

# A STUDY OF BUSINESS RISK MANAGEMENT AMONG YOUTH MICRO ENTREPRENEUR IN KELANTAN

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**Abstract:** *The small and medium-sized enterprises (SME) have been one of the community's professional possibilities, and it has also elevated in importance across a range of government initiatives. Government does acknowledge and commit to educational initiatives. The number of young people who are entrepreneurs is rising daily, thanks to their growing self-awareness of the state of the economy and their understanding of the advantages of being an entrepreneur who has the power to alter someone's course in life if they are skilled at spotting opportunities and openings. This is consistent with the National Digital Policy's goal of developing digital entrepreneurs who are in line with the skills and interests of the current young generation as well as the Ministry of International Trade and Industry of Malaysia's encouragement to produce many young entrepreneurs. The research was conducted in Quantity research and target group for sampling are young generation students studying in the Universities in Malaysia.*

**Keywords:** Entrepreneurship, Risk Management, Malaysia, Business Management

## 1. Introduction

After 1995, the Ministry of Entrepreneur Development (KPU) was established with the goal of fostering interest in business entrepreneurship among young people and youth, including the entire community. This initiative and training programme strives to achieve this goal (Bukryman et al., 2008). In addition, these young managers lack expertise and know how to manage a firm's money, this issue frequently arises. When this group lacks patience, it results in this lack of experience. They are eager to launch their own company. A handful of them lack the mindset to seek out experience. These people do not work hard to achieve their goals to help their firm expand successfully. The United Nations General Assembly sets the age range for the youth generation as being between 19 and 29 years old. However, one of the government's priorities in the National Transformation (TN50) to prepare Malaysia as a developed and high-income country is the age level of youth, which is calculated in Malaysia from the age of 15 to 40. (Lambing dan Kuehl, (2010). The handling of business risk among young microentrepreneurs in Kelantan is the main emphasis of this study. The Malaysian government is taking measures to encourage young people to engage in entrepreneurial activities by offering a 20 million grant initiative because youth entrepreneurship is not uncommon. This could be because of the perception that young people have original and inventive solutions for resolving social or environmental issues. The fact that these young entrepreneurs have the stamina and vigor to carry out their entrepreneurial and business endeavors makes them a group recognized as agents of economic change in the modern world.

(Muhamamd Zulhafizi et al., 2020) This circumstance affects a lot of young individuals who want to start great businesses and are interested in doing so. Young people's involvement as entrepreneurs, the majority of whom are 77% in micro, small, and medium-sized firms, can lessen their reliance on the labor market as it is currently structured. (Pei-Wen et.al, 2016)



Figure 1: Quarterly Confidence Indicators, Malaysia, 2018-2022

(Source: The Office of Chief Statistician Malaysia Department of Statistic, Malaysia)

Malaysia's Chief Statistician, Dato' Sri Dr. Mohd Uzir Mahidin, commented on the report, saying: "Traders continue to be optimistic about business prospects for the second quarter of 2022, albeit at a slower pace, with confidence indicators recorded at +3.5 percent compared to +7.6 percent in the previous quarter. This circumstance demonstrates that young people are interested in entrepreneurship. Most young people would remain jobless after completing their degrees in their disciplines due to the intense rivalry in other professional domains. They are motivated by this scenario to start their own businesses to survive. Additionally, the government has allotted several funds to support young people in expanding this entrepreneurial sector. The state of Kelantan offers specialized hair cutting classes for men and women that are run by businesspeople in the industry as part of the government's ongoing commitment to implementing various programmes. The Industrial Job Placement Program for 2022 will take place in Kuala Lumpur for six months. This event, which has the full backing of the state government of Kelantan, is held to assist young people in evaluating the skills and enterprises they wish to start. (Harakahdaily, 2022)

The National Entrepreneurship Policy is a programme that the government has improved to help young people who are interested in starting their own businesses develop their attitude (DKN 2030). As part of its assistance initiatives, the government would also target youth, Bumiputera, and other target groups in key and high-impact sectors such as smart agriculture, halal, aerospace, biotechnology, medical devices, and the digital economy. Using cutting-edge and digital technologies, business owners will be inspired to keep innovating in terms of management and operations.

While doing this, the government will construct a supportive and all-encompassing ecosystem for entrepreneurship that considers the variety of traits that entrepreneurs, cooperatives, agriculture-based groups, social enterprises, and small and medium micro companies can have (SMEs). To increase entrepreneur performance, the government will put policies into place to strengthen governance, rules, institutional roles, and financing. (Harakahdaily, 2022)

Risk management issues that frequently arise involve marketing and financial damage. (Altman et al., 2010). These young businesspeople are innovative and have fresh concepts for

their products. But they are unsure of the strategy or formula they should employ to increase sales. Due to their improper marketing strategies and decreased visibility because of this predicament, the things they make are less well known. This issue is quite concerning because while many young people enter the field of entrepreneurship, some young people also experience financial failure because of it. To describe the degree and application of business risk management among young entrepreneurs is the purpose of this work. The aim of this paper is to close the knowledge gap in Malaysian youth management literature and practice. This issue is crucial for the nation since youth are the future and the engine of national development.

