

## Woman's Decision to be an Entrepreneurship in the Informal Sector in Makassar

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### Abstract

This study aims to determine the factors underlying women with high school education levels up to bachelor, for entrepreneurship in the informal sector. Answer the research problem; the data were collected through 22 informants and then analyzed using a qualitative phenomenological approach. The results showed that six factors were underlying the decision of women to become entrepreneurs in the informal sector, which consisted of leisure time factors, socio-cultural factors, marriage factors, ease factors, capital factors, and economic factors.

### Keywords:

women, entrepreneurship, informal sector

### 1. INTRODUCTION

Before the economic crisis and after the financial crisis, employment is no longer dominated by men. The equality of rights between men and women allows women to participate in economic development. The desire to help the family economy is a reason for women to work, in addition to the desire to get equal opportunities, the willingness to participate, social status, and an established life both for themselves and for families.

Entrepreneurial women in the informal and formal sectors must be for a variety of reasons. According to Anonymous, cited by Jusnaseltika (2005), the factors that influence the level of participation of women in the workforce are group, age, level of education, marital status, number of children, and development of work opportunities.

In Indonesia, the number of women doing business in the informal sector is 84 percent, of which 54 percent are in the informal agricultural sector, and 30 percent are in the non-agricultural informal sector. The growth of the female workforce for entrepreneurship in the informal sector needs to examine (Handayani, 1993). Although the informal sector does not require special requirements, the dual role of women as mothers and as breadwinners is weighty, although not as the primary breadwinner. At a practical level based on UNDP data (2000), it shows

that both developed countries and developing countries, the average female workload is higher than men, namely women at 430 minutes per day while men 408 minutes per day (Rahmatia, 2004). The time allocation for market activities and non-market activities is relatively the same between the developed country and developing country, which is 34 percent for market activities and 66 percent for non-market events.

Meanwhile, Kompas (12 April 2011) reported that around 61 percent of workers or 60 million of 97 workers in 2008 worked in the informal sector. BPS recorded the number of informal sector workers at 72,72 million people in 2009; this number increased compared to the same month in 2008 of 71,35 million people. Meanwhile, the amount of labor force in Makassar city for women was 193,982 people in 2007, while in 2008, it also increased by 216,663 people, and in 2009 it reached 237,286 people. Although the number of female work-forces is still smaller than men, this number never decreases every year and even always goes up Badan Pusat Statistik, 2011.

The informal sector is often considered harmful due to a large number of workers in this sector and is deemed to be unproductive. However, on the other hand, the informal sector can overcome labor problems. It is due to the informal sector providing business opportunities for workers who are not absorbed in the formal sector, including among them female workers who have increased quite rapidly.

Research related to the informal sector is not new. However, it is still be done because of the desire to develop existing research in more depth about the background that encourages women to establish businesses in the informal sector, in addition to the reasons caused by their not being absorbed into

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the formal sector. Another intention underlying this research is that there are informal women workers with tertiary education, which no longer makes the formal sector an option for work. It contrasts with the level of knowledge that is implied in the informal sector, namely the highest level of education at the junior high school level and at least the senior high school level, while in Makassar, some women work in the informal sector having high education and undergraduate degrees.

This situation is reinforced by a study conducted by Firnandi (2002) that the higher the level of education, the lower the percentage of informal sector workers. So, it becomes interesting to examine in more depth the reasons behind women with high school education levels up to Bachelor, choosing entrepreneurship in the informal sector in Makassar. Besides, there has been no writing about the reasons for women with higher education to work in the informal sector, so the authors are interested in doing this research.

The focus of the problem in this study is why women with higher education (high school and above) are entrepreneurs in the informal sector, while this sector is intended for women with low education levels.

The purpose of this study is to uncover and interpret more in-depth information relating to factors influencing women to work in the informal sector in Makassar.

## 2. LITERATURE REVIEW

### *Entrepreneurship*

Entrepreneurship is the ability of someone who can see and assess business opportunities, gather the resources needed, as well as the ability to take appropriate actions and take advantage to achieve success ((Amperaningrum and Ichyudin, 2012). Entrepreneurship can also be interpreted as a trait and character or trait owned by someone, and the willingness to realize ideas/ideas into the real world. Another characteristic of the entrepreneur is always feeling dissatisfied with what he has achieved and always innovating.

