

How Women Entrepreneurs Play a Role in Increasing Competitiveness of Micro Small and Medium Enterprises: A Case in West Java Indonesia

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

ABSTRACT

Women running Micro Small and Medium Enterprises (MSMEs) are rarely paid attention. In fact, their contributions to the development of MSMEs and the nation's civilization are relatively prominent. The women MSMEs have particular strengths in developing their entrepreneurial spirit. They are more thorough and have a high aesthetic value. In addition, they are keen on running their business and able to maintain local culture competently. More importantly, they show more efforts in improving the competitiveness of their products. The success of women empowerment running MSMEs involves government and private sector. It is realized that women running MSMEs have an enormous potential for improving the nation's civilization, but this potential has not been developed optimally in contributing to the Indonesian economy, especially in facing the high competition in the era of the ASEAN Economic Community (AEC). The MSMEs in general and women MSMEs in particular are expected to survive in various situations such as economic recession or economic slowdown. This study is thus important as it examines the strengths and weaknesses of women MSMEs as well as the government strategies for improving women MSMEs in West Java. This study applying the descriptive method shows that the women MSMEs are able to become the economic supports and meritorious in absorbing employment which ultimately become the "safety valve" when other sectors are stagnant.

Keywords: Micro Small Medium Enterprises, Women Entrepreneurs, Competitiveness, Government Strategy.

1. INTRODUCTION

West Java province has been a very strategic province in the dynamic development of Indonesia because it has a large number of human resources. The efforts to improve the civilization of West Java society are being done continuously. The various policies directly improve the civilization of society are given a significant portion. The pro-people development concepts continue to evolve, especially in facing the ASEAN free market (MEA). It is realized that in a high market competition, a competitive advantage is very required in order to sustain. In fact, West Java does not want to be only the market of other countries. In contrast, West Java will market its products in MEA countries. It is not easy, but not impossible to implement. Consistent with the choice of the economic system, the empowerment of MSMEs is an obligatory for the nation. A large number of resources, a high labor absorption, a wide market, and an ability to maintain the culture

and local wisdom are the positive values to be maintained and even improved. On the other hand, MSMEs still have many weaknesses, so they should be guided, helped, and coached in order to be independent and resilient. Women MSMEs are barely paid attention recently. Nonetheless, their contributions to the development of MSMEs and civilization are relatively prominent. In developing the entrepreneurial spirit of women MSMEs, there are special characteristics need to be paid attention. These characteristics are invisible in men MSMEs. Many women MSMEs grow, but are not able to survive in a free market because they must maintain the quality and sustainability. The economic actors growing in an unhealthy and lame development process may cause the *concentration of economic power*. This makes the allocation process of production, investment, and economic stability factors become less attractive. The *collective preference* is relatively untouched. The concentrated economic activity in only certain regions is the “*embryo*” of monopoly. This should be avoided because monopolistic activity provides more benefit to the capital owner than the production and marketing sides. In such condition, MSMEs which are the indigenous entrepreneurs will incidentally be marginalized.

MSMEs have been the backbone of the Indonesian economy. History tells us that when the monetary crisis in 1998 happened, many large businesses went bankrupt, but MSMEs continued to survive and were able to sustain the economy. This repeated in 2008-2009 when economic slowdown occurred, again MSMEs survived. According to data of the Statistical Center Bureau (BPS) (2003), there were 42.3 million MSMEs which significantly contributed to the development of economy. Indeed, the empowerment of MSMEs should be a synergistic movement of the various parties in order to achieve that lofty goal. The efforts to strengthen and increase the business performance and entrepreneurial spirit of women MSMEs in West Java are conducted periodically and structured, and so the efforts to improve the competitiveness of their products. In line with the above idea, to make the efforts more effective, there should be an academic review conducted. Thus, this research related to MSMEs aims to 1) identify the strengths and weaknesses of women MSMEs in West Java, 2) identify the strategic steps to increase the competitiveness and empowerment of women in ASEAN free trade era (MEA).

2. LITERATURE REVIEW

Suryana, Komaladewi, Zusnita (2017) stated that the entrepreneurial character is primarily shaped by family, so the family has an important role. In addition, women have a great potential in entrepreneurship because they have special characters, such as high work ethic, never-give-up effort, innovative ideas, creative ways, dare-to-risk work and future-oriented vision. Furthermore, according to Suryana, Mulyawan, Komaladewi (2015), the value creation is a business strategy which becomes the determinant of the success of the MSMEs. Gebru (2009) indicated that the success of an entrepreneur is also highly determined by education level, especially in the financial management field. A good financial management will determine the success of a business. Wawire and Nafukho (2009) stated that entrepreneurship is quite promising for women because they like to be in groups. In addition, there is another factor that affects the management of Woman's Group that is a good Leadership. This is a prerequisite to the success of Woman Group in MSMEs. Finance is also an essential factor in supporting the success of woman's business. Meanwhile, technical skill is the factor which becomes a constraint for women entrepreneurs because some of them are not reliable in technical skills. Thus, this