## **1.1 Problem Statement**

- When young people enter this small and medium-sized enterprise (SME), inadequate financial risk management, such as failing to return every loan obtained, is a common issue (Altman et al., 2010). Entrepreneurs typically receive funding or loans from a variety of sources, whether from the private sector or direct government assistance. This loan is provided to help business owners launch their ventures and can ease the load of startup cash.
- The typical young entrepreneur uses the borrowed money in an irresponsible manner. For instance, they spend the money from the loan on items that have a lower return. The loan money melts because of this circumstance. When the time for repayment comes, their income or profits from their firm cannot support the loan. Their names are placed on a blacklist for future loans because of this circumstance.
- Any organization that might aid in this entrepreneurial sector will have doubts about the entrepreneur's skills when such a situation arises. Due to uncertainty and names on blacklists, this group will likely have trouble getting loans in the future, as well as financial aid from any agency. This is since many of these young entrepreneurs lack direction and sound financial understanding. Every industry you want to enter has its own requirements. Many of these young businesspeople disregard the necessity of expertise. One of the main factors in a young person's business failing is their inherent desire for achievement in a short amount of time.
- The youth's own rate of thought is another factor contributing to this circumstance. Many young people who engage in this entrepreneurship have recently earned their Malaysian Certificate of Education (SPM). This group typically shows less interest in learning new things, and as a result, they frequently fail in business (Subramaniam, 2010).
- Additionally, because these young managers lack expertise and know how to manage a firm's money, this issue frequently arises (Zulnaidi Yaacob, 2016). When this group lacks patience, it results in this lack of experience. They are eager to launch their own company. A handful of them lack the mindset to seek out experience. These people do not work hard to achieve their goals to help their firm expand successfully.

## **1.2 Research Questions**

This research is an attempt to address the following questions.

- How has business risk management been implemented by micro-sized entrepreneurs?
- How far does background of business affect the practice of business risk management?
- Does knowledge of BRM really influence the practice of business risk management?
- What is the Top risk management practice in BRM among micro-sized entrepreneurs?

### **1.3 Research Objectives**

The main objective of this research is to investigate the level of practice and risk management business of small-scale business among youth, but it will be focused on the eastern state of Malaysia. The specific objective of the studies is to:

- Discover the practice in BRM that implemented by micro-sized entrepreneurs.
- Study the level and practice of business risk management among youth entrepreneurs.
- Get a comprehensive picture of business risk management among youth entrepreneurs.

### **1.4 Scope of the Study**

This study focuses on the extent and practice of business risk management among young entrepreneurs in Kelantan. This study will be done with a soft copy questionnaire as a survey and reference for the researcher. This study will involve young entrepreneurs, both men and women, who are in the state of Kelantan. This study also involves urban areas as well as rural areas to get a comprehensive and comprehensive overview of business risk management practices among entrepreneurs.

### **1.5 Significant of the Study**

This research allows researchers to gain a better understanding of what factors influence business risk management practices among youth entrepreneurs. The elements that affect the practice of business risk management can have a bad effect if not paid attention to by entrepreneurs. In addition, this study also discusses the extent to which young entrepreneurs among the youth are familiar with business risk management practices. It is because of the objective study to examine the business risk management practices implemented by micro-sized entrepreneurs. There are many business risk management practices that can be used but not all entrepreneurs implement those methods. Among them is providing financial records of their business. This study examines the level and practice of young entrepreneurs towards business risk management. This study is also the practice to get a comprehensive picture of business risk management among entrepreneurs.

### **1.6 Limitation of the study**

This study will not cover other issues that are not necessarily related to the entrepreneur's own perspective but only cover the practices that have been listed by the researcher. This study

will not involve business conditions before the Covid-19 pandemic, which is in 2019 until 2020. Respondents must be micro-sized entrepreneurs who reside and conduct business in Kelantan.

## **2. Literature review**

### **2.1 The Practice in Business Risk Management (BRM) Implemented by Youth Micro Entrepreneur**

Business risk management (BRM) is increasingly regarded as a sign of effective management and is even demanded. Nevertheless, despite the abundance of literature on the issue, many organizations encounter various difficulties in its actual implementation (6). According to the Cambridge Dictionary, "risk" refers to the likelihood that something negative may occur (5). Risk is frequently equated with uncertainty, or something we don't know for sure. By contrast, risk is perceived by Hillson (2016) and Kumar (2021) as an uncertainty that, if it materializes, would make goals more difficult to achieve. This aim resembles the anticipated value or mean from a statistical standpoint, and the risk is a genuine departure or dispersion from the mean value. The danger increases as the dispersion around the mean increases. The standard deviation serves as a representation of this dispersion. After all, risks are something that people or businesses must continually deal with. Risk is one of the costs of life that must be paid by anybody who wants to broaden their perspective and discover the potential that is yet untapped, whether in their personal lives or the growth of their businesses, according to Zulnaidi Yaacob (2018).

