

Impact of financial inclusion and government policies on women entrepreneurs development in West Nusa Tenggara, Indonesia.

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Abstract: Financial Inclusion is one of the government's efforts to increase economic growth just after the Covid Pandemic. Covid has caused economic harm. This highlights the importance of government policy in assisting all aspects of society, particularly entrepreneurs. This study focuses on women who own MSMEs. This is because women manage the majority of MSMEs in Indonesia. This study's data were gathered through questionnaires distributed to respondents. The data in this study were analysed quantitatively using multiple linear regression analysis. The Statistical Product and Services Solution (SPSS) application were used to analyze data in this study. Financial inclusion and government policies influence women entrepreneur development. To achieve economic development through MSMEs, it is hoped that future academics will investigate additional factors influencing the growth of female entrepreneurs in various regions of Indonesia.

Keywords: *Financial Inclusion; MSMEs; Government Policy.*

1. INTRODUCTION

The Covid-19 pandemic is one of the causes of the economic crisis experienced by people in various countries, including Indonesia, which has experienced an economic downturn. Micro, Small, and Medium Enterprises are among the economic actors affected by the pandemic (MSMEs). MSMEs are the backbone of the Indonesian economy. MSMEs also account for 96.9% of total national employment and contribute 60.5% of the Gross Domestic Product (GDP) in 2022.

Accelerating financial inclusion is one of the Indonesian government's economic recovery efforts. Financial inclusion refers to the availability and use of formal financial services within an appropriate regulatory framework that protects consumers and promotes financial education to improve the financial capabilities of all population segments.

The Indonesian government promotes the importance of accelerating financial inclusion to restore economic stability lost due to the Covid-19 pandemic. In this strategy to accelerate financial inclusion, the Indonesian government focuses on Micro, Small, and Medium Enterprises (MSMEs) and women.



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The topic of gender equality is frequently debated, and this is also true of MSMEs. Women often encounter obstacles threatening their businesses' viability; compared to males, women entrepreneurs also suffer financial obstacles and frequently have trouble gaining access to government aid. According to a survey by the United Nations Development Programme (UNDP), just 15 percent of female entrepreneurs received government aid in 2020.

One of the regions with the highest number of MSMEs in Indonesia is West Nusa Tenggara; West Nusa Tenggara ranks 10th in the provinces with 48,091 MSMEs after Central Java, East Java, and West Java ranks as the highest province with the highest number of MSMEs.

Table 1.1 Provinces with the highest number of MSMEs in Indonesia

Province	Number of MSMEs
Central Java	898.162
East Java	828.482
West Java	625.943
Bali	149.516
Special Region of Yogyakarta	137.499
East Nusa Tenggara	136.054
South Sulawesi	126.489
North Sumatra	120.163
Banten	107.677
West Nusa Tenggara	104.588

From the background above, it is concluded that the objectives of this study are:

1. To test the impact of financial inclusion on women entrepreneurs' development
2. To test the impact of government policies on women entrepreneurs' development
3. To test the impact of financial Inclusion and government policies on women entrepreneurs' development

2. METHODS AND RESOURCES

2.1 Financial inclusion

Since 2008, when the global financial crisis occurred, the word financial inclusion has been used. Financial inclusion is also popular among the public as a financial contribution to sustainable development, but few people comprehend this term. In contrast, without realizing it, we have engaged in several acts that contribute to financial inclusion in our daily lives.

Financial inclusion is the ability of individuals or groups to receive financial products and services (World Bank, 2014). Formal, usable, and inexpensive services that may ethically and sustainably meet customer demands, including transactions, payments, savings, credit, and insurance, are at issue.

The basic principles of financial inclusion contained in Strategi Nasional Literasi Keuangan Indonesia (SNLKI) (2017) include:

- a. Measurable



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Planning and implementing activities to increase financial inclusion by considering regional affordability, cost, time, and technology systems and potential mitigating risks arising from transactions of financial products and services so that the access provided and financial products and services developed have characteristics that follow the targets of activities to increase financial inclusion.

b. Affordable

All groups of people can access the implementation of activities in order to increase financial inclusion at low cost or no cost, as well as the use of technology.

c. Right on Target

Implementation of activities in order to increase financial inclusion in accordance with the needs and capabilities of consumers and the targeted community.

d. Sustainable

The implementation of activities to increase financial inclusion is carried out on an ongoing basis to achieve the planned targets and have long-term aspects.

