

## THE ROLES OF WOMEN ENTREPRENEUR IN INDONESIAN MSMEs

**TETI HARYATI<sup>1\*</sup>, RIZAL SYARIEF<sup>2</sup>, YUDHA HERYAWAN ASNAWI<sup>3</sup> and SITI AMANAH<sup>4</sup>**

<sup>1,2,3,4</sup> School of Business, IPB University, Bogor, Indonesia.

\*Corresponding Author Email: teti.haryati@gmail.com

### Abstract

Indonesia is a potential market with a population of 270,203,917 people with a proportion based on gender, namely 136,661,899 men and 133,542,018 women, where women dominate compared to men in terms of proportions. The large proportion of women provides opportunities for this group to become economic driving actors as entrepreneurs or business actors. This research explain the roles of women entrepreneur in Indonesian MSME Unit analysis of this research are two groups of entrepreneurial women divided into entrepreneurs in the culinary and fashion business fields. Other criteria related to business units are micro and small business units. One of the characteristics of entrepreneurial success is maintaining profitable business operations for more than five years. Mapping using Diamond analysis, the five main elements are integrated into something visualized as a diamond. These elements include arena, vehicle, differentiator, staging and economic logic. Result show that the understanding of women as business actors in managing a business differs from that of men. Women are expected to be able to take advantage of digital technology in order to become Go-digital entrepreneurs.

**Keywords:** Women, Entrepreneur, Indonesia, MSME

### 1. INTRODUCTION

Micro, Small, and Medium Enterprises, commonly shortened to UMKM, are significant for developing a nation, especially for the Indonesian nation. Nearly 99% of existing and growing businesses are MSMEs. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, the number of MSMEs in Indonesia currently reaches 65.47 million with a contribution to the gross domestic product of 61.07% and employs 119.6 million national workers or equivalent to 96.92% of the total workforce in Indonesia (ILO, 2020). In detail, the most significant number of micro-businesses and the absorption of labor in micro-businesses reached 109.8 million or 89%. In comparison, there were 5.93 million people in small businesses, or 4.81% of the workforce, and 3.79 million workers came from medium businesses, 3.07 %.

Indonesia is starting to highlight the potential of digital technology for economic growth and social inclusion by making digital transformation one of the three presidential priorities. However, it is felt that it is still constrained by digital accessibility. Digital transformation can change how small and medium enterprises create and capture value (Bharadwaj et al., 2013). Digital transformation can also be used to restructure the economy, institutions, and society at the system level (Unruh & Kiron, 2017). Digital transformation is not about optimizing internal processes or incorporating new technologies but can fundamentally change SME business models (Loebbecke & Picot, 2015). A study tries to identify the characteristics that differentiate women from people in business. Women are different in seeing business; women are more on emotions, relationships, cooperation, and care, not just pursuing profitability and business

growth. Developing women's businesses seems like "glass selling" still limits women's movement regarding their abilities (Gondokusumo, 2020). Meanwhile, when viewed based on the perception of success, female entrepreneurs' success may differ from male entrepreneurs. Women entrepreneurs pay more attention to work-life balance.

PP no. 2 of 2022, related to national entrepreneurship development, is a regulation that can encourage women entrepreneurs to develop their businesses more broadly and inclusively. This regulation allows women entrepreneurs to gain access to entrepreneurship (BKPM, 2022). PP no. 2 of 2022 is a legal umbrella that can open access for women to make positive contributions, especially in the digital era, where more and more micro, small and medium enterprises (MSMEs) are growing and entering the digital ecosystem.

