

Factors Affecting Women Entrepreneurs in Establishing and Expanding their Businesses in NAD Province

by Claudia Müller

Banda Aceh, November 2006

International Labour Office

Copyright © International Labour Organization 2006
First published (2006)

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered in the United Kingdom with the Copyright Licensing Agency, 90 Tottenham Court Road, London W1T 4LP [Fax: (+44) (0)20 7631 5500; email: cla@cla.co.uk], in the United States with the Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923 [Fax: (+1) (978) 750 4470; email: info@copyright.com] or in other countries with associated Reproduction Rights Organizations, may make photocopies in accordance with the licences issued to them for this purpose.

ILO / Claudia Müller

Factors Affecting Women Entrepreneurs in Establishing and Expanding their Businesses in NAD province.

(Jakarta), International Labour Office, (2006)

ISBN 978-92-2-019559-8 (print)

ISBN 978-92-2-119560-3 (web pdf)

Also available in (Indonesian): (*Faktor-Faktor yang Mempengaruhi Perempuan Pengusaha dalam Mendirikan dan Mengembangkan Usahanya di Propinsi NAD.*) (ISBN 92-2-819560-6), Jakarta, (2006).

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland or from the ILO Office in Jakarta, Menara Thamrin, Level 22, Jl. MH Thamrin Kav. 3, Jakarta 10250. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org; jakarta@ilo.org. Visit our website: www.ilo.org/publns; www.un.or.id/ilo.

Printed in Indonesia

Foreword

In order to address women's needs of generating income for themselves and their families, the ILO commenced a project "Women's Entrepreneurship Development in Aceh through vocational skills training, business start-up training, grants & micro-finance and business advisory services" (WED project) in March 2005.

The project was funded mainly by the Governments of Ireland and New Zealand, and has adopted a three-tiered strategy of capacity building, direct services, and policy advocacy, which is guided by regular gender analysis of issues and factors inhibiting the growth of women's enterprises. Initially project activities focused on developing and implementing vocational as well as business management training courses for women aimed at supporting women to establish new businesses or re-start businesses that were destroyed. The project has also supported women to set up businesses through technical support and provision of small grants, as well as providing a network of trainers and instructors. Starting early 2006 the focus of the project has mainly been upon promoting women entrepreneurship and building the capacity building of organisations providing services for women entrepreneurs.

As part of the WED project the ILO has undertaken this study on the factors affecting women entrepreneurs in Aceh province in establishing and expanding their businesses. The purpose of the study is to improve the knowledge base on women's entrepreneurship development in Aceh province and the various constraints faced by women in comparison to men entrepreneurs.

We trust that the study will help to fill the information gap regarding the challenges faced by women entrepreneurs in Aceh province. This will assist all those working to promote the development of small and micro enterprises in the province, especially those run by women entrepreneurs.

Jakarta, November 2006

Alan Boulton
Director ILO Jakarta

Table of Contents

Foreword.....	iii
Executive Summary.....	v
Acknowledgements.....	vi
Acronyms.....	vii
A) Introduction.....	1
1. Background of the Study.....	1
2. Research Methodologies.....	2
2.1 Desk Research.....	2
2.2 Focus Group Discussion.....	3
2.3 Quantitative Survey.....	3
2.4 In-depth Interviews.....	4
3. Limitation of the Findings.....	4
B) Findings of the Study.....	5
1. Theoretical Background.....	5
1.1 Socio-cultural Aspects affecting Women Entrepreneurship in NAD.....	5
1.1.1 Gender Roles in Shari’at Islam.....	5
1.2 Legal and Regulatory Environment related to Entrepreneurship in NAD.....	6
1.2.1 Shari’at Islam in relation to Entrepreneurship.....	6
1.2.2 Ownership & Inheritance Regulations.....	7
1.2.3 Education.....	8
1.2.4 Entrepreneurs with Disabilities.....	9
2. Empirical Findings	10
2.1 Profile of interviewed Entrepreneurs.....	10
2.2 Business Profiles.....	11
2.3 Background of Business Start-up.....	13
2.4 Finances.....	14
2.5 Business Operation and Family Involvement.....	19
2.6 Business Enabling Environment.....	23
2.6.1 Business associations & Provision of BDS.....	23
2.6.2 Government Policies.....	24
2.6.3 Socio-cultural Aspects	26
2.7 Challenges faced by Entrepreneurs with Disabilities.....	30
C) Conclusions.....	31
D) Key Recommendations from the Provincial Stakeholder Verification Workshop.....	32
Annex 1 - Bibliography.....	34
Annex 2 – Questionnaire.....	35

Executive Summary

The study on factors affecting women entrepreneurs in establishing and expanding their businesses in Aceh province has been conducted in Banda Aceh, Aceh Besar, Aceh Jaya, Pulau Weh, and Aceh Pidie in the first half of the year 2006. Key findings were that women often have started their businesses to supplement the family income, but eventually their businesses provided the major source of family income. While women before the tsunami often started businesses together with someone else, post-tsunami women most often established or re-started their businesses by themselves. These businesses most often are home-based. This can be explained mainly through women's struggle to combine family with business responsibilities, which is more easily achieved, if women's businesses are close to their homes. Women entrepreneurs generally are accepted by Acehnese society as long as their top most priority "the family" does not suffer. However, as women entrepreneurs most often spend just as many hours in their businesses as men entrepreneurs, this means they face heavy workloads as they still have to attend to their household responsibilities after a long day of doing business. Small children commonly are taken care of by their mothers at the business sites. This is due to the fact that generally few child-care facilities exist, but also the fact that generally women see child-care as their responsibility and do not wish to leave their children with strangers.

While women's businesses generally created employment for men and women more or less equally, men's businesses mainly employed men. This springs from the socio-cultural perception in Aceh province that a) women should not work outside their homes, and b) there are only certain skills which women supposedly are able to master, while men are meant to have the capability to do anything they like. Apparently, skills that commonly are associated with women are finance related. Being asked which topics entrepreneurs would wish to learn more about, marketing and networking were identified as top priority by women, while finances and marketing was men's biggest field they wanted to increase their knowledge in. The majority of men and women entrepreneurs, though, did not know whom to turn to in order to gain this knowledge. Few business associations and other business support structures were known to entrepreneurs. Especially in rural areas the prospects of finding business support are bleak, but also in more urban areas where business development service providers do exist, their outreach to small and micro entrepreneurs is rather slim. This lack of a formal business support structure is one main reason, why women entrepreneurs heavily rely on their families to provide finances, business advice as well as moral support. Men tend to also rely on their families for business support, but often do they also turn to friends and the community.

The majority of business starters used their own savings as start-up capital, only a marginal number of entrepreneurs accessed a formal loan from a micro finance institution. Often the lack of sufficient collateral is the reason for not receiving micro finance. However, even more often than that it is the fear of small and micro entrepreneurs with fairly low educational background to not be able to repay the loan as well as a lack of knowledge on how to complete the loan application procedure.

In general, entrepreneurs with disabilities, young entrepreneurs and widowed women entrepreneurs have to struggle against social stigmata, which means that only the most persistent and strongest personalities of these groups are able to run their businesses successfully.

Acknowledgements

The author would like to acknowledge and express her gratitude to the consultant group for all of their hard work: to Zubaidah Burquin, who conducted part of the desk review, facilitated the focus group discussions, undertook the in-depth interviews and organized the group of enumerators, who were Ahmad Zakyamani, Emmi Yuliani, Fitriana, Hadi, Hambali, and Selvy Diana. Special thanks also go to partner organizations of the ILO Aceh Programme, who provided insights into specific issues of women entrepreneurship in Aceh as well as participated in the verification workshop to discuss the findings of the study as well as to draw up recommendations for the future. These resource persons were in alphabetical order: Lailisma Sofyati (Biro PP), Nurlisa (Bisnurinda), Eli (BKKBN), Titien Gustianingsih (BQB), Mehrak Mehrvar (BRR), Nursmah (DEKRANAS), Dewi Mutia (DEPERINDAG), Wydia Prasetyanti (HI), Yuniati & Hj. Sarwati (DPD IWAPI NAD), Tazmah (IWAPI Pidie), Al Qudri (KADIN), Nursan Yunita (Mercy Corps), Sri Lestari Wahyuningroem & Ani Darliani Yunus (UNIFEM), Salbiah Ahmad (UNORC), Minda Amin & Yeni Fitria Yunus (Yagasu), Yusnidar (YDS).

Further thanks go to the local area and regional offices of the ILO in Aceh, Jakarta and Bangkok as well as to colleagues in ILO Geneva, for their help throughout the study. Particular mention should be made of Parissara Liewkeat, Programme Manager, ILO Aceh; Ira Febriana, National Programme Officer ILO Aceh; Nevi Aryani, Programme Assistant ILO Aceh; Inge Vianen, International Gender Mainstreaming Specialist, ILO Aceh; Jens D. Christensen, International Enterprise Specialist, ILO Jakarta; Margaret Reade-Rounds, CTA Youth Entrepreneurship, ILO Jakarta; Dewayani Savitri, Programme Officer, ILO Jakarta; Ginette Forgues, Specialist on Local Strategies of Decent Work, ILO Bangkok; Edward Lawton, WEDGE Geneva; Grania Mackie, ILO Addis Ababa.

Thank you also to Indra B. Damanik, who translated the original English version into Indonesian language.

Last but not least, my thanks to all women and men entrepreneurs in the Aceh province, who gave up their time to be interviewed and participate in focus group discussions.

Acronyms

ADB	Asian Development Bank
APINDO	Employers Organisation Indonesia (Asosiasi Pengusaha Indonesia)
BDS	Business Development Services
BDSPs	Business Development Services Providers
Biro PP	Ministry of Women's Empowerment (Biro Pemberdayaan Perempuan)
BLK	Vocational Training Centre of the Ministry of Labour (Balai Latihan Kerja)
BKKBN	National Family Planning Coordination Board (Badan Koordinasi Keluarga Berencana Nasional)
BPS	Directorate of Population Statistics Indonesia (Biro Pusat Statistik)
BRI	Bank Rakyat Indonesia
BRR	Aceh and Nias Rehabilitation and Reconstruction Agency (Badan Rehabilitasi dan Rekonstruksi NAD-Nias)
BQB	Syariat based Micro Finance Institution (Baitul Qiradh Baiturrahman)
DCI	Development Cooperation Ireland
DEKRANAS	Council of National Handicraft (Dewan Kerajinan Nasional)
DEPERINDAG	Ministry of Industry (Departemen Perindustrian dan Perdagangan)
DisME	Men Entrepreneurs with Disability
DISNAKER	Ministry of Labour Indonesia (Dinas Tenaga Kerja)
DisWE	Women Entrepreneurs with Disability
FGDs	Focus Group Discussions
GOs	Government Organisations
HI	Handicap International
IFC	International Finance Corporation
ILO	International Labour Organisation
INGOs	International Non-Government Organizations
IWAPI	Indonesian Business Women's Association (Ikatan Wanita Pengusaha Indonesia)
KADIN	Chamber of Commerce Indonesia (Kamar Dagang dan Industri)
ME	Men Entrepreneurs
MF	Micro Finance
MFIs	Micro Finance Institutions
MSEe	Micro and Small Enterprises
NAD	Nanggroe Aceh Darussalam (Aceh province)
NGOs	Non-Government Organizations
WE	Women Entrepreneurs
SITU	Permit for Business Premises (Surat Ijin Tempat Usaha)
SIUPP	Trading Permit (Surat Ijin Usaha Perdagangan)
TDP	Company Permit (Tanda Daftar Perusahaan)
UN	United Nations
WED	Women's Enterprise Development Project of the ILO Aceh Programme
YAGASU	local NGO Yayasan Gajah Sumatra
YDS	local NGO Yayasan Dinamik Sistem

A) INTRODUCTION

1. Background

Women's roles in NAD province have been and still are interpreted mostly through their reproductive and domestic tasks. This limits women's options for pursuing different economic strategies to secure their means of livelihoods. In urban areas, jobs and work experience in the formal economy have been difficult to find for women. This left many women, especially widows, in a vulnerable situation. In rural coastal areas, however, women have been economically more active, generating income mostly through home-based micro businesses in order to supplement family income. Women's businesses were concentrated mainly in the economic sectors of Agriculture (65.2%), Service (13.4%), Trade (12.2%) and Industry (8.3%).¹

The armed conflict in Aceh province lasting for almost thirty years (starting in 1976²) affected many women in one way or another. Despite the traditional gender roles ascribed to women, some women fought in the frontlines while many others took over responsibility for those family members, who were left behind and provided them (and combating husbands coming back every few months) with food, clothing and money (World Bank, 2006). It is estimated that around 23% of women took up the task as head of household during the conflict period (Marzalan Kamis and Saiful Mahdi, 2006). Acehnese women thereby contributed greatly, though often in ways invisible to the public, to sustaining their families and communities.

As a result of the earthquake and tsunami of 26 December 2004 it was estimated that between 110,000 and 120,000 families were displaced. Poverty levels increased considerably and pushed an additional 325,000 people in NAD Province below the poverty line. The tsunami also had immense effects on men and women's livelihoods. Around 4,700 coastal fishing boats were lost, 20,000 ha of fish ponds were destroyed, 60,000 ha of agricultural land damaged, and 100,000 small businesses were destroyed. This left an estimated 600,000 men and women in Aceh and Nias (about one-fourth of the total working population) without a job (BRR and International Partners, 2005 and ILO, 2006).

Under these difficult circumstances, women responded greatly to the need to lift their families out of poverty by entering into the labour force. With increased care responsibilities, many of them still managed to find some form of employment, mostly in jobs with little upward mobility and small profit margins.³ These findings are supported by 2000 and 2005 Provincial Bureau of Statistics (BPS) data which show a high decrease in the percentage of unpaid workers⁴ (of which 80% are women) whereas a high increase was shown in numbers of self-employed female workers. This most likely indicates that after the tsunami, many women formerly working in unpaid labour became self-employed workers.

A substantial amount of employment for women has been created through micro and small enterprises (MSEs) including in trades and sectors in which women previously did not use to work (Widyadari, Farartri).⁵ However, the majority of these new businesses tend to be very small in size and are considered supplementary to the main family income. The main reasons for this are that in addition to experiencing the problems common to all small-scale entrepreneurs, women frequently face a gender bias in the socio-economic environment, and have additional social, cultural, educational and technological barriers to establishing and developing their own enterprises. Furthermore, women in Aceh as in most societies carry the added burden of family and domestic responsibilities which may constrain them from establishing successful businesses.

¹ BPS NAD. *SUSENAS 2003*. Banda Aceh, 2004.

² Smith, Anthony L. *Self-Determination Conflict Profile Aceh*. 2002. Rev./15.05.2006: http://www.irc-online.org/selfdetermine/conflicts/aceh_body.html

³ ILO. *Towards decent employment in NAD and Nias*. Jakarta, January 2006.

⁴ Unpaid work is understood as work that is non-reproductive. Domestic chores and child care are therefore not included in unpaid work. Examples of unpaid work are agricultural work or unpaid work in a family business.

⁵ Farartri Widyadari. 2006. "Public support a must for enterprising women." In *The Jakarta Post*. Jakarta, 21.04.2006

After the tsunami, several international organizations have initiated vocational training, business management courses and micro credit programmes for women, including the ILO. However, prior to this study little specific information or primary research had been carried out about the economic and business situation faced by women entrepreneurs in NAD province and the constraints they encounter in establishing and developing micro and small enterprises.

With funding from the Irish Government, through Development Cooperation Ireland (DCI) the ILO has initiated a Women's Entrepreneurship Development (WED) project through its overall Enterprise & Microfinance programme for Aceh Province. Through the WED project the ILO has undertaken this study to improve the knowledge base about women's entrepreneurship development in Aceh province and the various constraints faced by women entrepreneurs in comparison to men entrepreneurs.

2. Research Methodology

The research for this study has been carried out in five different districts of NAD province namely Banda Aceh, Aceh Besar, Aceh Pidie, Aceh Jaya and Sabang Island over the time span of two months (April to May 2006). The research locations were chosen as a means of covering rural as well as urban areas, areas in which the main ILO WED project activities are based.

The research process was divided into two phases. Within phase one the theoretical framework of women entrepreneurs' situation in Aceh as assessed and included:

- o Secondary document analysis;
- o Informal interviews with key informants from civil society, research institutions as well as government ministries, organizations and associations working with women entrepreneurs.

Phase two was empirical research consisting of:

- o focus group discussions with men and women entrepreneurs;
- o quantitative interviews with women and men entrepreneurs;
- o and qualitative in-depth interviews with women entrepreneurs.

