



Role of Micro, Small, and Medium Enterprises in Promoting Female Entrepreneurship in Indonesia

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Abstract

This research aims to examine the role of micro, small, and medium enterprises (MSMEs) in promoting female entrepreneurship in Indonesia. It also seeks to examine the key determinants of women's involvement in business as entrepreneurs in the country. The research is a descriptive analysis based on secondary data analysis and a review of key literature/case studies on women entrepreneurs in Indonesia. The findings of the research clearly show that number of women entrepreneurs in Indonesia is still few, and they are concentrated mainly in micro and small enterprises. The relatively low number of women entrepreneurs in Indonesia can be said to be attributed to at least four main factors: (i) low level of education and lack of training opportunities, (ii) heavy household chores, (iii) there may be legal, traditions, customs, cultural or religious constraints, and (iv) lack of access to formal credit or financial institutions. This research has however one limitation, As Indonesia does not have national data on women entrepreneurs, so, this study using only data from 2020 on micro and small enterprises by gender of owners may not give a comprehensive picture. However, the research stresses that a wide gap still exists between male and female entrepreneurs in Indonesia

Keywords: MSMEs, MSEs, women entrepreneurs, female entrepreneurship, Indonesia

I. INTRODUCTION

Baru-baru ini, minat perempuan untuk berwirausaha meningkat secara signifikan di kalangan pembuat kebijakan, akademisi, dan praktisi di Indonesia. Hal ini disebabkan oleh pengakuan umum bahwa penciptaan wirausaha perempuan, khususnya di pedesaan, akan berkontribusi pada penciptaan banyak usaha pedesaan yang akan meningkatkan kemampuan lokal untuk menghasilkan pertumbuhan ekonomi pedesaan. Dengan kata lain, perempuan pengusaha dapat memainkan peran penting dalam mendorong pembangunan sosial dan ekonomi di pedesaan. Lebih penting lagi, keterlibatan aktif perempuan dalam kegiatan ekonomi di luar rumah, tidak hanya sebagai pekerja upahan seperti yang banyak ditemukan di industri padat karya di negara berkembang (misalnya tekstil dan garmen, produk kulit, makanan dan minuman, dan produk tembakau), tetapi juga sebagai pemilik usaha atau pengusaha, akan berdampak signifikan pada pengentasan kemiskinan. Selain itu, tujuan kelima dari Tujuan Pembangunan Berkelanjutan (SDGs) adalah kesetaraan gender (mencapai kesetaraan gender dan memberdayakan semua perempuan dan anak perempuan), dan pengembangan kewirausahaan perempuan memberdayakan perempuan dan mewujudkan

kesetaraan gender (lihat diskusi di misalnya UN-DESA, 2020; Lessidrenska, 2019; Liu, 2020; OECD, 2017).

Due to their characteristics such as easy entry, flexibility in working hours, and production processes that make women able to combine running a firm and doing their traditional domestic duties, less capital requirement, and no need for highly educated persons, micro, small and medium enterprises (MSMEs) are generally believed to be the right place for women to become entrepreneurs, especially in rural areas. Of course, the degree of the mentioned characteristics of MSMEs varies by type of economic activities or industries. For instance, MSMEs in the food and beverages industries need less capital and less educated individuals to run a business than in industries producing electronics or manufacturing automobile components. It is unsurprising to find that women entrepreneurs running MSMEs in developing countries are concentrated in only certain industries, namely food and beverages, handicraft, footwear, and leather products.

The Indonesian government is observed to have been making several efforts to develop the potential of women since the end of the Asian financial crisis by encouraging female entrepreneurship development through many programs and

projects, including the support provided to MSMEs, especially micro and small enterprises (MSEs) which are considered an important avenue to test and develop women entrepreneurial ability. In fact, Indonesia has a special Ministry for women's empowerment, i.e. the Ministry of Women Empowerment and Child Protection Republic of Indonesia. Its programs include vocational training, reeducation, assistance, and counseling. Some of these were implemented in collaboration with foreign governments such as Australia and Canada, UN organizations through the UN Women and international non-government organizations such as the Asia Foundation. Moreover, the government launched a public credit guarantee scheme targeting MSEs in 2007 due to the fact that most of these tiny enterprises, especially those in the trade sector, are owned or managed by women.

