

## Research Article

## Terengganu Fishery: The Impact of Social Entrepreneurship through Social Changing Toward Small Business Performance

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**Abstract:** Generally, the purposes of this study were to analyze the factors of social entrepreneurship (e.g. change of agents, seizing opportunities, innovations, and inventing new approach) towards the social change of Malays small business in Terengganu fishery-based industry. Survey questionnaire was employed as a data collection tool. A total of 96 respondents from a Malay small business in fishery-based products which are operated eight places in Terengganu, there are; Kuala Besut, Setiu, Batu Rakit, Seberang Takir, Losong, Chendering, Seberang Marang, and Kuala Kemaman. The results of multiple regressions analysis indicate that the factors of seizing opportunities, innovations and inventing new approach in social entrepreneurship are significantly associated to the social change. Meanwhile, the only factor of social change is significantly associated with small business performance. Therefore, the path-model showed that the factor of social change become significantly as an intermediary variable with indirect effect of social entrepreneurship toward the small business performance. In general, these findings give evidence that social change become crucial in Terengganu fishery industry to develop the social entrepreneurship in Malays small business.

**Keywords:** Social entrepreneurship, fishery-based industry, small business performance, social change.

### INTRODUCTION

The concept of social entrepreneurship may be the most exciting field in a study of business activities in a context of social development. Additionally, the theory and concept of social entrepreneurship clearly exist in widely-read journal that were written by scholars, they are; (Yong 1986; Light 2005; Alvord *et al.*, 2004; Barendsen *et al.*, 2004; Thompson 2002; and Schumpeter 1952). They meet in rapidly-growing associations such as the social enterprise alliance, social venture, network, and young women social entrepreneurs. Fundamentally, most of scholars defined the social entrepreneurs as individuals who launch entirely new social-purpose nonprofit ventures. Indeed, the field continues to mix and match a range of terms to describe social entrepreneurship, including nonprofit ventures, social enterprise, social-purpose endeavor, corporate social responsibility, and social innovation (Light, 2005).

Certainly, social entrepreneurship is a new phenomenon in Terengganu, as well as Malaysia as a whole. Unlike the developed countries, where the social

entrepreneurship program offered a various way of social development which are not yet exist in Malaysia. Consequently, the field of social entrepreneurship has struggled with similar conceptual challenges in Malay small business of Terengganu fishery-based industry, as well as others social entrepreneurial studies that were written in literature. Actually, Terengganu is a state on the eastern coast of Peninsular Malaysia which is rapidly in producing the fishery-based product. According to Buyong Adil (1981), part of the economic sources of communities in Terengganu is an agriculture and fishery-based product. As well as to study the social entrepreneurship in Terengganu fishery-based industry, the question for this paper is whether social entrepreneurs exist in Terengganu fishery-industry significantly contributed to the social change in a small business performance. Therefore, the purpose of this paper is to examine the relationship of social entrepreneurship toward the Malay small business performance in Terengganu fishery-based industry. It seeks to provide an explanation for this phenomenon from academic perspective for the Malay small business

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that has been created may have stemmed from changes in the fishery-based industrial factors.

**MALAY SMALL BUSINESS AND SOCIAL ENTREPRENEURSHIP**

Since last decades, the development of fisheries-based product in Terengganu was influenced Malay small businesses in a trend of product innovations and development, ability to grab market opportunities, and affordable to change the business strategic, as well as in a study of social entrepreneurship (FAMA, 2009). On the other hand, the state of Terengganu is known as a state blessed with rich of fisheries-based products, such as; fish cracker (*keropok lekor*), drying fish, anchovy, anchovy-sauce (*budu*), fish-sausage, and prawn-cracker. In fact, the Terengganu state government has taken great effort to ensure the development of Malay small business in fishery industry become reality, in term of; product innovations, inventing a new approach in fisheries business, and willingness to change the conventional producing into a new technology (FAMA, 2009). According to Alvord *et al.*, (2004), the concept of social entrepreneurship as an important tool to assists entrepreneurs to become highly motivated towards their social change in developing their small business.

