



Motivating Factors Influencing Business among Youth in Malaysia

**Sharifah Zannierah Syed Marzuki¹, Mohd. Ali Bahari Abdul
Kadir², Siti Zahrah Buyong³ and Junainah Junid⁴**

¹⁻⁴Malaysian Academy of SME & Entrepreneurship Development (MASMED)
Universiti Teknologi MARA
Shah Alam, Malaysia

ABSTRACT

As Malaysia continues to grow economically, youth entrepreneurship has become a vital factor in ensuring a brighter future for the nation. Entrepreneurship is seen as not only the solution to unemployment, but also fundamental in nurturing young people to unleash their potential to the fullest. In order to encourage young generation to embark on entrepreneurship, it is important to comprehend what motivates young entrepreneurs to start their own business so as to help relevant agencies and interested parties to design suitable entrepreneurship programmes for the segment. This paper presents the results of focus group discussion with young entrepreneurs from three different ethnics in Malaysia which suggest that motivating factors influencing young entrepreneurs are monetary and non-monetary reward, related experience, personal background, passion, networking opportunity, encouragement from influential family members and business influence from colleagues.

Key Words: *Motivating factors; Youth entrepreneurship; Malaysia*

1. INTRODUCTION

Entrepreneurs play an important role in economic growth and job creation as a country. Entrepreneurship education has been described as an effective way to encourage and increase the interest of entrepreneurship among youth in Malaysia. From the perspective of education, motivation factors that encourage youth to enter into entrepreneurial activity is important because it can provide valuable information to any government agency to formulate programs and the correct method to use to increase the number of youth entrepreneurs in Malaysia. In this case, it is also worthy to identify on motivational factors that directly affect the results of the youth to create their own business through the mediating role of self-efficacy beliefs.

Motivation with enthusiasm and energy actually moves us forward in life. The term motivation refers to factors that activate, direct, and sustain goal-directed behaviour. Motive is the reasoned behaviour which needs or wants drive the behaviour and it explains what we are doing. Based on the studies, they show that there is a lack of motives concerned with sustainable development of enterprises in the long run (Stefanovic, Prokic & Rankovic, 2010). It also found that entrepreneurs who have higher levels of motivation and free welfare have better business performance (Lijun, Chieh, Wanchun, Hongjuan, & Sengui, 2014).

According to a research on the analysis of entrepreneurial motivation to start a business, there are differences in the motives of entrepreneurs in each country where this study focuses on African student entrepreneurs showed that the main reason why students start a small business on campus is to solve some financial challenges (Fatoki, 2014). In addition, issues related to family hardship, injury or death of parents often forced entrepreneurs and a strong desire to be independent and to contribute towards the welfare of the family sparked entrepreneurs to start their business (Babu & Rathnakumari, 2013). Another reason for people to become an entrepreneur and start doing business is because of their social needs.

2. LITERATURE REVIEW

Interesting definitions on start-up business by Bygrave (1989, p. 21) was nicely written as quoted:

“Entrepreneurship is a process of becoming rather than state of being”.

Entrepreneurship requires many years to progress and it definitely has an impact to the economy of a nation. It is gathered from previous researches that entrepreneurship has significant impact in driving the economy of a country (Geldhof et al., 2013; Mohd Zain & Mustapha, 2012; Ahmad & Xavier, 2012; Olufunso, 2010; Tucker & Selcuk, 2008; Mazzarol et al., 1999).

As mentioned above, the creation of small business start-ups has contributed significantly to the economic needs although previous researches did not mention solely on the contribution of youth entrepreneurs. To date, academic study of youth entrepreneurship is still sparse (Damon & Lerner, 2008). Furthermore, the motives that urged the young entrepreneurs to set up a business venture are well studied. That includes also the essential elements of various demographic variables namely personality, human capital and ethnic origin. However, it is open for public debate as the researches executed were of different in testing procedures, sampling and country specific factors. Within this context, Ashley-Cotleur et al. (2009) as cited in Olufunso (2010) mentioned that individual factors play a pivotal role in motivating a person to be an entrepreneur. Their research has explained in detail on the individual factors and can be classified as (1) demographic variables (2) attitudes, values and psychological factors.

Generally, the demographic variables that influence entrepreneurship activities concentrate on gender and family background. In essence, parents that involve in entrepreneurial activities tend to be a role model and pertinent for their children to start their own businesses. Supported by Schmitt-Rodermund (2004) as cited in Geldhof et al. (2013, p. 432) in their studies on fostering youth entrepreneurship that highlighted students who observed their parents that involve in entrepreneurial activity were likely to show entrepreneurial competence. The findings underlined several attributes that can be considered as motivational factors to foster the development of entrepreneurship in youth. These comprise financial risk tolerance, innovation orientation and entrepreneurial parents.

