

Poverty Reduction through Entrepreneurship Programmes

Amirul Iman Mohd Jazid¹, Patmawati Ibrahim² and Umi Kartini Rashid³

Abstract--- Purpose of the study: The issue of poverty has become more serious as the number of aid recipients according to the statistics provided by Jabatan Kebajikan Masyarakat (JKM) and State Islamic Religious Council (MAIJ) seems to be increasing. The dependency of recipients on aid shows that the poor are still burdened with poverty problems due to the high standard of living cost and household financial constraints. Under the Human Development Index (HDI), there are three dimensions considered to be able to achieve well-being in life namely economic / standard of living, education and health. The ability and productivity of individuals are an important part in assessing a country's development. Therefore, this study aims to propose entrepreneurship programmes to beneficiaries to help them escape poverty and to achieve a better standard of living. **Methodology:** This study has been conducted using quantitative method. Descriptive tests were performed using SPSS to identify the mean scores, frequency and percentage obtained for each statement. A total of 260 beneficiaries were identified as respondents representing both poverty agencies which are JKM and MAIJ. Friedman test had been done earlier and later found out that economic aspects got the highest ranking. **Main findings:** The study finds that out of the three dimensions of HDI namely; economic / standard of living, education and health, economic dimension has been proven to have the highest mean rank. This shows that living economy is a factor that causes poor people from getting out of poverty. This study also finds that majority of poor people earn less than RM1,000 and this is one of the main reasons for poor people to be stuck in this state. Therefore, looking at these dimensions, this paper tends to introduce entrepreneurship programmes to beneficiaries to help them improve their standard of living. **Social implications:** The implementation of the entrepreneurial programmes to beneficiaries can provide impacts on the local community. Changes through job openings, increased productivity, different types of product and service production can impact the development of a society. **Novelty of the study:** Entrepreneurship programmes can be enhanced by exposing them to business knowledge through the use of digital technology. The exposure of digital technology in expanding the marketing of products and services can bring the poor to a new level. In addition, assistance to the poor through trainings and courses should also be enhanced by focusing on digital technology concepts.

Keywords: Poverty; Standard Of Living; Economy; Entrepreneurship

I. INTRODUCTION

In Malaysia, there are various agencies which are responsible for the alleviation of poverty and taking care of the welfare of poor people. Representing government institution is Jabatan Kebajikan Masyarakat (JKM) that takes care

¹Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia (UTHM), Malaysia. E-mail: amirulaimj@gmail.com

²Department of Management and Technology, Universiti Tun Hussein Onn Malaysia (UTHM). E-mail: patmawati@uthm.edu.my

³Department of Business Management, Universiti Tun Hussein Onn Malaysia (UTHM), Malaysia. E-mail: kartini@uthm.edu.my

of the welfare of each beneficiary. Next, under the zakat institution, the beneficiaries of poor Muslims are kept under the State Islamic Religious Council. All of these agencies are responsible in assisting the government in realizing the 2020 Vision on achieving zero poverty.

The success of each agency in helping to reduce poverty rates is proven when the poverty rate in Malaysia has dropped dramatically since the implementation of the New Economic Policy (NEP). According to a report released by the Ministry of Rural Development (2018), Malaysia's poverty rate in 1970 was 49.3 percent, which decreased to 0.4 percent in 2016 [15]. Also according to the strata, the poverty rate in urban areas in 1970 was 21.3 percent decreased to 0.2 percent in 2016. Meanwhile, the poverty rate in rural areas in 1970 dropped from 58.7 percent to 1.0 percent in 2016.

One of the successful factors in reducing poverty in Malaysia is the effective implementation of programmes and the provision of various forms of skills and modules in ensuring that the poor have the knowledge to compete with the local community. According to Idris and Selvaratnam (2012), what a big loss it is if the existing skills in the poor community are not highlighted as a form of income generation. This is because the majority of poor people at least have more than one skill, for examples sewing, trading, baking, cooking and others [9].

However, despite the effectiveness of successful programmes to help the poor, issues arise among the poor. These problems have an impact on the effectiveness of the programmes being implemented. Not only that, these problems also cause poor people to fail in competing with other people and ultimately rely on the monthly help provided by the poverty agencies. Although poverty rates in Malaysia have decreased, there is still an increase in poor households in Malaysia as shown in the study by Khazanah Research Institute (2018) [11].

This can also be seen in the JKM Annual Report 2016 statistics released by JKM agency showing that the number of general aid recipients in Johor has increased in three consecutive years since 2014. Following the monthly aid statistics from the zakat institution in Johor, it also reveals that there is a 4-year increase in recipient's number since 2014. Continuously depending on general or monthly aid proves that the problems that exist among the poor affect the effectiveness of poverty eradication programmes. This has affected the standard of living of the poor and led to persistent poverty.

