

The role of female leadership and female entrepreneurship in business in Surabaya

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ABSTRACT

The issue of gender equality has still been a global topic. This implies that male and female should be treated equally. In Indonesia, the realization of gender equality should be pursued by providing wider opportunities for females in various aspects such as in social life with their role in the economy. Nowadays, females can freely open businesses or become entrepreneurs, and even they have opportunity to lead an organization. However, in reality, the number of business females is still very limited compared to the males. For that reason, it requires empowering the female for increasing the number of female entrepreneurs in Indonesia. This study provides a typical character of leadership and entrepreneurship of females in running the business. It explores the role of leadership and entrepreneurship of female in business in Surabaya. This is qualitative methods of case study, with in-depth interviews on the informants of female entrepreneurs who have business in Surabaya. It shows that female's leadership in business applies transformational and transactional leadership style. Yet, they tend to act as a controller while the role as an enabler is done only for certain conditions. From the entrepreneurship point of view, it shows an important role of entrepreneurship that is to build a culture of innovation and create competitiveness.

ABSTRAK

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Isu tentang kesetaraan gender masih menjadi topik global saat ini. Artinya, bahwa pria dan wanita wajib diperlakukan sama. Di Indonesia, kesetaraan gender diupayakan dengan memberi kesempatan bagi wanita dalam berbagai segi kehidupan sosial masyarakat, termasuk dalam perekonomian. Saat ini, perempuan bisa berbisnis, menjadi entrepreneur, dan memimpin organisasi bisnis. Namun, jumlah pebisnis perempuan masih sangat terbatas dibanding dengan laki-laki. Oleh karena itu, pemberdayaan perempuan dalam perekonomian perlu peningkatan jumlah mereka di Indonesia. Perempuan memiliki karakter yang berbeda dengan laki-laki. Penelitian ini berusaha menggali peranan kepemimpinan dan entrepreneurship perempuan dalam bisnis di Surabaya. Dengan metode kualitatif studi kasus, studi ini memberikan gambaran fokus penelitian. Instrumen penelitian menggunakan wawancara mendalam dengan nara sumber entrepreneur wanita yang memiliki bisnis di Surabaya. Hasilnya mengindikasikan kepemimpinan perempuan menerapkan gaya kepemimpinan transformasional sekaligus transaksional. Mereka juga cenderung berperan sebagai controller, sedangkan peran sebagai enabler hanya dilakukan untuk kondisi tertentu. Dari sudut pandang entrepreneurship, diungkapkan peranan penting entrepreneurship dalam bisnis adalah untuk membangun budaya kompetitif dan menciptakan inovasi.

1. INTRODUCTION

Since in the beginning of the feminist movement in the late 19th century in Europe, the issue of

gender equality has become a global topic. A world organization in the United Nations, for example, has put such issue in the Millennium

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Figure 1
Percentage of Companies Owned by Female in the World



Source: www.ifc.org (2011)

Development Goal (Waage et al. 2010). Gender equality itself implies that male and female should be treated equally. In Indonesia, the struggle for gender equality has begun to evolve since the national female heroes struggle such as RA Kartini and Dewi Sartika. The Indonesia government through the Ministry of Female's Empowerment and Child Protection has a vision for gender equality in the Republic of Indonesia (Administrator 2011). Besides that, the Indonesian government is working on Justice and Gender Equality Bill in the House of Representatives (Harahap 2013).

Based on such description, it appears that gender equality has given wider opportunities for females to be involved in various aspects of life that was previously not open for them or it was dominated by males. In politics, for example, the Indonesian government has required 30% quota for female candidates to be leaders since 2009 (Kulsum 2013). Regardless of the performance of female in these fields, female have taken a greater opportunity to engage actively in the social life in the community.

It has nowadays the revival in relation to female's involvement in business as an entrepreneur has occurred (IFC 2011). The females have shown their existence by taking key positions in multinational companies or becoming entrepreneurs worldwide (see Figure 1). Forbes and Fortune lists the names Ginni Rometty as (CEO of IBM), Indra Nooyi (CEO of Pepsi), and Marissa Mayer (CEO of Yahoo!) as the most influential female in the business world (Fortune 2013). Annita Roddick (founder of The Body Shop), Martha Tilaar (founder Martina Bertho), and Moeryati Soedibyo (founder of Mustika

Ratu) are the names of successful female entrepreneurs. The deputy of general treasurer of HIPMI (the association of Indonesia female entrepreneurs) stated that the association expects the number of female entrepreneurs in Indonesia in creases by at least 30 percent (Kemmenko_Perekonomian 2013).