Successful entrepreneurs may be thought of as a group that has effectively handled their company's risk because risk is a component of the laws of entrepreneurship. Youth micro-entrepreneurs represent a resource with enormous potential and may make a substantial contribution to the growth of the nation through microbusiness industries. Youth in Malaysia is between the ages of 15 and 40. However, young entrepreneurs between 18 and 25 years old are recognised in the country's young entrepreneur development initiatives. Small and Medium Enterprises Corporation of Malaysia (SME Corp. Malaysia) defines micro entrepreneurs as those who run small businesses with annual revenues of less than RM 300,000 and fewer than five full-time employees, regardless of whether they operate in manufacturing, service, or other sectors. When most small business owners adopted an informal working style and hired sporadic, low-wage staff, the term "micro entrepreneurship" first came into usage. It starts because of serious flaws in the field of formal education. The typical micro-entrepreneur has some business experience, but not enough to be proficient in areas like company risk management. Individuals who are considered micro-entrepreneurs believe that starting a small business is the best course of action to address the issue of low salaries and uncertain employment, according to Sherraden et al. (2004).

Some of them had precarious work prior to starting their own businesses, which prevented them from growing personally. In connection of the five major strategic objectives defined in the National Entrepreneurship Policy (2030), that will assist in raising the bar for micro companies. Therefore, numerous ministries and organizations are advised to expand Malaysia's SMEs and entrepreneurial activities outside of the city in order to foster the emergence of new entrepreneurs. The Ministry of Entrepreneur Development and Cooperatives (Medac) and the Ministry of Rural and Regional Development are two of the departments involved. They are working together with responsible and interested parties like Amanah Ikhtiar Malaysia (AIM),

the Business Economic Fund (TEKUN), the People's Trust Council (MARA), Corporation Nasional Berhad (PNS), Bank Rakyat, the Cooperative Development Department (JPK), Maktab Malaysia Cooperation (MKM), and the Department of State Economic Development (Nor Azira et al., 2016).

Young entrepreneurs require a substantial amount of cash to operate a firm, therefore, the government provides a lot of financial aid to them, although this is less effective than promoting the expansion of IKS (Zafir & Fazirah, 2007). Additionally, to enhance the skills and entrepreneurship of micro- and small-business owners, it is necessary to offer a financial management literacy curriculum that incorporates risk management in continuous business. The ministry also put up several programmes with a budget of RM 213.7 million in 2022 to encourage the growth of entrepreneurship among young people and women. It alludes to what the ministry's minister said to the legislature in March 2022. The resilience, self-assurance, and strong skill sets of our young stars have seen them grow even in the face of hardship, despite the government and many higher education institutions' numerous endeavors to promote and encourage youth entrepreneurship. 2022, Sandhya Menon). Thus, literature is made to observe the practical experience of young micro- entrepreneurs in implementing business risk management.

## **2.2 Background of Business and Practice in BRM Implemented by Youth Micro Entrepreneur**

The information specific to a firm is known as the business background. It includes all company-specific information, a description of the product or service, an evaluation of the business' facilities, and planning for both individuals and groups of people. It should be honest about the organization's history or culture. The more open these levels are to change, especially when it comes to openness, the more likely BRM is to be successful. Transparency in this sense refers to the readiness to openly discuss any barriers to the organization achieving its goals, the outcomes of risks and uncertainties, and the suitability of current measures to address such gaps. It also entails a readiness to be transparent about the justifications behind choices about risks and priorities. This kind of transparency will not be desired by many authoritarian management philosophies, which poses a serious risk to the implementation of BRM. If two tactics are used: (1) the specific industry or organization is undergoing significant change, and (2) the management team is being established, or is undergoing significant change, BRM is greatly aided, especially for young micro-entrepreneurs.

Transitions of this nature create a setting in which BRM's methodical approach to managing uncertainty and supporting decision-making is particularly beneficial. When you first start, you should also consider how to generate attention and establish trust. You should use BRM tactics in several test projects before spending a lot of money on things like hiring an excessive number of employees or purchasing pricey software. You should find internal advocates for ERM who are interested in and competent in doing so and collaborate with them to show how BRM approaches may be used to address issues and improve choices. For example, The Joint Australian/New Zealand Standard for Risk Management (1999) and Tillinghast Towers Perrin's at-the-time cutting-edge thinking are the foundations of one approach of the operational emphasis (2000). This method starts with the plan before taking a comprehensive look at all the hazards to achieving strategic business goals. This encompasses risks related to finances, clients, assets, safety, the environment, regulations, and reputation. So, in response to your inquiry, it is simultaneously operational, strategic, and financial. It may

be enterprise-wide management of those risks, but it is not BRM if an organization just concentrates on a small subset of certain risks or sections of the business.

### **2.3 The Practice in Business Risk Management (BRM) Implemented by Youth Micro Entrepreneur**

Since the 1950s, understanding of risk management has increased. It was first applied in the military, space, and nuclear projects and has since expanded to include the disciplines of construction, medical, energy, education, and finance (Azhar Susanto & Meiryani, 2018). Identifying, assessing, and evaluating anything that can provide dangers or opportunities to a business is the process of risk management, according to Hitesh (2019). Implementing risk management is the process of identifying prospective hazards in the future, assessing them, and making the appropriate decisions. Negative effects, also known as threats, and positive effects, sometimes known as opportunities, can be classified as effects that pose risks to the attainment of corporate objectives (Hillson, 2016). Zulnaidi (2018) asserts that risk occurs in all industries. Therefore, risk management is crucial in predicting the future of a company and the management abilities of the entrepreneur.

