LEVERAGING DIGITALIZATION TO COPE WITH COVID-19
AN INDONESIA CASE STUDY ON WOMEN-OWNED MICRO AND SMALL BUSINESSES
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The COVID-19 pandemic has taken a devastating human toll and triggered socioeconomic upheaval not seen in generations, including here in Indonesia. The pandemic has exposed pre-existing inequalities and exacerbated socioeconomic vulnerabilities of disadvantaged populations, particularly women and girls among other marginalized groups.

In March 2020, the United Nations Secretary-General called on everyone to act together through the report, 'Shared responsibility, global solidarity: Responding to the socioeconomic impacts of COVID-19', and immediately thereafter launched the UN COVID-19 Response and Recovery Multi-Partner Trust Fund (COVID-19 MPTF), an inter-agency fast-track mechanism to support low- and middle-income countries in overcoming the health and development crisis caused by the COVID-19 pandemic.

Indonesia is among the beneficiaries of the COVID-19 MPTF, with a programme aiming at supporting those who are most vulnerable to economic hardship and social disruption. For the first time in two decades, Indonesia’s economy is experiencing a contraction. Women are hardest hit as they typically earn less than men and their employment is less secure. With a sharp downturn in economic activity, women are particularly vulnerable to the loss of livelihoods, particularly those who are in informal micro- and small businesses.

With the support of the COVID-19 MPTF, the policy research report, “Leveraging digitalization to cope with COVID-19: An Indonesia case study on women-owned micro and small businesses” demonstrates the use of data innovation, combining big data analysis with traditional quantitative and qualitative research to assess the impact of COVID-19 on micro- and small businesses. These businesses are the main livelihood of millions of Indonesians and significantly contribute to the Indonesia economy. More than 90 per cent of the Indonesian work force are employed in microbusinesses and these businesses contribute 58–61 per cent of the Gross Domestic Product (GDP) of Indonesia. Almost half of all microbusinesses are either owned by women or women therein play a key role in operating them.

Unlocking the potential of women entrepreneurs as well as women-owned micro- and small businesses is key to a strong national economic recovery. Most importantly, it will support millions of Indonesians who are at risk of falling back into poverty, particularly those in informal employment. This report gives important insights into how Indonesia can leverage digitalization in supporting women entrepreneurs to survive the pandemic and have a fair chance to participate in economic opportunities and support provided by the government stimulus packages in COVID-19 response and recovery. The growth and sustainabilty of women-owned microbusinesses will be critical for the expansion of employment opportunities. This can potentially increase the somewhat stagnant women’s labour force participation rate and, in turn, contribute to the economic resilience of Indonesia.

On behalf of the United Nations system in Indonesia, I sincerely hope that the new data and evidence as well as recommendations from this report will benefit key government and private sector stakeholders in Indonesia and provide insights into some key catalytic entry points to enhance targeted support to women entrepreneurs and women-owned microbusinesses in the COVID-19 response and recovery in 2021 and beyond.

FOREWORD

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INTRODUCTION

COVID-19 has tested the resilience of Indonesia’s economy. It presents urgent challenges for realizing Indonesia’s compelling national development vision and risks reversing the progress made towards the achievement of the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). Targeting assistance to those who are disproportionately affected by the pandemic is one of the most critical strategies to address inequalities and minimize risks of regression in hard-won development gains. This is key to ensuring that Indonesia quickly recovers and continues the path towards inclusive economic transformation, as outlined in its Medium-Term National Development Plan (RPJMN) 2020–2024.

Micro and small businesses (MSBs) are considered the backbone of the Indonesian economy. According to the Indonesian Ministry of Cooperatives and Small and Medium Enterprises, approximately 99 per cent of businesses in Indonesia are categorized as micro, small and medium enterprises. The vast majority of these are MSBs, and they are facing unprecedented challenges brought about by the COVID-19 crisis. Indonesian women play a critical role as owners and entrepreneurs in MSBs.

The pandemic has magnified pre-existing inequality, particularly gender-based inequality in Indonesia. Emerging evidence highlights the disproportionate socioeconomic impact of COVID-19 on women and girls in Indonesia. It is therefore imperative for the COVID-19 response to include a strong gender lens as well as address both economic and social vulnerabilities through social protection.

Aligning with the COVID-19 Response Plan of the Government of Indonesia and the COVID-19 Multi–sectoral Response Plan of the United Nations in Indonesia, this policy research is part of the programme, “Supporting the Government of Indonesia and Key Stakeholders to Scale-Up Inclusive Social Protection Programmes in Response to COVID-19”, funded by the United Nations COVID-19 Response and Recovery Multi–Partner Trust Fund. UN Women in partnership with Pulse Lab Jakarta and Gojek conducted mixed-methods research with the support of the National Council for Financial Inclusion of Indonesia (S-DNKI). This study aims to provide better understanding of the extent to which COVID-19 has affected women entrepreneurs and women-owned MSBs in Indonesia, with a focus on those in the food and beverage (F&B) sector. It examines the gender differentials in outcomes and coping strategies employed by women- and men-owned MSBs in response to the pandemic, paying particular attention to the use of digital platforms as survival mechanisms.

In this research, “digital platforms” refer to online digital businesses that mediate work or services delivered between service providers and customers. Thus, there are typically three parties in the relationship: the crowdsourcer (often referred to as the client or requester), the intermediary (the platform) and the workers. References to digital platforms in this report exclude other applications considered digital tools or solutions, such as messaging applications, smart keyboards or other technologies.

![Digital platforms link service providers with customers](image)

**FIGURE 1**

The study has three main chapters.

Chapter I provides an overview of the COVID-19 impact on micro, small, medium enterprises in Indonesia based on the survey conducted by the Indonesia National Statistical Office (BPS).

Chapter II examines how digital platform users (both women- and men-owned MSBs) are coping with COVID-19, as well as the extent to which digitalization has helped businesses to survive pandemic-related economic downturns. It is largely based on the analysis of quantitative survey data and big data from GoBiz users.

Chapter III is based on in-depth qualitative research that provides behavioural insights and analysis on the coping strategies employed by women entrepreneurs as well as the gender dynamics within MSBs.

The study concludes with key policy strategies for implementing the Indonesia National Economic Recovery Programme (PEN) in 2021.

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5. Statistical weights were not applied to the data and, therefore, estimates are only representative of the population of MSBs that use the GoBiz platform. As GoBiz is one of Indonesia’s most used digital platforms, findings have been extrapolated to MSBs engaging in digital platforms in Indonesia, but in view of the lack of weighting, these should be interpreted with caution. The findings are not meant to provide absolute figures for all MSBs in Indonesia.
CHAPTER I: COVID-19 AND ITS EFFECT ON MSBs IN INDONESIA – AN OVERVIEW

COVID-19 has spread across the world with alarming speed, infecting millions and causing widespread economic disruption. In Indonesia, where 404,048 cases and 10,770 deaths have been registered as of 27 October 2020, the virus is having devastating health effects. The pandemic’s consequences on the global economy are known to have affected key industries such as tourism, recreation, transportation and manufacturing – and thus hurt the livelihoods of millions of people. MSBs, in particular, are facing unprecedented challenges. These are considered the backbone of the Indonesian economy. Around 99 per cent of businesses in Indonesia are categorized as micro, small and medium-sized enterprises, and only 1.2 per cent of these are medium-sized, highlighting that the bulk of Indonesian businesses are MSBs. Microbusinesses are now bearing the brunt of the COVID-19 pandemic, as many economic activities have slowed down substantially and there are barriers that limit their access to coping strategies.

To gauge the scale of the crisis, BPS-Statistics Indonesia conducted a series of online surveys to assess the impact of COVID-19 on the livelihoods of Indonesians, including business owners. In particular, the “Survey on the impact of COVID-19 on businesses” was conducted online between 10 and 26 July 2020 and targeted owners of businesses of all sizes (micro, small, medium-sized and large). It gathered nearly 35,000 respondents across Indonesia. The aim of the survey was to provide early indicators on the circumstances of people engaging in businesses, particularly on their coping strategies, degree of optimism and changes in labour force status and income.

