

**Low Revenue Factors in
Kuala Kedah Fishery Industry**

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ABSTRAK

Malaysia ranking ke-16 pada pengeluaran ikan di dunia dan ke-11 di negara-negara Asia. (Jabatan Statistik Malaysia, 2013). Walau bagaimanapun, Keluaran Dalam Negeri Kasar (KDNK) produk laut telah berkembang hanya 0.2% sejak tahun 2008 dan 2012. Dengan tumpuan kami kepada ikan Kedah marin yang diperolehi daripada Statistik Malaysia 2013, kuantiti yang direkodkan telah menurun sebanyak 6.87% daripada 106.5 tan (2009) kepada 99.2 tan (2012).

Tambahan pula, kerajaan telah mengumumkan untuk mengurangkan subsidi harga diesel kepada industri perikanan pada tahun 2013. Pemilik bot nelayan telah menyuarakan bahawa pelaksanaan ini merendahkan pendapatan mereka (The New Straits Time, Nov 2013). Selain daripada itu, pelaksanaan daerah pekerjaan asing untuk bot nelayan untuk jenis bot B (<40 GRT) telah menjadikan nelayan dan pemilik bot nelayan mempunyai kesukaran untuk mendapatkan pembantu semasa perjalanan ke laut.

Kajian ini adalah untuk mengetahui lebih mendalam mengenai lain-lain faktor yang mungkin merendahkan pendapatan di Kuala Kedah Industri Perikanan. Gejala Versus Masalah (SVP) Kaedah yang diperkenalkan oleh Universiti Sains Malaysia, Tuan Haji, digunakan untuk menganalisis senario lebih mendalam. Dalam penemuan ini, harga yang rendah ikan dan jumlah kuantiti rendah tangkapan dikategorikan. Di bawah kedua-dua kriteria, ia berkembang dengan lebih jelas tangkapan yang rendah pada ikan yang tinggi gred, ketiadaan satu strategi pemasaran, ikan berkualiti rendah, persaingan yang tinggi, kapasiti bot, musim, kekurangan kemahiran dan pengetahuan dan perkara-perkara operasi yang membawa lebih rendah pendapatan mereka. Penyelesaian untuk memerangi faktor yang dikenal pasti telah dicadangkan bagi membantu nelayan atau pemborong dicadangkan dalam kertas ini dan juga sebagai rujukan.

ABSTRACT

Malaysia is ranking at 16th of fish production in the world and 11th in Asia countries. (Department of Statistic Malaysia, 2013). However, the Gross Domestic Product (GDP) of marine product has grown only 0.2% since year 2008 and 2012. With our focus to Kedah marine fish that is obtained from Statistic Malaysia 2013, the quantity recorded has dropped 6.87% from 106.5 ton (2009) to 99.2 ton (2012).

Furthermore, government has announced to deplete the subsidy the diesel price to fishery industry in year 2013. Fishing boat owners have voiced out that this implementation lower their revenue (The New Straits Time, Nov 2013). Other than that, implementation of district of employment of foreign crews for fishing boat to type B boat (<40 GRT) has made the fishermen and fishing boat owner having in difficulty to get helper during the trip to sea.

This study is to find out deeper on what other possible factors lead the lower revenue in Kuala Kedah Fishery Industry. Symptoms Versus Problem (SVP) method introduced by Universiti Sains Malaysia, Tuan Haji, was used to analyze the scenario more in depth. In this finding, low price of fish and low quantity volume of catch are categorized and it were explained more clearly that low catch on high grade fish, lack of marketing strategy, low quality fishes, high competition, boat capacity, seasons, lack of skills and knowledge and operational matters that bring lower their revenue. Solutions to combat the identified factors were proposed to help fishermen or wholesalers are suggested in this paper as well for their reference.

EXECUTIVE SUMMARY

Fishery production is important to economic Malaysia but also one of the most important countries to produce the source of fish to the consumers either in the world or Asia. It contributed Gross Domestic Product (GDP) 14.4% among other economic activities in Malaysia. GDP of marine has increased slightly 0.2% only in 5 years from 2008 until 2012, This shows marine fishery was growing very slowly compared to other industries. The constant grow

In addition, with the enforcement of new regulation announced by government lately especially in year 2013, diesel subsidy from government was depleted to fishery industry. Kuala Kedah Fishing boat owners demonstrated for this policy as it reduced their revenue and trips to the sea as not being able to cover their operational cost. Furthermore, restriction on employing foreign crews for boat type B which is under 40 GRT was implemented has made fish boat owner facing manpower problem. So this study was aimed to find out all possible root causes other than stated above that would lower down the revenue in Kuala Kedah Fishing Industry.