Therefore, a need for entrepreneurship-oriented programmes arises to provide the poor with the opportunity to generate income. This is because higher costs of living result in insufficient income for poor people to support their families with other basic needs. A study by [18] showed that an increase in the cost of living burdens an individual who earns below than RM 2,000 because they spend almost 95 percent of their net income. This also shows that they are not able to make any savings from their monthly income. They have to do another work for extra earnings.

The entrepreneurial programmes provided by each poverty alleviation agency are able to help the poor to generate income and also enable them to save for emergency or retirement purposes. As a study by Cho (2015) showed, the existence of an entrepreneurial programme provided by the agencies is able to eradicate poverty [6]. The entrepreneurial programme also provides a variety of other aids for the purpose of supporting and encouraging the poor to continue competing to ensure they can get out of poverty.

II. LITERATURE REVIEW

A. *Entrepreneurship Development*

For poverty alleviation purposes, there is a programme that can help the poor in the long run in terms of their standard of living. On behalf of that, poverty eradication programmes through entrepreneurial activities are believed to help the poor to get out of poverty. This is because, the best solution for poverty eradication explained by Ifeoma, Purity, and Yusuf (2018) is to encourage more business activities and to open new opportunities through entrepreneurial development [10]. In addition, this entrepreneurial activity also provides a new approach to address the problem of poverty and stimulate the country's economic growth.

Development in the entrepreneurial sector can help income generation especially to the poor. Other than generating income, an increase in employment opportunities in entrepreneur sector is also important for those who are struggling to find job. This is because according to Ali and Ali (2013), entrepreneurship is a process that contributes to social wealth with the creation of new jobs, new technologies, new markets and an increase in one's productivity [3]. Employment provided by entrepreneurial sector opens up opportunities for the poor to compete with other people in terms of income generation while also removing them from poverty. Alvarez and Barney (2014) also believed that the existence of this entrepreneurial programme can be achieved in conjunction with assistance in the form of education and business training, capital assistance and legal enhancement. Each of these supports plays an important role in supporting the poor community in entrepreneurship [4].

Putih (1985) argued that to be successful as an entrepreneur requires a person who is willing to face challenges, creative, rational, knows how to spend money wisely, will not give up, and confident with their own ability [19]. As explained by Agri, Nanwul, and Acha (2017), the success of poor people through this entrepreneurial activity is a result of the risks they take, the commitment and consistency they contribute to release their own products or services [2]. Lastly, in conjunction with these successes in the future, it can also open up other employment opportunities, transform demand into supply and lead to a sustainable development.

Entrepreneurship activities in Malaysia play an important role in helping the poor to get out of poverty especially through the business sector and small and medium enterprises. The SME industry in Malaysia contributed to almost 98.5 percent of total growth and contributed to 38.3 percent to the country's GDP compared with 37.8 percent the year before [7]. Therefore, recognizing the high contribution of SMEs to the Malaysian economy, the government has introduced various programmes under the SMEs including various supports through financial and non-financial assistance [26]. SMEs are important for poor communities who want to generate extra income. The Malaysian government therefore introduces entrepreneurship activities in various fields such as services, manufacturing, food and beverage to the rural population. Indirectly it can increase their income and help ease their cost of living [17].

According to Ridzwan, Muhammad, and Rahman (2017), there is an increase in the involvement of Malaysians in the entrepreneurship sector [21]. The majority of the people involved in entrepreneurship are those aged 40 and below and this can be categorized as young entrepreneurs. Facing challenges in the current economy, young people need to make sure they can get the right jobs and seize the opportunities available with other young people. As a result, these young people are forced to engage in entrepreneurial activities because they also believe that it can

bring a good return for themselves as said by [1]. The difficulty of finding suitable employment opportunities among young people has given the government an opportunity to persuade them to join the entrepreneurship sector shortly after finishing their higher education according to Din et al. (2017) [8].

B. Human Development Index (HDI)

The Human Development Index (HDI) first introduced in 1990 by Mahbub-al Haq and Armatya Sen aims to look at the development of human in a country [22]. In conjunction with the United Nations Development Program, the Human Development Index (HDI) is further enhanced by the well-being approach introduced by Armatya Sen, as well as adding some other things that are understood that if individuals are able to achieve these three dimensions, they are considered to be able to achieve the well-being of life.

UNDP (2019) explained that the Human Development Index is also created to emphasize that the ability and productivity of individuals are the key criteria for assessing a country's development, not just depending only on economic growth. In the first Human Development Report published by Mahbubul Haq (1990), the most important factors in ensuring human development are a long and healthy life, complete education and a high standard of living [14].

