



FACTOR AFFECTING YOUTH ENTREPRENEURSHIP DECISION IN SOUTH
MALAYSIA.



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This thesis is submitted in partial fulfilment of the requirements for the award of

Bachelor of Technopreneurship with Honours



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DECLARATION OF ORIGINAL WORK

I hereby declare that all the work of this thesis entitled “Factor affecting youth entrepreneurship decision in south Malaysia. “Is original done by myself and no portion of the work encompassed in this research project proposal has been submitted in support of any application for any other degree or qualification of this or any other institute or university of learning.

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DEDICATION

I would like to express my appreciation for the efforts made by my family members to educate and motivate me to accomplish my degree. In addition, I would like to thank Dr. Norhidayah Binti Mohamad, who is also my supervisor for my senior thesis, and my classmates. Throughout my investigation, they have provided me with comprehensive direction, assistance, and advice. Without their approval and encouragement, it is difficult to accomplish this study in a timely manner.



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ABSTRACT

Youth is becoming a growing concern for many developing nations, like Malaysia, where the youth generation accounts for a considerable part of the Malaysian population. As a result, it is clear that youth is an essential asset that, if properly developed, can promote the nation's economic and social growth since their capabilities, both intellectually and physically, can contribute greatly to the country's development. The scope of research is to investigate the socio-demographic and the economic factor that affect youth entrepreneurial decision. In order to effectively meet the aims of this research, a study of the factors influencing youth entrepreneurship decisions in south Malaysia was conducted. The researcher acquires a better understanding of the socio-demographic and economic factors that influence youth entrepreneurship decisions. Aside from that, the researcher looks at the most important factors that influence youth entrepreneurial decisions, such as gender, family size, income, having entrepreneur-parents, years of schooling, and risk tolerance. This study assists the government for boosting up entrepreneurial proficiencies of entrepreneurs by dint of provision of funds and skill development.

Keyword: Factor, Youth, Entrepreneur, Entrepreneurship, Socio-Demographic, Economic.

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ABSTRAK

Belia menjadi kebimbangan yang semakin meningkat bagi banyak negara membangun, seperti Malaysia, di mana generasi belia menyumbang sebahagian besar penduduk Malaysia. Hasilnya, jelaslah bahawa belia adalah aset penting yang, jika dibangunkan dengan betul, boleh menggalakkan pertumbuhan ekonomi dan sosial negara kerana keupayaan mereka, sama ada dari segi intelek dan fizikal, boleh menyumbang dengan besar kepada pembangunan negara. Tujuan kajian ini adalah untuk menyiasat sosio-demografi dan faktor ekonomi yang mempengaruhi keputusan keusahawanan belia. Bagi mencapai matlamat penyelidikan ini dengan berkesan, satu kajian tentang faktor-faktor yang mempengaruhi keputusan keusahawanan belia di selatan Malaysia telah dijalankan. Pengkaji mungkin memperoleh pemahaman yang lebih baik tentang faktor sosio-demografi dan ekonomi yang mempengaruhi keputusan keusahawanan belia. Selain itu, pengkaji mungkin melihat faktor terpenting yang mempengaruhi keputusan keusahawanan belia, seperti jantina, saiz keluarga, pendapatan, mempunyai ibu bapa usahawan, tahun bersekolah, dan toleransi risiko. Kajian ini boleh membantu kerajaan untuk meningkatkan kecekapan keusahawanan usahawan melalui penyediaan dana dan pembangunan kemahiran.

Kata kunci: Faktor, Belia, Usahawan, Keusahawanan, Sosio-Demografi, Ekonomi.

TABLE OF CONTENTS

DECLARATION OF ORIGINAL WORK	iv
DEDICATION.....	v
ACKNOWLEDGEMENT.....	vi
ABSTRACT	vii
1.0 Introduction.....	- 1 -
1.1 Background of study	- 1 -
1.2 Problem Statement	- 3 -
1.3 Research Question.....	- 5 -
1.4 Research Objectives	- 5 -
1.5 Scope of research	- 6 -
1.6 Significant of study	- 6 -
1.7 Limitation of study	- 6 -
1.8 Summary	- 7 -
2.0 Introduction.....	- 8 -
2.1 Entrepreneurship	- 8 -
2.2 Youth Entrepreneur.....	- 8 -
2.3 Factors affect youth entrepreneurial decision.....	- 10 -
2.3.1 Socio-Demographic Factor	- 10 -
2.3.2 Economic factors.....	- 12 -
2.4 Conceptual framework	- 13 -
2.5 Hypothesis Development.....	- 15 -
3.0 Introduction.....	- 16 -
3.1 Research design	- 16 -
3.2 Methodological Choice	- 17 -
3.3 Research Philosophies.....	- 17 -
3.4 Research Approaches.....	- 17 -
3.5 Data Collection.....	- 17 -
3.5.1 Primary Data.....	- 18 -
3.5.2 Secondary Data	- 18 -
3.5.3 Measurement of Construct of variable	- 19 -
3.6 Research Strategy	- 22 -
3.7 Questionnaire Design	- 23 -