In order to find the root causes of low revenue to fishermen and wholesalers, an in depth study was carried out to Kuala Kedah fishing boat owners who also act as wholesalers as the same time through interviews focusing majorly on their daily task, business, and operational on board. The Symptoms Versus Problem (SVP) framework was developed internally in Graduate School Business (GSB), Universiti Sains Malaysia lecturer, Tuan Haji, was used to identify causes of this low revenue to Kuala Kedah fishery industry. SVP is a diagram-based technique, identifies, sorts, and displays possible causes of a specific problem. It graphically illustrates the relationship between a given outcome and all the factors that

influence the outcome. SVP framework analysis requires continuous of asking why a problem occur which leads to another problem until the final root cause is found.

Detailed analysis revealed there are 10 major causes being categorized under two criteria, Low price quoted to fishmongers and low volume output from the sea. Low price quoted explains further 5 main major causes, there are low catch on high grade fishes, sales to middleman, lack of marketing strategies, low quality fish, and high competition from wholesalers. Low volume output explains another 5 causes, there are boat capacity, seasons, lack of skills and knowledge, and operational matters.

Analysis results have been revealed and explained in details. Among of them all the root causes that were found, we further categorized the issues are under boat capacity, technology enhancement, talent and skills, financial support, marketing and customer relationship management and equipment. These six categories were given suggested solutions. The proposals of solutions could be from government itself to give the support to fishery industry, also Kuala Kedah fishing boat owners should have some improvement to their current practice in routine task and business as well as technology to enhance their equipment used. Long term strategy was also mentioned in this study for the benefits of Kuala Kedah fishery industry in future.

CHAPTER 1

INTRODUCTION

1.0 Introduction

Malaysia is a place where it has various kinds of economic activity ranging from rubber, palm oil, livestock, and agriculture until fishing. In the world of 20 top countries with productions of fish capture in year 2011, Malaysia is ranking at 16th of the top fish capture production which is 1,909,404 ton. Apart from that, Malaysia is ranked at the place of 11th out from the 20 countries in Asia (Department of Statistics Malaysia, 2013). This actually shows fishery production is important to economic Malaysia but also one of the most important countries to produce the source of fish to the consumers either in the world or Asia.

Performance of Malaysian economy experienced a rapid growth where the Gross Domestic Product (GDP) has increased from RM11.8 billion in 1997 to RM 751.5 billion in 2012. However, the contribution in agriculture sector showed a declining trend since 1970 (28.8%) to 2012 (7.3%). The contribution of agriculture to GDP for the period of 2008 to 2012 is 7.6%. With our focus to fishery industry, the Gross Domestic Product (GDP) is 14.4% among other economic activities in Malaysia. It is placed at 3rd largest GDP among other 6 activity. Comparing the GDP of marine fisheries from 2008 until 2012, it has increased slightly 0.2% only in 5 years. This shows marine fishery is growing very slowly compared to other industries in Malaysia (Department of Statistics Malaysia, 2013).

In Peninsular of Malaysia, states which have higher volume of marine fish quantity in year 2012 like in Perak, Johor and Pahang which its quantity is 315.8 ton, 124.9 ton and 112.1 ton respectively. While looking at Kedah, it contributed only with marine fish quantity of 99.2 ton in year of 2012. Recall back the history of Kedah quantity of marine fish, it has dropped 6.87% from year 2009 which is 106.5 ton to 99.2 ton in year 2012 (Department of Statistics Malaysia, 2013).

From The New Straits Times dated on 1 Nov 2013, it stated that Kuala Kedah fishing trawler operators protested against the enforcement from Fisheries Act (The New Straits Times, 2 Nov 2013). With the number of 170 deep-sea fishing trawler suspended operation for one week to sound out the difficulty faced by them against the ruling enforcement implemented. The ruling that newly implemented to the fishing trawler operators is the trawler owners for boat type-B have to present themselves for every fishing trip. This has caused a big problem to owners as the owners may own the boats for more than one unit. Some of them have even own more than 5 boats which are under the name. This fishery management from the Act would cause owners lack of revenue.

