Feminist Insight on Gendered Work: The Opportunity Recognition and Performance of Women's Entrepreneurship Influenced by Internal and External Factors

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Abstract.
Many people believe that family responsibilities on the part of women will not prevent them from improving their performance, religion, and traditions prevailing in Indonesian society. This study aims to examine the internal-external factors that influence on women entrepreneurs' performance. This research was conducted in Indonesia using questionnaires for data collection. Using a survey data of 220 women entrepreneur from SMEs in Indonesia, the results of the analysis showed that entrepreneurial orientation (internal factor) and social culture (external factor) indirectly contributes to entrepreneurial recognition, where the relationship is partially mediated by entrepreneurial recognition.

Keywords: women entrepreneurs, entrepreneurs performance, entrepreneurial recognition

1. Introduction

The development of MSMEs in the midst of globalization and high competition must be completed by the development of HR (Human Resources) in various aspects. Improving the quality of human resources is needed to improve performance. Studies field of human resources at this time, it has not focused on the importance of the role of women as owners in entrepreneurship and management of MSMEs (Elenurm and Vaino, 2011). The role of women in the Indonesian economy must be considered. According to the World Bank's Report (2016) about women entrepreneurs in Indonesia, the population of women entrepreneurs in Indonesia reaches 20-30 million, the data estimates that around 15 percent of the population of women entrepreneurs in Indonesia can be...
classified as ‘growth-oriented’ entrepreneurs which means that, Women entrepreneurs in Indonesia have high optimism about their business growth. The World Bank study further that female entrepreneurs have an entrepreneurial prevalence rate of 36 percent against the national average prevalence rate of 38 percent. Many people believe that family responsibilities on the part of women will not prevent them from improving their performance, religion and traditions prevailing in Indonesian society. Indonesian society believe that the responsibility for household affairs is women. As a result, women tend to work in small businesses more than any other industry (Elunurm and Vaino, (2011); Chowdhury et al (2013)).

At the present time, there are still few studies that make female entrepreneurs who have experience in entrepreneurship the topic of study. This is very interesting to study so that we as the general public know the influence of socio-cultural differences, gender and other internal-external factors in what can affect women entrepreneurs (Javadian and Singh, 2012). Studies related to the relationship of what factors affect the performance of women entrepreneurs and what challenges are faced by MSMEs with women as owners in order to be able to provide a large role in the Indonesian economy in the future needs to be investigated further.

Studies and research on this topic need to be carried out with the aim of helping women entrepreneurs to be more developed and smarter in classifying exactly what factors can have a positive and negative impact. With that classification, they can arrange strategy, handle efficiency and effective thing what need to do or not. In running a business, a company must carefully analyse what internal and external factors can produce an opportunity in entrepreneurship which will later improve entrepreneurial performance (Chowdhury et al, 2013). The level of urgency of this research is feasible and useful to do, because entrepreneurs will not be able to carry out this study without the help of the academic community. In the future, this research will provide theoretical and practical contributions that will be used as further/applied research that leads to research on the influence of women entrepreneurs on improving the economic sector of a developing country after this basic research is completed.

2. Literature Review

2.1. Internal Factors

Internal factor is the company’s internal core activities that can be controlled from within the company, the owner is able to control or regulate the operation of activities
as desired. Several internal factors that become benchmarks are business orientation, human resources, business goals and motivation. According to Shane (2003) entrepreneurial theory orientation as the ability of entrepreneurs to find out and take advantage of opportunities related to entrepreneurial performance, which varies among people and it is based on individual situations regarding risk acceptance. For example, risk-averse people have a limited ability to take advantage of opportunities (Shane, 2003). In essence, an individual may be less active in seeking entrepreneurial opportunities. Therefore, people with a negative attitude towards risk will not seek out or explore entrepreneurial opportunities. In the same context, some people have creative businesses or new ideas and have a high tendency to access microfinance. The significance of human capital can be limited by two main demographic characteristics, which are education and experience. Knowledge gained from education and experience is considered as the foundation that people have differently and it is important to recognize differences in identifying and exploiting opportunities (Shane and Venkataraman, 2000). Human capital consists of knowledge that has long been argued to be an important resource for success in entrepreneurial ventures. Effort motivation is the positive outcome that a person expects to get from performing reasoned behavior while motivation is the process by which goal-directed activities are triggered and sustained (Teoh and Chong, 2007). There are literature discuss about internal motivation entrepreneurship to implement first tasks and that important of entrepreneurship success (Sadi dan Al-Ghazali, 2012; Pandian dan Jesurajan, 2011; Buttner dan Moore, 1997).

