

Factors Impacting Women Performance in Entrepreneurship: the Psychological and Non-Psychological

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Abstract

The phenomenon of women entrepreneurship is expanding around the world and women entrepreneurs are playing a pivotal role in socio-economic development of the developing countries. This study is an attempt to analyze the prevailing environment of women entrepreneurs in Pakistan with a view to find the impact of factors which affect the women's entrepreneurial performance. The present study examines the impact of psychological and non-psychological factors on women's entrepreneurial performance. Psychological factors include tolerance of ambiguity and risk taking tendency, need for achievement, and internal locus of control. Non- psychological factors include competence and innovativeness. This study is quantitative in nature. The impact of the factors is analyzed by collecting data from a sample of 253 women entrepreneurs by using self administered questionnaires. Multiple regression analysis has been used to analyze the significance of the factors on women entrepreneurial performance. The results reveal that there is a significant impact of psychological and non-psychological factors on women entrepreneurial performance of Pakistan. Recommendations were made for improvement of the performance of their businesses like encouraging media in highlighting the success stories.

Keywords: entrepreneurship, psychological, women performance

Introduction

Entrepreneurship is playing an important part to uplift the economies of developing countries around the world. It is seen as a key engine of economic growth for both developing and developed economies (Vivarelli, 2012) but when it comes to the growth of firms, they grow faster in financially developed countries than in developing countries (Beck, Demirguc-Kunt, Laeven, 2008).

Traditionally held belief considered men as “the bread earners or winners” and women as “the house makers” (Narayan, Patel, Schafft, Rademacher, and Koch-Schulte, 2000) but globalization and societal advancement has changed the scenario completely. Though women in the past faced obstacles and road blocks (Caputo, De Vita, & Mari, 2017), the society has started to realize and agreed to the fact that women entrepreneurs perform a crucial role in leading the country’s economy to the success (Parker, 2018). Developed and developing nations across the globe have realized that woman entrepreneurship is pivotal to thrive and grow as a nation which is economically dominant in this era of high- tech and globalised business world (Sarada, 2013). Women entrepreneurs have turned out to be major players in the landscape of entrepreneurial activities. (Pages, 2005). The recent phenomenon is that women are stepping out to the job market and making an effort to get jobs that are income oriented so as to get the social status like males and to become independent (Sarfaraz, Faghih & Majd, 2014).

Women entrepreneurship is expanding around the world and in the 21st century, a woman entrepreneur is considered to be a potential rising human resource that beats the variety of economic challenges in the globalized perspective and hence plays a pivotal role to achieve economic stability and sustainability (Sassen, 2016). It is argued that a state cannot possibly acquire a better program to accelerate its rate of entrepreneurial movement than to support its females to chip in entrepreneurial activities (Datta & Gailey, 2012). Female business owners around the world are making an effort in contributing to the economic growth of their countries through creating jobs. According to Asian Development Bank (1997), it is a universal concern that women participate in the growth of their businesses which is very crucial for the economic wellbeing.

Across the globe, women are considered to be a gender which is weaker emotionally and physically and hence, the opportunities and the prospects available to women in the business world is an area which is till today not explored and calls for the attention of the scholars (Wennekers, 2019). In the last thirty years a small number of researches believe women as owning a business (Henry et al, 2016). Few studies assume the process of entrepreneurship as a male activity (Nina, 2017), where other studies (Holmquist & Sundin, 2019) describe and explain theories related to entrepreneurship as ‘created by men, for men and applied to men’. After a notable assessment of the literature it can be said that the women entrepreneurship has been ignored by mass media and academic community (Baker et al, 2017).

Women entrepreneurs are defined as “the ones who utilize their resources and knowledge for creating or developing new business opportunities; it can either be informally in a home environment without formal registration of their businesses or formally through business registration, hiring office premises; they are truly active to manage the ventures, are accountable to run the everyday operations, and have been operating for more than a year” (Anwar & Rashid, 2010). Pareek (2012) defines women entrepreneur as “one who intrigues through regularly interaction and vigorous adjustment of herself with socio financial spheres in a society”. For a woman, entrepreneurship is a route towards empowerment where she can contribute positively in a variety of dimensions and aspects in job creation and economic development (Allen & Truman, 2016).

