

Chapter 2

An Overview of Women's Economic Development and MSMEs in Eastern Indonesia

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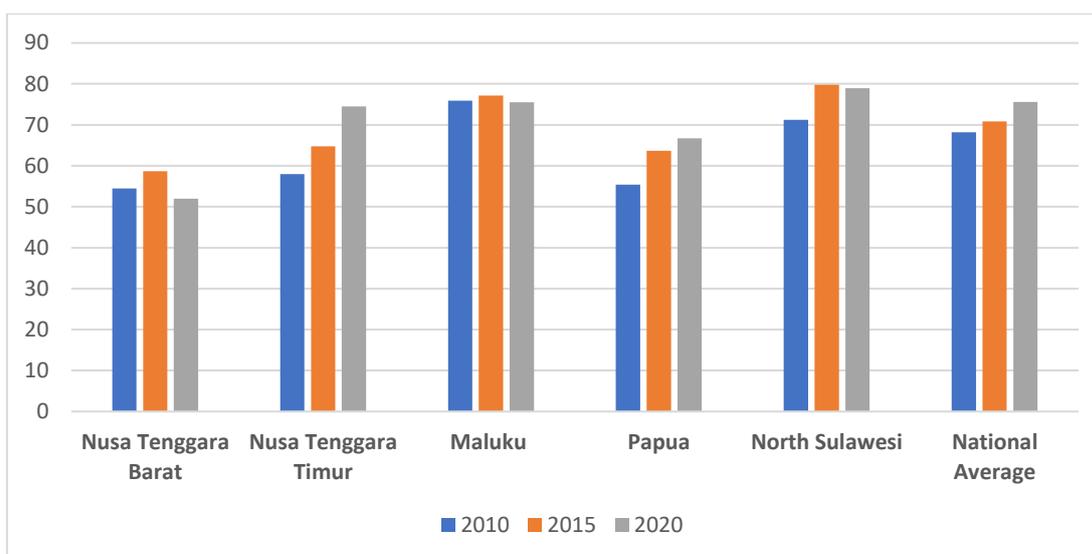
The following sections provide an overview of women's economic development trends with a focus on Eastern Indonesia compared with national and other provincial averages. They review indicators providing information on economic development and the contribution of women, education and business development, and MSMEs trends.

Eastern Indonesia consists of Kalimantan, Sulawesi, East Nusa Tenggara, West Nusa Tenggara, Maluku, and Papua (Sihombing, 2019). However, the analysis for this study will only focus on five regions: North Sulawesi, East Nusa Tenggara, West Nusa Tenggara, Maluku, and Papua. Despite the huge potential that Eastern Indonesia has, the disparity remains significant compared to western Indonesia, including with respect to MSMEs' performance. This condition needs to be resolved to minimise the potential of economic loss, as MSMEs' contribution reaches 61% of national GDP in employment and 60% of total investments (Coordinating Ministry for Economic Affairs RI, 2022). Thus, narrowing the development disparity between the western and eastern parts of Indonesia is indispensable for achieving an inclusive post-pandemic recovery.

1. The Gender Development Index in Eastern Indonesia

The Gender Development Index (GDI) is an indicator calculated based on the ratio of the Human Development Index (HDI) between women and men following the methodology by the UNDP in 2010 (see Annex 1 for a detailed description of the GDI). It is based on three components: (1) health, (2) knowledge, and (3) living standards (BPS, 2010). According to the Bureau of Statistics (BPS) of Indonesia (as shown in Figure 2.1), there was an improvement in Indonesia's overall IDG over a 10-year period, from 68.15 in 2010 to 70.83 in 2015 and 75.57 in 2020. At the provincial level within Eastern Indonesia, Figure 2.1 identifies some progress in the GDI every 5 years from 2010, 2015, and 2020 for most (but not all) provinces. In Eastern Indonesia, the highest overall GDI is in the province of Maluku. On the other hand, Nusa Tenggara Barat has the lowest average compared to the other provinces, as shown by a number of 51.96, with some decline between 2015 and 2020. In Nusa Tenggara Timur, Papua, and North Sulawesi, GDI has been increasing over time.

