

SUPERVISOR VERIFICATION

„I acknowledgement that have read this research project and in my opinion this research project is sufficient in terms of scope and quality for the award of Bachelor of Technology Management (Innovation)“

Signature :

Supervisors' Name :

Date :

**THE FACTOR OF WOMEN ENTREPRENEUR IN FAMILY BUSINESS
TO ENHANCE BUSINESS PERFORMANCE:
EVIDENCE FROM MELAKA, MALAYSIA.**

HARNIDA HANIM BINTI ABDUL HAMID

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Faculty of Technology Management and Technopreneurship (FPTT),
Universiti Teknikal Malaysia Melaka

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DECLARATION

“This report is a product of my own work except the citation for each of which I have mentioned the sources.”

Signature :
Name : Harnida Hanim Binti Abdul hamid
No Matric : B061010070
Date : June 2014

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ABSTRACT

For this research, the purpose is to investigate what is the factor of women entrepreneur in family business that can gain the business performance. The aim is to focus the how the business performance will give changes in overall business management that increase or improve their business performance and growth. This research use quantitative analysis which are use questionnaire as instrument analysis. This research involves 150 respondent that have own business in Melaka. The totals of 150 set of questionnaire using Likert Scale were completely answered by respondents. All the answer and feedback from questionnaire used to be analyzed in details as the background of the respondents and the variables that being the objectives of this research. All the findings analyzed quantitatively. From the findings, it stated of all factor of women entrepreneur in family business to enhance business performance. The factors of women entrepreneur are individual factor, goals and motivation, networking and management practise. The data was analyzed using Statistical Package for Social Sciences (SPSS) version 20.0 for windows. In this research, Melaka will be evidence to investigate the women entrepreneur in family business. As a recommendation, to increase number of entrepreneur among women, the government and other agencies can promote Entrepreneurship programs and SMEs business in this country.

ABSTRAK

Kajian ini bertujuan untuk menyiasat apakah faktor usahawan wanita dalam perniagaan keluarga boleh meningkatkan prestasi perniagaan. Matlamatnya adalah untuk memberi tumpuan bagaimana prestasi perniagaan akan memberi perubahan dalam pengurusan perniagaan secara keseluruhan yang menambah atau meningkatkan prestasi perniagaan dan pertumbuhan perniagaan mereka. Kajian ini menggunakan analisis kuantitatif yang menggunakan soal selidik sebagai alat kajian analisis. Kajian ini melibatkan 150 responden yang mempunyai perniagaan sendiri di Melaka. Sebanyak 150 set soalan soal selidik yang menggunakan skala Likert benar-benar telah dijawab oleh responden. Semua jawapan dan maklum balas daripada soal selidik akan digunakan untuk menganalisis data-data sebagai latar belakang responden dan pembolehubah yang menjadi objektif kajian ini. Semua dapatan yang dianalisis secara sama. Daripada kajian yang dijalankan, ia dinyatakan daripada semua faktor usahawan wanita dalam perniagaan keluarga untuk meningkatkan prestasi perniagaan. Faktor-faktor usahawan wanita adalah faktor individu, matlamat dan motivasi, rangkaian dan pengurusan latihan. Data dianalisis menggunakan Statistical Package for Social Sciences (SPSS) versi 20.0 untuk windows. Dalam kajian ini, Melaka akan menjadi tempat bukti untuk menyiasat usahawan wanita dalam perniagaan keluarga. Sebagai cadangan, untuk meningkatkan bilangan usahawan di kalangan wanita, pihak kerajaan dan agensi-agensi lain boleh mempromosikan program-program keusahawanan dan perniagaan IKS di negara ini.

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Nowadays, the family controlled firm or family ownership is the most common form of business organization in the world. A torrent of literature explains that family ownership is central in most countries. Refer to Claessens et al. (2000) describes that Malaysia has the third highest concentration of control after Thailand and Indonesia. Family businesses have become a significant element in the corporate economy. This may be because family firms were established a long time ago and have proven performance track records. Both scholars and practitioners acknowledge the successful background of family-controlled firms.

Today, women in market economics own more than 25 percent of all businesses and women-owned business in Africa, Asia, Eastern Europe and Latin America are growing rapidly (Aida, 2009). Therefore, this is not impossible that entrepreneurs world will take over by women because of their attitude which are very committed, competence and proactive. The involvement of women in entrepreneur was increase by year due to their awareness and motivation to upgrade their economy and jobless among graduate students from university force themselves to involve in business (Aida, 2009).

