Malaysian Women Entrepreneurs’ Challenges in the Local and International Business Markets

Filzah Md Isa, Cheng Wei Hin, Siti Norezam Othman and Warangkana Tantasuntisakul

INTRODUCTION

In this 21st century, more women in the world are involved in entrepreneurship, and this scenario is a growing phenomenon around the world today (Davidson & Burke, 2004). The inclusion of women in business started with the launching of Malaysia Economic Transformation Plans in 2010, when the Malaysian government began encouraging women to be active entrepreneurs. Their innovation and involvement is seen as a vital contributor to today’s growing and challenging economy. The wife of Prime Minister Datuk Seri Najib Razak in her keynote address at the 4th Qatar International Business Women Forum in Doha, Qatar, asserted that entrepreneurship was a pivotal factor for advancing sustainable economic opportunities for women, and in Malaysia, women have been acting as the catalysts of growth for the small and medium enterprises (SMEs) (“Women can prove their worth in business”, 2013). Women-owned businesses now constitute about 19 per cent of total business establishments in Malaysia.

Entrepreneurship also has been characterized as a major force for various job creations, and appeared as a vital determinant of economic growth in Malaysia. A number of general plans of action by the Malaysian government have put more concerns on entrepreneurship, which subsequently increased the number of successful women entrepreneurs in business since the last two decades (Maimunah, 2001). According to the Malaysia’s statistics department, there was more than 82,000 or 16 percent women-owned companies with 89.5% of them involved in the services sector, 7.5 percent in manufacturing and 3.0 percent in the agricultural sector (The Department of Statistics of Malaysia, 2005). Recently, women entrepreneurs in Malaysia have started to move from SMEs to larger enterprises in areas such as stock broking, food and...
beverage, fashion apparel, trading, import and export, finance, plantation, fishery, construction, oil and gas, as well as information and communications technology. Thus, if given equal opportunity, as well as the necessary support and assistance, women entrepreneurs can prove their worth in the business world (“Women can prove their worth in business”, 2013).

The Companies Commission of Malaysia (CCM, 2003), reported that 49,554 units of women-owned businesses were registered in 2000, and the number had increased to 54,626 units in 2001, and there were 28,185 units of women-owned businesses registered in the first half of 2002. As of 2003, Normah (2006) reported that about 112,000 or 36.8 percent of total employment in SMEs were women. In other fields too, women entrepreneurs in Malaysia keep on progressing well in numbers. According to The Department of Statistics of Malaysia (2005), there were about 518,000 companies involved in services, manufacturing and agricultural sectors, of which 99.1 percent were SMEs. More than 82,000 or 16 percent was women owned companies with 89.5 percent of them involved in the services’ sector, 7.5 percent in manufacturing and 3.0 percent in the agriculture sector. By 2006, it was reported that women represented about 36.7 percent of total workforce of 10.9 million. They were mostly involved in the professional, managerial and technical levels (Ninth Malaysia Plan, 2006).

Apparently, entrepreneurship is a pivotal factor for advancing sustainable economic opportunities for women, and in Malaysia, women have been the catalysts of growth for the small and medium enterprises (SMEs). Datin Seri Rosmah Mansor (“Women can prove their worth in business”, 2013) further stated in her speech that the SME Corporation, and the various ministries and government agencies have designed and implemented several policies, programmes and activities to facilitate the development of SMEs. Even though the schemes and support facilities provided are not gender-specific, they are mainly taken up by women. For instance, the microcredit called Amanah Ikhtiar Malaysia (AIM) has financed more than 200,000 women entrepreneurs in the agriculture, manufacturing and services since its inception in 1987. Whereas, the Ministry of Women, Family and Community Development, in its National Key Result Area, has targeted the creation of 4,000 women entrepreneurs as a priority by 2012, and a total of 4,300 women entrepreneurs were created, which exceeded the initial target by December 2012.

Despite a significant increase in the number of women entrepreneurs in Malaysia, and various government incentives and supports, the number of Malaysian women who make it to the international market is not impressive (Md Isa et al., 2011). Hence, they were urged to change their mindset in line with the changing of times in the business world and were advised to start producing quality products, which are capable of penetrating the global market (Md Isa et al., 2013). Their sustainability in the market place is still questionable. Therefore, this paper focuses on those challenging experiences they faced during their business startup, the strategies they embark in maintaining their current business status while competing in the market place, and when and what make them decide to venture into international markets to ensure their business long life survival and sustainability.

