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NACOM 2007

DEWAN AUDITORIUM KAMPUS BANDAR
UiTM MELAKA
14-15 OGOS AUGUST 2007

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A Case Study Of Sarawak**

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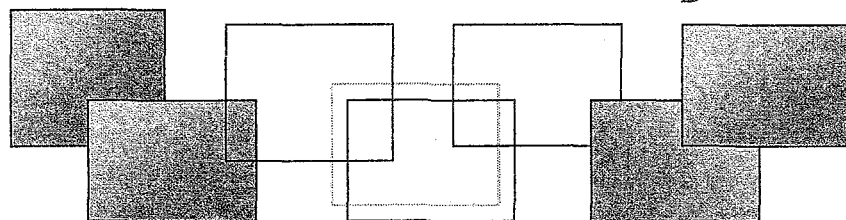
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THE INVOLVEMENT OF WOMEN ENTREPRENEURS IN INFORMAL ECONOMY: A CASE STUDY OF SARAWAK

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ABSTRACT

This exploratory study identifies the motivation and entrepreneur characteristics of women who are involved in the informal economy in Sarawak. Few issues on women's reasons to be involved in informal activities will be discussed and the reasons why they do not get involved in formal business are then compared between ethnicity.

Key Words: Women Entrepreneur, Informal Economy, Sarawak

INTRODUCTION

The concept of the informal sector was introduced into international usage in 1972 by the International Labor Organization (ILO) in its Kenya Mission Report, which defined informality as a "way of doing things characterized by (a) ease of entry; (b) reliance on indigenous resources; (c) family ownership; (d) small scale operations; (e) labor intensive and adaptive technology; (f) skills acquired outside of the formal sector; (g) unregulated and competitive markets" (Hart, 1973). Ever since, many definitions were introduced by different authors and the ILO itself. The ILO/ICFTU international symposium on the informal sector in 1999 proposed that the informal sector workforce can be categorized into three broad groups: (a) owner-employers of micro enterprises, which employ a few paid workers, with or without apprentices; (b) own-account workers, who own and operate one-person business, who work alone or with the help of unpaid workers, generally family members and apprentices; and (c) dependent workers, paid or unpaid, including wage workers in micro enterprises, unpaid family workers, apprentices, contract labor, home-workers and paid domestic workers.

There is no official definition for the informal sector in Malaysia, however the International Research and Training Institute for the Advancement of Women (INSTRAW) has suggested a list of identifying characteristics such as; simple technology; very little capital, no fixed place of business, quasi-legality or lack of registration and little record keeping.

The role and women involvement in Malaysia's economic development has started ever since the colonial era (Jamilah, 1992). The launched of National Policy for Women in 1989 was seen as one of the importance step taken in highlighting the role of women

PREVIOUS STUDIES

Informal sector is posed to hinder economic growth and thus, requires for improvement in policy formulation. Armstrong and McGee (1987) claim that hawking and other informal sector activities are antithesis of capitalist economic activities or a drag on economic development. On the other hand, Schneider and Ernste (2000) state that a positive side-effect of the informal economy is that over 66 percent of earnings in the shadow economy are immediately spent in the official sector. The activities of the informal sector can serve to lessen poverty and eventually contributes to the economic development.

Sethuraman (1981) suggests that the informal sector is only a holding ground for the rural migrants before finding wage employment elsewhere. In parallel to that, Mazumdar (1976) explain that the involvement of migrants in the informal sector is associated with their failure of finding suitable job in the other sectors. Todaro (1969) also recognized a clear connection between the migration and employment opportunities since its pattern is a function of differentials between income expected from the migration and rural subsistence income. However, the existence of the informal sector has reduced the probability of migrants finding jobs in the formal sectors, which shows its success in absorbing migrant workers.

The motivation behind most informal sector businesses is generally assumed to be personal survival, as opposed to return on investment (Rauch, 1991). Capp et al. (2005) state, the large share of informal sector in the economy will result in a low economic growth. By reducing the levels of informality, that will reduce the distortions of the relative cost of capital and labor, thereby lead to greater productivity. Thus, the scope and importance of informal activities will tend to parallel with the levels of poverty and underemployment in an economy (Marius, 1987).