Another ruling that was implemented was banning on foreign labours. The foreign workers usually helped as crewmen in the fishing trip, unless the captain which usually would hire local people, either Chinese or Malay, but there is also some of them are from Thailand who has good record in fishing or from the recommendation of agent.

In year 2012 October, The Star newspaper has reported that the protest against the depleting subsidized diesel from Malaysian Fisheries Development Authority (LKIM). A group of people believed to be affected from this matter protest demonstration. The impact of the deduction in diesel subsidization has increased the cost of operational and reduced in their income. Apart from this, fishing boat owners have almost stopped fishing as they estimated the diesel consumption is not able to cover their operational cost resulted by the increased of diesel price. Thus, revenue of boat owners would be affected.

Despite the issues mentioned above have reduced the revenues of wholesaler or fishermen, it is believed there are still other factors that cause to the lower revenue in Kuala Kedah fishery industry. Hence, this study is to understand more and find out about the factors that bring the revenue down.

1.1 Problem Statement

In Kuala Kedah fishery industry, never has anyone investigated the root cause or actual reason of the low revenue that happened to wholesalers. Whenever there is any change of policy from government, people involved in this industry in Kuala Kedah would just protest demonstration in the public for example which happened in 2012 to resolve the depleting of subsidized diesel stocks from the Malaysian Fisheries Development Authority, LKIM. By grounding all 460 trawlers from operations to against the government policy (The New Straits Time, Nov 2012) does not seem is a wise way to complete resolve the actual root causes in this fishery industry.

The wholesalers do not come out with a proper way to identify their problems and deliver their problems to government to help them. It is believed that there is no one to properly investigate the problems of these low revenue issues. Hence, no proper actual root causes are identified and delivered to LKIM to help come out with the solution to combat against the low revenues to them.

Hence, this study is to investigate the factors of low revenue in Kuala Kedah fishery industry which have never been done before. It is planned to understand the low revenue factors in overall covering from wholesalers' business daily activities, their source of supply and markets.

1.2 Research Questions

This study would make clear of the low revenue factors in Kuala Kedah fishery industry

- 1) The low revenue factor is because of the freshness of fishes?
- 2) Does inconsistent supply cause to low revenue factor?
- 3) Is government's policy the root cause which affects their revenue?
- 4) Is competition affecting to the revenue?
- 5) Is the seasons affecting the revenue?

1.3 Significance of Study

This section will provide the brief description on the various significances of the study given the two categories, Wholesalers, LKIM and Kuala Kedah Trawl Fishing Boat Owners Association. To wholesalers, the proposed study serves them the identification of the root

causes that they might have overlooked in daily activities. It would help them to take the steps to further improve and change what have been done wrongly in the past. For LKIM, it is to let them realize what development they should take to combat against the issue that the fishery industry is facing nowadays. By looking deeply into the factors that have been identified, they are able to come out with a proper planning to benefit fishery industry and increase the percentage to the Gross Domestic Product (GDP). While lastly for Kuala Kedah Trawl Fishing Boat Owners Association which was formed as a channel to help wholesalers and fishermen to voice out their problems to government could have cooperate with authorities concerned to strive for the benefits of these group of people in Kuala Kedah.

CHAPTER 2

INDUSTRY PROFILE

The fishery in Malaysia comprised of marine capture fisheries, inland fisheries and aquaculture. In this study, we focus only on the marine capture fisheries. Sub-sector of marine capture fisheries comprises of inshore and deep-sea fisheries is the major contributor producing 1, 373,105 ton valued of Rm 6,939.47 million respectively.

In Kuala Kedah fishery industry, the main fishing gear is trawl (*pukat tunda*) and purse seine (*pukat tarik*) nets. The trawl gear is used to harvest the bottom dwelling species while for purse seine, it is used to harvest surface dwelling species in the sea (K. Kuperan, et al., 2000). In Malaysia, the contribution of demersal fish are harvested over seventy percent of total of the fish. The two types of gear, trawl and purse seine both have contributed to eighty four percent of total fish landings and seventy percent of wholesales value of fish in Malaysia. Variable species are obtained ranging from high-valued fishes to 'trash' fish are available from the harvest. The high-valued fishes are needless to say to be sold at good price, while the 'trash' fish is processed as the feed for fish farm.

