

Women Entrepreneurs in MSEs in Indonesia: Their Motivations and Main Constraints

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Abstract

This paper is based on a research aiming to examine the development of women entrepreneurs in Indonesia with the focus on their personal motivations or initial reasons to run own businesses and their main constraints in doing their businesses. The research was based on a desk study, secondary data analysis with data from Statistics Indonesia, and a small field survey of 108 women owning micro and small enterprises (MSEs) in the Great Jakarta area. It reveals from secondary data analysis that despite the growing number of women-led business and a significant increase of initiatives, policies and resources to promote and develop women's entrepreneurship, the gender gap in entrepreneurship in Indonesia still persist. Findings from the survey show that many of the respondents run their own businesses as a means to survive, and limited access to finance is the most serious constraint faced by the respondents, caused by their lack of valuable assets as collateral. The results may potentially have profound impact on women entrepreneurship policy and equality policy.

Keywords: women entrepreneurship, MSMEs, MSEs, MLEs, gender, entrepreneurs, push and pull

1. Introduction

Only after the Asian financial crisis in 1997/98 public (policy makers, academics and practitioners) interest in development of women entrepreneurship in Indonesia started to emerge, for at least three main reasons. First, it cannot be denied that number of women entrepreneurs in Indonesia increase from year to year. In Indonesia, traditionally, women who are actively involved as entrepreneurs or business owners are found mainly in micro and small enterprises (MSEs). While, total number of women owning/managing medium and large enterprises (MLEs) in Indonesia is relatively small. By economic sector, they are mostly found in trade and services, managing/owning e.g. small shops, food stalls, beauty salons, boutique/fashions, and catering. In rural areas, women doing own businesses are mainly as petty traders operating in traditional market centers. In industry, they are mainly found in small-sized handicraft, food and beverages, and clothing industries. As their number continues to rise, women entrepreneurs in Indonesia have been designated therefore as the new engines for economic growth to bring prosperity and welfare in the country. Indeed, worldwide, in the past, say, two decades, many stakeholders have pointed at women entrepreneurs as an important untapped source of economic growth and development in developing countries.

Second, as Indonesia also joined the UN-initiated Millennium Development Goals (MDGs) that ended in 2015 (and followed up by Millennium Sustainable Goals (MSG)), in which women empowerment is among the goals, the Indonesian government realized that development of women entrepreneurs is crucial in order to achieve that particular goal.

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Third, as poverty is still a serious not only social but also political issue, the active involvement of women in economic activities outside home, not only as wage-paid workers as they are widely found in labour-intensive industries (e.g. textile and garments, leather products, food and beverages, and tobacco products), but also as business owners or entrepreneurs, would have a significant effect on poverty reduction.

Therefore, in realizing this potential important role of women, in fact, the Indonesian government has been trying since the end of the Asian financial crisis to encourage women entrepreneurship development by supporting the development of MSEs through various programs since these enterprises are considered as an important avenue for the testing and development of women entrepreneurial ability. The programs include vocational trainings, technical assistances, microloans from banks and other formal financial institutions, and supports (in financial, technical, marketing and provision of raw materials) provided by state-owned enterprises through partnership programs. Many of these programs are implemented in collaborations with foreign governments (e.g. Australia, Canada), UN organizations (UN Women) and international non-government organizations (e.g. the Asia Foundation). In addition, in 2007 the government launched a public credit guarantee scheme targeting especially MSEs, as most of this tiny enterprises, mainly in the trade sector, owned or managed by women.

However, as in many other developing countries, despite the growing number of women-led business or as entrepreneurs and a significant increase of initiatives, policies and resources as explained above designed to promote and develop women's entrepreneurship, the gender gap in entrepreneurship in Indonesia persist. Studies or literature on women entrepreneurs in Indonesia are also not so many. At least there are two main reasons. First, national data on total number of women entrepreneurs and their key characteristics in Indonesia are limited. Even, Indonesian Women Entrepreneurs Association (IWAPI) does not have comprehensive database on total number of women entrepreneurs in Indonesia, except its own list of members, who are mainly owners of large-scale/modern businesses and located in big cities. Second, as mentioned before, the public interest on women entrepreneurship in Indonesia has just revealed after the 1997/98 Asian financial crisis, driven mainly by the introduction of the MDGs.

This paper is based on a research with its main objective to examine the development of women entrepreneurs in Indonesia with the focus on personal motivations or reasons of women in doing their own businesses and their main constraints in running businesses. Identifying personal motivations may give an idea on whether the current development of women entrepreneurs in Indonesia is a direct reflection of entrepreneurship spirit among women or, on the contrary, as a direct consequence of economic hardships faced by many women in the country. Main business constraints to be identified may show the current condition of women entrepreneurship development and the growth of businesses owned or managed by female in Indonesia.

