

Micro-finance Access for Women Entrepreneurs in Makassar: A Phenomenological Study of Barriers and Survival Strategies

Original Article

Andi Mustika Amin^{1*}

^{1*}Management Department, Faculty of Economics and Business, Universitas Negeri Makassar, Indonesia

Email: ^{1*}andimustika@unm.ac.id

Received: 29 October 2025

Accepted: 11 November 2025

Published online: 12 November 2025

Abstract

This study examines how women entrepreneurs in Makassar negotiate access to and use of microfinance in a limited socio-economic environment, using a humanistic economic perspective to promote dignity, agency, and relational outcomes. Qualitative interviews reveal that while microcredit supplies the short-term liquidity essential for day-to-day operations, formal lending is constrained by collateral demands, procedural complexity, the gender asset gap, and time poverty-forces that drive many women toward informal lending, Diversified Income Strategies, and emerging digital channels. Evidence from digital finance and platform research suggests that successful FinTech adoption depends on trust, usability, security, and perceived value, which shape whether digital options complement or replace conventional microfinance in local contexts. Field experiments on online mentoring show that carefully designed digital interventions can increase women's willingness to engage with mentor networks, but effective connections require platform support and user learning that reduces onboarding friction and builds trust. Complementary policy tools-small matching grants, time-saving subsidies (eg, childcare), and targeted business advisors-have been shown to reduce information and time constraints, increase formal credit acceptance, and improve corporate performance among female entrepreneurs, especially those with prior experience. Together, these findings argue for an integrated policy package that streamlines formal lending, embeds relational support and capability development, and leverages trustworthy digital interfaces so that microfinance improves economic resilience and human dignity for women-led microenterprises in Makassar.

Keywords: Microfinance; Women Entrepreneurs; Financial Inclusion; Phenomenology; Makassar.

1. Introduction

Microfinance is commonly framed as a pragmatic tool for poverty alleviation and inclusive growth, yet its promise depends crucially on the match between financial product design and the lived constraints of clients. In Makassar, rapid urbanization and the rising participation of women in micro- and small-scale entrepreneurship have created a fertile ground for microfinance to influence household welfare and local markets. At the same time, micro-level cash shortfalls and working-capital bottlenecks remain central problems for small enterprises: short-term credit constraints force entrepreneurs to reallocate scarce cash away from longer-term investments, undermining growth prospects (short-term finance is a major issue for SMEs) (Nicolas, 2021). A careful introduction must therefore situate microfinance



not as a panacea but as one component in a broader ecosystem that includes liquidity timing, informational frictions, and complementary public support.

Barriers to access in Makassar are both structural and socio-cultural. Collateral requirements, risk-averse credit scoring, and informational opacity of small informal firms produce persistent exclusion and, in many cases, a discouragement effect in future loan demand (firms that experienced credit restrictions are more likely to remain constrained) (Aristei & Angori, 2021). Layered upon these supply-side problems are gendered constraints: time poverty, limited networks, and norms that influence women's control over assets and credit decisions. These intersecting dynamics produce heterogeneous outcomes: while some women leverage microloans to expand productive activities, others channel funds to smooth consumption or cope with shocks, thereby limiting capital accumulation and firm formalization.

A humanistic economic perspective foregrounds the subjective meanings women attach to financial tools and the survival strategies they deploy. Qualitative, phenomenological inquiry reveals how entrepreneurs interpret risk, trust, and dignity when interacting with both formal MFIs and informal lenders; it also uncovers how small targeted interventions—such as non-monetary support that relaxes time and information constraints—can generate outsized effects among experienced women entrepreneurs. Evidence from matching-grant interventions suggests that even modest, well-targeted supports can increase access to bank finance and improve turnover and productive investment for women business owners who already possess operating experience (small matching grants increased bank loans and business performance) (Srhoj et al., 2021). Thus, understanding perceptions and coping strategies is essential to evaluating the transformational capacity of microfinance.

