

## Original Research Article

# The Role of Women in Community Economic Empowerment and Tourism through Women's Knowledge-Based MSMEs

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## Abstract

This study examines the significant role that women play in strengthening community economic empowerment and tourism through their involvement in micro, small, and medium enterprises (MSMEs). Women-led MSMEs contribute not only to their families' financial stability but also to the preservation of local culture and the growth of sustainable tourism. Despite their contributions, women entrepreneurs continue to face challenges such as limited access to financial support, business training, and market expansion opportunities. This research explores how women's specialized knowledge in traditional crafts, culinary arts, and eco-tourism influences economic development and tourism sustainability. Using a mixed-method approach, this study combines qualitative and quantitative data, including interviews and surveys with female MSME owners in Purbalingga Regency. The findings highlight that women's participation in MSMEs directly boosts tourism by providing authentic and locally-driven experiences that attract visitors. Moreover, access to capital and skill development enhances their ability to innovate and scale their businesses, further contributing to economic resilience. The study also reveals that community economic empowerment serves as a crucial link between women-led MSMEs and the sustainability of tourism. Based on these insights, this research emphasizes the need for better financial inclusion, business mentorship, and policy support to empower women entrepreneurs. The findings offer practical recommendations for government agencies, financial institutions, and development organizations to create a more inclusive and thriving economic landscape where women-led businesses can flourish.

**Keywords:** Women entrepreneurs, MSMEs, economic empowerment, tourism sustainability, financial access, business development, community resilience, gender-inclusive economy, cultural preservation.

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## I. INTRODUCTION

Indonesia is a country rich in natural beauty, diverse tribes, cultures and ancestral heritage so that tourism potential is high and can be maximized to improve the economy that leads to people's welfare, therefore tourism is one of the important economic sectors in Indonesia, especially during the transition period of economic recovery from the Covid-19 pandemic (Deputy for Strategic Policy, 2021).

In the press release of the Ministry of Women's Empowerment and Child Protection (Kemen PPPA) number B-127 / SETMEN HM.02.04 / 04/2021, Kemen PPPA encourages gender mainstreaming in the economic sector, especially women's entrepreneurship in the MSME sector. One of the priority programs of the

Kemen PPPA is to increase the capacity of women, especially empowering women in the economic sector through entrepreneurship (Kemenpppa.go.id, 2021, 2023).

Based on the press release of the Coordinating Ministry for Economic Affairs of the Republic of Indonesia number HM.4.6 / 553 SET.M.EKON.3 / 10/2022, the President of the Republic of Indonesia has given direction to develop MSMEs Upgrading and Modernizing Cooperatives. The role of MSMEs is very large for the growth of the Indonesian economy, with the number reaching 99% of all business units. The contribution of MSMEs to GDP also reached 60.5%, and to labor absorption was 96.9% of the total national labor

absorption (Ministry of Finance of the Republic of Indonesia, n.d.).

Deputy for Gender Equality, Lenny N. Rosalin, in the opening of the press release number B- 116 / SETMEN HM.02.04 / 3/2023 said that women MSME actors have unlimited potential in the national economy. Statistical data shows that Indonesian MSMEs dominated by women contribute 61% of the total national GDP, absorb 97% of the total workforce and 60% of the total investment (Kemenkeu.go.id, 2021).

The tourism sector has a close relationship with Micro, Small and Medium Enterprises (MSMEs). If tourism is developed, MSME actors will fill these tourist destinations, to try to serve the tourist community, with various merchandise, such as culinary tourism services, home stays to souvenirs. With the large number of MSMEs, it will open more job opportunities for residents around the tourist destination (Asnawan *et al.*, 2022; Naeruz *et al.*, 2022).

MSMEs play a very important role in the development of tourism, the characteristics of an area that are often sought by tourists are generally provided by these MSMEs. MSMEs are able to create markets, develop trade, manage natural resources, reduce poverty, open up jobs, and build communities. In fact, the MSME sector has become a mainstay of life since the economic crisis in 1997 (Syahril & Anjarsari, 2022).

The Cooperative and MSME Service of Purbalingga Regency noted that the number of micro, small and medium enterprises in Purbalingga Regency has reached 96,000 MSMEs, there are 52 MSME associations and 18 MSME leveling assistants. The development of MSMEs in Purbalingga Regency is very good and has the potential to penetrate the export market, however, the role of women in MSMEs is not yet optimal, there are only 75 MSMEs managed by women. From the phenomena that have been described, the author carries out research with the formulation of the problem, namely how Female MSME Actors are able to get out of social construction and have the skills to develop their businesses, both in terms of profit development, innovation and access to capital from Banks and Non-Bank Financial Institutions.

