

## A Study of Women Micro Entrepreneurs in Malaysia: Livelihood Strategies and Challenges

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### Abstract

Micro entrepreneurs play an important role in Malaysia's vision by achieving high income economy by 2020. Micro business assists local economies and contributes to a thriving economic growth. Government provides several types of aids and assistance such as microcredit facilities, short-term loan, tools and equipment to facilitate microbusinesses. As a result, by 2010, there were 77% micro entrepreneurs. However, according to the report by the Small and Medium Enterprise Corporation Malaysia (SME Corp. Malaysia), at least 75% of the business failed during their first year of operation. This figure is worrying and has to be studied in order to understand the real problems faced by Malaysian micro entrepreneurs. A qualitative study was conducted on a sample of 18 women micro entrepreneurs from Kedah, Perlis, Kelantan, Selangor and Penang using in-depth interviews. A set of guideline questions was constructed guided by the gender analytical framework and an adaptation of the Sustainable Livelihood framework, focusing on three aspects; financial capital, human capital and social capital as well as the livelihood strategies taken by the women. A thematic analysis done showed that the women entrepreneurs adopted several livelihood strategies such as doing innovation in business and producing various products to increase sales". In terms of livelihood assets, the women entrepreneurs had to grapple with gender issues of child care, lack of family support and negative perceptions from the community, insufficient raw materials and capital to expand their businesses. Based on the research, sustainable livelihood has not been achieved by women entrepreneurs as a result of the problems mentioned. A multi-sectoral intervention are needed to support women entrepreneurs such as providing quality child care centers, provision of capital facilities and ensuring sufficient flow of raw materials.

Keywords: *Women micro entrepreneurs, Sustainable Livelihood Framework, Gender Analytical Framework, Malaysia*

## 1. Introduction

Micro enterprises have contributed significantly to the Malaysian economy, and have grown in numbers and types over the past decades. Micro enterprise is seen as the best way to generate income because it is easy to start and to run regardless of the level of education of the entrepreneurs, offers flexible time frame and place (Janda et. al, 2013; Paoloni and Dumay, 2015). The government of Malaysia, through its agencies such as MEDEC, MARDI, FAMA, KADA and PERDA (to name a few), has provided many assistance such as financial, place, equipment and consultation in order to encourage the Malaysians to get involved actively in micro ventures.

The global trend shows increasing numbers of women being involved in microenterprise, citing varied reasons pushing them to be self-employed. The most cited reasons have to do with family matters; raising extra income to support their families, child care and flexible working hours were amongst those factors that shaped their decisions to be in business and in their search for work-family-life balance. Women were five times more likely than men in citing family reasons (Drine and Grach, 2012).

However, while the data indicate a large number of women starting micro-enterprises, the number of those who actually succeeded in developing their enterprises and generating a sustainable living from it is small. According to Bowen et. al, (2009) and Fatoki (2014), there were a few causes of micro business failure such as lack of innovation and capital power, poor location, lack of marketing and management skills, lack of experience, disaster, poor record keeping, inability to cope with growth and lack of family support; most fall within the domains of capital (social, financial, human, natural and physical) in the Sustainable Livelihood Framework (SLF). In this paper the SLF is used to examine the capital domain but limiting it only to three domains of capital, namely social, financial and human capital, in an attempt to understand the influence of capital on women's micro enterprises. In a way this is the limitation of this paper because it only used the SLF as the framework partially in the development of the in depth interview guideline questions and not in total. For this paper the Livelihood Assets domain is being used for analytical purposes by focusing on the capital which is the core domain in SLF. It should be noted that this paper is part of a bigger study on women micro entrepreneurs involving a much bigger sample.

## 2. Literature review

The focus of this literature review is limited to women entrepreneurs and the Sustainable Livelihood Framework (SLF), with a focus on the three dimensions of capital, namely social capital, financial and human capital. This literature does not address all the components of the SLF.

### *2.1 Women micro entrepreneurs*

Based on the 2011 statistics of the Small and Medium Corporation Malaysia (SME Corp. Malaysia), there were 645,136 SMEs in Malaysia. Out of that, 80.3% were owned by men and only 19.7% were owned by women. The figure of women entrepreneurs is much smaller than men, though the global trend shows an increasing number of women.

