

## The Roles and Challenges of Women Entrepreneurship in the K-Economy

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### ABSTRACT

*In the information age, knowledge is power. Knowledge, and its management, is becoming more well-known in today's world because it can be distributed faster at cheaper cost with the information revolution and globalization that are related closely with the escalation of ICT. In earlier days, a competitive advantage in identifying the success of the economy of a country was dependent on the factors such as labour, land and natural resources. However, the ICT has changed the trends based on the potential on acquiring, generating, communicating and exploiting knowledge commercially, in order to be a global player and to be able to sustain long-term growth production. The Master Plan on K-economy will set the choices of strategies in key areas to transform Malaysia from an input-driven to a knowledge-driven economy which focuses on intellectual capital as a prime mover. Currently the omit development of the country is also contributed by the successful and committed women entrepreneurs that have increased dramatically. This paper will explore the roles and challenges faced by the women entrepreneurs in preparing themselves for the technology changes in the globalization of the knowledge-based economy. Further on, the paper will also discuss about the recommendations and suggestions to the women entrepreneurs in preparing and strengthening their ICT skills and knowledge.*

**Keywords:** Knowledge, knowledge economy, ICT, women entrepreneurship

### INTRODUCTION

As with many developing countries entering the global economy, Malaysia also is moving towards to transform itself into an innovative economy in which competitiveness is no longer based primarily on mass production, low cost manufacturing efficiency, relatively unskilled labor, and low wages to continue to prosper in the decades ahead. During the presentation of the 2000 budget, the parliament has taken the policy decision on the need for a paradigm shift from a production-based economy to a K-economy. The Ministry of Finance has signing of a Memorandum of Understanding (MoU) for the development of a National Master Plan on Knowledge-economy (K-economy) between the Government of Malaysia and the Institute of Strategic and International Studies (ISIS) on 27 March 2000.

The k-economy Master Plan that is to be developed will be heading toward and aimed in transforming Malaysia into a highly competitive, flexible economy in globalization and borderless world where the knowledge and technological advancements such as information and communication technology as main tools. In this regard, Malaysia must excel in acquiring, generating, communicating and exploiting knowledge commercially, in order to be a global player and to be able to sustain long-term growth. Malaysia can no longer rely on

input driven strategy to sustain future growth, as Malaysia's comparative advantage in tangible inputs such as labour and capital is increasingly eroded by labour surplus countries as well as competition for capital among emerging economies. The Master Plan on K-economy will lay down the choices of strategies in key areas to transform Malaysia from an input-driven to a knowledge-driven economy. (Ministry of Finance, 2000)

One of the concerns of Malaysian government in order to implement the k-economy is by creating and developing quality and successful entrepreneurships in all potential growth sectors of economy and also encouraging the enterprising culture among Malaysian women. It is because the Malaysian women have participated and played an important role in the development of Malaysian economy from the various activities such as padi (rice) cultivation to fishing, mining, commercial crop cultivation, manufacturing, tailoring, beauty care, and hairdressing, accountancy, secretarial work, market research retailing and other entrepreneur works. The roles of Malaysian women entrepreneurs are becoming crucial and more strategic in order to compete in the today economic development than in any other time in history. (Ndubisi, 2005). However, there are many challenges faced by the Malaysian women entrepreneurs of being as important community in surviving in the globalizations and k-economy era.

## **THE ROLE OF WOMEN ENTREPRENEURSHIP**

The participation of women in economic activities currently, has not only resulted in the productive use of labor, but also contributed to improving the quality of life for women entrepreneurs and their households (Handbook on Women-owned SMEs). In recent years women are not in the 1950s which they have to be a good housewives, staying at home all the time, looking after their children and depending solely on their husband.

Likewise, women fundamentally need a financial security especially being a single mother where approximately, 18 percent of Malaysian women are single parents and as a breadwinner in order for them to live longer with their children. As an example, in Kelantan, the entrepreneurial cultures have been developed in several years ago and Kelantanese women have traditionally been the main breadwinners of the family and worked as petty traders in the markets, thus engaging in a basic of entrepreneurship. They thought receiving a monthly pay is just not enough and they need for a double income to sustain the family especially women entrepreneur who are living in rural area. According to research, rural women usually prefer to engage in new activities on the farm rather than accepting salaried employment, because they can combine domestic duties and the work on farm (Petridou & Glaveli, 2008). It also gives them the opportunity to be closer and to spend time with the childrens and the farm, which is the main characteristic of being a good mother, housewife and farmer (Tsatras & Thanopoulou, 1994).

