The Influence of Personality And Socio-Economic Factors on Female Entrepreneurship Motivations in Malaysia

Kamisan Gadar¹ and Nek Kamal Yeop Yunus²

This study examines the Malaysian women entrepreneurs' background, motivation factors, personal characteristics and perception on entrepreneurial behaviors. The overall sample consists of 685 women entrepreneurs in Malaysia. Field work was conducted between February and June 2007 and it covered all 13 countries in Malaysia which were divided into 5 zones. A structured 76 closed-ended items questionnaire was used to collect the data. The overall statistical analysis was divided into two separate groups, namely the descriptive and inferential statistics. The former examines how the respondents varied their responses to each question. The latter examines what is most important factor that motivates women entrepreneurs and the correlation between entrepreneurial incomes and their personal profiles. The results show that, the majority of the respondents are Malays and more than half of them aged above 40 and having at least three children. Interestingly, about 70 percent of the respondents have secondary qualification, while 10 percent are university graduates and the remaining 20 percent have primary education. Even though not all of the respondents come from entrepreneurs' family, they managed to earn more money once they became one. The result of the analysis further showed three main findings. First, the correlation analysis shows that entrepreneur's income correlated very weak with both education and experience levels. On the other hand, there is no correlation between entrepreneurial income and age factor. Second, the with the exception of age factor, entrepreneur's income differs significantly according to experience and education as indicated through one-way ANOVA. Lastly, factors analysis revealed that nine factors were relatively significant from an original set of 12 factors. Eventually, only 20 were selected from 63 items contained. Perception of economic environment in term of technology and information are the most pertinent factors. These are followed by work ethics and management values as key personal characteristics for women entrepreneurs.

Keywords: women entrepreneurs, motivating factors, personal characteristics.

1. Introduction

Government's support and encouragement of individual’s entrepreneurial behavior have positive impact on country’s economy (Payne, et al., 1995). However, this behavior depending upon the influence of economic development stage and cultural values. According to Shapero and Sokol (1982), for countries in the take-off stage, positive pull cues were more salient than in other stages. Specific positive pull cues refer to the entrepreneur finding or seeing an opportunity and recognizing resources at the entrepreneur’s disposal.

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Economic development combined with cultural values, may influence entrepreneurial desirability and inclination. Numerous studies have analyzed the nature of entrepreneurial motivations and personal characteristics. These include Hisrich and Brush (1982); Kuratko and Hodgetts (2004); and Schollhammer and Kuriloff (1979). Other empirical researches document the psychological dispositions of entrepreneurs such as by Brockhaus (1982) and Begley and Boyd (1987). Further studies have also been conducted to determine gender difference between entrepreneurial males and females in term of psychological dispositions (Kalleberg & Leicht, 1991; Sexton & Bowman-Upton, 1990). These studies provide additional insight into the nature of entrepreneurship and the motivations, characteristics and dispositions of entrepreneurs. Motivated by partly empirical evidence in the conceptualization of personal traits and characteristics that influencing the propensity of the individual to engage and develop a career in entrepreneurship. These may be influenced by the individual contextual factors though many other factors would prove significant. The personal characteristics that would be incorporated include attitudes to self-employment; risk taking behavior; self-confidence; and personal management values. The previous empirical studies (Ljunggren & Kolvereid, 1996), and (Brindley & Ritchie, 1999), suggest that differences in situational or individual circumstances affect entrepreneurial behavior. They argue that gender differences have significantly influence entrepreneurship. Other research have used psychological traits such as high need for achievement, have a greater internal locus of control, moderate and calculated risk takers and high protestant work ethic scale (Green et al., 1995).

The framework of entrepreneurship for this study is based on the psychological and contextual school of thought. This approach contends that entrepreneurs are driven by unique attitudes, needs, and values. These characteristics are thought to drive the entrepreneur to behave in a certain fashion. Several psychological components include the various needs (McClelland, 1961), propensity of risk taking behavior and personal values (Ferguson, et al., 1996). Studies also indicate that there are psychological factors associated with ethnic entrepreneurship (Ward & Jenkins, 1984; Waldinger et al., 1990).

