

PSU-USM International Conference on Humanities and Social Sciences

## Local community readiness in entrepreneurship: Do gender differ in searching business opportunity.

Norziani Dahalan<sup>a\*</sup>, Mastura Jaafar<sup>b</sup>, Siti Asma' Mohd Rosdi<sup>a,b</sup>

<sup>a</sup>Senior lecturer, Universiti Sains Malaysia, Pulau Pinang, 11800, Malaysia

<sup>b</sup>Associate Profesor, Universiti Sains Malaysia, Pulau Pinang, 11800, Malaysia

<sup>ab</sup> Phd candidate, Universiti Sains Malaysia, Pulau Pinang, 11800, Malaysia

---

### Abstract

Entrepreneurship is important to economic growth. Intention to start business plays an important role to ensure the development of entrepreneurship. For most of newly business start-up, searching for a business opportunity is a challenging task. Developing a business idea is necessary before venturing into business. This article concern on the issue of whether men and women are differs in searching for business opportunity. Female and male have different way of thinking. The differences can be attributed to how they value their life. Men have been identified to have several advantages over women in occupational status, thus leads to women consideration for entrepreneurship (Verheul & Thurik, 2001). The purpose of this study is to examine whether male and female differ in terms of idea generation for business opportunity. The aim of this research is to provide input for entrepreneurial training, specifically for developing business ideas among local community. The quantitative data collection has been conducted on 500 local populations in Lenggong Valley. It was found that men and women differ in some aspects of idea generation for business opportunity.

© 2013 The Authors. Published by Elsevier Ltd.

Selection and peer-review under responsibility of Universiti Sains Malaysia.

Keywords: Local Community; entrepreneurship; business opportunity; gender; idea generation.

---

### 1. INTRODUCTION

Entrepreneurship has been well documented to have an economic and social implication for the nation to increase income (Alina, 2011). Most developing countries putting their consideration to include entrepreneurship as an agenda to help the poor to increase the living standard. In Malaysia, government have provided many initiative through various government policies including the NEP and Malaysia Plans (Abdullah & Muhammad,

---

\* Corresponding author. Tel.: +0-000-000-0000 ; fax: +0-000-000-0000 .

E-mail address: [norziani@usm.my](mailto:norziani@usm.my)

2008). The focus on entrepreneurship has become the emphasis of the government not only to eradicate poverty but to also help the nation to build its human resource to improve quality of life.

Local community participation in One-District-One Industry (ODOI) program is the latest initiative taken by the Malaysian government to boost rural income to facilitate the growth of small enterprise (Kader, Mohamad, & Ibrahim, 2009). There are three objectives of ODOI; firstly to increase standard of living; secondly to utilize natural resources and labor forces efficiently to sustain growth of national economy; and thirdly to commercialize services and product of rural entrepreneur ((Kader, Mohamad, & Ibrahim, 2009).

Despite the continuous effort shown by Malaysian government in developing rural entrepreneur, however community participation are considered as critical factor. Local community readiness in business venturing become a main problem. Motivation alone is not enough to grant community participation. Good information, a solid business idea and effective execution to maximize chances for success are seen as a trigger to local community engagement in business (Othman, Amiruddin, & Mansor, 2011).

Fuad and Bohari (2010) claim that starting a new firm is very important decision to an individual. The issue become the focal point in the investigation of entrepreneurship with regard to individual qualities as an entrepreneur. Numerous studies have analyzed the nature of entrepreneurial motivations and personal characteristics (Gadar & Yunus, 2009) such as Hisrich and Brush (1982); Kuratko and Hodgetts (2004); and Schollhammer and Kuriloff (1979). According to Gadar and Yunus (2009), there are study done to investigate on gender differences between entrepreneurial male and female in term of psychological dispositions (Kalleberg & Leicht, 1991; Sexton & Bowman-Upton, 1990). On the other hand Ljunggren and Kolvereid (1996) noted that previously research on gender differences among entrepreneur has focused on concepts of the individual level, using samples of owner-managers. However little is known about gender differences pertaining to business start-up. In this regard the purpose of this paper is to investigate whether male and female differ in searching for business opportunity. Specifically the research would shed light on local community engagement in entrepreneurship.

