CONVERSATIONS WITH MALAYSIAN WOMEN ENTREPRENEURS: CULTIVATING INNOVATION THROUGH FEMALE LEADERSHIP

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Abstract

Research indicates that innovation thrives within certain organizational cultures which are shaped by their leaders. However, existing typologies of leadership style do not adequately describe the female perspective. The objective of the study, therefore, is to examine how women entrepreneurs lead their employees and influence other stakeholders towards building an innovative organizational culture. Due to the intended depth of the analysis, a qualitative approach is considered more suitable. Based on the responses four distinct styles of female leadership are identified, which demonstrate that female leadership styles do not neatly fit into existing typologies commonly associated with modern leaders. The study concludes with recommendations for future studies, in particular to ascertain the relationships between culture, leadership style and organizational innovation.

Keywords: *Women entrepreneurs, leadership, innovation, Malaysia.*

1.0 Introduction

The increasing prominence of Asian women entrepreneurs since the 1990s has raised a lot of debate about their characteristics and management styles, which many believe are significantly different from those of their male counterparts. For instance, Abdul Rashid (1995) demonstrates that women entrepreneurs are less motivated by financial reasons, such as money and economic necessity, than the men. Lee and Choo (2001) find that women face specific challenges in the form of family commitments and sex-role conflicts. Women have also been shown to be especially good at cultivating interpersonal relationships (Licuanan, 1992) but poor at planning, organizing and controlling (Abdul Rashid, 1992).

However, research on these women is still very much at an infant stage. There is a wide range of strategic issues which requires more in-depth scrutiny, particularly that pertaining to their styles of leadership. Given that innovation is one of the most critical functions of entrepreneurship, an attempt is made in this study to examine female leadership in the context of cultivating innovativeness in business organizations. The study is carried out in Peninsular Malaysia, where approximately 15% of businesses are owned by women. Although small in numbers, this segment of the Malaysian business population serves huge social and political purposes, as discussed in the following section.

2.0 Women Entrepreneurs in Malaysia

Malaysian women's participation in commerce may exist in any of the four categories of employment status, i.e. as an employer, an employee, an own-account worker or an unpaid family worker. As indicated in Table 1, the Malaysian Labour Force Report (Department of Statistics, 2004, p.44) documents that out of the total working female population in 2003, 77.5% were paid employees, 11.7% were own-account workers and 9.6% were unpaid family workers. Only 1.2% were categorised as employers. For men, the percentages were higher for the employers and own-account workers categories but lower for employees. The fact that the number of unpaid female family workers is almost five times higher than the males' is particularly disturbing. One possible reason for this is that Malaysian women are being exploited and made to work for free by their own family members.

Table 1   Distribution of Malaysian Working Population by Gender and Employment Status, 2003

Gender	Total Population	Employer (%)	Employee (%)	Own-account Worker (%)	Unpaid Family Worker (%)
Male	6,323,600	4.6	75.5	17.7	2.2
Female	3,546,100	1.2	77.5	11.7	9.6

Based on that scenario, it is believed that some women become entrepreneurs to secure financial independence. But financial independence alone cannot explain women's decision to set up their own business; after all 77.5% of Malaysian working women find financial independence by being employed. So what are the real motives for entrepreneurial intention among these women? Although previous research (Sieh et al, 1991) shows that the most common appear to be intrinsic such as self-satisfaction and interest in business, a deeper analysis suggests that there may be social and political factors too.

As voters, Malaysian women compose about half of the total eligible population (Department of Statistics, 2001). In the elections, it is no secret that women both in the ruling party and the opposition play the biggest role in house-to-house campaigns and getting right down to the grassroots. For the government, empowering women with opportunities in education and career is therefore critical to ensure their political support. Since career opportunities in the government and corporate sectors are limited, women are encouraged to become business players. They are given training, funding, and counseling as incentives and business networks are provided through affiliation with political parties. In addition, business equity has been used as a measure of social justice since the era of the New Economic Policy. For UMNO, the Malay component of the ruling coalition, raising Malay equity symbolizes its success as the champion of Malay rights. Unfortunately the young Malay male population suffers from a horde of social ills – from dropping out of school to illegal racing to drug abuse – and UMNO finds itself turning more and more to its womenfolk as role models.