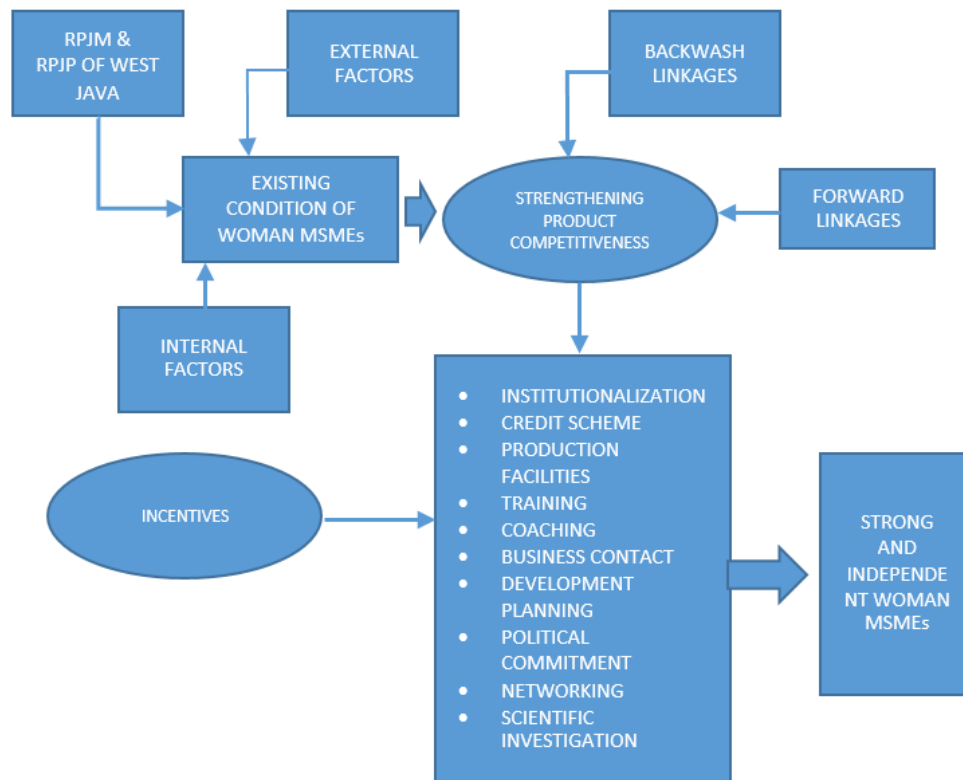
lack of technical skill will hinder their success. Berbeda dengan dengan hasil penelitian. According to Sigh, Reynold, Muhammad (2001) that in island of Java in Indonesia shows that female and male entrepreneurs are looks differences, women entrepreneurs are concentrated only in rural and non-dynamic markets, thriving in a sector where informal low-income markets. So it shows that the business of managing women is less developed when compared to male entrepreneurs. Singh and Raina (2013) stated that some problems in India show that men are considered more reliable in doing business than women, there are some financial risks that women can not do. Other than that, financial institutions doubt the ability of women in business. Fuad and Buhari (2011) stated that psychological factors are closely related to the characteristics of a person in doing business to women in Malaysia, and have potential in making economic growth, they always continue to make improvements in achieving goals. According to Ascher (2012) women currently contribute greatly to the development of economic growth. They have potential skills that can work well. A growing number of women participating in entrepreneurial activities. Based on his researche that Individual motivation, family structure, education, demography, unemployment, social and economic environments are the main factors influencing female enterpreneurship.

Journal of Entrepreneurship, Management and Innovation (JEMI), Volume 8, Issue 4, 2012: 97-114
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3. METHODS

This research uses non-experimental method, i.e. descriptive method. This research is carried out to determine the value of one or more independent variables without making comparisons or connecting with other variables. The descriptive method is able to solve the problems facedby the company because it can interpret and describe a condition that is happening. Meanwhile, descriptive is the exposure/depiction of an object, a set of conditions, a system of thought or a class of past and ongoing events at the time of the study.

To perform the mapping description, the data from each regency/city or region used as sample is required. In collecting the data, we used the following methods: interview, examination and guided group discussion. All data obtained from observation, interviews, documentation, and literature study were collected, analyzed and processed into a final report. The interviews were conducted in four cities in West Java, namely, Sukabumi, Cirebon, Tasikmalaya and Bandung. The number of respondents from each city is averagely 75 people. So, the total sample is approximately 300 respondents. The following is the development model of this research:



4. RESULTS

There are many products manufactured by small companies. Many large and medium enterprises depend on small companies because if the business is done by a large or medium-sized company, the margin is relatively uneconomical. MSMEs are the equitable concentration and economic power in society.

