

Entrepreneurial Ecosystem: Insight from the Case of Women Entrepreneurs in Indonesia

Kurnianing Isololipu, Ferdinand D. Saragih & Retno Kusumastuti

Faculty of Administrative Science

University of Indonesia

Abstract

A limited study has been conducted to examine the entrepreneurial ecosystem of women owned companies. This was a significant research that seeks to acknowledge the uniqueness of the entrepreneurial ecosystem led by women entrepreneurs. Despite the numerous obstacles the women entrepreneurs have had to confront in developing their entrepreneurship, there were several of them who have become successful entrepreneurs. Therefore, the aim of this paper was to pinpoint the entrepreneurial ecosystem of a business headed by a woman entrepreneur. This paper contributed to understanding the growth of the entrepreneurial ecosystem along with the development of business owned by a woman entrepreneur using a case study method. The objective of the study was to examine each element that has formed the entrepreneurial ecosystem of the business. The results of this study showed that the existence of innovations had assisted in the growth of the entrepreneurship's entrepreneurial ecosystem. The creation of innovations helped generate entrepreneurial activities which led to the formation of value-added products and services.

Keywords: *entrepreneurial ecosystem, entrepreneurship elements, entrepreneurship, women entrepreneurs, innovation.*

1. INTRODUCTION

To have a successful business, an individual entrepreneur must ensure that the entrepreneurship has a strong and dynamic entrepreneurial ecosystem. According to Stam and Spigel (2016), the entrepreneurial ecosystem is defined as a collection of symbiotic actors and elements that interact dynamically in order to develop a creative and valuable entrepreneurship. It is formed from framework and systemic conditions that mutually cooperate in entrepreneurial activities and resulting in value-added creations. The interactions among the elements in the entrepreneurial ecosystem are actually the means to advance growth of the entrepreneurs.

The dynamic interactions among the elements in the entrepreneurial ecosystem are determined by the actors, mainly, the individual entrepreneur. As an actor, the individual entrepreneur attempts to create and maintain the entrepreneurial ecosystem (Stam and Spigel, 2016) in order to confirm the existence of the entrepreneurship. In this sense, an ambitious entrepreneur type is required (Stam and Spigel, 2016). The individual has to thoroughly understand each element and its role in the ecosystem. Each element plays its function in the form of entrepreneurial activities that result in the creation of value added products. Additionally, the entrepreneur has to ensure the presence of innovation in the ecosystem, as it is a critical requirement for a good entrepreneurship.

While the position of the individual entrepreneur is critical, there are only a few women entrepreneurs who have succeeded in their entrepreneurship endeavors. In Indonesia, based on 2014 statistical data, the number of women entrepreneurs was less than 50 percent of the total number of the entrepreneurs (BPS, 2014). The small number of women entrepreneurs actually reflects the obstacles faced by women entrepreneurs when they start to build the entrepreneurship. According to Tambunan (2009), some of the impediments women may have when entering the entrepreneurship environment are low education level, household chores responsibility, law enforcement, tradition, culture or religion, and limited access to finance. However, there are several women entrepreneurs who have achieved success in their pursuit of entrepreneurship in Indonesia. Given this fact, this paper analyzes the entrepreneurial ecosystem of women-led entrepreneurship to understand its essential phases and activities. Recognizing the process of women-led entrepreneurship development, can thus support a larger number of women to create new entrepreneurs.

2. CONCEPTUAL FRAMEWORK

Entrepreneurial Ecosystem

Stam and Spigel (2016) explain the entrepreneurial ecosystem in four layers. The first layer is known as the framework conditions. It consists of formal institution, culture, physical infrastructure, and demand elements. This level shows the foundation that must be present in the entrepreneurial ecosystem to support the function of the systemic conditions. The second level is systemic conditions, which compose of networks, leadership, finance, talent, knowledge, and support services/intermediaries. At this level, elements create and maintain interactions that result in the form of entrepreneurial activities as it moves to the third layer. In the third layer, the entrepreneurial activities which have involved innovations in order to enable the creation of value added products are executed. When the entrepreneurship is able to engage in the formation of value added products, it has achieved the fourth layer. It will subsequently become feedbacks for the next process in the entrepreneurial ecosystem.