3.8 Sampling Design	- 23 -
3.8.1 Population and Sampling Frame.....	- 24 -
3.8.2 Sampling Strategy.....	- 24 -
3.8.3 Sample Size.....	- 24 -
3.9 Pilot Test.....	- 25 -
3.10 Time Horizon	- 25 -
3.11 Data Analysis	- 25 -
3.11.1 Descriptive Analysis.....	- 26 -
3.11.2 Inferential Analysis.....	- 26 -
3.11.2.1 Regression Analysis	- 27 -
3.11.2.2 Pearson's Correlation Coefficient	- 27 -
3.12 Reliability	- 27 -
3.13 Validity	- 28 -
4.0 Introduction	- 29 -
4.1 Pilot Test Result.....	- 29 -
4.2 Descriptive Statistics Analysis.....	- 32 -
4.2.1 Respondents Profile	- 32 -
4.2.1.1 Gender	- 32 -
4.2.1.2 Age	- 33 -
4.2.1.3 Engagement of parent(s) in entrepreneurial activity.....	- 34 -
4.2.1.4 Education	- 35 -
4.2.1.5 Region.....	- 36 -
4.3 Descriptive Analysis	- 37 -
4.3.1 Factor Attribute (IV).....	- 37 -
4.3.2 Decision to become an entrepreneur (DV).....	- 38 -
4.4 Inferential Analysis	- 39 -
4.4.1 Normality Test	- 39 -
4.4.2 Pearson's Correlation Analysis	- 40 -
4.4.3 Multiple Regression Analysis.....	- 42 -
4.4.4 Hypothesis Testing.....	- 46 -
5.0 Introduction.....	- 47 -
5.1 Discussion	- 47 -
5.1.1 Research Objective 1	- 47 -
5.1.2 Research Objective 2	- 48 -
5.2 Implication of research	- 50 -

5.3 Limitation of Study	- 50 -
5.4 Recommendation for Future Research	- 51 -
5.5 Conclusion	- 51 -
Reference.....	- 53 -
Appendix.....	- 64 -



Chapter 1

Introduction

1.0 Introduction

This chapter was broken up into nine different sections, which included an explanation of the context of the study, a description of the issue, research questions that had been constructed based on the problem statement, and research goals. In addition, this chapter included a discussion of the significance of the research, the limitations of the investigation, the scope of the study, and a summary.

1.1 Background of study

A country's young population is a valuable asset to its overall economic development. This is since they possess the strong vitality that is essential for the growth of the economy. In addition, even though their young age, they still have the potential to be strong, both mentally and physically (Chandra Paul et al, 2013b). Across most developing nations, students, educators, and policymakers are increasingly discussing the importance of getting young people involved in business ownership and start-up ventures. As a result, young people have emerged as one of the most valuable resources for many nations in terms of ensuring the continued growth of their economies (Ridzwan et al, 2017).

Aun (2020) discovered that the rate of unemployment in Malaysia is growing every year among those aged from 19 to 24 years, in Malaysia, the highest unemployment rate among male youth and a high rate of unemployment among female youth in most districts. Prolonged unemployment problems, which include job loss and sources of income, are an economic crisis that rocked the nation repetitively from 1985 to 1986, 1997 to 1998, and 2008 to 2009 (Welsh and Chang, 2020), with severe economic slump occurring during those periods. When young people are unable to find employment in other fields, they often turn to business ownership as a final alternative. When compared to professions in the public sector, the majority of young people believe that being self-employed or running a small business is less desirable. They have the impression that becoming an entrepreneur is risky since there is no guarantee of a steady income (Ridzwan, Muhammad, & Rahman, 2017).

