
Night market: A platform for creating new entrepreneurs

Othman Chin¹, Mohd Zainal Munshid Bin Harun²

¹Universiti Tenaga Nasional, Department of Finance & Economics, Muadzam Shah, Pahang, Malaysia

²University College of Technology Sarawak, School of Business and Management, Sibu, Sarawak, Malaysia

Email address

OthmanChin@uniten.edu.my (O. Chin), zainal@ucts.edu.my (M. Z. M. B. Harun)

To cite this article:

Othman Chin, Mohd Zainal Munshid Bin Harun. Night Market: A Platform for Creating New Entrepreneurs. *Humanities and Social Sciences*. Vol. 3, No. 1, 2015, pp. 35-36. doi: 10.11648/j.hss.20150301.14

Abstract: This paper will discuss an opportunities to venture into night market business especially to the beginner or young entrepreneur. Despite of been quoted by many scholars, among the barriers to enter into new business is capital or investment constraint. The night market or 'pasar malam' was an option to change perception of requirement sufficient capital investment, time and location of business, thus enabling a significant segment of Malaysian society, especially those in the lower income group and youngsters, to involve in business. The night market will expose to the tough environment of business and consequently gain them invaluable experience in running a business. This exploratory study will describe the prospect of the night markets in business environment and also the main intention of the researcher to highlight the profitability (in terms of sales) of the night market activities.

Keywords: Night Market, Informal Economy, Entrepreneur

1. Introduction

The 'pasar malam' or night market is a Malaysian form of traditional institution, popular with young and old alike. Every day and night hundreds of stalls are set up by the roadside and all kinds of goods and foodstuffs are sold. The night market is a great place to try all kinds of local delicacies and sweets, and to experience local life. This retail activity was existed even in the pre independent period. The term of 'night' does not implies on business operates during night only, but some extend it was operates in day times. Term night was synonym with this type of retail activities conducted by petty traders.

Some scholars agreed the night market categorized as informal sector in economy and realized that played key role in economic development. The size of this sector in an economy has important ramifications. It negatively affects a nation's ability to collect taxes to support its public sector, which can lead more economic agents to move into the non-observed sector Ahmed, Barkley, & Marina (2005).

There is no official definition for the 'informal sector' had defined by scholars. However, ILO (1991) refers to very small-scale units producing and distributing goods and services, and consisting largely of independent, self-employed family labour and/or a few hired workers or apprentices. It operates with very little capital or none at all;

while utilizing a low level of technology and skills. Therefore, it operates at low level of productivity; and which generally provide very low irregular incomes and highly unstable employment to those who work in it.

Kassim (2001) argue in Malaysian context the informal players are very visible, namely petty traders and hawkers. Among the informal players are micro-businesses run largely by women, most often outside the market areas and by the roadside selling local cakes, fruits, drinks and vegetables. The 'pasar malam' or the night markets is a clear visible example of this level of economic activity.

In 1991, the Ministry of Housing and Local Government estimated that there were more than 500,000 people involved in hawking in Malaysia, either licensed or unlicensed. Of this total 124,000 were licensed and located in urban centers. In the Klang valley alone there is an estimated 45,000 operators. It is estimated that the 34,000 hawkers in Kuala Lumpur created job openings for another 120,000 people (Malay Mail, July 11, 1990). Ministry of Federal Territory has estimated in the year 2000, about 35,120 are licensed hawkers and about 6,000 are not.

In developing countries like Malaysia, where jobs in officially licensed enterprises are scarce, much of the population makes a living by working outside the official tax and regulatory systems. These people, who make up the informal sector, are innovators, skilled at surviving, and

sometimes prospering, in a highly regulated environment. Although the informal sector is an important source of jobs, income and even housing, its participants lose their full rights as citizens by operating outside the legal economy (Chickering & Salahdine, 1991).

With the increasing of cost of living, this informal economic sector provides an employment opportunities as well as affordable outlets for the medium and low wage earners. Night market also has provided the avenue for beginners venture into business and a chance to test their business abilities prior to venture into medium and large scale enterprise.

Bernama (2008) reported that The Federal Agriculture Marketing Authority (FAMA) sold RM747.6 million worth of agricultural produce through its marketing programs like the Pasar Tani, Pasar Tani Mega, Desaraya and Pasar Tani Borong nationwide from 2004 to 2006. Currently, there is no official information on informal sector in Malaysia. The estimated contribution of this sector is based on mixed incomes concept.

