



## Motivational and Limiting Factors for Female Entrepreneurship

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Received: 7 January 2020 ▪ Accepted: 5 February 2020 ▪ Published Online: 8 February 2020

### *Abstract*

In the nature of every man is to deal with entrepreneurship and entrepreneurial activities to ensure their existence. Entrepreneurship requires initiative and risk readiness. Through the history of entrepreneurship development was an activity that was more prevalent for men. Nevertheless, in recent years, women's entrepreneurship has been growing. The aim of the paper is to point to the motivating factors that influence the initiation of women's entrepreneurship. Based on the literature review, the following factors were identified: external (education, financial stability and family issues), and internal (pull and push factors). It is concluded that push theory focuses on external stimulus factors, mostly negative, and pull theory focuses on positive outcomes that motivate an individual to do something. So, pull factors are those factors that attracts people to start business.

*Keywords:* female entrepreneurship, factors, entrepreneurship, women.

### 1. Introduction

These days, women are increasingly starting their own businesses and are acting in entrepreneurial manner for many reasons. Being self-employed brings flexibility in the career life of women and it partly explains why the number of women owned businesses is increasing. According to Winn (2005), the number of women is smaller than number of men everywhere in the world concerning economic growth and business ownership. Entrepreneurship is still viewed as a men's world.

Women's entrepreneurship is rapidly developing in the modern age and attracting everyone's attention in different sectors. The concept of female entrepreneurship is increasingly appearing in the media, it is mentioned daily at universities, and often we are faced with different information about the strategies of several prominent organizations that encourage women entrepreneurship. Therefore, it can be said that there are several reasons why female entrepreneurship is becoming more and more popular. There is something that is interesting and attractive in itself, and especially refers to stories about how and why they developed their businesses.

Female entrepreneurship is necessary for the advancement of society and the development of the economy and deserves much more attention from the one it has received so far. It indicates the importance of social changes in order to achieve lasting well-being and balance.

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Contributions of female entrepreneurship in a social and economic sphere are undeniable. Women as entrepreneurs are a contribution to the economy all over the world, in addition to innovation, economic growth, job creation and renewal through diversity (Ahl, 2006; Verheul et al., 2006).

Several traditional societies accept the view that in the business sphere, men are dominated, especially in the labor force. Women often work in poor economic conditions, or are unemployed, especially in rural and remote areas. In more developed countries, position of women in society and labor force is better. Companies that have not been available to women in the past are now more accessible due to changing attitudes and greater access to capital. With progress, labor force is changing, and women are faced with different challenges than before. The aim of this paper is to evaluate the current state of female entrepreneurship and to elaborate on limiting and motivating factors for women to become entrepreneurs.

## 2. Entrepreneurship theory

The concept of entrepreneurship is promoted in the middle Ages and since then the meaning of this term has also been changing and developing.

The earliest understanding treats the entrepreneurial function like managerial function. According to such an understanding, Marco Polo, a Venetian merchant, adventurer and probably the world's most famous traveler could call as entrepreneur. In the early 16<sup>th</sup> century in France, entrepreneurs were persons who organized and conducted military expeditions. In the 17<sup>th</sup> century, entrepreneurs were considered persons who performed and managed major construction projects. In these projects, entrepreneurs did not bear the risk, they only managed with the resources they received from the state.

However, in the middle of the 17<sup>th</sup> century, according to Johannisson and Peterson (1984), French economists are beginning to use the term “entrepreneur” for persons operating in the economic field and introducing innovations with risk and uncertainty.

One of the earliest theories of entrepreneurship was developed in the 18<sup>th</sup> century by Richard Cantillon (1680-1734). Cantillon distinguished three social classes (Hebert & Link, 1989):

- Landowners,
- Entrepreneurs, and
- People with a salary.

Entrepreneurs can have different occupations, such as craftsmen, wholesalers, and retailers, manufacturers, etc., but it is common for everyone to bear the risk, because they pay a certain price, according to the place where they buy (groceries, materials, etc.), to sell them again in large or in little quantities at an uncertain price. In the second half of the 18<sup>th</sup> century, French physiocrat, for example, founder of the School of Physiocrat Francois Quesnay (1694-1774) called agricultural farmers an entrepreneur.

As physiocrats considered that pure yield exists only in agriculture because only in agriculture produced wealth exceeds the spent wealth, it can be concluded that physiocrats considered entrepreneurs as a key economic actor.