In terms of business and entrepreneurship, males and females show different leadership and entrepreneurship (Kamberidou 2013). It is stated that females have a different way to relate socially to males, in which this also affects the way they do the business. Gender will affect how business leaders initiate change in carrying out their responsibilities. It also influences employees to achieve company goals, establish ethics and corporate culture (Thomas, Schermerhorn, & Dienhart 2004). Gender also affects how female do their entrepreneurship. Based on these arguments, this study focuses on the role of female's leadership in business in Surabaya and the role of female entrepreneurship character in business in Surabaya.

This study attempts to determine the role of leadership and entrepreneurial characteristics of business organizations of female leaders in Surabaya. It also offers a new approach to the model of female leadership. Besides that, there have been a lot of researches on the character of entrepreneurship as calculated risk taker, creative and innovative, initiative and so on. However, this study emphasizes the role of female in particular entrepreneurial character. It is to provide additional literatures, the research module and guidelines about the type of leadership and characteristics of female entrepreneurship for academics and ordinary people.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

Female in Leadership

So far, there have been debates on the properties of leadership such as that it can be learned if the people get the opportunity, education, and experience or indeed a person was born already equipped with talent leaders. However, these two different opinions indicate the basic meaning of leadership itself which refers to the same concept: the ability to realize the potential of the followers and directing them to the skills, knowledge, and ability of the group to produce something (Susanto 2003).

In the past, a leader was often illustrated as boss with his full authority and power. Today, a good leader is the person who does everything right, and must be the example or as the role model to inspire his followers (Maxwell 1993). A person's activities are not only related to the leaders that make plans, solves problems, and does not organize the people, but also prepares the organization to make better changes and help steer them in overcoming the problems (Kotter 1999).

Leadership is then conducted by various modes of interaction that affects the thoughts, feelings, and behaviors so as to establish the subordinate transformational leadership style in which the leader is believed to be the model, set a goal, make a plan to achieve the goal, and encourage subordinates to develop their potential. That is the transactional leadership style, where leaders set responsibility of subordinates, gives rewards for achieving work and sanctions for mistakes. The style *laissez - faire laissez - faire* nature gives complete freedom to subordinates to perform the work and provide guidance if needed (Eagly & Carli 2007).

Generally, female's leadership styles tend to provide support and motivation to subordinates as well as use more rewards to the success of subordinates. Yet, males use more correction and put discipline in controlling subordinate behavior. They also more often apply *Laissez -faire* style (Eagly & Carli 2007). Woman leaders showed more optimism towards the goals set, they seek to develop the potential of subordinates and more attention to their needs. Yet, man leaders have more attention to the problems and errors and provide solutions to the members who have actually been required (Eagly & Johannes-Schmidt 2001).

Regardless of the leadership style, a leader

has a very vital role for the existence of the current company and its future. The role of leadership can be categorized into two, (Plowman et al. 2007), such as the following.

1. A leader is as a controller who directs and controls the organization's future which was predicted in advance. In this case, the leader will use a variety of ways that lead to the achievement of the expected future, which is oriented to the transactional leadership style and transformational style (Plowman et al. 2007). Leaders set the standard of behavior, controlling the work of subordinates for companies to pay attention to the individual needs of subordinates to direct all the elements in the company to the destination set (Eagly & Johannesen-Schmidt 2001).
2. A leader is as an enabler that is more to create an environment that fosters the innovation of subordinates rather than creating innovation. Leaders catalyze more than control, help enable more on behavior that is useful for the growth of the organization and follow where the organization develops (Marion & Uhl-Bien 2002).

The role of leadership as a controller was based on the traditional view of leadership theories while the emerging role as an enabler of the view that the leadership will face a complex system and the environment in which the external and internal dynamics of the company is quite high (Marion & Uhl-Bien 2002).

Woman Entrepreneurship

An entrepreneur in the economy has a vital role and a positive impact on the dynamics of the economy. Entrepreneurship is not just a science and an art. It is rather a practice-based knowledge and managerial skills. In running the company, the practice of entrepreneurship and management should be applied equally by the company in order to achieve its objectives. Yet, there is a difference in focus, where the practice of entrepreneurship focuses on innovation and managerial practices; it also focuses on resource development, operations, and strategy (Nassif, Andreassi, Tonelli, & Fleury 2012). Given these differences, it is not just the entrepreneurial competencies that can be set up and run a business. It also involves some competencies such as innovation, opportunities, organizational, strategic, social, commitment, conceptual, networking, continuous learning, and self- life balance (Nassif et al. 2012)

An entrepreneur has a part or all of the entrepreneurial competencies that are used to run the company. The entrepreneurs' competencies determine how an entrepreneur runs a business. Therefore, the role of entrepreneurship in business is also related to the competency of the entrepreneur. This role consists of, among others, abilities to build a competitive culture within the organization (Hult, Snow, & Kandemir 2003), to create innovative, proactive (Yamada 2004), gaining new insights about the market opportunities (Nassif et al. 2012), and to network expansion business (Yamada 2004).