According to the Malaysian Labour Force Report (Department of Statistics, 2004), out of the total number of women employers, a clear majority are located in urban areas and aged between 30 and 49 years. Almost half are Malays, followed by 40% Chinese, and 5% Indians. These data are summarized in Table 2.

Table 2   Distribution of Malaysian Women Entrepreneurs by Ethnicity, Stratum, and Age Group

Distribution Variable	% out of total
Ethnicity:	
Malay	47.1
Chinese	39.6
Indian	5.0
Others	8.3
Total	100.0
Stratum:	
Urban	79.8
Rural	20.2
Total	100.0
Age Group:	
Below 20	0.1
20 – 29	16.2
30 – 39	34.4
40 - 49	31.8
50 and above	17.5
Total	100.0

In another study (Sieh et al, 1991), it is established that Malaysian women entrepreneurs are most likely to be in the service industries, have prior working experience and small i.e. with fewer than 20 full-time employees and earning less than RM100,000 per annum. Their businesses are mainly funded by personal savings, and most are either sole proprietorships or partnerships. They also tend to concentrate on local markets, with less than 10% going international.

3.0   Entrepreneurship and Innovation

Entrepreneurship, as an area of research, began in France approximately three hundred years ago (Hisrich and Peters, 1998). In the earliest stage of its conception by Richard Cantillon, a noted French economist in the 1700s, entrepreneurship was associated with the risk involved in a business transaction where the costs were known but the profits were not. In the 18th. century, Jean Baptiste Say and Francis Walker further distinguished the entrepreneur from a venture capitalist; the former was viewed as a capital user while the latter, a capital provider. The concept of entrepreneurship continued to widen and became more articulated in the 19th. and 20th. centuries when it was used to explain a lot of economic phenomena; market expansion, rapid technological development and the booming of small-and-medium industries were mostly attributed to entrepreneurship (Zimmerer and Scarborough, 1998). Entrepreneurs were considered important too because of their ability to develop competitive strategies which were vital not only to the firm but also the nation, as suggested by Adam Smith in his 1776 book, *The Wealth of Nations* (Daniels and Radebaugh, 1998).

Due to this purported social significance of entrepreneurship, the quest for a genuine profile of the entrepreneur gained more momentum in Western literature in the mid 1900s. In particular, there were considerable discussions on the traits and functions of an entrepreneur. McClelland (1961), one of the most prominent scientists to have studied the entrepreneurial psyche proposed that an entrepreneur was someone who was proactive, achievement-oriented and committed. In *Can Capitalism Survive?*, Joseph Schumpeter (1952) argued that the function of an entrepreneur was to reform or revolutionize the pattern of production by exploiting new or untried technology and processes. The notion of the entrepreneur as an innovator is thus believed (Hisrich and Peters, 1998) to have been conceived by Schumpeter. Since then, innovative skills have generally been accepted as one of the critical attributes of successful entrepreneurs (Drucker, 1985; Chell et al, 1991; Johnson, 2001). Some of the most profitable companies in the world have associated their growth with innovation, which they perceive as the ability to change and reinvent themselves as a way to exploit opportunities. In the words of Bill Gates, the founder and CEO of Microsoft Corporation:
> "*The entrepreneurial mindset continues to thrive at Microsoft because one of our major goals is to reinvent ourselves – we have to make sure that we are the ones replacing our products instead of someone else.*" (Lowe, 1998, p.69)

3.1   The Role of Leadership in Innovation

Many classical theorists on innovation (Schumpeter, 1934; March and Simon, 1958; Rogers, 1962) argue that innovation is triggered and driven by certain individuals in the society who have the necessary characteristics to make it happen. This perspective is supported by latter thinkers such as Bennis and Nanus (1985) and Nam and Tatum (1997) who also believe that entrepreneurs are the ones primarily responsible for initiating changes and novelties in the

society. The explanation offered for the theory is that entrepreneurs possess certain traits such as risk-propensity and ambitiousness that induce them to strive for better and greater things. Entrepreneurs are held responsible too for educating the society on the need for new ways of life and solutions to life's problems. This the entrepreneur may achieve by destroying the present equilibrium and creating a new one through novelties – a process described by Schumpeter (1934) as "creative destruction".

