

Review Paper

Internal Locus of Control and Resilience During and After Economic Turbulence of Women Entrepreneur

Nazatul Shima Abdul Rani^{1*}, K. Sarojani Devi Krishnan² and Khairul Azizan Suda³

¹Centre of Women Advancement and Leadership, UniKL Business School, Universiti Kuala Lumpur, Kuala Lumpur, Malaysia

²UniKL Business School, Universiti Kuala Lumpur, Kuala Lumpur, Malaysia

³UniKL MIDI, Universiti Kuala Lumpur, Kuala Lumpur, Malaysia

*Corresponding author: shima.rani@unikl.edu.my (ORCID ID: 0000-0003-3573-1906)

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ABSTRACT

The aim of this paper is to identify the inner factors of women entrepreneurs during and after the economic turbulence to ensure their business sustainability. Hence, this paper highlighted the inner strength which are resilience (R), and internal locus of control (ILC) of women entrepreneurs during and after economic turbulence. Three hundred and ninety-eight of the 1,000 randomly distributed surveys to Peninsular Malaysian women business owners were returned. The reliability analysis shows that Cronbach's Alpha scores for all four inner factors were more than 0.70. Correlation analyses were performed to investigate the relationship of those factors. The findings indicate that there are significant and direct relationships between resilience and internal locus of control during and after economic turbulence.

HIGHLIGHTS

- ① This study emphasizes the connection between women entrepreneurs' locus of control and resilience during and after economic turbulence.
- ② Internal locus of control and resilience during and after economic instability have a favourable and significant connection.

Keywords: Women, entrepreneur, internal locus of control, resilient, economic, turbulence

According to Hossain, Jahangir, and Nur-Al-Ahad (2018), the Malaysian government has created several incentives and programs to encourage more Bumiputera (Malaysian and Malay locals) to start their own businesses. Tun Dr. Mahathir Mohamad (former Prime Minister) highlighted that with the National Entrepreneurship Policy, it is projected by 2030, Malaysia will be an entrepreneurial nation. The Malaysian government has been working hard to develop and foster entrepreneurship activities among women entrepreneurs in Malaysia (Rahman, Isa, & Shafie, 2020; Yusoff, & Yasin, 2019). In addition, entrepreneurship is a process that can empower women to become financially independent (Yussuf & Yasin, 2019). However, it was reported that more than 190,000 micro and small women entrepreneurs were affected during

the COVID-19 pandemic, and it is estimated that about 50 percent of the business failed every month (Alias, 2020). In addition, most of the studies conducted on crises and recovery among business owners are focusing on external factors and support from the government, however, not many studies focus on the internal capabilities of entrepreneurs in managing crises and recovery for their business sustainability (Rani *et al.* 2021; Khail & Ahmadzai, 2022; Mubeen, Hye, Shahid, & Rehan, 2022; Mulyaningsih, Susilawati & Ardiati, 2022; Sabbir,

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2022; Houeninvo, 2023). Hence, it is about time to investigate what are the important inner factors that might contribute to business sustainability among women SMEs in Malaysia. Resilience and internal locus of control have been the subject of prior study (Duchek, 2018; Torres *et al.* 2017), but there hasn't been much work done on female entrepreneurs. In light of this, this study investigates the significance of inner strength, such as resilience (R), and internal locus of control (ILC) among women entrepreneur during and after economic turbulence in sustaining their business.

LITERATURE REVIEW

Women Entrepreneurs in Malaysia

According to Mahat, Mahat, and Mustafa (2021), the challenges faced by micro and small business owners during COVID-19 include securing business funding, social barriers, and lack of crisis management support. In addition, most micro-women business owners are not registering their businesses with required agencies like SSM as such ineligible to get any financial support and incentives provided by the government. In the year 2016, it was reported that the female workforce is at the rate of 54.3% (54% of the labour participation for every 100 women) (Department of Statistics, 2016).

Many programs and activities were organized by government agencies in promoting participation among women entrepreneurs that, directly induce a great contribution towards economic development (Rani *et al.* 2021; Kang 2016; Alam, Jani & Omar, 2011). In the 2018 Budget, it was reported that about RM200 million were allocated to provide microfinancing facilities to women entrepreneurs (The Star Online, 29 October 2017), hence the significance of women entrepreneurs in the Malaysian economy cannot be denied.