With the above background, the main objective of this study is to examine the development of women entrepreneurs in Indonesia with a focus on MSEs due to two reasons. The first is the fact that entrepreneurship development is usually associated with the growth of MSEs because most people started their businesses on a very small scale. Second, available secondary data suggested that there were more women business owners in MSEs than in medium and large enterprises (MLEs). It is, however, important to note that Indonesia does not have official national data on women entrepreneurs in MLEs except in the manufacturing industry.

More specifically, it aims to answer the following two research questions. First, how has the development of women entrepreneurs, especially in MSEs, in Indonesia recently? Second, what are the main constraints for women to become entrepreneurs in Indonesia? Findings from this research add new information to the literature on women entrepreneurship in developing countries by showing recent facts in Indonesia. It may also add more information needed by policymakers in developing countries and Indonesian in particular in their efforts to support women's empowerment in relation to their commitment to meet the SDGs.

As a descriptive study, methodologically, it adopts two approaches: (i) analysis of secondary data (i.e. data from Indonesian National Statistics Agency/BPS and reports from relevant international agencies such as UNDP, World Economic Forum, and Social Watch) and (ii) review of literature on women entrepreneurs in developing countries. Given that journal articles, books, reports, and seminar papers on women entrepreneurs in developed and developing worlds are so many, increased significantly in the 1980s (see e.g. Minniti and Naudé, 2010, for their survey of the literature), the review in this study will only focus on most recent key international literature and Indonesian case studies, and on two aspects only, i.e. main motivation of women undertaking own businesses and factors affecting them.

This research is important from the Indonesian perspective not only because studies on Indonesian female entrepreneurship are rare but none of the existing studies has placed a special focus on the question "Why many women are involved in micro or small businesses in Indonesia? Is this a positive sign

as regards the perspective of women's entrepreneurship development and government efforts to support them in Indonesia? These questions are important simply because the existing public opinion in Indonesia and probably in many other countries is that the increase in the number of female-led businesses is a positive sign based on the assumption that it reflects the rise of women's entrepreneurship spirit. It is, however, important to note that there are women running low-income generating MSEs, especially those from poor or low-income households, in the form of small food stalls, small ship traders, and food and beverage stores. Are they engaged in this business due to economic or financial difficulties?

II. Methodology

Methodologically, this study adopted descriptive analysis, using secondary data on businesses owned by women and MSMEs and a review of key literature on women's business determinants in Indonesia, including databases from ILO, GEM, Indonesian State Ministry of Cooperative and SME, and Indonesian Central Statistics Agency (BPS).

III. Women Entrepreneurs in Developing Countries: Main Determinants

From key literature on women entrepreneurs in developing countries, at least five main characteristics of women entrepreneurship can be observed. First, the intensity of women being entrepreneurs or owning their own businesses is still low, though the rate varies by country due to differences in local factors such as employment and education opportunities, institutions, culture, or even religion. Many studies like those done by e.g. Das (2000), Raju (2000), and Sinhal (2005) show that less than 10% of the entrepreneurs in South Asia are women.

Second, MSMEs are more important than LEs for women entrepreneurs, as women face more constraints to enter LEs, such as lack of education and shortage of capital.

Third, within MSMEs, the female-male entrepreneur ratio is generally higher in MIEs than in larger-sized and modern enterprises. This is due to the fact that women in developing countries are more likely than men to be involved in informal activities which consist dominantly of MIEs, either as self-employed or employers or paid/unpaid workers. It is especially in low-income/poor countries where job creation in the formal sector is a rare phenomenon, particularly for women, there is a strong tendency for women to engage in informal activities.

Fourth, many women conduct their own businesses as a means to survive; they are pushed to do that because all other options for them to get better jobs outside the home are either absent or unsatisfactory. Based on its survey in 41 countries (including developing countries in Asia and Latin America), the Global Entrepreneurship Monitor in its 2007 report (GEM, 2007) labels this type of women entrepreneurs as necessity entrepreneurs. Whereas, women conduct their own businesses because there are market opportunities they can earn more

money from the activities are labeled as opportunity entrepreneurs. As generally expected, the report shows that in low-income/poor countries, the ratio of necessity to opportunity entrepreneurship is significantly higher than the high-income countries.

