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EXPLORING THE ROLE OF GOVERNMENT ASSISTANCE TOWARDS MICROENTERPRISES' PARTICIPATION IN TAKAFUL: A QUALITATIVE PERSPECTIVE

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Abstract:

The study aims to discuss a comprehensive overview pertaining to the microenterprise's participation in Takaful with the aid of government role. This study was conducted qualitatively where the data gathered through semi-structured interview with a microenterprise's owner. The findings revealed three distinct themes that consist of business operations and risk exposures, the awareness of microenterprise owner with regards to Takaful and Insurance schemes, and his perception towards government role in assisting business owner to participate in Takaful. From the findings, it showed that low risks encountered by the owner due to strategic location of his business and there is an awareness on the importance of protection (Takaful/insurance) in protecting himself and his business. Furthermore, the findings also discover the limitation of the owner's understanding relating to government assistance in helping the microenterprises to participant in Takaful scheme. The findings of the study enrich the existing knowledge about the obstacles and possibilities encountered by microenterprises. Additionally, the data gathered can be used to develop policies and support systems that are specifically designed to address the business risks among microenterprises.

Keywords:

Government Assistant, Microenterprise, Risks, Takaful

Introduction

Microenterprises are widely recognized as a crucial alternative sector for fostering socio-economic progress and alleviating poverty in both developed and developing countries. The

primary sector plays a crucial role in achieving its objectives by enhancing living standards, fostering economic growth and capital accumulation, and generating employment opportunities (Deller & Conroy 2017; Fatoki, 2018; Geremewe, 2018). In 2020, the total number of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Malaysia amounted to 907,765. Among these, microenterprises (MEs) accounted for 693,679, representing around 76.5 percent of the total business establishment (Salleh et al. 2021). This figure showed the significance value of the sustainability of Malaysia's economy highly depends on the growing number of microenterprises.

In 2018, it was reported that microenterprises exhibited a substantial growth in GDP, surpassing Malaysia's overall GDP growth rate of the same year. Specifically, microenterprises achieved a notable increase of 6.2 percent, while Malaysia's GDP had a comparatively lower growth rate of 5.2 percent. The GDP contribution of microenterprises had an increase from 37.1 percent in the 2017 to 38.3 percent in 2018, following a previous increase from 36.5 percent in the year prior (Md Husin & Haron 2020). Furthermore, it is worth noting that these entities frequently function as the fundamental support system for regional economies, making significant contributions to the vitality and long-term viability of communities (Maksum et al. 2020). This implies that the financial stability and choices made by microenterprises have significant implications, not just for the individual business itself, but also for the broader society. However, these microenterprises often face unique challenges and prospects of their widespread presence.

One of the biggest challenges is the modest size and capital limitations of microenterprises cause them very hard to recover where they need to adapt with seasonal and situational changes to survive (Maksum et al., 2020). Nevertheless, microenterprises can mitigate the potential loss of income by selecting family takaful, which offers financial security to their loved ones in the event of disability, illness, or death. Furthermore, the business interruption scheme provided by Takaful offers insurance coverage for operational disruptions resulting from unanticipated circumstances, such as fire-related damage or disruptions in the supply chain. This coverage allows microenterprises to promptly recover and restart their activities. Despite the high number of microenterprises establishment, there was a lower adoption rate of insurance and takaful services among microenterprises according to the Financial Stability and Payment Systems Report published by the Central Bank of Malaysia in 2018. The percentage of microenterprises that have insurance coverage is 38%, which is lower than the corresponding figures of 60% for small businesses and 76% for medium-sized businesses (Kandasamy et al., 2018). Due to the importance of Takaful towards the sustainability of the business, this study aims to investigate the microenterprises' level of understanding and knowledge regarding Takaful or insurance for financial risk management instruments, as well as their perceptions and attitudes towards government assistance programs. By examining the experiences and perspectives of the participant, the results of the study able to enrich the existing knowledge about the wider obstacles and possibilities encountered by microenterprises. This information can then be used to develop policies and support systems that are specifically designed to address their distinct requirements.

