

7. Country Report of Indonesia¹

7.2 Current Status of Women Entrepreneurs of Indonesia

Growth and development of SMEs are proven to contribute benefits and enormous contributions to the economy of the country. In the other hand, the progress of information and communication technology becomes a factor driving success of SMEs in their work. Although percentage the number of SMEs managed by women is very high, however the utilization of ICT by women perpetrators of SMEs is still minimal.

The world today believes that supporting women entrepreneurs is vital for economic growth. As economic opportunities increase, unprecedented numbers of women are entering the world of business and entrepreneurship. The number of women entrepreneurs has risen in global economy including in developing countries. However, the majority of women entrepreneurs in developing countries are still operating in small and micro enterprises with very little growth. Most women entrepreneurs run businesses in the informal and traditional female sectors. There is still prevalence of gender gaps in critical skills to run successful businesses. While education for women is making major progress along the years, women often still lack vocational and technical skills, as well as work experience to enable them to run large businesses. Women are also reported to be less likely to have access to information and communications technology (ICT) which plays a significant role in the highly integrated global market. The other constraint, that is major, is the lack of finance.

Regarding with the utilization of ICT, various studies have shown that the application of ICT innovation by SMEs owned and run by women, lower than men because: limited resources ie human, financial and resources technical, socio-cultural, education (Melhem & Tandon, 2009)², their role in the family causes time constraints to use ICT (Kennedy, et al., 2003) and ICT competencies limited because of the lack of relevant knowledge (Liff & Shepherd, 2004). Women also differ significantly from men in attitude and motivation in using ICT (Hargittai & Shafer, 2006).

The absolute number of women entrepreneurs in Indonesia is very high. In 2011, the Ministry of Women Empowerment and Child Protection estimated that there are 55,206,444 micro, small, and medium enterprises (MSMEs) in the country, of which 60%, or 33 Million, are owned by women,

¹ This report was written by Olivia Deliani Hutagaol, Head of Corporate Reputation Department, The London School of Public Relations-Jakarta, Indonesia.

² Melhem, S., and Tandon, N., (2009), Information And Communication Technologies For Women's Socio-Economic Empowerment, World Bank Group Working Paper Series.

representing almost a quarter of the active labor force (Melissa et al, 2015)³. The 2014 Global Entrepreneurship Monitor estimated that of Indonesia’s total adult female population of 85 Million, approximately 26%, or 22 Million are active entrepreneurs (GEM, 2015). While estimates vary due to different classifications of women entrepreneurs and incomplete data, all approximations suggest a high absolute number of female entrepreneurs in Indonesia, and a very high proportion of the adult female population engaged in entrepreneurship.

In Indonesia, traditionally, women who are actively involved as entrepreneurs or business owners are found mainly in micro and small enterprises (MSEs). While, total number of women owning/managing medium and large enterprises (MLEs) in Indonesia is relatively small. By economic sector, they are mostly found in trade and services, managing/owning e.g. small shops, food stalls, beauty salons, boutique/fashions, and catering. In rural areas, women doing own businesses are mainly as petty traders operating in traditional market centers. In industry, they are mainly found in small-sized handicraft, food and beverages, and clothing industries. As their number continues to rise, women entrepreneurs in Indonesia have been designated therefore as the new engines for economic growth to bring prosperity and welfare in the country. Indeed, worldwide, in the past, say, two decades, many stakeholders have pointed at women entrepreneurs as an important untapped source of economic growth and development in developing countries⁴.

Based on data available from the State Ministry of Cooperative and SME, as January 2015, total number of entrepreneurs is 1.65 percent of the country's total population of 253.61 million people, which is the lowest in comparison with many other countries in Asia and in the United States of America (USA). With respect to women entrepreneurs, despite studies and national data on entrepreneurship development by gender in Indonesia are limited, available evidence suggests that the development of women as business owners/managers in the country shares the same features as women's entrepreneurship development in many other developing countries.

Table 1. Estimates of Women Entrepreneurs in Indonesia

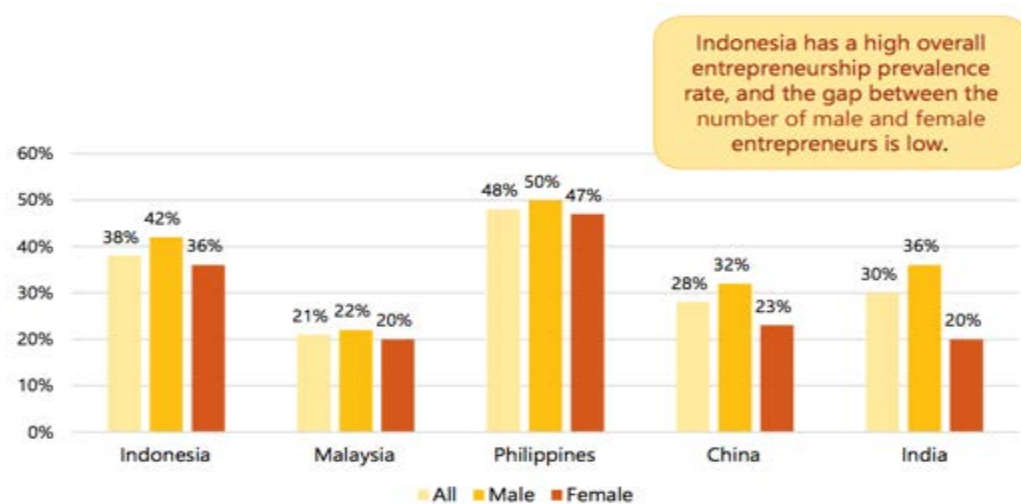
Estimated Total Number of Women Entrepreneurs in Indonesia			
Number	33 Million	22 Million	13.3 Million
Source	Ministry of Women Empowerment and Child Protection, 2011	Global Entrepreneurship Monitor, 2015	National Socioeconomic Survey, 2013

³ Melissa, E., A.Hamidati., M. Saraswati., and A.Flor. 2015. "The Internet and Indonesian Women Entrepreneurs: Examining the Impact of Social Media on Women Empowerment." *Impact of Information Society Research in Global South*.