The survey highlighted that men are still more likely than women to own MSBs in Indonesia. An estimated 58 per cent of microbusinesses and 70 per cent of small businesses are owned by men (figure 2). However, further research indicates that this does not necessarily mean that women are not involved in managing or contributing to these businesses.

Roughly 48 per cent of the population in Indonesia uses the Internet, and tapping into online markets has become a key COVID-19 coping strategy for business owners in the country. To expand their customer base and limit face-to-face interaction, businesses are rapidly shifting some of their operations to online formats. Evidence from the survey shows that women-owned businesses are more likely to make use of the Internet to sell products.

An estimated 54 per cent of women-owned microbusinesses now use the Internet to sell products, compared to 39 per cent of men-owned microbusinesses. The divide is similar for small businesses: 68 per cent of those owned by women use the Internet, compared with 52 per cent of those owned by men (figure 3). It is expected that the COVID-19 crisis will continue pushing many businesses into digital realms in order to expand access to a wider customer base.

8. Microbusinesses are those with four employees or fewer. Small businesses are those with fewer than 20 employees. Please refer to chapters II and III of this publication for further details.
Another key coping strategy in response to COVID-19 has been diversification. Evidence shows that women-owned microbusinesses are likelier to diversify and move into different sectors, locations or products, compared to those that are owned by men. The same is true for microbusinesses that use the Internet to sell products; 59 per cent of microbusinesses that have diversified are women-owned.

Making use of the Internet is therefore helping microbusiness reach a wider customer base and expand into new sectors by selling a wider variety of products. But for many MSBs, face-to-face interactions cannot be completely eliminated. Even when orders are placed online, human interaction is required to prepare and ship the products. In this regard, data from the BPS survey shows that women-owned microbusinesses are overall safer for customers and workers. To curb the spread of the virus, the Government rolled out a campaign on practicing health protocols in daily business activities. These include the following compulsory measures: physical distancing, wearing mask/face shield, providing facilities to wash hands (water, soap, hand sanitizer), and using personal protective equipment (PPE) (hand gloves, cover-all, etc.). Data indicates that 52 per cent of the microbusinesses that are following these protocols are women-owned.

Finally, the survey was also useful in providing insights on business owners’ optimism regarding recovery (table 1). Women business owners estimated that it would take five months (median time) for their business to recover from the effects of the pandemic. In the case of men, those engaged in microbusiness also estimated five months, while those engaged in small businesses were slightly less optimistic about recovery: most estimated six months to recover from the effects of the COVID-19.

### TABLE 1

<table>
<thead>
<tr>
<th>Business category</th>
<th>Women-owned</th>
<th>Men-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Small</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

The ability of MSBs to recover will depend on many factors. Chapters II and III provide insights on whether and how digitalization may help businesses to survive or expand. These chapters emphasize the specific characteristics and coping strategies of the MSBs that are currently operating online. In contrast to the BPS survey, these chapters consider the degree of MSB digitalization and not just the use of the Internet for sales.
CHAPTER II: DIGITALIZATION IS HELPING SOME MSBs COPE – THOSE OWNED BY WOMEN ARE BENEFITING MORE

Besides the obvious devastating health effects of the COVID-19 crisis, the protracted effects of the pandemic are wide-ranging. Global trade and commodity prices have been disrupted, and lockdown measures and fear of contagion are triggering changes in consumer demand for goods and services. In Indonesia, where the large majority of the employed population is working in MSBs, many of which are informal, people are grappling with pay cuts and job losses – but lack access to health care and unemployment benefits.

Revenue loss is taking place across all businesses, and MSB owners and managers are struggling to cope. MSBs often face difficulties to access stimulus plans and other forms of government support. Thus, many are turning to the digital economy as a coping strategy to expand their customer base and the scope of their business. Analysis of big data conducted in partnership with Gojek reveals that the GoBiz platform saw a 31 per cent increase in the number of newly registered MSBs over the recent year (March – September 2019 vs. 2020). Similarly, over the same time period, it saw a 49 per cent increase in the proportion of MSBs that use their platform every day.10 Gender differentials, however, impact how women and men-owned MSBs expand their presence in online markets and interact with the digital economy.

To assess the gendered effects of the COVID-19 pandemic on MSBs and to explore the uses of digital platforms as potential coping strategies, UN Women partnered with Gojek, one of Indonesia’s largest on demand multi-service platforms and digital payment technology groups, to launch an online survey and gather insights from existing big data in Gojek’s merchant database. Data collection took place between 14 and 27 October. The survey was distributed to 80,000 randomly selected merchants registered with GoBiz. Among them, more than 2,000 responded authorizing the use of their data for this analysis. After eliminating partial responses and other unsuitable entries, a sample of 2,168 responses was analysed.

SURVEY RESPONDENTS: A SNAPSHOT

All of the 2,168 survey respondents were Gojek merchants, and most of them were engaged in MSBs working in F&B. As all of them are registered on the digital platform, the findings of the survey are useful in identifying how Indonesian business engagement in platforms changed as a result of the COVID-19 crisis. The sample, however, fails to capture those businesses that remain outside of the digital economy. For further insights on those businesses, the reader is encouraged to refer to chapters I and III of this publication.

The characteristics of survey respondents indicates that, in line with national trends presented in chapter I, a large share of MSBs use digital platforms. The bulk of these are one-person businesses working on food-related activities. These businesses are the main source of income for more than 70 per cent of respondents. Many of the businesses are young, having been established over the past year. These young businesses are the most likely to be informal – failing to offer pension, health insurance or social security benefits to their employees, if any.

Evidence also shows that the sex of the business owner and the sex of the person making key decisions for the business often align (e.g. in most men-owned businesses, it is men who make decisions). However, women still contribute to decision making in 43 per cent of men-owned businesses, and men make decisions in 50 per cent of women-owned businesses; which indicates that many of these may be family or inter-generational businesses where different family members manage the business regardless of who has legal/documneted ownership.

HOW IS COVID-19 AFFECTING MSBs IN THE DIGITAL ECONOMY?

Most businesses are seeing drops in revenue. Informal women-owned microbusinesses are faring slightly better as they have been more nimble in changing their scope.

The COVID-19 pandemic has triggered a severe economic recession. In line with overall global trends, MSBs engaged in the digital economy are suffering major setbacks. Almost 90 per cent saw their revenue decrease since the onset of COVID-19. For informal business owners and employees, this means facing income loss without being able to access social protection benefits. Evidence shows that informal microbusinesses fared slightly better than their formal counterparts, particularly those owned by women. While 90 per cent of formal MSBs noted decreases in revenue, only 85 per cent of informal women-owned MSBs did (figure 4). This is likely to be due to the increased flexibility associated with informality and digitalization – women business owners appear to have been somewhat quicker in shifting the scope of their informal businesses and seizing opportunities provided by digital platforms to access a wider customer base.

It is worth noting, however, that informal businesses are likelier to be a secondary source of income for many, rather than the primary source. Roughly 50 per cent of the women-owned and 54 per cent of the men-owned informal MSBs that saw decreases in revenues are secondary income sources for their owners. This may indicate that the COVID-19 crisis has encouraged informal MSBs owners to engage in the digital economy to help supplement their income (figure 5).

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10. The growth rate does not reflect the whole merchant growth in the Gojek ecosystem, but only MSB growth
11. GoBiz is one of Gojek’s business management applications. In addition, the survey was also distributed among users of two other applications (Selly and MokaPOS), but these entries were analysed separately and are not included in this publication due to sampling limitations.
INFOGRAPHIC 1

Who responded to the survey?

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>46</td>
<td>54</td>
</tr>
<tr>
<td>Completed higher than secondary education</td>
<td>59</td>
<td>55</td>
</tr>
<tr>
<td>Married</td>
<td>76</td>
<td>75</td>
</tr>
<tr>
<td>Parent to a child (age 15 or less)</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>Parent to more than one child</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Single parent*</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Engaged in informal employment</td>
<td>51</td>
<td>49</td>
</tr>
<tr>
<td>Engaged in one-person business</td>
<td>58</td>
<td>53</td>
</tr>
<tr>
<td>Engaged in bigger microbusiness</td>
<td>39</td>
<td>45</td>
</tr>
<tr>
<td>Owner of the business where they work</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Relative of the owner of the business where they work</td>
<td>8</td>
<td>5</td>
</tr>
</tbody>
</table>

INFOGRAPHIC 2

What types of businesses do they engage in?

