FACTORS INFLUENCING WOMEN IN SIBU TO DO BUSINESS

Mariam binti Talib
FACTORS INFLUENCING WOMEN IN SIBU TO DO BUSINESS

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A dissertation submitted in partial fulfillment of the requirements for the degree of Corporate Master in Business Administration

Faculty of Economics and Business
UNIVERSITI MALAYSIA SARAWAK
2012
I certify that I have supervised and read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a research paper for the degree of Corporate Master in Business Administration.

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DECLARATION AND COPYRIGHT

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I hereby declare that this research is the result of my own investigations, except where otherwise stated. Other resources are acknowledged by footnotes giving explicit references and a bibliography is appended.

Signature : 

Date : 31st July, 2012

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ACKNOWLEDGEMENTS

I would like to extend my sincere appreciation to Dr Kartinah Ayupp, who has contributed significantly to this research by providing direct supervision, guidance, constructive comments and suggestions.

I also wish to extend my gratitude to my mother, Putit Karim, my brothers, Abdullah & family and Abdul Rani & family, my sisters, Zaliha, Latipah, Sitijah & family and Mordiana & family, relatives and all my friends, for their undivided support, love, encouragement and understanding ever since I decided to take up this program, whom have been my source of inspiration and encouragement.

Finally, to my dearest and only son, Haqim Nur Asyraaf Haswandy, I convey my deepest love for his sacrifice and patience which has been an instrumental source of continual encouragement to me. Forgive mummy for spending limited time with you for the last two years.

May ALLAH Blessed Us All
ABSTRACT

In a developing country like Malaysia, women doing business is one of the fastest growing economic activities happening in almost every state and other parts of the country. This includes the town of Sibu. This paper or research project aims to uncover the factors influencing women in Sibu who are involved in business. It also investigates the issues and challenges faced by women entrepreneurs in Sibu.

The model and research propositions were tested by using the data collected from women entrepreneurs who are involved in businesses, like, food & beverages, boutiques, mini markets, franchises, IT, bakery and general contractors. The study also adopts qualitative analyses for the possible factors that may affect the development of women entrepreneurship such as age, marital status, education and race. Interviews were conducted to provide empirical information on the variables that influence Sibu women to do business.

The key findings of the paper reveal that both the push and the pull factors play major roles in influencing women in Sibu in taking up business activities as their life-long career.
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CHAPTER 1
INTRODUCTION

1.1 Introduction

This chapter gives an overview perspective of the research. It begins with the background of the study which includes the definition of woman entrepreneur and issues relating to the factors on woman entrepreneur doing business in Sibu town. The chapter also discusses, in general, similar situation for the whole country, Malaysia.

Based on the report from the Department of Statistics, Malaysia (2004), Malaysian woman entrepreneurs constitute one quarter of all entrepreneurs. Again based on the same report, there were about 520,000 companies involved in businesses providing services, manufacturing and agricultural activities. Of this total, only about 23% were woman-owned companies. With emphasis given to the development of woman entrepreneurship by the authorities, the number is expected to grow rapidly.

The Malaysian Government has realised that fostering the development of Woman entrepreneurship in the country is crucial for the achievement of strong growth in the Small and Medium Enterprises which is an important contributor to the economy. With this initiative in place, it is not surprising that the number of woman entrepreneurs in Malaysia has increased over the past three decades. The catalyze for the increase is brought about by the emphasis on industrialization and growing interests in privatization, self employment and business-orientated employment, Teoh (2007). These are all shown by the remarkable
growth in various sectors like food manufacturing, general trading, training and consultancy and others, where all these business activities were previously dominated by men.

The importance of woman entrepreneurship to the economic growth of Malaysia is proven by the different initiatives, encouragement, policies and organization that are established mainly for woman entrepreneurs. These include provision of venture capital, financial funding, training and introduction of entrepreneur incubators and laboratories, financial institutions and other related organizations, such as, National Association of Women Entrepreneurs of Malaysia (NAWEM) and National Women Entrepreneurs (USAHANITA). In order to equip women entrepreneurs with entrepreneurial skills, training programs have been introduced to enable them to improve themselves.

NAWEM, in particular, provides women entrepreneurs with different kinds of assistance by organizing seminars, talks and giving information in areas such as business & organizational and financial management to improve their entrepreneurship skills so that they can start a proper business venture.