A gender split in terms of motivating factor and individual characteristics provides divergent views on entrepreneurship. The motivation for women and men to start their own business differs on the basis of personal economic aspiration. Men are more likely than women to build empire or enter new market (Still & Timms, 2000). Female who displaying the behavior of aggressiveness, emphasis on business growth and making profit can be classified as entrepreneurs (Stevenson et al., 1991). The common way of explaining why women start a business is associated with the individual needs for independence, self achievement and job flexibility. Another approach to understanding the nature of entrepreneur is focus on their socio economics outlooks. These factors include family history and tradition of entrepreneurship, cultural background, family support, work ethics and education level.
According to Shane and Venkataraman (2000), there are three key interactive elements that influence different types of entrepreneurship and different degree of competitiveness. Those elements are macro, individual and development process. One can make a comparison of entrepreneurship between two nations or so and one can also suggest recommendations according to situational and cultural dimensions. Attempts to integrate macro and individual elements have been made by previous studies but so far very few have integrated psychological and socio-economic factors to examine what motives women into entrepreneurial activity. Adapting the contingency approach, this study first investigates the primary determinant of entrepreneurship such as infrastructures and family tradition of entrepreneurship (macro), second includes individual disposition such as attitude to self employment, risk taking behavior, self confidence, educational background and gender.

Previous researches by Storey (1994) and Smallbone and Wyer (1994) argue that the performance of small business (i.e. their ability to contribute to job and wealth creation through business start-up, survival, and growth) has become an important area of recent policy and academic debate. Local municipalities and local governments recognize that employment and economic growth tends to be more dependent on micro enterprises than on medium and large businesses. Policies have been developed to encourage small business growth. In this study, the question as to the impact of municipal policies upon micro enterprises and, in particular, whether there is a difference for female and male owned operations are investigated.

This study is important for several reasons. First, previous studies have concentrated on motivating factors that encourage female to start up business operations. Occupational flexibility in terms of hours worked is identified as an important factor encouraging female entrepreneurship (Orhan & Scott, 2001). As Hisrich, (1990) suggests that the two similar motivation between men and women are independence and the need for self-achievement, we carried out quite similar motivations. Second, this study differs clearly from previous studies of women entrepreneur. Very little of these works has however, focused on the issue of gender and business performance. Green and Cohen, (1995) analyze women entrepreneur as a monolithic category. We view them as a diverse and complex group with varied backgrounds, circumstances and worldviews. In addition, we study both female entrepreneurs' personal characteristics and their motives together. Thirdly, we believe that our study contributes to a deeper understanding of the role of female entrepreneurship which is important to the country’s economy. Analogous to this, therefore we include the female entrepreneurship in term of income effects.

This paper is to explore the motivating factors that help to develop entrepreneurship qualities among female members of the country’s chambers of commerce. These members are from several states of Malaysia. Three research questions are examined; first, is there any significant difference of entrepreneur’s income according to age, education and experiences? Second, does entrepreneurial
The objectives of this study are:

1. to identify the profile of female entrepreneurs
2. to examine the major criteria influencing female decisions on entrepreneurship
3. to determine the correlation between entrepreneurial income and selected women backgrounds.

This research intends to test three main hypotheses. First, socio-economic and psychological factors motivate women entrepreneur; second, demographic factors do correlate with entrepreneur income differences; third, the entrepreneurs’ income differs according to age, education and experiences.

\[ \text{Figure 1} \]

\textbf{Diagrammatic conceptual research framework}

The conceptual framework for this study is adapted from Shane and Venkataraman (2000). This model consists of environmental factors that help to develop cultural values and economics factors among individuals within the society including...
women. Both elements are the foundations to the motivating factors that influence women individuals to become entrepreneurs. Those motivating factors include family background, education, previous occupation, social network, economics factors, financial factors and infrastructure facilities. The psychological factors are personality characteristics and perceptions of entrepreneurs. Personality characteristics comprise work ethics, performance measures and risk taking, while the perceptions of entrepreneurs take account of economic environment; pushing factors to become entrepreneur, the importance of business functions and the performance measures.

2. Methodology

This study used a survey method. Interviews and questionnaires were used to get the data. The population of this research is registered members of women entrepreneurs within the Malay Chamber of Commerce, Trade Association of Bumiputra Women and Women Entrepreneur Association in Malaysia. To gather information relevant to the research questions, surveys of those individuals currently representing state and regional chamber of commerce were designed. Once the survey results were compiled, a comparison to an existing entrepreneur literature was done to identify similarities. Finally, the question of what the individual characteristics and motivational factors would provide to this study was examined.

