

REVIEW OF LITERATURE ON WOMEN ENTREPRENEURS

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Abstract

Participation of women entrepreneurs is getting more important in the transformation of social interactions along the gender lines. Majority of previous studies focus on entrepreneurs in general, thus leaving a gap for the current study to concentrate in women entrepreneurs. Therefore, this paper aims to review literature concerning major obstacles of women entrepreneurs in running their businesses. Additionally, it also highlight the driving forces that motivate women entrepreneurs into businesses.

Keywords: *women entrepreneurs, motivation, challenges*

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Introduction

Women entrepreneurs are playing an important role in most developed countries and also some developing countries (Brush, 1992). Although the number of women entrepreneurs' participation is still relatively small compared to men-owned businesses (Minniti and Arenius, 2003; Mutalib, *et al.*, 2015). According to Singh and Raghuvanshi (2012), women have always contributed towards the productivity of people. Women only own 1% of the world properties while the rest belongs to men (Greenberg, 2014). According to the World Bank report, women claim only 10% of the income generated by their efforts. This unbalance situation reflects the transformation of women into having higher education and sharpen their skills in managing businesses.

The number of women entrepreneurs is still growing along side with modernization. Among the reasons why women left their career to become self-own business entrepreneurs is because they are not satisfied with their working environment and failed to achieve a work-life balance. Managing a business is not easy for men and women but women entrepreneurs have to go through tougher obstacles along the journey (Allen and Truman, 1993; Smith-Hunter, 2006). Therefore, women strong motivation is the most important element to sustain their businesses and become successful.

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Definitions of Entrepreneur

The word 'entrepreneur' is derived from the French word 'entreprendre' which means 'to undertake' and 'to try'. The entrepreneur definition was first used by an Irish-French economist, Richard Cantillon in 1723 that refers to a person who has the capability to make decision in a complex environment. Schumpeter (1942) defines entrepreneur as a person who invents a new idea to create a new product. Almost all of definitions on entrepreneur include innovation of product in the terminology. Therefore, entrepreneurs are intrinsic to have innovative and creativity traits (Drucker, 1985). Leibenstein (1968) and Drucker (1985) state that entrepreneur is a person who produces a relatively new product to fulfill the shortage in the market. Hebert and Link (1988) advocate that entrepreneur works individually, rather than collectively besides having good social network. Thus, Pickle and Abrahamson (1990) define entrepreneur as a person who undertakes and operates a new enterprise or venture, and assumes accountability of the inherent risks for the profit.

Many researchers provide different definitions of entrepreneurs in the literature. Entrepreneurs are risk takers who make direct decisions in solving urgent problem (Pickle and Abrahamson, 1990). Entrepreneurs are a person who creates new product to supply the need of society (Leibenstein, 1968 and Drucker, 1985). They also start their business from scratch in order to make profit. (Advani, 2013).

According to Government of India, female entrepreneur is an owner of a business which controlled by woman of at least 51 per cent of the company share and 51 per cent of the employees are women (Goswami et al., 2008). Female entrepreneur is someone who starts her new business with her expertise and resources, however her business always set up informally without company registration and a premises (Anwar and Rashid, 2011; Chee *et al.*, 2012; Mutalib *et al.*, 2015).

Women Entrepreneurs in Malaysia

Women have played very significant roles in the economic development of Malaysia (Ndubisi and Kahraman, 2006). According to Ministry of Women, Family and Community Development, the population of female in Malaysia is 14,633 (Statistics on Women, Family and Community, 2014). Women involvement in entrepreneurship is continuously increasing year by year. Women entrepreneurs contribute to the economy of Malaysia. For example, SME Corp, National Entrepreneurship Institute (INSKEN), and Women Development Department are government agencies that provide entrepreneurship programs for women in starting up business ventures.

The Companies Commission of Malaysia (CCM, 2003) reported that 49,554 units of businesses were registered by women in 2000, and the figure has increased to 54,626 units in 2001. According to Department of Statistic Malaysia (2005), 82,911 businesses were operated by Malaysian women. Most women involved in service industry, manufacturing and agriculture sectors.

In 2011, the total number of entrepreneurs in Malaysia were 645,000 (SME Corp, 2011). However, women contributed 19.7 percent which was 127,065 enterprises only. It is an increase of 65.25 percent since year 2005. This growth shows an encouraging trend where women grab the opportunities in businesses which are available in Malaysia.

Motivation of becoming a woman entrepreneur

Generally, women's role is traditionally homemakers where men being the major breadwinners. Along with modernization, women have ventured into entrepreneurial area and started to compete alongside with men. In Malaysia, most of women entrepreneurs are in the SMEs sector which contributes to Malaysian economy significantly (Raman *et al.*, 2013). According to Histrich and Brush (1984), entrepreneurs' motivations can be broadly divided into two groups which are "push" and "pull" factors. Other authors also refer them as extrinsic and intrinsic motivations (Ryan and Deci, 2010). "Push" and "Pull" factors are commonly used to describe women entrepreneurs' motivation (Histich and Brush, 1990; Buttner and Moore, 1997). Many researches on motivation focus on what drives a person to become an entrepreneur. However, there is little research focus on examining women entrepreneurs' motivation (Spiling and Berg, 2000).

