

Analysis of Womenpreneur Decision-Making in Choosing Formal and Informal Financing

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Abstract

This research aims to understand the dynamics of womenpreneur decision making in obtaining financing, especially in the gold jewelry business sector in Bungah Village, Bungah District, Gresik Regency. The background to this research is based on the fact that women entrepreneurs often face obstacles in accessing formal financing, either due to limited financial literacy, gender bias, or limited social capital. Using a qualitative approach and case study method, this research involved female business informants who had been established for at least five years and had used external financing. The research results show that financing decisions are influenced by four main factors, namely cognitive financial constraints, individual social capital, organizational factors, and contextual factors. Apart from that, Islamic values such as the prohibition of usury, the principles of justice, and the importance of blessings and economic independence also shape the way women entrepreneurs view appropriate sources of financing. This research also found that the financing obtained has a direct impact on business sustainability and operations, especially in terms of growth, stability and innovation. It is hoped that this research can become a reference for financial institutions, policy makers and academics in formulating more inclusive strategies to increase women's access to formal financing in accordance with sharia principles.

Keywords: External Financing, Gresik, Islamic Perspective, MSMEs, Womenpreneur.

1. Introduction

Women's entrepreneurship, often referred to as womenpreneurship, has become a focus of attention in economic and social studies in various parts of the world. In recent decades, attention to the role of women in business has increased, along with awareness of the importance of women's empowerment in achieving sustainable development goals (Bouchouk & Ayaz, 2024). According to a report by the United Nations Development Programme (UNDP), women's participation in the global workforce is still far from optimal, with only 47% of women involved in formal economic activities. This indicates that there is great potential that has not been fully utilised in the entrepreneurship sector (Mueller, 2007). Women's entrepreneurship has a significant impact on social and economic development (Okafor & Mordi, 2010). According to Ramadani et al. (2015), women entrepreneurs contribute to job creation, improve family welfare, and drive local economic growth. In addition, women's entrepreneurship also plays a role in reducing poverty and increasing economic independence (Manzoor et al., 2022). A study by Sabana (2014) shows that female entrepreneurs with good financial literacy tend to have better financial performance and are able to manage risk more effectively. Despite their great potential, female entrepreneurs often face various challenges in accessing financing for their businesses.



According to Becker-Blease and Sohl (2007), female entrepreneurs tend to receive less investment than male entrepreneurs. This is due to several factors, including gender discrimination, lack of financial knowledge, and limited social networks. Many female entrepreneurs experience discrimination in access to capital. Research by O'Gorman and Terjesen (2006) shows that both male and female entrepreneurs experience gender discrimination in terms of funding sources, but women are often more affected. Low financial literacy among female entrepreneurs can hinder their ability to access financing. According to OJK, the level of financial literacy among female entrepreneurs stands at 50.30%, which is higher than that of male entrepreneurs (49.10%), but still far from ideal. Female entrepreneurs often have more limited social networks than male entrepreneurs, which can affect their access to the information and resources needed to obtain financing (Hossain et al., 2024).

Financing is one of the crucial aspects in business development. According to O'Gorman and Terjesen (2006), financing in business can come from internal or external sources. Internal financing comes from the company's own resources, while external financing involves borrowing funds or credit. Poderys (2015) shows that access to external financing is very important for entrepreneurs to support the development and growth of their businesses. However, women entrepreneurs often prefer to seek funding from informal sources, such as family and friends, for fear of rejection from formal financial institutions. This indicates a gap in access to formal financing that can hinder the growth of their businesses.

From an Islamic perspective, financing decisions are also influenced by Sharia principles that promote justice, blessings, and economic independence. As stated in QS. *Al-Baqarah* (2:275),

"Those who consume riba cannot stand except as one is driven by Satan into madness..." which emphasises the prohibition of riba in all transactions, including financing.

This principle is important to implement in financing decisions for women entrepreneurs so that transactions are fair and do not harm any party.

In addition, QS. *Al-Baqarah* (2:261) states,

"The parable of those who spend their wealth in the way of Allah is like a seed which grows seven spikes, each spike containing a hundred grains..." reminding us that any financing carried out in a halal manner will bring blessings and multiply.

