

Motivational Factors Affecting Entrepreneurial Decision: A Comparison between Malaysian Women Entrepreneurs and Women Non Entrepreneurs

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Abstract

This paper examines the motivational factors that could possibly lead women to become entrepreneurs. A comparison of these motivational factors is done between women entrepreneurs and women non-entrepreneurs. The study is based on 225 women entrepreneurs, engaging in the manufacturing, trading and services sectors in Small and Medium Industries in Malaysia. Non-entrepreneurs consist of women working in various administrative departments. Motivation factors are classified into economic core, work core, social core, individual and entrepreneurial core. Descriptive analysis revealed some very important motivation factors. A discussion on the demographical profile of women entrepreneurs is also provided.

Introduction

The number of women involved in entrepreneurial activity is increasing steadily over the years. One study conducted in southeast region of Asia, which includes Indonesia, Malaysia, Philippines, Singapore and Thailand, found that 18-30 percent of self-employed workers are women (Licuanan, 1992). In a more recent survey, the Global Entrepreneurship Monitor (GEM) in 2004 reported that more than one-third of people involved in entrepreneurial activities are women. This reflects the women's active role in the economic development of a nation.

In Malaysian context, the Companies Commission of Malaysia (CCM, 2003) reported that the registered number of women owned businesses increased from 49 554 units in 2001 to 54,626 in 2002. The Malaysian government has been very concerned to create and develop quality, resilient and successful entrepreneurs which are competitive in all the potential growth sectors of the economy, and to cultivate and enterprising culture among Malaysian women (Nelson & Cengiz, 2005).

This again reflects the significance of women entrepreneurs in Malaysian economy. However, despite the important role of women entrepreneurs in creating job opportunities for millions of people, very few information is available on the motivation of these Malaysian women becoming entrepreneurs.

In other words, research in women entrepreneurship has been inadequate, more so with reference to developing countries like Malaysia. Hence, this research felt that is crucial to focus on women entrepreneurs in different sectors and also compare them with employed women non-entrepreneurs.

Since most of the research on women entrepreneurs had focused on the demographic, family, occupational and educational background as well as any differences between male and female entrepreneurs, this research was designed to identify the motivational differences between women entrepreneurs and women non-entrepreneurs.

Therefore, this paper aims to provide reasons on why some women choose to become entrepreneurs by examining the motivational factors. This paper also identifies if these motivational factors differ among women entrepreneurs and women non-entrepreneurs. Some demographical factors are also discussed.

Literature Review

In general, a business will neither start up nor succeed without motivation (Roberston, Collins, Medeira and Slater, 2003). The possible factors that influence entrepreneurial behavior are the individual, social and environmental factors.

The Social Factors model examines the personal background, family background, stage of career, early life experiences and growth environment (Gibb,

1993). The environmental factors, on the other hand, examine factors such as value of wealth, tax reduction and indirect benefits, timing of opportunities in the career prospect and the impact of market conditions (Alstete, 2002).

One study of twenty female entrepreneurs found that their major motivations to start a business were the need to achieve, the desire to be independent, the need for job satisfaction and economic necessity (Schwartz, 1976). Apart from that, desire to control, need for achievement, to improve the financial situation, desire to be independent and the need for job satisfaction are also some notable motivating factors (Scott, 1986).

Desire for greater life flexibility, seeking challenges, fulfilling a long-felt desire or escaping from organizational glass ceiling are also among the motivation factors that lead women to start-up their own businesses (Lee and Rogoff, 1997).

In a study comparing the motivational factors among males and females, Hisrich (1986) found that disagreements with bosses with the drive to control own destiny were motivating factors for male entrepreneurs. The reasons for women, however, were different. Women were found to suffer job frustrations when they were not allowed to perform at the level they were capable of in their work. Hence, women were driven to entrepreneurship because of the independence and sense of achievement which entrepreneurship offers.

Sexton (1980) found that goals in business ownership were same in the need for achievement and independence but differ in terms of economic necessity and recognition than their male counterparts. Further, women also rated better on dealing with people.

Other studies on motivation have indicated that they may have similar motivations but need greater stimulations than their male counterparts (Briley, Gross and Saunders, 1986). Innovativeness, risk-taking propensity, flexibility and perseverance are found to have significant influence on women entrepreneurs (Nelson and Cengiz, 2005).

Today, the promise of flexibility or just being able to do things their own way has become the ultimate motivation of women entrepreneurs (Bender, 2000).

