

A Comparison of the Critical Success Factors of Women-Owned Business in Korea and Myanmar

Mary Nyunt (Graduate School of Kangnam Univ., Doctoral Student, maylatt1980@gmail.com)

Sojeong Kim (Graduate School of Kangnam Univ., Doctoral Student, coco3170@naver.com)

Jongsoo Yoon (Div. of Business Administration, Kangnam Univ., Professor, jongscoo@kangnam.ac.kr)

... Abstract ...

This paper investigates the relationship between critical success factors of women-owned business and business performance. In last decade, there had been a little researches concerned with the comparison of businesses owned by women to those owned by men. Gradually, there are a lot of extensive researches on female entrepreneurs in developed countries and also comparatively studies of women-owned business in Asia depending on the country level.

In this study, we examine how business performance is affected by the critical success factors of women-owned business and compare the differences between business owned by women in Korea and Myanmar. The results indicate that business performance has a positive outcome based on the critical success factors for women-owned business under control variables. And also, there is a significant difference between Korea and Myanmar.

Key Words : Critical Success Factor, Business Performance, Women-Owned Business, Entrepreneurs

I . Introduction

This paper's objective is to advance understanding in the field of female-owned business. To date, gender and economic development is studied in Asia have considered women mostly as economic agents in labor markets. But Asian women are laborers in the field as well as factory workers, also producers, entrepreneurs and investors. As both

concept and activity, entrepreneurship and especially female entrepreneurship has been growing in importance in Asia since the mid 1990s, with moderate acceleration at the beginning of this decade. But people's image and idea on female entrepreneurs in Asia are exclusive, first that there are very few of them(women entrepreneurs' sample size is small); second that there are mainly in the informal or formal micro-sectors, producing relatively

low-added - value goods and unsophisticated traditional services. Institutional and socio-cultural obstacles are perceived as impeding the development of female entrepreneurship.

To be a woman entrepreneur requires the innovation, motivation, creation and the idea for business plan in combining various resources that are available around and getting new things done or performed. There are Asia women entrepreneurs who say they were motivated to create a business by pull factors such as the desire for self-achievement, autonomy, freedom and the flexibility that result from the self-employment, rather than to supply from the family income. Business performance was measured by sales improvement (return of sales) and profitability provided by the subjects. The measures of business performance were found affected with the success of the business as did the critical success factors of family support, personal skills and presence of opportunities (FS-PS-PO), knowledge of culture and language, knowledge of product and service, quality of product and service (KCL-KPS-QPS), customer loyalty, quality of personnel, availability of professional service and desire to succeed (CL-QP-PS).

II. Literature Review

1. Critical Success Factor in Women-Owned Business

Female entrepreneurs are considered important for economic development (Verheul,2006) and they contribute not only to employment creation and economic growth through their increasing numbers but also the diversity of entrepreneurship in the economic process (Verheul and Thurik, 2001). Prior to the mid 1980s, women made the small firms sector with as business owners in their own right, or more commonly as providers of labor to family owned business(Goffee and Scase,1985).

Influenced by the existing small business literatures, early studies of female entrepreneurship concentrated mainly upon the motivations for business start up. Researchers frequently point to the barriers female in small business, such as socialization practices, educational experiences and family roles. Bruch and Hisrich(1991) pointed out that key factors toward business success were financial skills, idea generation, and market opportunity motivation. Loscoco and Robinson(1991) suggested that gender

stratification in education and occupation, exclusions from networks of information and responsibility for their domestic sphere as strong focus on the quality of the product or service, available cash to grow the business, and effective leadership.

2. Relationship between Critical Success Factors and Business Performance

Watson (2003) explains why female owned business generally underperforms male owned business. First, it may be younger than male owned business. Second, because of family commitments, female business owners may have less time available for their businesses than their male counterparts. Third, female business owners may not have the same level of education and prior experience compared to male business owners. Fourth, Female business owners may be less connected with Financial reward than male business owners.

Lerner(1997) examined individual factors influencing the performance of 200 Israeli female owned businesses. Evidence suggests that social structures (work, family, organized social life) vary among developed and developing countries in relation to

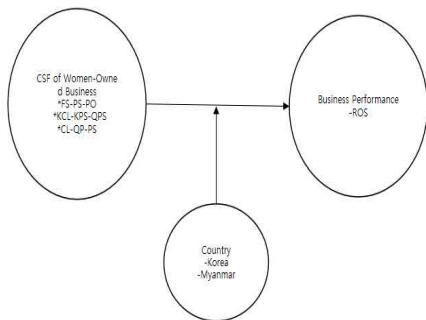
theories expanding the performance of female owned businesses.

