

Transformative Business Models as an Accelerator for Digital Transformation of Women's Microenterprises

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Abstract

The issue of digital transformation is currently still a strategic program of the Indonesian government, especially for women micro-enterprises in the regions, as stated in the master plan for the development of the Indonesian digital industry 2023-2045 initiated by BAPPENAS RI. To strive for the achievement of a complete digital transformation, business entities, in this case, women's micro-enterprises must be willing to adopt new business models that are relevant to the needs of a more specific market and experience many behavioral changes in meeting their needs. In this context, the purpose of the research is to investigate how transformative business models can accelerate the digital transformation of women's micro-enterprises in Indonesia, especially in Tasikmalaya. We used a qualitative approach by conducting in-depth interviews with 9 women micro-enterprises using a descriptive coding approach. The contribution of the results of this study explains that transformative business models can accelerate the digital transformation of women's micro-business entities as reflected in how to determine Value Proposition, Functional Architecture, Value Architecture that are relevant to the conditions of digital industry development in Indonesia. However, the results of this study reflect that product innovation is the lowest part carried out by women micro business actors.

Keywords: business models, digital transformation, women's microenterprises.

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Introduction

Realizing digital economic growth towards 4.66% is a strategic issue for the Government of Indonesia so that the masterpiece Indonesia Digital Transformation Direction 2024 was compiled. Increasing productivity and added value in processing business entities is carried out aggressively starting from upstream to downstream (Wantiknas, 2020). To strive for the achievement of a complete digital transformation, business entities, in this case women's micro-enterprises, must be willing to adopt new business models that are relevant and ecological to the needs of a more specific market and experience many behavioral changes in meeting their needs. In this context, research on transformative business models is very interesting to encourage the acceleration of digital transformation of women's micro-enterprises in Indonesia.

Transformative business models are business models that generate significant change and make a major contribution to the industry by unlocking the potential to create sustainable added value (Proka et al., 2018). However, transformative business models are not yet part of the research agenda to inclusively help women micro-enterprises face rapid and complex environmental changes. Businesses that adopt transformative business models can create sustainable added value by leveraging digital technology to improve their operational efficiency and effectiveness. In addition, transformative business models also enable women micro-enterprises to explore new business opportunities and generate added value in different ways than before.

The impact of digital technology development and rapidly changing economic activity platforms that are not matched by the process of research and capacity building of business entities, will have difficulty surviving in a competitive market (Saarikko et al., 2020). Not to mention the demand to create a sustainable business ecosystem. In fact, micro businesses almost run out of resources during the transformation process. The problem of digital literacy is starting to be resolved, another problem arises, namely that business actors have not been able to map out how the business model will be run so that instead of obtaining profitable sales results, micro-business actors do not get optimal results from their business activities (Olivia et al., 2022). In this context, research on transformative business models becomes very interesting to find what should be changed in the business models run by women micro-entrepreneurs in Indonesia, especially in the regions in order to be able to be competitive in their business. Through research on transformative business models, we can understand how companies can create business models that allow them to keep up with technological developments and rapidly changing market demands, while still paying attention to social and environmental aspects. Thus, research on transformative business models can help improve companies' ability to stay relevant in a changing market and build a more sustainable future (Proka et al., 2018).

Researchers have conducted in-depth research to test innovations in business models that can facilitate a business entity to transform digitally (Ciasullo & Lim, 2022; Li, 2020). The problems of women micro-entrepreneurs that occur in the field are generally not by-design in carrying out their business activities. So it is rare to find accurate data and information if asked for planning notes and concepts of how their business will be run, starting from who will be their partners, what are the core

business activities, how they get consumers, what resources should be prepared, what platforms are used in marketing communication and distribution activities, what cost structure should be provided, then in what way to generate profitable income (Saqib & Shah, 2022). This happens allegedly too complex if the women micro-entrepreneurs have to develop a business model that is considered too many points that must be explained. Their stigma could be as simple as how the buying and selling process takes place, there are goods - there are those who buy, there is demand - there are goods offered. But here is our challenge as educators and stakeholders who have an interest in encouraging economic growth and economic independence. How to find a business model formula that can be adapted easily by women micro-enterprises. Transformative business model describes the architecture of how a business entity creates, delivers value to customers and the mechanisms used to get a share of that value (Teece, 2018). Simply put, a business model is a set of relevant elements, including the flow of costs, revenues, and profits. The success of a business depends heavily on the design and implementation of the business model.

