

Youth Economic Empowerment through Artificial Intelligence: An Analysis of Legal Literacy Needs and Innovation Governance

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ABSTRACT

The development of artificial intelligence (AI) has created new opportunities for youth to engage in digital entrepreneurship and generate economic income in innovative ways. However, the use of AI in business without adequate understanding of legal aspects may expose youth to legal risks, particularly in relation to copyright, liability, and digital marketing. Accordingly, this study aims to analyse the need for legal literacy among youth involved in AI-based entrepreneurship and to examine the importance of innovation governance as a mechanism for youth economic empowerment.

This study adopts a mixed-methods research design, combining quantitative data collected through surveys and qualitative data obtained from semi-structured interviews with youth in Bandar Baru Bangi, Selangor. The findings indicate that although youth demonstrate a high level of acceptance of AI in business activities, their understanding of legal implications remains at a moderate to low level. The study also identifies an urgent need for a structured intervention that integrates legal literacy and innovation governance to ensure the ethical and legally compliant use of AI.

Based on these findings, the study proposes the development of the Integration of AI Technology and Law Module (ITAP) as a support mechanism for youth economic empowerment. This study contributes to the socio-legal literature by highlighting the role of legal literacy in supporting sustainable digital innovation and aligns with the Sustainable Development Goals, particularly those related to inclusive economic growth.

Keywords: artificial intelligence, youth, legal literacy, innovation governance, digital entrepreneurship

INTRODUCTION

Artificial intelligence (AI) is increasingly used in digital entrepreneurial activities. Many young people utilise AI to generate ideas, produce content, and market products. AI enables youth to manage business operations more efficiently and effectively. As a result, AI has become an important tool in efforts to empower the youth economy (OECD, 2020; Dwivedi et al., 2021).

However, the use of AI in business is not limited to technical aspects alone. It also involves legal issues. A large number of youth use AI without a clear understanding of the related legal implications. Issues such as copyright, legal liability, and digital marketing regulations are often overlooked. This situation may expose youth to the risk of legal violations (WIPO, 2020; Gervais, 2019).

In Malaysia, various initiatives have been introduced to encourage youth participation in digital entrepreneurship. Most of these initiatives focus on developing technological skills and enhancing economic potential. Nevertheless, legal literacy remains an underemphasised aspect. As a result, the use of AI among youth often occurs without clear legal guidance (OECD, 2018; World Bank, 2019).

The lack of legal literacy does not only affect individuals. It also has broader implications for the innovation ecosystem. The use of AI without an appropriate governance framework may lead to unethical business practices. This condition further increases the risk of technology misuse and conflicts of interest among stakeholders (Floridi et al., 2018; OECD, 2019).

Previous studies have extensively discussed the use of AI in entrepreneurship from the perspectives of technology adoption and business performance. However, studies that specifically examine the need for legal literacy among youth in the use of AI remain limited. Discussions on innovation governance within the context of youth entrepreneurship are also relatively underexplored, particularly in the local context (McQuoid-Mason, 2014; Dwivedi et al., 2021).

Accordingly, this study aims to analyse the need for legal literacy among youth involved in AI-based entrepreneurship. The study also examines the importance of innovation governance as a supporting mechanism for sustainable youth economic empowerment. Bandar Baru Bangi was selected as the study location as it represents a youth community that is actively engaged in digital entrepreneurship.

RESEARCH METHODOLOGY

This study adopts a mixed-methods research design that combines quantitative and qualitative approaches. This approach was selected to obtain a more comprehensive understanding of the use of AI in youth entrepreneurship, as well as the need for legal literacy and innovation governance. The quantitative method was used to identify general patterns and levels of awareness among youth, while the qualitative method was employed to explore youth experiences and perspectives in greater depth.

The study was conducted in Bandar Baru Bangi, Selangor. This area was selected as it represents one of the locations with active youth involvement in digital entrepreneurship and the use of AI technologies. The respondents consisted of youth who were directly involved in digital-based entrepreneurial activities, either on a full-time or part-time basis.

For the quantitative component, a structured questionnaire was used as the data collection instrument. The questionnaire comprised several key sections, including respondents' background information, forms of AI usage in business activities, levels of understanding of legal issues, and respondents' views on the need for innovation governance. Quantitative data were analysed descriptively to identify key trends and patterns.

For the qualitative component, semi-structured interviews were conducted with selected youth participants. These interviews aimed to obtain deeper insights into respondents' experiences in using AI, the legal challenges encountered, and the need for support in terms of legal literacy. Qualitative data were analysed using thematic analysis to identify key themes relevant to the study objectives.

Ethical considerations were also taken into account in this study. All respondents were informed of the purpose of the research, and participation was voluntary. Respondents' identities were kept confidential to protect privacy and personal information. The data collected were used solely for research and academic analysis purposes.

RESEARCH FINDINGS

Forms of AI Use in Youth Entrepreneurship

The findings indicate that the majority of respondents have used AI technologies in their entrepreneurial activities. AI is mainly used for marketing content generation, promotional text writing, product idea development, and social media management. This usage occurs either on a regular basis or according to specific

business needs.

Most respondents reported that AI helps to save time and reduce workload. However, the use of AI is largely focused on practical functions and immediate outcomes. Legal compliance is rarely considered during the initial stages of AI adoption.