At the same time, the researcher shown how family business women are more likely than women in non-family firms to enter the business sphere and achieve leadership positions (Barrett & Moores, 2009a, 2009b; Harveston, Davis & Lyden, 1997). An explanation to this could be found in the most general characteristic of family business: the integration of family and business (Hall, 2003; Budge & Janoff, 1991). Budge and Janoff (1991) describe how families in business draw on the family discourse and on the business discourse simultaneously, and that there are potential difficulties if the patterns deriving from the two discourses are different.

1.2 Research Question

In this research, the focus is to identify the factors of women entrepreneur in family business to enhance business sustainability in Malacca, Malaysia. So, the research question construct as:

1. What is the factor of women entrepreneur in family business?
2. How women entrepreneur enhance their performance in family business?

1.3 Research Objective

In this research, the objectives that must be achieved are:

1. To investigate the factors of women entrepreneur in family business.
2. To explain how women entrepreneur enhance their performance in family business.

1.4 Scope

The scope of this research is to identify the factors of women entrepreneur in family business to enhance business performance in Malacca, Malaysia. Therefore, this research focusing on what is the factor of women entrepreneur in family business and how women entrepreneur enhance the performance their family business.

This study is covers for women entrepreneur in family business at Malacca, Malaysia. The reason why the researcher choose Malacca as the location for this research because it is easy for researcher to distribute questionnaire and Malacca also have some location which have women entrepreneur place.

1.5 Limitations

In this research paper, there are several limitation has been identified. This research only focused on women entrepreneur in family business. The locations of this research are specific at Melaka to gain data from respondent. Next, this research focuses on group of women entrepreneur in family business to get more precise and reliable result about their family business. Only female and women entrepreneur without knowing status will be as respondents to this research. Thus, researcher going to apply quantitative research method in this research.

1.6 Importance of the Study

The most essential of this research is important in order to gain an understanding about the factor of women entrepreneur in family business to enhance business performance. Next, this research also covered how women entrepreneur can increase their business performance in business. This research will contribute to the women entrepreneur and other entrepreneur who want to enhance their business performance in different industry such as manufacturing, tourism, automotive and so on. From this research, women entrepreneur can gain more knowledge and experience about their family business. Besides that, the women entrepreneur can use this research as the reference for their guideline to open a new business. This is because this research discussing about the suitable factor that be use women entrepreneur to enhance the business performance.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The family is an important school of values, where family members must be taught to participate actively in important decision-making processes as well as making responsible use of their freedom, maintaining links with the family and with the family business. Therefore, that family member is taught from the very early stages to be committed to the long-term continuity of the family business and to be socially responsible. This means in the first place that the commitment shown by family members must run deeper than just a “financial commitment” (Gallo et al., 2006).

Family business is a company that two or more members of the same family own or operate together or in succession. The nature and extent of family members' involvement vary. In a number of firms, some family members work part time to gain experience and knowledge about business. For example, in a small restaurant, one spouse may serve as manager and host, the other may keep the book and the children may work at kitchen or as serves. A recent national Federal of Independent Business study (NFIB) found that the family members most frequently involved in family businesses in United States are spouses, siblings, children and parents.

A family business is built upon a community of people that includes owners, managers, people who work for the family business and are family members and others who are not. The entwining of the private and the professional arenas in family firms could lessen the distance between the spheres and make women more likely to take on leadership roles as they are familiar to the family business. Furthermore, these intriguing dimensions of family business provide an excellent arena for the study of the combination and possible competition, between women role in the family and business role.

2.2 Women Entrepreneur in Family Business

The number of women starting new small businesses has increased to the point that women are now the largest single group of new business founders. In part this growth has arisen from frustration with what is commonly referred to as the “glass ceiling”; a large firm might hire women and minorities but real advancement is limited. As a result, frequently these individual leave the large firms and take over their family owned business or start their own small business.

There is one gender-specific definition that came across that specifically appealed to them due to its emphasis on female entrepreneurship. According Moore and Buttner (1997), female entrepreneurs are defined as those who use their knowledge and resources to develop or create new business opportunities, who are actively involved in managing their businesses, and own at least 50 per cent of the business and have been in operation for longer than a year. Women entrepreneurs also start small businesses to allow them greater control over their lives so that they can better manage their families and children needs. The ability to form a small business to meet these needs helps to create a valuable safety valve for the demands and needs of the citizens of a society.

