

## Research Article

## Portrait of Gender Economic Inequality in Indonesia

Maria Ulfa<sup>1</sup>, Abd. Jamal<sup>2</sup>, M. Shabri Abd. Majid<sup>2\*</sup><sup>1</sup>Master of Economics, Faculty of Economics and Business, Universitas Syiah Kuala, Indonesia<sup>2</sup>Faculty of Economics and Business, Universitas Syiah Kuala, Indonesia

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**Abstract:** This study aims to describe the existing conditions of the gender gap that occur in economic activity in Indonesia. Using a descriptive analysis with the study areas of 33 provinces in Indonesia from 2010 - 2018, this study provides a clear picture of the gender disparities that occur in income, education, labor force participation rates, unemployment rates, and wages still occur in most provinces with levels different gaps. Some policies that can be implemented to reduce this gap include: i) Increase access to women's education; ii) Strengthening policies that are friendly to work mothers; iii) Providing skills training to women; and iv) Implement Article 1 of Law No. 80 of 1957.

**Keywords:** Gender wage gap, gender education gap, gender unemployment gap, gender labor force participation gap

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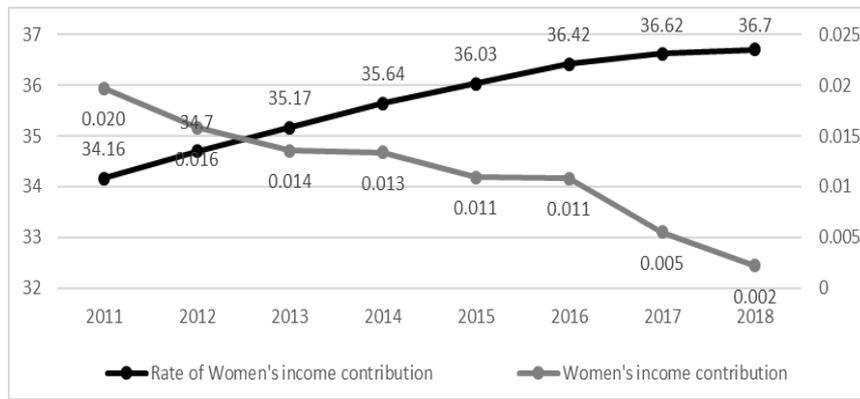
## INTRODUCTION

The gender gap is a crucial world issue that has not been resolved until now. According to the World Economic Forum (2018), it takes 108 years to overcome the global gender gap seen from the current trends. Even the United Nations which is representative of 193 countries includes gender equality in the fifth goal of Sustainable Development Goals (SDGs) to achieve sustainable development (UN, 2015), especially in developing countries, including Indonesia.

Indonesia is a country that has a high gender gap. According to the 2018 Global Gender Gap Index (GGGI) report, Indonesia ranks 85th out of 149 countries in terms of gender equality and is also below the ASEAN gender equality average (World Economic Forum, 2018). The high gender gap, caused by participation and the labor force in Indonesia is still influenced by gender, and the low participation of women in politics (Woetzel *et al.*, 2018; World Economic Forum, 2018). In addition, Sitorus (2016) also suggested that the gap in achievement and benefits of development outcomes between men and women, to meet basic human needs in obtaining employment, education and health in Indonesia still exists.

Gender disparities are often documented in economic activities. Based on income contribution data (BPS, 2019) seen in Figure 1, the Indonesian economy is more driven by men (male-driven economy) because of the low participation of women in economic activities.

Figure 1 illustrates an increase in the contribution of women's income in Indonesia from 2011 amounted to 34.16 % to 36.7 % in 2018. But if examined further, the rate of growth of the %age of women's participation in these economic activities decreases each year. In 2014, the rate of increase in the contribution of women's income by 0.02 decreased dramatically to 0.002 in 2018. In addition, despite an increase, the labor force and women's wages, which are factors that influence women's income contributions, remain far below that of men (KPPPA and BPS, 2012). This indicates the ineffectiveness of gender-based policies that are used today to increase women's economic participation. Even though Woetzel *et al.* (2018) estimate that in 2025 Indonesia will get an additional 135 billion US dollars in Gross Domestic Product (GDP) only by advancing gender equality, which means, the potential for economic benefits by closing the gap is very promising.



