

THE ROLE OF WOMEN ENTREPRENEURS LEADERSHIPS, SOCIAL CAPITAL AND ABSORPTIVE CAPACITY THROUGH SKILLS UPGRADING CONCEPT IN SMALL TO MEDIUM ENTERPRISES IN JAKARTA, INDONESIA

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SMEs sector has a major role in improving Indonesia's GDP and in the development of Indonesia's economic growth. Many of Indonesian products have been developed by women entrepreneurs in the area of small to medium scale businesses; such as beauty related products, garment and up-to-date easy to wear products. Women entrepreneurs have upgraded their skills and expanded their market niche through effective marketing concept as a result of strategic leaderships in their managerial skills. They have also succeeded in creating women's needs to women's wants and shift basic needs to become fashion trends. This study therefore shows that women entrepreneurs to certain extent have contributed to the development of small to medium scales of businesses known as SMEs. The purpose of this study was to determine the role of women in the SMEs growth. The variables observed were women leadership's skills, social capital to SMEs upgrading in Jakarta. The study was using a qualitative approach in a form of a non-probable sampling technique. Women entrepreneurs were the sampling of SMEs population within Jakarta region. These results indicated that women entrepreneurs' leadership's skills and effective managerial skills have significant correlation on the SMEs' upgrading. While social capital and absorptive capacity has positive impact on the SMEs' upgrading. It could be concluded that all variables simultaneously have a very strong correlation and relatively high impact to SMEs' upgrading.

Keywords : women entrepreneur leaderships, social capital, absorptive capacity, skill upgrading concept, small medium enterprise.

1. Introduction

Small and Medium Enterprise (SMEs) indeed play a strategic and complementary roles in the Indonesian Economic Growth (Febriani, 2014). The study has shown SMEs' complementary roles is as vital as large enterprises which absorbs working forces and contribute large scale of income to the economic growth to Indonesia known as GDP (Febriani et.al., 2014). A similar study also shows that SMEs have direct support and contribution to the social capital at least there are four major contributions to the economic values; such as employments absorption, income equality distribution, corporate social responsibility, social economic structure development and economic development supports for minority

incomes due to reducing income inequality. There are four major reasons to rank SMEs' roles as strategically important as large enterprises such as; first, to establishment SMEs do not require a large number of initial capital due to its simplicity accounting and financial management nature; secondly, human resources recruitment do not requires skillful manpower based on learning by doing as by nature has historical factors, thirdly, location aspects do not requires prime location which has to be equipped with sophisticated infrastructures and fourthly (Wahyuningrum, 2014), Indonesian government realized that SMEs have major contribution in the process of the economic growth development even though supported by very insignificant government policies and regulations. Policies and

regulations for SMEs tend to be not well comprehensive sometimes misinterpreted and less effective, barely touching the objectives (Wahyuningrum, 2014). As identified in previous studies there are several major problems in the development of SMEs as major concerns for the government such as; government has not established any proper SMEs trainings in upgrading skills of SMEs actors, even there are no government policies and regulations which support SMEs actor establishment. Lack of constructive trainings has indirectly push SMEs to become second class citizen business entrepreneurs and considered as marginal low technology businesses. Low initial capital, non-bankable businesses and local market orientation should not be overlooked by the government. The role of SMEs have so far console finance and economic system nationwide due to its perseverance in running the nation economics. SMEs are indeed the soul of ASEAN Economics, the success of SMEs indicates the nations success.

The biggest obstacles of SMEs in Indonesian are more likely to be internal problems, from many years there are lacking of marketing distribution skills which massively slows down the growth of SMEs businesses. Large numbers of SMEs are found in the developing countries which hinder the interaction between big scales businesses and SMEs. There is a big economical gap between SMEs and big scale type of businesses which should be bridge by missing middle scales of businesses. This situation is because of middle scale businesses demand a higher skills employment with higher pays which are not affordable for SMEs actors. Higher skills of employment will produce higher quality of products and more accelerative marketing distribution.