At least from the Indonesian perspective, this research is important, not only because studies on Indonesian female entrepreneurs are rare, but none of existing studies so far have given a special attention to the question: why many women have conducted their own businesses in Indonesia? Is that a positive sign, looking from the perspective of women entrepreneurship development in Indonesia and government efforts to support them? This question is important simply because the existing public opinion in Indonesia (and probably in many other countries) is that the increase in number of female-led businesses is a positive sign, reflecting the rise of women's entrepreneurship spirit. But, is that true, including those doing MSEs? Would it not be possible that many women, especially from poor/low income households, are doing any kind of small businesses such as owning small food stalls, petty traders, and food and beverages vendors because of economic or financial hardship?

The focus of this research was on women entrepreneurs in MSEs with the following three reasons. First, entrepreneurship development is usually associated with the growth of MSEs: individuals started their own businesses from very small. Second, secondary data which are available so far suggest that there are more women as business owners in MSEs than in MLEs (moreover, Indonesia does not have official national data on women entrepreneurs in MLEs). This is not, however, a typical Indonesia, but a key feature of MSEs in developing countries or even in the world. Although the level of women as owners of MLEs may vary by country (depending on many local factors such as level of economic development, women access to high education, and norms and cultures), evidence available shows that in all countries across the world, including in OECD and other developed countries, the number of women as business owners or managers in MSEs is much higher than in MLEs (see e.g. GEM, 2015; WEF, 2015).

Third, national policies to promote women entrepreneurship in Indonesia are an important element of national policies on micro, small and medium enterprises (MSMEs) development in the country.

Specifically, the research has the following three research questions. First, how has been the development of women entrepreneurs in Indonesia? Second, for those women in Indonesia who are currently running their own businesses, what are their main motivation/reason in undertaking their own businesses; why they are not working as employees in someone's companies or in ministries as civil servants or studying in universities or just staying at home as housewife doing domestic works? Third, what are the main constraints facing women entrepreneurs in Indonesia?

As the research was an exploration in nature, methodologically, it addressed those questions with the following approaches: (i) by reviewing selected key literature on development of women entrepreneurs in developing countries in general and in Indonesia in particular; (ii) by reviewing official reports and other materials on current national policies to support women entrepreneurship development in Indonesia; (iii) by analyzing available secondary data on women entrepreneurs in Indonesia; and (iv) by conducting a small field survey of randomly selected 108 MSEs owned or managed by women in the Great Jakarta area. The last two research questions were worth addressed by empirical endeavor through a field survey in order to observe closely their current situations and to have their own words on why they do their own businesses (motivation) and what current main constraints they are facing in managing their enterprises.

2. Current Development

Most of businesses in Indonesia are from micro, small and medium enterprises (MSMEs), i.e. around 99.99 percent of total business establishment in the country, and their number steadily increases every year (Table 1). The majority of the enterprises are scattered widely throughout rural areas, and, therefore, likely to play an important role in helping develop the skills of villagers, not only technical skills but also entrepreneurial, particularly for women. However, most of them, mainly MSEs (which consist of microenterprises (MIEs) and small enterprises (SEs)) are undertaken or set up by poor households or individuals who could not find a better job elsewhere, either as their primary or secondary (supplementary) source of income. Many women who have been found to do their own businesses in MSEs are not really encouraged by their high spirit of entrepreneurship but mainly because there are poor and no other better income generating activities are available for them. Therefore, the presence or the growing of MSEs in Indonesia is often considered as a result of unemployment or poverty, not as a reflection of entrepreneurial spirit (Tambunan, 2009a).

**Table 1: Total Enterprises by Size Category in All Economic Sectors In Indonesia, 2005-2013
(In Thousand Units)**

Size category	2005	2006	2007	2008	2009	2010	2011	2012	2013
MIEs	45217567	48512438	49608953	50847771	52176771	53504416	54559969	55856176	57189393
SEs	1694008	472602	498565	522124	546643	568397	602195	629418	652222
MEs	105487	36763	38282	39717	41336	42008	4428	48997	52106
Les	5022	4577	4463	4650	4676	5150	4952	4968	5066
Total	47022084	49026380	50150263	51414262	52769426	54119971	55171544	56539559	57898787

Sources: processed data from the Indonesian Ministry of Cooperative and SME (www.depkop.go.id) and the Indonesian National Statistics Agency (BPS) (www.bps.go.id).