According to Onuoha (2007), entrepreneurship is the process of establishing new organizations or renewing old organizations, especially new businesses, in response to perceived possibilities." Entrepreneurs, according to Schumpeter (1965), are "individuals who seize market opportunity via technological and/or organizational innovation." An entrepreneur, according to Bolton and Thompson (2000), is "a person who consistently develops and innovates to construct something of recognised value around identified possibilities." According to Hisrich (1990), an entrepreneur is "someone who shows initiative and innovative thinking, is able to coordinate social and economic systems to transform resources and conditions into practical account and embraces risk and failure." According to Thomas and Mueller (2000), entrepreneurship research should be broadened to worldwide markets in order to understand the circumstances and qualities that foster entrepreneurial activity in diverse nations and areas. Entrepreneurs are likely to reflect the prevailing ideals of their country culture, and national culture has a significant impact on entrepreneurship (Thomas & Mueller, 2000).

According to United Nations 'youth' defines as persons aged between 15 and 24. However, this definition is flexible. According to the World Youth Report (2018), there are 1.2 billion young people aged 15 to 24 years, accounting for 16 per cent of the global population. In Malaysia, the Youth Societies and Youth Development Act 2007 is Malaysia's primary legislation controlling youth activities and development (YSYDA, 2007). The Act defined youth as anyone under the age of 15 and no older than 40. The Act's purpose is to register youth societies, to promote and facilitate the development of Malaysian youth in the areas of education, research, and human resources, to establish a National Youth Consultative Council, to establish the Malaysian Institute for Research in Youth Development, and to provide for related matters (Preamble of the Act 2007).

There is a difficulty in determining the legal age of youth not only in Malaysia but across the world, as well as the problem of young understanding of youth development legislation and youth rights that are not specified in the law. However, in 2019, the Dewan Rakyat passed an amendment to the Youth Societies and Youth Development Act (Amendment) 2019 (Act 668) after over five hours of discussion by

17 members of parliament. Syed Saddiq Syed Abdul Rahman, Minister of Youth and Sports, proposed the change. It lowered the definition of "youth" from 40 to 30, and it was defined in the Malaysian Youth Policy. Previously, "youth" was defined as everyone under the age of 40.

1.2 Problem Statement

The problem statement in this research is whether youth entrepreneur can keep increasing in Malaysia to improve economic efficiency, bring innovation into labour markets and production, create new jobs, and enhance employment rate. This is because, nowadays, Youth have disadvantages in terms of low job opportunities, income inequality, and women find it difficult to find employment compared to previous years (Ataei et al, 2020). Generally, people are dominated by the B40 group (below RM4,850) who find it challenging entering the labour market, lack of information about job opportunities, absence of close contact for jobs and lower wages (Shakur et al, 2020). Less amount of youth is more likely to pursue higher education to secure better job opportunities in the long run at management and professional levels. The importance of this focus is to aid in the optimization of unemployment rate in Malaysia.

The researcher discovered entrepreneurial competencies required for launching small and medium-sized enterprises (SMEs) among youth (Ataei, et al, 2020). They converse about the impact of entrepreneurial competencies was assessed on youth's intention to launch SMEs. However, there are still lack of information where their only study psychological, strategic, organizing, communicative, and opportunistic on non-entrepreneur, researcher suggest investigating in factor affect youth intention to launch SME's.

In other study, the researcher (Dahiya, 2022) has study assessing the entrepreneurial intentions of the Indian women to know how much they are inclined towards entrepreneurship and to know what motivates them to undertake entrepreneurship. The research gap of this research is less research exists uncovering the entrepreneurial intentions of women. Further study, (Georgescu, & Herman, 2020) has explore the effect of entrepreneurial family background on the relationship

between effectiveness of entrepreneurship education and entrepreneurial intention. The research gap of this study is, the fact that it focuses on intentionality, expressing an intention to pursue an entrepreneurial career, and not on the actual behaviour of entrepreneurs.

Additional study, (Cardella, et al, 2020) has study about the relationship between family role and entrepreneurship. The research gap of this study is there are many opportunities to increase and further develop knowledge about the relationship between the role of the family and entrepreneurship. More study, (Al-Qadasi, Zhang, & Al-Jubari, 2021) has study assesses whether final-year undergraduate students at Sana'a University, Yemen intend to start their own business. The study employs the theory of planned behaviour and two environmental factors to explore whether the theory's behavioural factors and the contextual factors of Lü thje & Franke's model have an impact on students' intentions to start their own business. The research gap of this study is should solely focus on undergraduate and postgraduate students in business-related majors to investigate the effect of entrepreneurship education on participants' self-employment intentions.