The secondary document analysis together with the informal interviews with key informants built the foundation on which the empirical research was based. The focus group discussions were meant to give a broad overview over issues concerning women and men entrepreneurs out of their own perspectives. These focus group discussions also provided the basis upon which the semi-standardized questionnaire and qualitative interview guidelines have been developed. After pre-testing the questionnaire and refining it, women as well as men entrepreneurs were interviewed. In order to get additional in-depth information, some selected women entrepreneurs were interviewed through a more open, qualitative interview method. The findings coming out of the in-depth interviews are presented as special cases.

In order to compensate for the fairly small sample size, a verification workshop on the findings involving key local players in the field of entrepreneurship in Aceh was conducted in October 2006.

2.1 Desk review

The secondary desk review was the ground work to identify, condense and distil lessons drawn from earlier published reports on women, women entrepreneurs and MSE development in Indonesia and specifically in NAD province. The study was conducted by tracing relevant references from government institutions, women's associations and organisations for persons

with disabilities as well as from various relevant available reports, studies, and internet resources. The aim of the secondary desk review was to present an overview of the policies, laws, regulations and administrative procedures related to entrepreneurship in NAD as well as an overview of the financial and business support mechanisms available to men and women entrepreneurs throughout Aceh.

2.2 Focus Group Discussions

Focus group discussions (FGDs) were conducted in order to gain direct information from men and women entrepreneurs, at the same time to be able to extract differing opinions and views on certain topics from the people immediately concerned. Thus the findings of these discussions are providing a broad overview over issues concerning women and men entrepreneurs out of their own perspectives. Guided by the findings of the focus group discussions the standardized questionnaire was developed. Generally, focus group discussions were chaired by one moderator, and one person taking notes.

In total ten focus group discussions with 5-10 participants each were conducted, five each with groups of men and women entrepreneurs. Groups consisted of “only” men and “only” women respectively in order to encourage both men and women to speak openly, not feeling restricted by the opposite sex listening. Initially, it was anticipated to also conduct mixed groups of men and women. However, due to time constraints this plan was aborted. Focus group discussions were conducted in Banda Aceh, Aceh Besar, areas surrounding Calang, Sabang Island and Aceh Pidie with one group of men and one group of women each.

All participants of focus group discussions were entrepreneurs. Special attention was given to equal parts to include men and women with as well as without children, married, unmarried as well as widowed, who run family as well as non-family businesses.⁶ In addition, it was ensured to include entrepreneurs with disabilities in the FGDs.

Topics given to be discussed were:

- Problems faced starting a business
- Balance of family and work responsibilities (women's roles as business women)
- Access to finance / credit

2.3 Quantitative Survey

100 entrepreneurs have been interviewed through a semi-standardized questionnaire⁷, which was developed in order to verify the information provided through desk review and focus group discussions as well as to gather some extra information regarding entrepreneurship development, challenges and solutions overcoming these challenges encountered by women entrepreneurs in Aceh. The questionnaire was covering seven topics:

- 1) *Personal Information*
- 2) *Business Profile*
- 3) *Business & Family*
- 4) *Finance*
- 5) *Non-financial Services*
- 6) *Social / Cultural Issues*
- 7) *Business Environment – Government Policies and Regulations*

⁶ In this study, family businesses were defined as businesses with family members working together in the business (paid or un-paid), while non-family businesses were defined as businesses with paid employees.

⁷ The questionnaire consisted mostly of standardized questions, though some few open and semi-open questions were incorporated. For a sample of the questionnaire, please view Annex 1.

Due to time constraints as well as in order to achieve a higher representativeness of the findings the quantitative interviews were conducted in the city of Banda Aceh only. In order to cover a variety of areas within Banda Aceh, enumerators were sent to six different interview locations.⁸

In order to ensure objectivity of the survey, six enumerators (three women and three men) were trained and sent out to conduct the interviews according to agreed procedures. Each enumerator was given specific quotas regarding the selection of entrepreneurs to be interviewed. Through this, it was ensured that the final sample of interviewees consisted of 70% women and 30% men, of which 10% each were entrepreneurs with disabilities, 20% each were young entrepreneurs (by UN definition 15-24 years old). In addition, in order to diversify the types of businesses, each enumerator could interview entrepreneurs with the same business trade only once. Meaning that for example once enumerator No. 1 had interviewed one tailor, he or she was not allowed to interview another tailor, though enumerator No. 2 could interview a tailor as well, but again, only one.

The data compiled by the enumerators was inputted and analyzed with SPSS.

2.4 In-depth Interviews

In addition to the quantitative survey ten selected women entrepreneurs were interviewed in-depth through qualitative methodology. The interviewer used an interview guideline; all questions were open. Answers were recorded by taking notes. Two women entrepreneurs each from Aceh Jaya, Banda Aceh, Aceh Besar, Aceh Pidie, and Sabang Island were interviewed, of which one was an entrepreneur with disability.

3. Limitations of the Study

Reading the below report, the reader is well advised to keep in mind that the findings of the study present an indication of the issues rather than mere facts. Due to the following reasons especially representativeness and reliability of the findings are somewhat limited:

- o Very little documented data on the situation and status of women and men entrepreneurs in Aceh previous to the tsunami was available for the secondary document analysis;
- o Due to time constraints, the sample sizes of the quantitative survey as well as the in-depth interviews are fairly small, and therefore not necessarily representative;
- o As the study covered only a limited geographical area, the reader should be careful to transfer the findings onto the whole of Aceh province.

The findings are based on a limited sample and therefore represent a limited picture. Nonetheless, keeping its limitations in mind, the findings of the study provide a very good indication of issues and concerns of women entrepreneurs in comparison to men entrepreneurs in Aceh. In order to ensure validity of results, a verification workshop with key local players in the field of livelihoods in Aceh was conducted on 12 October 2006 in Banda Aceh. Through this workshop key findings have been presented to a group of mainly local actors. These findings were discussed amongst the workshop participants, evaluated against their experiences, and incorporated into this report. In conclusion of the workshop, recommendations on actions to better the situation of women entrepreneurs were formulated by participants, and thus are presented in the last section of this report.

⁸ (1) Kuta Alam and Kuta Raja, (2) Syah Kuala and Darussalam, (3) Baiturrahman and Lueng Bata, (4) Ulee Kareng and Banda Raya, (5) Keutapang, (6) Krueng Baram Jaya and Ingin Jaya.

B) FINDINGS

1. Theoretical Background

The gender roles of women and men perceived by society often are used by policy makers as a basis for designing and implementing laws and regulations. Gender roles also define customs and traditions in a society. If laws and policies are designed and implemented based on societal perceived gender roles, one sex (generally women) often face limited access to education, property ownership, finance, employment and participation in economic activities. All of which affect business start-up as well as the growth and development of businesses. For this reason, in the section below the gender roles attributed to women in Islam as well as the legal and regulatory environment are being summarised and the affect these may have on women entrepreneurs in Aceh are being analysed.

1.1 Socio-cultural aspects affecting women entrepreneurship in Aceh

1.1.1 Gender Roles in Shari'at Islam

According to progressive Indonesian Islamic scholars such as K.H. Husein Muhammad⁹ neither the koran nor "hadiths" forbid women to work in the public sphere. Islam does not give boundaries for the places where women and men can and should work. Each respectively can and may work in or outside the home and in any suitable area, which is required in order to survive.¹⁰

Many Ulama (Islamic clergy) refer to verse 34 from the letter of An-Nisa as an argument for backing up male superiority over women and as a reason, why women should not be involved in public activities and why they cannot be leaders: "Men are the protectors and maintainers of women, because God has given the one more (strength) than the other, and because they support them from their means". In "Surat al-Ahzab" 34, it is stated that women should stay at home. However, in other verses of the koran and "hadiths"¹¹, it is stated that women and men share equal rights and opportunities in the public sphere (At-Taubah 71). K.H. Husein Muhammad points out that considering all verses of the koran associated with women, there is not one text that expresses distinctly that only men can become public leaders. There is also no verse in the koran that says men are physically and intellectually more capable than females.

Prof. Dr. Al Yasa Abubakar, head of the Syari'at Office in Banda Aceh, argues within the "Syari'at" regulations in Aceh women are authorised in the same way as men to take action in the public sphere as well as in politics.¹² However, he assumes that women because of their family responsibilities feel safer, if they can stay at home and avoid public activities.¹³ He follows the same line as K.H. Husein Muhammad, when he says that in his understanding Islam provides equal opportunities for men and women. Furthermore, he states that, if in daily life the space for public activities (in politics, the economy, etc.) given to women is smaller than for men, this is not in coherence with Islam, but related to the perception and habits of the population. Prof. Dr. Al Yasa Abubakar, states that women's as well as men's rights are equally balanced with their respective duties in the koran. According to Prof. Dr. Al Yasa Abubakar, unless it is already agreed before the marriage, the husband does not have the right to forbid his wife to

⁹ He is the director of the Islamic boarding school 'Dar al-Tauhid Arjawinaangun' in Cirebon, West Java, and the director for discourse development at Rahima (Center for Training & Information on Islam & Women's Rights Issues). He is also active with the non-government organisation 'Puan Amal Hayati'.

¹⁰ Muhammad, Husein. *Islam and the Working Woman*. Rev.13/09/06: http://www.rahima.or.id/English/tafsir_12.htm

¹¹ "Hadiths" are reports of the words and deeds of the Prophet Muhammad, and are used together with the koran as a basis for the Islamic law.

¹² Prof. Dr. Al Yasa Abubakar, MA. *Bunga Rampai Pelaksanaan Syariat Islam*. Dinas Syariat Islam, Provinsi Nanggroe Aceh Darussalam, 2005. pp. 230.

¹³ Ibid, pp. 232.

perform an economic activity.¹⁴ Furthermore, he says that the majority of religious leaders agree that in case of any reason the husband cannot work or cannot completely fulfil his family income earning responsibility, the wife must work.¹⁵

K.H. Hussein Muhammad and other progressive Islamic scholars, argue that Islam is a very progressive religion for women, was radically egalitarian for its time, and remains so in some of its Scriptures. They contend that Islamic law has evolved in ways that are inimical to gender equality not because it clearly pointed in that direction, but because of selective interpretation by patriarchal leaders and a mingling of Islamic teachings with tribal customs and traditions.

In addition to that, it is also to be considered that the first wife of the Prophet Mohamad was a successful entrepreneur. Khadija, the daughter of Khuwalid, had been married twice and widowed twice before she proposed to Mohamad, who was 15 years younger than her, and her employee.¹⁶ According to the script, his work performance and excellent business skills were in fact two of the main reasons Khadijah was attracted to him. Khadijah was wealthy and able to provide the family income by herself. This allowed the prophet to spread his faith.

1.2 Legal and regulatory environment related to enterprise development in NAD

Nanggroe Aceh Darussalam (NAD) has received a special autonomy status from the Indonesian government in 1999¹⁷ providing the province of Aceh with the right to implement the Islamic law (Shari'at Islam). So far, the Shari'at law is valid for Acehnese Muslims only, meaning that non-muslims as well as muslims originating from other provinces or countries are not subject to the Shari'at Islam as implemented in NAD.¹⁸

1.2.1 Shari'at Islam in relation to entrepreneurship

To date the Shari'at Islam has been designed and is being implemented only partially in the province of Nanggroe Aceh Darussalam. So far, six "Qanun" (regulations) have been approved.¹⁹ Until now, the office of Shari'at (Dinas Syari'at) has not issued any rules or regulations directly related to operating enterprises. In consequence, Indonesian laws and regulations are applicable in Aceh.²⁰ This status remains until the Shari'at office of NAD issues a "Qanun" on entrepreneurship. Article 49 of regulation no. 10 regarding NAD province (2002)²¹ stipulates that the "Mahkamah Shari'at" (Shari'at court) has the right and duty to examine, take decisions and actions at the first level in "Mu'amalah"²²: This means that the Shari'at court is regarded the first instance concerning the economy including trade, borrowing and lending money, capital, profit sharing, banking, leasing, labour, and other economy related issues. Therefore, entrepreneurs in Aceh are expected to run their businesses according to the Islamic law.

¹⁴ Al-Fiqh al-Islami wa Adillatuhu, chap VII (Fiqh, is the Islamic jurisprudence).

¹⁵ Fatawa Ibn Hajar, juz IV, and Al-Mughni li Ibn Qudamah, chap VII.

¹⁶ Khadija was 40 years, and Mohamad 25 years old.

¹⁷ Undang-undang nomor 44 tahun 1999 and nomor 18 tahun 2001.

¹⁸ This may change in the future as debates on extending the Islamic law to all people living in Aceh are ongoing.

¹⁹ They are, approved in 2002: (1) "Qanun" no. 11 on the implementation of Shariah Islam for "Aqidah" (Islamic faith), "Ibadah" (Islamic rituals) and "Syi'ar Islam" (general Islamic knowledge); approved in 2003: (2) "Qanun" no. 12 on alcohol and other forbidden beverages; (3) "Qanun" no. 13 on gambling; (4) "Qanun" no. 14 on adultery / romancing; approved in 2004: (5) "Qanun" no. 7 on "Zakat" (donation to the poor) and (6) "Qanun" no. 11 on functional tasks of the police of NAD.

²⁰ For more information on national regulations concerning entrepreneurship in Indonesia, please view the webpage of DEPKOP (Ministry of SME and Cooperatives) <http://www.depkop.go.id>

²¹ Qanun Provinsi Nanggroe Aceh Darussalam nomor: 10 tahun 2002 tentang Peradilan syariat Islam, pp. 19, 33.

²² Mu'amalah is the transaction of exchanging goods and services according to the Islamic Law.

The following articles refer to practices affecting enterprise activities at least indirectly:

- ❖ Article 8, point 2, chapter 4, in Qanun no 11²³ specifies that every person, governmental instance, enterprise and institution has to stop all activities that could disturb Muslims in their Friday prayers.
- ❖ Article 9²⁴, stipulates that every governmental instance, enterprise and institution has to provide time and space for employees wanting to pray.
- ❖ Article 13²⁵, point 2, specifies that governmental instances, educational institutions, business entities and public institutions have to promote and enforce the Islamic dress in their environment, meaning that employees working in these instances, entities or institutions should be wearing Islamic dress during working hours.

1.2.2 Ownership & Inheritance Regulations

In the Acehese culture, inheritance is parental or in other words a bilateral kinship system following Islamic law. This implies that both boys and girls have the right to inherit their parents' property (Qur'an, Surat IV, Paragraph no 7). However, the division of the property depends on the number of children and whether they are sons or daughters. In one verse of the koran, it is stated that on her parents' death, a daughter should receive half of what her brother inherits. (Qur'an, Surat IV, Paragraph 11). In case the parents want their children to be treated equally, they may write a letter (Surat Hibah) stating that their sons and daughters shall receive the same share of the heritage. Inheritance is usually solved among the family through traditions and customs.

The inheritance customs under Islamic law may seem as prioritizing sons over daughters. "Islamic feminists", however, point out that at the time of the Prophet, giving a woman any right to inheritance was a radical change from Arab practice. Progressive Islamic scholars also note that the rule made sense in traditional Islamic societies, where women had no financial obligations, only financial rights. But today, they argue, when many Muslim women do earn a living and men do not always provide the necessary support, it is important to adapt the law to changing circumstances.²⁶

According to Siapno²⁷ Acehese residential systems are uxoriocal (centering on the residence of a wife's mother's family) or matrifocal.²⁸ She argues that in Aceh, descent is traced through both males and females. Yet while the kinship system is bilateral, residence is uxoriocal. Husbands move to the households and villages of their wives. While this tradition of matrilocal residence may be practised in most parts of Aceh, it is especially strong in the regency of Pidie, she says. That women, do (or at least did) have an important position in the house, and can claim ownership of property is verified by the Acehese word for "wife", which is "po rumoh" meaning translated into English "the one, who owns the house". Siapno goes on to state that during her fieldwork in Pidie and Aceh Utara²⁹, she found that all of the houses and the majority of the rice-fields were owned and controlled by women.

²³ 11 tahun 2002 tentang pelaksanaan syariat islam bidang aqidah, ibadah dan sya'ir Islam, pp.41.

²⁴ Ibid, p. 41.

²⁵ Ibid, p. 43.

²⁶ Coleman, Isobel. "Women, Islam and the New Iraq." In *Foreign Affairs*. Jan/Feb 2006, pp 24-38.

²⁷ Siapno, Jaqueline Aquino, 2002. *Gender, Islam, Nationalism and the State in Aceh. The Paradox of Power, Co-optation and Resistance*. London, Routledge Curzon, pp. 59.

²⁸ Siapno referring to Nancy Tanner, notes the following distinctive features of matrilocality: "1) kinship systems in which a) the role of the mother is structurally, culturally, and affectively central and b) this multidimensional centrality is legitimate; 2) the societies in which these features coexist, where a) the relationships between the sexes is relatively egalitarian and b) both women and men are important actors in the economic and ritual spheres." (pp. 62).

