

A Preliminary Study of Rural Women Entrepreneurs: Characteristics and Business Success Factors

Norehan Abdullah

School of Economics, Finance and Banking
Universiti Utara Malaysia, 06010, Sintok Kedah, Malaysia
E-mail: norehan@uum.edu.my

Kalthum Hassan

(Corresponding Author)
School of Government
Universiti Utara Malaysia, 06010, Sintok Kedah, Malaysia
E-mail: kalthum@uum.edu.my

Rohana Yusof

Northern Corridor Research Centre
Universiti Utara Malaysia, 06010, Sintok Kedah, Malaysia
E-mail: rohana@uum.edu.my

(Received: 6-3-14 / Accepted: 25-6-14)

Abstract

This paper aims to identify a demo-socio-economic profile of rural women entrepreneurs and investigate the elements of how cultural values, Islamic values, social and environment, individual beliefs, and opportunities/infrastructure have influence on the successful of rural business women. In this preliminary study, a total of 36 respondents in northern area of Kedah were interviewed. This study found most of the entrepreneurs are married and have some previous working experience. The result shows that almost 80 per cent of respondents believe in religion, work hard, and always thankful to God. They highlighted the importance of exposure to entrepreneurship since childhood, and keeping good manners as the most important factors in influencing the success of the business. In terms of Islamic practice, a total of 80.6 per cent agreed that the business must be 'halal' and trustworthy is a must in each transaction involved. This study further discovers that the biggest challenge is to balance the time between family and business.

Keywords: Women Entrepreneurs, Rural, Cultural Values And Islamic Practice.

1. Introduction

The phenomenal growth of women-owned businesses has made headlines when women consistently have been launching new enterprises at twice the rate of men (Hadary, 2013). This is also true for Malaysia as women are forming an increasingly significant portion of the SME sector, which is the major source of new jobs. Yet women continue to face barriers to entrepreneurial activity in comparison with men. Thus, if Malaysia is to benefit fully from the female potential for job creation and economic growth, decision-makers at local and national

level must agree measures to ensure the best possible framework to support women's entrepreneurship.

Study by Jariah and Laily (1995) have identified that Malaysian women entrepreneurs are facing problems of low levels of education, lack of skills (especially managerial skills), performing the dual role of housewives and businesswomen, working as unpaid family workers and a lack of representation at decision making levels. In an attempt to analyse these problems, it is assumed that an understanding of Malay social-cultural values would be a prerequisite in planning women's future in the field of entrepreneurship. A lack of understanding of these values would make it impossible to correct traditional perceptions and views, for instance women's domestic role, and future plans for Malay progress would be likely to fail because they would be in conflict with the established and existing values of an industrial society.

Different from other studies on women and entrepreneurship, this paper investigates the five elements of how cultural values, Islamic values, social and environment, individual beliefs, and opportunities/infrastructure might have an influence on rural business women. In planning for women's future in the field of entrepreneurship, a lack of understanding of these Malay social-cultural values would make it impossible to correct traditional perceptions and views. Women's domestic role, and future plans for Malay progress would be likely to fail because they would be in conflict with the established and existing values of an industrial society.

2. Literature Review

In Malaysian context, (Sarimah, 1994; Jariah and Laily, 1995), studies on women and entrepreneurship have focused on their roles, contributions, problems and other social issues, while very little research has been done investigating elements of how cultural values, ideologies or social and individual beliefs might have an influence on these business women. This raises some research questions of interest, since these elements might be identified in analysing the problems confronting such women and which may be affecting their development process as successful businesswomen.

In a study on urban Malay entrepreneurs in Malaysia through deploying an ethnographic approach in the research methodology, Sloane (1999) attempts to explore the complex themes of Islamic duty and financial obligation which underlie Malay life in relationships with parents, spouse, cohorts and the community and in relation to the development of entrepreneurship in the Malay community. The study also explored a redefinition of Islamic economic beliefs and meaning which have shaped the Malay understanding of entrepreneurship. However, this study has focused only on urban Malay entrepreneurs who may have a different interpretation of the meaning of entrepreneurship. Thus, this study attempts to fill the knowledge gap by exploring similar themes with some other Malay entrepreneurs, specifically Malay rural business women.