Source: BPS-Indonesian Statistics (data processed), 2019

Figure 1: Development and Rate of Women's income Contribution in Indonesia in 2010 -2018

Moving on from this background, this study aims to describe the existing conditions of the gender gap in the economic field using descriptive analysis in order to explain the current conditions of the gap in more depth. This study focuses on gender disparities that occur in: income, education, labor force participation rates, unemployment rates and wages in 33 provinces in Indonesia. The rest of the research is organized in the following sections. Section 2 provides the research method, followed the presentation and discussion of findings in Section 3. Finally, Section 4 concludes the paper.

## RESEARCH METHODS

This study addressed the following research questions: how is the portrait of gender gaps across 34 provinces in Indonesia?, and to what extent the gender gaps in terms of income, wage, education, unemployment, and labor force participation gap exist across 34 provinces in Indonesia? To answer these research questions, this study intended to describe the portrait of gender gaps in terms of wages, education, unemployment, and labor force participation gap exist in Indonesia.

This study adopts the qualitative approach, describing the existing condition of gender gaps in

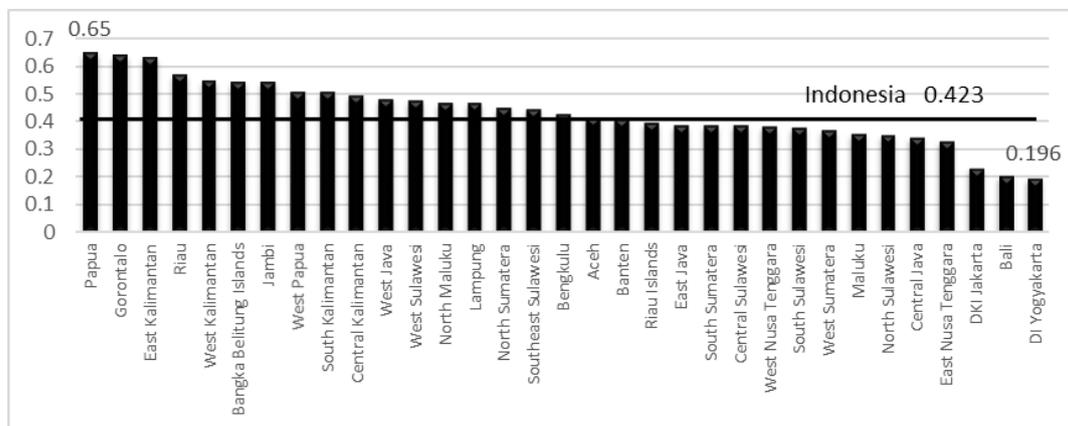
Indonesia. The reports of the Central Statistics Agency of Indonesia (BPS – Indonesian Statistics) over the period 2010-2018 are referred. To presents and discusses the issues of gender gaps in the country, the study uses graphical illustrations.

## FINDINGS AND DISCUSSION

In this section, the gender gaps in income, education, labor force participation rates, unemployment rates, and wages in 33 provinces in Indonesia are presented, discussed, and analyzed.

### Income Gender Inequality

Income inequality is a measure of the success of equitable economic development. When viewed by gender, this income inequality is a measure of economic well-being between men and women. The higher level of inequality indicates that the policy of equal distribution of income between genders was not achieved; it can be seen from the increasing number of women entering the lowest income groups of people. income inequality based on gender, calculated by a formula adapted from the gender wage gap formula (OECD, 2019) ie male per capita expenditure reduced by female per capita expenditure divided by male per capita expenditure, where per capita expenditure is a proxy for income (Wibowo, 2012).



