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ACCESSING SOCIAL ENTREPRENEURIAL RESOURCES: EVIDENCE FROM TERENGGANU, MALAYSIA

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Abstract:

In this study, an instrument to measure entrepreneurial resources was examined to analyse the social entrepreneurship readiness of youth entrepreneurs in Terengganu. This study thus obtained seventeen items related to entrepreneurial resources from previous studies and different industries, and these were revised according to the social entrepreneurship readiness industry. Experts validated the items, and a pilot study was then conducted with 100 randomly selected youth entrepreneurs in Terengganu who registered with the Companies Commission of Malaysia SSM as participants for this study. Three dimensions (Financial Resources, Government Support, and Human Capital) were established by Exploratory Factor Analysis (EFA), and internal reliability was confirmed for each dimension. In addition to providing empirical evidence, this study contributes methodologically by developing and validating a new instrument that can be used in assessing entrepreneurial resources in the social entrepreneurship domain. This instrument not only strengthens the understanding of entrepreneurial resources as a construct but also offers a practical tool for policymakers, educators, and researchers to assess youth readiness in driving social entrepreneurship initiatives in Malaysia and beyond.

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Keywords:

Social Entrepreneurship Readiness, Resources, Entrepreneurial Resources, Instrument, Measurement

Introduction

Social entrepreneurship has emerged as a global movement that addresses critical social and environmental challenges while being financially viable. Social enterprises are seen as driving inclusive development, poverty reduction, and sustainable growth in various regions (Oliński & Mioduszewski, 2022; Said et al., 2025) This movement reflects a broader shift in entrepreneurship, where success is judged not only by financial returns but also by the ability to deliver social benefits. International organisations and governments are progressively advocating for social entrepreneurship as a strategic instrument for attaining the United Nations Sustainable Development Goals (SDGs), highlighting its function as an economic catalyst and agent of social change (Danil, 2024; Schmiedeknecht, 2020).

The Ministry of Entrepreneur Development and Cooperatives (MEDAC) currently lead the growth of social entrepreneurship in Malaysia. By introducing the Social Entrepreneurship Action Framework (SEMy2030), MEDAC strengthens the policy environment and fosters a more supportive ecosystem for social enterprises (MEDAC, 2020). This framework reflects the government's recognition of social entrepreneurship as a strategic tool for addressing socioeconomic challenges while promoting sustainable development. In parallel, the Malaysian social entrepreneurship landscape is becoming increasingly diverse in terms of sectors and actors. Social enterprises operate across community empowerment, environmental sustainability, agriculture, commerce, and social services, often prioritizing the needs of marginalized or underserved populations (Khalid & Gaete-Sepulveda, 2025). This diversification highlights the growing role of social enterprises as change agents that combine business innovation with social impact.

Terengganu has been a focus of social entrepreneurship research, as seen in (Sofian et al., 2017), which found that social entrepreneurship has a positive impact on the livelihoods of coastal communities. This shows social entrepreneurship is already established in the state's development agenda, making it a meaningful setting for studying youth readiness. Moreover, Terengganu is part of the East Coast Economic Region (ECER), a Malaysian government initiative aimed at alleviating poverty, creating employment opportunities, and enhancing livelihoods through entrepreneurial activities (Latip & Othman., 2021). As the next generation of entrepreneurs, youth play a crucial role in maintaining these efforts, and assessing their readiness is key to supporting ECER's long-term goals. Nungsari et al., (2023) also mention that youth entrepreneurship in Malaysia is recognised as a vital catalyst for socioeconomic growth, with a growing focus on promoting social entrepreneurship to meet community needs.

According to Osabohien et al. (2023), youth participation in social entrepreneurship largely depends on their access to entrepreneurial resources such as financial support, skills development, mentorship, and institutional networks. These resources are critical in enabling young entrepreneurs to acquire the knowledge, confidence, and resilience necessary to establish and sustain social ventures. Similarly, James and Sahid (2022) emphasized that entrepreneurial knowledge and skills significantly shape young individuals' intentions to

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engage in social entrepreneurship, while Caliendo et al. (2023) found that social networks and institutional support enhance opportunity recognition and long-term business success. Together, these studies suggest that access to adequate entrepreneurial resources forms the foundation of youth readiness to pursue socially driven ventures. Understanding how these resources influence social entrepreneurship readiness is therefore crucial to ensure that young entrepreneurs are well prepared to contribute to Malaysia's social and economic progress.

