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Entrepreneurial Financing Strategies and Growth of Women-Led SMEs in Makassar

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Abstract

Women-led small and medium enterprises (SMEs) have emerged as vital contributors to economic growth and social empowerment in Makassar. Despite their increasing presence, many face persistent financial and structural barriers that hinder expansion and sustainability. This study investigates the relationship between entrepreneurial financing strategies and the growth of women-led SMEs in Makassar. Using a mixed-method approach, quantitative data were collected from 150 women entrepreneurs through structured surveys, complemented by qualitative interviews and focus group discussions. The quantitative analysis examined key financing sources, including personal savings, microfinance, bank loans, and informal borrowing, while business growth was measured through revenue, market reach, and employment indicators. Data were analyzed using descriptive statistics, correlation, and regression models, supported by qualitative insights into financial access challenges and strategic decision-making. The results indicate that personal savings remain the dominant financing source (38%), followed by microfinance (25%), bank loans (20%), and informal borrowing (17%). Regression analysis confirmed that formal financing particularly bank loans and microfinance positively influences revenue and market expansion. However, qualitative findings reveal enduring barriers such as collateral constraints, high interest rates, and limited financial literacy. The study concludes that improving access to affordable credit and entrepreneurial capacity-building is essential to strengthen women-led SME growth in Makassar.

INTRODUCTION

Small and Medium Enterprises (SMEs) constitute a cornerstone of economic growth and development across both developed and developing economies. Globally, SMEs contribute significantly to employment generation, innovation, and inclusive economic participation. In Indonesia, SMEs represent over 99% of all business entities and account for more than 60% of national GDP, serving as the primary mechanism for local economic empowerment and poverty alleviation (Kachlami & Yazdanfar, 2016). Within urban centers such as Makassar, SMEs play a particularly vital role in driving local entrepreneurship, expanding labor absorption, and supporting household livelihoods. Their presence enhances regional economic diversification and resilience, particularly amid macroeconomic fluctuations (Mazzola & Pizzuto, 2020; Akhyar & Rahmi, 2024) . As the Indonesian economy transitions toward greater digitalization and global integration, the sustainability and competitiveness of SMEs have become increasingly dependent on their access to financial resources and strategic capacity to manage them efficiently (Lafuente et al., 2020).

Women-led SMEs, in particular, have gained increasing attention for their contribution to economic and social progress (Giorbelidze & Jibladze, 2024; Imo & Ekechukwu, 2024; Mitchelmore et al., 2014). They not only promote gender inclusivity but also enhance innovation and community development (Dissanayake, 2016; Ramírez-López et al., 2025). In many emerging economies, women entrepreneurs bring distinctive managerial styles and adaptive decision-making patterns that often enhance the flexibility and social responsibility of their enterprises. Despite their growing participation, however, women entrepreneurs frequently encounter disproportionate challenges in accessing finance, navigating formal financial systems, and scaling their enterprises sustainably (Majumdar & Mittal, 2025; Irene et al., 2025; Leitch etbal., 2018). These constraints highlight persistent gender disparities within financial systems, limiting women's full economic potential and slowing the overall pace of SME-led development in Indonesia.

Access to finance remains one of the most critical determinants of SME growth. Entrepreneurial financing strategies ranging from personal savings and family loans to microfinance, bank credit, and digital lending shape the ability of firms to start, survive, and grow (Fraser et al., 2015; Falaiye et al., 2024; Onyekwelu et al., 2023). Numerous studies have established a positive association between financing accessibility and SME performance, indicating that well-structured financial strategies facilitate expansion, innovation, and competitiveness (Kachlami & Yazdanfar, 2016; Lam, 2010). For women entrepreneurs, however, financing decisions are often influenced by social, institutional, and cultural contexts that determine both opportunities and constraints. In Makassar, these dynamics are particularly visible as women-led SMEs operate in diverse sectors such as culinary, handicrafts, fashion, and digital-based services, each facing distinct financing needs and limitations (De Vita, 2023). The availability of credit and the suitability of financial instruments thus play a decisive role in determining whether these enterprises can transition from subsistence-level activities to growth-oriented enterprises.