Figure 2.1. Gender Development Index



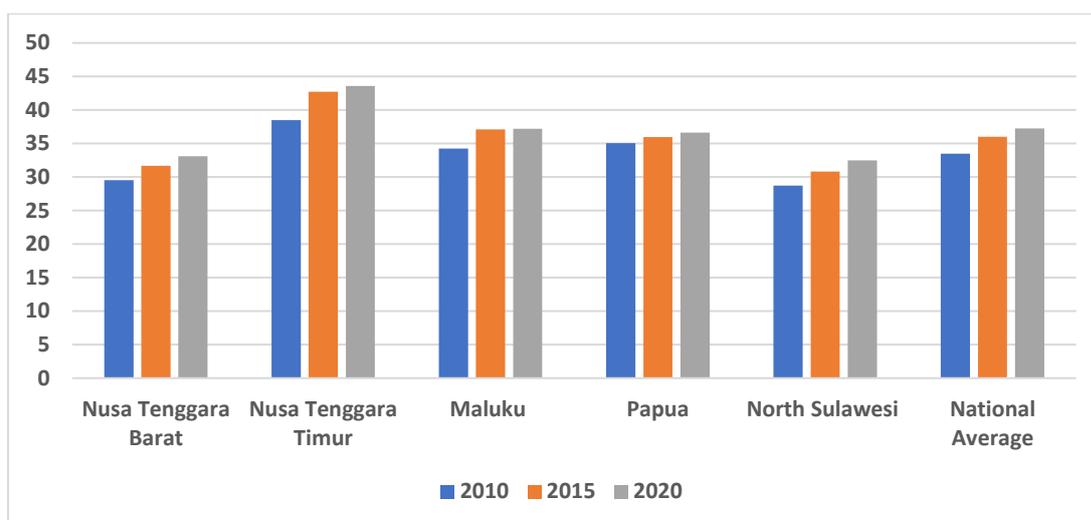
Source: Author's compilation based on Statistics Indonesia 2010–2020. Gender Development Index. <https://www.bps.go.id/indicator/40/463/1/indeks-pembangunan-gender-igp-.html> (accessed 5 March 2022).

2. Women's Income Contribution

Achieving more productive, decent, and equal pay between women and men for work has become a primary objective for the Indonesian government, as reflected in goal number 8 of the Roadmap of Sustainable Development Goals (SDGs) Indonesia 2030 (MoWECP, 2021). However, the participation of women in the workforce is closely related to family and cultural backgrounds. Some factors that might influence women's income contributions are the GDI, gross regional domestic product, the female workforce, the proportion of women who married young (Putrie and Rahman, 2018). Therefore, as mandated by President Joko Widodo, one of the key responsibilities of the MoWECP is to increase women's participation in the entrepreneurship ecosystem and significantly contribute to the economic sector.

As shown in Figure 2.2, there has been a gradual improvement in Women's Income Contribution (WIC) (see Annex 1 for a detailed description of how the WIC is calculated) in the national context, from 33.5% in 2010 to 36.03% in 2015 and 37.26% in 2020. In Eastern Indonesia, the least progress is shown by Nusa Tenggara Barat and North Sulawesi. Papua and Maluku also show steady improvement in the WIC from 35.06% in 2010 and 34.26% in 2010 to 36.61% in 2020 and 37.22% in 2020.

Figure 2.2. Percentage of Women's Income Contribution (%)



