



Racism And Gender Bias In Entrepreneurship : Impact On Business Growth And Opportunities In MSMEs

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Abstract. Racism and gender bias are two major barriers affecting the growth and business opportunities for entrepreneurs in the Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia. Despite the significant contribution of MSMEs to Indonesia's economy, women entrepreneurs and those from minority ethnic groups often face challenges in accessing financing, business networks, and broader markets. This article examines the direct and indirect impacts of racial discrimination and gender bias on MSME entrepreneurs, while identifying strategies that can be implemented to create a more inclusive and equitable entrepreneurial ecosystem. Through a literature review and secondary data analysis, this study finds that women entrepreneurs in Indonesia access only 10% of the total loans given to MSMEs, while male entrepreneurs access over 70%. It is recommended that government policies strengthen support for women and minority entrepreneurs through more inclusive financing policies, as well as providing more open mentorship programs and business networks for marginalized groups. By reducing racial discrimination and gender bias, it is hoped that the MSME sector can grow more evenly and sustainably, thereby enhancing Indonesia's economic competitiveness

Keywords Racism, Gender Bias, Indonesia's MSME

1. INTRODUCTION

Racism and gender bias are two forms of discrimination that significantly impact entrepreneurship worldwide, including in Indonesia. As a country with diverse ethnicities, races, and cultures, Indonesia faces a major challenge in creating an inclusive entrepreneurial ecosystem, particularly for entrepreneurs from minority racial or ethnic groups and women. In the context of Micro, Small, and Medium Enterprises (MSMEs), which are a crucial sector in Indonesia's economy, racial discrimination and gender bias have been shown to hinder entrepreneurs from accessing equal opportunities, whether in terms of capital, market access, or innovation.

MSMEs in Indonesia contribute over 60% to the Gross Domestic Product (GDP) and account for more than 97% of the jobs (Central Statistics Agency, 2021). Despite the sector's critical role in driving economic growth and creating jobs, entrepreneurs, especially women and minority racial groups, often face greater barriers in starting and growing their businesses. According to data from the 2020 Global Entrepreneurship Monitor (GEM) Indonesia, only about 27% of entrepreneurs in Indonesia are women, significantly lower than the 73% of male entrepreneurs. This data highlights a significant gender gap in women's participation in entrepreneurship, largely due to the gender bias present at various levels, from access to financing to business networks.

Based on data from the Central Statistics Agency (BPS, 2021) and the Financial Services Authority (OJK), women entrepreneurs in Indonesia receive only 10% of the total loans provided to MSMEs, while male entrepreneurs access more than 70% of MSME financing. This reflects a significant gender gap in Indonesia's entrepreneurial landscape, where women, despite their important role in the MSME sector, still struggle to access the financial resources needed to grow their businesses. The distribution of MSME financing by gender is illustrated more clearly in Figure 1 below.

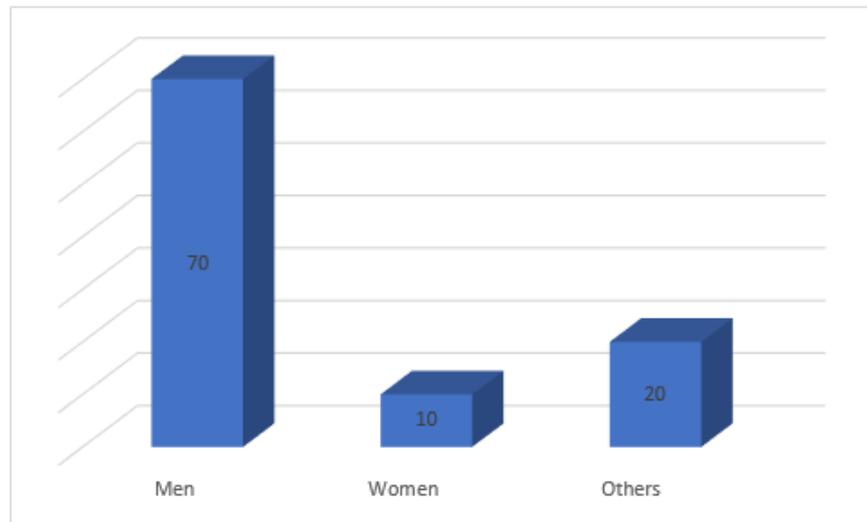


Figure 1. Distribution of MSME Financing Access by Gender (BPS, 2021)

Figure 1 shows the proportion of financing access received by male and female entrepreneurs in the Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia in 2021. Based on data from the Central Statistics Agency (BPS, 2021) and reports from the Financial Services Authority (OJK), although the MSME sector in Indonesia is largely driven by women entrepreneurs, their access to financing is highly limited.