### *Informal Sector*

Keith Hart was the first person to introduce the concept of the informal sector. He is a British anthropologist, who put up the idea of separation between the two sectors, namely "formal" and "informal" in his research on small business units in Ghana in 1971. The term is also popularized by the International Labor Organization (ILO), which is contained in its report on aspects of development and employment opportunities in Kenya, and subsequently through research reports on employment opportunities in major cities in Asia, Africa, and South America. Hart (1973) states that the informal sector is an activity carried out by self-employed. He also distinguishes between the formal and informal sectors based on how a person earns income, whether from his salary or own business. Hart emphasized whether the remuneration for workers is regulated based on permanent and regular fixed wages/salaries, or whether it is determined based on the strength of demand in an ever-changing and changing market.

In 1972, the ILO in 1972 (Handayani, 1993) emphasized the characteristics that distinguish the formal and informal sectors, based on seven main components of the informal sector, namely:

- Can be easily entered by anyone.
- Using existing resources around the location.
- The business is generally family-owned.
- Operating on a small scale.
- The informal sector is labor-intensive and uses technology that has been adapted to local conditions.
- It does not demand skills originating from formal education pathways.
- The market encountered is not regulated by the government and is very competitive.

According to Effendi, it is cited by Jusnaseltika (2005) that the informal sector is not limited to those who work alone, but also to those who use labor from their families and outside their families. The average capital employed comes from their savings, loans from friends, or loan sharks. Workers in the informal sector are usually scattered in centers of economic activity that have opportunities for the demand for the products they offer, for example, in terminals, stations, markets, and modern shopping centers (Yustika, 2000). Furthermore, according to Sethuraman (Yustika, 2000), there are other characteristics or conditions for informal sector workers, namely: not working at regular hours, family workers, not getting credit from formal institutions, not using electricity or mechanical power, using labor per business unit not more than ten people.

Enterprises in the informal sector are often found in developing countries. In Indonesia, it can be found, for example, street vendors, peddlers, stalls, barbers, clothes washing businesses, cobblers, flea builders, and other household businesses.

### *The Social Characteristics of a Woman's Informal-Formal Worker Demographics*

Handayani (1993) states, Women who work in the informal sector more settled in rural areas than cities, namely 90.62 percent in rural areas and 54.32 percent in cities. That is because women in the village contribute more to the informal sector of agriculture. While in the city, women work in the non-agricultural informal sector. Data shows that women who work in the non-agricultural informal sector, have a large number in the town, at 47 percent, while women in the villages who work in the informal non-agricultural industry only 26 percent. The situation is reasonable considering that in the town is an agricultural area, while the informal non-agricultural sector in the city includes the trade and services sub-sector. If the village is dominated by the informal agrarian sector, in contrast to the formal sector, a higher proportion is in the city than in the village.

Handayani (1993) also highlights differences in the level of education between women working in the formal and informal

sectors. According to her, women who work in the informal sector have low education, both in the informal agricultural sector and the non-agricultural informal sector. The little knowledge of women who work in the informal sector is natural because of the characteristics or nature of work that does not require formal education qualifications. The further components of the informal sector can be seen in the marital status, which is quite evident in the difference between the formal and informal sectors.

The informal sector, both the agricultural and non-agricultural informal sectors, has a relatively similar pattern in which 60 percent are married women. While in the formal sector, the proportion of married women was 42 percent, and 43 percent were single. The amount is almost balanced with a difference of only 1 percent. A large number of female workers in the informal sector are due to work in the informal sector being more flexible than the formal sector because the informal sector workers themselves can set working hours. Thus women can balance between taking care of family and household chores with time to work in the informal sector.

#### *Reasons for Women to Work*

Rahmatia (2004) states that in supporting the household economy, the role of women is increasingly crucial in line with increasingly tricky jobs, especially in urban areas. Theoretically, the factors causing women's participation to work are based on demographic, economic, and social factors. Demographic factors include age, marital status, level of education, dependents, total income, and area of residence.

Another study from Sumiati et al. (2000) showed that 85 percent of respondents said they worked outside the home due to economic pressures because the husband's income was considered insufficient to meet their daily needs. The reason they chose to work in the informal sector (especially mobile vegetable sellers and herbal medicine carrying) was because this business was relatively easy, had little risk and relatively low capital. According to respondents, the role of women is beneficial in the household economy to meet the needs of daily life.