<table>
<thead>
<tr>
<th></th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex of business owner*</td>
<td>45</td>
<td>55</td>
</tr>
<tr>
<td>Business is informal</td>
<td>45</td>
<td>47</td>
</tr>
<tr>
<td>Business is a one-person business</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td>Business is a bigger microbusiness</td>
<td>40</td>
<td>45</td>
</tr>
<tr>
<td>Business is a small business</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Business is culinary/food related</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>A woman is the main decision-maker in the business</td>
<td>83</td>
<td>43</td>
</tr>
<tr>
<td>A man is the main decision-maker in the business</td>
<td>50</td>
<td>85</td>
</tr>
<tr>
<td>Age of business is less than 1 year</td>
<td>47</td>
<td>49</td>
</tr>
<tr>
<td>Age of business is 1–3 years</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>Age of business is older than 3 years</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Business registered in the digital platform is the main source of income</td>
<td>67</td>
<td>75</td>
</tr>
</tbody>
</table>

*Note: Single parents are defined as single, separated, divorced and widowed adults with children.

*Note: Women-owned businesses are defined as such if (1) the respondent indicates that the business is owned by a woman, (2) the business certificate is registered under a woman’s name or (3) the business certificate is registered jointly under a woman and men’s names, but the manager or the person that makes decisions in the business is a female.
COVID-19 HAS PROMPTED BUSINESSES TO GO DIGITAL. YOUNGER AND WOMEN-OWNED BUSINESSES ARE USING A WIDER ARRAY OF DIGITAL SOLUTIONS.

Evidence shows that younger digital businesses (those established within the past year) are better positioned to deal with the crisis through digitalization and innovation. More than 50 per cent use more than three digital platforms (e.g. GoFood, Grab, etc.) to conduct business (figure 6). This stands in stark contrast with older businesses (established more than three years ago), where the figure is only 18 per cent. Survey data indicates that young businesses owned by men are more likely to be formal, while young businesses owned by women are likelier to be informal. These two groups are less prone to report declining business revenues since the onset of COVID-19 – demonstrating that digitalization may be helping MSBs cope.

Younger businesses are also more likely to use a variety of digital tools, beyond digital platforms, to overcome the economic challenges triggered by the crisis. Messaging apps (such as WhatsApp) and social network systems (such as Instagram, Facebook or Twitter) are particularly popular among MSBs in Indonesia as a means to reach additional customers, with more
than half of MSBs benefiting from these. Women-owned MSBs are slightly more likely to rely on these: 71 per cent use social messaging apps and 70 per cent use social networks, compared to 68 per cent and 69 per cent respectively for men-owned MSBs. The use of a wider array of digital solutions – both digital platforms (figure 7) and digital tools (figure 8) – may therefore be helping women-owned MSBs to limit revenue decreases, as depicted in figure 4.

**FIGURE 6**
Proportion of MSBs using multiple digital platforms to operate, by age of the business (percentage, n=1,885)

**FIGURE 7**
Proportion of MSBs using at least one platform besides Gojek, by sex of the owner (percentage, n=1,800)

**FIGURE 8**
Proportion of MSBs using other digital tools for online business, by sex of the owner (percentage, n=1,632)

Note: The figure excludes responses from business owners that use only Gojek apps.
KEY COPING STRATEGIES FOR MSBs TO DEAL WITH THE EFFECTS OF COVID-19

DIGITAL PLATFORMS ARE HELPING MSBs COPE WITH THE EFFECTS OF COVID-19. WOMEN-OWNED BUSINESSES ARE BENEFITING THE MOST.

The use of digital platforms has played a key role in supporting MSBs to cope with the pandemic and the related economic downturn. More specifically, it helped the bulk of older businesses to survive and 30–40 per cent of younger businesses to expand. Evidence also shows there are gender differentials. Among younger businesses, those that are women-owned benefited the most – the use of digital platforms helped 41 per cent of formal MSBs and 40 per cent of informal MSBs to expand, an 8–10 percentage point advantage compared to men-owned MSBs. Indeed, men who owned young businesses were more likely to note that the use of digital platforms had helped their business survive, rather than expand. For businesses established more than one year ago, gender differentials are less clearly distributed across business expansion and survival rates (figure 9). However, evidence undoubtedly reveals that digital platforms have been a useful coping strategy for more than 80 per cent of the MSBs that use them.

A key limitation of this analysis is that it only captures responses from MSBs that are already using digital platforms, and thus leaves out businesses that may be offline. Businesses may be offline if they do not find digital platforms useful or if they lack the skills, time or infrastructure to use them.

FIGURE 9

Proportion of MSBs that noted Gojek helped their business survive/expand, by sex of the owner, age of the business and informality (percentage, n= 1,632)

It is therefore important to examine the share of revenue that respondents derive from using the Gojek platform (figure 10) to better understand what share of their business remains conducted elsewhere, including offline. Among all respondents, women-owned MSBs are substantially more likely to note that less than 10 per cent of their revenue comes from Gojek-related operations. This aligns with previous findings that women use a wider variety of digital platforms, and thus derive business revenue from a number of online and offline solutions. Men-owned MSBs, however, were more likely to note that between 10 and 50 per cent of their revenue comes from Gojek-related activity, demonstrating their disproportionate likelihood to concentrate on fewer digital platforms. Roughly 45 per cent of all MSBs noted that more than half of their revenue could be attributed to Gojek-related activity, highlighting that a substantial share of respondents depends heavily on this digital platform to run their business. It is therefore expected that the percentages portrayed in figure 9, regarding the use of digital platforms to either survive or expand the business, are inflated compared to those of the overall population. These rates, however, are still useful indicators of how business owners use digitalization in the context of coping with economic crises.

12. An assumption is made that findings from the use of this platform can be extrapolated to the use of other digital platforms, particularly those supporting MSBs in the F&B sector, such as Grab.
DIGITAL SOLUTIONS ARE ENABLING BUSINESS OWNERS TO BETTER BALANCE HOME AND WORK RESPONSIBILITIES AT A TIME WHEN DOMESTIC AND CARE WORK ARE CRUCIAL.

The COVID-19 pandemic has put a spotlight on the relevance of unpaid domestic and care work to prevent and respond to infections. Tasks such as cleaning and caring for the sick have the potential to save lives but are now more difficult to outsource to domestic workers in light of mobility restrictions and fear of infection. As a result, domestic and care workloads have increased, and both women and men are shouldering these increases – 69 per cent of women and 61 per cent of men in Indonesia spend more time on unpaid domestic work since the spread of COVID-19. Similarly, 61 per cent of women and 48 per cent of men spend more time on unpaid care work.13

Balancing the domestic and care workloads with paid work responsibilities has become ever more challenging as a result of the pandemic. For many microbusinesses, a single person may be taking care of all business operations and balancing home with work duties. This has become a key challenge, particularly for women who shoulder the bulk of unpaid domestic and care work. Digital solutions may enable MSBs owners to take care of domestic and family responsibilities without fully interrupting business operations – thus safeguarding their livelihoods. An estimated 82 per cent of women noted that using digital solutions, such as GoBiz, Selly and MokaPOS, to run their businesses helped them take care of their domestic and family responsibilities, allowing them for extra time to spend with family or take care of children. This figure amounts to 76 per cent in the case of men. The use of digital platforms, however, does not help all types of business equally, as will be discussed further in chapter III.

MICRO AND SMALL BUSINESSES ARE MAKING ADJUSTMENTS TO DEAL WITH REVENUE DROPS, BUT WOMEN-OWNED MSBs HAVE FEWER OPTIONS.