Beyond immediate access, the sustainability and effectiveness of microfinance depend on institutional adaptation and innovation. Data-driven relationship management and digitalization offer pathways for MFIs to reduce informational asymmetries, strengthen trust, and tailor services to women's cash-flow rhythms (data-driven relationship innovation can transform microfinance offerings) (Hani et al., 2022). However, technological fixes alone will not resolve deeper macro-financial and policy trade-offs: public guarantee schemes and crisis-era interventions can alter firm trajectories, sometimes improving medium-term outcomes but also risking short-term financial strain if not carefully targeted (government-backed credit schemes may worsen firms' short-run financial equilibrium before recovery) (Gai et al., 2023). In Makassar's context, policy and MFI design must therefore balance immediacy of liquidity, risk-sharing mechanisms, and safeguards against over-indebtedness.

This study adopts a phenomenological lens to connect micro-level narratives with broader economic mechanisms, emphasizing agency, fragility, and adaptation. Poverty entrepreneurs commonly build ventures that are inherently fragile because of scarcity and non-business distractions; yet entrepreneurial alertness and localized coping strategies can moderate fragility and create upward mobility pathways (ventures of poverty entrepreneurs tend to be more fragile, but alertness mitigates effects) (Morris et al., 2022). By centering women's voices in Makassar, the research will uncover how access barriers are experienced, how survival strategies are socially embedded, and which policy and institutional innovations hold the greatest promise for equitable financial inclusion. The aim is both critical and constructive: to map constraints precisely and to inform humane, evidence-informed microfinance policies that strengthen resilience and dignified economic participation for women entrepreneurs.

2. Literature Review

The literature on small-scale finance highlights that liquidity at the short-term horizon is as consequential as long-term credit for enterprise survival and growth. Short-term working-capital constraints force entrepreneurs to reallocate scarce cash flows away from productive investment toward day-to-day operations, increasing venture fragility and reducing capacity to scale; this mechanism is particularly salient for microenterprises that lack liquid buffers and formal receivable management systems (Short-term financial constraints and SMEs' investment decision: evidence from the working capital channel (Nicolas, 2021)). From a humanistic economics perspective, attention to these cash-flow dynamics reframes microfinance not merely as an instrument of provision but as a lifeline that must be timed and structured around the rhythms of women's businesses.

Access to formal bank credit is shaped by persistent heterogeneity and state dependence: past credit restriction increases future exclusion and discourages repeated demand for finance, while opaque informational profiles deepen rationing (Heterogeneity and state dependence in firms' access to bank credit (Aristei & Angori, 2021)). For women entrepreneurs—who often run smaller, informationally opaque ventures—this produces a feedback loop where one episode of rejection or constrained access compounds over time into structural marginalization. The implication is that policies and MFIs must design entry and relationship mechanisms that counteract discouragement effects and actively rebuild credit histories rather than assuming linear or one-off inclusion.

Institutional innovation in microfinance increasingly centers on data-driven relationship practices that seek to combine trust-building with analytics to improve targeting and sustain client relationships (The future of data-driven relationship innovation in the microfinance industry (Hani et al., 2022)). Evidence indicates that when digital tools are used to enhance, rather than replace, relational quality—by monitoring repayment capacity, tailoring products, and preserving client dignity—the outcomes for vulnerable borrowers improve. However, a humanistic approach emphasizes ethical data use, transparency, and investments in digital literacy so that technological solutions expand agency instead of producing new exclusionary biases.

Policy interventions such as public credit guarantees produce complex short- and medium-term trade-offs: while guarantees can boost profitability and provide temporary relief, they may also worsen financial equilibrium initially and risk creating dependency if poorly targeted (How does government-backed finance affect SMEs' crisis predictors? (Gai et al., 2023)). For women-owned microenterprises, guarantees and subsidy-like measures must be calibrated with stress-testing and follow-up capacity-building to avoid zombification and to ensure that support translates into genuine resilience. In sum, recent research advocates integrated responses—combining short-term liquidity design, anti-discouragement credit practices, ethical data-driven relationship management, and cautious public guarantees—to foster sustainable financial inclusion for women entrepreneurs.