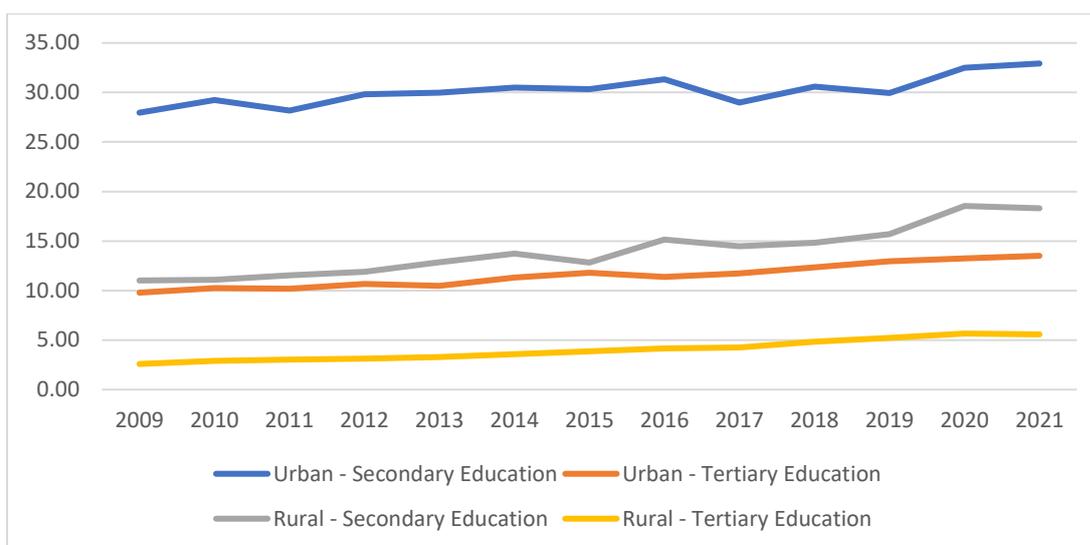
Source: Author's compilation based on Statistics Indonesia 2010–2020. Women's Income Contribution. <https://www.bps.go.id/indicator/40/467/1/sumbangan-pendapatan-perempuan.html> (accessed 5 March 2022).

3. Women's Education in Rural-Urban Indonesia

The level of education has positive implications for women in obtaining job opportunities and increased income (Christoper et al., 2019). However, there is a gap between the education quality in the rural and urban areas of Indonesia, although the Ministry of Education, Culture, Research and Technology in Indonesia has embedded the principle of Education for All (EFA) since 2015 (Kemendikbud, 2016). The gap between the education received by women in urban areas in comparison to the education received by women in rural areas both in secondary and tertiary education in Indonesia is significant. Secondary education consists of lower-secondary education and upper-secondary education that typically last for about 6 years. In addition, tertiary education in Indonesia begins at the university level.

Figure 2.3 shows the female education levels in urban–rural areas from data obtained by calculating the percentage of the population aged 15 and over by resident area, gender, and higher level of education completed over 10 years from 2009 to 2021. Female education both in secondary and tertiary in the urban–rural sectors has generally increased within the period of 10 years. Nevertheless, the most prominent gap and the highest level of female education received is secondary education in urban areas. This is perhaps why women in rural areas are presented with lesser opportunities, due to the evident gap in education.

Figure 2.3. Female Education in Urban-Rural Areas



Note: The figure identifies female education in urban–rural areas from data obtained by calculating the percentage of the population aged 15 and over by resident area, gender, and higher level of education completed over the 10 years from 2009 to 2021.

Source: Author’s Compilation based on Statistics Indonesia 2009–2021. SUSENAS 2009–2021. <https://www.bps.go.id/indikator/28/1982/1/tingkat-penyelesaian-pendidikan-menurut-jenjang-pendidikan-dan-jenis-kelamin.html> (accessed 20 February 2022).

In addition, as seen in Table 2.1 most MSMEs workers (both male and female) in the eastern provinces of Indonesia have attained education from the elementary level to secondary education. Amongst the four eastern provinces, West Nusa Tenggara has the highest percentage of MSMEs that have not completed elementary education, whilst West Papua holds the highest percentage of MSME workers graduating from tertiary education.

Table 2.1. Number of MSME Owners and Workers by Level of Education, 2019

Category	Province			
	West Nusa Tenggara	Maluku	North Sulawesi	West Papua
Not completed elementary education	37,544	5,552	5,280	1,752
Elementary (SD) and secondary education (SMP)	47,588	21,042	19,623	7,529
High school (SMA dan Sederajat) and university education (Universitas)	23,349	12,996	12,128	6,200

Source: Statistics Indonesia (2020), *MSMEs Industry Profile Report 2019*. <https://www.bps.go.id/publication/2020/11/16/db2fdf158825afb80a113b6a/profil-industri-mikro-dan-kecil-2019.html> (accessed 25 February 2022).

