

Small Medium-Sized Enterprises (SMEs) to Hypermarkets: Critical Quality Aspects in Delivering Food and Beverage Products

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ABSTRACT

Small and Medium-Sized Enterprises (SMEs) play a significant role in the economic growth and development in Malaysia. According to the Malaysian Standard of Industrial Classification (2008), food and beverage is a sub-sector of the manufacturing sector, which is the second largest concentration of SMEs. This study focused on SME entrepreneurs in order to gather their thoughts on imparting quality in their products to penetrate the Malaysian hypermarkets. Primary data were gathered from 426 SME entrepreneurs using a structured questionnaire. Independent and dependent variables were formed on a five-point Likert-type scale which specifies the strength of the respondents' agreement or disagreement with the statements provided. Several statistical tools and techniques, such as descriptive statistics, Zero Order Karl Pearson's correlation and Ordinary Least Square (OLS) multiple regression analysis were used to analyse the findings and to draw conclusions. The study revealed that food and beverage entrepreneurs gave more emphasis on the esthetics aspect of the products to expand their businesses and to enter hypermarkets. Entrepreneurs who have yet to supply their products to hypermarket focused on more aspects (e.g. product performance, food features, conformance to specifications and reliability of the product) than entrepreneurs who have already been supplying their

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products to hypermarkets. The findings of this study will assist SME entrepreneurs and the Malaysian SME authority who are working towards expanding their products, especially on food and beverages and for those thinking of penetrating hypermarkets with their products.

Keywords: Entrepreneurs, Hypermarkets, Small Medium-Sized Enterprises (SMEs), Quality products

JEL Classification: L2, L26

INTRODUCTION

Small and Medium-Sized Enterprises (SMEs) play a significant role in the economic growth and development of a country through the production of quality products (Chen, 2009; Ghobadian & Gallea, 1996). In Malaysia, the contribution of SMEs in enhancing the economic growth of the country is undeniable (Chelliah *et al.*, 2010; Hashim, 2007; Othman *et al.*, 2008). In recent years, SME entrepreneurs have been trying to create and explore the opportunities to market their food and beverage products in the Malaysian hypermarkets/supermarkets by producing quality products. According to the official website of SME Corporation of Malaysia, starting from January 1, 2014, SMEs are classified into two categories: manufacturing (firms with sales turnover not exceeding RM50 million or full-time employees of 200 workers) and services and other sectors (firms with sales turnover not exceeding RM20 million or full-time employees of 75 workers). As stated in the Third Malaysian Industrial Master Plan (IMP3), the food and beverage manufacturing industry is comparatively less susceptible in the changes of world economy; therefore, it has been estimated that the present worth of US\$3.5 trillion of the global retail sales in food and beverage products is expected to grow further at an annual rate of 4.8 percent to US\$6.4 trillion in 2020 (MITI, 2006).

Food and beverage is a sub-sector of the manufacturing sector (Malaysian Standard of Industrial Classification 2008) which contributes to about 10% of Malaysia's manufacturing output (DOS, 2011). Of the total 37861 SMEs in the manufacturing sector, 6016 SMEs are involved in the processing of food and beverage products, ranking them as the second largest concentration of SMEs (DOS, 2011). At present, the food and beverage industry seems to be one of the potential industries in Malaysia; thus, ensuring the quality of food and beverage products is indispensable. The quality of a food and beverage product refers to every single aspect of the product including its performance, conformance to specifications, aesthetic, durability, reliability, safety, nutritional values and hygiene which help to continuously improve the quality of food and beverage products of SME entrepreneurs (Talib *et al.*, 2009).