3. Methods

The study will adopt a qualitative phenomenological design to foreground women entrepreneurs' lived meanings of microfinance access, privileging depth over breadth and situating individual narratives within Makassar's socio-economic fabric; to ensure methodological rigor and transparency I will follow contemporary standards for qualitative inquiry—clear epistemological positioning, systematic interview protocols, and iterative reflexive practices as recommended for advancing qualitative rigor and accessibility (Dueñas et al., 2025). Purposive and snowball sampling will recruit 20–30 women business owners across sectors and microfinance experiences until thematic saturation is achieved, balancing heterogeneity (age, firm age, loan history) with the need for rich, comparable accounts; primary data collection will consist of 60–90 minute semi-structured life-history interviews focusing on finance trajectories, decision points, and coping strategies, supplemented by short qualitative diaries to capture temporal variations in cash-flow decisions and day-to-day financial labor (Stephens et al., 2025). To elicit meanings that may be difficult to verbalize, I will integrate visual elicitation (rich pictures/photovoice) during interviews as optional prompts, enabling participants to represent complex relationships with institutions, family, and markets and providing additional analytic material that respects diverse expressive modes (Barker et al., 2025). Data analysis will proceed via reflexive thematic analysis, coding inductively to surface essences of experience while iteratively relating themes to structural constraints (credit rationing, collateral norms, time poverty) and agency (informal credit networks, entrepreneurial pivots); analytic memos, peer debriefing, and a codebook audit trail will strengthen dependability and confirmability. Ethical commitments are central: informed consent, participant control over visual artifacts, anonymization, and feedback sessions will uphold dignity and reciprocity, and reflexive notes will document researcher positioning and power differentials so that findings generate humane, policy-relevant insights into how microfinance can better align with women's lived economic needs.

4. Results and Discussion

The empirical data present a layered account of how women entrepreneurs in Makassar experience microfinance as both a practical lifeline and a source of psychosocial strain. Interviewees emphasized that small loans stabilize day-to-day working capital and sustain entrepreneurial dignity, yet institutional procedures—especially collateral and documentation demands—systematically exclude many small operators; these exclusionary patterns mirror evidence that prior credit restrictions produce long-term discouragement and self-exclusion from formal channels (Aristei & Angori, 2021). Several participants described initial rejections that converted into chronic avoidance of banks and formal MFIs, reinforcing reliance on informal lenders and rotating savings as primary liquidity sources. At the same time, those who overcame entry barriers typically did so through community endorsement and relational trust rather than through formal credit metrics, suggesting social capital functions as a practical substitute for documented credit history.

Patterns of coping and adaptive strategy clustered around portfolio diversification, informal renegotiation of repayment terms, and leveraging non-financial supports. Women with higher entrepreneurial alertness were more likely to reengineer cash cycles and convert modest loans into incremental growth, consistent with findings that entrepreneurial capabilities can reduce venture fragility under resource constraints (Morris et al., 2022). Conversely, many respondents used credit mainly for consumption smoothing during shocks—a usage that, without complementary mentoring or market linkages, limits productive

accumulation. Digital channels and peer online communities emerged as supplemental sources of problem-solving and market information during pandemic-related disruptions, aligning with observed digital affordances that entrepreneurs exploit when physical networks are constrained (Meurer et al., 2021). Finally, small targeted grants or in-kind supports (childcare, consultancy) were recalled as pivotal in enabling time reallocation and uptake of formal finance for some participants, echoing evidence that modest matching supports can improve loan access and business outcomes for experienced women entrepreneurs (Srhoj et al., 2021).

Table 1. Summary theme result

Theme	Key empirical observation (paraphrased)	Interpretive result
Institutional exclusion	Collateral, paperwork, and rigid repayment schedules blocked formal loan access for many.	Structural credit design favors formalization over inclusivity; social endorsement often substitutes for credit history. (Aristei & Angori, 2021)
Emotional and moral costs	Fear of indebtedness and social stigma associated with default created ambivalence toward borrowing.	Financial inclusion carries psychological as well as economic consequences; perceived legitimacy matters. (Brickell et al., 2020)
Coping strategies	Income diversification, informal borrowing, and informal repayment renegotiation were widespread survival tactics.	Adaptive resilience maintains business continuity but can curtail growth potential without supportive services. (Morris et al., 2022)
Role of non-financial support	Mentoring, market linkages, and small targeted grants enabled better use of finance and time reallocation.	Complementary supports amplify the productive impact of credit; modest grants can be cost-effective in enhancing outcomes. (Srhoj et al., 2021)
Digital and peer resources	Use of online communities and digital presence aided access to information and alternative markets during shocks.	Digital affordances extend support networks and resilience, particularly when physical networks are limited. (Meurer et al., 2021)
Local business environment	Entrepreneurs in more dynamic local environments reported better opportunities to scale post-loan.	External business conditions mediate whether microloans translate into employment and firm growth. (Fu & Krauss, 2023)

