

The Model of Successful Female Entrepreneurs

Yuyus Suryana
Universitas Padjadjaran

Rita Komaladewi
Universitas Padjadjaran

Waode Zusnita
Universitas Padjadjaran

— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

One of the serious problems in Indonesia is unemployment. It is a stimulus in a lack of welfare in Indonesia. Unemployment happens due to the number of the population increasing vastly, yet not followed by an equal number of job opportunities. One of the causes of the high level of unemployment in Indonesia is the inequality number between the graduates and the job vacancies. There happens inequality of demand and supply, the quality of human resources is still low as well (Central Bureau of Statistics, 2013). The unemployment rate by gender shows that female unemployment is higher than the male one, but women actually have potential when empowered. This problem indirectly affects the role of women in supporting the family economy. Several problems are: the position of women is still marginalized, women still have limited education, skill and knowledge. The Indonesian government has done several efforts but not yet comprehensively successful. The objective of this research is to examine business environmental influence and competencies of woman entrepreneur toward entrepreneur character. This study employed Structural Equation Modeling. The sample used as respondents were 188 people. The result of the study shows that business environment and entrepreneur competencies play a role in shaping the character of female entrepreneurs.

Keyword: Unemployment, characters of female entrepreneurs, business and competency

1. INTRODUCTION

The rate of unemployment based on gender shows that female unemployment is bigger than male unemployment. This problem indirectly leads to the role of women in supporting the family economy. The number of workforce in Indonesia keeps increasing every year, and so does the number of labors. Therefore, Indonesia must strive for empowering this increase. There was an increase in the participation rate of the work force in Indonesia since 2008 – 2012 by 1.61 percent each year. According to Rao, Venkatachalm, Joshi (2013),

entrepreneurs in India are highly important due to their visible impact in wealth creation and employment generation. In Indonesia is also important.

Limited job opportunities and the increasing number of domestic job seekers become the reasons why many people attempt to seek for a job abroad. They work as Indonesian migrant workers with relatively low knowledge and skills.

There are some pretty big issues dominating the female unemployment problem, namely: (1) some women have relatively limited education, skills and knowledge, (2) many women become the backbone of their family, and (3) women are still marginalized in the current development process. Despite all of these problems, women have big potential in developing their entrepreneurship as one of the ways to overcome unemployment. This is due to the fact that: (1) the number of female population is large enough and women have the potential to be improved through optimal empowerment, (2) women have the potential to play a role in supporting family economy by having independent business with the growing and strengthening entrepreneurial spirit, (3) there are various business fields that can be done and accessed by women, and (4) there are government supports in the program of women empowerment and SMEs development. Women with domestic chores have a plenty of free time to be used for doing activities that can give more knowledge, skills as well as increasing family income. The development of entrepreneurial character is a pillar and important option for women to be more prosperous, independent and helpful for many people in overcoming unemployment. Rao, Venkatachalm, Joshi (2013) stated that the increasing job opportunities for female can have a direct impact on Gross Domestic Product (GDP). It was recorded that women role increased by 5% of GDP in the United States, 9% in Japan, 12% in the United Arab Emirates, and 34% in Egypt. The Indonesian government, through some of the ministries and local governments, have launched programs to reduce unemployment. However, these programs have not been able to show significant success in reducing unemployment, particularly female unemployment. According to several studies, these programs have not shown the significant result in decreasing the number of female unemployment because these were just temporary programs and did not deal with the root cause. Based on several study results and literary review, the following problems are found; (1) the recruitment for program candidates is not done selectively and there is not accurate measurement tool for recruitment. The attempts in overcoming the unemployment tend to be aimed for men, while women get fewer opportunities, (2) it is unlikely for women to be involved in the programs of reducing unemployment and poverty, (3) there is no learning process maintained to produce new entrepreneurs, (4) the curriculum and learning materials tend to focus on technical and managerial skills, instead of entrepreneurial skills.

Based on the facts mentioned, some serious efforts must be conducted to overcome female unemployment by developing female entrepreneurship potential and characters with a more effective and efficient model. This should be done in sufficient time and perseverance as well as adequate skills. However, if there is nothing to be done to overcome female unemployment problem, it is likely to increase the number of poverty and the development process will be

hampered. Therefore, an attempt should be done to help and support the acceleration of government programs in the effort to overcome female unemployment program by developing potential and characters of female entrepreneurship.

