

## **Entrepreneurial Motivation for Women Entrepreneurs**

**Yuliani**

*Institut Agama Islam Negeri (IAIN) Kediri*  
*\*e-mail: yulianisutopo@gmail.com*

### **Abstract**

In Indonesia MSMEs are the dominant economic sector, so they are able to make a large contribution to GDP and employment. In running their business, MSMEs are not only run by men, but also by women. In this study, researchers attempted to obtain comprehensive and in-depth data about the motivations of women entrepreneurs who manage MSMEs in Bandung sub-district, Tulungagung district. Informants who will be involved in this research are restaurant SMEs, retail SMEs and clothing trade SMEs. This research is a type of qualitative research. Data obtained by means of interviews, observations, and documentation. Based on the results of the study, it was concluded that internal motivation in the form of a desire to help family finances was one of the factors driving women to become entrepreneurs. Another factor that drives women SME entrepreneurs is the desire to preserve the business that has been run by their parents, as well as the field of business that is undertaken according to their hobbies.

*Keywords: Motivation, Woman Entrepreneur, SME.*

### **1. Introduction**

Micro, Small and Medium Enterprises (MSMEs) are one of the dominant types of businesses in the world and in Indonesia. In Indonesia, MSMEs have business units of 99.99% of the total existing businesses or as many as 64,194,057 units. In addition, the percentage of employment is 96.92%. MSMEs have a contribution of 60.51% to Indonesia's Gross Domestic Product (GDP) (Kemenkopukm, 2020). Meanwhile, the number of female SME actors reached 37 million people and was able to contribute to the Gross Domestic Product (GDP) of 9.1%. The number of MSMEs run by women continues to increase from time to time. There are many reasons that appear related to the increasing participation of women in SMEs. Increasing income, independence, obtaining individual satisfaction and freedom are the main motivations for women to own a business (Zhu, Kara, & Zhu, 2018). (Dana, 1997) stated that the motive for starting a business in women entrepreneurs is focused on three directions, namely self (high need for achievement, innovation, and ability to take calculated risks); the ethno-cultural environment (culture, frugality, asceticism and ethnic resources) and the host society (stratification, social blockades, government assistance and job grouping). Women run businesses to improve the family economy, women's independence, and self-actualization (Anggadwita, Mulyaningsih, Ramadani, & Arwiyah, 2015). The role of women entrepreneurs is seen in leadership growth, management, innovation, research and development effectiveness, job creation, competitiveness, productivity, and the formation of new industries (Nxopo, 2014).

In addition, the results achieved by men and women in the world of work are still uneven. The proportion of female workers working in vulnerable work settings is still twice as large (43.3 percent) as male workers (22.7 percent). In addition, the proportion of women who occupy leadership and management positions in companies is still lagging compared to men. The gap in the average income of women also still occurs compared to men (ILO, 2017). In addition, (Panda, 2018) states that women entrepreneurs in developing countries face several obstacles such as gender discrimination, conflict between work and family, financial constraints, lack of infrastructure support, unfavorable environment, lack of training related to entrepreneurship and personality constraints. Women entrepreneurs have several obstacles in running their businesses, which consist of lack of education and training, lack of access to finance, gender discrimination, negative attitudes, and inadequate resources (Chinomona & Maziriri, 2015).

Women are human beings who have the ability and high will in various activities. The synergy of the ability and willingness of these women will be a positive energy to build MSMEs. Women entrepreneurs are women who can formulate production resources/inputs to produce high-value goods and services so that jobs are available for themselves and others. Motivation is one of the strong driving factors for women to become entrepreneurs. Motivation is an individual's drive to do something. Motivations, both internal/internal and external, need to be comprehensively identified so that it will be found which motivation is the most dominant for women entrepreneurs.

The characteristics of this business run by women are that it has a smaller business scale compared to that run by men, has a slow rate of development, the ability to generate small profits. Another characteristic is that most businesses run by women start with less capital than those run by men and have minimal desire to expand their business with debt. The increasing number of women entrepreneurs in various countries is a phenomenon that continues from time to time, including Indonesia and attracts the attention of academics, government, and practitioners.

