Factors that influence the decision of Peruvian women to become entrepreneurs

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Abstract

This study aims to discover the various entrepreneurial motives driving Peruvian women’s decision to become entrepreneurs rather than workers under the conceptual framework of the push-pull theory. For this study, researchers conducted an exploratory cross-sectional investigation to determine what factors are most likely to encourage Peruvian women to establish their businesses in their home country. Semi-structured interviews were conducted utilizing face-to-face technique. Additionally, the snowball sampling approach was used to identify possible focus group participants. Among Peruvian women’s entrepreneurial choices, personal growth, social mission, and interpersonal relationships were the most influential factors. Although financial motivation is an important factor for female entrepreneurs, it isn’t the primary driver. A larger sample of female entrepreneurs is required for the study to be generalizable. Because Peruvian women have one of the highest rates of entrepreneurial activity globally, the country’s economy might undergo a significant transformation if these women are given adequate assistance.

Keywords: women entrepreneurs; push-pull methodology; business; Peru.

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Factores que influyen en la decisión de mujeres peruanas de convertirse en emprendedoras

Resumen

Este estudio tuvo como objetivo descubrir los diversos motivos empresariales que impulsan la decisión de las mujeres peruanas de convertirse en empresarias en lugar de trabajadoras bajo el marco conceptual de la teoría push-pull. Para este estudio, se realizó una investigación transversal exploratoria para determinar qué factores tienen más probabilidades para que las mujeres emprendan sus negocios en su país de origen. Se realizaron entrevistas semiestructuradas de forma presencial. Además, se utilizó el método de muestreo de bola de nieve para identificar a los posibles participantes. Entre las elecciones empresariales de las mujeres peruanas, el crecimiento personal, la misión social y las relaciones interpersonales fueron los factores más influyentes para emprender un negocio. Aunque la motivación financiera es un factor importante para las empresarias, no es el principal impulsor. Se requiere una muestra más grande de empresarias para que el estudio sea generalizable. Debido a que las mujeres peruanas tienen una de las tasas más altas de actividad empresarial a nivel mundial, la economía del país podría sufrir una transformación significativa si estas mujeres reciben la asistencia adecuada.

Palabras clave: mujeres emprendedoras; metodología push-pull; negocios; Perú.

1. Introduction

The value of entrepreneurship in society’s growth and progress cannot be overstated (Avolio, 2012). As a result, a wide range of stakeholders, including governments, non-profits, researchers, and people, are interested in supporting entrepreneurial ecosystems. However, in both rich and developing nations, the rise of female entrepreneurs has trailed behind men (Asencios-Gonzalez et al, 2018). It is critical to understand better the challenges female entrepreneurs may experience when they embark on their entrepreneurial journeys. According to many studies, entrepreneurship has been an important driver of economic growth, innovation, and job creation throughout history. Entrepreneurship and innovation give a path ahead for dealing with the global difficulties of the 21st century, constructing sustainable development, creating employment and reviving economic growth while also improving human welfare, as stated by Valdivia (2015).

The study done by Babson College in the United States and the London Business School in the UK demonstrates that many individuals worldwide are involved in entrepreneurial pursuits, as demonstrated by the Global Entrepreneurship Monitor Study.
Cubillas et al., 2018). Peru was ranked as one of the world’s most innovative countries, according to the research done by Cubillas et al., (2018). As a result, studying why women choose to start their businesses is an important area of research. According to Lepeley et al. (2019), in a society with diverse viewpoints and approaches to management, organization, and business difficulties, Peru provides minimal chances for women, thus hindering them from joining entrepreneurial businesses. This study also examines the factors that hinder women’s decisions in Peru from joining the entrepreneurial business. The study offers a conceptual framework as a starting point for evaluating and synthesizing data from multiple sources. Identifying and addressing the challenges and limits faced by female entrepreneurs is the primary purpose of the research. The findings will help to enhance women’s entrepreneurial activity and outcomes in Peru.

Most of the study on this problem is concentrated on developed economies, despite being of critical relevance. Since the social realities in developing nations are so different, this is difficult to understand women entrepreneurs. As a result, this study aims to discover the various entrepreneurial motives driving Peruvian women’s decision to become entrepreneurs rather than workers under the conceptual framework of the push-pull theory.

