

Women MSME's and Poverty

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ABSTRACT

Women participation in economic activities is often limited by social norms, especially in Indonesians majority societies. Nevertheless, the burden of poverty is forced many women to work in several jobs. This paper aims to investigate and discuss discuss female entrepreneur challenge in poverty reduction. This research is using qualitative method to collect and analyze the data through interview, FGD, and direct observation. Respondents were chosen by purposive sampling, while key informants were chosen by snowball technique. The results show that the main challenge of Mataram's women to reduce their poverty are not gender but mostly lack of financial control and access funding, lack of market information and a scarcity of talented employees. Furthermore, Women participation in poverty reduction program is considered to be the key of success in many poverty alleviation, one of them is being female entrepreneur or managing MSMEs



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1. INTRODUCTION

Over the past 35 years, Asia has been the world's leader in reducing poverty (Aoyagi & Ganelli, 2015). Asian countries are increasingly tackling this agenda of 'inclusive growth'. India's most recent development plan has two main objectives: raising economic growth and making growth more inclusive, policy mirrored elsewhere in South Asia and Africa. Knowing that economic growth represents solution to poverty, most governments and the development community have focused their efforts on creating the right conditions for growth. In other words, rapid and sustained poverty reduction requires that all people in a country contribute to and benefit from economic growth. In some cases, the affect of economic growth on poverty depend on how those gains are shared among the economic classes.

Based on the latest data from Indonesia's Statistics Agency (BPS), Indonesia's absolute poverty rose slightly to 27.77 million people in March 2017 from it stood at 27.76 million in September 2016. In spite of Indonesia's economic growth has been accelerating since last year, people's overall purchasing power has remained weak,

implying accelerated economic growth only benefited a small portion of the population. Another factor that could explain stagnating poverty reduction is that Indonesia's poverty numbers showed steady declines since 1998 because most of Indonesians that rose out of poverty in this period were those who had been living just below the poverty line, meaning it took less effort to push them out of poverty. It is now the bottom base of Indonesia's poor people who need to be alleviated out of poverty. This is more complicated and thus results in slowing rates of poverty reduction. This seeming paradox-rising absolute poverty but falling relative poverty (BPS, 2017).

Another marks of poverty in Indonesia is that poverty in the rural areas is worse than in urban areas. The latest BPS data show that in March 2017 Indonesia's urban poverty rate was 7.72 percent (of the urban population), while the nation's rural poverty rate was much higher at 13.93 percent of the rural population (BPS, 2017). Therefore, the key to poverty alleviation lies in the rural areas. Another challenge to efforts at reducing poverty who enter the workforce each year – is the slower pace of job creation.

Table 1. Indonesian Poverty & Inequality Statistics

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Relative Poverty (% of population)	15.4	14.2	13.3	12.5	11.7	11.5	11.0	11.2	10.7	10.6 ¹
Absolute Poverty (in millions)	35.0	32.5	31.0	30.0	28.7	28.6	27.7	28.5	27.8	27.8 ¹
Gini Coefficient/ Gini Ratio	0.35	0.37	0.38	0.41	0.41	0.41	0.41	0.41	0.40	

Poverty reduction in poorer countries depends on large part of women, whose work tends to go unremunerated. Women are encouraged to do domestic household jobs such as taking care of their children, cooking, cleaning house and serving their husband. The Indonesian government is actively working to reduce the percentage of unemployed people in Indonesia, particularly by empowering women to start their own businesses so that they can meet their basic needs. Women represent more than 70% of the world's poor due to unequal access to economic opportunities in both developed and developing countries (OECD, 2007). In OECD countries, increasing female participation in the workforce would reduce the number of people living in poverty since women and children account for most of the poor even in the richest countries. In developing countries, the failure to value women's work is a significant barrier to reducing poverty and fostering economic.

In terms of unemployment, women outnumber men. This phenomenon is caused not only by women's educational backgrounds, but also by discrimination against working women. Nevertheless, the fact that many household are in poor condition, many women took initiative to help their family in order to escape their poverty. When women's productivity in entrepreneur increases, the benefits are amplified across families and generations. Evidence from a range of countries shows that relative to men, women spend more of the income they control in ways that benefit their children, improving nutrition, health and educational opportunities (World Bank, 2012). Research

also shows that an increase in the female share of labor force participation results in faster economic growth which can help countries move out of extreme poverty (Klasen & Lamanna, 2009). Women participation in poverty reduction program is considered to be the key of success in many poverty alleviation programs (Yulaswati & Sumadi, 2011), one of them is being female entrepreneur or managing MSMEs.

