

The Relationship between Socio-Economic Backgrounds and Intrepreneurial Characteristics

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ABSTRACT

The purpose of this research is to identify the socioeconomic backgrounds of women traders in the traditional markets in West Jakarta. In addition, it also aims to find about the entrepreneurial characteristics of the women traders and to determine the relationship between their socioeconomic backgrounds and their entrepreneurial characteristics. The research used associative method with the primary data obtained through interviews and questionnaires distributed to 72 women traders as respondents. The secondary data was obtained through literature review. Data was subjected to factor analysis and then correlated to each other. The results show that in general the correlation between the components of socioeconomic backgrounds and entrepreneurial characteristics of the women traders was very low, as indicated by a score below 0.5. Among the lowest correlation scores, the highest was the correlation score between age (in socioeconomic backgrounds) and leadership (entrepreneurial characteristics) with a score of 0.279, which means age had 27.9% correlation to leadership. Therefore, it can be concluded that the older the women traders, the higher the level of their leadership.

Keywords: Entrepreneurial characteristics, socioeconomic backgrounds, traditional markets, women traders

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INTRODUCTION

High poverty rates often force women as family financial managers to rise and solve the problem, at least in their own family environment. The first and most possible alternative effort to address the problem, with all the limitations of being a woman and the limited opportunity available, is by indulging in trading. The most probable trading place with many visitors and serving

as an integrated centre for traders is the market, and the most likely option for the women is the traditional market, where traders can enter the market without any major obstacles. The existence of traditional markets, especially in urban areas, over time has been gradually replaced by rapid growth of modern markets. Until recently, according to data *Republika Daily Online* (1 March 2007) there has been a 8.1% decline in the traditional market growth rate in contrast to modern market growth of up to 31.4%. The modern retail growth has resulted in the closing of 10 thousand traditional stalls in Jakarta. Turnover of the traditional markets also decreased by 75%. These conditions cannot be allowed to continue, as their real impact is going to further marginalise the traders, especially women who dominate the traditional markets. Furthermore, if these women market traders are the backbone of their families, the modern market will push them further to the edge, hence increasing the number of poor families.

Research related to the topic of this study is, among others, by Littunen (2000) who examined the relationship between entrepreneurship and personal characteristics of entrepreneurs. Littunen (2000) found that being an entrepreneur is not a coincidence, but rather is formed by the values and attitudes as an entrepreneur. Meanwhile Chavez (2005) who studied the characteristics of women entrepreneurs in Paliparan the Philippines, noted a dominant characteristic inherent in women entrepreneurs, and the results showed that the most dominant characteristic

was achievement orientation. Further, Chavez recommended the involvement of government agencies to reduce poverty (Ruswanti, 2016). The involvement can be a starting point for the determination of microfinance projects as the most appropriate measure to increase the income of women in poor communities. Herein, the present study intends to explore the socio-economic backgrounds of women traders in traditional markets that affect the characteristics of their entrepreneurship in the face of pressures from the increasingly widespread modern markets. Traditional market traders have become increasingly difficult to survive. Only determination and the soul and spirit of entrepreneurship will enable them to survive in order to support their families. It is hoped this research will be able to provide input to the parties associated with this research topic in formulating relevant policies to address this vital concern. The parties referred to here are, among others, the traditional market managers who will hopefully be able to assist in improving the traditional markets in the face of threats of the modern market; financial institutions, both banking and non-banking, which will be able to give a clear loan scheme to MSMEs (Micro, Small and Medium Enterprises), especially for traditional market women traders; and the Minister of Women Empowerment and Child Protection and NGOs concerned with women that will contribute into the development program for lower class women. Hopefully, either directly or indirectly the research results will improve the allocation of

SME financing, empowerment of women traders, improvement of competitiveness of traditional markets, improvement of the quality of family, household economic improvement, and ultimately poverty reduction. Therefore, based on the background mentioned above, several relevant issues can be identified as follows:

- What are the socio-economic backgrounds of traditional market women traders in West Jakarta?
- What are the entrepreneurial characteristics of traditional market women traders in West Jakarta?
- Is there any relationship between socio-economic backgrounds and entrepreneurial characteristics of traditional market women traders in West Jakarta?