This study aims to understand the dynamics of women entrepreneurs' decisions in obtaining financing, particularly in the informal sector. Focusing on women entrepreneurs in Bungah Village, Bungah District, Gresik Regency, this study is expected to provide insights into the factors that influence their financing decisions and the implications of the financing obtained on business operations. This study also contributes to the existing literature by highlighting the differences in financial decision-making between female and male entrepreneurs and providing recommendations for policymakers and financial institutions to support female entrepreneurs. The results of this study are expected to provide valuable insights for policymakers and financial institutions in formulating more inclusive strategies to support women entrepreneurs. By understanding the factors that influence financing decisions, it is hoped that more effective policies can be developed to increase women's access to formal financing, thereby encouraging the growth of women's entrepreneurship and contributing to more sustainable economic development.

Based on the background, this study has several objectives that must be achieved, namely to identify the factors that influence women entrepreneurs' decisions in obtaining financing for gold jewellery businesses in Bungah Village, Bungah District, Gresik Regency,

from an Islamic perspective. It also aims to identify the implications of the financing obtained by women entrepreneurs in the gold jewellery business in Bungah Village, Bungah District, Gresik Regency, in running their business operations.

2. Methods

This study uses a qualitative approach and case study design to determine the actual conditions regarding the factors that influence women in obtaining external funding, particularly in the informal sector. In determining the sample, the researcher used purposive sampling. Purposive sampling is a technique for collecting data samples based on certain considerations related to the case study being researched and the researcher's objectives (Sugiyono, 2013). It can therefore be concluded that this technique selects a group of subjects based on certain characteristics and is considered to be closely related to those characteristics. The reason for using the purposive technique in this study is because it already has targets and criteria that will be used as informants. The following are some of the criteria for informants in this study:

1. Possess knowledge and experience related to the research subject
2. Willing and able to serve as a research informant
3. Women who have applied for or received external funding
4. Women entrepreneurs located in Bungah Subdistrict, Gresik Regency
5. Minimum of 5 years in operation.

This research uses primary data as its source. Primary data consists of information in the form of spoken words, body movements or behaviour that comes directly from the research subjects, known as informants, in relation to the variables being studied. The primary data in this study was obtained by the researcher directly from informants and interviews with female gold jewellery entrepreneurs in Bungah Village, Bungah Subdistrict, Gresik Regency.

To complement this, high-quality data or information from within and outside the company is required. The data collection methodology involves the use of a systematic approach to collect the necessary data. The researcher used triangulation techniques to collect data in order to gain a broader and deeper understanding of the social situation as a whole.

In this study, observations were made by directly observing how these female entrepreneurs ran their businesses. In addition, the researcher also observed in real time aspects such as social media or instruments used by female entrepreneurs to run their businesses on online sites. The interviews conducted were in-depth interviews, following specific guidelines, and the information was documented using appropriate recording instruments. In-depth interviews are a procedure for obtaining data for research through direct interaction involving questions and responses made directly by the interviewer and the respondent or surveyed individual, possibly involving the use of an interview manual.

This data collection technique is a method of collecting data that uses a number of facts and data stored in materials derived from documentation. Most of the data used are in the form of reports, photographs, and so on. The main characteristic of this data is that it is not limited to space and time, thus providing researchers with the opportunity to learn about events that occurred in the past. The documentation method is a data collection method used to trace historical data. The documentation data obtained comes from female entrepreneurs' documents, documentation of business operations, and other documents.

In this study, the data analysis process was carried out using an inductive approach based on facts obtained from the field. Researchers carefully prepared questions to obtain

more in-depth information during the interviews. When communicating, the researcher will pay attention to clarity and efficiency of delivery so that it remains concise but still in line with the research needs. All answers provided by informants will be recorded using devices such as laptop screens or mobile phones. The recordings will then be documented in detail and analysed thoroughly by the researcher.

3. Results and Discussion

3.1. Characteristics of Research Informants

Informants in this study were selected using purposive sampling techniques, with the following criteria: female gold jewellery entrepreneurs, at least 5 years in business, have taken or are currently taking external financing, and have knowledge and experience in business management.