The surveys used for individual members of women entrepreneurs were designed to determine the entrepreneurial characteristic and motivating factors they have disclosed to recognize them as entrepreneurs, and to identify from their perspective what the key dimensions of entrepreneurship attitudes should be. Elements of the survey were identified as recommended profiles in entrepreneurship and management literatures. The identified elements provide a perspective from individual member of the association. After examining the results for each member, a comparison was made of a similar chamber of commerce. The Malay Chamber of Commerce of Malaysia respondents were used as a comparison of entrepreneurs’ profile, motivating factors, women perceptions and relativity. The survey was limited to three geographical zones of the state. For this project, Team One, representing Perlis, Perak, Kelantan, Negeri Sembilan and Sabah; Team Two, representing Kedah, Selangor, Trengganu, Melaka and Labuan; and Team Three representing Pulau Pinang, Kuala Lumpur, Putra Jaya, Pahang, Johor and Sarawak. Members within these teams offered variety in skills as well as experience in business research as lecturers.

3. Background Of Respondents

The total sample was 685 women entrepreneurs selected randomly throughout Kedah, Penang, Sabah and Sarawak. A majority of the respondents are Malays, 618 (90%) and more than half of them aged above 40 and having 3 children or more. More than half of them aged above 40 and having at least three kids. Interestingly, about 70 percent of the respondents have secondary qualification, while 10 percent are university graduates.
and the remaining 20 percent have primary education. In term of family background, almost 50 percent of the respondents did not come from entrepreneur’s family. Majority of respondents engaged in various business types such as manufacturing, restaurant and café, transportation and business services. Even though not all of the respondents come from entrepreneurs’ family, they managed to earn more money once became an entrepreneur.

4. Motivating Factors

Technology and information factors scored the highest eigenvalue and variance (eigenvalue = 17.317, variance= 27.5%). It means that technology and information elements play important role to influence women entrepreneurs. This is followed by personal characteristics such as work ethics and management values (eigenvalue =6.01, variance =9.54%). Sales target objective and net profit objective are primary performance measures. These performance factors also one of the main motivating factors (eigenvalue= 2.050, variance=3.25%).

<table>
<thead>
<tr>
<th>Table 1: Determinants of Women Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factors</strong></td>
</tr>
<tr>
<td>Technology Information</td>
</tr>
<tr>
<td>work-holic person</td>
</tr>
<tr>
<td>accomplish a task completely</td>
</tr>
<tr>
<td>proud on achievement</td>
</tr>
<tr>
<td>Sales target net profit objective</td>
</tr>
<tr>
<td>Political activities</td>
</tr>
<tr>
<td>close relationship with politicians</td>
</tr>
<tr>
<td>social and business relationship</td>
</tr>
<tr>
<td>with corporate leaders</td>
</tr>
<tr>
<td>Exposed to their business activities by family</td>
</tr>
<tr>
<td>dare to losses and failure</td>
</tr>
<tr>
<td>dare to do a job that other people don’t</td>
</tr>
<tr>
<td>Satisfied with the growth of net income</td>
</tr>
<tr>
<td>satisfied with the break even point</td>
</tr>
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<td></td>
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</tbody>
</table>

154
believe had succeeded in business

<table>
<thead>
<tr>
<th>Husband’s support</th>
<th>769</th>
</tr>
</thead>
<tbody>
<tr>
<td>inherit husband’s business tradition</td>
<td>0.705</td>
</tr>
<tr>
<td>job dissatisfaction</td>
<td>0.763</td>
</tr>
<tr>
<td>job retrenchment</td>
<td>0.746</td>
</tr>
</tbody>
</table>

| Eigenvalue | 17.3 | 6.01 | 2.05 | 1.83 | 1.66 | 1.53 | 1.52 | 1.17 | 1.12 |
| Variance explained (%) | 27.5 | 9.54 | 3.25 | 2.9 | 2.6 | 2.46 | 2.4 | 1.9 | 1.7 |

Factor 5 represents social networking which include political involvement, strong political link and close relationship with corporate leaders (eigenvalue=1.829, variance=2.9%). The majority of women entrepreneurs believe that social networking is also important to influence them in doing a business. Factor 6 refers to family factor. Exposed to family business also motivates women entrepreneurs. This factor has an eigenvalue equal to 1.665 and its variance of 2.6%.