Source: BPS-Indonesian Statistics (data processed), 2019

Figure 2: Average Value of Income Inequality among Genders at the Provincial Level in Indonesia 2010-2018

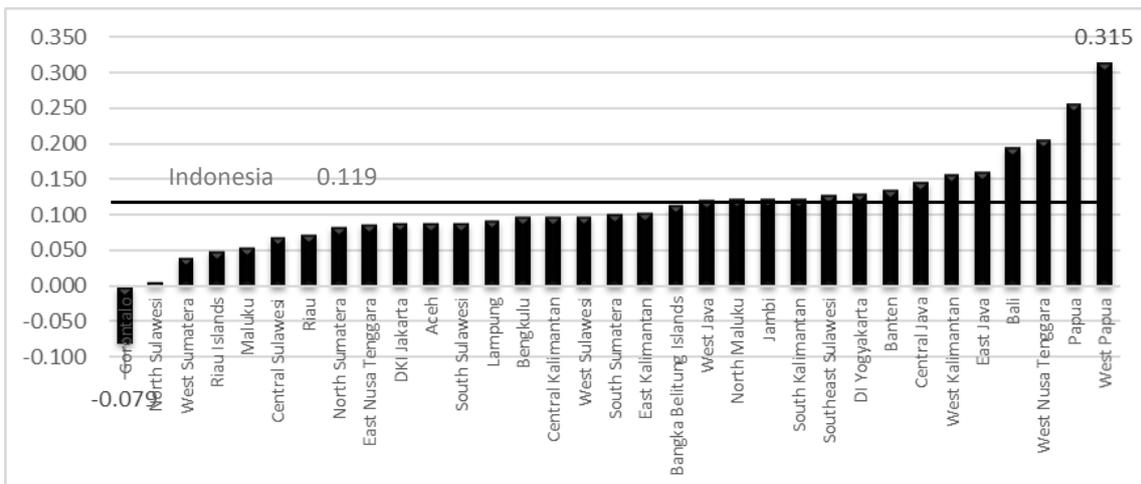
Based on Figure 2, it can be seen that women's income is far below that of men in all provinces, and as many as 16 provinces have inequality above the average income gap of Indonesia. Papua Province has the highest income inequality in terms of average values from 2010 to 2018. In Papua, the main obligation of women is to do hours of unpaid domestic work, difficulties in accessing credit and earning income. Women have little rights to own land or inherit property, and there is employment discrimination, so that gender income inequality is high. However, when compared between 2018 and 2010, income inequality has decreased in most provinces, which means that gender-based economic equality policies have begun to show results. Only the provinces of DKI Jakarta, Central Sulawesi, DI Yogyakarta, and North Sumatra experienced an increase in inequality in 2018.

**Gender Gaps in Education**

The low level of education of women when compared to men (Banragch *et al.*, 2019; Chisamya *et al.*, 2012) occurs in almost all developing countries (Doğan and Yuret, 2011; Gonzales *et al.*, 2015), including in Indonesia. Yet when viewed closely, the education of women provides many positive effects in

increasing human capital and economic growth (Klasen, 2002). Lower education of women decreases the average level of human capital, and the negative impact on income growth will be felt directly (Baliamoune and McGillivray, 2015). Women with higher levels of education have access to higher-paid wages. Another benefit gained in the education of girls is that later they can educate and provide better health for their children (Doepke and Tertilt, 2009).

The gender gap in education is calculated from the average length of schooling of men reduced by the average length of schooling of women divided by the average length of schooling of men. If averaged, the education gap between men and women in Indonesia can be said to be low, the level of education of women is 11.9 % below men, but when viewed by province the value varies. The province with the largest gender gap in education over the past nine years is West Papua Province (Figure 3). A patriarchal cultural system, a lack of awareness of the importance of women in school, a lack of respect for educated women, difficult access to education, and coinciding poverty have led to low levels of education for ethnic Papuan women (Palit, 2017).



Source: BPS-Indonesian Statistics (data processed), 2019

**Figure 3:** Average Value of Gender Gaps in Education by Province in 2010-2018

The success of the Gorontalo Government in increasing the level of education of women deserves appreciation. Judging from the average score, only this province had an average female school length of time compared to men, male education level was 7.9 % lower than women. However, the high education of women in Gorontalo Province looks paradoxical, because this province is also the province with the second-highest gender inequality income in Indonesia in terms of average scores (Figure 2). In fact, if seen from the theory and previous studies, an increase in education will be followed by an increase in income. There are several reasons why this happens, including:

1. The low participation of the female workforce (Figure 4), due to the fact that most of the population thinks that women are only tasked with conceiving, giving birth, caring for children and carrying out other household tasks, so that women's access to the labor market is getting smaller.
2. Gorontalo is a province with the highest share of women in part-time workers in Indonesia (BPS, 2016), which means that many women in Gorontalo Province work under 35 hours per week, so the income earned is certainly lower than that of full-time workers.
3. Judging from the average female unemployment based on the level of education in 2010-2018, as

many as 61.75 %s of female unemployed have high school / vocational education and above. This shows that the higher the education of women in Gorontalo Province, the more women in the province choose jobs. They are willing to be unemployed rather than working in areas they don't want. So high education does not have a significant effect on women's income in the province.