Table 1. Characteristics of Informants

Informant	Age	Length of Business Operation	Business Name	Financing Experience	Types of Financing
Informant 1	35	7 years	Toko Bintang Emas	Currently in Progress	Sharia Banks
Informant 2	51	8 years	Toko sederhana	Once	Family Loans
Informant 3	44	15 years	Toko Restu Utama	Once	Family Loans
Informant 4	48	18 years	Toko Az Zahra	Twice	Family Loans and Conventional Banks
Informant 5	38	21 years	Toko Barokah	Three times	Conventional Bank Loans

From the table 1 above, it can be seen that each informant has a different strategy in accessing financing, influenced by factors such as experience, business development, and social networks. This is important to understand so that policy interventions and assistance programmes can be carried out in a more targeted manner according to the needs of women entrepreneurs. Another unique finding is the dual role of informants as housewives and businesswomen. This role requires effective time, energy, and resource management skills to avoid conflicts of interest between domestic and business affairs. In many cases, family support, especially from husbands or children, is crucial to the continuity of the business and the successful management of women's finances and business financing in Bungah Village, Bungah District.

3.2. Age and Length of Business

The five informants were aged between 35 and 51 years old, with an average age of around 43 years old. This shows that the business owners were in their productive years and were emotionally and socially mature. The length of time the businesses have been operating ranges from 7 to 21 years, reflecting that all informants have considerable experience in running their businesses. This supports the assumption that they have gone through various phases of the business cycle, including capital crises or financing needs.

3.3. Financing Experience

Most informants have experience in accessing financing, both formal and informal. Three of the five informants, namely the second informant, said, 'I only received funding from my family once during my business,' the third informant said, 'Of course, during my business,

I still sought funding from internal sources and, thank God, I got it,' and informant 4 stated that they had taken out financing twice:

"So far, I have only received external funding once and funding from my own family once."

Meanwhile, the fifth informant had more extensive experience, having taken out financing three times.

Only one informant, the first, was currently undergoing the financing process. This shows that financing is not unfamiliar in their business practices, although the intensity and frequency vary.

3.4. Types of Financing

The majority of informants (four out of five) prefer to use family financing rather than formal financial institutions. There are three informants who mentioned having used financing from formal institutions: informant 1 through a sharia bank, informant 4 through a combination of conventional banks and family loans, and informant 5 who obtained funding from conventional banks three times. This reinforces the finding that there is a strong preference for a financing system based on social proximity, which is assumed to be more flexible, interest-free and less burdensome administratively and psychologically.

3.5. Data Collection Process

The data collection process in this study used a qualitative approach with several main methods, namely observation, in-depth interviews, documentation and data triangulation. Observations were carried out directly at several gold jewellery business centres in Bungah Village, Bungah District. Researchers observed production activities, interactions between business actors, and transaction processes that occurred in the work environment of women entrepreneurs. The purpose of this observation was to obtain objective empirical data related to work patterns and the dynamics of financing decision-making. In-depth interviews used a structured question guide, but still provided room for exploration of the informants' experiences. Interviews were conducted face-to-face and online, and involved at least five key questions related to business motivation, financial literacy knowledge, financing constraints, experience in transactions with financial institutions, and the role of religious values in financing decisions. The interview results were then documented through field notes and voice recordings for transcription and data analysis.

The entire data collection process was carried out in stages over a period of less than two months, starting from the selection of informants, the implementation of observations, to the process of follow-up interviews to ensure the completeness of the data. Data triangulation was an important part of testing the consistency of the findings, by comparing the results from three data sources (observation, interviews, documentation). This process was carried out intensively through small group discussions, rechecking informant responses and consulting with experts/methodologists to test the validity of the analysis. The researchers also reflected on their work and maintained research ethics by obtaining informants' consent for the entire data collection process. Ensuring confidentiality and comfort for informants was a top priority, especially when discussing personal experiences or sensitive information related to finances. All collected data was then processed using data reduction techniques, data display, and systematic conclusion drawing in accordance with qualitative research principles.