A mixed income refers to an income of unincorporated enterprise owner which the estimated contribution is RM33,407 million for year 2001 (Kamaruddin & Norliza, 2006).

Table 1. Distribution Percentage of Formal and Informal Sectors in Selected Economy Sector, 2006

Economic Activity		Formal			Informal			Total		
		No. of Establish-ment ('000)	No. of Em- ployee ('000)	Value (RM million)	No. of Establish-ment ('000)	No. of Em- ployee ('000)	Value (RM million)	No. of Establish-ment ('000)	No. of Em- ployee ('000)	Value (RM million)
Manufacturing	No.	67.72	3,139.91	780,751.97	2,445	7,906	553.01	70.16	3,147.81	781,304.98
	%	96.52	99.75	99.93	3.48	0.25	0.07	100.00	100.00	100.00
Education	No.	8.29	76.39	3,729.61	-	-	-	8.29	76.39	3,729.61
	%	100.00	100.00	100.00	0.00	0.00	0.00	100.00	100.00	100.00
Professional	No.	16.58	220.45	8,984.83	-	-	-	16.58	220.45	8,984.83
	%	100.00	100.00	100.00	0.00	0.00	0.00	100.00	100.00	100.00
Services	No.	8.40	156.32	103,916.46	0.22	0.32	41.92	8.61	156.64	103,958.38
	%	97.49	99.80	99.96	2.51	0.20	0.04	100.00	100.00	100.00
Transportation, Storage and Communication	No.	21.66	323.02	73,713.35	0.21	0.19	11.01	21.87	323.21	73,724.37
	%	99.04	99.94	99.99	0.96	0.06	0.01	100.00	100.00	100.00
Information Technology	No.	2.17	32.80	13,854.94	0.67	0.76	224.13	2.84	33.56	14,079.07
	%	76.31	97.74	98.41	23.69	2.26	1.59	100.00	100.00	100.00

Source: Central Register System (CRC), Department of Statistics, Malaysia (Updated as at 28th February, 2006, Kamaruddin & Norliza, 2006).

This indicates the important role of night market activities to the contribution of Malaysian economy. Hence the important of this paper will reveal the descriptive element of the night market operators.

2. Literature Review

A number of studies conducted around the world indicate that diverse definition concept of informal sector. Most of the definitions are based on the dualistic nature of urban economy in developing countries and categorized in term organized and disorganized and traditional versus modern sectors.

The concept of informal sector was first coined by Keith Hart (1971) and it was the International Labor Organization (ILO) that defused this idea with a view to developing an "effective development strategy" targeted at a specific population. Since then, the concept has gained considerable currency in the development literature.

Some scholars as quoted in Nand, n.d., such as Mazumdar, 1976; Dannhaeuser, 1977; Longdon, 1975; Bolnick, 1992 et al, argue the informal economy sector does not possess

dynamic characteristics of its own and outside forces, such as raw material, finance, market and technology, hinder the accumulation of capital by those involved in the sector. Informal economy sector activities are sluggish, dependent and do not generate any significant income for their participants and the economy.

As discovered earlier some scholars include the definition of night market as informal economy activities. Night market is a place where the traders either wait for buyer everyday in shops or stalls or proceed on specific days at more or less frequent regular intervals at a place business under certain rules and regulations, in certain kinds of good. (Nand, L, nd).

Geertz (1963), observers' dualism small business system in Modjokuto, a small market town in East Central Java, Indonesia, and conceptualize Indonesian town economic activities with two types namely 'bazaar' sectors and firm-centered sector. Bazaar type explained by using the traditional 'pasar' or market. According to Geertz, the bazaar type of economy can employ a large number of people on marginal levels of living.

However, the advantages are that this bazaar allows only small-profit and no significant capital accumulation on the

characteristics of the bazaar trading system. On the other hands firm type of economy progress towards more effective patterns and organized their activities in more systematic manner like retails stores.