In response to revenue drops, the majority of business owners are making adjustments in the way they operate. An estimated 75 per cent of women-owned and 78 per cent of men-owned MSBs have taken measures. Some of the most popular coping strategies include sourcing cheaper input products, such as ingredients and raw materials, and seeking help from family and friends, both in the form of finances and human resources. But even some of these coping strategies are highlighting gender differentials. Data indicates a wider range of strategies are used by men-owned MSBs to combat revenue loss. Some of the largest gender differentials appear with regards to accessing financial support, both from formal and informal institutions, a strategy used more by men-owned MSBs. Similarly, they are also more likely to sell assets, to reach out to family and friends for help during work hours, and to reduce the pay of their staff. By contrast, shifting the scope of business was more likely for women-owned MSBs. Qualitative interviews conducted as part of this study (refer to chapter III) indicate that many women MSB owners are finding new recipes or adjusting their food products to current demand, including by shifting their offerings from deserts and gourmet food items, to more basic meals. Worryingly, an estimated 25 per cent of all women-owned MSBs and 22 per cent of those men-owned applied no coping strategies, likely transferring the onus to make adjustments from the business to the personal level to deal with the reduced income (see figures 16 and 17).

**FIGURE 12**

Proportion of MSBs that implemented coping strategies, by type of strategy and sex of the owner (percentage, n=1,896)

- Sourced cheaper input products (e.g. ingredients, raw materials)
- Asked for a loan from a friend/family member/someone I know
- Changed the scope of business
- Asked my family/friends to come help during working hours
- Asked for a loan from a financial institution (e.g. Bank/Multifinance/Pegadaian)
- Moved business to a different location
- Sold some assets
- Increased my own working time or my staff's working time at no additional cost
- Fired some staff
- Reduced paid work time or salaries of some staff
- Use less fuel/energy or changed type of fuel/energy
- Apply for P2P lending/Social lending/Crowd lending
- Apply for a business loan from Gojek apps (GoModal/PMU)
- Closed some locations
- Grew some of the ingredients/raw materials at home or fetched them from natural resources
- None

Women-owned | Men-owned
---|---
Sourced cheaper input products | 27 | 26
Asked for a loan | 26 | 30
Changed the scope of business | 19 | 17
Asked family/friends to come help | 16 | 20
Asked for a loan from a financial institution | 13 | 14
Moved business | 10 | 12
Sold some assets | 9 | 12
Increased own or staff's working | 8 | 11
Fired some staff | 7 | 9
Reduced paid work time or salaries | 6 | 9
Use less fuel/energy or changed | 5 | 6
Apply for P2P lending | 5 | 7
Apply for a business loan | 5 | 6
Closed some locations | 5 | 6
Grew some of the ingredients | 3 | 3
None | 22 | 25
Evidence also shows that some of the gender differentials can be explained by the overrepresentation of women in informal business, which poses a key barrier for them to access financing. Disaggregating data on financing by formality reveals that gender differentials are substantially more noticeable for informal business (figure 13). For instance, it is clear that women-owned informal MSBs are having the hardest time accessing loans from financial institutions, family and friends, and applying for peer-to-peer (P2P) lending from digital platforms. Women-owned informal MSBs are also worse off when it comes to being able to sell assets to cope with revenue loss, but in this case the gender gap holds true regardless of formality – a finding that aligns with pre-crisis evidence around women’s barriers to asset ownership.14 It is in this context of limited access to financial coping strategies that women’s access to government support and stimulus plans is of utmost importance.

![Figure 13](image_url)

Proportion of MSBs that implemented selected coping strategies since the onset of COVID-19, by sex of the owner and informality (percentage, n=1,896)

As a result of COVID-19, many business-owners had to shift the focus of their business in order to reach new customers or to meet the new demands of their existing customer base (27 per cent of women-owned informal MSBs shifted focus, compared to 23 per cent of their formal and 22 per cent of their male counterparts). Women-owned informal MSBs are also the most likely group to apply no business coping strategies to deal with the crisis, once again evidencing the need for public funding to reach this group.

**STIMULUS PROGRAMMES DO NOT REACH THE BULK OF MSBS, WITH WOMEN-OWNED INFORMAL BUSINESSES AT A PARTICULAR DISADVANTAGE.**

Since the onset of COVID-19, the Government of Indonesia has put in place a number of stimulus packages to benefit both businesses and individuals. For instance, social assistance schemes (such as PKH) have been extended to low-income households in the form of food aid, conditional cash transfers and electricity subsidies, and unemployment benefits have been extended to the informal sector.15 Tax reliefs for hard-hit sectors such as tourism, and permanent reduction of corporate income tax are also expected to help businesses cope with the effects of the pandemic. In addition, credit schemes (such as KUR) existed prior to the pandemic and continue to be made available to MSBs to improve their competitiveness and spur growth.

Despite the array of options, almost 80 per cent of MSBs surveyed are still not benefitting from any of these programmes (figure 14). Women-owned MSBs, and particularly those that are informal, are benefiting the least (81 per cent are not benefitting from any stimulus programmes), although an estimated 78 per cent of men-owned informal businesses are also failing to benefit. Yet, across all programmes and regardless of informality, women-owned businesses are least likely to benefit.

Within the broad umbrella of the Government’s social protection response to COVID-19, social assistance programmes (including conditional cash transfers and related programmes such as PHK, Kartu Sembako, and Kartu Pra Kerja) appear to be more popular among informal MSB owners (11 per cent of women and 13 per cent of men benefit from those), while credit programmes (such as the National Economic Recovery programme, which includes cash transfers and working capital loans/credit guarantee for MSBs) are more popular among formal businesses (12 per cent of women-owned formal MSBs benefit, compared to 14 per cent of those men-owned).

**FIGURE 14**

Proportion of MSBs that benefited from stimulus programmes, by sex of the owner and informality (percentage, n=1,865)

<table>
<thead>
<tr>
<th></th>
<th>Formal</th>
<th>Informal</th>
<th>Formal</th>
<th>Informal</th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social protection: PKH/Kartu Sembako/Pra Kerja</td>
<td>79</td>
<td>74</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Credit: KUR, Mekaar, Umi</td>
<td>11</td>
<td>13</td>
<td>8</td>
<td>9</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>National Economic Recovery Programme (PEN)</td>
<td>12</td>
<td>14</td>
<td>15</td>
<td>12</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Evidence shows that the proportion of businesses that benefit from at least one programme has doubled since the onset of COVID-19 (figure 15). Nevertheless, many women-owned MSBs are encountering barriers to benefit from government stimulus plans (only 12 per cent of women-owned MSBs currently benefit, compared to 15 per cent of those men-owned), and this is particularly true among informal businesses.

**FIGURE 15**

Proportion of MSBs that benefited from at least one of the stimulus programmes before or after March, by sex of the owner (percentage, n=1,800)
As part of the National Economic Recovery Programme (PEN) for COVID-19 response, the first phase of cash transfers and working capital loans for micro, small, medium enterprises began in August and is expected to run until December 2020. Nevertheless, this programme does not specifically target women-owned MSBs, which in practice prevents many women MSB owners from accessing these benefits. More targeted support to women-owned MSBs will be particularly critical for Indonesia’s economic recovery. Special emphasis is needed to support women-owned informal MSBs overcome barriers and ensure they are able to benefit from these programmes.

TO COPE WITH PAY CUTS WOMEN AND MEN ARE MAKING SACRIFICES IN THEIR PERSONAL LIVES. SINGLE MOTHERS ARE MAKING THE LARGEST EFFORTS IN CUTTING EXPENSES.