Although the individualist perspective of innovation has been criticized as overly narrow and simplistic (Van de Ven et al, 1989), the notion of leaders as agents of change has accepted wide acceptance among management scholars (Kanter, 1984; Drucker, 1985). Research indicates that innovation thrives within certain organisational cultures - such as a learning orientation and an open attitude towards risk (Chell,2001) - which are shaped by their leaders. Likewise, a leadership high in Power Distance has been suggested to have an adverse effect on innovativeness and vice versa (Hofstede, 1980). However, existing typologies of leadership style do not adequately describe the female perspective. For instance, leaders are said to be either result-oriented or people-oriented but the truth is that women, especially Asian women, often get results by being people-oriented. Thus there appears to be a need to identify a more accurate typology of leadership styles among Malaysian women entrepreneurs, particularly one which relates to innovation.

4.0   Study Framework and Methodology

The objective of the study is to examine how women entrepreneurs lead their employees and influence other stakeholders towards building an innovative organizational culture.   Due to the intended depth of the analysis, a qualitative approach is considered more suitable. Ten women entrepreneurs are identified and personally interviewed based on a series of open-ended questions. These women are deliberately chosen from all over Peninsular Malaysia to represent various industries and personal backgrounds. Each interview takes place at the respondent's business premise and lasts for approximately an hour. In some cases, a brief tour of the premise is also provided which gives the author a first hand opportunity to observe some of the innovations implemented by the entrepreneurs. Their responses are then content-analysed to generate a typology of female leadership styles within the context of business innovation.

5.0   Discussion of Results

The profile of the respondents is summarized in Table 3. As shown:
1. Their age ranges from late twenties to early fifties;
2. Two received tertiary education, seven higher secondary, and one lower secondary;
3. Four of them are in consumer services, one in business services, two in distribution and three in manufacturing;
4. Five have been operating for less than 5 years, three for 5 to 10 years and two for more than 10 years;
5. Five of them are based in the Central region, two are in the East Coast states, two in the South, and one in the North.

Table 3   Profile of Respondents in the Personal Interviews

Identification	Age Group	Education	Type of Business	Duration of Business (years)	Business Location
PI1	Early 30s	Tertiary	Sauce manufacturer	2	Kota Bharu (East)
PI2	Early 50s	Higher secondary	Cookie manufacturer	4	Kuantan (East)
PI3	Late 20s	Higher secondary	Office supplies provider	2	Kuala Lumpur (Central)
PI4	Early 50s	Tertiary	Direct selling agent	1	Seremban (Central)
PI5	Late 30s	Higher secondary	Beauty centre	7	Kuala Lumpur (Central)
PI6	Mid-40s	Higher secondary	Construction material supplier	13	Bangi (Central)
PI7	Late 40s	Higher secondary	Batik manufacturer	8	Alor Setar (North)
PI8	Late 30s	Higher secondary	Canteen operator	11	Putrajaya (Central)
PI9	Early 40s	Lower secondary	Transport operator	5	Johor Bahru (South)
PI10	Late 30s	Higher secondary	Kindergarten operator	4	Malacca (South)

Based on their qualitative responses, four distinct styles of female leadership are identified. These styles, referred here as the "Mother", the "Teacher", the "Boss" and the "Chameleon", are described as follows.

The "Mother"

This style reflects a family-oriented approach in the management of business innovation. The four women who fall into this category, namely PI2, PI7, PI8 and PI9, view their employees and other stakeholders as their extended families. They are extremely protective of others, and often get involved in the personal affairs of those they perceive to be under their care. These women frequently use phrases such as "*help each other out like brothers and sisters*", "*they respect me like their own mother*", and "*I scold them if they do anything wrong*".

In their organizations, innovation is often treated with caution. Each time the entrepreneur decides to embark on a new project, she tries it out herself first. When she is absolutely sure of its success, she demonstrates in detail to others how exactly she wants things to be done and takes great care to minimize the chances of failure.

> PI8: "*I will try out the new recipe several times and when I am completely satisfied, I will show my girls how to do it. Otherwise, they won't have a clue whatsoever, and end up putting too little or too much of everything.*"

She also has very little reservation about asking for personal favours from suppliers and customers.

> PI2: "*My customers are my best source of ideas. I often borrow women's magazines from them and look up the creativity section to learn about the latest packaging designs.*"

> PI7: "*When I want to get information about my competitors, I will ask my supplier who also delivers material to the other stores. Like for instance, what type of cloth they use, the quantity of order and the price they pay for it. Then I will decide whether I want to follow suit or not.*"

The "Teacher"

The style displayed by PI1 and PI10 closely approximates that of an educationist. The women believe in the good of academic qualification, training and continuous upgrading of skill and technology. PI1 tells of her latest recruit, a Chemistry graduate, who is hired as her food technologist and quality controller. And PI10 apologises at the outset of the interview that she only has an hour before having to rush off to Singapore for a workshop on childhood education.