The size of the entrepreneurial ecosystem can grow according to the development of the entrepreneurship. It is determined by the presentation and the dynamic interaction among the elements. Meanwhile, the existence of the elements in the ecosystem depends on the resources it holds upon initiation. Therefore, some elements will manifest when the entrepreneurship gradually grow larger in size. Sarma (2016) states that entrepreneurial growth is influenced by the vivaciousness of the entrepreneurial ecosystem.

Innovations

Innovation has a critical role in determining the life of the entrepreneurship. It is the key for entrepreneurs to be able to compete in the stiff environment of the entrepreneurship. Therefore, the entrepreneurs need to involve innovations in the entrepreneurial ecosystem. According to Mitra and Borza

(2011), innovations come in five forms. The first one is innovations in products which provide value creation for customer and opportunity for new markets and resources. The second one is innovation in organization, including organization types and management changes. The third one is innovation in processes to generate value-added in each process phase. The fourth one is innovation in logistics which offer best distributions for goods and services. And the last one is innovation in marketing which include promotion and market analyzes for the products.

3. METHODOLOGY

This paper's case study is taken from the interview result carried out with a successful woman entrepreneur who owns a beauty entrepreneurship for about 47 years, and is famously known as Martha Tilaar. In addition to that, six informants were also interviewed in order to gather more comprehensive data. Martha Tilaar owns the Martha Tilaar Group (MTG) which consists of eight strategic business units. Data triangulation was conducted to confirm that the collected data is correct. The information obtained from the interviews were subsequently analyzed in order to attain the informants' insight in creating and maintaining the entrepreneurial ecosystem which has developed into successful entrepreneurships.

4. RESULTS

The entrepreneurial ecosystems of the MTG are aligned with the development of the entrepreneurships. The growth of entrepreneurial ecosystem is described as follows:

1. Initially, the framework conditions were very simple because the resources Tilaar owned were limited at the time. The company was only formally registered after 10 years of entrepreneurship. The physical infrastructure was in the garage of the entrepreneur's father's home. It was then moved to a building when she became capable of renting her own space. She created demand by way of mouth-to-mouth promotions. Clients who were satisfied with the salon services and products, will likely tell others. The only element that remains the same is their work culture. Tilaar has always shared the work ethic or culture that she learnt from her parents to all members of the MTG. To maintain good entrepreneurship, one must uphold discipline, honesty, spiritual beliefs, innovativeness, intelligence and persistence. She calls it DJITU.
2. The systemic conditions were also grew as the entrepreneurship became larger. The networks gradually developed as Tilaar met new people in various environments. This had later supported Tilaar in expanding her entrepreneurship. The financial capital to run the entrepreneurship was collected from her immediate family members. As the entrepreneurship expanded, Tilaar began accessing financial institutions to apply for loans. When Tilaar initiated her entrepreneurship, only a few people assisted her in performing entrepreneurship activities. Now, she has nearly 6,000 employees. Support services were consequently needed as the expansion of the entrepreneurship increased to other areas within Indonesia and the South East Asian region. Knowledge was nurtured in the entrepreneurship as business practices rapidly change. Tilaar constantly encourages her employees to gain knowledge by any means, such as participating in trainings, seminars, and taking work-leave for pursuing higher level of studies. Leadership is a substantial key in enabling the entrepreneurial ecosystem to develop into a maturity and maintaining it during periods of unpredictability. Tilaar practices a lead-by-examples style. She tests the products on her body before they are launched. She said, "You need to give soul to your products."
3. In the next level, the framework conditions and the systemic conditions interact vigorously to form entrepreneurial activities. The entrepreneurial activities must represent the creation of innovations. The activities of beauty industry need to be carefully performed because it relates to consumers' safety while using the products and services offered. ISO certification is one of the systems adopted in the entrepreneurship. The use of natural ingredients in the products obliges Tilaar to confirm that the entire production processes are guaranteed as healthy and safe for use. The farmers who become suppliers for the ingredients are thus trained so that the raw materials used are hygienic and meet MTG's quality requirements. She also enjoys teaching her employees to think and observe the environment so they can obtain tacit knowledge that lies behind the situation faced. Based on such knowledge, she asks them to think what kind of activities should be executed for the tasks.

4. The outcome of Tilaar's entrepreneurial ecosystem is the products and services which generated from value creation. It was strongly shown that Tilaar realizes that to compete in the business, she has to engage with new products or services creation for the purpose of adding value to said products and services. To that end, she continues to enhance her knowledge by visiting places in Indonesia and abroad, joining seminars, trainings and workshops, meeting people, and observing the environment. Combining knowledge and experiences, can ultimately assist the individual to think more creatively.