No of licensed fishing gears in Kedah is 428 units being registered for trawl nets, only 51 is recorded for Fish Purse Seines (Department of Fisheries, 2011). Vessels of fishing boat are categorized mainly in type B, C and C2. The Gross Registered Ton is the measure to examine it type of boat. Type of boat which the GRT is below 40 is reported to be 3462 units. While for type C (GRT more than 40) has 1512 units and type C2 (GRT above 70) is 83 units in year 2012 (Statistics of Fisheries, 2012).

2.1 Fishing Zone

In Malaysia, the government divided the fishing zone into four, namely Zone A, B, C and D. This attempts to allocate fishing grounds and resources for trawlers and purse seiners versus traditional gears. This is to protect the traditional fishers from great competition with the efficient gears of trawlers and purse seiners. For Zone A, the area covers within 5 miles from the shoreline. This area is reserved for the traditional fishing method owner, or owner-operated vessels. Zone B, the area is between 5 to 12 miles, it is reserved for trawlers or purse seine gear less than 40 gross tonnage (GRT). Zone C covers are between area 12 and 30 miles. This is reserved for trawlers and purse seiners which have greater than 40 gross tonnage (GRT) owned and operated by Malaysian fishers. Zone D, the area covers is beyond 30 miles, this area is reserved for GRT greater than 70 gross tonnage fishing vessels, eligible for foreigner or partially Malaysian-owned fishers (Jahara, 1988).

Table 2.1 *Malaysian Fisheries Fishing Zones (FAO 2000)*

Zone	Nautical Miles	Tonnage/gear
A	Within 5	Traditional Fishery
B	5 to 12	40 GRT (trawler/purse seine)
C	12 to 30	40 GRT to 70 GRT
C2	Beyond 30	70 GRT and above

2.2 Fishery Management in Peninsular Malaysia

In general tendency, developing country has faced the issue where there is biologically overfished. For example, the Straits of Malacca, Java Sea, Manila Bay and to name a few are overexploited. Thus, Fishery management and regulation are the methods how government control the overfishing problem. In Malaysia, the government also has its regulation in controlling this matter to become serious particularly for inshore waters between 0 to 12 miles where it is true for the Straits of Malacca which have been already biologically overfished caused by overexploitation. The effect of overfishing will lead to decline in total catch from year to year. Uncontrollable of overfishing has increased the ratio of the trash fish in the demersal landings, catch per unit effort has been noticed to be decreased (Ch'ng 1983).

2.3 Issues and Constraints of Fishery Management and Regulation

The restriction of licensing program to control the number of fishing units entering the fishery was implemented in Malaysia. This purpose is to maintain the catch at permissible level particularly for the inshore waters to against the overexploitation fishing. Malaysian has overinvested to the inshore fisheries resulted in overexploiting problem. Thus government has taken action not to issue the new trawl license to small vessels since 1980. For large capability vessels trawl licenses, it is still being issue by government which they are operating only in the offshore waters (Jahara, 1988).

For time being, the objective of reducing of number of trawls for small vessels appears attainable. Even though this has been implemented, it could not assure the intensity of fishing is going on reduction. If this limitation of license program for the large vessels is successful in

reducing the size of trawler fleet, the fishery will tend to increase their fishing effort to level up their productivity. Since only big vessels are licensed, it is believed that restriction should include the licensing the gear as well to achieve an actual reduction in the fishing effort of the trawler fleet (Jahara, 1988).

It was found out that the implementation for license limitation has faced serious problem. The first problem is the criteria of who should and not to be licensed. Amount of optimal licenses to be determined has been one of the issues to be considered. Lastly, the distribution of the licenses according to which regions, subareas and states. The author mentioned that these are those issue which might not be resolved easily due to the diversity of socioeconomic conditions in fishing communities (Jahara, 1988).

According to the problems of traditional fishermen in Peninsular Malaysia (Mohammad Raduan, 2010) article, there are constraints in fishery like lack capital, the profit sharing system is low, pricing system and types of fishes according to seasons have brought to lower income to them.

2.4 Fishing Skill in Trawl Fishery Kedah

According to the survey by K. Kuperan, et al., 2000, he conducted a case study of the trawler fishery in Kedah state in Peninsular Malaysia saying that skipper characteristics other than ethnicity did not significantly affect the technical efficiency and skipper skill. Therefore, there does not appear to be any observable characteristics to skipper skill to be monitored and regulated. Skipper training program for the least efficient skippers may be called for to meet

the objectives of equity and fairness as expressed in the New Economic Policy and its successor which is in the New Development Plan. The training program would have to be consistent with one of the initial aims of the license limitation program to promote equity among all ethnic group in Malaysia.

