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Women's Empowerment Through Msmes: A Strategy for Improving Family Economy in the Digital Era

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Abstract: This study examines women's empowerment strategies through MSMEs to improve family finances in the digital era. Women play a strategic role in the Indonesian economy, managing 64.5% of all MSMEs and employing 97% of the female workforce. Digital transformation is key to optimizing the potential of women's MSMEs, as the government targets 30 million MSMEs adopting digital technology by 2024. The research method used a descriptive qualitative approach with secondary data analysis from various official sources. The results show that the digitalization of women's MSMEs has a positive impact on increasing family income, expanding market access, and improving business operational efficiency. Effective strategies include digital literacy training, e-commerce platform development, and supporting access to financing. The implementation of the women's MSME digitalization program contributed significantly to national economic growth, reaching 61.07% of GDP, with a value of IDR 8,573.89 trillion.

Keyword: women's empowerment, MSMEs, family economy, digitalization, digital transformation

INTRODUCTION

The digital era brought significant transformations to various aspects of life, including the economic empowerment of women through micro, small, and medium enterprises (MSMEs). Indonesia, with 64.2 million MSMEs, demonstrates significant potential for driving the national economy. According to data from the Ministry of Cooperatives and SMEs, MSMEs contribute 61.07% to Gross Domestic Product (GDP), or IDR 8,573.89 trillion, demonstrating the sector's vital role in Indonesia's economic structure. Women's position within the Indonesian MSME ecosystem demonstrates significant dominance. Data from the Ministry of Cooperatives and SMEs shows that women comprise 64.5% of all MSMEs by employing 97% of the female workforce and contributing 61% to the national economy. This fact indicates that women are not only economic actors but also key drivers in the MSME sector, playing a strategic role in creating jobs and driving the family economy.

Digital transformation is a key catalyst in optimizing the potential of women-owned MSMEs. The Indonesian government has set an ambitious target of encouraging 30 million MSMEs to adopt digital technology by 2024, up from the 27 million MSMEs that had previously adopted digital technology. This digitalization effort not only provides broader market access but also enables women to manage their businesses more efficiently while still fulfilling their domestic roles. Empowering women through MSMEs in the digital era has a multidimensional impact on improving family finances. Women's ability to access global markets through digital platforms provides opportunities to significantly increase family income. Furthermore, the flexibility of time and place offered by digital technology allows women to balance productive activities with domestic responsibilities, creating an empowerment model that suits the characteristics of Indonesian women.

This phenomenon becomes even more relevant when considering the government's target of increasing the national entrepreneurship ratio to 3.95% by 2024, with projected economic growth remaining in the range of 4.5-5.3%. Achieving this target depends heavily on optimizing the potential of women-owned MSMEs, which have proven to be highly resilient and adaptable to economic changes. The digitalization of women-owned MSMEs is also closely linked to increased digital literacy and access to financing. Digital platforms not only provide broader market access but also facilitate access to various financing schemes that were previously difficult for women to access. This creates an ecosystem that supports the optimal growth of women-owned MSMEs.

This research is relevant given the vast potential of women-owned MSMEs that has not yet been fully utilized. A better understanding of women's empowerment strategies through MSMEs in the digital era is expected to make a tangible contribution to improving family finances and achieving national economic development targets.

Library Review

The concept of women's empowerment in entrepreneurship has become a rapidly growing research focus in recent decades. Kartini (2020) defines women's empowerment as the process of increasing women's capacity and ability to actively participate in various aspects of economic, social, and political life. In the realm of entrepreneurship, women's empowerment emphasizes increased access to resources, knowledge, and opportunities to develop businesses that can improve family economic well-being. Mayoux's (2001) theory of women's economic empowerment emphasizes that women's economic empowerment is not only about increasing income but also control over resources and decision-making within the household. This theory is relevant to the situation of women's MSMEs in Indonesia, which not only contribute to family income but also provide women with the freedom to manage finances and make strategic decisions within the family.