Nowadays, males and female have equal opportunities in business but the number of woman entrepreneurs is not as high as that of the man entrepreneurs. Though there is currently no clear evidence that the ability of female entrepreneurs is lower than males. Even some of the characteristics of the work, business and entrepreneurial female tend to have similar characteristics to males (Pines, Lerner, & Schwartz 2010).

The condition of female entrepreneur development is influenced by some factors from both within and outside themselves. These factors are such as female do not start a business until they are sure to have ability, but when the business has been running, they are more likely to seek advice from outside with varied experiences compared to the males (Pollard 2006). The external factors that inhibit female entrepreneurship are still related to social and economic inequalities and discrimination (Pines et al. 2010), financial difficulties, difficulties play a role in the international markets and the lack of female entrepreneurs who can role model (Nassif et al. 2012).

In relation to the support and success factors, in the perception of female entrepreneurs, the perception of support has a positive effect on their business success, and the perception of success is also regarded as a form of support for female to be entrepreneur (Pollard 2006). Female entrepreneurs are also aware of the importance of developing entrepreneurial and managerial competencies and balancing personal life with work, overcoming fear, emotional control, creativity, and persistence in running a business (Nassif et al. 2012). Another characteristic of female entrepreneurship is the motivation of female in entrepreneurship related to opportunities and needs. In more developed countries with a higher economic level, female tend be entrepreneurs seeing good opportunities to do business.

Yet, the economy in the states with the lower level, female entrepreneur is motivated by need, namely to sustain the family economy, make ends meet, and must work to earn income (Pines et al. 2010).

3. RESEARCH METHOD

This study employed a qualitative research method with a case study analysis approach. The observation was done on female entrepreneurs with natural or unnatural conditions through a series of interactions with the researcher to gain an understanding of the role of leadership and entrepreneurship in the business women. The available data were used without manipulation process (data past and present) that is through the study of literature and interviews.

This research was conducted in Surabaya through case studies of female entrepreneurs who meet the criteria. The selection of the location was in the second largest city of Surabaya in Indonesia and the capital of East Java province, which is now the province with the highest economic growth in Indonesia. Surabaya has a rapid development of economic activity that has increased the number of new entrepreneurs. Another consideration is the nature of qualitative research that requires more research or often in the field.

In reference to the focus of the research and formulation of the problem, it uses a purposive sampling, where the researcher used a variety of considerations based on theoretical concepts. Besides, it is also based on the curiosity toward the personal characteristics of the object under study. Thus, the sampling was a snowball sampling, where the sample is expected to be the beginning of many other domains. The data collection techniques were the observation of informants, interviews, documents, and triangulation.

The process of data collection was planned through the stages of preparation for entering the area of research activities, located at the study site, and data collection. The research instrument was the researcher himself assisted by a series of tools that is interview guide and the means of documents, places, and events.

The interview was used to prove information and data obtained previously. The analysis was done using techniques as Huberman Miles (1984) suggested where the activity in qualitative data analysis is done interactively and continuously over the time until all is complete or saturated.

The size of data saturation is characterized by not obtaining further data or new information. The activities include reduction in the analysis of data (data reduction), data presentation (display data) as well as drawing conclusions and verification (conclusion or verification).

4. DATA ANALYSIS AND DISCUSSION

Overview of Research Objects

The selection of interviewees refers to the case study approach. The source was female founders of the company, who are currently also active in running the business. The business was chosen with the consideration that the food business needs creativity and innovation as the key competency in Entrepreneurship. This is relatively important in the food business until recently relatively synonymous with female. In addition to the food business, the business has also been associated with the creative industries, with the consideration that creativity and innovation are essential to the success of this business. Here are the profile source people who are willing to participate.

Informant 1

The informant was the founder of a restaurant food business, which is located in West Surabaya area. At the moment, they have done the food business for about three years or less and showed the performance of the company's current development which continues to increase. The menus offered consist of a variety of Chinese food such as snacks, appetizers, and main meals. These source people were once the sole owner of the restaurants which are still actively involved in the restaurant every day. The interviewees also felt optimistic towards the business growth in the future.

Informant 2

Like the informant 1, the informant 2 is also the founder of a restaurant the food business. The main restaurant offers a menu of dishes typically with the way the food specialty from Banjarmasin and this added with food burning creation. This company has been established for more than two years and has had several branches in Surabaya and Bali. The informant was also active in top management though he was still relatively very young. Seeing the current business development, the source people were optimistic that they will thrive and also plan to add branches in other locations in the future.

