

Improving women’s participation in the private sector in Indonesia: A Gender Dashboard on Women in Small and Medium Enterprises Issue 1: An introductory overview of gender gaps in Indonesia and the purpose of the gender dashboard¹

A. Introduction and the purpose of the gender dashboard

- 1. The building of a gender dashboard on women’s SMEs in Indonesia emerged from the priority given by local authorities to improve gender equality in private sector employment, promote coordination between public and private stakeholders, and set clear monitoring and accountability pathways to measure success.** The Indonesia Gender Dashboard is a series of short publications on key issues dampening progress in reducing gender gaps in private sector. These publications are powered by an online platform with curated indicators directly linked to public and private actions. The purpose of the dashboard is threefold: (i) to provide an overview of gender gap(s) in private sector; (ii) to identify and analyze gender-specific barriers that hinder women in pursuing business opportunities, jobs, and building successful careers in small and medium enterprises (SMEs); and (iii) to recommend specific measures to foster women’s participation in SMEs with clear actions for all ecosystem stakeholders. The gender dashboard is a policy tool that informs the dialogue between key public and private stakeholders. It fosters coordination of public and private actions, focusing on leveraging existing opportunities, targeting specific constraints, and setting up a monitoring tool with clear indicators to inform on progress and measure success. Some of the key aspects of deep dives are regulations, social norms, education, productivity, informality, and access to finance. The gender dashboard adopts the definition of SMEs provided by the Central Bureau of Statistics (Badan Pusat Statistik, BPS) and focuses on businesses with 5 to 99 employees (i.e., this definition does not include micro enterprises, for which data are hard to come by).
- 2. The exercise highlights the progress already made by the Government of Indonesia (GoI) in recent years, emphasizes existing challenges, and provides a ground for policy discussions around the required actions to narrow the gender gap in Indonesia.** Indonesia recognizes the potential for women to become drivers of economic growth and has recently implemented numerous programs aimed at reducing gender gaps. But, despite some progress, reducing gender gaps still faces serious challenges. The GoI's gender actions, overseen mainly by the Ministry of Women’s Empowerment and Child Protection, cover specifically five priority areas: (i) increasing women’s empowerment in gender perspective entrepreneurship; (ii) improving the roles of mothers and the family in child education and care; (iii) decreasing violence against women and children; (iv) reducing child labor; and (v) preventing child marriage.² The recent efforts in funding, coaching, and digital capacity

¹ This document has been prepared by a World Bank team comprising Marie Christine Apedo-Amah, Economist; Alexandre Laure, Senior Private Sector Specialist; and Consultants : Monika Sharma, Bayu Agnimaruto, and Lara Wanna. The team has benefited from valuable inputs from 2022 G20 empower co-chairs Yessie D. Yosetya and Rinawati Prihatiningsih; Lenny N. Rosalin from the Ministry of Women’s Empowerment and Child Protection, GoI; and World Bank Group colleagues.

² <https://www.apec.org/publications/2022/01/strengthening-women-s-empowerment-and-leadership-through-digital-economy-in-boosting-economic-growth>

building have succeeded in placing Indonesia among the top global performers in reducing the overall Global Gender Gap Index, narrowing its gap by over 7 percentage points between 2019 and 2022.³ However, despite these efforts, women—who constitute half of the Indonesian population, estimated at over 276 million in 2021—remain largely unemployed. The female labor force participation (FLFP) rate remains low, at 56 percent compared with 83.13 percent for men, an imbalance only made worse during the COVID-19 pandemic, with roughly 1.3 million women leaving the workforce. Indonesia’s FLFP rate still suffers from competing priorities following marriage and childbearing. Furthermore, when they do participate in work, women remain in low-productivity sectors characterized by informality and limited growth potential.