In Pakistan, there is a very limited research available on women entrepreneurship. Most of the present work on entrepreneurship revolves around the characteristics of women entrepreneurs in

general and the problems faced by them in the work setup in particular (Mahmood, Sohail, Khalid & Babak, 2012). A very little attention has been given to the issue of gender and performance.

In the entrepreneurial world, women are considered as a new engine for the socio-economic development. Women in Pakistan have higher rate of unemployment than males because of the business environment which makes it difficult for women to open and run their own ventures (Nasir, Iqbal & Akhtar, 2019). The culture of Pakistan varies in comparison to other developing countries (Khurshid, 2018). It is a male dominated society where men are independent economically and have a social control over women and make decisions (Matondi, 2013). Pakistan is a collectivistic country where people share strong bonds and networks whereas most of the prior studies on women entrepreneurs are from Europe whose culture is individualistic. Although different measures related to women entrepreneurs are found in literature which focuses on the determinants and gender differences in the self employed people yet no study validates them in Pakistan's context (Batoool, 2018) because of the different socio-cultural environment than other developed and developing countries. Hence a different criterion is needed to judge the participation of women in a developing country like Pakistan where there is a higher gender gap (Sarri & Triopoulou, 2005). A country can't develop unless it brings women into the mainstream and provide them with the environment where they can conduct entrepreneurial activities in a smooth way. For a developing country like Pakistan women entrepreneurs can bring a change in uplifting the economy if they are provided the necessary resources and a healthy environment. Therefore keeping in view the different socio-cultural context of Pakistan, this study takes in to account the performance related factors of women entrepreneurs of all provinces.

There are a number of factors that affect the performance and growth in order for an enterprise to perform well. Several studies have been conducted on regional and national levels in which consider factors related to human relations, business activities, environment, and behavior, that affect the performance of enterprises and various entrepreneurial models have been developed (Tur-Porcar, Roig Tierno & Llorca Mestre, 2018). The unique entrepreneurial culture of Pakistan makes these models irrelevant (Rajput, 2011). Despite of several programs like Rural Support Programs where both private and public sectors are collaborating for growth of Indian women entrepreneurs, still their development is a far cry. That's because there are many factors which interfere in the whole process of initial set up of a venture till its operations that includes conducting research to examine related factors influencing performance of enterprises. In developing countries, very little work has been done on the women that enter in to entrepreneurship and factors which affect their performance (Gichuki et al., 2014) and it is strongly recommended to conduct an in depth study on women entrepreneurship (Yadav & Unni, 2016). Hence a developing country like Pakistan needs the scientific investigation of entrepreneurial factors related to women's performance.

Over the last couple of years eminent scholars in Pakistan have been working on women entrepreneurship but the literature available on the factors influencing women entrepreneurial performance is insufficient. Existing research studies mostly focus on the gender related issues at workplace (Mahmood, Sohail, Khalid & Babak, 2012), cultural aspects of women entrepreneurs (Roomi & Parott, 2008), discrimination issue (Roomi & Parrot, 2008) and women's empowerment (Batoool, 2018). A very little attention has been given to the issue of gender and performance. As far as the factors affecting women entrepreneurial performance in Pakistan are concerned, the

study conducted by Raheem, (2017) explored individual, organizational and environmental factors but this study was focused only on KPK where as studies by Nasir, Iqbal & Akhtar (2019) and Khan (2014) were confined to Punjab and they studied the impact of cultural and financial factors only. These studies called for more empirical research on the area of national setting and on all the provinces of Pakistan. The rest of the studies highlighted the motivational (Saeed, Malik, Sohail, Tabassum & Anwar, 2014) and social factors (Roomi, 2013) affecting the growth of women owned businesses in Pakistan. None of these studies measured empirically the impact of Psychological and Non-Psychological factors on women entrepreneurial performance in all the provinces of Pakistan. Hence the dimension of the factors determining the performance of women entrepreneurs of Pakistan has not been fully explored. Therefore there is a great need to address and explore this issue. In this context, this study is an effort to fill the gap and provide a new insight into this particular area.