## 2. LITERATURE REVIEW

### 2.1 *Entrepreneurship and local community*

To define entrepreneur creates a challenging problem for academic researchers and writers (Cunningham & Lischeron, 1991). Churchill and Lewis (1986) stated there is generally no accepted definition or model of what the entrepreneur is or does (in Cunningham & Lischeron, 1991). The various school of thought provide different insights for underlying values, responding to the future, improving management, and changing and adapting (Cunningham & Lischeron, 1991).

Kuratko and Hodgetts (2004) define entrepreneur is a process of innovation and generating new venture through four dimension- individual, organization, environment and process that is aided by collaborative networks in government, education, and institutions. Whereas Barringer and Ireland (2012) define entrepreneur as the process which individuals pursue opportunities without regard to resources they currently control. Thus the definition of entrepreneurship remains broad (Koe Hwee Nga & Shamuganathan, 2010). They explained that in general, the evolving definition of entrepreneurship involves individual(s) who are driven to act on opportunities and/or environmental catalysts by employing innovative processes in the face of limited resources.

From the perspective of community development, Christianson and Robinson (1989) define entrepreneurship as a group of people in a locality initiating a social process to change their economic, social, cultural and environmental situations as cited in (Korsching & Allen, 2004). According to Somerville and McElwee (2011) the community acts as an entrepreneur when its members, acting as owners, managers, and employees, collaboratively create or identify a market opportunity and organize themselves in order to respond it. Peredo and Chrisman (2006) however states that generally development activities in community are lead by developments

agencies rather than the community members. At the end of the day this will lead to a lack of sense of ownership and lose interest in pursuing it.

To date research pertaining to local community involvement in entrepreneurship focuses on the tourism industry. The current literature on local community involvement in entrepreneurship suggests that local communities act as a basic element of modern tourism development (Aref, Gill, & Aref, 2010). In Malaysia, community-based tourism has become the agenda to increase income levels and reduce the level of poverty in the rural community (Razzaq et al., 2011). However, to the extent of local community readiness in entrepreneurship has become a major challenge.

## 2.2 *Intention and business opportunity searching*

Formation of new businesses requires an environment to have potential entrepreneurs, whether in a community seeking to develop or in a large organization seeking to innovate. Entrepreneurial potential, however, requires potential entrepreneurs (Krueger Jr & Brazeal, 1994). They further argue that to develop potential entrepreneurs, the environment need not to be rich in entrepreneurs, but has the potential for increasing entrepreneurial activity.

Rotefoss and Kolvereid (2005) noted that Katz (1990) identifies a “three hurdles model” of business start-up process that is aspiring, preparing, and entering. Aspiring hurdles occur when an individual has the intention to become self-employed. The term preparing refers to an individual starting for entry into self-employment through environmental scanning, resource gathering, networking, or obtaining training. Entering hurdles occur when newly self-employed open their doors or telephones for the businesses.

While Katz (1990) comes out with the suggestion of a “three hurdles model”, Vivarelli (2004) signifies the importance of “entry” level for business start-up. He interprets “entry” as a dynamic process starting from business ideas, passing through the foundation of a new firm and developing into economic performance of the newborn firm. With regard to this, Vivarelli (2004) mentions three aspects of entry; first, “entry” as a process that deals with expectation of profit which triggers “entry” and at the same time taking into consideration of barriers to entry; second, the focus is on “push factors” of “entry” which relate to individual and environmental characteristics; finally, the focus is on the post-entry performance of a firm such as survival, growth, and early exit. From the study, he concluded that the probability of starting a new firm of potential entrepreneurs depends on the availability of rich information and the degree of determination.

On the other hand, entrepreneurial event theory states that an individual decides to create a firm when the entrepreneurial activity is perceived to be more desirable and more feasible than other alternatives (Liñán, Santos, & Fernández, 2011). However, Kreuger and Carsrud (1993) indicated that there are three perceptions that influence intention to start up a business; personal attraction to entrepreneurial activity, perceived subjective norms (perception that people in their closer environment would approve of the firm-creation decision) and again perceived behavioral control or self-efficacy (in Linan et al., 2011). Various researchers have linked business start-up with entrepreneurial intention and attitude (Ali, Topping, & Tariq, 2011; Liñán et al., 2011). Bird (1988) and Katz and Gartner (1988) cited in Krueger Jr and Brazeal (1994) stated that entrepreneurship clearly represents planned, intentional behavior. However, Aviram (2010) argued that new businesses are neither created instantly, nor by accident and some of the businesses are intentionally.