Another classical obstacle for SMEs upgrading is low quality labor will produce low quality of products because SMEs start up with small initial capital therefore only afford to recruit unskilled labors that manages SMEs in traditional paradigms. Traditional SMEs management may cause traditional way of market penetration and product development to always concentrate on the product improvements. In the development of SMEs upgrading of the knowledge skills and transformation of developing the business level through improvements of product innovation, continuous quality improvements, upgraded human capital,

absorptive capacity level, adaptive new technology and wide range business network are highly required (Wahyuningrum, 2014).

The dominant factors of problems that resulted stagnated progress of SMEs are social capital of the business natures which weaken competitive advantage of the business itself due to too fragmented business network. Indeed the grass rooted problem arise from low social capital has its side effect which hinder their innovation ability for SMEs somehow will increase risks and innovation transaction cost (Faeni, 2016).

Social capital in the working environment is the key to successful existence of SMEs, by all means social capital refers to individual and business partnerships and network collaboration in business community or individuals (Faeni, 2016). Social capital is a relatively new but vital perspective concept in building SMEs. Productivity and social network within social capital will strengthen SMEs existence to keep it going concern (Faeni, 2017).

Social capital such as internet connections, informal business relations, interpersonal relation and managerial relationship are the basic critical fundamental activities in SMEs throughout South East Asia (Pollard, 2010) and (Jemicz, 2010). Empirically SMEs have suffered through some oppressions in their businesses due to lack of competitiveness in the international business world (Manolova, 2009), (Manev, 2009), (Gyoshev, 2009) and (Peng, Wang Nd Jiang, 2008).

Absorptive capacity in SMEs determined its ability to explore and exploit internal and external basic capabilities strengths and knowledge. Absorptive capacity considered to be the most important element to help SMEs upgrading in enhancing in their business competitiveness by producing advancement of commercial products and transformation knowledge of services in the market. The abilities to acquisition, assimilate, transform and exploitation of knowledge are those among considered to be sophisticated absorptive capacity (Wahyuningrum, 2014). Hence, SMEs should be positioned to be accelerated and introduce to their external environment business knowledge by identifying external business growth and internal knowledge to be developed to enhance competitive advantage of their SMEs (Wahyuningrum, 2014).

Aside to its role, SMEs has played a major role in the economic growth by providing job opportunities to overcome unemployment not

only that it also simultaneously reduces poverty by its power to supply avoidable goods to the society (Hasbullah, 2004). SMEs enhances the local economics which proven to increase bargaining position of women entrepreneurs as bread winners in their family life (Dipta, 2009). According to a study by the State Ministry of Cooperative Small and Medium Enterprises, 60% of SMEs in Indonesia are managed by women entrepreneurs. SMEs contributions in the private sectors have enhance The Nation GDP, therefore women entrepreneurs have shown vital roles in the nation economic development. Many studies has shown according to several empirical researches, based on the Statistic Bureau in Indonesia the total population of women entrepreneurs lives in the capital city of Indonesia, 50,1% women entrepreneurs engaged in SMEs as independent entrepreneurs (Siswanto, 2009). Women entrepreneurs have big potentials and very competence in managing SMEs, so far they have been engaged actively in the small to medium type of businesses as business actors to execute their businesses. Although, not yet systematically developed, women entrepreneurs have developed innovations to improve their professionalism in penetrating market on-line and innovation in product Total Quality Management (TQM) improvement. As highlighted in the previous researches on SMEs, women entrepreneurs have very strong survival mental endurance, as they upgraded skills in leaderships, marketing, and product development skills, are far more advance in managing their SMEs compared to Men entrepreneurs leaderships in managing their SMEs (ADB, 2011/2012). Women entrepreneurs are potential business actors who have potentials in developing their small to medium scales businesses, whether their roles as suppliers, producers, retailers, individual sales people or as workers. Even though they still require some upgrading in their skills and professionalism. These studies supported by Asian Development Bank in 2012 in Medan and Semarang, 51% businesses managed by women entrepreneurs are by far more successful compared to businesses led by businessmen.

