

**PSYCHOLOGICAL CHARACTERISTICS OF  
SUCCESSFUL WOMEN ENTREPRENEURS:  
A CASE STUDY OF 2 YEARS EXIT  
PROGRAMME**

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**UNIVERSITI SAINS MALAYSIA**

**2023**

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PROGRAMME**

by

**NURWAHIDA BINTI FUAD**

**Thesis submitted in fulfilment of the requirements  
for the degree of  
Doctor of Philosophy**

**March 2023**

## ACKNOWLEDGEMENT

In the Name of God, the Most Gracious, the Most Merciful. Praise Allah S.W.T for granting me the strength, courage, patience, and inspiration to complete this thesis.

I owe my debt of appreciation and gratitude to my main supervisor, Associate Professor Dr. Ku Azam Tuan Lonik, School of Distance Education, Universiti Sains Malaysia, for his enthusiastic support and guidance for me to complete this research project successfully. Undoubtedly he had played a significant role in steering me throughout the process of completing this thesis with his academic credibility. Thank you very much for your invaluable guidance, encouragement, suggestions, comments and assistance. I am also deeply indebted to my co-supervisor, Dr Norziani Dahalan@Omar, School of Distance Education, Universiti Sains Malaysia, for her thoughtful advice and thought-provoking ideas, enabling me to cultivate an in-depth understanding of the psychological characteristic of women entrepreneurial success.

I would like to profusely thank the School of Distance Education (SDE), Human Research Ethics Committee (HREC) and Institute of Postgraduate Studies (IPS), Universiti Sains Malaysia, for their valuable guidance on technical matters in ensuring the high quality of this thesis. I am also particularly grateful to Universiti Teknologi MARA for granting me a study leave to pursue my post-graduate studies.

I owe a deep sense of gratitude to Tuan Haji Mohd Sazari Mohd Salleh, the Director of *Jabatan Kebajikan Masyarakat* and Mdm Haniza Tamin as the Assistant Director of Productive Welfare Division for their approval for me to conduct the study and their significant support in providing valuable data on the 2YEP green clients' women entrepreneurs. Special thanks to all the respondents who have offered their

time to answer the questionnaire. This research could not have been conducted without their assistance and cooperation.

Thank you so much to all the academicians and non-academicians who had offered me various assistance throughout this study. Firstly, the Content Validity Team (March 2018), including Dr. Abdullah Hassan Gorondutse (Nigeria University cum visiting lecturer in UUM), Dr. Abdullah Ateq (Northern Border University Saudi Arabia cum visiting lecturer in UUM), Dr. Mohammad R.A Siam (UUM), Dr. Bandy Widarman (UUM) and Dr. Rawiyah Badul Hamid (UUM) for their suggested improvements of the questionnaire. Secondly, the Pilot Test Team (July 2018), namely Assoc. Prof. Dr Abdul Manaf Bohari (UUM), and Mr Noorazam Ahmad (Royale Malaysian Custom Department). Thirdly, Data Collection Team (December 2019 – December 2020) comprising Nur Nadia Raisa, Hanani Dayana, Ahmad Fitri, Jawahir Rajman, Amsyar Ali Rahman, Firman Noor Darus, Saufi Abd Kadir, Rahmad Ali Bashah, Fatin Najwa and Nadiatul Fitriah. Not forgetting, my sincere thanks go to Dr. Azlena Zainal and her team at Lynn Edu Consultant for their efforts in proofreading and formatting this thesis.

My utmost and sincere gratitude would undoubtedly be addressed to my husband Abdul Manaf Bohari, my daughters (Nur Diana Sofea and Nur Adeline Farisa), my sons (Ahmad Danish Darwisy and Muhammad Rayyan Mikhaeil) and my PhD baby Adam Daniel Iskandar. From the bottom of my heart, thank you for granting me the understanding, compassion, time, and love throughout my post-graduate journey. Your *doa* and constant encouragement keep me afloat from the first step until the completion of this research. Thank you for believing in me. In addition, I would also like to express my thanks to my father, Encik Fuad Abu Bakar, my mother Puan Sabariah Hamid as well as my brothers and sisters for their unwavering support and

deep-felt prayers. Finally, I am extending my appreciation to all my PhD colleagues for their friendship and continuous camaraderie of academic pursuits.

A sincere and humble thank you to everyone. This journey could not have been completed without the support and assistance from all of you. Only God can repay all your kindness. Thank you all, I am truly blessed.

All praise and glory to the Almighty God. May God bless all of us.

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## LIST OF ABBREVIATIONS

2YEP	2 Years Exit Programme
AIM	<i>Amanah Ikhtiar Malaysia</i>
BSCS	Business Sustainability and Career Satisfaction
CI	Creating Ideas
EIM	Expressiveness and Impression Management
ESCAP	Economic and Social Commission for Asia and Pacific
GEM	Global Entrepreneurship Monitor
H	Hardiness
IA	Increase Awareness
IR4.0	Industry Revolution 4.0
IOPI	Involving Others, Overcoming Obstacles and Preparing Implementation
JKM	<i>Jabatan Kebajikan Masyarakat</i>
KMO	Kaiser-Meyer-Olkin
KPWKM	Kementerian Pembangunan Wanita, Keluarga dan Masyarakat
LICE	Leadership, Improve Welfare, Community Organizing and Economic Independence
LIH	Low-Income Household
MARDI	Malaysian Agricultural Research and Development Institute
MGGI	Malaysia Gender Gap Index
MWFCD	Ministry of Women, Family and Community Development
OECD	Organization for Economic Cooperation and Development
O	Optimism
PCASR	Perceived Career Achievement and Social Recognition
PWE	Psychological Women Empowerment
R	Resourcefulness