In Malaysia, the classification of small and medium enterprise (SMEs) is defined in a many way and constructs different criteria on business profile,

such as; amount of capital, number of employees, amount of assets, and sales turnover (Mohd Khairudin Hashim, 2007). Many agencies have their own perception and interpretation which are affected by the different classification of small and medium business. However, the agency of Small and Medium-Sized Industry Development Corporation (SMIDEC) has fixed the definition of SMEs in Malaysia. It is classified that small business is an enterprise with a paid-up capital of less than RM 500,000 and employs full time employees not exceeding 25 persons. Meanwhile, medium-sized business is an enterprise with a paid-up of RM 500,001 to RM2.5 million and employs full time employees of between 25 to 50 persons (Mohd Khairudin Hashim, 2007). Table 1 displays the definitions of SMEs offered by SMIDEC. Furthermore, Barendsen *et al.*, (2004) was highlighted that the differences of business category in social entrepreneurship were contributed to the different perception toward the innovation and business performance. However, Ab Aziz Yusof (2009) was argued in their study that most of small business scales in any industry in Malaysia are not really concerned toward the development of business vision and mission. Therefore, as this study is concerned, most of Terengganu fishery-entrepreneurs in a small business scale are those who did not have any strategic vision to develop product innovation, seizing opportunities, and inventing new approach as compare to the medium business scale and big size company.

**Table 1: The definition of SMEs offered by SMIDEC**

Items	Small	Medium
Paid-up capital	Between RM50,001 – RM500,000	Between RM500,001 – RM 2,500,000
Number of employees	Within 6 to 24 full time employees	Above 25 full time employees
Sales turnover	Sales turnover in between RM250,001 – 10,000,000 per year	Sale turnover in between RM10,000,001 – RM25,000,000

**TERENGGANU FISHERIES-BASED PRODUCT**

The fishery industry is a booming business worldwide where the value of international fish trade continues to increase (Badjeck *et al.*, 2009). On the other hand, the contribution of the fisheries sector in Terengganu economy can be regarded as an essential element towards the nation’s development, as well as known that Terengganu is a rich of fishery-based product, such as; fish cracker (*keropok lekor*), drying fish, anchovy, anchovy-sauce (*budu*), fish-sausage, and prawn-cracker. There are eight places which are actively producing of fishery-based product in Terengganu, there are; Kuala Besut, Setiu, Batu Rakit, Seberang Takir, Losong, Chendering, Seberang Marang, and Kuala Kemaman. Instead of Terengganu state government, the Ministry of Agriculture and Agro-Based Industry also responsible for managing, developing and regulating all fisheries-related activities in Terengganu through the agencies of MARDI, FAMA, and State Fishery Department (*Jabatan Perikanan Negeri*).

Despite the popularity of fishery-based product in Terengganu, this product is currently lacking of innovation, product changing, seizing opportunities, and inventing new approach. In the production of fishery-based product, most producers in Terengganu are still using traditional manufacturing practices with low competitiveness and poor efficiency. Therefore, Terengganu fishery-producers may need some form of innovation in order to change of business as well as to employ a standard processing procedure in order to maintain the quality while meeting consumer demands for safety, quality and nutritional value of these foods.

Ghani Senik (1995) has stated several problem statements that were occurred in Malaysia small business scale food processing, as well as the problem in Terengganu fisheries industry, there are;

- Food-based enterprises generally use traditional methods of processing such as pickling and snack food production. This is

because of financial constraints, which means that they cannot afford sophisticated machinery, and a lack of technical information.

- No research activity is undertaken at a factory level. Most of the research and development on food processing technology is undertaken by research institutions such as the Food Technology Research Centre, MARDI and some universities.
- The product quality of small-scale food enterprises is inconsistent, due to a lack of facilities for quality control or awareness of the need for these, and due to poor manufacturing practices.
- Some entrepreneurs still produce goods packed in low-quality packaging material with a rather unattractive packaging design.
- Most small-scale food enterprises are managed by the owners, who do not know modern techniques of management, including book-keeping and maintaining proper records. They are not innovative and motivated. They tend to be satisfied with what they have achieved.

## LITERATURE REVIEW

As the number of scholars, researcher, and opinion leaders has grown, the field of social entrepreneurship is currently confronting its own definitional conundrum, albeit one that is moving forward with each research contribution. Indeed, the terminology of social entrepreneurship is still considerable debate by scholars, policy-makers and entrepreneurs about what, when, where and how the term applies. Based on literature of entrepreneurship, the term of social entrepreneurs can be conceptualized as the change of agents for society, seizing opportunities others miss, and improving systems, inventing new approaches, and creating sustainable solutions to change society for the better (Alvord *et al.*, 2004). According to Young (1986), social entrepreneurs are the innovators who found new organizations, develop and implement new programs and methods, organize and expand new services, and redirect the activities of faltering organizations. Meanwhile, Thompson (2002) extended his definition of social entrepreneurs to include people with the qualities and behaviors we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than making money.