One of the key considerations for achievement in the entrepreneurial sector is business risk (Zulnaidi, 2018). Because of this, this study assumes that understanding business risk management could help young entrepreneurs in micro-enterprises perform better, resulting in long-term benefits for their stakeholders. It also suggests that enterprise performance has a positive impact on the correlations between accountability, responsibility, analytical thinking, and emotional intelligence among youth entrepreneurs in micro-enterprises. Young people are better able to perceive risks and know how to effectively handle them. For small firms, which are frequently linked to small money issues, risk management is becoming more and more important (Daskalakis et al., 2013).

Finally, business owners who are willing to take risks are those who understand the risks they are taking and are prepared to deal with them if they arise. Entrepreneurial performance, financial literacy, and entrepreneurial attitude were found to be positively correlated (Purnomo, 2019). While, according to Aliyu et al. (2015) maintain that entrepreneurial attitude and knowledge management are important and have a good association with business performance, when organizational culture serves as a mediator in this interaction, it gets stronger.

### **2.4 Top risk management practice and The Practice in BRM Implemented by Youth Micro Entrepreneur**

There are many BRM practices in the reality of business. By the way, we listed five top risk management practices done by successful entrepreneurs.

#### **Do a financing record.**

Maintaining financial records is crucial for effective financial management. Money is distributed in accordance with the strategic aims of the government, thanks to financial management. Controlling the budget that the legislature has approved and publishing audited records of actual spending enhance this goal. The document that summarizes or provides evidence of business, from little items like income statements, invoices, and receipts to

significant items like income statements and balance sheets, is called finance records. Financial records for an accounting department must be arranged properly to be used.

Even in tiny or micro businesses, records are crucial for financial responsibility. Rules for the security and usage of financial records will be outlined in the organization's financial instructions and the accounting handbook. (Don Brech and Piers Cain, 1990) These papers, however, typically do not impose guidelines for the maintenance of records. At the same time, the organization's records manager often has little control over financial records. This important resource is not properly managed or regulated as a result. Failure to manage records can cause an accumulation of unnecessary records, congestion, and disarray. It will be exceedingly challenging to efficiently obtain, use, and conduct the audit process due to this. Where there is a violation of the legal requirements for maintaining financial records, auditors should provide comments. Even if there may be written rules, regulations, and processes for effective administration of financial records, they are useless if they are not put into practice. Auditors can significantly improve records management by highlighting instances of poor record keeping and suggesting that management impose punishments on repeat violators. Young business owners should be more thoughtful and smarter when logging all their company's financial transactions.

### **Recruit special.**

Studies that examine the compatibility of company BRM systems with the requirements of the two primary industry BRM frameworks are few and far between. Even though risk complexity has increased over the past few years at all levels of organisations, some academics contend that understanding the role of BRM in business operations and continuity, as well as risk culture and awareness, can lessen the detrimental impacts of inadequate risk management strategies (Collier et al., 2007). For an ERM deployment to be effective, a thorough understanding of corporate risk culture and awareness is required (Lam, 2014). To maintain their competitiveness, to comply with governmental requirements (SEC, 2010; US House of Representatives, 2010), or to follow industry standards and best practises, several businesses have developed or reoriented their BRM processes. In a small business, Effective BRM implementations may raise company value, reduce profits, and stock price volatility, increase capital efficiency, raise risk awareness and perception, and enhance tactical and strategic decision-making, to name a few advantages (Krause and Tse, 2016). (Bromiley et al., 2015; ISO, 2009). Researchers in the fields of accounting, finance, and information systems have looked at a variety of BRM implementation-related challenges. To illustrate the variables that cause businesses to implement BRM programmes, Liebenberg, and Hoyt (2003) used the employment of a CRO as a proxy for BRM adoption. According to the report, businesses that are facing stock price volatility, strong growth, and high leverage are more likely to use BRM methods. Therefore, it appears that the significance of hiring is the key to raising entrepreneurs' performance.

### **Take an insurance policy**

The mention of expected outcomes is a crucial component from the perspective of insurance, leading to the definition of risk as the difference between actual and expected results (RonkaChmielowiec, 1998), where the likelihood of reaching values that are not expected is calculated. Most current research studies focus on the operational facets of risk management. According to Monkiewicz et al. (2010) (Monkiewicz & Hadyniak, 2010), insurance businesses



safeguard their assets and raise the level of market turnover security, which influences their market values. Utilizing insurance effectively in risk management programmes necessitates having access to ever-improving skills and competencies.

The author emphasizes the usefulness of insurance as a tool for business management (Monkiewicz & Gsiorkiewicz, 2011). Therefore, it is crucial for a leader to design an insurance policy to reduce losses brought on by turbulence in the business' operations and to help in areas of cost optimization. It should be mentioned that insurers currently offer a wide variety of insurance coverage to corporate organizations, and the products on the market are getting increasingly advanced and "customized." This is made possible by the escalating competition, the development of cutting-edge risk management strategies from both the client's and the insurance company's perspectives, as well as the global knowledge transfer that makes it possible to offer programmes that completely satisfy the customer's anticipated needs (Pukaa, 2014).