Many findings have shown that micro enterprise gave positive impact on women entrepreneurs as well as their families such as releasing them from poverty and gender power control, higher income to improve their life security as well as families (Teoh and Chong, 2007). Furthermore, women entrepreneurs have been identified as the new engine for growth and the rising stars of the economies in developing countries to bring prosperity and welfare to the family and community (Vossenber, 2013). Meanwhile research in Malaysia done by Al Mamun and Ekpe (2016) found that there are four traits that have significant positive effects on the development of women micro entrepreneurs, namely, the need for achievement, cognitive indicators, entrepreneurial alertness and attitude towards entrepreneurship. These are some of the characteristics of the development of human capital in the SLF.

### *2.2 Sustainable livelihood framework (SLF)*

Sustainable Livelihood was introduced by the Brundtland Commission on Environment and Development to eradicate poverty amongst people in rural area (Krantz, 2001). The strength of the SLF mainly relates to the main factors identified in the framework and their effects on people's livelihood. These factors do not work in isolation but there is a relationship between them (Department for International Development, 1999). The other advantage of using the SLF is that it is a versatile framework that enables the implementers to see the impact of interventions on poverty. Ideally it should be used before interventions are introduced, during the planning stage, because of its holistic approach which allows a planner to see the interconnectedness of the various domains impinging on a development's project.

In this study only three capital domains, namely social, financial and human capitals, have been examined and these are presented below. The rationale for limiting to these three capitals is supported by research that found these capitals to be the most binding constraint to micro business development and affect productivity (Berge et. al, 2012; Brunh et. al, 2010). Aldrich and Kim (2005) mentioned that social capital refers to social connections people use to help them obtain resources such as expanding networking, skills in building social ties, taking opportunities and chances of commercial success which are all important in business. However, women are often excluded from involving in social and business networks due to lack of time, culture, gender bias and marital status even though they should broaden their sources of information for business growth (U.S Department of Commerce, Economic and Administration, 2010; Teoh and Chong, 2007). Lack of time is often linked to the multiple roles that they have to play.

Financial capital is an important element in business start up and to maintain business growth. Financial support are needed in various forms such as seed and pre-seed funding and microfinance, and are important to produce resilient and successful women entrepreneurs in all sectors of the economy (Drine and Grach 2012; Teoh and Chong, 2007). In addition, management and financial skills are also important for business success. Microfinancing such as TEKUN and AIM have been adopted as a financing strategy by the Malaysian government though this strategy may not be sufficient for business to grow (Norudin and Azman, 2010).

The human capital domain refers to the capabilities of women micro business such as the level of education, skills, knowledge, health condition and experiences in conducting enterprises (Krantz, 2001), all of which are positively related to the success of entrepreneurs in managing enterprise. Research by Seghers et. al, (2012), show that entrepreneurs with low level of human capital capabilities find it hard to achieve their target in business compared to entrepreneurs with a higher level. Davidson and Honig (2003) showed that entrepreneurs with human capital are better able to solve problems during the start up of business as they are aware of lucrative business opportunities and have self-confidence.

### 3. Methodology

This was a qualitative research using the in-depth interviews with 18 women micro entrepreneurs in late 2015. A set of guideline questions was constructed by the researchers,

guided by the gender analytical framework and an adaptation of the SLF, focusing on three aspects; financial capital, human capital and social capital as well as the livelihood strategies taken by the women entrepreneurs. All interviews were recorded, transcribed and analysed using the Thematic Content Analysis but very much guided deductively by the SLF. Written informed consent was obtained before interviewing. Women entrepreneurs were from the states of Penang, Kedah, Perlis, Kelantan and Selangor who were chosen through the snowballing technique. They were selected regardless of their marital status, based on the following criteria; 1) running micro business, 2) 21 years old and above, 3) possess at least one year experience in microenterprises.