The concept of MSMEs as a driving force of the economy has been extensively studied by various researchers. Tambunan (2012) states that MSMEs possess unique characteristics in terms of flexibility, resilience to crises, and the ability to absorb workers with diverse educational levels. These characteristics make MSMEs a strategic option for women who often have limited access to formal education and substantial business capital. Digital transformation in MSMEs has become a new paradigm in the development of small and medium-sized businesses. Research by Sari and Widodo (2023) shows that the adoption of digital technology in MSMEs has a positive impact on increased productivity, operational efficiency, and broader market access. Digital technology enables MSMEs to overcome geographical limitations and access global markets at a relatively affordable cost.

Literature on gender and digital entrepreneurship shows that women have different approaches to managing digital businesses compared to men. Research by Anwar and Fitriasari (2022) identified that women tend to focus more on building relationships with

customers and prioritizing product quality, which aligns with the characteristics of digital businesses that emphasize customer experience and brand loyalty. The family economic theory developed by Becker (1981) provides a theoretical framework for understanding how women's economic activities affect family dynamics. This theory states that women's involvement in productive economic activities can increase family income and influence consumption patterns, investment in children's education, and household decision-making.

Research on the impact of digitalization on women-owned MSMEs in Indonesia is still relatively limited. However, several studies show that women have an advantage in adopting digital technology for relational and community-based businesses. It aligns with the characteristics of many women-owned MSMEs operating in the food, craft, and service sectors, which require personal interaction with customers. According to Bukht and Heeks (2017), the concept of the digital economy encompasses the use of information and communication technology to create, produce, and distribute goods and services. From the perspective of women-owned MSMEs, the digital economy provides opportunities to overcome various traditional barriers, such as limited capital, market access, and business networks, which have previously been major barriers to women's development in the business world.

METHOD

This research uses a descriptive qualitative approach, aiming to provide a systematic overview of women's empowerment strategies through MSMEs in the digital era. This approach was chosen because it provides a deeper understanding of the phenomenon of women's empowerment in the MSME sector and its impact on improving family finances. The research method used is descriptive, utilizing secondary data as the primary source of information. Secondary data were collected from various official sources, including publications from the Central Statistics Agency (BPS), the Ministry of Cooperatives and SMEs, the Ministry of Women's Empowerment and Child Protection, and various reports and publications from credible research institutions. The selection of secondary data sources was based on the availability of complete and accurate data on the condition of women's MSMEs in Indonesia.

Data collection techniques were conducted through literature studies and documentation from various relevant sources. It reviews scientific publications, research journals, and books discussing the themes of women's empowerment, MSMEs, and digitalization. Documentation was conducted using official statistical data, government reports, and publications from international organizations related to women's empowerment and MSMEs in Indonesia. The population of this study was all women-managed MSMEs in Indonesia, which, according to data from the Ministry of Cooperatives and SMEs, constitutes 64.5% of the total 65 million MSMEs. The research focused on women-owned MSMEs that have adopted or have the potential to adopt digital technology in their business operations.

Data analysis was conducted using qualitative descriptive analysis techniques, involving the identification, classification, and interpretation of collected data. The analysis process began with data reduction to identify information relevant to the research objectives. Next, the data was presented in a systematic descriptive narrative to provide a clear picture of the condition and potential of women-owned MSMEs in the digital era. Data validity was ensured through source triangulation, comparing information from various sources to ensure consistency and accuracy. The use of data from official government sources and trusted statistical institutions was key to ensuring the reliability of the research results.

A limitation of this study lies in the use of secondary data, which may not cover all aspects necessary for a more in-depth analysis. Furthermore, the limited availability of current data on the impact of digitalization on women-owned MSMEs is also a factor that

must be considered in interpreting the research results. The analytical framework used in this study includes an analysis of the existing conditions of women-owned MSMEs, identification of opportunities and barriers to digitalization, and an evaluation of various empowerment strategies that have been implemented. The analysis also includes projections of the long-term impact of women-owned MSME digitalization on improving family finances and national economic development.