The existence of women managers created entrepreneurship skills among women and therefore creates financial stabilities and independencies which develop social motives among them. This multiplier effect as social motives among women also establish financial freedoms, aside to their perseverance as SMEs

actors women tend to be more productive and innovative in merchandising their goods. Compared to men entrepreneurs, firstly, women entrepreneurs have their captive segment markets whose customers are mostly women, as a result women entrepreneurs shift women customers wants to become needs and transforms the goods into more valuable goods to be sold with higher economics values. Secondly, as entrepreneurs women have sociable networking mechanism in penetrating their businesses which support their marketing strategies. Thirdly, women tend to be more flexible in handling stress and troubleshooting problems. Women entrepreneurs are mentally endured when face troublesome situations they do not easily give up, they are innovative and find loop holes for market and product penetration for their businesses to go concern avoiding any profit losses. The roles of SMEs have so far console finance and economic system nationwide due to its perseverance in running the nation economics. SMEs are indeed the soul of ASEAN Economics, the success of SMEs indicates the nation's success.

2. Experimental Details

In this study described the methodology research used as a basis for analyzing the approach to understand the SMEs upgrading. The factors that influence dependent and independent variables will be tested on the data, population and sample. The variables are tested partial and simultaneously through multiple linear regression analysis model. It will find causal concept in order to identify the relationship between variables and them tested the approach model for the real solution to help to understand and predict the variables relationships.

Population in a group or collection of individuals or subjects of research that has certain of the characteristics predetermined Based on the variables being studied, it depend the quality and characteristics of the population of individuals or objects observation (Fridah, 2011). In this study population were 100 women entrepreneurs and leader of SMEs business for more than 5 up 25 working experiences as managers or leaders with their highest education as high as high schools graduates up to post graduates were being questioned and surveyed.

3. Results and Discussions

The data was collected from questionnaires filled out by respondents. It provides an overview

of respondents by age, highest education, entrepreneurs years and IT experiences as stipulated at Table 1.2. Based on the data above all women respondents more than 43% under the age of 30 years where 36 people with tertiary education backgrounds and 88 people are aware of online usage for their businesses. Women as respondents 86 people are mostly worked for 5 years and above but lower than 25 years experiences as entrepreneurs and managers.

A. Results of Multiple Regression Analysis

Thus study use partial and simultaneous features then it gave a holistic view about the relationships among variables [Karthikeyan.R et al.]. Based on analysis results and statistic interpretation from SPSS. 22.00 for Windows it can be seen the multiple regression analysis partial and simultaneous. The results given in Table 1.2. From the calculation result of Multiple Linear Regression analysis as shown in Table 1.2. That the influence of independent variables on the dependent variables was large in the value of the coefficient of determination (R^2) is equal to 0,6.

B. The Analysis and Discussion of Hypothesis

Multiple correlation coefficients R (multiple correlations) described the strength of the relationship among the variables in the dependent variables such as women entrepreneurs as leaders, social capital and absorptive capacity toward SMEs upgrading. This means that simultaneous relationship between the variables is very close since R value is approaching 1. The interpretation of the regression model can be formulated and summarized in multiple regression equation as follows $Y = 6.320 + 0.260X_1 + 0.177X_2 + 0.115X_3 + e$. The analysis $b_1 =$ with constant of 6.320 women entrepreneur has 0.206 is a slope or direction coefficient of women entrepreneurs that affect the upgrading SMEs with the regression coefficient X_1 that valued t 4.459 a positive sign.

C. Hypothesis Women Entrepreneur leaderships toward Upgrading Skills

These results interpreted as Upgrading SMEs can be achieved by women entrepreneurs effective leaderships with the assumption that women entrepreneurs variables has a value equal to zero or considered has constant influence. $b_2 =$ with constant of 6.320 social capital has 0.177 is a slope or direction coefficient or social capital

that affect upgrading of SMEs with regression coefficient X_2 valued t 4.038 a positive sign.