Despite the acknowledged importance of financial access, women entrepreneurs in developing countries continue to experience structural barriers. Limited collateral, gender-biased lending practices, and inadequate financial literacy frequently restrict their ability to secure formal credit (Kevane et al., 2024). As a result, many women entrepreneurs rely heavily on informal sources of financing, such as personal savings and family networks. While these options provide flexibility and immediacy, they often limit business scalability due to small capital volumes and the absence of structured repayment or reinvestment systems (Phelps et al., 2007; Ogunjobi et al., 2025). Formal financial institutions, on the other hand, offer more substantial capital and opportunities for business expansion, yet their complex administrative processes and collateral demands create access asymmetries. These barriers perpetuate the financing gap for women-led SMEs and hinder their capacity to compete within broader markets.

In response to these challenges, various financial innovations have emerged to enhance access for underserved entrepreneurs. Microfinance institutions have been at the forefront of promoting financial inclusion, particularly among women (Milana & Ashta, 2020; Egharevba et al., 2016; Shankar, 2013). Their small, collateral-free loans are designed to empower entrepreneurs who lack access to traditional banks. Although microfinance has demonstrated positive impacts on income generation and empowerment, it also faces criticism for high interest rates and short repayment cycles that may limit sustainable growth (Majumdar & Mittal, 2025; Celestin & Vanitha, 2016; Begum et al., 2019). Beyond microfinance, digital financial platforms, peer-to-peer (P2P) lending, and crowdfunding have become increasingly prominent as alternative financing mechanisms (Khuntia et al., 2024; Karimah et al., 2025; Ajani & Elelu, 2025). These platforms provide greater accessibility and flexibility, leveraging technology to reduce transaction costs and bypass traditional banking barriers. In Makassar, the gradual adoption of these digital tools marks a promising shift toward inclusive financing ecosystems, especially for women entrepreneurs who are often excluded from conventional lending.

Several empirical studies have examined the relationship between entrepreneurial financing and SME growth, suggesting that access to structured and diverse financial resources enhances enterprise performance (Kachlami & Yazdanfar, 2016; Fraser et al., 2015; Khan; Khan et al., 2021). However, the effectiveness of financing strategies remains context-dependent, shaped by institutional frameworks, socio-cultural norms, and local economic conditions. For instance, Baldock and North (2015) highlight that government-led credit schemes and hybrid venture capital programs can mitigate financial gaps for innovative SMEs but require effective policy design and awareness dissemination to reach women entrepreneurs. Similarly, Lam (2010) notes that financial bootstrapping remains a vital but under-researched financing behavior among small business owners, particularly women, who creatively mobilize limited resources to sustain operations. These studies collectively underscore that while financing strategies contribute to SME growth, the nature and outcomes of these strategies vary widely based on access conditions, entrepreneurial capability, and institutional support.

In Indonesia, various government programs have been launched to improve financing access for SMEs, including women entrepreneurs. These initiatives—ranging from microcredit (KUR) schemes to entrepreneurship development training—aim to reduce financial exclusion and promote inclusive business growth. Yet, despite their intentions, many women-led SMEs remain underrepresented among beneficiaries due to procedural constraints, insufficient outreach, and limited awareness of available programs (Baldock & North, 2015). Moreover, local institutional inefficiencies and the absence of gender-responsive policies often prevent women entrepreneurs from leveraging formal financial mechanisms effectively. Consequently, a financing gap persists, particularly in regions such as Makassar, where socio-cultural expectations and business informality exacerbate the exclusion of women from structured financial ecosystems.

Existing literature also identifies non-financial determinants that interact with financing strategies to influence business growth. Women entrepreneurs often face dual responsibilities balancing family and business commitments, which can affect their risk preferences, time allocation, and growth orientation (Ramírez-López et al., 2025). Social norms and limited networking opportunities further restrict their access to market information and business development resources. These contextual factors interact with financial barriers, creating complex challenges that hinder both financing decisions and entrepreneurial expansion. While studies have explored women entrepreneurship at the national level, there remains a shortage of research focusing on localized financial ecosystems in emerging urban centers like Makassar. This knowledge gap highlights the need for empirical evidence that captures the nuanced relationship between financing behavior and business performance among women-led SMEs in specific regional contexts.