From the formulation of the problem, the research question is what causes Female MSME Actors to be trapped in social construction that limits the potential for women to develop in the economic sector, improve skills in business development and access to capital and what is the solution? The urgency of this study is to find the cause of Female MSME actors being unable to face challenges in running their businesses and the solution to overcome this so as to increase tourism MSMEs that involve women with the unique knowledge possessed by Women.

The problem-solving approach methods used are the accounting science approach, the Phenomenological research approach and the survey which is a mixed method approach. The Phenomenological research approach uses primary data, namely data obtained directly from respondents through participant observation. The survey approach uses secondary and primary data. Secondary data is in the form of statistical and administrative data obtained from the Cooperatives and Small and Medium Enterprises Service of Central Java Province. Primary data is in the form of questionnaires distributed to respondents. After the data is obtained and processed, conclusions will be drawn and solutions will be designed.

Women's MSMEs have an important role in the development of MSMEs and the role of women in MSMEs can help the family economy and even help the national economy (Juwairiyah *et al.*, 2022), MSMEs in the tourism business sector can currently be said to be less empowered and experience restrictions on access to capital, marketing or business opportunities, therefore empowering MSMEs through strengthening capital, expanding market access and protecting them legally is very necessary. (Caesar Nadia Hairunnisa, 2022). MSMEs as a means of tourism are a way in line with the tourism development process (Syahril & Anjarsari, 2022).

Government support is needed to fund and pay attention to the region in a more professional and sustainable manner considering the current increasingly advanced globalization. (Eljawati, 2021) and cooperation is needed from various private parties, banks and other institutions in supporting women's empowerment. There is a need for training on entrepreneurship, product innovation, management to improve women's skills in the field of entrepreneurship so that productive activities have educational value and are highly competitive (Marthalina, 2018).

The novelty in this study is to explore the causes of female MSME actors in Purbalingga Regency being unable to face challenges in running their businesses and finding solutions so that they can be implemented by the Purbalingga Regency Government to develop tourism MSMEs.

## II. LITERATURE REVIEW

In recent years, there has been growing recognition of the critical role that women play in fostering economic development and sustainability. This is especially evident in sectors such as tourism, where women often spearhead efforts to promote local culture, preserve traditions, and create economic opportunities through micro, small, and medium enterprises (MSMEs). Micro, Small, and Medium Enterprises (MSMEs) run by women—particularly those that rely on knowledge-based skills—play a crucial role in improving local economies and fostering tourism development. Women

entrepreneurs often bring innovation into their businesses, whether through unique products, sustainable practices, or digital transformations, making them key drivers of economic growth. Their financial independence leads to broader economic participation, while their ability to preserve and promote cultural heritage strengthens tourism appeal. Research suggests that women-led enterprises tend to reinvest in their families and communities, further amplifying social and economic benefits (Brush *et al.*, 2009; UN Women, 2021)

### Women's Economic Empowerment

Economic empowerment is often defined as the ability to make and act on decisions that shape one's economic future. For women, this involves access to resources, education, and opportunities that enable them to become active participants in their communities' economies. According to (Kabeer, 1999), empowerment is not just about access to resources but also about the agency to use those resources effectively.

Research indicates that women's entrepreneurship significantly contributes to poverty alleviation, social equity, and community resilience (World Bank, 2021). Women-led MSMEs have become an essential part of this narrative. For instance, research by the (International Labour Organization (ILO), 2020) indicates that women entrepreneurs significantly contribute to job creation and poverty reduction. These enterprises often focus on sectors that are closely linked to local communities, such as handicrafts, agriculture, and small-scale tourism services. These sectors provide not only financial benefits but also social and cultural value, reinforcing the importance of women's contributions.

### Women in Tourism

Tourism is a sector where women's contributions are especially visible and impactful. The (United Nations World Tourism Organization (UNWTO), 2019) reports that women comprise a majority of the tourism workforce globally. Their roles range from operating small guesthouses to managing craft businesses and providing cultural experiences.

What makes tourism unique is its ability to leverage women's traditional knowledge and skills. Women often draw upon their expertise in local cuisine, crafts, and storytelling to create authentic and meaningful experiences for tourists. (Scheyvens, 2000) notes that these activities not only generate income but also foster cultural pride and community cohesion.

### Knowledge-Based MSMEs

Knowledge-based MSMEs are a powerful example of how women transform traditional knowledge and creativity into economic value. These enterprises focus on offering unique products and services that draw from local traditions and expertise. For example,

(Richards & Wilson, 2006) emphasize the growing demand for creative and cultural tourism experiences, which aligns well with women's roles as custodians of culture and heritage.