D. Hypothesis Analysis Social Capital toward Upgrading Skills

These results interpreted as Upgrading SMEs may leverage by social capital by continuous improvement of business networking and social relations for better SMEs competition. $b_3 =$ with constant of 6.320 absorptive capacity has 0.115 is slope or direction coefficient or absorptive capacity that affect upgrading of SMEs with regression coefficient X_3 valued t 2.755 a positive sign.

E. Hypothesis Absorptive Capacity toward Upgrading SMEs

These results interpreted as absorptive capacity significantly correlative with Upgrading of SMEs due to innovation creation to always improve SMEs products and breakthroughs in marketing innovation, packaging, merchandise the products and lucrative pricing strategies. The analysis result brings explanation about the relationships among variables.

The result also showed the influence of women entrepreneurs' leadership, social capital, absorptive capacity and the efforts of upgrading SMEs. Their relationships can be explained from the analysis results which gained R 0.716 (71,6%) which the remaining 28,4% was described by other variables not studied in this research.

F. Hypothesis Testing Results

To determine the independent variables simultaneously toward dependent variable, this study used Adjusted R^2 to compare the value of a significance. To determine the Adjusted R^2 Model Summary in this study then it compared with values of sig. f with the significance level as shown in Table 1.4.

G. Hypothesis Testing Results

Based on the analysis result in Table 1.5. F Test has a significance of 0.000. It means that the value of significance of F Test result is smaller than α . From this analysis, it showed that women entrepreneur leadership, social capital and absorptive capacity have simultaneously significant effect on SMEs upgrading.

H. Test Result for H1, H2 and H3

To determine the effect of each independent variable eg. Women entrepreneur leaderships,

social capital and absorptive capacity among SMEs upgrading. This study used two way testing (two side of two tail testing) by composing with the significance alpha with degree of freedom by 3% (df = 5%) the t result is summarized in Table 1.5. Based on this t test in Table 1.5. Partially, women entrepreneurs leaders (X1) has significant value which equal to $0.0051 < 5\%$. The results indicated a significant influence between women entrepreneur's leaders with upgrading of SMEs. The analysis results of social capital (X2) indicated how it gained $0.050 < 5\%$ which can be explained the variable bring higher upgrading SMEs at least lowest value or constant. Whereas Absorptive capacity (X3) and SMEs upgrading also tested to know the effect and how SMEs upgrading effected by absorptive capacity.

4. Conclusions and Suggestions

Upgrading SMEs is a necessity an can only be achieved by a strong women entrepreneurs leaders which based upon higher skills and educations. Upgrading SMEs can also be implemented by larger social capital skills and an enlargement or absorptive capacity. Social capital can be improved by expanding both by individual and business networks.

1. Women entrepreneurs leaders has positive significance to Upgrading SMEs, can be concluded that women entrepreneurs leaders has positive impact on the upgrading of SMEs supported by research done by Huda 2009, that women in Bangladesh involved in formal sectoral an informal economics development due to their interest to expand their business commercially.
2. Variable Social capital has positive significance in the upgrading of SMEs. This is supported by the research conducted by Khorriini 2014. The research resulted data SEM Analysis supported that knowledge and dimensional structural has a positive impact on the social capital both individually and business linkage towards the upgrading of SMEs.
3. The variable absorptive capacity has a significant positive impact towards the upgrading of SMEs. In other words we can conclude that the absorptive capacity is vital and significant in the upgrading of SMEs. This is supported by the research conducted by Mucio (2012) stating that the estimation of several probitmodel has shown that the

absorption of SMEs has a relevant impact on the capability of the SMEs upgrading by establishing cooperation with external establishment.