### **Make financial control.**

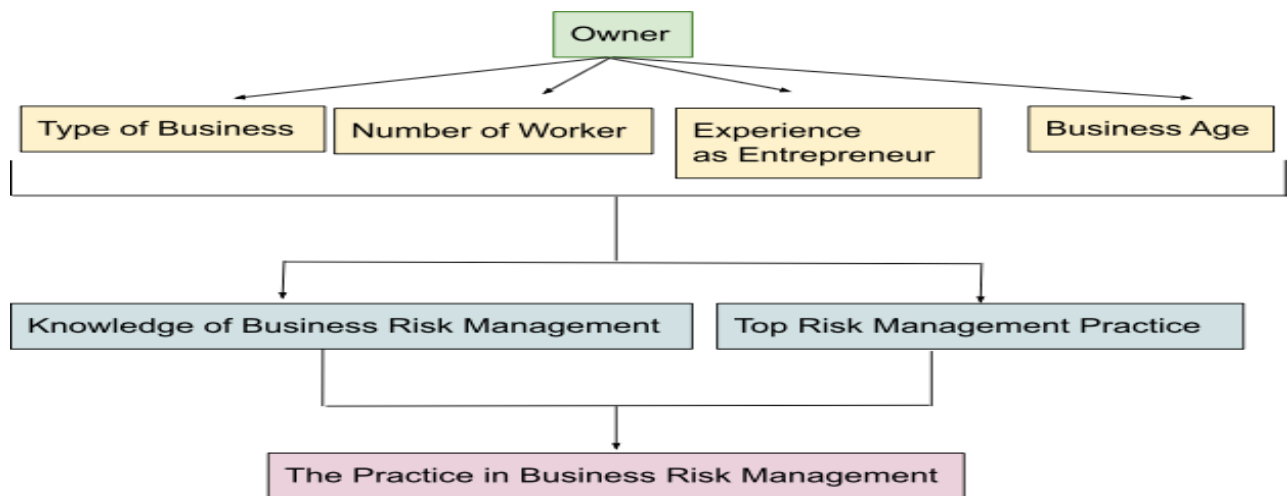
Financial control is the creation of a study of a company's actual outcomes in comparison to its short-, medium-, and long-term goals and business plans, approached from different angles at different periods. Risk is therefore viewed as an essential component of a company's operation, and to make effective financial risk management decisions, the amount of financial risk must be evaluated in terms of a company's risk performance (Olah et al., 2019). One of the biggest challenges for SME organisations is financial risk (Yang, 2017). The most prevalent signs of SME financial risk are difficulties with financing and a shortage of finances (Bosma et al., 2018), as most firm operations are funded by the capital of the owners or managers themselves. This might lead to a rise in operational expenses, a rise in company debt, issues with debt repayment, and subsequently significant financial risk. By guiding businesses toward a more productive scope of activity, access to financing is likely to improve the quality of the business environment.

### **Use professional financial services.**

One strategy for a company is to use expert financial services. Due to the availability of expert financial services, business owners may tailor their plans to their own requirements. Working with experts who can assist you in managing all facets of your financial health is often required when developing and putting into practise a complete financial plan, according to Katie Duncan (2018) (7). The expert may assist the business owner in achieving certain objectives for their enterprise. Although the use of financial professionals is not required for every firm, it may help entrepreneurs manage business risk effectively based on their requirements, values, goals, and time constraints. Even if young entrepreneurs don't go through major life events like marriage, divorce, or death, there are some things that could happen that would make it necessary to review their financial plan, such as changing goals or time horizons or having an urgent need for financial preparation (e.g., drafting a will, managing a distribution from a retirement account, paying long-term care expenses). It might be simple to invest your money and then forget about it, especially if your income or spending significantly change, your portfolio doesn't perform as intended, or the economy or tax rules change. Financial planners can assist you in staying on top of things and identifying circumstances that may have an impact on the company's finances. The correct financial service experts will look out for your best interests. As an illustration, registered investment advisers (RIAs) have a fiduciary

obligation to their customers, which necessitates that they provide accurate financial advice to the best of their knowledge, consider efficiency and cost when executing trades, and declare any conflicts of interest. There are many self-described "advisors" out there that want to rip off customers and make a fast profit. By choosing to deal with licenced financial experts, the entrepreneurs can be sure that the folks they're hiring are driven by a desire to see others succeed financially.

## 2.5 Conceptual Framework



This study is based on a study of the relationship between BRM’s factors and youth micro-entrepreneurs. For a BRM deployment to be effective, a thorough understanding of corporate risk culture and awareness is required (Lam, 2014). Risk management is becoming a must in the commercial climate of today. Assessment, management, and control of hazards within an organization are all done systematically through risk management (Lundqvist, 2014). The owners or entrepreneurs of the business must be influenced by the type of business, number of workers, their experience as entrepreneurs, and the age of the business. The primary practice for the implementation of BRM is the company's entire background. Then, followed by the knowledge of BRM and top risk management practices that the entrepreneurs should have implemented in their practice of BRM.