Why women nowadays compelling to involve entrepreneurship rather than being a self-employment? In 2007, statistics has shown the number of female workers is increased from 1997 till 2007 and constitute about 3.6 million of them had joined nearly all professions (Department of Statistics Malaysia). In this regard, one of the professions that contribute the Malaysian economic growth is participations of women in business.

The reason why they moved to business due to the choice of self-employment may reflect the restricted structure of opportunities in the labour market, discrimination and

frustration with gender pay discrepancies, glass ceiling career problems, providing flexibility in work scheduling and reconciling multiple roles (Baughn et al., 2006, Jamali, 2009). The other factors would be the retrenchment of workers that recently happened in 2009 because women are the most vulnerable to the effects of external shocks in the form of economic crisis. With the loss of jobs, families would be forced to cut back on food, education, and other essentials. There is likelihood of the involvement of children in informal sector work as a result of economic pressures. (Cromie, 1987) also found that women are more dissatisfied with their careers and see entrepreneurship as a means of accommodating their work and child-rearing roles simultaneously. All these factors are often motivated them and take the challenge to become a women entrepreneur. Thus, most surveys that have been carried out in industrialized countries have found quite similar entrepreneurial motivations between men and women with independence and the need for self-achievement always being ranked first (Hisrich et al., 1996).

## **K-ECONOMY**

According the Walter W. Power, he defined the knowledge economy as production and services based on knowledge-intensive activities that contribute to an accelerated pace of technical and scientific advance, as well as rapid obsolescence. The key component of a knowledge economy is a greater reliance on intellectual capabilities than on physical inputs or natural resources. World Bank have defined a knowledge economy also is define as a where the organizations and people acquire, create, disseminate, and use knowledge more effectively for greater economic and social development (Shoji, 2006). While (Ramlee & Abu) defined the k-economy is based on paradigm that focuses on intellectual capital as a prime mover.

The women entrepreneurs have to face the challenge of k-economy in these days which have been explained earlier on where the k-economy also aims to address the serious shortages of knowledge and skilled workers in Malaysia and to attract much-needed foreign investment and expertise, particularly in alliances with local firms and institutions (Ramlee & Abu). In order to implement this plan, the government has clearly outlined its intention to nurture high-tech, information and knowledge-intensive ventures (Mohamed Ariff & Syarisa Yanti). As an example, under this National Master Plan (NMP) the government has already established Multimedia University, Cyberjaya, a human resource development fund, and an e-commerce master plan, and it has enacted legislation on intellectual property rights. It is clearly indicating how serious the governments are to make it this plan turn out and happen to successful.

Even though there are some plan have been implemented and some plan have been set up, but how to ensure the women entrepreneur will apply the k-economy in their business? Do they have enough knowledge and skills? Are they ready to learn? How long does it take to accomplish the plan? Minister in The Prime Minister's Department Datuk K Devamany had said within the next 10 years, the leap to knowledge-based economy should be visible, based on the plan being laid out under the 10<sup>th</sup> Malaysia Plan and Vision 2020. Time will goes by, but if no action had been taken, Malaysia country will lag behind from the other development country. With the move toward a k-economy, the country can achieve sustainable Gross Domestic Product (GDP) growth rates in the long run with knowledge

playing a dominant role in driving productivity and sustaining economic growth (Ramlee & Abu).

## **CHALLENGES FOR WOMEN ENTREPRENEURS**

Women have played a part in strengthening today's economic growth and development, although the specific roles they have begun to change (Mohamed Ariff & Syarisa Yanti). However, there are few challenges and constraints of women in achieving their full potential in the entrepreneurial sectors. This paper will outline briefly the challenges for women entrepreneurs in running a business generally.

Undeniably, women experience more difficulties than men related to starting and building up their business. Gender differences in opportunity identification have linked to differences in human capital variables including education and work experience, with men documented to leverage significantly higher levels of prior industry or entrepreneurial experience as well as experience in managing employees than women (Carter and Brush, 2005; Carter and Williams, 2003; Boden and Nucci, 2002). It should not be surprised that women-owned businesses tend to be smaller, slower growing and less profitable compared to men. Though there are no gender biases, women tend to have lack of cooperation on the part of business partners such as banks, suppliers and marketing intermediaries.

(Jamali, 2009) have ranked the three most important barriers encountered in the course of their entrepreneurship experience. Most female entrepreneurs mentioned the balancing of work and family life as the first and most important barrier, followed by societal attitudes and access to capital. (Siah Lee) funds are normally limited as most women entrepreneurs have to rely on their own savings or borrow from relatives' harmful attitudes. When dealing with the question of obtaining funds, it shows that the lending decision is always based on lender's assessment of both project and the person running the project. Due to discrimination issue, it is noted that the gender of the entrepreneur is part of the decision-making process where the female applicants always at a disadvantage.