3.6. Research Findings

This section explains the factors that influence financing decisions in line with the factors described in the previous chapter.

3.6.1. Cognitive Financial Constraints

Based on interviews with informants, it is possible to describe the cognitive financial constraints experienced by women entrepreneurs in making financing decisions for their businesses. This factor is related to knowledge, understanding, and limitations in managing and planning finances, which can influence decisions to access financing.

Informant 1, who has been in business for seven years, revealed that although she feels her business is still running, her knowledge of financing options is limited to loans from Islamic banks, which she feels are more in line with her values. She admitted that she does not fully understand all the financing options available, so she chooses the more familiar path even though it has limitations in terms of loan amounts. Informant 2, with 8 years of business experience, chose family loans because the requirements are easier to understand and the process is quick. However, he revealed that his knowledge of formal financing is very limited, which makes him less confident in taking out loans from formal institutions.

"I have taken out a loan once, but I prefer family loans because the process is simpler," he said.

This shows a limited understanding of more complex financial products. Informant 3, who has been in business for 15 years, revealed that even though he has accessed conventional bank financing, he feels he must be more careful in choosing the right loan for his business.

"I chose a loan from a conventional bank because of the more complete facilities, but I also feel that I don't fully understand the available financial products," he said.

This shows that there are difficulties in understanding the various types of financing products available in the market, even though he has more experience in business.

Informant 4, whose business has been running for 18 years, talked about how he relies on his limited knowledge to choose loans, especially by involving his family in the decision-making process.

"I feel safer borrowing from family because I understand the mechanisms and risks involved better," he said.

This shows a sense of uncertainty in making larger or more complex financial decisions. Informant 5, who has been running a business for 21 years, revealed that his knowledge and understanding of conventional financing has grown over time, but he still finds it difficult to fully understand the interest and instalment mechanisms involved in conventional bank loans.

Informant 5 showed a limited understanding of Islamic finance concepts, particularly in terms of contracts and basic financing principles.

He said, *"I understand the terms margin and instalments because I often deal with them at conventional banks. But I don't have a deep understanding of Islamic contracts, although I am now interested in learning about them."*

In addition, limited access to information is also an obstacle to accessing Islamic financing:

"Information is not evenly distributed, and there are not as many Islamic bank branches as regular banks. Many business owners do not yet clearly understand the procedures."

This indicates that even though business owners have been running their businesses for a long time, their literacy regarding Islamic financial products is still inadequate, both

conceptually and technically. Overall, the results of these interviews show that many womenpreneurs experience cognitive financial constraints, particularly related to limited understanding of more complex financing products.

This causes them to tend to choose financing options that are more familiar and easier to understand, even though these options may not always provide maximum benefits for the development of their businesses.

3.6.2. Individual Social Capital

Individual factors are the main determinants in the decision-making process of women entrepreneurs when taking out financing. One of the most important factors is financial literacy, namely the level of knowledge and understanding of business actors regarding financial products and services such as loans, interest rates, collateral, and payment schemes. This study found that although all informants were aware of the importance of financial literacy, their ability to understand formal financial products was still limited, especially in relation to financial terms and the administrative procedures of banking institutions. This is evidenced by information from the second informant who said,

"...regarding obtaining funds for this business, I am still a bit hesitant to borrow money from the bank because the bank procedures are so complicated..."

In addition, the third informant also said that they prefer to borrow from their own family because it is not as complicated as the administration at the bank.

Research shows that financial literacy significantly affects the performance and sustainability of women's businesses. The ability to understand financial products, risk management, and long-term financial planning is crucial in increasing access to capital and business growth. Financial literacy not only helps women entrepreneurs choose the right source of financing but also increases their confidence in making important business decisions. Allah says in Surah Al-Hashr verse 18:

"O ye who believe! Fear Allah, and let every soul look to what it hath wrought for the morrow..."

This emphasises the importance of careful financial planning and management in accordance with Islamic teachings. In addition to financial literacy, personal characteristics such as the courage to take risks, self-confidence and motivation for economic independence also greatly influence financing decisions. Informants who had previously failed in obtaining financing became more selective and conservative when choosing their next source of funds. They tended to prioritise considerations of security, clarity of contracts, and the track record of the capital provider before making a final decision.

