

► Research Brief

INVESTING IN WOMEN
SMART ECONOMICS
AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT



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Leading to Success: The business case for women in business and management in Indonesia

► 1. Introduction and overview of Indonesia

Indonesia is the largest economy in Southeast Asia, and is characterized by high economic growth driven by strong domestic demand. In 2018, its gross domestic product (GDP) totaled US\$1.04 trillion, of which services represented almost 43 per cent and manufacturing accounted for almost 20 per cent.¹ Key service sectors are retail, transport and hospitality, among others. Major manufacturing sectors include automotive and auto parts, electronics, textiles and footwear.

The service and manufacturing sectors provide 47 per cent and 13 per cent of waged jobs, respectively.² Labour force totals almost 134 million people and the share of working age women participating in the workforce accounts for 51 per cent, compared to 78 per cent of working age men.³ Between 1991 and 2018, female employment as a share of the working age population increased from 45 per cent to 51 per cent (figure 1).

Indonesia is facing several challenges resulting from the COVID-19 pandemic. In 2020 the government introduced measures to reduce the risk of transmission including partially locking down of affected areas, restricting travel and banning mass gatherings. These measures have reduced domestic demand, altered work arrangements, and disrupted supply chains, among others. As a result, economic growth has declined, particularly in key sectors including tourism, manufacturing, retail and sales, and services.

In Indonesia, the impact of the COVID-19 pandemic has been gendered.⁴ Women are over-represented in temporary or part-time employment, and therefore are more at risk of losing their jobs compared to men. Women also comprise the majority of employees in the services sector, which has been particularly hit by restrictions to curb the spread of the virus. While this crisis has highlighted the importance of flexible work arrangements and telework, it has also exacerbated women's double burden in balancing family and work responsibilities.

This country brief demonstrates the business case for gender diversity in management and workplace gender equality in Indonesia considering the COVID-19 context.⁵ The brief also showcases ILO's efforts to provide women workers with critical STEM-related soft and technical skills to improve their employability and career prospects in Indonesia.

This country brief highlights findings relevant to Indonesia from the ILO report *Women in Business and Management (WIBM): The Business Case for Change*. These findings are complemented with research by the

Figure 1. Employment to population ratio (percentage), Indonesia, 1991-2019, women and men



Source: ILO Stats (2020).

¹ World Bank Group: World Bank Data (2020).

² Ibid.

³ ILO, *ILOSTAT Database* (2020).

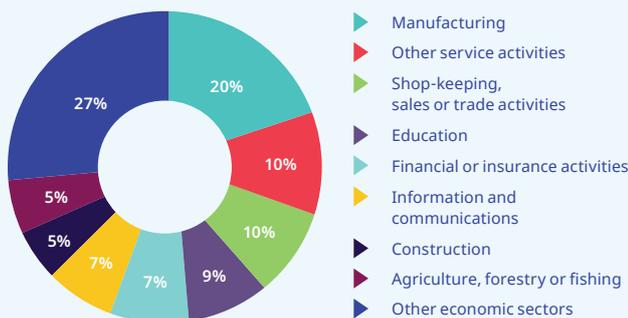
⁴ IW, *A Rapid Analysis on COVID-19 and Implications for Women's Economic Participation* (May 2020).

⁵ This country brief was jointly developed by the International Labour Organization (ILO) and Investing and Women (IW).

International Labour Organization (ILO) and Investing in Women (IW). The WIBM research examined how gender diversity at decision making levels of business improves organizational performance and increases profitability. As part of this, the ILO conducted a global survey with 12,940 enterprises in 70 countries.

In Indonesia, the survey was conducted with 416 enterprises. Of total enterprises, 39 per cent were small, 38 per cent were large and 23 per cent were medium.⁶ Seventy-six per cent of enterprises operated locally and 24 per cent of enterprises were multinationals. The highest share of enterprises in the survey came from the manufacturing sector (19 per cent), followed by other service activities (10 per cent) and shop-keeping, sales or trade activities (10 per cent) (figure 2).

Figure 2. Main economic activity of surveyed enterprises in Indonesia



Note: Other economic sectors refer to sectors accounting for less than 5 per cent individually.

Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change* (Geneva, 2019).

▶ 2. The business case for advancing women in business and management

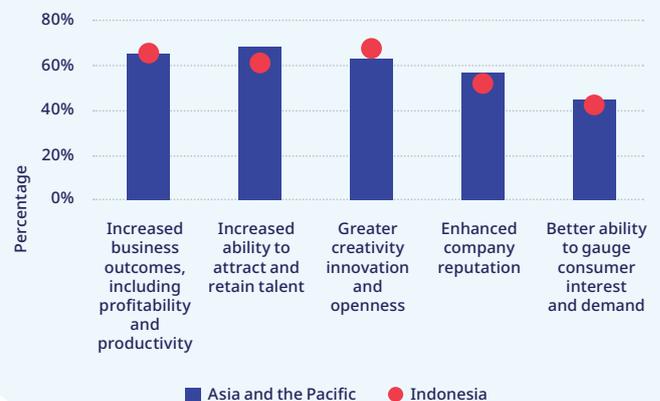
Improving gender diversity in the workplace creates business benefits for enterprises including higher profitability and productivity, increased ability to retain talent, and greater creativity, among others. Enterprises in Indonesia are faced with skill shortages, which could be addressed by recruiting and advancing more women into management positions.

2.1. Gender diversity initiatives enhance business outcomes

The majority of surveyed enterprises in Indonesia (77 per cent) agreed that gender diversity helped enhance their business outcomes, relative to 68 per cent of enterprises in Asia and the Pacific. Of Indonesian enterprises, medium enterprises (85 per cent) and manufacturing (83 per cent) and financial or insurance (81 per cent) enterprise were the most likely to report better business outcomes.