²⁹ Siapno undertook fieldwork in Aceh several months each in 1992, 1993 and 1996.

A common way for women to get cash (i.e. as start-up capital) is to sell the gold they own. In Asia, it is a common practice to invest in gold. In Aceh, men give a certain amount of “mayam” (pure gold) to the bride as a wedding gift. This gold belongs to the wife and is meant as a security measure. In addition to the gold received from the groom, it is also rather common in Aceh that parents give some land property to their daughters when they get married (or in special cases when they finish school) in order to start a small business (farming, raising poultry or goats - small house businesses). Despite the common practice in Aceh, in some areas such as in various villages in Aceh Besar, it happens that women are being paid out their share of property in cash.

1.2.3 Education

Regarding to the Directorate of Population Statistics Indonesia (BPS), the gap in the education of boys and girls older than five years are not big in Aceh province.³⁰ Generally girls tend to be a little over-represented among the people with lower education and a little under-represented among the people with higher education, though the difference in comparison to boys in the latest statistics of 2005 is never bigger than 4%. Amongst university graduates women and men are equally represented. While the biggest gap can be found amongst senior high school graduates, where the gap in some provincial districts is 4%. The biggest difference in educational levels of population is not between the sexes but rather between rural and urban areas. While in Banda Aceh only 2% of all men and women have not attended school, this is the case for 8% men and 10% women in Aceh Jaya as an example of a rural area in NAD.

Table 1) Level of education by selected NAD districts and sex³¹

District	Not yet/never attended school		Unfinished primary school		Primary School		Junior High School		Senior High School		University	
	F	M	F	M	F	M	F	M	F	M	F	M
Banda Aceh	2%	2%	12%	11%	12%	10%	15%	15%	46%	49%	13%	14%
Sabang	5%	4%	16%	15%	23%	22%	22%	22%	28%	32%	8%	8%
Aceh Besar	6%	5%	22%	21%	24%	23%	21%	21%	24%	27%	6%	6%
Aceh Jaya	10%	8%	27%	24%	38%	36%	17%	20%	7%	10%	2%	2%
Aceh Pidie	9%	7%	25%	24%	28%	27%	22%	23%	15%	17%	4%	4%
Total NAD	7%	6%	25%	24%	31%	29%	19%	20%	16%	19%	4%	4%

The UN Economic and Social Council states that in comparison to 70% primary school enrolment rates for non-disabled children and youth less than 10% of children and youth with disabilities have access to any form of education in the Asian and Pacific region.³² In addition children and youth with disabilities are continuously excluded from opportunities for further development, particularly diminishing their access to vocational training, employment, income generation and business development, which creates immense barriers for them in leading an independent and self-sufficient life. Furthermore, generally, there is a lack of trained and competent staff working with persons with disabilities, especially with regard to training and employment.

Through an informal study in Aceh Besar and Meulaboh, Handicap International (HI) has found indications that people with disabilities in Aceh may be better educated in comparison to disabled people in other Asian countries. HI found that the majority of its beneficiaries had at least completed some education, some few even graduated from university. Though generally

³⁰ BPS-Statistics Indonesia. *Employment Situation in Nanggroe Aceh Darussalam: The Results of the 2005 Population Census of Aceh and Nias (SPAN 2005)*. Banda Aceh, 2006.

³¹ Percentages in table calculated through SPAN 2005 data provided by BPS.

³² Economic and Social Commission for Asia and the Pacific. *Consideration of a Regional Framework for Action Towards an Inclusive, Barrier-free and Rights-based Society for Persons with Disabilities in Asia and the Pacific*. January 2004, pp. 9.

women with disabilities were found to have enjoyed somewhat less education than men with disabilities.³³

In Indonesia, including Aceh province, the Ministry of Labour (DISNAKER) with its formal vocational training centers (BLKs) is in charge of the formal after school education (vocational training) of men and women. For people with disabilities the Ministry of Social Welfare (Dinas Sosial) is responsible, which leads to a separation of people with and without disabilities. In addition to that does the Dinas Sosial rather offer social welfare than training to its stakeholders. As people with disabilities are excluded from participating in the BLKs, it might prove difficult for them to attain an after school education / vocational skills through a formal institution.

1.2.4 Entrepreneurs with Disabilities

According to the UN Economic and Social Council, the challenge of integrating and including persons with disabilities in the economic mainstream has not yet been met in the Asia and Pacific region.

Women with disabilities are one of the most marginalized groups in society, as they are multiply disadvantaged through their status as women, as persons with disabilities, and are over-represented among persons living in poverty. Women and girls with disabilities, to a greater extent than men and boys with disabilities, face discrimination within the family, are denied access to health care, education, vocational training, employment and income generation opportunities, and are excluded from social and community activities.³⁴ In rural areas girls and women with disabilities often have higher rates of illiteracy, and lack access to information and services.

A major finding of a global study on the economic inclusion of people with disabilities in developing countries undertaken by Handicap International in 2006 was that people with disabilities are highly underrepresented among the clients of micro finance institutions. HI estimates that people with disabilities constitute an average of 10 per cent of the population, though, micro finance organisations reported in above mentioned study that no more than 0.5 per cent of their clients had a disability. HI identified “internal” and “external” barriers for economic inclusion of people with disabilities: “internal” barriers constitute a lack of business skills, lack of formal education, and lack of self-confidence. “External” barriers are among others: inadequate financial product design or attitudinal barriers (stigmas and prejudices) towards disabled people.

HI Aceh found that amongst its clinical population in Meulaboh and Aceh Besar the livelihood participation of people with disabilities has been much decreased after the tsunami. This was even more true for women with disabilities, who already before the tsunami had been less involved in economic activities than men with disabilities. Yet, nearly all of HI’s clinical population stated that they very much would like to join the workforce. However, especially women with disabilities are generally not considered as potential beneficiaries for organisations and face a lot of difficulties to access grants or loans, which makes it even more difficult for them to start businesses.³⁵ Yet, this would be one major step into economic independence for many women with disabilities, as their chances of finding employment in the formal sector are slim.

In addition to the above, the limited public transportation system and little developed infrastructure in Aceh are other barriers preventing disabled men and women from actively

³³ Handicap International Banda Aceh. *People with disabilities’ role and participation in livelihood and community activities*. Unpublished internal report. Banda Aceh, February 2005.

³⁴ Economic and Social Commission for Asia and the Pacific. *Consideration of a Regional Framework for Action Towards an Inclusive, Barrier-free and Rights-based Society for Persons with Disabilities in Asia and the Pacific*. January 2004, pp. 7.

³⁵ Interview with Ms. Wydia, Handicap International Banda Aceh.

participating in economic activities. This is confirmed by HI stating that its beneficiaries in Aceh often lack physical access to the local market and other community places.

2 Empirical Findings

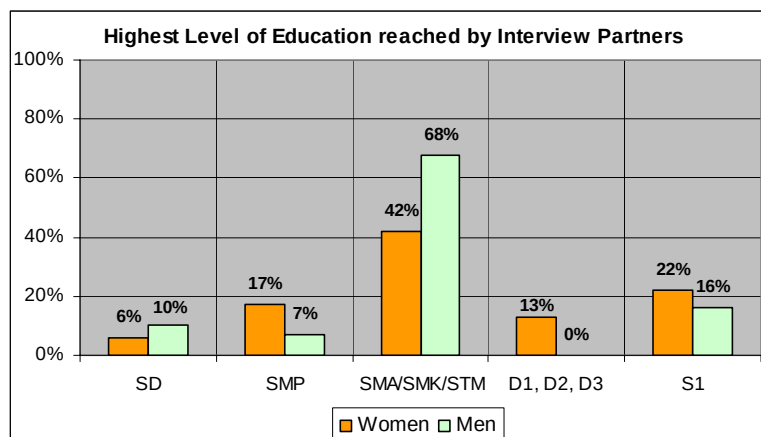
2.1 Profile of interviewed entrepreneurs

69 women and 31 men entrepreneurs were interviewed with the quantitative questionnaire, out of which were seven women and two men³⁶ entrepreneurs with disability. One forth of women and men were in the age category of the 15-24 year olds, about 50% of both sexes were between 25 and 35 years old, while the remaining quarter of interview partners was older than 36 years, out of which very few were older than 55 years (only two)³⁷.

While 25% of the women interviewed were single (the majority of which was 15-24 years old), about 50% of the interviewed men were single. 75% of all women interviewed are or were married at some point (including 3% young widows due to the tsunami).

About 85% of both married/widowed men and women had children. Here the age category also had an impact, 60% young married women, 83% of the 25 to 35 year old women, and 94% women older than 35 had children. The only married young man was already a father, 75% of middle aged men, and 100% of all married men older than 35 had children. Two thirds of disabled men and women entrepreneurs were married and the majority of these also had children (five out of six).

Findings of the study imply that generally entrepreneurs tend to have higher educational backgrounds. Only 21% of all interview partners had completed junior high school or less³⁸, which leaves 79% of all people interviewed with a completed education of at least senior high school. On the level below senior high school women were slightly over-represented with 23% in comparison to 16% men. However, the same was true for the completion of higher education (D1,2,3 and S1). While 35% female interviewees had completed at least D1 up to S1 level, this was true for only 16% male interview partners. The majority of women (42%) as well as men (68%) entrepreneurs interviewed had graduated from senior high school.



This data also coincides for entrepreneurs with disability interviewed. For about half of this group of entrepreneurs (four out of nine) the highest level of education was junior high school (including 2 men, who had not completed primary school), and one woman entrepreneur, who

³⁶ Originally it was anticipated to include three male entrepreneurs with disability, but the according enumerator had trouble finding one additional disabled men entrepreneur.

³⁷ Age groups of Entrepreneurs with disability: 15-24: one female person, 25-35: five people (one man), older than 35: three people (one man).

³⁸ Few (7%) male and female interview partners alike did not go beyond primary school education.

went to a special school for people with disability. Though, it has to be noted that two disabled women also held a S1 degree (two women had graduated from senior high school).³⁹

While 86 percent of all interview partners (84% women, 90% men, including eight out of nine disabled WEs) described themselves as business owners; 12% women and 10 percent men claimed to be the business managers (including one disabled WE); 3% women operated the business in partnership, often with their husbands.

2.2 Business Profiles

Most of the businesses that took part in the survey were established before 2004⁴⁰ (70% women's businesses, 81% men's businesses). While the start-up of women headed businesses during the time span of 2000 - 2004 was with 41% for women and 65% for men much lower than the start-up of men headed businesses, this trend was reversed for the time span of 1990 – 1999, when 25% female headed compared to 10% male headed businesses were set-up. 31% women's compared to 19% men's businesses were established after the natural disaster of Dec 2004.⁴¹ This higher rate of business start-ups by women entrepreneurs could stem from that after the disaster women saw an increased need to contribute to the family income, while at the same time they had little work experience and therefore saw little chances in finding a job. For men, who generally had more work experience than women, after the disaster, more job opportunities emerged in the employment sector.

This effect gains momentum, considering the original business starter. While the majority of interviewed men (71%, including one disME) stated that they had established their businesses themselves, this was true for only 32% women interviewed (including five disWEs). Another 33% female interview partners, including one disWE (0% ME), had started their businesses together with their spouses, and 32% of female business owners, including one disWE (19% male entrepreneurs, including one disME) had taken over a business that had been established by either another family member or someone else in the past. However, the newly established businesses in 2005 and 2006 were started mainly by the women and men themselves.

The majority (59%) of all interview partners' businesses were to be found in the trade sector: 65% women and 45% men. 39% men were involved in service businesses, while 23% of the women worked also in this sector. Few women (12%) and men (13%) interviewed operated manufacturing businesses. Even fewer people (3%) interviewed had businesses in the agriculture and fisheries sector. However, the interviews were conducted in Banda Aceh only, and therefore businesses are located in a fairly urban environment. It can be assumed that the percentage of businesses operating in the agriculture and fisheries sector in rural areas will be increased. In FGDs it was explained that many women own small kiosks selling everyday goods such as soap, instant noodles, cigarettes, water, sweets, etc. According to the interview partners, the main advantage of these small kiosks is that they can easily be operated from home, and as it usually is "dry" goods being sold, the goods do not need refrigeration, neither do they necessarily need to be sold the same day.

The ILO definition of business size is based on the number of employees: one person working in a business is defined as "self-employed", 2 to 9 workers are considered a "micro enterprise", 10 to 49 workers a "small enterprise", 50 - 99 workers are considered a "medium enterprise", and more than 100 workers a "large enterprise". According to ILO definition, none of the entrepreneurs interviewed headed a medium or large business. The vast majority of 73% entrepreneurs interviewed headed micro businesses (75% women, 81% men). Small businesses

³⁹ As the number of disabled entrepreneurs interviewed is very small (10 people) by no means is it intended to draw conclusions about the general level of education amongst disabled entrepreneurs in Aceh from this survey. The information is plainly provided in order to be able to place the answers of disabled entrepreneurs in the right context.

⁴⁰ 1970-2004.

⁴¹ The research for this study was conducted in April/May 2006.

were run by 12% women and 13% men, while the self-employment rate for women and men was 13% and 6% respectively (including one disME, one disWE). It is noted that the majority of entrepreneurs with disability interviewed did not fall out of the pattern described above. The majority of this group did lead a micro business (six people with up to three employees), and one disabled woman entrepreneur employed even twenty staff. Numbers of staff included workers of different types: full time and part time employees, paid and unpaid family members as well as day-to-day workers.

The case of Nevi, operating a handicraft business in Pulau Weh

When she got married, Nevi's husband at first did not want her to work because he wanted her to put all her efforts into raising their two children and taking care of the household. However, as the children grew older, and the living expenses were increasing, he finally gave his permission for her to start a business. He came up with the business idea for a handicraft business and supported her in establishing it. In 1990, Nevi's home-based business was running well, she had plenty of customers, and ten employees (all girls, who had dropped out of school).

As a result of the tsunami, she had lost all her goods, and therefore had to start all anew. She had received some support from an NGO (sewing machines) and Dinas Perindustrian (cash) as a tsunami victim. In the beginning she sold her products through a local shop, then received more and more orders. Today, 18 months after the tsunami, the 49 year old woman is renting one shop, and leads six employees. As her husband does not have a permanent job anymore, he is helping her in her business with the sewing. The shop is registered in both names, Nevi's and her husband's name.

Furthermore, it was found that while women's businesses tended to create jobs for men and women nearly equally, men's businesses created jobs more often for men. Men employed nearly no female full-time workers, and few female part time workers in their businesses. Women tended to have slightly more female than male employees for all type of positions, but generally did employ men as well as women. The entrepreneurs with disability were no exception.

Most of the businesses that were part of the survey were informal. More women (46%) than men (33%) had home based businesses, while more men (62%) than women (42%) rented or owned business premises. Disaggregating this data by age group, the picture changed only slightly for women, but immensely for men. Women running home based businesses of all age groups amounted to 45%; though with increased age, women were slightly more likely to rent or own their business premises (younger than 35 years: 40%, older than 35 years: 47%). In comparison to that 35% of men entrepreneurs younger than 35 years ran home based businesses, while only 16% of men entrepreneurs older than 35 years operated from home. In addition to this, with increased age the number of men renting or owning business premises increased from nearly 50% to 80%.⁴²

This can be explained through the socio-cultural factors in Acehese society mentioned in the theoretical background of the study. The role assigned to women as caretakers of the family and household collides with running and expanding businesses. At the same time, Aceh implementing Shari'at law, despite the fact that neither koran nor hadiths specify women should stay at home, interpretations by less moderate clergy and widespread perceptions in society

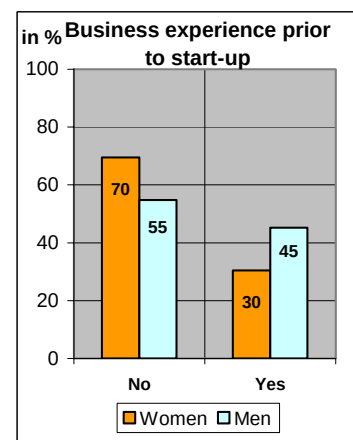
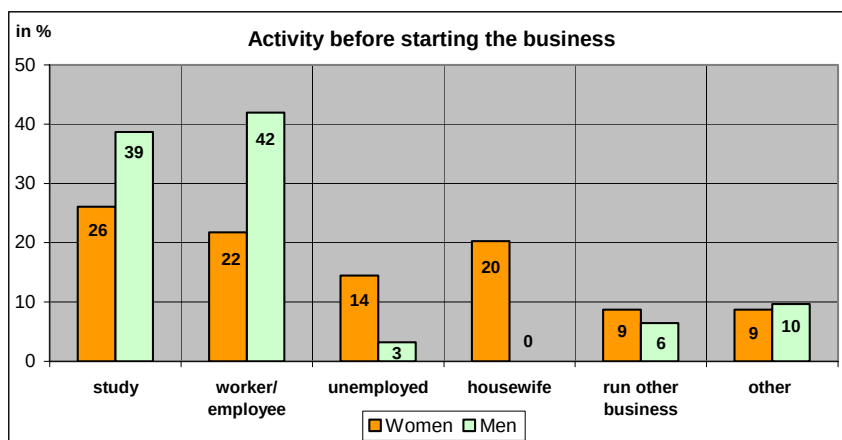
⁴² Only two women entrepreneurs with disability run home-based businesses. The other entrepreneurs with disability often have mobile units (i.e. a space in the vegetable market, a small wagon that will move in the streets, or kiosks that are neither in the home nor within a fixed physical structure). One woman rents a kiosk; another one owns her business premises. At the same time this is the owner of the biggest business for all entrepreneurs with disability (she has 20 employees).

create considerable barriers for women entrepreneurs extending their businesses to the public market place. Therefore, by running businesses from home, women comply to societal and religious conventions, while at the same time it enables them to better balance their family and business responsibilities. This is especially relevant as few child care centres in Aceh exist, where parents could leave their children during the day time. Men entrepreneurs, who are seen as naturally active in the public sphere, in younger years run home based businesses until they can afford financially to move their businesses to more conducive business locations.