ER	Entrepreneur Resilience
SC	Social Competence
SCI	Searching and Communicating Ideas
SIR	Self-Identity and Responsibility
SME	Small and Medium Enterprise
SPSA	Social Perception and Social Adaptability
TEKUN	<i>Tabung Ekonomi Kumpulan Usaha Niaga</i>
TEA	Total Entrepreneurial Activity
WES	Women Entrepreneurial Success

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## **CIRI-CIRI PSIKOLOGI USAHAWAN WANITA YANG BERJAYA:**

### **KAJIAN KES 2 YEARS EXIT PROGRAMME**

#### **ABSTRAK**

Usahawan wanita memainkan peranan penting dalam menyumbang kepada pembangunan sosioekonomi sesebuah negara. Penglibatan usahawan wanita dalam perusahaan mikro dilihat sebagai sesuatu yang sangat penting untuk memperkasa sektor keusahawanan dalam konteks kelestarian perniagaan untuk wanita dan pemerksaan keluarga. Malangnya, kadar kejayaan para usahawan wanita masih berada pada tahap yang tidak dapat diterima walaupun telah banyak inisiatif dan sokongan yang telah diberikan oleh kerajaan dan agensi-agensi yang terlibat. Kajian-kajian yang terdahulu telah membuktikan bahawa kegagalan usahawan wanita banyak didorong oleh ciri-ciri psikologi. Objektif utama kajian ini adalah untuk meneliti hubungan antara ciri-ciri psikologi dan kejayaan usahawan wanita. Model ciri psikologi diperluaskan dengan memperkenalkan tiga pemboleh ubah yang baharu dalam teori tersebut iaitu psikologi pemberdayaan wanita, kecekapan sosial dan daya tahan usahawan. Kajian ini menggunakan kaedah kuantitatif dan memperoleh maklum balas daripada 410 orang usahawan wanita yang dikategorikan sebagai *green clients* dalam *2 Years Exit Programme (2YEP)*, Jabatan Kebajikan Masyarakat di Malaysia. Analisis profil dan faktor telah digunakan sebagai asas dalam menjelaskan ciri-ciri psikologi, manakala kaedah regresi berganda digunakan untuk meneliti pemboleh ubah utama dalam kajian ini. Dapatan kajian yang utama menunjukkan bahawa psikologi pemberdayaan wanita, kecekapan sosial, daya tahan usahawan, dan gelagat inovasi secara signifikan dapat meramal kejayaan usahawan wanita. Selain itu,

penggunaan pemboleh ubah yang baharu adalah berguna dalam memahami faktor-faktor kejayaan usahawan wanita sebagai usaha yang signifikan dalam memastikan kelestarian perniagaan mikro. Hasil kajian dapat membantu kerajaan dalam membentuk dasar baharu terutamanya jabatan-jabatan dan organisasi-organisasi yang terlibat dalam pembangunan keusahawanan. Polisi pengambilan peserta-peserta program perlu dirangka dengan menjadikan ciri-ciri psikologi sebagai asas utama, termasuklah parameter-parameter yang telah diuji dari kajian terutamanya bagi peserta bawah penajaan Kementerian Pembangunan Wanita, Keluarga dan Masyarakat (KPWK). Kajian ini juga mencadangkan kesemua peserta yang terlibat perlu menjalani penilaian pasca program bagi memantau pencapaian usahawan wanita dalam kategori “green clients”.



**PSYCHOLOGICAL CHARACTERISTICS OF SUCCESSFUL WOMEN  
ENTREPRENEURS: A CASE STUDY OF 2 YEARS EXIT PROGRAMME**

**ABSTRACT**

Women entrepreneurs play a vital role in the socio-economic development of the country. The involvement of women in micro-entrepreneurship is seen as essential to empower the entrepreneurship sector in the context of business sustainability and for women and family empowerment. Unfortunately, the success rate among women entrepreneurs is still unacceptable despite many initiatives and support from the government and agencies involved. Previous studies have shown that most women entrepreneurs fail due to their psychological characteristics. The main objective of this study is to examine the relationship between psychological characteristics and women's entrepreneurial success. The addition of three new variables—psychological women's empowerment, social competence, and entrepreneur resilience—expands the model of psychological characteristics. This study utilized a quantitative method. Four hundred and ten women entrepreneurs that were categorised as green clients of the 2 Years Exit Program (2YEP) of the *Jabatan Kebajikan Masyarakat* Malaysia were selected for this study. The profiling and factorial analyses were used as a baseline in explaining the psychological characteristic of these women entrepreneurs, while multiple regression was applied to examine the study's main variables. The main findings of this study indicated that psychological women empowerment, social competence, entrepreneur resilience and innovative behavior significantly predict women's entrepreneurial success. Meanwhile, using new variables helped understand the factors of women's entrepreneurial success as a significant attempt to achieve

micro-business sustainability. The study's findings may help shape new government policy, particularly for departments and organisations fostering entrepreneurship. It is necessary to develop a recruitment strategy for programme participants using psychological characteristics, including the variables investigated in this study, as the primary basis, especially for participants in programmes sponsored by the Ministry of Women, Family, and Community Development (MWFCD). This study also recommends that participants be subjected to post-program evaluations, particularly to monitor the achievement of women entrepreneurs in the green clients' category.

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Entrepreneurship is the dynamic process of creating incremental prosperity shaped by an entrepreneur who will take significant risks in time, energy, and money. It requires the greatest commitment to provide value for specific products or services offered to the nation. Given the current economic challenges faced by many countries across the globe, entrepreneurial activity has become a prominent goal for many national governments (Cooney, 2012) because entrepreneurial activity increases employment and influences the economy at the regional and national levels (Jinpei, 2009).

Entrepreneurs play a fundamental role in the economy's growth and in raising the per capita income of the people. Entrepreneurship is the heart of the competitive advantage (Porter, 1990) because the country's economy depends on the performance of its entrepreneurs. Hence, governments in many countries have stepped up their efforts to facilitate entrepreneurship development. According to The Global Entrepreneurship and Development Institute (2014), the USA is a world leader in supporting its entrepreneur, especially in business formation, expansion, and growth. They also financed new businesses through venture capital. Other developed countries, such as Canada, Australia, and the United Kingdom, also pay serious attention to entrepreneurship development because of its impact on the growth of the economy, i.e., the Gross Domestic Product (GDP).