METHODS

This study adopted a mixed-methods research design to examine the relationship between entrepreneurial financing strategies and the growth of women-led small and medium enterprises (SMEs) in Makassar, Indonesia. The methodological framework combined quantitative and qualitative approaches to ensure both statistical rigor and contextual depth. This design was chosen in accordance with Creswell and Plano Clark (2018), who argue that mixed-method research provides a more comprehensive understanding of complex social phenomena by integrating numerical trends with participants' lived experiences. In this context, the quantitative component measured the correlation between different financing sources and SME growth indicators, while the qualitative component explored how women entrepreneurs perceive, experience, and navigate financing challenges within Makassar's dynamic business environment.

The study population comprised women entrepreneurs operating SMEs across various sectors in Makassar, including culinary, handicrafts, fashion, services, and digital-based enterprises. According to data from the Makassar City Office of Cooperatives and SMEs (2024), the city has experienced steady growth in women-led enterprises, accounting for approximately 52% of total SME ownership. This demographic trend underscores the growing role of women entrepreneurs as key contributors to regional economic development. The target population thus represented a critical segment of Makassar's local economy, making it suitable for investigating how financing strategies influence business expansion and sustainability.

A total of 150 women entrepreneurs were selected as respondents through proportional stratified random sampling. The stratification ensured that respondents represented diverse business sectors and scales, providing a balanced overview of financing behavior and growth outcomes. This sample size was determined using the Slovin formula with a 95% confidence level, deemed adequate for statistical analysis while maintaining manageable data collection (Hair et al., 2021). Respondents were selected based on the following criteria: (1) they owned or managed SMEs operating for at least two years, (2) they actively participated in business financing decisions, and (3) their enterprises employed between 5 and 99 workers, consistent with the national definition of small and medium enterprises in Indonesia.

Data collection involved both quantitative and qualitative instruments administered between January and March 2024. The quantitative phase utilized a structured questionnaire consisting of two main sections. The first section focused on entrepreneurial financing strategies, covering the use of personal savings, microfinance, bank loans, and informal borrowing. The second section measured SME growth through indicators such as revenue increase, market expansion, and employment growth. Each item was measured on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), following recommendations by Sekaran and Bougie (2020) for evaluating perceptions in social science research. The questionnaire was developed based on validated constructs from previous studies on SME financing and entrepreneurial performance (Fraser et al., 2015; Kachlami & Yazdanfar, 2016), then translated and adapted to the local context through expert review and pilot testing involving 20 women entrepreneurs. The pilot test confirmed satisfactory clarity and internal consistency, with Cronbach's alpha coefficients exceeding 0.70 for all constructs, indicating acceptable reliability (Hair et al., 2021).

Table 1. Structure of the Research Instrument

Section	Variable	Number of Items	Measurement Scale	Source/Adaptation

A	Financing Strategies (Personal Savings, Microfinance, Bank Loans, Informal Borrowing)	12	Likert (1–5)	Adapted from Fraser et al. (2015)
B	SME Growth (Revenue Increase, Market Expansion, Employment Growth)	9	Likert (1–5)	Adapted from Kachlami & Yazdanfar (2016)
C	Demographic Information (Age, Education, Business Age, Sector)	6	Nominal/Ordinal	Self-developed

During data collection, confidentiality and ethical standards were strictly maintained. Participation was voluntary, and informed consent was obtained prior to questionnaire administration. The anonymity of respondents was ensured by assigning numerical codes rather than recording personal identifiers. The surveys were conducted both in person and online to maximize response rates and accommodate entrepreneurs with limited availability.

Qualitative data were gathered through semi-structured interviews and two focus group discussions (FGDs). A total of 15 women entrepreneurs participated in the interviews, representing various sectors and levels of business maturity, while 10 others joined FGDs that explored shared experiences and collective insights regarding financing challenges. Interview questions centered on access to capital, perceptions of financial institutions, coping strategies, and decision-making behaviors. The inclusion of qualitative data aimed to contextualize quantitative findings by revealing the underlying motivations, constraints, and strategic adaptations shaping women's financial choices. As Creswell (2014) suggests, combining survey and narrative data enhances interpretive validity and enables a richer understanding of the research problem.