Most surveyed enterprises in Indonesia agreed that gender diversity brings several benefits to their businesses. Among enterprises in Indonesia reporting better business outcomes, 66 per cent reported increased profitability and productivity as well as greater creativity, innovation and openness, 61 per cent reported increased ability to attract and retain talent, 53 per cent said their company's reputation had been improved and 46 per cent reported better ability to gauge consumer interest and demand (figure 3).

Figure 3. Share of enterprises with improved business outcomes resulting from initiatives on gender diversity and equality, results in Indonesia and Asia and the Pacific



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

Enterprises reporting better profitability due to gender diversity initiatives experienced quantifiable profit increases. Of enterprises in Indonesia reporting better profitability, 32 per cent reported profit increases between 5 and 10 per cent, and between 10 and 15 per cent, 18 per cent reported profit increases between 15 and 20 per cent.

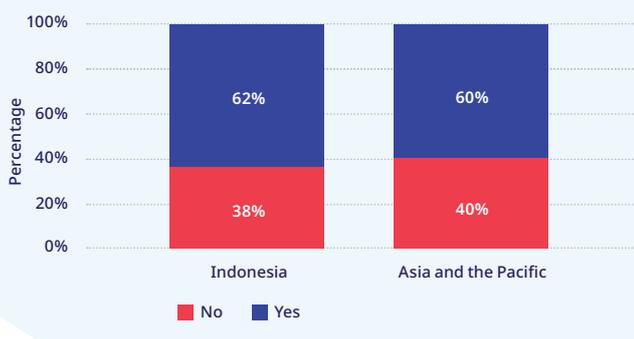
⁶ Small enterprises employ between 2 and 100 employees, medium enterprises employ between 101 and 250 employees and large enterprises employ over 250 employees.

Having an equal employment opportunity or diversity and inclusion policy, a gender balanced workforce and a female chief executive officer (CEO) are positively associated with achieving better business outcomes. Enterprises in Indonesia with an equal employment opportunity or diversity and inclusion policy were 14 per cent more likely to have better business outcomes. In Asia and the Pacific, enterprises with a gender balanced workforce were 3 per cent more likely to have better business outcomes.⁷ Additionally, Asia Pacific enterprises with women CEOs were 5 per cent more likely to have better business outcomes.

2.2. Attracting and retaining skilled staff is challenging

Retention of productive employees is a key human resource challenge for enterprises because it is difficult and costly to find and attract skilled people. High employee turnover affects enterprises' bottom line, as they need to invest in the hiring, training and development of new team members. ILO surveyed enterprises were asked whether retention of skilled women was a challenge. Sixty-two per cent of enterprises in Indonesia said that retention of skilled women was a challenge. Similarly, 60 per cent of enterprises in Asia and the Pacific reported that retaining skilled women was challenging (figure 4).

Figure 4. Share of enterprises reporting that retention of skilled women is a challenge, results in Indonesia and Asia and the Pacific



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

The IW Working Women in Southeast Asia study examined the conditions, policies and practices that

influence retention of women in the workplace. In Indonesia, 40,000 employees were surveyed across eight enterprises to analyze three factors influencing women's retention, namely, overall job satisfaction; views on fairness and opportunities for career advancement; and work-life balance.⁸

In the Indonesian enterprises, women's overall job satisfaction was associated with the ability to access training and promotion opportunities. Particularly, women who got the training opportunities they needed to advance were more likely to report they were remunerated equally for work of equal value and that they were satisfied overall. Similarly, women who were familiar with promotion criteria were more likely to believe they received fair compensation and that promotion opportunities were fair. Additionally, women working in companies with flexible work policies, were more likely to agree they have the flexibility required to balance work and life.

Employer's ability to retain talented women is also impacted by other factors including workplace harassment.⁹ IW investigated whether women believed they were harassed at work, as part of IW's Social Norms, Attitudes and Practices (SNAP) survey, conducted with 2,000 women and men from any sector aged between 18 and 40 years of age in urban Indonesia in 2019.¹⁰ About 23 per cent of surveyed women agreed and strongly agreed they experienced harassment at work from bosses or peers. However, a 2017 survey conducted in Indonesia's garment sector, where women represent the majority (58 per cent) of jobs revealed relatively higher levels of harassment.¹¹ The aforementioned survey found that 57 per cent of 773 women garment workers in a Jakarta industrial complex experienced sexual harassment and violence.¹²

It is important to understand the factors that impact retention of skilled women. The IW survey conducted for Indonesia find that equal training and promotion opportunities are important considerations for women. Corporate initiatives promoting gender equality in these areas can contribute to the retention of skilled women. Likewise, initiatives preventing sexual harassment and violence can contribute to women's overall job satisfaction. According to the ILO enterprise survey, enterprises in Indonesia promoted gender equality in these areas. Of surveyed enterprises, over 70 per cent had policies for skills and/or executive training, and recruitment, retention and promotion, and 34 per cent implemented initiatives to prevent sexual harassment.

⁷ Gender balance is defined as 40 to 60 per cent of either gender.

⁸ Five of the eight enterprises were in manufacturing, so many of the workers in this sample were in lower skilled jobs.

⁹ ILO Convention 190 aims to protect all employees irrespective of their contractual status from workplace violence and harassment. The Convention recognizes that such behavior can constitute a human rights violation or abuse and is incompatible with decent work.

¹⁰ Investing in Women: Attitudes to Equality: Understanding social norms, perceptions and practices around gender in Indonesia, the Philippines and Vietnam (2019). The survey was conducted with equal shares of women and men.

¹¹ ILO, *Mixed picture for Indonesia's garment sector* (2017).