## 3. Research Design and Methods

This study uses a quantitative approach conducted with a questionnaire survey method created to identify and analyze the level and practice of risk management among youth entrepreneurs to face any business challenge. While the study population consists of entrepreneurs at the youth level who are in urban areas and rural areas within the state of Kelantan only. According to TEKUN Nasional (2018), 52,202 borrowers received finance through the TEKUN Nasional Friends Scheme from January 2015 to February 2018. There were 1,929 entrepreneurs in Kelantan who received funding from TEKUN between January

2015 and February 2018. The youth entrepreneurs belong to the 15–40-year-old category. The state of Kelantan was chosen as the study location because it is easy for researchers to move around, and the state also has various types of enterprises and has a relatively large number of micro-entrepreneurs.

### **3.1 Sampling**

Sampling is the process or method used to select several participants from a population to take part in a study to represent the larger group from which they were selected (Ogula, 2005). Using the chart created by Krejcie and Morgan (1970), the sample size for this study was calculated to be the same as the population size. According to TEKUN Nasional (2018), 52,202 borrowers received finance through the TEKUN Nasional Friends Scheme from January 2015 to February 2018. There were 1,929 entrepreneurs in Kelantan who received funding from TEKUN between January 2015 and February 2018. If the overall population is 1,929, then 322 respondents make up the study sample according to Krejcie and Morgan's table for calculating sample size.

Analysis Plan- The primary and secondary data used in the research studies will be described in this section. This section aims to address the study's goals and evaluate the research's speculation. The research's data has been examined, and this chapter presents the findings of the statistical analysis. The research study's entire set of findings are presented in tables. Descriptive statistics and Pearson Correlation serve as the primary analytical tools in this research study. The researchers compiled, edited, classified, and encoded the data from the questionnaires using computer programmes like the Statistical Package for the Social Sciences (SPSS), which they then used to interpret the primary data. With the aid of this computer programme, researchers can quickly compute the data and motivate quantitative research in a less taxing manner. The variables are analyzed using descriptive analysis, and the respondent's biographical details are also described. To determine the significance of the relationship between the study's variables, reliability statistics are used. Pearson The independent variable is investigated using the correlation coefficient, and the data are analyzed using the dependent variables (Bewick et al, 2003).

### **3.2 Descriptive Statistic**

To describe the key components of the data in an investigation, descriptive statistics have been used. It provides simple summaries of the sample and the measurements. In descriptive statistics, the goal is to explain the significance of the data or what they will reveal. Descriptive statistics can be used by researchers to predict and visualize future data changes. It has been used to display the current quantitative descriptions in an approachable manner. It can help the researcher in effectively simplifying a large amount of data. The average value of each variable is calculated using descriptive statistics analysis.

### **3.3 Reliability Test**

To assess the accuracy of the respondent's input, reliability measurement is used (Jansen et al., 2003). Test-retest reliability, internal accuracy reliability, split-half reliability, and inter-rater reliability are just a few examples of the various types of distinctive approaches. The widely used scale reliability proportions are specified by the reliability analysis method. Additionally, details about the connections between the scale's individual items have been provided.

### **3.4 Pearson Correlation Analysis**

To determine whether the correlation is statistically significant or not and whether the hypothesis should be accepted or rejected, Pearson Correlation Analysis is used. Whenever a significant p-value result is more than 0.05, the hypothesis can be rejected (Lone, 2016).

### **3.5 Research Testing tools**

While the research testing tool for this study is a questionnaire whose questions have been selected from a previous study (Zulnaidi Yaacob, 2016) and modified from a literature review. The questionnaire for this study consists of respondent background information, business background, risk management application and entrepreneurial orientation for youth entrepreneurs. Data collection using a questionnaire through the google form platform whose link was distributed on social media and close contacts between the beginning of December 2021 until the end of December 2022. After the data was obtained, SPSS software version 26.0 was used to analyze the data and identify the level of practice and risk management business that is the objective of this study. The respondents' personal information is the primary focus of Section A. Every response's demographic segmentation is requested. Researchers can learn about the respondents quickly due to this basic information. Gender, age, level of education, monthly income are all examples of demographic information. The questionnaire's demographic questions allow it to collect broad demographic data on both current and potential respondents. The independent variables, such as type of business, number of employees, experience as an entrepreneur, and business age are more the focus of section B. While the dependent variables consist of any practice of Business Risk Management and the top risk Management practices in business according to the entrepreneur opinion.

### **3.6 Hypothesis Statements**

The hypothesis statement found in this study is as follows:

- The background of business will affect the practice of business risk management.
- The knowledge of business risk management will influence the practice of business risk management.
- The financial record is the top risk management practice in business risk management.

## 4. Data Analysis & Interpretation

### 4.1 Data Analysis

This section aims to address the study's objectives and evaluate the research's speculation. The research's data has been examined, and this chapter presents the findings of the statistical analysis. A few tables have provided a summary of all research study findings. In this research study, descriptive statistics, reliability tests, and Pearson Correlation are used as the primary methods of analysis. The researchers compiled, edited, classified, and encoded the data from the questionnaires using computer programmes like the Statistical Package for the Social Sciences (SPSS), which they then used to interpret the primary data. With the assistance of this computer programme, researchers can quickly compute the data and motivate quantitative research. This study aims to test the descriptive analysis and Pearson correlation coefficient using a wide range of statistical techniques. To determine the logical outcomes of this computer programme, researchers can use the data sources. The analyses covered reliability analysis, descriptive analysis, respondent demographic analysis, and Pearson's coefficient analysis. 112 respondents provided the research's data, which were the study's findings. After data collection, IBM SPSS Statistics version 26 was used to analyze the data in this study.