3. Development of Women Entrepreneurs in Indonesia

In Indonesia, based on data available from the State Ministry of Cooperative and SME, as January 2015, total number of entrepreneurs is 1.65 percent of the country's total population of 253.61 million people, which is the lowest in comparison with many other countries in Asia and in the United States of America (USA). With respect to women entrepreneurs, despite studies and national data on entrepreneurship development by gender in Indonesia are limited, available evidence suggests that the development of women as business owners/managers in the country shares the same features as women's entrepreneurship development in many other developing countries. As stated in e.g. Tambunan (2009c, 2015), in Indonesia women are many times less likely than men to own businesses, especially in large size with many employees.

This fact was also confirmed by Shinta Widjaja Kamdani, the founder of Global Entrepreneurship Program Indonesia (GEPI) that the number of women as entrepreneurs in Indonesia is much less than men. According to her, as quoted from ANTARA News.Com accessed online in 2011 the year when GEPI was formerly established (<http://www.antaranews.com/en/news/89197/gepi-hopes-number-of-indonesian-female-entrepreneurs-up>), the gap between male entrepreneurs and female entrepreneur was in the range of 30 per cent in the last decade.

In 2000 the gap was improved slightly to 26 per cent, but in 2002 it widen again to about 36 per cent. In 2004 the gap was 37 per cent, in 2006 38 per cent, in 2008 32 per cent and in 2010 it was around 34 per cent. Unfortunately, GEPI does not provide more recent information on the gap between women and men entrepreneurs. International Labor Organization (ILO) provides regularly key Indicators of the labor market in almost all countries in the world, including data on employers by gender. It refers employers as those workers who, working on their own account or with one or a few partners, hold the type of jobs defined as a "self-employment jobs", i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced), and, in this capacity, have engaged, on a on a continuous basis, one or more persons to work for them as employee(s). Based on this indicator, the percentage of women as employers in Indonesia is very low, except in 2013, which suggests that the level of women involved as entrepreneurs has been increased significantly from only around 1.3 per cent in 2009 to almost 13 per cent of total employers in the country. While, those who are considered as own-account workers, the percentage is much higher although declined overtime from around 31 per cent in 2001 to 16.6 per cent in 2013 (Table 2).

Table 2 Indonesian Women as Employers and Own-account Workers 2001-2013 (%)

Year	Employer	Own-account workers
2001	1.1	31.1
2002	1.1	33.9
2003	1.0	29.8
2004	1.1	31.9
2005	1.2	29.9
2006	1.1	32.8
2007	1.4	34.4
2009	1.3	34.5
2013	12.7	16.6

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

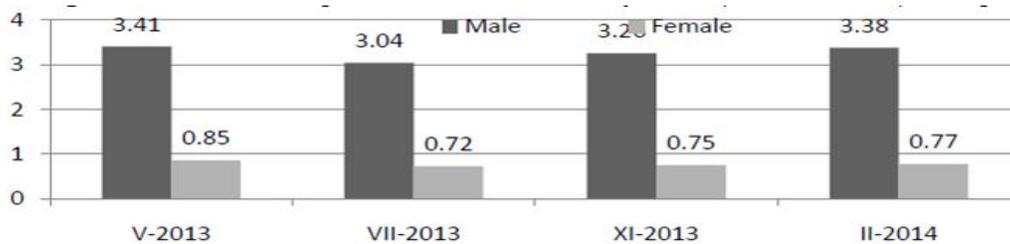
Other two sources also show the same features about the development of women entrepreneurs in Indonesia. First, data from World Bank's Enterprise Survey show that in Indonesia firms with women top managers are 31.2 per cent of total firms, and percentage of firms with female participation in ownership (average reported by surveyed firms) are 42.8 (<https://www.enterprisesurveys.org/data>). Second, the special report 2015 from the GEM, conducted by the International Development Research Centre (IDRC), which shows that in Indonesia women intentions to start an own business is lower compared to men (i.e. around 30 per cent against 34 per cent for men). In Southeast Asian region, entrepreneurship intention of women in Indonesia is higher than those in Malaysia, Thailand and Vietnam, but much lower than those in the Philippines (GEM, 2015)².

If this GEM survey result does tell the true about the real condition in Indonesia, it may suggest two things. First, Indonesian female entrepreneurial spirit is lower than that of male. Because of culture, religious (Muslim), and social status in Indonesia are more in favor of men than women, which make women less independent persons and less freedom to make any decisions by their own, less women than men who may think or dream to become an entrepreneur. Second the survey finding shows that entrepreneurship intention of women in Indonesia is higher than those in e.g. Malaysia and Thailand, despite being reported (see Figure 1) as having a greater gender inequality index

² GEM defines entrepreneurial intentions as the percentage of the adult population between 18-64 years (excluding individuals already engaged in any stage of entrepreneurial activity) who intend to start a business within the next three years. For Indonesia, GEM surveys 4,500 adults, between 15 and 64 years old, in selected 16 provinces, which represent 85 per cent of the total Indonesian population (GEM, 2015).

than those two countries. This may imply that Indonesian female entrepreneurial spirit is higher than those in Malaysia and Thailand. But, it can be assumed (as no regional data are available) that the rate of women entrepreneurs (as percentage of total entrepreneurs) in Indonesia is lower than those in Malaysia and Thailand because Indonesian higher gender inequality.

