DEVELOPING SUSTAINABLE GROWTH MODEL FOR WOMEN ENTREPRENEUR IN MALAYSIA: CASE STUDY IN JOHOR BAHRU

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To my “mak” and siblings, for all thoughts and love
To my “Mie”, for encouragement, support and love
   To my only friend, for the magic sense
I pray all of you with the greatest blessing from Allah,
   this is the glory
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ABSTRAK

Kajian ini telah dijalankan bagi membangunkan satu model pembangunan berterusan untuk usahawan wanita Malaysia. Selain itu, kajian ini juga bertujuan untuk mengenal pasti faktor – faktor kejayaan usahawan wanita, tahap pertumbuhan yang mampan perniagaan mereka dan juga faktor kejayaan yang paling mempengaruhi tahap pembangunan berterusan ini. Kajian ini telah dijalankan di kalangan usahawan wanita daripada semua jenis industri di Johor Bahru. Soalan ujikaji direka untuk mendapatkan tindakbalas yang sesuai bagi memenuhi objektif penyelidikan. Pengumpulan data utama telah dilakukan melalui soal selidik kuantitatif. SPSS 15.0 telah digunakan untuk analisis data. Min ujian perbandingan telah digunakan untuk menganalisa skor min bagi setiap pembolehubah bebas. Regresi berganda telah digunakan untuk membangunkan model pembangunan yang berterusan bagi usahawan wanita di Malaysia. Hasil daripada kajian ini telah mendapat bahawa ada tujuh faktor penting yang menyumbang kepada pembangunan yang berterusan bagi usahawan wanita di Malaysia iaitu; kewangan, semangat, keputusan strategik, jaringan hubungan, inovasi, polisi kerajaan, dan juga matlamat kendiri.
This research was conducted to develop the sustainable growth model for women entrepreneur in Malaysia. Moreover, this research also intended to identify the success factors of women entrepreneurs, the level of sustainable growth of their business and also the most influencing factor those affect the level of sustainability growth. This research was conducted among women entrepreneurs from all types of industries in Johor Bahru. Research question were designed to obtain the appropriate response to meet research objectives. The primary data collection was done through quantitative questionnaire. SPSS 15.0 was used for data analysis in their research. Mean comparison test was used to perform mean score analysis for each independent variable. Multiple regression was used in order to develop sustainable growth model for women entrepreneur. There are seven factors found for sustainable growth for women entrepreneurs in Malaysia were; financial, spirituality, strategic choices, social capital, innovation, government policy, and personal goals.
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ABBREVIATIONS

FEM - Federation of Women Entrepreneur Association Malaysia
ICT - Information and Communication Technologies
NAWEM - National Association of Women Entrepreneurs of Malaysia
OECD - Organization for Economic Co-Operation and Development
SME - Small Medium Enterprise
USAHANITA - Usahawan Wanita

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CHAPTER 1

INTRODUCTION

1.0 Research Overview

An entrepreneur can be defined as one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods (Reynolds P.D, 2007). Mariotti and Glackin (2010) said, someone who starts their own business and work for themselves are called entrepreneurs. It means that an entrepreneur is considered as both the owner and employee. Entrepreneurs are also thought to have many of the same character traits as leaders, involved in particular physiological dispositions or operate in purely business spheres of life.

Basically, entrepreneurs are the people who discern an opportunity to start a business that other people may not have noticed and grab the chance. The new entrance for an entrepreneur normally starts with small firms. According to Smallbone and Wyer (2000), knowledgeable entrepreneurs who possess a larger portion of a number of desirable characteristics can enhance the growth prospects of small firms.
Dobbs and Hamilton (2007) added, the literature identifies a large number of entrepreneurial characteristics that contributes to business growth, for example, training and education level, experience, vision, ability, personal goals, self efficacy, and also innovation.

Therefore, entrepreneurship is an important tool for economic development around the world. Entrepreneurs seize opportunities to develop and deliver new goods and services and, in the process, create wealth for individuals, families, communities and countries. That is why a firm’s growth is considered as a significant fundamental to economic development and in creating wealth and employment. Nowadays, entrepreneurship is exploding with new technology, increasing in the availability and use of equity capital as well as breaking down economic and trade barriers. The ways that people start and grow businesses reveal that location is important. It varies according to a country’s demographic, depending on the level of economic development, cultural factors, natural resources and industries based. That is why entrepreneurial ventures produce innovations and create wealth, as well as enhance economic development in challenging geographical or industrial sectors (Acs et al., 2005).

