

# MICRO ENTERPRISE AND EMPLOYMENT CREATION AMONG THE YOUTH IN MALAYSIA

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## **Abstract**

The first goal of the United Nations Millennium Development Goal is 'to eradicate extreme poverty and hunger'. One of the targets in reaching this goal is to 'achieve full and productive employment and decent work for all, including women and young people.' In relation to this, this study aims to investigate the involvement of the youth in microenterprises in Malaysia. Primary data was collected through personal interviews conducted with members of the youth who operate microenterprises. Data collected from these interviews is used as the main tool of analysis. At the same time, this information is used to enrich and facilitate the study's overall analysis. Several key findings can be derived from this study. Firstly, it reveals that most of the informants do not rely on government or financial institutions for financial assistance to start a business. Instead, they are found to seek help from close family members especially their parents. Secondly, this study reveals that the main motivators for the youth to be involved in business are close family members especially their parents. In addition, these industrious youth were found to have a strong desire to have their own businesses. Thirdly, this study highlights that the major obstacles faced by these enterprising youth is related to investment in human capital: the fact that the education they received is not related to entrepreneurship and that they lack marketing and management skills. Finally, involvement in microenterprises helps the enterprising youth create employment for themselves as well as for others. Microenterprises provide young and budding entrepreneurs an opportunity to be involved in entrepreneurships that require less financial commitment. This is important as these young entrepreneurs are highly risk averse. They are more interested to be involved in businesses whose failure rates are low. The potential of microenterprises in employment creation is also crucial. These young entrepreneurs are able to create employment not only for themselves but also for others, especially for their immediate family members and friends. Microenterprises should thus be seen as additional channels on how the problem of unemployment among the youth can be reduced. In conclusion, microenterprises are important in creating employment and entrepreneurial talent among the Malaysian youth.

*Keywords: microenterprises, youth, employment creation, Malaysia*

## Introduction

The first goal of the United Nations Millennium Development Goal is ‘to eradicate extreme poverty and hunger.’ One of the targets in reaching this goal is to ‘achieve full and productive employment and decent work for all, including women and young people.’ In relation to this, this study aims to investigate the involvement of the youth in microenterprises in Malaysia. Microenterprises are able to provide decent employment for the youth, creating a solution to address the rising unemployment among the youth in Malaysia. Youth unemployment is common in both developed as well as developing countries. As the youth are in the transition process from school to the working environment, they are only marginally attached to the labour market. Thus, ‘job shopping’ is common among them. Table 1 below shows the extent of the unemployment problem among the youth in Malaysia. Even though youth labour force participation rate is declining in the period 2001 to 2009, the total unemployment rates as well as those disaggregated by gender display an increasing trend since 2006. Unemployment among female youth members is also found to be higher compared to the male youth.

**Table 1: Labour market indicators for youth (15-24 years old) in Malaysia**

Sex	2001	2002	2003	2004	2005	2006	2007	2008	2009
Youth labour force participation rates by sex (%)									
Total	47.7	45.9	46.8	44.2	42.9	42.2	41.6	41.2	40.2
Male	55.5	53.2	54.2	51.8	49.9	49.4	48.9	48.4	47.2
Female	39.6	38.5	39.2	36.3	35.7	34.8	33.9	33.7	32.8
Youth unemployment rate by sex (%)									
Total	10.5	10.7	10.9	11.7	11.7	10.9	10.9	10.9	11.9
Male	10.3	10.3	11.0	11.2	11.5	10.8	10.5	10.3	11.5
Female	10.7	11.4	10.7	12.4	12.0	11.0	11.5	11.8	12.5
Youth unemployment as a proportion of total unemployment (%)									
Total	66.1	66.4	65.0	68.0	66.7	64.6	64.9	62.2	58.8
Male	61.8	60.8	60.4	63.3	62.1	60.0	60.7	58.2	54.5
Female	73.0	75.2	73.1	75.5	74.3	72.5	71.5	68.3	66.1

Source: Key Indicator of the Labour Market Malaysia, 2001-2009, Department of Statistics, Malaysia