Study Context & Rationale

The examination of microenterprises and their perspectives on financial matters is of considerable importance in an era marked by rapidly evolving marketplaces and diverse business environments. In the present situation, it is imperative to comprehend the financial dynamics and decision-making procedures of microenterprises to foster economic growth and

ensure long-term viability. In a survey conducted by Bank Negara Malaysia (BNM) has found 76 percent of their respondents would have difficulty raising RM1,000 to meet emergency needs and only 6 per cent of them are confidence in meeting financial obligations 6 months after income loss (Irwani, 2021). As a result, most of them are forced to rely on internal financial sources like their friends, family, and savings (Mohamed Asmy et al., 2015). Due to this situation, there is a need to have some protection schemes to reduce the risk encounter by the business owner especially microenterprises.

Moreover, the recent global disruption of COVID-19 has worsened the economic situation. This can be seen when Malaysian economy has shrunk by 5.6 percent in 2020 compared to 4.3 percent in 2019 (Mahidin, 2021). The small-scale businesses which being termed as microenterprises are among the affected ones. Even though various measures have been taken by the government to strengthen the economic resilience of microenterprises, the low productivity and unsustainability poses a significant threat on ensuring sustainable economic growth. Though the business start-up of microenterprises is easy, but it is challenging to stay competitive in the market to absorb economic shocks and need capital support for survival).

Furthermore, past research has found that microenterprises in Malaysia will experience losses within the first five years of operation (Kee-Luen et al., 2013). This issue has been supported by other study in the United States where 32 percent of new microenterprises do not survive for first two years and about 50 percent withdrawn from business within the first five years of operation (Decker et al., 2017). Furthermore, prior research also indicates that 90 percent of SME business has failed within their five years operations and only 10% of microenterprises could perform beyond a 10-year timeframe (Ahmad & Seet, 2009). Considering this matter, there is an urgency to discover the importance of Takaful participation among microenterprises and gathering their feedback to discover their opinions and challenges in participating in the Takaful business scheme. Table 1 summarizing the past studies findings in the context of Takaful purchase.

Table 1: Past Studies Findings

Past research	Variables	Findings
Hassan and Abbas (2020)	IV- relative advantage, compatibility, social influence, awareness, and religion DV- Investors' Intention to Adopt Takaful	Relative advantage, compatibility, social influence, awareness, and religiosity have a significant impact on the behavioural intention of Takaful.
Mohd Azizi Ibrahim, Alias Mat Nor and Raja Rizal Iskandar Raja Hisham (2021)	IV- attitude, subjective norm, religiosity, and awareness DV- acceptance of the CAR takaful product	Favourable association between attitude, subjective norm, religion, and awareness and Bumiputera contractors' The main factor affecting Bumiputera contractors' adoption of the CAR takaful product appears to be religion.

Shahab Aziz, Maizaitulaidawati Md Husin and Nazimah Hussin (2017)	Attitude, subjective norms, and perceived behavioural control were further decomposed.	Proposed framework. Moderating variables including knowledge, awareness, religiosity, confidence, and demographic within the model to enhance predictability of the model.
Mansur Ahmed Kazaure (2017)	Extended TPB IV: attitude, social influence & perceived behaviour control Moderator: awareness DV: Takaful acceptance Intention	Attitude, social influence and perceived behavioural control have a significant direct influence on takaful acceptance intention while awareness does not. Awareness of takaful moderates the influences of social influence and perceived behavioural control on takaful acceptance intention, but it failed to moderate the influence of attitude on takaful acceptance intention.

