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The business case for women in business and management in Indonesia

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INVESTING IN WOMEN
SMART ECONOMICS
AN INITIATIVE OF THE AUSTRALIAN GOVERNMENT

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Overview

1. The ILO IW joint research
2. The COVID-19 context
3. Gender diversity for better business outcomes
4. Retention challenges
5. Diversity in management
6. Diversity on boards
7. Transforming the wider business environment

▶ The ILO IW Joint Research

- ▶ The Joint research demonstrates the business case for workplace gender equality in Indonesia
- ▶ Findings from ILO's Global report WIBM: The Business Case for Change - complemented by ILO and IW research
- ▶ WIBM examined how gender diversity at decision making levels improves organizational performance and profitability
- ▶ Global survey with 12,940 enterprises in 70 countries
- ▶ Survey in Indonesia with 416 enterprises of different sizes and sectors



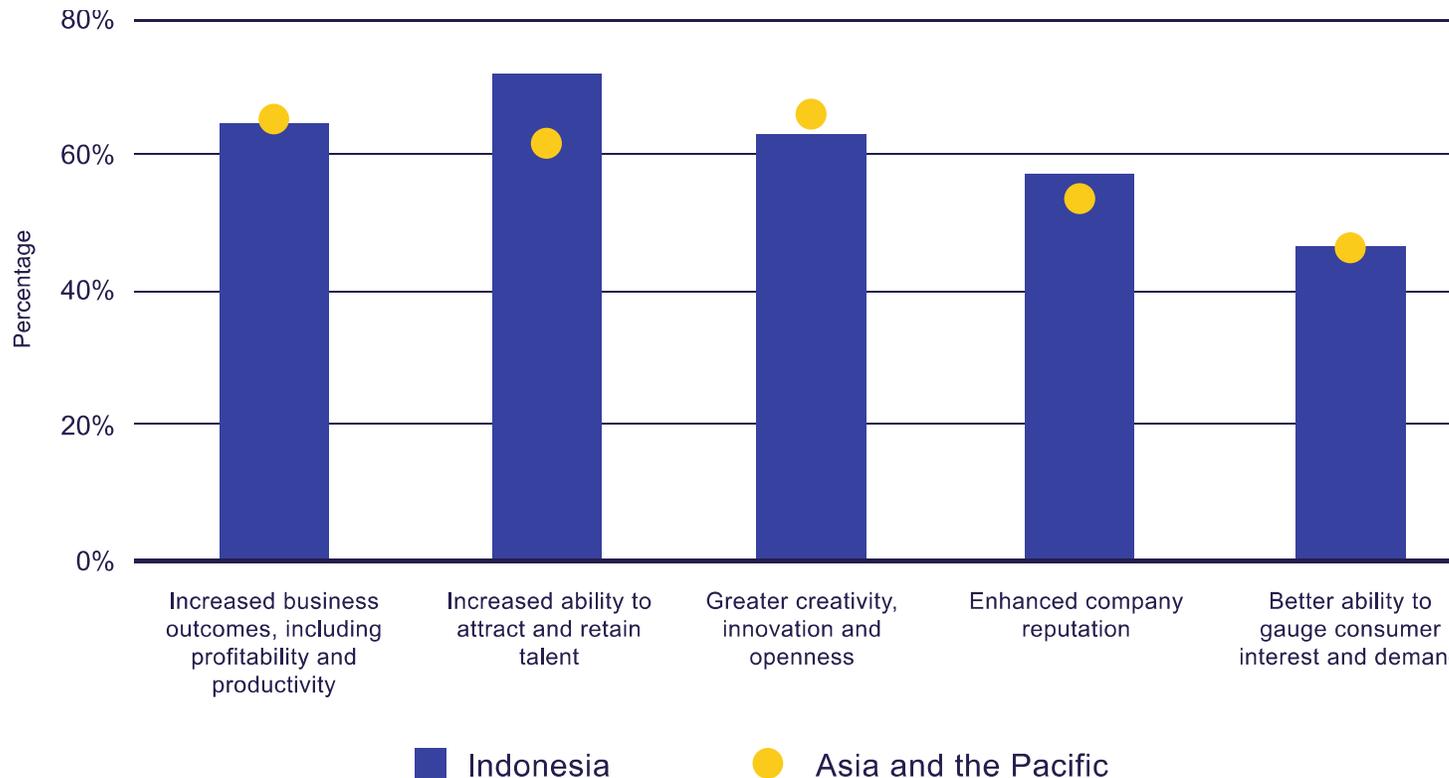
▶ The COVID-19 context

- ▶ Economic growth has declined, particularly in key sectors including tourism, manufacturing, retail and sales
- ▶ **The impact of the COVID-19 pandemic has been gendered**
- ▶ Women are over-represented in temporary or part-time employment and in the service sector, and therefore are more at risk of losing their jobs compared to men
- ▶ While this crisis has highlighted the importance of flexible work arrangements and telework, it has also increased women's double burden from family and work responsibilities