**Literature Review:**

Entrepreneurship is a unique activity that has been conducted independently or collectively, as a career or has some other goals of its own. To accomplish this goal, entrepreneurs must combine tangible assets such as capital, physical facilities, information technology and intangible assets, for instance, the network with customers, suppliers, lenders, dealers, employees, marketers, competitors and other parties (Ab. Aziz, 2000). Thus, without these assets, entrepreneurs may not be able to create their business competitive advantage, which can capture the target market’s attention.

Putih (1985), on the other hand, stated that the entrepreneur is the energy or the human qualities that are responsible for developing and creating a business or working by using factors of production. He attributed entrepreneurship as a field of economic activity that has the beauty, grandeur, dignity and uniqueness that appeal to market. Thus, entrepreneurship should be considered as an area that has its own aesthetic values. These values are recognized and appreciated by people who called themselves an entrepreneur, and they led to the prosperity of society and the country, not only on the economic aspects but also for the country’s development. Overall, as a general overview, entrepreneurship can be considered as the creation of new values by entrepreneurs through the devotion of their time and effort, assuming the accompanying financial, psychological risks, social risks, and getting the resulting rewards in monetary, personal satisfaction and independence (Hisrich, 2002).

In terms of success, entrepreneurship success is not limited only on economic performance, but also can be equal to business operation (Simpson, Tuck, & Bellamy, 2004). The most common definition of entrepreneurial success according to Perren (1999, 2000) and Amit et al. (2000) is via objective elements such as revenue, a firm’s growth, personal wealth creation, profitability, sustainability and turnover. Another point of view was derived from Md Isa (2007), whereby she mentioned that performance can be used as a proxy to explain the success of a business entity.

Entrepreneurial success can also be contributed by other factors such as entrepreneurial orientation i.e. innovativeness, proactiveness and risk taking...
These orientation factors were found to be significant to performance (Mahmood & Hanafi, 2013; Al Swidi & Mahmood, 2011; Zahra & Covin, 2005). Thus, it is recommended that women entrepreneurs have to increase their level of entrepreneurial orientation to survive and sustain in the dynamic and complex business environment.

Mahdavi (2010) stated that women seemed to consider self-motivation and self-management as part of their success while men, however, treat job environment and team-work as part of being successful. Therefore, women who are responsible for their household tasks (Hewlett, 2002), and still attained top positions in their careers are categorized as successful women (Gersick & Kram, 2002). Omani women for instance, consider success by looking at personal growth and skills development (McElwee & Al-Riyami, 2003), whereas Duffy et al. (2006) and Lirio et al. (2007) argued women who have operated their business for at least two years can be identified as successful women entrepreneurs. In addition to that, the number of employees also can be used to measure their entrepreneurial success (Smith-Hunter et al., 2009).

In relation to business success and sustainability, besides the support and incentives from the government and related agencies, the performance of Malaysian women entrepreneurs in the global business arena is also contributed by various factors such as better opportunities to be tapped, and personal competencies i.e. financial and management, entrepreneurial orientation i.e. risk taking, confidence and courage (Teoh & Chong, 2007). In addition, a study done by Md Isa, Cheng, Hashim, Abdullah, Mohd Yunus and Hoe (2011) discovered that Malaysian women entrepreneurs can be influenced by three main factors namely; (1) individual factors that i.e. passion and interest, risk taking, confidence and positive attitude, and support from family and friends; (2) organizational factors that comprise of management, marketing, financial, operational and IT competencies, and human capital; and (3) environmental factors such as market opportunities, competition and other uncontrollable factors like politic, economic, social, technology, law and ecosystems (PESTLE). Their findings are also in line with Teoh’s and Chong’s (2007) who mentioned the significance of government supports and incentives. According to Md Isa et al. (2011) the individual, organizational and environmental factors’ influence on the women entrepreneurs’ success could be further enhanced if government supports and incentives are provided to them during their business development and expansion. They also revealed that moral values, religiosity and good business networking or ‘guanxi’ with other parties do play an important role in increasing their success rate regardless of their ethnicity background. This finding is consistent with the previous study done by Donald and Jack (2005) which found the positive relationship between the size of an entrepreneur’s business network and her venture growth.