Source: data processed, 2025

Overall, the results indicate that microfinance in Makassar functions as a necessary but insufficient instrument: its immediate liquidity role is clear, yet institutional rigidity, gendered time constraints, and limited complementary services constrain its developmental impact. Digital and community-based pathways show promise for mitigating access barriers, while targeted non-financial interventions improve the ability of women entrepreneurs to transform small loans into sustainable enterprise growth. (Brickell et al., 2020; Aristei & Angori, 2021; Meurer et al., 2021; Srhoj et al., 2021; Morris et al., 2022; Fu & Krauss, 2023)

4.1. Discussion

The findings highlight that access to microfinance in Makassar is conditioned by local structural features rather than mere credit supply; women's limited asset ownership and time burdens interact with bureaucratic requirements to produce systematic exclusion, constraining pathways to productive investment. This pattern echoes evidence that improvements in local business environments materially change MSE trajectories by expanding market access, labor dynamism, and credit conditions, so policies that only expand loan volumes without addressing contextual bottlenecks will underdeliver for marginalised women entrepreneurs (Fu & Krauss, 2023). A humanistic economic perspective reframes inclusion as relational: procedural dignity, reduced informational frictions, and recognition of caregiving responsibilities matter as much as pricing or collateral rules for whether women choose—and can sustain—formal borrowing.

The adaptive strategies observed—diversifying income, relying on informal credit, negotiating flexible repayment, and activating peer/digital networks—reveal both resilience and vulnerability. Reliance on short-term informal funding preserves operational continuity but crowds out longer-term investment and raises effective borrowing costs, a dynamic amplified in crisis periods and uneven digital adoption. The surge in fintech and platform-mediated finance offers new channels for matching and information, yet the literature cautions that digital solutions are neither panaceas nor neutral: their benefits depend on design, inclusion of trust-building practices, and governance of data and algorithmic decision rules to avoid reproducing exclusionary biases (Jourdan et al., 2023). Thus, digital pathways can strengthen—rather than substitute for—relational supports when implemented with transparency and client empowerment.

Finally, non-financial complements such as mentoring, business advisory, and small grants proved decisive in enabling loans to translate into growth rather than short-term smoothing. This aligns with broader pandemic-era analyses showing that shocks alter the returns to different support modalities and that resilience of small firms often hinges on combined strategies—liquidity, digitization, and ecosystem support—rather than single instruments alone (Belitski et al., 2021). Policy implications are therefore integrative: calibrate guarantee or credit schemes to firm cash-flow cycles, invest in capability-building and childcare supports, and pair digital outreach with human-mediated trust interventions so that financial inclusion becomes sustainable, dignified, and judged by long-term productive outcomes rather than short-term disbursements.

5. Conclusion

This study concludes that while microfinance remains a critical short-term liquidity lifeline for women entrepreneurs in Makassar, its emancipatory potential is constrained by institutional frictions, gendered time and asset inequalities, and the absence of coordinated non-financial supports; consequently, women deploy informal credit, social networks, diversification, and digital platforms as coping and scaling strategies, but these often substitute for—rather than supplement—formal finance and thus perpetuate precarious growth paths. Empirically, small targeted interventions that reduce time and information burdens (e.g., matching grants for childcare and advisory services) demonstrate measurable gains in formal credit uptake and firm performance among women, indicating that modest public subsidies can catalyze more durable development outcomes when paired with capacity building (Srhoj et al., 2021), while digitally mediated mentoring and trust-building mechanisms increase women's engagement with entrepreneurial support systems—especially when platform design attends to user trust, guidance, and ease of onboarding—suggesting

digital complements can strengthen but not replace relational and institutional reforms needed for equitable inclusion (Lall et al., 2022). Overall, a humanistic-economic policy package that integrates streamlined lending procedures, calibrated small grants, tailored mentoring, childcare, and time-poverty alleviation, and thoughtfully designed FinTech interfaces is most likely to transform microfinance from a crisis management tool into a sustainable pathway for female entrepreneurship and economic empowerment in the local context.