Many previous studies have shown that the role of entrepreneurship is vital for economic growth and development (Schumpeter, 1934; Thurik & Wennekers, 2004; Alvord, Brown & Letts, 2004) by enabling product improvement, reducing unemployment as well as reducing poverty. Any attempt to start a new micro and small enterprise requires individual entrepreneurs to make a critical and often life-changing decision. Hence, the crucial point in investigating entrepreneurship sustainability relates to the qualities posed by the individual entrepreneurs concerned.

It is not an easy task to start a new business venture because entrepreneurs should be very well prepared and have effective business plans such as financial projection, market analysis, operation strategy and organised workforce (Sullivan, Warren & Westbrook, 1998). Furthermore, entrepreneurs should learn how to manage their competition, customers, supplier, society, and all stakeholders in the marketplace (Markman & Baron, 2016; Ramadani, 2015).

The Fourth Industrial Revolution (IR 4.0) has emphasised entrepreneurship development. A skilled and trained workforce must engage in a new business venture to survive the current global economic system. These are indeed the main challenges of micro and small enterprises. Many micro and small enterprises face the challenge of surviving due to their inability to forecast the market in an unstable economy with the most intense competitive environment (Ndirangu & Mukulu, 2014). Entrepreneurs need to improve their understanding of how the market functions, develop the skill to establish networking and other social skills, can take calculated risks, have business management skills, manufacturing know-how, innovativeness, resilience, and empowerment (Hmieleski, Carr & Baron, 2015; Chatterjee & Das, 2015; Casson, 1982; Ayala & Manzano, 2014, 2010; Baron & Markman, 2003).

Therefore, due to uncertain environments, the economy needs industry leaders capable of fulfilling the community's changing needs. Without them, the countries' economies will face major challenges. This was highlighted by the 2017 Human Capital Report by The World Economic Forum, which revealed that skills for life are one of the important virtues needed for the economy to change gears (Berger, 2017). This forms the required skills needed by entrepreneurs. In order to remain present and relevant to the industry, entrepreneurs must be innovative in recognising every opportunity.

Hence, research on discovering and realising new opportunities that can create new values and successful attributes for entrepreneurs should become the ultimate goal of entrepreneurship education (Kim et al., 2016). This would allow the entrepreneurs to focus not only on new and unique products but also acquire the necessary skills to infuse the product or service provided with added value and ultimately allocate the necessary resources towards its achievement.

To remain competitive in the business environment, the entrepreneur must continuously look for opportunities by searching the new market and identifying new products. The entrepreneur looks for opportunities by taking a calculated risk that can bring attractive results. They must possess strong emotions to face the most significant challenges ahead of them while competing aggressively to win competitors. Apart from that, it is imperative that s/he adopt a participative management style to encourage their workers to participate in innovation and implement a new way of doing jobs (Kosa, Mohammad, & Ajibie, 2018; Omisakin Nakhid, Littrell & Verbitsky, 2016). They must also establish their interpersonal traits to become a professional entrepreneur because success is the final objective of any person involved in the business world. What more if the entrepreneurs are women?

This chapter tries to outline the background information on entrepreneurship and emphasise the problems and difficulties female entrepreneurs face. This is followed by presenting the problem statements, research questions, research objectives, the scope of the study, the significance of the research, and finally, the operational concept involving and the definition of some concepts used in this study.

## **1.2 Background of the Study**

Entrepreneurship is critical in the knowledge economy to attain its competitive and dynamic character (Agustina, 2021; Berger, 2017). It is recognised as the driving force behind economic growth and development and job creation. It contributes simultaneously to personal development while effectively dealing with numerous pathogenic social phenomena (Carter, 2021; Sarri & Trihopoulou, 2005). In other words, the economy nowadays is not solely based on producing products but requires knowledgeable entrepreneurs to remain competitive. Beginning in the early 1980s, small businesses and entrepreneurship gained the utmost concern from policymakers due to their significant contribution to job creation and innovation. At the same time, it also caught the interest of researchers for its recognised impact on the economy (Vesper & Gartner, 2001).

The micro-enterprise level contributes to the dynamics and development of business communities and entities. Small and medium enterprises (SMEs) are crucial elements in the economic growth and development of the country. SMEs contributed an average of 95 per cent to economic growth and 60 to 70 per cent of jobs in most OECD countries (Bello, Jibir & Ahmed, 2018), reducing the unemployment rate (OECD, 2018). Similarly, in Malaysia, SMEs are considered the backbone of the

economy, representing 97.2 per cent of the overall business establishments in 2020 (Economic Census: Profile of SMEs, 2020).

Micro-enterprises are concentrated primarily in low-income and low-productivity activities, especially petty trades and services in competitive markets. In many countries, women who could be categorised as poor and lives in poverty run many of these enterprises. Therefore, the development of micro-enterprise is essential in improving the well-being of society by providing a significant income stream and generating employment opportunities, especially for the local community.

A micro-enterprise is an establishment with less than five employees or whose annual sales turnovers are less than RM 250,000 that applies to all sectors, i.e., construction, services, manufacturing, agriculture, mining, and quarrying. As the micro-enterprise constitutes the largest share of SMEs, it can be regarded as the backbone of the SMEs in Malaysia. In Malaysia, micro-enterprise constitutes 78.4 per cent of the total SMEs compared to small and medium enterprises, constituting only 20 per cent and 1.6 per cent, respectively (Economic Census: Profile of SMEs, 2020).