¹² The Jakarta Post, "Indonesia remains 'grim place' for working women", 11 Mar. 2019. This survey was conducted by Perempuan Mahardika, an Indonesian organization promoting women's rights.

2.3. Female talent pool is increasing

While enterprises face an overall shortage of skills and retention challenges, the female talent pool continues to widen. More women graduate from tertiary education than men. In Indonesia, the share of women graduating from tertiary education has increased from 16 per cent in 1993 to 59 per cent in 2018.¹³ Similarly, in Asia and the Pacific women represent 51 per cent of total tertiary education graduates.¹⁴

More women in Indonesia are enrolling in and graduating from short-cycle programs including higher technical education, technician and vocational training. Over the last 15 years, the share of women enrolling in these programs increased from 49 per cent to 58 per cent. During the same period, the share of women graduating from these programs increased from 53 per cent to 65 per cent.

Increasingly women are expanding their skills in Science Technology Engineering and Mathematics (STEM) disciplines, which are in high demand by employers. Women represent 37 per cent of STEM tertiary graduates in Indonesia, and 40 per cent in Asia and the Pacific.¹⁵ Even though the majority (63 per cent) of STEM tertiary graduates continue be men, more women are taking up STEM fields and occupations. This is increasing the pool of educated talent from which enterprises can benefit.

According to IW's SNAP survey, Indonesian women want to develop their careers and take on additional responsibilities by pursuing roles in senior management. Of surveyed women, 82 per cent hoped to receive a promotion in the next 24 months and 71 per cent wanted to transition into a senior management role. By comparison, a slightly higher share of men hoped for a promotion (89 per cent) and wanted to become senior managers (78 per cent).

Women in Indonesia are increasingly better educated and have growing ambitions and aspirations. Better integrating and advance women with STEM skills in the labour market can create long-term benefits for enterprises. Efforts to support and expand the talent pool for women in STEM are highlighted in box 1 below.

¹³ United Nations Educational, Scientific and Cultural Organization – Institute for Statistics (UNESCO- UIS): UIS Data Centre (2020).

¹⁴ ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

¹⁵ UNESCO UIS (2020); *ibid.*

Box 1.
Supporting women's career advancement in STEM sectors in Indonesia

Over the next decade, technological advances including robotic automation and artificial intelligence will transform jobs and the skills workers need in Indonesia. According to ILO estimates, 56 per cent of employment (or over 60 million jobs) faces high automation risk in Indonesia. The impact is greatest in manufacturing sectors where the majority of jobs will require not only technical knowledge, but also higher-order thinking skills such as creativity, critical thinking, and problem solving. Most women in manufacturing sectors are employed in jobs requiring low STEM skills. As a result, women in Indonesia are more likely than men to lose their job due to technological adoption.

As the pace of automation and digitalization intensifies, enterprises need to adapt to this shift on the demand of skills. This requires greater investment from enterprises in training provision, prioritizing critical and transferable human skills that help women workers to advance in their career while strengthening competitiveness in high growth STEM industries such including manufacturing and information and communication technology (ICT).

To facilitate women's future work transitions and respond to business needs in Indonesia, since 2017, the ILO has implemented the Women in STEM workforce readiness and development programme supported by J.P. Morgan Chase Foundation. The Women in STEM programme provides women workers with critical STEM-related skills to increase women's employability and improve workplace productivity. Through skills provision, the programme ultimately supports enterprises fulfilling the skills requirements of enterprises in Indonesia.

The ILO Women in STEM programme, designed and implemented a unique set of training modules for enterprises to improve soft skills such as creativity, critical thinking, teamwork and problem solving. Following training, a sample of 36 supervisors of ILO trainees from four large companies were surveyed to identify key changes in behaviour and workplace practices among employees as a result of the ILO training. Of surveyed supervisors:

- ▶ Seventy-three per cent reported that self-confidence among team members improved;
- ▶ Sixty-five per cent reported that the ability of their team to solve problems at work without needing management support improved;
- ▶ Eighty-one per cent said that communication of their team improved;
- ▶ Seventy-one per cent reported that workplace collaboration with team members improved.

The ILO Women in STEM programme has provided much needed incentives to fulfil skills requirements and productivity needs in Indonesia. It is critical that enterprises in Indonesia promote access to training on soft skills to meet productivity needs and respond to workplace transformation resulting from technological advances in the near future.

Source: ILO, *ASEAN in Transformation: Automotive and Autoparts Shifting Gears* (Bangkok, 2016).

► 3. Gender diversity in business and management

Despite having more women in the talent pool, with increasing aspirations for promotions and managerial positions, employers are hiring more men in management and decision-making positions. While enterprises place men in strategic positions allowing for professional growth and promotion, women are placed in positions with reduced chances for career upward mobility. In Indonesia, such occupational segregation is associated with stereotypes about women and men, stemming from hierarchical structures and patriarchy, which conceive men to be more competent relative to women.¹⁶

3.1. Women in management

Women's underrepresentation in management across Indonesian enterprises is more prevalent at the highest management levels. This phenomenon is known as the "leaky pipeline", which is prevalent in enterprises in Indonesia, Asia Pacific and the world. While enterprises place more women into supervisory and middle management positions, top executive positions are male dominated. Women are less likely to be appointed or promoted into these positions.

The ILO enterprise survey found that women and men are concentrated in different middle and senior management functions. Women are over-represented in support management functions, including finance and administration and human resources. Men are concentrated in management functions deemed strategic such as profit and loss and research and development, which often lead to top and decision-making positions. This phenomenon is known as "glass walls." The over representation of women in support functions limits women's possibilities for upward career mobility, and restricts the talent pool enterprises are able to tap into for candidates to fill top executive, board and CEO positions.