In a study conducted by Prasad, Naidu, Murthy, Winkel and Ehhrhardt (2014), education level, industry experience and experience in venture creation were found to affect the venture growth of women entrepreneurs in India. These human capital resources can be capitalized to enable them to better recognize and exploit the opportunities for business growth while at the same time develop better patterns of managerial decision making in business ventures among Indian women entrepreneurs. Similar to Md Isa et al.’s (2013), Prasad et al. (2014) also discovered family support an important resource that contributes to the growth of entrepreneurial ventures. Family support may encourage risk-taking and self-efficacy level of the women entrepreneurs. Apart from that, they too mentioned the women’s business challenges in the patriarchal norms and gender roles associated with the traditional social structure of the family in India. In the same vein, Malaysian women entrepreneurs also faced various challenges while doing their business. Among those are getting trust from male clients, gender issues, communication skills, insufficient knowledge on market, competition, particularly with male counterparts, substitute product from local and international markets, halal issues and financial (Md Isa et al., 2011; 2013). Thus, these problems become detrimental effect to their business success in both markets.

In a different study done by Aslam, Latif and Aslam (2013), they stated that most women entrepreneurs in Pakistan do encounter problems that relate to financial, marketing, management, and hiring suitable employees. These problems are similar to those that were discovered in India by Ray and I (2011) which revealed that the biggest obstacles and difficulties for the development of enterprises in India are surrounded within the availability of financial resources, information, education and markets.

In general, similar to other women entrepreneurs in other parts of the world, women entrepreneurs in Malaysia encounter various challenges and problems during their business start-up, domestic growth and international expansion.

**Methodology:**

The respondents of this study were 10 (6 Malays and 4 Chinese) successful women entrepreneurs in Malaysia, particularly in the northern region of Malaysia, i.e. Penang, Kedah and Perlis. No Indian women entrepreneur was qualified to be the respondent in this study because their business activities were mainly managed by their male family members. The list of respondents was derived from the Ministry of International Trade and Industry (MITI)’s successful entrepreneurs list, Penang Malay Chamber of Commerce, Malaysian Chinese
Association (MCA) Chamber of Commerce, and Industry (MAICCI).

Findings And Discussion:
The information derived from the ten interview sessions were presented as below:

Table I: Malay Women Entrepreneurs.

<table>
<thead>
<tr>
<th>No</th>
<th>RESPONDENT</th>
<th>Nature of Business</th>
<th>What is the most challenging experience during your business startup?</th>
<th>How do you maintain your current business status in order to compete in the market place?</th>
<th>When and what make you decide to venture international markets?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RESPONDENT 1: Pretest Meriah-</td>
<td>Souvenirs, Promotional Item, Embroidery</td>
<td>Natural disaster that affects production</td>
<td>Conquer your client</td>
<td>It is costly to mass produce the product in Malaysia.</td>
</tr>
<tr>
<td>2</td>
<td>RESPONDENT 2:阮 Cosmetics-</td>
<td>Own brand local cosmetics</td>
<td>Banned brand product and lack of knowledge in export and import</td>
<td>Do research on the product</td>
<td>Easy to understand the language.</td>
</tr>
<tr>
<td>3</td>
<td>HR Marketing</td>
<td>Goat milk based product</td>
<td>Lack of capital</td>
<td>Improve business knowledge, business networking and improve the practice of MLM system.</td>
<td>Expand the market.</td>
</tr>
<tr>
<td>4</td>
<td>RESPONDENT 4: Haliza Industries-</td>
<td>Snacks and Crackers</td>
<td>Up and down of business</td>
<td>Venture the market by doing the differences, for example, produce the product without MSG and coloring and add in Vitamin C in the crackers.</td>
<td>Easy to get the payment</td>
</tr>
<tr>
<td>5</td>
<td>RESPONDENT 5: Madu unggul-</td>
<td>Honey based product</td>
<td>Up and down of business</td>
<td>Innovative in products, for example packing honey in sachets.</td>
<td>Expand the market.</td>
</tr>
<tr>
<td>6</td>
<td>RESPONDENT 6: FWR Technology-</td>
<td>Metal stamping and fabrication</td>
<td>Lack of confidence and economy downturn.</td>
<td>Practice aggressive marketing, research and development, emphasizing on cost factor.</td>
<td>Do not want to just depend on the local market.</td>
</tr>
</tbody>
</table>

Table II: Chinese Women Entrepreneurs.

