ENTREPRENEURIAL MOTIVATION FACTORS, MANAGEMENT STRATEGIES, AND CHALLENGES: A CASE STUDY OF KUCHING WOMEN MICRO AND SMALL BUSINESS OWNERS

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DEDICATION

This study is dedicated to my beloved parents, Mr. and Mrs. Andrew Okpara Izuagba. It is also dedicated to my lovely siblings, Nkechinyere, Chijioke, Ugochukwu, Mary, and Queen. This is to appreciate all the wonderful supports they gave me, which made it possible for me to successfully complete my master degree. May the almighty God bless them abundantly, Amen.
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Finally, I would like to thank the almighty God for giving me the strength to complete this study, in spite of the challenges I faced from the very beginning to the end. I also thank him for keeping me focused on my study and alive up to this moment.
ABSTRACT

This study examined the factors that motivated Malaysian women entrepreneurs, specifically those who operate in Kuching, Sarawak, to start-up their own businesses. However, the core focus of this study is on women entrepreneurs that are categorized as owners of ‘micro and small enterprises (MSEs)’). This study also assessed the management strategies practiced by these women and the effects of these strategies on their businesses. In addition, it explored the challenges they are facing and the effects of these challenges on their businesses.

Mixed method approach and non-probability sampling method, specifically purposive sampling was used to conduct this study. The instruments that were used to gather primary data are questionnaires and interviews; 300 respondents were involved in this study, 269 of them were given questionnaires, while 31 of them were interviewed. Out of the 269 respondents that were given questionnaires, 252 of them returned theirs, while 17 of them failed to do so. This means that a total of 283 respondents provided the primary data that was used to conduct this study.

The findings of this study showed that 90.5% of the respondents that were given questionnaires will consider their businesses as successful ventures whenever their sales and/or profits begin to increase, while 9.5% of them will consider theirs as successful whenever they are able to expand. Similarly, 32.3% of those interviewed mentioned that they will consider their businesses as successful ventures when they are able to expand, while 67.7% of them mentioned that they will consider theirs as successful when their sales and/or profits start to increase.
The findings also showed that the respondents were motivated to start-up their own businesses by various extrinsic and intrinsic motivation factors. The major extrinsic motivation factors that encouraged them to start-up their own businesses are ‘their low educational background’ and ‘the opportunity to manage their time by themselves’. On the other hand, the major intrinsic motivation factor that encouraged the respondents to start-up their own businesses is ‘to become their own boss’. The findings equally showed that there is a positive and significant correlation between extrinsic motivation factors and sales and profit satisfaction. On the contrary, it also showed that there is a negative and significant correlation between intrinsic motivation factors and sales and profit satisfactions.

Additionally, it was found that the management strategies used by respondents in the retail and service sectors are the same, but they apply them in different ways. Out of the seven strategies examined in this study, the findings showed that the respondents use five of them to manage their businesses, this includes; differentiation, focus, product or service development, market development, and market penetration. The findings also showed that the respondents do not use the remaining two strategies, which include cost leadership and diversification, due to the size and nature of their businesses. It was equally found that the five strategies used by the respondents do not only help to increase their market shares and profits, they also help them to expand their businesses.

Moreover, it was found that two of the challenges examined in this study are only faced by respondents in the service sector, this includes; ‘inadequate training’ and ‘the inability to employ skilful workers’. On the other hand, other challenges examined are faced by respondents in both the retail and service sectors. The findings showed that almost all the respondents (90.3%) in
both the retail and service sectors consider ‘intense competition from small and large companies’ as the biggest challenge they are facing in their businesses. However, it was equally found that these challenges are negatively affecting their businesses.
ABSTRAK

Kajian ini mengkaji faktor-faktor yang mendorong usahawan wanita Malaysia, khususnya mereka yang beroperasi di Kuching, Sarawak, untuk memulakan perniagaan mereka sendiri. Walau bagaimanapun, fokus utama kajian ini adalah usahawan wanita yang dikategorikan sebagai pemilik 'perusahaan mikro dan kecil (MSEs)'. Kajian ini juga menilai strategi pengurusan yang diamalkan oleh wanita-wanita ini dan kesan strategi ini terhadap perniagaan mereka. Di samping itu, ia meneroka cabaran-cabaran yang mereka hadapi dan kesan daripada cabaran ini dalam perniagaan mereka.