These identified trends in the food and beverage industry have created opportunities for investments in the expansion of the market; thus, the Malaysian food and beverage manufacturing SMEs should grasp this opportunity. In line with the trends, Malaysia's retail market especially food and beverage sectors have also undergone marked changes since mid-1990s (Kaliappan, Alavi, Abdullah and Zakauallah, 2008). According to Muhammad *et al.* (2014), previous researchers (Abu Bakar *et al.*, 2006; Decker *et al.*, 2006; Samad, 2007;

SMIDEC, 2007) listed low productivity, shortage of managerial capabilities, financial problems and access to credit, and limited use of modern technology among the challenges faced by SMEs in Malaysia. Muhammad *et al.* (2010), on the other hand, claimed that the two main problems faced by SMEs in Malaysia are the lack of knowledge regarding the quality of the products, marketing techniques, branding, customer loyalty, as well as the lack of good communication with hypermarkets. Alam *et al.* (2011) observed that SMEs in Malaysia face social barriers, which are the main obstacle in achieving competitive advantage, resulting in many SMEs losing out in terms of opportunities. Shaari *et al.* (2010), Leitner (2011) and Bataineh and Zoabi (2011) mentioned that product quality is a very important factor for the success of organisations along with intellectual capital. As the survival of SMEs depends on the ability to expand and attract new market opportunities, hypermarkets/supermarkets could be an attractive place for SMEs to grasp new market opportunities and to reach out to affluent customers. Past research on Malaysian's SMEs has primarily focused on financial and managerial issues. Few studies have focused on quality, which is a critical aspect for the growth and expansion of SMEs products.

At present, due to the socio-economic conditions in Malaysia, customers prefer to shop in hypermarkets. Hypermarkets shelve products supplied by companies or entrepreneurs who provide quality goods that meet customers' requirements. These stores are considered as an ideal market for SMEs to expand and to increase their profitability; hence, it is important to know which quality aspects of the SME products are considered to be the most important to hypermarkets. Earlier research on SMEs in Malaysia listed financial, managerial and administrative factors as the major constraints behind the growth and expansion of SMEs. None of the research has considered the critical quality aspects of SMEs products as a barrier or challenge towards SMEs' growth and expansion into hypermarkets.

This study addresses the research gap and attempts to provide a clear direction to the Malaysian SME entrepreneurs who intend to reach out to their customers through the marketing channel of supermarkets or hypermarkets. It investigates whether the critical quality aspects of existing products are effective for SME entrepreneurs to penetrate hypermarkets and to expand their market area. The main purpose of this study is to understand the role of critical quality aspects of SME products towards taking a shelf in hypermarkets through quality assurance. More specifically, the research addresses the following objectives:

- To investigate whether SME entrepreneurs, who supply products to hypermarkets and those who do not, differ with regard to the critical quality aspects or challenges of their products.
- To determine the association of product quality assurance and the quality aspects of the products delivered by SME entrepreneurs, especially those who supply products to hypermarkets and those who do not.
- To determine the most significant quality aspects of delivered products as considered by SME entrepreneurs prior entering hypermarkets.

LITERATURE REVIEW

To build up cooperation between Malaysian small and medium entrepreneurs and to explore opportunities, the first SME programme introduced in 2003 aimed at providing opportunities for SME entrepreneurs to market their products and services to hypermarkets/ supermarkets. The promotional programme was conducted in association with Carrefour, Giant, Jusco, Mydin, Tesco, The Store, Sunshine and UO Superstore and lasted throughout the year. To ensure the understanding of the importance of product quality, each programme was continued for two weeks to provide opportunities to these entrepreneurs. During the promotional period in the hypermarkets, the programme showed high demand and gained high sales.

However, the conception regarding a hypermarket is poorly understood, creating a conflict between supermarkets and shopping malls (Reutterer & Teller, 2009; Verhetsel, 2005). Therefore, a clearer understanding with regard to what hypermarkets, supermarkets and shopping malls are, needs to be established. Consumable products (food, vegetables, kitchen materials and cleaning materials) are the main products of hypermarkets, and most of the departments in hypermarkets are created to sell these basic household necessities. Supermarkets, however, focus more on the departments than hypermarkets that generally sell durable products (clothes, shoes and electrical products). A shopping mall is based on a wholesale conception with many sub-retailers within its one roof. Recently, however, the thought of having everything such as self-service, discount price and free parking under one roof has created an innovative term in the industry known as the hypermarket (Basso & Hines 2007, Kamath & Godin, 2001; Doherty & Quinn, 1999). In terms of resources, structures, policymaking procedures, employees and cultures, there are differences between SMEs and hypermarkets, and due to these differences, SMEs are facing several challenges or constraints (Achanga *et al.*, 2006; Sanchez & Pe´rez, 2001).