From South Asian countries, Das (2000), for instance, suggest that there are three categories of women entrepreneurs: “chance”, “forced” and “created” entrepreneurs. These different categories are based on how their businesses started, or their main reasons or motivations to conduct their business instead of working elsewhere. Chance entrepreneurs are those who start a business without any clear goals or plans. Their businesses probably evolved from hobbies to economic enterprises over time. Forced entrepreneurs are those who were compelled by circumstances (e.g., death of a spouse, the family facing financial difficulties) to start a business, their primary motivation, hence, tends to be financial. Created entrepreneurs are those who are “located, motivated, encouraged and developed” through, for instance, entrepreneurship development programs. According to Das (2000), the most common reasons given were either financial reason or to keep busy. He found that only about one-fifth of women were drawn to entrepreneurship by “pull” factors, for instance, the need for a challenge, the urge to try something on their own and to be independent, and to show others that they are capable of doing well in business. It is often stated in the literature that the degree of women entrepreneurship development is closely related to the degree of gender equity, which in developing countries is generally lower than that in developed countries. Although, within the developing countries, the degree varied by country, depending on many factors, including level of economic development, reflected by the level of income per capita, and social, cultural, and political factors. Gender equity has many dimensions, and it is not easy to measure, due to the lack of accurate, gender discriminated social indicators in many countries, especially in the developing world.

Many other studies (e.g. Shah and Saurabh, 2015; Hani, 2015) showed the same evidence that the great variety of women’s involvement in economic activities as entrepreneurs across countries reflected distinctions in culture and customs regarding women’s participation in the economy (for example, societal views about women’s role in the labor force and in business), and in current economic conditions. Basically, individual persons or in this case, women open their own business or become producers instead of working as employees in someone else’ companies or, for married women, staying at home doing domestic works, could have two different motives. Their decision to conduct their own businesses could be purely market orientation reflecting their high spirit of entrepreneurship, i.e. they were ‘pulled’ by market opportunities to conduct their own businesses. Or a means to survive: they were ‘pushed’ to do that because all other options for them to get better jobs outside home were either absent or unsatisfactory, or to support family incomes. Based on her own study on women entrepreneurs in Indonesia, Gunawan (2012) comes with a conclusion that

there were two different main motivations that woman decide to run own businesses, i.e. to help the family income or to optimize their talent. The first reason was linked to her family’s income condition or poverty, while the second one could be considered as a sign of entrepreneurship

In GEM (2015), economic necessity-based is defined as the percentage of those driven by having no better choice for work. Market/business opportunity-based is defined as the percentage of those who are motivated to pursue the opportunity. This includes taking advantage of a business opportunity or currently having a job, but still looking for a better opportunity. Table 1 shows that in Indonesia there were more males than females as necessity-motivated entrepreneurs in their early stage of entrepreneurship. Other surveyed ASEAN member states also shared the same ratio.

Table 1 Necessity-motivated Entrepreneurship by Gender in Selected Southeast Asian Countries, 2015

Member states	Female (% of total early-stage female entrepreneurial activities)	Male (% of total early-stage male entrepreneurial activities)
Philippines	60	85
Vietnam	70	71
Indonesia	76	81
Malaysia	80	86
Thailand	81	82

Source: GEM (2015).

Tambunan (2009, 2015) found that especially in low-income countries women often showed marked differences from their men counterparts in many characteristics that influenced their decision to run own businesses or to become entrepreneurs. Such as age, work status, education, income, social ties, cultural norms or customs or traditions, family background, marriage status, family obligations, and discrimination against women in many aspects of life (which is often the result of gender beliefs inherent in a culture or society), disproportionate bargaining power against men and public/community perceptions were all significant social, economic and institutional factors that were among key characteristics which determined a woman’s decision to start a business.

Fifth, age, work status, education, income, social ties, culture, tradition, family background, marriage status, family obligations, and discrimination against women in many aspects of life (which is often the result of gender beliefs inherent in a culture or society), disproportionate bargaining power against men, and public/community perceptions are all significant social, economic and institutional factors in a woman’s decision to start a business (e.g. [Fafchamps and Quisumbing, 2005](#), [Justo and deTienne, 2008](#), and [Naudé, 2010](#)).