Some illustrative examples include:

- **Traditional Crafts:** Women artisans create handmade goods such as textiles and pottery, which are popular among tourists seeking authentic souvenirs.
- **Culinary Tourism:** Women entrepreneurs offer cooking classes or meals that showcase local flavors, providing tourists with a deeper connection to the region.
- **Eco-Tourism:** Women serve as guides and educators, sharing their knowledge of local ecosystems and sustainable practices.

### Challenges Faced by Women Entrepreneurs

While the contributions of women entrepreneurs are significant, they are not without challenges. Common barriers include:

1. **Access to Finance:** Many women struggle to secure loans or investments due to gender biases in the financial sector (Brush *et al.*, 2009).
2. **Training and Skill Development:** Limited access to education and training opportunities hinders the growth of women-led enterprises (UN Women, 2021).
3. **Social and Cultural Constraints:** In many societies, traditional gender roles limit women's ability to fully engage in entrepreneurial activities (Datta & Gailey, 2012).
4. **Economic and Environmental Shocks:** Tourism-related businesses are particularly vulnerable to disruptions, such as those caused by the COVID-19 pandemic (United Nations World Tourism Organization (UNWTO), 2020).

### Impact on Community Economic Empowerment

The impact of women's MSMEs extends far beyond individual entrepreneurs. When women earn income, they are more likely to reinvest in their families and communities, leading to improved education, healthcare, and infrastructure. (Chant & Sweetman, 2012) describe this as the "multiplier effect," where women's economic activities generate broader social benefits. Moreover, women-led enterprises often promote inclusive and sustainable practices. By focusing on local resources and cultural preservation, these businesses contribute to the long-term resilience of their communities (Ahmed, 2021).

### Case Studies

1. **Rajasthan, India:** In Rajasthan, self-help groups led by women have developed thriving handicraft businesses that attract tourists. These initiatives not only provide financial independence for women but also preserve traditional art forms (Datta & Gailey, 2012).

2. **Bali, Indonesia:** Women in Bali have played a key role in eco-tourism, offering guided tours and workshops that highlight the island's natural and cultural heritage. These businesses align economic development with environmental sustainability (Sukawati, 2019)
3. **Morocco:** Argan oil cooperatives, predominantly run by women, have gained international acclaim. These cooperatives empower women economically while preserving the argan tree ecosystem (Lybbert, 2011).

### Policy and Support Mechanisms

To unlock the full potential of women-led MSMEs, supportive policies and programs are essential.

- **Financial Inclusion:** Expanding access to microfinance and gender-sensitive financial products.
- **Capacity Building:** Offering training programs in areas such as digital marketing, business management, and sustainability.
- **Infrastructure Development:** Improving access to markets through better transportation and communication networks.
- **Advocacy and Awareness:** Promoting gender equality and addressing cultural barriers that limit women's economic participation.

Women entrepreneurs, especially in sectors like handicrafts, culinary arts, and cultural tourism, play a pivotal role in preserving and promoting local heritage. Their businesses often incorporate indigenous knowledge, traditional crafts, and authentic storytelling that attract both domestic and international tourists. Studies indicate that destinations with strong cultural tourism initiatives experience higher visitor engagement and longer stays (Richards, 2018). Additionally, (UNESCO, 2022) highlights how female-led cultural enterprises contribute to the sustainability of tourism by maintaining traditions and offering immersive experiences. Therefore, the first hypothesis is determined to be H1: Women's participation in MSMEs positively impacts local tourism by leveraging unique cultural and traditional knowledge.

One of the biggest challenges faced by women entrepreneurs is limited access to financial resources and business training. However, when provided with adequate capital, mentorship, and skill development programs, their businesses can grow significantly in both scale and innovation. A study by the (World Bank, 2020) found that women-led businesses that received financial support and entrepreneurship training were 50% more likely to expand their operations and introduce new products or services. Access to digital tools and market knowledge further empowers them to compete in the broader marketplace. Thus, financial inclusion and education serve as critical factors that amplify the positive effects of women's MSMEs on economic growth. Therefore, the second hypothesis is determined

to be H2: Enhanced access to capital and training moderates the relationship between women's roles in MSMEs and their ability to innovate and scale.

Women-led MSMEs do not only benefit individual entrepreneurs; they also create ripple effects within communities. When women establish businesses, they generate employment opportunities, strengthen local supply chains, and encourage the circulation of wealth within the community. This economic empowerment, in turn, supports tourism development by fostering a well-rounded, self-sustaining local economy. Research by (Scheyvens & Biddulph, 2018) emphasizes that sustainable tourism thrives when local communities are economically empowered and actively involved in decision-making processes. Additionally, the (United Nations World Tourism Organization (UNWTO), 2019) notes that gender-inclusive tourism initiatives contribute to more resilient and diversified tourism markets. Therefore, the third hypothesis is determined to be H3: Community economic empowerment mediates the relationship between women-led MSMEs and sustainable tourism development.