RESULT AND DISCUSSION

The Existing Condition of Women-Owned MSMEs in Indonesia

Based on the latest data from the Ministry of Cooperatives and SMEs, women-owned MSMEs in Indonesia demonstrate significant dominance in the national economic structure. Women managed 64.5% of the 65 million MSMEs in Indonesia in 2019. This figure demonstrates that women are not merely a minority in the MSME sector, but are a dominant force driving the micro and small economy in Indonesia. The economic contribution generated by women-owned MSMEs is impressive. 60% of MSMEs in Indonesia are owned by women, employing 97% of the female workforce and contributing 61% to the national economy. This data demonstrates that women-owned MSMEs not only provide employment for women but also are major contributors to the national economy, accounting for more than half of the total MSME contribution to Indonesia's GDP.

The business sectors predominantly engaged by women generally relate to daily necessities and creative-based products. Food and beverage businesses, handicrafts, fashion, and care services are the primary choices for women running MSMEs. These characteristics indicate that women tend to choose business types that can be aligned with their domestic roles, allowing them to perform productive economic functions while still fulfilling their responsibilities as homemakers. The geographic distribution of women-owned MSMEs is evenly distributed across Indonesia, with a high concentration in urban and semi-urban areas. This indicates that women have a high ability to adapt to various economic and social conditions and are able to identify business opportunities that align with the characteristics of their local environment.

Digital Transformation and Technology Adoption in Women-owned MSMEs

Digital transformation in the women-owned MSME sector has accelerated significantly, especially after the COVID-19 pandemic, which prompted many business actors to shift to digital platforms. In Indonesia, 27 million MSMEs have adopted digital technology, and the government targets this figure to increase to 30 million MSMEs by 2024. This target demonstrates the government's commitment to encouraging MSME digitalization as a strategy to increase competitiveness and market access. The adoption of digital technology in women-owned MSMEs exhibits unique characteristics compared to MSMEs managed by men. Women tend to focus more on using social media and e-commerce platforms to build relationships with customers and market products. Instagram, Facebook, and WhatsApp Business are preferred platforms due to their interactive nature and two-way communication with customers.

E-commerce platforms such as Tokopedia, Shopee, and Bukalapak have become primary distribution channels for women-owned MSMEs to reach a wider market. The ease of creating online stores and integrated digital payment systems makes it easier for women to manage their businesses without requiring in-depth technical knowledge. Digital literacy is a key factor in the successful adoption of technology by women-owned MSMEs. Digital training programs organized by the government and various private institutions have had a positive impact on improving women's ability to use technology for business. However, a

digital literacy gap still exists between women in urban and rural areas, requiring special attention in empowerment programs.

Women's Empowerment Strategy through Digital MSMEs

The strategy for empowering women through digital MSMEs requires an integrated and sustainable approach. The first strategy is improving digital literacy through training programs tailored to women's needs and characteristics. These training programs should cover the technical aspects of digital platform use, online marketing strategies, and digital financial management. The second strategy involves developing an ecosystem that supports access to financing for women-owned MSMEs. Collaboration between the government, financial institutions, and fintech is key to providing accessible financing schemes tailored to women's needs. Microcredit programs with low interest rates and flexible terms can be a solution to overcome limited capital, which is often a major obstacle for women in developing their businesses.

The third strategy is developing a user-friendly digital platform tailored to women's needs. This platform must have features that make it easier for women to manage their businesses, such as a simple inventory management system, sales analysis tools, and integrated customer communication features. Developing mobile applications that are easily accessible via smartphones is a priority, given the high smartphone penetration among women. The fourth strategy involves developing networks and communities of women's MSMEs that can support each other and share experiences. The establishment of online and offline communities can provide a platform for knowledge transfer, business collaboration, and moral support for women entrepreneurs. These communities can also serve as platforms for accessing information about business opportunities, government assistance programs, and the latest market trends.