Transformative business models and digital transformation have a close relationship as they are intertwined and influence each other. Digital transformation is the process of change that occurs in an organization when digital technology is widely applied in various aspects of its business, including operations, business processes, products, and services. Meanwhile, transformative business models are business models designed to change or create something new in the business environment. In this context, transformative business models can help companies to utilize digital technology more effectively and efficiently (Abdul Ghonisyah & Irawan, 2023; Udovita, 2020). For example, transformative business models can help companies to change the way they operate and do business so that they can utilize digital technology to create added value for their customers. Conversely, digital transformation can also be a key driver in developing transformative business models. By utilizing digital technology, companies can find new ways to offer more innovative products and services and meet customer needs in better ways.

Thus, companies that implement transformative business models and digital transformation simultaneously can create greater added value for their customers, improve their operational efficiency, and generate sustainable and innovative business growth. Efforts to develop transformative business models have previously been made by researchers in the last 5 years. As presented in Figure 1.

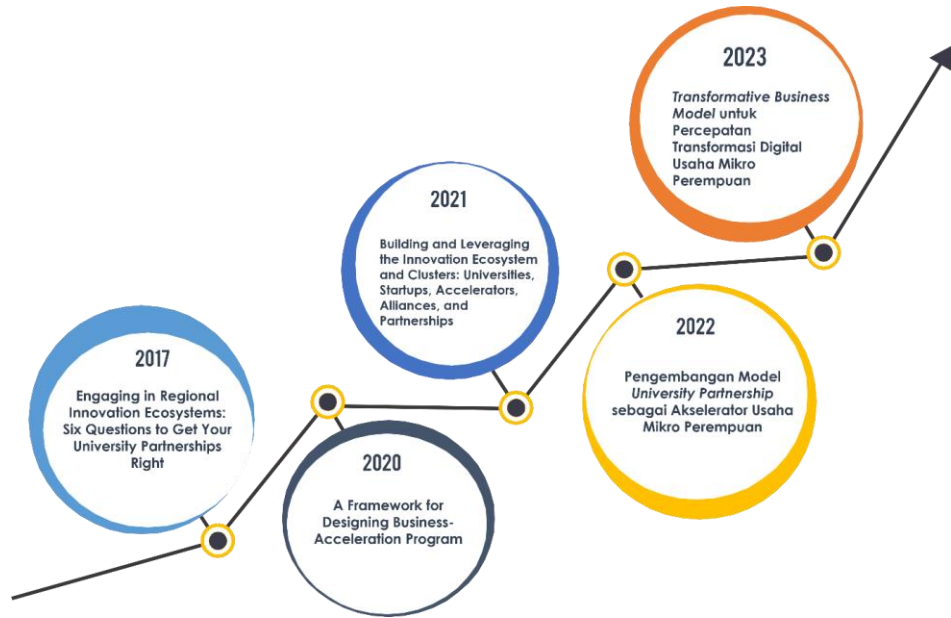


Figure 1. Transformative Business Models Research Roadmap
Source: Research Roadmap Design, 2023

In 2020, research on the framework for designing business accelerator programs was conducted (Cohen et al., 2019; Ismail, 2020), explaining the programs that should be initiated by universities. Followed by research conducted (Boni & Gunn, 2021), describing how universities play a role in building and expanding access to the benefits of an innovation ecosystem. And continuing the development of models from previous researchers, in this context, research is planned to develop a model of the role of universities as accelerators of accelerating the digital transformation of women's micro-enterprises (Abdul Ghonisyah & Irawan, 2023) which has not been prioritized at all in previous research. And in 2023 this research will be continued by focusing on transformative business models as an accelerator of digital transformation of women's micro-enterprises.