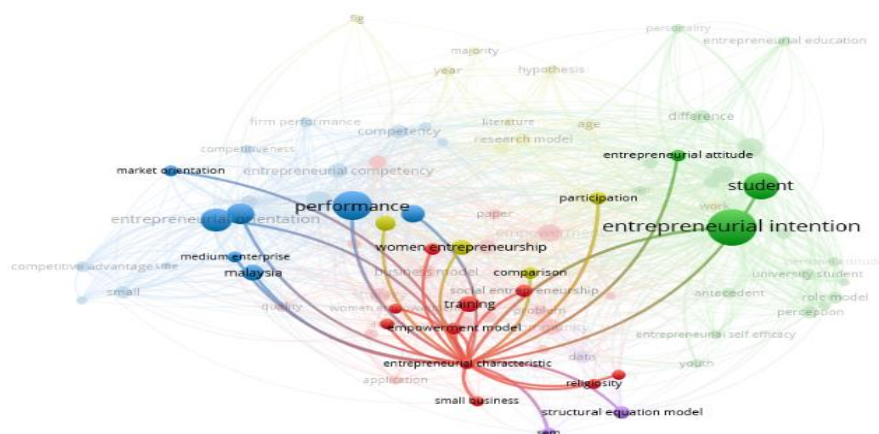
In business processes, death or business failure generally occurs a lot. One of the failures was caused by the wrong way of planning how the business and product were built. This process is a stage often referred to as the valley of death (Calza et al., 2021). this stage is usually passed by most entrepreneurs, both in newly formed businesses and businesses that have been running for a long time. The facts reveal that at this stage, novice and old entrepreneurs rarely understand it, so not a few entrepreneurs experience total failure. Failure to pass through the valley of death is caused more by ignorance. Entrepreneurs fail in the valley of death because they do not know their milestones. Predictions of business conditions when sliding and rebounding should be predictable. There is an interesting fact that in addition to the increasingly rapid development of technology, the death rate caused by failure to pass through the valley of death in micro, small and medium enterprises (MSMEs), especially in the first three years, averages 50- 60 percent is relatively high, but after three years, the MSMEs mortality rate has decreased to 30-40 percent. The distance between opportunity and start-up is the valley of death for male and female entrepreneurs. The valley of death is not the only factor that can cause business failure. The limitations of women entrepreneurs in running a business can affect the unstable motivation of women entrepreneurs in expanding their network and developing their business scale.

Given the relatively high mortality rate of micro, small and medium enterprises (MSMEs), especially in the first three years of operation, this research is fundamental to do to prepare the next generation of women entrepreneurs, especially generation Z, so they can prepare themselves to face the valley of death and other obstacles in the business it manages to be sustainable. Several ways can be done to survive in business, one of which is having a suitable business continuity model. Therefore, this study aims to find a business sustainability model for women entrepreneurs in the digital era, especially on the micro and small business scale. Several stages will be carried out to formulate a business continuity model. Thus it is necessary to carry out in-depth research to understand the MSME business model run by Indonesian women entrepreneurs so that they can continue to develop in the long term it will improve the Indonesian economy.

## 2. LITERATURE REVIEW

A chronological summary of early women's entrepreneurship studies. The search results in 1973 found the Journal of Small Business Management, then in 1988 found the Journal of Business Venturing. Furthermore, from 1900 to 2016, around 185 Journals on Business Venturing were published in mainstream journals. One hundred thirty-eight journals have links to women's entrepreneurship from 1900 to 2016.

In the 1930s, the literature on entrepreneurship focused on male entrepreneurs, then in the late 1970s, the sub-domain of female entrepreneurship began to appear explicitly (Jennings, 2013). This sub-domain section describes the chronological history of the development of literature on women's entrepreneurship (Yadav & Unni, 2016). Meanwhile, based on a search via VOSviewer with the keywords Models Women Entrepreneurial at Indonesian reviewed from 2015-2021 (Google Scholar), then developed the keywords motivation women entrepreneurship, and Economic empowerment, entrepreneurship, Indonesia, resilience, women (through the sorting process), then produce image one as follows.



**Figure 1: VOSviewer's study of women's entrepreneurship**

Based on Figure 1 VOS viewer result, it is known that research related to women entrepreneurs has been studied more on the Elements of Empowerment, Market Orientation, Competence, Characteristic, Business Knowledge, Business Models, Entrepreneurial Intention, Small and Medium Business, Entrepreneurship Leadership, and Entrepreneurial Attitude. At the same time, the research method used in his study is more quantitative through SEM data analysis and descriptive qualitative.