The vast majority (96%) of all male as well as female operated businesses interviewed sold their products and services in the local market surrounding their business sites. Some very few businesses operated in various areas or districts within Aceh province, and no one had any business activity outside NAD province not to mention abroad. No difference between men and women as well as disabled entrepreneurs were found regarding this topic.

2.3 Background of business start-up

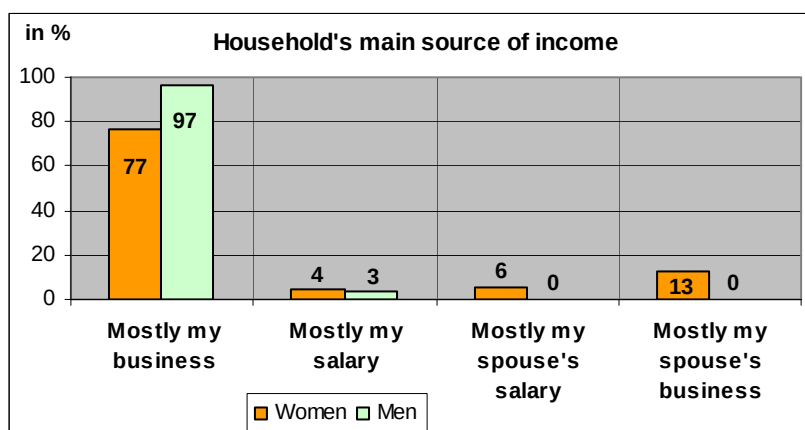
Findings of the study indicate that women generally are less prepared to start and operate their businesses. While both men and women had surprisingly little experience related to their current business activities before starting them, this was true for women (70%) even more so than for men (55%). Compared to men, women also tended to have less general work experience. The majority of women entrepreneurs interviewed started their businesses with no or very little previous work experience. Immediately before setting up their businesses, 70% women did not have an income earning activity, while this was true for only 48% men. Going into more detail, 26% women (39% men) had started their businesses right after finishing their school education, 20% (39% men) had started their businesses right after finishing their school education, 20% (0% men) had been housewives, and 14% (3% men) had been unemployed.



Considering the little business experience interviewees claimed to have, the reasons for starting their businesses seem important. Most of the entrepreneurs interviewed said, they started their businesses in order to increase their income, which was not sufficient for supporting their families or themselves. Many men and women said it was better to run a business than not having a job at all, including one disME, who said, he had no other skills. While men started their businesses because they thought they could provide for a higher family income or to save for continuing their education, women mostly started their businesses in order to supplement other sources of family income. This too was the intention of most women entrepreneurs with disability. Quite a few married women started businesses as a hobby (though, this includes one single

disWE). Similar findings were made within the ILO Aceh SYB impact assessment⁴³ and a study conducted by the IFC⁴⁴ on women entrepreneurs in Eastern Indonesia.

However, while women may have started their businesses with the intention of supplementing other sources of household income, at the time of the interview the majority of all male and female business owners (80%) stated that their household's main source of income sprung from their businesses. Despite the fact that this was true for nearly all male interview partners (97%) and 20% less so for their female counterparts, it is still interesting to note that 77% women entrepreneurs stated that the money they earned with their businesses were their families' primary household incomes. Only 19% women said their husband's income was the main source of family income. Similar findings were made for entrepreneurs with disability: Six (all three singles; married: 1 male, 2 females) out of nine (three single, six married) disME and disWE stated the income from their businesses was the major source of family income. Three disWE said their husband's business was the main source of family income.



About 20% female and male respondents were employed somewhere in addition to their business activity, though for only 4% women as well as men the salary from these activities was the primary source of family income.

2.4 Finances

About 60% of all entrepreneurs interviewed stated that they had a bank account in their own name including disME and disWE. Generally there seems to be a tendency that single women (88%) more often have bank accounts in their own name than married women and single men (56% respectively). 73% married men had a bank account in their name. This could lead to the conclusion that men once they get married and take over the role as head of the family they see the need to have a bank account, while married women most likely might not see the need as their husbands are considered the main income earners of the family. One point explained through the FGDs though was, that women often do have access to their husbands bank accounts. As single women generally also are young, there could be an indication that women of the younger generation, who are also higher educated feel a greater need to have an own bank account. If these women will keep those accounts once they get married will be another question, though, that cannot be answered within this study.

Out of those, who do have a bank account 65% women and 45% men did have separate personal and business bank accounts. One consideration in the analysis of this information is that slightly more interviewed men than women were in the youngest age category of 14-24

⁴³ ILO. *Impact Assessment SYB Programme NAD province. A longitudinal study of 244 participants of SYB courses from March to September 2005 under the Youth Employment Project for Indonesia*. Unpublished document. Jakarta, February 2006.

⁴⁴ IFC. *Voices of Women in the Private Sector*. Jakarta, April 2006.

years. It was found that the age category for women did not make a difference in having only one or separate bank accounts for family and business (around 50% for each, which was the same for all age groups of the women). For male interviewees, however, the age did make a big difference. While 90% of the 15-24 year old men had only one bank account for business and private matters, this was the case for 65% males of the 25-35 years category, and 50% for the over 35 year old men. Through the in-depth interviews it was explained that generally men in Aceh are the ones earning the family income, while women in Aceh generally manage the household finances. For this reason, in Acehnese society women are considered to be more capable and “smarter” in managing finances. This could be an explanation, why many more women than men entrepreneurs decided to open a separate bank account for their businesses. That women generally may be better equipped to manage finances is also implied by the statistics of banks, which show that women generally have higher repayment rates for loans. For example, BQB stated that repayment rates of their female clients were two times higher than those of their male clients.⁴⁵

In addition to that, interviewed women tended to reinvest into their businesses higher percentages of their profit than men. While 53% women said they reinvested none or up to 25% of their profit, this was true for 64% men. Up to 50% and more than 50% reinvestment into businesses was the practice for 47% women and 36% men. One plausible explanation for this could be that the gender roles of men as being the head of the household and therefore the main income earner for the family, demands men to use more of their profit for the family income. In comparison, women, who are rather seen as running their businesses complementarily to their husbands' incomes, should be expected to contribute less to the family income, which therefore would leave them a higher percentage of their profits for reinvesting.

Surprisingly considering the civil status of interview partners, quite the contrary was the case: it turns out that married men tended to reinvest more of their profit into their businesses than single men. Though, it can probably safely be assumed that this does not actually correlate with their civil status, but rather with the fact that married men also tended to be older than single men, and therefore may have learned more about the importance of reinvestment. This is confirmed, looking at the duration of business operation: generally men entrepreneurs having lead their businesses longer than six years tended to re-invest more of their profit than entrepreneurs having lead “new” businesses. For women's reinvestment rates neither women's civil status nor length of business operation made a difference: about half of all single women and half of all married women reinvested less than 25% of profit, the other half of both reinvested more than 25% up to over 50%. Similar findings were made for women having lead “old” and “new” businesses respectively.

% of profit contributed to household income						% of profit re-invested into business					
Civil status	Sex	None	Up to 25%	Up to 50%	> 50%	Civil status	Sex	None	Up to 25%	Up to 50%	> 50%
Single	F	6	41	24	29	Single	F	18	35	24	24
	M	19	44	25	13		M	13	75	13	0
Married	F	4	22	28	46	Married	F	6	44	38	12
	M	0	53	13	33		M	20	20	33	27

The gender roles as an excuse for low reinvestment rates of men entrepreneurs also loses momentum looking at the answers provided to the question how much male and female interview partners contributed to the family income out of their business profit. Here the women again showed a higher percentage of contribution than men. 32% women and 58% men contributed up to 25% of their profit to their respective family incomes, while 69% women and 41% men contributed up to 50% and more of their profit to their family incomes. This data coincides with the information provided earlier, where 77% women stated that their income is the

⁴⁵ Vianen, Inge. *Access to finance for women entrepreneurs : 'Unfortunately no pro-women bank exists in Banda Aceh'*. Unpublished ILO report. January 2006.

main family income. So did 97% of the men. One other consideration to be made is that about 50% of all male interview partners were single, while this was true only for 25% women. However, it is interesting to note that single women entrepreneurs interviewed also contributed more to the family income (of their parents) than single men entrepreneurs interviewed.⁴⁶ Married men seem to contribute more to the family income than single men, but again married women (74% contribute between 25% and 50% of their profit) still contributed higher percentages of their profit to the family income than married men (46% contribute between 25% and 50% of their profit).

Considering all the above, this could lead to several conclusions: a) women tend to spend less money on themselves than men do, b) women tend to be “smarter” business owners as re-investment is key to business sustainability and growth, c) total amount of profit generated through businesses owned by men might be higher, and therefore a lower percentage contribution is sufficient for the family income as well as business reinvestment. Though as “profits generated” was not assessed in the interviews, this is difficult to verify.

Out of those interview partners, who started their businesses themselves, 70% women entrepreneurs and 58% men entrepreneurs used their own savings for their according business start-ups. More than twice as many men (36%) than women (15%) borrowed money from their families and friends. Disabled women entrepreneurs, who started their businesses themselves mainly used their own savings (four out of six), the remaining two disWEs borrowed money from their families. The two disMEs received a loan from their families. Only 6% interview partners had used a loan from a formal bank to establish their businesses, no disabled entrepreneurs accessed a formal bank loan. This small number of people having used a bank loan to start their businesses is not too surprising as a) there are very few banks that provide loans for business start-up in Aceh, and b) in order to receive a loan for a business activity, the business in the case of many banks has to be formally registered, which as presented above was not the case for the majority of all interview partners.

In addition to the regulatory hindrances, this low percentage of formal loan receivers among interview partners is also due to the fact that most micro and small entrepreneurs did not even consider applying for a formal loan because they feared that they would not be able to repay the loan. Due to the fact that their very small businesses usually did not have stable sales, as they said, it was difficult for them to plan repayment rates and loan duration, and therefore they felt a formal loan as an unacceptable burden. As family and friends were considered more flexible in regards to repayment, this was for many MSEs a preferred method of getting a loan (often a small interest was paid to family as well as friends).⁴⁷ In addition to that, 26% women and 32% men stated as another reason for not having tried to access a loan from a bank that loan procedures were too complicated. This was also one outcome of separate focus group discussions conducted by the ILO on access to finance for women entrepreneurs.⁴⁸ Women entrepreneurs participating in these discussions complained that the administrative process of loan applications takes very long in regular banks (periods from one to six months).⁴⁹ Though, it was also mentioned that, knowing someone working in the bank would shorten this process considerably. This could be due to the fact, as many women entrepreneurs seemingly plainly did not know how to access loans; knowing someone working in a bank, who would be able to provide guidance in preparing a good loan application and taking away fears should be a big advantage.

⁴⁶ About half of the single women interviewed contribute between 25% and more than 50% of their profit to the family income, while about two thirds of all single men interviewed contribute less than 25% of their profit. 6% single women in comparison to 19% single men contribute none of their profit to their families' income.

⁴⁷ Usually women get family loans from their side of the family, men get family loans from their side of the family.

⁴⁸ Vianen, Inge. *Access to finance for women entrepreneurs : 'Unfortunately no pro-women bank exists in Banda Aceh'*. Unpublished ILO report. January 2006.

⁴⁹ Apparently, these women mentioned that before the conflict got really bad in 2000, it was easier for them to access formal loans.

Many more men (42%) than women (16%) complained of a lack of collateral in order to guarantee for a loan. Having been asked about existing collateral, nearly half⁵⁰ of all interview partners said that they had no collateral at all. Not surprisingly young men and women entrepreneurs interviewed were represented to a higher amount (56%) amongst the people without collateral than entrepreneurs older than 24 years (38%). Out of the remaining other half more women (46%) than men (32%) said they had land that they could use as collateral (this included three out of six disWEs, no disMEs), though no indications were made regarding the sizes and values of the land properties. In the FGDs it was stated that the land of some entrepreneurs was hit by the tsunami, and therefore at least for the mean time had lost its value to the banks and currently could not be used as collateral. More men (16%) than women (6%) stated they had a vehicle (car, motor bike, etc.) that they could use as collateral.⁵¹ Again stated in the FGDs, women mentioned that collateral in the form of motorcycles, car IDs, and land certificates often would be registered in their husband's name, which made it difficult for them to access credit independently from their husbands. This was the case for all three disabled women entrepreneurs, who stated they had land that they could use as collateral. The land however was not registered in their name, but in their husbands' names. In some cases, formal banks do not accept collateral in the name of the husband, if the loan application is in the wife's name. Furthermore, if the family does have collateral, generally the husband as head of the household would be given the highest priority. This means, if the husband and the wife are both running separate businesses, more often than not will the woman only be able to use the collateral, if her husband does not need it for his business. Similar findings are mentioned in a study conducted by the IFC for Eastern Indonesia.⁵²

In addition to above mentioned types of collateral, women can also use the gold (i.e. that they received at their wedding) as collateral. However, as stated in the FGDs, there is only one legal place "Penjjadaian" (and many illegal places) in Banda Aceh, where gold can be deposited as collateral to guarantee for a loan at an interest rate of up to 6% per month (which by the women is perceived as high). Conditions were perceived by women as harsh and inflexible: a lost receipt or delayed repayment (if only one hour) would lead to complete loss of the gold and an extra half month interest charge respectively.

It is also noted that generally women seem to demand lower interest rates than men. While 26% women stated that the interest rates applied were too high, only 6% men were of that opinion. 8% interest rate per month is compared to common practice of banks fairly low, yet women tended to complain already about rates of 6% interest as too high. This shows that women lack information about general practices in the banking sector. Yet, at the same time this could also be an indication for the higher repayment rates of women. Someone, who perceives formal loans as very expensive and therefore is afraid of not being able to repay, will assess more carefully the risks, and therefore will only take a loan, if 100% sure it is needed and can be repaid.

Additional barriers specifically for women regarding formal loan applications found through the FGDs were the following: 1) All banks before granting a loan demand the agreement of the loan applicant's spouse.⁵³ While this practice is the same for male and female loan applicants, it proves more difficult for women to get the signatures of their husbands than for men from their wives. Especially, if the woman entrepreneur wants the loan in order to expand her business from a home-based to a market-based business, the husband may be against it as society in general and husbands in particular rather see their women close to their homes. Without mutual

⁵⁰ 41% women, 45% men.

⁵¹ One woman entrepreneur with disability stated she had land, house, vehicle and gold that she could use as collateral. Though, it is not clear, if this collateral is registered in her name or her husband's. Despite the available collateral, she did not access a formal loan because she received money from her children, which was sufficient for her small fruit vending business.

⁵² IFC. *Voices of Women in the Private Sector*. Jakarta, April 2006, pp.21-24.

⁵³ Single people need the signature of their fathers; widowed people need a letter from the community / village leader (lurah).

agreement of the spouse there is no chance of receiving a loan from any bank in Aceh. In the case of widowhood, women need a letter stating that her husband passed away. Usually, the head of the village is the only person having the authority to sign this letter. The problem that widows stated in the FGDs was that the village head often was unavailable.

2) In cases where banks ask loan applicants for a “Letter of Local Authority”, it may be more difficult for women than men to get the local authorities to prepare it for them as people in higher decision-making positions in Aceh generally are men. In cases where these men happen to be rather conservative and of the opinion, women should not work, especially not outside their homes, they may reject the request from women entrepreneurs for a “Letter of Local Authority”.

