, Population and Sample
3.7 Research Instrument
3.8 Data Analysis
3.9 Summary

CHAPTER 4: RESULT AND DATA ANALYSIS

4.1 Introduction
4.2 Data Collection and Response Rate
4.3 Profile of Respondents
4.4 Descriptive Analysis
4.5 Data Analysis
4.6 Measurement Model
4.7 Structural Model
4.8 Mediation Analysis
4.9 Summary of Hypotheses

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 Introduction
5.2 Recapitulation of the Findings of the Study
5.3 Discussion of Findings
   5.3.1 Relationship between Competitive Hostility and Business Performance
5.4 Mediating Effect of Operations Strategy towards Business Performance
   5.4.1 Mediating Effect of Operations Strategy (Cost) on the Relationship between Competitive Hostility and Business Performance
5.4.2 Mediating Effect of Operations Strategy (Deliver) on the Relationship between Competitive Hostility and Business Performance
5.4.3 Mediating Effect of Operations Strategy (Flexibility) on the Relationship between Competitive Hostility and Business Performance
5.4.4 Mediating Effect of Operations Strategy (Quality) on the Relationship between Competitive Hostility and Business Performance

5.5 Implication of study
5.6 Limitation and Future Research
5.7 Conclusion

REFERENCES 67

APPENDICES 76

Appendix A: Questionnaire (English version) 76
Appendix B: Soal Selidik (Malay version) 83
Appendix C:
- C1: Frequency for Respondent Profile 89
- C2: Frequency for Respondent’s Business Profile 90

Appendix D: Descriptive Analysis 93

Appendix E:
- E1: Overview 94
- E2: Outer Loading 94
- E3: Cross Loading 95
- E4: Latent Variable Correlations 96
- E5: Path Coefficients (Mean, Stdev, T-Value) 96
LIST OF TABLES

Table 1.1: Share of economic sectors in the gross domestic product (GDP) from 2004-2014 in Malaysia 3
Table 1.2: GDP by State and Economic Activity for Year 2010-2014 at Constant 2010 Prices 3
Table 3.1: Statistics All Categories, All Kinds of Plants, All Types of Management In Pahang State, Raub, Raub East Development Area, Service Area Gali 1, From January until December 2015 36
Table 3.2: Likert scales 37
Table 3.3: Measures for Competitive Hostility 38
Table 3.4: Measures for operations strategy 38
Table 3.5: Measures of business performance 39
Table 3.6: Validity Guidelines In Structural Equation Modelling (SEM) 39
Table 4.1: Profile of Respondents 42
Table 4.2: Business Profile of Agripreneurs 43
Table 4.3: Means and Standard Deviations for Variables in the Study 45
Table 4.4: Construct and measurements 48
Table 4.5: Convergent Validity 50
Table 4.6: Cross Loading 52
Table 4.7: Discriminant Validity 53
Table 4.8: Hypothesis Testing 56
Table 4.9: Mediating Effect of Overall Operations Strategy towards Competitive Hostility and Business Performance 58
Table 4.10: Summary Results of Hypothesis Testing
LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 1.1:</td>
<td>Districts area in Pahang</td>
<td>4</td>
</tr>
<tr>
<td>Figure 1.2:</td>
<td>Malaysia GDP from Agripreneur</td>
<td>7</td>
</tr>
<tr>
<td>Figure 2.1:</td>
<td>Model of the relationship between Independent Variable, Mediator and dependent variable</td>
<td>21</td>
</tr>
<tr>
<td>Figure 3.1:</td>
<td>Proposed Research Framework</td>
<td>31</td>
</tr>
<tr>
<td>Figure 4.1:</td>
<td>The Research Model</td>
<td>46</td>
</tr>
<tr>
<td>Figure 4.2:</td>
<td>The PLS Bootstrapping Results</td>
<td>47</td>
</tr>
<tr>
<td>Figure 4.3:</td>
<td>The PLS Algorithm Results</td>
<td>55</td>
</tr>
</tbody>
</table>
CHAPTER 1

INTRODUCTION

1.1 Introduction

Agriculture is a part of a vital part in our every aspect of life. However, everyone always overlooks the importance of agriculture to society. This reality is not to those outside of agriculture (Boleman and Burrell, 2003). Agriculture was the primary contributor to Malaysia, our country's economic system during the First National Agriculture Policy, NAP 1 (1984-1991), which concentrated on the expansion of policy and the commodity crops such as palm oil and cocoa (Abdullah and Samah, 2014: 273). Table 1.1 presented the percentages of economic sectors in the Gross Domestic Product (GDP) in Malaysia from 2004 to 2014. In 2014, the share of agriculture sector was around 9.06%, industry sector was about 40.54% and services sector was approximately 50.41%.