Islam is the official religion of Malaysia. All Malays are Muslim, whereas the majority of Chinese are Buddhists or Christian and Indians are usually Hindus. As Muslims, the Malays practice and uphold the Five Pillars of Islam, that is, the professions of the Faith, the daily prayers, the fasting during Ramadhan, payment of the annual tithe (*zakat*), and the pilgrimage to Mecca. Islam, which literally translated means 'total submission', is not only a belief system but also a way of life. Muslims are expected to run their lives according to '*koranic*' injunctions (Afshari, 1987: 10). Noraini (1984) has further stressed this point and states that Islam is a significant ideological force that influences Malay women's way of life and is an important factor influencing the development of the Malays.

In support of these statements earlier studies have argued that religion has an influence on economic activity including Geertz's (1956) famous study of pious Muslims in Indonesia, Bellah's (1970) study of the correlation between the religion of the Tokugawa and bureaucratic values which are conducive to economic growth, Gupta's (1994) study which

sought to explain entrepreneurial success through religious values in India and a study by Sloane (1999) which focused on the 'Islamic view' of entrepreneurship among the urban Malay Muslim entrepreneurs of Malaysia. All these studies were mapped along the lines of Weber's study of Calvinist entrepreneurs in seventeenth – century Europe.

The study by Lee (1996) and Redding (1986, 1990) have also placed emphasis in their writings on the role and influence of Chinese ethnicity and culture on entrepreneurial success. These scholars have identified that the combination of Chinese family dialect, family structure and culture, and the Confucian value system may exercise a particular influence on the setting up of a business. However, the study by Alwis and Senathiraja (2003) among small and medium scale business in Sri Lanka have shown that business value formation is influenced by the socio-cultural and personal background factor such as age, ethnicity, religion and education. They concluded that Sinhalese and Tamil are highly religious businessmen and more ethical. Thus, this study hopes to provide an understanding of a different kind of interpretation of how Islamic economic beliefs and meanings have shaped the Malay understanding of entrepreneurship.

3. Data and Methodology

The study is based on an ethnographic study which explores in nature use the feminist approach. The samples of the study are rural Malay businesswomen in Northern Corridor Economic Region (NCER). The selections of samples are based on the following criteria:

- i) Women who had been in business for more than 2 years. This is to ensure they are committed to business and have experience of being a businesswoman in a business environment.
- ii) The women selected should spread over a variety of different types of business at various programme centres (i.e: AIM, TEKUN, MARA) and could be categorized as petty traders, owners of family farms and plantations and micro-enterprise owners.
- iii) Women/participants are all able to make their loan repayments as scheduled by the evaluation committee of AIM and had a substantial monthly income (a criteria set by AIM in considering the participants as 'successful' in business).

The data collection technique includes questionnaire, in-depth interviews and non-participant observation with the respondent. The study uses a quantitative approach to analysis using questionnaires to gather data.

4. Analysis of Data

The first part of this section presents the demo-socio-economy profile of the respondent while the second part discusses the factors that influence the success of these entrepreneurs. For this preliminary study, a total of 36 respondents were interviewed. Table 4.1 shows the respondent background's characteristics.

Most entrepreneurs are at the age of 40 to 49 years; already married and have secondary levels of education. Most of them have children in which about 44 percent have more than four kids. More than half of the entrepreneurs were previously working and only 41.7 per cent were housewives. We can conclude that respondent's intention to open business was to generate extra incomes for their families when this survey found that most of their spouses are currently employed.

Table 4.1: Respondent's Characteristic

VARIABLES		FREQUENCY	PERCENTAGE (%)
Age	< 30 years	7	19.4
	31 - 39 years	9	25.0
	40 - 49 years	15	41.7
	50 - 59 years	4	11.1
	60 - 69 years	1	2.8
Marital Status	Married	28	77.8
	Single	5	13.9
	Divorced	3	8.3
Education	Primary school	6	16.7
	Secondary school	22	61.1
	University/College	8	22.2
Number of Children	0	4	11.1
	1	3	8.3
	2	8	22.2
	3	5	13.9
	>4	16	44.4
Work Experience	Yes	21	58.3
	No	15	41.7
Husband's Employment (n=28)	Yes	25	89.3
	No	3	10.7
Home Status	Owned	33	91.6
	Rent	3	8.3
Type of House	Home Village	15	41.7
	Residential	12	33.3
	Settlers Area	9	25.0
Home Facilities (Yes)	Electricity	36	100
	Radio	33	91.7
	Television	36	100
	Permanent telephone line	17	47.2
	ASTRO	18	50.0
	Internet	16	44.4
	Smart Mobile Phone	25	69.4
	Bicycle	29	80.6
	Motorbike	29	80.6
	Car/Van	29	80.6
	Lorry/Agriculture Vehicle	0	0
Health Status	Good	23	63.9
	Average	13	36.1