Pendekatan kaedah campuran dan kaedah persampelan bukan kebarangkalian, persampelan khusus bertujuan telah digunakan untuk menjalankan kajian ini. Instrumen yang telah digunakan untuk mengumpul data utama adalah soal selidik dan temubual; Seramai 300 orang responden telah terlibat dalam kajian ini, 269 orang daripada mereka telah diberikan soal selidik, manakala 31 orang telah ditemubual. Daripada 269 orang responden yang telah diberikan soal selidik, 252 orang daripada mereka telah memulangkan soal selidik mereka, manakala 17 orang telah gagal untuk berbuat demikian. Ini bermakna bahawa sejumlah 283 orang responden menyediakan data utama yang digunakan untuk menjalankan kajian ini.

Hasil kajian ini menunjukkan bahawa 90.5% dari responden yang diberikan soal selidik menganggap perniagaan mereka sebagai berjaya apabila jualan mereka dan / atau keuntungan yang mula meningkat, manakala 9.5% lagi menganggap mereka sebagai berjaya apabila perniagaan mereka dapat berkembang. Sementara itu, 32.3% daripada mereka yang telah di
temuduga menyatakan bahawa mereka akan mempertimbangkan perniagaan mereka sebagai usaha yang berjaya apabila perniagaan mereka dapat berkembang dengan membuka cawangan lain atau mewujudkan kepelbagaian dalam perniagaan lain, manakala 67.7% daripada mereka menyatakan bahawa mereka akan mempertimbangkan mereka sebagai berjaya apabila mereka sentiasa mengalami peningkatan yang munasabah dalam jualan dan/atau keuntungan.

Ia juga menunjukkan bahawa responden bermotivasi untuk memulakan perniagaan mereka sendiri dengan pelbagai faktor motivasi ekstrinsik dan intrinsik. Faktor-faktor utama motivasi ekstrinsik yang menggalakkan mereka untuk memulakan perniagaan mereka sendiri adalah 'latar belakang pendidikan yang rendah' dan 'peluang untuk menguruskan masa mereka sendiri. Sebaliknya, faktor motivasi intrinsik utama yang mendorong responden untuk memulakan perniagaan mereka sendiri adalah 'untuk menjadi bos mereka sendiri'. Hasil kajian juga menunjukkan bahawa terdapat hubungan yang positif dan signifikan di antara motivasi ekstrinsik, dan jualan dan kepuasan keuntungan. Sebaliknya, ia juga menunjukkan bahawa terdapat hubungan yang negatif dan signifikan di antara motivasi intrinsic, jualan dan kepuasan keuntungan.

Tambahan pula, ia telah mendapati bahawa strategi pengurusan yang digunakan oleh responden dalam sektor runcit dan perkhidmatan adalah sama, tetapi mereka menggunakankannya dengan cara yang berbeza. Daripada tujuh strategi yang dikaji dalam kajian ini, kajian menunjukkan bahawa responden menggunakan lima dari strategi ini untuk menguruskan perniagaan mereka, ini termasuk perbezaan, fokus, produk atau pembangunan perkhidmatan, pembangunan pasaran, dan penembusan pasaran. Ia juga mendapati bahawa responden tidak menggunakan dua daripada strategi, iaitu kepimpinan kos dan kepelbagaian, disebabkan oleh saiz dan jenis perniagaan.
mereka. Hasil kajian juga menunjukkan bahawa lima strategi yang digunakan oleh responden bukan sahaja membantu meningkatkan bahagian pasaran dan keuntungan mereka, ia juga membantu mereka untuk mengembangkan perniagaan mereka.