Micro-enterprises continue to proliferate in countries around the globe, creating jobs while improving the overall economic outlook of countries. Many micro-enterprises are often started by women with families and physically challenged individuals in rural areas (Dorfling 2001). Micro-enterprises are organized in varying forms and may be structured as a sole proprietorship, partnership, or family enterprise, typically with less than ten employees (Storey, 1994; Walls et al., 2001). Micro-enterprises' modes of operation vary widely and can change over the business's life. Larson and Shaw (2001) characterised micro-enterprises as being: 1) mostly family-owned with family members working in the business, 2) driven by one person, 3) located primarily in rural areas, 4) involved in trading and manufacturing, 5)

characterised by multiple start-up and failure rates, 6) founded primarily by women, and 7) operated on a small basis with low-income earnings.

Programs to assist micro-enterprises have been growing, with different emphases and models. There are over 650 micro-enterprise development programs in the United States (Severens & Kays, 2002). However, some programs do not necessarily reach the poorest in society and, at times, reach more educated parties (Bates & Servon, 1996; Dumas, 1999). Munoz et al. (2014) mentioned that 12 ministries and 40 Government agencies are involved in developing SMEs (including micro-enterprises) in Malaysia. These ministries and agencies provide a wide range of services for different target groups, including the Industrial Linkage Program (ILP); the Global Supplier Program (GSP); the Headstart 500 Program; the Vendor Development Program (VDP); the Franchise Development Program; and many more. In 2010, *Jabatan Kebajikan Masyarakat* (JKM) Malaysia launched the 2 Years Exit Programme (2YEP) to meet the national agenda of empowering women in micro-enterprise businesses.

As part of the planning under the 11th Malaysia Plan (RMK 2016-2020), JKM has drawn up a “2 Years Exit Programme” (2YEP) as a platform to help the target group (aid receiver) from the B40 group to increase their income level. 2YEP is one of the programs under the Productive Welfare Division to help recipients of JKM’s welfare assistance towards independent living and survival, free from government support, by empowering the client to continue her own life. The division is to intensify the program towards human capital development. The main objective of the Productive Welfare Division is to organise strategies to improve the socio-economic status of aid recipients toward independent living while coordinating the provision of aid to the Department’s target group. Using a network of strategic partnerships with



organisations in the public and private sectors, including TEKUN, *Jabatan Pertanian*, *Amanah Ikhtiar Malaysia (AIM)*, *Jabatan Perikanan*, *Jabatan Veterinar*, *MARDI*, and others, 2YEP assists clients in developing opportunities to generate stable and sustainable sources of income.

The 2YEP emphasises the empowerment of clients so that they are more motivated to obtain skills through training that matches their abilities. The program aims to remove the client from the cocoon of poverty by earning income beyond the poverty line. The participants of this program were trained and received capital assistance for two years from JKM. The clients' performance was monitored through the Productive Welfare approach. The approach involved four stages of monitoring: preliminary, intervention, monitoring, and termination. The 2YEP committee from each state/district will classify the clients into one of three categories during the monitoring stage: red (intervention), yellow (pre-survival), or green (survival/success). Those clients in the green category were considered successful once they moved from idea development and business planning to business start-ups. Furthermore, their capability to sustain the business for more than two years, making them eligible for exit policy, indicated that they could survive and run the business independently without the JKM's assistance.

Existing literature suggests that women play a significant role in the larger entrepreneurship landscape and economic development (Sarfaraz, Faghih, & Majd, 2014). As a result, there is an incessant need to investigate the various dimensions of women's entrepreneurship. The existing theoretical concepts need to be expanded to better explain the uniqueness of women's entrepreneurship as a subject of research inquiry. Studies on women's entrepreneurship have witnessed rapid growth over the past 30 years. Until the 1990s, mainstream academic journals and articles perceived

women-owned firms as only small lifestyle businesses or sole proprietorship firms (Baker, Aldrich & Liou, 1997). The male-centred business model was considered the natural model of doing business. However, research on women entrepreneurs' reveals that entrepreneurship is a gendered phenomenon, and entrepreneurial activities can be rooted in families (Jennings & Brush, 2013).

The sub-domain of women entrepreneurship did not develop as a significant area until the late 1990s to early 2000s (Jennings & Brush, 2013) with the launch of two dedicated conferences. First, a policy-oriented Organization for Economic Cooperation and Development (OECD) Conference on women entrepreneurs in small and medium-sized enterprises in 1998. The second was an academic conference, Diana International, held in 2003. Eventually, leading journals in the mainstream entrepreneurship area began to recognise the growing need for research in this area. The *Entrepreneurship Theory and Practice* journal published a special issue on women's entrepreneurship in 2006 and 2007 (de Bruin, Brush & Welter, 2006) and then again in 2012 (Hughes, Jennings & Brush., 2012).

Global Entrepreneurship Monitor (GEM, <http://www.gemconsortium.org/>) also published a special report on women and entrepreneurship in 2006, followed by subsequent reports in 2010, 2012 and 2015. In 2015, the Global Entrepreneurship Development Institute published the Female Entrepreneurship Index report that analysed the conditions for fostering women entrepreneurship in 77 countries. As highlighted in the report, the top ten countries for female entrepreneurs in 2015 were the United States, Australia, the United Kingdom, Denmark, Netherlands, France, Iceland, Sweden, Finland, and Norway (Terjesen & Lloyd, 2015). In addition, previous research proved that women entrepreneurs have transformed the economy into a higher achievement development in some developing countries, such as Korea, Japan, and

Canada. All these developments led Thurik and Wennekers (2004) to argue that women entrepreneurs in small businesses are beginning to be seen more than ever as a vehicle for entrepreneurship development, contributing to employment and social and political stability and innovation and becoming a competitive power.

However, many female entrepreneurs face many obstacles in starting the business and during the development phase of their enterprises. Halkias et al. (2011) posited that Nigerian women from small and micro-scale industrial sectors faced challenges such as low productivity, difficulty obtaining finance or capital, low labour force to enhance their businesses and lack of social networking. In Nigeria, a study by Jamali (2009) also found that female entrepreneurs from other developing countries faced similar constraints. Problems such as work-family conflicts, difficulties assessing finance, entrepreneurial education and lack of self-efficacy were found in the service sectors and retail businesses where women were involved (Itani, Sidani, & Baalbaki, 2011).