Business growth is not the only consequence to be considered but sustaining the growth is an issue for all successful entrepreneurs. According to Nelson (2009), an enterprise is considered sustained in growth when it achieves a turnover more than 20% a year for three years of trading. There are few critical factors to sustain growth in business mentioned by Koch (2006), where entrepreneurs are required to find factors to drive top line revenue, increase the number of customers and innovative products, increase networking across business, improve or reinvent their business model and increase the value in equity.

In Malaysia, the importance of entrepreneurial ventures in economic development of the nation is indisputable. Chee (1990) reported that entrepreneurial ventures tend to employ more workers per unit of capital, help increase total savings
in the economy, have a favourable impact on regional development, serve as training
grounds for developing the skills of industrial workers and entrepreneurs and play an
important complementary role to large firms in the economy. Moreover, the
Ministry of Entrepreneur and Co-operative Development (MeCD), with the help of
many agencies such as Dewan Perniagaan Melayu, Persatuan Usahawan Wanita
Bumiputera, IKS Mara and SME Corp Malaysia, advocates all entrepreneurs by
preparing many utilities and aids for their business, thus fostering the sustainability
of growth.

Women entrepreneurs also contribute towards this phenomenon. Recent
statistics showed that women are important drivers of growth in many of the world’s
economies (Minniti et al., 2005). However, while recorded statistics of small firms
and entrepreneurial activities are available for many countries, there are far less
documentation about the contributions of women in enterprises. Moreover, almost
no information is available about women’s entrepreneurship as a global issue,
specifically, sustainable growth oriented by women in business (Brush et al., 2006).
The findings substantiate that women entrepreneurs mostly have difficulties in
seeking resources to grow their businesses and have problems of available resources
for them.

In contrary, some studies found that many newly industrialized countries and
economies in transition have small and medium businesses that account for a
significant portion of the labour forces as well as gross national product (GNP).
Around the world, including central and Eastern Europe as well as Southeast Asia,
there is an increasing number of business women starting and operating their own
businesses. For instance, Brush et al., (2006) mentioned that, Canadian women
make up a larger share of the self-employed than in any other country; The Canadian
trend towards women outpacing men in business start-ups is a representative of the
trend.
Even Moroccan women, thought to have held a lower status in Moroccan society and mostly work as a fulltime housewife and give birth before, would operate business within the context of their culture which is based on Islam. An approximate study showed that 87% of Moroccan women entrepreneurs would expand or maintain their operations. In Australia, also mentioned by Brush et al. (2006), women entrepreneurs were characterized by a high level of gender separatism in employment and that is a factor most of them started their business.

While in Denmark, women generally have different reasons for entering the business industry, depending on whether they start early or later in life; when they are young, they start a business because they want to have more flexibility that enables them to spend time with their children and when they are older they do it because the children have grown and they now have the time to devote to their own interest (Neergaard et al., 2006).

In the above examples, it was shown how women got involved in entrepreneurship in various countries. Furthermore, in order to grow their businesses, women entrepreneurs even encountered many obstacles. As mentioned by Brush (2006), women are having difficulties in getting resources to grow their businesses. For example, problems in finance, assessing markets, assessing training, assessing networks and they are also faced with a very complicated policymaking.

Above all, this study aims to identify what are the success factors to sustaining the growth of businesses owned by Malaysian women entrepreneurs in Malaysian business industry, their strategies and initiatives, developing sustainable growth business model and also to determine problems faced by women entrepreneurs in Johor Bahru. Regarding these aims, the case study was conducted among women entrepreneurs in Johor Bahru (Malaysia).
1.1. Problem Statement

The increasing number of women participating in entrepreneurship resulted in many significant benefits to countries around the world. For instance, increase in employment, economic growth and industrial infrastructure, as well as fostering innovations and providing autonomy and personal accomplishment to the individuals (Aida, 2008; Bhaskaran, 2004; Brush et al., 2006; Ayadurai, 2004; Drine and Granch, 2010; Lituchy and Reavley, 2004; Smallbone and Wyer, 2000; Robbins et al., 2000).