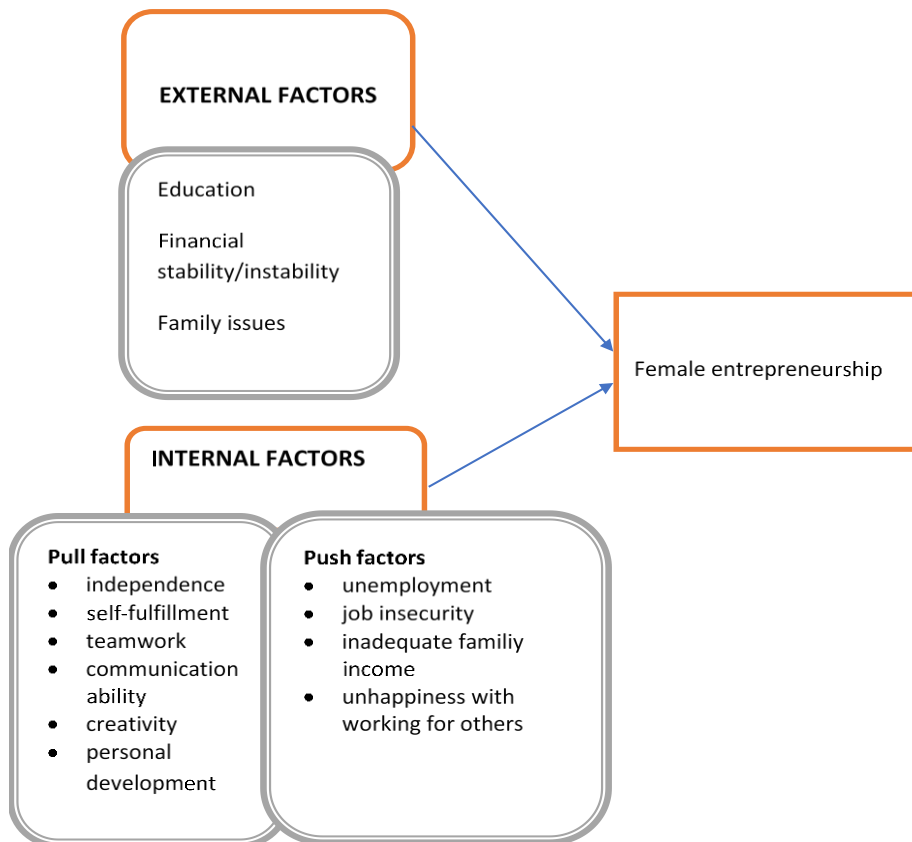
In the field of agriculture, Nicolas Baedaue (1730-1790) pointed out the risk-taking and innovation as essential characteristics of entrepreneur, while Jacques Turgot (1727-1781) spoke about entrepreneur in the field of production as a person who risks capital. In the 18<sup>th</sup> century, there is a clearer separation of entrepreneurs, as individuals who drive business ventures, from capitalists or passive investors, as a person with capital. This separation was favorable by accelerated industrialization and a large number of technical innovations.

Unlike the French authors who emphasized the importance of entrepreneurs and made the difference between entrepreneurs and capitalists, as well as between profits and interest, English people, but also other classical and neoclassical economists in their own economic learning did not give importance to entrepreneurs and entrepreneurship.

The goal theory proposed by Locke and Latham (1990) has attracted the great interest of researchers in entrepreneurship. This theory emphasizes the importance of specific and challenging goals for motivation. The necessary conditions that must be met to make goals effective in motivating motivation are: accepting the goal and engaging in its accomplishment, specifying the goal, the difficulty of achieving the goal, and feedback. Factors that primarily assist in engagement are the importance and self-determination (Locke & Latham, 1990). According to Frese (2007), the entrepreneur aims to establish a company, map the areas in which the firm should operate, plan how to achieve the goal, monitor the execution process and obtain feedback from customers and all other stakeholders. Goals pull the action and hence higher and more challenging goals have greater attractiveness and lead to higher performances. Anticipated results are visualized and produce motivation.

Motivation is a key link between intent and action. Entrepreneurial motivation is the process by which entrepreneurs decide whether to accept or not accept entrepreneurial behavior (Naffziger et al., 1994). Entrepreneurial behavior is seen as the main point of action. Entrepreneurial motivation can be linked to many factors. Based on motivation theories, factors are divided into internal (push and pull) and external (Model 1). External factors refer to incentives from the environment while internal factors relate to the needs and desires within the person.

Model 1. Internal and external factors



**Model 1** illustrates driving factors towards being an entrepreneur. The model shows types of internal and external factors that drive women to become entrepreneurs. These factors are explained more in-depth below.

