

The Significance of Networks on Performance of Women Entrepreneurs In Micro and Small Enterprises (Mses) In Perak, Malaysia: an Empirical Investigation

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Abstract: The purpose of this study is to observe the relationship and effect of networks on the performance of women entrepreneurs in Micro and Small Enterprises (MSEs). The qualitative technique employed to obtain a strong output and rational results. The survey is used as the best approach and a self design questionnaire provided to gather data. A total of 373 useable responses was collected and used for data analysis by using SPSS software. The outcome of this study showed a significant relationship between networks and the performance of women entrepreneurs in MSEs. It is also interesting to note that the network has a negative effect on the performance with standard coefficient at -0.058. This situation explains that the advantages of the network cannot be beneficial to women to implement it due to certain constraints. This study has provided some recommendations to empower women in the network to develop their ability to succeed in Micro and Small Enterprises.

Keywords: Networks, Women entrepreneurs, Micro and Small Enterprises, Business Performance

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I. Introduction

Women entrepreneurs have contributed drastically to the economic growth and development of the nation, both in job creation, and revenue generation (Mahajar & Jumaat, 2012). The participation of women in entrepreneurship, bringing about a change in socioeconomic by facilitating the development, improves the standard of living and reduce the poverty in a country (Deanna, 2012). The Malaysian Government developed business and performance opportunities through various ministries and agencies: to create, promote and nurture more women entrepreneurs. This was in line with the Eleventh Malaysian Plan, which was geared towards developing entrepreneurs in general, and encouraging and nurturing women entrepreneurs in particular by the year 2020 (Economic Planning Unit, 2015). This is done through the implementation of 27 entrepreneurship programs in 2016. The micro, small and medium scale enterprises (MSMEs) have been generally acknowledged as the basis for industrial development of any country (Singh & Raina, 2013). This will absolutely able to solve unemployment challenges, increase real capital growth rate, balance income distribution, and in the overall, improved economic stability (Saleh and Ndubisi, 2006). The situation encourages women to become aggressively involved in entrepreneurship to create job opportunities in various business cycles. The capability of women in business should be developed to encourage them to perform better, while the government and other institutions have to take responsibility to empower women to achieve their set targets successfully (Singh & Raina, 2013). According to a previous study, it was noted that women obviously have their own advantages if compared with men. More so, findings have revealed that women are often more prepared to deal with customers with a relatively more patient and careful approach to managing business (Jasra et al, 2012). However, it is much less significant in other countries and remains constrained by various prevailing barriers (Tambunan, 2009). Crisman, 1990 in his study found that the number of women participating in business is less compared to that of men. However, this is encouraging as it shows that women are no longer stereotyped to believing that only men can be wage earners within the family (Hemalatha et al, 2013). Hence, besides the many obligations assigned to women: domestic household chores, and reproductive chores, women can walk down the path of success through actively engaging in their own entrepreneurial businesses. (Alam et al, 2011). Thuaibah et al (2007) in their study noted that, the way women engage in their businesses is different from the way men do. The study suggested that women have different socialization experiences which may influence the shaping of their varied strategic choices among themselves, such as their prior professional experiences and social network affiliations. More so, it was suggested that the situation led to different approaches: ventures creation, business growth expectancies as well as enhancing women business performances. Based on a report from the Company Commission of Malaysia (Table 1.2), the number of men

entrepreneurs was about 18,779 as against 12,399 women entrepreneurs registered in 2014 in Perak, Malaysia. Women were increasingly registered as entrepreneurs venturing into business from 10,261 to 12,339 from 2010 until 2014 in Perak. However, there was a noticeable decline from 13,341 in 2013 to 12,339 in 2014 (Table 1.1). This was due to the shortcoming identified in the business of women in several aspects, which impacts negatively on their economic growth (Hanif. S, 2015). This study concentrated on networks in helping women entrepreneurs achieve their set goals in their businesses. The achievement in women’s businesses definitely will have positive effects on individual income and also enhance economic growth and development. The main objective of this study is to determine the relationship between networks and the performance of women entrepreneurs in Perak. The paper also attempts to examine the effect of networks on the performance of women entrepreneurs in Micro and Small Enterprises (MSEs).