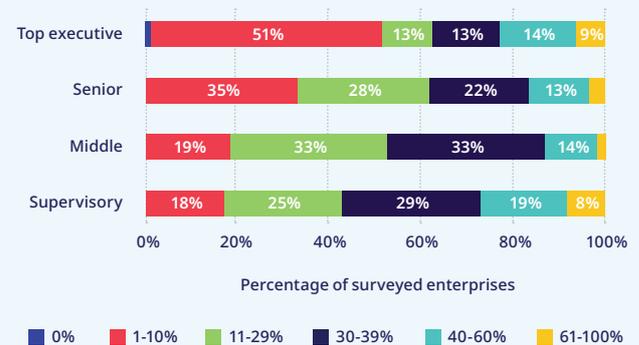
The ILO enterprise survey assessed women's representation at four managerial levels. Of surveyed enterprises in Indonesia, 61 per cent had women supervisory managers, 70 per cent had women middle managers, 49 per cent had women senior managers, and only 22 per cent had women top executives.

Enterprises in Indonesia were also asked about the shares of women at each managerial level (figure 5). For supervisory management, the largest share of enterprises (29 per cent) reported between 30 and 39 per cent women supervisory managers. Regarding

middle management, 33 per cent employed between 11 and 29 per cent, and between 30 and 39 per cent of women middle managers. With respect to senior managers, 35 per cent of enterprises employed between 1 and 10 per cent. For top executives, more than half of enterprises reported employing between 1 and 10 per cent women in these critical roles.

As shown, there were fewer women in senior management and top executive positions relative to supervisory and middle management positions. This is the case even if almost 80 per cent of enterprises employed over 30 per cent of women in their workforce.

Figure 5. Share of enterprises by proportion of women at supervisory, middle and senior and top executive management levels, results in Indonesia

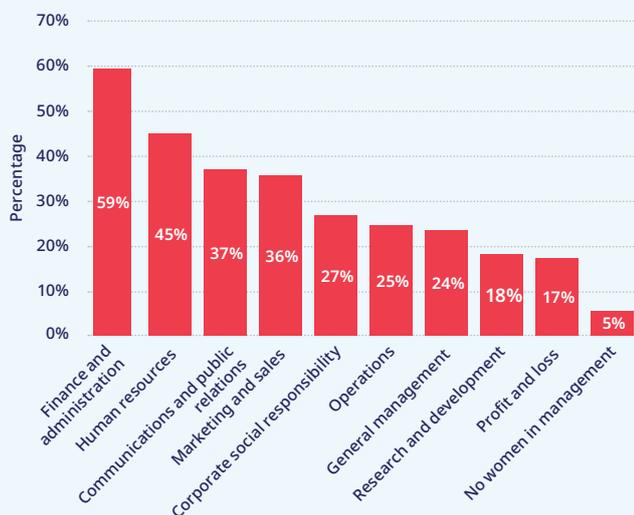


Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

The top three areas where most enterprises in Indonesia employed women middle and senior managers were finance and administration (59 per cent), human resources (45 per cent) and communications and public relations (37 per cent) (figure 6). By comparison, the lowest shares of enterprises with women in functional middle and senior management were found in profit and loss (17 per cent), research and development (18 per cent) and general management (24 per cent). This occupational segregation in management functions restricts the number of women that are able to reach senior and top management positions.

¹⁶ Mustikasari, I. "Overcoming the lack of female leaders", 1 Sep. 2018.

Figure 6. Share of enterprises with women in functional middle and senior management areas, results in the Indonesia



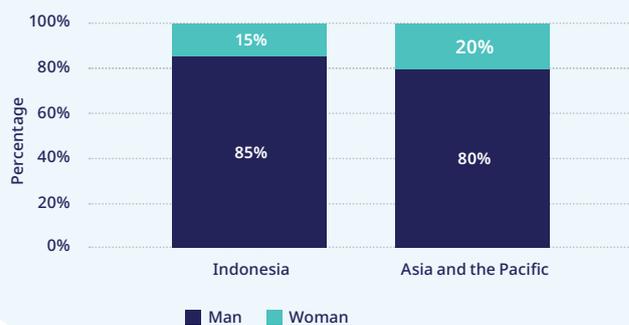
Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

3.2. Women CEOs

Enterprises in the survey were also asked whether their CEO was a woman or a man. Of enterprises in Indonesia with a CEO, only 15 per cent reported having a female CEO, lower than the regional average of 20 per cent (figure 7). This is broadly in line with the World Bank enterprise survey, which found that 20 per cent of enterprises in Indonesia had a female CEOs.¹⁷ The share of enterprises in Indonesia with a female CEO stayed at around 15 per cent regardless of enterprise size. Additionally, the highest shares of enterprises with a female CEO came from the financial or insurance (18 per cent) and information and communications (17 per cent) sectors.

Having a female CEO is positively associated with having a gender balanced workforce, boards and management. In Indonesia, enterprises with a female CEO were 13 per cent more likely to have a gender balanced workforce relative to enterprises headed by men.

Figure 7. Gender of CEO in enterprises that reported having a CEO, results in Indonesia and Asia and the Pacific



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

Such enterprises were also 8 per cent more likely to have a gender balanced board and 9 per cent more likely to have between 30 and 39 per cent women board members. Across Asia and the Pacific, enterprises with a female CEO were:

- ▶ Four per cent more likely to attain gender balance at supervisory management;
- ▶ Five per cent more likely to attain gender balance at senior management; and
- ▶ Three per cent more likely to attain gender balance at top executive positions.