Figure 1 Number of Entrepreneurs/Business Owners by Gender, 2013 and 2014 (million people)

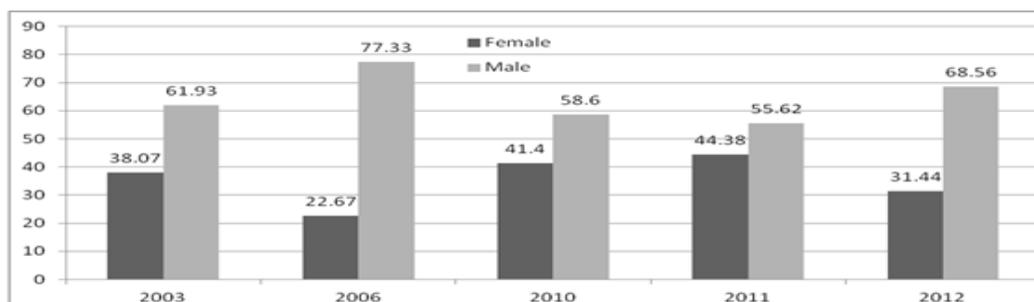


Note: V=May; VII=July; XI=November; II=February

Source: SAKERNAS (BPS)

Based on employment data from the annual National Labor Force Survey (SAKERNAS) from the Indonesian National Statistics Agency (BPS), which provides data on total population aged 15 years old and beyond by status of main work and gender, total number of women not as employees but working alone (self-employment) or running their own businesses without wage-paid workers in Indonesia is lower than their male counterpart. In May 2013 there were only 0.85 million women having their own businesses compared to 3.41 million men, and in February 2014 around 0.77 million women against 3.38 million men. Either in percentage of total working population (aged 15 and beyond) or total employment, the share of women as self-employment or having own businesses with or without hiring workers in Indonesia is much lower than that of male entrepreneurs. As a percentage of total working population, the ratio as by May 2013 was 4.83 per cent for male and only 1.95 per cent for female, and in February 2014 it changed slightly to 4.65 per cent for male against female 1.69 per cent. With respect to total employment, the ratio in 1990 was 54.7 per cent and 30.5 per cent for respectively male and female, and in 2015, 41 per cent and 30.7 per cent, respectively. This low rate of women participation as business owners than is also found in all economic sectors. For instance, in the manufacturing industry, more than half of total MSEs are owned by male, although the ratios between female and male vary by year (Figure 2).

Figure 2 Total MSEs in the Manufacturing Industry by Gender of the Owner, 2003-2012 (%)



Source: BPS

This distribution of business ownership by gender in Indonesia may suggest a negative relationship between the level of women involvement as entrepreneurs or business owners and the size of enterprises: becoming an entrepreneur in Indonesia is still dominantly a man culture, especially in large-sized modern companies. The figure also shows that the percentage of businesses in the manufacturing owned by women varies by year and during the period 2003-2012 ever reached the highest level in 2010 and 2011. No reports or literature can be found that can explain this variety. The increase of the rate of female ownership in 2010 and 2011 can happened due to the absolute number of business owned by women increased more rapidly than those managed by men, or, alternatively, many men-led businesses closed down or died during that particular years.

One thing for sure is that the global financial crisis occurred in 2009 and 2010 had hit hard many exporting companies in Indonesia (e.g. textile and garments, footwear), and the effects continued in years after that. Many of these companies did subcontracting arrangements with many MLEs.

As a direct result, many of the companies had to reduce their production volume, and consequently, many MSEs as their subcontractors had lost their orders and so they had to stop production. Another serious impact of the crisis on Indonesia was the significant drop in number of foreign tourists. In Bali, the most favorable destination for foreign tourists in the country, was very quiet, which led many local shops selling souvenirs, microenterprises producing handicrafts and shirts, and other small businesses in cheap accommodations, restaurants and cafes, entertainment activities, and motorcycles rentals experienced great losses, and many of them had to stop their businesses (Tambunan, 2010,2011). The above evidence again confirms what has been seen or discussed before that in Indonesia due to a variety of reasons already discussed the number of women doing own businesses, including in the category of MSEs is much lower than that of men.