Even though there are much research have been conducted about the factor affect student to engage in entrepreneur and entrepreneur intension in student, but there are still limited research on the viewpoint of youth entrepreneurship decision. Other than this, there also limited research on youth entrepreneur in Malaysia. Therefore, this research will focus on factor affect youth entrepreneurship decision in south Malaysia.

1.3 Research Question

This research aims to answer the following research questions:

1. What is the factor that affect youth entrepreneurial decision?
2. What is the relationship between the factor affecting youth entrepreneurial decision in south Malaysia.
3. What is the most affecting factor between socio-demographic and economic factor toward youth entrepreneurial decision.?

1.4 Research Objectives

Objectives are aimed by the statement of research that needs to answer the research questions mentioned above. The following are some of the research objectives for this study:

1. To identify the factor that affect youth entrepreneurial decision in south Malaysia.
2. To examine the relationship between the factor affecting youth entrepreneurial decision in south Malaysia.
3. To determine the most affecting factor between socio-demographic and economic factor toward youth entrepreneurial decision south Malaysia.

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1.5 Scope of research

Youth is becoming a growing concern for many developing nations, like Malaysia, where the youth generation accounts for a considerable part of the Malaysian population. As a result, it is clear that youth is an essential asset that, if properly developed, can promote the nation's economic and social growth since their capabilities, both intellectually and physically, can contribute greatly to the country's development (Paul et al., 2014). The purpose of this study is to investigate the socio-demographic and the economic factor that affect youth entrepreneurial decision.

1.6 Significant of study

In order to effectively meet the aims of this research, a study of the factors influencing youth entrepreneurship decisions in south Malaysia was conducted. The researcher may acquire a better understanding of the socio-demographic and economic factors that influence youth entrepreneurship decisions. Aside from that, the researcher may look at the most important factors that influence youth entrepreneurial decisions, such as gender, family size, income, having entrepreneur-parents, years of schooling, and risk tolerance. This study may assist the government for boosting up entrepreneurial proficiencies of entrepreneurs by dint of provision of funds and skill development.

1.7 Limitation of study

When conducting research, there are some limits that the researcher cannot control that limit the approach. Time is the primary constraint in this study. Because the researcher has a limited amount of time to complete the investigation. The study must be completed within a year by the researcher. Next, the respondents provided insufficient information. There is a shortage of information in the questionnaires that have already been sent out to the participants. There may be some respondents who aren't willing to participate in this study or who aren't taking the questionnaire seriously enough.

1.8 Summary

In conclusion, this chapter is discussed about the overview of the study. It discussed the background of the study, problem statement, research questions, research objectives, scope and limitation of the study, and significance of the study. In the coming chapter, the researcher will carry out the literature review of the study. The information will be broader and more understandable.



Chapter 2

Literature review

2.0 Introduction

In this chapter, the researcher will continue to discuss the outline. The researcher will provide definitions for each term and associated keywords in this study's title in this chapter. In this chapter, the researcher will also discuss the research theory, variables, conceptual framework, and hypothesis.

2.1 Entrepreneurship

Some academics define entrepreneurship as the proactive, imaginative, and creative establishment of a firm (Reheem, 2019). Others just consider it to be self-employment. Most academics see entrepreneurship as the process of seeking out possibilities and acquiring the resources necessary to make them a reality (Tripathi, et al 2022). At the 2013 International Conference on Business & Information, entrepreneurs are seen as those who develop new market possibilities or investigate current ones. In addition to pursuing their objectives, they take personal, professional, and financial risks. Entrepreneurship requires a willingness to go into the unknown and the ability to manage risks. This prompted the renowned Austrian economist Joseph Schumpeter to compare entrepreneurs to "wild spirits" who bring fresh ideas and technological advancements to a nation.

2.2 Youth Entrepreneur

The Youth Societies and Youth Development Act (Amendment) 2019 (Act 668) was adopted by the Dewan Rakyat on July 3, 2019, and went into force the following day. Malaysia's Minister of Youth and Sports, Syed Saddiq Syed Abdul Rahman, is responsible for the reform. Malaysia's former Ministry of Youngster recommended reducing the age requirement for being considered a youth to between the ages of 15 and 30. People regarded themselves to be youthful between the ages of 15 and 40 in the past. The amendment's goal is to close the generational gap, accelerate young people's development, and reduce harmful behaviour among young people.