MATERIALS AND METHODS

Research Design

This research was designed using a combination of quantitative and qualitative approaches, in which the qualitative approach was to support the quantitative approach. Creswell (2002) stated that these two approaches were legitimate to be used as a model approach to the study of social sciences. The quantitative approach was in the use of survey research to obtain quantitative data on socio-economic backgrounds and entrepreneurial characteristics of traditional market women traders. Meanwhile, qualitative approach referred to the way of obtaining primary data from the women traders who were spread throughout the traditional markets in West

Jakarta.

This research can also be regarded as associative research, as it aims to determine the relationship between variables and the degree of dependence between variables. In the execution, survey method was applied. The unit of analysis is the designated individual or individuals, i.e. women traders in the traditional markets in West Jakarta. Information obtained from the respondents was collected once at a particular time or cross-sectionally.

Respondents

The sample or respondents in this study were traditional market women traders from two traditional markets representing West Jakarta, namely Palmerah and Slipi. The process of selecting the sample was done through convenience sampling, which aimed to facilitate data collection process. Given the difficulties of obtaining the respondents, the number of respondents was limited to a maximum of 100 women traders.

Sampling Techniques

The exact population of women traders was not known, and therefore the research sought to divide the group by area, in this case the municipalities in West Jakarta, especially Palmerah and Slipi areas. One traditional market in each region was determined first as research object. This was followed by determining a sample of respondents in the selected traditional markets in accordance to the following characteristics: (1) women traders, (2) owning a permanent stall, (3) at least 1 year of trading experience, and (4)

in the age range of 20-50 years.

Data Collection Techniques

Data collection instruments used in this approach consisted of a questionnaire and interviews. Data was collected from several sources, such as the transcription of interviews and responses to the questionnaire, pictures, and relevant literature that were used as supporting quantitative data.

Data Analysis

In order to achieve the research goals, the data was analysed using several techniques as follows:

Descriptive analysis technique in the form of a single frequency table of relevant variables. Data was used to describe the socio-economic backgrounds of women traders and the entrepreneurial characteristics of the women traders.

Factor analysis to prove that the socio-economic background variables were determined by several construct variables. The same was done for the variables of entrepreneurial characteristics.

Correlational analysis was done to see the correlation between the variables of socio-economic backgrounds and entrepreneurial characteristics of women traders in traditional markets.

RESULTS AND DISCUSSION

Traditional Market Overview

The present research was conducted among women traders in the traditional markets of Palmerah and Slipi located in West

Jakarta. Both of these markets have similar characteristics such as in terms of the variety of products offered to prospective buyers. The difference lies in the area of the market, where Slipi market is smaller than Palmerah market, so that the number of traders who can be accommodated in Slipi market is relatively smaller than the number of traders in Palmerah market. In addition, Slipi market has not undergone any renovations, so that its building has remained the same since its inception. On the other hand, Palmerah market has undergone several renovations, although the original design is not changed, so it can still be categorised as a traditional market. Palmerah is a large market, enabling it to accommodate a greater number of traders. Slipi market has a capacity of 750 units of stalls or kiosks, but the market occupancy rate is only 400 units, which means approximately 53.3% of the total existing units. Of the 400 units, 100 units or 33% of them were occupied by women traders (www.beritajakarta.com/3October2014). Palmerah market, which is a four-story building, has a capacity of 890 units of kiosks, with occupancy rate approaching 75%, or about 670 units. The commodities traded in Palmerah also vary; however, almost 50% of the stalls are occupied by vendors that sell perishable or known as wet products such as animal products to fulfil the protein needs of the community, including fish, chicken, and beef. In addition, it is interesting to note that in the meat stalls, no merchants with female sex were found, and this phenomenon tends to be found in

any market. Therefore, in this survey no meat traders could serve as respondents because the meat trade was dominated by the male sex. From the 670s stalls, women traders occupied approximately one-third or around 200 kiosks. Therefore, in this survey, respondents from Palmerah market were greater in number than the respondents from Slipi market.