Here are the advantages and attractiveness of women MSMEs in West Java:

The owners of MSMEs are also the manager of the company. They handle all managerial functions such as marketing, finance, and administration. In their management, MSMEs may not have the reliable expertise. Some of them create new jobs, innovation, new resources, and new goods and services. Business risks are borne by the owner. The growth is slow and irregular, but sometimes too fast and even premature. They are flexible to the short-term fluctuations, but do not have a long-term plan. They are free to determine the price of goods and services provided and they have a simple legal procedure. The tax paid is relatively low because the tax is charged to the individual employer, not to the company. The communication with external parties is private. The process of establishment is relatively easy and the firm is also easy to be dismissed at any time. The owners manage the firm independently and they earn all profits. Generally, the firms are able to *survive*. The firms are suitable for creating new products or pilot projects which are completely new. So, they are few competitors. They gain opportunities to flourish in the mid of government regulations and policies supporting the development of small businesses. The business diversification is open all the time and the consumer market is constantly explored through the creativity of the managers. To open the business, the investment is not relatively high. In addition, the labors needed are not those

who are highly educated. The other production facilities are relatively inexpensive, too. They have moral dependence and entrepreneurial spirit with other small businesses. Only few of them import the raw materials. Their product competitiveness is relatively high. Of the many advantages and attractiveness of MSMEs, they are also weaknesses attached to them. In general, their weaknesses are found on the internal factors of MSMEs.

Here are the weaknesses of MSMEs in West Java:

They relatively spend too much costs and have debt which is not useful. They do not comply with the provisions of accounting standards. The division of labor is often disproportionate and their employees often have another side job outside. The limit of working hours is standard and they usually do not exactly know the working capital needed due to the lack of cash planning. The inventories are sometimes too much so the products are not selling well. There is often *mismanagement* and ignorance towards managerial principles. The sources of capital are limited to the owners. The program planning and control are often unavailable.

The Character and Conduct of Women Entrepreneurs in West Java

Based on our observation to the dynamics of business and employment in West Java, the portrait of women MSMEs tends to be in rural areas. Their business is in the agricultural sector and local wisdom. Meanwhile, the business in urban areas is mostly in the trade and services sectors. So, it is clear that there is a common thread between women MSMEs in rural and urban areas. Some of the products of women MSMEs in rural areas are sold by women MSMEs in urban areas. This chain needs to be maintained and improved continuously so the women MSMEs in West Java will become stronger and more independent.

The growing women MSMEs in West Java is able to reduce the desire of women to become migrant workers abroad. Becoming migrant workers abroad is simply to earn money because the employment opportunities in the country are limited. In fact, the challenges of working abroad are many. One of them is they have to leave their home, husband, children, parents and others. However, the rapid movement of women MSMEs in West Java is a positive signal of the government's efforts to create new jobs located not far from their home.

A global challenge triggers West Java to accelerate the regional development. As an open province visited by workers and tourists from around the world, the values and entrepreneurial culture of women MSMEs of West Java should be upright. Although the value of entrepreneurship is dynamic and evolves all the times, the eastern entrepreneurial spirit upholding customs and religion is a value that is not replaceable. The value of women entrepreneurship can be transformed anytime and anywhere because each product with an added value will be beneficial for the development process. In line with the development of women MSMEs in West Java, the transformation of entrepreneurship values such as hard work and high discipline will not remove the cultural roots. This synergy is developed in becoming a successful businessman, but still upholds the cultural roots. In every education process either formal or non-formal, the transformation of entrepreneurial culture can be easily transmitted because entrepreneurship values can be used as material for learners. Thus, the transformation of entrepreneurship value is done on all fronts, the level of life, continuously and gradually.

5. CONCLUSIONS

Particularly, the women MSMEs have shown that they were able to survive in various situations such as economic recession and economic slowdown. The ability of MSMEs in absorbing labors has been the “safety valve” in the middle of stagnancy experienced by other sectors. In addition to the “safety valve”, the superiorities of the MSMEs are; generally located in rural areas, using raw materials from local areas, providing foreign exchange for the country, employing female workers, resisting urbanization flows, maintaining cultural values, and having high mobility. Nevertheless, there are also some weaknesses of MSMEs, both internal and external factors. But generally, the dominant weaknesses of MSMEs are the internal factors, i.e. a) usually spend too many expenses and have ineffective debt, 2) do not exactly know the capital needed, 3) have poor management, 4) have limited capital, and 5) have business planning which is not well designed. Meanwhile, their weaknesses coming from the external factors include the risk of debt, which is borne personally, the lack of business information, and absence of feasibility studies. The business environment of women MSMEs is relatively supportive. This is important because the business environment is a stimulus to become a tough businesswoman. A good environment also provides business comfort.

Based on our observation, the marketing has always been a major obstacle to the success of MSMEs. The products of women MSMEs can be found in various places, such as stalls, private outlets, traditional markets, and more. Their disadvantage is that they cannot do the mapping of their market needs. However, their products already have a label. The high level of competition forces the women MSMEs to give a discount. Some of women MSMEs have done promotion by using the internet.

6. RECOMMENDATIONS

The potential of women MSMEs is strategic, especially in absorbing the workforce permanently. The obstacles in marketing have been reduced or made improvements, i.e. by a) conducting training emphasized on financial and marketing aspects, b) providing motivation to live economically and work hard, c) establishing institution such as cooperatives to overcome financial and marketing problems, d) maintaining product quality, opening new business networks, employing market development strategies, and e) utilizing CSR funds for developing women MSMEs. In addition, the role of government has been strategic to guard the empowerment of women MSMEs.

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