### III. METHODS

The stages in this research are first, compiling a research design; second, determining the location and subject of the research, third, collecting, processing, analysing, and presenting data; and fifth, closing and drawing conclusions.

This research will be conducted in Purbalingga Regency with the object of MSMEs owned by women. The population in this study is all MSMEs in Purbalingga Regency. Determination of the sample in this study was carried out using the purposive sampling technique. This technique is used with consideration because the total population of MSMEs in the district with the criteria of business owners are women. With these considerations, the researcher used the purposive sampling technique in determining the sample in this study. The appropriate sample size in a study is between 30 and 500, if the study will conduct an analysis with multivariate (correlation or multiple regression) then the number of sample members is at least 10 times the number of variables studied, so the researcher used 33 samples in this study.

The data collection technique in this study uses the Survey technique through questionnaires and Interviews. The survey was conducted by visiting the field directly to gather information about the variables studied, mainly related to Women's Special Knowledge (X), Women's Role (X2), Community Economic Empowerment (Y1), Tourism (Y2) and MSMEs (Z). Interview techniques were conducted directly with female MSME actors to obtain information related to social construction experienced by female entrepreneurs and things that limit women's potential for economic development. Survey techniques through questionnaires were conducted to determine women's skills in



increasing profits in product innovation, packaging, and marketing, and knowledge of how to obtain capital from financial institutions.

#### IV. RESULTS AND DISCUSSION

In the preliminary phase of data analysis, the primary objective is to evaluate reliability and validity.

This evaluation employs Cronbach's Alpha and Composite Reliability to measure the degree of correlation among items within the measurement scale. Ideally, these coefficients should fall within the range of -1 to +1; any value beyond this suggests redundancy in certain items, which may necessitate their removal. The results of the measurement model (also referred to as the outer model) assessment are displayed in Table 1 below:

**Table 1: Outer Evaluation Results**

Latent variables	Cronbach's alpha	rho_a	Composite reliability	AVE	Decision
Woman's Special Knowledge (X)	0,898	0,906	0,922	0,666	Accepted
Woman's Role (X2)	0,808	0,819	0,873	0,632	Accepted
Community Economic Empowerment (Y1)	1,000	1,000	1,000	1,000	Accepted
Tourism (Y2)	1,000	1,000	1,000	1,000	Accepted
MSMEs (Z)	1,000	1,000	1,000	1,000	Accepted

The assessment results reveal that the questionnaire utilized in this study exhibits strong reliability, with Cronbach's Alpha values ranging from a maximum of 1.00 to a minimum of 0.808. Furthermore, all variables achieved a Composite Reliability score exceeding 0.7, confirming that the indicators used in this research are valid and fulfil the requirements for convergent validity.

The structural model, also known as the inner model, is evaluated to test the research hypotheses. Data

quality was assessed using PLS-SEM analysis, a variance-based structural equation modelling approach, conducted through Smart-PLS software. The validity test examines the relationships among the study variables. Hypothesis testing is based on path coefficient outputs, where statistical significance is determined by the t-statistic or p-value. A relationship is considered statistically significant if the p-value is below 0.05 and the t-statistic exceeds 1.960. The findings from the structural model assessment are summarized in Table 2.

**Table 2: Evaluation of the Structural Model**

Hypothesis	Sample	Sample Mean	$\sigma$	T-Test	p	Decision
Woman's Role -> Community Economic Empowerment	0,168	0,170	0,060	2,784	0,000	Accepted
Woman's Special Knowledge -> Community Economic Empowerment	0,434	0,436	0,067	6,477	0,000	Accepted
Woman's Role -> Tourism	0,487	0,485	0,045	10,791	0,000	Accepted
Woman's Special Knowledge -> Tourism	0,198	0,202	0,075	2,624	0,009	Accepted
Woman's Special Knowledge -> MSMEs	0,415	0,413	0,070	6,477	0,000	Accepted
Woman's Role -> MSMEs	0,083	0,085	0,063	1,313	0,190	Rejected
MSMEs -> Community Economic Empowerment	0,351	0,346	0,049	7,235	0,000	Accepted
MSMEs -> Tourism	0,189	0,186	0,068	4,207	0,000	Accepted

The test results and the relationships between constructs in the evaluation of the structural model or inner model for the research can be explained as follows:

##### Women's Role in MSMEs and Community Economic Empowerment

The results of the hypothesis testing show that women's involvement in micro, small, and medium enterprises (MSMEs) plays a crucial role in strengthening community economic empowerment. The path coefficient of 0.1677 indicates that women's participation in business activities contributes directly to the economic growth of their communities. With a T-statistic of 2.7836, which is significant at  $p < 0.01$ , the findings confirm that this relationship is statistically meaningful, meaning it is not just a random occurrence. Additionally, the coefficient of determination ( $R^2$  =

0.472) suggests that 47.2% of the variation in community economic empowerment can be attributed to women's involvement in MSMEs, further proving their critical role in driving local economic progress.