### **3. RESEARCH METHOD**

#### *Research Approach*

This research was conducted using a qualitative method approach. This approach was chosen because it is by the objectives to be achieved, namely to get the meaning of what is in the mind of the informant, as well as to get a narrative event description. Satori and Komariah (2009: 22) state that qualitative research is research that emphasizes quality or the most important thing from the nature of an item/service.

#### *Phenomenology Perspective as a Research Approach*

The phenomenological perspective was chosen to be used in this study with consideration; studies of humans cannot be carried out like studies of material that are static and linear, as in studies that are positivism. A phenomenon is subjective and

meaningful, which is very dependent on the perception, understanding, understanding, and assumptions of the perpetrators (Miles et al., 2014).

#### *Research Gap*

The basis of this research is the tendency of women to be entrepreneurs in the informal sector, wherein terms of the theory state that the informal sector is a sector that only requires a low level of education. But in reality, now many women are also interested in a high level of education to become a livelihood. When the labor force is out of balance with the available employment opportunities, women try to obtain employment opportunities by carrying out activities in the informal sector, as grocery traders, roadside traders, street vendors, boarding houses, street vendors, and others.

#### *Location of Research*

The study is located in the city of Makassar, taking into consideration the lack of research on the factors that are the reasons for women with high school education to Bachelor who do business in the informal sector.

#### *Data source*

The data comes from:

1. Informants through interviews  
The informants in this study were women working in the informal sector with high school and university levels. Types of data from informant sources in the form of excerpts from interviews in the way of a collection of simple factual sentences or can also be in the form of full paragraphs related to the reality under study.
2. Books and Journals  
Sources of writing in the form of books, scientific magazines, archives, theses, theses, a recapitulation of the population of the study area, maps/drawings of the study area, and data on the names of women workers in the informal sector.

#### *Data collection technique*

Observation were made on the object under study either directly or indirectly, to get the meaning of gestures, attitudes, atmosphere, and impressions that appear.

Interview conducted in qualitative research consisted of:

Unstructured interviews are free interviews where the researcher does not use interview guidelines. The interview guidelines used only outline the questions that were asked.

In-depth interviews are open-ended questions and answers to obtain data about the intentions of participants' hearts, how to describe what is on their minds and how they explain or express their feelings about important events in their lives (Satori and Komariah, 2009).

#### *Documentation Method*

Documentation method is used to obtain information from various written sources or documents that are given to informants.

### Data Validity

To obtain data validity, researchers used triangulation techniques. Triangulation is a data validity checking technique that utilizes something other than the data for checking or comparison purposes.

The triangulation model used in this study is comparing observational data with interview data. Sources obtained from the interview guidelines, compared with observations in the field. The aim is to find common ground in revealing data.

Comparing the situation with the perspective of someone with a variety of opinions and views of people such as ordinary people, people with secondary or higher education, people are, and people in government.

### Data Analysis Model

The data analysis technique used is a descriptive narrative. This technique, according to Miles et al. (2014), is data reduction, data presentation, and concluding.

## 4. RESEARCH RESULTS AND DISCUSSION

### Proposition

The findings based on interviews with 22 informants, with characteristics consisting of stall owners, wholesaler and beauty salon owners, show the factors affecting women's entrepreneurial decisions in the informal sector.

#### Proposition 1. Free time filler

The composition of job seekers based on BPS data shows the high number of job seekers with high school and Bachelor background. A large number of tertiary education graduates from private and state tertiary institutions are not supported by formal employment growth. This is evidenced in data from BPS that the informal sector workers experienced a surge. It is supported by a statement spoken by Hj.A.Nilawati S. Sos, Sita, Hasni, Isa, and Hasni, SH., Namely:

"The driving factor of doing business in the informal sector is just a time filler while waiting for acceptance as a civil servant because actually, I prefer to work as a public servant or company so that every year I always take a test, but until now it has not been accepted. As long as I haven't been recognized as a civil servant, I will continue to work like this."

From their statement above, it can be analyzed that the people still hang their hopes to work in the formal sector, namely as a civil servant or an employee in a large company. Their efforts in the informal sector are caused more by free time but still earning income. Thus it can be said that the lack of employment opportunities in the formal sector makes these women interested in doing business in the informal sector.