3) Despite the fact that women tend to achieve higher repayment rates, according to women entrepreneurs, banks do not take women’s businesses seriously. Bankers follow societal perceptions and tend to see women’s businesses as complementary to someone else’s income (generally the husband’s) and therefore are more sceptical in approving loan applications from women entrepreneurs.⁵⁴ 4) Women entrepreneurs in FGDs expressed that they feel treated more seriously by female banking personnel, which makes them more comfortable dealing with them in general, and when applying for a loan in particular. According to women entrepreneurs expressing their views in FGDs married women are taken more seriously by bankers than unmarried women. For this reason, it is more difficult for single women to access loans than for married women. Widows as explained further below are stigmatised in Acehnese society, and face the greatest difficulties in accessing formal bank loans. Similarly, entrepreneurs with disability in general, and women entrepreneurs with disability in particular stated that they were not considered serious business people by the banks, and therefore saw no hope of even trying to get a loan.

The Case of Cut Putri, a tailor in Sigli

Cut Putri is 38 years old, married and has two children. She heads a tailoring business. Because her husband, a government employee, did not earn enough in order to sustain the family, she decided to start up a business in 1993. Before she married she was working as a secretary, a job her husband did not want her to continue. However, he did support her when she decided to start her own business under the condition that her family responsibilities would not suffer from it. Before the tsunami, she had 10 female employees, all of them orphans. She hired them in order to teach the girls how to run a business, so once they would marry, they would be able to complement their husband’s income.

When her business made good profits, she took a credit of Rp. 8 million from the BRI. Her guarantee was land that she had bought herself earlier. Because at school she had learnt that it was important to have assets registered under one’s own name, or at least under both her husband’s and her name, she had no problem getting another credit after the tsunami. She earns about Rp. 5 million per month, out of which she uses half for her family’s needs. The other half, she re-invests into her business. She also gives herself a salary. Her husband does not really know what is going on in her business, he is consulted only if she wants to take a credit. Her biggest market is her family, both on her husband’s and her own side.

In order to achieve a certain amount of business growth, a loan some time after the initial business set-up often is required. Half of all entrepreneurs interviewed (men and women alike) did not access capital from any source at a later stage in their business cycle. This indicates that

⁵⁴ These are the women’s experiences as expressed in the FGDs. Banking personnel was not interviewed.

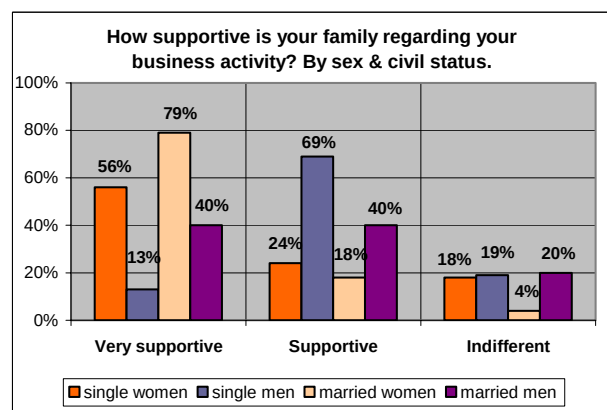
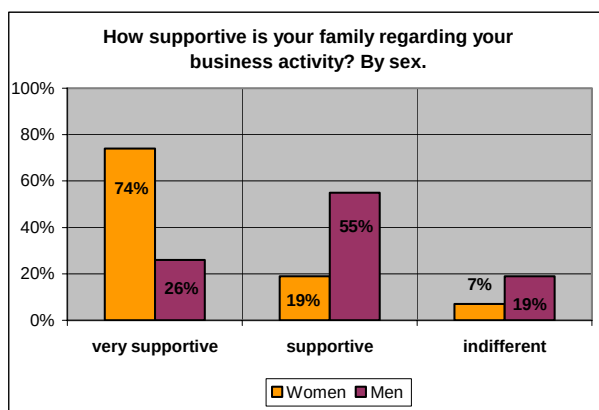
most likely at least 50% of all interview partners have not been able to grow their businesses remarkably over the years. Out of these 50%, who did access extra capital during a later stage, the percentage, who received a formal loan increased from 6% (at business start) to 10% (at later stage of business). Not surprisingly, men and women, who accessed a formal loan also had higher levels of education. No person with less than completed senior high school accessed a loan from a bank. The main source of capital for business growth remained own savings, and again for a higher percentage of women (65%) than for men (45%). This information coincides (as mentioned above) with more women reinvesting higher percentages of their profits into their businesses than men.

Interestingly, a bit over 70% of all married women received financial support in one way or another from their husbands. Still 27% of married business men received financial support from their wives. On the other hand more men (57%) than women (37%) had received financial support from other family members and friends. Other sources for financial support for women were local government (11%), NGOs (5%), and business associations (3%). Men stated they received financial support from local government (7%), none from NGOs and business associations. Five out of nine disabled entrepreneurs received financial support from their families, one disWE from her husband, the remaining three disabled entrepreneurs (1 man, 2 women) did receive no financial support from anyone.

Noticeably, women tended to have a brighter outlook on their future business performance. 57% women compared to 23% men expected a very good business performance for the coming year. 39% women (48% men) expected their businesses to do well and only 4% women (29% men) expected business activity to be going only okay in the coming year. None of the interview partners thought their business sales would decrease in the next year. At the same time the big majority (90%) planned to expand or at least continue their business activities as before.

2.5 Business Operation and Family Involvement

Generally family members of women entrepreneurs interviewed were very supportive of women's business activities, while family members of men entrepreneurs interviewed were also supportive but not as much as this was the case for the women. None of the men or women entrepreneurs interviewed complained of a lack of family support regarding their businesses. Seemingly the support of family members for women entrepreneurs was not bound to the business location, meaning whether the women ran home-based or market-based businesses made no difference for family support. However, the civil status of women did make a small difference in family support. While 80% married women stated their family was "very supportive" regarding their decision in running a business, only 59% single women said the same. Family members of single women more often than of married women were "supportive" (24%) or "indifferent" (18%) regarding their business activity in comparison to 18% and 4% married women respectively.



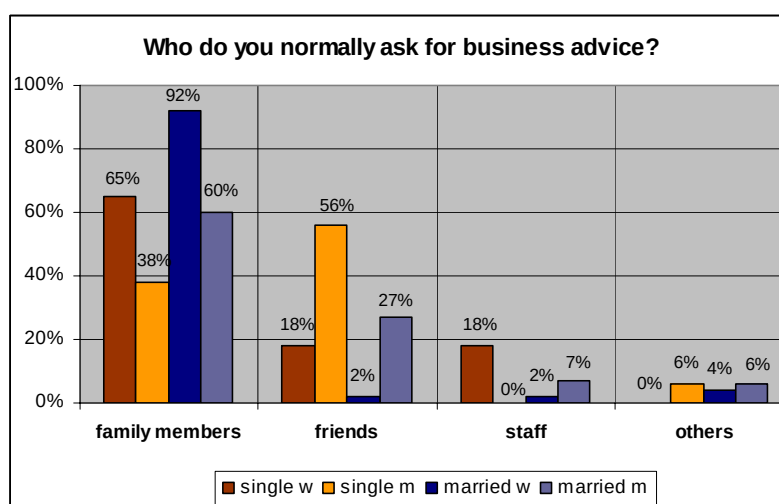
In what ways were the families of entrepreneurs supportive? Not only relied entrepreneurs on their families to provide financial support as explained above, but even more so did they rely on moral / motivational support. 92% of all married women interviewed stated that their husbands supported them morally, 85% received this kind of support from other family members. Married men entrepreneurs also relied much on moral support from their wives (80%), and nearly 80% were supported by other family members. Twice as many men as women were also supported by their friends (63% men in comparison to 32% women). Additional moral support was provided for 33% of all male entrepreneurs from their communities, while this was less the case for women entrepreneurs (19%). Other types of support provided by the families of entrepreneurs were: advise, motivation, spirit, and for some few women also time, business location, and business idea. 13% women in comparison to 29% men said they received no support of any kind from their families. The big majority (94%) of men and women entrepreneurs had no problems with their families regarding their businesses. One woman mentioned, she was rarely at home, which sometimes created conflicts with her family; another woman said there was a lack of space in her home to run her home-based business; yet another woman mentioned misunderstandings with her husband in the business office. One man had difficulties convincing his family that it was a good idea to start a business, one man said the profit was too little.

Table 2)

Support for Business Start-up from	Moral Support				Financial Support			
	F	%	M	%	F	%	M	%
Spouse*	46	92%	12	80%	36	72%	4	27%
Other family members	52	84%	23	77%	20	32%	14	47%
Friends	20	32%	19	63%	3	5%	3	10%
Community	12	19%	10	33%	0	0%	0	0%
NGOs	1	2%	2	7%	3	5%	0	0%
Business associations	1	2%	2	7%	2	3%	0	0%
Local government	1	2%	1	3%	7	11%	2	7%
Provincial government	1	2%	1	3%	0	0%	0	0%

*Percentages are for group of married interview partners only

For entrepreneurs with disability family support seemed to be at least as important as for non-disabled entrepreneurs. All disabled men and women entrepreneurs said, they received moral support and motivation for running their businesses from family members, almost all married women entrepreneurs were supported morally by their husbands (four out of five). Other sources of moral support for disabled entrepreneurs were friends (for three women) and neighbours (for two women).



Again, the family played a key role in providing business advice to entrepreneurs with disability. All interviewees stated that they would turn to family members for advice regarding their business operation. Family members asked for advice were: parents, brothers and sisters, children, and spouses. For all entrepreneurs in general it can be noted that women tended to seek business advice from their family members (84%), while men entrepreneurs still consulted their family members (48%), but equally often their friends (42%). Women rarely consulted their friends (6%). However, there seems to be a correlation between civil status and business consultation. While both married women as well as married men tended to seek advice from their family members more often than single ones; single men and women tended to seek advice more often from their friends than married men and women. No matter if married or not, the fact remains that women consulted their families for business advice more often than men. Single women also consulted their employees.

For decisions on new staff recruitment again 48% women relied on their family members, while this was the case for none of the men interviewed. 90% of all men entrepreneurs said they would take recruitment decisions by themselves without consulting anyone. This was true for 49% of the women interviewed. Few women (3%) and men (6%) discussed recruitment issues with their staff, and 3% men consulted other people. The civil status did not play an important role for this, though young women entrepreneurs tended to take decisions on new recruitment less by themselves (30%), and depended more on family members (59%) and existing staff (12%) than married women. For men age made no difference, younger and older men took decisions on new staff recruitment equally by themselves. This information implies that younger women entrepreneurs might be more insecure than younger men entrepreneurs, which would lead them to seeking more advice from others, rather than trusting their own judgement. This would not necessarily be a bad habit and might actually show that women are more realistic about their own capabilities than young men, as it is a fact that young entrepreneurs generally do have less business experience as they most often started their businesses right after completing their school education.

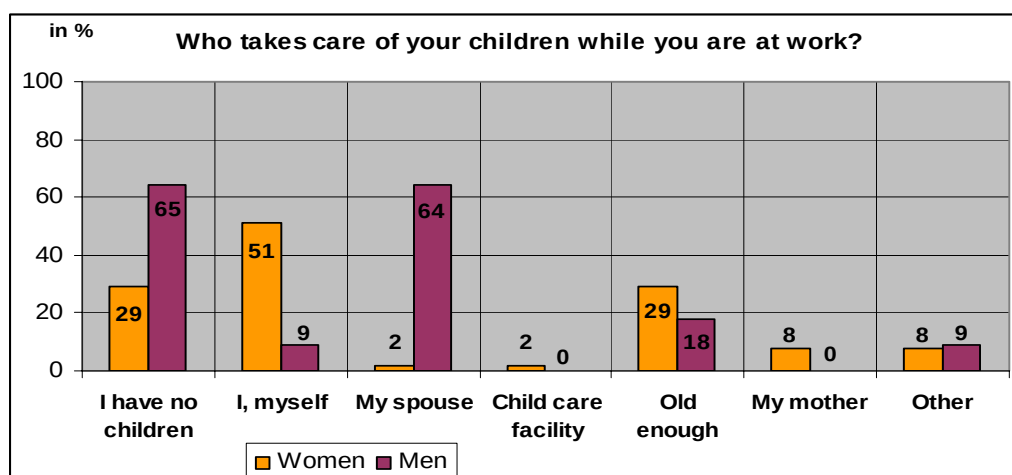
In addition to this, as will be specified further below, in 45% of all cases, the registration of women's businesses was initiated by family members. For men's businesses registration was never initiated by family members.

Furthermore, as mentioned above, about one third of all women entrepreneurs stated that they had established their businesses together with their husbands, which was the case for none of the men. Therefore, it could be concluded that women often run family businesses, which obviously would lead to a natural involvement of the family. Through focus group discussions in Sigli, Calang and Banda Aceh, it became clear that family and friends do not only provide financial and moral support to entrepreneurs, but also seemingly are the main source of customers for women entrepreneurs as will be further discussed below.

Considering all the above, and that only women, who were entrepreneurs already were interviewed in a fairly small sample, it is not necessarily the case that the majority of all women in Aceh receive family support to start and operate businesses, but rather it seems that family support is one main part of business success for women entrepreneurs. Therefore, it might be concluded that for women with and without disability, who do not have the support of their families and/or husbands, it might be very difficult to start and run businesses. Women, who have no family support would have limited access to start-up capital, business space, and business advice. As to the reason, why women did rely so heavily on their families for support, one could conclude that few formal institutions in Aceh exist, to where women can or feel comfortable to turn to. This most likely would even more so be the case for men and women entrepreneurs with disability.

The majority of women (51%), who have children took care of their offspring at the premises of their business (which often was home-based), while men, who had children, left these preferably with their wives (64%). The second highest answer from women regarding child-care was that

their children were already old enough to take care of themselves (29%). Other places to leave their children during business activity for women were: their mothers (8%), child care facilities (2%), husbands (2%), and others (8%). 18% men said their children were old enough to take care of themselves, 9% men took their children along to their business sites, and 9% had some other solution for child care.⁵⁵ It must be noted that few entrepreneurs made use of child care facilities. One reason for this could be that only few child care institutions in Aceh exist, another reason could be that women tend to not want to leave their children with strangers. Through FGDs the latter reason was put forward more often than the former reason. Women in FGDs said they did not feel comfortable leaving their children in the hands of someone they did not know, and therefore preferred to take them with them. This was confirmed through the verification workshop. However, it was also mentioned that, if there were more child care facilities available, more parents would make use of them, though under the condition that the caretaker at the facility would have to be introduced and therefore known to them.



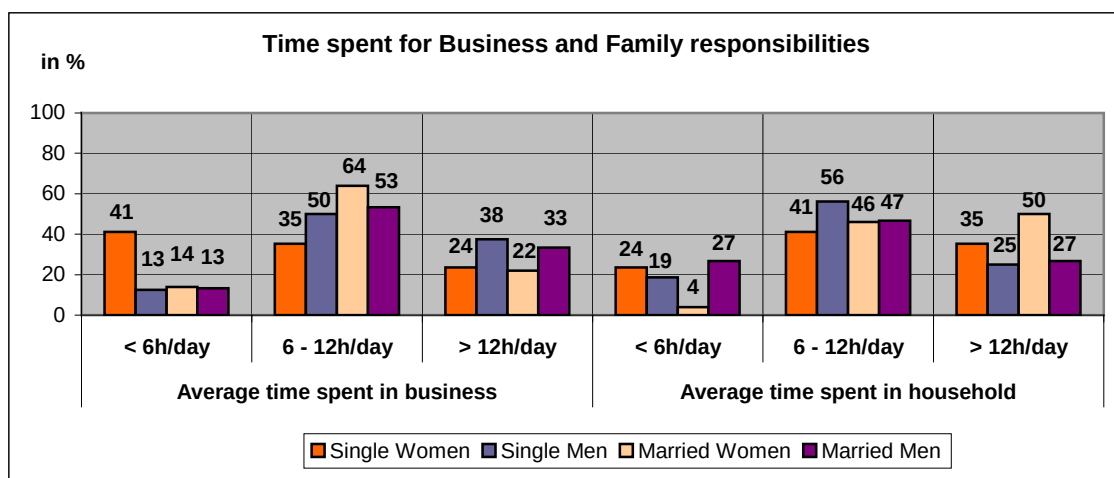
One way of checking the balance between business and family responsibilities, is to look at the time spent in the household / with the family, and the time spent at the business. As expected men tended to spend more time in their businesses than women, and women tended to spend more time at their families than men. However, the difference of work hours per day in the business for women in comparison to men was not great. The majority of both women (58%) and men (52%) spent 6-12 hours, and therefore a full working day at work in their businesses. More women (20%) than men (13%) spent less than six hours per day in their businesses, and therefore worked only part-time. More men (35%) than women (22%) spent more than 12 hours per day in their businesses. It was noted that all disabled men and women entrepreneurs interviewed worked full-time in their businesses (8-17 hours) as well.