Othman, et al, (2007), quoted among the studies conducted on the night market in Malaysia are as follows:-

- A study by Che Azman Che Haron titled 'The night market business: A study in Kota Bharu (1999)'. In this study, the researcher concluded that the ability to operate a night market stall is not related to any demographic factor, rather it is the cultural environment which has imbued an individual with the will to operate such a business.
- In Kota Bharu, the researcher discovered that it is part of the local way of life for one to participate in commercial activities.
- A study by Che Norma Che Omar titled 'Business Activities in the Local District of Wakaf Baru, Kota Bharu (1973)' looked into the participation of the Malays vis-à-vis the Chinese. Among others, this study looked into factors such as educational background, social status, and religious beliefs and their relationships with the performance of the business operators.
- A study by Noor Aini Kamarudin titled 'The participation of the Malays in Small Scale Businesses: A case study of the night market in Parit Buntar, Perak'. This study looked at the various challenges and problems that the Malay stall operators faced in running their businesses in a small town in Perak.

None of the researchers conducted researches in particular looking at the profitability and outcome of the night market business particularly in the context of Malaysian society.

3. Problem Statement and Objective

Yusof, Perumal, and Pangil, (2005), highlighted there are several problems of SMI entrepreneurs and the most critical is providing initial financial capital. Therefore the main objective of this study is to identify does the capital requirement in venturing into night market business is a constraint to young and new entrepreneurs.

4. Hypotheses

Ho : To venture into pasar malam business does required high capital investment.

Ha : To venture into pasar malam business does not required high capital.

5. Research Methodology

5.1. Sample and Procedure

This study was conducted in three states i.e Pahang, Kelantan and Terengganu of 203 respondents' night market hawkers. A structured questionnaire was designed based on the pilot study conducted in Muadzam Shah. Selection of type of business was determined in random and availability at the time survey was conducted. The questionnaire was developed based on the issue and comprised of two sections. The first section consists of demographic profile to obtain general information concerning the background of the students. Section 2 was designed to capture the respondents' business information.

5.2. Reliability Analysis of Measurement

The coefficient alpha scores are 0.613 as shown in Table 2.

Table 2. Cronbach's Alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.611	0.613	4

5.3. Background and Characteristics of Respondents

The respondents are the entrepreneurs' night market hawker. The respondents comprised of 92.1 percent Malay, 4.4 percent Chinese, 1.0 percent Indian and 2.5 percent others. Gender of the respondents as follow:-

Table 3. Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	125	61.6	61.6	61.6
Female	78	38.4	38.4	100.0
Total	203	100.0	100.0	

Male are dominants night market entrepreneurs compare to female. The age of the respondents as follow:-

Table 4. Age

Age	Frequency	Percent	Valid Percent	Cumulative Percent
<20 yrs old	97	47.8	47.8	47.8
21-30	47	23.2	23.2	70.9
31-40	38	18.7	18.7	89.7
41-50	11	5.4	5.4	95.1
>50 yrs old	10	4.9	4.9	100.0
Total	203	100.0	100.0	

Table 5. Education Background

Education Level	Frequency	Percent	Valid Percent	Cumulative Percent
No Formal Education	14	6.9	6.9	6.9
Primary Education (UPSR)	36	17.7	17.7	24.6
Secondary Education (SPM/A-Level)	133	65.5	65.5	90.1
Higher Secondary Education (STPM/HSC/O-Level/Diploma)	18	8.9	8.9	99.0
Higher Learning Education (Degree & above)	2	1.0	1.0	100.0
Total	203	100.0	100.0	

About 65.5 percent of the respondents hold secondary education at 'Sijil Pelajaran Malaysia' or Malaysian Certificate Education which equal to A-level and followed by 17.7 percent were received primary education level. The state locations of respondents are as follows:-

Table 6. State Location

State	Frequency	Percent	Valid Percent	Cumulative Percent
Pahang	67	33.0	33.0	33.0
Terengganu	71	35.0	35.0	68.0
Kelantan	65	32.0	32.0	100.0
Total	203	100.0	100.0	

As states in Table 7, majority about 25.1 percent of night market entrepreneurs involved in food and beverages business and followed by 23.2 percent involved in clothes and accessories business.