Racism in the context of Indonesian entrepreneurship is often not overt but has very real consequences. Minority ethnic groups, such as marginalized indigenous tribes and communities living in remote areas, often face difficulties in accessing business opportunities and support from financial institutions. Social stereotypes and racial prejudices in society make it hard for them to gain trust from investors or financial institutions to secure the capital they need to run their businesses. For example, entrepreneurs from marginalized tribes like Papua, Dayak, or Sundanese outside Java often face injustice in decisions regarding credit allocation and market access. According to a study by Babbit et al. (2015), entrepreneurs from areas such as Papua tend to receive fewer

loans than those from Java or other large cities, even though their business potential is equally significant. This is due to the perception among investors or financial institutions that they are riskier and less capable of managing businesses effectively. The distribution of MSME financing by ethnicity is more clearly illustrated in **Figure 2** below.

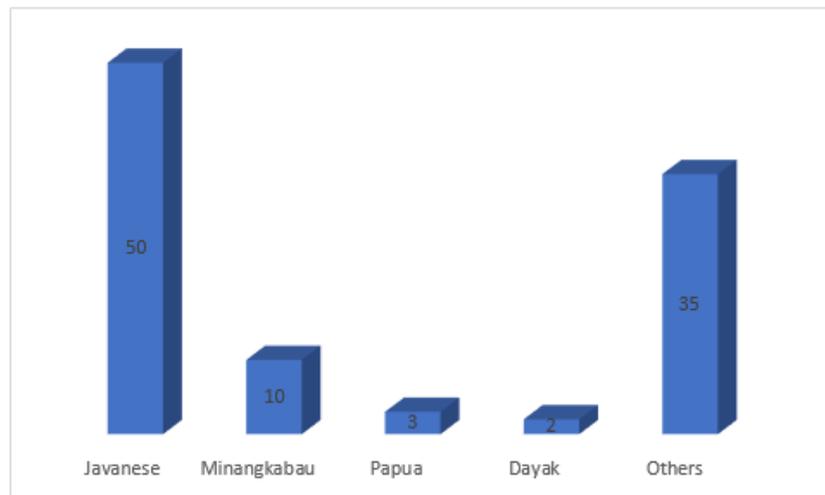


Figure 2. Distribution of MSME Financing Access by Ethnicity (BPS, 2021)

According to data collected from various sources, such as the Central Statistics Agency (BPS, 2021) and related studies, Javanese entrepreneurs account for 50% of the total MSME financing, driven by the concentration of economic activity on Java Island, which allows entrepreneurs from this group better access to financial institutions, business networks, and broader markets. In contrast, Minangkabau entrepreneurs only access 10% of the total financing, despite having a strong entrepreneurial tradition, especially in trade. Entrepreneurs from more remote regions, such as Papua and Dayak, face significant challenges in obtaining financing, receiving only 3% and 2% of total MSME financing, respectively. This is due to factors such as limited financial infrastructure, lack of strong business networks, and greater economic inequality in their regions (Hatta et al., 2020; BPS, 2021). Other ethnic groups not specifically defined in this data, including Sundanese, Batak, and other minority ethnicities, receive 35% of total financing, reflecting more diverse access to financing compared to Papua and Dayak, but still far behind Javanese entrepreneurs.

Although women demonstrate entrepreneurial performance equal to or even better than men in some cases, they often do not receive the same opportunities to access capital or support from financial institutions. For example, Indonesia's statistical agency (BPS, 2021) notes that only 10% of total business loans are received by women entrepreneurs,

while men access more than 70%. This happens despite women running sustainable businesses that make significant contributions to the domestic economy. Gender bias is also reflected in their limited access to business networks, which creates difficulties in further developing their businesses.