When viewed from the role and function, entrepreneurship can be grouped into routine entrepreneurs who tend to focus on solving traditional problems and improvements by producing goods, markets, technology, and arbitrage entrepreneurs who are always looking for opportunities to find knowledge discoveries and their utilization. Opportunity to buy cheap goods and then sell them at high prices without carrying out the production process or production activities. Furthermore, innovative entrepreneurs constantly innovate with ideas and creations that have value as a differentiator. From the primary function of micro-

entrepreneurship, entrepreneurship is a pioneer and company development in taking risks, dealing with uncertainty, and sound resource management. Material, human, and financial according to the targets to be achieved (Roopke, 1995).

The characteristics of a successful entrepreneur that can be described are usually competence in the knowledge of the business to be carried out, the business environment, roles, and responsibilities, as well as business management and operations. Conceptual skills include how to set strategies and calculate risks, as well as formulate ideas to add value to the business, which, of course, must also be understood as to the appropriate uses, methods, processes, and strategies to manage and lead the business to be carried out (Sanny et al., 2021). Technical skills include adjusting or optimizing resources, producing new products, marketing, and calculating risks. Other skills include communication and interaction skills and creative skills such as generating new ideas and ideas related to the business to be created or developed (Tamara, 2015).

Indonesia's gender gap in the business world is the same as in other developed and developing countries. Gender statements are still an obstacle for some women to start their businesses. Society's perception of women's ability in entrepreneurship is still doubtful. Issues related to gender in Indonesia are still a problem today (Theboud, 2010). A study states that business-oriented women have a high level of satisfaction (Jyoti, 2011), and the push factors are higher in satisfaction than the pull factors of women entrepreneur motivation in making their decision to do business. Women entrepreneurs in terms of doing their work often demand that they be everywhere in order to fulfill their responsibilities and continuously integrate between work and life roles (Engen, 2018).

The female entrepreneur's approach to business can be built by building a production-centered community, creating consumers, engaging with consumers, and making customers see their vision (Young Entrepreneur Council, 2018). In exploring the attitudes and views of women entrepreneurs towards the mentoring relationships that are built, women entrepreneurs often face many challenges when building a business. Building mentoring relationships can help women entrepreneurs increase their chances of business success, organizational growth, and leadership development. Mentors in the mentoring process can serve as guides, problem solvers, sounding boards, and teachers. Mentors can also influence increase self-efficacy in new entrepreneurs so that mentors can become connectors and encouragement (Srividhya and Paramasivam, 2022). Additionally, Women entrepreneurs align themselves with mentors in their desired industry to help avoid significant mistakes. Mentors are recognized as helping women entrepreneurs uncover problem areas in their businesses and bearing the pivots needed to make businesses successful (Young Entrepreneur Council, 2018).

The complexity of the concept of business sustainability affects the definition issued, so it is not easy to find an appropriate concept to apply to this research. Sustainability can be understood as a building or framework for meeting current needs to meet future needs for the next generation (Brutland report, 1987). A sustainable business depends on continuous innovation (Madonsela NS, 2016). It usually leads to long-term survival and relies on a new process approach to innovating (West 1996 and Wong 2009). In reality, sustainable business

practices require a long process and continuous innovation following the business culture exemplified by the organization.

