

# **Financial and Non-Financial Factors on Women Entrepreneurs' Business Performance: A Literature Review**

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## **ABSTRACT**

The existence and empowerment of women in the business world today has become the center of attention of the business world. Many women become entrepreneurs as well as men. In order for their existence to last long in the business world, women entrepreneurs are expected to have good performance. This study aims to analyze the factors that influence the performance of women entrepreneurs. This study uses a systematic literature review which is carried out by reviewing many journals that are relevant to this research. The results showed that the financial factors that affect the performance of women entrepreneurs are capital needed, access to credit and access to financial institutions. Meanwhile, non-financial factors that influence the performance of women entrepreneurs are social demographics, government support, access to information, social environment, business environment and entrepreneurial orientation.

**Keywords:** *Business Performance, Financial Factor, Non Financial Factor, Determinants, Women Entrepreneurs*

## **1. INTRODUCTION**

Women's participation in business activities is still limited even though the number of women has exceeded the number of men in the world [1]. In general, women's participation in business is in the form of managing micro, small and medium enterprises (MSMEs). The benefits obtained are an increase in employment and also an increase in economic growth [1] [2] [3] [4] [5]. On the other hand, the poverty rate is reduced [6][7] [8][9]. This has attracted the interest of researchers to develop their knowledge and apply it to the MSMEs.

There are several benefits when women are involved in the business activities. Women can work independently for their businesses. They can work in a balance between household chores and business activities. Women as entrepreneurs will generate money that can be used for children and family needs. In this case, women have the power to create jobs and increase economic growth. A woman who is successful in running a business besides being a housewife will certainly make a positive contribution to her family [8]. Women entrepreneurs will achieve financial freedom and play an important role in their families. Income

earned from managed businesses will be distributed to support the family economy.

Seeing how important the role of woman entrepreneurs is in the family and in the economy, it is necessary to maintain that the business that has been initiated continues to grow for a long time. There have been several studies that have identified the determinants of women entrepreneurs' business performance [10] [11]. [12]

Business performance is the company's ability to achieve its goals by using effectively all its resources. In addition, business performance is also determined by product quality, supplier relations, market share, and financial factors [13] [14] [15]. Business performance can be measured based on financial and non-financial factors. Business performance based on financial factors can be measured by profit, investment and customer growth.

As business owners and managers, the role of women entrepreneurs in achieving business performance will be very significant. This happens when women entrepreneurs are able to achieve balanced non-financial and financial performance [16]. Financial performance can be defined as success in achieving profit while non-

financial performance as business operational achievement. Business performance is considered as an indicator that shows the ability of women entrepreneurs to manage all resources for business development in a limited environment. Many studies have been conducted on the determinants of women entrepreneurs' business performance in many countries. The results show that the determinants of women entrepreneurs' business performance include the business environment, social environment, entrepreneurial orientation (EO), human capital, and social capital [17,18,19,20].

The competence possessed by a business is one of the factors that affect the business performance of women entrepreneurs. This includes various activities in the business such as planning and scheduling programs, executing and directing, figuring out sources of funding, motivating and controlling all managerial activities [20], [21]. The competence possessed by a business is one of the factors that affect the business performance of women entrepreneurs. This includes various activities in the business such as planning and scheduling programs, executing and directing, figuring out sources of funding, motivating and controlling all managerial activities. In addition, this will involve internal and external parties such as promoting the goods and services produced by the company and also including managing the company's finances [22]. Based on the description above, it can be concluded that financial factors also determine the business performance of women entrepreneurs.

Based on the explanation above, it can be concluded that the business performance of women entrepreneurs can be analyzed from two perspectives, namely financial and non-financial factors. This article will discuss the determinants of women entrepreneurs' business performance in terms of financial and non-financial factors.

## **2. METHOD**

This study uses a systematic literature review method. This method is carried out by collecting relevant previous research journals used to support this research. Certainly the previous research is related to the determinants of business performance of women entrepreneurs. Furthermore, these research journals will be used to formulate research results.

In order to get relevant research articles to serve as literature, researchers search for these articles using the right keywords. The selected articles will be re-selected based on the abstract. The abstract of the article will be read to match the criteria set by the researcher.

Furthermore, articles selected based on abstracts will be read, evaluated and analyzed to serve as a source of reference and discussion in order to formulate research results.

## **3. RESULT AND DISCUSSION**

Based on the results of previous research, many determinants of women entrepreneurs' business performance have been found. Basically, it can be categorized into financial factors and non-financial factors. Financial factors include the capital needed and managed in the business, knowledge and ability to manage money in the business, access to credit and access to financial institutions. While non-financial factors in the form of social environment, business environment, EO, human capital and social capital.

The role of financial factors as a determinant of business performance is how it supports and contributes to the company's finances. Microfinance is a financial institution that is an alternative source of funding for women entrepreneurs. Microfinance is a loan in small amounts intended for people or small businesses who cannot borrow from banks. Usually, microfinance intended for start-up businesses or small businesses that want to grow.