The "Push" Factors

Under the category of "push" factors, elements such lack of income, dissatisfactions from previous work and need for flexible timetable are factors that drive one to become an entrepreneur.

Women in low income countries with high rate of birth tend to easily become entrepreneurs. Their participations are mainly to provide better income for the entire family members (Minniti and Arenius, 2003).

Women entrepreneurs in this condition abandon their traditional roles and actively empowered themselves for their desire to have a better life for their families (Motokuri, 2010). Earlier work of Shapero and Sokol (1982) illuminate that the desperation of being unemployed, having children to feed with unreliable spouses have driven women into starting businesses in order to sustain their living.

In addition to lack of income, according to Darr-Bornstein and Miller (2007), women left previous employment in prestigious firms to start their own businesses due to their dissatisfaction over the bureaucracy of their corporation.

The “Push” Factors

Besides “push” factors, another type of motivation is “pull” factor. “Pull” factors is associated with independence, dream desire, desire for wealth and power, and self-efficacy. The researcher believes that the decision on becoming an entrepreneur among women has close connection between an individual and her background.

Marriage and parenthood are factors that influence women to become an entrepreneur (Renzulli *et al.*, 2000). The importance of family background is to support and instil entrepreneurial value which is a very powerful element to motivate women to become entrepreneurs. Women with parents whom are self-employed have higher chances to be self-employed too (Wang and Wong, 2002). According to De Wit and Van Winden (1989), self-employed father has great influence upon their children.

Lee (1997) stated that having entrepreneur parents contribute to socializing effect for female child that dramatically increase the chances of the child embracing entrepreneurship at a later stage of her life. Entrepreneurial parents also may act as a source of capital for woman entrepreneur. Lee (*ibid.*) further notes that for a business succession to take place, it is a prerequisite for parents to have been an entrepreneur among his children. Lee (1997) also claims that older siblings from larger families are more inclined towards becoming entrepreneurs than their younger siblings. In bigger families’ size, the older siblings have better chance in learning and acquiring dominance orientations as they seek to set good example for their younger siblings. This is found to be an attitude that correlates with one’s choice to become an entrepreneur.

Women’s motivation to start up a business is associated to their need to be more independent, achieve job satisfaction and self-actualization as well as having power (Jalbert, 2000). Mallon and Cohen (2001) indicate that women start to run their businesses because they seek better freedom, stability and ability to live by themselves.

According to Winn (2004), women start to venture into businesses because they believe their businesses will generate income and give personal satisfactions. Salaried jobs may limit their time and may jeopardise their relationship between colleagues. Therefore, self-employment gives them the opportunity to enjoy freedom with personal integrity (Ewere *et al.*, 2015).

Women Entrepreneurs’ Challenges

Reviews from the literature highlight several challenges among women entrepreneurs. Challenges of women entrepreneurs can be exchangeably used as barriers, obstacles, problems, issues and constraints. Ahmad (2001) defines challenges as hardships and limitations including socio-economic factors which are experienced by women entrepreneurs. Winn (2004) describes two major obstacles for women entrepreneurs when starting up

business ventures that are capital and family support. Lack of funding in term of start-up capital and sufficient cash flows during the business operation are the primary barriers for women entrepreneurs (Helms, 1997; Gundry *et al.*, 2002). According to Van der Merwe (2003), lack of financial support, lack of family support, negative socio-cultural attitudes, and lack of self-confidence are barriers that women entrepreneurs experience. However, to date, not many research focuses on highlighting these issues in the existing literature.

Among the challenges experienced by entrepreneurs are lack of financial support, gender perspective, family issues and lack of confident and fear of failure. The following subsections provide an explanation on these issues.

Lack of Financial Support

Singh and Raghuvanshi (2012) claim that women entrepreneurs experience financial problems and greater marketing challenges as compared to men in similar field. Women entrepreneurs according to the authors need regular and frequent capital for their business, which is not readily available. According to the author, for a long time, there are no long-term financial institutions which is willing to fund women enterprises. This situation has improved slowly but men still have a head start in starting-up businesses. In line with Singh and Raghuvanshi's (2012) findings, other authors also agree that women entrepreneurs experience greater challenges in getting financial support (Buttner and Rosen, 1992, Coleman, 2000; Coleman and Robb, 2012; Industry Canada, 2004). Arguably, this notion is not true as other believe there is no difference between male and female entrepreneurs with regard to getting financial support (Hertz, 1986).

Darr-Bornstein and Miller (2007) give an account of the hardships of women entrepreneurs in getting proper documentations for establishing their businesses. This barrier has been identified by Bruni *et al.* (2004) where women entrepreneurs whom experienced limited access to capital tend to refer to their relatives or spouses for getting alternative financial support. Consequently, this action leads to stereotyping women entrepreneurs as not money savvy.

Gender Perspectives

A study by Watson (2003) in Australia reveals that failure rates of women entrepreneurs are higher than men entrepreneurs. Banks view women as less reliable compared to men and therefore, are unwilling to offer loans to women entrepreneurs'. It was further claimed that women entrepreneurs' performances can not be measured using similar metrics to assess their effectiveness like males. Stark differences can be found between male controlled and female controlled entrepreneurship which varies in term of management styles, skills, business objectives, business characteristics and growth rates.

