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ENTREPRENEUR SUCCESS IN MICRO AND SMALL ENTERPRISES (MSES): EVIDENCE FROM INDONESIA

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Abstract—In the present era of globalization where business competition between countries is getting tighter, the Indonesian government seeks to encourage micro and small businesses to take part and strengthen business people to be ready to compete with other countries. In addition to providing a large contribution to the Gross Domestic Product (GDP), micro and small businesses also absorb a large number of labor. When viewed from the point of gender, male entrepreneurs and female entrepreneurs have relatively balanced number but their success rate in managing a business is not the same. The purpose of this study was to find out whether there were significant differences in success between male and female entrepreneurs. This study uses secondary data from Central Bureau of Statistics (BPS) in 2015, with a total observation of 58,290 industries in 23 industrial classifications. The results showed a significant difference between the success of male entrepreneurs and female entrepreneurs in micro and small businesses in Indonesia.

Keywords—entrepreneur success, male entrepreneur, female entrepreneur

I. INTRODUCTION

Entrepreneurship has long been considered as one of the significant factors in promoting socioeconomic growth and development because entrepreneurial activity provides millions of job opportunities, offers a variety of goods and services and results in an increase in national welfare and competitiveness (Zahra S.A, 2006). Entrepreneurship is one of the main factors that has driven economic growth in various countries since the early 90s. Micro and small businesses which in turn are short in MSEs are growing from year to year and are the biggest contributors to gross domestic product in a country's economic growth and are also indicators of the success of MSEs. However, the results of (Stevens G and Burley J, 1997) study show a high rate of MSE failure. The results of the same study were also put forward by (Dalberg , 2011) and (Simeyo O, martin L, Nyabwanga RN, Ojera P and Odondo AJ, 2011) that almost half of the beginner MSEs in developing countries failed within 5 years and only a few grew into large businesses.

The number of MSEs in Indonesia also experienced significant growth. In 2011 the number of MSEs of 56,764,750 increased to 56,534,592 in 2012. During 2014-2016 it reached more than 57,900,000 (www. Depkop.go.id). In terms of gender, the results of a survey conducted by the Asia Pacific Foundation Canada (APEC) in 2018 showed that the number of male and female entrepreneurs was quite balanced, namely women at 51% and men 49%. (www.apec.org). But information about the success of male entrepreneurs and female entrepreneurs varies greatly in each country. To measure the success of an entrepreneur at the MSE level is not an easy thing because there is no universal agreement related to the definition of MSE success. Every entrepreneur has different definitions and each literature also uses different terms in describing entrepreneur success such as business success, venture performance and so on. In MSEs there are conditions where there is a strong relationship between work and the owner so that personal success is identified as a business success. Various studies that focus on measuring success at the individual level, assume that the success of an entrepreneur directly reflects the success of their business (Hambrick, Donald C and Phyllis A Mason, 1984)

II. LITERATURE REVIEW

There are various definitions of entrepreneurship and entrepreneur, among others, (Bygrave W.D and Hofer C.W, 1991) who define entrepreneur as "...someone who perceives an opportunity and creates an organization to pursuit it", while (Karl H Vesper, 1990) defines entrepreneurship as "the creation of new independent businesses". Robbins & Coulter (2012: 565) stated that “entrepreneurship is the process of starting new businesses, generally in response to opportunities”.The criteria used to measure the success of an entrepreneur at the MSE level are also not the same in every region and country. Therefore, the

definition of business success can be different. The easiest way to define entrepreneur success is through tangible elements such as profitability, sustainability, personal wealth creation, revenue (output) or company growth and turnover (Perren L, 1999) (Perren L, 2000) (Amit R, MacCrimmon K, Zietsma C and Oesch J, 2000).

However, in reality, men and women have different definitions of business success. Female entrepreneurs can be found in every country and various business sectors, but there are still significant and systematic gaps in business ownership between female and male entrepreneurs. Businesses which are established by women have different characteristics from those established by men. Various studies show that businesses led by female entrepreneurs have fewer employees, income, assets, and sales than male entrepreneurs ((Brush C.G , 1992); (Carter N.M, William M and Reynolds P.D , 1997); (Crump B.J, Logan K.A and Mcllroy A, 2007); (Fairlie R.W and Robb A.M , 2009); (Harada N, 2003); (Shaw E, Marlow S, Lam W and Carter S, 2009); (Verheul I, Van Stel. A and Thurik R, 2006)).The Lauxen-Ulbrich and Leicht (2004) study in (Kristi Dautzenberg , 2012) shows that female entrepreneurs on average employ fewer employees than male entrepreneurs. Business growth also differs between genders. Women prefer growth in production (output) while men prefer business unification, take-over business or develop new business units (Rosa P, 1996). Specific gender differences are also seen in industrial choices between female and male entrepreneurs (Greene P.G, Brush C.G, Hart M and Saparito P, 1999). The retail and service industries are more dominated by women (Allen et al., 2006; Anna et al., 2000; Brush et. el, 2006; Du Rietz and Henrekson, 2000 in (Kristi Dautzenberg , 2012)). Based on the concepts and propositions described above, the hypothesis raised is as follows:

H1: "There are significant output differences between male and female entrepreneurs in MSEs in Indonesia"

III. METHODS

This study employed the positive social science paradigm. Owing to the quantitative design of this study, we are able to provide insight to the research question mentioned above. The ensuing discussion is based on secondary data source and taken from an annual survey of micro and small industry conducted by the Indonesian Central Board of Statistics (Badan Pusat Statistik or BPS) in 2015. The number of original observations during the periods of study was 58.290 industries.The variable in this study was the entrepreneur success which was measured through the dimensions of output produced by both male and female entrepreneurs. The testing hypothesis used an independent sample t-test to determine whether there were significant output differences between male and female entrepreneurs in various industrial sectors.

IV. RESULTS AND DISCUSSION

TABLE 1. THE DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Variable	Freq	%	Variable	Freq	%
Industry Classification			Indonesian Standard Industrial		
Micro Industry	53,919	92.5	Classification	5,172	8.87
Small Industry	4,371	7.5	Textile	6,305	10.82
Gender			Confection	1,087	1.86
Male	31,909	54,74	leather goods and footwear	9,062	15.55
Female	26,381	45,26	Wood and Bamboo	100	0,17
Level of Education			Paper	756	1.30
Not Completed Elementary School	11,076	19.00	Printing Office	449	0.77
Elementary School	20,538	34.93	Chemical	118	0.20
Junior High School	11,792	20.23	Pharmacy and traditional medicine	535	
Senior High School	13,117	22.50	Rubber	5,127	0.92
Vocational High School	255	0.44	Non-metallic minerals	226	8.80
Diploma	384	0.66	Basic Metallic	2,457	0.39
Bachelor	1253	2.15	Metallic	12	4.22
Master/Doctor	55	0.09	Computer and electronics	25	0.02
Indonesian Standard Industrial Classification			Electrical equipment	76	0.04
Food	20,309	34.84	Machine	56	0.13
Baverage	1,282	2.20	Vehicle	298	0.10
Tobacco processing	1,025	1.76	Conveyance	1,956	0.51
			Furniture	1,756	3.36
			Other Processing	100	3.01
			Repair Service	5,172	0.17

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Vocational	1253	34.84	Metallic		
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Diploma		1.76	Computer		
Bachelor			and		
Master/Doctor			electronics		
			electrical		
Indonesian			equipment		
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Industrial	1,282		Vehicle		
Classification	1,025		Conveyance		
Food			Furniture		
Baverage			Other		
Tobacco			Processing		
processing			Repair		
			Service		

(Source: Data BPS 2015 (processed))

Table 1 presents the demographic profile of the respondents as follows ; micro industry 92.5%, small industry 7.5%, male 54.74%, and female 45.26%. A majority (34.93%) of the respondents had attended elementary school. Based on Indonesian standard industrial classification (23 industrial classification) the highest number of respondents (34.84%) was involved inthe food industry, 15.55% in the wood and bamboo industry , 10.82% in the confection industry.

Table 2. Descriptive Statistics

Variable	Gender	Number Obs	Mean	Standar Deviation	Minimum	Maximum
Output (Miliions Rupiah)	Male	31,906	2.02e+07	7.07e+07	10,000	5.30e+09
	Female	26,379	4,758,074	1.83e+07	13,500	1.56e+09
Main Consumer						
Percentage of industry consumer	Male	4,689	32.02	15.47	1	72
	Female	2,490	26.91	13.62	1	72
Percentage of trader consumer	Male	16,678	51.92	29.15	1	116
	Female	14,521	49.08	28.37	2	116
Percentage of household consumer	Male	19,848	49.36	22.28	1	119
	Female	15,189	46.64	20.43	1	119
Marketing Allocation						
Percentage of in the district	Male	29,580	30.89	15.49	1	92
	Female	25,038	27.25	11.20	2	92
Percentage of outside the district	Male	7,670	41.93	16.75	1	89
	Female	3,617	41.02	18.03	2	85
Percentage of outside the province	Male	2,060	27.10	10.23	2	56
	Female	736	25.31	9.49	1	54
Percentage of foreign country	Male	112	8.74	5.19	1	20
	Female	69	8.25	4.76	2	19

(Source: Data BPS 2015 (processed))

Independent sample t-test was performed to determine whether there was a significant difference between the mean scores of responses received from male and female respondents. The number of male respondents (n = 31,909) and female (n = 26,381) was compared. The result showed that there was a significant output difference between male and female entrepreneurs. The test for equality of variances and mean score showed that the variance and mean for male and female output was significant statistically (p-value < 0.05). It indicated that there was a significant difference on the variance and mean score between male and female. The result also showed the mean score for male output was higher than female output. The result provides an indication of successful male entrepreneurs. Hence, Hypothesis should be no rejected.