2.5 Marine Fish Landings

The fisheries resources in the Malaysia water are categorized into two, namely inshore and deep sea where it is based on the areas the resources are exploited. The inshore waters constitute waters less than 30 nautical miles counting from the shore. While for the deep sea areas, it is made up beyond 30 nautical miles.

In year of 2011, fisheries sector comprising of food fish and non-food fish contributed to Rm10600 million which have slightly increased compared to year 2010. Marine capture fisheries which comprises of inshore and deep-sea fisheries has the major contribution to produce about 1.3 million ton at RM6900 million. The figure of the tonnage is reduced by 3.90% in terms of quantity and 4.32% in term of value if compared to year 2010. However, in year 2011, the contribution have more than the target set of 1356 tons and RM6800 million under National Agro-Food Policy for 2011.

2.6 Fishing Vessels License

Record of a total of number 134, 110 fishermen working in 2011 on licensed fishing vessels with comparison of year 2010 there are 129,622 units which have increased by 3.46%. Other than this, there were 98,135 local fishermen while 35,975 were from foreign country namely Thailand, Vietnam and Indonesia. Local fishermen has increased 5.46% from 93,056

in year 2010. While for the number of foreign fishermen was recorded having a slight decrease of 1.62% from 36,566 in year 2010 (Statistics of Fisheries, 2012).

2.7 Kedah Monthly Catch Quantity

The data obtained from Department of Statistics Malaysia from 2010 until 2012 shows that there is a trend where in the early of the year starting from February until May, the catch volume of the fishes would have relatively higher compared to second half year.

For year 2011, it is very obvious that starting from February, the fishes volume hit the highest in the month of April and slowly decreased once after at the second half of the year. While for year 2010, the catch volume hit the highest in the month of April and May, and again, it slowly shifts down to lower volume after second half year.

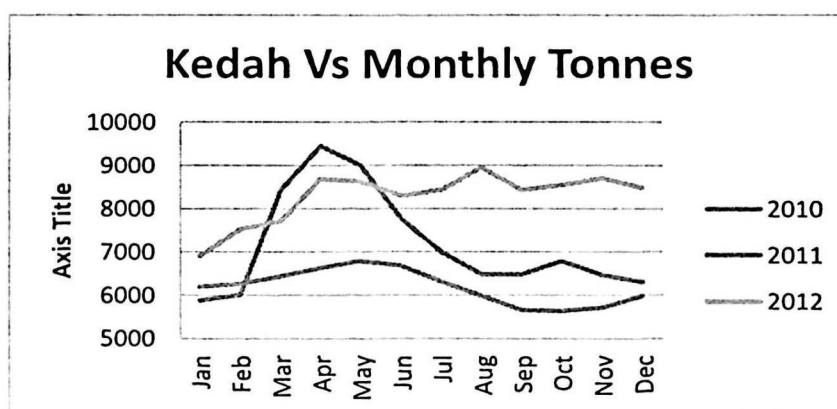


Figure 2.1 Kedah Monthly Catch Volume Year 2010-2012

2.8 Fishing Gears Type in Kedah

From the data obtained from the Annual Fisheries Statistics (2012), the figure shows number of number of type C and C2 have no change within 3 years. Even for boat type B, it decreased from 3528 units to 3462 units in year 2012.

Table 2.2 Type of Fishing Gear Quantity in Kedah

Boat Type	B	C	C2
	<40 GRT	>40 GRT	>70 GRT
2010	3528	1512	84
2011	3600	1512	84
2012	3462	1512	83

3.9 Marine Fish by Ton Data

Decrease in no of boat of type B decreased the quantity of marine fish products from year 2011 (21109 ton) to (19927 ton) with the percentage of -5.6%. However there is an increase in boat type C and C2 which slowly increase of marine fish by 4.4% and 7.4% respectively.

Table 2.3 Total Quantity of Catch Year 2010-2012

Boat Type	B	C	C2
	<40 GRT	>40 GRT	>70 GRT
2010	-	-	-
2011	21109	17845	3818
2012	19927	18664	4124

2.10 Handling of Fishes

In order to ensure the freshness of fishes, the handling care is necessary to prevent the spoilage. Good handling practice for fresh fish from the sea is to avoid unnecessary damage like cuts or wounds which help to accelerate the spoilage. Fish should be cleaned by proper cleaning process. It should be washed thoroughly to remove bacteria or enzymes. By doing so, one can ensure the fish is always handled by care in hygienic manner.