A sustainable business requires an approach that has a systematic (efficient and effective) workflow in order to be able to adapt and be flexible to a business environment that constantly changes every time (Madonsela NS, 2016). There are four elements (Carsrud, 2010) in maintaining a business, including:

1. Adaptive ability to monitor, measure, and respond to internal and external variations
2. Leadership capacity to make choices and deliver plans necessary to achieve business goals
3. Management capacity that uses resources proficiently
4. Technical capacity handles the program, business, and community strategies

Sustainable businesses adapt to challenges and produce resources within environmental constraints (Carsrud, 2010). The existence of competition that can be profitable for entrepreneurs can maintain business growth. Competitiveness is always related to sustainable business, and competition challenges entrepreneurs in running their businesses and looking for ways to maintain their business growth (Madonsela, 2016). Four categories emerged from research on techniques used by entrepreneurs to sustain the business, including 1) entrepreneurship, 2) leadership, 3) organizational culture, and 4) organizational learning. Successful entrepreneurs master these techniques and apply them to innovative practices to sustain the business (Sanny et al., 2021)

The business growth cycle always requires an innovative workforce with a high level of skills to increase business sustainability. Entrepreneurs must prepare all activities to plan, monitor, and control the business through a sustainable and aggressive environment (Madonsela, 2016). Meanwhile, to measure and compare potential targets, entrepreneurs must be able to discover what other businesses are doing in their market to attract and retain customers (Fleishman, 2015). Ways that can be done to help business continuity, such as building a social media platform, are significant for sustainability (Montague, 2017).

### 3. METHODOLOGY

This study took research subjects from two groups of entrepreneurial women divided into entrepreneurs in the culinary and fashion business fields. Other criteria related to business units are micro and small business units. One of the characteristics of entrepreneurial success is maintaining profitable business operations for more than five years. Entrepreneurs can innovate and survive for five years or more by modifying conventional methods, creating new products, establishing production methods, and creating new markets (Schumpeter, 1983).

Expert criteria are people selected to participate in expert panels whose function is to provide insight regarding the future projections of women entrepreneurs related to the nine business elements that have been determined. Experience from experts will make comparison material and input or insight that can help formulate gaps between current conditions (phenomena) and

conditions that will come before the strategy is determined. The established criteria were adopted from the determination of criteria based on previous studies (Nunley J. V 2021), namely as follows:

1. Have a business background and start a business
2. Have been in their business industry for more than ten years
3. Understand the literature on women entrepreneurs
4. Has been recognized as a business leader

The analysis will be carried out using the Diamond Strategy Framework introduced by Hambrick and Fredrickson. This business strategy formulation framework is the basis for a business organization to respond to situations and prepare to face intense competition by considering actual economic returns (Hambrick and Fredrickson, 2005).

#### **4. RESULT AND DISCUSSION**

A business is not just buying and selling, but how to create value. The process of creating customer value can be carried out if the business can optimally utilize its resources to create competitive advantages. Furthermore, this applies to the micro business sector, where the consumer factor cannot be separated from the calculation and basis of the quality presented by business organizations, services, and goods. Culinary and fashion micro-enterprises can also create value according to the needs of consumers. Value creation differentiates one business organization from another, attracts the interest of potential customers, and is one of the reasons for business development. Hambrick & Fredrickson introduce five main elements of strategy. The five main elements are integrated into something visualized as a diamond. These elements include Arena (which indicates where the business will be active); Vehicle (How to get there); Differentiator (How to be able to win the market); Staging (How fast and what stages) and Economic Logic (How to earn income).

##### **Arena**

The arena is the most fundamental choice in determining where the business will be run. Arena provides a specific description of the running business, such as product categories, market segments, geographic areas, technologies used, and stages that provide added value. Arena selection is not just choosing where but emphasizing the position and product offered. In this study, the arena for micro-scale businesses for culinary and fashion products run by women entrepreneurs is with personal closeness or still on a micro-scale. For fashion products, for example, they still rely on local sales and also on fashion shows, even though the fashion shows have the potential to export their products.

##### **Vehicles**

Vehicles determine how the organization gets to the decided arena. The means to achieve and realize detailed running business specifications. A suitable mode is needed to present the product or service offered in a segment or geographic area or to create added value. Mode

selection is not something to think about quickly or as a form of implementation because the products/services offered will also greatly influence the success of the mode chosen for doing business. The choices can be self-employment, collaboration with other parties, or other options.