Economic Cycle

There are five (5) phases in the normal economic cycle, which are the recession phase, economic recovery, early economic upswing, late economic upswing, and the initial economic recession. Economic crises normally happen during the recession phase, and after the economic turbulence, it refers to the recovery phase. The recession phase

indicators include low confidence among external investors, and businesses, a high rate of inflation, and a reduction of production attributable to increasing costs. The recovery phase indicators include a new economic policy or fiscal policy introduced by the government to encourage public spending, followed by raising confidence levels among investors and entrepreneurs, and the inflation rate reduction. The policy is more an expansionary policy (to stimulate spending among people) by reducing taxes and lowering interest rates of banks (Fischer, 2016; Kassouri, Alola, & Savaş, 2021). Hence, this study investigates the inner factors during the economic turbulence (recession phase) and during the economic recovery (recovery phase) of women entrepreneurs in Malaysia.

Resilience (R)

Resilience is one of the factors in internal capabilities, according to Bulmish (2016) normally, those who have low levels of internal capabilities tend to be stressed, impatient, and prompt to make wrong decisions. Resilience is a process whereby an individual can adapt to the shifts or disturbing experiences, and recover from the challenges (Ayala & Manzano, 2014). Entrepreneurial resilience can be achieved by establishing networks, taking changes as normal, and the ability to avoid crises whenever possible. Hence, resilience refers to the ability to bounce back from difficult situations, and the dimension under resilience includes adaptive capacity (hardiness), not easily discouraged (hardiness), optimism – to make decisions, optimism – to act, and resourcefulness (Rani, Krishnan, & Mustapha, 2021; Rani *et al.* 2019). Hardiness can be achieved via the capability to adjust to new pressures and changes in the internal and external environment. Resourcefulness is referring to the most critical resources for the company that includes business networks, cash flow, material assets, investment, and finances. Optimism is referring to the ability to be ready to act and make choices in critical situations (Rani, Krishnan, & Mustapha, 2021; Rani *et al.* 2019; Ayala & Manzano, 2014). In a nutshell, the resilience of a business is dependent on the ability of the business owners in running their business with limited resources and capabilities (Duchek, 2018).

Internal Locus of Control (ILC)

Zigarmi, Nimon, and Conley (2018) defined locus of control as a behaviour that can drive an individual inner's motivation. In addition, the locus of control is divided into two (2) which are internal (ability to control inner self) and external locus of control (ability to control external supports) (Noor, Yaacob, & Omar, 2021). Thus, ILC can be defined as the ability to control situations or factors that might influence decisions and behaviour (Lefcourt, 2014). Those who are with high ILC, normally have high confidence in their competencies and are very positive in facing and/or overcoming obstacles in their business and lives (Hsiao *et al.* 2015; Bulmash, 2016). In addition, those with high ILC are more adaptable to any changes and easily learn from the new changes and experiences that they had gained (Torres *et al.* 2017).

Expectancy Theory of Motivation

The Expectancy Theory of Motivation indicated that a person could manage or control their activities voluntarily, according to the expected outcomes from the desired behaviour (Vroom, Porter, & Lawler, 2015). The motivation to behave in certain ways was normally influenced by the expected performance associated with the behaviour of the individual. Whereby the inner strength or abilities of the women entrepreneurs in controlling the situation during and after economic turbulence will ensure their business survival. In short, the motivation comes from the expected outcome which is the ability to ensure the business still strives during and after economic turbulence. The resilience will be the efforts (expectancy), that will produce the instrumentality (performance) which is the ILC.

Relationship Between Resilience and Internal Locus of Control (ILC)

This study's goal is to investigate how women entrepreneurs' internal locus of control relates to their level of resilience both during and after economic turbulence. Those entrepreneurs with a high ILC are more confident in their competencies to face any business obstacles and can control any business challenges (Torres *et al.* 2017; Hsiao *et al.* 2015; Bulmash, 2016; Sugiharti, Aditina & Esquivias, 2022; Zandi, Rehan, Hye, Mubeen, & Abbas, 2022;

Basumatary, Devi, Basumatary, Mwchahary, & Basumatary, 2023). In a study by Nanfuka (2019), it was found that those with a high ILC are less stressful and more resilient in facing challenges in their workplace. In addition, in a recent study, showed that the locus of control can be used as a predictor of entrepreneurial intention among Malaysian youths (Noor, Yaacob, & Omar, 2021). Whereas in a study conducted in Afghanistan on women entrepreneurs, the finding highlighted those women entrepreneurs with a high level of ILC have a higher resilience (Jahanshahi, Zhang, & Gholami, 2019). Hence, two (2) hypotheses were forwarded to depict the whole study as following:

H₁: Resilience and ILC of women entrepreneurs during economic turbulence have a favourable and significant association.