Women entrepreneurs usually begin and run small business projects compared to men. These businesses do not show real growth perspectives and it is not the main interest for the bankers. (Kirkwood, 2009) for other women, it appears to continue to act as a constraint-affecting their ability to access finance and curtailing their growth aspirations. Therefore, there will be general reluctance on the part of banks to negotiate small loans. Besides, bankers are reluctant to offer credit lines for female-owned business because they can expect a low return combined with high risk. Lending institutions also pay much attention to the entrepreneur's abilities which covers on the entrepreneur profile in offering funds. Many female applicants may not fit to the guidelines of entrepreneur profile which focus on assertive, competitive, self confident and experienced.

There is other alternative for women entrepreneurs to obtain the fund, to enhance the skills and intellectual capabilities among them. As an example, National Association of Women Entrepreneurs of Malaysia (NAWEM) members have organized a Skills Training Program for Marginalized Women Pilot Program funded by Ministry of Women, Family and Community Development. 119 participants were selected to be recipients of this first pilot programme. The programme completed in March 2008. The objective was to provide the participants with essential skills that would enable them to be financially independent either

by operating home-based businesses or be employed. The courses offered included basic floral designs and arrangements, baking, beaded jewellery, facial techniques, body works & creative hairstyling and introduction to entrepreneurship and ICT. The women entrepreneurs are encourage involving with the NAWEM activities and getting alert with all the updates regarding the training and courses provided in order to upgrade and enhance the entrepreneurs skills and knowledge.

A further challenge that this paper will highlight is the ICT or digital gap that hindering the women entrepreneurs in k-economy. Women entrepreneurs need to prove their capabilities and strength especially in facing a lot of barriers towards the k-economy with no doubt. United Nations Development Programme (UNDP) resident representative in Malaysia said one of the most significant challenges facing the country in becoming a knowledge-driven economy was generating indigenous knowledge, which requires well trained and talented human (Utusan Malaysia).

ICT where is a beneficial tool for women entrepreneurs to access for today's information and networks in sequence to increase the competitiveness and market outreach of their business. Women entrepreneurs need to have this ICT skill in order for them to localize access, use and integrate new technologies into existing businesses. (Ndubisi & Kahraman, 2005) agreed that technology is playing an important role in the growth and development of women-owned businesses internationally where they found 83 percent of the women participating in the surveys currently use computers in their businesses, 51 percent have used the internet and 26 percent have home pages for their businesses. But how about rural women entrepreneurs who lived in rural area? There are most likely to have inadequate access to ICT especially to older women and those in rural areas. Together with a traditional thinking and attitudes about women's role are within the family, thus they tend to be technology illiterate compare to men.

Moreover, in executing the k-economy, women entrepreneurs undoubtedly and certainly must familiar with ICT because it will aid them to gain enormous information in running a business. ICT have great implications on education and training system. Studies by (Petridou & Glaveli, 2008), found that rural women entrepreneurs have had positive effects mainly on skills related between IT skills and training support. In this line, it is indicated that rural women entrepreneurs are motivated to participate in entrepreneurial activities. This is also aligned with the vision to make Malaysia a k-economy nation, the government has established various research and development (R&D) and training institutions which undertake activities catering to the ICT industry (Utusan Malaysia).

The rapid advances in ICT coupled with the radical breakthrough in all branches of knowledge, and the need for all nations and people to interact and relate to each other, will bring about greater social, cultural, and intellectual changes in the 21<sup>st</sup> century (SEAMEC Conference). In this regard, women are still lag behind man. Low levels of women's education decrease awareness and self-confidence among them accessing to ICT. It corroborates studies which find that women entrepreneurs tend to have lower levels of confidence that men at all stages of the entrepreneurship (e.g. during the business start-up process, business opportunities and apply external funding) (Kirkwood, 2009). Self confidence will help the women's entrepreneur directly to the growth of their business if they

are determine to overcome the lack of self-confidence. While female enrollment at all levels of education is comparable to that of males, their participation in vocational and technical education is limited. Indirectly, the government will lose precious human capital that could have been harnesses effectively into a new economic paradigm (Ramlee & Abu).

According to the Tan Sri Nuraizah Abdul Hamid, the Chairman of Multimedia and Communication Commission, the roles of women is very important in order to successfully organized the changes in the current era and it is depends on the active and aggressive involvement in the globalization process. In her speech during the Conference of ICT *Memperkasakan Wanita*, she explained that the information globalization and revolution is related with ICT. The ICT has changed the trends based on the potential on acquiring, generating, communicating and exploiting knowledge commercially, in order to be a global player and to be able to sustain long-term growth production. Due to that, the Malaysian woman should be prepared and put a highly efforts in increasing their knowledge in ICT in order to be ready in fulfill their challenging involvement in the new era which is k-economy.(Berita Harian Online, 2010).