4. Based on the simultaneous correlation factors among the variables between women, social capital and absorptive capacity and the upgrading of SMEs, it has a high, positive and in the same conformity. With the enhancement of the leadership of women entrepreneurs, social capital and absorptive capacity, thus the SMEs upgrading will improve. The adjusted coefficient R square of 0,716 or 71,6%. Meaning that the independent variables simultaneously, women leadership, social capital and absorptive capacity of the upgrading of SMEs is 71,6%. While the difference of 2,84% can be explained by other variables that is not research in this journal.

Suggestions

Based on our suggestion, we conclude that several suggestion as follows:

1. The government should develop women entrepreneurship for SMEs based on the World Bank International Finance Corporation on the access of financing for women entrepreneurship in Indonesia. It is stated that women entrepreneurship has a good return rate, much better than the scores of male entrepreneurs. Women have a better rate of receiving credit funding in comparison to male. Women are more careful in applying for credit a and has the higher consideration to return the credit funding received. This is the key factor for the bank to enhance the opportunities for women entrepreneurs to receive access to funding.
2. To enhance the competency of women entrepreneurship to upgrade their SMEs capability, they must conduct and upgrading in their knowledge, skills of SMEs of women entrepreneurs by giving them the related training on these sectors.
3. The government must socialize potential women entrepreneurs in rural areas. This is due to the social norms that are still rigid in values and attitude as a constraint in the enhancement of women entrepreneurship. So we must expand their horizon of the women entrepreneurs to expand their business to help the family economy.

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Table Captions

- Table 1. Profile of Respondents by Age, Highest Education, Entrepreneur Years and IT Experiences
- Table 2. Coefficients^aCoefficient Collinearity
- Table 3. The Coefficient of Determination (R²) Coefficients^a
- Table 4. Adjusted (R²) Model Summary Model Summary
- Table 5. Adjusted (R²) Model Summary

Table 1.1. : Profile of Respondents by Age, Highest Education, Entrepreneur Years and IT Experiences

Respondents Indicator Characteristics	Total People	Percentage
Age		
Less than 30 years	40	40%
31-40	31	31%
40-50	19	19%
51 above	9	9%
Educations		
Postgraduates	18	18%
Undergraduate	18	18
High School	60	60
Experiences Year		
<5 years	43	43%
5-10	22	22%
11-15	21	21%
16-25	14	14%
Users of IT		
Online	88	88%
Non Online	12	12%

Source : Primary Data, SPSS. 22.00

Table 1.2. : Coefficients^aCoefficient Collinearity

Model	Unstandardize d Coefficients		Standardize d Coefficients	t	Sig.	Correlations			Collinearity Statistics		
	B	Std. Error	Beta			Zero-order	Partial	Part	Toler ance	VIF	
1	(Constant)	6.320	1.701		3.716	.000					
	Women entrepreneurs	.206	.046	.362	4.459	.000	.644	.346	.258	.508	1.967
	Social capital	.177	.044	.275	4.038	.000	.556	.317	.233	.720	1.388

	Absorptive capacity	.115	.042	.217	2.755	.007	.583	.222	.159	.538	1.858
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a. Dependent Variable: Upgrading SMEs in Jakarta

Source : Primary Source Data 22.00

Table 1.3. : The Coefficient of Determination (R²) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.320	1.701		3.716	.000
	Women entrepreneurs	.206	.046	.362	4.459	.000
	Social capital	.177	.044	.275	4.038	.000
	Absorptive capacity	.115	.042	.217	2.755	.007

a. Dependent Variable: Upgrading SMEs in Jakarta

Source : Primary Source Data 22.00

Table 1.4. : Adjusted (R²) Model Summary Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716 ^a	.512	.502	3.749

a. Predictors: (Constant), women entrepreneur, social capital dan absorptive capacity

Source : Primary Source Data 22.00

Table 1.5. : Adjusted (R²) Model Summary ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2154.667	3	718.222	51.101	.000 ^a
	Residual	2052.006	146	14.055		
	Total	4206.673	149			

a. Predictors: (Constant), women entrepreneurs, social capital & absorptive capacity

b. Dependent Variable: upgrading SMEs in Jakarta

Source : Primary Source Data 22.00