Informant 3

Unlike the informant 1 and informant 2, this informant is engaged in business related to the creative industries. She is the owner and founder of jewelry making machine as Distributor Company for sale to the jewelry factories in Surabaya. This informant sends the machine directly from abroad, particularly to Italy. In Surabaya, there are many players in this business, and business has been running for long enough. Although her business focuses on being the distributor, she is looking for a lot of role models who always follows the molding machine market tastes, trends of jewels, and aesthetic value.

Female Leadership

The result of in-depth interviews appears to show a similarity in the principles of informant leadership. In general, interviewees expressed the importance of being firm, the division of tasks and clear responsibilities, and clear target. They set their work standards expected by every part, control the work of subordinates. They generally also involve subordinates as a team, allowing subordinates to express opinions and reasons, appreciating the input from the subordinates to improve performance and they are empathetic to the needs of the individual or subordinate.

All the above are done in order to direct them and all the elements in the company to achieve the objectives being specified. Thus, they appear female leadership at the same applying transformational transactional leadership styles simultaneously. The basis of the selection of the use of effective leadership style to the personality of the speakers and the speakers are the background conditions of the employees, the demands of the task and team dynamics are different in each part that requires a different way to reach a target directed. Another similarity is that they do not use the laissez-faire leadership style that gives complete freedom to subordinates.

The style of leadership they adopt as the founder and owner of the company would like to direct appropriate personal vision. Another consideration is the background of the employees and their abilities both individually and in teams. The supervision and direction must be higher for the employees with low educational background and managerial skills are limited.

In managing the organization, they tend to act as a controller that directs and controls the

organization's future in accordance with their personal vision as the founder and owner. Under the leadership principles, it can be outlined in the previous section, a resource combining transactional and transformational leadership style to drive all elements of the company to achieve the target of the profit, and the direction of development of the company as the owner of the business.

The role of an enabler is only for certain conditions that are fairly limited. As an enabler, they create conditions that foster innovation of subordinates, especially in creating a more productive way of working on the part. In addition, the informants control more than catalyze the work of subordinates. They help to create the behavior that is useful for organizational growth through motivation, discussion, etc. but they do not necessarily follow the organization for developing the existing dynamics. They still take the role of determining the direction and objectives of the company.

Female Entrepreneurship

The practice of entrepreneurship by the informants is related more to the business because they know that it is a good business opportunity when setting up a business now and in the future. It is contradictory to the statement that in developing countries, female entrepreneurs female tend to be motivated by the need to prop up the economy for families, make ends meet and must work to earn money. Informant practice of entrepreneurship and management together so that the company can achieve its objectives.

The business women who implement food offered on the menu and served creatively. They are also engaged in the distribution system applying innovation and marketing work.

Based on the interviews, it is the fact that they expressed the importance of having a certain competence in running the business, but they explained it in general because of limited insight in the field of entrepreneurship. The following are their prominent competencies.

1. Innovation: for solving the problems and developing the company, innovation is considered the core of the entrepreneurial process.
2. Opportunities: for identifying opportunities today and in the future.
3. Commitment: to continuously run and develop the company.
4. Continuous learning through experience and new knowledge.

In relation to the prominent competencies, in doing business description, role of entrepreneurship in businesses is considered important by the interviewees due to the reasons as follows.

1. For building a competitive culture within the organization, namely the extent to which the organization detects and fills the gap between the desires to offer the market the company.
2. For creating innovation, which creates a useful resource to Interpret business opportunities by combining its resources?

It shows similarities of the female leadership but, in terms of entrepreneurship, there is possible difference. In the pattern of leadership, it is clear that they put the role of the controller. The organizational development is their role as an enabler who will still be limited in the future. Yet, for the entrepreneurship, their motivation is to have the opportunity, prioritize innovation and commitment.

5. CONCLUSION, IMPLICATION, SUGGESTION AND LIMITATIONS

In general, the role of female in business will continue to evolve in the future. Females have the competencies as leaders and entrepreneurs in which they are not less compared to the males. However, females have different characteristics compared to the males. They are different especially in the way how to run the business, lead business organizations, and to be the entrepreneurs.

Female leaders tend to act as a controller because they want to direct and control the future of the organization in accordance with their personal vision as the founder and owner. The limited role is that they are as enablers for creating the conditions that foster innovation by the subordinates, especially in creating a more productive way of working, motivation and discussion.

From the entrepreneurship point of view, the motivation of the female leaders is to set up more business opportunities based business than merely due to the need to support the family economy. In addition, their role in entrepreneurship in business is specifically for building a competitive culture within the organization and creating innovation. The results of this study indicate that the empowerment of female remains important. This is due to the fact that it is for continuing to develop female entrepreneurship.

The above reason is due to the potential for development that remains to be more widely open in the future and this could significantly contribute to the economic growth of the people. The researcher recommends that for subsequent research, it is necessary to further explore the possibility of a different outcome from the perspective of source person or different informants in different cases.

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