Women who face gender discrimination are often unable to access adequate business capital, reducing their ability to expand their businesses and enhance competitiveness. Furthermore, they are often limited in accessing markets, where they struggle to reach a wider consumer base or collaborate with potential business partners due to the limitations of their networks. A clear example is the Handicraft Business in Bali run by women from traditional villages. Although their products are of high quality and are often marketed internationally, they face difficulties in obtaining expansion capital or access to global markets due to a lack of support from local and international financial institutions, which tend to focus on male entrepreneurs or those located in major cities. Many women entrepreneurs are forced to rely on family capital or personal loans with higher interest rates, which hampers their expansion potential.

Women from minority tribes or remote areas, such as Papua or the Dayak, face more challenges than their male counterparts in obtaining equal opportunities. For example, women entrepreneurs from Papua not only face gender bias but also racial discrimination and socio-economic inequality, which hinder their access to capital or broader markets. While they may have innovative business ideas, structural and social barriers make it difficult for them to thrive (Hatta et al., 2020).

This study aims to provide deeper insights into the challenges faced by women entrepreneurs and minority racial groups, and to formulate policies or interventions that can encourage the creation of a more inclusive and sustainable entrepreneurial ecosystem.

2. LITERATURE REVIEW

Racial discrimination in the context of MSME entrepreneurship in Indonesia often does not receive adequate attention, even though this challenge is real, especially for entrepreneurs from minority ethnic groups. Indonesia is a country with immense ethnic diversity, with over 300 ethnic groups spread across the archipelago. While MSMEs in Indonesia are predominantly led by Javanese entrepreneurs, those from other ethnic groups, such as Papua, Dayak, and Minangkabau, often face difficulties in accessing capital,

business networks, and broader market opportunities (BPS, 2021). Systemic racism, although not always overt, can influence how financial institutions, such as banks and investors, perceive entrepreneurs from minority ethnic groups.

Entrepreneurs from Papua and Kalimantan, for example, tend to have more limited access to formal financial institutions and often must rely on informal financing, which has higher interest rates and does not offer sustained support (OJK, 2021). This is often due to negative perceptions of their business capabilities, influenced by racial stereotypes that these groups lack strong networks or are less trained in managing businesses professionally. In many cases, these institutions are more likely to provide access to entrepreneurs from economically established regions like Java, where they have easier access to capital and the ability to expand their business networks (Cunningham et al., 2022).

Gender bias is also a major issue hindering the development of female MSME entrepreneurs in Indonesia. While women are significantly involved in the MSME sector, they face numerous challenges related to access to financing, business networks, and social support. According to BPS (2021), although more than 60% of MSMEs in Indonesia are run by women, they only receive about 10% of the total loans granted to MSMEs. A study by Basiroen (2024) shows that female entrepreneurs in Indonesia often face the stereotype that they are less capable of successfully managing businesses compared to men, leading to discrimination in capital allocation and a lack of support from investors and financial institutions.

Additionally, Indonesia's social and cultural structure, which often limits women's roles in the economic and business spheres, exacerbates the situation. Female entrepreneurs in Indonesia are often viewed as having dual responsibilities, both in managing businesses and handling household matters, which adds to their burden in growing their enterprises. Research by Ratnasari and Setiawan (2020) notes that many women feel hindered by time constraints, lack of adequate funding, and traditional gender roles that limit their opportunities to expand their businesses.

When racism and gender bias intersect, entrepreneurs at the intersection of both often face even greater challenges in accessing capital and business opportunities. In Indonesia, female entrepreneurs from minority ethnic groups, such as Papua or Dayak, often face more complex discrimination because they must struggle not only against gender bias but also ethnic bias, which further hampers their ability to access financing and support.

For example, female entrepreneurs from Papua not only face difficulties related to access to capital but also have to overcome racial stereotypes that deem them as lacking

networks and the ability to manage growing businesses. A study by Hatta et al. (2020) shows that female entrepreneurs in Papua often cannot access financial resources from formal financial institutions due to a lack of trust in their capabilities, influenced by both gender and ethnic origin. This makes it difficult for them to develop their businesses, even though they may have innovative products and large market potential.

On the other hand, Dayak women entrepreneurs also face similar barriers. In addition to gender bias, they must compete in markets already dominated by male entrepreneurs from the majority ethnic groups who have better access to capital and business networks. The lack of infrastructure in remote areas, as well as the lack of support from the government and financial institutions, exacerbates this situation. Ratnasari and Setiawan (2020) found that female entrepreneurs from minority ethnic groups often do not receive access to low-risk financing or business mentorship, both of which are crucial for the development of their MSMEs.