IV. Women Entrepreneurs in Indonesia

IV.1 Some Fact

The level of women's entrepreneurship development in Indonesia is still relatively low, especially in comparison with the developed world, but there is an opportunity for improvement. This is observed from the data available in the Ministry of Cooperative and SME that the total number of entrepreneurs was 1.65 percent of the country's total population of 253.61 million people as of January 2015 and this is the lowest in comparison with several other countries in Asia and the United States. Moreover, despite the limited studies and national data on entrepreneurship development by gender in Indonesia, available evidence indicated that the development of women as business owners or managers in the country shared the same features as the trend in several other developing countries.

It was, however, discovered by Tambunan (2009, 2015) that Indonesian women were many times less likely than men to own businesses, especially in large sizes with many employees. This was also confirmed by Shinta Widjaja Kamdani, the founder of Global Entrepreneurship Program Indonesia (GEPI), that the number of women entrepreneurs in Indonesia was much less than men. The statement quoted from ANTARA News.com which was accessed online in 2011 when GEPI was formally established (<http://www.antaraneews.com/en/news/89197/gepi-hopes-number-of-indonesian-female-entrepreneurs-up>) showed that the gap between male and female entrepreneurs was in the range of 30 percent in the last decade. The gap was observed to reduce slightly in 2000 to 26 percent but increased again to approximately 36 percent in 2002, 37 percent in 2004, 38 percent in 2006, reduced to 32 percent in 2008, and slightly increased again in 2010 to approximately 34 percent. Unfortunately, the GEPI does not provide more recent data on this gap.

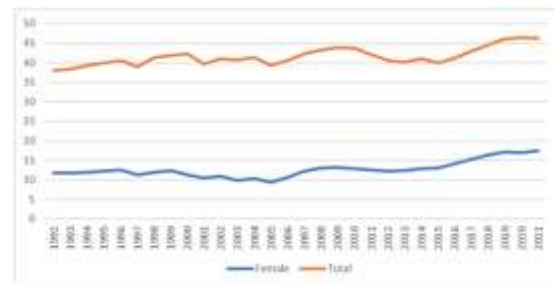
The ILO estimates also showed that the percentage of women as employers in Indonesia was very low as indicated by the fact that the number of women entrepreneurs with several workers/employees was very small compared to those as own-account workers (Figures 1 and 2). The percentage in 2001 was estimated at only 1.1 percent and in 2020 was approximately 2 percent with more women found to be self-employed without paid workers such as owners of roadside food stalls or small shops with an average share of 30 percent per year.

Figure 1. Indonesian Women as Employers, 1992-2021 (million)



Source: ILO (Key Indicators of the Labor Market: <http://www.ilo.org/global/statistics-and-databases/research-and-databases/kilm/lang--en/index.htm>).

Figure 2. Indonesian Women as Own-account Workers, 1992-2021 (million)



Source: ILO (Key Indicators of the Labor Market: <http://www.ilo.org/global/statistics-and-databases/research-and-databases/kilm/lang--en/index.htm>).

Based on the February 2021 National Labor Force Survey (Sakernas) from the National Statistics Agency (BPS, 2021), the majority of the working population is categorized as laborers/employees/employees, namely 48.52 million people or around 37.02 percent, self-employed 25.65 million people or 19.57 percent, and 21.61 million people or around 16.49 percent are self-employed assisted by non-permanent workers. Male predominance, except for employment status as family/unpaid workers who are dominated by those who are female (Table 2).

Table 2. Working Population by Main Employment Status and Gender, 2021

Main Employment Status	By Gender		Total
	Male	Female	
Self-employed	15,353,953	10,293,992	25,647,945
Doing own business, assisted by non-permanent workers/family worker	14,360,822	7,250,878	21,611,700
Doing own business, assisted by permanent/paid workers	3,447,928	949,310	4,397,238
Laborers/employ	30,894,537	17,626,130	48,520,667

ees			
Free labor on the farm	3,374,916	1,632,227	5,007,143
Casual workers on non-agriculture/employees	5,698,840	1,001,936	6,700,776
Family/non-paid worker	5,435,174	13,743,662	19,178,836
Total	78,566,170	52,498,135	131,064,305