2. Literature review

Only in the last few years has the topic of female entrepreneurship been given more attention by academics and policymakers alike. Several studies have examined women’s entrepreneurship (Fatoki, 2014; Cubillas et al., 2018; Valdivia, 2015; Bullough et al., 2015, among others) and its relation to economic growth and employment creation.

According to Isaga (2018), a study of 20 female entrepreneurs in the United States found that their top motives to become self-employed were: a need for success, a desire for independence, an increased feeling of fulfillment at work, and a fear of losing money. In 1986, Gil et al., (2019) stated that women’s entrepreneurial spirit was spurred on by a variety of factors, including their desire for financial independence and stability as well as the joy that comes with a job well done. Another research by Cortés-McPherson (2019) conducted in Latin America and East Asia came up with similar results, he observed that women create their firms to “make a difference,” as they are more client-focused than males, ethical in operations, and making a social contribution in addition to pursuing economic goals. As the most significant motivators, Suarez-Balcazar et al., (2022) identified self-actualization as the need to use one’s own abilities, financial scarcity, creating jobs for one’s family, and a higher standard of living. Radović-Marković & Alecchi (2016) used McClelland’s theory to examine the motivations of Singaporean women entrepreneurs. They came to the conclusion that their psychological demands, i.e., a greater desire for accomplishment and dominance, strongly impact their decision to become business owners. Entrepreneurship among women is driven by the desire to have a fulfilling work-life balance and a sense of personal accomplishment. Having your own business allows
for greater job-related scheduling flexibility as well as a greater sense of independence and the desire to pursue one’s own personal goals (Brush & Cooper, 2012).

Previous studies have focused on individual and contextual elements linked to the early phases of the entrepreneurial process, such as opportunity discovery and the start-up of a strong and success indicators associated with a business’ maturity. Minniti (2010) examined women’s entrepreneurship for each of Reynolds and White’s phases of entrepreneurship based on current literature (1997). According to Sullivan & Meek (2012), who use Baron & Henry (2011)’s model for the entrepreneurship process, women’s entrepreneurship has distinct traits found in each stage of the process. However, the list of components is neither full nor organized in any particular way in either case, even though the detected features are linked to multiple aspects.

Women’s business ventures in developing nations have only been studied by Wang & Morrel (2015), who discovered 70 articles on the issue between 2001 and 2011 that dealt with women’s entrepreneurship in developing countries. Thus, female business ventures in developing nations provide intellectual output targeted at spreading discoveries relating to their features, consequences for national development, and the behavior of female entrepreneurs in developing countries.

Also, Sastre-Merino et al, (2013) looked at 10 percent of the literature on Latin America in their review. No consideration is given to the elements that contribute to the success of women in business. However, the scope of the study is confined to detecting disparities in economic, political, cultural, and religious environments throughout the developing world’s geographic regions (sub-Saharan Africa, East Asia and the Pacific, Europe and Central Asia, Latin America and the Caribbean and the Middle East). There is a lack of study on international entrepreneurship in developing economies, although it should be noted that the research pertains to international entrepreneurship (Molina, 2020). To answer the following research question, this article evaluates scholarly studies that identify the characteristics that influence the success of women’s entrepreneurship, whether statistically or theoretically based. What aspects of the entrepreneurial process influence the success of female entrepreneurs at each stage?

There is substantial evidence that these characteristics influence the various stages of the entrepreneurial process and significantly impact the success of women’s business endeavors. Quantitative and qualitative success indicators are used to assess the influence of these variables. Articles referencing indices of female business success have been examined for this purpose. According to Cabrera & Mauricio (2017), the push factors are the most prominent influences on women wanting to start their own business. In their study, Durst et al, (2021) also discovered that women may be more driven by pull forces than males, notwithstanding these findings. Research on women entrepreneurs is overwhelmingly concentrated in developed nations, particularly in the United States and Canada (Farzana, 2018). This means that there is a significant potential to examine the situation in a developing country. Furthermore, the findings are complicated and mixed, indicating that more research is needed. This is why
Peru was chosen as the location for the current investigation.