4. Motivation

Generally, women enter entrepreneurship for many of the same reasons as men, such as wish to become an entrepreneur, to have own businesses, self-fulfillment, being their own boss, to support themselves and their families, to enrich their lives with careers, to attain financial independence (Hughes, 2006; Kirkwood, 2009a,b; Loscocco and Bird, 2012), or they start their own business in response to the demands of parenthood and spouse/partner roles (Kirkwood, 2009a,b; Breen and Karanasios, 2010; Hilbrecht, 2016). However, in Indonesia and many other developing countries, especially from low-income countries, women often show marked differences from their men counterpart in many characteristics that influenced their decision to run own businesses or to become entrepreneurs. Such age, work status, education, income, social ties, cultural norms or customs or tradition, family background, marriage status, family obligations, 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 are among key characteristics which determine a woman's decision to start a business (Tambunan, 2009c, 2015).

Many studies in other parts of the world, show the same evidence that the great variety of women's involvement in economic activities as entrepreneurs across countries reflects 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 more specifically, and also in current economic conditions³. 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, can have two different motives. Either their decision to conduct own businesses is purely market orientation reflecting their high spirit of entrepreneurship, i.e. they are 'pulled' by market opportunities to conduct their own businesses. Or, a means to survive: they are 'pushed' to do that because all other options for them to get better jobs outside home are either absent or unsatisfactory, or to support family incomes. Based on her own study on women entrepreneurs in Indonesia, Gunawan (2012) comes with conclusion that there are two different main motivation that woman decide to run own businesses, namely to help the family income or to optimize the talent. The first reason is linked to her family's income condition or poverty, while the second one can be considered as a sign of entrepreneurship.

The relative prevalence of market/business opportunity motivated versus economic necessity-motivated entrepreneurship activity provides useful insights into why women enter entrepreneurship. The former motivation can be considered as 'pull' factors driven entrepreneurship, and the later motivation as 'push' factors driven 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 opportunity. This includes taking advantage of a business opportunity or currently having a job, but still looking for a better opportunity.

³ See, e.g. Naudé (2010), Amorós and Bosma (2013), and Kelley *et al.* (2013).

Table 3 shows that in Indonesia there are more male than female as necessity-motivated entrepreneurs in their early stage of entrepreneurship. In other ASEAN member states also surveyed by GEM share the same ratio.

Table 3 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).

Besides GEM (2015), there are only very few good studies on female entrepreneurs in developing countries which also discuss women's motivation or reason to conduct their own businesses. These studies are mainly on women entrepreneurs in rural South Asia which include Mahmood, et al. (2012), Shah (2013), Saeed, et al. (2014), Shah and Saurabh (2015), and Hani (2015) who found that many women do start micro-level businesses to support themselves and their families. By doing a survey on 160 women entrepreneurs in four major cities in Pakistan, Mahmood, et al. (2012) aimed to explore the factors responsible for motivation and hindrance in the way of female entrepreneurs and also address the pertinent gender issues in context of Pakistan. The findings illustrate that female entrepreneurs are motivated to earn money for personal use, to contribute to family income, personal ambition, and for self satisfaction. Shah (2013) and Shah and Saurabh (2015) have found that many women in India, especially in rural areas, do start micro-level businesses to support themselves and their families. Saeed, et al. (2014) interviewed 120 female entrepreneurs in Lahore (Pakistan) with the aim to explore social, cultural and economic implications of female entrepreneurship and identify the causes and motivational factors, obstacles, and gender discrimination. The result reveals that the majority of their respondents started their business to contribute to family income and personal interest. Hani (2015) conducted a survey on women entrepreneurs in micro businesses in Sylhet City (Bangladesh). Types of businesses include tailoring, handicrafts, boutique shop, catering, agro based/live stock, and clothing businesses. The finding shows that the major reason to start business of 14 out of a total of 50 respondents was generating income for the family. While the main motivation of the remaining respondents range from 'be self-dependent', 'continuation of family businesses', and 'gaining economic freedom'.