Due to the fact that this study is focusing on rural areas, most of the respondents are found to own their homes. Living in the home village type of house, they are all well facilitated with electricity, television and more than 80 per cent of respondents have own vehicle from bicycle to cars or vans. Surprisingly enough, not all these respondents are in good health status when more than 36 per cent stated that their health statuses as average.

Table 4.2 presents the information on entrepreneurial business. Overall, the entrepreneurial income is quite low when most respondents stated their monthly income as less than RM500 (33.3%).

Table 4.2: Information on Business

VARIABLES		FREQUENCY	PERCENTAGE (%)
Income (per month)	<RM500	12	33.3
	RM501 – RM1000	10	27.8
	RM1001 – RM2000	8	22.2
	RM2001 – RM3000	6	16.7
Business Ownership	Single	27	75.0
	Partnership(non-family)	5	13.8
	Partnership (spouse)	4	11.2
Type of Business	Food Production	16	44.4
	Retail/Small business	4	11.2
	Other	16	44.4
Year in Business	1 - 5 years	26	76.5
	6 - 10 years	3	8.8
	11 - 15 years	2	5.9
	>15 years	3	8.8
Number of Employee	0	10	27.7
	1 – 3	22	61.1
	4 – 6	2	5.9
	7 – 8	1	2.7
	> 8	1	2.7
Initial Capital	<RM1,000	13	36.1
	RM1,001 – RM5,000	7	19.4
	RM5,001 – RM10,000	5	13.8
	RM10,001 – RM50,000	7	19.4
	> RM50,000	4	11.2
Source of Capital	Own Saving	23	63.9
	Family	4	11.2
	Loan	6	16.7

A total of 75 per cent of the women entrepreneur own their businesses by single ownership. Most of them involve in food production type of business (44.4%). Food must be consumed daily and there may be the reason why women entrepreneurs are mostly engaged with food production. It is interesting to know that most respondents have been in this sector mostly just around 1 to 5 years which is 76.5 per cent. Incentives from government such as loans to promote new entrepreneur to start up their own businesses this few years back may have encouraged these women to start their businesses.

By referring to Table 4.2, most entrepreneurs hire 1 to 3 workers (61.1%). This may due to their business is still new, i.e about 1 to 5 years. Surprisingly, the women entrepreneur just started their business with capital less than RM1000 (36.1%). However, there are few women entrepreneur invest quite a big capital to start up a business such as more than RM 50,000. These entrepreneurs take up loans from bank. Bank loan's itself consisting of conventional and Islamic. Source of capital mostly comes from own saving (63.9%), followed by family (11.2%) and bank loan (16.7%). Women entrepreneurs tend to use their saving to start up a business since they want to avoid high risk at their beginning of business operation.

Table 4.3 illustrates the personal conducts of the respondents in managing their businesses. The study shows that almost all respondents have positive personal conducts in managing their businesses. These qualities are closely related to Islamic belief/ faith.

Table 4.3: Attitudes and Perceptions

	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
I am confident that I can confront the unexpected event efficiently	2.9	0	20.6	44.1	32.4
I set goals and visions for myself in order to make a successful business	0	0	2.8	48.6	48.6
I will work hard to achieve my goals	0	0	0	40.0	60.0
I am a person who always wanted to learn	0	0	0	28.6	71.4
I always thank God for happiness provided (grateful)	0	0	0	20.0	80.0
I believe with full faith in Qada and Qadar	0	0	0	17.1	82.9
When I feel tense and upset about the performance of the business, I read the Quran	0	0	2.9	37.1	60.0
Values like honesty and patience could be the secret to business success	0	0	2.9	25.7	71.4

Table 4.4(a) to Table 4.4(f) present factors that influence the success of the businesses. For this purpose, the discussion is based on the five contributing factors as discussed in the literature review. Those are cultural values, Islamic faith, social and environmental influences, individual belief (self-belief) and availability of the opportunity and infrastructure.