To ensure trustworthiness, qualitative data collection adhered to the criteria of credibility, transferability, dependability, and confirmability as proposed by Lincoln and Guba (1985). Data triangulation was achieved through cross-verification of information from interviews, FGDs, and quantitative results. Member checking was also conducted by allowing selected participants to review and confirm key interpretations derived from their responses. All qualitative sessions were audio-recorded, transcribed verbatim, and analyzed using thematic analysis.

Quantitative data were analyzed using descriptive statistics, correlation, and multiple regression techniques with IBM SPSS Statistics version 25. Descriptive analysis summarized respondents' demographic profiles and the distribution of responses related to financing strategies and SME growth indicators. Correlation analysis examined the strength and direction of relationships between financing variables and growth outcomes, while multiple regression assessed the predictive power of each financing source on business growth. These analytical methods are consistent with recommendations by Hair et al. (2021) for examining linear associations and testing hypothesis-driven models in social sciences.

Table 2. Data Analysis Framework

Analysis Type	Purpose	Output
Descriptive Statistics	To summarize respondents' profiles and variable distributions	Mean, Standard Deviation, Frequency
Pearson Correlation	To assess relationships between financing strategies and SME growth	Correlation coefficient (r) and significance (p-value)

Multiple Linear Regression	To identify the most influential financing sources on business growth	Beta coefficients, R^2, and significance levels

The regression model was specified as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

where YYY denotes SME growth, and X1,X2,X3,X4X_1, X_2, X_3, X_4X1,X2,X3,X4 represent personal savings, microfinance, bank loans, and informal borrowing, respectively. The model aimed to determine which financing strategies significantly predict growth outcomes, controlling for demographic variables such as education level, business age, and sector.

Qualitative data analysis employed Braun and Clarke's (2006) thematic approach, which involves six phases: familiarization with data, generation of initial codes, identification of themes, review of themes, definition and naming of themes, and final reporting. Transcripts were coded manually to identify recurrent themes related to access to finance, financial decision-making, and the perceived impact of financing on business growth. The integration of qualitative and quantitative findings occurred at the interpretation stage, where patterns emerging from statistical analysis were compared and contrasted with qualitative insights. For example, while regression results showed that bank loans and microfinance had significant positive effects on growth, interview data revealed that many women entrepreneurs still avoided formal credit due to high collateral requirements and perceived institutional bias.

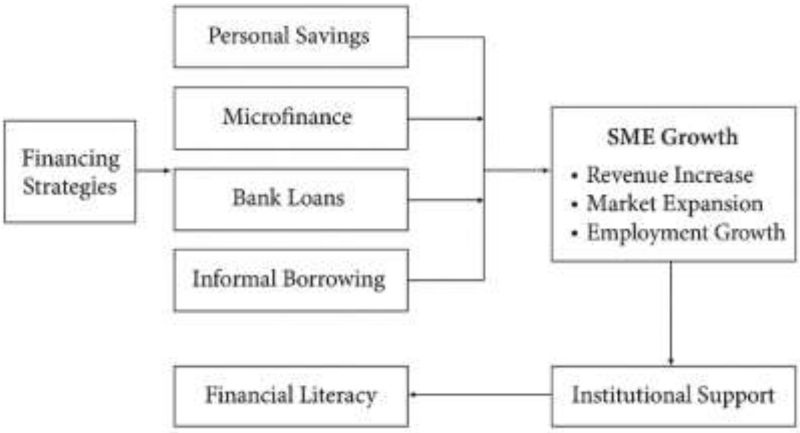

Figure 1. Conceptual Framework of the Study

The conceptual framework illustrates how different financing strategies influence SME growth outcomes through both direct and mediated pathways. It reflects the theoretical foundation of the study derived from entrepreneurial finance literature (Fraser et al., 2015; Kachlami & Yazdanfar, 2016) and the gendered dimensions of financial inclusion discussed in previous studies (Majumdar & Mittal, 2025). The framework also incorporates contextual factors, including financial literacy and institutional support, as moderating variables influencing the strength of financing-growth relationships.