2.2. External Factors

External factor is a indirect factors that are beyond the power or control of the market. industry characteristics, economic factors, socio-cultural factors, and administrative legality factors). Industry characteristics refer to the attributes of MSMEs. These attributes include age, size, type, location and establishment of the business. In addition, company performance is expected to be affected by business development services and outsourcing activities (Inmyxai and Takahashi, 2009). According Brush (1992), women’s institutions are identical to men’s institutions in terms of business features. He considers the features of business in his studies consisting of business development services, training for entrepreneurs, company size and company age. External factors refer to a collection of basic information related to internal project financing and external market conditions that affect the business or investment value (Wube, 2010). While there is a consensus that women have almost no access to credit for their entrepreneurial ventures
in developing countries, the level of women’s contribution to the economy in the private sector is remarkable compared to their male counterparts. In most developing countries, women need to get support from financial institutions to start their businesses. This results from poverty, unemployment, limited family income and failure to save (Ekype et al., 2010). The limited ability for women to access new opportunities compared to men arises as a result of several reasons. They need effective property without household asset and negative attitude of creditors institution to women (Wube, 2010).

Socio-cultural factors involve a combination of social and cultural factors that affect the performance of women entrepreneurs. Arasti et al. (2012) argue that the key role of social relations is very real in influencing organizational prosperity. It enables entrepreneurs to identify opportunities, information and resources. Social networks influence entrepreneurial growth orientation because they provide entrepreneurs with a model to follow successfully and provide a stimulus with support from family and friends. Entrepreneurs exploit their social networks as channels that allow them to access information, customers, suppliers, and financial resources. Furthermore, they get emotional support from their social networks especially from close relationships (husband, father and mother, friends and relatives) rather than support from remote connections (business cooperators, co-workers, former employees and former workers). The emotional support of a partner is critical to the success of women entrepreneurs (Omwenga et al., 2013).

Administrative and licensing factors refer to various problems related to administrative institution and government regulations that affect the performance of women entrepreneurs (Wube, 2010). Administrative and licensing factors are one of the studied factors that influence the growth orientation of women entrepreneurs and divide the administrative and licensing factors into three categories: banking rules and regulations, tax laws, and labor laws. According to this study, the first factor is banking rules which is confirmed by many literatures because it has an important role in the growth orientation of business leaders. In many situations, they face many difficulties from banks to take out loans because of the complications of procedures and performing services, complicated interest rates and guarantee burdens (Javadian and Singh, 2003).

### 2.3. Business Opportunity Awareness (Opportunity Recognition)

Entrepreneurial opportunities are recognized through the condition that new goods, services, raw materials, and regulatory procedures can be presented and commercialized at a higher value than the cost of production. Even though the identification
of entrepreneurial opportunities is a subjective matter, the opportunity itself is an objective phenomenon that is recognized to a particular individual at a particular time (Shane and Venkataraman, 2000). In developing countries, there are formal and informal entrepreneurial opportunities. Fast-evolving countries usually practice exceptional transfers in local markets, generating opportunities for new entrants. Economic growth in these countries may be the result of political and regulatory systems which will consequently result in a large informal sector. Therefore, many entrepreneurs start their informal business then move to formal sector when they get big interest by do it (Shane dan Venkataraman, 2000).

2.4. Women Entrepreneur Performance

The performance of women entrepreneurs is defined in relation to the output of entrepreneurs. It refers to the level of achievement of the entrepreneur in running the company’s business. In some studies, achievement can be measured by number of employees, rate of profit and sales volume among other. It may also refer to the business results that an entrepreneur puts into the business which is influenced by several factors (Nneka, 2015). It is important to know the characteristics of women starting new businesses, their motivation to do so and their level of performance in business (Ramos et al., 2014). The view of women entrepreneurs focuses on the power of controlling their own destiny, improving relationships with clients and making things worthwhile (Elenurm and Vaino, 2011). Usually, many women worked as executives before starting their own businesses. This is considered as the main motive because many women are dissatisfied with their jobs (Kobeissi, 2010). Brush (1992) emphasizes that women have the potential to develop their own business by using their skills in forming social relationships and combining their business with their other social and relationship issues. In order to have a higher quality business and highly expanded entrepreneurial activity, MSMEs have to overcome several important challenges (Zeidan and Bahrami, 2011).