The Prime Minister of Malaysia, Datuk Seri Najib Tun Razak, stated in his speech entitled “Encouraging Women To Participate In Business”, recently (KL – March 25, 2011 – Utusan Malaysia) acknowledged and encouraged women in Malaysia to participate in business so as to attain high income and be in tandem with nation’s aim to become a high-income status, thus, improving the general livelihood of the people. He believed that women in Malaysia can play an important role in realising this goal and to him women’s participation in business is seen to be pertinent especially through retail, healthcare, cottage industries and food production. He also urged the Ministry of Women and Family Development to come up with
a blueprint master-plan to create 4,000 women entrepreneurs by 2012. The government also has allocated RM363.3 million for Y2010 and RM358.76 million in Y2011.

In the above context, Sarawak, in particular, is also driving its strategies towards the development of women entrepreneurship. According to Welfare, Women & Family Development Minister of Sarawak, Datuk Hajjah Fatimah Abdullah (Sarawak Tribune, 2012), the government of Sarawak has also taken several steps to encourage more women to get involved in cottage industries by specially offering ‘Temporary Operating Permit’ and speeding up the issuance of Halal Certificate. This is one of the efforts to develop and encourage women who have the potential at all levels in various sectors of economic activities.

The Chief Minister Of Sarawak, Pehin Sri Abdul Taib Mahmud, in his speech during the Inaugural Southeast Asia Women Entrepreneurs’ Conference in Kuching on May 23, 2012, reiterated that it is important that women entrepreneurs are aware of business opportunities around them and establish a tracking network with others in the region. He also pointed out the importance of women entrepreneurs’ contribution to the state especially with the maturity markets that Sarawak has and the improvement in infrastructure, business and people (Borneo Post - 2012).

1.2 Problem Statement

Majority of business done in Sibu by women are of small scale with their concentration in operating stalls for foods, cakes and drinks. Thus, there are very limited studies covering the topic of factors influencing women to do business in Sibu as well as their involvement in
commerce in general. However, based on the Department of Statistic Malaysia (Y2004), the number of women entrepreneurs is increasing rapidly.

This research paper intends to unveil the factors, issues and challenges that are penitent to the development of women entrepreneurship with special reference to situation in Sibu town. It is not known whether the same issues are encountered by other women entrepreneurs in other parts of the world. Among other things, according to Renuka V (2001), the major problems that women entrepreneurs faced in their business life are:-

Firstly, the greatest hindrance is the fact that they are ‘women’. Our society is patriarchal and to men, women are considered to be homemakers, taking care of their families and children, doing the cooking and washing, not doing business or getting involved in commerce.

Secondly, women entrepreneurs have problems in dealing with the banks and other financial institutions, which are sceptical about the entrepreneurial abilities of women. Most of the banks and other financial bodies are hesitant to give credit facilities or loans to women entrepreneurs. Even if the financial institutions may consider giving financial assistance, they start to demand and impose many conditions which sometimes are difficult to fulfil.

The third problem or challenge faced by women entrepreneurs is the lack of working capital and total capital. As a result, women entrepreneurs found it difficult to start or expand their businesses or for them to run their businesses smoothly. Lack of access to external working capital is due partly to their inability to provide definite security as very few women have tangible assets, such as, land & landed properties.
Fourthly, women entrepreneurs are deemed to have lower management skills because most of the time they have to depend on their employees and intermediaries to get things done, especially in marketing and sales. Even if women entrepreneurs are in control of their businesses, they are fallible when it comes to business management skills, thus forcing them to rely on the male members of their families or relatives.

Fifthly, women entrepreneurs in both developed and developing countries have to face with the problem of family obligation that women have to bear as spouse and as mother. They have to spend and sacrifice more time on family chores and relationships. Having primary responsibility for children, home and older dependent family members, fewer women can devote their time and energies to their businesses (Starcher - 1996). Especially, those married women entrepreneurs where they have to balance between business and home responsibility as their business success depends on their family’s support as well. Domestic responsibilities are always a hindrance to their success in business as the support from their family members is also a determinant factor in the realization of women business aspiration. Thus, there is a need to identify whether this factor leads to great difficulties to women doing business in Sibu.

The sixth issue is the “male-female” competition which creates obstacle to women entrepreneurs in their business management process. There still exist a general perception that women lack skills in organization and management in business settings, thus, creating a discrimination issue. That being said, there is a need to identify whether this problem contributes to the difficulties of women doing business in Sibu.
The seventh issue is somewhat related to the sixth issue above, which is regarding network for sourcing of materials and services; sourcing for better prices and sourcing for new opportunities. Getting raw materials from different sources with good discount prices is one of the factors that determine the better profit margin. Unfortunately, this issue is still very much prevalent in the business world and more so among women who are involved in business. Coupled with this problem is the issue of lack enthusiasm of women in the development of IT in business; as lagging in IT may lead to serious disadvantage in their business networking as modern businesses rely more and more on IT for smooth operations and inter-communication.