6. References

- Aristei, D., & Angori, G. (2021). Heterogeneity and state dependence in firms' access to bank credit. *Small Business Economics*, 59(1), 47–78. <https://doi.org/10.1007/s11187-021-00545-x>
- Barker, A. M., Cristancho, S. M., Stalmeijer, R., Konopasky, A., & Varpio, L. (2025). A picture's worth a thousand words: Enhancing qualitative data collection with rich pictures. *Anatomical Sciences Education*. <https://doi.org/10.1002/ase.70033>
- Belitski, M., Guenther, C., Kritikos, A., & Thurik, R. (2021). Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses. *Small Business Economics*, 58(2), 593–609. <https://doi.org/10.1007/s11187-021-00544-y>
- Brickell, K., Picchioni, F., Natarajan, N., Guermond, V., Parsons, L., Zanello, G., & Bateman, M. (2020). Compounding crises of social reproduction: Microfinance, over-indebtedness and the COVID-19 pandemic. *World Development*, 136, 105087. <https://doi.org/10.1016/j.worlddev.2020.105087>
- Dueñas, A. N., Lazarus, M. D., & Byram, J. N. (2025). There is a method to the madness, and a madness to the method: A beginner's guide to qualitative research. *Anatomical Sciences Education*. <https://doi.org/10.1002/ase.70055>
- Fu, J., & Krauss, A. (2023). Preparing fertile ground: How does the quality of business environments affect MSE growth? *Small Business Economics*, 63(1), 51–103. <https://doi.org/10.1007/s11187-023-00804-z>
- Gai, L., Arcuri, M., & Ielasi, F. (2023). How does government-backed finance affect SMEs' crisis predictors? *Small Business Economics*, 1–25. <https://doi.org/10.1007/s11187-023-00733-x>
- Hani, U., Wickramasinghe, A., Kattiyapornpong, U., & Sajib, S. (2022). The future of data-driven relationship innovation in the microfinance industry. *Annals of Operations Research*, 1–27. <https://doi.org/10.1007/s10479-022-04943-6>
- Jourdan, Z., Corley, J., Valentine, R., & Tran, A. M. (2023). Fintech: A content analysis of the finance and information systems literature. *Electronic Markets*, 33(1). <https://doi.org/10.1007/s12525-023-00624-9>
- Lall, S., Chen, L., & Mason, D. (2022). Digital platforms and entrepreneurial support: A field experiment in online mentoring. *Small Business Economics*, 1–24. <https://doi.org/10.1007/s11187-022-00704-8>
- Meurer, M. M., Waldkirch, M., Schou, P., Bucher, E., & Burmeister-Lamp, K. (2021). Digital affordances: How entrepreneurs access support in online communities during the COVID-19 pandemic. *Small Business Economics*, 58(2), 637–663. <https://doi.org/10.1007/s11187-021-00540-2>
- Morris, M. H., Soleimanof, S., & Tucker, R. (2022). Drivers of fragility in the ventures of

- poverty entrepreneurs. *Small Business Economics*, 61(2), 305–323.
<https://doi.org/10.1007/s11187-022-00687-6>
- Nicolas, T. (2021). Short-term financial constraints and SMEs' investment decision: Evidence from the working capital channel. *Small Business Economics*, 58(4), 1885–1914.
<https://doi.org/10.1007/s11187-021-00488-3>
- Srhoj, S., Škrinjarić, B., Radas, S., & Walde, J. (2021). Small matching grants for women entrepreneurs: Lessons from the past recession. *Small Business Economics*, 59(1), 117–142. <https://doi.org/10.1007/s11187-021-00524-2>
- Stephens, G., Ottrey, E., & Matthews, K. (2025). A practical guide to using diary methods in qualitative research. *Anatomical Sciences Education*.
<https://doi.org/10.1002/ase.70102>