The potential role of women in managing MSMEs will have a broad impact if this potential is maximized. The role of women in economic activities not only plays a role in strengthening the economic resilience of families and communities but also: 1. Reduces the effects of economic fluctuations, 2. Contributes to efforts to reduce poverty rates and 3. Ensures sustainable economic growth (Febriani, 2012). Unfortunately, the role of women often gives rise to gender stereotypes which have implications for business management, such as women being more suited to managing finances as treasurers while men are leaders in the world of work (Marlow and Swail, 2014). There are differences in viewpoints and behavior/attitudes between women and men which are thought to be factors that influence the level of financial management (Furnhan et all, 2015).

The objectives of this paper are to discuss female entrepreneur challenge for poverty reduction. This research has tried to situate the general condition of working women in Mataram (city area in Lombok Island, Indonesia) in terms of their participation in economic development.

Mataram is an autonomous region located on the small island of Lombok which has a high population density. It is highly important to find out how female entrepreneur can reduce their poverty. There are many studies that investigated the role of women in reducing poverty in Indonesia but there are few studies could explain challenge and opportunity in women participation for reducing poverty, especially Mataram City.

2. RESEARCH METHODS

This research is using qualitative method to achieve the objectives of the research. The data are collected by several techniques such as in depth interview, Focus Group Discussion (FGD), direct observation, and documentation study. The respondents were chosen by purposive sampling while the key informants were chosen by snowball technique. The main criterias for respondents are women entrepreneurs in Mataram. Results of the investigation were analyzed by conducting FGD among researchers to conclude the main ideas on the basis of primary data and the reviewed literature.

3. DISCUSSION

It is found that the incidence of poverty in the Mataram originates to be higher. Mataram is the capital city of West Nusa Tenggara (poverty in Mataram). In the period 2010-2019, both the percentage and number of poor people in Mataram have slightly decreased with a rate of around 0.03 – 1.3% per year. In 2019, the number of poor people reached 43,190 people or 8.92% of total population. The incomplete poverty alleviation is caused by the existence of the poorest of the poor within the community groups. Extreme poverty is not easy to alleviate and it takes time to develop welfare policies. The income inequality in Mataram has reached 0.537 in 2017, representing high income

inequality among the population. It is affected by the important population growth, which causes a decline in people's income and expenditure. Compared to other regencies, the inequality in Mataram is lower than in the West Lombok Regency where it reached 0.976; the Central Lombok Regency with 0.917; the East Lombok Regency with 0.816 and the North Lombok Regency with 0.813. The income inequalities can be reduced through jobs creation and skills improvement. The productive age group (15 – 64 years) is around 66% of population, but they have limited access to labour market and productive sector, resulting in high unemployment among this population.

The majority of the female entrepreneurs included in this study (about 75% of them) are young, with the majority of them being between the ages of 25 and 40. Approximately 55% of them have a family member who started their own business. This is primarily due to the resources that the family members' well-established enterprises may offer them, or even the entrepreneurial spirit that these family members may have instilled in these nascent business owners.

In general, the challenges faced by women entrepreneurs in Mataram are:

1. Lack of financial control and access funding

Participants highlighted that they were failing to access adequate finance from microfinance institutions as well as from the government mainly because of inadequate financial base. The main challenges for women entrepreneurs for reducing poverty in Indonesia are not gender issues, government regulations, or a lack of information, but rather management in the financial sector. Almost all Indonesian entrepreneurs, particularly those in small and medium-sized businesses, suffer from a lack of financial control. There are differences in viewpoints and behavior/attitudes between women and men which are thought to be factors that influence the level of financial management (Furnhan et all, 2015). The psychological characteristics of women are considered to be more impulsive in managing finances (Foresca et all, 2012). However, the findings of several studies also show that women tend to be less enthusiastic about financial education, have lower self-confidence in acquiring financial knowledge and are less willing to learn topics related to personal finance (Driva, Lührmann, & Winter; 2016). This illustrates that there is a contradictory phenomenon related to gender stereotypes in the issue of financial behavior in managing MSMEs.

Apart from that, there are differences in the challenges and difficulties faced by women in managing MSMEs. For example, women-owned MSMEs face very high requirements in accessing funding in the form of collateral requirements and higher interest rates than men. From the perspective of risks that are detrimental to financial institutions, women-owned MSMEs are formed from weaker financial conditions resulting in lower profits, greater risks, and a higher probability of default (ADB, 2015). As a result, they face higher rates of financial proposal rejection—2.5 times higher than financial proposal rejections from male peers (Caprio, Kim, and Beck, 2017). Furthermore, this will have the impact of increasing the vulnerability of women-owned MSMEs to economic decline and degradation of MSME financial performance (OECD, 2018).