To deal with the income loss associated with the effects of COVID-19, MSB owners, managers and employees are also making sacrifices in their personal lives. The most common coping strategy has been to reduce expenses on food, clothes or leisure. Single mothers, in particular, are making exceptional efforts in this regard – 78 per cent of them noted having to cut expenses in these areas. Other less popular and more drastic measures include eating less or asking one’s family to eat less food; married men appear to be making the biggest efforts in this regard. Of particular concern is that an estimated 25 per cent of women and 20 per cent of men chose not to see a doctor when they needed one as a coping strategy to deal with income loss. At a time of a major health crisis, failing to seek timely medical care can have life threatening consequences. Women overall appear more likely to give up on their health care in order to mitigate expenses, but whether people engage in formal or informal employment also appears to have an effect. Among women engaging in informal businesses, which in most cases fail to provide health benefits to their employees, 26 per cent chose not to see a doctor when in need. This figure is the highest among all groups, compared to 20 per cent of men engaged in informal employment, and 10 per cent and 17 per cent of women and men engaged in formal businesses, respectively. It also highlights the stark reality of many of the workers engaged in digital platforms – although this line of work is helping MSBs survive and even expand at a time when most businesses are losing revenue, many of these workers deal with precarious working conditions and lack social security benefits. To ensure the prosperity of people engaged in these MSBs, it is important that decision-makers work towards guaranteeing basic benefits, including medical care and social protection, to all workers – even those in informal businesses.

FIGURE 16

Proportion of people that implemented personal coping strategies since the onset of COVID-19, by sex and marital status (percentage, n=1,685)

FIGURE 17

Proportion of people who chose not to see a doctor when they needed one as a coping strategy to combat income loss, by sex and informality (percentage, n= 1,885)
The Government of Indonesia estimates that more than 300,000 MSBs in Indonesia made the shift to digital platforms during the pandemic. Chapter II described how digital platform users are coping with COVID-19, as well as the extent to which digitalization has helped businesses survive the pandemic-related economic downturn. This chapter expands on these findings by presenting insights from in-depth qualitative research conducted by Pulse Lab Jakarta. It explores the characteristics of women- and men-owned MSBs, how these determine the way they use digital platforms, the contexts in which they find digital platforms helpful for their businesses, as well as how those who are not using digital platforms are using other digital applications to cope with the pandemic.

This qualitative research was conducted throughout October 2020, through remote interviews with 40 MSB owners (24 women), coupled with observation of their business profiles on digital platforms and social media. A total of 19 respondents were based in Greater Jakarta, and 21 in other major cities in Indonesia (Makassar, Malang, Medan, Semarang and Yogyakarta). Although the qualitative study includes respondents living in the outskirts of the aforementioned cities (peri-urban areas), it focuses primarily on urban areas and therefore does not provide insights on the challenges faced by MSBs in rural Indonesia.

The sample included 21 MSB owners who were active users of digital platforms, identified through a research partnership with Gojek and UN Women. All were working in the F&B sector, which reflects the majority of the digital platform users in the country. To give a broader picture, insights from the platform users were complemented by interviewing 16 MSB owners who were not users of digital platforms, but who were using other digital applications (such as marketplace, social media and messaging apps) to support their business, as well as four business owners who did not use any digital applications for their businesses, even during the pandemic. The last section in this chapter focuses on MSBs that do not use digital platforms.

GETTING TO KNOW NECESSITY AND GROWTH-ORIENTED MSBs

Policymakers often group MSBs into one large category, but understanding their characteristics can reveal distinct needs within this category and can enable the design of more effective services and policies. To address this, studies on entrepreneurship have proposed a distinction between necessity and growth-oriented MSBs. These categories are not defined by the age of the business nor by size of revenue. While necessity businesses are more likely to be informal and have no or very few employees compared to growth-oriented businesses, the main defining characteristics are their motivation to start a business and willingness to change their business trajectory. Necessity businesses are started due to a lack of better options for employment and owners are unlikely to have the desire or capacity to grow over time, while growth-oriented businesses are started by owners who see a profitable business opportunity and would like to expand their business gradually.

The two groups face different challenges and therefore have very different needs. Global evidence, including in Indonesia, shows that the distinction between necessity and growth-oriented businesses is particularly critical for designing interventions targeting women business owners, the majority of whom operate microbusinesses and whose needs are often considered to be uniform.

17. Both the quantitative and the qualitative research focuses on MSBs that use GoBiz, a super app in the Gojek ecosystem that helps users manage customer orders, accept digital payment, analyse sales reports, and create promotions. According to Gojek, approximately 80 per cent of GoBiz users are working in F&B.
18. A 2019 study by Women’s World Banking states that the majority of MSBs in Indonesia that are engaging with digital tools are primarily using social media and messaging apps, while the proportion of MSBs that are using online marketplaces and digital platforms are smaller. See, Women’s World Banking, available at https://www.womensworldbanking.org/wp-content/uploads/2018/12/2018_Social_Commerce_Report.pdf
19. These terms align with previous studies in Indonesia focusing on women entrepreneurship (such as World Bank, Women Entrepreneurs in Indonesia: A pathway to increasing shared prosperity, 2016). In global literature, necessity businesses are also sometimes referred to as survivalist businesses, while growth-oriented businesses are also referred to as opportunity entrepreneurship.
20. See World Bank, Women Entrepreneurs in Indonesia: A Pathway to Increasing Shared Prosperity, 2016, available at https://openknowledge.worldbank.org/bitstream/handle/10986/24751/WomenEntrepre0ng0shared0prosperity.pdf?sequence=1&isAllowed=y
The necessity and growth-oriented categories apply to all respondents in the qualitative research – both to businesses that started during the pandemic or those that started more than a year ago. This distinction also helps make the difference between women and men MSB owners clearer, as explained below.

**WOMEN PLAY AN ESSENTIAL ROLE IN NECESSITY BUSINESSES, INCLUDING IN THOSE OWNED BY MEN**

Among the respondents of the qualitative research, F&B necessity businesses are often started and run completely from home, with a woman in charge of the production aspect of the business (i.e., cooking). The main skill set for a woman in these necessity businesses is her cooking skills, without which there would be no business. This was also clear during interviews with men who own necessity businesses, all of whom shared that their wives are the ones who develop recipes for the business and cook each order. Although women play an essential role in running a necessity business, this does not mean they are always comfortable making business decisions on their own.

In addition, women do not always see their necessity business as a “business”, but rather as a means to handle family responsibilities, such as child care, while obtaining supplementary income for the household. Necessity businesses can therefore be run either by a woman on her own or by a woman jointly with family members (husband-and-wife team or a multigenerational family business). In the first case, as the sole operator of the business, her role would cover the entire range of tasks including shopping for supplies, cooking food orders, handling sales channels (including digital platforms), and attracting more customers. During the pandemic, the workload of women who run MSBs by themselves increased further with additional care responsibilities, such as homeschooling.

When running MSBs with family members, most women’s roles remain on production, while husbands or children take on more external-facing responsibilities, such as securing supplies, marketing and sales. Pandemic-induced lay-offs and physical distancing policies have negatively affected the livelihood of some family members that might have held jobs elsewhere. Women who own necessity businesses share stories of having their husbands or children helping out more with the business because they are spending more time at home (an insight that also came out clearly in the quantitative analysis: 20 per cent of men and 16 per cent of women MSB owners asked their family and friends to come help), and that increased revenue turned into the main source of income for the family.

In terms of decision-making, married women who own a necessity business, either alone or together with their family members, share more stories of needing husband’s approval for business decisions than the other way around.

**IN GROWTH-ORIENTED BUSINESSES, WOMEN AND MEN BUSINESS OWNERS SHARE MORE SIMILAR ROLES AND RESPONSIBILITIES**

Women who own F&B growth-oriented businesses are not in charge of the day-to-day tasks of cooking or directly handling business transactions, which are usually the tasks of employees. Their main skill sets and responsibilities are in training and managing teams, overseeing business operations and developing strategies for business development – just like their men counterparts.

Both women and men who own growth-oriented businesses are interested in expanding their business and share more stories of pursuing training opportunities compared to those in necessity businesses, who may already be too overwhelmed with the day-to-day tasks of running their business to seek or participate in training programmes. A key difference is that women who own growth-oriented businesses share more stories of accessing training opportunities through their personal network, such as friends or colleagues, while men actively pursue opportunities from social networking sites or business associations.

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21. As identified in chapter II, many women-owned businesses still involve men in decision-making.
During the pandemic, women who own growth-oriented businesses also experienced an increase of domestic responsibilities, but their overall workload is less than women in necessity businesses. This is because the day-to-day operations of their MSBs are run by employees.

In terms of decision-making, married women who own growth-oriented businesses often ask for advice, but not necessarily for approval, from their husbands even though they may not have a role in the business. Like necessity businesses, men who own growth-oriented businesses share less stories of asking their wife's advice for their business.