RESULTS AND DISCUSSION

The results of this study provide empirical evidence on the relationship between entrepreneurial financing strategies and the growth of women-led small and medium enterprises (SMEs) in Makassar. Both quantitative and qualitative findings are presented to capture the multifaceted dynamics between financial behavior, access to capital, and enterprise performance. The results are organized into four major parts: (1) demographic characteristics of respondents, (2) descriptive analysis of financing strategies and SME growth indicators, (3) correlation and regression analysis testing the hypothesized relationships, and (4) qualitative insights that contextualize statistical findings. Together, these results offer a comprehensive perspective on how different financing strategies shape women entrepreneurs' business outcomes and sustainability.

Demographic Characteristics of Respondents

Table 1. Demographic Profile of Respondents

Variable	Category	Percentage (%)
Age	20–29 years	18
	30–45 years	57
	>45 years	25
Education	High School	35
	Bachelor's Degree	52
	Master's Degree or above	13
Business Sector	Culinary	30
	Handicrafts	25
	Fashion	20
	Services	15
	Digital-based	10
Business Age	<3 years	22
	3–7 years	58
	>7 years	20
Number of Employees	5–19	72
	20–99	28

As summarized in Table 1, the 150 respondents in this study represented diverse sectors, including culinary (30%), handicrafts (25%), fashion (20%), services (15%), and digital-based enterprises (10%). The majority of respondents were between 30 and 45 years old, an age group generally associated with the peak of entrepreneurial activity and experience accumulation (Fraser et al., 2015). Approximately 65% of participants held at least a bachelor's degree, suggesting a relatively high level of educational attainment among women entrepreneurs in Makassar. Most enterprises (58%) had been operating for 3–7 years, indicating that they had progressed beyond the initial start-up stage and were entering a phase of consolidation and potential expansion.

The size distribution of enterprises revealed that 72% were classified as small enterprises (5–19 employees), while 28% were medium enterprises (20–99 employees). Average employment was 16 workers, reflecting the labor-intensive nature of SMEs in the local context. Regarding ownership and decision-making, 87% of respondents were sole proprietors who managed their enterprises directly, while the remaining 13% worked in partnership arrangements. This profile aligns with prior findings by Dissanayake (2016), who observed that women entrepreneurs in developing economies often maintain full control over their ventures, especially in sectors requiring hands-on supervision.

These demographic characteristics highlight a heterogeneous group of women entrepreneurs whose enterprises have achieved operational maturity but continue to face varying financing challenges. The relatively high educational level of participants suggests a strong potential for financial literacy development, yet barriers to accessing formal credit remain significant, as later discussed in the qualitative findings.

Descriptive Analysis of Financing Strategies

The descriptive analysis examined the prevalence and utilization of different financing strategies personal savings, microfinance, bank loans, and informal borrowing. As shown in Table 2, personal savings were the most common financing source (mean = 4.21, SD = 0.65), followed by microfinance (mean = 3.88, SD = 0.73), bank loans (mean = 3.41, SD = 0.82), and informal borrowing (mean = 3.15, SD = 0.77). The predominance of personal savings reflects the tendency of women entrepreneurs to rely on internal funding mechanisms for risk mitigation and autonomy (Lam, 2010).

Table 2. Descriptive Statistics of Financing Strategies

Financing Source	Mean	SD	Rank
Personal Savings	4.21	0.65	1
Microfinance	3.88	0.73	2
Bank Loans	3.41	0.82	3
Informal Borrowing	3.15	0.77	4

These findings align with Fraser et al. (2015), who emphasized that personal and family-based funding remains dominant in developing economies due to limited trust in formal institutions and difficulties meeting collateral requirements. However, the increasing use of microfinance among respondents indicates growing financial inclusion and the gradual formalization of credit practices among women-led SMEs.

The results also revealed differences in financing preferences across sectors. For instance, fashion and digital-based entrepreneurs were more likely to use bank loans or microfinance, reflecting higher capital needs for equipment and marketing. In contrast, culinary and handicraft businesses showed a stronger reliance on personal savings and informal borrowing, likely due to smaller scale operations and fluctuating daily revenues. These sectoral variations underscore the contextual complexity of women's financing behavior and highlight the need for flexible credit schemes tailored to business type and capital intensity.

SME Growth Indicators

SME growth was assessed across three dimensions revenue increase, market expansion, and employment growth. As summarized in Table 3, the mean scores for the three indicators were 4.03, 3.92, and 3.81, respectively, suggesting that women-led SMEs in Makassar experienced moderate to high growth during the observation period. These results are consistent with the argument of Kachlami and Yazdanfar (2016), who found that financing accessibility plays a crucial role in enabling SMEs to invest in market expansion and workforce development.