Innovation is the principle requirement for the success of entrepreneurships. It has become the heart of MTG in serving the market. The analysis indicating that the innovations have much to contribute to the development of the entrepreneurial ecosystem is as follows:

1. Tilaar has set two main principles of entrepreneurship, namely the culture and nature of Indonesia. The innovations of MTG were always based on these principles. Consequently, each product and service is created by implementing these principles.
2. Innovations were observed throughout every product and services provided by MTG, including its strategic business units. The cosmetic products of Sari Ayu, Belia, and other MTG brands were created based on Tilaar's realization that living in a tropical country requires cosmetic types that differ from imported products. Tilaar understands that Indonesia has numerous unexplored cultures. She travels from one province to another to find genuine indigenous culture product-making skills from the elder lies. One of the results is the Trend of Colours product series developed by Sari Ayu Martha Tilaar for its cosmetic products, which at the time helped the MTG to survive the 1997 monetary crisis.
3. The tasks of the management and organization are given based on the entrepreneurship's necessity as it extensively develops. The establishment of strategic business units is one of the company's responses to resolving this matter. PT. SAI Indonesia was formed to ensure that the national distribution can function efficiently. The Martina Berto International was designed for organizing international distribution when the MTG intended to expand its market. PT. Cantika Puspa Pesona was initiated to respond to the opportunity of franchising the company's salon and spa services. The Martha Tilaar Innovation Centre was launched as the company realized that competition can only be won by distinctively offering products and services to the customer.
4. The processes of producing goods and services are fitted with the development of the latest methods in the industry that are suitable with the available resources. The skills necessary to implement these methods are renewed by having workshops and trainings for the individuals in charge. Later on, the individuals can design the best means of implementing the new methods for production activities more effectively and efficiently.
5. Innovation in logistics was responded by establishing PT SAI in 1983. As the market expands to other provinces and regions, MTG requires a far-reaching supply and distribution systems in order to deliver goods and services on time.
6. Methods of promotion change as the digital technology invention becomes greater. MTG has considered promotions such as make-up tutorial in social medias, celebrity endorsements, make-up competitions, photo competitions to reach its customers. Market analyzes are conducted to understand market changing specifically in beauty industry. Results in market analyzes will determine the MTG's marketing strategy.

Maintaining resilient principles has actually facilitated the arrangement of dynamic interactions among the elements in the MTG's entrepreneurial ecosystem. The actors, especially, the owner, in the ecosystem can utilize the non-biotic elements in the ecosystem to support the execution of entrepreneurial activities based on those principles. As a result, the entrepreneurial activities carried out will always likely offer value-added products and services that are suitable for market demand.

5. DISCUSSIONS

The entrepreneurial ecosystem of the entrepreneurship

The entrepreneurial ecosystem may refer to an entrepreneurship and its environment mutually striving to enlarge the ecosystem, thus enhancing the entrepreneurship itself. Each entrepreneurship has its unique ecosystem which may differ from one another. Even new entrepreneurs starting up in the same industry may have different characteristics of entrepreneurial ecosystems. This is obviously observed in the process of MTG's establishment. It started from a small entrepreneurial ecosystem and has since developed into one of the most well-known companies in Indonesia with its sophisticated entrepreneurial ecosystems that we know today. Thus, an understanding of the company's own entrepreneurial ecosystem improves the ability to figure out the most suitable entrepreneurial activities that can lead to the invention of value-added products and services. Subsequently, such invention of value-added goods and services would enhance the expansion of entrepreneurship.

The innovations in the entrepreneurial ecosystem

The presence of innovations in the entrepreneurial ecosystem is a must. Innovations improve all aspects in the ecosystem, such as knowledge, modes of thinking and interactions, and the performance of entrepreneurial activities. Additionally, value-added products and services can only be created by innovations. Innovations are intertwined with the entrepreneurship. It has been stated as a fact, based on the interview results, that a successful entrepreneurship is described as one with innovations living in the heart of its ecosystem,

6. CONCLUSIONS

The entrepreneurial ecosystem develops as the entrepreneurship grows. The main actor, namely the individual entrepreneur, must realize the function of each element and the interactions among these elements in the ecosystem in order to properly manage the organization of entrepreneurial activities. However, to complete the process in the entrepreneurial ecosystem, innovations must exist as a requirement in creating value-added products and services.

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