Heyzer (1981) explains that in certain situations, women are obliged to enter the labor market in order to improve the family's cash flows but at the same time, they have to play the biological role as a mother and housewives. As a result, women have to settle as the second class of worker with very limited opportunities in the labor market. The development and persistence of such activities are seen as a result of unemployment and underdevelopment that are regarded as a temporary or transitional phenomenon.

Brush (1990) quotes that 'pull' and push' factors are a common way to explain different motivations for women to start a business. Pull factors are something external factors to attract women to become an entrepreneur while push factors are necessity factors to motivate women to set up their business when they feel bored or dissatisfied with their present lifestyle and jobs. They tend to change the working environment and by setting up their own business, it will let them feel more challenges in the business controlling. Ducheneaut (1997) states that women involve in the business because they want to have the control power on the business and obtain the recognition status by the people. Women also set up the business because want to decrease the burden of the husband and increase the family income. Besides that, dissatisfaction to the present jobs will cause women likely to enter entrepreneurship because every decision about the business is going to their own judgment. When women are facing the problems in finding the jobs, they will set up the own business.

Turner (1993), states that the unemployment, underemployment, and unsatisfactory work conditions and prospects have pushed the growth of women into their own businesses. In addition, Orhan & Scott (2001) mention that family business situation will influence women entrepreneurs to involve in the business field because of direct succession after acquired the relevant education, or sometimes, as supported by Bonneau & Francoz (1996). Cromie (1987) highlights that, "women are more dissatisfied with their careers and see entrepreneurship as a means of accommodating their work and child-rearing roles simultaneously". Boden and Carr (1996) states that women who have young children always have a strong positive influence on self-selection of entrepreneurship because the flexible working hours enable them to spend more time to take care of their kids.

DATA AND METHODOLOGY

The population of this study consists of thirty women entrepreneurs with 10 Malay; Chinese; and native respondents respectively, who involved in informal economic activities in Sarawak. In order to develop descriptive terms for perception of women entrepreneur's traits, in-depth interviews were conducted. This was followed by an exploratory analysis of women entrepreneur's perception of motivation and factors involvement in the informal economy.

In order to obtain a better answer to the research question, a qualitative method of data gathering is required. Previous research has suggested that the widest accepted range for sample size for in-depth interview to be 4 to 15 (Perry, 1998). This will provide the answers to the 'why' as well as providing a richer data that can be used in understanding the motivation and characteristics of women entrepreneurs who involved in informal economy. Trained enumerators interviewed respondents comprising of Malay, Chinese and native entrepreneurs in Kuching, Sarawak. The interviews included details such as demographics, ethnic identification, motivation, and individual characteristics. The interview utilized a modified word association technique, where respondents were asked questions and asked to respond with their initial thoughts, which are often considered to be the most salient and valid one (Friedmann & Fox, 1989; Stafford & Stafford, 2003; Weeks & Muehling, 1987). Respondents were required to respond to open-ended questions during the interview.

RESULTS

Table 1 in page 4 shows that out of thirty female respondents interviewed, 10 respondents each are Malay, Chinese and natives. Most of the respondents were above 51 years (44.4 per cent) and ranged from 25 to 60 years with a declared income level of less than RM5 000 (66.7 per cent) and had served for more than 30 years in their line. Virtually, all of them (93 per cent) had received a formal education up till secondary and it is noteworthy that almost 80 per cent of the respondents had prior working experiences with only few (16.7 per cent) obtained some sort of formal job training.