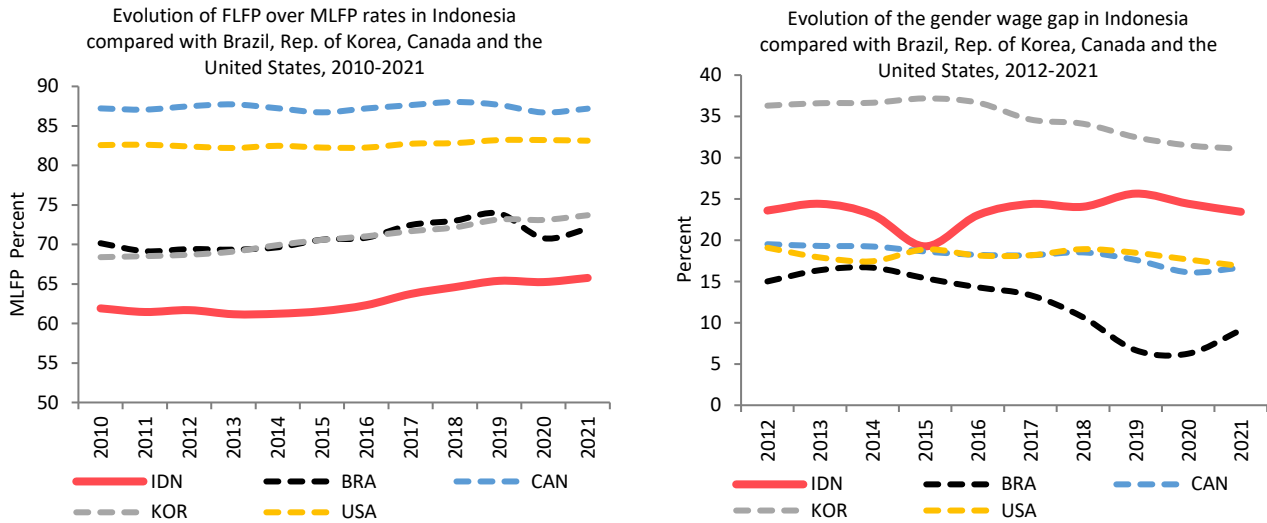
3. This gender dashboard leverages the existing collaboration between public and private sector stakeholders in improving gender equality in employment. The GoI has encouraged women entrepreneurship through various initiatives (vocational training, technical assistance, microloans, etc.) in partnership with various formal financial institutions, including the central bank, Bank Indonesia, as well as state-owned enterprises (SOEs). In 2022, Indonesia chaired the G20 Empower group, further strengthening public-private collaboration on the gender agenda in the country. The G20 Empower vision is to *"be the most inclusive and action-driven alliance among businesses and governments to accelerate women’s leadership and empowerment across the G20 countries"*. The G20 Empower group has formulated long-term key targets aimed at promoting actions to further drive progress on gender equality. These actions aim to foster higher FLFP and support female leadership in startups, investment management, local and rural business communities, and in SMEs. Post-pandemic, G20 Empower is promoting digital technology adoption, providing relevant and fit-for-purpose skilling, upskilling, and reskilling opportunities, and ensuring a safe, equitable, and decent workspace for all. To support this work, a playbook of global best practices was developed in 2022 to share experiences among G20 countries and leverage lessons learned. The preparation of the Indonesia Gender Dashboard follows the same public-private collaborative approach as G20 Empower, and serves as a convening tool for all stakeholders working toward the common goal of reducing gender gaps in Indonesia.

4. The remainder of this introductory issue of the Indonesia Gender Dashboard is organized as follows. The next section presents a short visual overview of FLFP in the private sector, with key figures on the sectoral and geographical distribution of women-led businesses, FLFP rates and wage gaps in the private sector, as well as the impact of the COVID-19 pandemic on women-led SMEs. Gathering data from official statistics, Business Pulse, Enterprises surveys, and the reports of international organizations, etc., the final section concludes the introduction to the dashboard exercise by presenting a brief overview of the upcoming publications and next steps.

³ Global Gender Gap Report 2022.

B. Female private sector labor force participation in Indonesia: A visual overview

Figure 1: FLFP in Indonesia is still very low compared with many other G20 countries, but the wage gap is somewhat narrower.



Source: World Development Indicators (WDI) and OECD Gender Data Portal.

