

Socio-Economic Factors Affecting Performance of Women Entrepreneurship in Khyber Pakhtunkhwa

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Abstract

The study investigates the relationship of social-economic factors that affect success of women entrepreneurship in Khyber Pakhtunkhwa. A self-administered questionnaire was prepared for the sample of 240 female entrepreneurs out of 600 females registered with Chamber of Commerce Khyber Pakhtunkhwa. The research instrument was tested for reliability and validity through Cronbach's Alpha coefficient and factor analysis with positive results. Regression analysis model was employed to check the degree of association amid predictors of Women entrepreneurship. The research found significant relationship between the social and economic factor in the positive performance of women entrepreneurs. Being original in its contents and unique in its nature, the research holds lots of academic as well applied significance. The research recommends to improve the administrative and legal infrastructure in KP to facilitate the successful performance of Women entrepreneurs.

Keywords: Women entrepreneurship, Entrepreneurs performance, social, economic factors, Khyber Pakhtunkhwa

Economists assume that the markets are decentralized system of resource allocation where entrepreneurs reallocate resources away from their current uses to fulfill consumers' wants and needs. (Chandler, 1984). Over the years firm's outlook has been transformed internally and markets have witnessed two dimensional changes in the firms i.e., flattening of hierarchy and decentralization of decision making. Decentralization of control and decision making help to create innovation, enhance market responsibility, and empower impulses of employees. A flattened hierarchy and greater degree of decentralized firm structure have resulted in better coordination and entrepreneurial reach. (Pongracic, 2009). According to Levit (1960, 2004) and Porter (1989) the globalization of market testifies that sustained survival and performance of businesses are largely depend upon competitive innovation more than their competitors. The business entrepreneur's underlying function is novelty and change through employees' creativity. Therefore, entrepreneurial business firms are the main stay of the today's market, substantial source of employment generation and economic growth.

Entrepreneurship is speedily increasing phenomenon and worldwide documented as a central driver of economic progress and social change in societies. It is defined as "an opportunity managing risk in creating business value" (Schaper, and Volery, 2004). History testifies that financial advancement is meaningfully attained by rational people who were innovative in exploring business opportunities and taking risks (Hisrich, 2005). Most of the entrepreneurs are owned by the men and female entrepreneurs are scarcely visible especially in developing countries like Pakistan. The idea and practice of women run entrepreneurships is a recent phenomenon of 1980s. (ILO, 2006). Notwithstanding to the palpable gains, women are trailing at a long distance behind men in business ownership and financial independence on every continent (Winn, 2005). Evolving research on female's entrepreneur's signposts that reflective individual variation is often learned during the progression of business development (Gay, 1997; Robertson, 1997).

Though, Women entrepreneurship is a recently emerging concept in Pakistan, but its rapidly growing rate has helped Pakistan a lot in building a positive image of the country in all over the world. However, it is reported that the impending economic potential of female entrepreneurs is not being recognized in Pakistan. Most of the business women agonize from "lack of access to

capital, land, business premises, information technology, training and agency assistance.” (Roomi, 2008).

Statement of the Problem: Entrepreneurship is, though, a quickly growing phenomenon in Pakistan but the share of women entrepreneurship is considerably low. The women underrepresentation especially in Khyber Pakhtunkhwa is a vital problem that is synonymous to discounting half of the population of the province and from the work place out of the socio economic development process. Considering the important role of women entrepreneurship in Pakistan economy this research investigates the effect of socio-economic variables affecting the performance of women entrepreneurs of KP.

Significance of the study: This research study is important and beneficial for Pakistan’s socio-economic development as it is likely to help grow females’ entrepreneurs and inculcate supportive culture in this regard. The research is unique and very contributing for business and social sectors having multi-dimensional significance.

Literature Review and Theoretical Framework

Socio-economic environment are vital for the performance of any business and supporting environment create multiplying effect for business growth. Women entrepreneurs in Khyber Paktunkhwa are experiencing discriminatory behaviour viza viz their male counterpart. Prevailing business environment create multi-dimensional barriers that drag behind thriving entrepreneurial venture owned by the women. Besides the personality constraints, these obstructions are mostly evolved from social environment such as family, relatives, peers, locality and the societal sensitivities of their contacts. Literature review also revealed that most of the women led entrepreneurs sector is handicapped by outdated technology, low productivity, insufficient financial support which is negatively effecting the performance of their business units. The detailed review of the literature led to the identifications of host of variables inducing the success or failure of women business entrepreneurs.