#### 4. Push and pull factors

Based on motivation theories, factors are often divided into internal and external. External factors refer to incentives from the environment while internal factors relate to the needs and desires that are within the individual. Basically, external motivations are external rewards and basically internal motivations are internal needs. According to Amabile (1993), external motivation comes from the desire for the results of work, does not work by itself. Internal motivation comes from the assumed value of work and is different to each person. Motivation can be both external and internal at the same time, although this relationship will depend on whether some of the motivations are more or less dominant or different from one person to another. The intensity of any external and internal factor differs among people. According to Vroom (1964), an individual is motivated by several factors, but some factors dominate with respect to others. In an entrepreneurial context, the outcome of starting a business can be extrinsic and intrinsic. Financial and material rewards are the extrinsic results of a business and depend on the organization's performance. Intrinsic awards include when a person wants to be its own boss, to have own control over his fate, and so on.

One of the key demographic determinants in the research of entrepreneurship is gender. Researchers have been trying for decades to determine which motivational factors are important for women entrepreneurship. Since the 1980s, researchers have been trying to motivate people, especially women, for entrepreneurial ventures, and group motivational factors into push and pull. Push and pull theory of entrepreneurial motivation was formed in the eighties (Segal et al., 2005; Kirkwood, 2009). Push theory argues that individuals are encouraged to become entrepreneurs under the influence of negative external forces (job dissatisfaction, hard work finding, insufficient earnings, etc.). According to the pull theory, individuals become entrepreneurs looking for positive outcomes (independence, self-fulfillment, etc.). Push theory focuses on external stimulus factors, mostly negative, and pull theory focuses on positive outcomes that motivate an individual to do something (Segal et al., 2005; Kirkwood, 2009). According to Almobaireek and Manolova (2013: 559) push factors are explained as factors that initialize the need to act in order to eliminate “the tension caused by discomfort or pain”.

According to Gartner (1988) and Cromie (1987) pull factors are those factors that attract people to start business. Hughes (2006) found that independence and self-fulfillment are the most important reasons why women start an entrepreneurial venture. He further said that self-fulfillment and self-confidence refer to the belief that we are capable of thinking, teaching, making decisions, and to overcome the challenges and changes that we are faced with. Self-confidence in women is mostly disrupted by various stereotypes (e.g. women will not be accepted to work even though she fulfills all the conditions due to her role as a mother, and thus poses a victim stereotyping, which automatically disrupts her self-confidence).

According to Huges (2006), Gartner (1988) and Cromie (1987) we can conclude that women entrepreneurs have the need to express themselves, express their own views and talk about things that they consider to be important to experience the confirmation of their inner self; those they build self-confidence with active creativity by which they go beyond the limits, come out of imposed frames and thus come to self-expression that results in satisfaction.

Education, work on yourself and working with people greatly helps women in their own business. Women do not make a quick decision, what they decide to do they do with own and hard work, knowledge. They must be an example for people who have to follow them.

Push and pull theory have received the attention of a large number of entrepreneurship researchers. The researchers sought to establish the dominant push and pull factors, under which conditions factors of one category were more pronounced in relation to factors of the second category, a relationship with demographic and other attributes (gender, age, social status, etc.) and others significant dimensions. Generally, researchers find pull factors overtake push factors (Segal et al., 2005; Shinnar and Young, 2008; Kirkwood, 2009). However, many situational forces, individual differences and other factors can influence which factors will dominate. So, the outcome will vary depending on whether it is a favorable economic environment, a period of economic boom and prosperity in relation to unfavorable economic environment, recession and economic crisis. The poor economic situation increases the chances of overcoming the push factors, thus increasing the unemployment rate the prospects for finding a job and the expected returns from entrepreneurship can become more attractive to people than employment.

The main push factor highlighted in the literature is unemployment, lack of work, including the inability to find an adequate job due to an unfavorable situation on the labor market. The need for higher incomes that allow life beyond the poverty zone is a factor often associated with the previous one and referred to in several studies. Important factors are the dissatisfaction with the incomes in the current business, low salaries as dissatisfaction with existing business and a stressful and negative working environment (Ismail et al., 2012).

The action of push and pull factors is never clear and unilateral, since some factors may sometimes appear both as pushing and pulling.

According to Dollinger (1999) pull factors are an existing career and education that provides the appropriate knowledge. Career and knowledge offer entrepreneurship opportunities. Murphy (1992) states that existing knowledge and experience is ranked as a first-rate pull factor. However, Gangwar (2015) points out that this can also be a push factor since women's knowledge and experience can be lowly valued and underestimated in companies, and the push factor can also be an inadequate experience or lack of experience. We can conclude that experience has always been an important advantage, and it signifies the perception that has an impact on the relationship of man to the world; Murphy (1992) states that it is acquired over the years so most mistakes will most likely occur in young entrepreneurs in a relationship to the elderly; experience represents a thread of leadership in further business.