Research Framework

There are many models, such as Model of Career Development, Emergence of Entrepreneurship, Model of Entrepreneurial Event Shapero, Heuristic Model of Entrepreneurial Foundation, Model of

New Venture Initiation, and The Basic Intentions-Based Process Model of Entrepreneurial Behavior used to explain the intention on becoming an entrepreneur. As such, this study is derived from a combination of few entrepreneurship models. The theoretical framework for this study is as below:

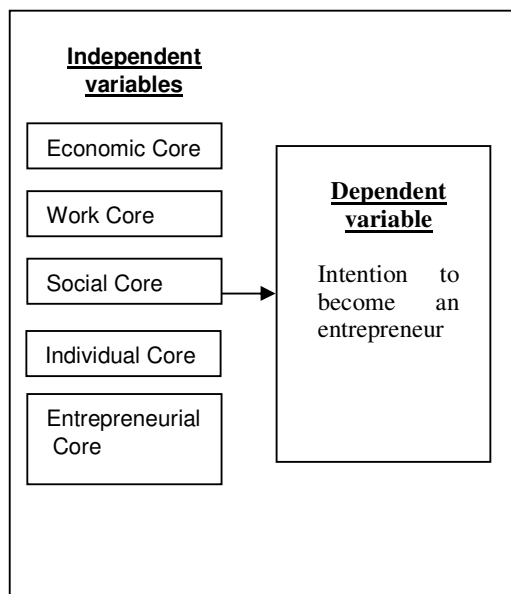


Fig 1. Theoretical Framework

Methodology

The sample was drawn from women in Malaysia with the primary focus and careful selection of women entrepreneurs and women who are not-entrepreneurs. The population of Malaysian women entrepreneurs were involved in manufacturing, trading and services sectors. The sampling frame for the study was drawn from registered members of Small and Medium Industries Development Corporation (SMIDEC).

On the other hand, the population of women who are not entrepreneurs (who will be referred to as non-entrepreneurs in text) were specifically focused on professional women who work for others instead of starting their own business. A total of 300 respondents from each group were contacted. Only 225 (women entrepreneurs) and 215 (non-entrepreneurs) usable questionnaires were obtained.

Respondents were surveyed using a two-part structured questionnaire. Part 1 measured demographic variables using single items such as age, educational background, childhood background, type of family and birth order. Part 2 measured the motivational factors which were classified into as the entrepreneurial core, work core, social core, individual core and social core.

The internal consistency of the measures was ascertained via reliability analysis, which shows the following Cronbach's alpha values:

- economic core- 0.85
- Work core- 0.91
- Social core- 0.88
- Individual core- 0.81
- Entrepreneurial core- 0.81

The results indicate that the items used in measuring the motivational dimensions are reliable.

Table 1: Demographic factors of women entrepreneurs

Demographic Factors	Women Entrepreneurs N=225		Women Non-entrepreneurs N=215	
	No.	%	No.	%
Age				
20-30	50	22.2	83	38.6
31-40	77	34.2	97	45.1
41-50	63	28.0	35	16.3
51-60	33	14.7	0	0.00
> 60	2	0.90	0	0.00
Education				
Masters	24	10.7	0	0.00
Degree	117	52.0	71	33.0
Diploma	41	18.2	107	49.8
Certificate	6	2.70	37	17.2
SPM/STPM	34	15.1	0	0.00
Others	3	1.30	0	0.00
Working Experience				
Yes	199	88.4	164	76.3
No	26	11.6	51	23.7
Childhood background				
City	52	23.1	14	6.50
Town	115	51.1	166	77.2
Village	58	25.8	35	16.3

Table 1 shows the comparison of demographical factors of our respondents. Our analysis found that the two groups –women entrepreneurs and women working for others—were significantly different in terms of age ($\chi^2= 53.29, p<.01$), education ($\chi^2= 123.87, p<.01$), work experience ($\chi^2= 11.27, p<.01$), and childhood background ($\chi^2= 36.62, p<.01$). Women entrepreneurs were found to be more matured in terms of age, more educated, and equipped with work experience in comparison to non-entrepreneurs. With reference to childhood background, women entrepreneurs seem to hail from all walks of life unlike the non-entrepreneurs who appear to be primarily from towns.