The literature review derives that social, economic and political factors have decisive effect on the successful performance of the women entrepreneurship besides their personality’s relevance. However, the scope of research restricts this study to socio-economic variables in this regard. Social Factors affecting performance of women entrepreneurs include:

- **Social Custom:** It refers to lack of contact with individual and society as a whole. As a social custom, females are confined to interact to same gender only and trained in social isolation.
- **Male Dominance:** Being a member of male dominant society, a woman entrepreneur has to face gender discrimination and deprived of independent decision making.
- **Harassment:** Workplace harassment is a common grievance in most of the countries of the world. (Mordi et al., 2010).
- **Social Status:** In Pakistan, women don’t enjoy their religious and legal rights provided by Islam and protected by law. (Ibrahim, 2005: 103)
- **Network Factor:** Owing to the socio- cultural constraints, business women operate away from business networks and therefore, stay isolated from the business intelligence and market dynamics. Furthermore, in the absence of business contacts, and lack of business communication skills with the bureaucracy and policy makers effect women networking and thereby erode their self-reliance and self-efficacy. Hence, ineffective or non-existence of business network denies business women of exposure to promising business models. (Mahbub, 2000; Shah, 2013).
- **Market Participation:** Since there are no worth mentioning women training centers in Pakistan in general and KP in particular therefore, female business entrepreneurs lack market exposure and experience. Hence, owing to social status, and no business network relationship, women entrepreneurs fears to start business in a new city and county.
- **Family Issues:** Women in Pakistan and particularly KPK are considered the honour of the family and assigned with the duty of the home caretaker and financially interdependent. Hence, the family and the near relatives are the foremost hindrance on the way of their business initiatives. (Tanbunan, 2009).
- **Lack of Education & Profession knowledge:** Education and entrepreneurial knowledge are regarded as crucial factors for calculated nurturing of any entrepreneurship but various studies conducted in this regard find women of

Khyber Pakhtunkhwa lagging behind their male competitors. (Halkias, et al, 2011; IL, 2003).

Economic Factors: Dearth of finance and availability of funds are life line for any business but the prevailing financial and micro finance system in the country is not women friendly and act as a major snag for the women entrepreneurs (Jamali, 2009). Skill labour in labor market is also not easily available at prudent compensations (Roomi et al., 2009). Paucity of financial resources, lack of knowledge of financial management and high taxation system results in to difficulty in formal promotion campaign, distributing products in the target market and customers attraction for women entrepreneurs. (ILO, 2003; Halkias, et al., 2011). .

Theoretical Framework and Development of Hypotheses: Theoretical framework and set of hypotheses derived from the review of the related literature for the study is presented below

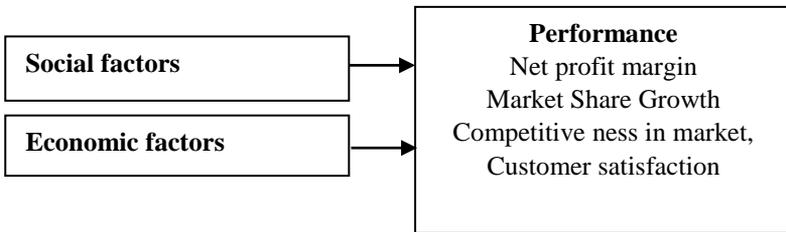


Figure 1. Conceptual Framework

Hypotheses:

H1: There is significant relationship between Social factors and women entrepreneurs performance

H2: There is significant relationship between economic factors and women entrepreneurs performance.

Research Methodology: The research study is descriptive and co-relational in nature, focusing on the population of 600 women entrepreneurs associated with the business profession of food processing, packaging, boutique, beauty-parlor and massage centers. The sample size was determined as follow.

$$n = 600/1+600*(.05)^2$$

$$n = 240$$

Reliability analysis of data: The Cronbach’s Alpha was used to test the reliability of the questionnaire and resulted coefficient of all of the variables bigger than .75 which designates as very good. (Sekaran, 2003).