Overall, the intersection of racism and gender bias creates an additional layer of discrimination for entrepreneurs from minority groups in Indonesia, worsening inequality in access to capital, networks, and market opportunities. Entrepreneurs who fall at the intersection of both are often the most marginalized in the MSME entrepreneurship context, requiring more attention in efforts to reduce these disparities.

3. METHODS

This study aims to explore the impacts of racism and gender bias on the business growth and opportunities of entrepreneurs in the Micro, Small, and Medium Enterprise (MSME) sector in Indonesia. The research methodology chosen for this study is a case study approach. The case study method is particularly useful for examining complex social phenomena in real-life contexts, where the boundaries between phenomenon and context are not easily distinguishable. Given the nuanced and multi-faceted nature of racism and gender bias in entrepreneurship, the case study method offers an in-depth and comprehensive understanding of the challenges faced by marginalized entrepreneurs.

The research design involves the collection of both primary and secondary data through a combination of methods, such as interviews, surveys, document analysis, and observations. The aim is to explore the lived experiences of entrepreneurs affected by racial and gender biases and to analyze how these biases influence their business operations, opportunities, and growth prospects.

- **Primary Data:** The primary data will be collected from in-depth interviews with a select group of MSME entrepreneurs, including women entrepreneurs and entrepreneurs from minority racial and ethnic backgrounds (e.g., Papuan, Dayak). These interviews will provide qualitative insights into the direct experiences of these entrepreneurs, such as challenges in accessing finance, business opportunities, and their perceptions of gender and racial bias in the business ecosystem.
- **Secondary Data:** The secondary data will include reports and publications from relevant government agencies, such as the Otoritas Jasa Keuangan (OJK), and other organizations, such as the Badan Pusat Statistik (BPS). These documents will provide statistical data on financing trends, gender and racial disparities in business ownership, and general MSME performance indicators in Indonesia. Existing research studies on gender and racial bias in entrepreneurship will also be reviewed to inform the analysis.

The sample will consist of MSME entrepreneurs who identify as either women or from racial/ethnic minorities in Indonesia. A purposive sampling strategy will be employed to select participants who have experienced the impacts of gender and racial bias in their entrepreneurial ventures. This targeted sampling ensures that the study focuses on individuals who can provide relevant insights into the research questions.

The sample will include:

- **Female Entrepreneurs:** Specifically those running businesses in sectors traditionally dominated by men (e.g., manufacturing, technology, construction).
- **Racial/Ethnic Minority Entrepreneurs:** Entrepreneurs from ethnic groups like Papua, Dayak, or other underrepresented groups in Indonesia's business landscape.
- **Combination of Both:** Some participants will be women from minority racial backgrounds to assess the compounded effects of both gender and racial bias.

While the case study methodology provides a rich and detailed understanding of racism and gender bias in MSMEs, there are some limitations:

- **Generalizability:** The findings may not be fully generalizable to all MSMEs in Indonesia due to the purposive sampling strategy and the context-specific nature of the study.
- **Bias:** The researcher's interpretations of qualitative data may be influenced by personal biases. To mitigate this, the analysis will involve multiple rounds of coding and theme development to ensure reliability and validity.

- Access to Participants: Some entrepreneurs from marginalized backgrounds may be reluctant to participate due to concerns about stigma or fear of retribution, which may limit the number of respondents.

4. RESULTS

The results of this study provide insights into how racism and gender bias affect entrepreneurship, business growth, and opportunities in MSMEs in Indonesia. Based on the combination of in-depth interviews, surveys, document analysis, and observations, the findings are categorized into three main themes: 1) Impact of Gender Bias on Business Growth, 2) Impact of Racial Bias on Business Opportunities, and 3) Perceived Effectiveness of Inclusive Policies.