### 4.2 Respondent Profile and Business background

Table 1. Respondent Profile and Business background

Demography	Item	Number of Respondent	Percentage (%)
Gender	Male	55	49.1
	Female	57	50.9
Age	Below 25 Years	13	11.6
	25 - 29 Years	45	40.2
	30 - 34 Years	41	36.6
	35 - 40 Years	13	11.6
Level of Education	Malaysian Certificate of Education (SPM)	27	24.1
	STPM, STAM, Skills certificates	14	12.5
	Diploma Education	18	16.1
	Bachelor's Degree	48	42.9
	Master Degree /Doctor of Philosophy (PhD)	5	4.5
Monthly Income	RM1,000 and below	12	10.7
	RM1,001 - RM2,500	54	48.2
	RM2,501 - RM5,000	36	32.1
	RM5,001 - RM7,500	5	4.5
	RM7,501 - RM10,000	4	3.6
	RM10,0001 and above	1	0.9
<b>Total</b>	<b>112</b>	<b>100</b>	

Table 1 provides a summary of the study participants' profiles. The study's findings indicate that the respondents' genders are nearly equal, with 50.9% women and 49.1% men. The age range of most respondents in this youth category was found to be between 25 and 34 years old (76.8%). If we examine the level of education, most respondents (42.9%) have a degree, followed by those who have at least an SPM/SPVM education (21.4%) and those who have a diploma (16.1%). The level of education typically has little bearing on how well a microbusiness is run because it typically relies on family inheritance, local resources, and the local market. In fact, it has even come to be one of the primary requirements for receiving microfinancing assistance (Mohamad Syahmi, 2020). The study's findings also revealed that while most respondents only make between RM1,001 and RM2,500 per month (48.2%), the income of respondents can reach RM10,000 per month (4.5%). This is most likely connected to how the coronavirus, which has started to be found in Malaysia during this study, is expanding.

Table 2. Business background as an Independent Variables

<b>Independent Variables</b>	<b>Category</b>	<b>Number of respondent</b>	<b>Percentage (%)</b>
Type of Business	Retails	20	17.9
	Food & Beverage	36	32.1
	Handicraft	2	1.8
	Services	23	20.5
	Tourism	6	5.4
	Manufacturing	2	1.8
	Agriculture	8	7.1
	Clothes	15	13.4
Number of employees	No employees	45	40.2
	1 person	41	36.6
	2 people	17	15.2
	3 person and above	9	8.03
Experience as an Entrepreneur	1 - 2 years	27	24.11
	3 - 5 years	46	41.07
	6 - 8 years	29	25.89
	9 -10 years	9	8.03
	Over 11 years	1	0.9
Business Age	Below 1 years	26	22.3
	1-5 years	69	61.6
	6-10 years	17	15.2
	10 years and above	0	0
<b>Total</b>	<b>112</b>	<b>100</b>	

An overview of the respondent's business data can be found in Table 5. According to the study's findings, most respondents (32.1%) work in the catering/restaurant industry, provide food services, and prepare food. According to the analysis, most respondents who work in the food industry make an average monthly income of between RM 2,501 and RM 5,000. A small warong or kiosk like Medan Selera can provide information about the location and size of the food business. Micro status food entrepreneurs are still able to sell on a small scale by using kiosks or small stalls provided with a certain rental rate, despite selling in small, medium, or mega supermarkets. Small booths or kiosks are available for other types of businesses as well, including the sale of communication devices, handicrafts, clothing and fabrics, cosmetics, and pharmaceuticals, among others. The government has adopted this situation as a strategy to boost the income of micro-status business owners in Malaysia's major cities. The results show that 20.5% of the respondents work in service-related businesses, such as working at kiosks for communication tools, printing services, salon services, spa massages, and cosmetics, among other businesses. The analysis also revealed that respondents working in this service-related industry make an average monthly income of between RM 1,001 and RM 5,000. Moreover, Table 2 reveals that the respondent's experience as an entrepreneur is found to be in the range of 3 to 5 years (41.07%), followed by 6 to 8 years (25.69%). However, the majority of respondents (61.6%) claimed that their company had only been in operation for one to five years. Despite having a business age of one to five years, 61.6% of the respondents, the analysis shows that 40.2% of them are unable to hire employees. While 15.2% of respondents and 36.6% of respondents, respectively, employ two employees to support their business operations.