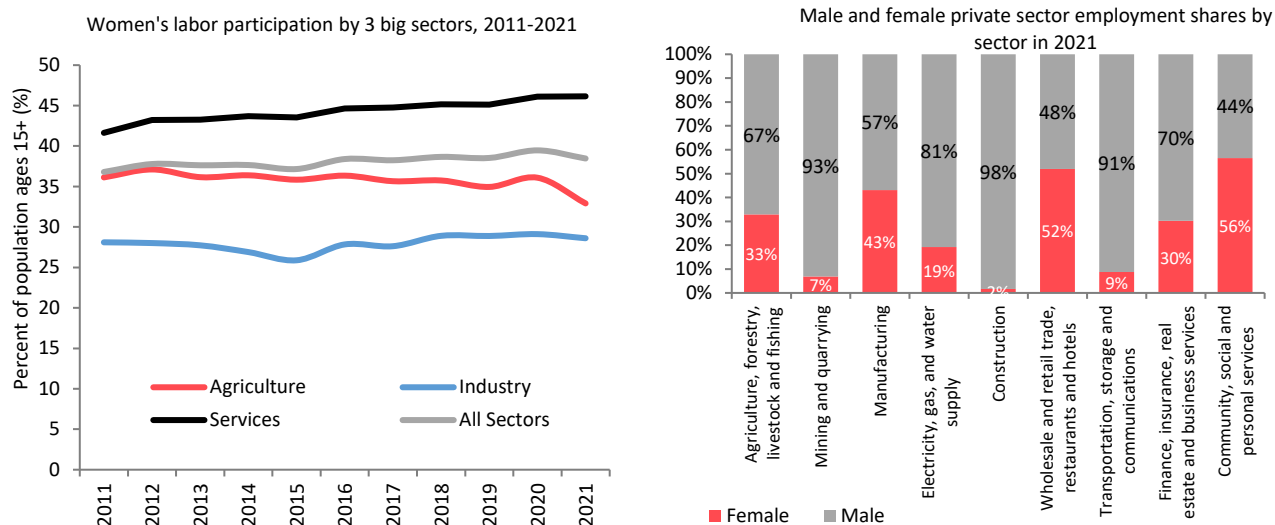
Figure 2: Indonesia's private sector employment rate for women has remained steady at around 37 percent over the past five years and women tend to work predominantly in micro firms.



Source: Authors' calculations based on Business Pulse Survey data.⁴

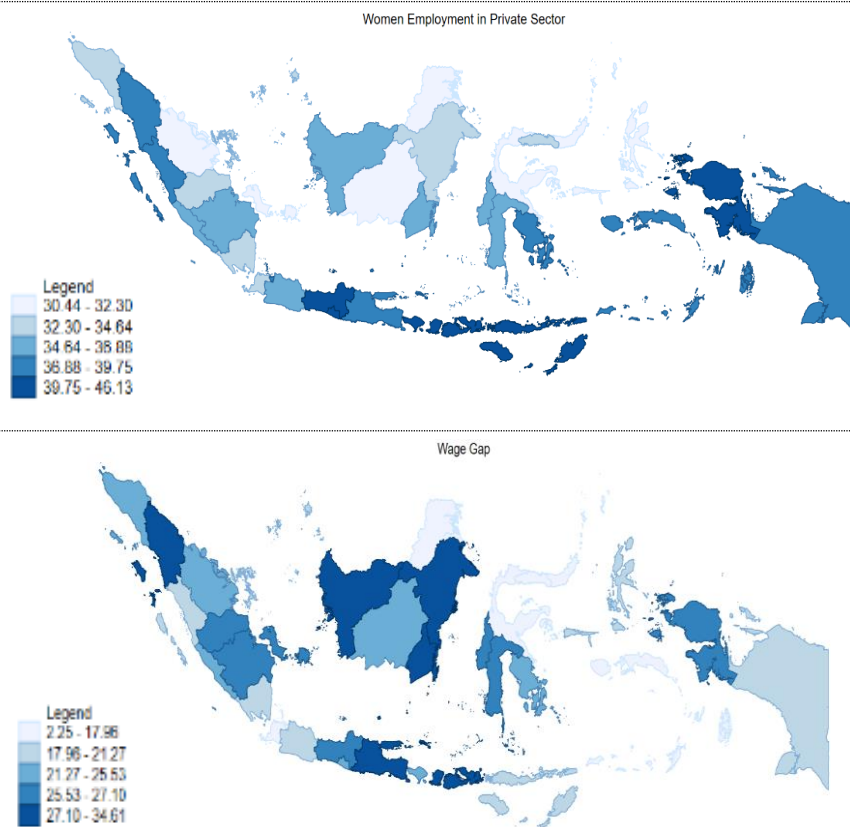
⁴ The Business Pulse Survey sample is stratified by manufacturing, high-value added services, and creative economy and tourism sectors. Samples are selected using random sampling from each strata-substrata-province. Samples are drawn from Economic Census 2016 and directory of medium and large firms 2007. Analyses presented in the document are using sample weight to represent the population as close as possible.