2.5. Research Method

The object of research is MSMEs women entrepreneurs of developing country. Therefore, the population of this study are all female owners or managers of developing country MSMEs. This study used some component of internal factor: entrepreneurial orientation, entrepreneurial goal, and human capital that adopted from Hassan & Almubarak
For external factors, the study combined from two previous studies: competition and uncertainty from Prajogo & McDermott (2014), and economic factors, socio-cultural factors, and legal & administrative factor from Hassan & Almubarak (2016). The data used in this study include primary data and secondary data. Primary data was obtained from direct survey of 200 respondents. The survey was conducted with a closed questionnaire instrument. This study chose the Structural Equation Model Technique to analyze the data. In using the SEM technique, three evaluation steps will be carried out in this study: (1) validity and reliability tests, (2) structural tests, (3) hypothesis testing, and (4) mediation tests. The first step is to analyze the measurements used by testing the validity and reliability with standardized loading indicators, composite reliability (CR), Cronbach alpha, and Variance Extracted. The second step is to evaluate the structural model. Structural model analysis is done by looking at the total coefficient of determination. The third step is testing the hypothesis of both direct and indirect effects. For hypothesis testing, alpha is set at the 5% level with t= 1.960.

Hypotheses

H1. Internal factor positively influenced on opportunity recognition for women entrepreneurs in developing countries SMEs

H2. External factor positively influenced on opportunity recognition for women entrepreneurs in developing countries SMEs

H3. Opportunity recognition positively influenced on women entrepreneur performance in developing countries SMEs

H4. Opportunity recognition can mediate the effect of internal factor on women entrepreneur performance in developing countries SMEs

Figure 1: Research Model.

Sources: the model was adopted and modified from Hassan & Almubarak (2016) and Prajogo & McDermott (2014)
H5. Opportunity recognition can mediate the effect of internal factor on women entrepreneur performance in developing countries SMEs

Measurement

External factor measurement adopted from several sources. Variables of economic factor, socio-cultural factor, and legal & administrative adopted the measurement of Wube (2010) which was also used in Hassan & Almubarak (2016). Meanwhile, competition and uncertainty variables were adopted from Prajogo & McDermott (2014). Internal factors consist of entrepreneurial orientation, entrepreneurial goals & motives, and human capital. All internal factor measurements are taken from Hassan & Almubarak (2016). Measurement of orientation recognition adopted the 3 items used in Wang et al. (2013). Finally, women entrepreneur performance is measured by 6 items from Bosma et al. (2004) and Fatoki (2011) and also used in Hassan & Almubarak (2016). Each statement is measured on a five-point Likert scale (ranging from 1="strongly disagree" to 5="strongly agree").

3. Result and Discussion

3.1. Demographics Respondent

This study uses 220 respondents who are women entrepreneurs. The majority of respondents came from West Java as many as 36% (80 people), 28% came from East Java (62 people), 21% came from Central Java (46 people), 10% from DKI Jakarta (22 people), and 5% from Yogyakarta (10 people). The majority of respondents aged 21-30 years old by 64%, age less than 21 years old by 15%, age 31-40 years old by 13%, and the rest are aged 41-50 years. According to income per month, the majority of respondents have a monthly income of less than 10 million about 83%. The majority of respondents have a parental or family background who runs a business, namely 76%.

3.2. Validity and Reliability Test

Validity test is the ability of the indicator construct to measure the level of accuracy of a concept. To test the validity, the researcher used the loading factor as a reference. The loading factor value 0.7 is ideal, meaning that the indicator is valid to measure the construct it forms. From the results of data processing, there are 12 items that have a loading factor greater than 0.7 so that all items are declared valid (2 items from economics, 1 item from entrepreneurial goals, 3 items from entrepreneurial orientation, 1 item from
entrepreneurial recognition, 2 items from human capital, 2 items from entrepreneurial performance, and 1 item from social-cultural). Malhotra (2010) explains that reliability is the result of calculating item scores that remain consistent or the same even though they are measured repeatedly. The construct is declared reliable by Composite Reliability if the value is above 0.7 (Haryono, 2017). All the variables in this study, all of them were declared reliable. The Average Variance Extracted (AVE) value also has a value of more than 0.5 which also shows that all observed variables are declared reliable (Table 1).

Table 1: Reliability Test.