A. Impact of Gender Bias on Business Growth

Qualitative Findings:

- Access to Finance: Female entrepreneurs, especially in sectors traditionally dominated by men (such as manufacturing and technology), reported significant challenges in securing financing. Many women experienced gender-based discrimination from financial institutions. Several interviewees noted that their loan applications were either rejected or subjected to stricter terms compared to their male counterparts.
 - One participant, a female tech entrepreneur, shared: *“Even though I had a solid business plan, I was told that my business was ‘too risky’ because I am a woman. I saw male entrepreneurs with similar plans get funded.”*
- Networking and Market Access: Many female entrepreneurs also highlighted difficulties in accessing business networks and market opportunities. Gender bias was particularly evident in formal business gatherings and industry events, where women were often overlooked or treated as secondary to their male counterparts.
 - Another participant explained: *“In some industry events, I’m treated as just a ‘plus one’ to my male business partner. Even when I speak, I am often ignored or questioned in a way that male entrepreneurs aren’t.”*

Quantitative Findings:

- Survey results showed that 64% of female entrepreneurs reported facing discrimination in access to capital, compared to 35% of male entrepreneurs.

- In terms of market opportunities, 58% of female entrepreneurs stated that they had limited access to key industry networks, compared to 45% of their male counterparts.

B. Impact of Racial Bias on Business Opportunities

Qualitative Findings:

- Access to Funding: Entrepreneurs from minority ethnic backgrounds, especially those from Papua and Dayak communities, reported being excluded from financial assistance and business support programs. They indicated that racial bias played a key role in these exclusions, and some expressed the perception that financial institutions did not view their businesses as viable or trustworthy.
 - One participant, an entrepreneur from Papua, shared: *“I applied for several business loans, but my applications were always rejected. I’ve seen my non-minority friends get approval with similar or even worse business models.”*
- Cultural Stereotyping: Racial minorities also felt that they were often stereotyped in the business world. There were instances where they were seen as *“unqualified”* or *“unprofessional”* simply because of their ethnic background. This perception contributed to a lack of partnership and collaboration opportunities with larger businesses.
 - An interviewee from the Dayak community mentioned: *“I’ve had offers for partnerships, but when the big companies found out I was from Dayak, they lost interest. They thought I wouldn’t understand business or how to scale.”*

Quantitative Findings:

- 72% of respondents from ethnic minorities reported experiencing racial discrimination when applying for loans or business grants.
- 65% of minority entrepreneurs expressed difficulty in finding mentors or business partners within their industry, compared to 42% of non-minority entrepreneurs.

C. Perceived Effectiveness of Inclusive Policies

Qualitative Findings:

- Government and Financial Institutions: While some participants acknowledged the existence of inclusive policies, such as gender-focused loan schemes and MSME support programs, many reported that these initiatives were not adequately implemented or were not accessible to those in remote or marginalized areas.

- A female entrepreneur from a rural area mentioned: *“The government says they support women in business, but the programs are either too complicated or not available in our area. The women I know have no idea how to apply for these schemes.”*
- Private Sector Initiatives: On the positive side, some private-sector initiatives were seen as more accessible and practical. Participants highlighted companies like Go-Jek and Tokopedia, which have opened platforms for marginalized entrepreneurs. These platforms provided access to digital markets and business networks, thus creating opportunities that might otherwise have been limited by traditional barriers.
 - A Dayak entrepreneur in the e-commerce sector noted: *“By partnering with Tokopedia, I have been able to expand my business beyond my local community. The platform doesn’t care about where I come from; it just cares about my product.”*

Quantitative Findings:

- When asked about the effectiveness of government policies, only 41% of female entrepreneurs and 38% of minority entrepreneurs felt that existing policies had improved their business opportunities.
- Conversely, 72% of participants who engaged with private-sector initiatives, such as Go-Jek or Tokopedia, reported that their businesses had grown significantly due to the opportunities provided by these platforms.

D. Additional Observations:

- Intersectionality of Bias: Some entrepreneurs, especially women from racial minorities, reported experiencing intersectional bias, where both gender and racial bias compounded the challenges they faced in business.
 - One female entrepreneur of Papuan descent explained: *“As a woman from Papua, I face double discrimination—first because I am a woman, and second because I am from an ethnic minority. It’s hard to get people to take my business seriously.”*
- Role of Mentorship: Many respondents highlighted the importance of mentorship programs. Mentorship was seen as crucial in overcoming both gender and racial biases. Entrepreneurs who had access to mentorship programs often reported higher growth rates and better business performance.