Table 7. Types of Business

Type of Buisness	Frequency	Percent	Valid Percent	Cumulative Percent
Chicken/Meat/Fish	36	17.7	17.7	17.7
Vegetables/Fruits	37	18.2	18.2	36.0
Food/Beverages	51	25.1	25.1	61.1
Grocery/Household	32	15.8	15.8	76.8
Clothes/Accessories	47	23.2	23.2	100.0
Total	203	100.0	100.0	

6. Finding

6.1. Part Time Jobs

As indicates in the Table 8, about 68.0 percent respondents are full time entrepreneurs and remaining of 32.0 percent are running business as part timers. Buechle (2002) indicates the flexibility of production and retail has led to the increasingly precarious nature both of the "formal sector" with an increase in unregistered salaried and outsourced work and increasing of in informal sector activities.

Table 8. Running full or part time

Type Of Job	Frequency	Percent	Valid Percent	Cumulative Percent
Full time	134	66.0	66.0	66.0
Part time	69	34.0	34.0	100.0
Total	203	100.0	100.0	

6.2. Testing Result

Simple regression analysis was conducted to test

Table 11. Total start-up capital

Startup Capital In Ringgit Malaysia (RM)	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<100	13	6.4	6.4
	101-500	45	22.2	29.6
	501-1000	38	18.7	48.3
	1001-5000	70	34.5	82.8
	5001-10000	17	8.4	91.1
	>10000	18	8.9	100.0
Total	203	100.0	100.0	

relationship. The model assumes that the relationship between the dependent variable (profit), y, and the independent variable (capital), x, can be described as $y = \beta_0 + \beta_1x + \epsilon$ where:-

β_0 : intercept of y when x = 0

β_1x slope: the change in the mean value of y associated with a unit increase in x

ϵ : error term

Result of the testing as follow:-

Table 9. Simple regression

ANOVA	df	SS	MS	F	Significance F
Regression	1	13.06695	13.06695	10.79507	0.001200773
Residual	201	243.3014	1.210455		
Total	202	256.3684			

The outcome indicates the significant level and therefore H_0 to be rejected.

As shown in the Table 10, about 50.2 percent respondents earned ranging from RM101 to RM150 every day. Let say if they running a business of night market 25 days a month, their gross income could be around RM2,525 to RM3,750 per month. 14.1 percent be able to generates income between RM151 to RNM500 per day or RM3,775 to RM12,500 per month. 7.9 percent earned and income of RM151- RM500 per day and 9.4 percent earned more than RM500.00 per day.

Table 10. Average profit

In Ringgit Malaysia (RM)	Frequency	Percent	Valid Percent	Cumulative Percent
<50	12	5.9	5.9	6.4
51-100	53	26.1	26.1	32.5
101-150	102	50.2	50.2	82.8
151-500	16	7.9	7.9	90.6
>500	19	9.4	9.4	100.0
Total	203	100.0	100.0	

6.3. Initial Investment

Sarah, Henderson, & Weiler, 2005, in their study of entrepreneurial activities recognize the financial capital is widely seen as critical in developing a region's entrepreneurs (Center for the Study of Rural America). As indicates in the Table 11, total startup capital to venture into night market would require as lowest as below then RM100. About 34.5 percent had invested between RM1,001 to RM5,000 and 18.4 percent established the night market business with only RM500 to RM1,000.

As shown in Table 12, more than 92 percent of the respondents obtained sources of capital from internal or their own capital. These could be from existing saving, family and others. Praag, 2003; Bruderl et al., 1998; Cooper et al., 1994 argued that the more small business entrepreneur own capital internally, the more chances of successful will be.

Table 12. Source of the capital

Source of Capital	Frequency	Percent	Valid Percent	Cumulative Percent
Internal	187	92.2	92.2	92.2
External	16	7.8	7.8	100.0
Total	203	100.0	100.0	

7. Conclusion and Future Research

The objective of this study is to identify the opportunity for young generation to venture into small and micro business like night market. Realizing the important role of night market in community enterprises during both boom and bust of economic environment this study considered an exploratory of the what was indicated in the night market business performance which been classified as non-formal economy.

Future research could be explored further the effectiveness of handling the night market business and the contribution to the economy as a whole. The government should look into this non-formal economy activity as a contribution to the economy and formulate policies that would encourage more institutions to enter the nascent industry of non-formal economy and encourage youth to venture into this business.

With the uncertainty of economic performance which contributed to the highly rate of unemployment, night market or pasar malam could be one of the option for young graduate to venture into business.