Generally, microenterprises are viewed as risky ventures facing a variety of hazards, just like any other sort of organization. Microenterprises were more susceptible to the personal hazards of their owners and their families than larger businesses were. However, many microenterprises put their operations in danger by not having insurance cover, despite the rapid expansion and the extensive efforts made to educate them on the value of having risk management instruments (Md Husin et al., 2020). However, it has been documented that the penetration rate of Takaful or insurance is still low among microenterprises (Ahmad & Seet, 2009; Ismail et al., 2013; Salleh et al., 2021). Based on past studies, it was disclosed that only 25 percent of microenterprises have full or partial insurance coverage globally (International Labour Organization, 2020). In the Malaysian context, it is noteworthy that Malaysia holds the position of the third largest Takaful market on a worldwide scale. However, the level of Takaful penetration in 2022 stood at 20.1 percent and it is observed that only 25 percent of employed individuals within the low-income bracket possess any form of life insurance or family Takaful coverage (Bernama, 2023). Bases on this statistic, this study attempts to investigate the risks faced, the behaviour exhibited, and the impact of government assistance on the decision to participate in Takaful among microenterprises. The results of the study will provide a significant contribution to the academic literature, as there has been a dearth of scholarly discussion on this subject within the specific Malaysian setting.

Methodology

The present study conducted a qualitative study using a case study approach to gather data from microenterprise owner. The focus of this study is to analyse the extent of comprehension and awareness among microenterprises about Takaful or insurance as tools for managing financial risks. The utilization of a qualitative technique in the current study enables the investigation of emergent themes that may be unfamiliar within a specific setting. Therefore, the study

conducted has the potential to contribute to the creation of new theories (Corbin & Strauss 2012; Timonen et al., 2018).

Additionally, the study will explore the perspectives and attitudes of microenterprises toward government assistance programs. Through a comprehensive analysis of Mr. Joe's experiences and opinions, a wealth of relevant insights can be gleaned regarding the broader challenges and opportunities faced by microenterprises. Three research questions have been developed in the present study:

RQ 1: What are the risks exposed to microenterprises?

RQ 2: To what extent do microenterprises would employ Takaful products as a means of mitigating financial risks and ensuring the stability of their operations?

RQ 3: How microenterprises perceived regarding the government assistance in their financial decisions and strategies?

Data Collection Procedure

The data employed in this study was gathered through a semi-structured interview performed with Mr. Joe, a man engaged in microenterprise operations. The interview was carried out with a pre-established dialogue script. However, in the context of this study, it was discovered that adhering to the pre-established script was a significant obstacle. As a result, the research methodology was modified to incorporate semi-structured interviews. The aim of the script was to collect data regarding the risks faced, the behaviour exhibited towards Takaful, and the impact of government assistance on the decision to participate in Takaful among microenterprises.

Semi-structured interviews are frequently employed in qualitative research for a multitude of objectives. The utilization of interviews facilitates a level of flexibility and conversationalist, hence enabling researchers to acquire comprehensive information and valuable insights from participants. In contrast to systematic surveys or questionnaires, semi-structured interviews prioritize the facilitation of knowledge acquisition according to individual experiences and perspectives for a certain range of topics (DiCicco-Bloom & Crabtree 2006). One notable benefit of employing semi-structured interviews is in its capacity to yield extensive and comprehensive data (Bell et al. 2021). Researchers can delve deeply into participants' experiences, viewpoints, and meanings by employing a versatile interview guide. This methodology facilitates a more intricate comprehension of the subject matter under investigation and has the potential to uncover unforeseen revelations.

The present study opts for the purposive sampling strategy. Purposive sampling is a non-probability sampling technique commonly employed in qualitative research to deliberately select participants based on specific features or attributes that are deemed pertinent to the research inquiry (Stewart, 2024). This approach proves to be particularly advantageous when the researcher aims to concentrate on areas of interest and collect comprehensive data pertaining to those subjects. Purposive sampling is frequently employed in studies of reduced sample size, particularly in small-scale research endeavours. Purposive sampling serves to augment the robustness and credibility of the study's outcomes and the gathered data. Furthermore, the current study adopted a thematic analysis approach to examine the collected data. Thematic analysis is a commonly employed qualitative analysis approach that entails the identification and examination of recurring patterns or themes within qualitative data. The approach is referred to is a versatile and methodical methodology that enables researchers to

investigate and comprehend the fundamental connotations and experiences conveyed by participants (Wood & Alsawy 2018).