Thus, in developing an entrepreneur, the need for flexibility to increase their roles is seen crucial. The notion of flexibility means that entrepreneur should be creative and innovative in the face of change. The factors on attitudes, values and psychological factors are relevant to distinguish entrepreneurs from non-entrepreneurs. The need for achievement (McClelland, 1961), risk-taking propensity (Brockhaus, 1980) and locus of control (Brokhaus, 1982) are predominant factors that encourage skill development and self-reliance of an entrepreneur and will lead to motivation. In

contrary, Robicahud et al. (2001) argued that motivation can be categorized into four factors such as extrinsic rewards, independence/autonomy, intrinsic rewards and family security.

Looking at Malaysia's perspective on motivation, Ahmad and Xavier (2012) emphasized that the increase of entrepreneurial activity is somewhat encouraging but the type and structure is however less satisfying. They reasoned that the entrepreneurial motivation among Malaysian entrepreneurs is still considered low as compared to other Global Entrepreneurship Monitor (GEM) countries. Their studies found that the contribution of nascent entrepreneurial firms to Malaysia's economic development is still at slow pace although it is expected that job creation, economic growth and equal income distribution can be achieved from those new business ventures.

The target is unachievable is due to the fact that early entrepreneurial activity rates in Malaysia are relatively low among 18-24 years group age (12 percent). Another study by Mohd Zain and Mustapha (2012) found that level of intention among Bumiputera youth was favourable in venturing to global business. Apart from that, Turker and Selcuk (2009) revealed from their survey that two subsets of their proposed model were significant predictors of entrepreneurial intention that include educational support that highlights on supportive university environment and structural support that mentions on coloration of all sectors in the society. Whatever it takes, personality traits seem prevalent in these contextual factors.

3. METHODOLOGY

Entrepreneurship is imperative to economic growth, wealth and creation (Fiar & Meyer, 2003). As far as youth entrepreneurship is concerned, the intention to become an entrepreneur should start from young and this is supported by Kim-Soon et al. (2013), although it is not a new trend in Malaysia. The Malaysian government has been supporting youth entrepreneurs through tax incentives, business advisory loan and funding to all races in order to stimulate young people to have their own start-ups and continually assist them for future development of their businesses. This study investigated the motivational factors that influence youth entrepreneur in business in order to intensify growth exponentially for the target segments. In line with this, it is to recommend strategies that would address current and future challenges faced by the target segments. A review of the literature stated that there are four key drivers of entrepreneurial motivation such as a desire for independence (Kirkwood, 2009).

Data for this study were from qualitative research where four focus group interviews were conducted. The first group comprised eight young Malay entrepreneurs conducted in January 2015. Another focus

group was held with 18 Malay youths that owned a business and the interview was led by Dr Sheikh Ghazali Abod, the Chief Operating Officer of Centre for Entrepreneur Development and Research (CEDAR), a wholly-owned subsidiary of SME Bank of Malaysia. Indian youth entrepreneurs participated in the third interview and the final group was the intermediaries/support group individuals from Entrepreneur Culture Incorporated Sdn Bhd, Unilife Sdn Bhd, MARA and Koperasi Generasi Usahawan Inovatif Selangor Sdn Bhd. Participants in this stage of the research were recruited using convenience-sampling approach.

This qualitative research was undertaken to obtain more information from the young entrepreneurs and to have better integration with the survey results. Structured interviews that involved fixed questions were conducted in Shah Alam. Considering the overall time and cost, the researchers had adopted a convenience sampling approach. As a result, data were drawn from a series of interviews with 41 young entrepreneurs and support group individuals (Table 1). Due to better accessibility, there were more participants in Kuala Lumpur and Selangor.

Table 1: Youth Entrepreneurs by Race and Support Group Individuals for Focus Group Interview

<i>Race/Individual</i>	<i>Malay</i>	<i>Chinese</i>	<i>Indian</i>	<i>Support Group Individual</i>
Participants	26	9	2	4
Total		41		

A structured questionnaire was used to ensure that the participants answer accordingly within the scope of the research. The interviews took between one hour and two hours per session and were conducted over a span of three months. The main focus of the interviews was to get the respondents to reflect, comment and describe their experience as a youth entrepreneur in Malaysian context.

In this qualitative research, all data were transcribed and analyzed. The researchers ensured that the data were treated as strictly confidential. It was important to organize the data accordingly in order to verify conclusions. In addition, four separate interview sessions were performed prior to the distribution of the questionnaires that offered great depth and support in discovering the dimensions, factors and issues with respect to youth entrepreneurship.