Based on that background, this study is aimed at (1) empowering female entrepreneurship potential, both self-potential and environment potential, (2) obtaining the characteristics of successful entrepreneurs and finding out which characteristic has the biggest influence in business success, and (3) examining environmental influence and competencies of woman entrepreneur toward entrepreneur character. There are 4 groups of new female entrepreneurs; each group consists of 10 women.

2. LITERATURE REVIEW

Coulter (2000) proposed that entrepreneurship is often related with process, formation or growth of a new business oriented to gain profit, create values and form new unique and innovative products or services. Drucker (2002) stated that entrepreneurship refers to nature, character and characteristic inherited to someone with the strong willpower to realize innovative ideas into the real business world and develop them sturdily. Therefore, by referring to someone who handles idea, combines human resources into reality, the term of entrepreneur emerges. Entrepreneurial intelligence is someone's ability in recognizing and managing his or her own self as well as various opportunities and resources around creatively to create sustainable added value for him or herself.

Kao (1997) stated that an entrepreneur is an independent, growth oriented owner-operator, which means that an entrepreneur acts as an operator in every business. So it is about how the entrepreneur has the opportunity to be creative in his business.

According to Rao, Venkatachalm, Joshi (2013) in their study categorized the success level of woman entrepreneur on the two basic parameters; the sales turnover and employment generation. Frangson (1993) stated the specific behavior of interest is the behavior of owner-manager in the small firms. Sarwoko, Surachman, Armanu, and Hadiwidjoyo (2013) stated that the factors influencing the success of SMEs are important to know. SMEs have an important contribution in creating new jobs, trade and country's GDP. Man (2001) recommended the component of entrepreneurial competencies, namely; strategy, commitment; relationship and personal.

Entrepreneurship is not merely building a business, but also changing mindset and course of action which results in creativity and innovation. Bygrave (1996) stated that entrepreneurship process is based on the following steps: 1). *Innovation*: one of the personal factors that encourage innovation is the will to achieve, 2). *Triggering Event*: there are many personal factors encouraging someone to strive such as dissatisfaction 3). *Implementation*: there are many factors that encourage the implementation of business. 4). *Growth*: a growing process is encouraged by organization factor namely a solid group or team. According to Lakeus

(2013), interaction with outside world leads to build up of entrepreneurial self-efficacy, marketing skills and uncertainty tolerance. Based on the phenomenon, it can be hypothesis that;

H1: Environment and entrepreneur competencies influence entrepreneur character.

3. METHODOLOGY

In accordance with the purpose of research, descriptive, verification, and applied research become the option of this study. The respondents were female SMEs who have succeeded in doing businesses. Determination of sample location was done by cluster random sampling, while the determination of analysis unit was conducted by stratified random sampling. Data collection was obtained in a certain period of time (cross-sectional).

The source of primary data was taken from direct interviews, based on questionnaires filled out by respondents, and field observations. The research was conducted in four cities in West Java, Indonesia. Primary data were collected in four ways, namely PRA (Participatory Rural Appraisal), Focus Group Discussion (FGD), a survey using questionnaires, and direct observations. The Study using Simple Random Sampling with a total sample of 188. To test the characteristics of entrepreneurs in determining business success, Structural Equation Model (SEM) was used as a method of analysis. SEM is a multivariate technique which is a combination of an aspect of multiple regressions (testing dependent relations) and factor analysis (representing concepts that cannot be measured) to estimate a series of dependent relationships associated sustainably (Hair, et al.1998).