Data Analysis Procedure

The initial stage of the thematic analysis involves becoming acquainted with the data. It involves with immersive process wherein they thoroughly examine and analyse data by repeatedly reviewing transcripts or other qualitative materials to develop a comprehensive comprehension of the topic. The subsequent phase involves the generation of preliminary codes. The present study employed a methodical approach to find and categorize significant units of data, frequently employing inductive coding techniques. The procedure encompasses the fragmentation of the data into smaller units and the allocation of descriptive labels or codes to encapsulate the fundamental characteristics of each unit. After the generation of initial codes, the study proceeds to the subsequent stage of theme identification and exploration. Themes refer to patterns or repeating concepts that arise from the collected data. Once themes have been identified, researchers proceed to review and refine them. The process entails the organization and structuring of topics, with the aim of guaranteeing their coherence and meaningfulness (Lewis 2015; Wood & Alsawy 2018).

The conclusive phase of the thematic analysis involves the development of a comprehensive report. It typically requires constructing a narrative or analytical exposition of the underlying ideas, bolstered by pertinent quotations or instances derived from the collected data (Lewis, 2015; Wood & Alsawy, 2018). The report ought to present a cohesive and comprehensive depiction of the underlying ideas, bolstered by substantiating facts derived from the data. Thematic analysis is considered a helpful approach in qualitative research due to its ability to facilitate a systematic examination of patterns and themes present within qualitative data.

The incorporation of thematic analysis in this study is consistent with recognized qualitative research methodologies and has been employed in other studies focusing on microenterprises. An investigation conducted by Angeles et al. (2019) utilized thematic analysis as a methodological approach to analyse qualitative data from interviews or surveys to identify themes related to attitudes towards financing and the role it plays in the growth and success of microenterprises. A comprehensive analysis was undertaken to examine the phenomenon of individuals with intellectual disabilities functioning as business owners (Hutchinson et al. 2021). The review emphasized the significance of comprehending the attitudes and experiences of these individuals within the context of microenterprises. The utilization of thematic analysis facilitated the identification of prevailing themes and patterns within the literature, hence providing insights into the obstacles, prospects, and perspectives of microenterprise proprietors.

Interpretation of Data

After doing a thorough analysis of the chat script, it has been observed that there are three distinct themes that emerge. These themes provide significant and unique insights on the financial risk management landscape as well as their perception on government assistance as an influencing factor to participate in Takaful among microenterprises. The subsequent sections present the central theme and the corresponding analysis:

Risk and Exposures Identification

In the realm of business operations, the participant has demonstrated certain characteristics that are indicative of fair pricing, customer satisfaction, and market placement.

"With those sales, we are charging a good price to our customers and not simply indicting even though we can do it."

"Sometimes people might think twice to go to the mall just to repair the shoes... it might be due to cost."

The quote from the script being analysed underscores the significance of incorporating fair pricing as a fundamental component of the business strategy. This is consistent with the notion of prioritizing customer pleasure, reflecting a focus on meeting client needs and preferences. Furthermore, this observation offers a view into the competition strategy, placing emphasis on cost considerations and market positioning. The statement implies that the company prioritizes offering cost-effective services in locations that are not situated within expensive mall settings. The current study has highlighted four significant risks that pose a worry to microenterprises. One primary concern is reputation risk, which necessitates that microentrepreneurs to prioritize public relations and ethical behaviour, such as maintaining discipline, to ensure long-term viability in their economic endeavours. The presence of environmental hazards, such as natural disasters, can have a substantial influence on businesses. However, it is important to note that the incidence of these tragic events is largely determined by geographical factors and location. The participant's business is not significantly exposed to operational risks as it does not rely on suppliers and does not engage in credit-based procurement of products or supplies. Nevertheless, the consideration of health hazards plays a crucial role in influencing individuals' financial decision-making (Kazaure, 2017), particularly when it comes to engaging in Takaful or purchasing an insurance policy.