Despite extensive evidence on the importance of entrepreneurial resources, limited studies have systematically measured these factors within the context of youth social entrepreneurship. Most existing instruments were developed for general entrepreneurship or small business settings and may not capture the multidimensional nature of resources that enable youth to achieve both economic and social outcomes. To fill this gap, the present study adapts and validates an instrument that reflects the specific dimensions of entrepreneurial resources relevant to youth social entrepreneurship readiness in Terengganu.

Entrepreneurial resources, including financial, human, and institutional support, are particularly significant within social entrepreneurship, where the goal extends beyond profitability to generating sustainable social impact. Seventeen items were adapted from prior studies, refined through expert assessment, and tested in a pilot study involving 100 randomly selected youth entrepreneurs registered with the Companies Commission of Malaysia (SSM). Results from the Exploratory Factor Analysis (EFA) identified three reliable dimensions: Financial Resources, Government Support, and Human Capital. These findings provide empirical evidence on how resources influence youth readiness for social entrepreneurship and offer practical insights for policymakers and ecosystem stakeholders aiming to strengthen entrepreneurial support systems.

Literature Review

The term "resources" can convey multiple interpretations depending on the topic of study. For instance, in psychology studies, resources are regarded as tools or assets that assist individuals in attaining goals, solving issues, or enhancing their quality of life (State, 2020). In the context of entrepreneurship, resources particularly relate to the assets and competencies entrepreneurs employ to achieve their objectives, including operational, human, technological, and financial resources (Zhou & Gao, 2019). Entrepreneurial resources are widely recognised as a key factor influencing the growth, sustainability, and effectiveness of entrepreneurial ventures (Aidara et al., 2022). Entrepreneurs need access to various resources to develop competitive value in their ventures, which ultimately supports profitability and overall business performance (Wulandari et al., 2021). According to Wulandari et al. (2021), high-quality resources can enhance production outcomes, resulting in valuable products or services that strengthen a firm's competitiveness in the market. Besides, proper utilization of resources creates a stronger sense of readiness to initiate entrepreneurial activities (William & Rodhiah, 2022). Ghimire, (2024) in a study also mentions that access to essential resources, such as financial capital and human skills, enhances entrepreneurs' confidence and reduces perceived risks, thereby strengthening their preparedness for social entrepreneurship

Building upon this understanding, entrepreneurship research widely recognises entrepreneurial resources as critical determinants of venture creation, growth, and sustainability. These resources enable entrepreneurs to convert innovative ideas into viable business opportunities and remain competitive in dynamic environments. However, scholars have conceptualised entrepreneurial resources in diverse ways, reflecting both tangible and intangible dimensions.

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For instance, Aragón et al. (2017) identified financial and human capital as key drivers of new venture creation, highlighting the importance of funding access and entrepreneurship-related education. Sun et al. (2023) expanded this view by including human, financial, technical, and market resources, suggesting that entrepreneurship requires a comprehensive integration of skills, capital, technology, and market access. Similarly, Adomako and Ahsan (2022) examined financial availability and resource flexibility, emphasizing that sufficient financial support and the ability to redeploy resources across business functions are vital for sustaining competitiveness and long-term success.

On the other hand, some studies have measured entrepreneurial resources without dividing them into multiple dimensions. Instead, they used single-item or mixed-item scales capturing aspects such as technical expertise, product or service knowledge, access to financial capital, government support, and suitable business infrastructure (Keat et al., 2011; Vijaya & Kamalanabhan, 1988; William, 2022). Table 1 summarises the key dimensions identified across studies, offering a clearer understanding of how entrepreneurial resources have been conceptualised and measured in entrepreneurship research.

