Demographic Characteristics and Business Performance: Evidence in Women Entrepreneurs

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Abstract. The existence of women entrepreneurs in the industrial world today deserves to be maintained and improved. There are several benefits of women becoming entrepreneurs, namely creating jobs, encouraging economic growth and increasing social welfare. The existence of women entrepreneurs will continue to be maintained if women entrepreneurs are able to achieve good business performance. One of the factors that influence the business performance of women entrepreneurs is demographic characteristics. The purpose of this study was to analyze the effect of demographic characteristics consisting of age, business age, income and education level on the business performance of women entrepreneurs. The focus of this research is women entrepreneurs in West Sumatra. Data were collected using a questionnaire. This research uses multiple linear regression analysis technique. The results showed that age, business age and education level had a significant positive effect on the business performance of women entrepreneurs. Based on the results of the study, it can be concluded that business performance is formed from the process and time and also matures the age and level of education of the women entrepreneurs.

Keywords: Business Performance · age · business age · income · education · women entrepreneurs · business performance · age · business age · income · education

1 Introduction

Micro, Small and Medium Enterprises (MSMEs) are an interesting research object to be studied at this time. The development of science and technology and its application makes MSMEs a very potential place to be used as an estuary for the development of science. With the application of the development of science and technology to MSMEs, it is hoped that it will improve the performance of MSMEs in the future. By having a stable and increasing business performance, this will strengthen the role of MSMEs as pioneers in the nation’s economy. This will increase the contribution of MSMEs in the nation’s economy.

In practice, MSMEs are not only owned and managed by men, but women have also begun to play an active role. Today, women are also heavily involved both as owners
and managers of MSMEs. Thus, gender is no longer a barrier in doing business. The existence of women in business has given rise to a new term in the entrepreneurial world, namely women entrepreneurs.

In the business world, MSMEs will be faced with intense competition. To be able to survive long in the business world, it is hoped that women entrepreneurs will be able to win the competition. For this reason, women entrepreneurs are required to be able to achieve good business performance for the businesses they manage. With the achievement of good business performance, MSMEs will actually be able to last a long time and win the competition.

According to [1], business performance can be measured by something of a financial nature such as gross profit and number of employees. On the other hand, according to [2] business performance is not enough to be measured by financial measures but also needs to be added with non-financial measures.

Financial factors and non-financial factors are usually used to measure business performance in MSMEs [3]. Measurement is done using a rating scale compared to competitors. Another measurement alternative is to use archives in the form of actual financial data such as sales and profit data [4–6].

One of the non-financial factors that affect business performance is demographic characteristics. Demographic characteristics can be described through age, gender, marital status, work experience, business age, income level, and education level.

There have been many previous studies related to the relationship between demographic characteristics and business performance. According to [7] demographic characteristics such as age, gender, education, and work experience have a significant impact on business performance.

According to [8], age has a positive effect on business performance, the more mature the age, the more work experience a person has, so the wiser the decisions are made, so that it will have an impact on business performance. Similarly, business age, [9] states that business age affects business performance due to routine and accumulated achievements.

It is different from income which is identical to funding for business operations. Lack of funding is a serious matter for the establishment and implementation of new businesses. Insufficient funding is a barrier to business development [10].

Education level is also a demographic characteristic that affects business performance. An adequate level of education, it will increase the level of self-confidence of women entrepreneurs, which by itself will improve the company’s business performance [11].

Many previous researchers have developed demographic characteristics and their relationship to business performance in various countries, such as [12] who conducted research on MSMEs in India. The demographic characteristic variables used include age, age of business, marital status, education, previous experience, location and type of business. The results showed that age of business, education, experience had a positive and significant effect on the business performance of women entrepreneurs in India, while business location and business type had a negative and significant effect.

Another researcher [13] conducted a study in Ethiopia using demographic characteristic variables such as gender, age of entrepreneurs, education and work experience. This
research was conducted on 350 MSMEs in Ethiopia. The results showed that the age of entrepreneurs, level of education and work experience had a positive and significant effect on business performance.

This research was conducted on women entrepreneurs in West Sumatra, especially women entrepreneurs of the Minangkabau ethnic group. The focus of this research is business performance and its determinants in terms of social demographics such as age, business age, income level and education level.

2 Method

The population of this research are women entrepreneurs of Minangkabau ethnicity who produce embroidery and embroidery. Actually the results of this study were written in three articles and this article is the second article. Overall, all the variables used in this study consisted of 22 indicators. The sample is part of the elements of the number of elements and characteristics of the population that is used as the object of research. In this study, the number of samples is not known, therefore in calculating the number of samples in this study it can be determined using the formula [14] which recommends a sample size of 100 or more, with the general rule that the minimum sample size is at least 5 or 10 times more than the indicator. This study uses 22 indicators, so the number of samples used for research is 220 respondents.