"For me, in my field... (cobbler business), we are not involved in perishable items, so the risk is low compared to other MEs like those involved in the food business."

This quotation elucidates the participant's perspective on the intrinsic minimal risk associated with his business sector. The statement implies a comprehension of the industry's level of stability and a deliberate decision to participate in a firm that possesses lesser inherent risks. This analysis provides insights into Mr. Joe's risk management strategies, emphasizing the low-risk nature of his business, location-specific considerations, and supplier independence. Nevertheless, a notable constraint of this study lies in its exclusive concentration on a single area within the realm of microenterprise. The risk attributes could potentially vary when extending the study to different groups or sectors of microenterprises.

Besides that, Mr. Joe appears to downplay apprehensions over natural calamities, based on the following quotes:

"I don't care much about that... it rarely happens."

Haa... that one depends on location. Like this premise location... ok. I am not operating at the side road. Even the things are not affected.

Generally, microenterprises have a higher susceptibility to risk when compared to larger organizations. The risks involve are supply chain risk, interest rate risk, basic material price risk, technological risk, growth risk, and e-business risk, all of which are associated with microenterprise businesses (Irwani 2021; Ismail et al., 2013). Having said that,

microenterprises survival has turned into a strategic concern for the growth and development of economies in developed and emerging countries.

The discourse around the commercial activities of the participant shed light on various aspects like the historical background, geographical placement, labour force, financial gains, competitive landscape, and encountered obstacles of his microenterprise. The study provided valuable insights into the intricate dynamics involved in running a small business, encompassing the challenges of navigating competition and fostering client loyalty.

The Level of Awareness and Attitude Regarding Takaful and Insurance

This theme delved into the examination of the participant's understanding and application of insurance products. The identified theme is Takaful and risk protection. When exploring the theme identified, the emerged sub-themes that have risen pertains to perception, attitude, and awareness among microenterprises towards Takaful.

"I do not have Takaful but insurance, yes."

"I do not understand so much about Takaful. I just assume, I got already."

The results of the quotes indicated that the individual had a life insurance policy and acknowledged its significance yet there was a limited comprehension of Takaful. Assumptions and scepticism about Takaful had a significant part in shaping his financial decision-making. The findings of the present study indicated that microentrepreneurs exhibited a lack of awareness and comprehension regarding insurance, despite the potential advantages it presented. This reveals a potential gap in awareness and understanding of Takaful. Reliance on assumptions may indicate a lack of detailed knowledge about the principles and benefits of Takaful compared to conventional insurance.

"Ermmm.... No lah... I just pay routinely... maybe I use auto debit so that when the time comes, it just deducts from your account."

This observation highlights the participant's familiarity and regularity in handling premium payments, suggesting a sense of ease and confidence in navigating the procedure. The utilization of automatic debit implies a streamlined and convenient encounter. Although not directly mentioned, the nonchalant attitude shown by participant towards life insurance premium payments, utilizing automatic debit and referring to it as a common practice, maybe implies an underlying perspective of regarding insurance as a customary and integral financial obligation. The convenience of payment suggests that insurance is seamlessly integrated into his financial regimen. The unexpected theme of regarding insurance as a customary fiscal obligation suggests that insurance is not perceived as a cumbersome or occasional expenditure. In contrast, the integration of this tool into the individual's financial routine is executed easily, hence highlighting its perceived significance and indispensability.

Therefore, the findings can imply that microenterprises' attitude in perceiving ease, the cost, and benefits in making decisions before participating in Takaful would give a significant impact. However, lack of information received, and dissemination can be a contributing factor that led to barriers to awareness. It is proved by the following quote from the script regarding information in Takaful:

"Not understand and nobody tells me about it."