III. METHODOLOGY

Quantitative study design had been used in this study by conducting field studies as well as secondary findings. The population in this study was a poor community who received assistance from two poverty alleviation agencies in Muar district, Johor which were JKM Muar and Muar Islamic Religious Council (MAIJ). The sampling method used was quota sampling method. A total of 260 respondents were identified using the formulas issued by Krejcie and Morgan (1970) [12]. In order to be fair with both agencies, the authors needed to divide the respondents by 50 percent to represent each agency, JKM and MAIJ. This study focused on poor people who received financial aid from anti-poverty agencies hence, questionnaires were spread out among poor people in designated areas. For analyzation, SPSS had been used to determine the frequency, mean and median for every item in the questionnaires. Friedman test was used for rank-ordering of each dimension in HDI and it was discovered that economic / standard of living achieved the highest mean rank value. For Friedman test, it was used to test the differences between groups by rank-ordering based on the mean ranking when dependent variables measured were ordinal.

IV. FINDINGS

Descriptive methods were used to obtain clearer information on the respondents' demographics. Table 1 below shows that this study is comprised of 65.4 percent men and 34.6 percent women. The majority of respondents were those aged 46 years and above with the percentage of 93.5 percent. Furthermore, 83.5 percent of the respondents had the education level of SPM and below. On the other hand, 46.5 percent of the respondents were self-employed and the majority of respondents earned less than RM1,001 with the percentage of 72.7 percent. A total of 61.9 percent of the respondents received poverty aid for less than 3 years, while only 38.1 percent of the poor received 3 - 5 years of assistance.

Table 1: Respondent's demographic

		<i>Frequency</i>	<i>Percentage (%)</i>
Sex	Men	170	65.4
	Women	90	34.6
Age	25 years old and below	0	0
	25 – 35 years old	3	1.2
	36 – 45 years old	14	5.4
	46 years old and above	243	93.5
Education Level	SPM and below	217	83.5
	Certificate/STPM/Diploma	43	16.5
	Degree and above	0	0
Period of receiving assistance	< 3 years	161	61.9
	3 – 5 years	99	38.1
	> 6 years	0	0

In Table 2 below, the researcher has divided the statements into three sub-components under the economic / standard of living dimensions to make the statements more relevant to the poor community. Friedman's test on the three dimensions of the HDI had been done earlier and found out that economic aspects were the main reason why poor people hardly get out of poverty. Therefore, the government should be aware by providing initiatives that can improve the standard of living of the poor. One of the initiatives that can help poor people is by an approach through entrepreneurship. The entrepreneurial sector is able to improve the welfare of the poor in the long term.

Starting with the income component, the average mean score obtained is 4.26 and it is the highest compared to the other two components: spending and savings. This can prove that the poor are still facing issues of inadequate income to support their families. This is also shown by the findings of the study that the majority of poor people agree that their income is low and they are not able to support their families with that amount of income. Not only that, poor people also need to get a second job and some of them are willing to work longer time to cover for their current income. Likewise, women also need to work in order to support their families by earning extra income.

Next, under the expenditure component, the majority of poor people are aware with their spending behavior. This is because, with the amount of income they are having, they need to put their basic needs ahead of their needs. For the saving component, the lack of adequate resources causes the majority of poor people to be unable to make any savings for emergency or retirement use. The scarcity of resources limits their opportunities to make saving because almost all of their income is used to meet basic needs. The findings also show that the majority of poor people lack knowledge in proper financial management. This is also one of the reasons why poor people find it difficult to make any savings.

Table 2: Analysis in economic / standard of living dimensions

	Statement of Economic Dimensions	Mean
INCOME		
1	My monthly income is low.	4.52
2	My household income is not enough to support my family.	4.48
3	My wife has to work to help support the family.	3.83
4	I find it difficult to find suitable employment opportunities to support my family.	4.65
5	I work overtime to support my family.	4.41
6	I do more than one job to support my family.	3.64
Average mean score		4.26
EXPENDITURE		
7	I shop according to my ability.	3.95
8	I cannot buy other necessities after paying all the bills.	2.64
9	My home bill payment is overdue.	2.62
Average mean score		3.07
SAVING		
10	I find it difficult to save a part of my salary for emergency use.	4.65
11	I find it difficult to save a part of my salary for retirement benefits.	4.80
12	I am not burdened with debt.	3.39
13	I am not worried about figuring out a way to pay off debt.	2.93
14	I do not know much about money management.	3.70
Average mean score		3.89

V. DISCUSSION OF FINDINGS

There are a few things that can be highlighted based on the observations, suggestions and findings of the study. Given the financial burden and rising cost of living that are burdening the poor, a programme that can help income generation for the poor is needed. However, this entrepreneurial programme needs to improve its quality so that more people are interested in joining it.

The results show that the poor still rely on monthly aid from the agencies because of the financial burden. Inadequate resources to generate income and limited opportunities to seize employment opportunities are also one of the factors why poor people stay in poverty within a long period.