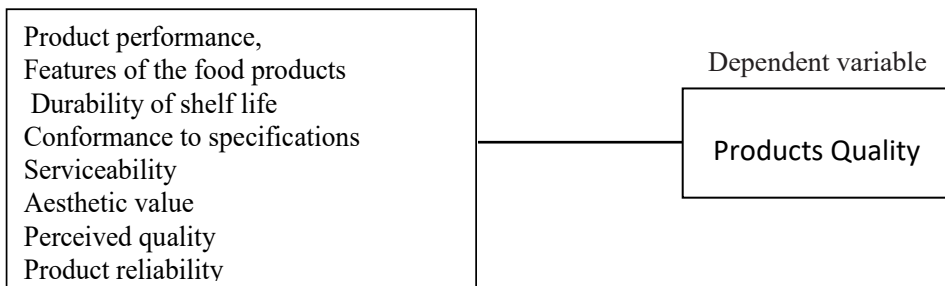
In this context, the adoptability of food processing industries in SMEs and a hypermarket is still an ongoing debate in management research (Anand & Kodali, 2008; Cocca & Alberti, 2010; Gurumurthy & Kodali, 2009; Kumar *et al.*, 2006; Thomas & Barton, 2006). The vast majority of literature on food and beverages focused on the application in large scale organisations (Moreno-Luzon, 1993); few studies had also been conducted to raise concerns over the application of SMEs in the processing industries (Abdulmalek & Rajgopal, 2007; Melton, 2005). The distinctive features of products and processes in the processing industry such as food and beverages offer great challenges to the application of SMEs (Abdulmalek *et al.*, 2006; Mahalik & Nambiar, 2010; Scott *et al.*, 2009; Van Donk & Van Dam, 1996). The common quality models such as quality systems and certification have been adopted by several SMEs; however, the implementation rate of the models in penetrating hypermarkets and large organisations is low (Terziovski *et al.*, 1997). Furthermore, most previous research were conducted based on the perspectives of customers or consumers while this paper focuses on the opinion of SME entrepreneurs on quality products. Therefore, the main objective of this paper is to determine the SME entrepreneurs' opinion on imparting quality in their products to penetrate hypermarkets.

HYPOTHESES DEVELOPMENT AND RESEARCH FRAMEWORK

Previous studies mostly focused on the challenges associated with globalisation (Borowiecki & Siuta-Tokarska, 2010) and intellectual capital issue (Tobora, 2015), as well as those challenges that occurred during the economic crisis (Visinescu & Micuda, 2009). However, it was observed that these researchers always separate the challenges into financial and non-financial categories (Bamfo, 2012). Although most past studies focused on the various dimensions and in specific fields, they failed to address the real challenging issues such as the quality of the products and the marketing of SME products and services (Nurulhasanah, 2016; Scheers, 2011). Arasti, Zandi and Bahmani (2014) claimed that SME owners in Malaysia failed to expand their products and services due to the lack of quality products and services. Dato' Hafisah Hashim, CEO of SME Corp. Malaysia mentioned that "it's essential for Malaysian SMEs to reform their financial systems, develop the skills of management and emphasis on high quality products/services to ensure the survival of SMEs" (Hashim, 2015).

As mentioned earlier, to create and to explore opportunities for entrepreneurs to market their products and services in Malaysian hypermarkets/supermarkets, the first SME programme was introduced in 2003. During the implementation of the programme, a few mentionable challenges were identified. However, as this paper focuses only on the quality issues of SME products from the perspective of the entrepreneurs, which is unique, the researchers only focused on the challenges (aspects of the food and beverage products delivered) related to product quality. First, entrepreneurs are not experienced to ensure their products are of high quality, and they do not have the budget to develop quality activities for their products. Second, entrepreneurs fail to identify the quality aspects or factors of the products prior entering hypermarkets. Finally, the products produced by the entrepreneurs do not have a long shelf life due to poor product quality, and this makes it difficult for the products to have a permanent listing in the hypermarkets. Based on the challenges, previous literature and objectives of the study, a research framework with the following hypotheses were formulated:

Independent variables



H₀₁ = There is no difference between SME entrepreneurs who supply products to hypermarkets and those who do not with regard to the quality aspect of products delivered.

