Factors Influencing Peruvian Women to Become Entrepreneurs

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Abstract: The purpose of the present paper is to report an exploratory cross-sectional study intended to examine the factors that are very likely to motivate Peruvian women to become entrepreneurs, in the conceptual framework of the push-pull theory. The study employed the in-depth, face-to-face interview technique, using a semi-structured interview guide. Furthermore, the snowball sampling technique was used in order to identify the participants for focus group discussions. Findings from this study suggest that (a) personal growth, (b) social mission and (c) interpersonal relationships, represent the most important factors influencing Peruvian women’s entrepreneurial choice. Financial motivation is important; however, it does not represent a primary motivation to female entrepreneurship. Moreover, findings also suggest that Peruvian women appear to be influenced by pull factors and not by reasons of necessity, as it is generally believed. The present study focused on gaining a deeper insight into what motivates Peruvian women to become entrepreneurs. In order to generalize the study, a quantitative-oriented approach of larger samples of female entrepreneurs is needed. Peruvian female rates of involvement in entrepreneurship are among the highest in the world; hence, Peruvian women's entrepreneurship, properly nurtured, has great potential as a tool for transforming the Peruvian economy. Despite its importance, it has been noticed that most of the research comprising this topic has been undertaken in developed economies. This represents a problem in understanding women entrepreneurs in general, since the social realities vary widely in developing countries. Hence, the present study aims to contribute to the existing literature by applying the push-pull theory in Peru.

Key words: Entrepreneurship · Women · Motivation · Peru

INTRODUCTION

It is widely accepted nowadays that entrepreneurship has always been a key motor of innovation, competitiveness, new job generation and economic growth [1-8]. According to [9], “innovation and entrepreneurship provide a way forward for solving the global challenges of the 21st century, building sustainable development, creating jobs, generating renewed economic growth and advancing human welfare”. The Global Entrepreneurship Monitor Study [10], conducted by Babson College (the United States) and the London Business School (United Kingdom) in 2011, shows that a large number of people are engaged in entrepreneurial endeavors around the globe. At the same time, the study reported that Peru is among the most enterprising countries in the world.

Female entrepreneurs contribute to creating new jobs and “[...] can provide society with different perspectives and approaches to management, organization and business issues” (OECD, 2004, cited by [11]), which makes it interesting to research their motivations to become entrepreneurs, in particular.

Figure 1 depicts women’s involvement in early-stage entrepreneurship, as reported by [10]. It is to be noted that even though Peruvian female entrepreneurship rates are lower among women relative to men, however, compared to the rest of the countries that participated in the study, Peruvian female rates of involvement in entrepreneurship are among the highest in the world.
Nevertheless, despite its importance, it has been noticed that most of the research comprising this topic has been undertaken in developed economies. This represents a problem in understanding women entrepreneurs in general, since the social realities vary widely in developing countries [12]. The purpose of the present study is, therefore, to identify the possible entrepreneurial motivations behind Peruvian women’s occupational choice of becoming entrepreneurs rather than employees, in the conceptual framework of the push-pull theory.

Literature Review

Women Entrepreneurship: Entrepreneurship is a complex phenomenon which has received an increased attention in the literature over the past few years. As previously stated, there are several studies which enquired the subject of women entrepreneurship, in particular [13-18], as well as its contribution to economic growth and job creation [19, 20].