Several factors may have contributed to this scenario. Firstly, as new entrants into the labour market, the youth faces the problem of inadequate skills causing them to be less preferred. As such, they have to compete with the more experienced players in the labour market. Secondly, they also lack experience. The unemployment rate is found to be higher among the youth as they lack local experience and networks.<sup>1</sup> Thirdly, there is a tendency for them to change jobs frequently. Fourthly, the problem

of mismatch is also being encountered despite investments in human capital. A mismatch between the skills of young people and the skills required by local employers can lead to young people becoming disadvantaged.<sup>2</sup>

The unemployment problem among the youth should be addressed as this may bring negative repercussions to a country. If left unaddressed, this may become a burden to a nation. Youth unemployment represents a waste of resources in an economy<sup>3</sup> and may lead to social ills such as drug abuse and crime. Thus, unemployment especially those that are long-term in nature is not good for the youth as it represent a less effective source of labour supply.<sup>4</sup>

To capture the potential of small and medium enterprises (SMEs) on employment creation, it is crucial for us to look at various definitions of SMEs given by the Small and Medium Industries Development Corporation (SMIDEC). According to SMIDEC, there are two classes of definitions of SMEs: the first, based on the number of full-time employees (Table 2), and the second, based on annual sales turnover (Table 3).

**Table 2: SME Definitions based on number of full-time employees**

Sector Size	Primary Agriculture	Manufacturing (including Agro-Based) & MRS	Services Sector (including ICT)
Micro	Less than 5 employees	Less than 5 employees	Less than 5 employees
Small	Between 5 & 19 employees	Between 5 & 50 employees	Between 5 & 19 employees
Medium	Between 20 & 50 employees	Between 51 & 150 employees	Between 20 & 50 employees

Source: SMIDEC, 2005

**Table 3: SME Definitions based on annual sales turnover**

Sector Size	Primary Agriculture	Manufacturing (including Agro-Based) & MRS	Services Sector (including ICT)
Micro	Less than RM200,000	Less than RM250,000	Less than RM200,000
Small	Between RM200,000 & less than RM1 million	Between RM250,000 & less than RM10 million	Between RM200,000 & less than RM1 million
Medium	Between RM1 million & RM5 million	Between RM10 million & RM25 million	Between RM1 million & RM5 million

Source: SMIDEC, 2005

Since this study looks at the employment creation potentials of microenterprises and their capacity to solve the unemployment problem among the youth in Malaysia, it makes use of the first definition underlined by SMIDEC, which refers to

microenterprise as establishments with less than 5 employees for all sectors namely agriculture, manufacturing and services. In order to investigate how microenterprises can become tools for employment creation and eventually solve the problem of unemployment, this study focuses on youth members operating microenterprises within the age bracket of 15-24 years. The employment creation ability of microenterprises is important in order to reduce the dependence on government in the provision of sufficient employment opportunities. Young entrepreneurs choose to put up microenterprises as the capital requirement is much lesser. These enterprising youth also consider them as stepping stones before venturing into SMEs. The objectives of this study are thus organised as follows:

- a. to identify sources of financial assistance to start business by the youth in Malaysia;
- b. to identify factors that motivate the involvement of youth in microenterprises in Malaysia;
- c. to identify problems encountered by the youth in operating microenterprises in Malaysia; and
- d. to analyse the potentials of microenterprises as a tool for the creation of employment and entrepreneurial talent among the youth in Malaysia.

## **Related Studies**

The benefits of microenterprises are manifold. Firstly, microenterprises can play a major role in overcoming the problem of unemployment especially among the youth. Secondly, microenterprises are able to contribute towards improvement in the standard of living of a household. Thirdly, the entrepreneurial talent can be groomed among youth. Finally, it may reduce dependence towards government in providing employment. Making Cents International proposed that youth unemployment reduction program should firstly improve the youth's employability and secondly, create jobs for the youth through self-employment and enterprise development.<sup>5</sup> Consequentially, the United States' Department of Housing and Urban Development<sup>6</sup> underlined four major factors that make microenterprises important:

1. Self-employment and microenterprises are major income producing activities in both rural and urban areas;
2. Creating and maintaining enterprise opportunities are important development strategies for disadvantaged communities and neighbourhoods;
3. Self-employment and micro business opportunities can be especially important for non-traditional entrepreneurs including women, low-income individuals, and dislocated or underemployed workers; and
4. The microenterprise sector serves as an important safety net that makes communities more reliant and viable.