H₂: Resilience and ILC of women entrepreneurs after economic turbulence have a favourable and significant association.

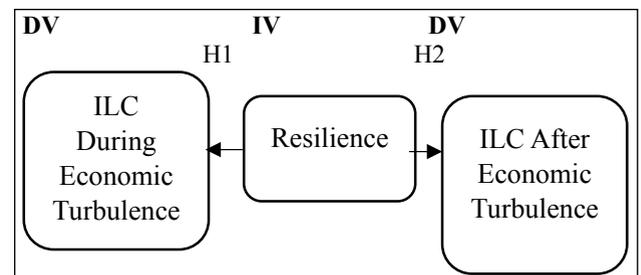


Fig. 1: Framework for the Study

METHODS

From the Krejcie and Morgan sample size table (Rani *et al.* 2021), it's shown that if the population is known and about 1,000,000 or more than the minimum sample or respondents should be around 384. After the distribution of 1,500 questionnaires, only 398 responded and were used for the study. The data collection was done by using printed copies, and online via Google Forms. The data collection was done in West Malaysia except for the east coast of Malaysia.

DATA ANALYSIS

The questionnaires were randomly distributed, and the entrepreneurs' personal details were kept confidential. None of the respondents were forced to participate in the study. The items developed

for the questionnaires for resilience are thirty-two (32) items which comprised of Adaptive Capacity with five (5) items, Hardiness with seven (7) items, Preparedness to decide – optimism with six (6) items, Preparedness to act – optimism with nine (9) items, and Resourcefulness with five (5) items. The last variable which is an ILC consisted of fifteen (15) items that comprised of finance with (5) items, human resources with five (5) items, and information technology with five (5) items. During and after economic turbulence, the reliability analysis indicated the Cronbach’s Alpha scores are between 0.914 and 0.794. During economic turbulence, the Cronbach’s Alpha for resilience is $\alpha = 0.914$, and ILC is $\alpha = 0.794$ (refer Table 1). After the economic turbulence, the Cronbach’s Alpha scores for resilience is $\alpha = 0.907$, and $\alpha = 0.779$ for ILC (refer Table 1).

Table 1: Reliability Analysis

During	Number of Items	Items Deleted	Total Items	Cronbach’s Alpha
Resilience	32	0	32	0.914
ILC	15	0	15	0.794
After	Number of Items	Items Deleted	Total Items	Cronbach’s Alpha
Resilience	32	0	32	0.907
ILC	15	0	15	0.779

RESULTS

Respondent and Business Profiles

Out of three hundred and ninety-eight (398) respondents, most of the respondents were aged between 20 to 30 years old which is about 66.8%, and about 33.2% are more than 30 years old. Most of the respondents with education of at least high school which is about 65.1%, followed by higher education. In terms of ethnicity, most of the respondents were Malay (43%), Chinese (40%), and Indian (17%). As for types of ownership, most of the businesses are enterprises (73%). In terms of the years the business in operation, most of the business have been in operation for more than 5 years (73%). Most of the companies with employees between 5 to 10 employees (50%), less than 5 employees (33%), and others more than 10 employees (17%). Overall, in terms of the distribution of the respondents, it

is well distributed in terms of the profiles of the owner, and the business profiles.

Although there are four categories for resilience, this study split optimism into two categories: readiness to make decision and readiness to act. Most responders concurred that all five (5) characteristics of resilience are significant during economic instability. However, hardiness (mean = 4.269, standard deviation = 0.536), preparedness to make decisions (mean = 4.233, standard deviation = 0.506), adaptive capacity (mean = 4.209, standard deviation = 0.558), preparedness to act (mean = 4.061, standard deviation = 0.681), and resourcefulness (mean = 4.051, standard deviation = 0.706) are the most crucial traits. During the economic recovery, most of the respondents agreed that the most important dimension is adaptive capacity (mean = 4.242, std. deviation = 0.499) followed by hardiness (mean = 4.180, std. deviation = 0.588), preparedness to make decision-optimism (mean = 4.178, std. deviation = 0.479), resourcefulness (mean = 3.989, std. deviation = 0.737), and preparedness to act-optimism (mean = 3.908, std. deviation = 0.645). Hence, the most important dimension during an economic turbulence is hardiness, preparedness to make decision-optimism and adaptive capacity, whereas during the economic recovery, the most important dimensions are adaptive capacity, hardiness, and preparedness to make decision-optimism (Duchek, 2018; Gunasekaran, Bharatendra & Griffin, 2011) (refer Table 2).