One of the first studies in this sense was conducted by [21], who studied 20 female entrepreneurs in the USA and discovered that their primary motivations to become entrepreneurs were: the need for achievement, desire for independence, need for greater job satisfaction and financial scarcity. In 1986, [22] reported that the spirit of female entrepreneurship is being motivated by their need for independence, job satisfaction, need for achievement, money, status, power, financial scarcity and job security. [23] found self-actualization, the need to make use of own talents, financial scarcity, creating jobs for the family and have a better quality of life as the most important motivators. [24] studied the motivation of women entrepreneurs in Singapore using McClelland’s theory and concluded that women’s choice of becoming business owners is particularly influenced by their psychological needs, i.e., motivated by a higher need for achievement and dominance. [25] found that challenge and self-determination, along with the desire to balance family and work responsibilities, were among the most important motivations for women to become entrepreneurs. Other important motivators were reported to be job-related schedule flexibility provided by having your own business [20, 26] and independence and the need for self-achievement [27]. Similar result was obtained by [28] in a study carried out in several countries from Latin America and East-Asia. [29] found that women start their own businesses also with the objective of “making a difference”, as they tend to be more “client-focused than men, ethical in operations and making a social contribution in addition to pursuing economic motives.”
**Push-Pull Theory:** Another trend in the literature, when it comes to explaining the different criteria that women consider relevant when making their choice to become entrepreneurs, refers to the “pull” and “push” factors \[25, 30, 31, 32, 33, 34\] and the present research has been conducted using this framework. As \[26\] described them, the push factors are those motivators characterized by personal or external factors and related to a necessity, e.g., need to support the family with additional income or difficulty in finding work, divorces, economic recession, job losses, while the pull factors are those motivators related to opportunity and superior needs, such as, independence, personal growth, self-fulfillment, social status, financial motivation and power, among others.

Several studies have been undergone with regards to this framework, in general. \[35, 36\] and \[37\] found that the need for independence, categorized as a pull factor, represents the primary motivation for many people to become entrepreneurs.

Financial motivation is another pull factor and the studies of \[38, 39\] and \[40\] among others, have focused on this particular topic. \[41\] found that women are less concerned about money and much more concerned with non-monetary aspects and later \[42\] found time flexibility as the most important component of these non-wage characteristics.

Unemployment, redundancy and a lack of job or career prospects reported as push factors \[43\]. Family related motivations, classed as push factors, as well, include combining waged and domestic labor, family obligations \[38\], mingled with domestic commitments \[44\] and a desire for work-family balance \[45, 46\].

Taking into consideration this classification, \[41, 47\] and \[20\] found that the most common factors influencing women to become entrepreneurs are the push factors. These findings, however, contrast with the research of \[48\] and \[49\] who found that women may be more motivated by pull factors.

Despite the vast existent literature, it has been identified that most of the research concerning women entrepreneurs, in general, is conducted extensively in developed countries, especially the USA and Canada \[50\], leaving therefore, a huge opportunity to study the situation in a developing economy. Moreover, the results are complex, mixed and deserve further investigation \[51, 52\]. For this reason, the present research study was conducted in Peru.

**Maslow’s Hierarchy of Needs:** In 1943, the psychologist Abraham Maslow published his now popular theory of motivation and hierarchy of human needs. According to \[53\], each person presents a hierarchy of five needs (Figure 2): (a) Physiological (basic need): includes hunger, thirst, sex and sleep, among others; (b) Safety (basic need): refers to personal stability, protection against hazards, among others; (c) Belonging (higher need): this refers to the need of belonging, love, social acceptance, friendship, among others; (d) Self-esteem (higher need): this category includes self-respect and recognition; (e) Self-actualization (higher need): this refers to advancement, personal satisfaction and development.

One of the most important statements regarding this theory is that these needs are organized in an order according to their relative prepotency. Only after the basic needs are met, can higher needs emerge as primary motivators of behavior.

The entrepreneurship process can occur to fulfill any of the Maslow’s needs. It is, therefore, interesting to examine the Peruvian female entrepreneurship process and its motivations against Maslow’s pyramid of needs.

**MATERIALS AND METHODS**

**The Instrument:** The decision to work as an entrepreneur is a complex decision making process that is carefully analyzed by Peruvian women, in general. The in-depth interviewing is a very popular method which enables the researcher to gain insight of very personal issues, such as behaviors, motivations and emotions that lay at the basis of decision making. A qualitative research technique using in-depth interviews, involving a convenience sample of four Peruvian women entrepreneurs was used, therefore, in order to explore case study situations. Participants were contacted personally by the researchers, were explained the purpose of the study and the appointment was fixed at their convenience.
Afterwards, as further subjects for the study were hard to locate, a snowball sampling technique was used in order to identify potential new subjects to participate in focus groups, which lead to the inclusion of twenty four new participants.