Source: BPS (2021)

The two indices constructed by the United Nations Development Programme (UNDP) to measure gender equity are Gender Inequality Index (GII) and Gender Development Index (GDI). The GII is a composite measure reflecting inequality in achievement between women and men in three dimensions including reproductive health, empowerment, and the labor market. Meanwhile, GDI is the human development index (HDI) adjusted for gender inequality. It is the ratio of female to male HDI values which measures the average achievements of the country in terms of the extent to which people lead a long and healthy life, are educated and knowledgeable, and enjoy a decent standard of living. This index measures achievements in the same basic dimensions as HDI but also captures inequalities between women and men. It attempts to capture the level of development of women and the extent to which they are free from discrimination in building their capabilities and gaining access to resources and opportunities.

The GDI is not exactly a measure of gender inequalities but rather a reference to women’s disadvantage (or advantage) in the HDI components. In a situation the ratio is closer to 1, it means there is a more balanced situation between men and women, thereby, indicating there are no great variations in the HDI results for both genders while a value closer to 0 represents a more unbalanced HDI between men and women. Based on the UNDP database, Table 3 shows these two indices for ASEAN.

Table 3 Gender Development Index (GDI) and Gender Inequality Index (GII) in ASEAN, 2021

Country	GDI Value	GII Value
Singapore	0.992	0.040
Brunei Darussalam	0.984	0.259
Malaysia	0.982	0.228
Thailand	1.012	0.333
Indonesia	0.941	0.444
Philippines	0.990	0.419
Vietnam	1.002	0.296
Lao PDR	0.949	0.478

Cambodia	0.926	0.461
Myanmar	0,944	0.498

Source:UNDP(<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fhdr.undp.org...>)

World Economic Forum (WEF) also publishes an annual report on global gender gap ranking, based on the global gender gap index (GGGI). The index is based on four critical areas of inequality between men and women: 1) economic participation and opportunity: outcomes on salaries, participation levels, and access to high-skilled employment; 2) educational attainment: outcomes on access to basic and higher-level education; 3)political empowerment: outcomes on representation in decision-making structures; and 4) health and survival: outcomes on life expectancy and sex ratio. The index scores are on a 0 to 1 scale (0.00 = inequality, 1.00 = equality) but can be roughly interpreted as the percentage of the gender gap that has been closed. The index scores can be interpreted as the percentage of the gap between women and men that has been closed. Table 4 shows the ranking of several developing countries in Asia. It shows that, generally, in Southeast Asia, with the Philippines as the highest-ranking country, gender equality was much better than that in South Asia with the exception of Sri Lanka.

Table 4 The Global Gender Gap Index Rankings in ASEAN by Member Country, 2020

	Score	Rank	
		ASEAN	Global
Singapore	0.724	3	54
Brunei Darussalam	0.686	8	95
Malaysia	0.677	9	104
Thailand	0.708	4	75
Philippines	0.781	1	16
Indonesia	0.700	5	85
Viet Nam	0.700	6	87
Lao People's Democratic Republic	0.731	2	43
Myanmar	0.665	10	114
Cambodia	0.694	7	89

Source: WEF (2020)

IV.2 Four Main Constraints

Unfortunately, not so many studies have been made until now on the development of entrepreneurs by gender in Indonesia, especially those focusing on key challenges facing women to become entrepreneurs and the main constraints that women-owned businesses must confront. Among very few studies available, is from Tambunan (2009d, 2017a,b, 2015b) who, based on his findings, concluded that the low representation of women as entrepreneurs in Indonesia could be attributed to a range of the following factors:

- (1) Low level of education and lack of training opportunities which made Indonesian women severely disadvantaged in both the economy and society. It was especially true for women living in rural areas or in relatively backward provinces. Many rural women spoke only their native language and never read newspapers and thus they were very restricted to communicate with the outside world. There were also still many social, cultural, and religious taboos that prevented women who could and should be accessing higher education from doing so many parents living in rural areas still have the traditional thinking that (higher) education belongs to men only. Enterprises owned by women with only primary schools were mainly from the category of MIEs with very low incomes. By region, better-educated women entrepreneurs were found more in the western and more developed part of the country, i.e. Java, the most populated island, and Sumatera, the second most important island in terms of economic activities and population density, than in the eastern part, the least developed area;
- (2) Heavy household chores. Especially in rural areas, women in general have more children, and they were more demanded to do their traditional role as being responsible for housework and childcare than those in urban areas, especially in big cities. According to a 2013 study on access to trade and growth of women's MSMEs in developing economies in the Asia-Pacific region (APEC), cited by Federica Gentile from UBI Business, gender-specific constraints such as childcare responsibilities were also an important issue that women entrepreneurs in Indonesia and other developing economies in the AP region need to deal with in running their businesses (<http://www.ubibusiness.com/topics/business-environment/indonesian-women-entrepreneurs-a-catalyst-for-growth-#.VIOw1FXotjo>);
- (3) There may be legal, traditions, customs, cultural, or religious constraints on the extent to which women could open their own businesses. Especially in rural areas where a vast majority of the population are Muslims and rather isolated from big cities like Jakarta, Islamic-based norms have stronger influences on women's daily life. This made female behavior or attitude in rural areas less open than male (or urban women) to "doing modern business" culture. In such a society, women must fully comply with their primary duty as their husband's partners and housewives, they were not allowed to start their own businesses or do jobs that involve contact with men, or manage a company with male employees, or simply not allowed to leave the home alone. Marital status also played an important role in the women's choice of job. Older and married women in Indonesia, for instance, are likely to be found in informal enterprises such as trade or other

activities which enable them to combine household work and paid work. On the other hand, young single women who migrated from rural areas are more likely to be found working as wage employees in services and trading enterprises; and

- (4) Limited access to financing from banks or other formal financial institutions. This is indeed a key concern of women business owners in Indonesia. This is found to be more problematic for women in rural areas or outside of major metropolitan areas such as Jakarta and Surabaya. This constraint is related to ownership rights which deprive women of property ownership and, consequently, of the ability to offer the type of collateral normally required for access to bank loans. In Indonesia, men are still perceived as the head of the family, and thus, in general, men are still perceived as the owner or inheritor of family assets such as land, company, and house. Generally, Indonesian women entrepreneur has a highly independent financial aspect in running their business. Only a few women used bank credits, especially in rural areas.

All these constraints lead to an exclusion of women from entrepreneurial activities that are often considered by many women as the first step for them toward independence, self-esteem, and liberty of choice. Even if women do have their own businesses, in many cases, they defer to husbands or other family members in key business decisions, and many turn over greater power to these other family members as the business grows. In Indonesian rural society, especially in rural areas where Islamic norms are very strong and they are rather isolated from big cities, such constraints on women's daily life are observable. In such a society, women must fully comply with their primary duty as their husband's partners and housewives. This makes female behavior or attitude in rural areas less open than male (or urban women) to "doing modern business" culture. However, religion *per se* does not systematically define such discrimination. All dominant religions show flexibility in interpreting the role of women in society (Jütting and Morrison, 2005).

V. Are MSMEs the Main Source of Female Entrepreneurship Development in Indonesia?

Historically, Indonesian MSMEs have always been the main players in domestic economic activities, accounting for more than 99 percent of all existing firms across sectors (Table 5) and providing employment for over 90 percent of the country's workforce, mostly women and the youth. The majority of them are micro enterprises (MIEs) and small enterprises (SEs), whereas medium enterprises (MEs) are only a few. MIEs are dominated by self-employment enterprises without wage-paid workers. The share of these tiny enterprises in total MSMEs or in total MSMEs plus large enterprises (LEs) is always above 90 or even close to 99.0 percent. They are scattered widely throughout the rural areas, and, therefore, are likely to play an important role in helping

villagers, particularly women, to develop their entrepreneurial skills. However, most MIEs are established by poor households or individuals who could not find better job opportunities elsewhere. MIEs act either as their primary or

secondary (supplementary) source of income. Therefore, the presence of many MIEs in Indonesia is considered a result of current unemployment or poverty problems rather than as a reflection of entrepreneurship spirit (Tambunan, 2009).