Women entrepreneurs have fewer opportunities for self-realisation in society, such as the lack of support that makes it challenging to build a network, defy social expectations, struggle to be taken seriously, and fear failure (Solesvik, Iakovleva & Trifilova, 2019). An earlier study by Tambunan (2009) found that female entrepreneurs in Indonesia faced similar challenges as above. The challenges included a low level of education and lack of training opportunities, heavy household chores, legal or cultural constraints, lack of access to formal credit and lack of self-confidence. Furthermore, Itani et al. (2011) reported that female entrepreneurs in Nepal had low self-confidence and a high risk of sexual harassment. In contrast, in United Arab Emirates (UAE), most female entrepreneurs showed that their main constraints were low financial aid, insufficient knowledge of industries and management skills. Similar

findings were also found in Norway, Russia, and Ukraine. As a result, most women entrepreneurs often face challenges related to psychological characteristics.

A recent study by Mor et al. (2020) investigated the sustainability of women entrepreneurs in microenterprises in Haryana, India, and identified relevant factors that induced entrepreneurs to sustain their businesses despite facing challenges. This factor is related to the psychological characteristics and profile of respondents. Crucially, other studies also found the same inspiration regarding the influence of psychological characteristics on women entrepreneurs in microenterprises business, such as Mor and Madan (2019), Singh, Archer and Madan (2018), Ghiat (2018), Laguir and Besten (2016), and many more. Women should have the psychological characteristics for managing their micro-enterprises, and being an entrepreneur requires a strong personality and capacity to manage the behaviours and attitudes of people in a complex and often the hostile socio-cultural environment, as argued by Ghiat (2018). Additionally, some psychological characteristics essential for the success of women entrepreneurs are sometimes at odds with the education provided to women in micro-business situations, according to Mor and Madan (2019) and Laguir and Besten (2016). There is a strong link between the psychological characteristics of the entrepreneur and the performance of entrepreneurial activities (Ghiat, 2017). The findings of the studies mentioned above align with the initiative by MWFCDD that introduced the 2YEP program. MWFCDD attempts to promote the culture of sustainability among women entrepreneurs in Malaysia's micro business landscape and identify the determinants of successful women entrepreneurs in the long run.

In sum, in many developing countries, women entrepreneurs represent an important element of the business communities. Based on the labour market's perspective, advancing women's entrepreneurship in developing countries acts

towards creating a productive workforce. In contrast, from the social perspective, these women entrepreneurs are crucial factors in reducing and eliminating societal poverty. Given this importance, a thorough understanding of their characteristics can help develop successful entrepreneurship policies for economic growth, competitiveness, and, most importantly, social justice and equality. The primary motivating factor behind this study is the importance and relevancy of the research on women's entrepreneurship in today's economy.

### **1.3 Relational toward Empowering Women Entrepreneurs**

Several pressing issues affect the success of women entrepreneurs. This subsection highlights the issues as a prelude to the study's problem statement.

First, despite the many studies conducted throughout the last decade (Carrington, 2007) on women entrepreneurship, attempts to understand the factors affecting the success of women entrepreneurs are still limited (Solesvik, Iakovleva, & Trifilova, 2019; Alam et al., 2011). In the Malaysian context, Ranasinghe (2012) argued that attention should be given to factors that lead to the growth of women entrepreneurs to enrich our knowledge and produce more successful women entrepreneurs in the future, especially among the low-income households of the B40 group. This is supported by Shamsul Hana and Norashidah (2015).

It is argued that many female entrepreneurs still face obstacles either in starting the business or during the development phase of their enterprises. Previous studies have shown that women-owned enterprises are comparatively smaller, with fewer profits, and business survival is shorter than male-owned businesses (Cabrera & Mauricio, 2017; Mahmood & Hanafi, 2013; Pandey, 2013). Therefore, understanding the success factor is vital as it impacts business performance. Numerous studies have

found that the success factors of women entrepreneurs vary significantly across the spectrum. It remains unpredictable and inconsistent, although many models and approaches have been introduced into the entrepreneurship study as proposed among others by Foss et al. (2019), Kerr, Kerr and Xu (2017), Sajilan, Noor Ul and Shehnaz (2015), Stillman, (2014), Kreiser, Patel and Fiet (2013), Ranasinghe, (2012), Alam, Jani and Omar, (2011), and Jing Zhang, (2010).

Second, despite several initiatives to boost the proportion of women entrepreneurs, it is regrettably not a simple choice to make since entrepreneurship involves more than just launching a company. Creating a new business is a process fraught with difficulty and failure, and many businesses fail in the first twelve months of inception (McIntyre, 2020; Reynolds & Miller, 1992, Sullivan et al., 1998; Lussier & Robert, 1996). Many researchers associate this with the psychological factors that play an important role in the grassroots of entrepreneurs' basic developments (for example, Agustina, 2021; Ndofirepi, 2020; Przepiorka, 2017).

More work on the psychological characteristics in entrepreneurship research is needed to understand the factors that motivate individuals to become successful entrepreneurs. Psychological factors entrepreneurs need include social competence, entrepreneur resilience, innovative behaviour, psychological women empowerment, and others (Ndofirepi, 2020; Kerr et al., 2017; Chatterjee & Das, 2015; Hmieleski, Carr & Baron, 2015). Even though the theory has been present for more than 60 years, more work is needed to enrich it (Agustina, 2021; Vansteenkiste, Ryan, & Soenens, 2020; Kerr et al., 2017; Kreiser, Patel & Fiet, 2013; Walter, Auer, Zott & Huy, 2007; Ritter, 2006; Kuratko & Hodgetts, 1998).