### **Differentiator**

The differentiator emphasizes how businesses can differentiate themselves and beat the competition. The differentiator is only sometimes synonymous with having to go to extremes, meaning it does not have to be the best, cheapest, tastiest, or most enduring. It is often the value proposition that is attractive or follows market needs with acceptable and reasonable.

### **Staging**

The Staging element emphasizes the importance of thinking about the phases a company goes through in terms of velocity and series of Steps. The goal is to increase the probability of success of the planned strategy. Various factors drive the decision to speed up or slow down the stages. Resources, urgency, the pursuit of credibility, and the desire to be first are some factors influencing decisions about how quickly steps to support strategic initiatives and make them happen. Staging in micro-enterprises occupied by women entrepreneurs is different from the staging of large companies. Staging in a micro-company for fashion and culinary products can be said there is no specific strategy to increase the company's scale. In this regard, staging needs extra attention for women entrepreneurs because, in general, they need a long-term strategy for the sustainability of their businesses.

### **Economic Logic**

Economic Logic is the heart of a strategy that combines all elements, where economic Logic helps organizations to find the best way to achieve maximum profit. In principle, economic Logic rests on two alternatives for achieving profit: low cost or a premium price offset by certain valuable features. The economic Logic for fashion and culinary products produced by these women entrepreneurs generally focuses on low cost. Although there are also micro-business products that do not apply a low-cost strategy, usually, the majority still choose a low-cost strategy related to the differentiator chosen by women entrepreneurs. In connection with the avatar business concept, this economic Logic is fascinating and essential because it is vital to improving strategies to increase profits in the future.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

The perception that women are only housekeepers is an indirect inhibiting factor. The ability to sell or trade independently should be considered. Balancing the roles and functions of women in the family and work environment requires even more sacrifice and effort. The multiple roles that are undertaken are often not only challenged by the family and society's perceptions. However, women can also be the drivers of the family economy. A business is not just buying and selling, but how to create value. The process of creating customer value can be carried out if the business can optimally utilize its resources to create competitive advantages.

Moreover, applies to the micro business sector, where the consumer factor cannot be separated from the calculation and basis of the quality presented by business organizations, both services and goods. Culinary and fashion micro-enterprises can also create value according to the needs of consumers. Value creation is something that differentiates one business organization from another business organization, attracts the interest of potential customers, and is one of the reasons. Based on the results of the analysis that has been carried out, for micro businesses run by women entrepreneurs, it is necessary to pay attention to the persona of the intended consumer. Other things, such as the product's differentiator, are undoubtedly related to the user persona. For staging, it needs to get more attention so that the product can last for the long term. Concerning economic Logic, the strategy used is low cost and efficiency so that the product can compete with other products.

## References

- Bharadwaj, A., El Sawy, O. A., Pavlou, P. A., & Venkatraman, N. V. 2013. Digital Business Strategy: Toward a Next Generation of Insights. *MIS Quarterly*, 37(2), 471-482. Retrieved from [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2742300](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2742300)
- BKPM, 2022. MSMEs Receive Strong Support from Government, <https://www.bkpm.go.id/en/publication/detail/news/msmes-receive-strong-support-from-government> (accessed Aug. 19, 2022).
- Calza,F., Ferretti,M., Panetti,E., & Parmentola,A. 2021. Moving drug discoveries beyond the valley of death: the role of innovation ecosystems, *European Journal of Innovation Management*, vol. 24, no. 4, pp. 1184–1209, 2021, doi: 10.1108/EJIM-11-2019-0342.
- Carsrud AL. 2010. Fostering Sustainability In Family Firms. In R. Kao (Ed.), *Sustainable economy: Corporate, social and environmental, responsibility*. Singapore (SG): World Publications.
- Engen GA. 2018. Work-life Boundary Management Styles of Women Entrepreneurs in Ethiopia-“Choice” or imposition?. Ethiopia.
- Fleishman HL. 2015. Entrepreneurial strategies of growing a small business health club. [dissertation]. Chapel Hill (US): University Of North Carolina.
- Gondokusumo C. 2020. Sustainable development goals. [http://theicph.com/id\\_ID/id\\_ID/icph/sustainable-development-goals/](http://theicph.com/id_ID/id_ID/icph/sustainable-development-goals/)
- Hambrick, D.C, & Fredrickson, J.W. 2005. Are you sure you have a strategy?. *Academy of Management Executive*, 19 (4), 51-62.
- ILO. 2020. Ketahanan hidup perusahaan hampir habis, pekerjaan semakin terancam: Temuan-temuan utama survei usaha terdampak COVID-19 dari program ILO-SCORE Indonesia. DKI Jakarta: International Labour Organization. Retrieved from [https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms\\_745054.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_745054.pdf)
- Jyoti. 2011. Factors affecting orientation and satisfaction of women Entrepreneurs in rural India. *Annals of Innovation & Entrepreneurship*. 2(1): 1-13.
- Loebbecke, C., & Picot., A. 2015. Rerlection on societal and business model transformation arising from digitalization and big data analytics: A research agenda. *The Journal of Strategic Information System Journal*, 24(3), 149-157.
- Roopke. 1995. *Entrepreneurship in Cooperative Development*