Selain itu, didapati bahawa dua cabaran yang dikaji dalam kajian ini hanya dihadapi oleh responden dalam sektor perkhidmatan, ini termasuk 'latihan yang tidak mencukupi' dan 'ketidakupayaan untuk mengupah pekerja-pekerja mahir'. Sebaliknya, cabaran lain yang dikaji dihadapi oleh responden dalam sektor runcit dan perkhidmatan. Hasil kajian juga menunjukkan bahawa hampir semua responden (90.3%) di kedua-dua sektor runcit dan sektor perkhidmatan mempertimbangkan ‘persaingan sengit daripada syarikat-syarikat kecil dan besar’ sebagai cabaran terbesar yang dihadapi oleh mereka dalam perniagaan mereka. Ia juga mendapati bahawa cabaran-cabaran ini memberi kesan negatif kepada perniagaan mereka.
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LIST OF ABBREVIATIONS

CCM: Companies Commission of Malaysia.

GEM: Global Economic Monitor.

HD: High Definition.

MARA: Majlis Amanah Rakyat.

MSE: Micro and small enterprise.


NCWO: National Council of Women’s Organization.

NE: Necessity Entrepreneur.

NPW: National Policy for Women

OE: Opportunity Entrepreneur.

RED: Rural Economic Development.

RRDM: Rural and Regional Development Ministry.

SEDC: Sarawak Economic Development Corporation.

SME: Small and medium enterprise.

SMIDEC: Small and Medium Industries Development Corporation.

SPSS: Statistical Package for the Social Sciences.

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**UK:** United Kingdom.

**USA:** United States of America.
CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Malaysian women account for almost half of the total population of the country\(^1\) (Gardena, 2012). Women-owned enterprises also account for 82,911\(^2\) of the total of 548,267 small and medium enterprises (SMEs) that operate in the three key economic sectors of Malaysia, which include; manufacturing, service, and agriculture (Shahid, 2010). In addition, women account for 47\% of the total employment of the country’s SMEs (Ibid.). Prior researches proved that women make significant contributions to the growth of Malaysia’s economy by establishing unique businesses and developing outstanding products and services (see Ahmed, 2006a and Nauru, 2011). In spite of these, most of the entrepreneurship researches conducted in Malaysia are focused on men; very few researches have been done on women (Hafiz, 2011).

Therefore, women entrepreneurship needs to be studied separately in Malaysia for two main reasons. The first reason is that Malaysian women mostly go into businesses to satisfy market needs and demands irrespective of how much profit they will make from it, while their male counterparts are found to be more profit oriented (see Benal, 2010 and Awalu, 2011).

The second reason is that women entrepreneurship has been recognized during the last decade as an important untapped source of economic growth in the country (Kans, 2004). For example, Malaysian women entrepreneurs who own micro and small businesses do not only help to

\(^1\) That is to say, out of Malaysia’s total population of 28.3 million, women account for 13.77 million or 47\% of the population (Gardena, 2012).

\(^2\) That is to say, women own 16\% of the total of 548,267 SMEs in Malaysia (Shahid, 2010).
improve the GDP of the country, they also create new jobs for themselves and many others, thereby speeding-up the economic growth of the country (Ibid.:45). However, prior studies on neighboring countries like Indonesia and Brunei showed that there are certain problems discriminating against women’s possibility to become entrepreneurs and the possibility for them to become successful entrepreneurs. These include problems of capital, marketing, raw material, labor, competition, new technology, and the like (Jafar, 2003). They face even greater challenges, due to cultural and traditional beliefs (Ibid.).

Consequently, this study examined the factors that motivated Malaysian women entrepreneurs, specifically those who operate in Kuching, Sarawak, to start-up their own businesses. However, the core focus of this study is on women entrepreneurs that are categorized as owners of ‘micro and small enterprises (MSEs)’. This study also assessed the management strategies practiced by these women and the effects of these strategies on their businesses. In addition, it explored the challenges they are facing and the effects of these challenges on their businesses.

1.1.1 Origin of Entrepreneur and Entrepreneurship

Richard Cantillon was the first to introduce the concept of entrepreneur in the year 1755. The term ‘entrepreneur’ originates from a French word ‘entreprendre’. Cantillon defined an entrepreneur as an individual who obtains factors of production and combine them into products for the marketplace (Cantillon, 1755:7). However, it was Joseph Schumpeter who brought the entrepreneurial role to the forefront. Schumpeter defined an entrepreneur as a risk-taking individual who is able to seek out new markets and promote new methods of production, all of which generate economic growth (Schumpeter, 1911:4).