2.2 Government Policy

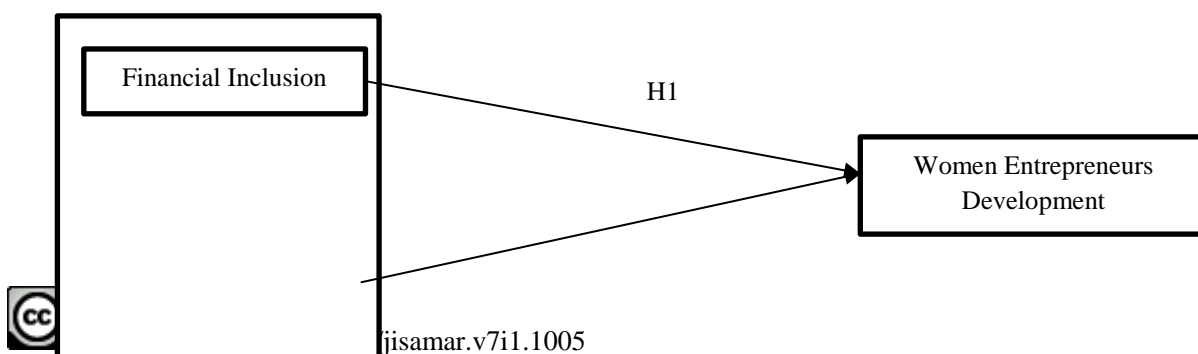
The following are some expert definitions of government policy: McRae and Wilde (1985) Define government policy as "A set of actions chosen by a government that has an important influence on a large number of people." Young and Quinn (2002) Define government policy as an action made and implemented by a government body with the legal, political and financial authority to do so. Anderson (2009) defines government policy as "Developed by government agencies and officials." David Easton (1975) defines government policy as "The forced (legitimate) allocation of values to all members of society." Thus, in general, government policy is defined as a set of actions legitimately selected and allocated by the government/state to all members of society to solve problems and achieve specific goals for the benefit of community.

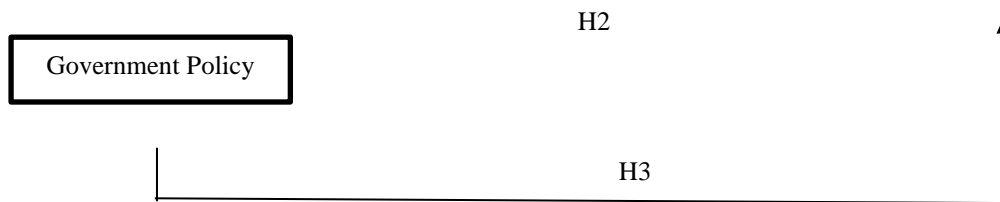
2.3 Women Entrepreneurs Development

An entrepreneur is a person who possesses entrepreneurial characteristics, assumes risk, provides capital, and employs these resources to establish a business. They generate innovative business ideas, seize new business opportunities, invest their own money or borrow it, take calculated risks, reap the rewards of their efforts in the form of profits, and expand the business. Begum (1993) Identifies that an entrepreneur initiates and establishes a business or economic activity. Thus, entrepreneurship refers to the societal trend of establishing new businesses. Khanka (2002) refers to women entrepreneurs who innovate, imitate, or adopt a business activity. Therefore, Women Entrepreneur's Development is defined as skill development with innovation and managerial competency (Teoh & Chong, 2014).

In describing women's studies, There are numerous variations in the definition of success apart from the quantitative measurements, which vary greatly (Teoh and Chong, 2014). Alam and Yasin (2010). Unlike male entrepreneurs, female entrepreneurs do not consider their financial success if their businesses grow more slowly and are smaller. They believe that the success of female entrepreneurs is determined by how well they manage their many responsibilities.

2.4 Research Framework





The hypotheses in this study are as follows

H1: Financial Inclusion affects Women's Empowerment Development

H2: Government Policy affects Women's Empowerment Development

H3: Financial Inclusion and Government Policy affects Women's Empowerment Development

2.5 Research Methodology

This research uses a causal method, where this research method is a study conducted to determine the influence of one or more variables. This study uses Women Entrepreneurs Development as a bound variable (Y), While the free variables are Financial Inclusion (X1) and Government Policy (X2).

Data collection techniques in this study are through field research. Quantitative data were used in this study. Data were obtained through questionnaires distributed to respondents, namely women entrepreneurs who own MSMEs in the culinary field in West Nusa Tenggara. The distribution of questionnaires is used to achieve respondents' goals of minimizing costs and avoiding the spread of covid-19.

The population of this study is Women Entrepreneurs who own MSMEs in West Nusa Tenggara. The sample from this study was Women Entrepreneurs who own MSMEs in the culinary field in West Nusa Tenggara, with a total sample of 100 respondents.

Data analysis in this study was carried out quantitatively with multiple linear regression analysis to determine whether independent variable affects dependent variables. In this study, data analysis using the Statistical Product and Services Solution (SPSS) application

3. DISCUSSION AND RESULTS

The implementation of this research began in December 2022, starting with planning research agendas. Once the research agenda is designed, the researcher begins to Compile a questionnaire and a list of questions that will be disseminated to the respondents. After the questionnaire list was compiled, the questionnaire started to be distributed to the respondents.

Before distributing the questionnaire to the respondents, the researcher temporarily distributed to several micros, small and medium enterprises around the researcher's environment. This is done to determine the level of validity and reliability of the question items in the questionnaire that has been made. After the first stage of distributing the questionnaire and obtaining qualified validity and reliability, the researcher carried out the questionnaire distribution stage to the destination, namely micro, small and medium enterprises with food and beverage businesses in West Nusa Tenggara.