### 4.3 Business Risk Management

Table 3. Business Risk Management as a Dependent Variables

Dependent Variable	Answers	Number of respondents	Percentage (%)
knowledge of Business Risk Management	Yes, they have knowledge of BRM.	97	86.7
	No, they don't have knowledge of BRM	15	13.3
<b>Total</b>		<b>112</b>	<b>100</b>
the top risk management practices in business that has been picked by entrepreneurs	Do a financing record.	48	42.8
	Recruit special staff for risk management	12	10.7
	Take an insurance policy.	17	15.2
	Make a Financial control.	6	5.4
	Use professional financial services	4	3.6
	Updating market information (up and down the price of goods)	25	22.3
	Others	-	-
<b>Total</b>		<b>112</b>	<b>100</b>

According to Table 6, 86.7% of the respondents are aware of business risk management. 13.3% of respondents said they knew very little or nothing about business risk management. The situation is improving because, according to a study by Zulnaidi (2016), 42.8% of microentrepreneurs in Kelantan are unaware of or have limited knowledge of business risk management, which is a warning sign that needs to be addressed right away. This relates to the business standing of those operating small- and medium-sized enterprises (Zulnaidi, 2018). Further investigation reveals that the respondents appear to use a variety of business risk management techniques, some of which they may not be aware are part of standard business management procedures and which they have been using for a considerable amount of time. The respondents were given a list of business risk management procedures to choose from as one of the most crucial risk management procedures in their commercial affairs. Table 5 reveals that 42.8% of the respondent's identified preparation and maintenance of financial records as their company's primary risk management strategy. The information in this table does not, however, imply that the respondent's company only uses one risk management strategy.

#### 4.4 Testing of Hypothesis

Table 3. Hypothesis Test summary of this research

<b>Hypothesis Test Summary</b>				
	<b>Null Hypothesis</b>	<b>Test</b>	<b>Sig</b>	<b>Decision</b>
1	The categories of gender occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
2	The categories of Age occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
3	The categories of Level of Education occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
4	The categories of How much did you earn for a month? occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
5	The categories of Type of Business occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
6	The categories of Number of employees (not including spouses) occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
7	The categories of Experience as an Entrepreneur occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
8	The categories of Business Age occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.



9	The categories defined by Do you have any knowledge of Business Risk Management? = No and Yes occur with probabilities .500 and .500.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
10	The categories defined by Do you practice any Risk Management in Business? = No and Yes occur with probabilities .500 and .500.	One-Sample Chi-SquareTest	.003	Reject the null hypothesis.
11	The categories of What is the top risk management practices in business occur with equal probabilities.	One-Sample Chi-SquareTest	.000	Reject the null hypothesis.
Asymptotic significances are displayed. The significance level is .050.				

Table 3 Shown a hypothesis test summary. In this table a few independent variables and dependent variables have been tested. A few variables such as gender, age, level of education, monthly income, type of business, number of employees, experience as an entrepreneur, business age, and top risk management practice in business has been tested using a one-sample chi-square test. The null hypothesis is that the categories of gender occur with equal probabilities with significance level of 0.000. Thus, the decision of this test is rejecting the null hypothesis. The conclusion of this test is that the hypothesis is true. While the other variable, the knowledge of Business Risk Management (BRM) and the practice of BRM has been tested with a one-Sample Binomial test. These two variables came with two answers which are Yes or No and occur with probabilities of 0.500 for Yes and 0.500 for No. For the null hypothesis of the knowledge of BRM came with a significance level of 0.000. Thus, the decision of this test is rejecting the null hypothesis. The conclusion of this test is that the hypothesis is true. Meanwhile, the null hypothesis of the practice of BRM in their business came with a significance level of 0.003. Thus, the decision of this test is rejecting the null hypothesis. The conclusion of this test is that the hypothesis is true.

## 5. Implication and Contributions to Knowledge

### Practical Implications

The main aim of this study is to find out the practices carried out in business risk management implemented by micro-entrepreneurs in Kelantan. Among the main risk management practices in business are financial records, updating market information, appointing special staff for risk management, taking out insurance policies, financial control, using professional financial services and others. This study was carried out with support from observation and review of several journals, articles related to this topic and findings from micro-entrepreneurs in Kelantan. As a result, this study makes us more knowledgeable for all practical purposes, as stated in the main objective of our research. This study helps to improve the process of identifying practices in business risk management and can open the eyes of the public, especially entrepreneurs in Kelantan to have knowledge about business risk

management which is increasingly playing an important role affecting business performance in recent times.

### **Contributions to knowledge**

The findings of the survey confirm that the practice in business risk management implemented by micro entrepreneurs in Kelantan is at a moderate rate and it still needs to be improved and should not be taken lightly. Among the practices that are often implemented is preparing financial record books and updating market information. Other practices that are considered important are buying insurance policies, controlling one's own finances, and having dedicated employees especially in financial risk management for the business. Because this study only focuses on entrepreneurs at the micro level, the use of professional financial services for business financial replacement is very rare due to the small size of the business. Most of the respondents agreed that risk management can provide great benefits to their business especially in the financial performance and operations of their business. Each business will be measured and assessed the level of risk experienced by referring to several indicators of the probability of the impact of various risks and bringing various effects to the business. In achieving business goals, whether small or big goals, the risks that occur need to be faced and overcome with reference to the level of impact they create. Each factor that was studied and questioned, all the relationships between practices in risk management implemented by micro entrepreneurs in Kelantan were studied using the correct method. However, more studies need to be conducted to get a more comprehensive picture of business risk management among entrepreneurs, especially after the outbreak of the Covid-19 pandemic that hit the world. This is because the business management of small entrepreneurs has begun to venture into new norms with the use of mobile and online technology that enables the existence of new forms of risk such as cybercrime and security. Business risk management among youth micro-entrepreneurs needs to be given serious attention for its survival and impact in influencing business performance now and in the future.

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