Microenterprises do not only increase household income but also contribute in creating employment opportunities for the rural population particularly among young rural women.<sup>7</sup> Birch also pointed out that most of the new jobs created were in small firms.<sup>8</sup> In contrast, Davis et. al. are sceptical with the employment creation ability of small businesses.<sup>9</sup> According to Alia El Mahdi and Maged Osman, SMEs can also help stabilise the economy's wide employment as it does not fire workers as fast as big firms do in a recession.<sup>10</sup>

The positive effect of microenterprises is evident in a study done by the Self Employment Learning Program (SELP), a five year study conducted by the Aspen Institute among 405 very low to moderate income small business owners from seven microenterprise development programs. Researchers found that the program showed positive change over time in business profitability and expansion, income and welfare status.<sup>11</sup> Promoting youth entrepreneurship brings many advantages. According to Chigunta (2002), the major advantages include: the creation of employment opportunities for self-employed youth as well as for other young people employed by them; bringing alienated and marginalised youth back into the mainstream economy; and helping to address problems that arise from joblessness and in helping youth to develop new skills and experiences that can be applied to various challenges in life.<sup>12</sup>

Microenterprises can thus become a tool for employment creation for the Malaysian youth while at the same time helping reduce the unemployment problem. As the capital requirement in establishing microenterprises is minimal compared to SMEs, microenterprises should be seen as a potential tool for employment and the creation of the entrepreneurial spirit among the Malaysian youth.

## **Research Methodology**

### ***a. Primary data collection***

#### ***Personal Interview***

Primary data was collected through personal interviews conducted with youth members who operate microenterprises. Information collected from personal interviews is used as the main tool of analysis. At the same time, this information is also used to enrich and facilitate the study's overall analysis.

#### ***Observation***

Observations were done at various microenterprises to capture the operational aspect of the enterprises.

### ***b. Secondary data collection***

Secondary data was collected from various departments such as the Department of Statistics, the Department of Labour and the Ministry of Human Resources.

### ***c. Data Analysis***

This study uses qualitative methods. Several individuals who run microenterprises are identified. Personal interviews were conducted at the informants' premises.

Several questions were asked. These include questions on the number of employees, start-up capital, sources of start-up capital, motivators, problems encountered, etc.

## **Research Findings**

### ***Respondent's Family Background***

The purpose of investigating an informant's family background is aimed at finding out if his/her parent's involvement in entrepreneurship contributes towards the child's progress in microenterprises. Some of the respondents interviewed said that at least one of their parents are involved in business, causing them to be interested in business as well and eventually inspiring them to put up enterprises of their own. According to Mohd. Ariffin Mohd. Noor who runs a shop selling religious cassettes and cds in the famous Pekan Rabu of Alor Setar,

"My father is a businessman and earns about RM15,000.00 a month. This is a motivation for me to follow his footsteps."

Mohd. Ariffin, 24 years old, told the researcher that his father discourages his children from working for others. His elder sister for example runs another religious cassettes and cds shop in Kampung Baru, Kuala Lumpur. His father himself runs another shop selling similar items in Parit Buntar, Perak. It is rather impressive to see the diligence and hardwork displayed by Mohd. Ariffin when the researcher visited him in his microenterprise named Muaz Tiga Enterprise located at Bangunan Pekan Rabu, Alor Setar.

The owner of Wanz Million Enterprise, Wan Azri Wan Hamdan, 20 years old added,

"My father is also running a business selling car insurance named Wans Million Enterprise in Jitra, Kedah."

Wan Azri Wan Hamdan is assisted by his wife, Norhidayah Abdul Rashid, 21, to run a kiosk selling accesories for females at TESCO, Alor Setar.

According to Dayang Hanis, another young entrepreneur,

"Both my parents are working as teachers. My father is also involved on a part-time basis in car-selling. My mother is also involved on a part-time business in cosmetics. They are my role-models as well as my motivators in encouraging me to be involved in business."