#### 4. Findings

The socio-demographic profiles of the respondents revealed that the average age of the respondents was 36.8 years, while the highest level for education is the MBA and the lowest level of education is SRP (nine years of schooling). Nine had SPM (11 years of schooling). In terms of marital status, nine of them were married, three were widows and divorcees, respectively and one was single and never married. The average year of experience in microenterprises was 11.7 years. All of the respondents were involved in micro business and had less than five employees who were either amongst their family members or neighbours.

All 18 women were involved in what is considered as traditional business ventures usually linked to women, and these were services (13) and food manufacturing (5). In the service category, eight women were into tailoring. While the rest were either into spa, artificial flowers, textile and gold business, legal firm and ran a restaurant. The five in the food manufacturing were involved in the production of food products such as banana crackers, frozen food, sauces and pickled fruits and juices.

##### *4.1 Social capital*

This study found women micro entrepreneurs faced many challenges in running enterprises in relation to their **marital status**. Malaysians perception of women micro entrepreneurs who are widows and divorcees tend to be negative. The statement below illustrates the challenge:

“My neighbors always keep their eyes on me to make sure I am not talking with someone’s husband. There was the case of a tomboy who came to send kitchen stuff to

my house at night and they thought that she was a man . The community always looks down on me because I am a divorcee”. (Wan, 53 years old, mother of 4, divorcee).

In addition, these women also lacked or had no family support, either because the families were poor and had their own problems, or because the women did not have a good relationship with their families.

In terms of **decision making capability**, six women micro entrepreneurs interviewed typically placed the responsibility of a decision maker on their husband’s shoulders. Eja (30 years) a designer of wedding dresses and a mother of two, with a tertiary education, said, she would let her husband decide in all aspects including her business, because for her, as a Muslim, everything is dependent on a husband’s blessing.

“I will let my husband choose which dress is suitable for runaway and which model will wear that dress. My husband is working as government servant. After working hours he will come here because in this business he acts as the manager and controls the finance. So, basically he has two salaries. For me, I will get blessings from Allah if I have a good intention with my husband”.

The other 12 women, however, believed that they had the right to make decisions and that they had no problems with their husbands.

Even though she has a boutique and staff, Eja had problems in terms of **child care**. She did not trust any child care centres because of the recent issues regarding child abuse. Without a child minder she had to bring her kids to the boutique, but she often had problem focusing on her work especially when customers came to discuss about their wedding dress designs. Other women also mentioned child care as an issue that they had to deal with. There were also the issues of raw materials. For several women micro entrepreneurs who were into the food manufacturing business, they often had to face the problems of insufficient raw materials. Some of the materials like banana and seafood had to be imported from neighbouring countries.

#### *4.2 Financial capital*

Many women raised financial matters as a major issue, either in terms of purchasing of raw materials, fluctuating income, expansion of business or inadequate capital to be ploughed back into the business. To illustrate is the case of Saini, 44 years old, a divorcee and a mother of two children who said that she faced so many financial problems especially with fluctuating income in unstable economic condition. She blamed the government for increased cost such as

high electric tariff at her store even though she only ran a small business that did not yield much profit. Not only that, she had to deal with customers such as supermarkets and hotels who took a long time to settle their payments. Yet she was always trying to be innovative in business such as adding variety of products of frozen food from time by time in order to attract many customers. Eventually she became an AIM borrower to help with her financial issue, but she felt the system of group responsibility in ensuring payment made her suffer because several of the borrowers in her team did not pay their loans.

However, a case of success, was Wan (53 years old), a divorcee, whose business food products managed to expand to other countries with the help of government agencies. However she still felt that, at the end of the day, her profit was small because of the high costs incurred, but she continued in her expansion.