Therefore, there is a need for programmes designed to provide entrepreneurship for the purpose of helping the poor to generate their income. According to Cho (2015) this entrepreneurship programme can be combined with the provision of business training as well as capital assistance [6].

Business training is very important because majority of the poor do not have a strong business knowledge. Therefore, it is a challenge for them to gain in-depth business knowledge. According to Baah-Mintah, Owusu-Adjei, and Koomson (2018), lack of business knowledge has led them to fail in the field of entrepreneurship [5]. Lack of business knowledge also makes them unable to make the right decisions due to the lack of skills. Having the business training provided in the entrepreneurial programme can provide an early exposure to the poor community. There is a model developed by Ranyane (2014) on business training that agencies can apply to help poor people starting from the business introduction phase to the business growth phase [20].

This business training can be implemented in any poverty alleviation agencies where it can be introduced to new entrepreneurs on how to enhance their marketing. Marketing, packaging, advertising and others are among the trainings that can be introduced to the poor. This training also aims to inspire and encourage the poor to continue to compete with other communities. In addition, training on the use of technology has also been found to be effective in helping the poor to expand the marketing of their products.

However, there are some barriers that still remain an issue to the ability of these poor people to use digital technology in entrepreneurship. Among them as mentioned by Welsum (2016) include skills, infrastructure and various aspects of the digital business environment [23]. Knowledge in the digital technology is also important in identifying business opportunities that can introduce new technologies, transform business models into digital businesses as well as understand and implement IT-related projects for the private and public sectors. As explained by Welsum and Lanvin (2012), they need to combine entrepreneurial thinking with various skills techniques [24]. This is a source of a new knowledge for the poor who want to get into entrepreneurship, with the potential of using digital technology where, "creation, acquisition, dissemination and utilization of knowledge" are keys to current economic performance according to Kumar and Welsum (2013) [13]. However, every introduction to this aspect of digital technology into entrepreneurship requires strong support as explained in a report released by the Ministry of Entrepreneur Development (MED) (2018) [16]. MED who aims to create and develop Innovation-Driven Entrepreneurs needs to be supported by a thriving ecosystem that also provides access to financing including capital, so this entrepreneur will be able to catch on new innovative products and services which built on effective sustainable long-term business models.

Furthermore, in order to make poor communities can sustain in the entrepreneurship programme, they still need to be supported especially in the form of capital assistance. In the study of Yaakub and Adnan (2018) the success of an entrepreneur is due to external and internal factors. This includes the financial assistance provided to them to help entrepreneurs to start their business [25]. Zulkifli, Marzuki, and Wahid (2017) also found that the effectiveness of this capital assistance has successfully transformed the socio-economic of new entrepreneurs. This is because, with the help of capital provided, it can encourage poor people to do business [27].

VI. CONCLUSION

The findings of this study show that the poor still have issues related to the economy / standard of living. Not saying that the other dimensions are not important but the aspect of economy / standard of living is the main reason why they remain in poverty for so long. No savings, low income, and rising cost of living obviously burden the poor. However, the aspects of education and health also need to be taken into consideration by the poor as they are linked to poverty.

Providing initiatives under the economic / standard of living as suggested by the author is expected to help ease the burden of the poor. At least they can generate new income and make savings that can be used during emergencies. Finally, both of the poverty alleviation agencies, MAIJ and JKM are committed to in taking care of the poor. However, these agencies need to be aware of any problems that arise among the poor as it can affect the effectiveness of the eradication programme. In particular, it is important to consider the additional initiatives that could be introduced in this ongoing poverty eradication in line with the government and the World Bank's desire to reduce poverty.

During the study, there were several limitations that hindered the researcher's access to information. The limitation of this study was that it was difficult to find respondents who were in persistent poverty. This was because the population of the poor was difficult to obtain as their position was spreading everywhere. At the same time, the population of poor people who were persistent was only in a small percentage. Other than that, the time allocated to approach respondents in this study was not sufficient. Therefore, the time constraint in conducting this study was one of the limitations that influenced the production of this study. Moreover, the duration usage of personal data of the poor under the e-Kasih system was also short.

Here are some of the suggestions for further studies that may be done. First, this study was confined into two agencies only. Therefore, more detailed studies are needed by taking into account from different agencies for examples agencies representing the government, private, religious and non-governmental sectors. This is intended so that there is a more detailed study on ongoing poverty. Therefore, the respondents required in the study should also be more detailed according to the agency which is the sample of the study. Due to the difficulty of obtaining respondents, it is also recommended for future studies, that time allocated should also be appropriate and sufficient. In addition, the use of personal data of poor people should not be focused on a single system such as e-Kasih. Instead, diversify your data usage so that the information obtained is more accurate. The usage of mapping methods can also provide more accurate data for the poor and hard-core poor in certain areas.

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