Past experiences in obtaining financing, both formal (banking) and informal (family, social gatherings), also contribute to more mature decision-making patterns. Several informants admitted to having been burdened by large instalments and not fully understanding the consequences of taking out loans beyond their means, so that in the future they are more careful in their calculations. Learning from these experiences is invaluable in shaping sustainable business strategies and avoiding debt traps.

Other psychological aspects, such as the ability to manage stress and an optimistic attitude in facing business challenges, are also determining factors. Womenpreneurs with high resilience tend to be better able to overcome financial difficulties and are more willing to try new sources of financing when needed. However, age and education level also have a slight influence on the mechanism of selecting funding sources, where informants who are relatively

younger and have formal education tend to be more adaptive to technology-based financing or digital lending. Not only that, the fifth informant said:

"I manage the majority, especially in terms of procurement and sales. However, in some areas such as administration and delivery of goods, my children and husband are also involved in helping."

Not only that, the fifth informant also emphasised that even in decision-making and financial planning, she relies on close relatives:

"I often share stories and ask for advice from my younger sibling who used to work at a cooperative."

Apart from family, involvement in informal communities also strengthens her social network:

"I am a member of a group of traders in the market and a businesswomen's social gathering community. From there, I get a lot of information and we help each other when there are urgent needs."

Local culture also influences views on debt and financing:

"Many people around me prefer to avoid loans because they are worried they will not be able to pay them back."

Finally, a culture of prudence and strong religious norms also influence financial decision-making, as stated by informant 1:

"...my partner often reminds me to always be on time in paying the instalments I have borrowed from the bank."

Most informants emphasised the importance of seeking blessings, avoiding usury and taking on financing according to one's means so as not to burden the family. These values are instilled early on in their families, shaping the business character of women in Bungah Subdistrict who prioritise prudence, honesty and fairness.

3.6.3. Organizational Factors

From an organisational perspective, the size of the business has a significant impact on the financing needs and strategies of women entrepreneurs. The larger the business (e.g. in terms of number of employees, high monthly turnover, or market expansion), the greater the working capital requirements. This is evidenced by information from informant 5, who has owned a gold jewellery business for 21 years. During that time, they have obtained funding from conventional banks three times, as evidenced by informant 5's response:

"... I realise that to do business, it is necessary to develop, so I have taken the initiative to seek external funding because my business has been running for more than 20 years."

This requires womenpreneurs to be more active in seeking external sources of funding, either through bank loans or other sources outside of personal capital.

Entrepreneurial orientation (EO) is the next important factor. EO is reflected in the courage of business actors to seek new opportunities, innovate in products/services, and be prepared to take risks in both business expansion and diversification.

Womenpreneurs with high EO tend to be better prepared to face competition, including in seeking and managing new financing to support the growth of their businesses. QS. An-Nisa verse 29:

“...Do not consume one another's wealth unjustly, except in a manner that is mutually agreed upon...”

This verse emphasises the importance of the principles of justice and freedom to innovate while remaining sharia compliant. The social capital of an organisation is also very influential, including business networks, business communities, and partnerships with financial institutions or women's business associations. This social capital provides easy access to the latest information on financial products, business capital assistance opportunities, and collaboration with business partners to expand distribution networks. Womenpreneurs in Bungah Village have proven to have easier access to loans from cooperatives or informal institutions that have close social networks.

In addition, professional bookkeeping and business administration systems also support access to formal financing. Businesses that are neat in their financial records and keep complete legal documents tend to find it easier to obtain credit approval from formal financial institutions. However, many women entrepreneurs in Bungah Village still run their businesses traditionally without a professional administration system, so they often face obstacles when applying for bank loans or government programmes.

Finally, technological innovation in organisations greatly assists in financial management and expands market access. The use of digital cashier applications, cashless payments, and online marketing contributes to business efficiency while increasing opportunities for women entrepreneurs to obtain financing from the fintech or digital banking sectors, which are currently growing.