The women have a very open attitude towards the learning process, and regards mistakes as a natural part of it. They encourage their employees to try out new things on their own and the organizations often develop new ideas by trial-and-error. Computerisation and automation

are integrated within the process flow to improve quality and maintain standards. They even educate their customers on the benefits of innovation.

> *PI10: "I tell the parents what new modules we have, and why their children should enroll in a particular module. I remember a girl who had a natural gift for music… I suggested to her parents that she should try out our piano lessons. They were reluctant at first because they wanted her to concentrate on the academic stuff but I convinced them that in this age academic excellence alone is not enough. They relented in the end, and now the girl is already in Standard 3, every time they bump into me, they can never thank me enough for introducing piano to their child."*

The "Boss"

This particular style describes the entrepreneur's emphasis on the formalization of innovation. Novelties are adopted as official business targets tied to the employees' performance evaluation and remuneration packages. Instructions are given in a precise, orderly manner and changes are carried out systematically.

> *PI5: "I give incentives to my staff if they are willing to be flexible about their schedule. Most of the time they know exactly what's expected of them. As long as I give clear instructions, they will carry them out accordingly."*

> *PI6: "My workers are mostly immigrants so they have special requirements, especially in terms of work permits, accommodation, and transportation. I make sure they are well looked after, and I expect them to carry out their jobs well. Otherwise, I will terminate their services and ask for replacements."……………… "When I introduce a new material, I will record the manufacturing batch number. Then I will track its movement until the point of consumption. If there are any complaints from the customers, I will immediately call my supplier and cancel other orders from the same batch."*

The "Chameleon"

This style reflects the entrepreneur's tendency to be situational. She believes in adopting different approaches to different individuals and circumstances. According to her, to be effective, an entrepreneur needs to understand the exact needs and wants of various stakeholders and strive to fulfill each in many different ways. Innovation is perceived as merely a means to an end, and not something which should be actively encouraged. PI3 says she visits government and business clients with two different sets of product catalogue, because she knows that each has a different budget. Therefore, even though she knows which product is the best, she feels that there is no point in educating the customer about the product simply because the budget will not allow for it.

In the case of PI4, she carries products from four parent companies and adjusts her presentation package and style according to the customer. She does not see anything wrong with the practice because she is not legally bound to any one of them.

> *PI4: "Take health supplements, for instance… there are people who prefer Company A's products and there are those who like Company B's. So I carry both and promote each accordingly."*

6.0   Conclusion

The study demonstrates that female leadership styles do not neatly fit into existing typologies commonly associated with modern leaders. There is enough evidence gathered in the interviews suggesting that women entrepreneurs are not simply either result-oriented or people-oriented; instead they often derive results by being people-oriented. This may be explained by the theory of social conditioning (Best and Williams, 1997) which argues that because society conditions women to be gentle and nurturing, they behave as such. Thus it is possible that even women in leadership positions assume roles which are more socially acceptable such as "mother" and "teacher" so that the society will be more tolerant and accepting towards their leadership. This behaviour is likely to be more pervasive in a masculine society where gender differentiation is high than in a feminine society which advocates gender equality (Hofstede, 1980).

Of course, due to the limited number of samples, it would be presumptuous to conclude that the study's findings can adequately explain female leadership styles in every setting. As leadership is a highly cultural variable, it is believed that different cultural group will have a different tendency towards a particular style. For instance, in highly masculine societies such as Japan, most women entrepreneurs may adopt the "Mother" and "Teacher" styles whereas in feminine societies no clear-cut relationships may be observed since women are freer to express their true identities. It is also important to determine which style is more effective for women entrepreneurs: Is the organization more innovative when she behaves in a specific manner? To make reasonable conclusions, obviously more data is required. Hence it is recommended that quantitative studies involving larger samples be conducted to ascertain the following:
1. The relationship between culture and leadership style.
2. The effect of leadership style on organizational innovation.

In so doing, other criteria including the validity and reliability of the leadership style scale will first have to be met. Future studies may also raise additional issues such as the measure of organizational innovation in women-owned enterprises.

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