Characteristics of Micro, Small and Medium Enterprise:

SMEs are tools that can strongly be exploited toward initiating potential economic transformation, hence lead to the increase in potential job creation, facilitate economic revitalization and reduce the rate of poverty in the national development [Onugu (2005); Ofoegbu et al (2013)]. SMEs are the most significant in terms of the number of enterprise and the number of employees bearing in mind that women in the contemporary time are desirous to participate aggressively in business entrepreneurship (Ganewette, 2000). The micro, small and medium enterprises (MSMEs) sector in Malaysia has a very pivotal role to play in the development of the country. The sizes of operation would be categorized as follows:

Table 1. Classification and Features of Enterprise

Category	Micro	Small	Medium
Manufacturing	Sales turnover not exceeding RM300, 000 or full-time employees not exceeding 5	Sales turnover from RM300,000 to less than RM15M Or Full-time employees from 5 to less than 75	Sales turnover from RM15 million but not exceeding RM50M Or full-time employees from 75 to not exceeding 200
Services & Other Sectors		Sales turnover from RM300,000 to less than RM3M Or Full-time employees from 5 to less than 30	Sales turnover from RM3M but not exceeding RM20M Or Full-time employees from 30 to not exceed 75

Source: Central Bank of Malaysia, 2014

Business Performance

Business performance generally is considered as the ability to create job opportunities and gain wealth through the business that was set up. It also involves the maintenance of business viability and sustainability (Sandberg et al., 2002). Business performance shows how the company fares financially, its ability to achieve improvement in specific areas effectively, including competition, market growth, and economic development (Dess and Robinson, 1984). Normally, business performance is measured by profit, revenue, the number of employees, and personal income of the women entrepreneurs (Lerner et al., 1997).

Networks

The network was identified as a product of individual efforts in knowledge and experience sharing in order to achieve the objectives of the organization (Cromie and Birley, 1992). Previous study identified that networking in social relationship tends to increase market shares in the business (Lerner et al., 1997). Study by Ming-Yen & Siong-Choy (2007) noted that membership and participation in business associations expected to facilitate a lot of beneficial improvement to women (Adema et al, 2014). Moral and emotional supports from spouse are more important for a successful business endeavour among women entrepreneurs (Mutuku et al, 2006).

Networks and performance of women entrepreneur

Networks found to have a positive effect on business profitability with good potentials of economic development (Kulmala & Uusi-Rauva, 2005). Compare to Nordin et al., (2011), there was a negative relationship between networks and business profitability. Women in Malaysia lack adequate time to participate in programs and building networks for daily business activities. The commonly have poor business networks support as compared to men who are more exposed the business environment (Farr-wharton&Brunetto, 2007). Business profitability was expected to be affected by confidence in the membership of women in organizations (Wube, 2010).

II. Research Methodology

The study has employed quantitative techniques to generate the beneficial outcomes [Manolova et al (2007); Rashid et al (2015)]. The quantitative technique offers a multi-progression method based on the objectives of the research to compute the data and generalize results from a sample of the population (Farrwharton & Brunetto, 2007). Secondary data also used to support the previous and future data, such as reference books, journals, and encyclopedia (Mahajar & Yunus, 2012). All the data will be collected, arranged and analyzed properly by using SPSS software to interpret the results and to explain the test of the study [Nordin et al (2011); Chittithaworn (2011)]. A simple random sampling is a basic sampling technique to generate some degree of generalization of the population during data collections (Onugu, 2005). A self-design questionnaire was used with both structured (close-ended) and few unstructured (open-ended) questions, also used 5-point Likert Scale to gather the data (Jasra et al, 2011; Alam, 2011; Bekele & Jacobs, 2008).

III. Research Findings

Descriptive Analysis

Based on the empirical evidence of 373 questionnaires gathered from the women entrepreneurs in Perak, Malaysia, the study proved that the majority of women are categorized under the Micro and Small Enterprises (MSEs). The result successfully answered the research questions and objectives, it revealed the monthly revenue and profit, number of employees, start-up capital and source of financing the business of women entrepreneurs in percentage point of the total women entrepreneurs (under study) in Perak, Malaysia, which are described in Table 2 below:

Table 2 Revenue, Profit, Employees, Start-up Capital and Source of Finance (% of total women entrepreneurs under study)

Bil	Item	Decription	Percentage (%)
1.	Monthly Revenue	Below RM5000	54.7
		RM5000 – RM10,999	33.5
		RM11, 000- RM49,999	10.2
		RM50,000 and above	1.6
2.	Monthly Profit	Below than RM3000	57.1
		RM3,000 – RM10,999	31.4
		RM11, 000- RM49,999	11.5
3.	Number of employees	Below 5 persons	83.6
		6-10 persons	13.7
		11-20 persons	2.7
4.	Start up capital	Below RM10, 0000	54.4
		RM10000 – RM49,999	38.1
		RM50,000 – RM99,999	7.0
		Up to RM100,000	0.5
5.	Source of finance	Self-Finance	20.9
		Husband	35.9
		Parent	13.7
		Private Loan	12.6
		Government	16.9