The observations denoted the necessity of implementing financial literacy initiatives and providing easily accessible Takaful as a risk management mechanism in order to effectively cater to the financial requirements of microenterprises. Therefore, the results of this analysis align with prior scholarly investigations, as they illustrate that the low comprehension of Takaful and insurance (Abdullah, et al. 2021; Hassan & Abbas 2020; Shahab, et al., 2017), is a prevailing characteristic among microentrepreneurs as exhibited by the participant.

Microenterprise' Perception on Government Assistance as Influencing Factor to Participate in Takaful

The investigation of government assistance and financial literacy carries substantial significance in academic study, particularly in the context of microenterprises. The fundamental emphasis of this topic revolved around the participant's perception and attitude towards the government assistance accessible to microenterprises. The discussion managed to identify sub-themes under the government assistance such as the concepts of financial and non-financial assistance and revealed his hesitancy regarding Takaful. The text provides insights on the topics of financial literacy and individuals' attitudes towards government assistance.

The participant expresses uncertainty about government assistance related to Takaful:

"That one, I did not understand. Give me examples."

"I do not know any. Loans or financing for microenterprise.... I know.... but takaful I do not know. I think takaful more or less like financing... but I don't know."

This quotation suggests that the participant demonstrates a limited understanding of the government's provision of support for microenterprises within the framework of Takaful. This observation underscores a potential gap in understanding. Microenterprises, particularly those situated in underserved or distant regions, may possess limited knowledge regarding the advantages of Takaful or insurance, as well as the accessibility of government subsidies. Insufficient access to information and limited educational opportunities might result in decreased levels of engagement and involvement.

However, the participant shows interest when prompted about government assistance:

Interviewer "How about if the government gives subsidies for participating in Takaful. Do you interest?"

Participant: Ehhh... "pucuk dicita ulam mendatang" lah... (referring to, if there is an offer from the government, then he will grab it immediately.

This implies that the participant is receptive to the idea of seeking government assistance for engaging in Takaful, indicating a readiness to investigate the availability of such assistance, albeit with some conditions. The following quote reveals the participant's conditions for participation, emphasizing the importance of understanding the system and expressing openness if the financial burden is minimized or eliminated.

"If I understand about it, maybe I will. If free, I don't mind... impossible it will be free."

Although not specifically mentioned, the participant placed significant emphasis on the need of knowing and the requirement for unrestricted engagement, which may imply an unforeseen

focus on the empowerment that may be achieved through financial literacy. The topic suggests that microenterprises may exhibit a greater propensity to engage in Takaful if they possess a comprehensive understanding of the subject matter and are equipped with financial literacy. The unexpected theme of empowerment through financial literacy implies that the participant perceives education as a vital determinant impacting his decision-making process. The proposition suggests that an enhanced comprehension of Takaful could potentially empower microenterprises, enabling them to make well-informed decisions, hence resulting in heightened levels of engagement.

Subsidization can contribute to the advancement of financial inclusion by enhancing the accessibility of insurance services to marginalized groups, particularly those engaged in microenterprises. This aligns with the objectives of the government to enhance financial literacy and promote inclusivity. Access to insurance can play a key role for microenterprises, which frequently face resource constraints when confronted with unforeseen circumstances. Nevertheless, the provision of subsidized Takaful or insurance may give rise to the phenomenon of moral hazard, when firms assume greater risks than they would in the absence of insurance, due to the knowledge that the government will assume a portion of the associated costs. Certain microenterprises may have the belief that the risks they encounter are of minor magnitude or can be effectively controlled without the need for insurance, hence resulting in their decision to abstain from obtaining coverage. In addition, those who operate in survival-mode may exhibit a tendency to prioritize immediate cash requirements while potentially neglecting long-term risk management considerations.

However, the participant did mention on the needs of microenterprise for non-financial assistance from government such as providing tools, but a red tape and procedures can be the hindrance factor:

"Government can assist by supplying tools... but sometimes I think it is very difficult."