Third, previous studies have shown that social competence has an impact on opportunity recognition (Ramos-Rodríguez, Medina-Garrido, Lorenzo-Gómez, &

Ruiz-Navarro, 2010), entrepreneurial intention (Tatarko & Schmidt, 2015), creativity and innovation (Westlund, Andersson, & Karlsson, 2013). However, an understanding of how social competence relates to entrepreneurship remains incomplete (Gedajlovic, Honig, Moore, Payne, & Wright, 2013). Some scholars have extended social competence research to the micro-perspectives, cognition, and personality (Kilduff & Brass, 2010). However, the research conducted in this area is still insufficient (Chen, Zhou, Yang, Bao, & Wang, 2017). More research is needed to understand the antecedents of social competence because it has a significant impact on the outcome of entrepreneurial performance (Hmieleski, Carr & Baron, 2015; Kreiser, Patel & Fie, 2013; Jing Zhang, 2010; Walter, Achim, Auer & Ritter, 2006; Zott & Huy, 2007). Kilduff and Brass (2010) argued that theories about social competence have long been a crucial connection between micro and macro research used to explain the mechanisms of different phenomena. Unfortunately, the previous research on social competence has not been fully explored in women entrepreneurs. Some scholars have also reported that psychological variances might be important factors that influence the formation of entrepreneurs' social competence (Frese, 2009; Asendorpf & Wilpers, 1998).

Fourth, entrepreneur resilience has emerged as a new focus in the study of entrepreneurship. Resilient entrepreneurs have been proven to be related to entrepreneurial success due to their ability to face pressured environments (Dijk, 2020). Resilience has also been considered an important and critical aspect of business survival due to the speed of changes in technology, the economy, and society (Santos, Yip, Thekdi & Pagsuyoin, 2020; Ruiz- Martin, López-Paredes, & Wainer, 2018; Horne III, 1997). Entrepreneur resilience is imperative in preparing women entrepreneurs to face challenging situations. Understanding entrepreneur resilience helps explain why

some women can develop successful new ventures whereas others do not (Hmieleski & Carr, 2008, Baron, 2002). However, the concept of resilience among women entrepreneurs is still at the infancy level that requires further investigation (Awotoye, & Singh, 2017; Ayala & Manzano, 2018).

Fifth, innovative behaviour has been recognised as one of the psychological characteristics that can lead to entrepreneurial success. The Fourth Industrial Revolution (IR4.0) requires entrepreneurs to have the innovative capability to survive the challenges posed by the global economy. The individual entrepreneur with an innovative character will create new value for their product and a new way of doing their business. Currently, studies on innovation behaviour focus more on topics related to the innovation process (Farr, Sin, & Tesluk, 2003) and how to manage it effectively (Bernstein & Singh, 2006), with few attempts to study problem-solving ability. Kim et al. (2018) stressed that most research in innovative behaviour streams was conducted in companies' organisational units. However, there have been limited attempts at studying the innovation behaviour among individual women entrepreneurs, as argued by Lukeš (2013) and what is available is still insufficient to understand the unified opinions of innovation behavioural theory (Budiarto, Setyo & Pramudiati, 2018).

Sixth, previous studies have confirmed that entrepreneurship is related to psychological empowerment (Dempsey & Jennings, 2014). Psychological empowerment has been noted as a driving force behind people's attitudes, especially in entrepreneurial activity. The previous studies also highlighted that those women entrepreneurs with psychological empowerment find their job more important and meaningful (Danjuma et al., 2011). However, Okyireh and Simpeh (2016) argued that less effort had been given to developing intrinsic skills such as empowerment,



especially among women entrepreneurs. It is also essential to state that there is a lack of previous literature that captures the sole experience of women entrepreneurs in terms of how they perceive themselves, how they assess their businesses and their capacity to run them (Shankar, Onyura, & Alderman, 2015; Dempsey & Jennings, 2014; Amatucci, & Crawley, 2011; De Pillis & Reardon, 2011).

#### **1.4 Problem Statement**

The previous section has provided an overview of the pertinent issues concerning women's entrepreneurship. This overview helps outline the problem statement of this study.

Entrepreneurial studies have been continuously researched and have been an intense topic of many research studies throughout the last decade (Marr, 2020; Carrington, 2007). However, few studies have been conducted in the case of Malaysia. Realising the importance of having more successful women entrepreneurs in Malaysia, more research on successful women entrepreneurs should be conducted as suggested by Foss et al. (2019), Sajilan et al. (2015), Stillman (2014) and Reiger (2012).

According to the Bureau of Labor Statistics in the United States, as reported by McIntyre (2020), approximately 20 per cent of small businesses fail within the first year, 30 per cent fail within two to five years, and around 50 per cent fail by the end of the fifth year. In Mexico, 75 per cent of businesses close after two years of operation (Gasca, 2018). In many ways, this is similar to the Malaysian cases. Many Malaysian SMEs fail within the first five years (Kee-Luen, Thiam-Yong & Seng-Fook, 2013). Data from Malaysia Multimedia Development Corporation (MDeC, 2009) currently known as Malaysia Digital Economic Corporation shows that business start-ups' success rate to sustain was below four per cent. Ambank's Managing Director further

confirmed that almost 80 per cent of SMEs in Malaysia do not survive the first three years (Bernama, 2017). Small and micro-enterprise development is alarming, whereby the failure rate among new SMEs in Malaysia is still relatively high (Yusoff et al., 2018; Chin & Lim, 2018). Consequently, a high rate of failures among small business start-ups leads to a failure rate among small women entrepreneurs. Dell's Gender-Global Entrepreneurial Development Index, released at the Dell Women's Entrepreneur Network conference, also proved that Malaysia needs significant improvement to encourage its high-potential female entrepreneurs (Stillman, 2014).