A range of specific questions served as a base for both the in-depth interviews and the focus groups, covering topics such as previous careers, types of management encountered and elements that were highly appreciated in previous jobs, among others; however, the question that was of particular interest for the present research was the following: “What were the reasons which influenced you in choosing to become an entrepreneur?” Throughout the course of the interviews, as participants were encouraged to expand their answers and think through their reasoning, additional questions were made, regarding the demographic background, their personality traits and managerial skills and problems which they encountered as entrepreneurs.

Selection of the Sample: Four women entrepreneurs participated in unique, individual, semi-structured interviews [54]. Each interview was conducted in Spanish, lasted for approximately 90 minutes and consisted of several questions. All interviews were tape-recorded and then transcribed.

These four in-depth interviews were followed by four focus groups consisting of 6 members each, where each focus group was invited to dinner for discussion.

General demographic characteristics showed that the participants ranged in age between 35 and 45 years old, studied a technical career only, were single mothers (either because they were widows or because they were divorced) and had one or two children, whom they needed to take care of. In terms of previous experience in the field of entrepreneurship, the participants reported having worked before in their business area. The average monthly income ranged between 800 Peruvian Nuevos Soles and 5000 Peruvian Nuevos Soles. When asked, participants characterized themselves as being organized, independent, perseverant, extroverted, customer-oriented, self-confident, flexible, ambitious, empathetic, good listeners, sensitive, fast learners, perfectionists, creative and responsible. The features with the highest frequency mentioned by the participants were empathy and customer-orientation. It is also worth noting that most respondents considered that family support and passion for work are the most important ingredients for a woman entrepreneur to succeed in her business, besides opportunity and business knowledge.

RESULTS

The characteristics of the businesses owned by the respondents who participated in the in-depth interviews are reported in Table 1 and the characteristics of the businesses owned by the respondents who participated in the focus groups are reported in Table 2. It is important to highlight the fact that all the businesses were created by the respondents.

The interviews and the focus groups were carefully analyzed and only the most important and relevant pieces of information were reported, as the solely purpose of the present study was to examine the motivators which influenced the respondents to start a business on their own.

When queried about their motivations for starting their own business, personal growth, social mission and interpersonal relationships were the strongest and financial motivation was the weakest.

Table 3 reports the motivators that laid at the basis of the participants’ decision to become entrepreneurs, within the conceptual framework of the push-pull theory.

Personal Growth: It is interesting to note that most of the female participants mentioned possibility of growth as their primary motivation to become entrepreneurs. They did not hesitate, neither had they thought too much about it. Moreover, during both the interviews and the focus groups, participants became relaxed and happy to tell their stories.

Participant #1, for example, strongly believed that entrepreneurship was her possibility to become a better person, apart from already being a mother:

“...I wanted to grow as a person so that I could feel better with myself. I do not know how to explain… I never went to the university; but always wanted to. I always wanted to know more and I have spent my life craving to be the best I could be. Do not misunderstand me… I did like my life and I have two wonderful children. But I needed to be more than just a mother; I needed to be a person. I felt that starting my own small business was the means I have been looking for in order to achieve that goal, so I decided to do it... I wanted to prove to myself I could do it…”

Participant #8 saw entrepreneurship as a way to achieve personal satisfaction:
Table 1: Characteristics of the respondents’ businesses who participated in the in-depth interviews

<table>
<thead>
<tr>
<th>Participant #</th>
<th>Business activity</th>
<th>Professional sector</th>
<th>Number of employees</th>
<th>Geographic area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Homeware</td>
<td>Retail trade</td>
<td>2</td>
<td>La Victoria, Lima</td>
</tr>
<tr>
<td>2</td>
<td>Cosmetics</td>
<td>Retail trade</td>
<td>1</td>
<td>Pueblo Libre, Lima</td>
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<tr>
<td>3</td>
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<td>San Luis, Lima</td>
</tr>
<tr>
<td>4</td>
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<td>Retail trade</td>
<td>3</td>
<td>Jesus Maria, Lima</td>
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</tbody>
</table>

Table 2: Characteristics of the respondents’ businesses who participated in the focus groups