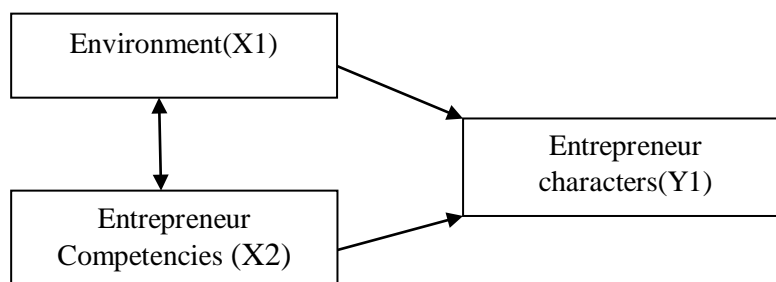


Figure 1. Research Model

4. FINDINGS

Table 1

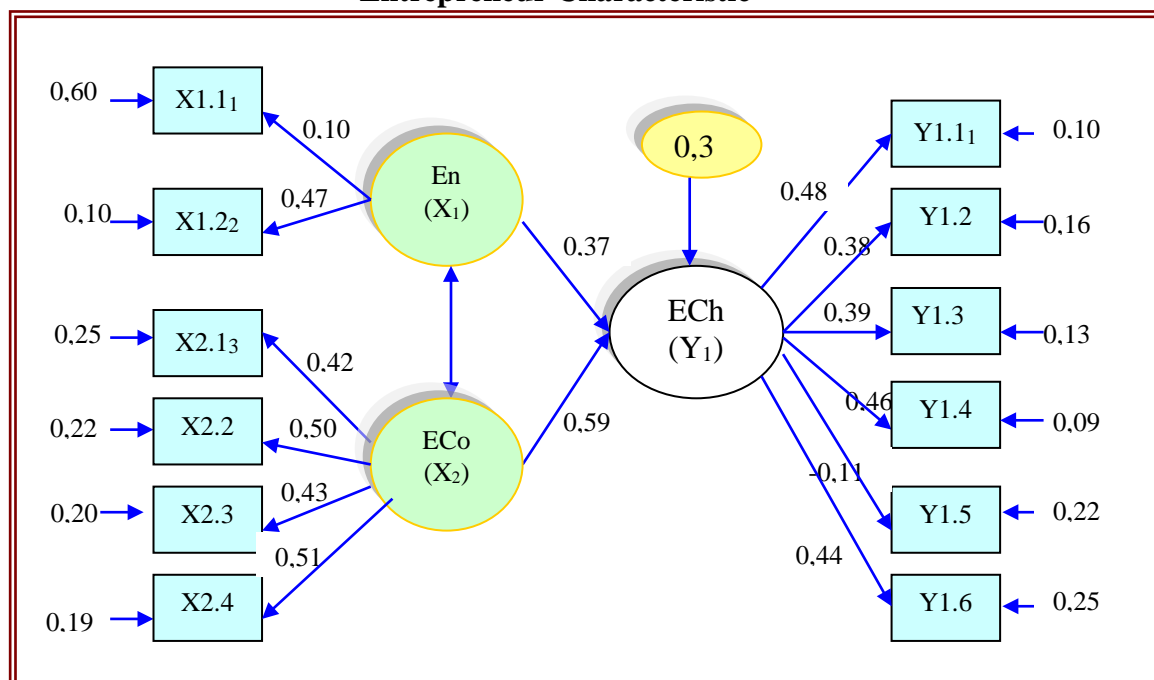
Environment and Competencies of Entrepreneurs towards the Characters of Female Entrepreneurs

Variable	Path coefficient (Standardized)	Error Standard	Value t _{count}	Test Result (α=0,05)	R ²
Environment condition (X ₁)	0,3748	0,1159	3,2349	S	0,6890
Entrepreneur Competencies (X ₂)	0,5092	0,1228	4,1445	S	

From Table 1, environment condition (X₁) and entrepreneur competencies (X₂) influence the character of female entrepreneurs (Y₁), which can be stated by path diagram.

The testing result of the third hypothesis proves that environment condition (X₁) and entrepreneur competencies (X₂) affect the character of female entrepreneurs (Y₁) simultaneously and significantly, by 68.90 percent. This shows that 68.90 percent of variety characters of female entrepreneurs in four cities in West Java was determined by the variety of environment condition and entrepreneurship competencies. The rest 31.10 percent was determined by other variables not being studied in this research, such as abilities of production technique, government policies and culture.

Figure 2. The Influence of Environmental and Entrepreneur Competencies toward Entrepreneur Characteristic



Environment : X1.1 = External,
 X1.2 = Internal

Entrepreneurial Competencies X2.1 = Strategy
 X2.2 = Commitment
 X2.3 = Relationship
 X2.4 = Personal

Entrepreneurial Character Y1.1 = Creativity
 Y1.2 = Innovative
 Y1.3 = Responsibilities
 Y1.4 = Leadership
 Y1.5 = Freedom
 Y1.6 = Commitment

Based on partial statistic test, the condition of the environment affects the characters of female entrepreneurs positively and significantly by 0.37. This indicates that the characters of female entrepreneurs by 37 percent were determined by environment condition. This shows that the variable of environment condition is an important factor which can predict the characters of female entrepreneurs.