Between 1997 and 2004, the number of privately held firms owned by women of color in the United States grew 54.6 percent, while the overall number of firms in the United States grew by only 9 percent over the same period. These firms appear to be prospering as both employment (up 61.8 percent) and sales (up 73.6 percent) also grew during this period. Women business's ownership is up among all groups, but the numbers of Hispanic up to 63.9 percent and Asian owned firms up to 69.3 percent has grown especially fast.

2.3 Factors of Women Entrepreneur

Regarding to Brush and Hisrich, (1991) state a relatively small number of studies have investigated the factors influencing entrepreneurial performance exclusively among women from the research perspective. Studies on the factors affecting performance of women entrepreneurs' of their businesses are limited in scope, as any existing research most often focuses on individual characteristics and motives as performance predictors.

Furthermore, have many reasons that motivate the women entrepreneur to enhance the business performance. According to Franck (2011), have 10 reason why entrepreneur start to make business. There are to earn income, interest in doing business or like to do business, family inheritance, bored at home, to be independent, no other available job, to help a family member, easy operation, possibility to combine with family duties, to get daily rather than monthly income and lastly physically disability. This reason have show that are much reasons why entrepreneur start to do business.

Lerner and Hisrich (1997) conducted a study on Israeli women entrepreneurs and categorised the factors that affect their performance into five perspectives, that is, motivations and goals ; social learning theory (entrepreneurial socialization) ; network affiliation (contacts and membership in organizations); human capital (level of education, business skills) ; and environmental influences (location, sector participation, and socio-political variables). These perspectives give entrepreneur to think again about the business and the ways to enhance the business performance.

Thibault et al. (2002) suggest personal factors such as demographic variable and business factors such as amount of financing, use of technology, age of business, operating location, business structure and number of full-time employees as important factors in examining the sales performance of entrepreneurs in SMEs in Southwestern Ontario. Personal factors can help entrepreneur to do business. With the factor women entrepreneur can learn more how to success in their life with make business.

Moreover, regarding to Machado, Cyr, and, Mione (2003) suggest that women entrepreneurs' managerial styles with the variables such as a) planning and strategic choices; b) decision style; c) formulation of objectives; d) structure of the company and share of power; and e) human resources policies were linked to and had association with their performance. The performance measures used in their study are turnover, number of employees, profit as well as the largest and the smallest salary paid.

The researcher seems to suggest that there are four factors that influence the performance of entrepreneur. The factors are individual factor, management practice, goals and motivation, and finally networking. Each of these factors is created to identify the factor of influencing successful performance of entrepreneur and that the factors have been studied in family business. These factors are discussed below:

2.3.1 Individual Factor

The individual characteristics focus on the skill and knowledge of women entrepreneur, status, education and also family background that affecting entrepreneurial business performance. Age and years of formal education have been shown to correlate positively with the business performance of women entrepreneurs. Dolinski et al. (1993) reckon that less educated women may face financial or human capital constraints which limit their business pursuits.

At the same time, managerial skills and particular strengths in generating ideas and dealing with people were important for a woman entrepreneur in establishing a business. Box, Watts and Hisrich (1994) and Box, White and Barr (1993) found that the entrepreneur's years of prior experience in the industry are positively correlated with firm performance. This is supported by Schiller and Crewson (1997) who found that the dominant predictors of success for women entrepreneurs are industry experience and years of self-employment. However, Shim and Eastlick (1998) found that women have less work experience and their firms were younger than men. As a result, they lack of networks or contact, socialization practices and family roles.

According to the researcher, individual factor is important factor why women become entrepreneur. From this factor the reasons women be entrepreneur can be know after know the capability of women ruin the business whether the business is success or not. If the business success that means the women have someone that supports them to be successful in their business. Furthermore, to achieve this achievement, the women must take high risk to achieve this level. The factors that include in individual factor are discussed below:

2.3.1.1 Family Background

According to Nadgrodkiewicz (2011), in lower classes, women entrepreneur may be due to the need to meet family expenses, while among middle-income groups it can be attributed to the desire to raise the standard of living. In family business research, it has been shown that women take important but subtle roles in the business, helping achieving continuity and growth of the family firm (Martinez Jimenez, 2009). Never-the-less, we see a growing interest among women to enter the family business and pursue a professional career, but research on women in family businesses is still fragmentary and we need to know more about how women enter and run the family firm (Martinez Jimenez, 2009).

Furthermore, from research from the researcher, majority women are entrepreneur come from family background because they continue their family business. Their family has their own business, so as a daughter of the family business, they take the responsible to continue the business and make improvement of performance the business to be more success in future. So, after they finished their study, they take part the family business and wide the business in more area. Although have women entrepreneur success in their business because they start their own business, but the number of women entrepreneur do not have family background is little rather than women entrepreneur have family background.