## **2. Literature Review**

### **Female Entrepreneur**

Entrepreneurship is a science to assemble (the common thread) what a person has, both information, knowledge, skills, hobbies, vision, personality, IQ, EQ, SQ, and networks that are owned to optimize and be used in solving problems, trials, challenges, difficulties. and limitations by using creativity and innovation in order to obtain added value and inspiration (Hendro, 2011). Entrepreneurship is a process of innovation and creation that consists of four dimensions, namely individuals, organizations, environmental factors, and processes, with assistance from the government, education and the constitution (Chowdhury, Alam, & Arif, 2013). Gartner (1985) in (Ucbasaran, Westhead, & Wright, 2001) mentions the existence of four phenomena in the creation of new businesses, namely: individual nature; the type of business to be carried out; environment; and process.

Women entrepreneurs are women or groups of women, who start, organize, and run a business venture (Pandian & Jesurajan, 2011). Women entrepreneurs are women who participate in all entrepreneurial activities, are able to face risks, and are able to identify opportunities in their environment to combine resources in a unique way so that they can take advantage of the business they do (Anggadwita & Dwanto, 2015).

### **Motivation**

Motivation is a suggestion or encouragement that arises because it is given by someone to another person or from oneself, the encouragement intends that person to become a better person than before. Motivation is a set of motives, desires, or forces that are reflected in individual behavior

(Agarwal & Agrawal, 2018). There are differences in motivation between married women and unmarried women (Patrick, Stephens, & Weinstein, 2016). External and internal factors motivate women in running their businesses (Akehurst, Simarro, & Mas-Tur, 2012).

According to (Still, 2005), there are 3 problems faced by women in starting a business. The first group relates to women who are motivated by push factors. This group includes: creating the trust necessary to start a business; finding appropriate sources for help and advice; provide access to financial resources; lack of mentors and advisors for individual owners; problems of feeling alienated/adapted to changing from working in a company to being self-employed; accept offers made by suppliers, other businesses and clients; difficulties in managing family and business affairs; low entrepreneurial spirit; pass the risk; access to business networks; etc. The second group relates to women who are motivated by pull factors. This category relates to: lack of financing; access to: risk capital, capital markets, network and business consultants; lack of ability to exercise management control, creating a strong management team that will have access to mentors, knowledge and information necessary for business growth. The third group relates to young women starting their own businesses. In this group women entrepreneurs will face: discrimination in terms of age by consumers, government agencies and institutions, not being taken seriously by other co-workers – entrepreneurs during business meetings and contacts, concerns about funds needed, inadequate support from family and friends, and lack of proper advice.

### **Micro, Small and Medium Enterprises (MSME)**

Businesses are grouped into three categories, namely: (a) Micro-enterprises are those that have a net worth of a maximum of Rp. 50 million excluding land and buildings for business premises or have sales proceeds of a maximum of Rp. 300 million; (b) Small Business is having a net worth of Rp.50 million to a maximum of Rp.500 million and excluding land and buildings for business premises or having sales proceeds of more than Rp.300 million to a maximum of Rp.2.5 billion; (c) Medium Business is having a net worth of Rp.500 million to a maximum of Rp.10 billion and excluding land and buildings for business premises or having sales proceeds of more than Rp.2.5 billion to a maximum of Rp.50 billion. Tambunan (2002) SMEs are a source of production and technological innovation, growth in the number of creative and innovative entrepreneurs as well as creating a skilled and flexible workforce in the production process to deal with rapid changes in market demand (Law No. 20 of 2008, 2008).

Small businesses also still have obstacles or weaknesses, including internal and external factors, including: (a) Never conducted feasibility studies, market research, cash flow analysis; (b) Does not have a long-term planning system, adequate accounting system, capital requirements budget, planning; (c) The high rate of layoffs and disproportionate division of labor; (d) Difficulty working capital, sources of capital from owner; (e) Too many uncontrollable expenses and unprofitable debts, as well as non-compliance with standard bookkeeping requirements; (5) Lack of business information, no operational technical instructions for activities, lack of consistency with order provisions, resulting in many claims (Subanar, 2001). Other obstacles faced by SMEs are the difficulty of obtaining raw materials of good quality and affordable prices, technological limitations, limitations in obtaining good quality human resources, limited market information and marketing difficulties (Tambunan, 2002).