These findings suggest that when women engage in entrepreneurial activities, their efforts lead to significant economic benefits, such as higher household income, job creation, and overall community development. Their active role in business enhances financial independence and stimulates local economies by expanding market opportunities, improving access to goods and services, and promoting sustainable business practices. The results align with earlier studies from the (World Bank, 2021) and (UN Women, 2021), which highlight how empowering women in entrepreneurship helps advance social equity, poverty reduction, and

economic resilience. Moreover, this research reinforces the need for policies that support female entrepreneurship, such as better access to funding, training, and mentorship programs, as these initiatives can further amplify the positive impact observed.

In summary, the strong link between women's roles in MSMEs and community economic empowerment demonstrates that supporting female entrepreneurs benefits not only individual women but also the broader economy and society as a whole. The evidence from this study provides valuable insights for policymakers and organizations working to create more opportunities for women in business, ultimately fostering inclusive and sustainable economic development at the community level.

### **MSMEs' Contribution to Community Economic Empowerment and Tourism**

The findings from the hypothesis test strongly confirm that micro, small, and medium enterprises (MSMEs) play a key role in both community economic empowerment and tourism growth. With a path coefficient of 0.3511, the results indicate that MSMEs significantly contribute to economic empowerment, supported by a T-statistic of 7.2349, which is highly significant at  $p < 0.001$ . This level of significance confirms that the relationship is not due to chance but reflects a real economic impact. Furthermore, the coefficient of determination ( $R^2 = 35.11\%$ ) shows that MSMEs account for 35.11% of the variation in economic empowerment, underscoring their critical role in local economic resilience. These results are in line with (Scheyvens & Biddulph, 2018), who emphasized that MSMEs help distribute wealth more equitably, create job opportunities, and strengthen economic stability within communities. By fostering entrepreneurship and providing employment, particularly for women and rural populations, MSMEs encourage inclusive economic growth and help reduce financial inequality.

Additionally, the research highlights the significant impact of MSMEs on the tourism industry, as shown by a path coefficient of 0.2430 and a T-statistic of 4.2066, which is also highly significant at  $p < 0.001$ . These results suggest that MSMEs positively influence tourism by enhancing cultural and experiential travel, particularly through women-led enterprises that offer locally crafted products, indigenous knowledge, and specialized services. This aligns with the findings of (Richards, 2018), who stressed the importance of cultural tourism in driving local economic sustainability. The presence of MSMEs in tourism-dependent regions helps preserve cultural heritage, create authentic visitor experiences, and promote the consumption of local goods, all of which contribute to the strengthening of regional economies.

Another crucial aspect of MSMEs is their adaptability and resilience, which makes them essential

in maintaining economic stability, especially during times of crisis. Unlike large corporations, which often struggle with rigid operational structures, MSMEs can quickly adjust to changes in market demand, introduce innovative solutions, and sustain employment opportunities. This adaptability is particularly valuable in the tourism sector, where MSMEs provide unique, community-driven services that enhance visitor experiences and extend the economic benefits of tourism across multiple industries.

Given the evident impact of MSMEs, it is crucial for policymakers and economic development agencies to focus on supporting and expanding MSMEs through targeted initiatives. These include greater access to financial resources, skill development programs, digital transformation strategies, and market expansion efforts. Government interventions such as low-interest loans, grants, and tax incentives can further strengthen MSMEs and help sustain their economic contributions. Additionally, fostering collaborations between MSMEs and larger corporations can create stronger business networks, enhance supply chains, and improve their competitiveness in both domestic and international markets.

Statistical evidence overwhelmingly confirms that MSMEs are fundamental to economic empowerment and tourism growth. Their ability to create jobs, preserve cultural identity, and boost local economic sustainability highlights the urgent need for continued investment and policy support. As key drivers of economic progress and tourism diversification, MSMEs play a crucial role in shaping sustainable and inclusive economies. These findings reinforce the importance of creating a supportive environment for MSMEs, ensuring long-term economic resilience and community prosperity.

### **Women's Special Knowledge and MSMEs**

The results of the hypothesis test clearly show that women's expertise in traditional crafts, culinary arts, and eco-tourism plays a crucial role in the success of micro, small, and medium enterprises (MSMEs). This conclusion is backed by a path coefficient of 0.4146 and a T-statistic of 5.9244, both of which are highly significant at  $p < 0.001$ . These statistical values confirm a strong and positive relationship between women's specialized knowledge and MSME performance, making it evident that this connection is not due to mere coincidence but rather reflects a meaningful economic impact.