Factor 7 indicates that women entrepreneurs are mentally prepared before starting their business. It includes exposure of family business, willing to fall through attitude and make an attempt that other peoples don’t (eigenvalue=1.552, variance=2.46%). Factor 8 relates to the entrepreneurial performance measures in term of their business objective such as to achieve net income growth, satisfied with the break even point and self assurance on their success. This Factor has eigenvalue equal to 1.525 and its variance equal to 2.42%.

The other two items under the family desires are listed in Factor 11. These include husband’s support and inherited spouse business (eigenvalue=1.167, variance=1.9%). These two items are less importance to motivate women in business. Finally, pushing factors that include job dissatisfaction and job retrenchment (eigenvalue=1.117, variance= 1.7%) are the least important motivating factors.

5. Correlation Between Demographic Profiles And Women Income

The finding shows that there is none correlation (0.024) between women income and age. The result indicates that entrepreneur’s income does not correlate with the age variance. However, entrepreneur’s income does correlate weakly with education level (r=0.310, p= 0.01). This indicates that entrepreneur’s income can explain 10% only from the education variance. Furthermore, the finding also indicates that there is also a low correlation between women income and experience (r = .342, p = 0.01). This shows that the entrepreneur’s income can only explain 12% from the experience variance.
Table 2: Correlations between Entrepreneur’s Incomes and Demographic Profiles

<table>
<thead>
<tr>
<th></th>
<th>Entrepreneur ‘s Income</th>
<th>Age</th>
<th>Education Level</th>
<th>Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post entrepreneurial income</td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.024</td>
<td>.310(**)</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.538</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>685</td>
<td>685</td>
<td>685</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).

6. Relationship Between Entrepreneurial Income And Demographic Profiles

Table 3, using ANOVA test shows an F-value 2.088, P >0.05. We can conclude that there is no significant difference between entrepreneur’s income and age group. Age of entrepreneurs is divided into aged 21-30 years, aged 31-40 years, aged 41-50 years and those aged above 50 years.

In contrast, the result indicates that F-value (11.839), p<0.05. Therefore, there is a significant difference between entrepreneur’s income and education level. The various education levels include primary school educated, secondary educated (MCE holders, HSC holders), university first degree holders up to PhD holders.

The result of ANOVA also indicates that the null hypothesis must be rejected because F-value (25.760) is significantly different from zero (p<0.05). We can conclude that relationship between entrepreneur’s income and experience is significant statistically. Experiences are categorized into three majors: entrepreneurs who had short experience (3 years and below), those who had moderate experience (4 years to 7 years); and those who had long experience (above 7 years).
Table 3: ANOVA between post entrepreneurial income, age factors, education levels and experiences.

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Age factor</td>
<td>Between Groups</td>
<td>56541481.9</td>
<td>3</td>
<td>18847160.638</td>
</tr>
<tr>
<td>2. Education level</td>
<td>Between Groups</td>
<td>588406197.499</td>
<td>6</td>
<td>98067699.583</td>
</tr>
<tr>
<td>3. experience</td>
<td>Between Groups</td>
<td>435783066.837</td>
<td>2</td>
<td>217891533.418</td>
</tr>
</tbody>
</table>

7. Major Findings

The study provides evidence regarding the entrepreneurial income which may not be correlated with age factor but is evidently correlated with education and with experience. The study reveals that there is significant similarity in term of family status where 70 percent of our sample was married with children, most of whom had started their business between the ages of 31 and 50 (61.3 percent). This result confirms previous studies by Aristotle University (2002b) in Italy. However, in comparison to a study of female entrepreneurs in Holland, our result differ from the finding reported by Hogeschool van Amsterdam (1994) that indicate more single women than married whom had started their business.

The correlation between demographic background and entrepreneurs’ income is mixed in this study. The correlation analysis shows that income does correlate with experience and education of entrepreneurs, which is consistent with the argument mentioned by Chell et al (1991) that entrepreneurs may seeking to meet personal objectives including income streams. Despite this similarity, we were unable to demonstrate that entrepreneurs may seeking social interaction and may be content with maintaining a stable business.