Data were then entered in Atlas.ti, a software programme for qualitative research. Coding of the interviews was done followed by listing the quotations. There were 100 codes being identified in the early process and further undergone combination and elimination to streamline the codes and were ready to be analyzed.

4. ANALYSIS AND FINDINGS

This section presents the findings derived from data analysis of focus group discussion sessions conducted with three different ethnic of young entrepreneurs in Malaysia to determine the motivating factors among youth in Malaysia. The analysis was conducted case by case according to the ethnic group and later tabulated across three cases to elucidate distinctive evidences from the target group. As a result, insights into what motivates Malaysian youth across three main ethnic groups to start their own ventures are rationally demonstrated.

Each of the focus group discussions reflect different findings extracted from diversity of perspective that exists amongst young entrepreneurs with the experiences and attitudes they bring about in sharing their entrepreneurial motivations. Multiple themes emerged from each session and these themes were later compared across three ethnics to corroborate their relevancy to the research issue mainly the motivating factors.

Among the motivating factors emerged pertaining Malaysian youth venturing into entrepreneurship is the monetary reward and how earning money can fulfill entrepreneur's desire to do things they like most, such as travel, as depicted in the following quote.

...reason is that I have the opportunity to travel overseas...but I need fund to travel. Therefore, I started this business...At that point of time, I make money and I can travel, so I earned and I travel..."- FGD 3 (1)

Another remarkable factor revealed by the participant was that the experience on a subject matter, for instance accounting, leads the participant to entrepreneurship endeavor.

"...so I saw this opportunity. Then I see myself as the one of the best to offer the service because I am already in the line (accounting) for about 10 years being in the MNC."- FGD 3 (2)

The participants also highlighted that personal background and passion, mainly in music and instruments, has sparked their interest on entrepreneurship and apparently made them venture into music business.

“Our background is music and our passion is music, so in the long run we want to have our own Malaysia Art Centre, an art “university” which will offer not only music courses but other art-based programmes as well...that is our long term plan”- FGD 1 (1)

A few participants underlined the opportunity to network with other players in the industry as one of the key motivating factors not only to venture into entrepreneurship but also to get more customers and business prospects.

“...good people say you cannot grab one business with only one person, get a lot of friend, work together and get more business”- FGD 2 (4)

“...the most important is networking. I joined many clubs to get to my customers”- FGD 2 (7)

“...we came across one business network...people are from different field and we ask them to help...we couldn’t get customers for almost one year. The best part in this network is that we can meet people from different kind of business industry...”- FGD 1 (4)

Another theme extracted from focus group discussion is the encouragement from family particularly the most influential member of the family, namely the parents. It is clear that young entrepreneur involved in the venture due to parent’s encouragement and involvement in business.

“I started the business because of my father. Actually, he started this beverage business, he has the recipe and now he shared the recipe with me and taught me how to make it”- FGD 1 (2)

Some of the young entrepreneurs see other people as a source of inspiration and they were greatly influenced by their colleagues to venture into business and become member of a few prominent business associations to capitalize on the existing business network.

“That is why we have to get to know other people’s experience to join the Chinese chamber because mostly they are businessman right. And these businessmen sometimes influence your decision to do business like him/her.” – FGD 2 (6)

Based on the emergent of several themes, the findings from focus group discussions suggest that motivating factors influencing young entrepreneurs across three main ethnics are monetary and non-monetary reward, related experience, personal background, passion, networking opportunity, encouragement from influential family members and business influence from colleagues. These themes were later tested using quantitative survey and result revealed the mean scores ranges from 3.52 for business influence from colleagues to 4.41 for passion about business. Most respondents in the survey agree that their passion about business is the most important motivating factor for them to start their own business, whereas the least important factor is the business influence from colleagues.

5. CONCLUSION

Youth entrepreneurship has become a crucial factor for economic growth in Malaysia. Many entrepreneurship development programmes have been conducted, yet still few agencies focus solely on young entrepreneurs. In order to ensure programmes run for young entrepreneur will be successful, it is important to understand what motivates young entrepreneurs to venture a business. In this study, the researcher found several motivation factors that influence young entrepreneurs in venturing their own business. The factors are monetary and non-monetary reward, related experience, personal background, passion, networking opportunity, encouragement from influential family members and business influence from colleagues. The researcher also found that the majority of the respondents agreed that business passion is the most important motivating factor while business influence from colleagues is the least important factor in venturing business.

The findings of this study have important implications for young entrepreneurs, advisors and agencies that provide training for young entrepreneurs and policy makers. In essence, a better understanding of factors that motivate young entrepreneur can help one to understand their own motivations and potentials. The result of this research confirmed that entrepreneur with high passion will have higher tendency to succeed in the business that they venture in. In relation to this, motivational factors can also help young entrepreneurs and their advisers to develop better business strategy for the business (Rouse & Jayawarna, 2006).