Gender diversity for better business outcomes

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



77% of enterprises in Indonesia agreed gender diversity initiatives improved business outcomes higher than enterprises in Asia and the Pacific (68 per cent)

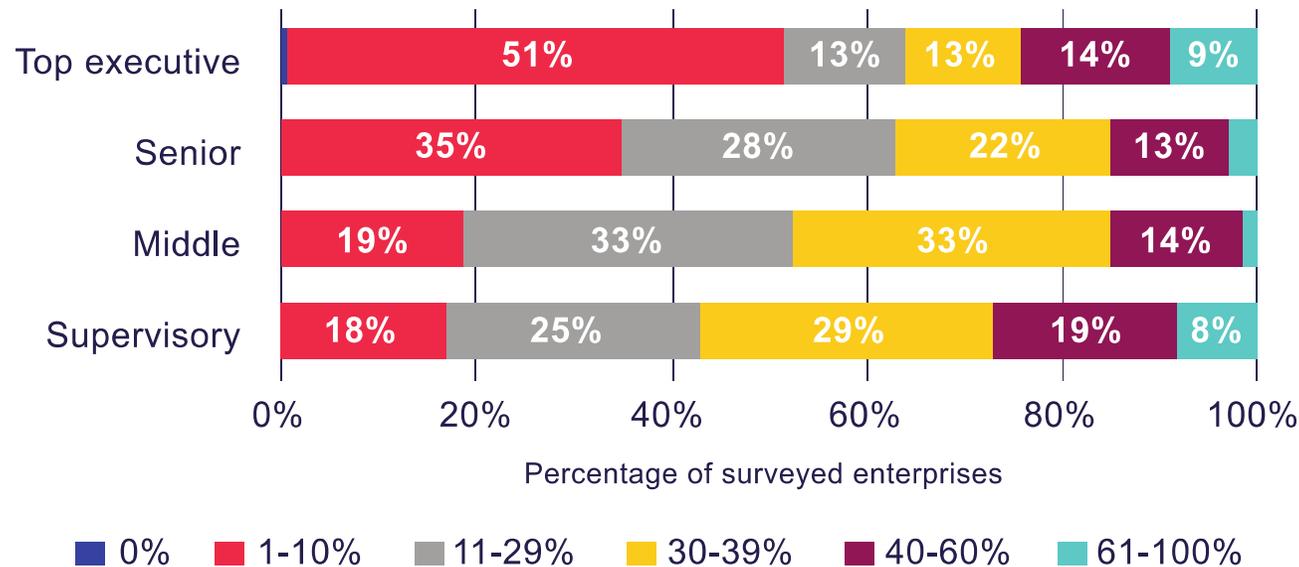
Retention challenges

- Retention of productive employees is a key human resource challenge for enterprises because it is difficult and costly to find and attract skilled people
- 62% of enterprises in Indonesia reported that retention of skilled women was challenging
- More women are graduating from tertiary education than men – in the long-run enterprises will benefit from a bigger and more educated talent pool
- Women's retention is associated with their ability to access training and promotion opportunities – **It is key to invest in and promote the development of critical skills among women**

Better integrating skilled women in the labour market can create long-term benefits for enterprises

Diversity in management

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



The share of enterprises with female managers decreases as seniority in management increases

Of enterprises in Indonesia, 61% employed women supervisory managers, 70% employed women middle managers, 49% employed women senior managers and 22% employed women top executives

Diversity in management

Share of enterprises with women in functional middle and senior management areas, results in Indonesia