Table 1: The Dimensions of Entrepreneurial Resources

No.	Author	Dimension
1.	Sun et al. (2023)	4 dimensions: 1. Human Resources 2. Financial Resources 3. Technical Resources 4. Market Resources
2.	Aragon et al. (2017)	2 dimensions: 1. Financial Capital 2. Education
3.	Alshebami (2024)	1 dimension: 1. Financial Resources
4.	Adomako & Ahsan (2022)	2 dimensions: 1. Financial Resources 2. Resource flexibility
5.	Ghimire (2024)	2 dimensions: 1. Financial 2. Human capital
6.	William & Rodhiah, (2022)	3 dimensions: 1. Knowledge possessed 2. Financial ability 3. Place of business
7.	Olugbola, (2017)	3 dimensions: 1. Intellectual property 2. Physical resources 3. Access to finance

Methodology

Youth entrepreneurs were chosen as the target population for this study because of their significance as a key demographic group in promoting social entrepreneurship readiness. Unlike established entrepreneurs, youth entrepreneurs often face greater limitations in

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accessing financial, human, and institutional resources, which makes them an appropriate group for examining social entrepreneurship readiness (Amouri et al., 2021). To ensure representation across the state, youth entrepreneurs registered with the Companies Commission of Malaysia (SSM) and affiliated with the Terengganu Entrepreneur Development Foundation (YPU) were considered for participation in the study. This approach allowed the research to capture diverse perspectives within the youth entrepreneurial ecosystem of Terengganu.

According to Hoque et al. (2018), the pilot study sample size for Exploratory Factor Analysis (EFA) should be at least 100, regardless of the number of variables in the study. As a result, a pilot survey was conducted by randomly delivering questionnaires to 100 selected youth entrepreneurs from the indicated group. These respondents were excluded from the final study sample to ensure the data's independence. A sample size of 100 was considered acceptable for EFA, enabling the discovery of factor structures that aid in measuring entrepreneurial resources within the context of social entrepreneurship readiness.

Instrument

The instrument developed for this study consists of 17 items intended to assess entrepreneurial resources in the context of social entrepreneurship readiness. These items were adapted from previous studies on entrepreneurial resources across various industries and modified to suit the social entrepreneurship environment. Each item was rated using a 10-point interval scale, as proposed by Hoque et al. (2017) and Awang et al. (2015), which provided respondents with a broader range of options to more accurately reflect the intensity of their judgments. A score of 1 represents “strongly disagree”, while a score of 10 indicates “strongly agree”. This scaling method was adopted to increase the accuracy of responses and to capture nuanced variations in the perceptions of youth entrepreneurs (Awang et al., 2015).

In addition to the measurement items, the questionnaire also collected demographic information from respondents, including age group, gender, type of business, years of entrepreneurial experience, and registration status with the Companies Commission of Malaysia (CCM). Collecting this information was necessary to profile the sample of youth entrepreneurs and to facilitate further analysis of potential differences across demographic characteristics. Prior to being administered in the pilot study, the final instrument was reviewed and validated by subject matter experts to ensure content validity.

Exploratory Factor Analysis (EFA)

The modified questionnaire was circulated to 100 randomly chosen youth entrepreneurs in Terengganu for the pilot project. The gathered data were further investigated by Exploratory Factor Analysis (EFA) to ascertain and quantify the dimensionality of the items intended to capture entrepreneurial resources. EFA was employed as it is a widely accepted procedure for establishing the underlying structure of measurement items and ensuring that they represent valid constructs (Hoque et al., 2018; Awang et al., 2015; Carrizosa et al., 2020). By applying this method, the study aimed to determine whether the adapted items would cluster into dimensions that are meaningful within the context of social entrepreneurship readiness.

Previous scholars have highlighted that the dimensionality of items may alter when notions are transferred from one domain to another, especially when implemented in novel cultural or socio-economic contexts (Hoque et al., 2018; Haws et al., 2023). Given that the items used in this study were drawn from various industries and modified to fit the social entrepreneurship setting, it was anticipated that new dimensions might emerge. Furthermore, differences in local

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context, such as the unique entrepreneurial ecosystem in Terengganu, could influence the factor structure. Therefore, EFA was deemed essential to validate whether entrepreneurial resources would form consistent dimensions in this novel research environment.

Results

Respondents' Profile

The demographic analysis of youth entrepreneurs in Terengganu revealed that a slight majority (52%) were aged between 15 and 30 years, while 48% were in the 31 to 40 age group. This indicates that both younger and more mature segments of youth are actively engaged in entrepreneurial activities, showing that social entrepreneurship is appealing across different stages of young adulthood. Regarding gender, 53% of respondents identified as male and 47% as female, indicating a very proportionate distribution of involvement between men and women. In terms of marital status, more than half (55%) were married, followed by 43% who were single and 2% divorced.