According to Schumpeter (1952), social entrepreneurs play the role of change agents in the social sector, by; adopting a mission to create and sustain social value; recognizing and relentlessly pursuing new opportunities to serve that mission; engaging in a process of continuous innovation,

adaptation, and learning; acting boldly without being limited by resources currently in hand; and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created. Furthermore, the economist most closely associated with the term of social entrepreneurship in 20<sup>th</sup> century that was highlighted by Schumpeter. He described entrepreneurs as the innovators who drive the creative-destructive process of capitalism. Indeed, the function of social entrepreneurship is to reform or revolutionize the pattern of business operation.

Additionally, Light (2005) reported that inventing new approach and innovation of certain business operation can contribute to the sustainability changing of small and cottage business performance, such as; new business opportunities, attraction of financial institution in investment, attracting customers, product promotion, and increase the product demand. Finally, some scholars and researchers defines social entrepreneurs as; the change agents for society, seizing opportunities, improving systems, inventing new approaches, and creating sustainable solutions to change society for the better.

## LIMITATIONS OF THE STUDY

This study was limited to sample recruited at eight places of fishery-based activities in Terengganu, there are; Kuala Besut, Setiu, Batu Rakit, Seberang Takir, Losong, Rusila, Seberang Marang, and Kuala Kemaman. Besides that, the data gathering method was only restricted to survey questionnaire data rather than in depth qualitative data due to financial and time constrains.

## HYPOTHESIS

This research has identified nine hypotheses in order to determine significant relationships between variables. These nine hypotheses or testable statements have been formulated based on research objective and questions to determine the relationships between the social entrepreneurship (e.g. change of agents, seizing opportunities, innovations, inventing new approach), social changing, and small business performance, there are;

H1: The greater emphasis on the predictors of change of agents, the higher will be the sustainability to social changing.

H2: The greater emphasis on the predictors of seizing opportunities, the higher will be the sustainability to social changing.

H3: The greater emphasis on the predictors of innovations, the higher will be the sustainability to social changing.

H4: The greater emphasis on the predictors of inventing new approaches, the higher will be the sustainability to social changing.

H5: The greater emphasis on the predictors of change of agents, the higher will be the micro business performance.

H6: The greater emphasis on the predictors of seizing opportunities, the higher will be the micro business performance.

H7: The greater emphasis on the predictors of innovations, the higher will be the micro business performance.

H8: The greater emphasis on the predictors of inventing new approaches, the higher will be the micro business performance.

H9: The greater emphasis on the predictors of social changing, the higher will be the micro business performance.

**MATERIALS AND METHODS**

**Survey**

A self-administrated survey was conducted for data collection. Based on my observation of the number fisheries’ entrepreneurs in Terengganu, there are 137 producers and retailers are still active in their business

in a coastal area. However, there are only 106 respondents were selected in the survey of comprising eight places in Terengganu, there are; Kuala Besut (11 respondents), Setiu (9 respondents), Batu Rakit (14 respondents), Seberang Takir (8 respondents), Losong (16 respondents), Rusila (18 respondents), Seberang Marang (23 respondents), dan Kuala Kemaman (7 respondents). A simple random sampling technique was used to select the respondents.

**Measurement**

The questionnaire was designed to determine the level social entrepreneurship among fishery entrepreneurs in a context of; change of agents, seizing opportunities, innovations, and inventing new approach. Participants had to evaluate the social entrepreneurship that reflects the changing society and micro business performance on five point Likert scale (1=Strongly disagree; 2=Disagree; 3=Agree/Disagree; 4=Agree; 5=Strongly agree). Table 2 shows the indicators and number of items that will enquire to respondents.