<table>
<thead>
<tr>
<th>Participant #</th>
<th>Business activity</th>
<th>Professional sector</th>
<th>Number of employees</th>
<th>Geographic area</th>
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</thead>
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<tr>
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</tr>
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<tr>
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<td>Barranco, Lima</td>
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<td>Restaurant</td>
<td>Retail trade</td>
<td>3</td>
<td>Jesus Maria, Lima</td>
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</tbody>
</table>

Table 3: Factors influencing women to become entrepreneurs

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

“…I was looking for personal satisfaction, this is very important to me. In my previous job, I was not happy. I felt the company for which I was working, was not giving me the opportunity to grow and to know more. I felt I was stuck. That is how I decided to start my own business. It is small and I do not earn too much, but I am happy, as I can have a decent life, fulfill my children’s needs, while growing as a professional…”

Participant #13 also talked about personal growth, describing how becoming an entrepreneur fulfilled her need of expanding her knowledge:

“…I remember one day I was talking to some of my friends about a certain issue and I was sad to realize that I was the only one who knew the least about it. It made me feel really bad… […] and this situation repeated for a couple of times, until I took the decision that I had to do something about it. But I wanted to do it my way, with complete control over what I would learn and how. I felt that becoming an entrepreneur was the only way that would give me access to knowing new things, while allowing me to grow as a person and as a professional. Opening my own business was one of the best decisions I have taken in my life…”
Participant #24 justified the decision to become an entrepreneur by declaring the following:

“...All my life I have been taking care of my family. I got married at a very early age. Therefore, I have stopped my studies. I have lived only for my family and have done the most I could do for them. But I think there is a moment is someone’s life when one needs to feel it is worth something more. And that is how I felt two years ago, when I decided to set up my own business...”

Financial Motivation: Money and financial motivation tended to be mentioned last by the participants, which highlights the fact that is it does not represent a primary motivation for women to become entrepreneurs, even though they do consider it an important aspect. Prior studies support this finding (DeMartino and Barbato, 2003; Fischer and al., 2003; Rosa and Dawson, 2006). Some excerpts from respondents’ answers are presented below:

“...I wanted to have more money so that I could afford to buy more things to my children... they deserve it, I have amazing children...” (Participant #7)
“...To be honest, the money which I was earning was not too much. Opening my own business gave me a higher income...” (Participant #14).
“...I wanted a higher monthly income...” (Participant #3 and Participant #19).
“... I had two main reasons in my mind: do something good for others and make a lot of money.” (Participant #9).

Social Mission: Another factor which emerged during the interviews and the focus groups as important in the decision of the participants to become entrepreneurs was related to being able to interact, give advice and help other people; this factor was considered to be related to their perceived social mission. Concerns with other people’s wellbeing represent a significant part of participants’ life and also permeate their businesses.

“I became an entrepreneur because I wanted to feel I could make a difference in people’s lives...” (Participant #5).
“I wanted to advise other people, I felt I had so much to give... it just makes me so happy when I am being asked for my opinion and see that people really take it into consideration...” (Participant #10).
“I felt I could help others in my own way...” (Participant #16).
“I wanted to know that I was needed and that I was able do a great job in helping others satisfy their own needs...” (Participant #20).

Interpersonal Relationships: Important as well, was considered to be the opportunity to meet new people, to make new friends and learn from them, an opportunity that entrepreneurship favored. Participants saw their businesses as a chance for networking, which allowed them to improve their social life, while facing them with new situations from which to learn.

“I wanted to make new friends and meet interesting people. And I wanted to learn from them new things...” (Participant 11)
“...as I said, I have only lived for my family... I was looking for a better social life; with new people and new perspectives in my life... and this was my opportunity.” (Participant #23)

The Entrepreneurial Process and Maslow’s Hierarchy of Needs: If we analyze the results through the lens of the theory of Maslow, then it becomes interesting to draw attention upon one particular aspect. Maslow pointed out that the unfulfilled lower needs would inhibit the fulfillment of the higher needs. The women entrepreneurs from this study clearly had many unmet lower level needs, as they themselves acknowledged during the interviews; however, as it came out from their own answers, participants reported devoting their efforts to meeting Maslow’s higher needs of the hierarchy. This only proves that participants’ motivations to become entrepreneurs cannot be locked into a rigid model, as the order in which they satisfy their needs is not linear in nature.