As an entrepreneur, you must have four components: abilities, knowledge, motivation, and characteristics. An entrepreneur must understand how to manage and control his or her company's finances; otherwise, the company will go bankrupt. Financial control issues can arise as a result of a lack of managerial knowledge and skills

2. Lack of market information

Being able to participate in markets with the necessary knowledge—not just about the going rates but also about trade exchanges and mechanical materials—is crucial for female entrepreneurs. The female business owners in Manicaland province are unable to learn about the costs of their produce or even the tastes and preferences of their clients. Rural communities frequently lack knowledge because of a variety of factors, such as limited access to mass media. Individuals in these locations are therefore at a disadvantage. For instance, it is challenging to determine pricing when one is ignorant of supply and demand. Lacking knowledge, the female entrepreneurs are susceptible to intermediate men and merchants who purchase harvest at lower than cost price. Indigenous markets might not offer a way out for the female entrepreneurs as they can be flooded quickly if all businesspersons and the public sell their products at the same time.

Local marketplaces are insufficient for us as everyone in our community sells their items there, as stated by Participants 5, 7, 8, 12, and 15. Depending on the nature of their company, having adequate market knowledge helps women entrepreneurs make judgments regarding prices both within and between seasons. Business information that female entrepreneurs require includes data on sales, operational strategies, product information, business plans, and physical classification related to the organization. Governments and the private sector must implement a well-structured, adequate, and sustainable market information scheme in order to remove the information barrier that prevents women entrepreneurs from participating in markets. Participants 7, 9, and 15 have suggested that women entrepreneurs' low levels of education and literacy may be the reason for their lack of market knowledge. Since the majority of material are published in English, some of us lack the education necessary to even read them because we were unable to attend school or even get some formal education

3. A scarcity of talented employees

Many inexperienced workers continue to be employed by small and medium-sized companies in Mataram. This could be brought on by the large percentage of uneducated Indonesians and the high rate of poverty in the nation. Conversely, female business owners still find it difficult to treat their staff like a cohesive unit. Most Indonesian women think that family support is the most crucial element in achieving success, even in the face of obstacles to business development like poor financial control and a shortage of talented employees, in addition to having limited managerial knowledge, a lack of commitment, a lack of confidence, and a host of other problems. Failure is more likely if the family is not entirely supportive. Family support will help female entrepreneurs as their enterprises expand. Family support is insufficient, though, and business skills

should be prioritized more. One of the elements affecting business continuity is the role of partners. Women may find it difficult to express their creativity when their partners are overbearing. Failure is therefore conceivable unless the two are able to work together to support one another and make decisions without one playing a bigger role than the other. In actuality, female entrepreneurs in Indonesia lack internal locus of control. They depend on others (husband) because they don't think they can make decisions on their own. This suggests that their primary locus of control is internal, with them thinking that their

In conclusion, some people still find it difficult to express their feelings in order to be appreciated, and this won't change unless women are committed to and confident in their ability to conduct business. Because they are unable to satisfy and fulfill their needs for self-esteem, the majority of Mataram's female entrepreneurs will find it difficult to reach self-actualization. In addition, the majority of businesses struggle to support their business resources due to issues like underqualified staff, a lack of funding, and inadequate resources. Insufficient oversight of finances and absence of a business strategy. In addition, female business owners in Mataram still struggle with teamwork and employee management. There will be missed business opportunities and difficulty in achieving success.

4. CONCLUSION

This study found that women's participation in MSME's and women's empowerment are important factors to alleviate poverty in Mataram. To alleviate the poverty generally in Mataram, the important recommendations are as follows:

In the research it was found that women's work participation in economic activities in Mataram is very much needed for poverty alleviation. But unfortunately, many women who own MSME businesses do not have access to capital. Apart from that, they also don't really understand market information, how to innovate products, determine prices and find out what the market wants. A shortage of skilled workers is also a problem faced. Therefore, it is highly recommended to provide training and seminars, education to prepare women entrepreneurs to be successful through initial planning and financing, as well as developing innovative loan products specifically intended for women. So that in the future women can participate more in poverty alleviation, job creation, and gender mainstreaming (equal opportunities for women) through MSMEs.

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