**HOW DO WOMEN AND MEN MSB OWNERS USE DIGITAL PLATFORMS TO COPE DURING THE PANDEMIC?**

Both necessity and growth-oriented MSB owners turned to digital platforms as physical distancing requirements started affecting business operations. Qualitative research indicates that MSB owners applied a variety of digital strategies to support their business, as described below.

**STRATEGY 1: SIGNING UP TO A DIGITAL PLATFORM TO EXPAND CUSTOMER REACH AND RESOLVE DELIVERY PROBLEMS DURING THE PANDEMIC.**

The main value of digital platforms is that they connect three users in their ecosystem: customers, delivery drivers and business owners. As such, signing up to digital platforms helps MSB owners maintain and expand their customer reach with the support of built-in delivery services, which are essential to navigate physical distancing restrictions during the pandemic.

Clear gender differences are in place for necessity business owners when it comes to accessing new platforms as a coping strategy. Compared to men, women necessity business owners share more stories of having someone in the family (husband or children) giving them the idea to sign up to digital platforms, helping them with the registration process, and managing their use of the platform to take orders. This is likely a result of women’s cooking responsibilities, which may leave little time for other activities, while men in necessity businesses often do tasks other than cooking.

Meanwhile, gender roles are more similar in growth-oriented MSBs, with both women and men stating they signed up to the platform right away when they started their business, regardless of whether this happened before or during the pandemic.

**STRATEGY 2: CHANGING THE SCOPE OF THE BUSINESS TO CATER TO CUSTOMER PREFERENCES IN THE AREA.**

As described in chapter II, changing the scope of business is one of the coping strategies deployed by MSBs, particularly those owned by women. The qualitative research revealed similar findings. Indeed, business owners changed or added new F&B products to their menus to cater to customers and their changing demands – which were assessed both through daily sales and social media trends. Many MSB owners switched from selling ready-to-eat to ready-to-cook food on the platform as perceptions of safety changed after the onset of COVID-19 – customers are now more comfortable cooking food in their own homes for hygiene reasons. Others moved from selling desserts to main meals in order to cater to customer preferences in the area; likely a result of drops in income and a related shift in demand from luxury to essential food items.

Some of the MSB owners interviewed also noted changing the scope of their business by developing new lines and therefore reaching additional market segments. For instance, a restaurant that usually catered to upper-middle-class customers decided to start a new line of more affordable rice boxes sold through digital platforms to reach a wider segment of customers.

Finally, owners also changed their business strategy. For example, food stalls that usually catered to office workers during lunch time extended their operational hours to reach customers that might be looking for food late at night. The owners recognized this opportunity because malls and restaurants in the area closed early due to the Government’s physical distancing policy.

**CHANGING OR ADDING TYPES OF PRODUCT TO CATER TO PLATFORM CUSTOMERS**

**NECESSITY BUSINESS OWNER**

“Instead of selling fried chicken, I am now selling frozen marinated chicken. In this period, some customers want to stock food or prefer to cook themselves as they think it would be more hygienic.”

Age 25, Yogyakarta

**GROWTH ORIENTED BUSINESS OWNER**

“I used to offer complete rice menu catered to upper middle class customers. Now I started a new line that sells cheaper rice boxes so my products would be more affordable for a wider range of customers.”

Age 36, Bekasi
In necessity businesses, the decision to change the scope of business rests on women. The suggestion to shift the types of food offered or develop a new business line in a necessity F&B business may come from a family member, but the decision to execute the change will depend on the woman in charge of production. For instance, if a woman in a necessity MSB cannot shift from baking cakes to cooking beef stew, the business will not be able to change its scope in that way. In growth-oriented businesses, the decision to change the scope is taken by the owner, whether a woman or a man, and the family has less influence. Their actions are usually based on market analysis (what customers want and what business competitors do) rather than on personal skills.

**STRATEGY 3: IMPROVING SERVICE TO OTHER PLATFORM USERS (INCLUDING DRIVERS) TO REMAIN COMPETITIVE.**

Both necessity and growth-oriented business owners are compelled to offer discounts or promotion deals to make their business more attractive to platform customers, especially as the number of competitors in digital platforms has increased during the pandemic. But customers are not the only platform users influencing the success of each MSB. Delivery drivers, who have the choice to accept or decline a request from customers, play a critical role as well. MSB owners who are closely involved in the day-to-day operation of their business understand the importance of improving their service to delivery drivers. Growth-oriented business owners noted they now ask their staff to prioritize orders from the platform over walk-ins or orders from messaging apps, knowing that short waiting time can help prompt drivers to rate their business favourably.

The relationship between business owners and drivers can be trickier for businesses located outside city centres, many of which are women-owned necessity MSBs. When a business is started out of necessity, it is quite unlikely for the owner to be able to afford rent in a premium location, particularly during the pandemic. MSB based in peri-urban areas, particularly those outside of Greater Jakarta, are largely necessity women-run MSB; most of these women run their F&B business from home. They shared stories of delivery drivers complaining about the time that it takes to drive to the location and back to the customers, since they tend to live closer to the city centres. To tackle this challenge, women

necessity business owners would go the extra mile and provide perks for drivers, such as free ice tea while they wait for the order to be prepared, with the hope that drivers would be willing to come again and pick up orders for their business.

**STRATEGY 4: USING OTHER DIGITAL APPLICATIONS TO DIRECT MORE CUSTOMERS TO THE PLATFORM.**

Most business owners interviewed shared stories about using a range of digital applications to help promote their business to potential customers. They considered social media platforms (e.g., Instagram, Facebook) useful for branding and marketing -- particularly those running growth-oriented businesses. Some MSB owners developed strategies such as posting their menu near lunchtime to entice people to order lunch from their business. Others used messaging apps (e.g., Whatsapp, Line) to contact their friends or former colleagues to ask if they are interested in ordering food from them. To direct potential customers back to the platform for transaction, they would accompany their social media posts or messages with a link to their business profile in the digital platform.

As discussed in chapter II, women-owned MSBs are slightly more likely than men-owned MSBs to supplement their use of digital platforms with other digital applications. Qualitative research indicates, however, that although women-owned MSBs expanded their use of digital platforms during the pandemic, they only continued using those that required the least effort to maintain. For example, social media requires the MSB owners to post regularly and this could be a hassle, especially for women in necessity businesses.

**HOW DO DIGITAL PLATFORMS HELP MSBs SURVIVE EIGHT MONTHS INTO THE PANDEMIC?**

**BEING ON A DIGITAL PLATFORM HELPS, BUT WOMEN AND MEN MSB OWNERS MUST USE COMPLEMENTARY STRATEGIES TO ENSURE THEY REMAIN COMPETITIVE.**

The quantitative and qualitative data collection for this study took place in October 2020, eight months after the first case of COVID-19 in Indonesia was officially announced.\(^{22}\) Data demonstrated that the bulk of platform users experienced a decrease in revenue, and using digital platforms helped their businesses survive during the pandemic. When probed, women and men MSB owners explained what ‘surviving’ meant to them: using digital platforms during the pandemic helped keep their business running and earn just enough to cover basic business expenses (i.e., supplies, employee salaries) and essential personal needs (i.e., food, electricity).

The survey also revealed that women who own young businesses (created less than one year ago) were more likely than their men
counterparts to say that digital platforms helped their business expand. The qualitative findings align, as they show that using digital platforms helped make young businesses known to a wider range of customers, especially at a time when offline promotions were not possible.

Platforms helped both necessity and growth-oriented F&B MSBs due to their low entry requirements (accessible for businesses of any size, regardless of legal status). They also helped MSBs solve delivery problems. However, women and men MSB owners noted the importance of deploying a range of strategies to ensure that their businesses remained competitive in digital platforms and therefore survived (see strategy 4 in the previous section).