On the other hand, several young entrepreneurs interviewed said that none of their family members were involved in entrepreneurship. In fact, these young entrepreneurs were literally not exposed to business and entrepreneurship. This fact is expressed by Mugunthan who operates Mugunthan Mini Market. According to him,

"None of my family members were involved in business or entrepreneurship. But I had a passion for business."

Siti Salina of Arked Empire and Punian of PRV Hair Style also echoed that none of her parents or close family members are involved in business or entrepreneurship.

Thus, it can be concluded that parents involvement in entrepreneurship do not necessarily determine the involvement of the child in business. This factor is less significant in determining the child's involvement in microenterprises, which is evident from personal interviews conducted.

***Educational Attainment and Age When They First Started the Business***

The nature of the business of the informant, their educational attainment and their ages when they first started the business can be seen at Table 4 below. Most of the informants were found not to possess high educational qualifications. Only one of the informants holds a degree in Business Administration. Thus, it can be said that higher education is not necessarily a pre-requisite for one to be involved in entrepreneurship. What matters most is the willingness and determination of the business owner.

**Table 4: Informants' background**

<b>Owner/s or Name of Establishment</b>	<b>Nature of business</b>	<b>Highest educational attainment</b>	<b>Age when they first started the business</b>
Mohd. Ariffin Mohd. Noor	Selling Islamic religious cassettes and cds	Diploma Tahfiz Masjid Negeri under JAKIM	23 years old
Wan Azri bin Wan Hamdan	Selling accessories	Certificate in Welding	20 years old
Norhidayah Abdul Rashid		Certificate in Civil Engineering	21 years old
Dayang Hanis Ismail	Selling beauty products and cosmetics	SPM	18 years old
Siti Salina	Selling ready made dress and materials	Bachelor in Business Administration majoring in Marketing	23 years old
Mugunthan	Grocery	Certificate in Electrical and Electronic Engineering	24 years old
Anwar Ibrahim	Selling ready made dress and materials	Religious School, Tahfiz Al-Quran	23 years old
Punian	Hair dressing	SPM	23 years old
Siti Hafizah Hasim	Selling household items and decorations	Diploma in Computer Studies	24 years old
Ganeshwari Muniandy	Selling ready made dress and tailoring shop	SPM	18 years old

### ***Previous Employment***

The informants' previous employment background varies. Some of them were working for others at the initial stage of their entry into the labour market, while others were providing helping hands for their parents or relatives. Eventually after gaining some experience, they all tend to leave their employers to start businesses of their own. Punian, the owner of PRV Hair Style said that

“Previously, I was working with my uncle as a hair dresser. I was earning around RM1500.00 a month. After working for him for six years upon completing my SPM and gaining sufficient experience, I left my uncle and started my own business.”

Anwar Ibrahim, another young businessman said that

I was working as a mechanic at a car workshop and was earning around RM700.00 a month. As I felt that there is not much prospect in that employment, I left and took over my mother's business.”

Mugunthan was also involved in a paid employment related to aerospace in Singapore before starting his grocery business. According to him,

“I was earning around \$1200.00 a month in Singapore. My salary may reach \$3000.00 a month if I do overtime. After working for several years, I managed to accumulate a sufficient amount of money and finally decided to come back and start this grocery shop in Jitra.”

In contrast, Siti Salina of RS Collection never worked prior to her foray in entrepreneurship. According to her,

“I was not working anywhere before. The moment I finished my studies at UNITAR, I started this business with a very small capital.”

The same goes with Dayang Hanis Ismail, the owner of Rias Jelita. According to her,

“I've never worked before. In fact, this is my first employment. Even though I don't have any working experience, my parents are guiding me in this business.”

Findings suggest that some of these youth members were previously employed while some were not. Some of those who were previously employed, learnt the trade and eventually ventured into the same business, while others explored totally new areas of business. Fresh school leavers are also found to be interested in entrepreneurship as in the case of Siti Salina of RS Collection and Dayang Hanis Ismail of Rias Jelita, even though they do not have sufficient experience.