H_{a2} = The quality aspects of products delivered are positively associated with product

quality assurance of both entrepreneurs, those who are supply products to hypermarkets and those who do not.

H_{a3} = The critical quality aspects of SMEs' food and beverage products have a significant positive effect on product quality assurance to attract and to enter into hypermarkets.

H_{a4} = The aspects of product quality and their effects on product quality assurance of SME's food and beverage products do not differ significantly between SME entrepreneurs who supply products to hypermarkets and those who do not.

RESEARCH METHODOLOGY

Methods

This study is empirical in nature as it is based on primary data. In addition, secondary sources of information were used in the literature review and in formulating the research framework and questionnaire. A structured self-administered questionnaire was used to collect the primary data which contain information on respondents' demographic variables, as well as the research specific independent variables (eight aspects of food and beverage products i.e. product performance, features of the food products, durability of shelf life, conformance to specifications, serviceability, esthetic value, perceived quality and product reliability) and the dependent variable (product quality). To ensure the validity of all the questions in the questionnaire, a pilot survey involving 10 entrepreneurs was conducted. After a few corrections, the results showed good internal consistency.

Participants

Before the primary data were collected, the questionnaire was modified and finalised based on the feedback from the pilot study. 600 survey questionnaires were distributed, and a total of 435 were returned, which represents an effective response rate of 72.5 %. However, due to the inconsistency in the information and missing values, 9 questionnaires were discarded. Therefore, the study was based on the data gathered from 426 entrepreneurs. 49.5 % of the respondents were male while 50.5% were female. The respondents were operating their businesses in urban areas, such as Selangor, Johor, Kuala Lumpur and Putrajaya. 50.5% of the respondents had a 5-year business experience, and most of them (79.6%) started their businesses with bakery products. In terms of business nature, 42.7% of the entrepreneurs were operating their businesses under the act of private limited company, followed by sole proprietorship business (35.2%). 52.3% of the entrepreneurs operated their businesses with the help of less than 5 employees and had a maximum annual sales turnover of less than RM300,000 (62.5%). The details of the respondents are presented in Appendix 1.

Measures

In this study, eight important aspects or factors of product quality are considered as the independent variables. These are performance, features of the food products, durability of shelf

life, conformance to specifications, serviceability, esthetics, perceived quality and reliability. All responses were obtained using a Likert-type scale ranging from “Strongly Disagree (1)” to “Strongly Agree (5)”. Quality product orientation is considered as the dependent variable. A reliability analysis was carried out using Cronbach’s alpha to show the internal consistency among the variables. The values showed good consistency as the total Cronbach's Alpha (α) value of the eight factors is .857, which is higher than .50.

Plan for Analysis

The data analysis was carried out using the SPSS software. First, the mean, standard deviation and independent samples t-test were computed to compare the mean of product aspects of the two categories of the entrepreneurs. The correlation was carried out for all independent and dependent variables to determine the internal associations and to examine the general pattern of the relationships among the variables. Then two regression equations (OLS Regression Model) were developed to determine the significant quality factors that help entrepreneurs to penetrate hypermarkets.

RESULTS AND DISCUSSIONS

Descriptive statistics and mean comparison

Table 1 shows the mean, standard deviation and independent samples tests of independent and dependent variables.

Table 1: Descriptive statistics and mean comparison

Critical Quality Aspects	Supply Products to Hypermarkets		Not Supplying Products to Hypermarkets		Independent Samples Test	
	Mean	SD	Mean	SD	t-test	Sig.(p)
Performance	4.66	.558	4.63	.588	0.60	0.55
Features of the food products	4.75	.500	4.66	.562	1.12	0.26
Durability of shelf life	4.71	.491	4.57	.699	2.65	0.01***
Conformance to specifications	4.71	.518	4.62	.563	1.58	0.11
Serviceability	4.69	.515	4.59	.560	1.68	0.09*
Esthetics	4.63	.567	4.53	.593	1.64	0.10*
Perceived value	4.85	.374	4.73	.468	2.69	0.01***
Reliability	4.73	.474	4.62	.536	2.01	0.05**