In addition to this, necessity business owners (most of which are run by women) noted that the extent to which digital platforms can be helpful for business survival depends on a number of external factors, as follows:

1. Smartphone ownership: It is no surprise that managing digital platforms is easier if there is a dedicated smartphone for the purpose. This is not always the case for women owners of necessity MSBs, who sometimes share their smartphones with their children or husband. Business owners understand that speed of response is one of the requirements to be competitive on digital platforms, and not having a dedicated smartphone is a disadvantage.

2. Technology facilitators: Regardless of sex and location, MSB owners benefit from having a designated person facilitating their process of adopting and using digital platforms, either for sign-up, managing use, or spotting trends. Women MSB owners, particularly those in necessity businesses, are more likely to rely on these ‘technology facilitators’ within their immediate network (usually a younger family member or employee), while men MSB owners share more stories of having facilitators from their extended network (e.g., colleagues, online tutorials). Women in necessity businesses find that having technology facilitators helps them manage the increased workload that comes with using digital platforms.

3. Location: Businesses do better on digital platforms if their location is close to the platform customer base, often in city centres, because it decreases delivery time and cost. The interviews reveal how location can be a disadvantage, particularly among necessity business owners living in peri-urban areas outside of Greater Jakarta. Some MSBs located in peri-urban areas shared that their business was doing worse in October than in May or June 2020 although they have tried different strategies to be more competitive on digital platforms.

Smartphone ownership

NECESSITY BUSINESS OWNER

“It’s a bit hard for me to respond quickly to orders in digital platforms, since my smartphone is also being used by my child for homeschooling.”

Age 37, Yogyakarta

Technology facilitators

NECESSITY BUSINESS OWNER

“My daughter is very savvy in using digital applications. She is the one who takes pictures of the food, edits them and upload them on the platform. I don’t think I will be able to do that without her help.”

Age 48, Malang

Location

NECESSITY BUSINESS OWNER

“My business is quite far from the city center and the drivers would take a while to get here. Some customers got impatient and complain through the drivers or give bad ratings if they have to wait for a long time for their food. Sometimes they cancel their order, too.”

Age 30, Outskirts of Bekasi

Digitalization can make the workload more manageable, but this might be more likely for women owners of growth-oriented MSBs than for women owners of necessity MSBs.

Digitalization can help women owners of MSBs continue earning an income during the pandemic, given the low entry requirements to sign up and flexibility it affords (e.g., enabling women to run a business from home with room to determine their own operational hours). Given that existing evidence shows that women’s domestic and care responsibilities spiked since the onset of COVID-19,²³ the use of digitalization may help balance responsibilities.

Digital platforms, in addition, can help simplify the process of reaching customers, managing orders and delivering food, but they do not simplify the rest of the business process, which covers tasks like shopping for supplies, prepping and cooking food orders, cleaning and handling complaints. Their use

also adds some burden to microbusiness owners, who must manage the platform along with the rest of the operations. If there are other people working on the business, a clear division of tasks can help to manage the workload. This may be more difficult for women owners of necessity MSBs. For a woman sole operator of a necessity business, balancing an increase in household chores like cooking, cleaning and distance learning for children, with handling orders from the digital platform, may be a challenge. Research shows that for many of these business owners digitalization helps make the overall workload more manageable if there proper support in the household (e.g., she cooks, while husband / children cleans and manages digital platform).

Unlike women in necessity businesses, those who own growth-oriented businesses do not handle the day-to-day production and transaction activities themselves. For them, digitalization does not significantly increase the business workload, but it helped their businesses survive or expand without added workload.

### WHAT ABOUT MSBs THAT ARE NOT USING DIGITAL PLATFORMS?

Indonesia is a highly connected country but not everyone is using digital platforms. Many MSBs that are not digital platform users, however, may still use a range of other digital solutions and online tools to support their business during the pandemic.

BPS Indonesia’s survey on the impact of COVID-19 on businesses in Indonesia24 showcased that women-owned MSBs are more likely than those owned by men to make use of the Internet to sell products since the onset of the pandemic. In alignment with this, many of the qualitative research respondents who were not using digital platforms shared that they still used a range of digital applications to support their business, as illustrated below:

<table>
<thead>
<tr>
<th>DIGITAL TOOLS THAT HELP CONNECT BUSINESSES TO CUSTOMERS</th>
<th>DIGITAL TOOLS THAT HELP BUSINESSES IMPROVE THEIR OPERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>DELIVERY APPS  e.g. Go-Send, JNE, Paxel</td>
<td>POINT OF SALES SOFTWARE  e.g. MokaPOS</td>
</tr>
<tr>
<td>Help navigate physical distancing restrictions</td>
<td>Useful for logging sales and managing inventory</td>
</tr>
<tr>
<td>MARKETPLACE    e.g. Tokopedia, Blibli, Shopee</td>
<td></td>
</tr>
<tr>
<td>Particularly useful for businesses dealing with non-food items and expands customer reach to other cities</td>
<td></td>
</tr>
<tr>
<td>MESSAGING APP  e.g. Whatsapp</td>
<td>KEYBOARD APP    e.g. Selly</td>
</tr>
<tr>
<td>Useful for maintaining existing customers and facilitating transaction, but not as useful to expand customer reach</td>
<td>Useful to ease customer service &amp; transaction via messaging apps</td>
</tr>
<tr>
<td>SOCIAL MEDIA   e.g. Instagram, Facebook, Twitter</td>
<td></td>
</tr>
<tr>
<td>Useful for branding and marketing, but needs to redirect to marketplace or messaging apps for transaction and creating content is a hassle</td>
<td></td>
</tr>
</tbody>
</table>

24. See chapter I in the report for details.
Some of the reasons cited to explain why respondents were not using digital platforms included:

- Their type of product was not well-suited for digital platforms. Current platforms in Indonesia are well suited to support the F&B sector, but they are not as useful for MSBs that are focusing on other types of products (e.g., clothes, household items).

- Their customers were not users of digital platforms. This is the case for MSBs focusing on business-to-business sales instead of the usual business-to-customer model accommodated in digital platforms. This could also be the case for MSBs that rely on walk-in customers within their neighbourhood.

- Their business had a limited production or storage capacity, therefore limiting their need to reach a wider customer base. This was particularly the case for some necessity businesses, which survived with the support of their existing customers.

In contrast to those who use digital platforms and digital solutions, many MSB owners in Indonesia are still completely offline. In 2019, Indonesia’s Ministry of Cooperatives and Small and Medium Enterprises estimated that only around 13 per cent of micro, small, and medium-sized enterprises are online. Available evidence suggests that this figure is rapidly changing as digitalization becomes an important strategy for MSBs to cope with the pandemic; however, it highlights that many MSBs are still not using the Internet to sell their products.

Infrastructure, affordability and digital literacy could be significant barriers for MSBs to adopt digital solutions to support their business. However, qualitative analysis suggests that some MSB owners are also simply choosing not to go online, despite having access to enabling infrastructures, owning a smartphone, and using digital apps for personal reasons. Some of these MSB owners chose to run their business completely offline due to their limited capacity to take additional online orders or for logistical reasons. The interview respondents offered several rationales for keeping their business offline.

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Based on emerging data and evidence that combines big data analytics, quantitative surveys and qualitative research, this policy research underscores the critical need to integrate a gender perspective into the National Economic Recovery Programme (PEN) in response to the COVID-19 pandemic. This is essential to ensure that both women and men can equally benefit from new economic opportunities, and in turn bring added value and accelerate economic growth as Indonesia moves towards recovery in 2021.

Given the significant contribution of MSBs to the growth and resilience of Indonesia’s economy, the study zooms into the impact that COVID-19 is having on these businesses, with a particular focus on women entrepreneurs and women-owned and women-managed MSBs. It also examines the use of digital platforms and technologies as one of the most important coping strategies in response to the COVID-19 pandemic. The study assesses the impact of COVID-19 on women- and men-owned MSBs and how digitalization is helping MSBs survive and even expand in some cases. The findings help identify how Indonesian businesses engage in digital platforms and whether this engagement has changed because of the COVID-19 crisis.