Table 1: Respondent Profile of Respondents Interviewed

Demographic Factor		Percent
Age	< 30 years	16.7
	31 – 40 years	36.7
	41 – 50 years	26.7
	> 51 years	20.0
Ethnicity	Malay	33.3
	Chinese	33.3
	Native	33.3
Education Level	No Education	6.7
	Primary	33.3
	Secondary	60.0
Income	< RM1,000	50.0
	RM1,001- RM2,000	30.0
	RM2,001- RM3,000	10.0
	> RM3,001	10.0
Work Experience	Yes	76.7
	No	23.3
Attending Course and Training	Yes	16.7
	No	83.3

Table 2 below provides an exhaustive listing of the terms used by the respondents in describing their perception of why individuals do business instead of anything else and the perception of problem faced by informal business while Table 3 in page 6 illustrates their motivations to become entrepreneurs and reasons why informal businesses do not expand. In addition, the major findings which consist motivations; reasons; as well as problems with respect to the informal business by ethnicity, is presented in Table 4.

Table 2: Summary of Findings

Perceptions of why individuals do business instead of anything else	N	Perceptions of why individuals choose business instead of being salaried	N	Perception of problem faced by informal business	N
Increase husband and family income	8	No profit	7	Less customer	4
Interest	6	Freedom	7	Competition	4
Extra income	5	Age factor	5	Weather	3
Release boringness	5	More time for children care	5	Fussy customers	2
Flexible time	5	Easy to get profit	5	Turn over capital	2
Children Expenses	4	Flexible time	5	Unstable market	2
Get profit	4	No choice	5	Unstable price	2
Self improvement	4	No education	3	Less income	1
Can see money everyday	3	Own income	3	No assistance	1
Getting money	3	Easy to get money	3	Tiredness	1

Easy to get money	3	Not smart enough	2	Unsatisfied customer	1
Increase house equipment	2	Avoid changing job	2	Fertilizer cost	1
Freedom	2	Husband's salary not sufficient	1	Loss	1
Daily income	2	No debt	1	Transportation problem	1
Free time	2	To support big family members	1	Family problem	1
Advice by family	1	Easy get money in emergency time	1	Rent	1
Do not waste time	1	Increase husband and family income	1		
Enjoy	1	Well experience in business	1		

Table 3: Motivations and Reasons Why Informal Businesses Do Not Expand

Reason for started an informal business	N	Reason why informal businesses don't expand	N
Extra self income and family income	7	No capital	18
Interest	7	High risk	5
Increase husband and family income	5	Afraid	3
Easy to get money	5	High capital	3
No choice	3	High responsibility	3
Freedom	3	No strategic location	3
Easy to manage	2	No enough money	2
To fulfill free time	2	No profit	2
Safety	2	No support from others	2
Advice by family	2	Tired	2
Well experience Business	2	Easy to ménages small business	2
To sell own plantation	1	Not smart	2
Low education level	1	No "rezeki"	2
Strategic location	1	High pay for employees	2
Free time	1	High competitions	1
To get profit	1	No time	1
No need to ask money from others	1	High rent	1
Can buy anything	1	Small business is better	1
Own idea	1	Unstable profit	1
Living expenses	1	Health problems	1
Friend advice	1	Loss	1
No money	1	No planning	1

Table 4: Cross Tabulation of Entrepreneurial Traits by Ethnicity

Perceptions of why individuals do business instead of anything else	Ethnicity		
	Malay	Chinese	Native
Increase husband and family income	25%	37.5%	37.5%
Interest	83.3%	0%	16.7%
Extra income	40%	20%	40%
Release boringness	20%	40%	40%
Flexible time	20%	80%	0%
Children Expenses	50%	25%	25%
Get profit	0%	75%	25%
Self improvement	25%	75%	0%
Can see money everyday	66.7%	33.3%	0%
Getting money	0%	66.7%	33.3%
Easy to get money	33.3%	66.7%	0%
Increase house equipment	0%	0%	100%
Freedom	0%	100%	0%
Daily income	0%	0%	100%
Free time	0%	50%	50%
Advice by family	0%	100%	0%
Do not waste time	0%	100%	0%
Enjoy	0%	0%	100%