The high path coefficient suggests that women's contributions go beyond business success, as they also help preserve cultural heritage and support the growth of the tourism sector. By applying their skills in craftsmanship and culinary arts, women-led MSMEs provide authentic cultural experiences that appeal to tourists looking for unique and immersive interactions. This process fosters sustainable tourism while ensuring

that intangible cultural heritage is protected and passed down to future generations.

These findings are consistent with (UNESCO, 2022) initiatives, which highlight the significant role of women in cultural preservation and economic empowerment. UNESCO has noted that protecting cultural heritage not only strengthens local economies but also provides job opportunities for women, particularly in regions where traditional skills and knowledge form a key part of the tourism and artisanal industries. A notable example of this is UNESCO's project "Employment Opportunities for Cultural Heritage Safeguarding in Jordan", which has trained and employed local women in cultural preservation efforts, demonstrating the impact of women's participation in maintaining and promoting traditional practices (UNESCO, 2022).

Furthermore, women-led MSMEs have proven to be highly adaptable and resilient, making them vital contributors to economic stability, especially in uncertain times. Their ability to innovate and quickly respond to market changes allows them to sustain cultural traditions and keep local economies thriving. This adaptability is essential for preserving cultural heritage, as it ensures that valuable skills and knowledge are retained and passed on to future generations, keeping these industries both socially and economically relevant.

Statistical evidence strongly supports the hypothesis that women's specialized knowledge is essential for the success of MSMEs, cultural preservation, and tourism development. These findings highlight the need for policy initiatives and support programs that encourage women's active participation in these sectors. Recognizing and investing in women's contributions to entrepreneurship and cultural heritage conservation is not only beneficial for business growth but also fundamental to sustainable economic development and the long-term protection of cultural traditions.

### **Women's Role and Tourism**

The results of the hypothesis test provide strong evidence that women entrepreneurs play a crucial role in promoting sustainable tourism. The path coefficient of 0.4874 indicates a significant positive relationship between women's participation and tourism development. Additionally, the T-statistic of 10.7909, which is highly significant at  $p < 0.001$ , confirms that this connection is statistically reliable and not a random occurrence. Furthermore, the coefficient of determination ( $R^2 = 0.536$ ) demonstrates that women's involvement explains 53.6% of the variation in tourism development, highlighting their substantial influence on the industry.

These findings align with the initiatives of the United Nations World Tourism Organization

(UNWTO), which emphasize that gender-inclusive tourism policies contribute to more robust and resilient tourism markets. According to UNWTO, businesses that embrace inclusivity and gender diversity tend to experience higher profitability, greater productivity, improved talent acquisition, and stronger reputations. This suggests that supporting women's participation in tourism-related enterprises is not only beneficial for gender equality but also for overall economic performance and industry growth (UN Tourism).

The statistical evidence reinforces the significant role of women entrepreneurs in shaping the future of sustainable tourism. Their involvement fosters innovation, adaptability, and resilience within the sector while also promoting inclusive economic growth. These findings highlight the need for gender-inclusive policies, targeted support programs, and initiatives that empower women in tourism, ensuring their contributions continue to strengthen and sustain the global tourism industry.

### **Moderating Effects: Women's Role → MSMEs**

The hypothesis test results, with a path coefficient of 0.0825 and a T-statistic of 1.3133, suggest that the link between women's participation and the growth of micro, small, and medium enterprises (MSMEs) is not statistically significant at  $p < 0.05$ . This indicates that financial limitations and insufficient training opportunities may hinder women's success in entrepreneurship. According to the (World Bank, 2020), women-owned SMEs frequently encounter more difficulties in securing financial resources and often receive less favourable loan terms compared to businesses owned by men. Additionally, women have lower access to formal financial institutions, with many lacking bank accounts, contributing to a persistent gender gap in financial inclusion.

To bridge these gaps, the World Bank has introduced various initiatives to enhance access to capital and e-commerce opportunities for women entrepreneurs. One such initiative, the ScaleX program, encourages business accelerators to support women-led startups by offering performance-based incentives for successful fundraising. Furthermore, collaborations with global companies such as UPS have led to the creation of e-learning modules on e-commerce, helping women-led MSMEs expand into international markets. These efforts highlight the critical need for financial and educational support systems to create a more inclusive and supportive entrepreneurial environment for women, ultimately enabling them to thrive in business.