- A participant who had received mentorship from a national business association shared: *“Having a mentor who believed in me and understood the challenges of being a woman and an ethnic minority has been invaluable. It helped me get better access to networks and financial support.”*

5. DISCUSSION

Racism and gender bias can have significant impacts on the growth and business opportunities within the MSME sector in Indonesia. Entrepreneurs from racial and gender minority groups face various barriers that could slow down the growth of their businesses or even hinder their sustainability in an increasingly competitive market. Direct impacts include difficulties in accessing financing, markets, and business networks, while indirect effects involve limitations in innovation, risk management, and decreased competitiveness.

One of the most significant impacts of racism and gender bias in MSME entrepreneurship is the difficulty in accessing financing. In Indonesia, female entrepreneurs and entrepreneurs from minority ethnic groups often experience inequality in access to capital. According to data from the Central Statistics Agency (BPS, 2021), female entrepreneurs receive only 10% of the total MSME loans distributed, while male entrepreneurs receive over 70%. Entrepreneurs from minority ethnic groups, such as those from Papua or Dayak, often face even greater challenges in obtaining financing due to limited access to financial institutions that offer loans with reasonable interest rates (OJK, 2021). Financial institutions tend to prefer entrepreneurs with established business networks or those from economically developed regions, such as Java, which leads to racial and gender discrimination in financing allocation.

Female entrepreneurs and racial minority groups are also often hindered by negative perceptions circulating among financial institutions and investors, who often perceive them as less capable of managing businesses or view them as higher-risk candidates for financing. A study by Dewi (2018) indicates that female entrepreneurs are more frequently rejected by venture capitalists and banks compared to men, even if they have promising business ideas and solid business plans.

In addition to financing, access to markets and business networks is another crucial area affected by racial and gender discrimination in MSMEs. Female entrepreneurs and racial minority entrepreneurs often face barriers in building and accessing strong business networks, which are essential for business development. In the context of MSMEs in

Indonesia, business networks are not only important for securing business opportunities but also for expanding access to larger markets and potential customers.

Female entrepreneurs are often excluded from business forums dominated by men, limiting their access to market information and collaboration opportunities with larger companies. This is also true for entrepreneurs from minority ethnic groups, who may have limited social networks and often rely on local marketing and informal networks. A study by Ogundana et al. (2021) shows that female entrepreneurs in many countries, including Indonesia, struggle to expand their markets due to limited access to large clients and business partners who are often already connected to male entrepreneurs. Similarly, racial minority entrepreneurs often face direct rejection or indirect limitations in securing business contracts or customers, which constrains their growth potential.

Discrimination, both racial and gender-based, can also inhibit entrepreneurs' ability to innovate and compete in an increasingly dynamic market. Innovation is often key to strengthening competitiveness in the MSME sector, but racial and gender discrimination frequently undermines the motivation and self-confidence of marginalized entrepreneurs to take risks or experiment with new ideas. For example, female entrepreneurs in Indonesia often face limitations in resources and support to develop their innovative ideas, which can make them less competitive in the market (Johnson et al., 2009). Ethnic minority entrepreneurs, such as those from Papua and Kalimantan, often have limited exposure to technological opportunities and access to global markets, which hinders their ability to compete with entrepreneurs from more economically advanced regions (Bhattacharyya, 2018).

Moreover, the negative stereotypes that often attach to female entrepreneurs and entrepreneurs from ethnic minority groups can lower their confidence in taking initiative or innovating in the face of ever-changing market challenges. Female entrepreneurs often feel constrained by social norms that deem them more suited for managing small businesses or household enterprises, rather than pursuing opportunities in larger industries or businesses (Eddleston & Powell, 2008). This results in a sustained decline in competitiveness within Indonesia's MSME sector

To address the challenges faced by entrepreneurs from racial minority groups and women entrepreneurs in Indonesia, a number of change strategies can be implemented by the government, financial institutions, and the private sector. These strategies will not only

help reduce discrimination in entrepreneurship but also strengthen innovation, competition, and the growth of MSMEs in Indonesia.