Thus, the aim of this study is gain knowledge and discovers into the factors that influencing women to do business in Sibu. This paper therefore, explores the factors that affect women entrepreneurs in Sibu, their attainment and involvement in various businesses. Determining what conditions and factors that contributed to their success, especially identifying between the push factors and the pull factors which could be helpful to women themselves. Thus, the problem for this study is: what are the main factors influence women involvements of doing business in Sibu?

1.3 Research Objectives

The objective of this study is to examine the factors that are influencing women entrepreneurs in Sibu and to investigate further on the push and the pull factors and other factors that may influence Sibu women to do business. This study also would like to present suitable and relevant solutions for the existing and future women entrepreneurs.
1.3.1 General Objective

The overriding purpose of this study is to investigate and examine the factors that influence women in doing businesses as well as to identify major problems that are encountered by them.

1.3.2 Specific Objective

The specific aims of this research are:

1. To find out the main factors (the push and the pull factors) that influence women to do business.
2. To find out what are the problems they face while in business.
3. To find out who encourage them to do business.

1.4 Conceptual Framework

Gilad and Levine (1986) proposed two closely-related explanations on entrepreneurial behaviour which is ‘the push and the pull theory’. According to them, the push theory explains that individuals are pushed (forced) into entrepreneurship by the negative external forces such as unfortunate family circumstances, job dissatisfaction, difficulties in finding employment, insufficient salary or inflexible work schedule. The pull theory argues that individuals are attracted (at their own will) into entrepreneurial due to seeking independence,
self-fulfilment, wealth and other desirable outcomes like freedom of choosing business and looking for challenge.

Keeble (1992) & Orhan and Scott (2001), in their research show that individuals become entrepreneurs mainly due to the ‘pull factors’ rather than the ‘push factors’. Besides, the pull and the push factors, other entrepreneurship researches discovered that the situational and environmental factors such as job displacement, previous work experience, availability of various resources and governmental influence are also the factors that attract women to do businesses.

The most noticeable difference between the push and the pull factor suggested in the Model of Entrepreneurial Event (Shapero & Sokol - 1982), argues that the act of starting up business is dependent upon the change that occurs in the life of an individual that is a displacement. This displacement can be a negative factor, like, the loss of a job or a divorce and may also be positive such as an inheritance. Personal characteristics like socio-cultural factors & economic, social & human capital, low individual experience and perception of an individual can also influence the decision-making on taking up entrepreneurship as life career. In reaction to certain life turmoil events, some may start business, whereas others might go to a different direction.

Oxenfeldt (1943) was the first person to argue that unemployed individuals or individuals with low prospects for wage-employment may transform themselves to self-employed to earn a living as the push factor or the compelling factor.
Conceptual framework of the factors influencing women in Sibu to do business:

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<tr>
<td>1. Seeking independence</td>
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<td>5. Freedom of choosing business</td>
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<tr>
<td><strong>Push factors-compelling factors</strong></td>
</tr>
<tr>
<td>1. Unfortunate family circumstances</td>
</tr>
<tr>
<td>2. Job Dissatisfaction</td>
</tr>
<tr>
<td>3. Difficulty finding employment</td>
</tr>
<tr>
<td>4. Insufficient salary</td>
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<tr>
<td>5. Inflexible work schedule</td>
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1.5 Research questions

The questions that need to be examined are:-

1. What are the major factors that may influence women in Sibu to do business?

2. What are the major problems encountered by business-women in Sibu?

Women who try to enter into the business industries are generally exposed to various environmental constraints and risks. It is understood that starting and operating business involve considerable risk and effort on the part of the entrepreneur and the rate of failure is
very high. The rate is even higher for women entrepreneurs who have to hold dual responsibilities which include the usual business problems and also their family problems.

The development of women entrepreneurship also depends on socioeconomic development of the people. Much of the research conducted in the 1980s identified that business challenges specific to women entrepreneurs are: obtaining start-up funds, financial management and development of effective marketing, and advertising, Pellegrino & Reece (1982). The root causes of limited financial success were often attributed to early management practices. Some studies done on women's access to capital employed, on an experimental design model, to determine whether women would face obstacles in obtaining bank loans found that lending institutions perceived women business owners to be less successful than men (Buttner & Rosen - 1988). The research also concluded that women were more likely to be denied of a bank loan than men. There were evidences that some of the differences were based on the gender stereotypes held by the capital providers. Women business owners were also more likely to perceive disrespectful treatment by lending officers (Fabowale, Orser, & Riding - 1995).