A study by Centre for Women’s Business Research (2010) showed that the number of women involved in enterprises was 10.1 million, or 50%, and the number of women employed was more than 13 million people by 2008. Department of Statistic Malaysia (2009) reported that the number of women involved in entrepreneurship was 13.1%, with 2.22 million entrepreneurs by the year 2008. The reasons for the rise of women involvement in entrepreneurship were because of many factors for example, self enthusiasm (expanding their hobby into business), gaining more money, not satisfied with previous job and also to spend more time with family (Brush et al., 2006; Coleman, 2009; Krasniqi, 2009). These significant factors proved that women entrepreneurs succeed through various factors. They believed that these factors are important to be implemented for the sake of their business development, growth and success (Ayadurai, 2004; Brush et al., 2006; Gray and Finley-Hervey, 2006).

The current issue about enterprises now is that, many businesses may grow according to certain strategies, but are not able to sustain the growth. This is because sustaining the growth is more crucial to obtain competitive advantage. This physical process of business growth can be seen in the market developmental stage which spanned in developed, emerging and industrialized countries, and also associated with changes expected of SMEs.
Chen et al., (2009) stated that there are three market developmental stages in a business. The stages are embryonic, growing and mature stages.

The embryonic stage sets the preconditions for take-off (Rostow, 1960) which necessitate relying on natural resources or labour-intensive industries (Ramamurti, 2001). The growing stage is mainly investment-driven (Porter et al., 2002) and the mature stage is where the size of the economy is relatively large and growth continues, but at a slower pace (Chen et al., 2009).

Very limited literature was found about factors that constitute to sustainable growth. This study is looking at the factors to develop a sustainable growth model for women entrepreneurs in Malaysia. Previous studies reported that women entrepreneurs succeed in business due to many factors including behaviour (motivation, spiritual, goals), business strategies (bootstrapping, merger and acquisitions) and environmental factor, for example the country’s context and business type.

Others factors such as personal goals, spirituality, strategic choices, financial, networking or social capital, innovation, and also government policies were also cited by other researchers. (Aida, 2008; Ayadurai, 2004; Bhaskaran, 2004; Brush et al., 2006; Coleman, 2009; Drine and Granch, 2010; Lituchy and Reavley, 2004; Krasniqi, 2009).

In the path of growing their businesses, women faced many obstacles and barriers. For example, they had problems to assess in financial, to assess in networking and to assess in policy or policymaker. These problems have significantly affected their business development and growth and at the same time, could lead to fewer job opportunities and decreased income to the countries (Akram, 1999; Brush et al., 2006; Foss, 1994; Nelson, 2009; Syahida, 2009).
However, in facing their problems, women entrepreneurs are more creative in solving the obstacles for the sake of their business growth and success. For instance, women generally used their own savings or borrowed from their relatives rather than lending from the bank (Brush et al., 2006).

In other studies, women are more innovative in promoting their products or services. Not only that, they also seemed to be more motivated and worked hard to achieve their ultimate goals. Women entrepreneurs also found that being spiritual helped them to be successful, which men entrepreneurs are not (Aida, 2008; Coakes and Smith, 2007; Bhaskaran, 2004; Hayakawa, 2009; Nelson, 2009).

Some findings came up with few models for growth and success factors of women entrepreneurs. For example, Brush et al. (2006) came out with a framework for women and businesses growth and this study was done to find the success factors for women entrepreneur’s business growth in various developed western countries. In their findings, the critical factors for business to grow are financial, social capital, personal goals, strategic choices and also policy from government. There is also the model of manager’s mentality on financial performance of SMEs in Japan. This research was from Zoysa and Herath (2007). The study was about the excellent financial performance in Japanese SMEs and the independent variable towards financial performance is the manager’s mentality. While Christina and Thomas (2007) had came up with a framework of the sustainability of enterprise education in Hong Kong. This study showed about how to sustain the education of enterprises in Hong Kong in order to generate more business-minded teenagers. Another model is training and promotion of entrepreneurship in sustainability management from Koch (2006), which promoted a training to sustain the entrepreneurship’s excellent management. Moreover, Gray and Finley-Hervey (2006) developed a model of women entrepreneurship in Morocco. This model stressed that spirituality among women constituted towards their business success. Female entrepreneurship motivation model by Zhang and Qian (2000) explained that women entrepreneurs’ high motivation will lead towards business growth. All of these models and frameworks are valuable for women who are newly involved in enterprises to
provide knowledge and information about how other women entrepreneurs succeed and the crucial factors to grow the business in marketplace.