#### Proposition 2. Social Culture

Cultural factors also have an extensive and robust influence on a person's behavior, including in finding work. A person

will obtain values, perceptions, preferences, and responses to decide on something important through his family and the people around him.

When the interviewees were asked the reasons for the start, they decided to try in the informal sector, stating that:

"they set up their business because of the opportunities of this job, while it is complicated to become a civil servant or other employees. Besides, there are demands from families and the environment that are very proud of their children's work, and there is a feeling of pride because the people around them have worked after school."

It is consistent with what was said by one of the speakers named Hasni and Nurdityati:

"In the past, women in the family were strictly prohibited from working, especially outside the home, but now the environment is very proud if women work, so I am proud to be able to work even though it is only like this."

According to one informant that current conditions that are more open give a sense of pride because of the environment, especially parents require that both men and women have to work, besides, because it is very proud of women who can be independent in meeting their needs. Thus it can be said that their business in the informal sector is due to environmental pressure, where there is a feeling of shame if only those who do not work in their environment. The traditional culture which initially did not require women to work other than taking care of the household, in fact, has shifted to the necessity for women to take part in working to support themselves and their families.

#### Proposition 3. Economic

Difficulties in meeting the needs of life in big cities, making job seekers, especially women, to glance at the informal sector, with the most important reason being to get income or additional income. As stated by several sources who said that:

"Although my husband already has an income, there are many needs, especially for the financing of children, so I chose to work by opening a food stall, as well as better financial condition after work."

Challenging to get job opportunities, difficulty in earning income, high prices of necessities, an inadequate income of husbands and husbands who do not have a job, cause some people, especially women, to decide to work in the informal sector and some even look for work abroad.

#### Proposition 4. Household Responsibility Theme

The primary group that has the most influence on an individual is the family, especially their parents. From parents, a person gains an orientation or understanding of religion, politics, economics, personal ambition, personal appreciation, and love (Kotler and Keller, 2008). The status of married women has divided women's concentration. Women also want a career

outside the home but are constrained by the desire of women who also want their families not to be neglected.

The interview results show that not because their marital status makes them entrepreneurs in the informal sector, but after marriage, they cannot expect more in the formal sector. This is because the formal sector requires it to follow regular work schedules, while they also have to take care of children and households. According to several informants, their work in the informal sector was caused among other things (such as the narrative of Indi, SE), stating that:

”My married status makes me unable to work with fixed hours. I used to work in a hotel in the area, but after marriage, I stopped because of a different location, and then I worked like this because the time was more flexible, easier to manage ... ”

Based on the narrative above, women’s decision to establish a business in the formal sector, as a result of difficulties or doubts due to marital status, makes them difficult to be accepted. Besides, the problem of working time in the formal sector must be following the specified time. The choice to the informal sector is the emphasis on the availability of time for the family, by choosing the informal sector, the time is more flexible, more relaxed, and easier to manage the time according to circumstances.

#### **Proposition 5. Educational**

The education factor becomes a consideration for doing business in the informal sector. The average informant said that they did not consider the level of education when entering the informal sector, As stated by one resource person named Indi, SE:

”I work like this because this job does not make education an absolute requirement.”

Erni said the same thing:

”Working here does not consider education, so it is not complicated to take care of registration.”

Thus the statements above are in line with the definition of the informal sector, where one of the states that this sector does not demand skills from the formal education path. The reason why women work in the informal sector based on the interview through the interview above states that this sector is easily entered because it does not consider the status of education. The purpose of the statement is that all levels of education can join the informal sector.

#### **Proposition 6. Capital**

The availability of capital is essential to open a business. Still, the criteria for an industry included in the scope of the informal sector are activities that only require very little capital. The small amount of money needed to do business in the informal sector does this job in the lyrics of women to be alternative employment.

As said by Isya, SH:

”My choice is to do this job because I don’t have a large capital to work. Besides, it doesn’t require me to borrow money, so I don’t have debt. ”

Nutrdiyati (35 years old) said

”I do this because the capital is not large, only using savings to start a business; I always avoid borrowing from banks.”

The small amount of capital needed to do business in the informal sector makes this factor also considered by the informants. Equity can be met even if only from savings or pooling funds from families.