3.1 Characteristics of Respondents

Table 3. 1 Respondent's Business Address

Business Address	Total	Percentage
Bima	8	8%



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Dompu	7	7%
Bima City	12	12%
Mataram City	12	12%
West Lombok	12	12%
Central Lombok	12	12%
East Lombok	7	7%
North Lombok	12	12%
Sumbawa	15	15%
West Sumbawa	3	3%
Number of Respondents	100	100%

The business domicile of the most respondents was in the Sumbawa area, namely 15 respondents or as much as 15% of all population, followed by Bima City, Mataram City, West Lombok, Central Lombok, and North Lombok, as many as 12 respondents in each region or as many as 12%. The minor respondents were found in West Sumbawa, with as many as three respondents or 3% of the total respondents.

Table 3. 2 Respondent's Age

Respondent's Age	Total	Percentage
20-30 years	41	41%
31-40 years	46	46%
41-50 years	12	12%
>50 years	1	1%
Number of Respondents	100	100%

According to respondents' ages, the majority of 46% of MSME players are between the ages of 31 and 40, followed by respondents between the ages of 20 and 30, who accounted for 41 respondents, or 41% of the total respondents. The fact that women head many MSMEs is a good sign, according to this.

Table 3. 3 Respondent's Marital Status

Marital Status	Total	Percentage
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Unmarried	28	28%
Married	49	49%
Divorced	13	13%
Widowed	10	10%
Total Respondents	100	100%

The marital status of 49 respondents, or 49% of the total, indicates that MSME actors in the culinary business in NTB are married or in a relationship. They were followed by a total of 28 responses with a status of single, followed by respondents with the divorce statuses of living and deceased.

Table 3. 4 Respondent's Business Duration

Business Duration	Total	Percentage
< 1 Year	21	21%
1 - 5 Years	43	43%
6 - 10 Years	33	33%
> 10 Years	3	3%
Total Respondents	100	100%

Forty-three respondents, or 43% of all respondents, had an average duration of business of 1 to 5 years. MSMEs operating for six to ten years come next, with 33 respondents, followed by enterprises operating for less than a year with 21 respondents, and firms with three as the final group.

From the questionnaire data obtained from the respondents, then the researcher processed the data by conducting several classical assumption tests, T-tests and F-tests, resulting in the following data:

T-test

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.020	.945		1.080	.283



Financial_inclusion	.235	.050	.460	4.704	.000
Government_Policy	.621	.141	.430	4.398	.000

a. Dependent Variable: Women_Entrepreneurs_Development

The t-test results show that the Financial Inclusion variable has a calculated t value of 4.704 > t table 1.984 and has a Sig. Value of 0.000. thus, it can be said that Financial Inclusion significantly influences Women's Empowerment Development. Therefore, MSMEs and the government must strive to accelerate financial inclusion and further. These efforts must not only be pursued by MSME actors but also by institutions or institutions that are authorities, such as formal and non-formal financial institutions.

The Government Policy variable test results for Women Entrepreneur's Development showed a calculated t value of 4,398 > t table 1,984 and a Sig value of 0.000. Thus, it can be said that Government Policy significantly affects Women Entrepreneur's Development. This means that the role of government policies in women entrepreneurs' development has a significant influence, so the size of government policies also has a significant impact on women entrepreneur's development.

F-test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124.708	2	62.354	130.542	.000 ^b
	Residual	46.332	97	.478		
	Total	171.040	99			

a. Dependent Variable: Women_Entrepreneurs_Development

b. Predictors: (Constant), Government_Policy, Financial_inclusion

From the results of the F test, it can be seen that the calculated F value is 130,542 > F table 4,480, as well as obtaining a sig value. 0.000. thus it can be said that Financial Inclusion and Government Policy together affect Women Entrepreneur's Development. As for the value of its influence is reflected in the results of the following coefficient of determination test.

Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854 ^a	.729	.724	.691



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a. Predictors: (Constant), Government_Policy, Financial_inclusion

The above Coefficient of Determination test shows that R Square is 0.729. Thus it can be interpreted that financial inclusion and Government Policy have an effect of 72.9% on Women Entrepreneur's Development. Meanwhile, Women Entrepreneur's Development is influenced by other factors of 27.1% outside of Financial Inclusion and Government Policy.

4. CONCLUSION

From the discussion and results of data tests and analysis carried out by researchers, the following conclusions can be drawn:

1. Financial inclusion has a significant impact on the development of women entrepreneurs. Thus, it is envisaged that the involved stakeholders, notably Formal Financial Institutions, can expedite women entrepreneurs' Financial Inclusion.
2. Government Policy has a significant impact on the growth of women entrepreneurs; therefore, the government plays a vital role in the development of women entrepreneurs through government policies in the economic aspect and the development of MSMEs, particularly women's MSMEs.
3. Financial Inclusion and Government Policy have simultaneously essential effects on the Development of Women Entrepreneurs. Thus, it is possible to conclude that the combination of MSMEs, Financial Inclusion, and government policy will enhance the development of women entrepreneurs. For various parties to encourage these two variables to accelerate the expansion of MSMEs, particularly those owned by women.

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