Table 2: Descriptive Statistics - Resilience

F	During Economic Turbulence		After Economic Turbulence		
	N	Mean	Std. Deviation	Mean	Std. Deviation
Adaptive Capacity	398	4.209	0.558	4.242	0.499
Hardiness	398	4.269	0.536	4.180	0.588
Optimism: Decision	398	4.233	0.506	4.178	0.479
Optimism: Act	398	4.061	0.681	3.908	0.645
Resourcefulness	398	4.051	0.706	3.989	0.737
Valid N (list-wise)	398				

Internal Locus of Control

Most respondents concurred that, when it comes to the internal locus of control component, the ability

to manage human resources is the most crucial aspect, followed by information technology and finance (see Table 3) (Torres *et al.* 2017).

Table 3: Descriptive –Internal Locus of Control

	N	During Economic Turbulence		After Economic Turbulence	
		Mean	Std. Deviation	Mean	Std. Deviation
Finance	398	3.959	0.799	3.921	0.757
HR	398	4.356	0.476	4.277	0.507
IT	398	4.251	0.543	4.221	0.560
Total	398				

Relationship between Resilience (R), and Internal Locus of Control (ILC) During and After Economic Turbulence

During the economic turbulence and the economic recovery (refer Table 4), the descriptive analysis indicated that most of the respondents agreed with ILC (mean = 4.189; std. deviation = 0.443), and R (mean = 4.162; std. deviation = 0.440). Most of the women entrepreneurs who responded to the study agreed that both factors are vital which are R, and ILC. However, the most vital factor is ILC (mean = 4.139; std. deviation = 0.448), and R (mean=4.102; std. deviation = 0.456). The findings have supported previous research (Georgianna, & Jagerson, 2020; Jahanshahi, Zhang, & Gholami, 2019).

Table 4: Descriptive Analysis – During and After Economic Turbulence-Resilience, EQ, Leadership, and ILC

Variable	N	During Economic Turbulence		After Economic Turbulence	
		Mean	Std. Deviation	Mean	Std. Deviation
Resilience (R)	398	4.162	0.440	4.102	0.456
ILC	398	4.189	0.443	4.139	0.448

Economic volatility during and after is supported by both hypotheses (H_1 , and H_2). During and after economic turbulence, there is a weak association between R and ILC (During economic turbulence: $r = 0.337^{**}$; $p = 0.000$; After economic turbulence: $r = 0.281^{**}$; $p = 0.000$) (refer Table 5). The findings of this study support the study by Nafuka (2019) that those with a high locus of control also have high R in terms of handling work crises as they

have a low-stress level. Also, studies by Hsiao *et al.* (2015), Bulmash (2016), and Torres *et al.* (2017) stated that entrepreneurs who possess a high ILC can overcome challenges in their business due to their high confidence level.

Table 5: Correlations – During and After Economic Turbulence

Variables	Internal Locus of Control	
	Pearson Correlation Coefficient	p-value
During Economic Turbulence		
Resilience	0.337**	0.000
After Economic Turbulence		
Resilience	0.281**	0.000

***. Correlation is significant at the 0.01 level (2-tailed).*

DISCUSSION

This study highlights that there is a relationship between resilience (R) and ILC during, and economic turbulence. The findings indicate that motivational factors play an important role in ensuring women entrepreneurs' performance during and after economic turbulence. The ability to adapt and adopt quickly in difficult situations has given positive business survival. Hence, the internal capabilities to control the changes in the environment, especially the economic and business environment influences the resilience of the entrepreneurs (Ismail *et al.* 2021; Jahanshahi, Zhang, & Gholami, 2019).

CONCLUSION

In conclusion, this study addressed all objectives and hypotheses forwarded. Thus, the ILC of the entrepreneur has a direct influence on the woman entrepreneurs' resilience during and after economic turbulence. In summary, the skills and abilities of the entrepreneurs that fuel their inner drive enable the women entrepreneurs to have high confidence in their skills and become more positive in overcoming challenges in their businesses and personal lives (Hsiao *et al.* 2015; Bulmash, 2016), which translates into being resilient in managing their businesses during and after economic turbulence (Zigarmi, Nimon, & Conley, 2018).

LIMITATIONS AND FUTURE STUDIES

The samples and geographic area are the study's limitations. It only focuses on women entrepreneurs in Peninsular Malaysia, hence, similar study should include all states in Malaysia. In addition, for future studies, comparison between Malaysia and other countries women entrepreneur resilience and locus of control should be done to enhance the supports needed by women entrepreneur to sustain their business during and after economic turbulence.

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