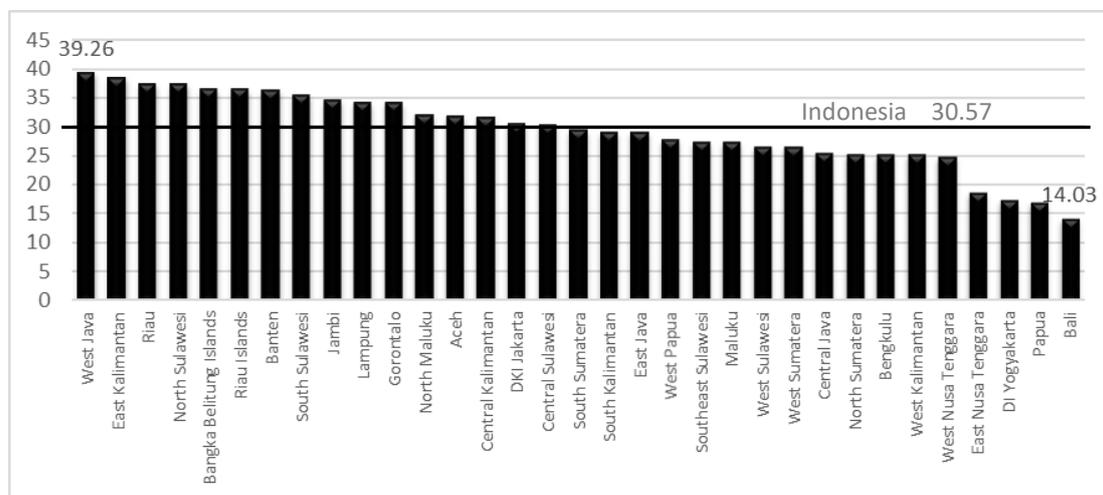
If we look at the development of data between 2010 and 2018, improvements in educational equality between men and women occur in all provinces. This reflects that the gender policies adopted were able to reduce the gender gap in the sector. This achievement increases optimism that in a number of years a gender equality education will be achieved.

### Gender Gap in Labor Force Participation Rate

Women's labor force participation in developing countries is very low. The community's view of the concept of "women's nature" requires women to be responsible as wives and mothers, because that is the most important task of women (Andajani *et al.*, 2016), so women generally prefer jobs close to home because they think of family, and will refuse work that keeps them away from home (Azmi *et al.*, 2012). In addition to religion and culture, government policies also play an important role in the level of female labor force participation especially in OECD

countries other than the United States (Blau, 2015). These countries offer parental leave programs that are more favorable to women workers (both in terms of leave and benefits received) and require employers to provide greater part-time options. So that women, especially those who are married have the same opportunity to get a job without having concerns for the family.

The gender gap in labor force participation rate (LFPR) is calculated from the male LFPR minus the female LFPR (Bicakova, 2014). Gender gaps in the labor force participation rate (LFPR) occur in all provinces in Indonesia with different levels of inequality, when seen on average, female LFPR in Indonesia is 30.57 % lower than men. Based on Figure 4, the Province of Bali is the province with the lowest gender gap in the LFPR of all provinces in Indonesia in 2018. The low gender gap in the sector is influenced by culture (religion) in Bali which considers that work is an obligation that must be done by both men and women. men and women, supported by tourism activities that improve the local economy, so that formal and informal labor market offers are very easy to obtain, including by women. Whereas West Java Province is the province with the highest gender gap in labor force participation in Indonesia, seen from the average value, with a gap value of 39.26.



Source: BPS-Indonesian Statistic (data processed), 2019

Figure 4: Average Value of Gender Gaps in Labor Force Participation Rate by Province in 2010-2018

In 2018, the gender gap in LFPR is much lower when compared to 2010 in almost all provinces, only Central Kalimantan, West Nusa Tenggara, and Bengkulu provinces experienced an increase in the LFPR gap between genders.