Survey data analysis highlights that young businesses (those that began during the past year) are the most likely to be informal but are also much more adaptive in leveraging digitalization and innovation, including digital platforms (e.g., GoFood, Grab, etc.) as a coping strategy in response to the crisis, compared to older business (those established more than three years ago). It also highlights that women entrepreneurs and women-owned MSBs are more likely to diversify their business operations and have been more nimble in shifting the scope of their business (especially informal businesses). As a result, they are benefiting the most from using digital platforms to cope with the negative impact of the COVID-19 pandemic. This is particularly relevant because the survey results also indicate that women-owned MSBs were less likely than men’s to be able to access financing, sell assets, or use other more traditional coping strategies to compensate for reduced business revenue.

Furthermore, data analysis evidenced that digital solutions are helping business owners balance home and work responsibilities. This is particularly relevant for women, as a disproportionate share of unpaid care and domestic work is usually performed by them and the workload has increased during the crisis to include support children out of school and caring for sick or older members of their households.

Nevertheless, the study concludes that digitalization is not helping all types of businesses equally: the sex of the owner, the status of the business as formal or informal, the age of the business and whether the business is growth-oriented or necessity-based all play a role. The findings show that women and men are coping differently: men owners of MSBs are more likely to apply a wider range of strategies to combat revenue loss, with greater access to finance and assets compared to women. This can also be explained by overrepresentation of women in informal businesses, which is a key barrier to access financing and social protection: most women-owned MSBs do not benefit from government stimulus plans. As a result, informal women-owned MSBs, many of which were established within the past year, are disproportionately turning to digitalization as a business coping strategy.

Building on the quantitative analysis, qualitative research provides some insights on into necessity businesses and growth-oriented businesses – which have different needs and have faced different challenges since the onset of COVID-19. Findings indicate that growth-oriented businesses are more likely to see more equal and complementary roles between women and men running the business. In contrast, women necessity business owners are more likely to have limited decision-making power and opportunities for advancement despite their significant role in operating their businesses. The COVID-19 pandemic is weighing particularly heavily on women necessity business owners, who often operate by themselves and are seen to experience higher workloads to make their business work since the pandemic was declared – as they also juggle increasing domestic and care responsibilities. Women entrepreneurs in growth-oriented businesses are not in charge of the day-to-day operations of the business, and thus they have more time to access a range of opportunities, including training to manage and grow their businesses. All of this explains why women engaged in growth-oriented businesses are able to benefit more from digitalization than those in necessity businesses.

Qualitative analysis also provides interesting observations on different coping strategies between women in necessity businesses and growth-oriented businesses. While digitalization and technology are being used as a clear coping strategy, especially for women-owned growth-oriented MSBs, the digital platform is most effective when combined with other strategies. These include:

- Diversification and flexibility to change the scope of the business to cater to different customer preferences;
- Ability to maintain competitiveness by improving services towards digital platform customers and delivery drivers, among others service providers;
- An effective use and combination of various digital platforms for promotion purposes and to expand customer base;
• Ability to change location of business operations, which remains a critical factor in ensuring competitiveness;

• Ownership of digital devices to manage the digital platform exclusively and the availability of technology enablers or facilitators (family members or people within the business network that help them access and manage the use of the digital platform).

In the context of the COVID-19 pandemic, digital platforms are particularly useful as they facilitate the process of acquiring customers, managing orders and delivering food. Nevertheless, these do not automatically simplify the rest of the business process, which still requires extensive production activities. Despite the rapid increase of digitalization as an important coping strategy for MSBs in Indonesia, other barriers, including access to finance and infrastructure, affordability and digital literacy still persist, particularly for women entrepreneurs and women-owned MSBs. Pre-existing gender inequalities and unequal access to enablers for starting and expanding businesses result in differentiated access to these platforms and to the potential benefits associated with their use.

KEY CONSIDERATIONS FOR INDONESIA’S NATIONAL ECONOMIC RECOVERY PROGRAMME

The study proposes the following key recommendations for consideration of the Government and key relevant stakeholders:

• Investing in gender data collection and analysis can provide strong evidence to inform targeted policy interventions to support groups of women entrepreneurs and women-owned MSBs, including monitoring of the implementation of social protection interventions.

• Targeting women entrepreneurs and women-owned MSB, particularly those in informal employment, must be a key priority in social protection response to COVID-19. This includes cash transfers and working capital loans/credit guarantee programmes for MSBs, including informal MSBs, to ensure the effective implementation of the National Economic Recovery Programme (PEN) for COVID-19 response.

• Enhancing greater access to and use of innovative technologies for women entrepreneurs, including digital platforms. This must be combined with addressing medium- to long-term barriers to accessing finance and credit, and building digital literacy, infrastructure and institutional arrangements that allow for gender equality in the labour market. These include exploring alternative financing approaches, such as crowdfunding, impact and gender lens investing and capital markets.

• Incorporating specific priorities and needs of women entrepreneurs and women owned MSBs into relevant fiscal stimulus packages to ensure that they reach those who are most affected by the pandemic, particularly those who are in informal employment without social protection coverage and/or not covered by the social protection programmes.

• Addressing the unequal distribution of unpaid care and domestic work is key to address significant barriers to women’s economic participation, especially in the context of the COVID-19 recovery. Digitalization and the use technology will be most helpful if they can help entrepreneurs and/or MSBs better balance home and work responsibilities.

• Leveraging partnerships between governments, businesses and private sector and civil society to expand women entrepreneurship opportunities through digital marketing and training platforms can provide an enabling environment for advancing women’s economic empowerment to bridge existing gender gaps in the labour market in Indonesia.
This report includes three main chapters, each with different information sources. Chapter I was authored by Hasnani Rangkuti and the broader BPS-Statistics Indonesia. The chapter describes key findings from a BPS survey on the impact of COVID-19 on businesses in Indonesia. The survey took place between 10 and 26 July 2020 and covered businesses of all sizes (micro, small, medium and large). The survey was distributed online and compiled nearly 35,000 responses from across Indonesia.

Chapter II was authored by UN Women and draws key findings from an online survey conducted in partnership with Gojek Indonesia. The survey was rolled out in Indonesia between 14 and 27 October 2020, among businesses using GoBiz. The survey was distributed online among registered GoBiz account users and through push notifications for app users. A total of 2,220 people responded to the survey. After ruling out responses from large businesses and excluding dropouts, 2,164 responses were considered in the analysis. No statistical weights were applied to the sample, which was relatively balanced between men and women, as well as between formal and informal businesses.

Chapter III was authored by Pulse Lab Jakarta, a data innovation facility of the United Nations (Global Pulse) and the Government of Indonesia (via the Ministry of National Development Planning, Bappenas). The chapter draws important findings from qualitative analysis of data gathered through virtual interviews performed in a sample of 40 men and women owners of micro and small businesses who were residing in urban or peri-urban areas in Indonesia. Most of these business owners were users of digital platforms, although users of other digital solutions and offline business owners were also interviewed.

In addition to these sources, Gojek provided insights from the analysis of big data. These helped complement the information obtained from the quantitative and qualitative research by adding data on trends around businesses joining digital platforms to cope with the COVID-19 pandemic.

Throughout this report, references are made to micro and small businesses, defined as business with fewer than 19 employees. To identify whether these businesses are women-owned, the following characteristics were considered: (1) survey respondents note the business is owned by a woman; (2) the sex of the owner appears in the business registration certificate or business permit; (3) there is no registration certificate or business permit, but the person with managerial responsibilities is a woman; or (4) there is joint male-female ownership of the business and decisions are made by a woman, either jointly or fully.

Throughout this report, mentions of “digital platforms” refer to online digital businesses that mediate work or services delivered between service providers and customers. Thus, there are typically three parties in the relationship: the crowdsourcer (often referred to as the client or requester), the intermediary (the platform) and the workers. In the case of the main platform utilized for this analysis (Gojek) a fourth party (the delivery person) is often involved in the transactions as well. References to digital platforms in this report exclude other applications that are considered digital tools or digital solutions, such as messaging apps, smart keyboards (such as Selly) and point of sales and inventory systems (such as Moka).

LEVERAGING DIGITALIZATION TO COPE WITH COVID-19
AN INDONESIA CASE STUDY ON WOMEN-OWNED MICRO AND SMALL BUSINESSES