Furthermore, Centre for Women’s Business Research (2010) stated that, it is important for women to be successful and sustain their business growth in SMEs in all countries. Since the population of women is larger than men, the increasing number of women participating in entrepreneurship is a critical issue for Small Medium Enterprise (SME). This issue is similarly important for SME in Malaysia. SMEs in Malaysia are also encouraging Malaysian women to participate in entrepreneurship since their population is larger than men. Moreover, SME was recognized as a major source for global economic growth and a source of employment creation for women entrepreneurs. They play a critical role by bringing their ideas and capabilities towards successful achievement of the SME development. Therefore, developing the sustainability growth model of women entrepreneurship in Malaysia is very crucial.

The importance of entrepreneurship to the growth of Malaysian economy is evident by the sheer amount and variety of supporting mechanisms and policies that exist for entrepreneurs, including funding, physical infrastructure, personalities and business advisory services. This will also encourage more Malaysians, especially women, to participate in entrepreneurship while raising their professionalism, as well as creating job opportunities and lastly, generating income to the country.
1.2. Research Question

From the problem statement above, the research question for this study is:

a. What are the strategies and initiatives taken by women entrepreneurs for their business?
b. What are the success factors for women entrepreneurs?
c. What is the level of sustainable growth for women entrepreneurs’ business?
d. What are the problems faced by women entrepreneurs?
e. How a sustainable growth model for women entrepreneurs can be developed based on the success factors?

1.3. Research Objectives

The objectives for this study are:

a. To identify the strategies and initiatives taken by women entrepreneurs for their business
b. To identify the success factors for women entrepreneurs
c. To identify the level of sustainable growth for women entrepreneurs’ business
d. To identify the problems faced by women entrepreneurs.
e. To develop a sustainable growth model for women entrepreneurs based on the success factors

1.4. Research Scope

This study focused on factors that affected the sustainable growth of women entrepreneurs and the problems that they faced. Due to limitation of resources, this study focused on women entrepreneurs in Johor Baharu. From previous studies,
most of the sustainable growth entrepreneurs are from developed or urban area in that country. That is why respondents were chosen from an urban area like Johor Bahru. Several lists of women entrepreneurs were obtained from Dewan Perniagaan Johor, Industri Kecil Majlis Amanah Rakyat (IKS MARA) Johor, and also Suruhanjaya Syarikat Malaysia (SSM) Johor. The respondents were selected from all sectors in the industry and from varying sizes of business.

1.5. **Significance of the Study**

This study is necessary for several reasons as follows:

a. By developing the model of sustainable growth businesses for women entrepreneurs, it is believed that it can help women entrepreneurs know the critical factors to sustain the growth of their businesses. The study tried to determine factors that influence business to sustain growth. This study referred to previous models developed in European and Western countries that are successfully implemented.

b. The model constructed will also be useful to policy maker associations. This study determined the policy required and highlighted the boundaries women confronted in growing their businesses. From that, an appropriate training and any possible aid for women can be suggested to the respective entrepreneurial bodies in Malaysia.

c. Theoretically, the findings of this study are significant to academicians, researchers and practitioners as their references. The theory and literatures are essential for people who are interested in studying entrepreneurship success theory specifically for women.
Moreover, this can act as guidelines for people that are involved in entrepreneurship, as it has factors for enterprises to sustain growth and necessary policies from and for policymakers. Meaning that, it serves not only to develop various skills and awareness necessary for setting up a business, but also the knowledge about success factors, policies and problems in order to sustain the growth of an enterprise (Jamieson, 1984; Scott et al., 1998; Iredale, 2002).

1.6 Definition of Terms

For the purpose of this study, the following definitions are appropriate and utilized in this study.

a) Entrepreneur

An entrepreneur is someone who recognizes an opportunity to start a business that other people may not have noticed and jumps on it (Mariotti and Glackin 2010).

Day et al. (1998) defined that, the characteristic of entrepreneurs are those who effectively use their personal relationships, have a good analytical, judgmental and decision making skills as well as innovative and creative in their approach to decision making.