Perceptions of why individuals choose business instead of being salaried	Ethnicity		
	Malay	Chinese	Native
No profit	28.6%	57.1%	14.3%
Freedom	42.9%	57.1%	0%
Age factor	0%	20%	80%
More time for children care	50%	0%	50%
Easy to get profit	20%	20%	60%
Flexible time	20%	60%	20%
No choice	40%	40%	20%
No education	33.3%	33.3%	33.3%
Own income	0%	100%	0%
Easy to get money	33.3%	0%	66.7%
Not smart enough	0%	50%	50%
Avoid changing job	0%	100%	0%
Husband's salary not sufficient	0%	0%	100%
No debt	0%	0%	100%
To support big family members	0%	100%	0%
Easy get money in emergency time	0%	100%	0%
Increase husband and family income	0%	0%	100%
Experienced in business	0%	0%	100%

Table 4: Cross Tabulation of Entrepreneurial Traits by Ethnicity (Continued)

Perception of problem faced by informal business	Ethnicity		
	Malay	Chinese	Native
Less customer	50%	50%	0%
Competition	100%	0%	0%
Weather	33.3%	33.3%	33.3%
Fussy customers	50%	50%	0%
Turn over capital	50%	50%	0%
Unstable market	100%	0%	0%
Unstable price	50%	0%	50%
Less income	0%	0%	100%
No assistance	0%	100%	0%
Tiredness	0%	100%	0%
Unsatisfied customer	0%	100%	0%
Fertilizer cost	0%	0%	100%
Loss	100%	0%	0%
Transportation problem	100%	0%	0%
Family problem	0%	0%	100%
Rent	0%	0%	100%

Reason for an informal business	Ethnicity		
	Malay	Chinese	Native
Extra self and family income	28.6%	28.6%	42.9%
Interest	42.9%	28.6%	28.6%
Increase husband and family income	60%	20%	20%
Easy to get money	40%	40%	20%
No choice	33.3%	0%	66.7%
Freedom	0%	100%	0%
Easy to manage	50%	50%	0%
To fulfill free time	0%	50%	50%
Safety	50%	50%	0%
Advice by family	0%	100%	0%
Well experience Business	50%	50%	0%
To sell own plantation	0%	0%	100%
Low education level	0%	100%	0%
Strategic location	0%	100%	0%
Free time	0%	100%	0%
To get profit	0%	100%	0%
No need to ask money from others	0%	100%	0%
Can buy anything	0%	100%	0%
Own idea	0%	100%	0%
Living expenses	100%	0%	0%
Friend advice	100%	0%	0%
No money	0%	0%	100%

Table 4: Cross Tabulation of Entrepreneurial Traits by Ethnicity (Continued)

Reason why informal business don't expand	Ethnicity		
	Malay	Chinese	Native
No capital	33.3%	38.9%	27.8%
High risk	40%	60%	0%
Afraid	66.7%	0%	33.3%
High capital	66.7%	33.3%	0%
High responsibility	0%	33.3%	66.7%
No strategic location	66.7%	33.3%	0%
No enough money	0%	0%	100%
No profit	50%	0%	50%
No support from others	0%	100%	0%
Tired	0%	100%	0%
Easy to ménages small business	0%	50%	50%
Not smart	0%	50%	50%
No "rezeki"	100%	0%	0%
High pay for employees	0%	100%	0%
High competitions	0%	100%	0%
No time	0%	0%	100%
High rent	0%	100%	0%
Small business is better	100%	0%	0%
Unstable profit	0%	100%	0%
Health problems	0%	100%	0%
Loss	100%	0%	0%
No planning	100%	0%	0%