**Table 2: The Measurement of Variables**

Variables		Indicators	Number of Items	Scale
Change of Agents	Independent	<ul style="list-style-type: none"> <li>• Reproduction and transformation of society</li> <li>• Social-ecological change agents</li> <li>• Have a concrete idea on how their mission can be achieved in practice</li> <li>• Have an initiative already developed</li> <li>• Economic and cultural shifts might have helped promote an approach to change</li> </ul>	5	Likert
Seizing Opportunities	Independent	<ul style="list-style-type: none"> <li>• Constantly searches for economic opportunities in the market</li> <li>• Study and identify the market environment</li> <li>• Grab market opportunities</li> <li>• Motivated in study the business opportunities</li> <li>• Strong character to grab opportunities based on strength</li> </ul>	5	Likert
Innovations	Independent	<ul style="list-style-type: none"> <li>• Innovative solutions in social problems</li> <li>• Ambitious and persistent</li> <li>• Tackling major social issues</li> <li>• Offering new ideas for wide-scale change</li> <li>• Lives committing in changing the direction</li> </ul>	5	Likert
Inventing New Approaches	Independent	<ul style="list-style-type: none"> <li>• Adopting a new style of business strategic</li> <li>• Inventing a new product development based on market</li> <li>• Engaging in a process of continuous invention</li> <li>• Inventing a new social economic in a small business</li> </ul>	5	Likert
Social Changing	Intermediary	<ul style="list-style-type: none"> <li>• Adopting a mission to create and sustain social value</li> <li>• Recognizing and relentlessly pursuing new opportunities to serve that mission</li> <li>• Engaging in a process of continuous innovation, adaptation, and learning</li> <li>• Acting boldly without being limited by resources currently in hand</li> <li>• Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.</li> </ul>	5	Likert
Small Business performance	Dependent	<ul style="list-style-type: none"> <li>• New business opportunities</li> <li>• Attraction of financial institution in investment</li> <li>• Attracting customers</li> <li>• Product promotion</li> <li>• Increase the product demand.</li> </ul>	5	Likert

## DATA ANALYSIS

Data were analyzed using univariate statistics to check the distributions of frequencies and to detect the possible errors occurred during data entry. All statistical analysis were made using SPSS package. This research uses statistical techniques of multiple regressions in order to identify the path coefficients to measure the relationship of standardized regression coefficients or Beta value. As well as assumed that path-analysis is an extension of the regression analysis

(Wright, 1960), this analysis was conducted to examining complex and multidimensional relationships among variables. Therefore, there are three section of data analysis, including; descriptive study on respondents' profile, multiple regression on association between variables, and path-analysis. Firstly, table 3 show 106 set of questionnaire was disseminated to entrepreneurs in Terengganu fisheries industry to represent 137 of total population, however, there are only 96 respondents were replied which equal to 90.5%.

**Table 3: The Sample and Respondents' Replied**

	Respondents	Sample	Respondents' Replied
Kuala Besut	14	11	11
Setiu	12	9	9
Batu Rakit	18	14	12
Seberang Takir	10	8	7
Losong	21	16	14
Rusila	23	18	15
Seberang Marang	30	23	21
Kuala Kemaman	9	7	7
Total	137	106	96

### Respondents' Profile

Fundamentally, most of entrepreneurs in Terengganu fisheries industry are male which frequency of 51 persons equal to 53.1 percent and the rest are female which have 45 respondents (46.9%). In term of age, the majority of entrepreneurs are age above 50 years old (38.5%), followed by age in between 40 - 49 (30.2%), 30 - 39 years old (15.6%), 20 - 29 years old (14.6%), and age below 19 years old (1.0%). The highest number of entrepreneur are operated their business in Seberang Marang (21.9%), Rusila (15.6%), Losong (14.6%), Batu Rakit (12.5%), Kuala Besut (11.5%), and both Seberang Takir and Kuala Kemaman are 7.3%. Meanwhile, the term of operations has shown that is 18.8% are operated above 21 years, followed by

25.0% are operated in between 16 - 20 years, 19.8% in years 11 - 15, 17.7% in years 6 - 10 years, and 18.8% are operated less than five years. Furthermore, most of farmers in Pasar Tani are engaged in a market size of state level (62.5%), national (25.5%), district (7.3%), and international (5.2%). In term of paid-up capital, there are 61 respondents (71.9%) who have below RM50,000, and 24 respondents (25.0%) who have in between RM50,001 - RM500,000. Most of entrepreneurs are employing below number of 5 employees (86.5%), and only 13.5% are employing above number of 6 employees. Table show the frequency and percentage of respondents' profiles of entrepreneurs in Terengganu fisheries industry.

