

THE CRITICAL SUCCESS FACTOR OF ENTREPRENEURS IN INFORMATION TECHNOLOGY (IT) INDUSTRY

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**Report submitted in partial fulfilment of the requirements for the
award of the degree of Bachelor in Project Management with Honours.**

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UNIVERSITY MALAYSIA PAHANG**CENTRE OF GRADUATE STUDIES**

We certify that the thesis entitled “The Critical Success Factors of Entrepreneurs in Information Technology Industry” is written by Siti Nur Haslizawati Binti Abdullah. We have exam the final copy of this thesis and in our opinion it is fully adequate in terms of scope and quality for the award of the degree of Bachelor of Project Management with Honours.

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I hereby declare that the work in this thesis is my own except for quotations and summaries which have been acknowledged. The thesis has not been accepted for any degree and is not concurrently submitted for award of other degree.

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ABSTRACT

This study aims to identify the critical success factors of entrepreneurs in the information technology industry to contribute to the growth of their companies and the challenges faced by entrepreneurs. In particular, this study was initiated to examine the following factors, namely capital, knowledge management and communication. Through this research, it was clear that a large number of successful entrepreneurs is influenced by several factors. Entrepreneurs in information technology, which is located in Kuantan, Pahang were chosen as the scope of this study. The number of respondents who answered the questionnaire was 28 respondents. The data were analyzed using SPSS comprising reliability, frequency, normality and T-test to find the Cronbach's alpha. This study has also provided clear guidance. The overall results of this study can be used as a guide to entrepreneurs who want to venture into business in their efforts to achieve success.

ABSTRAK

Kajian ini bertujuan untuk mengenal pasti faktor kritikal kejayaan usahawan dalam industry teknologi maklumat yang menyumbang kepada pertumbuhan syarikat mereka dan cabaran yang dihadapi oleh usahawan. Secara khususnya kajian ini telah dimulakan untuk mengkaji faktor-faktor berikut, iaitu modal, pengetahuan, pengurusan dan komunikasi. Melalui kajian ini, ia telah menjelaskan bahawa sebilangan besar kejayaan usahawan adalah dipengaruhi oleh faktor pengetahuan. Usahawan dalam teknologi maklumat yang terletak di Kuantan, Pahang telah dipilih sebagai skop kajian ini. Jumlah responden yang menjawab soal selidik adalah seramai 28 responden. Data yang telah dikumpul dianalisis dengan menggunakan SPSS yang terdiri daripada kebolehpercayaan, kekerapan, normality dan T-test untuk mencari nilai cronbach's alpha. Kajian ini juga telah memberikan petunjuk yang jelas. Pada keseluruhannya hasil kajian ini boleh dijadikan sebagai panduan kepada usahawan yang ingin menceburkan diri dalam bidang perniagaan dalam usaha mereka untuk mencapai kejayaan.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The issue has begun to develop entrepreneurship in Malaysia after the New Economic Policy (NEP) in 1970. The NEP is intended to reduce and eradicate poverty so that economic imbalances can be corrected. One important strategy to achieve the objectives of the NEP is to create a Bumiputera commercial and industrial community viable. Entrepreneurship is an important area for the culture of a country because through salaried can be eradicated among the people, instead create a culture of self-employment can be fostered (Elmuti et al., 2011)

As a rapidly developing country, Malaysia is planning to raise the standard of living of its people and economy. At the drafting stage of the New Economic Policy (NEP) in 1970, Malaysia has identified that the factor a lack of funds and skills and no exposure and also the opportunity to manage the business caused the number of Bumiputera entrepreneurs are very low compared with other minority communities in Malaysia (Hitam, 1994). At the time of formulation of the NEP, the earth's son was also not able to control trade and commerce because not trained and coached to do so (Business Times, 1990). In addition, the long-established field of entrepreneurship as a career option and has become a priority in various government policies. Recognition and emphasis the government is serious about education and entrepreneurship training

program started after 1995, in line with the establishment of the Ministry of Entrepreneur Development (KPU), which aims to develop interest in entrepreneurship among students in schools, universities and society as a whole (Bukryman et al., 2008). According by Minniti and Naudé (2010) considers the entrepreneur as a group of businessmen and traders who are willing to take risks, always striving for innovation and smart and creative in seeking ways to increase the wealth, power and social status.

In short, the entrepreneur can be defined as any individual involved as employers and entrepreneurs themselves (Department of Statistics, 2009). Some scholars in entrepreneurship also give their definition of a similar perspective. For example, Dimitri and Greene (2000) defines as individual entrepreneurs who run their own businesses while (Nor Aini Idris, 2003) considers the entrepreneur as a group of businessmen and traders who are willing to take risks, always striving for innovation and smart and creative in getting how to increase wealth, power and social status. The process of creating and empowering a business activity is not an easy process because the entrepreneur is faced with many challenges such as lack of capital, competition, technology, management, communication, changes in demand and uncertain economic conditions. (Norasmah and Faridah, 2010)

Accordingly, since the introduction of the NEP, Malaysia has developed various measures and implements strategies to increase the number of successful Bumiputera entrepreneurs. Agencies such as the Ministry of Entrepreneur and Cooperative Development (MECD), and the Research Institute of Standards Malaysia (SIRIM), Malaysian Entrepreneur Development Centre (MEDEC), Institute of Agricultural Research and Development Institute (MARDI) and the Corporation for Small and Medium Industry Development (SMIDEC) established to implement various programs including training to increase the number of successful Bumiputera entrepreneurs. Various specific financial funds provided by the government to help Bumiputera entrepreneurs to start or expand their business as New Entrepreneurs Fund, Fund for Small and Medium Industries; and Venture Capital also created (Moha-Asri, 1997)

In addition, in line with Malaysia's move towards productivity-driven growth and innovation for the next phase of development, the focus is increasingly placed on programs to stimulate innovation and application of technology. This was stated as one

of the important factors that determines the performance of SMEs in the SME Master Plan and the overall competitiveness of SMEs. In 2012, the Government has implemented a series of 29 programs, which benefit about 2,400 SMEs.

Among the main program implemented including pre-commercialization Fund under the Ministry of Science, Technology and Innovation (MOSTI) aims to help develop the processes, technologies or new products or improvements to existing processes and technologies for commercialization, as well as creating and developing an enabling environment to encourage information technology entrepreneurs. The allocation of RM39.7 million, RM27.6 million was approved for a total of 21 projects that have the potential for commercialization.

Challenges and problems faced by entrepreneurs bitterly causing a growing number of entrepreneurs in this country is very slow. In this article, debating two important issues about entrepreneurship in Malaysia, namely: (i) what are the determinants that are critical to the success of these entrepreneurs and (ii) what are the challenges faced by entrepreneurs. On important issues raised for answers behind the factors that can be considered critical to the success of entrepreneurs in the underlying business.

1.2 PROBLEM STATEMENT

Critical success factor (CSF), is an important element to achieve a competitive advantage for firms in existing industries. CSF showed successful performance of the firm and do not achieve the goals of the mission and vision of the organization, which was formed before the set. Successful organizations identify and use the CSF would establish uniqueness to enable them to achieve a competitive advantage. It must be supported by activities in connection with the activities of existing firms. Successful entrepreneurs need to become more competitive in the domestic market and overseas as new challenges arise in a business era. Therefore, the study will cover the critical success factors for an entrepreneur. It will take very seriously the challenges of the new millennium, especially in industrial manufacturing in this country.