3.6.4. Contextual Factors

Contextual factors related to the external environment also greatly influence women entrepreneurs' decisions to take out financing. One such factor is the quality of local government governance, as demonstrated by the ease of obtaining permits, access to information, and the facilitation of financing programmes for micro and small businesses. As stated by Informant 1,

“My business is still running, and I feel greatly helped by the existence of financial institutions that provide financing. I chose a loan from a sharia bank because the process is easier and in line with the values I hold.”

This reflects how government support through easy access to financial institutions can encourage women to choose formal financing.

In addition, the role of informal institutions such as social gatherings, cooperatives, and family networks is also very significant in shaping financing decisions, which are based on trust (QS. Al-Maidah: 2: *“Help one another in righteousness and piety...”*). Informant 2 stated,

“I have taken out a loan once, but I prefer family loans because the process is quick and I feel comfortable with my family.”

This decision shows the comfort in choosing non-formal institutions because of the faster and easier process, even though there are social risks that may arise in the event of late payments.

A conducive socio-economic environment, such as the existence of a community of women entrepreneurs and the support of the surrounding community, also encourages womenpreneurs to take out financing as a means of business development. For example, Informant 4 revealed, ‘I have applied for family and bank loans because I feel safer if there is

social security and sustainability for the business I run.' This shows that the pattern of mutual cooperation and the tradition of helping each other provides a sense of security in making decisions about debt, as long as transparency and trust are maintained among members.

The availability of supporting infrastructure, such as digital marketing tools and business management training, also boosts business owners' confidence in accessing new financing. Informant 3, who has more than 15 years of business experience, stated,

"I chose a loan from a conventional bank because it offers more comprehensive facilities."

This kind of support is crucial in improving women entrepreneurs' ability to access productive loans to scale up their businesses.

Another influential environmental factor is changing market trends and consumer preferences, which require women entrepreneurs to constantly innovate and adapt their products/services to market needs. Informant 5, who has been running a business for 21 years, chose conventional bank loans because of their ease of access and greater availability of funds.

"Over time, I have chosen loans from conventional banks because of their ease of access and greater availability of funds," she said.

This shows that women entrepreneurs need greater financing to maintain competitiveness, especially in the current era of free competition and economic digitalisation.

3.6.5. The Islamic Perspective in Financing Decisions

Most women entrepreneurs in Bungah Village, Bungah District, prioritise Sharia values in all their financing decisions. The principles of halal financing, avoiding usury, and seeking blessings and justice are key considerations when choosing specific financial products or financing institutions. They avoid high-interest loans, strive to maintain transaction transparency, and ensure clear agreements in accordance with Islamic law. The application of sharia values is not only applied to formal products or institutions (banks/sharia financial institutions), but also in informal transactions such as inter-family loans, arisan group (Rotating savings and credit association/ROSCA), or trust-based cooperatives. Women entrepreneurs emphasise the importance of fairness in profit sharing, fee imposition, and reasonable loan terms. This is in accordance with the principles of fairness and blessing taught in the Qur'an as guidelines for Muslim business management.

Informants pay close attention to Sharia principles in financing decisions. They reject products that contain *riba* (usury) and *gharar* (uncertainty) and choose Sharia financial institutions even though the process is sometimes more complicated. The principles of transparency, fairness, and blessing are key considerations as commanded by Allah in QS. *Al-Baqarah*: 275 and QS. *An-Nisa*: 29. Informal financing transactions based on trust within families or communities are also ensured to meet fair agreements that do not burden either party. Family discussions and consultations with religious leaders are often held before making debt decisions, in order to create fair, blessed transactions that bring peace of mind to all parties involved.