The Impact of Digitalization on Improving Family Economics

The digitalization of women's MSMEs has a significant impact on improving family economics through various mechanisms. The first impact is increased income generated by expanding market access. Digital platforms enable women to reach customers beyond their geographic area, thereby increasing sales volume and product diversification. The second impact is operational efficiency resulting from the automation of various business processes. The use of digital inventory management systems, simple accounting applications, and online marketing tools can reduce the time and costs required to manage a business. This efficiency allows women to allocate more time to other productive activities or to their families.

The third impact is increased capacity and skills for women in managing businesses. The digitalization process encourages women to learn various aspects of modern business, from digital marketing to financial management. This increased capacity is not only beneficial for current businesses but also opens up opportunities for developing larger businesses in the future. The fourth impact is greater income stability compared to traditional businesses. Digital platforms provide access to a broader and more diverse market, thereby reducing the risk of income decline due to fluctuations in local demand. Diversifying income sources through various digital platforms can also increase family financial resilience.

Evaluation of Women's MSME Empowerment Programs and Policies

Evaluations of various women's MSME empowerment programs have shown mixed results. Government-organized digital training programs have had a positive impact on improving women's digital literacy, but there is still a need for more intensive and sustainable follow-up programs. Evaluations indicate that a single training program is not sufficient to produce significant changes in digital technology adoption. Financing access programs for

women's MSMEs have shown moderate success. Although various microcredit schemes and capital assistance programs exist, administrative barriers and requirements remain difficult for women, especially those in remote areas. Simplifying procedures and utilizing digital technology in the application and verification processes can improve the effectiveness of these programs.

Government policies supporting the digitalization of MSMEs have generally had a positive impact, but still require adjustments to address women's specific needs. More gender-responsive policies are needed to ensure that empowerment programs are equally accessible to women from various economic and social backgrounds. Programs to establish women's MSME communities have shown promising results in terms of knowledge transfer and peer-to-peer support. Active communities can be a catalyst for digital technology adoption and improved business performance. However, the sustainability of these communities requires stronger institutional support and structured programs.

CONCLUSION

Women's empowerment through MSMEs in the digital era has demonstrated a significant impact on improving family finances and national economic development. The dominance of women in the MSME sector, which reaches 64.5% of all business actors, indicates significant potential that can be optimized through appropriate digitalization strategies. The contribution of women-owned MSMEs to the national economy, which reaches 61%, demonstrates that women's empowerment is not only a social issue but also a vital economic strategy for national development. Digital transformation has opened up new opportunities for women to develop businesses with broader market access and improved operational efficiency. The government's target of encouraging 30 million MSMEs to adopt digital technology by 2024 demonstrates a commitment to harnessing the potential of digitalization as a driver of economic growth. However, achieving this target requires a specific strategy responsive to the needs of women entrepreneurs.

An effective empowerment strategy must encompass four key aspects: increasing digital literacy, developing access to financing, creating user-friendly platforms, and building a supportive community. Implementation of this strategy must consider the unique characteristics of women in running businesses, including the need to balance productive and domestic roles. An integrated and sustainable approach is key to the success of women's empowerment programs through digital MSMEs. The digitalization impact has been proven significant in improving family economic well-being through increased income, operational efficiency, capacity building, and financial stability. Women who successfully adopt digital technology demonstrate substantial increases in income and the ability to develop larger businesses. It contributes to improved family well-being and women's overall economic empowerment.

Evaluations of existing programs and policies indicate the need for adjustments and improvements to enhance effectiveness. Digital training programs need to be intensified and tailored to women's specific needs. Access to financing needs to be facilitated through simplified procedures and the use of digital technology. Government policies need to be more gender-responsive to ensure equal access to empowerment programs. Women's empowerment through digital MSMEs has significant potential to contribute to achieving national economic development targets. With the right strategy and consistent implementation, women's MSMEs can become a driving force for inclusive and sustainable economic growth. Collaboration between the government, the private sector, and civil society is key to realizing this enormous potential for Indonesia's economic progress.

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