**Table 4: The frequency and percentage of respondents' profile**

Items	Frequency	Percentage	Items	Frequency	Percentage
<b>Gender</b>			<b>Area of Operation</b>		
Male	51	53.1	Kuala Besut	11	11.5
Female	45	46.9	Setiu	9	9.4
<b>Age</b>			Batu Rakit	12	12.5
Below 19	1	1.0	Seberang Takir	7	7.3
20 - 29	14	14.6	Losong	14	14.6
30 - 39	15	15.6	Rusila	15	15.6
40 - 49	29	30.2	Seberang Marang	21	21.9
Above 50	37	38.5	Kuala Kemaman	7	7.3
<b>Education</b>			<b>Term of Operation</b>		
Scholl	61	63.5	Less than 5 years	18	18.8
Certificate	17	17.7	6 - 10 years	17	17.7
Diploma	13	13.5	11 - 15 years	19	19.8
Degree	4	4.2	16 - 20 years	24	25.0
<b>Market Size</b>			Above 21 years	18	18.8
District	7	7.3	<b>Paid-up Capital</b>		
State	60	62.5	Below RM50,000	69	71.9
National	24	25.0	RM50,001 - RM500,000	24	25.0
International	5	5.2	Above RM500,001	0	0.0
			<b>Number of Employees</b>		
			Below 5 employees	83	86.5
			6 - 24	13	13.5
			Above 25	0	0.0

**The Relationship of Social Entrepreneurship toward Social Change (1<sup>st</sup>. Layer)**

Instead of descriptive analysis, a multiple regression in inferential analysis becomes crucial to study the relationship of variables. This analysis was chosen to better understand the relative association of four variables in a social entrepreneurship toward the social change, as well as mentioned in *H1, H2, H3, and*

*H4*. In using of Statistical Package for Social Science program (SPSS), the results of multiple regression indicated that the value of R square is .0587 which means that 58.7% of variance in social change are contributed form the factors of social entrepreneurship, such as; change of agents, seizing opportunities, innovations, and inventing new approach, as mentioned in table 5.

**Table 5: The R<sup>2</sup> of 1<sup>st</sup>. Layers**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.766 <sup>a</sup>	.587	.568	.32065

Note: Predictors: (Constant), Inventing, Seizing Opportunities, Innovations, Change Of Agents

However, the result of relationship between factors of social entrepreneurship and social change indicates that are only three out of four hypothesis are significance, there are; hypothesis 2 (*B=0.207, p=0.014*), hypothesis 3 (*B=0.210, p=0.15*), and

hypothesis 4 (*B=0.452, p=0.000*), as show in a table 6. Therefore, this result also supported the literature that argued by Light (2005) and Alvord *et al.*, (2004), who claimed that social entrepreneurship is significantly contributed to the social change.

**Table 6: The Beta Value of 1<sup>st</sup>. Layers**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-.211	.402		-.524	.601
Change Of Agents	.128	.106	.109	1.201	.233
Seizing Opportunities	.185	.073	.207	2.514	<b>.014</b>
Innovations	.213	.086	.210	2.479	<b>.015</b>
Inventing	.521	.103	.452	5.040	<b>.000</b>

Note: Dependent Variable: Social Changing

**The Relationship of Social Entrepreneurship and Social Change toward the Small business Performance (2<sup>nd</sup>. Layer)**

Furthermore, the study going to analysis the hypotheses in a second layer of path-analysis, as well as to study the relationship of social entrepreneurship and

social changing toward the micro business performance, there are; *H5, H6, H7, H8 and H9*. In a table 7, the results indicate that the R square value is 0.446 which indicated that 44.6% of variance in small business performance is contributed from the factors of social entrepreneurship and social change.

**Table 7: The R<sup>2</sup> of 2<sup>nd</sup>. Layers**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.668 <sup>a</sup>	.446	.415	.44508

Note: Predictors: (Constant), Social Changing, Seizing Opportunities, Innovations, Change Of Agents, Inventing

In the study of second layers of path-analysis, there is only the factor of social change is significantly association with the small business performance (*B=0.329, p=0.008*). Table 8 display the result of second layer of this study. Despite the significant

relationship of social change and small business performance, these results also agreed with Schumpeter (1952) who claimed that social entrepreneurship has a significance relationship with the small business performance.