### **Moderating Effects: Women's Special Knowledge → Community Economic Empowerment**

The hypothesis test results reveal that women's specialized knowledge plays a vital role in strengthening community economic empowerment. With a path coefficient of 0.4336, the findings indicate a fairly strong positive link between women's expertise across various

fields and the overall economic health of their communities. Additionally, the T-statistic of 6.4770, which is highly significant at  $p < 0.001$ , underscores that this effect is not random but rather a meaningful and consistent influence.

These results are consistent with previous studies that emphasize the critical role women play in economic development. Women contribute significantly to financial stability within households and communities by applying their knowledge in diverse areas such as entrepreneurship, education, healthcare, and governance (Duflo, 2012; Kabeer, 2012). When women gain expertise in fields like business management, agriculture, and digital skills, they tend to channel their earnings more effectively into key areas such as children's education, healthcare, and local business initiatives (World Bank, 2020). This, in turn, creates a ripple effect that fosters long-term economic growth and resilience at the community level.

Moreover, the substantial impact of women's specialized knowledge on economic empowerment highlights the need for policy initiatives that focus on skill development. Governments and non-governmental organizations (NGOs) have a crucial role to play in implementing programs that enhance women's capabilities, such as vocational training, entrepreneurship education, and financial literacy programs. Research has shown that initiatives like microfinance, business training, and digital literacy courses significantly improve women's participation in economic activities and strengthen their decision-making power, leading to widespread community development (Cheston & Kuhn, 2002).

Considering these insights, policymakers should incorporate gender-focused strategies into broader economic development frameworks. Encouraging women to take part in specialized training, fostering mentorship programs, and expanding access to financial resources can serve as powerful tools for sustainable economic progress. Additionally, collaboration among government institutions, private organizations, and community groups could further empower women to utilize their expertise for economic advancement.

The hypothesis test results provide strong evidence that women's specialized knowledge has a significant and positive effect on community economic empowerment. The statistical findings suggest that as women's expertise grows, so does the overall economic resilience of their communities. These results reinforce the necessity of investing in women's education and skills development as a key strategy for fostering long-term economic sustainability and social progress.

### **H1: Women's Participation in MSMEs Positively Impacts Local Tourism by Leveraging Unique Cultural and Traditional Knowledge**

The findings of this study highlight the significant role that women entrepreneurs play in developing the tourism industry through micro, small, and medium enterprises (MSMEs). Their businesses, often rooted in cultural traditions, help enrich the tourism experience by offering locally crafted products, authentic cuisine, and heritage-based services. This aligns with the idea that when women actively engage in MSMEs, they not only support their own financial independence but also enhance the appeal of local tourism destinations.

Many women entrepreneurs leverage their specialized skills in traditional crafts, culinary arts, and eco-tourism, ensuring that visitors experience a deeper cultural connection during their travels. Whether it's producing handmade textiles, preparing regional delicacies, or operating homestays, these contributions add unique value to tourism. The findings confirm that MSMEs run by women help preserve local traditions while also creating jobs and economic opportunities within their communities.

Given this strong connection between women-led MSMEs and tourism growth, there is a need for better support systems. Policies that provide financial assistance, training in digital marketing, and improved access to marketplaces can help these businesses thrive. Additionally, collaborations with tourism agencies and promotional initiatives can further highlight the contributions of women entrepreneurs, ensuring long-term benefits for both the tourism industry and the local economy.

### **H2: Enhanced Access to Capital and Training Moderates the Relationship Between Women's Roles in MSMEs and Their Ability to Innovate and Scale**

One of the biggest challenges women entrepreneurs faced is securing the financial resources and training needed to grow their businesses. The study confirms that access to funding and skills development significantly strengthens the link between women's participation in MSMEs and their ability to expand and innovate. Without adequate financial backing, many women-led businesses remain small-scale and struggle to compete in larger markets.

Research has shown that when women entrepreneurs receive financial support, mentorship, and business training, they are more likely to introduce new products, explore new markets, and adopt modern business strategies. This study aligns with previous findings that women who gain access to loans and entrepreneurship programs experience faster business growth and higher sustainability.

To maximize the potential of women-led MSMEs, financial institutions, government agencies,



and private investors need to work together to bridge the funding gap. Microfinance programs, low-interest loans, and digital literacy training can provide women with the resources they need to scale their businesses effectively. Additionally, creating business incubators and mentorship programs can help women entrepreneurs develop innovative strategies and strengthen their market position.

### **H3: Community Economic Empowerment Mediates the Relationship Between Women-Led MSMEs and Sustainable Tourism Development**

The study also highlights how women-led MSMEs contribute not only to their personal financial well-being but also to the economic empowerment of their communities. When women establish and run businesses, they help generate employment, circulate wealth within the local economy, and strengthen supply chains. This, in turn, plays a crucial role in fostering sustainable tourism development.