III. Research Design

1. Research model and Hypotheses

This study examines the relationship of critical success factors of women-owned business and business performance. Research on female entrepreneurs is extensive in developed countries, especially in the United States and Europe, there are comparatively few studies of female owned business in Asia.

The model includes strategic capabilities and management styles and theoretical relationship to performance. Results of the study suggest that performance of lifestyle ventures owned by women depends more on their marketing, financial and managerial skills, personal skills than on innovation.



<Figure 1> Research Model

H1: The critical success factors of women-owned business will affect the business performance.

H1-1: Family support, Personal skills and opportunities will affect the business performance.

H1-2: Knowledge on Culture & Language, Knowledge on Product and Service & Quality of Product and Service will affect the business performance.

H1-3: Customer Loyalty, Quality of personnel, Availability of professional services will affect the business performance.

H2: The country type will have a moderating effect on the relationship between critical success factors of women-owned business and business performance.

2. Research variables

<Table 1> Contents of questionnaires

Variables	Components	Scale
Critical success factors	Family support(CSF1) Knowledge of Culture and Language(CSF2) Human Relation Skills(CSF-3) communication skills(CSF-4) Personal Qualities(CSF5) Knowledge of Product and Service(CSF6) Quality of product and service(CSF7) Customer loyalty(CSF8) Quality of personnel(CSF9) Availability of professional services(CSF10) Technological advantage(CSF11) Availability of Finance(CSF12) Presence of opportunities(CSF13) Desire to succeed(CSF14)	Likert 5 point
Business performance	How recently many businesses changed sales and profitability during 2or3 years	Likert 5 point
Demographic variables	Industry , Organization, Business Experience, Annual sales, Employees	Nominal

In Korea, according to the latest survey on the current status of women businesses by the Korean Small and Medium Business Association(SMBA) and Korean Entrepreneurs Association (KWEA), there are about 1.1 million women businesses, accounting for 28% of the total.

About 20% of companies registered with the Korean IT business Women's Association (KIBWA) are exporters and the growth rate of women businesses in Korea was four times higher than the rate of male businesses from 2001 to 2006 in Japan. Most of those new businesses have been created by so-called "mompreneurs", i.e., housewives who start traditional ventures such as cooking schools, making soap,

cosmetics, clothes or decorative items mainly activities that can be considered as an extension of the daily activities of the entrepreneurs.

In Myanmar, women-owned business account for about 25% of the total number of private companies that have been authorized to operate. Women entrepreneurs in Myanmar are mostly involved in business such as trading, education and training services, healthcare and body fitness, ICT related services, beauty and skin care, food processing, accessories and garments, there are also in constructions. Services activities were largely limited to hotels, restaurants and entertainment until recently, but women now enter in travel and tourism, as well as the data-processing, consulting and media sectors.

A questionnaire sent to Myanmar women business owners whose names were randomly drawn from the Myanmar Women Entrepreneurs Association (MWEA) membership directory. This study is part of a larger study on cross-cultural differences of women-owned businesses.

IV. Statistical Analysis

Since the focus of this empirical study was on the relationship of success factor and business performance in female-owned business, regression analysis was deemed appropriate. Before running regression, the various constructs were tested for validity using principal component analysis with varimax rotation. In addition, reliability analysis was carried out using Cronbach Alpha coefficients, a measure of internal consistency and results show that all constructs are valid and reliable except technological advantage (CSF11) and availability of finance (CSF12).

<Table 2> Exploratory Factor Analysis

Variables	Factor1	Factor2	Factor3	Cronbach's α
CSF1	0.615	0.171	0.061	0.756
CSF3	0.657	0.191	0.082	
CSF4	0.786	0.252	0.102	
CSF5	0.665	0.172	0.091	
CSF13	0.724	0.332	-0.022	
CSF2	0.327	0.609	0.176	0.711
CSF6	0.336	0.725	0.101	
CSF7	-0.054	0.812	-0.108	
CSF8	0.061	-0.211	0.707	0.732
CSF9	-0.012	0.317	0.675	
CSF10	0.262	0.352	0.728	
CSF14	0.181	0.041	0.771	
Eigen value	5.478	1.414	2.038	
Variance	39.131	8.152	8.607	
Cumulative percent	39.589	55.889	47.737	

*Principle component analysis with varimax rotation

<Table 3> Correlations and descriptive statistics (N=384)

Variable	Correlation				Mean (N=384)	Standard deviation
	BP	FS-PS-PO	KCL-KPS-QPS	CL-QP-PS		
BP	1.000	0.145*	0.181*	0.192**	2.19	0.642
FS-PS-PO		1.000	0.000	0.000	2.190	0.689
KCL-KPS-QPS			1.000	0.000	2.050	0.626
CL-QP-PS				1.000	2.380	0.823

Pearson correlation; **p≤0.01

We began our analysis by computing descriptive statistics for correlation among the independent variables. <Table 3> shows significant positive correlation of three predictor variables with business performance(BP). Thus, the correlations provide preliminary evidence that family support, personal skills and opportunities (FS-PS-KPS), knowledge of culture, language, product, service(KCL-KPS-QPS) and Customer loyalty, Quality of personnel, professional services and desire to succeed (CL-QP-PS) are related to business performance.