5. Constraints and Challenges to Women's Entrepreneurship in Indonesia

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 main constraints that women-owned businesses have to face. Among very few studies available, is from Tambunan (2009b,c, 2015) who stated that the low representative of women as entrepreneurs in Indonesia can 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 is especially true for women living in rural areas or in relatively backward provinces. Many rural women speak only their native language and never read newspapers and thus they are very restricted to communicate with the outside world. Also there are still many social, cultural and religious taboos that prevent those women who can and should be accessing higher education from doing so. As Suharyo (2005) has found, many parents living in rural areas still have the traditional thinking that (higher) education belongs to men only. Tambunan (2009c) has found that enterprises owned by women with only primary school are mainly from the category of MIEs with very low income. By region, better educated women entrepreneurs are found more in the western and more developed part of the country, i.e. Java, the most populated island, and Sumatera, the second 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 are more demanded to do their traditional role as being responsible for housework and child care than women 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 are also an important issue that women entrepreneurs in Indonesia and other APEC developing members 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 can open their own businesses. Especially in rural areas where the majority of population are Muslims and rather isolated from big cities like Jakarta, Islamic-based norms have stronger influence on women daily life. This makes female behavior or attitude in rural areas less open than male (or than urban women) to "doing modern business" culture.

In such society, women must fully comply with their primary duty as their husband's partner and housewife, they are not allowed to start their own businesses or to do jobs that involve contact with or managing men, or simply they are not allowed to leave the home alone. Marital status also plays an important role in the women's choice of job. Older and married women in Indonesia, for instance, are more 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;

(4) Limited access to financing from banks or other formal financial institutions. This is indeed is 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 deprives 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. A 2013 study on access to trade and growth of women's MSMEs in APEC developing economies, cited by Federica Gentile from UBI Business, reports that in Indonesia, on one hand, the number of women's owned MSMEs is growing quickly at around 8 per cent annually, but, on the other hand, their growth is potentially hindered by specific challenges, and access to credit is considered in this report as the main challenge for women entrepreneurs, because of complicated loan paperwork and high interest rates (<http://www.ubibusiness.com/topics/business-environment/indonesian-women-entrepreneurs-a-catalyst-for-growth-/#.VIOw1FXotjo>). In their study on patterns of Indonesian women entrepreneurship, Hania, et al. (2012) found that Indonesian women entrepreneur has high independent financial aspect in running their business. Only few women that use bank credit.

6. Evidence from a Case Study: Motivation and Constraints

In order to explore main reason or motivation of women in doing own businesses and to identify their main constraints in running their businesses, a study was conducted with a series of surveys on a total of 108 female owned/managed-MSEs. The survey used a semi-structured questionnaire and interviews and took place during February-April 2016. There were two main reasons why the selection of respondents was only from the MSE category, not including MLEs. First, based on the fact of the distribution of women entrepreneurs by size of enterprises in Indonesia that (as already explained in previous sections) more women entrepreneurs or doing own businesses are found in this category of enterprises than in MLEs. Second, it is not easy to identify MLEs managed or owned by female. Annually, BPS publishes statistics on MLEs in selected sectors, including industry manufacturing, with a list of names and addresses of all companies in the sectors. But, the list does not have information on the names and gender of the owner or top executives. Also to interview owners of big companies normally require a lot of time as they are usually very busy and also no guarantee that invitation for interviews will be accepted after waiting for weeks.

Table 4 represents various aspects of profile of the surveyed women entrepreneurs. As can be seen, most of the respondents aged above 35 years old, followed by those aged between 20-<25 years old, and some of them are still studying in academy (diploma) or university. The majority of the respondents were selected from Jakarta (the Capital city of Indonesia), although many of them born in outside the city. They came to the city when they were very young with their parents or already married and followed their husbands as migrants.

The remaining respondents were selected randomly from other cities surrounding Jakarta, which include Tangerang, Bekasi, Cilegon, Depok and Bogor. More than half of the total respondents are married women, although some of them at the moment of the survey were widows. More than half of the total respondents started their businesses after 2000. As the aim of this study was not to test any hypotheses but to explore experiences of Indonesian female entrepreneurs regarding their initial motivations or reasons to establish own businesses, instead of working in someone else companies as paid employees or staying at home doing domestic works, especially married women, all those respondents were selected fully randomly. The selection of the cities was just a matter of time and cost efficiency. The finding of this exploration study may add new information to the existing study on women entrepreneurs especially in developing countries

Table 4 Various Aspects of Profile of the Surveyed Women Entrepreneurs

Age group					
<20	20-<25	25-<30	30-<35	>35	
1.9%	13.9	11.1	2.8	70.4	
Location					
Jakarta		Tangerang	Other cities		
68.5		13	18.5		
Status					
Married			Single		
76.2%			23.8%		
Period of establishment					
<1990	1990-2000	2001-2005	2006-2010	2011-2016	
6%	9.6%	13.3%	22.9%	48.2%	
Sector					
Industry		Restaurant	Trade	Others	
3.6%		25%	58.3%	13.1%	
Highest Level of Formal Education					
Primary school	Junior high school	Senior high school	Diploma/academy	University	No education
9.5	9.5	44.1	19.1	16.7	1.2

Source: field survey: February-April 2016

The majority of the respondents were doing their own businesses in trade and restaurants. The selection of these two sectors was based on the fact (national data) that the majority of MSEs owned by women are found in these sectors. Trade includes such as conventional small shops, market traders, and only trade. However, there are few respondents who were found in manufacturing industry making simple consumption/household items including food such as making bread, and in "other sectors", which include event organizer, contractors, beauty salon, and catering.