In terms of education, it shows that most youth entrepreneurs in Terengganu come from solid educational backgrounds. More than one-third (37%) hold a bachelor's degree, while another 27% have a diploma. A smaller group continued to postgraduate studies, with 8% holding a master's degree and 2% earning a PhD. On the other hand, 17% completed secondary school, 7% have a certificate, and only 2% stopped at primary school. Overall, about 72% of the respondents have at least a diploma, indicating that individuals with higher levels of education primarily drive entrepreneurship among youth in Terengganu.

Economically, income distribution shows that 56% of youth entrepreneurs reported earning between RM25,000 and RM49,999 annually, a range that reflects a moderate-income level of small-scale business operations. A smaller proportion earn between RM50,000 and RM74,999 (12%), followed by those earning RM75,000–RM99,999 (6%). Only 5% reported an annual income between RM100,000 and RM149,999, and 7% earn RM150,000 or more. Notably, 26% of respondents chose not to disclose their income. Overall, the results suggest that a large segment of youth entrepreneurs is still in the early or developing stages of business growth, reflected in the relatively modest income levels reported.

In terms of business characteristics, 66% of the respondents employed between one and five workers, and half of them (50%) had been in business for one to five years. The largest industry represented was food and beverage (45%), while 62% of respondents operated under a sole proprietorship structure. These results highlight that youth entrepreneurs in Terengganu are actively engaged in diverse sectors, with most managing small-scale businesses that show potential for future growth.

Exploratory Factor Analysis on Entrepreneurial Resources

The study's questionnaire had 17 elements that encapsulate the notion of entrepreneurial resources, sourced from previous research and adapted for the context of social entrepreneurship preparation. Table 1 presents the descriptive statistics for each item evaluating the concept. A 10-point interval scale, from 1 (strongly disagree) to 10 (strongly agree), was employed to offer respondents an expanded selection of response alternatives, as advocated by Bahkia et al. (2019), Hoque et al. (2018), and Awang et al. (2015). The standard deviation for each item was computed to study the data distribution and evaluate the variability around the

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mean value. This phase is crucial for assessing the reliability of responses and validating the suitability of the items for later factor analysis.

Table 2: The Mean and Standard Deviation for Items Measuring Entrepreneurial Resources

No.	Item Statement	Mean	Std. Deviation
ER1	Access to sufficient financial capital supports youth readiness for social entrepreneurship	8.58	1.782
ER2	Easy access to funding increases the likelihood that youth will start social ventures	8.53	1.617
ER3	Youth-led social enterprises are more competitive when they have adequate financing.	8.26	1.857
ER4	The ability to secure financial support when needed boosts readiness to launch a social enterprise.	8.42	1.558
ER5	Emergency financial resources contribute to the sustainability of youth-led social enterprises.	8.60	1.627
ER6	Entrepreneurship education in schools or universities helps prepare youth for social entrepreneurship.	8.25	1.866
ER7	Learning about entrepreneurship helps youth understand their potential to solve social challenges.	8.59	1.551
ER8	Participation in entrepreneurship programmes enhances youth readiness to start social ventures.	8.55	1.610
ER9	Training received outside formal education improves youth preparation for social entrepreneurship.	8.55	1.553
ER10	Creativity and the ability to learn are important traits for youth involvement in social entrepreneurship.	8.74	1.574
ER11	Working with a capable entrepreneurial team strengthens a youth's ability to launch a social venture.	8.55	1.553
ER12	Financial support from family can improve youth readiness for social entrepreneurship.	8.20	1.815
ER13	Youth from entrepreneurial families are more likely to feel prepared to start social ventures.	8.61	1.717
ER14	Support from family or social networks helps youth access resources and funding for social entrepreneurship.	8.55	1.598

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ER15	Government policies play a key role in encouraging youth to start social enterprises.	8.57	1.892
ER16	Youth are more likely to engage in social entrepreneurship when relevant government support exists.	8.55	1.909
ER17	A supportive regulatory environment increases youth readiness to launch social business initiatives.	8.35	1.946

Table 3 demonstrates that Bartlett's test of sphericity yielded a significant result ($p < 0.05$), signifying adequate correlations among the items to advance with factor analysis. The Kaiser Meyer Olkin (KMO) measure of sample adequacy exceeded the requisite threshold of 0.6, as noted by Hoque et al. (2018) and Bahkia et al. (2019). The importance of Bartlett's test, along with a KMO value exceeding 0.6, validates that the data gathered for the entrepreneurial resources construct is suitable for the factor reduction process in this study.