Methodology

To understand and be able to interpret the truth of the text in this study, a phenomenological qualitative method approach is used with in-depth interview techniques in obtaining data. The informants in this study were 9 female micro-entrepreneurs with a descriptive coding approach (Milles et al., 2014). This qualitative approach is recommended for phenomena that still have little data (Yin, 2015).

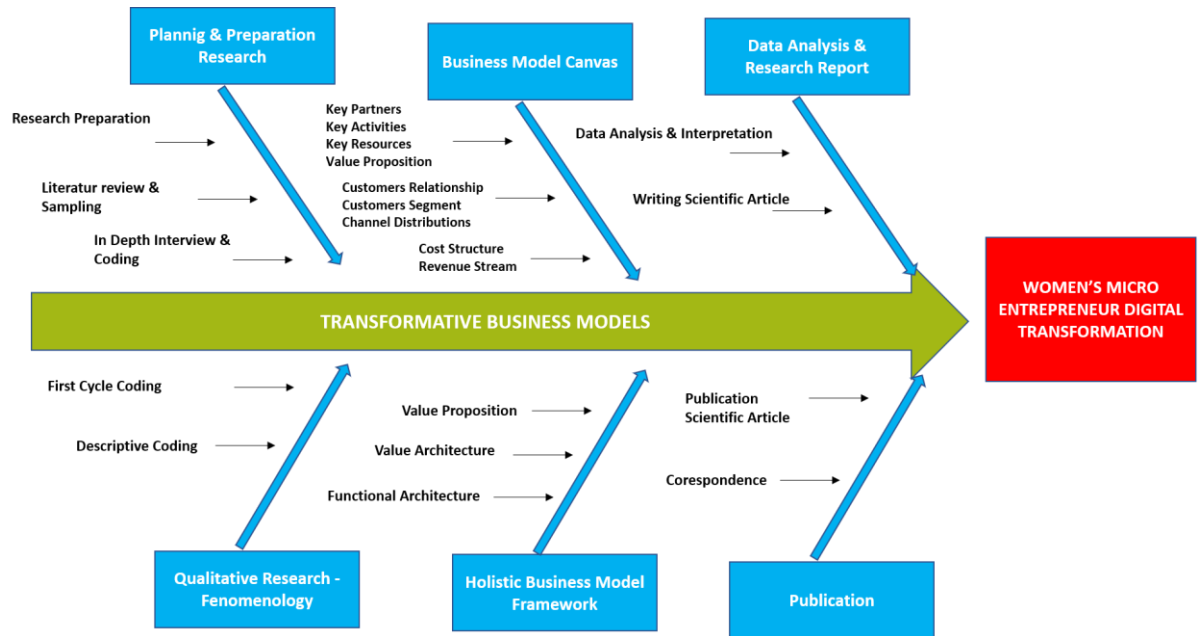


Figure 2. Fishbone Diagram
Source: Researcher Fishbone Diagram, 2023

In the flowchart of research activities above, the development of a transformative business model that includes the dimensions of value proposition (product offering, target segment, revenue model), value architecture (value sensing, value creation, value distribution, value capture), functional architecture (product innovation & commercialization, infrastructure for production & distribution, customer relations management) (Li, 2020) will be analyzed whether or not the model is appropriate in the process of accelerating the digital transformation of women's micro businesses.

The sample to be used in this study is the entire population of female micro-entrepreneurs who are assisted by PLUT-KEMENKOPUKM in Tasikmalaya. After conducting in-depth interviews and obtaining data in the form of interview results, then the coding process is carried out so that in the process of reflection on the truth or belief of the text to determine the alignment with the truth of the context of the field research results can be described factually.