3. Methodological foundations

This study was conducted to determine factors affecting Peruvian women’s decision to become entrepreneurs thus to adequately address this issue, the entrepreneurs chosen for this study were part of the contest “Premio Mujeres Emprendedoras BCP 2020-2021” in Peru. In this sense, it was conducted on 24 randomly selected women who agreed to be part of the study; among the 24 women, 4 were interviewed, helped other women across the country to start their own businesses.

Coming up with better responses was a huge challenge but we managed to come up with drafted questions where Interviews and focus groups focused on the following question: “Why did you decide to become an entrepreneur?” Interviewees were asked various questions on their backgrounds, personalities, management abilities, and challenges they faced as entrepreneurs as they were pushed to elaborate on their replies and reason through their reasoning.

Individual, semi-structured interviews were conducted with four female entrepreneurs. the interviews were conducted at their homes or businesses. The participants selected as active entrepreneurs has made remarkable steps in changing the lives of many women aspiring to be entrepreneurs. It took around 90 minutes to complete each interview, which was done in Spanish. Tape-recorded interviews were transcribed from the original recordings. After conducting four in-depth interviews, four focus groups of six participants each were asked to dinner for further discussion.

A look at the participants’ demographics revealed that they were all between the ages of 35 and 45, single moms (either because they had been divorced or had been widowed), and had one or two children to take care. The participants noted that they had previously worked in their respective industries as entrepreneurs. Participants described themselves as organized, self-relentless, persistent, extroverted, customer-oriented, flexible, ambitious, empathic, good listeners, sensitive, quick learners, perfectionists, creative, and responsible when questioned about their personality traits. They also described themselves as self-confident. Empathy and customer orientation were the most often highlighted traits by the participants. Other than opportunity and business expertise, the overwhelming majority of respondents said that a woman entrepreneur’s ability to thrive was largely due to the support of her family and a strong sense of work enthusiasm.

4. Factors influencing Peruvian women’s decisions to become entrepreneurs

Both in-depth interviews and focus groups participants’ firms’ characteristics are shown in Table 1; those of focus group participants are listed in Table 2. Emphasis should be placed on the fact that the survey participants started all the firms.
Table 1
Characteristics of the Business sectors represented by the interviewees in the in-depth interview

<table>
<thead>
<tr>
<th>Respondents</th>
<th>A business owned by the participants</th>
<th>Sector</th>
<th>Number of employees</th>
<th>Geographic Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Homeware</td>
<td>Retail</td>
<td>3</td>
<td>Lima</td>
</tr>
<tr>
<td>2</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>2</td>
<td>La Victoria, Lima</td>
</tr>
<tr>
<td>3</td>
<td>Restaurant</td>
<td>Retail</td>
<td>1</td>
<td>San Luis</td>
</tr>
<tr>
<td>4</td>
<td>Restaurant</td>
<td>Retail</td>
<td>4</td>
<td>Jesus Maria, Lima</td>
</tr>
</tbody>
</table>