Table 3: The KMO and Bartlett's Test Score

KMO and Bartlett's Test		
Kaiser Meyer Olkin Measure of Sampling Adequacy		0.879
Bartlett's Test of Sphericity	Approx. Chi-Square	1043.877
	df	78
	Sig.	0.000

Figure 1 illustrates the components identified from the scree plot in the EFA technique. The research categorised the entrepreneurial resource items into three unique components, each signifying a significant cluster of measurement items. In line with the recommendations of Awang (2010, 2012) and Hoque et al. (2018), the rotated component matrix was further examined to determine the allocation of each item to its respective component. This procedure ensured that the dimensionality of entrepreneurial resources was clearly defined and aligned with the context of social entrepreneurship readiness.

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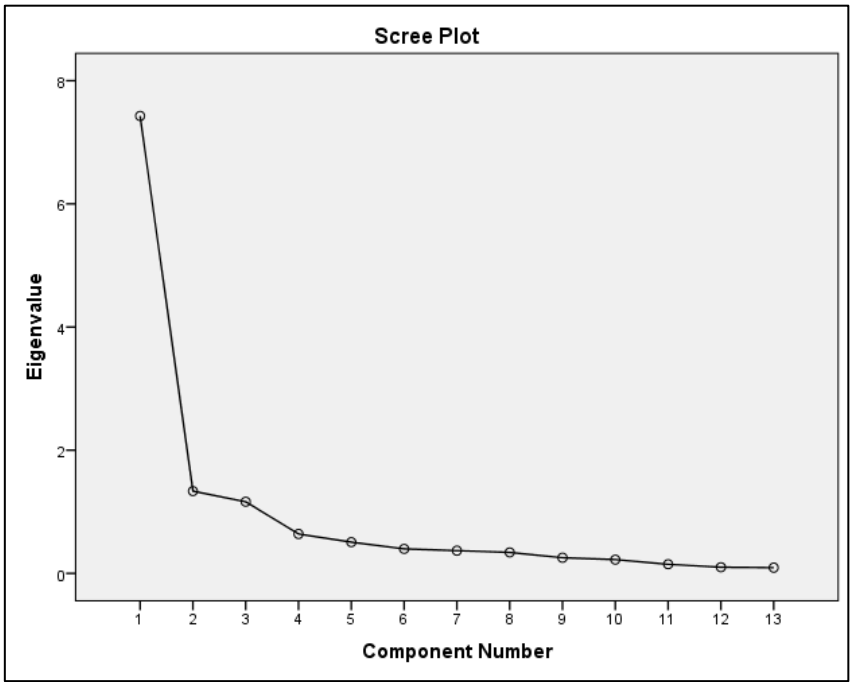

Figure 1: The Scree Plot Shows Three Components that Emerged from the EFA Procedure

Dimensions and Total Variance Explained

The results presented in Table 4 reveal three components with eigenvalues greater than 1.0 that emerged from the analysis of entrepreneurial resources. The findings demonstrate that component 1 accounts for 50.821% of the variance, component 2 for 25.968% and component 3 for 19.566 %. Together, the three components collectively account for 76.355 percent of the total variance explained. This overall percentage was considered acceptable as it exceeded the minimum threshold of 60% (Dehisat & Awang, 2020) and (Yahaya et al., 2018). This result demonstrates that the extracted components adequately capture the dimensionality of entrepreneurial resources in the context of social entrepreneurship readiness.