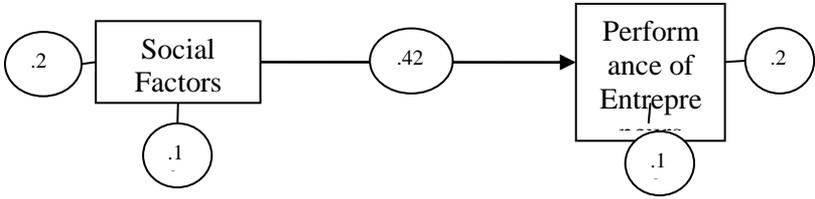
Table 1: Reliability of data

Variables	Number of items	Results	Remarks
Social Factors	17	.91	Reliable
Economic Factors	16	.92	Reliable
Entrepreneurs Performance	14	.90	Reliable

Validity of Research:

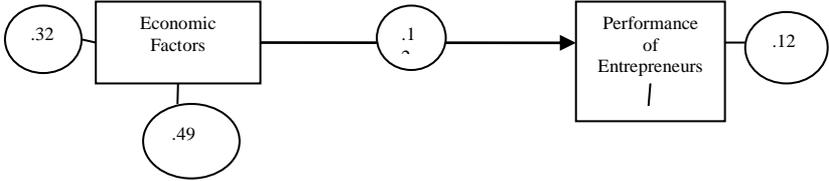
Validly of the research is one of the fundamental pillar of any research and it is ensured through content validity, construct and convergent validity. The research instrument was administered for data collection after its content and face validity was confirmed by the research experts. For the confirmation of convergent / construct validity of the research study model was inspected through structural equation Model (SEM) and confirmatory factor analysis (CFA). Since some of questions were constructed by the researcher in Pakistani context therefore, CFA was executed. (Uslueletal., 2008). The seven fit indices namely “(X²/df, GFI, AGFI, NNFI, CFI, RMSR, RMSEA)” were used to examine the model

CFA for Model 1: Social factors and entrepreneurs’ successful performance.



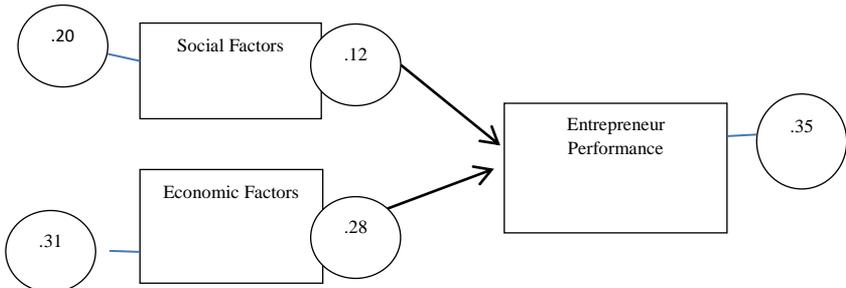
Chi-Square=2.36, df =1, P-value=.00, RMSEA=0.078

CFA for Model 2: Economic factors and successful performance of females' entrepreneurs



Chi-Square=2.1, df = 1, P-value=.006, RMSEA=0.06

CFA for complete Model 3: Result of 2 factor model



Chi-Square=15.22, df =6, P-value=.017, RMSEA=0.075

Table 2: Goodness of fit for overall Models

Models	NFI	AGFI	RMSEA	GFI	RMR	CFI	χ^2/df
Standard Value	>.9	>.8	<.08	>.9	<.1	>.9	<.3
Model 1	.98	.96	.07	1.0	.04	.99	2.4
Model 2	1.0	1.0	.06	1.0	.01	1.0	2.1
Model 3 (Full Factor Model)	.92	.97	.07	.94	.01	.96	2.5

" χ^2 = chi-square, df = degree of freedom, GFI = goodness of fit index AGFI = RMR = root mean error of residuals RMSEA = root means sq error of approximation, CFI = comparative fit index, NFI = normed fit index". The CFA's reveals the distinctive uniqueness of variables with their significant loadings and good fit.