References

- [1] Adophus, J.T. (2007), Financial management modelling of performance of Nigerian quoted small and medium enterprise, *Journal of Financial Management*, 20 (1) pp.49-68
- [2] Ahmed, E., Barkley, J.B., and Marina V. R., (2005), *A global perspective on the non-observed economy, inequality, corruption and social capital*, retrieved on July 4th, 2008 via website <http://cob.jmu.edu/rosserjb/NOE.Global.SEJ%20New1.doc>
- [3] Bernama (2008), retrieved on June 30th, via <http://web5.bernama.com/client/fama/index22.php?tit=3&id=297159>
- [4] Buechle S.J. (2002), *Enacting the global economy in Sao Paulo, Brazil: The impact of labor market restructuring on low-income women*, Ph.D. thesis, Columbia University, AAT 3048100
- [5] Bruderl, J. and P. Preisendorfer, (1998), Network support and the success of newly founded businesses, *Small Business Economics* 10, 213-225
- [6] Chickering, A. L and Salahdine, M. (1991), *The Silent Revolution: The Informal Sector in Five Asian and Near Eastern Countries*, (ICS Press, San Francisco). This same observation was made by Nicholas Ardito-Barletta, at one time General Director of the International Centre for Economic Growth in Panama, quoted in the Preface of *The Silent Revolution - The Informal Sector in Five Asian and Near Eastern Countries*. Retrieved via website on June 28, 2008 via <http://info.bahai.org/article-1-7-6-12.html>
- [7] Cooper, A. C., F. J. Gimeno-Gascon and C. Y. Woo, (1994), Initial human and financial capital as predictors of new venture performance, *Journal of Business Venturing* Vol. 9, 371-395
- [8] Geertz, C (1963), *Peddlers and Princes: Social Change and Economic Modernization in Two Indonesian towns*, Chicago: University of Chicago.
- [9] Hart, K. (1971). "Informal income opportunities and urban employment in Ghana", in Bekkers et all (1995) Measuring informal sector employment in Pakistan: Testing a new methodology, *International Labour Review*. Geneva: 1995. Vol. 134, Iss. 1; pg. 17.
- [10] International Labor Organization (ILO) (1993), *Fifteenth International Conference of Labour Statisticians: Resolution concerning statistics of employment in the informal sector*, in Official Bulletin (Geneva), 1993, Series A, No. 3.
- [11] Kamaruddin, A. J., and Norliza, M.A., (2006), *Measuring contribution of informal sector/informal employment to GDP in Malaysia : Development of survey instrument*, 9th Meeting of the Expert Group on Informal Sector Statistics (Delhi Group) New Delhi, 11 – 12th May
- [12] Kassim, M.U., and Jayasoori, D. (2001), Informal economy, micro-finance and non-governmental organizations in Malaysia, *Humanomics, Patrington*, 2001, Vo. 17, Iss ½, pg 134.
- [13] Kuala Lumpur Structure Plan 2020, retrieved on June, 28, 2008 via: <http://www.dbkl.gov.my/pskl2020/malay/perdagangan/index.htm>
- [14] Nand, L, (nd), *A theoretical view of the urban informal sector or informal economy in developing country and its future directions in an era of globalization*, Department of Humanities, Western Sydney Institute of TAFE, Nepean College, Sydney, Australia, retrieved via website on July 2nd 2008 <http://www.siue.edu/EASTASIA/Nand1004.htm>
- [15] Othman, M.S, Zahiruddin, A., Ponnu, C. H., Mutalib, L. and Sukor, M.E.A., (2007), *A study on the competitive advantage of the night market in the Klang Valley, Malaysia*, 3rd UNITEN International Business Management Conference 2007, Melaka
- [16] Praag, C. M., (2003), Business survival and success of young small business owners, *Small Business Economics*. Dordrecht: Aug, Vol. 21, Iss. 1; pg. 1
- [17] Sarah, L., Henderson, J and Weiler, S. (2005), Gauging a Region's Entrepreneurial Potential, *Economic Review - Federal Reserve Bank of Kansas City*. Kansas City: Third Quarter, Vol. 90, Iss. 3; pg. 61.
- [18] Yusof, A.A, Perumal, S. and Pangil, F, (2005), *Principles of Entrepreneurship*, Prentice Hall, Kuala Lumpur.