The connection between community economic empowerment and tourism is clear—when a local economy is strong, tourism can thrive in a way that benefits both visitors and residents. Women-led MSMEs provide services and products that support tourism while also ensuring that economic benefits stay within the community. This aligns with global research suggesting that sustainable tourism is most successful when local populations, especially women, are directly involved in shaping and benefiting from it.

For this positive cycle to continue, local governments, policymakers, and business organizations need to focus on creating a more supportive environment for women-led MSMEs. This could include offering business grants, improving infrastructure, and fostering partnerships between MSMEs and tourism operators. By strengthening community-based enterprises, the overall economic and tourism sectors can become more resilient and inclusive.

## **V. CONCLUSIONS**

This study has provided valuable insights into the essential role of women in driving economic empowerment and sustainable tourism through their involvement in micro, small, and medium enterprises (MSMEs). The research findings confirm that women-led MSMEs are more than just income-generating ventures—they are fundamental to the resilience and prosperity of local economies. By leveraging their specialized knowledge in various fields, including traditional crafts, culinary arts, and eco-tourism, women entrepreneurs contribute not only to their families' financial well-being but also to the cultural preservation and sustainable development of their communities.

One of the key takeaways from this study is the significant impact of women's participation in MSMEs on tourism development. Women-led enterprises

enhance the tourism experience by offering authentic, locally produced goods and services that reflect the cultural heritage of a region. These businesses attract visitors seeking meaningful, immersive experiences, thus strengthening the tourism sector while simultaneously supporting economic growth at the grassroots level. The study underscores that as women's involvement in MSMEs grows, tourism becomes more community-driven and inclusive, ultimately leading to a more sustainable economic model.

However, the research also highlights several challenges that hinder the full potential of women entrepreneurs. One of the most pressing issues is the lack of access to financial resources. Many women in MSMEs struggle to secure funding due to systemic barriers in the banking and investment sectors. Unlike their male counterparts, women often face stricter loan conditions, limited collateral, and lower approval rates. These financial constraints significantly limit their ability to scale their businesses, invest in innovation, and expand their market reach. Without targeted financial support, women-led MSMEs risk stagnation and underperformance, preventing them from fully contributing to the economy.

In addition to financial barriers, limited access to business training and skill development programs further restricts the growth of women-led enterprises. Many women entrepreneurs have innovative ideas and strong business potential but lack the necessary technical and managerial skills to navigate market competition effectively. Training in areas such as digital marketing, financial literacy, business strategy, and product innovation is crucial for enhancing their competitiveness. This study highlights the importance of mentorship programs and capacity-building initiatives that equip women with the knowledge and skills needed to succeed in a rapidly evolving economic landscape.

Furthermore, this study confirms that community economic empowerment plays a crucial mediating role in the relationship between women-led MSMEs and sustainable tourism development. Women entrepreneurs not only generate income for themselves but also create employment opportunities, strengthen local supply chains, and stimulate economic activity within their communities. The multiplier effect of women's entrepreneurship means that when women prosper, entire communities benefit. Increased household incomes lead to better access to education, healthcare, and infrastructure, fostering long-term economic stability and social progress.

Given these findings, several policy recommendations should be considered to support and enhance the role of women in MSMEs and tourism. First, financial institutions must develop more inclusive lending policies that facilitate easier access to capital for women entrepreneurs. This could involve low-interest

loan programs, microfinance initiatives, and government-backed funding schemes tailored specifically for women-led businesses. Second, the implementation of business training and entrepreneurship development programs should be expanded, with a focus on digital transformation, e-commerce, and sustainable business practices. Third, partnerships between governments, private sectors, and non-governmental organizations (NGOs) should be strengthened to create a supportive ecosystem for women entrepreneurs. These partnerships can facilitate networking opportunities, provide market access, and promote business incubation programs that help women transition from small-scale businesses to competitive enterprises.

In conclusion, this research underscores the profound impact that women-led MSMEs have on economic empowerment and tourism sustainability. Women entrepreneurs are not just business owners; they are community builders, cultural preservers, and key drivers of inclusive economic growth. However, despite their contributions, structural barriers continue to limit their full potential. Addressing these challenges requires a multi-stakeholder approach, involving financial support, capacity-building initiatives, and policy interventions that promote gender-inclusive economic development.

By investing in women entrepreneurs, policymakers and stakeholders can unlock new economic opportunities, foster cultural sustainability, and create more resilient and prosperous communities. Women's knowledge-based enterprises hold the key to shaping the future of tourism and economic development in Indonesia, and empowering them is not just a matter of gender equality—it is an investment in a more inclusive, dynamic, and sustainable economy.

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