- Madonsela NS. 2016. Continuous innovation as fundamental enabler for sustainable business practices. Proceedings from the 14th Global Conference on Sustainable Manufacturing. South Africa (ZA): Stellenbosch, South Africa. doi:10.1016/j.promfg.2017.02.035.
- Montague, A.M., 201. Investigating Women Entrepreneurs in Construction and their Sense of Belonging in a Male Dominated Industry: A Multiple-Case Study – ProQuest, <https://www.proquest.com/openview/35f32e05879d8a85599ead8f4262c158/1?pq-origsite=gscholar&cbl=18750&diss=y>.
- Nunley JV. 2021. The successful path for entrepreneur women: approaches and strategies women entrepreneurs in Los Angeles county experienced when starting, growing, and sustaining their businesses for more than five years. [disertasi]. California (US): Brandman University Irvine.
- Sanny, L., Angelina, V., & Christian, B.B. 2021. Innovation of SME service industry in Indonesia in improving Customer satisfaction. *Journal of Science and Technology Policy Management*, 12(2), 351-370.
- Schumpeter JA. 1983. *The Theory of Economic Development: An Inquiry Into Profits, Capital, Credit, Interest, And The Business Cycle*. New Brunswick (US): Redvers Opie.
- Srividhya, K.M., & Paramasivam, J. 2022. Factors Affecting Women Entrepreneurship Success: In Digital Environment – A Study, *Seybold Report Vol. 17, issue-9*, 1233-1238.
- Tamara M. 2015. A successful Qualitative study: Women's Entrepreneurship: Developing a model for war-torn Afghanistan. Irian Library Information Database.
- Theboud S. 2010. Gender and entrepreneurship as a career choice: do self assessment of ability matter? *Cornell University*. 73(3): 288-304.
- Unruh, G., & Kiron, D. 2017. Digital transformation on purpose. MIT Sloan
- Management Review. November 6, available at <https://sloanreview.mit.edu/article/digital-transformation-on-purpose/> accessed March 30 2019.
- West MA. 1996. Innovation in top management teams. *The Journal of Applied Psychology*. 81(6): 680-693.
- Wong AT. 2009. Innovation by teams in Shanghai, China: Cooperative goals for group confidence and persistence. *British Journal of Management*. 20(2): 238-251. doi:10.1111/j.1467-8551.2008.00563.x.
- Yadav, V. & Unni, J., Women entrepreneurship: research review and future directions, *J Glob Entrepr Res*, vol. 6, no. 1, p. 12, Oct. 2016, doi: 10.1186/s40497-016-0055-x.
- Young Entrepreneur Council. 2018. *Identifying The Way: Six Entrepreneurial Approaches That Build Success*. Boston (US): Young Entrepreneur Council.