Table 3. Descriptive Statistics of SME Growth Indicators

Indicator	Mean	SD	Interpretation
Revenue Increase	4.03	0.70	High
Market Expansion	3.92	0.73	High
Employment Growth	3.81	0.68	Moderate

The relatively higher scores for revenue and market expansion suggest that women entrepreneurs have achieved significant sales growth and broader customer reach, possibly aided by digital marketing and local partnerships. Employment growth, however, was comparatively modest, reflecting the cautious expansion strategies often adopted by women-led SMEs facing financial constraints (Ramírez-López et al., 2025).

Correlation Analysis

To examine the relationships between financing strategies and SME growth, Pearson correlation coefficients were computed. The results presented in Table 4 show that all financing variables exhibited positive correlations with SME growth, with varying magnitudes. Bank loans ($r = 0.674$, $p < 0.01$) and microfinance ($r = 0.611$, $p < 0.01$) showed the strongest relationships, while personal savings ($r = 0.489$, $p < 0.05$) and informal borrowing ($r = 0.422$, $p < 0.05$) demonstrated moderate associations.

Table 4. Correlation between Financing Strategies and SME Growth

Variable	r	p-value	Relationship Strength
Personal Savings	0.489	<0.05	Moderate
Microfinance	0.611	<0.01	Strong
Bank Loans	0.674	<0.01	Strong
Informal Borrowing	0.422	<0.05	Moderate

These findings empirically confirm that access to formal financial instruments significantly enhances enterprise growth, supporting prior evidence by Baldock and North (2015), who found that structured financing mechanisms contribute to higher revenue and productivity among SMEs. The results also align with Majumdar and Mittal (2025), who noted that microfinance serves as a critical entry point for women entrepreneurs, especially when traditional bank loans remain inaccessible.

Regression Analysis

To further test the predictive effects of financing strategies on SME growth, multiple regression analysis was performed. The model produced an R^2 value of 0.538, indicating that approximately 53.8% of the variance in SME growth can be explained by the four financing variables collectively. As shown in Table 5, bank loans ($\beta = 0.391$, $p < 0.01$) and microfinance ($\beta = 0.324$, $p < 0.01$) emerged as the strongest predictors, while personal savings ($\beta = 0.214$, $p < 0.05$) and informal borrowing ($\beta = 0.183$, $p < 0.05$) exerted weaker but still significant effects.

Table 5. Multiple Regression Analysis: Effects of Financing Strategies on SME Growth

Predictor	β	t	p-value	Interpretation
Personal Savings	0.214	2.37	<0.05	Significant
Microfinance	0.324	3.94	<0.01	Significant
Bank Loans	0.391	4.23	<0.01	Significant
Informal Borrowing	0.183	2.04	<0.05	Significant
Model Summary	$R^2 = 0.538$	$F(4,145) = 18.72$	$p < 0.01$	Model Significant

These results corroborate the theoretical framework presented earlier (Figure 1), confirming that formal financial instruments such as bank loans and microfinance are more strongly associated with enterprise expansion and revenue performance. The significance of personal savings and informal borrowing, however, indicates that hybrid financing remains a practical strategy for many women entrepreneurs, allowing flexibility in capital mobilization (Lam, 2010).

Institutional and Behavioral Insights into Women's Entrepreneurial Financing

The findings of this study provide empirical insight into the dynamics between entrepreneurial financing strategies and the growth of women-led small and medium enterprises (SMEs) in Makassar. Rather than reiterating the statistical results presented earlier, this section critically examines the implications of those findings within theoretical, empirical, and contextual frameworks. The discussion is structured to articulate how financing behaviors among women entrepreneurs reflect broader institutional, cultural, and structural factors shaping financial inclusion and enterprise development in emerging economies.