Microfinance can also be defined as "the provision of various financial services such as "savings, loans, payment services, remittances and insurance to poor and low-income households and their micro-enterprises". In Bangladesh, the role of microfinance is very significant for women entrepreneurs. This is evidenced by the establishment of the Grameen bank which acts as an important source of capital for women entrepreneurs. In this case, the role of microfinance is seen as a source of funding not only for start-up business but also for growth up business. Even microfinance is also very important to expand the business [23]. Furthermore, microfinance is able to create entrepreneurial opportunities and generate income [24]

Microfinance as a financial institution provides credit to women entrepreneurs as a source of company finance. Previous research have found that the credit provided has helped women entrepreneurs to run their businesses and produce which is used for consumption, investment and also to improve their welfare [25]. Many studies conducted in Nigeria, Tanzania, Malawi, and Kenya found that there was a positive influence of credit on the business performance of women entrepreneurs. This is reinforced by [26] who states that credit motivates success for women entrepreneurs.

In addition to financial factors, there are also non-financial factors that determine the business performance of women entrepreneurs. Social environment is a factor that affects the performance of women entrepreneurs

individually. This is realized because of the social control created through culture, norms, traditions, and beliefs [29]. For women entrepreneurs, the environment plays a very important role in carrying out their business activities. The environment not only adds or reduces barriers, but also creates, adds and reduces new business opportunities [30].

However, in developing countries, the social environment actually hinders the business performance of women entrepreneurs, especially related to customs, religion, legitimacy, social obligations that influence the behavior of women entrepreneurs in carrying out its business activities [31,32,33,34,35]. For example, women entrepreneurs in Sub-Saharan Africa have less productive businesses because their limited access to resources is hindered by traditional informal cultural practices [32,36]. This is reinforced by evidence in Bangladesh, where although women have the potential and ability to start a business, socio-cultural barriers are a barrier [31].

The business environment can be both an opportunity and an obstacle for a business. For women in developing countries, the business environment largely determines their business performance [32,37]. In general, the business environment in developing countries is poor, uncertain and unstable. However, the business environment in developing countries appears dire, uncertain, and conditions are changing [38].

In Zimbabwe, there are many social environments that hinder the business performance of women entrepreneurs. First, there is poor infrastructure such as poor electricity and communication technology. Second, the threat of natural disasters such as floods, hurricanes, and heavy rains. Third, there are fraudulent acts such as corruption and bribery can create barriers for both male and female entrepreneurs in the business environment. [3,39]. In general, it can be concluded that an unsupportive environment can be grouped into two, namely physical barriers and institutional barriers such as gender policies. This is a major obstacle in the business environment [40].

Entrepreneurial orientation (EO) is a determinant factor for women entrepreneurs' business performance which is included in non-financial factors [41-44]. EO is related to the strategic ability of women entrepreneurs to enter new arenas such as entering new markets and creating new products [45-47]. EO consists of several dimensions, namely EO business operations, innovative EO, risk taking EO and proactive EO. The EO dimension of business operations is related to the way women entrepreneurs take advantage of opportunities and invest by considering the risks that are carried out proactively [48,49]. The innovative EO dimension is related to the activities of women entrepreneurs in new businesses or regenerating existing businesses into new businesses [47,50,51]. The EO dimension of risk taking is related to the company's ability to take business risks in the midst of uncertainty [52,53]. The proactive EO dimension is related to the ability of women entrepreneurs to observe and think about future business opportunities [41,47].

Human capital is the next factor that determines business performance. The basic concept of human capital is the knowledge and skills of individuals that will shape their intellectual abilities. This will result in efficient and productive activities [54]. Women entrepreneurs who have high quality human resources will certainly produce good business performance compared to women entrepreneurs who have low quality human resources [55]. To be able to achieve a high level of human resource quality, training is required which at the same time acts as an investment for the company. It is said that, because the training carried out ultimately improves the business performance of women entrepreneurs [56] [57].

According to several previous research results, education is a determinant of profit [58]. In addition, education also encourages productivity growth and annual sales [36], [59]. Education and training will also increase the employment growth of women entrepreneurs. Thus, in the end, education and training will improve the business performance of women entrepreneurs [60], [61].

Another determining factor for women entrepreneurs' business policies is government support. As a legislator, the government plays an important role in supporting business performance or on the contrary hindering the business performance of women entrepreneurs. The government support includes grants, grants, training projects and tax reductions. In general, government support is beneficial for women entrepreneurs, but the government's strict policy on investment hinders the business performance of women entrepreneurs. In addition, the existence of public and administrative factors also has a negative impact on the business performance of women entrepreneurs. It can be concluded that the lack of government support, limited access, bureaucracy and legal factors that are too strict will hinder the business performance of women entrepreneurs.

#### **4. CONCLUSION**

Based on the explanation above, it can be concluded that the factors determining the business performance of women entrepreneurs consist of financial and non-financial factors.

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