Result and Discussion

The process of a series of in-depth interviews has been carried out so that the data collected from the informants. Then proceed with the coding process and reflection of researchers who then interpret the results of field findings which become the truth of the context in this study. The results of primary data processing obtained from informant interviews can be visualized as in Figure 3 below.

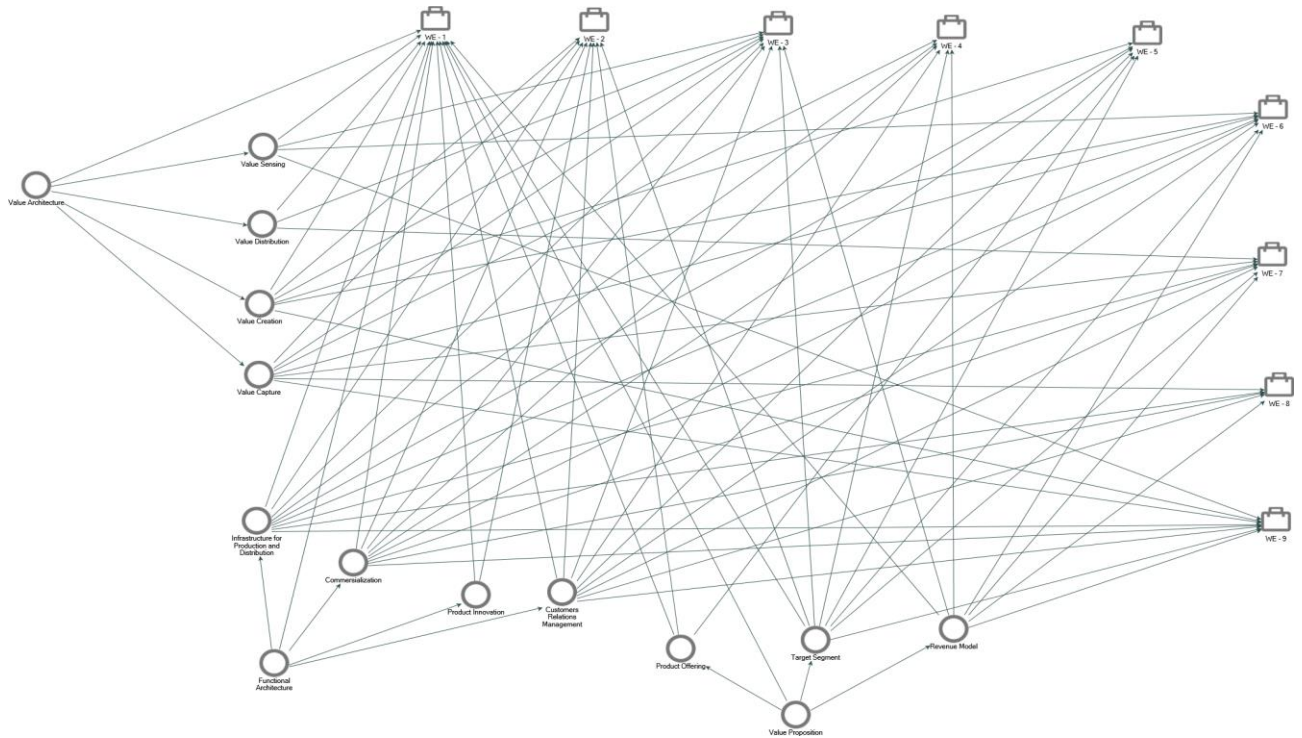


Figure 3. *Project Map – Result Descriptive Code Processing*
Source: Processed primary data, 2023

Value Proposition

Based on the results of the coding process using NVIVO 14, information was obtained that the Target Market, Revenue Model and Product Offering are able to reflect how a women's micro business entity builds a Value Proposition to its market. However, the ability of women's micro business entities has not been maximized in terms of how their products can be offered or promoted aggressively to the market. This can be seen from the 9 informants, only 3 have established offering products with attractive features and benefits.