The principle of prudence in taking on excessive financing is also strongly upheld by the women entrepreneurs of Bungah. They strive to select financial products that are within their means, committing not to burden their families or businesses with consumptive debt. The process of family discussion before making financing decisions has become a mandatory tradition in order to be morally and religiously accountable. In addition, the role of religious leaders or local ustadzah is often sought for advice in choosing financing products, especially in womenpreneur communities that have membership in *majelis taklim* (informal Islamic

study groups) or recitation groups. The values of solidarity, sincerity, and independence are instilled in every business policy, creating a business atmosphere full of blessings and inner peace. This can also be seen from the fact that more women entrepreneurs choose Islamic financial institutions as business partners, even though the administrative requirements are sometimes quite burdensome. They are willing to take care of additional documents and undergo lengthy procedures as long as the contract is guaranteed to be halal and the financing provided is transparent in accordance with Islamic principles.

The results of this study are also directly related to the field of Islamic economics and finance. Women entrepreneurs' preference for halal contracts and avoidance of usury indicates a great opportunity to strengthen Islamic entrepreneurship practices rooted in ethical values and blessings. On the other hand, women entrepreneurs' financing patterns, which rely more on informal sources, demonstrate the need for innovation in Islamic bank fund management, particularly in designing microfinance products based on trust and social proximity. The aspect of risk management also emerges significantly, as limited financial literacy and access to information have the potential to cause default risks and social pressure. Therefore, a sharia-based risk mitigation strategy is needed that can bridge the comfort of women entrepreneurs in informal financing with the certainty of formal financial law. Furthermore, this study opens up space for strengthening the integration of Islamic social instruments, such as *zakat*, *infaq*, *sadaqah*, and productive waqf, as alternatives for equitable financing that supports women's business independence. Thus, this study not only contributes to the literature on women's entrepreneurship but also enriches the discourse on global sharia finance practices.

Women entrepreneurs' limited access to formal financing also means that they are not connected to modern sharia investment instruments, such as micro sukuk, sharia mutual funds, or sharia-based crowdfunding platforms. In fact, these instruments have the potential to become alternative sources of productive financing that not only strengthen capital but also expand investment opportunities that are in accordance with sharia law. This opens up further research on the readiness of women entrepreneurs to participate in the Islamic capital market, as well as providing input for regulators and financial institutions in expanding Islamic financial inclusion among women MSMEs.

In addition, the results of this study show that Islamic business ethics are already being practised by women entrepreneurs, albeit on a simple scale. The values of prudence in borrowing, fairness in profit sharing, and transparency in loan agreements with family and social groups reflect the application of Islamic business ethics at the grassroots level. These ethics are an important foundation for the sustainability of their businesses, while also distinguishing women entrepreneurs' Sharia-based business decisions from conventional practices.

3.6.6. Implications of Financing on Business Operations

The implications of formal and informal financing on the operations of women entrepreneurs in Bungah Village, Bungah District, are quite diverse. On the positive side, financing has succeeded in increasing production capacity, facilitating capital turnover, and encouraging the diversification of new products in line with market needs. Additional working capital has also contributed to an increase in monthly turnover, expansion of marketing networks, and the creation of new jobs in the business environment.

Business development thanks to financing also has an impact on improving the welfare of business owners' households, both in terms of family income, children's education, and better family health. In some cases, the success of women entrepreneurs has inspired other

family members to get involved and build similar businesses, thereby fostering a new entrepreneurial culture in the community.

However, financing also has implications in terms of challenges and risks. The burden of monthly instalments is a major concern, especially when business is slow or there is a decline in turnover due to an economic crisis. Dependence on a single source of financing often causes psychological and social pressure, including the risk of losing assets or damaging the reputation of the business in the event of default. In some cases, women entrepreneurs also have to deal with group pressure and social obligations if they are late in paying group debts.

Some women entrepreneurs have learned the importance of financial management and administrative record-keeping as a risk anticipation measure. They try to set aside part of their business income for emergency savings and limit the amount of loans in accordance with business cash flow projections. These efforts have proven effective in reducing financial burdens and preventing long-term dependence on productive and consumptive debt.

This study aims to understand the dynamics of financing decisions made by women entrepreneurs in the gold jewellery business in Bungah Village, Bungah District. The results show that financing decisions are influenced by several factors, both internal and external, which can be explained through the theory of entrepreneurial characteristics, social capital, and Islamic values in economic practice.