In the case of women entrepreneurs in Malaysia, the social services department, known as *Jabatan Kebajikan Masyarakat* (JKM), is one of the earliest government agencies apart from *Amanah Ikhtiar Malaysia* (AIM), that focused on the survival of women entrepreneurs. Most women entrepreneurs under the guidance of this department are from financially challenged families, making research regarding women entrepreneurs under JKM vital to the nation's agenda, specifically on empowering women entrepreneurs.

Data provided by JKM Malaysia (2014), as shown in Table 1.1, indicate the growing numbers of entrepreneurs, including women, who received government support from 2005 until 2014, approximately 8-12 per cent each year. This scenario is predicted to get higher due to global economic issues.

Table 1.1  
 Number of Entrepreneurs Received Financial Assistance from *Jabatan Kebajikan Masyarakat*

<b>Year</b>	<b>Total cases</b>	<b>Financial implication (RM)</b>
2005	161,229	189, 510, 738
2006	178, 666	242, 150, 124
2007	207, 828	322, 427, 595
2008	221, 602	371, 214, 940
2009	353,889	758, 798, 663
2010	417, 552	1,188,881,729
2011	473, 928	1, 352, 739, 117
2012	514, 066	1, 472, 064, 853
2013	493. 076	1, 542, 312, 172
2014	492, 607	1, 461, 518, 435

Source: *Jabatan Kebajikan Masyarakat* (2014)

Many factors contributed to the small and micro business entrepreneurs' failure. According to CBInsight's analysis of 101 start-up small and micro business owners, 42 per cent of small and micro businesses fail because of the inability to identify the opportunity the current market needs for the product or service (McIntyre 2020; Griffith, 2014). In comparison, the study conducted by The Failure Institute and Pro Mujer revealed that 30 per cent of business failures among women micro-entrepreneur are due to a lack of networking (Gasca, 2018). The majority relied on personal networks only and trusted relationships among their communities or based on trial and error. As such, the business coverage is limited, and business relocation leads to cause of failure due to the inability to extend the market. In addition, 49 per cent of women micro-entrepreneurs fail due to domestic responsibilities (Gasca, 2018) that make them unable to organise themselves between business and family responsibilities. These challenges lead to entrepreneur burnout, making it difficult for them to survive. Therefore, it is crucial to conduct a study on entrepreneur success factors.

The issue of women entrepreneurs profiling has undoubtedly gained momentum in Malaysia over the last decade, so much so that the Ministry of Women, Family and Community Development (MWFC), with the 2YEP program, was set up in 2010 to promote the sustainability culture among Malaysians. Working with other related agencies, MWFC is responsible for some of Malaysia's most outstanding activities, particularly 2YEP. Hontz and Rotanu (2010) mentioned that women's entrepreneurial profiles are useful tools for identifying entrepreneurial dimensions and ranking different countries in this field. The lack of official information about women entrepreneurs' profiles posed an important obstacle to trustworthy research outcomes that hindered correct decisions by the policy-makers. Some studies (such as Box, Beisel, & Watts, 1995; Hughes, 2003; Fielden & Davidson, 2005; Baughn et al., 2006) found that entrepreneurs and business profiles have a positive relationship with the business success in women entrepreneurship and contribute significantly to their survivability. Ramadani et al. (2013) argued that women entrepreneurs are an important untapped resource within the SME sector. However, a comprehensive profile of women entrepreneurs is needed to understand their success factors, especially in micro-business.

The existing research on Malaysian women entrepreneurs supports the notion that male and female entrepreneurs possess different profiles and business characteristics. In his study of 115 successful entrepreneurs, Abdul Rashid (1995) found that most women enter the business at an older age, and more women are either divorced or separated. The women are also more highly educated and are concentrated in less diverse industries. Unfortunately, few studies have addressed these issues, especially among local researchers. As such, existing literature provides only a snapshot of gender differences in society. Some have attempted to examine the profile

of Malaysian women entrepreneurs (such as Ong & Sieh, 2003; Sieh et al., 1991) but did not include the related psychological issues. This neglect highlights an important gap in the current research outcomes that this study attempts to fill.

A possible cause for these highlighted problems is the lack of understanding of the factors that lead to entrepreneurial success. Despite many studies that have been conducted to identify the success factors of entrepreneurs, very few studies have attempted to identify factors influencing the success of women entrepreneurs, not least in Malaysia (Ariffin et al., 2017; Rahim, 2017; Musa & Chinniah, 2016). Furthermore, micro-entrepreneurs success factors remain incomplete and vary among scholars due to different entrepreneurship environments (Yusoff et al., 2018). Given this, a thorough understanding and analysis of their characteristics can help develop successful entrepreneurship policies for economic growth, competitiveness, and, most importantly, social justice and equality.

Based on this, there is an increasing need to address and identify factors affecting the success of the micro-business, especially related to women entrepreneurs. This study will therefore focus on the psychological characteristics of women entrepreneurs since it has been identified as the essential requirement to become a successful entrepreneur and is proven to be an important element underlying a firm's performance (Solesvik et al., 2019; Kerr, Kerr, & Xu, 2017; Sajilan, Noor Ul & Shehnaz, 2015; Carrington, 2007; Carland, Carland, & Aby, 1989; Brockhaus & Horwitz, 1985, 1986).

Women entrepreneurship is a highly significant study which requires factors related to psychological characteristics that affect their achievement in business. Some study has investigated the effects of psychological factors on business performance, such as Ummah (2021), Machmud and Hidayat (2020), Machmud and Ahman (2019),

Baluku et al. (2019), Gustomo et al. (2019), Ibidunni et al. (2018), Ramdhani and Anggadwita (2016); and many more. Machmud and Ahman (2019) discovered a positive effect of entrepreneur psychological elements on the performance of the catering industry in Indonesia, while a study by Baluku et al. (2019) and Baluku et al. (2018) shows a positive relationship between psychological aspects and entrepreneurial outcomes. This is similar to the finding of Machmud and Hidayat (2020), Gustomo et al. (2019), Ibidunni (2018), and Tri Ramdhani, and Anggadwita (2016) that confirmed psychological characteristics has a relationship with business sustainability and the aspects of psychological characteristics plays important roles in understanding others related to women entrepreneurship success. In the present context of the 2YEP program, psychological characteristics are the spectrum for driving the way how the business will sustain itself in the marketplace. Psychological characteristics also play as a platform to determine the continuity of the business after the program ended. This is supported by Ghiat (2017) who conducted a study in Algeria that proved that the performances of women entrepreneurs are influenced by their psychological characteristics.