Table 4: The Total Variance Explained for the Construct

Component	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.428	57.135	57.135	4.007	50.821	30.821
2	1.336	10.276	67.411	3.376	25.968	56.789
3	1.163	8.944	**76.355**	2.544	19.566	**76.355**

The Principal Component Analysis (PCA) extraction method with Varimax rotation was utilised for the 17 elements. Table 5 displays the three components along with their corresponding items that were identified by the EFA technique. According to the established criteria, the minimal factor loading for item retention was set at 0.5, with items falling below this threshold subject to removal (Yahaya et al., 2018; Bahkia et al., 2019). As indicated in Table 5, all factor loadings for the rotated items were greater than 0.5 (Hair et al., 2014), demonstrating that the 17 items were strongly associated with their respective components and

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confirming the adequacy of the instrument in measuring entrepreneurial resources within the context of social entrepreneurship readiness.

Table 5: The Components and Their Respective Items

Rotated Component Matrix			
	Component		
	1	2	3
FR 1		0.809	
FR 2		0.835	
FR 3		0.739	
FR 4		0.765	
FR 5		0.557	
GS 1	0.638		
GS 2	0.726		
GS 3	0.881		
GS 4	0.903		
GS 5	0.837		
HC 15			0.803
HC 16			0.892
HC 17			0.628

Extraction Method: Principal Component Analysis.
a. Rotation converged in 5 iterations.

The combined elements implemented three components specifically: financial resources, government support, and human capital.

The Instrument Internal Reliability

The internal reliability of the instrument was evaluated by Cronbach's alpha values for the 17 retained items. Internal reliability refers to the consistency and accuracy of a collection of items in measuring their corresponding construct. A Cronbach's alpha coefficient exceeding 0.7 is generally considered acceptable for establishing internal reliability (Dehisat & Awang, 2020; Yahaya et al., 2018). As reported in Table 6, the Cronbach's alpha values for all three components were above the recommended threshold, indicating that the instrument demonstrates strong internal consistency and reliability in measuring entrepreneurial resources within the context of social entrepreneurship readiness.

Table 6: The Internal Reliability for the Construct

Component	N of Items	Cronbach's Alpha
	5	0.891
	5	0.931
	3	0.822
All items	**13**	**0.937**

The items were all found to be internally reliable, as their Cronbach's alpha scores exceeded 0.7.

Conclusion

The current study contributes to the measurement of entrepreneurial resources, specifically in the context of social entrepreneurship readiness. Three distinct factors of entrepreneurial resources were extracted and measured using 17 items. The reliability assessment for these

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components yielded high Cronbach's alpha values, while the Bartlett's test was significant, the KMO values exceeded the threshold of 0.6, and all factor loadings were above the minimum requirement of 0.6. These results confirm that the retained items are valid and reliable for measuring entrepreneurial resources. The rigorous scale development and validation procedures undertaken in this study ensure that the newly developed instrument demonstrates strong internal consistency, structural validity, and stability across the sample, thereby providing a sound measurement tool for future research on social entrepreneurship readiness.

Contribution

This study contributes to the field of social entrepreneurship by developing and validating an instrument specifically designed to measure entrepreneurial resources in the context of social entrepreneurship readiness. A new survey was constructed, adapted from existing measures in related fields, and refined to align with the dimensions of entrepreneurial resources. The instrument underwent a rigorous validation process, including assessments of face validity, content validity, and reliability, ensuring its methodological soundness and applicability.

The validated instrument represents a methodological advancement in the measurement of entrepreneurial resources and can serve as a valuable tool for future empirical research. Scholars and practitioners may apply this instrument across diverse settings and populations to assess entrepreneurial resources that influence social entrepreneurship readiness. By providing a reliable and context-specific measurement tool, this study strengthens the foundation for advancing research and practical initiatives in the domain of social entrepreneurship.

Recommendations

This instrument is recommended for application in the context of social entrepreneurship, particularly to assess entrepreneurial resources in relation to social entrepreneurship readiness. Future studies are encouraged to expand the instrument by including additional items that may capture different components of entrepreneurial resources, as well as to test it across diverse populations, industries, and geographical settings to evaluate its generalizability. Given that this study focused on youth entrepreneurs in Terengganu, it is suggested that future research adopt this instrument in other states of Malaysia or different countries for comparative purposes. Moreover, subsequent studies may consider employing alternative analytical techniques to validate further and strengthen the instrument, thereby enhancing its methodological rigour and contribution to the field.

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