One respondent stated:

“I use AI to create captions and advertisements, but I never really think about copyright or legal issues.” (R1)

Level of Legal Literacy Related to AI Use

The findings show that the level of legal literacy among youth is moderate to low. Many respondents were uncertain whether AI-generated content is protected by copyright or not. Some respondents were also unaware of who would be legally responsible in the event of a legal violation.

Business liability was identified as another area that is poorly understood. Most respondents assumed that legal risks would only arise if there were complaints from external parties.

One respondent stated:

“I assume that as long as no one reports it, there is no legal problem.” (R3).

Level of Legal Literacy Related to AI Use

The study found that awareness of legal risks exists, but it remains general in nature. Respondents were aware that business-related laws exist, yet they did not understand how these laws apply to the use of AI.

Most respondents had never received any exposure or training related to innovation governance or the ethical use of AI. The concept of AI governance was perceived as abstract and not directly related to daily business operations.

One respondent stated:

“I know AI has risks, but I do not know which laws I need to follow.” (R5)

The Need for Guidance and Structured Intervention

The findings indicate that almost all respondents agreed on the need for clear and simple guidance regarding the use of AI in business. Respondents showed a stronger preference for practical guidelines or modules rather than lengthy and technical legal explanations.

Respondents expressed the need for basic explanations on copyright, liability, and digital marketing that are aligned with the realities of youth entrepreneurship. These findings point to the need for a structured intervention that integrates legal literacy and innovation governance.

One respondent stated:

“If there is a simple module that explains what is allowed and what is not, that would be very helpful.” (R7)

DISCUSSION

The findings indicate that the use of AI in youth entrepreneurship is widespread. However, this use is not accompanied by sufficient legal understanding. This situation confirms the existence of a gap between technological innovation and legal literacy among youth. Similar gaps have been identified in previous studies, which show that technological development often progresses faster than users' legal awareness (McQuoid-Mason, 2014; OECD, 2018).

This legal literacy gap exposes youth to unrecognised legal risks. Issues such as copyright and liability are frequently treated as secondary concerns. The perception that the law only applies when a complaint is made reflects a reactive approach to legal compliance. This observation is consistent with earlier discussions on legal challenges arising from emerging technologies (Gervais, 2019; WIPO, 2020).

The discussion shows that AI is often used as a practical tool without clear legal consideration. Youth tend to prioritise efficiency and immediate outcomes. Legal implications are only taken into account when problems arise.

This situation suggests that legal risks do not stem from an intention to violate the law, but from a lack of knowledge. Without a basic understanding of copyright and liability, youth may unintentionally engage in legal infringements. This finding aligns with existing views that legal uncertainty surrounding AI remains a major challenge within innovation and business contexts (Gervais, 2019; OECD, 2019).

The study shows that the concept of innovation governance is still poorly understood among youth. Most respondents have never received exposure to ethical or legally compliant uses of AI. This finding supports the argument that the absence of clear governance frameworks increases the risk of technology misuse (Floridi et al., 2018).

Innovation governance should therefore be understood as a preventive approach that guides technology use from the early stages of entrepreneurship. Such an approach is important to ensure that digital innovation contributes to economic benefits without undermining public interest and social justice.

The discussion reinforces the finding that legal literacy is not a barrier to innovation. Instead, legal literacy functions as a mechanism for empowerment that enables youth to manage business risks more effectively. This view is consistent with studies highlighting that legal literacy enhances individuals' capacity to make responsible decisions (McQuoid-Mason, 2014; Samsudin et al., 2018).

With a clear understanding of legal rights and responsibilities, youth are better positioned to use AI with greater confidence and ethical awareness. This, in turn, supports the long-term sustainability of youth economic activities.

The need for practical guidance and modules identified in the findings suggests that existing approaches remain insufficient. Youth require structured interventions that integrate AI use with legal literacy and innovation governance principles. This approach aligns with international policy recommendations that emphasise institutional support in regulating emerging technologies (OECD, 2019).

In this context, the development of the Integration of AI Technology and Law Module (ITAP) can be viewed as a community-level support mechanism. The module serves as a basic guide to help youth understand their legal responsibilities without constraining creativity and innovation.

CONCLUSION

This study examines the use of artificial intelligence (AI) in youth entrepreneurship with a particular focus on the need for legal literacy and innovation governance. The findings show that although AI is widely used in youth entrepreneurial activities, the level of understanding regarding its legal implications remains moderate to low. This situation creates legal risks that may undermine the long-term sustainability of youth economic activities.

The study further demonstrates that legal literacy plays an important role as a mechanism for empowerment rather than as a barrier to innovation. Youth who understand the basic principles of copyright, liability, and digital marketing are better equipped to manage business risks and to use AI in a responsible manner. In this context, innovation governance should be understood as a preventive approach that guides the use of technology from the early stages of entrepreneurship.

From an academic perspective, this study contributes to the socio-legal literature by integrating discussions on

AI, legal literacy, and youth economic empowerment. It addresses a gap in existing studies that have largely focused on technological aspects and business performance while giving insufficient attention to legal and governance dimensions.

From a practical perspective, the study proposes the development of the Integration of AI Technology and Law Module (ITAP) as a structured community-level intervention. The module aims to provide concise and practical guidance to help youth understand their legal responsibilities when using AI, without constraining creativity and innovation.

Overall, the empowerment of youth economies through AI requires a balanced approach between technological innovation and legal compliance. This study supports the Sustainable Development Goals, particularly SDG 8 on inclusive economic growth and decent work. Future research may examine the effectiveness of implementing legal literacy-based modules and explore their expansion to wider youth communities.

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