Research Hypotheses

Psychological factors have a positive impact on women's entrepreneurial performance.

Non- psychological factors have positive impact on women's entrepreneurial performance.

Methodology

This study was a survey research design. It was conducted in Pakistan The population of this study includes the total number of women entrepreneurs in small scale industry sector in major cities that are truly active and running small and medium businesses. The reason of considering active women as the population of the study is that performance can be judged effectively of those women who are conducting and promoting their businesses either inside their office premises or outside

the organization by taking part in different trade fairs. The formula of Yamane (1967) for finite population was used to determine the sample size. The final sample of the number of active women entrepreneurs was 253. The respondents were selected from the list through Stratified Random Sampling method. The reason for selecting stratified random sampling method was that as the whole population was divided into ten strata (homogeneous groups) hence drawing random samples from each stratum got an equal chance to be selected. Questionnaire was used, the questions responses were generated using a Likert scale for indicating their level of agreement or disagreement for every statement. It is a five scale from strongly disagree (1), disagree (2), neutral (3), agree (4), strongly agree (5). The questionnaire includes the respondent's psychological factors which affect the performance of her business e.g. tolerance of ambiguity, risk taking tendency, need for achievement, internal locus of control and motivation, and non-psychological factors of a respondent i.e: innovativeness and competence. All of the questions were measured on 5 point Likert scale. The questionnaire was validated and a reliability coefficient of .76 was obtained. Data collected was analyzed using a combination of both inferential and descriptive statistical analysis. Statistical Package for the Social Science (SPSS), Version 24 was used for analyzing data.

Result and Discussion

Psychological factors have a positive impact on women's entrepreneurial performance.

Table 1: *Model Summary of Psychological Factors*

R	R Square	F	Sig
.428a	.183	11.069	.000

Multiple regression analysis was utilized to evaluate the impact of each of the different psychological factors on entrepreneurial performance of women entrepreneurs. The results of multiple linear regression analysis reveal that a significant amount of variance in entrepreneurial

performance is predicted by psychological factors ($f = 11.069$, $p < .005$). The results show that 18.3% change in entrepreneurial performance is being explained by psychological factors.

This objective examines the impact of psychological factors (tolerance of ambiguity, risk taking tendency, high need for achievement, internal locus of control) on enterprise's performance of women. The results of the study reveal that there is a significant impact of the psychological factors on enterprise's performance. Hence the results are in line with Ehigie & Umoren, (2013) that psychological attributes of entrepreneurs are key to success of businesses and that personality of women entrepreneurs affects the performance of businesses (Khurshid, 2018). Results present valuable information to the existing body of knowledge and provide a base to develop programs for the working and potential women entrepreneurs so as to train them how to react to certain changes. It supports the suggestions of McClelland (1969) that "entrepreneurs are not born, they are made" and "psychological traits can be learnt or changed". Women entrepreneurs can hence become a driving force in raising the income per capita and decreasing the unemployment rate. The results of the study revealed that the overall need for achievement of the women entrepreneurs is high, they believe more in hard work, take calculated risk and are able to control their life's events which are in consistent with the results of the research studies which support that entrepreneurs exhibit more need for achievement and have internal locus of control (E. Turkina & Thanh, 2015). These personality traits give an encouraging picture about women entrepreneurs of Pakistan that they don't rely on luck for whatever happen in their lives rather they put in their efforts to achieve their goals. In addition to that, there have high motivation to get success in their lives.

Non- psychological factors have positive impact on women’s entrepreneurial performance.

Table 2: *Model Summary of Non-Psychological Factors*

R	R Square	F	Sig
.232	.054	7.118	.001

Multiple regression analysis was utilized to evaluate the impact of each of the different non-psychological factors on entrepreneurial performance of women entrepreneurs. The results of multiple linear regression analysis reveal that a significant amount of variance in entrepreneurial performance is predicted by non-psychological factors ($f = 7.118$, $p < .005$). The results show that 5.4% change in entrepreneurial performance is being explained by non-psychological factors.

