

“Why do women have less opportunity for entrepreneurial success compared to men?”

(Case study: Indonesian entrepreneurship)

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Abstract—Entrepreneurship is one part of economic aspect in achieving a strong economic growth in a country. Therefore, the government encourages the involvement of its people to participate in entrepreneurship program. Yet, the representation of women in entrepreneurial world has not reached the same level as that of men. Therefore, this study aims to analyse several factors underlying entrepreneurship success in women as compared to men. The role of demographic factors (education level, startup capital, business legal entity and business registry ownership) are taken into account toward entrepreneurial success. Data from 409 respondents, all entrepreneurs, show that entrepreneurial activity is still dominated by male entrepreneurs. Women also have less educational level and business legality with these variables being related significantly entrepreneurial success. The implication of this study is relevant to identify means to empower woman entrepreneurs.

Keywords: women; opportunity; entrepreneurial success

I. INTRODUCTION

In various studies, entrepreneurship has been use as an important factor in economic growth. But the existence of entrepreneurs has often been neglected, even though there is some evidence that entrepreneurs have an important role in being a catalyst for national economic growth. Entrepreneurs create large job markets, produce and commercialize high-quality innovations. In addition, entrepreneurship contributes to the growth of Small Medium Enterprises (SME) as well the informal sector which influences the increase of Gross Domestic Product, a more stable and secure job market, better-paying job, and has a more active role in creating innovation.

The field of entrepreneurship involves both men and women. Many literature indicates that men dominate the entrepreneurial activity compared to women [1]–[3]. Women only represent around a third of the number of people involved in the entrepreneurial activity, often take roles in the informal sector [4]. In the developing countries in Asia, including Indonesia, women are more involved in the micro scale business [5]. This alternative chosen because it is easier to start and also has a relatively smaller risk in case of

business closure. Aside from that, the less ability to gain capital, fewer skills in running business and technology also allow women to cultivate the business of this scale. This might result in women not effectively competing in business [6]. The larger the business scale, the lesser the participation of female. The domination of men in business has caused several studies to identify the chances for entrepreneurial success for men as compared to women [7]. The increase of women participating in entrepreneurial activities has encouraged further studies regarding gender differences in entrepreneurial success [8]–[13].

The purpose of this study is to analyze how the opportunity for entrepreneurial success in women as compared to men. This issue is very important because entrepreneurship has been a focus of many programs for economic growth to the elimination of poverty, especially in developing countries. Therefore, a deeper understanding of the opportunity for entrepreneurial success for women will contribute to the design of programs that can empower women in the entrepreneurial world. In particular, this study will also explore several demographic factors among men and women that can influence the opportunity for entrepreneurial success.

II. METHODOLOGY

This study used results from a survey of 409 business entrepreneurs which obtained incidentally in several regions in Indonesia (Sulawesi, Java, Kalimantan and Sumatera). The respondents consist of 265 men and 114 women. The data gathered through filled questionnaires that identify demographic data of the respondents, including educational level, business capital, type of business, completeness of business registry, notary deed, and tax number. The data analysis consists of descriptive statistical procedure, independent t-test sampling, and regression analysis. The descriptive statistics is used to identify the underlying characteristic and study variables. The independent t-test is used to test and evaluate differences in entrepreneurial success based on gender. The regression analysis is used to measure the influence of gender toward entrepreneurial success and demographic factors that influence entrepreneurial success.

III. RESULT AND DISCUSSION

A Entrepreneurial success of men and women

From the aspect of entrepreneurial success, the study shows differences between men and women ($t(374) = 3.511$; $p = 0.001$). A regression analysis between gender and entrepreneurial success indicates that the proportion variation of entrepreneurial success influenced by gender is 1.9% ($R^2 = 0.019$; $F = 7.852$; $p = 0.005$; $a = -0.421$; $Beta = 0.649$; $t = 2.802$). The rest is 98.1% that is influenced by other things not studied in this research. This proportion of 1.9% is significant ($p < 0.05$).

B Demographic variables in entrepreneurial success

Demographic variables that examined toward the entrepreneurial success are a level of education, the amount of startup capital, type of business, and business legality.

1) Level of education

The proportion of variance of entrepreneurial success as part of the educational level is 1.2%, and this proportion is significant ($F = 0.026$; $p < 0.05$). This is obtained from influential coefficient value (beta) of 0.110 and significant at a significance level of 95% ($t = 0.026$; $p < 0.05$). The regression coefficient is toward positive. Thus it can be said that the higher the educational level the chance of being successful in entrepreneurship increased.

2) Startup capital

The proportion of variance of entrepreneurial success that is part of startup capital is 4.8%, with this proportion is significant at a significance level of 95% ($F = 0.000$; $p < 0.05$). The value of influential coefficient (beta) of $1.38E-09$ and significant with a significance level of 95% ($t = 0.000$; $p < 0.05$). The regression coefficient is positive and thus can be said the higher the amount of startup capital the higher the chance it is to be successful in entrepreneurship.