From Table 4.4(a) on culture values, the most contributing factors for the success of the respondents' businesses are early exposure to the business environment, being courteous when dealing with clients and customers and availability of the loans and services. A large proportion of respondents agree that they receive full support from their family members in doing their businesses. Some (71.9%) of them acknowledge that face some form of gender discrimination in managing their businesses.

Table 4.4 (a): Cultural Values

Cultural Values	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
I was exposed to business world since childhood	11.4	11.4	25.7	25.7	25.7
I received full support from the family members to start this business	0	13.9	11.1	33.3	41.7
Gender discrimination do appear while managing this business	18.8	9.4	31.3	28.1	12.5
I need to keep to be courteous in dealing with the community	2.8	0	2.8	30.6	63.9
Availability of the loans and services for business encourage me to venture into business	19.4	25.0	5.6	30.6	19.4

This study found Islamic values play as important controlling factors to ensure that the businesses are dealt ethically and fairly where a large number of the respondents ensure that their businesses are managed according to Islamic practices and the products/ services provided by the businesses are permissible in Islam. Refer to table 4.4(b).

Table 4.4 (b): Islamic Values

Islamic Values	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
I do not receive interest (usury) in business operations	8.3	2.8	0	44.4	44.4
There is a prayer room at my business premises	0	0	0	30.6	69.4
I hang some verses from the Quran on the walls of my business premises	0	2.8	2.8	36.1	58.3
I choose the type of business that is legal and permissible by Islam	0	0	0	22.2	77.8
My business must be lawful/halal and honest in all transactions	0	0	0	19.4	80.6
My business does not have to involve any prohibited act such as theft, fraud or unpaid debts	0	0	2.8	25.0	72.2
I will get my husband permission first before living the house (going anywhere.)	9.1	0	0	27.3	63.6

Table 4.4(c) displays the overall level of social involvement of the respondents at community level. The findings indicate that most of the respondents are actively involved with community activities. This means that they hold positive social values. Most of them acknowledge that these activities help to connect them with important individuals who can somewhat facilitate their businesses. Most respondents seek opinion from their employees to solve the business problems or to improve their businesses. They are willing to attend business training to enhance their knowledge in their businesses. However, less than half of the respondents are actively involved in political activities.

Table 4.4 (c): Social Values

Social Values	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
I hold a position in the community	14.7	20.6	11.8	35.3	17.6
I involve with relevant association in the community	9.7	25.8	19.4	29.0	16.1
I become acquainted with the top management of agencies or relevant bodies	12.9	29.0	19.4	25.8	12.9
The acquaintance with the to management of agencies helps to promote my business	18.2	21.2	21.2	27.3	12.1
I am actively involved in political parties	18.2	36.4	18.2	21.2	6.1
I attended courses and business training to enhance my business knowledge and skills	0	5.6	2.8	33.3	58.3
I occasionally discuss with the employees to get their opinion/ideas on	3.1	3.1	12.5	43.8	37.5

issues regarding the business					
-------------------------------	--	--	--	--	--

As been displayed in table 4.4(d), most of the respondents have positive interpersonal relationship. They have good relationship with their spouses, their children, friends and other family members. They spend their free time with their family members and friends.

Table 4.4 (d): Interpersonal Relationship

Interpersonal Relationships	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
My relationship with my spouse is very good	0	0	0	20.6	79.4
My relationship with my children is very good	0	0	0	21.2	78.8
My relationship with my friends is very good	0	0	0	30.6	69.4
I always spend my leisure /free time with my family	0	5.6	2.8	30.6	61.1
I often go out to meet my friends for to maintain the close relationship	0	8.3	16.7	38.9	36.1
No matter how busy I am, I always have time for myself	0	0	11.1	36.1	52.8
I am close with the employees and often help them with their problems	3.1	3.1	6.3	40.6	46.9

Table 4.4 (e) illustrates the questions on self-beliefs. It shows that all respondents have high self-esteem, creative and hard working. Being an entrepreneur, they are highly confident that they are able to achieve what they have planned and solve the problems if they work hard. They face all the challenges in positive manner.

Table 4.4 (e): Self-Beliefs

Self-Beliefs	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
I am able to achieve my business plan	2.8	5.6	11.1	50.0	30.6
I am creative in solving problems	0	2.8	19.4	58.3	19.4
I always work hard to promote my business	0	0	8.3	30.6	61.1
Competition in the business motivates me to improve my business	0	0	8.3	41.7	50.0
I am always calm and think positively in facing all the challenges in the business	0	0	5.6	41.7	52.8

The availability of the opportunities for the businesses in terms of loan facilities, business development assistance and training play important roles in motivating the entrepreneurs to venture into their present businesses. This is true when most respondents agree with these statements.