The weak ability of women micro-entrepreneurs in designing and developing good product offerings is signaled by ignorance or not mastering the knowledge and expertise in building product strategies that should be designed at the beginning of creating products. Starting from designing what features will be offered in the product, what benefits and advantages will be offered to the market. This can also be due to other factors that hinder the ability to develop a strong product strategy offering, this can be seen in the project map image, namely due to being stuck in the comfort zone of selling finished products, not their own production.

Another indicator that reflects the value proposition is how the women's micro-enterprise business entity maps out who will buy its products, or for whom the products are made. Therefore, the most important part of this value proposition design phase is to determine and set the target market. More broadly, business actors map out how the marketing mix is designed to be able to drive potential customers to choose their products (Marc Lim, 2023).

Functional Architecture

Referring to the project map image above, it can also be obtained information that the Infrastructure for Production and Distribution, Commercialization, Product Innovation and Customer Relationship Management is able to reflect how women's micro business entities build systems that are vital in developing and commercializing products, which in this study is called Functional Architecture. However, the ability of women micro businesses is very limited in terms of product development or product innovation. The weak ability of women micro-entrepreneurs in product innovation is allegedly due to being trapped in the comfort zone of selling products obtained from other producers, so that the concentration of their business activities is not directed to activities on how to start making, designing and developing and commercializing products independently. In other words, it is important for the upstream activities to be built and developed independently, so that the downstream can also be controlled independently. And this is the government's action plan to encourage industries, especially women's micro-scale industries, to be able to build industries starting from upstream and downstream. This can be observed from the 9 informants whose answers reflect the ability of product innovation, only 2 informants.

Value Architecture

Observing the project map image above, it can be concluded that Value Sensing, Value Capture, Value Creation and Value Distribution are strongly able to reflect how women's micro business entities design, build and deliver value to the market. This can be seen from how the informants' answers reflect that in the process of designing and developing value, it will be conveyed to the market as an answer or solution to the needs and problems that customers experience, namely women micro business actors in this case pay attention to elements of normative values, applicable moral principles and ethics, in this study it is called Value Sensing. Of the 9 informants, there were 4 people who establishedly applied value sensing in their business practices.

Table 1. In Depth Interview

QUESTION	ANSWER
<p><i>Explain How You Identify Customer's Needs That Are Ultimately Considered in Developing A Product.</i></p>	<p>Informan 1: “I do market research, for example by looking for unique and different motifs or designs so that they can sell/be accepted in the market. and pay attention to competitors by offering added value or unique features to consumers such as providing free baby gold or free hair straps.”</p> <p>Informan 2: “For me, before doing business, it is important to do market research, such as looking at market analysis, conducting surveys on consumers. After knowing what the consumer market needs, I can consider the services that will be created so that they can grow more rapidly and in accordance with consumer expectations. Maybe it can be in terms of low prices but good quality, neat, fragrant and of course clean.”</p>

QUESTION	ANSWER
	<p>Informan 3: “By filtering and communicating to accurately identify the demands of customers who come to the store, and looking at the trends moving in the market, I then try to answer the needs of the market by providing the goods.”</p> <p>Informan 4 “The business that I am running now is fish farming and mua/makeup, just pioneering in the past year there has been a lot of interest from consumers / restaurants or small traders who need fish supplies, so that makes my interest to try the fish farming business while for make-up itself started from a hobby of applying makeup and then tried to learn because of the many opportunities for make-up needs such as graduation make-up, yearbook, engagement, or bridesmaid make-up such as pagar ayu.</p> <p>Informan 5: “We are looking for opportunities from people who like their hobbies to go camping and climb mountains while mountain equipment is expensive to buy while every camp or climb the mountain is not every day, so we provide it.”</p> <p>Informan 6: “Jilbab products are a piece of cloth that can cover one of the woman's aura, namely hair, the hijab has also become a woman's fashion and many women wear it to beautify themselves. Not only that, the hijab is something that becomes a necessity for a woman's obligation to cover one of her ‘aurat’. That's what convinced me to develop this Jilbab Product.”</p> <p>Informan 7: “Initially, we created this product to market it to various shophouses or jongko's and even oleh2 centers now dumplings are usually used for seblak toppings but, my father works at a notary so of course there are many acquaintances and there is one of the people from Indofood who tasted my dumplings and there the indofood made pop noodles containing dumplings, previously the dumplings were rather large in size but because Indofood needed a small size then we made a small size. We were contracted by Indofood and agreed so that we could not market dumplings that were the same size as the pop noodle-filled dumplings. So we now make dumplings according to what consumers need. The most steps we take are interviews and surveys, competitor analysis, observing consumer behavior, prototype testing, because with these steps we can better understand consumer needs and problems and create products that are more in line with the market and consumer desires.”</p> <p>Informan 8: “It started because I myself like to wear hijab and eventually tried to sell hijab myself.</p> <p>Informan 9: “So, instead of trying to cut production costs to make the selling price more affordable, we try to improve the quality of our products to attract new customers and create customer loyalty, such as preferring to buy good bananas at a higher price, rather than buying less good bananas at a lower price. This is because good bananas usually make the sale taste better.”</p>