2.3.1.2 Status

According to Dhaliwal (2000), 'hidden' women are more frequent in family businesses compared to self employed for entrepreneur. Invisible women are wives, mothers, daughters, and so on, who have power and influence over the business but that do not have formal roles or titles (Gillis-Donovan & Moynihan-Bradt, 1990). Invisibility can be an active strategy for managing from behind the scenes (Barrett & Moores, 2009), or a potential threat to the business since wives involvement created tensions in the business (Danes and Olson, 2003). Although not recognized, women in family business actually constitute core elements of the business partnership (Mulholland, 2003).

According to researcher, the status of women entrepreneur is also important to them. This is because from that status they become entrepreneur. From this point, it shows the status can make the women become success entrepreneur. The status single women entrepreneur is litter than the women entrepreneur that have status single mother. The single mother be entrepreneur because they want earn money to raise their children without their father. So, they must work hard to be a success entrepreneur. But, the number of women entrepreneur that have status married is higher than women entrepreneur that have statues single and single mother. Married women be entrepreneur because support from their family. It also from their internal personalizes because they are housewife, so from doing nothing at home it is better they help their husband make business from the home. This can increase their earn money monthly although is little. For the first maybe it will be hard, but if long times maybe they will success.

2.3.1.3 Education

According to Mullin (1996), the education and experience are important to women entrepreneur because they facilitate women to gain knowledge and provide competencies in their business. A few researchers have proved that education and experience have effect and significant value on sales and employment growth of new firms (Cooper, Gimeno-Gaeson and Woo, 1994 and Baum, Locke and Smith, 2001).

Furthermore, from perspective researcher about education, many of women entrepreneur have their background education. Some of the women entrepreneur their education stop at primary school and Penilaian Menengah Rendah (PMR) and after that they start to be women entrepreneur. Thus, also many women entrepreneur also start their business from university and STPM. This means, after finished their study, they start or take part in family business. According to the researcher, most of women entrepreneur in business have their education after Sijil Penilaian Menengah (SPM). Most of women are entrepreneur at this level education because after finished exam, they have many times without doing anything. So, they take this opportunity to start business and then they continue the business when they look their business wills success.

2.3.1.4 Skills and Knowledge

According to White and Bruton (2007), knowledge is defined familiarity, awareness and understanding gained through the process of using information, studying events, and experience. Knowledge is existing in minds of each individual. Knowledge is important to individual because with knowledge they can do something that they want do. Women entrepreneur that have knowledge can hold the key to manage their business. If the women entrepreneurs are not willing to share their knowledge in their business, then the business does not take place in industry. Women entrepreneur need to manage their knowledge as well as their can to combine the infrastructure of technology and business in such a way the value is created.

Skill also is important to women entrepreneur in family business to increase the business performance. With skill, the business will go smoothly better than other. Skill is important to identify the strength and weakness of business. After identify the strength and weakness of the business, the women entrepreneur can use their skill to solve the weakness and increase the strength of business.

According to the researcher, both of this skill and knowledge are important to women entrepreneur as individual factor. This is because it depends on the individual to manage their business according to themselves. Only they control their business either want success or fail in their business.

2.3.2 Management Practices

Buttner (2001) reports that the management styles of women entrepreneurs was best described using relational dimensions such as mutual empowering, collaboration, sharing of information, empathy and nurturing. Importantly, these dimensions, which have also been associated with women in different professional occupations, were deemed to be associated with firm performance. Women do work differently from men. According to Heffernan (2003), female negotiating styles have been shown to be different and it has been demonstrated that they are significantly more beneficial to long term business success. The most recent study that explored a genetic basis for special attributes of women in social ability and empathy imply a better performance of companies created and run by women because of their ability to communicate better with employees, suppliers and customers (Valencia, 2006).

According to the researcher, the essence of strategy is choosing to perform activities differently from rivals, which requires creativity and insight. The strategy of manage the business is important to make sure the business run very well. Employee and marketing strategy are very important in this management practice because it can influence the business. Women entrepreneur must know about both of this to run the business well.

2.3.2.1 Employee

According to Rafidah et.al (2012) employee is a factor that can determine the women entrepreneur business success or not. Women entrepreneur that have employee will have problem with the employee such as skills workers, lack of workers and their workers attitude. Employee will help the owner entrepreneur to run their business. So, before the women entrepreneur hired some employee to help them to manage their business, they must know very well about the employee first.