Figure 3: In Indonesia's private sector, women are mostly employed in services and, to a lesser extent, in manufacturing.



Source: Authors' calculations based on the National Labor Force Survey (Sakernas).⁵

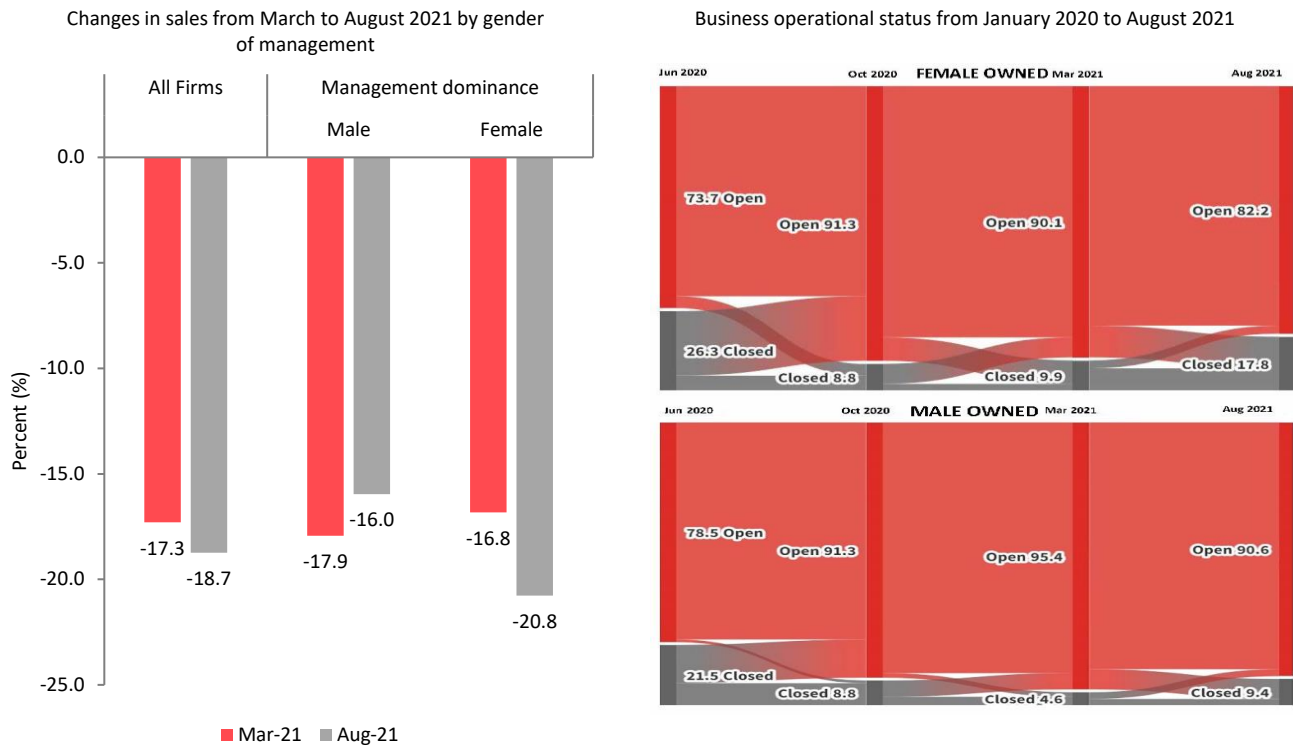
Figure 4: Regional distribution of female participation in the private sector and wage gaps: women are mostly employed in Bali, DI Yogyakarta, and East Nusa Tenggara. They are paid closest to men in Gorontalo and North Sulawesi.



⁵ Sectors are based on Indonesia 17 Input-Output classifications which further aggregated into 3 and 9 big sectors. All Sakernas calculations are using survey weight to represent national population. Private sector employment is defined for those who work in private sectors, state-owned enterprise, regional-owned enterprise, cooperatives, self-employed, and household businesses.