### ***Start-up Capital***

Informants identified three possible sources of financing. First is from close family members such as parents. Wan Azri and Norhidayah for example obtained their initial capital from their parents. According to them,

“We obtained our initial capital of RM20,000.00 from our family members. We also managed to save some money when we were selling accessories in *pasar malam* at various places.”

Punian from PRV Hairstyle also obtained his initial capital from his mother. According to him,

“My mother gave me RM12,000.00 from her personal savings for me to start my business. As I did not have any personal savings, the assistance from my mother came as a blessing for me.”

Ganeshwari of Lana Enterprise also obtained her start-up capital from her mother. According to her,

“I obtained the start-up capital from my mother. She gave me RM10,000.00 from her personal savings to start this business. I am very indebted to my mother for her assistance.”

The second possible source of financing is from personal savings. Mugunthan for example obtained his initial capital from his personal savings. According to Mugunthan,

“I obtained my start-up capital of RM40,000.00 from my personal savings. I saved this money when I was working in Singapore. The moment I was able to raise sufficient capital, I quit my job and started this grocery shop.”

The third possible sources of financing are financial institutions or the government. In the case of Dayang Hanis, the source of her start-up capital is one of the local banks. According to her,

“My parents obtained a loan of RM 50,000 from Bank Islam to start this business.”

Siti Salina of RS Collection also received a loan from a non-bank institution. According to her,

“I received a loan for RM10,000 from Majlis Amanah Rakyat in year 2004, to assist me in the expansion of my business.”

This study’s findings reveal that most of the informants do not rely on the government or financial institutions for financial assistance to start a business. The question that can be raised here is how many of these youth are able to obtain assistance from family members. Not all family members are able to provide financial assistance to youth members who are interested in putting up microenterprises. Thus, provisions for financial assistance by financial intermediaries or the government should be made easily accessible to the youth who are intend to engage in business.

### ***Monthly Income***

Most of the young entrepreneurs are doing well in their respective businesses. In fact, the high income earned is an attraction that motivates these budding entrepreneurs to work harder in their businesses. Mohd. Ariffin Mohd. Noor said that

“I can obtain a monthly net income of RM3,000.00 from my business. If I chose to work as a clerk in any government offices, I would only be able to get about RM1000.00 a month which means to say that I have to live on a tight budget.”

Wan Azri bin Wan Hamdan also said that

“The monthly income from my accessory business is about RM10,000.00. I know if I work harder with my wife, I can do much better than this.”

Dayang Hanis of Rias Jelita also said that

“My business can expect an income of RM10,000.00 a month. After minusing all the cost I can get a net profit of RM6000.00 a month.”

It is evident that most of these budding young entrepreneurs are doing well in their respective businesses. Their success is a combination of their hardwork as well as their interest in business and entrepreneurship.

### ***Employees, Salary and Employment Creation***

These young entrepreneurs were found to employ mainly one to three employees in their establishments. According to Mohd. Ariffin Mohd. Noor,

“I employ three ladies who assist me with sales. I pay them on a daily basis. The first salesgirl receives RM30.00 a day, the second one receives RM25.00 a day and the third one receives RM20.00 a day. I pay my workers based on their experience. The more experienced worker gets a higher salary.”

The owner of Wanz Million Enterprise, Wan Azri Wan Hamdan receives a helping hand from his wife Norhidayah Abdul Rashid in all aspects of managing their business. In addition, they also employ a worker who assists them with sales. According to them,

“The worker who helps us is paid a monthly salary of RM450.00 and she works from 9.30 a.m. to 7 p.m. After 7 p.m., I and my wife, Norhidayah will be at our kiosk at TESCO Alor Setar to sell.”

The owner of Rias Jelita Enterprise, Dayang Hanis Ismail employs one worker that helps her with sales. The salary paid for the worker is RM350.00 a month. Siti Salina, owner of RS Collection, said that she employs two workers who help her in sales. The salary paid for each worker is RM500.00 a month.

Employees of these young entrepreneurs comprise mainly of non-relatives. They are also found to employ only females as their businesses are mainly customer and sales oriented. Nevertheless, some of these young entrepreneurs choose to have their brothers or sisters assist them in their businesses.