Table 2
Respondents from the focused groups

<table>
<thead>
<tr>
<th>Participant</th>
<th>Bs. Activity</th>
<th>Sector</th>
<th>Employees</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Restaurant</td>
<td>Retail</td>
<td>3</td>
<td>Jesus Maria, Lima</td>
</tr>
<tr>
<td>2</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>2</td>
<td>Barranco, Lima</td>
</tr>
<tr>
<td>3</td>
<td>Homeware</td>
<td>Retail</td>
<td>4</td>
<td>San Luis, Lima</td>
</tr>
<tr>
<td>4</td>
<td>Restaurant</td>
<td>Retail</td>
<td>3</td>
<td>Jesus Maria, Lima</td>
</tr>
<tr>
<td>5</td>
<td>Restaurant</td>
<td>Retail</td>
<td>3</td>
<td>La Victoria, Lima</td>
</tr>
<tr>
<td>6</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>3</td>
<td>Barranco, Lima</td>
</tr>
<tr>
<td>7</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>1</td>
<td>San Luis, Lima</td>
</tr>
<tr>
<td>8</td>
<td>Restaurant</td>
<td>Retail</td>
<td>4</td>
<td>Pueblo Libre, Lima</td>
</tr>
<tr>
<td>9</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>3</td>
<td>San Luis, Lima</td>
</tr>
<tr>
<td>10</td>
<td>Restaurant</td>
<td>Retail</td>
<td>2</td>
<td>Pueblo Libre, Lima</td>
</tr>
<tr>
<td>11</td>
<td>Restaurant</td>
<td>Retail</td>
<td>3</td>
<td>San Luis, Lima</td>
</tr>
<tr>
<td>12</td>
<td>Homeware</td>
<td>Retail</td>
<td>2</td>
<td>Barranco, Lima</td>
</tr>
<tr>
<td>13</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>3</td>
<td>Jesus Maria, Lima</td>
</tr>
<tr>
<td>14</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>2</td>
<td>Pueblo Libre, Lima</td>
</tr>
<tr>
<td>15</td>
<td>Restaurant</td>
<td>Retail</td>
<td>5</td>
<td>Barranco, Lima</td>
</tr>
<tr>
<td>16</td>
<td>Restaurant</td>
<td>Retail</td>
<td>1</td>
<td>San Luis, Lima</td>
</tr>
<tr>
<td>17</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>1</td>
<td>Jesus Maria, Lima</td>
</tr>
<tr>
<td>18</td>
<td>Cosmetics</td>
<td>Retail</td>
<td>3</td>
<td>San Luis, Lima</td>
</tr>
</tbody>
</table>
This study focused entirely on the motivations that prompted respondents to establish their businesses. Therefore, the interviews and focus groups were meticulously reviewed and only the most crucial and relevant bits of information were provided. For many people, beginning their own business was motivated by personal growth, a desire for social change, and connecting with others.

Table 3 summarizes the factors that motivated the women to start their own businesses; this result was found in all the women entrepreneurs. There were other factors less important to them such as empowerment or social status.

Table 3

Summarizes the factors that influenced the participants’ choice to start their own business, using the push-pull theory as a conceptual framework

<table>
<thead>
<tr>
<th>Motivational factors</th>
<th>Type of factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial motivation</td>
<td>Pull</td>
</tr>
<tr>
<td>Interpersonal relationships</td>
<td>Pull</td>
</tr>
<tr>
<td>Personal growth</td>
<td>Pull</td>
</tr>
<tr>
<td>Social mission</td>
<td>Pull</td>
</tr>
</tbody>
</table>

Note. Response on Factors affecting Women Entrepreneurs
• Need to Growth

Not surprisingly, most female participants cited a desire to expand their careers as their top motive for starting their own business. Because they had not given it much thought, they did not hesitate. In addition, participants grew more at ease and eager to share their tales throughout the interviews and focus groups.

Participant 1, for example, was certain that in addition to being a mother, starting her own business would help her grow as a person: “I wanted to boost my self-esteem ... “I’ve always wanted to go to college but couldn’t. I’ve always had an unquenchable desire to study and grow. Please don’t misunderstand what I’m saying... My life was excellent, and I had two great kids. My human identity trumped being a mommy. I decided to start my own business because I thought it was the best approach to achieve my goal... Just to prove my abilities...”

The seventh participant saw entrepreneurship as a means of achieving satisfaction: “For me, this is very important,” “There were many things I didn’t like about my old job. It wasn’t giving me a chance to grow and learn more. I thought I was stuck on starting my own business; I came up with the idea.” “It is small, and I don’t make a lot of money, but I’m happy because I can have a good life, take care of my kids, and grow professionally.”

• Social Mission

It revealed that one of the reasons why participants decided to become entrepreneurs was because they wanted to be able to engage, provide advice and help other people; this element was linked to their perceived social purpose. Participants’ concerns for the well-being of others infiltrate their own lives and companies.

Response from the 5th respondent: “... what motivated my entrepreneurial intentions was the desire to make a difference in the lives of those around me.”

Respondent number 20: “... I know that by opening my own business I can help many in my ways...”

• Interpersonal Relationship

The chance to meet new people, make new friends, and learn from them was also seen as important, and this was an opportunity that entrepreneurship supported. Participants viewed their enterprises to meet new people and get new experiences while enhancing their social lives.

Respondent 16: “...my main aim is to make new and meet innovative people in this field and learn new things in the process...”