Source: Authors' calculations based on the National Labor Force Survey (Sakernas)

Figure 5: Female-led businesses suffered more from the pandemic than male-led enterprises.



Source: Authors' calculations based on the Indonesia Business Pulse Survey.

5. Over the past decade, women’s participation has remained consistently lower than that of men.

The most recent data from 2021 show that women are excluded from male-dominated sectors such as agriculture, mining, energy, construction, transport, and finance. In addition, they have suffered more severely from the COVID-19 pandemic. According to several recent reports, women face discrimination and unfair treatment in the male-dominated sectors. In agriculture, for example, while activities are carried out by household units, women have little control over productive resources (FAO, 2019). In mining, their presence is perceived as unnatural and superstitiously linked to accidents (ILO, 2021). Women’s role in the family prevents them from pursuing careers in the energy sector (USAID, 2022) and committing to the working/training hours required in construction (Rostiyanti et al., 2020). Instead, women are mainly employed in standard women-intensive sectors such as retail and hospitality. In addition, they are often employed as informal workers, working in low-productivity jobs with low wages and few prospects for career development. To support FLFP in private sector activities, it is important to identify the main barriers to entry and propose location-specific recommendations to address the regional disparities that drive inequality. The upcoming publications of the gender dashboard exercise will focus on these aspects by conducting relevant analytics to support policy discussions that address the existing issues hindering women's participation in private sector-led growth.

C. The way forward

6. Beyond this introductory issue, the remainder of the gender dashboard exercise is organized around the publication of five to six additional short quarterly issues, the setting-up of a virtual interface for frequent updates on relevant Key Performance Indicators (KPIs) as well as events, and continual stakeholders' engagement on policy. The next issue, expected in the summer 2023, will focus on leveraging regulations to support women in SMEs in Indonesia. It will highlight regulatory constraints and opportunities, as well as discuss coordination among policy makers, and provide legislative recommendations to support FLFP. More specifically, the discussion will identify gaps in regulations related to women's participation on company boards, childcare, equal remuneration for work of equal value, and issues related to income tax. Drawing from global best practices in countries such as Germany, Sweden, and the Republic of Korea, specific recommendations will be provided to inform the policy discussion around the amendment of existing laws. Examples of KPIs that will be monitored include: (i) existence of regulation supporting women-owned SMEs; (ii) the existence of women-owned SMEs business networks/accelerators; (iii) the number of women-owned SMEs receiving formal financing; (iv) the number of women-owned SMEs included in corporate supply chains; and (v) the number of women-owned SMEs with export qualifications/experience.

7. The following publications under the gender dashboard will focus on some of the key questions identified as being crucial in addressing the gender agenda in Indonesia. The main research questions are as follows:

- What drives the limited access to finance of women in Indonesia and how can the barriers be sustainably removed with innovative financial solutions such as digital finance?
- How can early age education support skills development for improved female initiative, leadership, and productivity?
- What specific community level actions can support enabling social norms for higher FLFP?
- What are the causes of rampant informality in the population of women-owned SMEs and how can formalization be made more attractive and less onerous?
- Can digital technology simplify processes for women-owned SMEs and improve their access to markets?
- What can Indonesia learn from global best practices in the key areas of challenges identified and how can these lessons learned be adapted to the local context to drive quick wins, as well as long-term goals?

8. The content of each issue will be based on the findings of existing and upcoming World Bank surveys, reports, literature reviews, and discussions with stakeholders on women's economic participation. More specifically, data analysis will be conducted on Enterprise Surveys, National Plans, and official country statistics. These publications will be reviewed, together with stakeholders, prior to public dissemination and the recommendations will serve as a basis for subsequent public-private policy dialogue. The results of actions based on the recommendations will be monitored using established indicators such as the share of female workers by career level in SMEs, the number of newly created women-owned SMEs, and new or revised regulations on FLFP, etc. A digital interface published on the G20 Empower website and the World Bank Indonesia country page website will be set up with regularly updated values of the selected key indicators, a list of upcoming dissemination events, and digital copies of each issue. This digital interface will serve as a monitoring and accountability tool for policy actions.