Table 5 Total MSMEs and Employees by Sub-categories, 2016-2019

Description	Unit	2016		2018		2019	
		Number	Share (%)	Number	Share (%)	Number	Share (%)
MSMEs	Unit	61,651,177	99.99	64,194,057	99.99	65,465,497	99.99
-MIEs		60,863,578	98.71	63,350,222	98.68	64,601,352	98.67
-SEs		731,047	1.19	783,132	1.22	798,679	1.22
-MEs		56,551	0.09	60,702	0.09	65,465	0.10
LEs		5,370	0.01	5,550	0.01	5,637	0.01
MSMEs + LEs		61,656,547	100.00	64,199,607	100.00	65,471,134	100.00
MSMEs	People	112,828,610	97.04	116,978,631	97.00	119,562,843	96.92
-MIEs		103,839,015	89.31	107,376,540	89.04	109,842,384	89.04
-SEs		5,402,073	4.65	5,831,256	4.84	5,930,317	4.81
-MEs		3,587,522	3.09	3,770,835	3.13	3,790,142	3.07
LEs		3,444,746	2.96	3,619,507	3.00	3,805,829	3.08
MSMEs + LEs		116,273,356	100.00	120,598,138	100.00	123,368,672	100.00

Source: Menekop & UKM (<http://www.depkop.go.id/>)

Now the question is, is the growth in the number of MSMEs positive for the development of female entrepreneurship? Unfortunately, there is no national data regarding the number of MSMEs (Table 4) whose owners are women. Although according to several sources, as stated by the President Director of Bank OCBC NISP, Parwati Surjaudaja at the media briefing and launch of the CurrenShe movement in Jakarta, Thursday (03/11/2022) around 37 million MSMEs are owned or managed by women. (<https://www.krjogja.com/peristiwa/read/479517/umkm-perempuan-indonesia-mencapai-37-juta-orang>)

However, the trend in Indonesia is that within the MSMEs group, more women entrepreneurs are found in micro and small enterprises (MSEs) than in medium enterprises (MEs). MSEs have characteristics that are suitable for women, especially those who are married, have children, and have low education (Table 6).

Table 6 Main Characteristics of MIEs, SEs, and MEs in Indonesia.

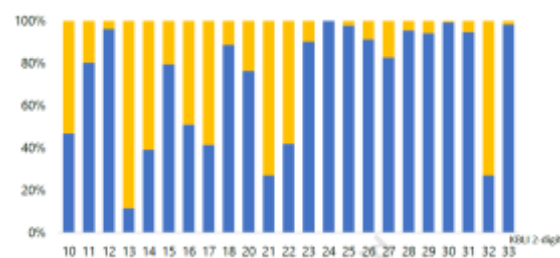
Aspect	MIEs	SEs	MEs
Formality	operate in the informal sector, unregistered & pay no taxes	some operate in the formal sector, are registered & pay taxes	all operate in the formal sector, are registered & pay taxes
Location	Majority in rural areas/villages	Many in urban areas/cities	Mostly in urban areas/cities
Organization & management	- run by the owner - no internal labor division -no formal management & the accounting system (bookkeeping)	- run by the owner - no labor division (majority), -no formal management and accounting system (bookkeeping)(majority)	-many hire professional managers, -many have labor division, formal organizational structure & formal accounting system (bookkeeping)
Nature of employment	majority use unpaid family members	some hire wage laborers	-all hire wage laborers -some have a formal recruitment system

Nature of the production process	- degree of mechanization very low/mostly manual - level of technology very low	some use up-to-date machines	many have a high degree of mechanization/access to modern technology
Market orientation	majority sell to the local market and to low-income consumers	-many sell to the national market and export -many serve also middle to high-income group	-all sell to the national market and many also export - all serve middle and high-income consumers
Social & economic profiles of owners	- low or uneducated - from poor households - main motivation: survival	- some have a good education and are from non-poor households - many have business/profit motivation	- the majority have a good education - many are from wealthy families - main motivation: profit
Sources of inputs	- majority use local raw materials and use own money	- some imported raw materials -some have access to banks and other formal credit institutions	- many use imported raw materials - the majority have access to formal credit sources
External networks	- the majority have no access to government programs and no business linkages with LEs	- many have good relations with the government and have business linkages (such as subcontracting) with LEs (including MNCs/FDI).	- the majority have good access to government programs - many have business linkages with LEs (including MNCs/FDI)
Entrepreneurship level of the owner	Very low	low to middle	High
Women entrepreneurs	The ratio of female to male entrepreneurs is the highest	The ratio of female to male entrepreneurs is high	The ratio of female to male entrepreneurs is low