Data Analysis

The data were analyzed by using Statistical Package Software for Social Science (SPSS) and the method of Pearson correlation and linear regression was used to test the hypothesis and find out the results for the research paper. The results of Pearson correlation used to show the relationship between networks and the performance of women entrepreneurs, however, multiple regression analysis used to determine the effect of networks on the performance of women as the analysis is explained as below:

Table 3: The relationship between networking on revenue and profitability

Revenue				Profitability		
	Pearson Correlation	Sign.	N	Pearson Correlation	Sign.	N
Networks	-0.171	0.00***	373	-0.058	0.00***	373

Table 4: The regression results of networks that affect on revenue and profitability

Revenue					Profitability			
	SE	B	T	Sign.	SE	B	T	Sign.
Networks	0.75	-0.176	-3.500	0.000**	0.70	-0.195	-3.892	0.001***

Note: Dependent Variable = Monthly Revenue (RM) & Monthly Profit (RM), ***, ** and * denote that Correlation is significant at 1%, 5% and 10% level respectively (1-tailed).

Table 3 presented that networks have a negative and significant relationship with the performance of women entrepreneurs, at a significant value of 0.000 in revenue and profitability with standard coefficient -0.171 and -0.058. Based on these results as above value, an inference can be drawn that networks do not increase, instead it decreases the performance of women entrepreneurs and as a result deteriorates the revenues and profits of businesses. Table 4 on the other hand, reports that networks significantly and negatively affect the performance of women entrepreneurs in MSEs with standard coefficient of -0.176 for revenue, and -0.195 for profitability. Several other previous studies enlightened that networks have positive correlation but not much so strong relationship on business performance due to lack of time on the side of women entrepreneurs see for example, Dharmaratne (2013), Nordin et al (2011), Farr-Wharton and Brunetto (2007), Mukulu (2013). It could be considered that the performance of women entrepreneurs totally given benefit and influenced by networks but the current study found that most of respondents unfortunately didn't involve actively in building networks to improve themselves in businesses.

IV. Discussion

Networks essentially are very important factor to improve the performance of women entrepreneurs, and to also enhance the economic growth and development. This empirical study on Perak, Malaysia was investigated to examine the effect of networks on the performance of women entrepreneurs in Micro and Small Enterprises. The findings of the previous studies indicated that networks not only have correlated with performance, but also gives a lot of benefits to women through self development, such as self confidence, product marketing and so on. These studies revealed that the contribution of women in society or Non-Government Organizations (NGOs) principally was established to enhance the internal quality to introduce the business to the community, fight for the public interest by taking responsibility in their welfare. It has an advantage in voicing issue related to women entrepreneurs and be a facilitator or a champion of the people to defend the rights of women entrepreneurs in Malaysia. However, we found that most women entrepreneurs in this study prefer not to involve in association to promote product and services. Majority of the respondents usually started up the business with low risk and more likely to do business without connecting with any consultant for advice purpose. Instead, they remain keen on to get the information and guidance from the government, husband, immediate family and colleagues. Thus, their spouses have to play an important role to encourage their entrepreneurial wives to join and participate in the activities of related associations. Networks should be started with the close family, friends and all of the prospect customers. The analysis found that networks need entrepreneurs to have the skill of communication to entertain and convince people to buy their product. Marketing and communication are important tools in business networks that encourage the productivity and sales.

V. Conclusion

This research paper has made clear the contribution of networks on the performance of women entrepreneurs in Micro and Small Enterprises (MSEs). The paper used quantitative method to conduct the research and test the hypothesis. In conclusion, this study contributes to the theoretical and practical aspects of the factors of networks that affect the performance of women entrepreneurs. The study suggests that to achieve a better understanding of the role and impact on the networks that affect the performance of women entrepreneurs, women entrepreneurs and investors are advised to establish good networking through having better communication, advertisements among others, so as to grow their business successfully in this global environment. The network looks extremely important in marketing products, if there is no network, marketing is relatively small and profits definitely will decrease. This study recommended that the government must continue to take the initiative to build a platform and opportunity for women to market and promote the product as well as build their networks individually. The government should diversify business opportunities to women and launch the programs in order to assist women to promote their products. The government should help women to form associations for female entrepreneurs struggling voice. The government should give moral support and take into account the voice of women in business dealings. The government should encourage women to have their own product brands (branding their own products) to provide support for women to succeed and can market throughout the country and abroad. From the research paper, it is recommended that future research to be conducted on several states in Malaysia and increase the numbers of samples that will represent the women entrepreneurs throughout the country. It's also interesting to identify the networks as the best initiative to empower women entrepreneurs to be successful in business by using a comprehensive framework that has been developed.

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