Quality aspects of SMEs’ products (Entrepreneurs who supply products to hypermarkets)

Entrepreneurs (who supply products to hypermarkets) were asked about the eight important factors relating to the quality aspects of SME products (to what level they believe in providing those qualities) that help them to penetrate the hypermarkets. The findings (based on the mean,

and standard deviation analysis of the opinions of the entrepreneurs) showed that entrepreneurs who supply their products to hypermarkets reported a higher quality aspect level of all the eight factors (values were more than the arbitrary median point 3). Out of the eight quality aspects, perceived value (mean 4.85 and standard deviation .374) and features of the food products (mean 4.75 and standard deviation .562) had attracted more attention.

Quality aspects of SMEs' products (Entrepreneurs who do supply products to hypermarkets)

Entrepreneurs (who do not supply products to hypermarkets) were asked about the eight important factors relating to the quality of SMEs' products in order to expand the supply area of their products. Based on the mean and standard deviation of their opinions, it was observed that these entrepreneurs (those who do not supply their products to hypermarkets but have the intention to do so) were also highly influenced by these eight factors (Table 1). Out of the eight factors, perceived value (mean 4.73 and standard deviation .468) and features of the food products (mean 4.66 and standard deviation .500) were viewed to play the most important role in penetrating the hypermarkets.

Analysis and discussion of Hypothesis Ho1: Product quality orientations are the same for entrepreneurs who supply products to hypermarket and those who do not.

The last column of the descriptive statistics in Table 1 displays the mean comparison of entrepreneurs who supply products to hypermarkets and those who do not. The results of the independent samples t-test partially reject hypothesis-1. The hypothesis is true with regard to the performance, features of the food products and conformance to specifications; however, it rejects the durability of shelf life, serviceability, aesthetics value, perceived value and reliability of the delivered product. From Table 1, it can be seen that product performance ($t=0.60$, $p=.55$), features of the food products ($t=1.12$, $p=.26$) and conformance to specification ($t=1.58$, $p=.11$) showed no significant difference in the quality orientations between the entrepreneurs' products. The remaining five aspects of the product quality however, showed a significant difference between entrepreneurs who supply products to hypermarkets and those do not. Thus, it is obvious that all quality orientations of product supply differ between entrepreneurs who intend to supply their products to hypermarkets and those who do not.

Correlation analysis (Internal association between product quality and delivering quality aspects)

Table 2: Correlations (Entrepreneurs who do not supply products to hypermarkets)

	1	2	3	4	5	6	7	8	9
1. Product quality assurance	1								
2. Performance	.224**	1							
3. Features of food products	0.11	.735**	1						
4. Durability of shelf life	0.13	.484**	.545**	1					
5. Conformance to specifications	.246**	.536**	.571**	.642**	1				
6. Serviceability	.219**	.397**	.333**	.418**	.521**	1			
7. Aesthetics	.159*	.368**	.390**	.430**	.484**	.672**	1		
8. Perceived value	0.13	.421**	.419**	.431**	.415**	.463**	.597**	1	
9. Reliability	.243**	.428**	.460**	.465**	.491**	.539**	.643**	.672**	1

** Correlation is significant at 0.01 level (2-tailed).

Table 2 shows that all the independent variables are positively related to product quality assurance of SME entrepreneurs who supply their products elsewhere i.e. other than the hypermarkets. Product quality assurance is significantly correlated (maximum) with conformance to specification (24.6%), followed by reliability (24.3%) and (minimum) esthetic features of the product (15.9%). This suggests that the quality of the SMEs' products is highly associated with conformance to specifications and reliability of the product features.