In Malaysia, "youth" has a new meaning, so the Ministry of Entrepreneur Development has decided not to lower the age limit for "youth" to 30. This decision was made to make sure that young business owners don't miss out on opportunities to take part in the ministry's different development programmes. Mohd Redzuan Yusof, who is the Minister of Entrepreneur Development, said that the changes to the age limits would not change the plans for programmes to help young people become entrepreneurs. YEN (Youth Entrepreneurial Network) is part of the National Blue Ocean Strategy (NBOS). It was made by the Ministry of Youth and Sport to help young people with their social and economic problems. The Ministry of Youth and Sports announced the newest programmer, which will teach young people how to start their own businesses. This programme is a collaboration between the Ministry of Youth and Sports and MDEC. The goal of the "eUsahawan Young Heroes" business training programme is to get 10,000 young people to start their own digital businesses (Youth Entrepreneurial Network).

Promoting youth entrepreneurship will not only help to cut down on poverty, but it will also show young people that they don't have to wait until they get a job to start their own businesses and make their own futures (Khan et al., 2016). The latest data from the Institute of Youth Research in Malaysia shows that there are 15.1 million young people in the country as of 2018. But most of the country's development programmers are geared toward people ages 18 to 25. Through SMEs programmers, Malaysia was able to get more young people to start their own businesses. Most of the young entrepreneurs who answered the survey were men, followed by women. Most of the respondents were Malay, then Chinese, Indian, and other people from different backgrounds, mostly from Sabah and Sarawak.

In the meantime, the highest level of education they can get is from a secondary school. The traits of youth entrepreneurs are self-esteem, honesty and integrity, determination and perseverance, making an effort to find opportunities, and finally, being friendly. Most young entrepreneurs (88.19%) say they didn't inherit their businesses, while 11.8% say they did (Chan, 2009; Khan, 2016). Self-respect, honesty and integrity, determination and perseverance, putting in effort to find opportunities, and being able to get along with other people are the traits of youth entrepreneurs.

2.3 Factors affect youth entrepreneurial decision.

2.3.1 Socio-Demographic Factor

Behavioural theories say that physical activity is affected by many things, such as an individual's demographics and psychology, the support of others, the environment, and policy (Vancampfort et. al., 2019). It is also clear that sociodemographic factors play a big role in figuring out how much physical activity people do. Literature (Issah et al 2022) has looked in depth at how sociodemographic factors affect physical activities, especially in Western countries. The parts that follow go through the six most important socio-demographic characteristics that impact physical activity which is age, gender, family size, Income and years of schooling.

Many researchers have looked at the relationship between gender and physical activity at different ages. The World Health Organization said in 2010 that girls don't do as much physical activity as men do. Other research (Barr et al., 2020; Rosseli et al., 2020) have revealed that males are more likely than women to engage in physical activities (Barr et al., 2020; Rosseli et al., 2020). Yassimear (2022) conducted research on the influence of socio-demographic characteristics on the frequency of physical activity among people in Penang, Malaysia. He discovered that gender was connected to the chance of engaging in physical activities on a regular basis. The research discovered that males were more likely than women to engage in physical activities. Similarly, Asiamah (2016) discovered that women did not engage in as much physical exercise as males in research conducted in Ghana. This might be due to their home responsibilities, frailty, or the fact that pregnancy and labour are not usually easy.

There has been a lot of study done on gender and entrepreneurship, and the majority of it agrees that males are more likely than women to establish their own firms (Carli, 2019, Naudé, 2018, Themudo, 2019). Various ideas attempt to explain why males are more inclined to do this. The idea proposed by (Carli, 2019) is now the most frequently accepted. According to this hypothesis, in order to fit in with society, individuals must have certain preconceptions. Some of these ideas about people are based on their gender. As such, gender stereotypes are preconceived ideas and past judgments that have a lot of emotional weight and reflect how society views both men

and women. For example, men are more likely to have higher domain or achievement attitudes, while women are more likely to have care behaviours and be submissive.

The theory of social role is based on the theory of gender role, which explains why men and women behave differently (Carli, 2019). This theory is based on the styles of each gender, using social norms to show how women and men should act (Carli, 2019). In particular, social norms put women at home to do housework and take care of children and the elderly, while men go to work and bring money home to support the family. So, men are seen as the best people to start and run, while women have trouble taking advantage of business opportunities (Carter, 2017).