QUESTION	ANSWER
<p><i>Describe How You Get Customers?</i></p>	<p>Informan 1: “By selling live and promoting on social media by giving discounts, gifts or promos to attract customers.”</p> <p>Informan 2: “My way to get customers is to make poster advertisements and attractive promos.</p> <p>Informan 3: “I opened a Cirebon souvenir shop in the market area in front of the Kanoman Palace. Advertise on social media, and put up billboards that answer the needs of my market (problem solving).</p> <p>Informan 4: “for fish farming, there are those who come directly to the place to buy and we choose to sell directly to the dealer, while makeup is mostly from social media or fellow mua colleagues who are in need of colleagues/members to make up.”</p> <p>Informan 5: “Recommendations from friends to friends again, sir, recommending each other and then we also make promotions or on IG for IG for Promo and put Google Maps too to make it easier for people to search.”</p> <p>Informan 6: “I took the method of entrusting the P.O. to a kobong boy. I entrusted the product to one of my kobong friends to sell it in the pesantren area, so I got customers from other human resources. Or another way that I do to get consumers is by posting on several social media accounts and making small promotions.”</p> <p>Informan 7: “When I accidentally met and one of the parties tried my product and had the idea to make pop noodles stuffed with dumplings and finally made an agreement to work together. After that I made a strategy by making superior product or service quality, good customer service.”</p> <p>Informan 8: ” The way I get consumers by selling on social media via live streaming on tiktok offering their products and thank God for about a week it has been going well.”</p> <p>Informan 9: “To get customers, we usually target the nearest souvenir shops, because of course many people will try to choose and buy souvenirs there. We get many new customers from souvenir shops. Customers who are not familiar with our products, try our products there and then like them, will see and remember our brand, so that when they buy souvenirs in the future, our products become one of the top choices. In fact, we get many repeat customers from there.”</p>

QUESTION	ANSWER
<p><i>How Do You Determine The Price?</i></p>	<p>Informan 1: “By looking at the target market, raw materials, and considering the cost of production. because there is a price there is quality.”</p> <p>Informan 2: “Pricing can change by looking at and considering several things such as production costs, labor spent, competitor prices, and also the environment. By considering this, it can bring up the right price that is fairly profitable and also in accordance with consumer pockets.”</p> <p>Informan 3: “Check the price of the "shop next door" Competitor's price compared to the quality of their goods, then I determine the most economical price in its class. My prices are not the cheapest because I choose the middle to upper market, where they are afraid to buy cheap goods. They prioritize taste, elegant packaging, pride, and then price as the last consideration.</p> <p>Informan 4: “for fish farming depending on the size and weight of the fish and for makeup because I am still a beginner mua I still provide standard prices that can still be reached by many consumers depending on the type of makeup chosen and the theme of the event.”</p> <p>Informan 5: “If you determine the price, look at other competitors, well the comparison with other competitors continues to be from whether the product we buy is expensive or not and whether it is prone to damage when determining the price. If it is prone to damage, the price must be a little more expensive.”</p> <p>Informan 6: ”In determining the price I do by calculating the overall operational costs I incur, after knowing the costs I incur I take the profit to sell it.”</p> <p>Informan 7: “There are several factors that need to be considered so that the price is in accordance with the value of the product, namely the first production cost includes the cost of raw materials, labor, distribution, and other costs². Second, the value provided evaluates the added value or benefits provided by our products to customers, products with high added value can support higher price placements, third, profit margin analysis determines the profit margin we want to get from each unit of product sold, this must consider production costs and desired profits, fourth, price flexibility such as special offers, the more you buy the cheaper, for example, buying 1 ton will be different from buying 2 tons, the difference is that there is a cheap price reduction, this is done before there is an agreement between the two parties when determining the price.”</p> <p>Informan 8: “The way I determine the price is by looking at the market price of the product, I happen to target the price of my products that</p>