<Table 4> Result of Regression Analysis of CSF and BP

Model	unstandardized coefficients			standard coefficients	t	sig
	배타(β)	표준오차	배타(β)			
BP	BP	2.456	0.139		17.03***	0.000
	FS-PS-PO	0.083	0.033	0.128	5.057***	0.006
	KCL-KPS-QPS	0.121	0.036	0.172	3.025***	0.003
	CL-QP-PS	0.136	0.033	0.155	2.067**	0.087
R ² =0.077, Adjusted R ² = 0.253 F= 50.887, Sig. F= .000, Durbin Watson= 1.985						

*P≤0.10, **P≤0.05, ***P≤0.01

<Table 4> shows the coefficient results of multiple regression analysis for combination of Korea and Myanmar. F-statistics and the Durbin Watson indicator is significant, suggesting this model fits the data well.

With respect to H1, the independent variables of CSF are significantly and positively related to BP. This finding suggests that for the success of business owned by women, family support and personal skills, desire to succeed are relatively more important than the competitiveness of the type of business. Thus, we conclude support for H1.

<Table 5> Dummy Regression Analysis

Model	K (Korea)	MM (Myanmar)
Dummy	0	1

<Table 6> Result of Dummy Regression According to Country

Independent variable	unstandardized coefficients		standard coefficient (β)	t	sig
	(β)	standard error			
	1.963	0.235		8.371	0.000
FS-PS-PO(f1)	0.359	0.090	0.350	3.984	0.000
KCL-KPS-QPS(f2)	0.245	0.055	0.348	4.470	0.008
CL-QP-PS(f3)	-0.057	0.043	-0.137	-1.327	0.088
D1	-0.266	0.155	-0.159	-1.720	0.088
f1*D1	0.158	0.063	-0.057	3.232***	0.002
f2*D1	0.075	0.065	0.150	1.758**	0.081
f3*D1	0.059	0.069	0.164	2.074**	0.040
Adjusted R ² =0.051, F=1.984, Sig. F=.000, Durbin Watson=1.665					

*P<0.10, **P<0.05, ***P<0.01,

With respect to H2, it appears for both countries there is high degree of correlation with the three critical

success factors and business performance(BP). Depending on this, there is significantly comparison and difference conditions between Korea and Myanmar women owned business. In two countries, family support and personal skills , desire to succeed are also clearly find that Myanmar women owned business owners focused than their Myanmar counterparts.

IV. Conclusions

We proposed two major hypotheses to explain differences and similarities that will be found between the two samples groups used in this study: Korea and Myanmar women business owners.

The findings from this research broaden and deepen our understanding of how critical success factors for women-owned business affect business performance. By the hierarchy multiple regression estimated appears to provide strong support for hypothesized relationships linking women-owned business success and performance.

Women associations in Korea and Myanmar are involved in many projects to promote women's businesses, on their own and/ or with the local public authorities or international organizations. They are

important links in the economic decision-making process through their connections to political power and grassroots organizational capabilities. They are active in making their members' priorities a part of the national political and economic agenda.

It could be cautiously said that the number of women entrepreneurs and the quality of their businesses are likely to increase in the years to come on Korea and Myanmar. It can be expected that a growing number with the necessary experience, expertise and professional network will create companies to make inroads in knowledge-based higher-value-added industries ; increasingly some of them will be put into development potential. But there will be still too much fluidity in two countries to devise precise scenarios. Female owned businesses in Korea and Myanmar are a growing heterogenous group with diversified aspirations and objectives in mixing their business activities and lifestyle and they represents such as a wide range of different types of entrepreneurs and companies that they cannot be put into the same category, and research on their activities will require a more differentiated approach in future.

One more thing we clearly found in this study that the women from both countries did not focused on

technological advantage on business. In this information and technology Era, ICT platform can support effectively to increase and help to develop so fast the business and can compete all competitors (men and women business owners). We still have the plan to conduct the survey continually by the help of ICT and online platforms' advantages on women-owned business to attain huge business performance more than last four years.

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