Meanwhile, age might be seen to be favourably and substantially associated to job experience in terms of encouraging the development of entrepreneurial abilities and attitudes. People between the ages of 25 and 44 are more likely to engage in entrepreneurial activity, according to Reynolds et al. (2002), as cited by Verheul et al. (2017), because older people are expected to have more exposure and experience in the labour market, allowing them to engage in entrepreneurship more easily. Reynolds also suggested that older individuals are more likely to see an opportunity and capitalise on it by launching a firm, i.e., engage in opportunity-based entrepreneurship (versus necessity - based entrepreneurship).

In relation to the number of years spent in school, being an entrepreneur means being able to see opportunities and take advantage of them. This ability is related to human capital. So, according to Davidsson and Honig (2018), people with more human capital may be better at seeing opportunities and, as a result, are more likely to start their own businesses.

In addition to entrepreneur-parents having a significant influence on a person's choice to become an entrepreneur, a person's social network, which includes family, friends, and entrepreneurial peers, may also inspire a person to follow in their footsteps (Verheul et al. 2017). According to Dohmen et al. (2019), family members who own a company may pass it on to their offspring. This may assist younger family members who are having credit and information issues. They also said that risk attitudes are less essential for children whose parents work for themselves. This implies that children who have seen their parents work for themselves are less fearful

of doing it themselves. Verheul et al. (2017) discovered that entrepreneurs had almost three times as many entrepreneurs in their family than non-entrepreneurs. Parents, aunts and uncles, siblings, and cousins are all included.

Furthermore, women in underdeveloped nations, like their counterparts in more developed countries, rely more on their extended families than males do (Jayachandran 2021). Extended families are sometimes the main or most significant social network in rural places.

According to Omotoso et al (2019) in research on the socioeconomic determinants that impact entrepreneurship among women in fishing villages in Ondo State, Nigeria, family size used to be positively connected with entrepreneurship because of the implications for family labour. However, they said that under present circumstances, a negative connection should be anticipated since risk aversion increases with family size due to the increasing cost of failing to fulfil subsistence food needs. Larger home sizes no longer indicate more family labour; rather, they indicate more household duties.

2.3.2 Economic factors

Economic considerations, risk tolerance. There are several dangers involved with entrepreneurship. Individuals who are risk-averse are less likely to choose self-employment because the value of variable income is lower for them than the utility of a fixed payment with the same mean (Karpowicz 2019). Furthermore, in research comparing entrepreneurs and non-entrepreneurs in China, Bradley et al (2020) discovered that entrepreneurs, among other things, vary significantly from non-entrepreneurs in their attitude toward risks. Entrepreneurs are more inclined to take a risk-free bet.

According to Naudé and MacGee (2018), when it comes to wealth, liquidity limitations play a significant impact in a household's or individual's choice to establish a company. People and families are discouraged from beginning their own enterprises due to liquidity issues, and it might be difficult to get the funds to do so. However, having more money might make someone more inclined to establish their own company since they can use their resources to support their enterprises or as collateral for loans.

Empirical study (AloisStutzerc et al. 2021) and Holtz-Eakin et al. (1994), as mentioned by Simpeh (2021), suggest that when individuals have access to financial money, they are more likely to establish new firms. According to Buera (2019), the chance of becoming an entrepreneur increases as wealth increases (as typical static models predict), but it decreases as wealth increases. This negative association demonstrates that persons with high business abilities are selected from a pool of employees over time, and this impact becomes larger as people get wealthier. If someone is wealthy but still works for a living, it is doubtful that he has extensive business knowledge.

Finally, according to Naudé (2018), a person will become an entrepreneur if the profits and non-monetary advantages of self-employment outweigh wage income plus the added perks of being a wage worker. A person will prefer to labour for a wage if the pay rate is greater than the potential profit. As a result, if a person is already generating a lot of money, he or she may not be as motivated to become self-employed.

2.4 Conceptual framework

Based on an investigation of the previous literature research, it is projected that the following elements would influence the choice to participate in entrepreneurship. Age, gender, family size, involvement of parent(s) in business activity, and years of education are the socio-demographic variables. In contrast, the economic elements to be investigated include risk propensity, perception of the complexity of administrative procedures, monetary compensation, loan acquisition, start-up expenses, and wealth. Age, gender, years of education, involvement of parent (s) in entrepreneurial activity, availability to finance, wealth, and risk tolerance are the characteristics likely to have a favourable influence on the probability that a person would participate in entrepreneurship.