The importance of psychological characteristics for entrepreneurial success has been highlighted by Dif and Benyahia-Taibi (2010) that pointed out that the psychological and intellectual capacities of women provide them with the right and capacity to undertake their business projects. For instance, the ability to be independent and undertake their project can be seen from the entrepreneur's profile which is based on psychological and rational capacities. Although, studies proved that psychological factors affect the business success (Adebayo, 2015), however, the study of psychological characteristics among women entrepreneur are still lacking (Gheit, 2018, 2017).

Women entrepreneurs have been recognized as an important untapped source of economic growth. They create new jobs for themselves and others, provide different solutions to management, organization and business problems, withstand obstacles and exploit business opportunities (Ramadani et al., 2013). Nevertheless, entrepreneurship, not confined to women entrepreneurs, is a highly stressful endeavour which requires mental perseverance, and this relates to psychological characteristics, as pointed out by Ummah (2021). Romani and Shashi (2018) identified various psychological characteristics of women entrepreneurs that significantly influence their entrepreneurial behaviour and spur the motivation for business success. Hence, this study will focus on the psychological characteristics of women entrepreneurship under the 2YEP with the hope of empowering micro-businesses to contribute to the Malaysian government's national agenda in empowering the micro-business into the sustainability agenda.

Psychological women empowerment remains a critical aspect of social development. It becomes one of the main concerns in this study due to little attention given concerning the relevance of this concept toward women entrepreneurs. Most women empowerment studies focus on psychological factors but exclude social aspects of running their business (Danjuma et al., 2011; De Pillis & Reardon, 2011). Few studies have explored how women entrepreneurs assess themselves regarding the seven psychological women empowerment constructs: increase awareness and knowledge, improve welfare, economic independence, community organising, accountability and responsibility, leadership, and self-identity (Al-Dajani & Marlow, 2013). Therefore, this study attempts to combine the psychological and social implications based on the seven constructs of psychological empowerment, as suggested by Al-Dajani and Marlow (2013).

In the global context, the greatest challenge of economic environments requires an entrepreneur to be resilient. Individual entrepreneur resilience not only requires the entrepreneur to bounce back to a stable state after adversity but also to create and embrace the business opportunity towards future betterment (Cankurtaran & Beverland, 2020). Thus, one of the aims of this study is to help close the research gap in understanding entrepreneur resilience among women entrepreneurs, especially in the context of Malaysia, based on the three components of entrepreneur resilience, namely hardiness, resourcefulness, and optimism (Ayala & Manzano, 2013). We hope that the finding from this study can stimulate the understanding of resilience among micro-businesses in Malaysia and can be adopted into any entrepreneurship development programme as suggested by Dijk (2020); Ayala and Manzano (2018); Morris, Webb, Fu, and Singha (2013); Awogbenle and Iwuamadi (2010); Duening (2010).

The most significant challenges in the current economic environment require women entrepreneurs to be resilient and innovative in finding alternative methods to survive in the industry (Centobelli, Piera, Roberto Cerchione, & Rajwinder Singh, 2019). Therefore, innovative women entrepreneurs should be proactive in conceiving creative opportunities and solutions to maintain their business operations in a dynamic environment. Consequently, this study shall focus on seven components of innovative behaviour, i.e., creating ideas, communicating ideas, preparing implementation, involving others, overcoming obstacles and innovation output as suggested by Fust (2014) and Lukeš Stephan and Černíková (2009).

According to Fernández, Montes and Vázquez (2000), intangible resources are considered assets that women entrepreneurs should own. This includes social capital (network relationships), relational capital (the reputation of products and business) and



human capital (knowledge or subjective resources know-how). Jiang, Zimmerman, and Guo (2012) argued that women entrepreneurs must efficiently and effectively locate their intangible resources to sustain their businesses. Realising that women entrepreneur must possess their intangible resources, following Markman and Baron (2016), this study focuses on their social competence in evaluating their competitive advantage and steering their business towards success based on four components, namely social perception, social adaptability, expressiveness, and impression management.

In sum, entrepreneurship provides opportunities for women to embark on business ventures to empower themselves and their families. In addition, it also helps them to realise their potential and enhance their contribution towards the social and economic development of the country. The priority for women entrepreneur in micro-business is survival, especially in an uncertain economic climate. Previous studies revealed that the key factor towards the success of any business venture is to understand how to achieve long-term survival and this is indeed very critical than ever, especially in the present times (Carter, 2021; Iyengar et al., 2021; Chege et al., 2020). In general, this study highlights the need to analyse the success factors of women micro-entrepreneur based on the psychological characteristics theory that led to business sustainability.

## **1.5 Research Questions**

- 1) What is the business profile of women entrepreneurs of 2YEP?
- 2) What is the measurement of psychological characteristics factors related to women's entrepreneurial success of 2YEP?
- 3) Is there any relationship between psychological characteristics and women's entrepreneurial success?

## **1.6 Research Objectives**

### **General:**

This research aims to identify the psychological characteristics of women's entrepreneurial success among green clients of 2YEP under *Jabatan Kebajikan Masyarakat* in Malaysia. From this general aim, the specified objectives of this study are:

### **Specific:**

- 1) To identify the business profile of women entrepreneurs of 2YEP.
- 2) To establish the measurement of psychological characteristics factors related to women's entrepreneurial success of 2YEP.
- 3) To investigate the relationship between psychological characteristics and women's entrepreneurial success