Mugunthan for example employs his own brother to assist him with the sales in his grocery shop. According to him,

“I employ my own brother to help me in my grocery shop. Every month, I pay him RM800.00. It is important to have a worker who is trustworthy, so that is the very reason I employ my own brother. If I were to employ outsiders, they may not be trustworthy.”

Similarly, Punian of PRV Hair Style also employs his own brother. According to him,

“I employ my own brother and I pay him a monthly salary of RM1500.00. With the experience he gains here, he will be able to stand on his feet in the future. As he is also interested in hair-dressing, he can start his own hair salon in the future. I employ my brother because he is trustworthy. Why should I allow my brother to work for others, when I myself can give him a job?”

The benefits of establishing microenterprises are two-fold. Firstly, microenterprises provide young and budding entrepreneurs an opportunity to be involved in entrepreneurship with less financial commitments. This is important as these young entrepreneurs are highly risk averse. They are more interested to be involved in businesses less prone to failure. Secondly, the potential of microenterprises in employment creation is crucial. These young entrepreneurs are not only able to create employment for themselves but also for others especially for their immediate family members and friends. Microenterprises should thus be seen as an additional channel on how the problem of youth unemployment can be reduced.

### ***Motivators***

A study done by Ahwireng-Obeng (2003) in South Africa cited several reasons that motivate the youth to start their own business. According to him, some of the reasons are: wanting to make money (81.7 percent), wanting to make an idea or innovation work (76.7 percent), wanting the freedom to adopt their own approach to work (73.4 percent), wanting to be their own boss (71.6 percent), wanting to lead and motivate others (66.7 percent), difficulty in finding paid employment (60.0 percent), wanting to achieve better position for themselves in the society (48.3 percent) and to earn more respect by working for themselves (36.7 percent).

Siti Salina of RS Collection does not face much problem in business as she is a business degree holder. According to her, the business degree that she obtained from Univerity Tun Abdul Razak where she majored in Marketing is an asset as it helps her in running her business. According to Siti Salina,

“The very moment I finished my studies, I knew that this is what I wanted to do (i.e doing business). So, after getting my degree, I opened this business using my personal savings of RM5,000.00. I always had a strong desire to own a business, and wanting to have challenges in life.”

Siti Salina added,

“Even though none of my family members are involved in business and entrepreneurship is something uncommon in my family, I am brave to take the risk. It is just the strong desire to be self-employed that pushed me to move on.”

In contrast Wan Azri Wan Hamdan points out that the primary reason for his business endeavour is first and foremost the motivation given by his family. According to him,

“My family members especially my father is the one who motivated me to start a business. My father is himself a businessman. So, business is quite common in my family. At the same time, I myself had a strong desire to be self-employed.”

Mohd. Ariffin Mohd. Noor also agrees that his family is behind his success. According to him,

“Family members gave me unceasing support both financially and morally. My father especially doesn’t want any of his children to work for others. Besides that, other factors that motivated me to be involved in business is the strong desire to own my own business and be my own boss.”

Ganeshwari of Lana Enterprise also agrees with the importance of the support from family. She said that

“I have a supportive family especially my mother. My mother wants all her children to work on their own and not to work for others. My brothers also have their own businesses. At the same time, I wanted to have a business of my own and I love to take challenges.”

Thus, it is obvious that family members play a major role in motivating their children to be successful in their business ventures. The assistance given by parents or family members may take the form of moral or financial support or a combination of both. At the same time, these industrious youth were also found to have a strong desire to have their own business.

### ***Problems Encountered***

Any business enterprises will encounter problems. These may be financial or non-financial or a combination of both. Some of the common problems faced by

businesses include getting a location that is not strategic, having an education that is not related to entrepreneurship, and a lack of proper marketing and management skills, etc.

Dayang Hanis Ismail of Rias Jelita Enterprise said that,

“The location of my business is not so strategic. It is located quite a distance from the main entrance into Jitra Mall, the biggest shopping mall in Jitra.”