Profile of Research Respondents

The respondents in this study were women traders in traditional markets located in Slipi and Palmerah. There were around 500 women traders owning stalls in Palmerah market, whereas in Slipi market there were around 100 female kiosk owners. As this study took a sample of women traders proportionally, initially it was planned to collect data from 100 respondents from the

two traditional markets, but in reality, it was difficult because many of the respondents were reluctant to provide information relating to the questions and statements proposed. Eventually, data from a total of 72 respondents were obtained to be further processed, where 51 respondents were women traders in Palmerah market, while the remaining were from Slipi market.

The information presented in Table 1 above may be explained as follows: In general, survey respondents of women traders over 40 years old were dominant, with the length of trading experience of less than 10 years, and the net profit on average below IDR 10 million per month. The net profit generated is proportional to the trading years, in which the women traders of less than 10 years trading experience had a lower net profit compared with those who had been in the business for more than 10

Table 1
Socio-economic backgrounds of the women traders in the traditional markets of Palmerah and Slipi

| No | Socio-Economic Factors | Frequency | Percentage (%) | |
|----|------------------------|---------------------------------|----------------|----|
| 1 | Age | < 40 y.o. | 32 | 44 |
| | | > 40.1 y.o. | 40 | 56 |
| 2 | Trading years | < 10 years | 39 | 54 |
| | | > 10.1 years | 33 | 46 |
| 3 | Net profits | < IDR 10 million per month | 38 | 53 |
| | | > IDR 10.1 million per month | 34 | 47 |
| 4 | Types of product sold | Dry products | 32 | 44 |
| | | Wet products | 40 | 56 |
| 5 | Education | Not finished high school | 35 | 47 |
| | | Finished high school | 37 | 53 |
| 6 | Marital status | Unmarried (including divorcees) | 24 | 33 |
| | | Married | 48 | 67 |
| 7 | Children | Max. 2 | 42 | 58 |
| | | More than 2 | 30 | 42 |

Source: Processed data (2015)

years. With regard to the type of products traded, mostly the women traders sold fresh produce such as vegetables, fruit, side dishes (fish and chicken), tofu, and other types of perishable, wet products that they could not sell optimally. This explains why the turnover tended to be smaller than that of dry products (such as dry food, plastics, cosmetics, grocery).

One indication of how education has become an important consideration for the women traders is that they had high school or its equivalent level of qualification. As graduates of high school, there are two possibilities, namely that they can find a job and work in a company; alternatively, considering a high level of unemployment in Indonesia, they probably had some difficulties in finding a job so they chose to trade. The second possibility is that they did have entrepreneurial spirit and chose to become a merchant as self-actualisation of this spirit. As regards marital status, women traders above 40 years old and with a length of trading period of less than 10 years, the respondents under this category have been in the business for more than 5 years. This is supported by their age of more than 40 years, and it is clear that most of the traders were married with a maximum number of two children.

Factor Analysis and Discussion of Socio-Economic Backgrounds

Factor analysis for the variable factors of socio-economic backgrounds and entrepreneurial characteristics of women

traders in traditional markets in Slipi and Palmerah was performed with the help of SPSS v.19. The steps of the factor analysis can be described as follows:

The results of the calculation of the correlation coefficients of socio-economic backgrounds indicate that almost all factors in this category had a low correlation coefficient, meaning that the factors of socio-economic backgrounds had a weak relationship. Furthermore, in terms of value of significance (p -value > 0.05), the weak correlation between the socioeconomic factors was not significant. For example, the age factor had a negative and weak correlation (-0.187) with the factor of trading years. It means that the older the women traders, the shorter the length of their business is.

The weak relationship that is inconsistent with the reality in the field turned out to be insignificant after testing, where a p -value of 0.058 ($0.058 > 0.05$) was obtained, which is a little over 0.05. Thus, the negative relationship was not significant. Another example of weak or insignificant negative relationship is between age and marital status, in which the correlation coefficient was 0.013, meaning the relationship of age to marital status was very weak. Moreover, the weak relationship was not significant after the significance test, in which the p -value was much greater than 0.05, namely 0.455. Subsequently, the Bartlett's Test of Sphericity generated a chi-square score of 98.786 and significance value of 0.000 (>0.05), which shows that the correlation

matrix was not an identity matrix, so a principal component analysis was carried out. In addition, the KMO value generated was equal to 0.544 and the p -value was 0.000. This value was in the category of more than appropriate for performing factor analysis. Therefore, the above variables can be further analysed (Santoso, 2014).