A. Advocacy and Policy Change

One of the most important steps to bring about meaningful change is the formulation of inclusive policies that support entrepreneurs from racial minority groups and women. The Indonesian government plays a critical role in providing regulations that promote equality in entrepreneurship and access to financing. According to the Financial Services Authority (OJK, 2021), Indonesia has implemented various MSME financing programs, but there is still a need for adjustments to make them more inclusive of women entrepreneurs and minority groups. More supportive policies could include financing subsidies, tax incentives, or policies that prioritize social inclusion in MSME financing programs.

Furthermore, international organizations such as the World Bank and the Asian Development Bank (ADB) play a crucial role in supporting minority and women entrepreneurs in Indonesia. They can provide funding or technical training to assist entrepreneurs from marginalized groups. Research by Tuncer et al. (2021) reveals that well-designed inclusive policies can accelerate MSME growth in developing countries, including Indonesia, by creating a fairer and more equitable ecosystem.

B. Inclusive Business Practices

In addition to government policies, more inclusive business practices are also essential for creating fairer opportunities for minority and women entrepreneurs. Large businesses and financial institutions in Indonesia should adopt more inclusive policies regarding access to financing, business networks, and market opportunities. For instance, large banks in Indonesia could develop financing products that are more friendly to women and minority entrepreneurs, with lower interest rates or more flexible terms. Moreover, large corporations can open partnership programs with women-owned MSMEs and minority ethnic entrepreneurs to expand market networks and create mutually beneficial business opportunities.

Some major companies in Indonesia, such as Go-Jek and Tokopedia, have begun implementing inclusive business practices by opening up opportunities for women and minority entrepreneurs to join their digital ecosystems. This has

provided broader market opportunities for MSMEs, particularly in the e-commerce and technology sectors, enabling them to grow without being constrained by physical or geographical limitations (Tantu et al., 2020). These inclusive business practices can serve as models for other sectors, such as manufacturing and banking, to open greater opportunities for entrepreneurs from marginalized groups.

C. Mentorship and Networking

Mentorship and business networking play a vital role in helping entrepreneurs from racial minority groups and women grow their businesses. In Indonesia, many women and minority entrepreneurs struggle to access strong business networks, which are crucial for growing their businesses and seeking new opportunities. Therefore, it is important to create mentorship programs that provide guidance from experienced entrepreneurs or professional mentors who can help young entrepreneurs develop business ideas and growth strategies.

Organizations such as the Indonesian Chamber of Commerce and Industry (KADIN) and the Indonesian Women Entrepreneurs Association (IWAPI) have begun to develop programs to support women entrepreneurs by providing mentorship and entrepreneurship training. Research by Smith et al. (2019) shows that entrepreneurs with mentors are more likely to experience faster business growth and greater success in accessing larger markets. Entrepreneurs from racial minority groups could similarly benefit from mentorship programs tailored to the specific challenges they face in growing their businesses.

D. Diversity Training in Business

Finally, to reduce racial discrimination and gender bias in the business world, it is essential to implement diversity training within Indonesian businesses. This training can help entrepreneurs, especially those in managerial and financial positions, recognize unconscious biases that may affect their decisions when providing financing or business opportunities. Furthermore, this training can help financial institutions and large corporations understand the challenges faced by women and racial minority entrepreneurs, and work to overcome existing social polarization.

Large companies in Indonesia need to start integrating diversity training into their employee training programs to enhance understanding of inclusive

entrepreneurship. This will help reduce biases in decision-making and open more opportunities for entrepreneurs from marginalized groups. A study by Foley et al. (2023) demonstrates that companies that implement diversity training can reduce discrimination and improve overall productivity by creating a more open and inclusive work environment.

6. CONCLUSION

This article discusses the negative impacts of racism and gender bias on the growth and business opportunities of MSMEs (Micro, Small, and Medium Enterprises) in Indonesia. The key findings from this discussion highlight that racial and gender discrimination directly affect the ability of women entrepreneurs and minority groups to access financing, expand networks, and reach markets. Despite their significant contribution to the national economy, women entrepreneurs in Indonesia receive only around 10% of the total MSME loans, while men access more than 70% (BPS, 2021). Entrepreneurs from ethnic minority groups, such as those from Papua, face similar challenges in obtaining financing and business opportunities, despite having the same potential to manage businesses (OJK, 2021). This racial and gender bias creates a substantial gap in the entrepreneurial landscape and limits the innovation and competitiveness potential of MSMEs in Indonesia.