Table 3: Correlations (Entrepreneurs who supply products to hypermarkets)

	1	2	3	4	5	6	7	8	9
1. Product quality assurance	1								
2. Performance	.189*	1							
3. Features of the food products	.236**	.543**	1						
4. Durability of shelf life	0.13	.188*	.530**	1					
5. Conformance to specifications	.222**	.294**	.518**	.499**	1				
6. Serviceability	.160*	.439**	.372**	.377**	.509**	1			
7. Esthetics	.306**	.379**	.394**	.314**	.365**	.678**	1		
8. Perceived value	.181*	.208**	.282**	.302**	.198*	0.11	.271**	1	
9. Reliability	.225**	.289**	.369**	.451**	.291**	.418**	.579**	.508**	1

** Correlation is significant at 0.01 level (2-tailed).

Table 3 shows the internal associations of the features of delivered products and product quality assurance of SME entrepreneurs. All independent variables were shown to have a positive correlation with product quality orientation of SME entrepreneurs who supply products to hypermarkets. The esthetic aspect of the product (30.6 %) and features of the food product (24.6%) showed the maximum correlation while serviceability (16%) showed the minimum correlation. The correlation results indicate the importance of esthetics and the different food attributes as important components in supplying products to hypermarkets.

Analysis and discussion of Hypothesis, H₂: About all of the critical product quality aspects are positively associated with product quality orientation of both entrepreneurs (those who supply their products to hypermarkets and those who do not).

The results show that product quality assurance is positively associated with the critical quality aspects of the delivered product of SME entrepreneurs who supply products to hypermarkets and those who do not. Thus, the researchers failed to reject Hypothesis Ha2. Hypothesis -2 asserted that entrepreneurs who supply and those who do not supply products to hypermarkets consider the critical quality aspects of the products as being important in increasing product quality orientation. However, the degree of positive association between quality aspects and quality assurance differed in some respects.

Regression analysis (to test the effect of the product aspects or factors on product quality orientation)

Table 4: Product quality is regressed on the quality factors

Independent Variables	Do Not Supply to Hypermarkets			Supply to Hypermarkets		
	B	Std. E	β	B	Std. E	β
Performance	.185***	.084	0.231	.044	.080	0.055
Features of the food products	-.168*	.092	-0.201	.069	.101	0.076
Durability of shelf life	-.047	.064	-0.069	-.053	.094	-0.057
Conformance to specifications	.161*	.085	0.192	.134	.088	0.153
Serviceability	.068	.083	0.081	-.151	.105	-0.171
Esthetics	-.047	.085	-0.059	.238**	.093	0.297
Perceived value	-.082	.099	-0.082	.069	.109	0.057
Reliability	.197**	.092	0.224	.031	.104	0.033
R ²	0.119			0.136		
R ² Δ	0.081			0.09		
F-stat	3.170***			2.96***		

*p < .10 ; **p < .05; and ***p < .01

Justification of Hypothesis H_{a3}: The SME food and beverage product aspects have a significant positive effect on product quality to attract and to enter into hypermarkets.

The first regression model shown by Table 5 shows that product quality is regressed on eight product aspects, and the model is significant as a block ($F=2.96$, $P=.01$), and it explained about 13.6% of the variance of the dependent variable. In this model, it was observed that only one aspect of the product i.e. esthetic value ($B=0.238$, $p<0.01$) is significantly related to product quality that has helped entrepreneurs to promote their products into hypermarkets. However, this result supports Hypothesis-4 only for the esthetic value of the product and rejects all other aspects. The standardised beta value indicates that esthetics ($\beta=.297$) is the strongest predictor compared to other aspects or factors in entering hypermarkets.

Justification of Hypothesis H_{o4}: The effect of the SME food and beverage product aspects on the quality of delivered products does not differ significantly between SME entrepreneurs who supply products to hypermarkets and those who do not.

The second model shown in Table 4 shows that product quality is regressed on the product aspects of SMEs entrepreneurs who do not supply their product to hypermarkets. The overall model is significant ($F=3.170$, $P=.01$) and explains 11.9% of the variance of product quality by independent eight quality aspects. Four quality factors were significantly related with product quality: performance ($B=0.185$, $p<0.01$), features of the food products ($B=-0.168$, $p<0.10$), conformance to specifications ($B=0.161$, $p<0.10$) and reliability ($B=0.197$, $p<0.05$). The remaining factors i.e. durability of shelf life, serviceability, esthetics and perceived value did not show a significant effect on product quality among those who do not supply their products to hypermarkets. In model-1, only the esthetic aspect is increasingly related to product quality while in model-2, it can be seen that the four aspects of the product delivered are related to product quality. These results partly support Hypothesis Hp4 i.e. the hypothesis is true only for the esthetic aspect of the product and rejects other parameters of delivered product performance.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