Hogeschool van Amsterdam (1994) reported that nearly 50 percent of women had started their business between the ages of 36 and 45 in Holland, while Trihopoulou & Sarri (1997) found that women entering business aged 36 and 54 years had registered an increasing trend. Findings from research studying the profile of female entrepreneurs in Italy reported that most of them had started their business between the ages of 36 and 55 (Aristotle University, 2002a, and b). Our finding provides evidence that women in Malaysia undertake their entrepreneurial activity between the ages of 21 and 40.
Female entrepreneurs’ university education differs from the findings of the previous studies. 35 percent of women attending university (Hogeschool van Amsterdam, 1994), while our study reported that 13 percent of sample is university-trained. However, our finding (53 percent) does share common ground with regard to the higher education from the findings of the previous studies. For example, Aristotle University (2002b) reports that 47 percent of the study sample had attended at least higher education, while Hogeschool (1994) reports that 41 percent of women entrepreneurs attending higher education. However our study shows that 53 percent of study sample had attended at least higher education.

Family influence may affect the decision of women to start up a business. With regard to family background, Aristotle University (2002) argues that 41 percent of women entrepreneurs come from a business-owning family, mainly a spouse or father with entrepreneur, while Hogeschool van Amsterdam, (1994) says that 59 percent of sample was in some way familiar with business enterprise and 41 percent who were not. Our study also provides the same evidence where 46 percent of women entrepreneur inherited family business and 54 percent do not. The theories most commonly explained different motives behind why women start a business are a combination of pull and push factors (McClelland, 1961; Buttner & Moore, 1997; Glancey et al, 1998; Hansemark, 1998; Brush, 1999). According to McClelland’s theory, the need for self achievement always associated with entrepreneurial motivations. Push factors are related to necessities such as unemployment, glass ceiling, redundancy, recession, financial reasons, dissatisfaction with being employed or the need to accommodate work and home roles simultaneously. Pull factors refer to a need for independence, need for achievement, financial reasons (desire for profit-wealth), personal development, self-fulfillment, social status and power (Buttner & Moore, 1997; Glancey et al, 1998; Hansemark, 1998; Brush, 1999).

The need for self achievement which was found to be important in earlier research (Hisrich, 1990) is found to be the same in this research. In Portugal, personal achievement found to be the key motivating factor of starting a business (Pereira, 2001). In the factor analysis, we also found that the proud on achievement and task accomplishment are the second most important factors encouraging female entrepreneurship. Previous empirical studies such as those by Buttner & Moore (1997) and Brush (1999) found that dissatisfaction with employment and redundancy are significant in motivating women to start up business operations. In this study, we found that job dissatisfaction and retrenchment are also important factors influencing female entrepreneurship.

The finding also confirms that social networking is one of the major factors in women motivation. Gregoire et al (2001) identified five elements that underpin most entrepreneurship research. These are personal characteristics, performance factors, the impact of venture capitals, the influence of social networks and the resources of enterprise. Their finding shows that networking as the most important influence on female entrepreneurship is consistent with our finding that social networking is the fifth most important factor when doing a business. In contrast, there are also many
differences between the findings of earlier research and the findings of this research. Economic independence, which was found to be important in earlier studies, is found to be unimportant in our research. Hogeschool van Amsterdam (1994) found that economic independence as the most frequently cited motives for women to start a business. By contrast, our finding shows that the importance of economic environment such as technology and information are the driving force for starting a business. Apart from economic independence, other important factors were combining work and family, wanting to be own boss, family desires. In contrast, other important factors in our research include strong political links and close relationship with business leaders, wanting to fulfill sales and /or profit objectives, and the support of husband and the desire to continue his business.

8. Conclusion

In summary, perception of economic environment, self achievement needs, performance objective, social networking can account for the determinants factors and in fact to have a significant influence in female entrepreneurship though the results are mixed. In contrast, previous study found a significant impact of economic independence, combining work and family, wanting to be own boss, family desires are the driving forces behind the female entrepreneurship.

In this study, we found that job dissatisfaction and retrenchment as well as social networking are also important factors influencing female entrepreneurship. These results are fairly consistent with previous works such as by Buttnar and Moore (1997); Brush (1999); Gregoire et al., (2001). There are also many differences between the findings of earlier research and the findings of this research. Economic independence, which was found to be important in earlier studies, is found to be unimportant in our research. Hogeschool van Amsterdam (1994) found that economic independence as the most frequently cited motives for women to start a business. By contrast, our finding shows that the importance of economic environment such as technology and information are the driving force for starting a business.

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Gadar & Yunus


Gadar & Yunus