Table 2: Motivational Factors Affecting Entrepreneurial Decision

Variables	WE (M)	WNE (M)	t-value
Economic core	3.98	3.56	5.33**
Work core	4.11	3.46	8.51**
Social core	3.72	3.24	5.82**
Individual Core	3.93	3.29	7.58**
Entrepreneurial core	3.95	3.43	7.40**

Note: M= mean based on Likert's five point scale: 1= strongly not important, 2= not important, 3= important, 4= very important, 5=extremely important; WE=Women entrepreneur; and WNE= Women non-entrepreneur

Table 2 shows that both women entrepreneurs and non-entrepreneurs differ significantly on all motivational factors. Women entrepreneurs rated economic core, work core, social core, individual core and entrepreneurial core much higher than their non-entrepreneurial counterparts.

The work core factor was found to play the most important role as a motivating factor for women to become entrepreneurs. The economic core, individual and entrepreneurial core is regarded as important while social factor appears to be the least important factor among all other factors.

Table 3: Motivational Factor Affecting Entrepreneurial Decision (Work Core)

	Items	Mean	SD
1	Job satisfaction	4.12	0.88
2	Utilize keen business sense	4.12	0.89
3	Explore inner talent	4.18	0.90
4	Doing something creative	4.18	0.73
5	Do something others cannot do	4.02	0.89
6	Use skills to profit in business	4.04	0.84
7	Compete with others	4.08	1.06

Sample size=225; Mean = mean based on Likert's five point scale: 1= strongly not important, 2= not important, 3= important, 4= very important, 5=extremely important; SD= standard deviation

Since work core is found to be the most important motivating factor for women entrepreneurs, this research further explores in detail on each item of the work core. Table 3 clearly shows each item of the work core. Among the reasons, exploring inner talent and doing something creatively ranks the highest

mean score (4.18 respectively), followed by getting job satisfaction and to make full use of the business sense possessed.

Discussion and implication

In this study, the demographic profile of women entrepreneurs show that these women are basically below the age of forty. Out of 225 respondents, majority of them (34.2%) are aged between 20-40. Women entrepreneurs were found to be more matured in terms of age and more educated compared to non-entrepreneurs. Most of them are well educated as almost half of the respondents are degree holders.

Therefore, the educated generation is more interested in becoming entrepreneurs. This is in parallel with a study by Welsch and White (1982) which found that women entrepreneurs tend to be younger, more educated and emphasizes in information sources. In addition, women entrepreneurs were almost as likely to be self employed.

With reference to childhood origin, women entrepreneurs seem to hail from mixed backgrounds unlike the non-entrepreneurs who appear to be primarily from towns. The varying childhood background perhaps serves as an encouraging factor for these women to try something new and explore the inner talents they possess.

They are also found to be well equipped with work experience in comparison to non-entrepreneurs. Since 88.4 percent of women have got some previous working experience, the desire to have own preferred working style and change in working experience may explain why they have decided to become entrepreneurs..

In contrast, a study by Brush (1992) reported that women entrepreneurs are most likely from the urban setting. However, it is further reported that most women are to be better educated and also seek an educated spouse who can be supportive of the business activity which is similar to this study where most of their spouses are also degree holders.

Among the motivational categories formed, work core is found to be the very important motivational factor in women deciding to become entrepreneurs. The urge to explore inner talents and the desire to do something creative plays an important part in influencing women's decision. The job satisfaction obtained and keen in utilizing business knowledge further strengthens the decision made. Similarly, Hisrich and O'Brien (1981) found the desire to make full use of one's talent or skill is one of the reasons for women engaging in entrepreneurship.

The findings of this study are also consistent with the study by Holmquist and Sundin (1990). They reported that women entrepreneurs have been frequently found to pursue social goals like customer satisfaction together with economic goals. These findings match the current findings very well where the monetary return and the need to stabilize the family financially tend to further motivate women to become entrepreneurs.

The entrepreneurial and individual core appears to be very important factors as well. Being independent and the urge to provide good services or products to the society are critical factors that motivate women entrepreneurs. In parallel, Hisrich and O'Brien (1981) also reported that reasons for women entrepreneurs owning businesses were the formation of initial idea about a product or service, desire for financial independence and the desire to be one's own boss.

In addition, Cromie (1985) found that the need for autonomy and more money were more important motivating factors for women entrepreneurs. In this study, this factor is explained by the urge to create wealth for oneself under the individual core.

In conclusion, motivation is regarded as an essential component of entrepreneurship. It is found that motivation and demographic variables contribute significantly to the entrepreneurial intention in women (Vijaya, 2000).

Hence, both motivation and environmental influences play a crucial role in entrepreneurship. An in-depth understanding on the influence of these variables will be useful to understand the complex phenomenon of entrepreneurship.

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