In the manufacturing industry, according to the gender of entrepreneurs, the majority are male entrepreneurs, namely 52.68 percent of all MSEs entrepreneurs. Even the entire base metal industry is led by male entrepreneurs (Figure 3). This phenomenon shows that the characteristics of this industrial group are usually carried out by men or are types of work that require a lot of physical strength. There are several industry groups that tend to be run more by women entrepreneurs than men, namely the food industry group, the textile industry, the apparel industry, the paper and paper goods industry, the pharmaceutical industry, medicines, and traditional medicines, the rubber industry, goods from rubber and plastics, as well as other processing industries. The proportion of MSE single entrepreneurs (where the entrepreneur is the owner as well as the worker) in the manufacturing industry of the type female sex is 67.85 percent greater than the male sex MSE entrepreneurs. The nature of the MSE business which is minimal in capital, traditional, and can be operated in makeshift locations allows women who act as housewives to also become MSE entrepreneurs. Meanwhile, more industrial groups (above 75 percent) are managed by single female entrepreneurs, including the textile industry (KBLI 13), the paper and paper goods industry (KBLI 17), the pharmaceutical, medicinal, and

traditional medicine industry (KBLI 21), other processing industries (KBLI 32), and the food industry (KBLI 10).

Figure 3 Composition of MSE Entrepreneurs by Gender and Industry Group (KBLI 2-digits), 2020 (%)



Blue: male; Yellow: female

Note: KBLI Code: 10: food, 11: beverages, 12: tobacco processing, 13: textiles, 14: apparel, 15: leather, leather goods, and footwear, 16: wood, wood products and cork (excluding furniture), woven articles from rattan, bamboo and the like, 17: paper and paper articles, 18: printing and reproduction of recorded media, 20: chemicals and articles of chemical substances, 21: pharmaceuticals, chemical medicinal products, and traditional medicine, 22: rubber, articles of rubber and plastics, 23: non-metal minerals, 24: base metals, 25: non-

machined metal goods and their equipment, 26: computers, electronic and optical goods, 27: electrical equipment, 28: YTDL machinery and equipment (excluding others), 29: motor vehicles, trailers, and semi-trailers, 30: other means of transportation, 31: furniture; 32: other processing; 33: repair and installation of machinery and equipment

Source: cited from Figure 6 in BPS (2021; p.40).

VI. Conclusion and a Research Agenda

Recently, interest in women's entrepreneurship development among policymakers, academics, and practitioners in Indonesia has increased significantly. This interest comes from the recognition that the creation of women entrepreneurship, especially in rural areas, will contribute to the creation of many new rural enterprises that will increase local capabilities to generate a higher growth rate of the rural economy, and more importantly, it will help significantly the government's efforts to alleviate poverty. Also, as Indonesia has a strong commitment with respect to the achievement of the SDGs by 2030, of which women empowerment is among the goals, women's capacity building, including their capability to become productive and innovative entrepreneurs, in Indonesia has become an important element in Indonesian government's overall social and economic development plans and policies.

Although official data and other sources of information are limited, this study may indicate that the representation of women as entrepreneurs in Indonesia is still relatively low., for at least four main factors: low level of education and lack of training opportunities; heavy household chores; legal, traditions, customs, cultural or religious constraints on the extent to which women can open their own businesses; and lack of access to necessary facilities to support a business operation such as capital.

However, many significant issues related to women's entrepreneurship in Indonesia are still not yet resolved by this study. Some of the issues are related to the following questions. First, what institutions facilitate or hinder women's decisions to enter into entrepreneurship? Second, do female entrepreneurs face more constraints (e.g. lack of capital, difficulties in marketing) than male entrepreneurs in running their businesses? Third, are the majority of women entrepreneurs in Indonesia necessity entrepreneurs or opportunity entrepreneurs? Finally, as Indonesia consists of more than a hundred different ethnic groups with their own local languages, cultures, traditions, and adopted norms, does the intensity of women's entrepreneurship vary among these different ethnic groups?

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