The strong relationship between formal financing mechanisms specifically bank loans and microfinance and SME growth highlights the continuing relevance of financial access as a central determinant of entrepreneurial performance. This outcome supports the argument of Fraser et al. (2015) and Kachlami and Yazdanfar (2016) that structured capital access enables small enterprises to expand production capacity, penetrate new markets, and improve productivity. From the perspective of the *resource-based view* (Barney, 1991), access to financial resources constitutes a critical competitive asset that allows firms to sustain and enhance their growth trajectories. However, while financial capital provides the means to scale, its utility is contingent upon the institutional environment that governs access. In this regard, *institutional theory* (Bruton et al., 2010) provides a more comprehensive lens for interpreting the findings. Institutional barriers such as collateral requirements, bureaucratic lending procedures, and implicit gender biases mediate the relationship between financial resources and business performance. In Makassar, these structural constraints limit women entrepreneurs' ability to secure external funding despite their demonstrated capacity for business growth.

The positive yet moderate effect of microfinance also invites critical reflection. Microfinance initiatives have long been promoted as instruments of women's economic empowerment; however, their real impact often varies according to contextual conditions. The findings of this study confirm that microfinance contributes to short-term liquidity and operational stability but is less effective in driving large-scale investment or innovation. This observation aligns with Majumdar and Mittal (2025), who argue that microfinance tends to sustain micro-level entrepreneurship rather than enable transformation into medium-scale enterprises. Similarly, Alam et al. (2023) highlight that while microfinance facilitates inclusion, its limited loan size and high repayment pressure can inhibit long-term productivity improvements. Therefore, to enhance the transformative capacity of microfinance, complementary interventions such as financial education, mentoring, and market linkages are required to ensure that credit access translates into sustained business growth.

Equally significant is the persistent reliance on personal savings and informal borrowing, which demonstrates both structural exclusion and entrepreneurial adaptability. While the predominance of personal capital may reflect limited trust in formal financial institutions, it also reveals agency among women entrepreneurs who seek autonomy in decision-making. Lam (2010) conceptualized this as *financial bootstrapping*, a strategy in which entrepreneurs creatively mobilize non-traditional resources and social capital to sustain their enterprises. In the Makassar context, such practices embody resilience within constraint. Women often rely on family networks, community associations, and rotating savings groups to maintain liquidity, circumventing institutional barriers that restrict formal credit access. This adaptive behavior illustrates what Roomi and Parrott (2008) describe as gendered entrepreneurship, wherein financial caution and risk aversion emerge not as limitations but as rational responses to systemic inequities. Consequently, informal financing cannot be dismissed as inferior but should be recognized as a functional mechanism for survival and incremental growth in resource-scarce environments.

The continuing prominence of informal credit channels further reflects the dual structure of Indonesia's financial ecosystem. Informal networks complement formal systems by offering accessibility, trust, and flexibility, particularly for women lacking collateral or credit history. However, they also perpetuate the *growth trap* (Beck & Demirgüç-Kunt, 2006), wherein enterprises remain confined to small-scale operations due to limited capital accumulation. This dynamic underscore the paradox of financial inclusion in emerging economies: while the expansion of credit options increases participation, structural inequalities in credit quality and institutional capacity constrain meaningful advancement. For women-led SMEs, escaping this growth trap requires more than the availability of credit it demands equitable access, fair interest structures, and institutional mechanisms that recognize alternative forms of creditworthiness.

Another salient dimension revealed by this study concerns the intersection of financial literacy and financing effectiveness. Despite relatively high levels of general education among respondents, many entrepreneurs reported difficulties in interpreting loan terms, assessing financial risks, or managing repayment schedules. This finding aligns with Atkinson and Messy (2012), who contend that formal education does not necessarily translate into financial competence. As Kachlami and Yazdanfar (2016) emphasize, financial literacy functions as a mediating variable that transforms access into performance; without adequate knowledge, capital alone cannot sustain growth. In the Makassar case, the effectiveness of financing strategies is thus conditioned by the entrepreneurs' ability to manage resources strategically. This suggests that financial inclusion initiatives must integrate education and advisory support as core components, not supplementary services.

Sectoral differences in financing behavior observed in this study also offer important implications. Women operating in capital-intensive sectors, such as fashion and digital-based enterprises, were more likely to pursue bank loans or microfinance, while those in traditional sectors such as culinary and handicrafts preferred personal or informal financing. This variation supports Beck and Demirgüç-Kunt's (2006) argument that financing choices are shaped by industry-specific capital requirements and asset structures. For sectors with low asset tangibility, collateral-based lending models create inherent disadvantages. Therefore, financial programs must be designed to reflect the heterogeneity of SMEs, offering flexible collateral policies and tailored credit products that account for the unique financing cycles of different sectors.