QUESTION	ANSWER
	<p>are affordable by students or college students.”</p> <p>Informan 9:</p> <p>“In determining prices, we usually calculate the cost of production first, then compare our products with other products on the market, both in terms of taste, packaging and price. The price we set is usually a little more expensive than other products, besides because the raw materials and packaging we use are better, there is also the reason "there is a price there is quality". If our products are of superior quality but the price is not much different from other products on the market, then that advantage will not be too visible. Some customers also have thoughts such as "usually the more expensive is better" so if the price of the product we set is higher, then new customers with this thinking will prefer our products that are "slightly" more expensive than other products.”</p>

Source: In-depth interview Data, 2023

Conclusion

Referring to the theory that is widely used by business practitioners, both micro, small, medium and large scale, generally use business model canvas tools in the process of mapping how the business entity will run its business operations. However, in practice, business entities personalize and improvise in mapping their business models with the aim of making it simpler. The canvas business model generally helps business entities in mapping how to determine market segments, establish value propositions, cost structures, partners, core activities, revenue sources, distribution channels, resources used, and how to build good relationships with customers. Thus, through the process of transformative business models in this study, it is expected to be able to provide both theoretical and practical alternatives for business entities, especially women's micro-enterprises, in mapping their business models effectively and efficiently so as to accelerate the digital transformation process in their business units.

The capabilities of women's microenterprise business entities should be built and encouraged to develop. This will give birth to a new ability to design, develop and commercialize products independently. The core business activities are no longer dependent on producers and suppliers of finished products, which have higher margins if women micro-enterprises want to run the upstream industry, namely product innovation activities. Other studies explain evidence that a product innovation is influenced by how a business entity chooses the digital platform used in its digital technology utilization activities. In this context, by encouraging increased use of information technology, communication and automation we can maximize the product life cycle process.

In this study, it is mentioned that the commercialization ability of women micro-entrepreneurs is very high, meaning that business actors no longer have difficulties in the process of selling products on digital platforms. Most of them have adopted digital platforms in their business activities, however, it was found that the digital skills possessed by most women micro-entrepreneurs are still very

minimal. Thus, the general conclusions of this research can be explained in the following important points:

- To realize the plan and direction of Indonesia's digital transformation in 2024, the government and stakeholders with a direct interest should prioritize building the capacity of microentrepreneurs ability to design, and develop product innovations that they create independently. This will help in the realization of industrial processing from upstream to downstream.
- Women micro-entrepreneurs need to be encouraged with a solid support system from the government or based on learning communities, so that their digital skills are more advanced and can encourage the optimization of their marketing performance. There is still a stigma in the field that women business owners are still not proficient enough in using and even integrating online and offline marketing channels.
- The output produced by this research is expected to be able to produce academic papers for consideration in formulating economic development policies and digital industries, as well as teaching materials in the researcher's college environment.
- This research also shows the results that, the ability of women micro business actors in the strategy of executing product offerings, so that the value made in the product can be perceived as the right solution by the market.

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