The early stage of business start-up process deals with how opportunities are detected and acted upon. An individual needs knowledge to recognize the opportunity. Knowledge in the form of experience has been recognized as a primary factor in one's ability to identify opportunity (Corbett, 2005). Gonzalez-Alvarez and Solis-Rodriguez (2011) in their review found that in the theory of human capital, knowledge gives individuals greater cognitive capacity, making them more productive and efficient that leads to identifying entrepreneurial opportunities. They also noted that the source for human capital development is not only from knowledge of formal education but also knowledge acquired through experience and practical learning. To sum up, Gonzalez-Alvarez and Solis-Rodriguez (2011) also indicate that empirical evidence shows that the ability to discover

entrepreneurial opportunities has a positive relationship with human capital such as education, and work experience.

Opportunity development occur when potential entrepreneur seek to convince, engage, or organize other social actors such as discussion and interpretation with others to develop their ideas (Dimov, 2007). He further elaborated the fact that potential entrepreneur did not think or act alone, however are actively engaged in exchange information and value with surrounding community. To date research on opportunity development have focused upon entrepreneurial activity to achieve venture growth (Ardichvili, Cardozo, & Ray, 2003; Gielnik, Frese, Graf, & Kampschulte, 2012; Scott & Venkataraman, 2000). However, recognizing business opportunity among the newly business start-up may yield important insight to the entrepreneurship process.

The exposure to information is significantly related to opportunity recognition (Ozgen and Sanderson, 2006). Singh, Hills, Hybells and Lumpkin (1999) highlighted social networking was very important source of information in discovering opportunities. Moreover, people depends of various sources of information to look for business opportunity. Qing (2009) in his review noted that half of the business opportunity is recognized from social network, and the other half from the individual itself. In addition Hills and Singh (2004) indicated that 62% of social network sources of opportunity comes from business associates, friend and family.

Considering the given literature, the importance of opportunity recognition is undeniable. Whether opportunity recognition is utilized in venture formation among existing businesses or among potential entrepreneur, it is believed that it can occur both. Hills and Singh (2004) highlighted opportunity recognition can occur at the beginning of entrepreneurship process as well as recurring step in the business life cycle.

### 2.3 Gender and Entrepreneur Intention

A number of different studies have reported gender differences in the motivation to become entrepreneur (Ljunggren & Kolvereid, 1996). Simpson (1991) assert that the main motivator for women entrepreneurs are the need for independence and challenge (in Ljunggren & Kolvereid, 1996). However Verheul, Thurik, Hessels, and Zwan (2010) indicate the link between gender and entrepreneurial motivation has yielded contradictory findings; a man has a positive effect on the decision to start a business because of 'exit of unemployment' (Giacomin et al. 2007), Wagner (2005) finds a significant impact of being a man on the probability of being an opportunity nascent entrepreneur versus being unemployed or in paid employment, however a study by Block and Sandner (2009) fail to find a significant effect of gender on opportunity versus necessity entrepreneurship.

Based on Schneider's Attraction Selection Attrition (ASA) model, involving Israeli adult Malach-Pines and Schwartz (2008) found that there a few differences among gender in entrepreneurial trait and value, a large gender differences in willingness to start a business and a small differences among gender who intend to start a business. To date, a stream of research focused gender differences in motivation factors. "pull" and Push" factor are now a common way in explaining gender differences in entrepreneurial intention (Orhan & Scott, 2001). They described push factor as element of necessity such as insufficient element income, dissatisfaction with salaries, difficulty in finding work and a need for a flexible work schedule. Whereas pull factors relate to independence, self fulfillment, entrepreneurial drive and desire for wealth, sosial status and power.