This study has several limitations. In order to select the entrepreneurs as respondents and the business organisations, a random but convenient sampling technique was used in this study and that may have limit the generalisation of product quality of SMEs in Malaysia. To overcome this limitation, it is recommended that future research to increase the number of respondents and organisations so that the findings could be generalised further. Next, some of the questionnaires were disseminated to the entrepreneurs during their working hours, and that may have pressured the entrepreneurs to complete the questionnaire. As a result, the actual responses and full attention from the respondents may not be ensured. Although several quantitative research studies have been conducted on this area, a qualitative research would definitely provide further insights as it looks through the different angles of product quality of SMEs in Malaysia.

OVERALL DISCUSSION AND CONCLUSIONS

Based on the findings of the study, it was found that all the eight important product quality aspects or factors (performance, features of the food products, durability of shelf life, conformance to specifications, serviceability, esthetics, perceived value and reliability) have a significant effect on the quality of the products which helps in the penetration and expansion of SMEs into hypermarkets for both entrepreneurs—those who supply products to hypermarkets and those who do not supply products to hypermarkets. However, in terms of descriptive statistics, it was found that both groups of the entrepreneurs should focus on perceived value and features of the food products. Perceived value refers to the customers' perception of the overall quality, and features of the products refer to the physical characteristics of the products marketed by the entrepreneurs which include the colour, shape, size and weight. The independent sample test (t-test), on the contrary, shows that there is no significant difference with regard to quality orientation for both entrepreneurs. Finally, in determining the effect of quality aspects of the food and beverage products on quality orientation, the researchers used a multiple regression. The findings showed that except the three aspects (durability of shelf life, serviceability, esthetics and perceived value), all the other aspects had a significant effect on product quality to the SME entrepreneurs who do not supply products to hypermarkets.

In order to enter hypermarkets or to expand market area, entrepreneurs should focus on the quality of their products. The findings could assist entrepreneurs, a higher authority of entrepreneurs in Malaysia, and policy makers to understand the effect of product quality on entering hypermarkets in Malaysia. With the findings, Malaysian entrepreneurs could also get a clearer idea about the quality of products in penetrating hypermarkets.

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Appendix 1: Demographic Information of the Respondents

Respondents' Characteristics	Frequency	Percentage
Gender		
Male	211	49.5
Female	215	50.5
Experience in Business		
>20 years	37	8.7
15-20 years	40	9.4
10-15 years	34	8
5-10 Years	100	23.5
Below 5 years	215	50.5
Business Location		
Pulau Pinang	34	17.4
Perak	28	6.6
Kuala Lumpur and Putrajaya	41	9.6
Kedah	36	8.5
Selangor	79	18.5
Negeri Sembilan & Melaka	26	6.1
Johor	69	16.2
Sabah and Sarawak	36	8.5
Pahang	13	3.1
Terengganu & Kelantan	8	1.9
Perlis	16	3.8
Nature of Products		
Bakery products	339	79.6
Meat and Meat products	66	15.5
Beverages	17	4
Dairy products	1	0.2
Fruit and vegetables	3	0.7
Types of F&B products your company are producing		
< 10	332	79.9
11 – 20	50	11.7
21 - 30	24	5.6
31 - 40	7	1.6
> 41	13	3.1
Nature of the Organisation		
Private limited company	182	42.7
Partnership	69	16.2
Sole proprietorship	150	35.2
Others	25	5.9

Appendix I (Cont.)

Business Size		
< 5 employees	223	52.3
5 to < 75 employees	181	42.5
75 to < 200 employees	13	3.1
Others	9	2.1
Annual Sales Turnover		
Less than Rm300,00	266	62.4
From RM300,000 to less than RM15 million	151	35.5
More than RM15 million	9	2.1
Do you supplied your products to hypermarkets?		
Yes	161	37.8
No	99	46.7
In process	63	10.1
Others	23	5.4