In this objective, innovation as one of the sub- dimensions of the non-psychological factors was taken in to account. The results found that women entrepreneurs were innovative. The results support the work by prominent scholars who believed that entrepreneurs are very innovative and they keep on innovating new things (Lumpkin & Dess, 2016). In addition to that, the impact of innovation is found to be significant on entrepreneurial performance which supports the notion that firms that are innovative grow faster in terms of profitability and employment (Stewart, Watson, Carland, & Carland, 2019). It is interesting to know about Pakistani women entrepreneurs that they like to bring innovation in their ventures and don’t rely on selling the same products in the market. This innovativeness can help them in exploiting the new opportunities in the market which in turn leads to better performance outcomes. This will help in uplifting the economy of Pakistan as a whole as SMEs are considered to be the backbone of any developing country and when they are run by entrepreneurs who believe in introducing novel ideas, open new horizons of success.

The study examined the impact of competence on the entrepreneurial performance of women and found an insignificant impact. The results give insights about the variable “competence” that it

does not apply well in Pakistan's market since there are very small numbers of enterprises run by women entrepreneurs who mostly rely on beauty parlors, boutique and handicrafts when it comes to choose business for self employment. That is the reason that competition is not very stiff in the women's entrepreneurial world as compared to male entrepreneurs. The study gives valuable information related to competition in women-owned businesses. Hence more opportunities and government support policies should be made available to women so that more women entrepreneurs come forward. It is argued that change acts like a catalyst and changes in the products or services or in competitor's products or services in terms of their sales strategies or prices creates opportunity to work harder (Zahra, 2011). Changes in the products and services of distributors and changes in the technology create new opportunities for a business to compete well from your competitors in the market (Aldrich, 1979; Zahra, 1993). Similarly, the development or improvement in the production methods can be helpful in beating the competitors. The results of this study reveal that women entrepreneurs are competitive and they take on a competitive oriented position which confirms the findings by Davidsson & Honig, (2013) that competence is an encouraging indication towards entrepreneurship and that women entrepreneurs always are in search of exploiting opportunities available in the market. It negates the findings by Aidis et al, (2007) who depict female entrepreneurs to be low in the emerging economies.

Hence, the results of this study are in consistent with the findings of prior research studies (Cuervo, 2005) who believe that non-psychological characteristics of an individual are significant predictors of entrepreneurial performance and they have positive impact on it.

It was therefore concluded that Psychological factors i.e. Tolerance of ambiguity, risk taking tendency, Need for achievement and Locus of control play an important role in affecting the

performance of businesses owned by women. Women Entrepreneurs of Pakistan exhibit tolerance of ambiguity. The risk taking tendency of the women entrepreneurs is not very high but the overall need for achievement of them is high. Furthermore, the women believe more in doing hard work to achieve success than to rely on luck. Also, that non-psychological factors such as innovation of an individual are significant predictors of entrepreneurial performance.

Recommendations

Based on the research findings, the following recommendations were put forward to flourish the women entrepreneurship culture in Pakistan.

1. Psychological traits of women entrepreneurs are necessary not only for entrepreneurship but also for their professional development. Trainings programs must focus on how to deal with insufficient information and overcome unpredictable situations for performing well.
2. Women entrepreneurs should be made confident regarding taking risk and again training can play a pivotal role in this regard. Women can be made confident to take risk if media plays its pivotal role through broadcasting and publishing the stories of successful women entrepreneurs and presenting them as role models for the starters. It will definitely create a constructive impact on other women of our society about making appropriate decisions related to their businesses and choices about their career.
3. In order to develop creativity and culture of innovation in an enterprise, creative teams should be made who build reward systems for innovation. Training programs can also build a trust between entrepreneurs and employees to share and welcome innovative ideas.

4. Women entrepreneurs should also strongly focus on research and development and make constant improvements in the existing products and services. They should work hard to introduce new products and services which meets the demands of their customers.
5. Media is the strongest pillar of Pakistan which can play a crucial role in entrepreneurial development. Media should also create and highlight those platforms which can bring out innovation and creativity among the men and women to develop entrepreneurship in society.

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