3.3. Women's representation and leadership on boards of directors

Enterprises need to reach a critical mass of women in top positions in order to reap the benefits of gender diversity. Increasingly enterprises in a number of countries aim to have at least 30 per cent women on boards, as this share represents a critical mass from which point women can impact boardroom dynamics.¹⁸

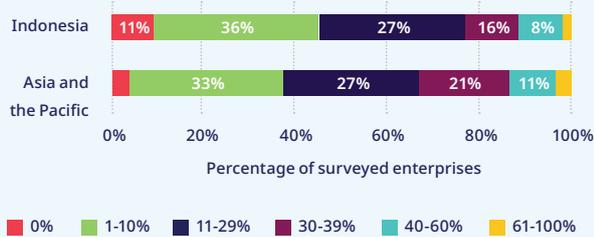
About 74 per cent of enterprises in Indonesia reported having a board of directors. Of this total, only 8 per cent had a gender balanced board of 40 to 60 per cent members of either sex, and 16 per cent reported between 30 and 39 per cent women board members (figure 8). By comparison, a higher share of companies in Asia and the Pacific reported having gender balanced boards (11 per cent) and between 30 and 39 per cent

¹⁷ World Bank, *World Bank Enterprise Surveys* (2020).

¹⁸ 30% Club Growth Through Diversity: Who we are (2020). Some countries are following initiatives such as the 30% Club, which is a campaign launched in 12 countries encouraging enterprises to have at least 30 per cent women on boards of directors and senior leadership positions.

women board members (21 per cent). The share of enterprises with all-male boards was 11 per cent in Indonesia and 6 per cent in Asia and the Pacific.

Figure 8. Share of enterprises reporting the proportion of female board members, results in Indonesia and Asia and the Pacific



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

The board chairperson oversees the highest standard of corporate governance and is responsible for leadership of the board. Of Indonesian enterprises that had a board, only 18 per cent reported having a female board chairperson. This is lower than the share of enterprises in Asia and the Pacific reporting a female board chairperson (20 per cent). The highest shares of enterprises with a female board chairperson came from small enterprises (24 per cent) and those from construction (36 per cent) and agriculture, forestry or fishing (29 per cent) sectors.

Diverse composition of boards and their leadership impacts business outcomes. In fact, Indonesian enterprises with between 30 to 39 per cent women board members were 18 per cent more likely to have better business outcomes. Likewise, Asia Pacific enterprises with gender balanced boards were 12 per cent more likely to have better business outcomes. Enterprises in Asia and the Pacific with a woman board chairperson were 13 per cent more likely to have improved business outcomes.

► 4. Transforming the wider business environment

Social and cultural factors influence how diversity of experience and thought is valued and workplace gender equality is practiced. However, there are practical ways in which enterprises can support gender diversity and promote an inclusive corporate culture. It is important to reduce gender particularly affecting recruitment and promotion of women, and the gender pay gap in order to address structural differences impacting women and men. Similarly, enterprises can promote flexible work arrangements along with effective human resources management policies and measures to encourage workplace diversity and inclusion.¹⁹

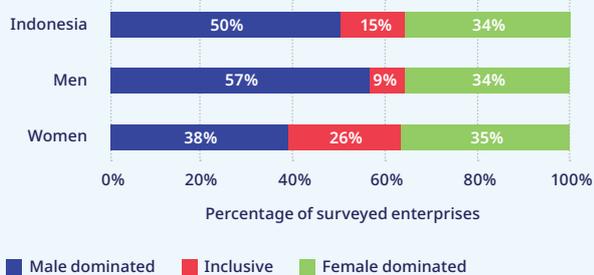
4.1. Shaping a gender inclusive organizational culture

The ILO survey asked enterprises about workplace culture and beliefs and specifically asked whether their corporate culture was inclusive, female dominated or male dominated.²⁰ Of Indonesian enterprises, 50 per cent said their culture was male dominated, 34 per cent said it was inclusive and 15 per cent said it was female dominated (figure 9). Survey analysis by gender of the respondent reveals interesting insights. Only 9 per cent of surveyed men thought their corporate culture was inclusive, compared to 26 per cent of surveyed women. The majority of men (57 per cent) and women (38 per cent) reported a male dominated corporate culture.

¹⁹ ILO Recommendation 195 provides policy guidelines on human resources development, education, training and lifelong learning. In particular, the recommendation encourages employers to adopt best practices in human resources development through training provision for women and men.

²⁰ The ILO WIBM report considered a workplace that is gender inclusive when both men and women can generate meaningful change through ideas, decision-making and performance.

Figure 9. Assessment of gender diversity in corporate culture, results in Indonesia by gender



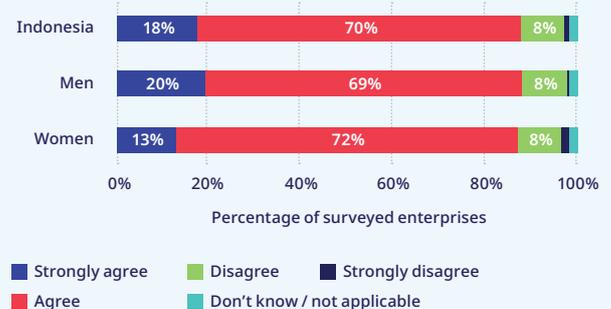
Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

Having a gender inclusive environment creates benefits for enterprises due to diversity of experience and thought that men and women contribute. In fact, Asia Pacific enterprises with inclusive corporate cultures were 8 per cent more likely to have better business outcomes. A variety of factors including the extent to which women are engaged on boards influences corporate culture. The regional analysis revealed that enterprises with a gender balanced board were 6 per cent more likely to have inclusive corporate cultures.