Interestingly, single women tended to spend less time in their businesses than married women. 41% single women worked part-time, while this was the case for only 14% married women. Yet, 64% married women (34% single women) worked a regular business day, and 22% married women (24% single women) worked even more than 12 hours per day in their businesses. This finding is somewhat surprising as in Aceh single women generally do not have children, and therefore one would expect them to need less time for their family responsibilities, which means they could use more time for their business operation. Comparing business hours and family hours, not surprisingly married women (46% 6-12 hours; 50% more than 12 hours) did spend more hours working at home than single women (41% 6-12 hours; 35% more than 12 hours). One explanation might be that married women, who have to fend for their children (85% of married women had children) plainly cannot afford financially to only work part-time. Most single women were in the age group of 15-24 year olds, and therefore may still continue their education, work part-time in the business, help their parents in the household, and could still receive some

⁵⁵ Only about one third of all men interviewed had children, which made the total number of fathers fairly small. Therefore it is not possible to draw conclusion based on this information.

financial support from their parents. All the above leads to the conclusion that married women did have a heavy work load mainly having worked 6 to 12 hours in their businesses plus 6 to 12 hours at home, about one quarter worked even more hours than that in both business and at home. For this reason, it is not surprising, that the majority of women ran home-based businesses so as to save travelling time, and to be able to combine family and business responsibilities.

While single and married men were spending the same amount of time in their businesses, single men tended to spend a little more time working at home. This is again a somewhat strange finding as it might have been expected that married men would be drawn to their families and children more than single men to their parent's households. This can only be explained again viewing the socio-cultural gender roles, in which the wives are perceived as having to “serve” their husbands. Mothers in general hold a high position in society. Therefore, it might be expected more so of the sons to support their mothers in the household than it would be expected of the husbands to help their wives in pursuing “their” household chores.



2.6 Business enabling environment

2.6.1 Business Associations and Provision of BDS

Few entrepreneurs (16%) interviewed were members of any business association, none of the disabled entrepreneurs were members of any association. In fact, when being asked about business associations, very few interview partners had even heard about IWAPI, APINDO and KADIN. Furthermore, the respondents, who had heard about these organisations, expressed the opinion that these institutions were only for successful entrepreneurs leading well-established and bigger businesses than their own. However, no one could pin down the mission and vision or support services offered by these organisations. In addition, KADIN was perceived by men and women entrepreneurs interviewed alike as an institution with a rather negative image. KADIN is being perceived by interview partners, who knew about it, as “*being corrupt*” and “*inactive*”. The opinions about IWAPI were somewhat more positive. The few entrepreneurs, who had heard about IWAPI, thought it was an association providing support to women entrepreneurs through training; but also as an association with much room for improvement.

Out of the 100 people interviewed, only 10% had received any type of training or services conducted by NGOs, associations or government organisations. Regarding entrepreneurs with disability, none of the interviewed had received any type of BDS. The vast majority of men as well as women interviewed did experience business associations, NGOs, the local and provincial government as providing little moral, advisory, training, or financial support. Those 10% women and men entrepreneurs, who had received some sort of BDS support from formal providers, had

received: management training, vocational training or business counselling. These services were free for about half of all people, who had accessed them, and included a fee for the other half. Despite the fact that the number of people, who had received training is fairly low, it can be concluded that in Aceh entrepreneurs were willing to pay a fee for information or training that they see as beneficial to themselves and their businesses.

Being asked on which topics they see a need to learn more the majority of men (39%) and women (48%) interviewed alike, said their main area for improvement was “networking”. The second most important need for women entrepreneurs (32%) was “marketing”. Less important for women were increased knowledge on “finances” (16%) and “management” (1%). Men saw their second most important need for increased knowledge in “finances” (35%), “marketing” came third (13%) and “management” (6%) fourth for men. Networking and marketing are much related, and therefore adding the two, 81% women entrepreneurs interviewed saw an urgent need in gaining more knowledge on how to reach out to their customers and extend their markets. Men also saw a big need in marketing/networking (52%), but also in finances. This finding coincides with the above hypothesis that women in Aceh know more about the management of finances, but with often having home-based businesses have limited access to the market. The age did not play a significant role here.

Coming back to accessing information and service provision through institutions, organisations and associations, the majority (90%) of all entrepreneurs (including all entrepreneurs with disability) interviewed stated that they did not know where to go in order to address their needs and increase the knowledge regarding above specified topics. This again could explain why entrepreneurs did rely on family members and friends for business advice, even if those most likely were not the best qualified people to provide this advice, seemingly they were the only ones entrepreneurs knew about, and therefore had access to.

2.6.2 Government policies

Women and men entrepreneurs interviewed have been asked, which was the most important factor affecting their businesses negatively in the recent past. Interviewees were able to choose from the following: regulatory environment, law and order situation, lack of financing facilities, lack for business development services (BDS), economic slowdown, infrastructure, and others. For the majority (75%) of women and men interviewed alike, the lack of adequate financing facilities was the top most important factor affecting their businesses negatively. Second and third most important factors of negative impact for women entrepreneurs were the economic slowdown (64%) and a lack of BDS (62%). For interviewed men a lack of BDS was just as important as a lack of financial services (77%), and second most important for men was the law and order situation (50%). Lack of Infrastructure and the regulatory environment were least important for men and women alike.

In general younger entrepreneurs considered a lack of finance institutions with adequate services even more important for influencing their businesses negatively than older entrepreneurs, which is not surprising as the younger entrepreneurs usually would just have started their businesses and therefore need capital. At the same time, banks were perceived as taking younger entrepreneurs less serious than older entrepreneurs. For disabled entrepreneurs the main factors affecting their businesses negatively were: a) access to financial institutions, which provide adequate financing facilities for them, b) economic slowdown, c) lack of BDS.

As mentioned above the majority of all businesses that took part in the survey were informal. Only 26% of all entrepreneurs (women: 29%, men: 19%) interviewed headed businesses that were legally registered in any way. This was true for nearly all disabled entrepreneurs, out of these only one had her business registered. Out of these few registered, 70% women and 100%

men had a SITU/HO⁵⁶ (Permit for Business Premises), 85% women and 67% men had a SIUPP⁵⁷ (Trading Permit) (incl. one disabled woman), and 45% women and 50% men had registered their businesses as TDP⁵⁸ (Company Permit). The educational background of the entrepreneurs plays an important role for the registration. 90% men and women heading registered businesses had completed at least senior high school or higher: 29% women and 60% men with registered businesses had graduated from senior high school; 60% women including the one disWE (40% men) had a Diploma or S1 degree. About half of all entrepreneurs with a university degree headed registered businesses. This leads to the conclusion that the higher the educational level of entrepreneurs, the higher the chances that their businesses would be registered.

The Case of Rahma, a fashion designer in Banda Aceh

Rahma is 30 years old, and has two children. She studied fashion design in a university in Jakarta, but never graduated. Later she studied in the economic faculty in the Syah Kuala University in Banda Aceh. She has never applied for a job because she thoroughly believes that a woman should be supporting her husband, and taking care of the family. She got married to an engineer, who currently heads a contracting business. After some time, she wanted to contribute to the family income, so she started a tailoring business. For her having a business is the best solution for women because this enables women to take care of their children, "serve" their husbands, and at the same time earn some additional money to contribute to the family income.

One of her hobbies was to design jewellery, which was very popular amongst her friends. Her business expanded, now she is selling more jewellery than garments. Her brother and her mother joined her in her business when the workload became too much for her alone. Though, she kept the decision making power to herself, but does consult with her mother, if she faces problems. She employs seven young women from rural areas, who she taught how to sew and assemble the jewellery, as well as two male shop keepers. When Rahma was little, she always helped her mother, who had a tailoring business herself at the time. This was Rahma's inspiration. Her husband is not involved in her business, but has his own business as a contractor. His and Rahma's business are registered together as one CV, they also share the same tax number. By now, she has opened two stores in Banda Aceh.

Half of all women heading registered businesses stated that their businesses were registered at business start-up, the other half of women headed businesses was registered at a later point in the business cycle. In comparison to that 80% men with registered businesses said their businesses were registered at business start-up. The registration process took between one week and one year. Again as mentioned earlier while 84% men entrepreneurs registered their businesses themselves, this was the case for only 55% women entrepreneurs. 45% of formal women's businesses were registered by family members, and 16% men's businesses were registered by business partners. Fees paid ranged between Rp. 100.000 for smaller businesses and 3.000.000 for bigger businesses.

Reasons provided by interview partners as to why they had not registered their businesses formally were: 52% women and 36% men said they did not know how to register / procedures too complicated; about 25% men and women were of the opinion that they did not fulfil the requirements, some interviewees complained the fee would be too expensive, or the procedures

⁵⁶ SITU - Surat Ijin Tempat Usaha.

⁵⁷ SIUPP – Surat Ijin Usaha Perdagangan.

⁵⁸ TDP – Tanda Daftar Perusahaan.

took too long. Some entrepreneurs had other reasons. Out of all interviewed people, who had not registered their businesses at the time of the interview, about half of the women entrepreneurs and two thirds of men entrepreneurs stated that they had planned to register their businesses in the future. Reasons for registering their businesses as stated were that it was a legal requirement, and that it was easier for legal businesses to access capital. 63% of all interviewed entrepreneurs did not pay any corporate tax, which might be one additional reason for not registering.

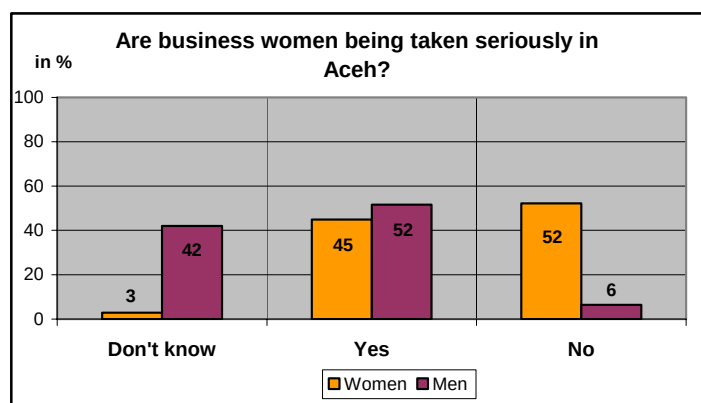
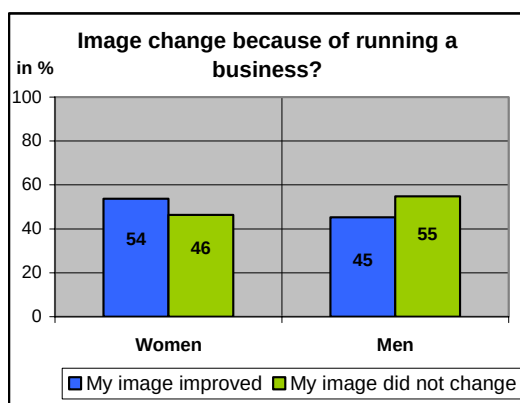
Men entrepreneurs usually signed their legal documents by themselves, though some men had asked their children to co-sign. However, among the men interviewed none had asked their wives to come along and co-sign legal documents. In comparison to that, women entrepreneurs mainly signed legal documents by themselves as well, but 20% women stated that it was their husbands who signed all legal documents, some women were accompanied by their husbands in order to co-sign.

Having been asked, if they thought the provincial government was supportive towards women entrepreneurs, the majority of men (45%) as well as women (57%) could not answer this. One third of the women entrepreneurs asked said the provincial government was supportive, while 42% men said the same. 13% men and women alike stated that the provincial government was not supportive towards women entrepreneurs. Those women entrepreneurs, who said they did not know, if the government was supportive towards women entrepreneurs, most likely have not received any support themselves or people they know of. This indicates therefore, that government institutions to date at least have not implemented measures to support women entrepreneurs in Aceh widely.

The big majority of male and female respondents felt that government officials were interpreting rules and regulations based on their private opinions rather than based on actual documents. 25% women compared to 75% men interviewed stated that they sometimes saw the need to bribe government officials, while 75% women compared to 25% men said they never had bribed any government official for business purposes. However, as this is a delicate matter, despite the fact that all interview partners were guaranteed that their data would be treated confidentially, the possibility that not all interviewees were completely honest answering this question must be considered.

2.6.3 Socio-cultural Aspects

Little more than half of all women said since having started running their businesses their image in society had increased, while the remaining women stated that their image stayed the same. For men entrepreneurs interviewed it was the other way around: little more than half's image had not changed, while the remaining stated an improved image. Neither men nor women felt their status or image in society in general had decreased due to the fact that they were running a business.



Interestingly, while 42% male interview partners were not able to answer the question, if women entrepreneurs were being taken seriously by society, 52% said “yes”, and only 6% said “no”. In comparison to that only 3% women entrepreneurs had no answer to this question, 45% women said they felt being taken seriously, and the slight majority of 52% stated that women entrepreneurs were not taken seriously by society.

In addition to this, interview partners were asked, if in their opinion women entrepreneurs played a very important, important, little important, or not important role in contributing to the local economy. The majority of men entrepreneurs interviewed felt women entrepreneurs’ contribution to the economy was little important (29%) to important (65%). Women entrepreneurs themselves saw their roles as contributing to the local economy as more important: 52% important, 29% very important, 19% little important, no woman entrepreneur thought their role was not important at all. 3% men thought women entrepreneurs’ role regarding the local economy was not important and very important respectively.

Being asked concretely which problems women entrepreneurs face that men do not face, the majority of all problems mentioned were related to the socio-cultural roles and perceptions society as a whole has about women. The two main problems perceived by women were a) gaining the trust of the community, the bank personnel as well as the customers that women entrepreneurs are capable of running their businesses and offering good products and services; and b) combining family and business responsibilities as the family supposedly should be of the highest priority to women, which created a heavy burden and time pressure for women entrepreneurs. Other issues mentioned by women entrepreneurs were difficulties operating businesses in as perceived male-dominated trades, getting permits and accessing capital. The one third of all men, who did have an opinion about this question, stated that women-specific problems in running a business were that women entrepreneurs a) could be harassed by men, if they work outside their homes, b) do not have the skills/capacity to run specific businesses, c) do have neither the time nor capital to run a business, and d) have difficulties with marketing because they can only sell to other women, and should not be outside of their homes (especially not in the evening or at night).

This challenge regarding women’s mobility was also raised by women entrepreneurs during the FGDs. As women often work in tailoring, but the fabrics and textiles are not manufactured in Aceh and therefore are brought in from Medan, Jakarta, and elsewhere, travelling out of Aceh was perceived as necessary in order to decide on new materials and hold up relations to suppliers. This often was seen as difficult for women having to take care of their family responsibilities as well as needing the permission from their husbands to travel for longer time periods. For these reasons, women often relied on intermediaries buying the wares for them from further away, which made goods more expensive, and women more dependent on the good taste and honesty of their intermediaries.

Entrepreneurs with disability specifically just the same as women entrepreneurs in general said, they had to struggle with people in general and their communities in particular not trusting in their capabilities to run businesses and sell good products and services.

Marketing

Generally entrepreneurs interviewed did not do much in regards to marketing. They tended to wait at their businesses for customers. The general marketing mentality seemed to be: “wait and see”, which was explained with the phrase: “Rezeki adalah masing-masing”, which means there is success for everyone. When asked why they did not make an attempt in promoting their products and services more in order to attract more customers, the majority of FGD participants men and women alike, answered that “Allah” would justly share the benefits among all competitors, and therefore there was no need for marketing. Obviously entrepreneurs were aware of their competitors, who often are found selling the exact same goods in the same geographic areas, but felt no need to be concerned as sales and benefits were considered to be

in the hands of “Allah”, just as it is perceived the case for everything else that happens in people’s lives. This strong believe of entrepreneurs in their faith, seemingly lead to a business mentality of not actively engaging with customers and binding them to their respective businesses, and not developing new products and services in order to expand their businesses. In addition to this, more often than not did entrepreneurs not assess the market opportunities before business start-up, neither did they plan their business activities very well.

However, during FGDs it was also noted that entrepreneurs, who are more successful with their businesses were being viewed with much jealousy and dismay. Especially the Chinese business owners, who very often are skilled at networking, assessing the market and could be seen as being equipped with a “natural” business spirit, and therefore often doing rather well in business, were regarded with much discontent by people interviewed.

Faith in “Allah” as an explanation for not doing active marketing also stands somewhat in contradiction to in particular women entrepreneurs interviewed stating that one of their key challenges in running their businesses was “finding customers”. Obviously, “finding customers” is closely related to a) adequate products and services demanded by the customer, and therefore to market research and product development; as well as b) making ones products and services known to the customer, in short: marketing. The entrepreneurs interviewed, and in particular women entrepreneurs, have acknowledged this by stating that they have a need in increasing their knowledge about marketing. Though, as also was explained above that entrepreneurs in general did not know, where to go in order to address their learning needs, the “wait and see” mentality described earlier may be determined through sheer helplessness, lacking the knowledge on the “how to”.