Institutional arrangements frame not only how many women entrepreneurs perceive opportunities and make strategic choices, but also how these women view their businesses. Particularly pertinent is how the ‘gatekeepers’ of resources as well as the power holders in the household as well as community or at the wider societal levels have an impact on the entrepreneurial activity of women (Brush, Bruin, & Welter - 2009). Though women are adept at turning social resources into human and economic resources but only few of them enter
into the business arena (Inman - 2000 & Brush - 2002). Specifically, according to Brush and her colleagues (2002) who found that lack of social capital and networks were key reasons why female entrepreneurs had less access to venture capital funding in high-growth industries.

The next question to be asked is;

What are the major problems encountered by business-women in Sibu?

There are many factors that affect women in the world to do business. Why women start businesses have been sparse over the past 20 years.

In general, most researchers discovered that women who start their businesses are primarily due to the ‘pull’ factors such as the opportunity to work independently, to have greater control over one's work, and to earn more money (Shane - 1991 & Shapero - 1975). There are fewer factors that affect them that come from the ‘push’ factors such as limited advancement opportunities, job frustration and avoiding an unreasonable boss or unsafe working conditions (Routamaa, Hautala, & Rissanen - 2004). The exception, according to Shane (1991), who studied non-US entrepreneurs, including women, reported that the men entrepreneurs were most motivated by the need to improve their positions in society for themselves and their families, while the female entrepreneurs were mostly motivated by the need for achievement.

Hisrich and Brush (1985) discovered that the main factors affecting women to do business were mainly due to the ‘push’ factors such as frustration and boredom in their previous jobs, which is then followed by interest in business, also known as autonomy in the “pull” factors. The research by Sullivan, Halbrendt, Wang, & Scannell (1997) found that women viewed
working environments in large organizations as more hostile and this perception was related
to women's turnover intentions.

Thus, the 'push' factors may be more important factors affecting women than for men.
Recently, the ‘glass ceiling’, which seems to be the major barrier that prevents female mid-
managers from moving up to the executive suite, has become the focus of attention for the
researchers (Greene, Gatewood, & Carter - 2001). Consistent with Hisrich and Brush (1985)
research, these experienced women who left the large organization to become entrepreneurs
may be leaving their corporate positions due to the glass ceiling, in effect an organizational
push motivator.

Based on the above, the next question/s to be examined would be the following:

Q. 1. Are financial factors the most significant problem faced by women entrepreneurs?

Generally, women entrepreneurs are exposed to various environmental problems when
starting and operating businesses which involves considerable risk and effort. Business
failure rate is even higher in women entrepreneur when compared to men due to the fact that
women have to face not only their daily business problems but also their personal and family
responsibilities (Rajani - 2008).

Most of the researches conducted in the 1980s identified that the challenges and difficulties
that women entrepreneurs have to face in their businesses are obtaining start-up funds,
financial management and developing effective market and advertising. Studies by Buttner &
Rosen (1988) states that women entrepreneurs faced obstacles in obtaining bank loans as the
lending financial institutions perceived women entrepreneurs to be less successful compared to men. Buttner & Rosen (1992) also concluded that women are more likely to attribute to the denial of bank loan compared to men. Starcher (1996) also agreed that lack of financial assistance created problems for women entrepreneurs as it barred them from the purchase of raw materials and other infrastructural facilities to start their business ventures. Brush (2002) discovered that a lack of social capital and networks was the main reasons why women entrepreneurs had less access to venture capital funding especially in high-growth industries.

Q. 2. Are women entrepreneurs having difficulty in obtaining financial assistance?

Based on McClelland (1961) research, women entrepreneurs have the inborn desire of having unique attitudes, needs and values, which drive them to behave in a certain fashion. They also have various psychological needs and propensity of risk taking behaviour as well as personal values (Ferguson & Streib - 1996). According to McClelland’s theory, the need for self achievement is associated with their entrepreneurial behaviour. Shaver, Gartner, Gatewood & Vos (1996) discovered that the most significant difference between women and men entrepreneurs was found in scores on innovation and achievement. Bellu (1993) suggested that even though women entrepreneurs faced difficulty in securing financial assistance, e.g., loans from banks, they may be more willing to accept entrepreneurial risk because they face a more hostile and prejudicial business environment.

Q.3. Do work-related problems affect women involvement in business?

Ganesan, Kaur & Maheswari (2002) pointed out that women entrepreneurs have work-related problems such as labour absenteeism, lack of skilled labour, difficulty in retaining workforce and low productivity of labour. According to Miller (1983), in entrepreneurship, especially