According to Sabri (2002), an entrepreneur is a diligent person carrying out work. They have confidence in what they desire and the ability to put towards the destination.
Moha Asri (1999) defined entrepreneurs as those who work hard, have new ideas, are highly creative and innovative and can risk losing their property in order to improve their business operation. This definition is very close to what has been stated by Zaidatol and Habibah (1997). They defined an entrepreneur as an individual who starts, owns and manages his/her business and are willing to bear the business risk. In addition, entrepreneurs are also free to make their own decisions to succeed with their own effort.

According to Sarkom (1995), the characteristics of an intelligent and successful entrepreneur are:

a. the people who make a significant difference
b. creative and innovative
c. able to spot and exploit opportunities
d. able to find the resources and competencies required to exploit opportunities
e. good team-builders and networkers
f. determined in the face of adversity and competition
g. able to manage change and risk
h. in control of the business
i. able to put the customer first
j. able to create capital

b) Women Entrepreneurs

A woman entrepreneur is a person who accepts challenges to meet her personal needs and become economically independent by doing business. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life (Saleem, 2010).
According to McKay (2001), women entrepreneurs are women who are highly motivated to develop their own business. Women entrepreneurs that have small, medium and large business are grouped according to their annual sales. Small businesses generate sales less than $50,000, medium-sized businesses collected sales less than $2 million annually and large-sized businesses resulted in sales exceeding $5 million a year (Grondin and Grondin, 1994).

In this study, women entrepreneurs are considered as those who are involved in entrepreneurship in the business set up, organization and management, and take risks in their business. They perform alone or with a small number of workers and considered as the manager in that business.

c) Entrepreneurship

The word “entrepreneurship” comes from the word “entrepreneur” or “enterpriser” itself. Entrepreneurs have their own business regardless the business being small, medium or large scale business. Generally, small business entrepreneurs are the founder of the business and the business manager and used their own money for business formation and are restricted to local markets only (Hutt, 1994)

The process of entrepreneurship initiation has its foundations in person and intuition, and society and culture. It is much more holistic instead of simply being an economic function and represents a composite of material and immaterial, pragmatism and idealism (Morrison et al., 1998a).

According to McFadzean et al. (2005) entrepreneurship is the promotion of innovation in an uncertain environment, and innovation is the process through its products and services. The processes add value and novelty to the organization, its suppliers and customers.
Entrepreneurship is the process of creating something new (creative) or different (innovative) that provides benefits and adds value to individuals and people (Low & Tan, 1996). This involves the creation of value through the creation of organizations (Bird, 1989).

d) Growth

Nelson (2009), defined growth as any firm whose business generates significant positive cash flows, or earnings, that increase in significantly faster rates than the overall economy. A growth company tends to have very profitable reinvestment opportunities for its own retained earnings. Thus, it typically pays little to no dividends to stockholders, opting instead to cover most, or all, of its profits back into its expanding business.

Companies that attain a high growth were from an existing strength and diversity, restricting their range of activities to a central skill and/or their competency in market (O’Gorman, 2001).

e) Sustainability

According to Mega (1997), sustainability is a characteristic of invention of new opportunities as opposed to old resources, and also a thirst for the unknown. In her theory, she mentioned that the solution for sustain need a lot of creativity and a well knowledge of how to succeed on the market.

While Porter (1985) and Fiol (2001) defined the key of sustainability is to create a unique position among their competitors and consistently outperform them. This is what a firm should accomplish.
For this study, sustainable growth refers to the income from a firm's operations in future accounting periods that can support debt repayment. It implies a rate of growth expected from retained earnings without external financing, and without altering financial leverage.

f) Innovation

Innovation is facilitated by diversity and breadth of experience, including experts who have a great deal of contact with other experts in the field, links to users and links to outsiders (Kanter, 1984).

Innovations depend on the individual and collective expertise of employees, and innovation is characterized by an interactive process of people working together building on the creative ideas of one another (McFadzean et al., 2005).

According to Drine and Granch (2010), the key driver of profitability, growth and competitive advantage is innovation. There are many parts of the whole field of innovation, for instance, strategy innovation, new product development, creative approaches to problem solving, idea management, suggestion systems etc.
1.7 Summary

As the conclusion, this chapter provides an overview of the study, which includes its aim and objectives, the scope of the study, the problem statement, research objectives, research model, significant and terms definition. The following chapter is the first part of the study which is a review of literatures about women entrepreneurs in the global context followed by the problem issues, strategic approaches and the statistics and situation of women entrepreneurs in Malaysia. The role towards the sustainable growth of the businesses also will be highlighted.
REFERENCES