It is suggested that appropriate business strategies being implemented once motivational factors of young entrepreneurs are discovered. The notion of business strategy can be in the form of guidelines that include commercial approach that should be used to train young entrepreneurs, funding for young

entrepreneur should be disbursed at appropriate time to ensure significant outcome, well-trained and properly supported staff must be available to support youth entrepreneurs, in particular those who have limited business experience, contacts and skills. They should be mentored by experienced and certified business coaches who will provide advice and guidance. There is also the necessity for government support initiatives to be efficient and transparent in providing grant, training seminars and mentorship approach (learning from peers) to those young entrepreneurs that one day will have the potential to contribute to Malaysia's economic growth and job creation.

REFERENCES

- Ahmad, S. A., & Xavier, S. R. (2012). Entrepreneurial environments and growth: Evidence from Malaysia GEM data. *Journal of Chinese Entrepreneurship*, 4(1), 50-69.
- Babu, B. D., & Rathnakumari, P. S. (2013). Motivational Factors Influence of Entrepreneurs Towards Entrepreneurship: A Study of Chittoor District In Andhra Pradesh. *Paripex Indian Journal of Research*.
- Bygrave, W. D. (1989). The entrepreneurship paradigm: A philosophical look at research methodologies. *Entrepreneurship Theory and Practice*, 14(1), 7-26.
- Ellis, K., & Williams, C. (2011). *Maximising impact of youth entrepreneurship support in different contexts-background report, framework and toolkit for consultation*. Overseas Development Institute, 111 Westminster Bridge Road, London SE1 7JD, UK.
- Fatoki, O. (2014). Student Entrepreneurs on University Campus in South Africa: Motivations, Challenges and Entrepreneurial Intention. *Mediterranean Journal of Social Sciences*, 16.
- Fiar, J. H., & Meyer, M. H. (2003). Entrepreneurship and start-ups in the Boston Region: Factors differentiating high-growth ventures from micro-ventures. *Small Business Economics*, 21, 145-152.
- Geldhof, G. J., Weiner, M. B., Bronk, K. C., Damon, W., Porter, T., Malin, H., Agans, J. P., Mueller, M., & Lerner, R. M. (2013). Fostering youth entrepreneurship: Preliminary findings from the young entrepreneurs study. *Journal of Adolescence*, 24(3), 431-446.
- Henderson, R., & Robertson, M. (1999). Who wants to be an entrepreneur? Young adult attitudes to entrepreneurship as a career. *Education and Training*, 5, 236-245.
- Johnson, R. B., & Onwuegbuzie, A. J. (2004). Mixed methods research: A research paradigm whose time has come. *Educational Researcher*, 33(7), 14-26.
- [10] Kirkwood, J. (2009). Motivational factors in a push-pull theory of entrepreneurship. Gender in Management. *An International Journal*, 24(5), 346-364.

- [11] Lijun, W., Chieh, W. T., Wanchun, D., Hongjuan, Y., & Sengui, L. (2014). Hair Dressing Entrepreneurs' Motivation, Personality and Business. *International Journal of Business and Management*, 127-136.
- [12] Mazzarol, T., Volery, T., Doss, N., & Thein, V. (1999). Factors influencing small business start-ups. *International Journal of Entrepreneurial Behaviour & Research*, 5(2), 48-63.
- [13] Mohd Zain, Z., & Mustapha, N. A. (2012). The development of young entrepreneurs' global propensity index. *Journal on GSTF Business Review*, 2(2), 180-185.
- [14] Mueller, M., & Lerner, R. M. (2013). Fostering youth entrepreneurship: Preliminary findings from the young entrepreneurs study. *Journal of Adolescence*, 24(3), 431-446.
- [15] Olufunso, F. O. (2010). Graduate entrepreneurial intention in South Africa. *International Journal of Business Management*, 5(9), 87-98.
- [16] Rouse, J., & Jayawarna, D. (2006). The financing of disadvantaged entrepreneurs: Are enterprise programmes overcoming the finance gap? *International Small Business Journal*, 12(6), 388-400.
- [17] Sale, J. E. M., Lohfeld, L. H. & Brazil, K. (2002). Revisiting the quantitative-qualitative debate: Implications for mixed-methods research. *Quality & Quantity*, 36, 43-53.
- [18] Stefanovic, I., Prokic, S., & Rankovic, L. (2010), Motivational and success factors of entrepreneurs: the evidence from a developing country. *Original scientific paper*, 251-269.
- [19] Tucker, D., & Selcuk, S. S. (2009). Which factors affect entrepreneurial intention of university students? *Journal of European Industrial Training*, 33(2), 142-159.