In addition to the above, women stated that it was especially difficult for them to market their products and services due to the wide-spread perception that they should stay close to their homes. For this reason, especially married women interviewed did not make much of an effort on marketing, which again lead to them mostly serving relatives, neighbours and friends as customers. This was confirmed through FGDs where many women seemed to lack the self-confidence in going out into the wider market place in order to reach more customers. On the other hand, single women entrepreneurs tended to be more active regarding marketing then married women. Not surprisingly, younger men as well as women, who had studied marketing, worked in the media sector or for an International Organisation prior to starting their businesses seemed to be more actively engaged in marketing.

When asked, if they wanted to expand their businesses, all interview partners answered in a positive way. However, during in-depth interviews as well as FGDs it turned out that the majority of interviewed entrepreneurs did not have a clear vision on how they exactly would go about the anticipated business expansion.

Stigma on Widows

Through FGDs one other socio-cultural issue concerning widows was found: women, who had lost their husbands and therefore were no longer able to rely on a man to provide for their daily subsistence seemingly cannot expect pity from their surrounding environment. Especially married women tended to show great hostility towards widows. This sprung from a combination of fear and jealousy. Married women feared that widows living without “care-taker” could seduce their own husbands into marriage, which would then lead either to a divorce for themselves or having to share their husbands with a second wife. At the same time, those widows, who managed successfully to run a business and therefore provided for their family income by themselves also enjoyed greater freedom than married women because they were more independent, and more free to make their own decisions, not having had to ask their husbands for permission to go out, run their businesses, etc. Having said that, widows had to struggle hard

in order to not let themselves be stopped in their business ventures by the negative image that was portrayed upon them by society based on the sheer fact that they had lost their husbands.

Especially widows, who run businesses successfully, have to endure gossip regarding their success as to how this success was generated. Society seemingly is unable to believe that a woman without the support of her husband or any man is able to run a business successfully. Therefore rumors about exchanges of sexual favors for help in the business are wide-spread, especially if customers are being served also in the late evening.

The Case Sri, a Young Widow from Aceh Pidie

Sri has lost her husband and her mother as a result of the tsunami. She is 30 years old and has a young daughter. For the time being, she is staying with her grandmother in Aceh Pidie. At the time of the interview, her father lived in government built barracks. Before the tsunami she was a housewife and did not have any income earning activity; her husband had a big fishing boat exporting fish to Medan, provided the whole family income. Now faced with having to earn her own income, she decided to start a business. As she had some contacts in the fisheries sector through her belated husband, she thought it would be a good idea to use these and run a BBQ restaurant mainly selling grilled fish in town. She received a small amount of start-up capital from her parents-in-law. Later, in order to expand her business, she applied for a loan with BRI, but her application was rejected.

She has created her own recipes. Her 6-months old business is running well, and she is happy with her sales. However, her business requires work hours late into the night (often until 2 a.m.). She employs six young men to help her. This and her being a widow leads especially her competitors, who are all male and mainly single to call her a whore ("lonte"). Also her customer relations strategy of giving free fish as a bonus to good customers is seen as a despise. Her competitors are spreading the rumour, she would use her femininity and her status as a widow as a means to make good business, a business that culturally should be run by men only. Sri says it was hard in the beginning not to give up, but now she just does not care about the gossip and rumours anymore and carries on.

Urban vs Rural Areas

During the FGDs in Banda Aceh some well educated men running bigger businesses had argued that the role of women was at home in the private and not outside in the public sphere according to Islam. In more rural areas such as in Pulau Weh and Aceh Jaya district, where also FGDs were conducted, this argumentation was completely disagreed with by both male and female participants.

This could be explained by the different cultural environment of rural areas in comparison to urban areas. In rural areas, life is outside the house, the majority of population work in agriculture and fisheries, men and women tend to work together in the field sharing their tasks. Also people are less preoccupied about following the Islamic dress code because they have neither time nor money to worry about it. One of the female participants in a FGD in Pulau Weh, who's business was the manufacturing of coconut oil, said that in the fields Islamic dress was not practical and very hot.

Another point raised in a FGD in Banda Aceh was that women would be predestined to not do "hard and heavy" work. This type of work was supposedly men's work. A woman running a

business in a trade that generally was considered a men's trade, would be a problem because she was not supposed to do "heavy" work. In rural areas, however, women traditionally are working side by side with men for example in paddy fields, which undoubtedly is very hard labour. For this reason, in rural areas, hard work or a woman doing "men's work" was not seen as much a problem by neither men nor women, under the condition that women still found time to take care of the family.

2.7 Challenges faced by entrepreneurs with disabilities

According to Handicap International, women with disability face more challenges than people without disabilities, because society finds it difficult to trust people, who are different. Therefore, women with disability often lack role models to motivate and inspire them. This is coincided with the information found through the study by which the great majority of disabled entrepreneurs interviewed were able to get where they are today because they had received moral support and motivation from either their parents, brothers and sisters, children or spouse. Very few of the entrepreneurs with disabilities had assets that can be used as collateral to access credit. In the case of money needed, they felt more comfortable asking their family for a loan.

The Case of Yuliani, an Entrepreneur with Disability in Banda Aceh

Yuliani started working at the age of 12 years after she had left her parents' home because of conflicts within the family. When she was still very young she had fallen down from a ladder and lost the use of her legs. For some years, she is married to her husband, who used to be a becak driver until his becak was stolen. Currently, he works on a day-to-day basis mostly doing unskilled labour. Often he helps out in her business, which is a kiosk operated from a small timber hut in the street that they built themselves. The young couple has one child, and often sleeps in the kiosk out of fear for theft.

Her family in law was not happy about the marriage of her son to a disabled woman, and also did not believe that she could contribute anything to the family income. Therefore, they did not provide her with any support. The family changed its perception though after she had started her own business successfully, and through that had proven that she was capable of working just as hard as anyone else. She even supports her family in law financially. However, sometimes she feels mistreated and discriminated against. Because she is disabled and cannot run, it happens that customers come to her kiosk, request goods, and once they have them leave without paying, knowing that she cannot run after them. She explained that sometimes people are jealous of her because she is independent financially despite the fact that she is disabled. The Ministry for Social Welfare (Dinas Sosial) has promised her a grant in order to improve her business, but she has not yet received it.

Often, women with disabilities are perceived as having no sexual orientation. They might be strong and successful entrepreneurs, but do not have a private life. One entrepreneur has even informally adopted a child as she was confronted with the reality of not being able to attract a husband, and wanted to have at least some sort of family life and be seen as a mother.

Furthermore, in FGDs and through an interview with Handicap International it came out that seemingly disabled people do not feel supported by the government; that they would like to have more access to credit, training and a more conducive business environment. Again, according to

Handicap International, women with disabilities do not get much support from organizations regarding livelihoods.

Generally, people with disability are sent to Dinas Sosial as the government institution to take care of them. If disabled entrepreneurs want to access training, finances or other services by other institutions, they are regularly sent back to Dinas Sosial, which may not offer the required services to them, especially to entrepreneurs.

C) CONCLUSIONS

Foremost, it is apparent that in Aceh province plenty of women are doing business, and some of them quite successfully. Because of socio-cultural perceptions it seems to be more acceptable for women to start a business than to find employment.⁵⁹ This is true especially for home-based businesses as these allow a better combination of family and business responsibilities. However, seemingly it is also acceptable for women to run a market-based business as long as their family responsibilities do not suffer, which most often is the case, once the children are grown up.

Even though women generally start businesses in order to supplement their husband's income, in the long term women's businesses often seem to be the major source of family income. However, this often is not being acknowledged by the family and society as the husband generally retains his status as the head of the household. Furthermore, does it remain the wife's lonely responsibility to take care of the household duties. This leads to an overburden of tasks especially for successful business women. These women spend as many hours in their businesses as men entrepreneurs, but at times when men entrepreneurs can relax, women entrepreneurs are continuing to work to complete their household tasks. This heavy work load of women entrepreneurs can only be eased, if men are taking over a share of family responsibilities, and/or external help such as child-care and the service of a maid are being employed. However, neither currently is common practice. Society perceives women's role as care-takers as their top most priority, which means that men traditionally cannot be bothered with such tasks. The lack of and distrust in the few existing child-care facilities as well as again society's image of the "good mother" lead to women working double shifts.

In regards to employment creation through business start-ups, men tend to employ mainly men in their businesses while women tend to equally employ men and women. This finding can be related to the socio-cultural perceptions that a) women should not work outside their homes, and b) men have the skills and capabilities to do anything they like, while women have the skills and capabilities to do only certain things. One of these things seemingly is financial management. Women often are employed as book keepers and in other positions that involve managing the finances of a business. Generally, in Acehnese society women are regarded as "smart finance managers." This leads to them handling finances often in daily life for their families, which provides them with practice and therefore with an advantage in running their businesses. On the other hand, women being less mobile than men, women entrepreneurs often face difficulties in networking and marketing their products. For this reason, the main customers of women often tend to be extended family, friends and neighbours rather than a wider market, which obviously leads to comparatively small business sales, and therefore hinders the business growth.

As women most often do not know of any organisations, associations or institutions, who could provide them with financial and non-financial business development services, they often turn to their families for support regarding their businesses. As through the verification workshop came out, it is not that women will directly be hindered in starting a business, if the family does not support them in their venture. However, without family support, their chances of business success look fairly bleak because they usually will lack access to sufficient finances as well as

⁵⁹ This conclusion is especially valid for urban areas, as in rural areas even if it was acceptable for women to be employed, there are few employment opportunities. Therefore, the only means of generating income is self-employment or running a business.

advisory services, which will make it more difficult for them to succeed. For this reason, one key factor that affects women's business success at least indirectly can safely be assumed to be family support. Business Development Services Providers (BDSPs), who could compensate for a lack of family support, seemingly have not yet managed to reach out far enough to women entrepreneurs. This situation does not differ much for men entrepreneurs, except that men tend to rely not solely on their family for business support, but also consult friends, and the community from where they more often gain support than women.

The educational level is the determining factor for business registration as well as accessing formal loans. It seems to be very difficult for men and women entrepreneurs with low levels of education to formalize their businesses as well as to apply for a formal credit. Again, business advisory services on the "how to" could compensate for a lack of higher educational background, but as mentioned earlier BDSPs' outreach seems to be too narrow.

Widows, people with disabilities and young entrepreneurs face particular strong disadvantages in operating their businesses as they are struggling against negative social stigmata that make it even more difficult for them to run profitable businesses. Out of these groups, only women with a particular strong stamina and/or extra family support have been able to start and develop their businesses.

In comparison to urban areas, women entrepreneurs in rural areas may have the advantage that the gender roles are a little bit more flexible than for their female counterparts in the cities. However, coming to business growth, formalisation of the business, accessing any form of formal support (financial, business advisory services) women doing business in rural areas face even bigger difficulties than business women in urban areas because of their relative isolation as well as their much lower educational attainments. However, as the study was conducted mainly in urban areas, in order to draw up more substantial conclusions on the differences between urban and rural areas further research would be necessary.

D) KEY RECOMMENDATIONS FROM THE PROVINCIAL STAKEHOLDER VERIFICATION WORKSHOP

During the verification workshop conducted on 12 October 2006 in Banda Aceh with representatives from mainly local organisations, associations, and government institutions through intensive discussion among all participants the following recommendations have been developed:

1. Establish industrial / business centres

It has been discussed that one way of strengthening micro and small women entrepreneurs in order to grow would be to establish industrial / business centres as places where women can find additional workspace, get business advice, and market their products from. In a centre of business activity, women could be motivated better to work together in production groups, have increased networking links, as well as increase the quality of their products. This would lead to better developed products, more cost efficiency for the individual entrepreneurs, and easier access to market as well as business advice.

2. Extend Micro-credit schemes especially to business starters, entrepreneurs with disabilities, and rural areas (including training on "how to" procedures)

In order to increase access to micro finance for women entrepreneurs, it has been recommended to a) support the establishment of micro finance institutions particularly in rural areas; b) advocate for extended financial services to business starters as well as young and disabled women entrepreneurs; c) advocate for awareness-raising amongst banking staff towards women's higher re-payment rates, and advocate for more female staff working in micro

finance institutions. This should increase mutual trust between women entrepreneurs as well as bankers and therefore generate a more comfortable and conducive environment for women entrepreneurs within the banking system; and d) conduct micro finance awareness raising training, which should combine the topics on how to access micro finance as well as on explaining the benefits and procedures connected with it. This should take away the mysteriousness of micro finance, and therefore decrease the fears of women entrepreneurs related to micro finance.

3. Improve and extend BDS specifically in Marketing

BDS providers should be encouraged and supported to increasingly offer training in marketing, networking and customer relations to women entrepreneurs as this (besides access to finance) has been identified as the main area in which women entrepreneurs are struggling.

4. Develop outreach strategy to SMEs

In order to support small and micro entrepreneurs to grow their businesses and access financial as well as non-financial business development services, organisations, associations and government institutions need to develop a strategy on how to better reach out to these entrepreneurs. These often most vulnerable entrepreneurs, who might be illiterate, with disability and/or isolated in rural areas often lack access to information, which often is communicated only through media of limited reach such as newspapers.

5. Establish community-based child care facilities

One way of easing the heavy workload on women entrepreneurs' shoulders would be to support the establishing of child-care facilities. However, as women often feel uncomfortable leaving their children with strangers, these child care facilities must be community-based not too far away from women's businesses. In addition to that, the respective care-takers in these facilities must be well introduced to the according clients so to enable the development of a trustful relationship between care-taker and parents.

6. Improve support structure to entrepreneurs with disabilities

Entrepreneurs with disabilities must be included increasingly among the target groups of existing organisations and associations working in livelihoods and enterprise development (not only Disabled People Organisations) so that these men and women are given the chance more often to live up to their potentials, and to become independent and well-respected citizens in Aceh.

7. Gain more representative facts on women entrepreneurs through the BPS

In order to gain more representative data on women entrepreneurship in general, and women's contribution to the family income in particular, the BPS should be encouraged to include a set of questions regarding this into their annual statistics surveys.

8. Set-up an implementation task force

As a follow-up to this study as well as to the recommendations derived through the verification workshop it is recommended to set-up a task force involving key players of the fields of livelihoods and women's enterprise development in order to prepare a plan of action, and advocate for the implementation of the above mentioned recommendations.

ANNEX 1 – Bibliography

- Al Yasa'Abubakar, Prof. Dr. H. *Syari'at Islam di Propinsi NAD. Paradigma, Kebijakan dan Kegiatan*. Dinas Syaria't Islam Propinsi NAD. Banda Aceh, 2005.
- Al Yasa'Abubakar, Prof. Dr. H. *Himpunan, Undang-undang keputusan Presiden, Peraturan Daaerah/Qanun, Instruksi Gubernur, Edaran Gubernur*. Dinas Syaria't Islam Propinsi NAD. Banda Aceh, 2005.
- Al Yasa'Abubakar, Prof. Dr. H. *Bunga Rampai Pelaksanaan Syariat Islam*. Dinas Syaria't Islam Propinsi NAD. Banda Aceh, 2005.
- BPS-Statistics Indonesia. *Employment Situation in Nanggroe Aceh Darussalam: The Results of the 2005 Population Census of Aceh and Nias (SPAN 2005)*. Banda Aceh, 2006.
- BPS NAD. *SUSENAS 2003*. Banda Aceh, 2004.
- Coleman, Isobel. "Women, Islam and the New Iraq." In: *Foreign Affairs*. Jan/Feb 2006.
- Dinas Syariat Islam, Provinsi Naggroe Aceh Darussalam. *Qanun Provinsi Nangroe Aceh Darussalam, nomor : 10 Tahun 2002 tentang peradilan syariat Islam*. Banda Aceh, 2002.
- Dinas Syariat Islam, Provinsi Naggroe Aceh Darussalam. *Qanun Provinsi Nangroe Aceh Darussalam, nomor 11 tahun 2002 tentang Pelaksanaan Syariat Islam bidang Aqidah, Ibadah dan Syi'ar Islam*. Banda Aceh, 2002.
- Economic and Social Commision for Asia and the Pacific. *Consideration of a Regional Framework for Action Towards an Inclusive, Barrier-free and Rights-based Society for Persons with Disabilities in Asia and the Pacific*. January 2004.
- Farartri Widyadari. 2006. "Public support a must for enterprising women." In: *The Jakarta Post*. Jakarta, 21.04.2006.
- Handicap International Banda Aceh. *People with disabilities' role and participation in livelihood and community activities*. Unpublished report. Banda Aceh, February 2005.
- IFC. *Voices of Women in the Private Sector*. Jakarta, April 2006.
- ILO. *Towards decent employment in NAD and Nias*. Jakarta, January 2006.
- ILO. *Impact Assessment SYB Programme NAD province. A longitudinal study of 244 participants of SYB courses from March to September 2005 under the Youth Employment Project for Indonesia*. Unpublished document. Jakarta, February 2006.
- Muhammad, Husein. *Islam and the Working Woman*. Rev.13/09/06:
http://www.rahima.or.id/English/tafsir_12.htm
- Sipano, Jaqueline Aquino. *Gender, Islam, Nationalism and the State in Aceh. The Paradox of Power, Co-optation and Resistance*. London, Routledge Curzon, 2002.
- Smith, Anthony L. *Self-Determination Conflict Profile Aceh*. 2002. Rev./15.05.2006:
http://www.irc-online.org/selfdetermine/conflicts/aceh_body.html
- Vianen, Inge. *Access to finance for women entrepreneurs : 'Unfortunately no pro-women bank exists in Banda Aceh'*. Unpublished ILO report. January 2006.