Table 4.4 (f): Facilities/Helps

Facilities/Helps	Totally Disagree (%)	Disagree (%)	Somewh at Agree (%)	Agree (%)	Totally Agree (%)
Government provides financial assistance in developing business	6.1	18.2	21.2	45.5	9.1
Various business development programmes made available by the government /non-governmental agencies	2.8	5.6	22.2	30.6	38.9
The assistance by various agencies lead to the success of my business	5.6	5.6	16.7	33.3	38.9
Organized training programmes lead to the success of my business	0	0	16.7	41.7	41.7
Relevant business facilities and infrastructures are needed to ensure successful business achievement	0	0	5.6	38.9	55.6

This study further discover that a total of 66.7 per cent of the respondents agree that they earn more income after being entrepreneurs and the same percentage of respondents agree that it is important to conduct businesses based on Islamic law and values in order to earn blessings in lives and hereafter from Allah SWT. In addition, almost 70 per cent of the respondents agree that the biggest challenge faced by Malay women entrepreneurs is to have work-life balance.

5. Conclusion

Based on the sample of 36 rural women entrepreneurs, we find that most are respondents married, have secondary level of education and some previous working experience. The result shows that almost 80 per cent of respondents believe in religion, work hard, and always thankful to God. Our findings on the importance of the five elements, the study finds that most of these rural women entrepreneurs have all the personal characteristics needed to become a successful entrepreneur. They agreed on the importance of cultural values and Islamic values in managing their business. Most of them highlighted the importance of being involved with the community and the role of government in terms of training and facilities.

Acknowledgement

We would like to thank the respondents and other interviewees who were willing to be interviewed despite their busy schedules. Without their commitment, this work would not have been possible. We are deeply grateful to various economic development agencies for allowing me to have their expert views and assistance during the fieldwork. The same gratitude goes to Kubang Pasu District Office and the Village Headmen for providing us invaluable information and assistance during the sampling process.

The research is financed by the Ministry of Education, Malaysia under Fundamental Research Grant Scheme (FRGS).

References

- [1] W.P.G. Alwis and Senathiraja, The impact of socio-cultural background of the entrepreneur on management and business practices on selected small and medium scale businesses in Sri Lanka, *9th International Conference on Sri Lanka Studies*, (2003), Matara, Sri Lanka.
- [2] R. Bellah, *Beyond Belief: Essays on Religion in a Post-Traditional Work*, (1970), Harper and Row, New York.

- [3] C. Geertz, *Peddlers and Princess: Social Development and Economic Change in two Indonesian Twins*, (1963), University of Chicago Press, Chicago.
- [4] Gupta's, Indian entrepreneurial culture: Bengal and Eastern India in B. Berger (Ed.), *The Culture of Entrepreneurship*, (1994), ICS Press, California.
- [5] S. Hadary, Why are women-owned firms smaller than men-owned ones? *The Wall Street Journal*, (May 17), (2010), Retrieved at <http://online.wsj.com/news/articles/SB10001424052748704688604575125543191609632>.
- [6] W. Jariah and P. Laily, Project oriented research: Enhancing the economic contribution of poor rural women, *A Report Submitted to Japan International Cooperation Agency (JICA)*, (1995).
- [7] J. Lee, Culture and management: A study of small Chinese family business in Singapore, *Journal of Small Business Management*, 34(3) (1996), 63-67.
- [8] N. Abdullahm, *Gender Ideology and the Public Lives of Malay Women in Peninsular Malaysia*, (1984), Seattle: University of Washington.
- [10] S. Redding, Entrepreneurship in Asia, *Euro-Asia Business Review*, 5(4) (October) (1986), 23-27.
- [11] S. Redding, *The Spirit of Chinese Capitalism*, (1990), Walter de Gruyter, Berlin.
- [12] M. Sarimah, Women's contribution in income –generating activities, *Unpublished Master's Thesis*, (1992), Universiti Pertanian Malaysia, Serdang.
- [13] P. Sloane, *Islam, Modernity and Entrepreneurship among the Malays*, (1999), Macmillan Press, London.