<table>
<thead>
<tr>
<th>Variables</th>
<th>CR</th>
<th>AVE</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td>0.882</td>
<td>0.653</td>
<td>Reliable</td>
</tr>
<tr>
<td>Economic</td>
<td>0.764</td>
<td>0.630</td>
<td>Reliable</td>
</tr>
<tr>
<td>Entrepreneur Goals</td>
<td>0.870</td>
<td>0.769</td>
<td>Reliable</td>
</tr>
<tr>
<td>Entrepreneurial Orientation</td>
<td>0.826</td>
<td>0.613</td>
<td>Reliable</td>
</tr>
<tr>
<td>Entrepreneurs Performance</td>
<td>0.807</td>
<td>0.511</td>
<td>Reliable</td>
</tr>
<tr>
<td>Opportunity Recognition</td>
<td>0.844</td>
<td>0.730</td>
<td>Reliable</td>
</tr>
<tr>
<td>Human capital</td>
<td>0.823</td>
<td>0.443</td>
<td>Reliable</td>
</tr>
<tr>
<td>Legal and Administrative</td>
<td>0.922</td>
<td>0.855</td>
<td>Reliable</td>
</tr>
<tr>
<td>Socio-cultural</td>
<td>0.714</td>
<td>0.557</td>
<td>Reliable</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.869</td>
<td>0.571</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Note: AVE=Average Variance Extracted; CR=Composite Reliability
Source: Data processed with SmartPLS 3.0

3.3. Statistics Descriptive

The presentation of descriptive statistics is assisted by using SPSS 23 software to make it easier for researchers. Table 2 shows the results obtained for the entire sample. It can be seen that entrepreneurial goals and motives (M=4.066, SD=0.721) have the highest average score, followed by competition factors (M=3.915, SD=0.766) and legal & administrative (M=4.508, SD=1.235) as scores. lowest average.

3.4. Hypotheses Test for Direct Effect

Table 3 shows the results of data processing for hypothesis testing. In testing the effect of internal factors on entrepreneurial recognition on female entrepreneurs, it was found that opportunity recognition significantly affected entrepreneurial recognition ($\beta=0.299$, t=2.817, p < 0.05, H1a accepted). However, entrepreneurial goals or human capital were not proven to affect entrepreneurial recognition. Therefore, there is no relationship
between entrepreneurial goals and entrepreneurial recognition in female rulers ($\beta=-0.027, t=0.399, p > 0.05$, H1b is rejected). In addition, this study also confirms that there is no relationship between human capital and entrepreneurial recognition in female rulers ($\beta=0.099, t=1.284, p > 0.05$, H1c is rejected). Testing the influence of external factors also shows results where only social culture is proven to affect entrepreneurial recognition in women entrepreneurs ($\beta=0.259, t=3.617, p < 0.01$, H2d is accepted). Meanwhile, other external factors, namely competition, uncertainty, economic, and legal, have not been proven to affect the entrepreneurial recognition of women entrepreneurs. Therefore H2a ($\beta=0.077, t=0.975, p > 0.01$), H2b ($\beta=0.019, t=0.285, p > 0.01$), H2c ($\beta=0.101, t=1.712, p > 0.01$), and H2e ($\beta=0.088, t=1.056, p > 0.01$) declared rejected. The last test shows that entrepreneurial recognition has a significant effect on women entrepreneur performance ($\beta=0.431, t=10.770, p < 0.01$) that indicated H3 is accepted.

### 3.5. Mediation Test (Indirect Effect)

In the mediation test, this study only confirmed the role of entrepreneurial recognition in mediating the relationship between opportunity recognition and women entrepreneur performance ($\beta=0.170, t=2.179, p < 0.01$), so H4 was accepted. Furthermore, this study confirms the role of social culture in mediating the relationship between opportunity recognition and women entrepreneur performance ($\beta=0.147, t=3.387, p < 0.01$), so H5 is accepted.
### Table 3: Hypotheses Test.

|          | Coefficient | T Statistics (|O/STDEV|) | p-values | Decision          |
|----------|-------------|-----------------|----------|------------------|
| EO → OR  | 0.299       | 2.817           | 0.005    | H1a Accepted      |
| EG → OR  | -0.027      | 0.399           | 0.690    | H1b Rejected      |
| HC → OR  | 0.099       | 1.284           | 0.200    | H1c Rejected      |
| C → OR   | 0.077       | 0.975           | 0.330    | H2a Rejected      |
| E → OR   | 0.019       | 0.285           | 0.776    | H2b Rejected      |
| L → OR   | 0.101       | 1.712           | 0.088    | H2c Rejected      |
| S → OR   | 0.259       | 3.617           | 0.000    | H2d Accepted      |
| U → OR   | 0.088       | 1.056           | 0.291    | H2e Rejected      |
| OR → P   | 0.567       | 10.770          | 0.000    | H3 Accepted       |