Creating a gender inclusive corporate culture and improving business competitiveness involves eliminating gender bias within an enterprise. As a result of early education, learned behaviors and expectations on gender roles from their families, schools and society, most men and women have unconscious biases towards the opposite gender as well as their own gender. Gender bias impacts the way women and men perceive workplace gender equality, as well as recruitment and promotion, work assignments, pay, training and mobility. Nevertheless, human resources systems and advocacy messages from senior and top management can help cultivate gender inclusive corporate cultures.

Of ILO survey respondents in Indonesia, 88 per cent of respondents agreed or strongly agreed that their corporate culture mirrors their society and traditions (figure 10). A higher share of male respondents (20 per cent) strongly agreed with this statement compared to female respondents (13 per cent). Additionally, the IW SNAP survey asked respondents whether women and men were treated equally in the workforce. Fifty-three per cent of women in Indonesia strongly agreed or agreed with this statement, compared to 73 per cent of their male counterparts.

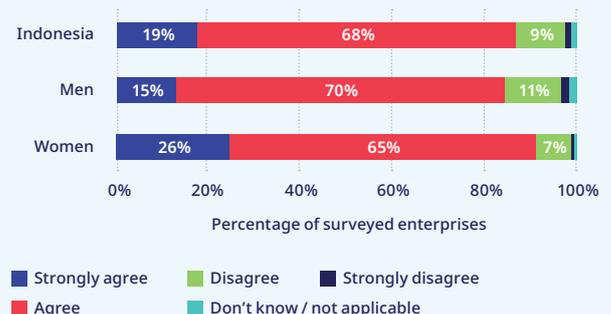
Figure 10. Share of survey respondents who agreed that their corporate culture mirrors their society and traditions, results in Indonesia by gender



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

Gender bias is also evident in one of the ILO enterprise survey findings. Almost 88 per cent of survey respondents in Indonesia agreed or strongly agreed that women lead just as effectively as men (figure 11). However, female respondents agreed more strongly than male respondents, which reveals gendered differences in views.

Figure 11. Share of survey respondents who agreed that women lead just as effectively as men, results in Indonesia by gender

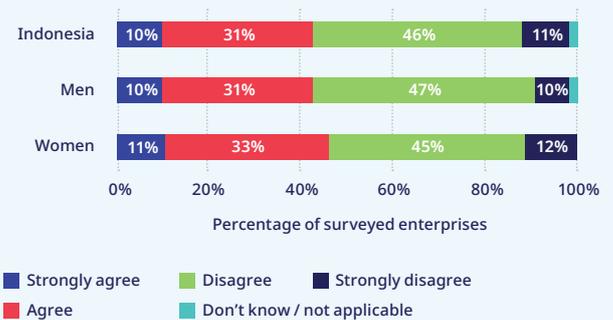


Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

Survey respondents were also asked about the challenges that women face to reach top positions. Forty-two per cent of survey respondents agreed or strongly agreed that women with equal skills and qualifications to men face greater difficulties reaching top management positions (figure 12). A slightly higher share of women (44 per cent) agreed and strongly agreed with this statement compared to men (41 per cent).

In Indonesia, a group of enterprises is leading change in the workplace by advocating for gender equality. These enterprises have benefitted from diversity and inclusion in their respective businesses, as shown in box 2 below.

Figure 12. Share of survey respondents who agreed that women face greater difficulties reaching top managerial positions with equal skills and qualifications, results in Indonesia by gender



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

Box 2.

Centre of Excellence for workplace gender equality in the Indonesian Private Sector

The Indonesia Business Coalition for Women Empowerment (IBCWE) was launched in December 2016 through Investing in Women, an initiative of the Australian Government, in collaboration with eight founding enterprises. IBCWE's mission is to promote workplace gender equality and women's economic empowerment nationwide.

Since its establishment, IBCWE has almost tripled its membership from eight to 21 enterprises. IBCWE has provided technical assistance in conducting gender assessments and certifications, early diagnostic assessment for workplace gender equality, unconscious gender bias training and sexual harassment training. In collaboration with members and partners, IBCWE regularly conducts public campaigns to raise awareness of the importance of balancing domestic responsibilities between men and women. Such efforts contribute to improving women's leadership and reducing sexual harassment. IBCWE has also been a key contributor to the development of flexible working arrangement guidelines for the Indonesian public sector.

Currently, IBCWE engages with partners in the following activities:

- ▶ Support the implementation of ILO's Women in STEM workforce readiness and development programme, which provides training to women workers in order to improve critical STEM-related skills and enhance productivity. Nine enterprises have participated in two batches while others are scheduled to enrol in late 2020. IBCWE assists enterprises in monitoring the progress of the programme they choose. IBCWE will remain as the implementing partner for ILO Indonesia beyond the project's implementation period.
- ▶ Provide a structured platform for workplace gender equality through the Gender Equality Assessment, Result and Strategies (GEARS), a diagnostic tool through which enterprises analyze the status of gender equality, identify gender equality gaps and develop a strategy to address inequalities. Enterprises can use this tool before developing overarching strategies or as part of a regular review process. IBCWE guides enterprises that undergo the entire process and assists in the development of an action plan resulting from this assessment.
- ▶ Offer guidelines to develop affordable childcare facilities, considering inputs from employees of IBCWE member enterprises. The guidelines will be submitted to the Ministry of Women Empowerment and Child Protection to be set as national standard.

The Coalition envisions to achieve organisational transformation by leading collective action to promote workplace gender equality and harnessing the shared commitment of corporate leaders within its network.