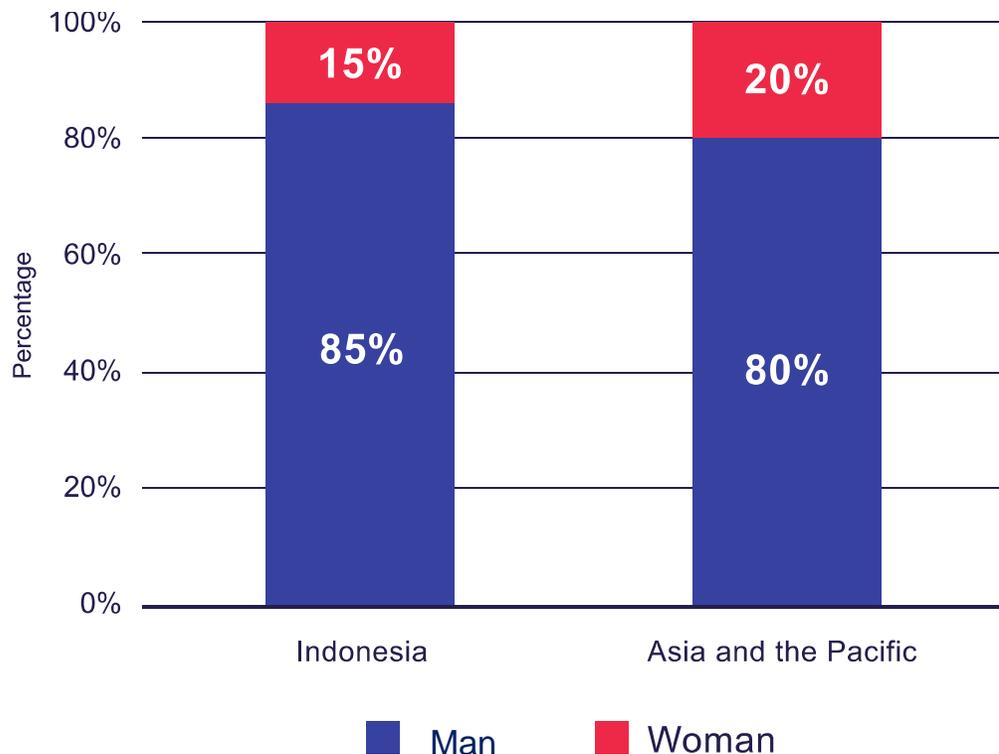


Women are over-represented in support management functions (human resources and communications and public relations)

Men are concentrated in management functions deemed strategic (profit and loss, R&D and general management), which often lead to top and decision-making positions

Diversity in management (CEOs)

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



- Enterprises in Indonesia with female CEOs were 13% more likely to have a **gender balanced workforce**, and 8% more likely to have a **gender balanced board**
- Asia Pacific enterprises with a female CEO were more likely to have gender balance at supervisory, senior and top management levels

► Diversity on boards of directors

- Only 18% of Indonesian enterprises that had a board said the board chairperson was a woman - only 8% of enterprises had attained a gender balanced board of 40% to 60% members of either gender
- Diversity on boards and their leadership affects business outcomes, as shown by enterprises in Asia Pacific:
 - Enterprises with gender balanced boards were 12% more likely to have **better business outcomes**
 - When boardrooms were chaired by a woman, enterprises were 13% more likely to have **improved business outcomes**

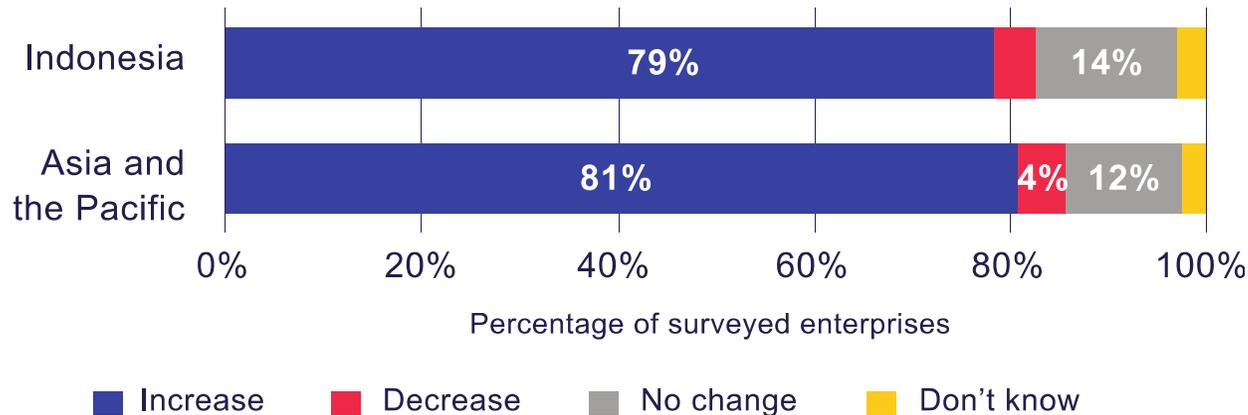
▶ **Transforming the wider business environment** **Shaping a gender inclusive organizational culture**

- Shaping a gender inclusive corporate culture involves eliminating gender bias within an enterprise
- Gender bias impacts recruitment, promotion, access to training, pay and upward mobility
- Gendered views on leadership could reduce recruitment and promotion of skilled women into leadership roles, particularly if most senior managers overseeing selection and hiring processes are men

Human resources systems and advocacy messages from senior and top management can help cultivate gender inclusive corporate cultures

Transforming the wider business environment Promoting flexible work arrangements

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



- Almost 75% of enterprises in Indonesia practiced flexible and/or remote work
- 79% of these enterprises reported productivity increases resulting from flexible and/or remote work

Flexible work arrangements can lead to improvements in work-life balance and productivity

▶ **Transforming the wider business environment**

Implementing effective enterprise policies and measures

- About 81% of surveyed enterprises in Indonesia have an equal opportunity policy or diversity and inclusion policy
- Enterprises in Asia Pacific with a diversity and inclusion policy were more likely to have women supervisory, senior and top managers

Policies and initiatives for diversity and inclusion can drive corporate change

Thank you!



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