Data Analysis and Results

Table 3: Descriptive Statistics of demographic variables

Types	Frequency	percentage	Cumulative%
<i>Gender</i>			
Female	237	99.0	99.0
Total	237	99.0	99.0
<i>Age(years)</i>			
21 to 30	104	44	44
31 to 40	116	49.2	49.2
Above 41	18	6.8	6.8
Total	238	99.0	99.0
<i>Qualification</i>			

Primary	125	51.5	51.5
Secondary	81	33.8	86.3
Matriculation	10	4.2	90.4
Intermediate	17	7.1	97.5
Graduate	6	2.5	100.0

Table 4: Chi Square amid Respondents Ages and Qualification

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	31.077 ^a	8	.000
Likelihood Ratio	37.488	8	.000
Linear-by-Linear Association	2.917	1	.008
N of Valid Cases	238		

a. 7 cells (46.7%) have expected count less than 5. The minimum expected count is .43.

Table-4 reflects goodness of fit statistics with significance value less than P<.05.

Table 5: Chi Square amongst Ages and Business Types

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	40.305 ^a	4	.000
Likelihood Ratio	43.091	4	.000
Linear-by-Linear Association	13.046	1	.000
N of Valid Cases	240		

^aCells (22.2%) expected count less than 5. The minimum expected count is 1.98[”].

Table-5 reflects goodness of fit statistics with significance value less than P<.05.

One Sample T test: A t-test checks the hypotheses evolved around two diverse sets of data:

H₀: The sample mean and the population mean has no significance difference

H₁: The sample mean and the population mean has a significance difference

Table 6: Simple T-Test

	Test Value = 0		95% Confidence Interval of the Difference			
	T	Df	Sig. (2-tail)	Mean Diff	Lower	Upper
Social Factors	25.747	239	.000	2.92750	2.7128	3.1622
Economic Factors	27.278	239	.000	3.07333	2.8607	3.3059
Entrepreneurial Performance	25.917	239	.000	3.00000	2.7721	3.2279

The one sample t test was performed amid all variables and found:

- t value of social factor was found 25.747 with mean difference value 2.927 and was found significant at .000, less than P<.0.5.
- t value of economic factor comes 27.278 with mean difference value 3.07 therefore, significant at .000, less than P<.05.
- t value of entrepreneurial performance of registered entrepreneurs was 25.91 with mean difference value 3.00 and found significant at .000 which is less than P<.05

Hence there is a significant difference between the sample means and the population mean of social entrepreneurial factors and sample means and the population mean of economic entrepreneurial factors, and between the sample means

Regression Analysis between Socio - Economic Factors, and Entrepreneurial Performance: The regression model of the research study comes as:

$$EP = \beta_0 + \beta_1(SF) + \beta_2(EF) + \beta_3(IF) + \beta_4(PF) + \epsilon \dots\dots\dots "$$

Where; EP denotes to entrepreneurial performance; SF represents to social factors; EF as economic factors; and ϵ reflects error term

Table 7: *Coefficients*

Model	Coefficients Unstandardized		Coefficients Standardized	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.097	.129		.751	.453
Social Factors	.575	.066	.567	8.735	.000
Economic Factors	.163	.049	.160	3.337	.001

R = .882 R square=.778, F-value=205.48, With p value=0.000

DV: Entrepreneurial Business Performance

The cause and effect analyses of social factors, economic factors, on entrepreneurial business performance with F value as 205.48 finds the overall regression model is fit. The results reveals:

“R-square value 77.8% depicts difference in entrepreneurial business performance in social factors and economic factors. Regression coefficient β_1 (social factor) is found positive and a unit change in social factors increase in the entrepreneurial performance by an amount of .575. The t value is 8.73 this further implies that social factors has significant positive effect on entrepreneurial performance. The regression coefficient β_2 (economic factor) is found positive and a unit change in economic factors increase in the entrepreneurial performance by an amount of .163. The t value is 3.33 this further implies that economic factors has significant positive effect on entrepreneurial performance”.

Discussions

This study aimed at establishing relationship between social and economic factors with entrepreneurial business performance of women entrepreneurs in in Khyber Pakhtunkhwa. Out of 240 questionnaires served amongst the female entrepreneurs, 238 usable questionnaires were successfully retrieved back with the 99% retrieval rate. Majority of respondents range were within the age in form 18 to 28. For the data collection researcher used questionnaire. The reliability was confirmed as all the coefficients found from Cronbach Alpha were greater than .70. (Sekaran, 2003).