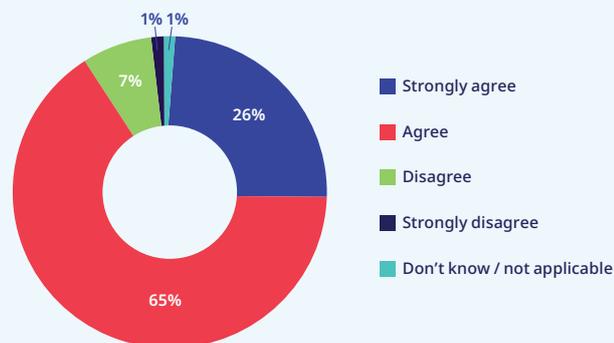
4.2. Promoting flexible work arrangements

Unpaid care work is caring for people or doing domestic work without any monetary compensation. This work is divided into two types: nurturing work such as looking after children, nursing a sick partner, and helping old family members, among others; and household work which includes cleaning, cooking, washing, among other maintenance tasks.

Across Asia and the Pacific, women perform 80 per cent of total unpaid care work, which is about 4.1 times more time than men.²¹ In fact, men in the Asia Pacific region perform the lowest share of unpaid care work of all regions. The IW SNAP survey explored the extent to which women and men contribute to domestic responsibilities. Women in Indonesia are responsible for most of the housework in terms of cleaning, washing and cooking. More than half of female respondents said they were responsible for most of the housework compared to only 10 per cent of their male counterparts.

The requirement of constant availability for work is an aspect of enterprise culture that can challenge women and men's ability to carry out family responsibilities. With increasing digital connectivity, out-of-hours work is becoming common for many people. This can affect women in Indonesia more than men as they tend perform most of the unpaid care work. However, 91 per cent of the ILO enterprise survey respondents in Indonesia agreed or strongly agreed that a top-level career implies "anytime, anywhere" availability to work and geographical mobility (figure 13). This approach to work may discourage skilled women from taking on promotions and higher levels of responsibility due to their unpaid care responsibilities relative to men.

Figure 13. Share of survey respondents who agreed that a top-level career implies "anytime, anywhere" availability to work and geographical mobility, results in Indonesia



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

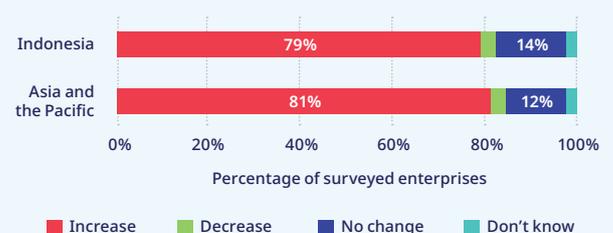
Changing an "always-available" corporate culture can lead to improvements in work-life balance and productivity. Increasingly, enterprises are using new systems and technologies to support flexible and/or remote work arrangements that allow both women and men to carry out their family responsibilities, while creating business benefits including better performance and productivity. Flexible work arrangements can be as effective, or even more effective and sustainable, as the "always available" approach.

An IW case study of an Indonesian enterprise sheds light on the benefits resulting from flexible work.²² In this particular enterprise, employees were able to informally access flexible work options on an ad-hoc basis, which could vary depending on supervisors' preferences. Therefore, IW advised to design a formal flexible work policy that considered the needs of female and male employees. Such a policy would formalize the types of flexible work already practiced in the company including changing work hours, working from home, gradually returning to work and gradually retiring. Most employees in this enterprise reported that a formal flexible work policy would cater to their own needs while increasing both their satisfaction and effectiveness.

The ILO enterprise survey also asked whether technology had enabled enterprises to provide flexible and/or remote work. Almost 75 per cent of enterprises in Indonesia and 77 per cent of enterprises in Asia and the Pacific reported that flexible and/or remote work was practiced. Of these enterprises, 79 per cent of enterprises in Indonesia and 81 per cent of enterprises in Asia and the Pacific reported productivity increases resulting from flexible and/or remote work (figure 14).

Enterprises in Indonesia could further adopt technology as a way to enable remote work for women and men workers while improving performance and productivity.

Figure 14. Share of enterprises that experienced changes in productivity as a result of flexible and/or remote work or telework, results in Indonesia and Asia and the Pacific



Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

²¹ ILO, *Care Work and Care Jobs: For the Future of Decent Work* (Geneva, 2018). On average across Asia and the Pacific, men perform 1 hour and 4 minutes of unpaid care work daily compared to 4 hours and 22 minutes performed by women.

²² Investing in Women, *Gender Equality Case Studies* (2020).

4.3. Reducing the gender pay gap

The factor-weighted gender pay gap calculates the difference in pay between women and men of same characteristics. This indicator considers important determinants affecting wage structures to form sub-groups of comparable women and men including “education”, “age”, “full time versus part time” and “private-sector versus public-sector employment”.

In Indonesia, the factor weighted gender pay gaps using hourly and monthly earnings account for 20 per cent and 23 per cent, respectively. This means that on average Indonesian men earn between 20 per cent and 23 per cent more than Indonesian women.²³ Overall, the gender pay gap in Indonesia is not explained by differences between women and men’s education, rather the pay difference is due to beliefs around the types of jobs that women and men can do. The gender wage gap is significant across job types, industries, work duration, age cohort, and educational attainment; and largely results from discrimination against women.²⁴ Such discrimination feeds into occupational segregation and undervaluation of functions performed predominantly by women.