<table>
<thead>
<tr>
<th>No</th>
<th>RESPONDENT</th>
<th>Nature of Business</th>
<th>What is the most challenging experience during your business startup?</th>
<th>How do you maintain your current business status in order to compete in the market place?</th>
<th>When and what make you decide to venture international markets?</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Furnizone Sdn Berhad</td>
<td>Clipboard Furniture</td>
<td>Finding support from the market like customer, distributor, supplier and also finance.</td>
<td>Online marketing, participate in international and national furniture exhibitions.</td>
<td>Malaysia market is small while international market offers more opportunities.</td>
</tr>
<tr>
<td>8</td>
<td>Plentiful Sdn Berhad</td>
<td>Trading camera and camera accessories</td>
<td>Cash flow, paying back of interest and reinvestment</td>
<td>Pricing, competitive analysis and promotion</td>
<td>Malaysian market is too small while ASEAN market is huge.</td>
</tr>
<tr>
<td>9</td>
<td>CG Solutions Sdn Berhad</td>
<td>Design and sell fabrication, prototype and machines</td>
<td>One man show with a small office</td>
<td>Provide good services</td>
<td>Through Multinational Corporations</td>
</tr>
<tr>
<td>10</td>
<td>Hao Tai</td>
<td>Management Consultancy, Learning and Development</td>
<td>Lack of referrals</td>
<td>Focus more on good human resource management skills with the existing clients.</td>
<td>Local market is saturated with competitors that offer similar services</td>
</tr>
</tbody>
</table>

Analysis:
Referring to Question One of Table 1 above: “What is the most challenging experience during your business startup? It can be summarized that for the Malay women entrepreneurs”, there are various challenging encountered during their business start-up. Among those barriers are: (1) Natural disaster, which affected the business production, for example floods, droughts, storms, and etc., (2) Their products were banned from entering other countries, (3) lack of business knowledge in terms of export and import activities (4) Lack of capital, (5) Fluctuation of business performance,(6) Lack of confidence, and the economy downturn.

However, from Table 2, Chinese women entrepreneurs seemed to have a different set of challenging experience during the business start-up. Among those barriers that they encountered are; (1) Difficulty in finding support from the stakeholder (2) Difficulty in seeking financial support, (3) Issue regarding cash flow, paying back interest issue and reinvestment strategy, (4) Issue related to human capital and expertise, and (5) Lack of business referrals. Apparently, both Chinese and Malay entrepreneurs faced various challenges that seemed directly relate to their business nature and product/service characteristics.

Relating to Question 2 on “how do you maintain your current business status in order to compete in the market place?” Respondent one said that, she tried her best to conquer her clients by offering good products and services, and for the second respondent she involved a lot in R&D on product developments to capture her customers. Respondent three stated that she continuously improved business knowledge, business networking and the practice of MLM system to ensure her distributor’s loyalty toward the company. Respondent 4 ventured into the market by focusing on differentiation strategy, for example, producing the product without coloring but at the same time adding vitamin C in the product to create a healthier product line. Respondent five focused on the product innovation, particularly on packaging strategy, i.e. using sachets to ease consumption of honey, and lastly for respondent six, the Malay entrepreneur utilizes aggressive marketing, R&D and emphasizes more on cost factor to minimize the production cost.

From Table 2, based on the similar question asked to the Chinese entrepreneurs, respondent seven stated that she embarked on online marketing, and participated in international and national exhibitions to maintain her current business in the market place. Whereas Respondent eight preferred to utilize proper
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pricing promotion while continuously analyze her competitive position in the market place. For Respondent nine, the entrepreneur believes in providing good services to her customers at all time. Finally, Respondent ten focuses more on good human resource management skills with her existing clients. Overall, almost all entrepreneurs, regardless of ethnicity, stated different strategies in maintaining and competing in the business market.