**Table 8: The Beta Values of 2<sup>nd</sup>. Layers**

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	-.165	.559		-.295	.768
Change Of Agents	.122	.149	.087	.818	.415
Seizing Opportunities	.168	.105	.158	1.588	.116
Innovations	.231	.123	.190	1.867	.065
Inventing	.096	.162	.070	.592	.555
Social Changing	.393	.146	.329	2.697	<b>.008</b>

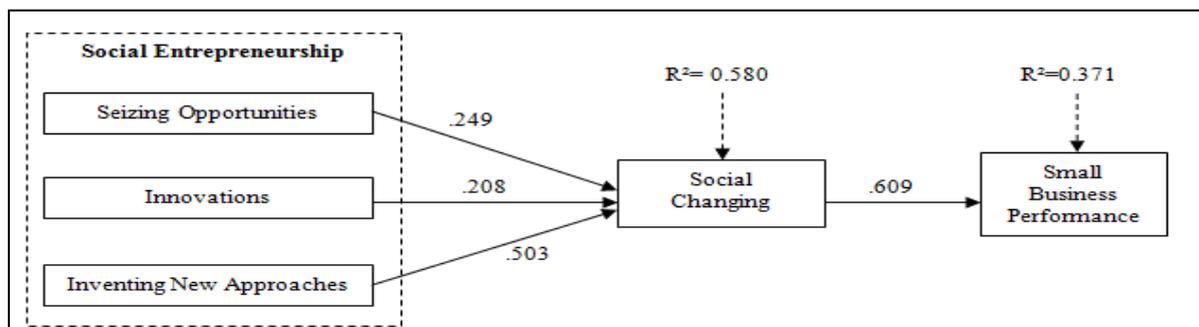
Note: Dependent Variable: Small Business Performance

**Path-model**

As well as in a path-analysis, the significance results of multiple regressions attempt to illustrate the interrelationship of change of; agents, seizing opportunities, innovations, and inventing a new approach (independent variables) with the social change (intermediary variable), and small business performance (dependent variable). This analysis was used a path coefficient which applied the standard regressions coefficient (beta) to show the direct and indirect effect of independent variables on a dependent variable in the path-model. The first run of multiple regression analysis show that the factor of social changing becomes important as intermediary variable with the indirect effect of social entrepreneurship (e.g. seizing opportunities, innovations, inventing new approach) toward the small business performance.

The figure 1 show that the results of second run of multiple regression analysis also supported that

the social change as an intermediary variable of association between social entrepreneurship and small business performance, there are; 58.0% of variance in social changing are contributed by the factors of social entrepreneurship (e.g. seizing opportunities, innovations, inventing new approach), and only 37.1% of variance in small business performance is contributed by the factor of social change. In addition, the results indicated that beta value are; 0.249 in a relationship of seizing opportunities and social change; 0.208 in a relationship of innovations and social change; 0.503 in a relationship of inventing new approaches and social change; and, 0.609 in a relationship of social change and small business performance. Therefore, the factor of social change becomes prominent to develop the social entrepreneurship among entrepreneurs in fishery industry as well as to construct their business performance.



**Figure 1: The Path-model of Social Entrepreneurship**

**DISCUSSION AND CONCLUSION**

In summary, this study provides an insight into the perceptions of social entrepreneurship and social change among Malay small business in Terengganu fishery-based industry. The findings also found that most of Malay small businesses are concerned toward the important of social entrepreneurship in building of social change in the fishery-based industry. Furthermore, this research used path-analysis to analyze the six variables which are classified either as an independent, intermediary, and dependent variable, there are; change of agents, seizing opportunities, innovations, inventing new approach, social change, and small business performance. In order to predict the

relationship of independent variables, intermediary and dependent variable, the path analysis was used to measure the alternative path which can be applied in this research. The results indicated that three out of four independent variables (e.g. seizing opportunities, innovations, inventing new approach) are involved indirect effect which path through the social change to small business performance. Therefore, the factor of social change become prominent as intermediary variable. In general, this findings give a positive results toward the H2, H3, H4, and H9, as claimed by (Light 2005; Alvord *et al.*, 2004; Barendsen *et al.*, 2004; Thompson 2002; and Schumpeter 1952).

Therefore, it is generally perceived that the factor of social entrepreneurship assist to develop the factors of social change which are contributed to the execution of small business performance in Terengganu fishery-based industry. As a solution, this study tried to resolve the research questions and hypothesis by constructing a path-model to look the path coefficient between variables. As noted in literature, entrepreneurs in Terengganu fishery-based industry also need the strong social entrepreneurship which are helping their development of social development and becoming better performance in small business scale, in a context of; seizing opportunities, innovations, and inventing new approach.

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