Established on the statistics in Table 1.2, agriculture industry in Pahang generates approximately RM 10 million to RM 11.5 million from 2010 to 2014. At that location where some commercial crops have been introduced, which are palm oil, cocoa and rubber. These commercial crops as well become the primary agricultural exports to worldwide markets. The demand and need for food are increasing nowadays, these had put a big insistence on the farming sector. The supply of food is unstable due to the several factors, which include the environmental effect, species of the harvest, lack of manpower, and etc.

Pahang, a land with dense forests and rich resources, it is the largest state in Peninsular Malaysia ("Walk the Land in Malaysia"). Figure 1.1 shows the districts in Pahang such as Cameron Highland, Kuala Lipis, Raub, Jerantut, Temerloh, Bentong,
Based on the Malaysia Statistic Department, Pahang has an area of 35,965 km\(^2\) and population estimates 1.60 million in 2015. The main economic activity in this state is agriculture (How, Ng, Jamalludin, Shah and Rathor, 2005: 606). Well bestowed with fertile lands and ample rainfall, cash crops such as rubber, oil palm, cocoa and tropical fruit trees in the state ("Overview of Pahang," 2016). Based on Seventh Malaysia Plan (1996: 143), Pahang was registered as one of the highest rates of agricultural growth at 21.3 percent per share to GDP, contributing about one-third of total value added in each state.

Business environment consists of the myriad forces, these forces are beyond the management’s control in the short run, and thus the threats and opportunities were suggested for the business (Ward, Duray, Leong and Sum, 1995: 4). Based on the previous researches, environment covers three points of view (Bourgeois, 1980: 33). The first perspective focuses on those groups that directly affect a business and, in turn, are affected by it (Wheelen, Hunger, Hoffman and Bamford, 2015: 127). Those groups are suppliers, governments, competitors, employees, local communities, customers, special interest groups and regulatory agencies (Wheelen et al, 2015: 127). The second perspective from Dess and Beard (1984: 52) research concentrated on the properties of external forces: complexity (homogeneity-heterogeneity, concentration-dispersion), munificence (capacity), and dynamism (turbulence, stability-instability). The last perspective by Swamidass and Newell (1987: 512) focused on managerial perceptions about the environmental attributes, perceived environmental uncertainty (PEU).


### Table 1.1: Share of economic sectors in the gross domestic product (GDP) from 2004-2014 in Malaysia

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>9.27%</td>
<td>46.37%</td>
<td>44.36%</td>
</tr>
<tr>
<td>2005</td>
<td>8.26%</td>
<td>46.52%</td>
<td>45.11%</td>
</tr>
<tr>
<td>2006</td>
<td>8.61%</td>
<td>44.64%</td>
<td>45.02%</td>
</tr>
<tr>
<td>2007</td>
<td>9.99%</td>
<td>44.63%</td>
<td>45.73%</td>
</tr>
<tr>
<td>2008</td>
<td>9.97%</td>
<td>46.66%</td>
<td>43.36%</td>
</tr>
<tr>
<td>2009</td>
<td>9.97%</td>
<td>45.01%</td>
<td>45.00%</td>
</tr>
<tr>
<td>2010</td>
<td>40.97%</td>
<td>41.31%</td>
<td>17.72%</td>
</tr>
<tr>
<td>2011</td>
<td>11.7%</td>
<td>40.39%</td>
<td>47.92%</td>
</tr>
<tr>
<td>2012</td>
<td>10.04%</td>
<td>40.79%</td>
<td>49.16%</td>
</tr>
<tr>
<td>2013</td>
<td>9.31%</td>
<td>40.51%</td>
<td>50.18%</td>
</tr>
<tr>
<td>2014</td>
<td>9.06%</td>
<td>40.54%</td>
<td>50.40%</td>
</tr>
</tbody>
</table>