**Questionnaire for the
Study on Factors affecting Women Entrepreneurs in Establishing and Expanding
their businesses in NAD province.**

For official use only

Interview number:	
Date of interview (dd/mm/yyyy):	
Name of interviewer:	

Questionnaire checked by (name):	
Date checked (dd/mm/yyyy):	

Thank you for taking part in this interview. The information gained from this study will assist the ILO to gain a better understanding of the different factors that affect entrepreneurs in Aceh, and women entrepreneurs specifically. Only, if we know the situation entrepreneurs are in and the problems entrepreneurs in Aceh face, will we know what needs to be done to provide support.

First I would like to ask you some questions regarding yourself.

Personal Information

1.	What is your Name?				
2.	Sex (tick without asking)	<u>Female</u>	<u>male</u>		
3.	How old are you?	_____ years			
4.	Where were you born?	City:	District:	Province:	
5.a)	Where do you live presently?	Village / town / city:	Sub-district:	District:	
5.b)	Is this where you lived before the tsunami?	Yes	No, before the tsunami I lived in:		
6.a)	What is your phone number?				
6.b)	If the above phone number is not your own, please tell me the name and your relationship to the owner of the phone.	Name:	Is the owner of the phone (tick right answer)		
			Your spouse:		
			Other family member:		
			A friend:		
7.	What is your civil status?	<u>single</u>	<u>Married</u>	<u>divorced</u>	<u>widowed</u>
7.a)	<u>For married men only:</u> Do you have more than one wife?	If yes, how many: _____		No	
7.b)	<u>For married women only:</u> Does your husband have more than one wife?	If yes, how many: _____		No	
8.a)	Do you have children?	Yes		no	
8.b)	If yes, how many children do you have?	Number boys: _____		Number girls: _____	
9.a)	What is your highest level of education completed?	I don't know how to read and write well.			1
		I graduated from elementary school (year 1 - 6) (SD)			2
		I graduated from Junior High School (year 7 - 9) (SMP)			3
		I graduated from Senior High School (year 10 - 12) (SMA/SMK)			4
		I have a Diploma (1, 2, 3)			5
		I passed Strata 1 (bachelors degree)			6
		I passed Strata 2 (masters degree)			7

9.b) What is the highest level of education completed by your spouse?	Doesn't know how to read and write well.		1
	Graduated from elementary school (year 1 - 6) (SD)		2
	Graduated from Junior High School (year 7 - 9) (SMP)		3
	Graduated from Senior High School (year 10 - 12) (SMA/SMK)		4
	Has a Diploma (1, 2, 3)		5
	Passed Strata 1 (bachelors degree)		6
	Passed Strata 2 (masters degree)		7
10. What is your position in your business?	I am the owner of the business.		1
	I am the manager of the business.		2
	I am one of two business partners.		3
	I am one of more than two business partners.		4
	Other: _____		5
11. What were you doing immediately before running this business? (one answer only) I was:	Student		
	Employed		
	Unemployed		
	Housewife		
	Run another business	Explain:	
	Other	Explain:	
12. Before you started this business, did you have any work experience related to this business?	<u>No</u>	<u>Yes. Please explain, what kind of work experience.</u>	
13. In addition to this business are you employed elsewhere?	No. I work only in this business.		Yes, I am employed at: _____
14. What is your household's main source of income?			
Most of my household's income is from my business			1
Most of my household's income is from my salary			2
Most of my household's income is from my spouse's salary.			3
My spouse has a different business than mine. Most of my household's income is from my spouse's business.			4

Thank you. We have completed the section related to your personal information. I would like to continue now with information regarding your business.

Business Profile

15. In what year was your enterprise established? <i>(Intv.: If the entrepreneur cannot remember the year, ask approximately how many years the business has been operating until today)</i>				Year: _____
16. What are the main products / services of your business?	1. _____			
	2. _____			
	3. _____			
	4. _____			
16.a) How do you market your products?				
17. In what sector is your business operating? <i>Intv.: Circle all applicable numbers!</i>				
		Trade	1	
		Manufacturing	2	
		Service	3	
		Agriculture, fisheries, forestry	4	
		Other	5	
18. How many people are working in your business? <i>(Intv.: fill in the numbers on according lines!)</i>				
	1) No. men full time: _____	2) No. women full time: _____		
	3) No. men part time: _____	4) No. women part time: _____		
	5) No. male day to day workers: _____	6) No. female day to day workers: _____		
	7) No. paid male family members: _____	8) No. paid male family members: _____		
	9) No. unpaid male family members: _____	10) No. unpaid male family members: _____		
18.2. Where do you sell your products / services?				
		In the local market surrounding my business.	1	
		I sell in different areas / districts in Aceh.	2	
		I sell in different districts in Indonesia.	3	
		I sell in different countries outside Indonesia.	4	

18.3. Where is the business operating from? <i>(Intv.: circle the according number!)</i>	My own home.	1
	The home of a family member.	2
	I rent business premises away from my home.	3
	I own business premises away from my home.	4
	Other, specify: _____	5

18.4 Does your business have electricity?	yes	No
18.5 Does your business have access to tap water?	Yes	No
18.6 Does your business have a phone line connection?	yes	No

19. Who established the business? <i>(Intv.: circle the according number!)</i>	a) It was already established by my family.	1	Go to 20.
	b) It was already established by somebody else.	2	Go to 20.
	c) I myself	3	Go to 19.1
	d) I and my spouse	4	Go to 19.1
	e) I and my friends	5	Go to 19.1
	f) Other: _____	6	Go to 19.1

19.1. What were the main reasons that made you decide to start this business?	1.
	2.
	3.

19.2. How did you find the idea for this business?	Explain:
---	----------

19.3a) When you started this business, did you receive moral support from: <i>Intv.: Circle all appropriate boxes!</i>	Your spouse	Yes	No
	other family members	Yes	No
	Your friends	Yes	No
	Your community	Yes	No
	NGOs	Yes	No
	Business Associations	Yes	No
	The local government	Yes	No
	The provincial government	Yes	No

19.3b When you started this business, did you receive financial support from: <i>(Intv.: Circle all appropriate boxes!)</i>	Your spouse	Yes	No
	other family members	Yes	No
	Your friends	Yes	No
	Your community	Yes	No
	NGOs	Yes	No
	Business Associations	Yes	No
	The local government	Yes	No
	The provincial government	Yes	No

19.4. What problems did you encounter in <u>starting</u> this business?	1.
	2.
	3.

20. In your opinion, what special problems do women entrepreneurs face while starting a business. Problems that men don't have?	1.
	2.
	3.

21. Does your business face competitive pressure from similar businesses in the market?	Major pressure	1
	Moderate pressure	2
	Little pressure	3

22. What are the three most important problems you have in <u>running your business</u> successfully?
1.
2.
3.

23. Did you ever register your business formally?	
Yes, in years: _____ go to 23.1a	No → go to 24.

23.1a) Which of the following business licenses have you ever had: <i>(Intv: can choose more than one)</i>	SITU/HO (Business licence Letter)		1
	SIUPP (Business Trading License Letter)		2
	(TDP) Company Registration		3
23.1b) Is this business license still valid until now?	SITU/HO	Yes	No, go to 23.1c
	SIUPP	Yes	No, go to 23.1c
	TDP	Yes	No, go to 23.1c
23.1.c) What is the reason that your business license is not valid anymore?			
23.2 Did you register your business at the start of the business or later?	Start	Later	
23.3 How many days / weeks did it take you to register your business?	Days:	Weeks:	
	Months:	Don't remember:	
23.4 Who initiated and actually processed the registration of the business?	I myself	1	
	My business partner	2	
	Family member	3	
	Legal advisor	4	
	Other:	5	
23.5 How is your business registered?	Private limited company	1	
	Public limited company	2	
	Business name	3	
	CV	4	
	UD	5	
	Cooperative	6	
	Other:	7	
23.6 Why did you register your business?			
23.7 How much did the registration cost?			

23.8 Does the land property, where your business is registered belong to you (registered in your name)?	yes	no	
If no, who does the land belong to?	My spouse	1	
	My family	2	
	I lease the land / pay rent	3	
24. If your business is not registered, why did you not register your business, yet?	I don't know how to.	1	
	I don't fulfill the requirements.	2	
	The registration fee is too expensive.	3	
	It is too complicated.	4	
	It takes too long.	5	
	Others: _____	6	
25. Do you plan to register your business in the near future?	Yes	no	
26. Do you pay corporate income tax?	Yes	no	
27. Are you a member of:	APINDO	yes	no
	IWAPI	yes	no
	Kadin	yes	no
	Others	Name: _____	no
28. What are your long-term plans for your business? (Intv: choose one answer)	Continue / expand present business	1	
	Change to another line of business	2	
	Leave and take up wage employment	3	
	Pass the business onto someone else in my family	4	
	Sell the business	5	
	Hire a manager	6	
	Retire	7	
	Other, specify: _____	8	
29. How do you expect your business to perform in the coming year?	Very good	1	
	Good	2	
	Okay	3	
	Bad	4	
	Very bad	5	

Business and Family

30. What percentage of your monthly income from this business contributes to your household income?	None	1
	Up to 25%	2
	Up to 50%	3
	More than 50%	4
31. What percentage of your profit are you reinvesting in your business?	None	1
	Up to 25%	2
	Up to 50%	3
	More than 50%	4
32. Who do you normally ask for advice on business problems?	Family Member, specify who:	1
	Friend	2
	General anager/director/employee	3
	Other, specify:	4
33. How do you decide about new recruitment in the business?	My own judgement	1
	In consultation with a family member	2
	In consultation with a relative / friend	3
	In consultation with General Manager / Director / Employee	4
	Other, specify:	5
34. Who signs legal documents like business contracts etc.?		
35. What is the average number of hours/day that you spend for the business?	Hours / day	
36. What is the average number of hours/day that you spend with your family/ in your household?	Hours / day	
37. While you are working for your business, who is taking care of your children (if you have any)?	My children come along with me into the business	1
	My spouse takes care of them	2
	They are in a child care facility	3
	They are old enough, don't need full day care	4
	My neighbours / community members are taking care of them	5
	I leave them with my mother	6
	Other, specify: _____	7

Finance

38. Do you have a personal bank account in your name?	Yes	No
39. Does your spouse have a personal bank account?	Yes	No
40. Do you have a separate bank account only for business purposes?	Yes	No
40.a Do you have assets, which can be used as collateral?	Yes:	
	Land	1
	Gold, jewelry	2
	House	3
	Vehicle	4
	Others, mentioned: _____	5
41. What was the major source of money you started this business with? <i>(Intv: Only one answer, major amount of capital!)</i>	My own savings	
	I borrowed money from a formal bank	
	Name bank: _____	
	I borrowed money from a Micro Finance Institution (MFI) / BQB	
	Name MFI: _____	
	I borrowed money from my family / relatives	
	I borrowed money from my friends	
	I borrowed money from a money lender	
	I received a grant from an NGO	
	Other, specify: _____	
42. After you started your business, have you ever again tried to access capital for your business?	Yes	No → go to 43
	My own savings	
	I borrowed money from a formal bank	
	Name bank: _____	
	I borrowed money from a Micro Finance Institution (MFI) / BQB	
	Name MFI: _____	
	I borrowed money from my family / relatives	
	I borrowed money from my friends	
	I borrowed money from a money lender	
	I received a grant from an NGO	
	Other, specify: _____	

43. If you secured a loan from a formal financial institution, how did you to provide sufficient guarantees to the bank that you were able to repay the loan?	I had business assets (for example a motor cycle, machines...) that I could pledge as collateral	1
	I own land that I could pledge as collateral	2
	I had a good credit history with the bank where I had lent money before	3
	There was not need for collateral	4
	Other, specify: _____	5
44. What problems did you face in borrowing money?	My spouse did not give me the required signature	1
	Procedures are too complicated	2
	Interest rates are too high	3
	I don't have collateral	4
	Other, specify: _____	5
45. What aspects make it more difficult for women to access a formal loan with a bank or Micro Finance Institution?	1. _____	
	2. _____	
	3. _____	

Non-Financial Services

46. Did you receive any support from any small business development service providers during and after starting your business?	yes	No → go to 49
	Type of services	
	a) Management Training	1
	b) Marketing Advice	2
	c) Computer Training	3
	d) Safety and Health in the Workplace	4
	e) Technology Development	5
	f) Export-related Advice	6
	g) Legal advise	7
	h) Vocational training	8
	i) Business counseling	9
	j) Other, specify: _____	10
47. Who provided this service (name of organizations, institutions)? <i>Intv.: Specify which services for which organizations (use letters)</i>	1. _____	
	2. _____	
	3. _____	
	4. _____	
48. Was the service free of charge or was a fee charged?	Always free of charge	1
	Sometimes a fee was charged	2
	Always with a fee	3

49. In which area do you need to learn a lot more to improve your business?	Networking	1
	Marketing	2
	Finance	3
	Management	4
	Legal issues	5
	Other, specify: _____	6

50. Do you know, where you can get these training above?	Yes, Where: _____	No
---	-------------------	----

51.1 What is your opinion about IWAPI?	
52.2 What is your opinion about APINDO?	
53.3 What is your opinion about Kadin?	

Social / Cultural Issues

54. For women only: Are you the first female member of your family who started a business?	Yes	no
---	-----	----

55. What was the response of your family when you entered into this business?	Very Supportive	1 → <i>go to 55.1</i>
	Supportive	2 → <i>go to 55.1</i>
	Indifferent	3
	Non supportive	4 → <i>go to 55.2</i>
	Reacted badly	5 → <i>go to 55.2</i>

55.1 How was/is your family supportive?	
--	--

55.2 What problems did you have with your family when you started your business?	
---	--

56. How do you think that doing business has affected your social image in the society?	My image improved	1
	My image remained the same	2
	My image got worse	3

57. What general comments you hear from society about your doing business?	Positive comments:	
	Negative comments:	
58. Based on your experience, do people take women entrepreneurs seriously?	Yes	no

Business Environment - Government Policies & Regulations

59. Which was the most important factor that has NEGATIVELY affected your business in the recent past? <i>(Intv.: use cards provided in order to make it easier for interviewees. No. 1 for most important, No. 7 for least important.)</i>	A) Regulatory Environment (government policies, regulations and institutions)		
	B) Law and Order situation		
	C) Lack of adequate financing facilities		
	D) Lack of business development services (management, marketing, etc)		
	E) Economic slowdown		
	F) Infrastructure		
	Other, specify: _____		
60. Do you believe that regulations are interpreted always the same by government officials?	Yes, every government official interprets the regulations similarly. 1	No, every government official interprets the regulations as they like. 2	
61. Have you as a business owner ever had to make an informal payment to a government official?	Yes, often	sometimes	never
62. How much of your management time do you spend dealing with government regulations?	More than 50%	20 – 50%	Less than 20%
63. Do you feel that the provincial Acehese government is supportive of women as business owners?	yes	no	Don't know
64. How do you personally see the role of women private entrepreneurs for the local economy?	Not important at all		1
	Little important		2
	Important		3
	Very important		4

**Finally, we have reached the end of this interview.
Thank you very much for sharing your valuable time with me.**

Intv. Note : Write down your comments about the interview process.

Assistance Cards for Question No. 59

A. Policy Environment (Government policy, regulation and Institution)

Examples for this category are:

- Procedure to register the business
- Tax Regulations
- Government Institutions

B. Law & Order Situation

Examples for this category are:

- Implementation of Regulations
- Crime rates and conflict
- Corruption

C. Lack of adequate financing institutions

Examples for this category are:

- Banks
- Micro-finance institutions

D. Lack of business development services

Examples for this category are:

- Marketing support
- Business management training
- Business Counselling

E. Economy Slowdown.

Examples for this category are:

- Inflation

F. Infrastructure

Examples for this category are:

- Lack of good Streets/ Bridges
- There is no public transportation