Another factor that should not be neglected is the time that can help reduce in deterioration of fish. Microflora growth rate and enzymes activity are affected by temperature. Higher the temperature would make microbial more active. Hence, fish at ambient temperature should be processed sooner to zero degree celcius environment. The easiest way is to use cooling media (Burt *et al.* 1992).

2.11 Subsidiary for Fishery Industry

Subsidies currently provided to producers will be converted to productivity-based incentives, for example, in the fishing industry, incentives will be provided based on volume of fish landing rather than input subsidies. Price controls that are directed at industry and consumers will be gradually removed to reflect market prices. Consumption and investment decisions made by industry and consumers can then be made on a true economic basis, and competitiveness and productivity can then be better assessed and benchmarked (Tenth Malaysia Plan, 2011-2015).

CHAPTER 3

LITERATURE REVIEW

3.1 Fishing Vessels Cooling Units

Malaysia is a tropical country where the ambient temperatures are above 25 degree celcius. It would result in the fish to spoil easily compared to other countries which have lower temperatures. Fish would begin to deteriorate after a few hours if it is left on deck. Fishermen in Malaysia usually grade the fishes according to its size and species under the sunlight. Exposing the fishes under sunlight and the fish surface being dried by wind and the core temperature increase accelerating the degradation processes. The fishes after being graded would be immersed in the cooling media where it is built inside the fishing boats. Most of the Malaysian fishermen who have used the commercial cooling methods is no longer suitable at present for chilling the catch at about zero degree celcius. Thus, most of the fish landed has been subject to poor handling and is improperly chilled. In order to ensure the quality of fishes is maintained, fish should be cleaned properly before it is chilled as soon as to zero degree celcius (FAO 1973).

As the consequences of delaying the cooling to the fishes and with the effect of environmental temperatures more than 15 degree celcius will shorten the shelf life by several days (Burt *et al.* 1992). At high temperature, the fish will spoil as the result of enzymatic processes and microbial activities. Damages on fish will speed up the rate of deterioration process and hence reduce in the quality and shelf life. It is imperative to improve the cooling

technique used in most Malaysian fisheries especially on commercial fishing boats as well as deep-sea fishing industry.

3.2 The Importance of Quality

Fish quality is the most importance issue in the fishery industries especially in the developing countries. Fishermen should realize the importance of fish quality that can help them get better returns of their catch. The fresh fish from temperate waters is very susceptible to spoilage. Fish's shelf life is affected mainly by the growth of microorganisms. In order to delay or prevent from the growth of this microorganism, chilling has played an important role along with high level of hygiene. Hence, good refrigeration system installed on board could help chill the fish properly and maintain it at high quality. High quality of fish is also the first demand from market. So this should have fishermen be aware and maximize good quality of fishes to provide for consumers (Burt *et al.* 1992).

The growth of microbiological activity is affected by the ambient temperature, the presence of moisture and its amount, oxygen and water activity in fish muscle. Self-digestion in the dead fish especially those small fatty one would occur is simply because the enzymes remain still active. The rate of enzymes to cause the self-digestion depends on the environment which is temperature and type of fishes. During the process of degradation of fish, the active enzymes in belly wall becomes very weak during self-digestion. The method of chilling the fish just helps to retard self-digestion. The compounds that is broken down by enzymes resulting in changes of flavor, appearance and texture of fish. In order to control the enzyme

action, salting, drying and marinating method is applied other than cooling (Johnston et al. 1994).

3.3 Fish Spoilage Symptoms

Fish begins spoilage as soon as it dies. This is caused by the degradation of protein which contributes to spoilage. Another factors are development of oxidative rancidity and the action of microorganism (Johnston *et al.* 1994).

Different types of microorganisms have optimum growth under particular conditions which affect the spoilage pattern of fresh fish. Cooling the fish to zero degree celcius would only stop the growth of bacteria which causes to spoilage. Hence, cooling of fish at zero degree celcius reduces rate of spoilage (Burt *el at.* 1994). The common symptoms of spoilage are:

- i) Off flavor-fishy smell
- ii) Discoloration-body and eyes
- iii) Changes in texture
- iv) Slime formation

All the above spoilage symptoms are the development of spoilage conditions from the combination of microbiological and chemical reaction. The substantial losses of water soluble protein in fluid form and liquefied fat reflected the gradual developments of undesirable flavors and softening the fish flesh.