Increasingly women and men have comparable education and skills. More women in Indonesia are graduating of tertiary education, higher technical education and vocational training degrees than men. It is key that enterprises use a multi-faceted approach to address the gender pay gap. Such approach should delink gender and specific job and/or occupations, that results in certain work being more suitable for men or women. Enterprises should also promote corporate policies for gender equality that facilitate equal pay for work of equal value.²⁵

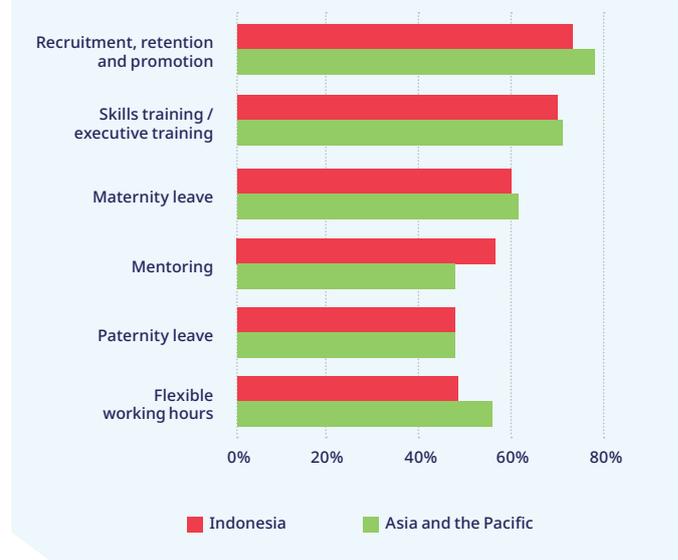
4.4. Implementing effective enterprise policies and measures

Cultivating a gender-inclusive corporate culture means having relevant policies in place to enact change. About 81 per cent of surveyed enterprises in Indonesia have an equal opportunity policy or diversity and inclusion policy in place, higher than the regional average of 72 per cent. Having such policies is associated with having more women at diverse management levels. Enterprises in Asia Pacific with a diversity and inclusion policy were:

- ▶ Six per cent more likely to have women supervisory managers;
- ▶ Seven per cent more likely to have women senior managers;
- ▶ Fifteen per cent more likely to have women top executives.

Enterprises in the ILO survey were asked about the areas in which their human resource system promoted initiatives for gender equality. In Indonesia, the top three areas were recruitment, retention and promotion (73 per cent), skills and/or executive training (70 per cent) and maternity leave (60 per cent) (figure 15). These three areas were also the most common across enterprises in Asia and the Pacific. But the share of enterprises with gender equality policies across the aforementioned areas was lower in Indonesia compared to Asia and the Pacific.

Figure 15. Share of enterprises with selected initiatives to promote gender equality, results in Indonesia and Asia and the Pacific



Note: Initiatives in other areas implemented by less than 44 per cent of surveyed enterprises in Indonesia are not included in this figure. These areas are specific strategy including targets for gender diversity at senior management level; prevention of sexual harassment; part-time working hours; remuneration; remote work or telework; re-entry programmes; career breaks and child care/elder care.

Source: Adapted from ILO, *Women in Business and Management: The Business Case for Change*, op. cit.

²³ ILO, *Global Wage Report 2018/19: What lies behind gender pay gaps* (Geneva, 2018).

²⁴ Taniguchi, K. and Tuwo, A, *New Evidence on the Gender Wage Gap in Indonesia* (2014) in Asian Development Bank Economics Working Paper Series No. 404.

²⁵ ILO Convention 100 aims to ensure equal remuneration for men and women workers for work of equal value, so that remuneration rates are established without discrimination based on gender.

Surveyed enterprises also ranked the effectiveness of human resource initiatives. For Indonesian enterprises, the most efficient initiatives were conducted in the areas of recruitment, retention and promotion; mentoring; and skills training and/or executive training.

► 5. Conclusion

Greater gender diversity across different levels of the workforce creates business benefits for enterprises, including higher profitability and productivity, increased ability to retain talent, and greater creativity, among others.

Women in Indonesia are surpassing men in terms of educational attainment, and expanding their skills in STEM disciplines. They are increasingly well trained and more engaged in the workforce. However, women's career progression is impacted by attitudes and gender bias, which are impacting recruitment and promotion, work assignments, training and mobility.

The COVID-19 pandemic has changed the business environment, transformed work arrangements and highlighted differing impacts on women and men. While the crisis has resulted in unexpected challenges, it has also created opportunities to innovate and increase productivity through technology. The following recommendations aim to better integrate and leverage female talent pipeline:

- Conduct workplace gender equality assessments that examine human resources data, staff perceptions data and company policies to deeply understand the glass walls and glass ceilings that are barriers to workplace gender equality.
- Understand and challenge gender bias, as this could affect the roles of women and men at workplaces and home, and impact recruitment and promotion, work assignments, training and mobility.
- Achieve a gender balanced workforce and appoint more qualified women into senior and top management as well as decision-making positions including CEO and board chairperson. As shown by the ILO survey, enterprises in Indonesia with a female CEO were 13 per cent more likely to have a gender balanced workforce relative to enterprises with a male CEO.
- Implement initiatives to prevent and address workplace violence and sexual harassment potentially affecting women's retention and overall job satisfaction.
- Promote flexible work arrangements in order to allow both women and men carry out their family responsibilities and improve work-life balance. As revealed by the ILO survey, 79 per cent of enterprises in Indonesia experienced productivity increases resulting from flexible and/or remote work. It is key to assess what type of work arrangement fits employees' needs while increasing productivity and meeting business demands.
- Reduce the gender pay gap, a visible indicator of inequality between women and men, which could influence women's overall job satisfaction and affect their retention. In Indonesia on average men earn between 20 per cent and 23 per cent more than women. Analyze pay practices to identify wage differences between women and men doing equivalent jobs. Challenge unconscious bias potentially feeding into the gender pay gap and strive for an equitable workplace.
- Promote enterprise-based training prioritizing the development of soft skills such as creativity, critical thinking and problem solving, which are critical for enterprises to improve workplace collaboration and productivity and provide greater opportunities for career advancement of women.

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