### Table 1.2: GDP by State and Economic Activity for Year 2010-2014 at Constant 2010 Prices (RM Million/ Juta)

<table>
<thead>
<tr>
<th>State</th>
<th>Agriculture 2010</th>
<th>Agriculture 2011</th>
<th>Agriculture 2012</th>
<th>Agriculture 2013</th>
<th>Agriculture 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johor</td>
<td>12,501</td>
<td>13,352</td>
<td>13,836</td>
<td>14,126</td>
<td>14,637</td>
</tr>
<tr>
<td>Kedah</td>
<td>4,428</td>
<td>4,800</td>
<td>4,851</td>
<td>4,874</td>
<td>4,940</td>
</tr>
<tr>
<td>Kelantan</td>
<td>4,498</td>
<td>4,847</td>
<td>4,869</td>
<td>4,874</td>
<td>4,983</td>
</tr>
<tr>
<td>Melaka</td>
<td>2,562</td>
<td>2,747</td>
<td>2,878</td>
<td>3,100</td>
<td>3,226</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>3,380</td>
<td>3,575</td>
<td>3,682</td>
<td>3,645</td>
<td>3,491</td>
</tr>
<tr>
<td>Pahang</td>
<td>10,068</td>
<td>10,878</td>
<td>10,968</td>
<td>11,488</td>
<td>11,434</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>1,280</td>
<td>1,357</td>
<td>1,425</td>
<td>1,468</td>
<td>1,530</td>
</tr>
<tr>
<td>Perak</td>
<td>8,599</td>
<td>9,183</td>
<td>9,402</td>
<td>9,312</td>
<td>9,478</td>
</tr>
<tr>
<td>Perlis</td>
<td>1,122</td>
<td>1,056</td>
<td>1,073</td>
<td>1,049</td>
<td>1,093</td>
</tr>
<tr>
<td>Selangor</td>
<td>3,910</td>
<td>3,976</td>
<td>4,211</td>
<td>4,105</td>
<td>3,863</td>
</tr>
<tr>
<td>Terengganu</td>
<td>2,633</td>
<td>2,732</td>
<td>2,667</td>
<td>2,669</td>
<td>2,554</td>
</tr>
<tr>
<td>Sabah</td>
<td>15,889</td>
<td>16,989</td>
<td>16,004</td>
<td>16,334</td>
<td>16,797</td>
</tr>
<tr>
<td>Sarawak</td>
<td>11,864</td>
<td>12,915</td>
<td>13,388</td>
<td>13,733</td>
<td>14,859</td>
</tr>
<tr>
<td>WP Kuala Lumpur</td>
<td>a</td>
<td>a</td>
<td>a</td>
<td>a</td>
<td>a</td>
</tr>
<tr>
<td>WP Labuan</td>
<td>148</td>
<td>147</td>
<td>151</td>
<td>174</td>
<td>94</td>
</tr>
<tr>
<td>Supra</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
</tbody>
</table>

1.2 Agriculture in Pahang, Malaysia

According to Malaysia Country Report (Leipzig, 1996: 5), Malaysia was located in the tropics, it consists of two major land masses, ranging from the South China Sea. Peninsular Malaysia or West Malaysia is at the tip of mainland Southeast Asia, while the East Malaysia are on the island of Borneo (Leipzig, 1996: 5). The state in Peninsular Malaysia included Perlis, Kedah, Perak, Selangor, Negeri Sembilan, Terengganu, Kelantan, Pahang and Johor. The state in East Malaysia included Sabah and Sarawak. The area of Peninsular and East Malaysia are 138,000 sq. km and 192,000 sq. km respectively (Leipzig, 1996: 5). The East Malaysia was larger than West Malaysia about 54,000 sq. km. Malaysia consists a total of 33.06 million hectares of land, the land estimated for agriculture in Peninsular Malaysia is 7.15 million hectares, Sabah contains 3.15 million hectares and Sarawak covers 4.45 million hectares (Leipzig, 1996: 5).