The results of this study show consistency with the main theories discussed in the previous chapter. Individual, organisational, and contextual factors were found to significantly influence the financing decisions of women entrepreneurs. Financial literacy, entrepreneurial motivation, social capital, quality of governance, and the existence of informal institutions were key variables that were empirically mapped in the field. These findings are in line with studies by Gathungu and Sabana, as well as Nguyen & Canh, which emphasise the importance of financial literacy and informal access in obtaining financing by women entrepreneurs.

The findings of this study confirm that women entrepreneurs in Bungah Village, Bungah District, still experience limited access to formal financing, mainly due to administrative and trust factors. Previous studies have often identified that informal institutions such as arisan, cooperatives, or family members are still the main choice due to the ease of procedures and low collateral expectations. The experience of payment failures and a sense of comfort with traditional governance are also reasons for the dominance of informal financing.

This study complements previous studies by clarifying the role of Islamic values and norms in the financing decisions of women entrepreneurs in this region. All informants showed a tendency to choose sharia products, either because of their belief in halal contracts or their adherence to the principles of justice, anti-usury, and blessings in the management of debts and receivables. This preference confirms the relevance of religious and local cultural values in ensuring ethical and sharia-compliant business practices.

In addition, it was found that women entrepreneurs who actively participated in financial literacy training, whether organised by the government or the private sector, tended to be more confident in making financing decisions and were better able to manage risk. This type of education is important to improve in efforts to empower women economically, in line with the recommendations of the OJK and previous researchers. Finally, a comparison with studies in other regions shows that the characteristics of women entrepreneurs in Bungah Village are not much different from those in other regions, in terms of limited access, preference for informal funding sources, and administrative and regulatory challenges. However, the uniqueness of women entrepreneurs in Bungah Village lies in their strong social capital and sharia values, which greatly influence their business decisions.

In addition, this study shows that women entrepreneurs still have limited access to social-based financing, so they are not yet fully connected to Islamic Investment Management or Islamic Capital Market instruments such as micro sukuk, sharia mutual funds, or sharia crowdfunding platforms. This emphasises the need for more intensive education and assistance so that women entrepreneurs can optimally utilise modern sharia financial instruments. On the other hand, the practices of prudence, fairness, and transparency in financing management carried out by women entrepreneurs reflect the application of Islamic business ethics at the grassroots level. The practical implication of these findings is the need for innovative sharia banking products that are friendly to women MSMEs, simplified administration, and synergy with instruments such as *dzakat*, *infaq*, *sadaqah*, and productive waqf as additional support. Thus, this study not only provides empirical contributions but also establishes the importance of developing a more inclusive and equitable sharia financial ecosystem.

4. Conclusion

The research on the financing dynamics of women entrepreneurs in gold jewellery businesses in Bungah Village, Bungah District, Gresik Regency reveals several key findings. Women entrepreneurs' financing decisions are shaped by a combination of individual, organizational, and contextual factors, with financial literacy, self-confidence, experience, and the motivation to improve family welfare serving as primary drivers in seeking both formal and informal financing. Social capital and community support play a crucial role in facilitating access, particularly through informal mechanisms such as arisan, cooperatives, and family loans, while also reinforcing business resilience in the face of local economic fluctuations. Furthermore, financing decisions are filtered through Sharia principles and Islamic values, as business actors typically avoid usury, prefer fair and transparent contracts, and rely on trust-based transactions, often engaging in family discussions and consulting religious leaders before committing to financial arrangements.

The implications of financing are generally positive, resulting in increased turnover, business expansion, and improved family welfare, though risks remain in the form of financial burdens during periods of sluggish business. To mitigate these risks, careful financial management, prudent financing strategies, and planning are essential. The adoption of technology is emerging among the younger generation of women entrepreneurs, who utilize digital tools for record-keeping, access to online financing, and market expansion through social media, while senior entrepreneurs remain reliant on traditional practices, highlighting the need to strengthen digital literacy. Ultimately, the integration of Islamic values, adherence to business ethics, and opportunities to engage with modern Islamic financial instruments demonstrate that women entrepreneurs can serve as pivotal agents in advancing Islamic finance practices from the grassroots to the global level.

5. References

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