DISCUSSION

As can be seen in Table 2, there are 18 different terms associated to perceptions of why women involved in business. Most of the respondents perceived their involvement are related with the main factor to relieve the husband's burden by increasing family's income, followed by their interest in doing business. Terms such as to have their own flexible times, freedom, and not wasting times are not popularly quoted by the respondents. Contradictory to that, freedom is the most popular quoted by the respondents when they were asked why they do business instead of being employed. Interestingly, the term of no profit gained is highly quoted by the respondents as what they stressed earlier, one of the reasons they involve in the business is because they have the chance to see the money everyday. In other words, they enjoy the feelings of getting and having money in their hands with their own efforts. In addition, they perceived the main problems of running the informal business are due to a stiff competitions as well as having few customers. This could be due to the competition nearby and also because most of the customers prefer to shop at the registered wet market and also chains of supermarkets. Problems such as having less income, no assistance in running the business, tiredness, transportation and also family are poorly quoted by the respondents. It is interesting to note that, majority of them quoted no

capital as the reason why the informal businesses hardly to expand into bigger and formal activities; followed by the high risk in running the formal business.

Table 4 illustrates the perception of respondents across ethnic namely Malay, Chinese and natives. Among the ethnic groups, Malay women are more likely than Chinese and natives to mention family responsibilities and child care are the main reasons which keep Malay respondents out of the labor force. On the other hand, Chinese women record the reasons of having their own income, to avoid changing their jobs, to support a big size family member as well to get money very fast during the emergency time as the main reasons why they involved in the business. On the other hand, all natives quote that they do business because of their husband's salary is not enough, thus they need to increase they family income and they also can avoid debts. On top of that, all of them agree that they involve in business because they have experienced in business. There are mixed perceptions of why women do business among Malay, half of them agreed on the reason of having more time for children care and almost half agreed that they involved in business are due to the own flexible time as well as there is no choice left.

As compared with their counterpart, the Chinese and Malay women indicate a higher percentage on the problem of having fussy customers, yet very few customers. All of Malays respondents seem to agree on the competition problems in business, as well as the unstable market of the informal business with a loss risk as well as transportation problem. On the other hand, all of the Chinese respondents agree that their major problem is because of no assistance, tiredness and more on customers, the unsatisfied customers. Last but not least, the natives seem to reach a consensus on the reason of having less income, fertilizer cost, family problem as well as rent as their major problem.

Among the three ethnic groups, Chinese women quote a very definite terms (100 per cent) in the reasons why they start an informal business instead of formal because they can have more freedom, low education level, the strategic location, free time, to get profit easily, and no need to ask money from others, to buy anything and to come out their own ideas with no support at all from their Malay or natives counterparts. On the other hand, Malay seems to provide moderate perceptions on the reasons of easily to manage, well experience in business and safety which are equally shared with the Chinese counterparts and to fulfill free time which is equally agreed by the natives. The native shows 100 per cent support on the reasons to sell their own plantation and no money as the reason.

Further cross-tabulation found that Malay women tend to agree that the reasons why their businesses do not expand are because there is no 'rezeki', loss as well as they prefer to run a small business and with no plan to expand it. On other hand, Chinese women record that the main obstacles of expanding their businesses are because there is no support from others, tired, high pay for employees, high competitions, high rent, unstable profit and health problem while the native seems to agree on the no time and not enough money as the main reason. It is very surprisingly to note that the respondents gave a very weak perception of the lacking of capital as the main reason why they don't involve in the formal business. In fact, none of the respondents quote the reason of need to register their business as the main obstacle despite the fact that In Malaysia current policy emphasizes formalizing the informal sector, requiring registration of businesses and payment of taxes. To register a small business in Malaysia will cost

initially RM2,000 or more; yearly secretarial and accounting services will cost no less than RM1,000.

CONCLUSION

It is hope that that the involvement of women I the informal sector will lead to the entrepreneur development in Malaysia, with respect to that the informal sector has the potential to be developed and to develop in the future. However, the factor such as lacking of capital and government support will expedite the process of development. In a nutshell, the contribution of the women entrepreneurs in the informal sector to the economy needs to be recognized and appreciated. Any gender-biased practices and other obstacles to the full participation of women in the economic life need to be lifted by involving women in defining economic structures and policies governing the informal sector. The experiences, values and insights of women may, in fact, be the key to the development of economic models for the women entrepreneurs as a whole.

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