Even though woman entrepreneurship is touted as a new phenomenon, Ghirardo (2008) demonstrates that literature on women entrepreneurs have been in existence for a long time. She gives an example of the wives of noble men in the 16th century in Europe whom were entrepreneurs in a subtle way. She claims that the reason why there are no records of women entrepreneurs in history is that most historians were patriarchal.

Patterson *et al.*, (2012) study on the influence of masculinity and feminist sentiments in both leadership and entrepreneurship. They observed that leadership attributes and qualities of entrepreneurs are described using masculine adjectives because these occupations have been for a long time reserved for male members of the society.

Family Issues

Majority of women entrepreneurs are married, which echoed earlier findings from Fried (1989), while most of those younger women in employment are mostly single. Married women had greater problems in running their enterprises when compared to single unmarried ones, as they have to create time for their spouses and children (Cromie and Hayes, 2011). Married women entrepreneurs have daily tossed between work and their house responsibilities.

Lee (1997) implies women entrepreneurs have some flexibility in juggling their responsibilities of being homemakers and having challenging careers. These findings are contradicted to the conclusions made by Ufuk and Ozgen (2001) highlighted women in entrepreneurship are having problems in balancing between their family life and running the enterprises.

Ufuk and Ozgen (2001) argue that women entrepreneurs perceived that entrepreneurial role affected their family lives negatively while enhancing their social, economic and individual lives. Their involvement in the business did not in any way change the expectation of their roles at home where women still remain primary nurturers to their households.

A case study of a woman entrepreneur in Vietnam by Leshkowich (2006) introduces Hien, a Vietnamese woman entrepreneur. Hien provides examples about the hardships of women in balancing work and family matters. The burden of caring for the household, husband and children are the main priority of women. This findings are in parallel to the earlier work of Ufuk and Ozgen (2001). According to Singh and Raghuvanshi (2012), women entrepreneurs obtain limited support from their families and community which create further conflicts in managing businesses whether or not women entrepreneurs in Malaysia experience similar treatment from their family members is yet to be known and if so, how do they encounter those challenges?

Lack of Confidence and Fear of Failure

The observation made by Scherer *et al.* (1990) pointed out the socialization process of men and women when growing up that are deeply affected by the sociocultural factors of the masculine world. Women therefore, end up having less self-efficacy than males which hinder them behind from seeking and starting new business ventures.

Gupta *et al.* (2007) suggest that the higher the proactive-ness of a person in performing a task, the lower the stereotyping towards them and the higher chances of failure. In other words, the more a person cares about one particular task, the more sensitive they are to the negative stereotyping of that task. Proactive women are said to be more likely incline towards entrepreneurship.

While claims have been made on women entrepreneurs for having in adequate confidence and fear of failure. Little evidence can be found to support such claims in the content of Malaysian women entrepreneurs that call for research in this area.

Conclusion

There are many types of motivations for women to go into business or entrepreneurship. They would have started to own businesses because of wanting greater freedom and flexibility in managing family matters besides having some income. Having their own business means they can control the amount of time spent working and also time for family at home (Clark, 2000). This means that they achieve a better quality of living without neglecting their family. Earning more means they can have a better life not only for herself but also for her family (Motokuri, 2010).

Self-satisfaction is also an important element for women entrepreneurs to kick-start their own business which are mainly dominated by men (Ewere *et al.*, 2015). Women have their own thoughts or innovation ideas, therefore, they are willing to take risks in their business. Women want to be respected like men in the society (Laetitia, 2015). Thus, if the business is a success, they are more likely to be respected by the society which resulted high satisfaction.

Besides gaining respect from the society, another possible reason for women stepping into entrepreneurship is due to their family influence. Family background is important, as it influences the thinking, provide better to networking with others and gets financial support from the family (De Wit and Van Winden, 1989). Having strong business family background gives greater impact on the next generation of business ventures. Some women entrepreneurs get into the field due to their strong family business influence. In current economic situation, there seems to be more women entrepreneurs emerging and are doing very well thus, becoming perfect idols for the younger generations (Lee, 1997). Therefore, these successful

women entrepreneurs are motivating others in the field in terms of encouraging them to step into entrepreneurship.

Over the past few years, many researchers have focused on motivations of men to start their businesses (Shapiro, 1975; Cooper and Dunkelberg, 1981; Denison and Alexander, 1986; Histich and Brush, 1987; Dubini, 1988; Scheinberg and MacMillan, 1988; Shane, *et al.*, 1991; Birley and Westhead, 1994). However, researches on women entrepreneurs that look into examining factors that influence women to become entrepreneurs, barriers and issues among women entrepreneurs during their start-up ventures are relatively few and limited (Stoner *et al.*, 1990; Hamilton, 1993; Helms, 1997; Brown, 1997; Gundry *et al.*, 2002; Winn, 2004). Therefore, it is interesting to investigate whether similar elements exist among women entrepreneurs.

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