### **3. Methodology**

This study aims to explain in detail the entrepreneurial motivation of women entrepreneurs. In conducting the examination, the researcher acts as a key instrument, meaning that the presence of the researcher is necessary and cannot be represented by other people or by something else. Researchers also do not manipulate a variable to see its impact on another variable. Thus, researchers prioritize

and reveal what happened behind the results of these answers. This means that this research is classified as a type of qualitative research. The subjects in this study are women entrepreneurs who run SMEs and their businesses are located in the Tulungagung area. The number of research subjects are restaurant/restaurant SME owners, retail trade SME owners, and clothing trade SME owners. Quantitative data analysis consists of three stages of activity, namely the data reduction stage, the data presentation stage, and the conclusion drawing stage (Miles, B. Mathew & Huberman, 1992).

#### **4. Result and Discussion**

Motivation is a driving factor that makes an individual willing and able to do a particular business/activity. Based on the type, motivation can be divided into two, namely motivation that comes from within / internal and motivation that comes from outside / external. The motivation that a person has in doing a job/business will be different from one person to another. Similarly, the three informants involved in this study. The first informant, said that his main motivation in entrepreneurship is to continue the business that has been run by his parents.

"This business is not running because I want to continue the business of my parents, Ms. Eman-eman.. My parents used to start this business with great difficulty, Ms. Now it's like living comfortably, I don't want to continue."

The second informant said that the main motivation of his entrepreneurship is to meet the needs of his family's life.

"When I talk about what is my motivation for running an entrepreneur, I am touched, Ms. So I remember what happened last time. When our family was overseas, my husband was laid off. Then we decided to move to Java. Since then my husband has not had a job. After that, I continued this business, Ms. My mother is old. So I continue his business

The third informant provided information that the main motivation for their entrepreneurial activities was to help the family economy. The husband who does not have a permanent job makes him have to work and have an income.

"The husband doesn't have a permanent job, Ms. So, the income he receives is also uncertain. From that condition, I decided to have a job. Lek doesn't think that the cost of living will continue to increase, Ms. Lek I just kept quiet, without doing anything, what about my family. I also want to live like the others, sis. Decent life

This factor is another motivational factor besides the main motivation which is also a driving force for female entrepreneurs in entrepreneurship. Based on interviews conducted with the first to third informants, the data presented below were obtained.

The first informant said that other motivations that encourage entrepreneurs are helping family finances and channeling a hobby of cooking.

"If it's another motivation... um... my husband's salary isn't too big.. because he's still GTT.. so it's to help increase your husband's income... besides that I really like to cook, so please share my hobbies.. he.. he. .".

The second informant said that another motivation in running entrepreneurship is having a lot of time at home.

"What is it, sis? So, maybe yes, I have a lot of time to take care of my family. So, this business is close to home... so I can still interact frequently with my family, especially children.

The hobby in fashion is another motivation for the third informant to do entrepreneurship.

"Another motivation that I have is, um, sis, I've always been sewing, the designs were not made by myself. So when I have a business, I choose to sell clothes."

Business barriers are related to obstacles that are often encountered by female entrepreneurs in running their businesses. The first informant provided information that the obstacle that is often encountered in running a business is the uncertain availability/supply of free-range chicken. In addition, the high price of chicken in each tail is also a major obstacle in running a business.

“The free range chicken is limited, sis..not as much as cut or boilier chicken..so there's often a shortage of chicken. In addition, free-range chicken is also expensive. When the raw materials are expensive, the selling price is expensive. Sometimes there are consumers who ask why the price is more expensive than other sellers. Especially new customers. If that's the case, I'll give understanding to the customer, Ms.

The second informant, provided different information related to the obstacles experienced during running the business. The low capital owned makes it unable to enlarge the business in a short time. In addition, another inhibiting factor is the high level of competition, especially from retail franchises whose numbers continue to grow.

"The capital that you don't have is small, Ms. While this kind of business requires large capital to increase the number of goods that are not sold. The business competition is really scary, sis.. How do people prefer to shop at Alfa \*\*\*\* and Indo \*\*\*\* sis.. their presence is very influential on this business”.

While the third informant said that the obstacles that are often encountered are related to limited capital and rapidly changing modes.