This quote indicates the participant's recognition of non-financial support, such as providing tools. The acknowledgment of difficulty suggests a perspective on challenges associated with accessing non-financial government assistance.

"But I think we cannot rely on government assistance... if takaful I think it is ok... let say if the premium payment RM150, the government support RM50... then it is ok and fair."

The results obtained from this quote of the analysis demonstrate the participant's reluctance towards Takaful and government assistance. It further indicates that the matter of entrepreneurial autonomy against government dependency raises the implication that microenterprises, although receptive to assistance, acknowledge the constraints associated with relying exclusively on government assistance. The emphasis placed by the participant on fairness in financial help suggests a preference for establishing a harmonious relationship in which assistance serves as a supplementary factor rather than a controlling force in business operations.

Discussion

The recognition of potential risks within the context of small businesses and microenterprises is a crucial element that significantly impacts their operational activities. Despite the considerable importance of risk assessment for these companies, there is a dearth of complete

comprehension and focus on risk management. Existing research has demonstrated that the owner-managers of small businesses frequently have diverse attitudes towards risk, and their subjective evaluation of risk can exert a substantial impact on how they make decisions (Abdullah et al. 2021; Shabiq & Hassan 2016).

In the process of investigating Research Question 1 (RQ1), this study successfully discovered several hazards faced by microenterprises, including health risks, reputation risks, environmental risks, and operational risks. The primary concern with microenterprises is in the assessment of participants' choices between life insurance and business interruption schemes as forms of protection, due to the accompanying health risks.

RQ 1: What are the risks exposed to microenterprises?

Past studies revealed that microenterprises are characterized by a higher susceptibility to risk as compared to larger organizations. In addition to the hazards encountered by their employees, organizations are also susceptible to the risks faced by their owners and their respective families. The hazards identified in the context of microenterprise firms include supply chain risk, interest rate risk, basic material price risk, technology risk, growth risk, and e-business risk (Irwani, 2021; Ismail et al., 2013). The hazards comprise a range of personal risks faced by the firm's staff, as well as many business-related risks that its owners must address (Salleh et al., 2021).

In attempting to examine the RQ2, the present study dictates that the participant's limited comprehension regarding Takaful suggests a probable deficiency in awareness or education pertaining to alternative Islamic insurance options. This statement underscores the necessity for heightened awareness initiatives pertaining to Takaful.

RQ 2: To what extent do microenterprises would employ Takaful products as a means of mitigating financial risks and ensuring the stability of their operations?

The level of knowledge and understanding that microenterprises possess with regards to Takaful, also known as Islamic insurance, plays a significant role in shaping their inclination to embrace and engage in Takaful initiatives. Numerous studies have demonstrated that various individual elements, namely awareness, knowledge, and exposure, exert substantial influence on the level of engagement in Takaful (Husin & Rahman 2016). Nevertheless, recent research has suggested that awareness alone may not be a significant predictor of Takaful adoption. This implies that there are other elements that may have a more meaningful impact on the decision-making process of microenterprises when it comes to participating in Takaful (Shaikh et al.,

2019). This demonstrates the intricate nature of the variables that impact the level of knowledge and adoption of Takaful among microenterprises.

The low level of awareness of Takaful, specifically in Malaysia (Ahmad et al., 2019; Nasir et al., 2021; Sherif & Shaairi, 2013), underscoring the necessity for endeavours aimed at augmenting public awareness and comprehension of Takaful concepts and principles, particularly among microenterprises. This highlights the significance of tackling the disparity in awareness and executing focused awareness programs to enhance the understanding and perception of Takaful inside microenterprises. Furthermore, evidenced by the participant had a higher level of awareness of traditional insurance in comparison to Takaful, despite being