Pertaining to Question 3: “When and what make you decide to venture international markets? Most entrepreneurs provided different feedbacks as the reason of venturing into the international market. Respondent one for example, mentioned that it is because to mass produce the products in Malaysia is too costly, Respondent two thought that venturing into Indonesia is an advantage because she can understand the language. Respondent three, five and six ventured into the international market because they wanted to expand the business market, while Respondent four stated that is it easier to receive payment in the international market as compared to operating in domestic market.

For the Chinese entrepreneurs, Respondent seven and eight brought the business to international market because they think the international market offers more opportunities to their business as Malaysia's market is too small. Respondent nine ventured into the international market because of her partners who are of the Multinational Corporations (MNCs). Local market seems to be saturated with many competitors that offer similar services, hence Respondent ten decided to venture into the international market to expand her talent.

![Countries Ventured](image)

**Fig. 1:** Countries ventured by Malaysia’s woman entrepreneurs.

There are several countries whereby the Malay entrepreneurs expanded their business into, namely China (Respondent 1); Indonesia (Respondent 2); Indonesia, Thailand, Korea (Respondent 3); Mauritius, China (Respondent 4); Brunei, China (Respondent 5); and German (Respondent 6). Whilst for the Chinese entrepreneurs, they have ventured into the market of these countries, namely Philippines, Chile, Columbia (Respondent 8); India, Singapore, Thailand, China (Respondent 8); USA, Europe (Respondent 9) and Singapore (Respondent 10).

**Discussion:**

Based on the three different issues highlighted earlier in the Table 1 and 2, it is shown that Malaysian women entrepreneurs faced enormous challenges from local and international market during their business start-up, in domestic operation, and also in international business operation. However, these challenges did not hinder them from being successful in their business activities. Apparently, they seem to be successful in both local and international market similar to their male counterparts since they planned and executed effective business strategies to cater to their target markets.

Most importantly, the internationalization process of women entrepreneurs' business is no longer beyond reach as long as a suitable and differentiated international business strategy was used optimally and effectively. With ample business knowledge, entrepreneur orientation, skills and strategies, Malaysian women business entrepreneurs are able to compete successfully in the local business arena, and subsequently penetrate the international market once they are exposed to the right opportunities in the foreign business environments, coupled with their abilities and competencies to venture into the new markets.

In many instances, women entrepreneurs could not be as prosperous as they intended to since most of them started their business via their own saving or family’s financial support, thus, this can delay their foreign operations’ success. This setback may be lessened if they are able to obtain government support and expand their business network. Thus, in doing so, they also need to position their brand image and good name among their target markets, which will help them to practically differentiate their market offerings to suit the local and international customers’ needs and requirements. Nonetheless, the women entrepreneurs’ business skills and acumen gradually grew and expand as they thrive toward and forward to reach their entrepreneurial business goals such as venturing into international markets.
|Conclusion:|
To conclude, both Malay and Chinese women entrepreneurs did face lots of challenges during their business start-up period, either from internal or external organization, and also those issues that derived from their own selves, i.e. lack of confidence and knowledge know-how of their own business. In addition, to maintain their business status quo also requires various efforts and strategies to be created especially in winning the customers’ preferences and demand. Due to their unique and differing products and services, the entrepreneurs must develop suitable strategies that can enable them to position their company’s image, product and/or service in the market place i.e. marketing, servicing and managing human resource. Apparently, both Malay and Chinese entrepreneurs utilize various business strategies that suit their internationalization objectives.

Once established in the local business arena or whenever they can no longer grow their business domestically, then venturing to foreign markets seems to be the best alternative strategy. Venturing into the international market is never an easy step to embark but they have to take the chances to penetrate into other countries’ market to expand their business operation in order to survive and persevere in the dynamic and ever changing market. Relentlessly, both Malay and Chinese women entrepreneurs seemed to have equal opportunities in the local and international market, however, their business nature and their unique and differentiated business strategies play a significant role in determining their success growth rate in both the local and international business market.

REFERENCES
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