3.4 Marine Fish Value in Kedah

According to the data from Annual Fisheries Statistics in year 2010, it has shown that the value maintains at the figure less than RM6000 per ton from year 2006 till 2010. In the year of 2006, the value per ton is RM5938, dropped to RM5682 per ton in year 2007, and obtained at the lowest value among these 5 years in year 2008 where the value is RM4850 per ton. Only then it increased to RM5777 per ton in year 2009 and RM5946 per ton in year 2010. It can be said that the value per ton is kept below at RM6000 per ton.

CHAPTER 4

COMPANY BACKGROUND

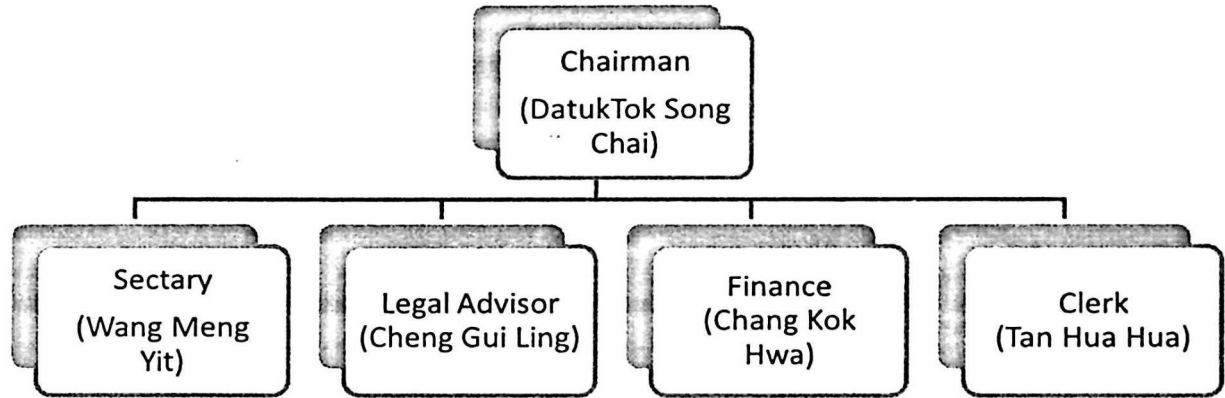
4.1 Kuala Kedah Fishing Boat Owners Association

Kuala Kedah Fishing Boat Owners Association was established in 2010. This association is aimed to represent the fishing boat owners to voice out for the fishing boat owner about their constraint or issues or complaint to government or authorities concern. With the proper procedures, this association would deliver their message through media conference .Up to date, there have members of 80 people who have joined this association. The chairman and the committee members are chosen among the fishing boat owners. Their current chairman is Datuk Tok Sang Chai, one of the fishing boat owners in Kuala Kedah.

The location of this association is in number 28, Kampung Cina Kuala Kedah with surface area of 500 square feet. Member fee for each boat is RM 30 per year to help sustain the operation of this association in future. So far, they have helped to deliver message for their members in trawler fishery boat. Among a few of them are shown below.

In year 2013, November, the number of 170 deep-sea fishing trawler suspended operation for one week to sound out the difficulty faced by them against the ruling enforcement implemented. The ruling that newly implemented to the fishing trawler operators is the trawler owners for boat type-B have to present themselves for every fishing trip. This has caused a big problem to owners as the owners may owe the boats for more than one unit.

4.2 Organization Chart



CHAPTER 5

RESEARCH METHODOLOGY

5.1 Symptom versus Problem Method

Analysis tools that are commonly used are like SWOT, TOWS and Fishbone Diagram are deemed not extensive to analyze the root cause of the low revenue of Kuala Kedah Fishery. Comparisons to describe SVP framework could perform better result than SWOT and Fishbone Diagrams (Gayathri, 2013).