From a gendered institutional perspective, these findings illustrate how financial systems are embedded within social hierarchies that influence access and agency. Ahl (2006) argues that entrepreneurship itself is a gendered construct, often defined by masculine norms of risk-taking and competitiveness. Consequently, financial institutions consciously or otherwise reproduce these gendered expectations through lending criteria and evaluation practices. In Indonesia, where property ownership and formal employment remain unevenly distributed across genders, women frequently lack the assets required for collateral-based lending. This structural imbalance limits not only credit access but also women's perceived legitimacy as entrepreneurs within formal economic systems. Therefore, the findings reinforce the need for gender-responsive financial frameworks that challenge, rather than accommodate, the institutional biases embedded in credit allocation processes.

Theoretically, this study contributes to bridging the resource-based and institutional perspectives in entrepreneurship. While the resource-based view explains how financial capital functions as a growth enabler, institutional theory elucidates why access remains uneven. The Makassar case demonstrates that financial behavior among women entrepreneurs cannot be fully understood through economic rationality alone. It is embedded in a matrix of social norms, power relations, and institutional structures that shape opportunities and constraints. Integrating these theoretical lenses highlights that entrepreneurship is not merely a matter of resource possession but also of institutional negotiation and social adaptation. In this regard, the study supports Bruton et al. (2010), who argue that entrepreneurship in emerging economies must be analyzed through context-specific institutional logics rather than universalized Western models.

The results also emphasize the critical, yet often underexplored, role of intangible resources such as social capital, learning capacity, and collective trust in shaping financial outcomes. Many women entrepreneurs in this study leveraged community ties and informal networks to mitigate resource constraints. These relational assets, though non-monetary, serve as mechanisms of mutual assurance and reputation-building that enhance resilience. This insight aligns with social capital theory, which posits that networks of trust and reciprocity can substitute for formal institutional mechanisms in environments characterized by weak enforcement or discrimination (Bourdieu, 1986). Consequently, women-led SMEs in Makassar demonstrate a hybrid financing logic that blends financial pragmatism with relational interdependence, allowing them to sustain business continuity despite systemic exclusion.

From a policy standpoint, the findings underline that improving women's access to finance requires interventions beyond credit provision. The government's existing microcredit programs, such as *Kredit Usaha Rakyat* (KUR), have increased financial inclusion numerically but have not fully addressed structural inequities. To achieve transformative outcomes, policy frameworks should incorporate gender-sensitive risk assessments, simplified loan application procedures, and recognition of non-traditional forms of collateral. Financial institutions should be encouraged to adopt alternative credit evaluation metrics such as business performance history, digital transaction records, and supplier references that can better capture the economic credibility of women entrepreneurs. Integrating capacity-building initiatives into financing programs can further enhance financial literacy and managerial skills, ensuring that access to credit translates into sustained enterprise performance.

At the managerial level, the study suggests that women entrepreneurs must adopt proactive financial management strategies to maximize the benefits of available capital. Effective budgeting, cash flow monitoring, and reinvestment decisions are essential for transforming access into productivity. Developing peer networks and cooperative financing models could also enhance bargaining power, reduce borrowing costs, and expand collective market reach. Such cooperative mechanisms have proven successful in several emerging economies, providing women entrepreneurs with economies of scale and mutual assurance in credit repayment.

CONCLUSION

The study concludes that entrepreneurial financing strategies significantly influence the growth of women-led SMEs in Makassar, with formal financing sources such as bank loans and venture capital proving to be the most effective in driving business expansion, innovation, and competitiveness. While microfinance institutions provide important access for smaller enterprises, their limited loan sizes and high interest rates often restrict long-term growth, and reliance on personal savings or family loans tends to yield only modest improvements. Overall, the findings highlight that sustainable growth for women entrepreneurs depends on greater access to inclusive and gender-responsive financing models, complemented by capacity-building programs and supportive financial policies that enable women-led SMEs to scale and thrive in competitive markets.

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