In addition to showing significant output differences between male and female entrepreneurs, equality of variance tests and mean scores also indicate that variation and average percentage of industry consumer, percentage of trader consumer and percentage of male and female household consumer were statistically significant. However, percentage of foreign results were not significant (p = value> 0.05).

The results of study showed that the average score for all variables was high for male entrepreneurs, which means male entrepreneurs were more successful. The success of male entrepreneurs can be understood because the average percentage of consumers they serve were industrial consumers (32.02) and household consumers (49.36), although for consumer traders, the percentage was relatively the same as female entrepreneurs. In terms of marketing allocation, male

entrepreneurs have a greater marketing allocation within districts and outside provinces compared to female entrepreneurs. For the percentage of marketing coverage outside the region and in the foreign country, male and female entrepreneurs had relatively the same score.

Table 3. Independent sample t-test of Output based on Indonesian Standard Industrial Classification

Indonesian Standard Industrial Classification	F	Sig.	t	df	Sig. (2-tail)	Mean Diff.	Std. Error Diff.
Food	27.02	0.000***	15.09	8568.46	0.000***	1.36e+07	901005.9
Baverage	0.01	0.000***	-0.87	266.84	0.3876	-5085898	5876514
Tobacco Processing	2.66	0.000***	7.10	122.22	0.000***	2.24e+07	3147338
Textile	170.3	0.000***	8.42	598.92	0.000***	2.01e+07	2388802
Confection	62.42	0.000***	7.67	3004.05	0.000***	1.75e+07	2277538
Leather Goods and Footwear	4.14	0.000***	5.64	313.64	0.000***	2.83e+07	5022247
Wood and Bamboo	40.78	0.000***	18.10	5135.03	0.000***	1.16e+07	640845.6
Paper	6.01	0.000***	3.18	80.30	0.002***	2.06e+07	6474225
Printing Office	2.72	0.000***	-0.27	104.86	0.7881	-1741604	6461592
Chemical	1.92	0.014**	0.72	447	0.4737	5179814	7222847
Pharmacy and Traditional medicine	32.39	0.000***	3.70	55.77	0.000***	1.55e+07	4172843
Rubber	6.93	0.000***	4.26	303.35	0.000***	9858948	2316297
Non-metallic minerals	2.69	0.000***	7.75	512.04	0.000***	6507481	8400014
Metallic	1.01	0.9602	-0.53	2455	0.5953	-2930284	5516614
Electrical Equipment	0.73	0.5551	-0.31	23	0.7584	-7350303	2.36e+07
Conveyance	3.83	0.7808	-0.10	295	0.9218	-3254700	3.31e+07
Furniture	1.31	0.1931	-1.48	1954	0.1390	1.41e+07	9536121
Other Processing	8.24	0.000***	7.90	1538.68	0.000***	3.20e+07	4044632

(Source: Data BPS 2015 (processed))

***=sig 1%, ** = sig 5%, * =sig 10%

Based on table 3, it is clear that there are several industry classifications and its output differs between men and women, namely food, tobacco processing, textile, confection, leather goods and footwear, wood and bamboo, paper, pharmacy and traditional medicine, rubber, non-metallic minerals and other processing, while for the industrial classification which states that there is no difference between men and women are beverage, printing office, chemical, metallic, electrical equipment, conveyance, furniture. For female business owners, even though the results of the tests statistically indicated that there is no difference from male business owners, the output obtained is greater for women rather than for men in the industrial classification. These include beverage, printing office, metallic, electrical equipment, conveyance, and furniture

V. CONCLUSION

The number of male and female entrepreneurs in micro and small businesses (MSE) in Indonesia is relatively balanced, but they have different level of success. When seen from industry classification, there are industries whose output is different between male and female entrepreneurs, namely food, tobacco processing, textile, confection, leather goods & footwear, wood & bamboo, paper, pharmacy & traditional medicine, rubber, non-metallic minerals and other processing. On the other hand, for the beverage industry, printing office, chemical, metallic, electrical equipment, conveyance, and furniture, there is no difference between male and female entrepreneurs in their level of success.

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