cognizant of the existence of both options. This implies that it is crucial to undertake initiatives aimed at increasing knowledge and comprehension of Takaful to effectively tackle customer scepticism (Hassan et al., 2018). Therefore, the role of education and training in enhancing risk management and overall business success can shed light on the potential influence of knowledge and skill development on risk awareness and mitigation among microenterprises. Past studies have shown the importance of governmental assistance and financial initiatives in bolstering the microenterprise industry and fostering sustainable economic advancement, particularly in developing nations (Osman et al., 2019). In examining RQ3, the finding offers the perspective of the participant towards government assistance and the various factors that impact his decision to engage in Takaful. The emergence of an unforeseen motif highlights the significance of possessing financial knowledge as a determinant that might enable microenterprises to make well-informed choices pertaining to their involvement in Takaful.

RQ 3: How microenterprises perceived regarding the government assistance in their financial decisions and strategies?

The interest exhibited by the participant in the government's provision of support for takaful participation indicates a favourable disposition towards receiving financial aid. Nevertheless, the recognition of obstacles in comprehension highlights the necessity for enhanced communication and education. The discourse surrounding the provision of tools by the government prompts inquiries on the viability of non-monetary aid. This statement aligns with existing research that emphasizes the difficulties associated with providing efficient non-monetary assistance to microenterprises.

Moreover, a recent study investigating the impact of government and non-governmental interventions on the financial viability, employment levels, and sales expansion of microenterprises accentuated the importance of such support. The observation highlights the need of both governmental and non-governmental assistance in enhancing the overall efficacy of microenterprises (Farooq & Anjum, 2023).

Further investigations in this domain may explore the efficacy of financial literacy initiatives specifically designed for microenterprises. Evaluating the effects of these programs on individuals' financial decision-making and usage of financial products could yield valuable data for policymakers and support organizations. The research results highlight the importance of financial literacy in the context of microenterprises. The investigations conducted by Nugroho and Apriliana (2022) and Setyawan et al. (2022) have demonstrated that financial literacy has implications that go beyond individual decision-making. These studies have highlighted the significance of financial literacy in the realm of business and entrepreneurship. This highlights the importance of improving financial literacy and awareness among microentrepreneurs.

Conclusion

In a nutshell, the need to comprehend the complexities of microenterprise operations and the obstacles they encounter. The uniqueness of microenterprises, which are described as small, owner-operated firms that are frequently founded by people from underrepresented groups, adopt different organizational structures to deal with entry restrictions and capital limitations will certainly provide certain challenges.

The insights offered by the participant offer valuable viewpoints about microenterprises, encompassing their tactics, risk management, and awareness of insurance and government assistance. To promote greater engagement in the takaful system, it is imperative to implement focused awareness efforts, financial literacy initiatives, and transparent dissemination of government policies and programs.

Recommendations encompass the establishment of customized financial literacy initiatives targeting microentrepreneurs, enhancement of the comprehensibility and availability of government support resources, and promotion of a cooperative framework between businesses and governmental entities to effectively tackle obstacles pertaining to both financial and non-financial aid.

In brief, the examination of the data provides important observations regarding the financial dynamics and difficulties encountered by microenterprises. This indicates the importance of addressing their unique operational requirements, improving knowledge and comprehension of financial products, and customizing governmental assistance to foster financial literacy and expansion within this vital segment of the economy.

Subsequently, the contribution of this study illuminates microenterprise issues and assistance needs. It informs policymakers, financial institutions, and support organizations on this sector's challenges. The study highlights knowledge gaps and challenges to Takaful product acceptance, emphasizing the necessity for strong awareness efforts and personalized financial offerings. It evaluates microenterprises' government assistance, identifies policy and program flaws, and suggests ways to make them more accessible and relevant. Customized financial literacy programs help microentrepreneurs overcome financial obstacles and use resources. The study promotes enterprise-government collaboration and comprehensive support systems to solve financial and non-financial constraints. The findings provide evidence to drive targeted policies to sustain and grow microenterprises, particularly marginalized ones.

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