However there is also an evidence to suggest that gender differences are not the same in discovering opportunities (Gonzalez-Alvarez & Solis-Rodriguez, 2011). This is due to men and women are different in learning experience, thinking and reasoning (Johnsen and McMohan, 2005). Moreover, entrepreneurial opportunity recognition is a cognitive process, relying on individual entrepreneur (Qing, 2009). DeTienne and Chandler (2007) in their research findings indicated that women and men utilize their unique stocks of human capital to identify opportunities and that they use fundamentally different processes of opportunity identification. Thus the following hypothesis is proposed;

*H1:* There exist gender differences pertaining to business searching opportunity between men and women.

### 3. METHODOLOGY

The purpose of this research is to discuss local community readiness in entrepreneurship. The aims of this research was to improve understanding whether gender differ in searching business opportunity. This research is part of a larger study on community participation in Lenggong valley. A survey questionnaire was designed to focus on community participation in entrepreneurship. This research employed the quantitative method of data collection. The questionnaires were distributed to the local community according to districts and villages. Lenggong is represented by three districts, namely, Lenggong, Temelong, and Durian Pipit, which have six, eight, and nine villages, respectively. Lenggong valley has 16,320 residents.

Local community readiness in searching business opportunity, was measured based on questionnaire adopted from Westhead, Ucbasaran, Wright, and Binks (2005). These items measures respondents' attitude pertaining to source of opportunity. Respondents indicated on a 5-point likert scale, with 1= "strongly disagree" to 5= "strongly agree".

### 3. RESULT

Table 1 depicts descriptive statistics of the variable of interest. Its shows mean score and standard deviation of the construct. Its shows that most respondent indicate positive response (mean score >3), that is a higher level of agreeableness. Looking at table 1, it can be inferred that attitude to be entrepreneur is intentionally developed. It is notable that the respondent develop their own business idea ( 3.20), as a source of ideas for their business. It's also show that the second large response goes to respondent effort to search for an idea (3.17). To sum up, respondents themselves acts as the most important source for business idea that led to business start-up.

Table 1: descriptive statistics

Statements	Mean	Std Deviation
The business idea was strictly mine alone	3.20	1.094
The idea for my business was strictly market driven	3.16	1.054
The business concept was developed while I was in conversation with other people	3.13	1.074
The idea behind this business was the result of a deliberate effort to search for an idea	3.17	1.068
The idea for my business was driven by my ability to obtain funds	3.14	1.068
The idea for my business was technology driven	2.98	1.072
The idea behind this business was the result of an accidental process	2.96	1.039

Table 2 illustrate the result of t-test analysis pertaining to gender differences in searching for the sources of business opportunity. The result indicate that men and women are different in searching for the sources of business opportunity. These result is statistically significantly at  $p < 0.01$  and  $p < 0.05$ . Thus this result support H1. It is notable that men have higher level of interest in searching business opportunity than women.

Table 2: t-test on gender differences in searching business opportunity

Statements	gender(mean)		t	p
	men	female		
The business idea was strictly mine alone	3.36	3.01	3.27	0.01**
The idea for my business was strictly market driven	3.29	2.92	3.65	0.00*
The business concept was developed while I was in conversation with other people	3.26	2.91	3.36	0.01**
The idea behind this business was the result of a deliberate effort to search for an idea	3.23	2.99	2.27	0.02**
The idea for my business was driven by my ability to obtain funds	3.21	2.92	2.70	0.01**
The idea for my business was technology driven	3.05	2.79	2.44	0.02**
The idea behind this business was the result of an accidental process	3.03	2.79	2.28	0.02**

#### 4. RESULT AND DISCUSSION

The analysis perform allow confirmation that men and female are different in business searching opportunity (DeTienne & Chandler, 2007). The result obtained confirm the idea, that men are more active in entrepreneurial activity. Regarding the differences between men and female in searching business opportunity, it enable us to conclude men are more active to discover business opportunity. The result is not surprising, as cultural difficulties in Malaysia, make Malaysian women are more reserved. Malaysian women mobility is limited specially in rural area. Moreover Franck (2012) finding indicate that Malaysian women made the choice to enter micro-entrepreneurship based on the expected outcome for themselves and their families (including gains in income, independence, flexibility, time spent with their children and access to a healthy social life), out of interest and through evaluating their potential alternatives.