#### **Proposition 7. Ease**

The informal sector provides convenience to its workers, where businesses in the informal sector do not need a big place and space; besides that, they do not need to take care of business licensing, do not require expertise as the formal sector.

According to an informant named Wulan, when asked to him: whether to choose the formal sector because of the ease factor? The answer is:

”Not because the place of business is the cause, but the workforce does not require special requirements, and work can be done anywhere, the work atmosphere is also comfortable, and the income is decent.”

Isya, SH also said the same statement:

”Doing business like this does not need a large place, besides there is no business license, and also like now, I stay at home nowhere.”

Devita, another informant, said that:

”There are no specific requirements and work can be done anywhere; more experience can be in the informal as well as income.”

Overall, of the 22 informants interviewed, on average they said that ease, both in terms of place of business, business license, ease of labor and ease of doing business, and time that was very flexible was more and more relaxed because it did not need to be formal, making these women work in the informal sector.

#### *Grouping Findings Into Themes / Factors*

Based on the above groupings, it appears that six factors influence the decision of women with tertiary education to work in the informal sector. This grouping is based on the similarity of meanings that arise from the results of interviews with respondents, as follows:

##### **1. Time filler factor.**

The phenomenon that arises from this theme is that their plunge into the informal sector is not made as permanent land but rather to fill leisure time, some even make this sector as a hobby distribution, while waiting for the reopening of opportunities in the formal sector.

The high level of their education makes them still hope to work in the formal sector, for example, as civil servants or in banking, even though the income from the informal sector, according to researchers' observations, is suitable for their lives. This woman's choice is based on the belief that they have the qualifications to enter the formal sector only yet to get a chance, so the alternative is to continue earning income through work in the informal sector.

## 2. Socio-Cultural Factors

The phenomenon of gender equality today, where women and men get equal opportunities in any field, has also influenced the decision to work in the informal sector. Informants choose the informal sector with consideration of social factors, wherein their environment the average woman works outside the home, so that even though they are only involved in a small home-based business, the social impact is that they are not unemployed, in addition to their pride as women can support themselves so that they can raise their status in society.

## 3. Family factors

The desire of women to work is quite reasonable; the current economic conditions where the prices of necessities are increasing, causing women to play a dual role as housewives and breadwinners. Women in the informal sector enable them to have the ability to handle the circumstances of their household, which indirectly also support their families. It is due to efforts to get income that can be done at home, or if they leave, the house can be done flexibly, due to non-binding working hours.

## 4. Ease Factor

Women with higher education levels who are not accommodated in the formal sector, make the informal sector as a substitute job while waiting for opportunities in the formal sector. The findings show that in some previous studies, it was mentioned that more women go to the informal sector due to the ease of entering the informal sector because this sector does not require skills, unique specifications, significant capital so that women with low education levels are desirable. But for women with tertiary education, what is meant by convenience is the ease of building a business in the formal sector because it does not require many conditions and procedures so that it can be a casual job while waiting for opportunities in the formal sector.

## 5. Factors Limited venture capital

For women with a high level of education, doing business in the informal sector also considers the capital aspect. Establishing a business in the informal sector does not require a lot of costs so that following the purpose of the woman to go into the informal sector, which only makes this sector as a pastime or hobby while waiting for opportunities to the formal sector.

Easy to set up a business, a location that is not too far, even around where they live, a building area that is not too large,

does not require a hefty fee. Costs incurred are also personal savings without having to make a loan at the bank.

## 5. CONCLUSION AND IMPLICATION

Based on the results of the study, it can be concluded that overall, six factors influence the decision of women with higher education levels to work in the informal sector; namely, the informal sector was chosen as (1). Free Time Filling Factors, namely as side jobs while waiting for opportunities in the formal sector (Civil Servants), (2) Socio-Cultural Factors, (3) Family Factors, (4) Ease Factors, (5) Capital Factors and (6) Factors The economy.

For the Government, the need to pay attention to the development of the informal sector, especially the protection and guarantees of women informal workers. Besides doing empowerment through counseling to women in the informal sector, given the informal sector is the best anticipation in overcoming unemployment.

For academics, it is necessary to approach the community, especially women, through training that can do their business in the informal sector develop even more professionally developing, so it is possible to open up employment opportunities in overcoming unemployment. Thus they no longer make the informal sector as a mere time filler.

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