(Respondent 15) “I am looking for a better social life as I have always lived with my family, this will give me a chance to interact, share ideas and come up with better things to better my life...”

• Participants’ motivation by financial factors

The participants cited money and financial incentive last, which indicates that it is not a main motivator for women to become entrepreneurs, even though they consider it an essential feature of their business plans. This discovery is supported by previous research (DeMartino and Barbato, 2003; Fischer and al., 2003; Rosa and Dawson, 2006). The following are some samples from the comments of those who responded:
The Process
Entrepreneurial and
Maslow’s Hierarchy of
wants

Using the theory of Maslow, it becomes intriguing to focus on one component of the outcomes. Unmet lower wants, according to Maslow, are a hindrance to the satisfaction of higher needs. The women entrepreneurs in this research admitted that they had numerous unmet lower-level requirements. Still, they also said they focused their efforts on satisfying Maslow’s hierarchy’s higher-level demands. Because people’s incentives to start their businesses aren’t linear, this simply demonstrates that participants’ motives to become entrepreneurs cannot be pinned down to a single model.

Rather than physiological and safety demands, self-actualization is a primary concern for Peruvian women entrepreneurs. Even though they had no formal training in business and could not meet all their fundamental demands, women entrepreneurs were not motivated to start their businesses because of push factors. As a result, it becomes evident that cultural factors might impact Peruvian women’s entrepreneurial desire, and the theory should be tailored to account for this.

5. Factors that influence the decision of Peruvian women to become entrepreneurs: discussion

An existing theory was used in this study, and it was applied to the Peruvian setting to understand the country’s culture better. This study aimed to understand what drives Peruvian women to start their businesses using the push-pull theory as a guide.

Peruvian women’s ambition for personal improvement, the societal purpose they see, interpersonal ties, and financial incentives are all factors that contribute to their entrepreneurial drive. All of them were recognized as draw factors, which is unusual because it is widely assumed that Peruvian women start businesses out of need. This conclusion might be explained by Peruvian collectivism, which emphasizes the need for belonging and integration into a community to be valued and wanted. Friends and acquaintances are also included in the concept of an extended family. Because this study validates the findings of Velilla et al, (2020), Molina (2020) explored the cultural elements of entrepreneurial activity and showed higher levels of collectivism to be associated with more female entrepreneurs. The findings of this study are in agreement.

They came to the same conclusion as Polas et al, (2021) and Kuschel et al, (2020) concluded that cultural influences on women’s entrepreneurial purpose are real. Entrepreneurial activity in a nation is linked to its economic growth, and it is predicted that encouraging women to start businesses would positively influence the country’s prosperity. The following suggestions are given in support of Peruvian women entrepreneurs based on the findings of this paper:

1. Women entrepreneurs place a high value on meeting new people and gaining knowledge from their experiences, thus, it makes sense to create business networks and centers just for them.

2. Motivate local authorities to form partnerships with female entrepreneurs to tackle community
issues since female entrepreneurs are more likely to be concerned about the welfare of others.

3. Encourage local government to build business incubators to assist women’s entrepreneurship, as most Peruvian women entrepreneurs lack business management training.

4. Build awareness of the benefits of supporting women’s businesses by launching educational programs.

5. To encourage women entrepreneurs, establish offices and national agencies and databases of information on rules, business possibilities, and money that may be accessible by women entrepreneurs in Peru.

6. Conclusion

Many women in Peru have a variety of reasons for starting their businesses, but the most common is that they have the desire to help others. Participants’ decisions are impacted by several elements, including (a) personal growth, (b) a desire to make a difference in the world, and (c) interpersonal interactions. Although financial motive is an essential push element, it is not the major driver of female entrepreneurship, contrary to popular opinion.

According to this study, entrepreneurship ideas, in general, should be studied carefully in emerging economies because they were originally developed in industrialized nations where the social backdrop is very different. Peruvian women’s entrepreneurial aspirations appear to be influenced by various societal and personal factors, including family and job responsibilities.

The first step in understanding women’s entrepreneurship is better understanding why they decide to start their businesses. The conclusions of this study cannot be generalized because of the study’s fundamental flaw. As a result, a further study including bigger samples of female entrepreneurs will be necessary for the future.

Bibliographic references


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