#### *4.3 Human capital*

One of the elements of human capital has to do with experience and capabilities. The average number of years in business is 13.7 years and a range of the highest number of 31 years and the lowest of two years. In terms of education, 13 out of 18 of women entrepreneurs in this study had diploma, SPM and SRP meaning that they were all educated and had at least nine years of education, making them a literate group. However 13 women entrepreneurs ran a small scale business such as handling tailoring at home. Perhaps this was a strategy to use existing premise for their businesses besides being home to take care of their families such as picking up children from schools, cooked and cleaned their houses. Usually their customers were from their neighbourhood, which limits their market. However, women entrepreneurs like Eja, (31) who had a degree in International business and who continued to do a diploma in fashion design to complete her interest to be a wedding dress designer, felt that education became the most important capital to run a business smoothly because education would determine how far people could envision their business. She would make sure her company would make a sale with at least seven bookings; one sale would give her RM 5000 profit. In fact she displayed the four traits identified by Al Makmun and Ekpe (2016) that have significant effects on success. These are the need for achievement, cognitive indicators, entrepreneurial alertness and attitude towards entrepreneurship.

## 5. Discussion

This study examined women entrepreneurs' challenges and strategies in their livelihood. From this research, it was found that women micro entrepreneurs were caught at the crossroads of production and reproduction (Sen, 2005) and “both production and reproduction are gendered” (Brush, 1999:161). It seemed that gender responsibility such as, taking care of children, household chores and raising extra money for family were mostly done by women. Those with small children without child care support faced problems because they found it difficult to focus on their business. There were five women who faced this problem as they had smaller children, and they either coped by taking the children with them or left them at home on their own or left to the older siblings to take care of the younger ones. For divorced or widowed women who had to face society's stigmatization they decided to endure or ignore or adopted a more aggressive stance in order to pursue their business. Lacking or without support from family members, “forced” them to work hard to make sure they could maintain their business. Doing home-based businesses offered flexibility to these women entrepreneurs to handle their reproductive roles, but this also posed limitations in terms of business expansion and/or operations. Their customers could be just from the neighbourhood unless they did marketing beyond their areas. Customers could be using parking spaces for example that the neighbours resented.

The literature on social capital includes decision-making capability to be an important dimension. Kabir et. al, (2012) explains that social capital is the enhancement in social prestige, decision making capability, cooperation between neighbours, and satisfaction of one's own business; it is about social relationship amongst individuals to producing the best results in productivity. Decision-making, in this study, is shown to be split into two camps; one group who still believed that the husband should be the ultimate decision maker and another who felt that they had the right to make decisions because they owned and ran the businesses. Though equality in decision-making is important in gender equality, it seems that it needs more than control of money and assets or even education to overcome patriarchal belief.

Women micro enterprises have always had problems in starting and maintaining their business because of lack of financial capital. As Robb and Coleman (2009) stated financial issues is the reason why women's business outcomes are normally lower than men's business. Though government agencies in Malaysia provided capital, these are small and the process

could be seen as negative by the borrowers, such as in the case of AIM. The small capital may not be enough to roll especially when payments are late in coming. It is time to evaluate microfinance in Malaysia and to see its impact.

Human capital gives a big positive impact on business growth of women microenterprise. McPherson (1996) mentioned that business would be bigger if entrepreneurs have human capital capabilities in all aspects. As cited by Davidson and Honig (2003: 306) "Formal education is one component of human capital that may assist in the accumulation of explicit knowledge that may provide skills useful to entrepreneurs". A study by Pingle (2005) stated that single women entrepreneurs (widow, divorcee or abandoned) had more freedom to focus on their micro business because they do not have to pay attention to their homes, but they still do not succeed because of limited economy opportunity. Similarly, in this study, women entrepreneurs produced a variety of products and services but they also faced limited marketing opportunity.

## 6. Conclusion

This paper is attempted to investigate the livelihood strategies and challenges amongst women entrepreneurs in Malaysia. In doing so, this study focuses on social, financial and human capital of the five capitals in the SLF by examining in-depth interview data collected from 18 women micro entrepreneurs. Based on the findings and discussions above, it is difficult to judge livelihood outcome conclusively. It seems that for several women it was difficult to achieve high income because of small profit margins but for those with better capital, the income could be higher. Actually more information is needed to assess the overall livelihood outcomes. However it can be concluded that to gain an acceptable livelihood outcome, women micro entrepreneurs should meet the requirements of all the capitals because they are connected to and impact each other. However, women entrepreneurs could not achieve this alone without the support from government agencies, family and community around them.

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