## **RECOMMENDATION**

People need examples and roles model in order to learn effectively in adult life. Therefore, in many developing countries there are many success stories in mentorship programmes such as "train the trainers" in entrepreneurship field. In south Asia and in Africa women's networks are doing an immense job in spreading information about opportunities for women entrepreneurs, engage skills upgrading of their members and promote exchange information and competencies by using already-established businesswomen .(Anderson et. al., 2007)

The established women entrepreneurs can be act as a mentors and share their skills by giving the training for the use of ICT, the information on how the women business owners need to develop an e-business strategy, evaluate the projected return on investments of the software and the hardware systems that facilitate e-business, understand their internal and external human resource needs and evaluate internal flows across the supply chain, business processes and integration. National Association of Women Entrepreneurs of Malaysia (NAWEM) was officially registered on May 1993 with the mission to provide the leadership and inspiration to act as a conduct to the transformation of the role of women in business into a dynamic force. It will therefore be in the forefront of initiatives to harness and develop under-utilized human resources, particularly women, by enhancing their skills and knowledge, and through the dissemination of information. As an example, NAWEM was established with the purpose of harnessing the capabilities and resources of women entrepreneurs for the encouragement and enhancement of women's role in business. The Malaysian women entrepreneurs are recommended to join the NAWEM as a platform to get the knowledge and information regarding on how to enhance their businesses and get connected with the established and successful women entrepreneurs as a mentor and trainer in order to survive in the k-economy.

Another initiative from the collaboration of NAWEM, Ministry of Women, Family and Community Development and National Savings Bank to assist men and women entrepreneurs to finance their business through micro credit. Many activities were conducted

to help women gain access, know-how and assist them in all aspect of getting loans. The activities include training of mentors by NAWEM, training of mentees by mentors, meeting to ensure smoothness in the application of credit from the bank helping women to understand the know óhow of setting up a small business. The mentor-mentee system was set up after discussion by NCWO (National Council of Womenø Organizations), FEM (Federation of Women Entrepreneurs) and NAWEM to help women borrowers access finance until their business is successful. The mentor has to be a successful businesswoman and have owned a business for at least 5 years. The women borrowers are able to borrow from RM5000-RM20,000 without collateral. For new businesses need appositve cash flow, while for the existing businesses, prospective borrowers have to show and justify the amount of loan required. Borrowing exceeding RM10,000 needs to be confirmed with a certificate of registration of company. (APEC Committee on Trade and Investment, 2004)

Moreover the women entrepreneurs particularly in rural area which is having the digital gap challenges should be identified and give the training on how to use the computer and applying the internet in in order to implement their business activities. The women entrepreneurs should be given a training session on the introduction to the computer and internet in order to access the knowledge and information on broaden their business in the latest economic trend which is the getting popular in k-economy era which is e-commerce. This effort can be done with the cooperation by local ICT volunteer to implement the training regarding the material usage and ICT module which is using the easy and simple language that can be understand by the rural women entrepreneurs. One of the government plan to educate the womens in strenghtening the ability and willingness in ICT is by Women Development Action Plan 2009 in Science and Technology sectors. The fourth objective from this plan urge the increase of the women competency in using ICT tools through the activities such as the usage skills training, the computer application and maintenance. Moreover, the other programmes that can be recommend are the encouragement on developing the ICT community in housing area and rural area. This efforts is hope to produce the capable and ICT literate for daily life and in the entrepreneurship increase. This can be achieve by the collaboration with executional agency such as MOSTI (Kementerian Sains, Teknologi dan Inovasi), KPKWM (Kementerian Pembangunan Wanita, Keluarga dan Komuniti), KKLW (Kementerian Kemajuan Luar Bandar dan Wilayah), government and private agencies (Women Development Action Plan, 2009)

## CONCLUSION

As a conclusion he womenø nowadays should be alert and prepared in the order to compete and survive in ICT era. The future development of Malaysia is depends on the women contribution which is represents almost half of the numbers of labor forces in the country. The roles of women is very important in order to successfully organized the changes in the current era and it is depends on the active and aggressive involvement in the globalization process. Malaysian woman should be prepared with the necessary knowledge, skills and training and also mental readiness with proper attitudes and mind setting and putting a highly efforts in increasing their knowledge in ICT in order to be ready in fulfill their challenging involvement in the new era which is K-economy.

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