The agricultural sector is the most significance in supplying foods among all the countries in the world. A country’s resourcefulness in building up its agricultural
sector is an indication of its ability to supply sufficient nutrient for its population (Fikri, 2009: 1). In general, there are two distinct sectors in Malaysia agriculture, which included plantation sector and smallholder’s sector (Ahmad, 2001: 1). The major crops planted in Malaysia included oil palm, rubber, rice, cocoa, mixed horticulture, coconut and orchard. It has been one of the most important industries to get income for the Malaysian economy and has been established as an efficient medium to overcome poverty (Hayrol Azril, Ahmad Faiz, Khairuddin, Jegak and Jeffrey, 2010: 2360). Malaysia agriculture declared in Ninth Malaysian Plan (9MP) as the third-largest income generator (Reynolds, 2013).

Nevertheless, the contribution of agriculture to the national economy has dropped due to the speedy development of the industrial and service sectors (Leipzig, 1996: 5). In addition, Malaysia country report (Leipzig, 1996: 5-6) explored that the contribution of agriculture towards the national Gross Domestic Product (GDP) has dropped from 29% to 14.8% in 1970 and 1994 respectively. Established in the Ninth Malaysia Plan (9MP), the new term ‘New Agriculture’ has been presented as well as the tag-line of Ministry of Agriculture and Agro-based industry (MOAAI), ‘Agriculture is Business’.

"The emphasis will be on New Agriculture which will involve large-scale commercial farming, the wider application of modern technology, production of high quality and value-added products, unlocking the potential in biotechnology, increased convergence with information and communications technology (ICT), and the participation of entrepreneurial farmers and skilled workforce. The function of agricultural services will also streamline to enhance service delivery and efficiency." ... [9MP, 2005: 81]

During the Sixth Malaysia Plan period, there were several constraints faced in the development of agriculture sector, especially the shortage of labour and suitable land as well as low price levels for some goods and relatively low stage of capital investment (7MP, 1996: 225). The growth of agricultural sector was held out by these constraints even though the intensified effort was provided in implementing various plans and provided adequate resources (7MP, 1996: 225).
Referring to China Press (2015, July 11), it has been introduced Raub, Pahang as a place that produced fruit, especially durians. About 6000 acres of land, 80% are planted with durians, which included Raub Sungai Klau and Sungai Ruan, these places produced the most popular durian named ‘Musang King’. Besides that, Raub also planted palm oils, rubbers, cocoa, and some vegetables.

1.2.1 Agripreneur
Bring up to the previous works, the term agripreneurs has been explained based on similar perception. In general, agripreneurs should be proactive, curious, determined, persistence, vision, hardworking, honest, integrity with strong management and organisational skills (Bairwa, Lakra, Kushwaha, Meena and Kumar, 2014: 1). According to Bairwa et al. (2014: 1), agripreneurs also known as entrepreneurs. “Entrepreneurs may be defined as innovators who drive change in the economy by serving new markets or creating new ways of doing things” (Bairwa et al., 2014: 1). Therefore, an agripreneurs may be someone who guarantees a diversity of activities in the agriculture sector in order to be an entrepreneur (Bairwa et al., 2014: 1).

The similar explanation of term agripreneurs also stated in Nagalakshmi and Sudhakar (2013). Both researchers defined agripreneur as an entrepreneur whose primary occupation is agriculture or agribusiness-related (Nagalakshmi and Sudhakar, 2013: 208). The term of agripreneur was the combination of both agriculture and entrepreneur (Nagalakshmi and Sudhakar, 2013: 208).

1.3 Problem Statement
Based on William, Allen, Joseph and Peterson (2004) highlighted, there is a lack of exposure to and the relevant information about the importance of agriculture entrepreneurship and food sufficiency. According to the Rubber Journal Asia (RJA) on 29 May 2014, the dealers and industry groups stated that the farmers in Malaysia and second-largest producer Indonesia have begun switching to palm oil or finding jobs in factories and mines due to the frustrated by the sagging price. On the other hand, from RJA also, a 62-year old farmer named Roslai Hasan, who owns six acres in Malaysia’s Selangor state, said that he had given up on rubber and a lot of other
farmers have started planting other crops like oil palm. The agripreneurs were faced pressure due to low offer prices (Hussin, Assari and Karia, 2012).