Source: Data processed with SmartPLS 3.0

Note: EO=Entrepreneurial Orientation, EG=Entrepreneurial Goal & Motives, HC=Human Capital, C=Competition factors, E=Economics factors, L=Legal & administrative Factors, S=Social cultural factors, OR=Opportunity recognition, P=Women entrepreneurs performances

### Table 4: Mediation Test (Indirect Effect).

|          | Coefficient | T Statistics (|O/STDEV|) | p-values | Decision          |
|----------|-------------|-----------------|----------|------------------|
| EO → OR → P | 0.170       | 2.719           | 0.007    | H4a Accepted      |
| EG → OR → P | -0.015      | 0.396           | 0.693    | H4b Rejected      |
| HC → OR → P | 0.056       | 1.217           | 0.224    | H4c Rejected      |
| C → OR → P | 0.043       | 0.959           | 0.338    | H5a Rejected      |
| E → OR → P | 0.011       | 0.280           | 0.779    | H5b Rejected      |
| L → OR → P | 0.057       | 1.659           | 0.098    | H5c Rejected      |
| S → OR → P | 0.147       | 3.387           | 0.001    | H5d Accepted      |
| U → OR → P | 0.050       | 1.033           | 0.302    | H5e Rejected      |

Source: Data processed with SmartPLS 3.0

Note: EO=Entrepreneurial Orientation, EG=Entrepreneurial Goal & Motives, HC=Human Capital, C=Competition factors, E=Economics factors, L=Legal & administrative Factors, S=Social cultural factors, OR=Opportunity recognition, P=Women entrepreneurs performances

### 3.6. R2 and Adjusted R2

The next step researchers take in evaluating the structural model is the value of R2. The value of R Square is the coefficient of determination on the endogenous construct. Entrepreneurial performance has an R2 value of 0.322, indicating that the endogenous variable entrepreneurial performance can be explained by the exogenous latent variable, namely entrepreneurial recognition, which is 32.2%, while the remaining 67.8% is explained by other variables not included in this study. The same thing also explains the R2 value on entrepreneurial recognition of 0.396, where exogenous variables consisting of internal and external factors can explain the endogenous variable of entrepreneurial recognition by 39.6% and the remaining 40.4% is explained by variables that do not exist in this study.
This research found that only entrepreneurial orientation (internal factors) and socio-cultural factors (external factors) significantly influenced on opportunity recognition. This research is in line with the study by Javadian and Singh (2012) that showed the impressive effect of social factors on women entrepreneur performance. Pirolo and Presutti (2010) approved the positive relationship between different kinds of social capital in an organization on its economic performance during all phases of constructing the business. One of the social supports such as emotional support from a partner is an important thing in a woman’s success (Omwenga et al., 2013). Relating the relationship between entrepreneurial orientation as internal factor on opportunity recognition, Shane (2003) with entrepreneurial theory states entrepreneurial orientation as the
ability of entrepreneurs to recognize and take advantage of opportunities related to entrepreneurial performance, which varies among people and is based on individual situations regarding risk acceptance.

This study cannot confirm the effect of entrepreneurial goal and motives on opportunity recognition. That is contradicting with previous studies that showed that only entrepreneurial goal and motives (internal factor) and industry characteristic significantly influenced on opportunity recognition (Hassan & Almubarak, 2016). Motivation is needed to turn opportunities into action (Carsrud & Brännback, 2011). In addition, the results of this study indicate that the human capital does not influence women entrepreneur performance. The results of this study contradict previous studies which found that human capital positively affects firm performance (Bosma et al., 2004). This study cannot prove that legal and administrative factor significantly influenced on opportunity recognition on women entrepreneurs. The finding is different with previous research. Administrative and licensing factors define to various problems related to administrative institution and government regulations that influence the performance of women entrepreneurs (Wube, 2010). In many situations, entrepreneurs face difficulties from banks to take out loans due to complicated procedures and services, complicated interest rates and collateral burden (Javadian and Singh, 2012). This study also found that on opportunity recognition significantly on women entrepreneur performance. This result is in line with previous research (Hassan & Almubarak, 2016).

4. Conclusion

This research found that only entrepreneurial orientation (internal factors) and socio-cultural factors (external factors) significantly influenced on opportunity recognition. This study also found that on opportunity recognition significantly on women entrepreneur performance. This study also can act as mediator variable in the relationship of entrepreneurial orientation (internal factors) and socio-cultural factors (external factors) on women entrepreneur performance. Before making an innovation decision, individuals must be able to precisely and accurately identify so-called “new opportunities”, otherwise they could lead to financial losses.

References