The next stage was an analysis based on the anti-image matrix to determine whether the whole factors can be partially analysed and are eligible to be included in the testing. It appears that out of the seven factors, only one factor had an MSA value of below 0.5, namely the age factor. Thus, the age factor could not be further analysed and was removed, whereas the other six factors were re-tested. Once the age factor was removed and re-tested, the KMO value increased to 0.567 with a 0.00 significance value. Factor reduction could increase the value of KMO, so it is reasonable to make that reduction. The increased value also shows the six factors were appropriate for factor analysis.

In addition, four of the six factors had communalities value greater than 0.5, while the remaining two had a value of slightly below 0.5. This may imply that the four factors had a strong relationship, while the other two factors had a rather strong relationship with the formed factor. The greater the communalities value, the better the factor analysis is, because there will be more characteristics of the original factors that can be represented by the factor formed.

Explanations. A degree of relationship between the factor of number of children

and the formed factor of 0.755 means that the relationship between the factors of number of children to the formed factor was strong. In other words, the contribution of the factor of number of children to the formed factor was 75.6%.

A degree of relationship between marital status to the formed factor of 0.729 means that the relationship between the factor of marital status to the formed factor was strong. Or, it can also be said that the contribution of the factor of marital status to the formed factor was 72.9%.

A degree of relationship between the net profit to the formed factor of 0.697 means that the relationship between the net profit to the formed factor was strong. Alternatively, it can be said that the factor of net profit contributed 69.7% to the factor formed.

A degree of relationship between the factor of types of business to the formed factor of 0.622 means that the relationship between the factor of types of business and the formed factor was strong. In other words, the factor of types of business contributed 62.2% to the formed factor.

A degree of relationship between the factor of trading years to the formed factor of 0.479 means that the relationship between the trading years and the formed factor was rather strong. Or, it can also be said that the contribution of the factor of trading years to the formed factor was 47.9%.

A degree of relationship between the factor of education level to the formed factor of 0.440 means that the relationship between the factor of education level to the formed factor was quite strong. In other words, the

contribution of the factor of education to the formed factor was 44.0%.

Next, in terms of total variance, the percentage of total variance explained by each of the components after rotations is more evenly distributed than it was before rotations. The first factor explains the total data variance with the largest proportion, i.e. 35.419% according to the extraction method with factor analysis (before rotations), and with factor analysis (after rotations) the initial data variance can be explained for 34.624%. The second factor explains the initial data variance with a proportion of 26.606% according to the extraction method with factor analysis (before rotations), and with factor analysis (after rotations) the initial data variance can be explained for 27.401%. The more uniform data variance after rotations indicates that the initial data variance explained by each factor became maximal.

After finding the significance value and the MSA value of the remaining components of entrepreneurial characteristics, the next tests performed were factoring and rotations resulting in communalities values and total variance explained. There were three components included in the factor analysis, namely risk-taking, leadership, and task- and result-orientation. The results show that there was only one factor formed because this was the only component or factor with an eigenvalue of more than 1, namely risk-taking (1.365). Meanwhile, the two other components had eigenvalues below 1, which were leadership (0.869) and task- and result-

orientation (0.765), so that the factoring stopped at one factor only.

The component matrix also shows the distribution of the three components on a single formed factor. The figures are factor loading matrices which show a degree of correlation between a component and factor 1. The highest value is for the task- and result-orientation component for 0.721, which had a negative correlation to factor 1, followed by risk-taking (0.692) and leadership (0.605).

The last test in this study was the correlation or relationship between the variables of socioeconomic backgrounds that consist of the components of age, trading years, net profit, types of business, education level, marital status, and number of children with the variable of entrepreneurial characteristics comprising of the components of confidence, task- and result-orientation, risk-taking, leadership, and future orientation. The results show that in general the correlation between socioeconomic backgrounds with entrepreneurial characteristics was not strong because its overall score was under 0.5. Among the correlations between each of the variable component, the highest value was obtained for the correlation of age and leadership (0.279). This means that with 27.9% correlation, the older one gets, the more eligible s/he is to lead. The second highest correlation value is shown by net profit and future orientation, each equally obtained 0.251. This means that with a correlation of 25.1%, it can be explained that the greater

the net profits, the more hopeful one will be for the business orientation in the future.

