

## **PRESS RELEASE**

### **Forum Kajian Pembangunan (FKP) Seminar: “Increasing Women’s Participation in the Digital Economy”**

**Jakarta, 5 October 2022** — About 64.5% of micro-, small- and medium-scale enterprises (MSMEs) in Indonesia are owned by women.<sup>1</sup> Several studies, however, reveal that during the coronavirus disease 2019 (COVID-19) pandemic, enterprises owned by women have suffered more than those owned by men. Most of the issues faced by women-owned MSMEs to survive during the pandemic can be traced back to the women’s lack of digital competence.

Because MSMEs play an important role in labor absorption in Indonesia, it is vital that there be specific policies to help MSMEs recover in the postpandemic era and simultaneously to accelerate digital transformation. Various studies show that digital transformation has proven to be very beneficial for almost all segments of society, including women. Digital transformation can become an alternative to mitigating the impact of the pandemic in multiple employment sectors, for example, by supporting online work and encouraging entrepreneurs to run their businesses on e-commerce platforms. The internet has also been proven to help expand employment opportunities even for women with a relatively low level of education because they can make use of the available mobile applications. Moreover, digital transformation has the potential for empowering women by helping to change the unequal pattern of gender relations. However, digital transformation at the same time provides room for perpetuating and intensifying various forms of gender inequality, especially if the digital economic platforms and regulations lack gender sensitivity.

#### **The use of internet by women, including those who are MSME owners, has continued to increase but not yet had an optimal impact on increasing the overall female labor market outcomes**

With access to the internet increasing in leaps and bounds in the last several years, SMERU conducted a study to learn about the impact of internet availability on the female labor market outcomes in Indonesia. The study uses data spanning ten years from the National Labor Force Survey (Sakernas) and Village Potentials (Podes) Survey released by Statistics Indonesia (BPS). The study reveals the positive and negative impacts of internet availability on the female labor market outcomes in Indonesia.<sup>2</sup> The positive impact includes the increased probability of female labor force participation notably for working full time. On the other hand, the negative impact includes a low probability of women working in sectors with high-skilled jobs and in the formal sector. “So, at present, with the internet, it is more probable for women to work full time. Unfortunately, the types of work are those not in the formal sector and sectors which require a high level of expertise,” said Nurmala Selly Saputri, a researcher from The SMERU Research Institute.

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<sup>1</sup>Data from Statistics Indonesia (BPS), 2018.

<sup>2</sup>[“Heterogeneous Impact of Internet Availability on Female Labour Market Outcomes in an Emerging Economy: Evidence from Indonesia”](#).

Internet use has also been one of the strategies employed by MSMEs to survive during the pandemic. Veto Tyas Indrio, a researcher from The SMERU Research Institute, explained that in 2021, there was an increase in the number of MSMEs that used the internet. More than half of the MSMEs now use the internet for their operations—mostly for conducting business-related communication. Other uses are for selling/buying items, placing ads, browsing information, and using mobile banking features. MSMEs that use internet are mostly micro and are run by women. “The result of our study shows that there is an increase in the number of MSMEs that utilized the internet in 2018 and 2021. Moreover, the intensity increased; the internet was used in many activities, such as for product promotion and banking services,” said Veto.

Nevertheless, Selly explained that women still face challenges in working with or capitalizing on the availability of the internet. According to Selly, low digital literacy, limited access to more advanced technology, and threats of cyberviolence play a role in discouraging women’s participation in Indonesia’s labor market.

### **Providing support to MSME owners as needed according to gender, business size, and type of business**

Various policies for handling the COVID-19 pandemic have brought about different effects on men- and women-owned MSMEs. Hening Wikan, a junior researcher from The SMERU Research Institute, explained that more than half of the women-owned MSMEs conduct sales on the social media. The digitalization strategy they adopt, however, tend to be limited.<sup>3</sup> “Our qualitative and quantitative analyses show that aside from the limited funding for digital strategy adoption and the limited digital skills of female entrepreneurs, the interaction between the pandemic-induced crisis and the institution of the family is a factor that causes women-led/owned MSMEs to have limited digital strategies,” Hening Wikan said. Inequality in unpaid care work during the pandemic and the deeply entrenched traditional gender roles in making business-related decisions have contributed to the problem.

Even though the government provided Productive Aid for Micro Enterprises (BPUM) to help MSMEs stay afloat during the pandemic, only a small number of women-owned MSMEs apply for and can access the aid. Little information received by the MSMEs, requirements considered to be too complex, and lack of facilities to access the aid are the constraints for the female MSME owners to access this government program despite its objective to help MSMEs.

Astri Wahyuni, senior vice president of public policy and government relations of Tokopedia, said, “Local MSMEs, including those launched and built up by women, are contributors of more than 60% of Indonesia’s GDP. Therefore, access to this digital stage and education materials about developing enterprises are vital so that women who run MSMEs can continue to keep up with the times. To respond to these needs, Tokopedia always collaborates with its strategic partners, including the government, to provide affordable access for women entrepreneurs so that there will be a level playing field for them to grow and develop, contribute more to the national economy, and ultimately dominate the market in their country.”

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<sup>3</sup>[“Men- and Women-Owned/Led MSMEs and the COVID-19 Policy Responses in Indonesia”](#).

The “Increasing Women’s Participation in the Digital Economy” seminar is part of the 2022 Forum Kajian Pembangunan (FKP) seminar series. SMERU once again is the host for the October edition and the series consists of four seminars with digital transformation chosen as the umbrella theme. Through the seminar series, The SMERU Research Institute provides a medium for discussions about the importance of pushing for digital transformation as a way to accelerate the postpandemic recovery in Indonesia and open more work opportunities for women.

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Speakers’ presentation slides can be downloaded from: <https://smeru.or.id/en/event/increasing-women%E2%80%99s-participation-digital-economy>.

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**About Forum Kajian Pembangunan (FKP)**

*FKP is a forum where researchers, academicians, experts, civil society, international community, and policymakers meet and discuss study results on the latest development policy issues in Indonesia. FKP is held by a consortium of various organizations in collaboration with the Indonesia Project of the Australian National University (ANU). These organizations joining the FKP consortium would take turns hosting a series of FKP seminars each month. For further information about FKP, please refer to [www.fkpindonesia.org](http://www.fkpindonesia.org).*

**About The SMERU Research Institute**

*The SMERU Research Institute is an independent institution for research and public policy studies. Since its establishment in 2001, SMERU has been a leader in poverty and inequality research in Indonesia. For further information about SMERU, please go to <https://smeru.or.id/>.*