Several young entrepreneurs also face the problem of erratic or irregular income. During certain seasons of the year, their businesses do very well. This include festive and holiday seasons. Wan Azri and Nurhidayah, kiosk operators in TESCO Alor Setar, said that

“Our business improves during school holidays as TESCO Alor Setar receives a lot of visitors during this period. As TESCO Alor Setar is a very modern shopping mall in the state of Kedah, it is a major attraction among the locals in Alor Setar. At the same time, our business is also doing very well and we don’t mind paying a high rental for the kiosk.”

Siti Salina shares that this is also a problem in her business in Arked Empire in Alor Setar. She also says that her business does very well during festive seasons and school holidays. During these times, her income also tends to be much higher.

Mohd. Ariffin Mohd. Noor of Muaz Tiga Enterprise also shared the same concern. According to him, demand for religious cds and cassettes during festive seasons and school holidays also tends to be higher causing his income to be erratic.

Ganeshwari of Lana Enterprise also said that the only problem that she faces is irregular income. According to her,

“During festive seasons especially Deepavali, my income tends to be much higher.”

This not surprising as the demand for clothing and accessory is very much season-driven.

Ahwireng-Obeng (2003) in his study in South Africa cited several reasons that can become hindrances for the youth’s involvement in business. The major reason cited by the researcher is the difficulty in obtaining finance for the business (81.6 percent). Other constraints cited include not having access to relevant information (45.0 percent), and not knowing how to develop a business plan (36.7 percent) etc.

On the other hand, Mohd. Arffin Mohd. Noor of Muaz Tiga Enterprise highlighted a lack of knowledge in managing his microenterprise. According to him,

“The education that I received is not related to entrepreneurship. So, I am running the business based on my experience and the guidance from my father. Besides that, I am also lacking in marketing and managements skills that may retard the daily operation of my business.”

Dayang Hanis Ismail of Rias Jelita Enterprise also shared the same concern. According to her,

“I am also facing problems as the education that I received is not related to entrepreneurship. To tell you the truth, I don’t have much knowledge about marketing and management which is necessary to run a small business. To overcome these problems, I plan to pursue my studies in a business related course in any local institution of higher learning.”

What is noticeable are these two major factors highlighted by many informants: that the education they received is not related to entrepreneurship, and that they lack proper marketing and management skills. As these two factors are intertwined, the cause is clearly due to a deficiency in human capital investment, a matter that is highly desired in business management. Since most of the informants’ educational background reaches only the SPM level, it is not at all surprising if this matter becomes a stumbling block in managing their microenterprises. Thus, it is crucial for the youth to invest in human capital after completing their secondary education. They should enrol in courses of their interest after completing SPM as this can be a huge asset for them in the future.

#### *Encouraging Youth Involvement in Entrepreneurial Activity*

When asked to comment on the means to encourage the youth to be involved in entrepreneurship, Norhidayah Abdul Rashid said that

“The most important ingredient is interest in doing business. Next, hardwork is very important. The youth also should not give up when they are involved in business.”

She added that

“Once when we were doing our business in Pasar Tani, we only obtained RM5.00 a day but we did not give up. Today we are seeing the fruits of our hardwork.”

Mohd. Ariffin Mohd. Noor of Muaz Tiga Enterprise also highlighted several problems encountered by the youth in their business ventures. According to him,

“The youth must overcome these problems before they can venture into business. Some of the problems faced by the youth include raising capital. They have no knowledge about the channels where they can obtain financial assistance and as such they encounter difficulty in getting the same. Once these problems are solved, they have to start from the bottom to climb up the ladder.”

Dayang Hanis of Rias Jelita on the other hand said that

“To encourage the youth to be involved in entrepreneurship, first parents must give their utmost support. In my case, I received unceasing support from my parents. Secondly, the government should give support in the

form of financial assistance. Last but not the least, the youth themselves have to work hard to ensure their success.”

Ganeshwari of Lana Enterprise also highlighted several ingredients that are necessary for one to be successful in entrepreneurship. According to her,

“First and foremost, parents need to support their children if the child wants to be involved in business. Secondly, the youth themselves should have interest in entrepreneurship. Thirdly, the youth must be willing to take up challenges.”