Research Implications

Socio-economic backgrounds in this study consisted of age, trading years, net profit, types of business, education level, marital status, and number of children, based on factor analysis. In general, socio-economic backgrounds had a weak correlation with the entrepreneurial characteristics of women traders in traditional markets in West Jakarta.

For socio-economic backgrounds, based on the factor analysis method, the component of types of business and the number of children had the highest correlation, namely 0.775 and 0.835, respectively. The types of businesses were classified into wet and dry products, whereas the number of children is categorised into those with a maximum of two children and those with more than two children. Based on this finding, we can conclude that the socio-economic backgrounds of women traders in the traditional markets in West Jakarta have a stronger relationship in the types of business and number of children. Hence, the high and low socioeconomic conditions of women traders in West Jakarta are related to the type of business and the number of children in their family. Overall, the type of business of dry products and a relatively small number of children will improve the socio-economic conditions of the women traders in West Jakarta. In contrast, the type of business of wet products and a relatively

large number of children will lower the socioeconomic level of the women traders in West Jakarta.

Other findings showed the entrepreneurial characteristics of women traders in West Jakarta. The components are confidence, task- and result-orientation, risk-taking, leadership, and future orientation. Based on the factor analysis method, it is found that task- and result-orientation and risk-taking had a strong relationship to the entrepreneurial characteristics of women traders in West Jakarta, with a score of -0.721 and 0.692, respectively. The component of task- and result-orientation is defined as the commitment and effort to run a business in order to be successful. Based on this research finding, it appears that women traders in West Jakarta on average do not have a strong commitment and serious efforts to improve their businesses. As for the component of risk-taking, on average the women traders dare to take risks and challenges in their business. It can be concluded that the entrepreneurial characteristics of women traders in West Jakarta on average are characterised by low commitment to working hard to improve their business and to take risks in their business.

The correlation between socio-economic backgrounds and entrepreneurial characteristics of women traders in West Jakarta was also examined. In general, the correlation between the components of socio-economic backgrounds and entrepreneurial characteristics of the women traders was

very low, as indicated by a correlation value below 0.5. Among the low correlations, the highest correlation was between age (socio-economic backgrounds) and leadership (entrepreneurial characteristics) for 0.279. This means that age is linked to leadership for 27.9%. The older the women traders in West Jakarta are, the better their leadership is.

CONCLUSION

The results of this research can be summarised as follows:

In terms of socio-economic backgrounds of women traders in West Jakarta, the components of types of businesses or traded products and the number of children had a high correlation. In general, the type of business of dry products with a relatively small number of children will improve the socio-economic conditions of the women traders in West Jakarta. In contrast, the type of business of wet products and a relatively large number of children will lower the socioeconomic conditions of the women traders in West Jakarta.

Regarding entrepreneurial characteristics of the women traders in West Jakarta, the components of task orientation and risk-taking were highly correlated. Based on this research, it turns out that women traders in West Jakarta on average do not have the commitment and efforts to improve their business. As for the component of risk taking, on average, the women traders like to take risks and challenges in their business.

In general, the correlation between the components of socio-economic backgrounds and entrepreneurship characteristics was very low, as indicated by a correlation value below 0.5. Among the low correlations, the highest correlation was between age (socio-economic backgrounds) and leadership (entrepreneurial characteristics) of 0.279; in other words, age is associated with leadership for 27.9%. The older the women traders in West Jakarta are, the better the leadership they show.

Suggestions

It is recommended that:

The government provide training and give motivation to improve the women traders' business. It can provide low interest loans to ease their effort in getting additional funds.

Local government should give more attention to women traders in the region through regulations that are more aligned to small enterprises/business, particularly in traditional markets, and able to keep the distance between the modern retail markets and traditional markets.

Future research can look into understanding the interrelatedness of socio-economic backgrounds and entrepreneurial characteristics in the region.

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