Regard to Eleventh Malaysia Plan (2015: 20-7), the issues affected low productivity in the agriculture industry are include the supply of quality seeds, compliance to standards, etc. The use of uncertified seeds will produce low-quality crops. Besides that, it will directly affect the productivity of crops. The lack awareness among the agripreneurs and buyer will direct to low rates of compliance (Eleventh Malaysia Plan, 2015: 20-7). The GDP of Malaysia from agriculture industry were dropped from years to years. The Malaysia GDP from Malaysia can be seen in Figure 1.3 from the year 2013 to 2016.

![Figure 1.2: Malaysia GDP from Agriculture](source: Department of Statistics, Malaysia)

Based on the previous research by Barrow, Weng, and Masron (2009: 91), the researchers had been collecting information on land use and environmental problems from the Cameron Highlands between 2002 and 2007. In the procedure of interviewing, roughly half of the interviewees felt the environmental quality was deteriorating (Barrow et al, 2009: 102). The farmers in Cameron Highlands faced with the soil fertility maintenance, sudden market price reductions, rising costs, bad weather, crop pests and diseases, water shortage, and quality controls imposed by produce buyers (Barrow et al, 2009: 104).
Through *China Press* (2015, July 11), the news stated that the germs attacked the cocoa tree has caused the cocoa prices fallen in Raub. Many owners in Raub reluctantly to cut down the cocoa tree and switching to other crops. Furthermore, the *China Press* (2015, July 11) also showed the fact on the price competition. The price of the crops randomly changed according to the market prices. In addition, the news also explained the costs had increased the burdens of agripreneurs due to the inflation increased, plus the consumption tax, pesticides used in orchards, and fertilizers and herbicides.

The main attempt of this study is to determine the relationship between competitive hostility and the business performance of agriculture with the mediating effect of operations strategy in term of cost, quality, flexibility and delivery. In order to react to this problem, a research is beginning to meet the gap among the agripreneurs in Raub, Pahang Malaysia.

### 1.4 Research Questions

The following would be the research questions:

1. Is there any relationship between competitive hostility and the business performance among agripreneurs in Raub, Pahang?
2. Is there any relationship between competitive hostility and operations strategy (cost, quality, flexibility and delivery) among agripreneurs in Raub, Pahang?
3. Is there any relationship between operations strategy (cost, quality, flexibility and delivery) and the business performance among agripreneurs in Raub, Pahang?
4. Does the operations strategy (cost, quality, flexibility and delivery) mediate the relationship between competitive hostility and business performance among agripreneurs in Raub, Pahang?
1.5 Research Objectives

The study investigates the following research objectives:

1. To examine the relationship between competitive hostility and the business performance among agripreneurs in Raub, Pahang.
2. To examine the relationship between competitive hostility and operations strategy (cost, quality, flexibility and delivery) among agripreneurs in Raub, Pahang.
3. To examine the relationship between operations strategy (cost, quality, flexibility and delivery) and the business performance among agripreneurs in Raub, Pahang.
4. To examine the mediating effect of operations strategy (cost, quality, flexibility and delivery) on the relationship between competitive hostility and business performance among agripreneurs in Raub, Pahang.

1.6 Scope of the Study

The scope of the study is only focused on the Pahang region, Raub. The respondents of the research are agripreneurs in Raub, Pahang. The respondents of the study included both genders, male and female. Lastly, the study involved with only full-time agripreneurs in Raub, Pahang.

1.7 Significance of the Study

This research provides several noteworthy contributions to knowledge. Firstly, the existing Contingency Theory and Resource Based View Theory (RBV) are applied in this research. Next, this research successfully tests the relationship between the competitive hostility and the business performance among agripreneurs. This trial was specifically grown for this study and led to useful empirical findings.

A significant contribution of this study is to provide agripreneurs with a better understanding of the drivers of business performance and the environment in the agricultural industry in Pahang. Such data will allow agripreneurs to make more informed decisions towards the crops. In order to perform well in this sector,
REFERENCES


China Press. 2015. 主题故事: 榴得青山在不怕没猫山王/ Theme story: As long as the green hills are there, there'll never be a shortage of Musang King. 11 July.


Kamarul, F. H. 2012. *Understanding the determinants of continuous knowledge sharing intention within business online communities*. Auckland University of Technology.