The findings highlighted the important of educating the local community for entrepreneurial program. Local people might have difficulty in escaping from their traditional culture and norm to start their entrepreneurial venture as argued by Morrison (2000) and Shane (2003). The government needs to focus on developing and empowering the existing entrepreneurship program with specific targets of achievement. With a limited number of respondents who attended trainings, few established business, and less knowledge on financial facilities, more information should be provided to the local community.

#### ACKNOWLEDGEMENT

This report represents part of the findings from Sustainable Tourism Research Cluster (STRC) research grant, account number 1001/PTS/8660012

#### References

- Abdullah, S., & Muhammad, A. (2008). The development of entrepreneurship in Malaysia: State-led initiatives. *Asian Journal of Technology Innovation*, 16(1), 101-116. doi: 10.1080/19761597.2008.9668649
- Ali, A., Topping, K. J., & Tariq, R. H. (2011). Entrepreneurial Attitudes among Potential Entrepreneurs. [Article]. *Pakistan Journal of Commerce & Social Sciences*, 5(1), 12-46.
- Alina, B. (2011). Start-Up Financing Sources: Does Gender Matter? Some Evidence For Eu And Romania. *Annals of Faculty of Economics*.
- Ardichvili, A., Cardozo, R., & Ray, S. (2003). A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing*, 18(1), 105-123. doi: 10.1016/s0883-9026(01)00068-4
- Aref, F., Gill, S. S., & Aref, F. (2010). Tourism Development in Local Communities: As a Community Development Approach. *Journal of American Science*, 6(2), 155-161.
- Aviram, A. (2010). Entrepreneurial Alertness And Entrepreneurial Awareness - Are They The Same? *Academy of Entrepreneurship Journal*, 16(1), 111-124.
- Corbett, A. C. (2005). Experiential Learning Within the Process of Opportunity Identification and Exploitation. *Entrepreneurship Theory and Practice*, 29(4), 473-491. doi: 10.1111/j.1540-6520.2005.00094.x
- Cunningham, J. B., & Lischeron, J. (1991). Defining Entrepreneurship. *Journal of Small Business Management*, 29(1).
- DeTienne, D. R., & Chandler, G. N. (2007). The Role of Gender in Opportunity Identification. [Article]. *Entrepreneurship: Theory & Practice*, 31(3), 365-386. doi: 10.1111/j.1540-6520.2007.00178.x
- Dimov, D. (2007). Beyond the Single-Person, Single-Insight Attribution in Understanding Entrepreneurial Opportunities. *Entrepreneurship Theory and Practice*, 31(5), 713-731. doi: 10.1111/j.1540-6520.2007.00196.x
- Franck, A. K. (2012). Factors motivating women's informal micro-entrepreneurship: Experiences from Penang, Malaysia. *International Journal of Gender and Entrepreneurship*, 4(1), 65 - 78.

Fuad, N., & Bohari, A. M. (2010). Strengthening Malay Women Entrepreneurship Through Business Intelligent. Paper presented at the The Third International Conference on International Studies (ICIS 2010), Hotel Istana Kuala Lumpur. <http://repo.uum.edu.my/2521/>

Gadar, K., & Yunus, N. K. Y. (2009). The Influence of Personality And Socio-Economic Factors on Female Entrepreneurship Motivations in Malaysia. *International Review of Business Research Papers* 5(1), 149-162.

Gielnik, M. M., Frese, M., Graf, J. M., & Kampschulte, A. (2012). Creativity in the opportunity identification process and the moderating effect of diversity of information. *Journal of Business Venturing*, 27, 559–576.

Gonzalez-Alvarez, N., & Solis-Rodriguez, V. (2011). Discovery of entrepreneurial opportunities: a gender perspective. *Industrial Management + Data Systems*, 111(5), 755-775.

Hills, G. E., & Singh, R. P. (2004). opportunity recognition. In K. G. S. William B Gartner, Nancy M Carter, Paul D Reynolds (Ed.), *Handbook of Entrepreneurial Dynamics: The Process of Business Creation*: sage publications, inc. Retrieved from <http://books.google.com.my/books?id=FaD116qHSI8C&printsec=frontcover#v=onepage&q&f=false>.

Kader, R. A., Mohamad, M. R. B., & Ibrahim, A. A. H. C. (2009). Success Factors for Small Rural Entrepreneurs under the One-District-One-Industry Programme in Malaysia. *Contemporary Management Research* 5(5), 147-162.