### ***Future Plans***

These young entrepreneurs are also found to have a vision for their microenterprises. Dayang Hanis Ismail of Rias Jelita Enterprise said she has several plans for her business. According to her,

“First and foremost, I want to take up a short course in business that will equip me with knowledge on business and entrepreneurship. Secondly, as a long-term plan, I plan to open another branch of Rias Jelita in Alor Setar.”

Punian of PRV Hairstyle share a similar vision as Dayang Hanis Ismail. According to him,

“I am planning to open another branch of PRV Hairstyle possibly in Klang and for that reason, I am training my brother to run that saloon.”

### **Conclusion**

Several key findings can be derived from this study. Firstly, it reveals that most of the informants do not rely on government or financial institutions for financial assistance to start a business. They are found to seek help from close family members especially their parents. Secondly, this study reveals that the main motivators for the youth to be involved in business are close family members especially their parents. In addition, these industrious youth were also found to have a strong desire to establish their own businesses. Thirdly, this study also highlights that the major obstacles faced by these enterprising youth are related to investment in human capital since most of them believe that their education is not related to entrepreneurship, and that they lack proper marketing and management skills. Fourthly, involvement in microenterprises helps these enterprising youth create employment opportunities for themselves as well as for others.

## Endnotes

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<sup>1</sup> EPAC, *Future Labour Market Issues for Australia*, (Canberra: Australian Government Publishing House, 1996).

<sup>2</sup> Niall O' Higgins, *Youth Unemployment and Employment Policy: A Global Perspective*, (Geneva: ILO, 2001).

<sup>3</sup> Thirunaukarasu S, Mohd. Raduan Mohd. Ariff and Mohd., Erwan Mohd. Yusop, "Structural Unemployment among Youth in Malaysia," in Abd. Rahim Abd. Rashid et. al. (eds.), *Career Development and Unemployment Problems in Malaysia*, (Kuala Lumpur: Utusan Publications & Distributors Sdn. Bhd, 2005), p. 27.

<sup>4</sup> EPAC, *Future Labour Market Issues for Australia*, (Canberra: Australian Government Publishing House, 1996).

<sup>5</sup> Making Cents International, *Youth Microenterprise and Livelihoods: State of the Field*, (2008). Available at [www.makingcents.com](http://www.makingcents.com).

<sup>6</sup> Look at United States Department of Housing and Urban Development, *Developing Microenterprise Opportunities at Neighbourhood Network Centers*, (2002). Available at <http://www.hud.gov/offices/hsg/mfh/nnw/resourcesforcenters/microenterpriseopportunitiesfactsheet.pdf>

<sup>7</sup> Wamuyu Gikonyo, Zumilah Zainalaludin and Jariah Masud, "Empowering Young Women Through Micro-Enterprise Scaling-Up: A Case of Malaysian Rural Women," (paper presented at Youth Employment Summit, 2006).

<sup>8</sup> David Birch articles published in 1979 and 1987 stressed these findings as mentioned in Alia El Mahdi and Magued Osman, "An Assessment of the Effectiveness of Small and Micro-Enterprise Finance in Employment Creation", ERF Working Paper Series No. 0313, (Cairo: ERF, 2006).

<sup>9</sup> Stephen J. Davis, John Haltiwanger, and Scott Schuh, "Small Business and Job Creation: Dissecting the Myth and Reassessing the Facts", *Small Business Economics*, 8, (1996), pp. 297-315.

<sup>10</sup> Alia El Mahdi and Magued Osman, "An Assessment of the Effectiveness of Small and Micro-Enterprise Finance in Employment Creation."

<sup>11</sup> Michele S. Cranwell, Jane M. Kolodinsky, "The impact of microenterprise development on low-income Vermonters: Building social and human capital to work towards economic self-sufficiency", *Consumer Interests Annual*, 48, (2002). Available at: <http://www.consumerinterests.org/i4a/pages/Index.cfm?pageid=3644>

<sup>12</sup> Francis Chigunta, *Youth Entrepreneurship: Meeting the Key Policy Challenges*, (Wolfson College, England: Oxford University, England, 2002).