Total 238 out of the sample of 240 females entrepreneurs (99 %) responded with the participants represented with 106 (44.2 %) from age 21-30 years; 117 (44.8%) represented between 31-40 years of age; and 17 out of 41 and above years of age group represented with 7.1% of the total sample. Respondents are grouped with the percentage of 52.5%, 33.8%, 4.2%, 7.1% and 2.5% having corresponding qualification as primary, secondary, matriculation, intermediate and respectively. Diversity of businesses varied with the percentage of 61.3%, 27.1% and 11.7% amongst boutique, beauty parlor and hotel and food boutique, beauty parlor and hotel and food respectively. The registered women entrepreneurs amongst the respondents include 44.2%, 48.8% and 7.1% from Peshawar, Mardan and Nowshera.

The results of this study confirms finding of Israeli study on women entrepreneurs (Lerner, & Hisrich, 1997) and a well synthesized literature review (Cabrera, & Mauricio, 2017) that success of women' entrepreneurship is significantly affected by the social and economic environment of the business considerably effecting all quantitative and qualitative indicators of their triumph. Similarly, (Nser, et.al, 2009) supports the findings of this research study that the state accessibility of finance and provision of funds especially at startup stage is a crucial factor that persuades women to set their own business. Women entrepreneurs' problems in Khyber Pakhtunkhwa include difficulties in buying raw material, selling in faraway markets, deal with men outside the families and access to finances and deprivation from inheritances. Research also found that successful female's entrepreneurs and resulted empowerment they attained in their family have also been the source of inspiration for many new entrants.

Women, encompassing more than half of Khyber Pakhtunkhwa population, are receiving prejudiced behavior in the home and workplace. There is a dire need to create equitable living and business environment for them and way to it passes through their socio-economic empowerment. Grameen Bank women empowerment model can serve as a recipe for Government of Khyber Pakhtunkhwa to empower and help women entrepreneurs. Grameen's microcredit loans

inspired self-esteem and self-worth of poor women to march towards their empowerment. The inclusion of Bangladeshi business women in Bangladesh economy resulted in reducing unemployment, increase in per capita income and GDP of the country. Therefore, the government and the society has to step forward to facilitate and smooth out the process of women entrepreneurs by taking revolutionary steps such as; creating microfinance institutions, establishing business network, organizing business forums, training center, inter connecting networking groups, access to market intelligence and establishing women supportive legal system and tax rebates etc.

Conclusion

There is no denying the fact that today's business entrepreneurship plate forms are created by the information and technological paradoxes appears to hold the key to unrelenting socio-economic growth (McKenzie, 2001). However, it is also an established truth that the developed economies have tapped immense potential by encouraging gender diversity at workplace. This research paper provides a detailed and inclusive investigation of the social and economic factors and their degree of influence upon the business performance of women entrepreneurs. The correlation and regression results of the research reflect that all the dimensions of both of the social and economic factors significantly affect the business performance of registered women entrepreneurs. The results of the study signposted that women at KP felt who sensed that their entrepreneurial expectations are constrained by management, obligation, diversity, time flexibility and self-sufficiency and in a male dominated environment as potential factors are affecting their promising performance Study confirms that in societies like KP, entrepreneurship is equally perceived a well attractive option women as of men. However, owing to non-supportive socio-economic factors women are very limited in number found volunteering in business.

The major huddle comes in when these socio-economic constraints of women entrepreneurs are further compounded with their comparatively limited personal capacities and networking to male entrepreneurs. The empirical evidence from the study reveals that the social, economic factors hold substantial effect on the successful performance of women entrepreneur in KPK. However, despite socio-cultural and economic constraints female-run enterprises are gradually growing though at a very low pace, and funding to household incomes and growth of national economy. There is no denying the fact that once the females, half of the population, are encouraged to run their business effectively than the socio-economic development of the society is in the offing. Government is suggested to take special initiative to create ease of business environment for female entrepreneur on one hand and introduce legal structure capable of facilitating their access to finance and their family inheritances without any hurdle. Government needs to devote substantial resources and set dedicated infrastructure to train and support women entrepreneurs. Women Chamber of Commerce, Women business development center, training institutions and national/ international institutions have to contributing in opening up the society as women business friendly society.

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