Koe Hwee Nga, J., & Shamuganathan, G. (2010). The Influence of Personality Traits and Demographic Factors on Social Entrepreneurship Start Up Intentions. *Journal of Business Ethics*, 95(2), 259-282. doi: 10.1007/s10551-009-0358-8

Korsching, P. F., & Allen, J. C. (2004). Locality based entrepreneurship: A strategy for community economic vitality. *Community Development Journal*, 39(4), 385-400. doi: 10.1093/cdj/bsh034

Krueger Jr, N. F., & Brazeal, D. V. (1994). Entrepreneurial Potential and Potential Entrepreneurs. [Article]. *Entrepreneurship: Theory & Practice*, 18(3), 91-104.

Liñán, F., Santos, F. J., & Fernández, J. (2011). The influence of perceptions on potential entrepreneurs. *International Entrepreneurship and Management Journal*, 7(3), 373-390.

Ljunggren, E., & Kolvereid, L. (1996). New business formation: does gender make a difference? *Women in Management Review*, 11(4), 3-12.

Malach-Pines, A., & Schwartz, D. (2008). Now you see them, now you don't: gender differences in entrepreneurship. *Journal of Managerial Psychology*, 23(7), 811 - 832.

Orhan, M., & Scott, D. (2001). Why women enter into entrepreneurship: An explanatory model. *Women in Management Review*, 16(5/6), 232-243.

Othman, N., Amiruddin, M. H., & Mansor, M. (2011). The Entrepreneurial Behavior of Orang Asli Youths in South Peninsular Malaysia. *International Journal Of Education And Information Technologies*, Volume 5(1).

Ozgen, E., & Sanderson, S. (2006). Do Men And Women Entrepreneurs Differ In Their Reliance On Sources Of Information In Opportunity Recognition In Technical Fields?

. *Academy of Entrepreneurship Journal*, 12(2), 47-65.

Peredo, A. M., & Chrisman, J. J. (2006). Toward A Theory Of Community-Based Enterprise. [Article]. *Academy of Management Review*, 31(2), 309-328. doi: 10.5465/amr.2006.20208683

Qing, M. (2009). The Nature of Opportunity Recognition in the Entrepreneurship of SMEs. Retrieved from <http://www.seiofbluemountain.com/upload/product/200911/2006zxqyhy16a8.pdf>

Razzaq, A. R. A., Hadi, M. Y., Mustafa, M. Z., Hamzah, A., Khalifah, Z., & Mohamad, N. H. (2011). Local Community Participation in Homestay Program Development in Malaysia. *Journal of Modern Accounting and Auditing* 7(12), 1418-1429.

- Rotefoss, B., & Kolvereid, L. (2005). Aspiring, nascent and fledgling entrepreneurs: an investigation of the business start-up process. [Article]. *Entrepreneurship & Regional Development*, 17(2), 109-127. doi: 10.1080/08985620500074049
- Scott, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), 217-226.
- Shane, S., Locke, E.A. and Collins, C.J. (2003), "Entrepreneurial motivation". *Human Resource management Review*, Vol. 13 No. 2, pp. 257-79.
- Somerville, P., & McElwee, G. (2011). Situating community enterprise: A theoretical exploration. *Entrepreneurship & Regional Development*, 23(5-6), 317-330. doi: 10.1080/08985626.2011.580161
- Verheul, I., & Thurik, R. (2001). Start-Up Capital: "Does Gender Matter?". *Small Business Economics*, 16(4), 329-346. doi: 10.1023/a:1011178629240
- Verheul, I., Thurik, R., Hessels, J., & Zwan, P. v. d. (2010). Factors Influencing the Entrepreneurial Engagement of Opportunity and Necessity Entrepreneurs, from <http://www.ondernemerschap.nl/pdf-ez/H201011.pdf>
- Vivarelli, M. (2004). Are All the Potential Entrepreneurs So Good? [Article]. *Small Business Economics*, 23(1), 41-49.
- Westhead, P., Ucbasaran, D., Wright, M., & Binks, M. (2005). Novice, Serial and Portfolio Entrepreneur Behaviour and Contributions. *Small Business Economics* 25, 109–132.