As the main objective of the survey was to explore what are their initial motivations or reasons to establish own businesses, the respondents were given a variety of alternative answers that they have to choose only one, and these answers can be grouped into two categories: "push" and "pull". If a respondent selected an alternative answer from the "pull" category, then it indicates that she was attracted by e.g. market opportunities to become an entrepreneur or to establish her own business, although she may have better income/employment opportunities somewhere else. This may suggest that she has an entrepreneurship spirit. Alternative answers open to the respondents from the "pull" category are such as "I want to be an entrepreneur", "I want to have own businesses", or "I want to be financially independent". While, alternative answers from the "push" category are "to supplement family income", "I could not find job", or "I have to run/continue business of my parents/family businesses".

Although the survey used a deductive approach with pre-determined push and pull questions, during the interviews the respondents were asked first to tell their initial reasons or motivations in their own words, and also their social and economic conditions at the time they decided to establish their own businesses. Then, they were asked to choose one of the given alternative answers they think appropriate. When the chosen answers were found inconsistent with their told initial stories, they were asked to elaborate further their stories to get the real picture.

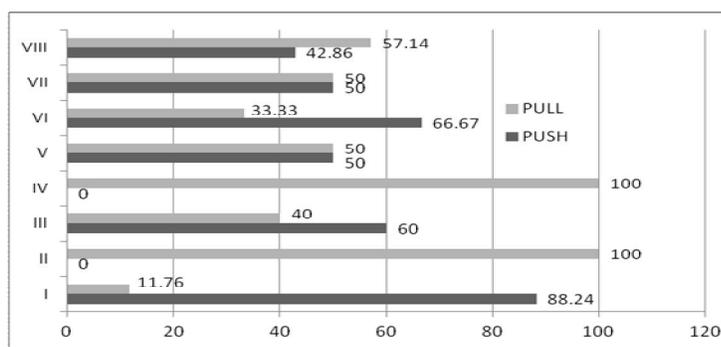
Obviously, based on their answers, the majority of the respondents (i.e. 60 persons) can be categorized as "push" (or "forced") entrepreneurs, and the remaining 48 respondents as "pull" (or "encouraged") entrepreneurs. From the "push" category, 56 respondents said that they run their own businesses just as a means to survive or to supplement their family income, or as the only source of income because they could not find a job elsewhere. Whereas, the reason of the remaining 4 respondents is that they have to take over their parent's businesses. From these 56 respondents whose motivation was to "supplement family income", most of them have only senior high school or lower, and they are married. For married respondents, status of employment of their husbands varies, e.g. regular employees in private company, small trader, civil servant, office boy, driver, self employment, and some were unemployed.

The respondents said that they have never dreamed before to have own businesses. Most of them claimed that one day after finished school she would get married and, if allowed by their husband, they will work as an employee or just became a housewife. They said frankly that salary of their husband is not enough to support their family, and so, when finding jobs elsewhere is difficult, open own small businesses according to their ability was their only option.

Finally, the respondents from both categories were asked about their constraints in running their businesses. As with other issues investigated, here too they were given a number of alternative answers in which each of them had to choose only one that they considered as the main constraint they faced. The alternative answers were: (I) limited access to finance, (II) no support from family or husband; (III) difficult to manage time for family/household and business; (IV) difficult to get business license; (V) difficult to get market access (heavy competition); (VI) difficult to get raw materials (no stock available or prices are too expensive); (VII) difficult to find workers (in many cases in Indonesia as in other "Muslim" countries, many women owned businesses are allowed by their husbands to have only female employees) ; and (VIII) others (e.g. market demand declines, inflation, difficult to find location).

As shown by Figure 3, the most interesting finding is that almost all "push" respondents said that lack of access to finance (problem I) is their most constraint; while only very few of the "pull" respondents said the same. There is no theoretical explanation for this, as for banks they do not make or they cannot see the difference between "push" or "pull" entrepreneurs. For financial institutions only business visibility and bankability of an applicant are their most concern. Another interesting finding is that problem II (no support from family or husband) was only found in "pull" category, although only few of them said this as their main constraint. The same for problem IV (difficult to get business license), only found by (though only few) "pull" respondents.