4. Profile of MSMEs in Eastern Indonesia

Women's participation in the Indonesian MSME sector contributes 9.1% to national GDP with around a 5% contribution to export activity (KataData, 2018). In 2016, Statistics Indonesia conducted an economic census (carried out every 10 years) that included a complete data collection of domestic economic activity. To get an overview of more detailed economic activities, in 2017 the census was followed by a survey on MSMEs in targeted provinces, including four Eastern Indonesia provinces as above. As seen from Table 2.2, the number of women entrepreneurs in West Nusa Tenggara is higher than the number of male entrepreneurs – with the share reaching 54% for women entrepreneurs compared to 46% of MSMEs led by men, whilst this is not the case with other three provinces.

As shown in Table 2.2, in terms of women entrepreneurs by sector of industry, women have more involvement in sectors such as the processing industry (West and East Nusa Tenggara), local trade (West Nusa Tenggara and North Sulawesi), food and beverage services (West Nusa Tenggara and North Sulawesi) and communication services (West, East Nusa Tenggara, and North Sulawesi) compared to their male counterparts. Data for MSMEs by industry and gender for Maluku and Papua were not available.

Table 2.2. Number and Share of MSMEs by Gender and Sector of Industry, 2016

Category	Province							
	West Nusa Tenggara		East Nusa Tenggara		Maluku		North Sulawesi	
	Male	Female	Male	Female	Male	Female	Male	Female
Total MSMEs	46% (267,242)	54% (312,926)	56.9% (244,814)	43.1% (185,498)	56.82% (83,928)	43.18% (63,770)	54.3% (158,744)	45.7% (133,378)
MSMEs by sector of industry								
Processing industry	47.2% (57,513)	52.8% (64,291)	41.2% (50,181)	58.8% (71,680)	N/A	N/A	65.4% (34,507)	34.6% (18,273)
Trade	33.1% (92,818)	66.9% (187,416)	55.9% (102,883)	44.1% (81,282)	N/A	N/A	46.6% (61,420)	53.4% (70,243)
Accommodation, food, and beverage services	36.1% (20,324)	63.9% (35,960)	54.6% (13,351)	45.4% (11,111)	N/A	N/A	29.1% (10,837)	70.9% (26,444)
Information and communications	40.8% (5,946)	59.2% (8,645)	46.1% (7,443)	53.9% (8,714)	N/A	N/A	38.7% (4,605)	61.3% (7,307)
Other services (tourism, entertainment, arts, etc.)	65.5% (13,420)	34.5% (7,073)	69.8% (4,756)	30.2% (2,054)	N/A	N/A	59.1% (4,432)	40.9% (3,073)
Education	67.5% (7,515)	32.5% (3,619)	59.5% (6,596)	40.5% (4,496)	N/A	N/A	25.95% (1,421)	74.05% (4,054)
Construction	98.7% (14,622)	1.3% (189)	95.9% (7,913)	4.1% (336)	N/A	N/A	96.4% (4,995)	3.6% (189)
Finance and insurance	66.3% (1,179)	33.7% (600)	80.5 (1,287)	19.5% (311)	N/A	N/A	52.4% (485)	47.6% (441)

Source: Statistics Indonesia (2016), *Economic Census: MSMEs Report*. <https://se2016.bps.go.id/umkumb/> (accessed 25 February 2022).

Statistics Indonesia also carried out a smaller survey and publication of MSMEs' 2019 profile in targeted Indonesia provinces, including four provinces in Eastern Indonesia. As seen in Table 2.3, the number of female-led MSMEs is higher in West Nusa Tenggara, Maluku, and West Papua by a small margin compared to their male counterparts, at 56% for women-led MSMEs in Nusa Tenggara Barat, 56.6% in Maluku, and 55.6% in West Papua.

Table 2.3. Number and Share of MSMEs by Gender, 2019

Category	Province							
	NTB		Maluku		North Sulawesi		West Papua	
	Male	Female	Male	Female	Male	Female	Male	Female
Total MSMEs	44.1% (115,556)	56% (145,939)	43.4% (25,885)	56.6% (33,652)	52.8% (33,832)	47.2% (30,249)	44.4% (12,141)	55.6% (15,192)

Source: Statistics Indonesia (2020), *MSMEs Industry Profile Reports 2019*.
<https://www.bps.go.id/publication/2020/11/16/db2fdf158825afb80a113b6a/profil-industri-mikro-dan-kecil-2019.html> (accessed 25 February 2022).