⁴ Tulus Tahi Hamonangan Tambunan. Women Entrepreneurs in MSEs in Indonesia: Their Motivations and Main Constraints. *International Journal of Gender and Women’s Studies*. June 2017, Vol. 5, No. 1, pp. 88-100

In addition to being high in number, the proportion of women entrepreneurs in Indonesia is growing. The proportion of women entrepreneurs as a share of all SMEs in Indonesia was estimated at 23% by a 2014 study, but this figure is deemed to be increasing rapidly, with women-owned enterprises expanding at a faster pace than their male counterparts (Asia Foundation 2013)⁵. The vast majority of women entrepreneurs, like Indonesian MSMEs in general, are operating in the informal sector, or in some middle ground between formality and informality (IFC 2015)⁶. Compared to other countries, entrepreneurial prevalence amongst female entrepreneurs in Indonesia is high, and the gender gap in total numbers of male and female entrepreneurs is low.

Table 2. Entrepreneurship Prevalence Rates by Gender in Indonesia and Selected Countries



Source: Global Entrepreneurship Monitor, 2014

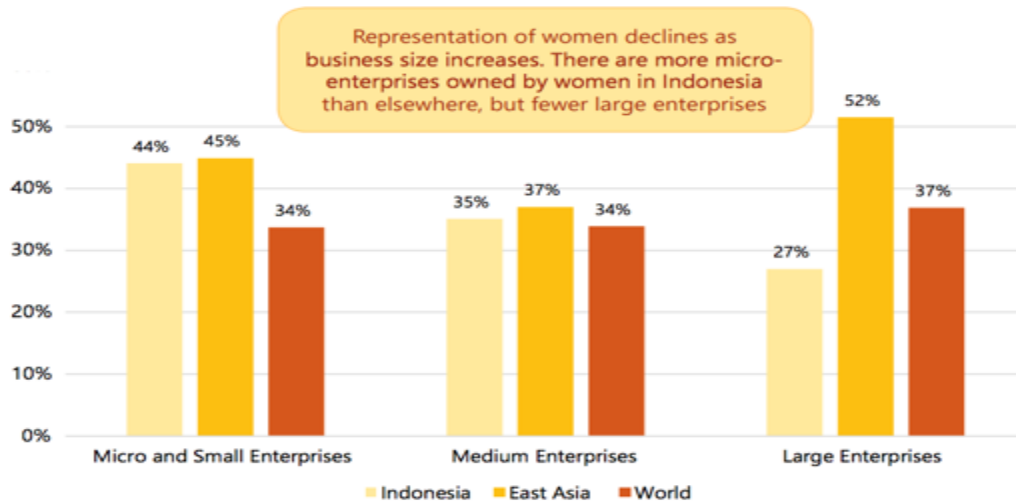
The high absolute number of women entrepreneurs and the high proportion of women engaged in entrepreneurship in Indonesia is most likely indicative of large entry costs, especially of women, into formal labor markets (Hallward-Drimeier, 2013)⁷. Most women entrepreneurs in Indonesia turn to entrepreneurship out of necessity for example due to lack of employment opportunities – rather than in pursuit of profit and employment opportunities. As the figure below demonstrates, Indonesia has a very high concentration of women-owned enterprises in the micro and small sector. This is due to a very high population of women micro-entrepreneurs. Representation of women declines as business size increases.

⁵ Asia Foundation. 2013. "Access to Trade and Growth of Women's SMEs in APEC Developing Economies." The Asia Foundation, Jakarta.

⁶ International Finance Corporation and AXA. 2015. "She for Shield: Insure Women to Better Protect All." International Finance Corporation and AX, Washington, DC.

⁷ Hallwart-Driemeier Mary, Hasan Tazeen, and Rusu, Anca B. 20113. "Women's legal rights over 50 years: what is the impact of reform?. Policy Research Working paper; No.WPS 6617.

Table 3. Firms with a Listed Female Owner, by Firm Size



Source: World Bank Indonesia Enterprise Survey 2009

An important and often overlooked consideration for any concerned policymaker is that women entrepreneurs in Indonesia are not a homogenous group. Programs targeting entrepreneurs and women entrepreneurs in Indonesia in the past have often been sub-optimal precisely because of their inability to target the right entrepreneurs (Tambunan, 2010)⁸. Evidence globally suggests that segmenting the market of women entrepreneurs into distinct categories can help to better meet individual needs (World Bank, 2010)⁹. While we know that the majority of women owned enterprises in Indonesia are micro and small enterprises, the demands and growth trajectories within these groups are quite different, and better understanding of the distinct needs of different types of entrepreneurs can help ensure well designed policies, programs, and intervention.

⁸ Tambunan, T. 2010. "Women Entrepreneurship in Indonesia: Determinants, Motivations and Constraints." Trisakti University, Jakarta.

⁹ The World Bank. 2010. "Enhancing Access to Finance for Indonesian Overseas Migrant Workers: Evidence from a Survey of Three Provinces." The World Bank, Jakarta.