The Symptoms versus Problems (SVP) framework is developed by Tuan Haji Noor Kader Ali who is currently working as lecturer in Universiti Sains Malaysia. This method developed by him have been used by numbers of his graduated students in MBA. This SVP framework is suitable analysis peripheral to identify the cause of the problem. By identifying the problems and eliminating the problems are the utmost importance (Andersen and Fagerhaug, 2000). Only if the root cause of the problems is addressed, then the problem will only be surfaced out and solved. SVP is the method of a diagram-based technique at which it help identify, display, and sort out all possible causes of specific problem in depth. Illustration of relationship between an outcome can be shown graphically as well as all the factors that influence it. By continuously asking the why a problem occurs can lead to get the final root cause to be found (Gayathri, 2013). In this study, seven members of Trawl Fishing Boat Owner Association were interviewed where they work as wholesalers and some of them work also work as fishermen and wholesalers. Other than that, secondary information was obtained from Department of Fisheries Malaysia to support for this study as well.

Symptom Versus Problem (SVP) framework is used to further ask clarifying questions in the process of identifying the root cause that contributes to reduce in revenues to the fishermen and boat owners.

5.2 Interview Questions

- 1) What types of boats do you have?
- 2) What is your revenue in RM per one ton?
- 3) What are the types of fishes mostly would be in your catch?
- 4) How does diesel price impact to your revenue?
- 5) What are your operational costs?
- 6) How does the impact of regulations to your revenue?
- 7) Who are your competitors?
- 8) Any tools that are you used to help to maximum the catch?
- 9) How does seasons impact to your catch?
- 10) How do you market your fishes?
- 11) How do you keep your freshness of fishes?

5.3 List of People Interviewed

Seven people were randomly selected for this study in Kuala Kedah. Each of them was interviewed in the early morning during their breakfast or after they have finished their work in the afternoon, it all depended on their availability. List of people being interviewed and some other details can be found in the Table 5.1 below.

Table 5.1 *List of People Interviewed*

Name of Interviewees	Company Name	No of Type of Boat		Position
		B	C	
Ng Thean Chye	Thean Chye Fishery	3	1	Wholesaler and Boat Owner
Ong Ming Nian	Soon Ting Sdn. Bhd	5	2	Wholesaler and Boat Owner
Lim Kean Guan	Kean Guan Fishery	2	-	Wholesaler and Boat Owner
Goh Meng Yit	Yit Fishery	1	-	Wholesaler and Boat Owner and Captain
Teoh Lim Peng	Lim Peng Fishery	4	2	Wholesaler and Boat Owner
Lim Heng Hiang	Lim Hiang Fishery	5	1	Wholesaler and Boat Owner
Madam Chong	KC. Chong Fishery	2	-	Wholesaler and Boat Owner
Hong Gim Seng	Hong Fishery	3	2	Wholesaler and Boat Owner

5.4 List of Documents Reviewed

During the interview session, most of the time these people were talking with their experience especially when we had the discussion at coffee shop in the morning session. They were more than willing to share what was happened from previous until present, the change of the government policy and how it affected their revenue.

Besides the face-to-face interview was carried on to understand more about this industry and the low revenue factors, some of them showed their documents to me to support what they have told me especially when I visited after they were quite free during preparation to clean their shop. They would calculate their revenue to me on the spot with the invoices they have recorded.

In order to understand more about fishery industry, I have visited to LKIM (Lembaga Kemajuan Perikanan Malaysia) in Alor Star for the documents related to the fishery industry.

They advised that all the documents available in government official website. Below shows the document list that have been reviewed during the study.

- 1) Invoice Form
- 2) Cash Flow Statement
- 3) Monthly Financial Statement
- 4) Annual Fisheries Statistics 2013

CHAPTER 6

DETAILS OF CASE ISSUE

6.1 Case Issue

The Annual Fisheries Statistic 2012 shows that the revenue of the annual series of marine fish landing is RM 5946 per ton in the state of Kedah. However, a survey showed that in Kuala Kedah fishery industry, their actual revenue for marine fish landing is in the range of RM2000 to RM4000 per ton. So a deep interview survey was conducted with randomly 10 boat owners were picked up to help understand deeper of the gap that probably contributes to this gap from the statistics and the actual value.

The ten boat owners were invited for the interview after their busy business time in the afternoon and some in the morning. Questions were prepared for the interview and some of the new questions sometimes were raised to understand more about the situations. Most of them were willing to share more than what I have asked. And hence, there might be some information which I think quite suitable to be added for extra information which seems related to their income especially for they have defined their cost of expenses which reduces their income.

Interviews were conducted and few documents were reviewed to identify the causes of low revenue of wholesalers in Kuala Kedah fishery. Wholesalers do own their personal boats and in this study, they have at least more than 1 boat owned. The rest of the boats under their name are operated by hired captains. Throughout the interviews, 11 mains questions were used