Peruvian women entrepreneurs tend to care more about belonging, self-esteem and self-actualization needs, rather than physiological and safety needs. In other words, even though women entrepreneurs were not well trained for their entrepreneurial activities and did not fulfill entirely their most basic needs, push factors were not the ones to motivate them to become entrepreneurs.

It becomes clear therefore, that cultural dimensions can be found to influence the level of entrepreneurial intent of Peruvian women and therefore the theory should be adapted to each cultural context.
DISCUSSION AND IMPLICATIONS

The purpose of the present paper was not to develop a new theory, but rather to use an existing one and extend it by applying it to the Peruvian context. The objective of the present study was, therefore, to discover what motivates Peruvian women to become entrepreneurs and to interpret those motivations in the light of the push-pull theory.

There are four key drivers of entrepreneurial motivation in the case of the Peruvian women: (a) a desire for personal growth, (b) the social mission perceived, (c) interpersonal relationships and (d) financial motivation. They were all identified as pull factors and this finding is quite interesting as it is generally believed that Peruvian women enter entrepreneurship for necessity. The explanation for this finding could reside in the fact that Peru is a country with a collectivist culture, i.e. which emphasizes the necessity of an individual to belong and be integrated into a group, to be wanted and appreciated. It relates to the idea of an extended family, which includes friends and acquaintances, as well. The present study supports, therefore, the findings of [55], who examined the cultural dimensions with regards to the entrepreneurial behavior and found that cultures with a higher degree of collectivism report a greater number of women entrepreneurs. [56] reached the same conclusion and reported that indeed, culture has a noteworthy impact on the entrepreneurial intent of women.

As previously stated, there is a relationship between the entrepreneurial activity of a country and the economic growth registered; hence, it is expected that nurturing entrepreneurial activity among women could have a significant impact on the prosperity of the country.

Based on the findings of this paper, the following recommendations are made, so as to foster Peruvian women entrepreneurship:

- Encourage local authorities to develop partnerships with women entrepreneurs, in order to solve community problems, as women entrepreneurs tend to care about the wellbeing of others.
- Encourage local authorities to support women entrepreneurship by developing business incubators, as most of the Peruvian women entrepreneurs have not been trained for running a business.
- Develop informative campaigns aimed at raising the awareness of the general public on the advantages of supporting female entrepreneurship.
- Create offices and national agencies to support women entrepreneurs, as well as create databases with information regarding regulations, business opportunities and funds that can be accessed by women entrepreneurs in Peru.

CONCLUSION

Peru is a developing country where women choose to become entrepreneurs for a wide range of possible motivations. Findings from this study show that the decision of the participants is primarily influenced by the following superior needs: (a) personal growth, (b) social mission and (c) interpersonal relationships, which were classed as pull factors. Financial motivation, classed as a pull factor, as well, is important; however, contrary to the general belief, it does not represent a primary motivation to female entrepreneurship.

Overall, this study suggests that theories regarding entrepreneurship in general should be carefully examined when applied in a developing economy, as initially they were derived from industrialized countries, where the social context is different.

Social structure and social life, as well as family and work are elements which seem to influence Peruvian women in their choice of becoming entrepreneurs.

The major limitation of the present study concerns generalizability of the findings. Therefore, in-depth future similar research of larger samples of female entrepreneurs is needed. Understanding the motivation behind women choosing to become entrepreneurs represents the first step in understanding women entrepreneurship better, in general.

However, since this is one of the very few studies of women entrepreneurship in Peru, it is hoped that these results will serve as a basis for future research on the topic of women entrepreneurship.

Findings have been discussed in the light of the push-pull theory and this research paper showed that the motivations to become an entrepreneur reflect the
Peruvian social structure. Furthermore, to fully understand women motivations to become entrepreneurs, these results should be compared with findings from other Latin-American countries, so as to determine to what extent these results are a function of social structures. Authors hope that the present research will contribute to stimulate interest in research issues of women entrepreneurship in Peru, discovering the great potential of women entrepreneurship as an engine to overcome poverty in the country. Also, authors hope that policy makers will develop policies at both national and regional levels so as to support businesses initiated by women.

REFERENCES