Figure 3 Respondents from Both Categories by Main Constraints



Source: field survey: February-April 2016

In overall, it reveals that limited access to finance is the most serious constraint. There is no evidence that banks in Indonesia discriminate against women in their lending of fund. Officially, there is no a special designed credit application procedure which discriminates between male and female or between single women and married women in the credit application procedures. In the past, for married women applicants banks used to require a signature of their husband; but not anymore (although it may happen occasionally in some villages).

Moreover, as Indonesia fully supports the achievement of UN-MDG/SDG, the Indonesian government commits to empower women, and, as explained earlier (see page 1), many programs have been initiated to support women's capacity building, including easy access to financing (microloans). As a matter of fact, in Indonesia lack of finance is not only a constraint faced by female-led MSEs, it is also a general problem faced by men-led MSEs, as also evident in many other developing countries. The lack of registered valuable assets (e.g. land with license) to be used as collateral, the lack of proven track records, the lack of proper business plans and the need to show good sales turnover, the lack of information about financial possibilities from formal sources (e.g. banks), and the high interest rates charged by the financial institutions are often mentioned as the main reasons. Also, many often, businesses of especially MSEs, are not promising; at least from the banks' perspective. From the banks-side, even if they are interested in providing loans to these enterprises, they find it difficult to significantly expand their lending while meeting lending criteria. Also many banks have perception of MSEs as a high-risk sector and the high transaction costs for loan processing and appraisal (i.e. relatively small loan amounts that are below banks' normal lending threshold), and conversely, low returns.

The perceived high risk is a more serious issue for microenterprises (MIEs) that require small loans, and for first-generation entrepreneurs with little or without credit history, few or no reliable records, and lack of or inadequate collateral (e.g. World Bank, 2008; ADB, 2014a,b). The respondents who said that limited access to bank is their main constraint admit that lack of valuable assets as collaterals as the main reasons.

From the discussions with the respondents during the survey, none of them mentioned that they ever attended any government initiated programs, for example, vocational trainings. Some said that they do not really need; they only need access to finance or others such low prices of raw materials. While, others told that they never heard about all those government programs. Indeed, lack of socialization or dissemination of existing government programs often said as among reasons why many of MSEs development programs in Indonesia turn out to be ineffective (e.g. low level of coverage).

7. Conclusion

Entrepreneurship development, especially the growth of women entrepreneurs, in Indonesia has attracted a serious attention from the government and it has become a popular and important issue within the academic community after the Asian financial crisis in 1997-98. After the crisis the Indonesian government has at last realized that to have a good and sustain economic development performance, not only technology, capital, natural resources and skilled workers are needed but good entrepreneurs with bright ideas and creativity are also required. Whereas the increasing government attention on women entrepreneurship development was initially based on the strong believe that it may contribute to gender equality and poverty reduction.

Available data indicate that women running or managing their own businesses are rising. But, the key question here is whether the increase in number of businesses owned by women does really reflect to increase of entrepreneurship among women in Indonesia? The results of the field survey shown in this chapter indicate that many women in Indonesia do own businesses, especially those in MSEs generally operated in the informal sector, as a means to survive, reflecting their economic hardship, not because they have a high spirit of entrepreneurship.

It does not mean, however, that businesses run by "push"-motivated women entrepreneurs would not grow. They can become successful entrepreneurs someday in the future, as long as their motivation can change from initially "push" to "pull" motivation, i.e. from doing own businesses just to earn some money to doing own businesses to generate high profit. Although government supports have an important role to play, this change of motivation will occur naturally, encouraged by their environment (e.g. family, friends, new market opportunities).

Another important finding from the survey is that limited access to finance is the most serious constraint faced by the respondents, and lack of valuable assets as collateral is the main reason. This may suggest that female entrepreneurship development programs in Indonesia should be focused on access to finance. This does not mean, however, that other programs are not important. As lack of finance faced by a company is often caused by its low revenues, and the latter is often the result of the company's internal problems, e.g. mismanagement, low productivity, inappropriate marketing strategy, and lack of appropriate technology, other development programs such as management and marketing trainings and technical assistance are also needed. But, from the survey, it was found that none of them ever attended government initiated training programs and one reason for that was lack of information about existing programs.

Thus, it is obvious that the implementation of all government programs need to be reviewed with the focus on, among others, the improvement of their dissemination process and the increase of their geographical coverage. It should be noted, however, that the finding of the survey, given its small sample and only in Great Jakarta, should not be regarded as the real picture of Indonesia female entrepreneurs. It may only confirm what generally believed that in developing/low income countries the increase of number of businesses owned or managed by women, especially in MSEs which are generally operated in the informal sector, does not necessary reflect the increase of women entrepreneurship spirit.

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