Motivation denotes the state of an organism in which all human energy is directed towards the target goal; to suppress stereotypes and to prove they can achieve their goal, some women decide on entrepreneurial ventures.

External factors such as family, education and financing affect entrepreneurs to start a business (Almobaireek & Manolova, 2013; Blanchflower & Oswald, 1990; Bowen & Hirsich, 1986; Dyer & Handler, 1994; Praag et al., 2008).

Establishing a balance between work and family responsibilities is one of the strong motivating factors that affect differently on the entrepreneurship of women and men. Access to "family rootedness" – this approach examines possible differences in the attitude of men and women towards the problem of establishing a balance between family and work, and the differences are expected in accordance with the division of gender roles in the patriarchal family. One of the hypotheses is that women are more likely to choose strategies that hinder the development of work precisely because of family responsibilities or career partners.

It can be concluded that the family is one of the most important factors that affect women to enter into entrepreneurship. Research shows that when it comes to family, there are significant statistical differences between gender, and women are more motivated than men (Kirkwood, 2009; Dawson & Henley, 2012). Insufficient family income and pressure of families are factors that are highlighted in the literature. Ineffective working hours, or the need for flexible

work time, can also be associated with the family due to female multiple roles and responsibilities in the family.

According to Sulabo and Domingo (2008), women's motivation for a pre-venture enterprise can come from the influence of other people (family members, relatives, friends, etc.). A person whose friends or family members are entrepreneurs can become motivated and encouraged to look at people who are close to her to start her own entrepreneurial venture.

The desire to acquire wealth or high income is the main motivating factor. Attention is paid to social status and prestige (Lebakeng, 2008; Verheul et al., 2009; Tomsk, 2014). Research shows that this factor is stronger expressed by male entrepreneurs in relation to women (Fielden, Davidson, 2005) and depends on national culture (Shane et al., 1991).

The individual's motivation to engage in the entrepreneurship can be highly negatively affected if influenced by financial constraints. The inheritance (money or family firm inheritance) is frequently referenced as initiator of entrepreneurial activity (Blanchflower & Oswald, 1990).

Hisrich et al. (2008) say that women better understand people around themselves not only buyers or users, but also associates and employees due to the fact that they are always ready to listen to others. They also use modern solutions much faster, such as decentralized and flexible organization, teamwork and collective decision-making and participation of employees in decision-making.

## 5. Conclusion

Although women are increasingly involved in entrepreneurial activities their number as entrepreneurs is still lower than number of men. Kolaković (2006) noted that social and economic factors influence the increase of women's involvement in entrepreneurial activities, so the culture of the place in which they live is of great importance. The first feature that affects the increase in the share of women in the entrepreneurial activity is a fact of different behavior among the genders in different countries.

The second feature concerns specific entrepreneurial behavior for individual countries. In addition, the strong influence on women's entrepreneurship has both the demographic and family structure, as well as the level of development of individual countries. Thus, in economically developed countries, the increase in the number of inhabitants does not affect the growth of entrepreneurial activities, as it is not the case with underdeveloped countries. Namely, in underdeveloped countries with population growth, the growth of entrepreneurial activities in both genders is also proportional, which is conditioned by the growth of entrepreneurial opportunities caused by the growth of total demand by the population. As a consequence, there is a rise in competition, as well as greater opportunities for self-employment.

We can conclude that motivational factors influence female entrepreneurship. This paper presents a brief but clear and comprehensive, very broad theoretical approach to the role and importance of motivation to human, business and entrepreneurial creativity. We point out the usual division of the theory of motivation factors into two large groups: push and pull factors. Push theory argues that individuals are encouraged to become entrepreneurs under the influence of negative external forces (job dissatisfaction, hard work finding, insufficient earnings, etc.). Pull theory says that individuals become entrepreneurs looking for positive outcomes (independence, self-fulfillment, emphasis, and proof).

So, pull factors are those factors that attract people to start business. Independence and self-fulfillment are one of them, but these factors are mostly disrupted by various stereotypes (e.g. women will not be accepted to work even though she fulfills all the conditions due to her role as a mother, and thus poses a victim stereotyping, which automatically disrupts her self-

confidence). Women do not make a quick decision, what they decide to do they do with own and hard work, knowledge. They must be an example for people who have to follow them.

We conclude that the main factor of the spike that is highlighted in the literature is unemployment, including the inability to find an adequate job due to an unfavorable situation on the labor market. On the other hand, literature suggests that the need for independence and autonomy is one of the main pull factors of entrepreneurial motivation.

#### Acknowledgements

This research did not receive any specific grant from funding agencies in the public commercial, or not-for-profit sectors.

The authors declare no competing interests.

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