Based on the above calculations, the sample size in this study was 220 respondents. The method used in this sample study is a non-probability sampling method, this means that each population has a different chance of being selected as a sample. Data were collected using questionnaires and the data analysis technique used was multiple regression analysis.

Business performance is the dependent variable while the independent variables are the age of women entrepreneurs, business age, the income of women entrepreneurs, and education level of women entrepreneurs. The variables used in this study were measured with a Likert scale of 1–5. The conceptual framework in this study is shown in Fig. 1.

3 Result and Discussion

Before processing the data, it is necessary to test the classical assumptions which include the normality test, the heteroscedasticity test, and the multicollinearity test. The results show that the business performance model of women entrepreneurs formed by demographic characteristics has met the classical assumption test, so that data processing with multiple linear regression analysis can be continued. The results of data processing can be seen in Table 1.

In this study, demographic characteristics consist of the age of women entrepreneurs, the income of women entrepreneurs, the age of business and the education level of women entrepreneurs. The results showed that the age of women entrepreneurs had a positive and significant effect on the business performance of women entrepreneurs. Likewise, the business age and education level of women entrepreneurs also have a significant positive effect on the business performance of women entrepreneurs. In contrast to age,
The more mature a woman entrepreneur is, the more mature her mindset and the more life experiences she will have. With a more mature mindset and life experience gained, women entrepreneurs will become wiser in making decisions related to business decisions. Thus, this will have a positive impact on the business performance of women entrepreneurs.

According to [15], age is used in social science research to classify people to distinguish them. According to [16], with age, a person’s skills and qualifications will increase. [17] argues that the age of women entrepreneurs has a positive and significant effect on the business performance of women entrepreneurs. This is in line with [18] and [19] and contradicts [20] which states that the age of women entrepreneurs has no relationship with business performance.

Table 1.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>26.260</td>
<td>1.514</td>
<td>17.340</td>
<td>.000</td>
</tr>
<tr>
<td>Age</td>
<td>3.691</td>
<td>.545</td>
<td>.454</td>
<td>6.777</td>
</tr>
<tr>
<td>Business Age</td>
<td>2.765</td>
<td>.720</td>
<td>.243</td>
<td>3.842</td>
</tr>
<tr>
<td>Income</td>
<td>-.011</td>
<td>.474</td>
<td>-.001</td>
<td>-.022</td>
</tr>
<tr>
<td>Level of Education</td>
<td>3.481</td>
<td>.506</td>
<td>.285</td>
<td>6.886</td>
</tr>
</tbody>
</table>
Meanwhile, for business age, the results of the study show that business age also has a positive and significant effect on the business performance of women entrepreneurs [18–20]. The longer the business has been operating, the more established it will be. This means that the business will have more and more customers. Thus, there will be more demand for the products produced and more profits that can be achieved. Finally, business performance will get better.

As the age of business matures, women entrepreneurs learn more and more. Coupled with experiences that will encourage innovation in the end it will make a positive contribution to business performance.

Regarding demographic characteristics in the form of income, the results of this study indicate that the income of women entrepreneurs has no significant effect on business performance. This means that more or less income is earned by women entrepreneurs, and the business performance achieved remains stable.

In practice, not much income earned by women entrepreneurs is reallocated to the businesses they manage. This means that the income earned is mostly used for consumption and investment. Even if there is a proportion of income allocated for business development, it is not an optimal amount.

The last demographic characteristic is the level of education. The results showed that the level of education had a significant positive effect on the business performance of women entrepreneurs. With good quality education, it will increase the confidence of women entrepreneurs so that in the end it will have a positive impact on business performance [21].

Education owned by women entrepreneurs will improve psychology, build self-confidence, and increase knowledge and skills. Educated people will have a creative and innovative attitude to achieve company goals. Coupled with the ability to survive in the competition, this will have a positive impact on business performance [22].

[23] conducted a study on women entrepreneurs in Israel’s tourism sector. In addition to education, training is also needed to overcome business problems faced by women entrepreneurs. Integrating education and training into business management will improve the quality of business operations, practices, and strategies. This will lead to an increase in business performance.

4 Conclusion

The results showed that the age of the owner, the age of the business, and the level of education had a positive and significant effect on the business performance of women entrepreneurs. Meanwhile, income does not affect the business performance of women entrepreneurs. This means that in synergy the demographic characteristics can shape the business performance of women entrepreneurs in West Sumatra. With the age of mature women entrepreneurs, they will be able to increase experience, creativity, and a more creative mindset in managing a business so that business performance can be achieved well. With the age of business getting more mature, more and more women entrepreneurs can learn. Coupled with experiences that will encourage innovation in the end it will make a positive contribution to business performance. Education owned by women entrepreneurs will improve psychology, build self-confidence, and increase
knowledge and skills. Educated people will have a creative and innovative attitude to achieve company goals. Coupled with the ability to survive in the competition, this will have a positive impact on business performance.

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