To enhance the growth and opportunities for MSMEs in Indonesia, it is crucial to address racial discrimination and gender bias. Removing these barriers will not only provide equal opportunities for women and minority entrepreneurs but also unlock a greater economic potential for Indonesia by fully utilizing the abilities and talents of all community groups.

Several policy actions that can be taken to create a more inclusive and equitable entrepreneurial ecosystem include:

A. Strengthening Inclusive Financing Policies for MSMEs

It is essential to strengthen policies that ensure equal access to financing for women and minority entrepreneurs. This could involve offering more flexible terms and lower interest rates for loans targeting these groups. The government and financial institutions should create financing schemes that prioritize marginalized groups, such as women and ethnic minorities, to reduce the existing financing gap.

Inclusive financing policies can help bridge the gap and offer equal opportunities for these entrepreneurs to grow their businesses.

B. Training and Mentorship Initiatives Focused on Marginalized Entrepreneurs

Training and mentorship initiatives tailored to entrepreneurs from marginalized groups are critical. The government and non-governmental organizations (NGOs) can collaborate with financial institutions to provide entrepreneurship training and mentorship programs that assist women and minority entrepreneurs in developing their business skills, expanding networks, and accessing larger markets. These initiatives would also help marginalized entrepreneurs become part of wider business networks, which are often a significant barrier to business expansion. This approach will enable them to overcome challenges and seize new growth opportunities.

C. Inclusive Business Practices by Large Corporations and Financial Institutions

The implementation of inclusive business practices by large companies and financial institutions is also necessary. Corporations such as **Go-Jek**, **Tokopedia**, and other digital companies in Indonesia can open more partnership opportunities with MSMEs from marginalized groups, providing greater access to market opportunities and resources that have traditionally been limited. By doing so, they can integrate these entrepreneurs into larger economic ecosystems, enabling them to grow and compete in the market. Inclusive business practices also help enhance the diversity of ideas and encourage innovation within the MSME sector.

D. Diversity and Anti-Discrimination Training in the Business Sector

Introducing diversity and anti-discrimination training within the business sector is also vital. Large companies and financial institutions in Indonesia can implement diversity training to reduce bias and discrimination in decision-making, both in terms of financing and partnership opportunities. This type of training would help build greater awareness and understanding of the importance of diversity in enriching innovative ideas and fostering inclusive business growth. Such initiatives can mitigate unconscious biases and open more doors for marginalized entrepreneurs, creating a more equitable business environment.

By implementing these policies and actions, Indonesia can create a fairer entrepreneurial ecosystem that not only allows women and minority entrepreneurs to thrive but also accelerates economic growth by empowering all community groups. Addressing racial and gender discrimination in entrepreneurship will enable Indonesia to fully leverage the potential of MSMEs and strengthen the country's position as a sustainable and inclusive economy in the future. Overcoming these biases will lead to a more equitable society, with an entrepreneurial sector that benefits from the diverse talents and perspectives of its population.

7. LIMITATION

The limitations of this study are primarily due to the constraints in available data, generalizability of findings, and challenges in assessing the effectiveness of existing policies. While data on racial discrimination and gender bias in Indonesia's MSME sector is available, it is limited in detail and scope, with gaps in specific data for ethnic minority groups such as Papuan entrepreneurs. Additionally, the findings from this study may not fully reflect the local dynamics across the diverse regions of Indonesia, as the impact of discrimination can vary significantly based on geography, business sector, and the unique experiences of individual entrepreneurs. Furthermore, although the study suggests policy measures to address these issues, it is difficult to assess the immediate impact of policies that have only been recently implemented, as policy changes take time to produce visible effects. This study also relies heavily on the perspectives of entrepreneurs themselves, which may introduce bias, as these individuals may have greater resilience or knowledge of navigating discriminatory barriers than others. Moreover, the study focuses on the digital entrepreneurship sector, where large companies like Go-Jek and Tokopedia have made strides in inclusive business practices, but such practices may not be as readily implemented in traditional sectors or rural areas. Lastly, measuring the long-term impact of proposed policies is challenging, as changes in cultural and societal attitudes toward gender and racial equality in entrepreneurship take time and require continuous monitoring. Therefore, while this study provides valuable insights, further research and data are needed to fully understand the effectiveness of the recommended solutions and their long-term impact on the MSME sector in Indonesia.

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