3) Legal entity

The proportion of variance of entrepreneurial success with the legal entity is 13%, with this proportion being significant with a significance level of 95% ($F = 0.000$; $p < 0.05$). Of all types of legal entity, only the business type Ltd (limited liability company) has a beta that is significant with a significance level of 95% ($t = 0.000$; $p < 0.05$). Thus it can be said that entrepreneurs with a business type of Ltd appear to have more business success compared to other business types.

4) Business registry

In general, entrepreneurs who are successful have already registered their business, thus have notary deed and tax number. The proportion of variation of entrepreneurial success that is part of business legality in the form of the business registry is 2.1% ($F = 0.003$; $p < 0.05$). The proportion of variation that is part of business legality in the form of notary deed is 2.3% ($F = 0.002$; $p < 0.05$). The proportion of variation of entrepreneurial success that is part of business legality in the form of tax number is 1.3% ($F = 0.020$; $p < 0.05$).

C Gender and entrepreneurial success

These analyses are to answer the question, “Why men are more successful as entrepreneurs than women?” Demographic variables of level of education, startup capital, legal entity, and business registry were analysed between men and women.

1) Gender and level of education

Compared to women, men have a higher level of education on the level of high school; men are 34.72% while women are 29.86%. On bachelor degree, men are 46%, and women are 43%. On postgraduate degree, men are 6.04%, while women are 4.2%, and on a doctorate degree, men and women have an equal amount. This condition explains why men tend to be more successful in entrepreneurship. Therefore, the higher level of education, the increased the opportunity for entrepreneurial success.

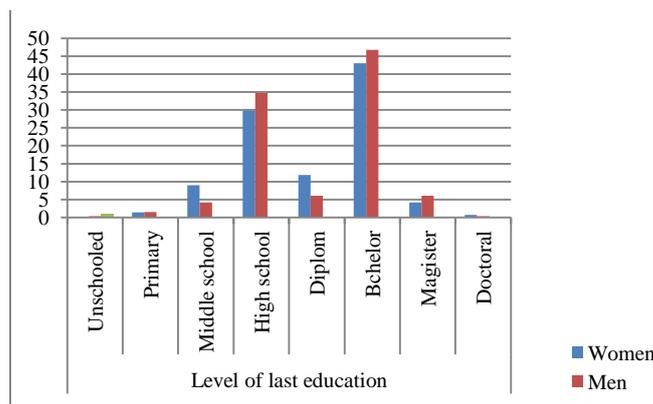


Fig. 1. Level of last education

2) Gender and startup business capital

The aspect of business capital, men, have higher business capital than women. In the range of 35.1 to 50 million rupiahs, men with that capital are 11.70% while women are 9.72%; in the capital range above 50 million rupiahs, men are 24.53% and women 16.67%. This condition explains why men tend to be more successful in entrepreneurship. Therefore, the higher the startup business capital, the increased the opportunity for entrepreneurial success.

3) Gender and legal entity

Only on the business type limited liability company men have more ownership compared to women. Of all type of business studied, only limited liability company type is significant, meaning that people who have business in the type of limited liability companies will be more successful. From the data above, it can be seen that more men have businesses of this type compared to women which explain why men are often more successful compared to women.

4) Gender and completion of business registry

Regarding business registry ownership, among 265 male entrepreneurs, 60.38% have a business registry, while among 144 female entrepreneurs, 69.44% have it. Regarding notary deed ownership, male entrepreneurs that own notary deeds are 58.11%, and 58.11% in female entrepreneurs. Regarding tax number, 32.45% male entrepreneurs have a tax number,

and 43.06% in female have it. It discovered that entrepreneurs who succeed in their businesses have significantly completed their business registration, own complete notary deed and tax number. This can explain why men tend to more successful compared to women.



Fig. 2. Completion of business registry

The tendency for man entrepreneurs to have more success based on demographic variables as the following: level of education, startup capital, business legal entity, and completion of the business registry. These results support [5] study on the lower participation of woman entrepreneurs as compared to men. Another influential factor is the limited access for women to the capital organization [6], a case which also happens in other developing countries. Woman entrepreneurs can achieve entrepreneurial success if they have large startup capital and complete their business registry and legality.

IV. CONCLUSION

From the overall data analysis, it can concluded that there are differences in the entrepreneurial success between men and women, where the number of male respondents who succeed in their businesses is larger compared to female respondents. This domination of men would later influence the significant differences in demographic factors toward entrepreneurial success, such as level of education, startup business capital, business legal entity, and ownership of business registry, notary deed and tax number.

This means, essentially women have the same opportunity to succeed in entrepreneurship, if they obtain good knowledge and understanding (level of education), have a large business capital, and can complete their business legality. In other words, if they can overcome these obstacles, the contribution of women toward economic growth will also have the opportunity to succeed, just as well as men.

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