"This business is very competitive, Ms.. Try Jenengan Pirsani in our area, there are dozens of clothing stores. Consumers usually prefer to shop at big stores AND online stores.. My limited capital means that my business can't be as big as Ra\*\* or Apo\*\*\* Clothing styles that change quickly are also very influential on this business, Ms.

## **Discussion**

Entrepreneurship is an attitude that reflects the motivation and ability to identify opportunities and generate new value for economic success (Adjen, 1991). A woman entrepreneur is a person who is an enterprising individual with an aim for opportunity and extraordinary vision, commercial acumen, with extraordinary perseverance and above all who is willing to take risks with the unknown because of the adventurous spirit that she has (Vinze in (Lenka , 2016). Women entrepreneurs are women who own one or several types of businesses where they participate in the process of planning, organizing, implementing and controlling the business. The number of women entrepreneurs continues to increase from time to time. In addition to the economic crisis that hit several countries, including In Indonesia, the existence of the Millennium Development Goals (MDGs) program launched by the United Nations (UN) has brought significant changes to the increase in the number of women who have their own businesses.

Motivation is a driving factor that makes individuals interested / willing to do a certain activity or business in order to achieve goals. Internal motivation is an impulse that comes from within the individual itself. This type of motivation becomes a very strong driver for individuals because it has a high constancy. Internal motivation in doing entrepreneurship for example income and business risk tolerance.

In general, there are many motivations that encourage women to do entrepreneurship. For example, gaining economic independence (independence economy), reducing unemployment (unemployment), dissatisfied with existing jobs (dissatisfaction with existing jobs), looking for challenges (seeking challenges), personal desires (self-interest), self-pride, traditional/hereditary, financial assistance, and others (Jesurajan & Gnanadhas, 2011). (Kara, Gok, & Zhu, 2011) stated that by doing entrepreneurship, you will get an increase in income, become your own boss, and as a proof of yourself. Meanwhile (Lenka, 2016) states that by running a business/business, women will be able to create jobs, engage in innovation and creative activities to provide satisfaction for customers, and gain social identity.

In this study, the main motivation for female SME entrepreneurs in Bandung Tulungagung is the desire to help with family finances. The financial condition of the family that should be the responsibility of the husband, but for various reasons the husbands cannot fulfill it, makes these

women to have businesses. From the business they are engaged in, women entrepreneurs will get income that can be used to meet the needs of daily life. In addition, the income can be used to meet the children's school needs, save, and invest.

External motivation is motivation that comes from outside the individual who is able to encourage the individual concerned to do something business / activity. One of the motivational factors that encourage women to become entrepreneurs in SMEs is the family factor. The business that has been run by the previous generation encourages female entrepreneurs to continue the business. This type of business is often found in the community. In this context, the family deliberately conducts business regeneration so that in the future, the child is ready to run a business. Business experience owned by family members will be an important asset for female entrepreneurs. This type of entrepreneur is called a habitual entrepreneur. This type of entrepreneur does entrepreneurship because of the inheritance from his parents/family so that he already has experience in running a business (Ucbasaran et al., 2001).

Another factor that drives female entrepreneurs in running a business is a hobby. This hobby that they have will make entrepreneurs feel happy in their business. This pleasure in doing business will make these female entrepreneurs want to do more in running their business.

The strong motivation of these female entrepreneurs can be seen from the length of time they run the business. The business they run has a period of more than 5 years. In that period, of course, they faced many problems in order to obtain a business/business that survived.

The obstacles they encounter in running a business they always find a solution by asking for input or advice from the closest people, especially husbands. In addition, they are also very careful in making decisions related to business, such as loans from other parties. The self-confidence of these entrepreneurs is necessary be improved again, so that in making decisions related to business/business it can be done independently so that it will minimize assistance from others. In addition, the precautionary principle that they often use in running a business should always be followed by thinking that puts forward rationality.

## **5. Conclusion**

Motivation is the driving force for women entrepreneurs in running a business. Intrinsic motivation and extrinsic motivation that exist in every MSME entrepreneur has made them enthusiastic in running a business. The desire to help the family finances, the desire to preserve the business that has been run by parents, as well as the line of business that is carried out according to the hobbies they have are the motivations of women entrepreneurs.

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