Partially, entrepreneur competencies affect the characters of female entrepreneurs positively and significantly by 0.59, meaning that the variations of female entrepreneur characters partially about 59 percent were determined by the variations entrepreneur competencies. This proves that entrepreneur competencies are important factors in shaping the characters of female entrepreneurs. These women have a lot of free time because they do not work. This free time is very potential for entrepreneurship. This is also supported that recently they are familiar already with communication tools such as smartphone.

5. DISCUSSION AND CONCLUSION

Business environment affects the character of entrepreneurs significantly, in which the role of the environment is influenced by internal and external environments. The stimulants for the internal environment are norms and ethics built by family. Family support plays a big role in character shaping. The external environment, in this case is the society, plays a big role.

Based on the results of current study, it can be concluded that women have the potential to become successful entrepreneurs. This is proved by several female entrepreneurs who are quite successful in developing their businesses. Female entrepreneurs who have already run their businesses show that they have strong and special characteristics, such as high work ethic, never-give-up effort, innovative ideas, creative ways, dare-to-risk work and future-oriented vision. The condition of the business environment and entrepreneur competencies relate each other in which both are interactive and strongly related. The condition of the business environment and entrepreneur competencies affect the character shaping of female entrepreneurs positively, both partially and simultaneously, meaning that the better the business environment and the higher the entrepreneur competencies, the characters of female entrepreneurs will get stronger as well. An individual personality is the most important factor in the assessment to recruit and select an entrepreneur. The other criteria to be assessed are

financial management ability, communicating ability, managerial ability and product marketing ability.

6. SUGGESTIONS

Based on the discussion and conclusion above, the following suggestions are proposed: for unemployed women, being an entrepreneur is a good alternative to obtain employment as well as to increase income. Women have the potential to be entrepreneurs, both in terms of the abundance of human resources and natural resources. The related parties are hoped to provide supports and create conducive environments for the development of entrepreneurship. Abilities can affect the character formation of a female entrepreneur in expanding her business. Therefore, the abilities of female entrepreneurs can be improved, namely managerial, marketing, and financial management abilities which can be improved by training, workshop, technical assistance, mentoring and business internship. In recruiting and selecting entrepreneur candidates for mentoring and empowerment activities, the criteria and weighting must be considered so that the rate of failure in the recruitment for entrepreneurs can be minimized. To all related parties, particularly the government, female mentoring and empowerment in the economy should be conducted in a synergy and integrated between agencies and sectors. Thus, the empowerment will be more efficient and effective. These women can be specifically trained in e-commerce because today is the digital era. The local government already has a cooperation agreement with telecommunication providers to facilitate the network in its territory to be used by the community. These opportunities can be used by female entrepreneurship in order to market their product optimally.

REFERENCES

- [1] Bygrave, William, 1996. *The Portable MBA in Entrepreneurship*. New Star Media
- [2] Coulter, Mary. 2000. *Entrepreneurship in Action*. USA: Prentice Hall
- [3] Drucker, Peter F. 2002. *The Discipline of Innovation in HRB on the Innovative Enterprise*. Boston: Harvard Business School Press.
- [4] Fragonson, 1993. *Personal Value System of Men and Woman Entrepreneur versus Manager*. Journal of Business Venturing.
- [5] Kao, Raymond W.Y. 1997. *An Entrepreneurial Approach to Corporate Management*, Singapore : Prentice Hall.
- [6] Lackeus, Martin, 2013. *Developing Entrepreneurial Competencies. An Action Based Approach and Classification in Entrepreneurial Education. Division*. Thesis for Degree of Licentiate of Engineering.

- [7] Man T W Y.2001. Entrepreneurial Competencies and the Performance of Small and Medium Enterprise in Hong Kong Service Sector. Unpublished Doctoral Thesis. Hong Kong Polytechnic University Hong Kong
- [8] Rao. V, Venkatachalm A, Joshi H.G (1993). *A Study on Entrepreneur Characteristic and Success of Woman Entrepreneur Operating Fashion and Apparel Business*. Asian Journal of Management Science and Education. ISSN : 2186-845X, Vo; 2 April
- [9] Sarwoko, Surachman, Armanu, Hadiwidjoyo (2013). Entrepreneurial Characteristic Competency as Determinant of Business Performance. IOSR. Journal of Business and Management (IOSR-JBM) e-ISSN : 2278-487X, Vol 7 Issue 3