### Gender Gap in Unemployment Rate

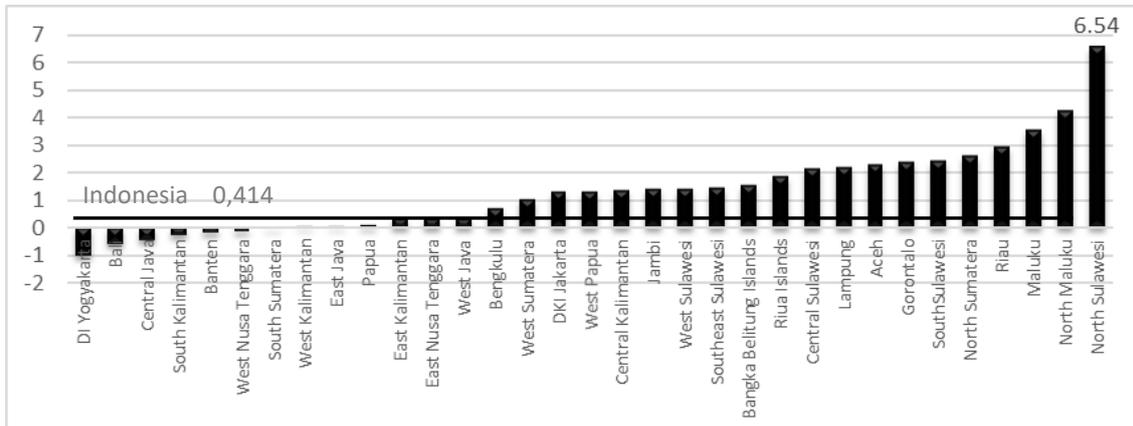
Gender disparities also occur in the unemployment rate. The high level of female unemployment is due to women who are not skilled workers (Queneau and Sen, 2012), socio-cultural

factors that require women to take care of the household, difficulties in finding work in the formal sector, employment discrimination that can only be done by men (BPS and KPPPA, 2016). The gender gap in the unemployment rate is calculated from the unemployment rate for women minus the unemployment rate for men (Albenasi and Sahin, 2018).

In general terms, the gender gap in the unemployment rate in Indonesia over the past 10 years

has tended to decline, even from 2016 to 2018; the unemployment rate for men is much higher than for women, and when averaged the difference between the unemployment rate for women and men only for 0.414. But if you look in more detail, in most provinces, gender disparities in the unemployment rate are still a problem. The gender gap at the highest unemployment rate occurs in North Sulawesi Province with an average gap value of 6.54. The high unemployment of women

in the province is caused by the increase in female LFPR, but this increase is not accompanied by the addition of employment so that the absorption of women workers is very low. The high interest of women to work is motivated by economic problems, so those who were not included in the labor force re-enter the labor market even though opportunities to work are very limited.



Source: BPS-Indonesian Statistics (data processed), 2019

Figure 4: Average Value of Gender Gaps in Unemployment Rate by Province in 2010-2018

Some provinces that have lower female unemployment rates than men include South Sumatra, West Nusa Tenggara, Banten, South Kalimantan, Central Java, Bali, and DI Yogyakarta. In 2018, the gender gap in the unemployment rate is much lower compared to 2010 in almost all provinces. This indicates that an increase in women's education can reduce the unemployment rate. Only the provinces of West Sulawesi, South Sumatra, East Java, Jambi, West Kalimantan, East Kalimantan, DI Yogyakarta, and Papua experienced an increase in the gap in unemployment rates between genders.

**Gender Wages Gap**

In Indonesia, the wage gap between men and women remains a problem that has not been resolved at this time. Women's skills in the labor market are undervalued financially, although legislation on anti-wage discrimination already exists in Indonesia (Hennigusnia, 2017). Article 1 Law No. 80 of 1957 explained that the same remuneration for male and female workers for work of equal value refers to the value of remuneration held without discrimination on the basis of sex. However, in reality, wage discrimination still occurs, although wage trends continue to increase in Indonesia, wages received by women are always below men, including in the same occupation (World Economic Forum, 2018).

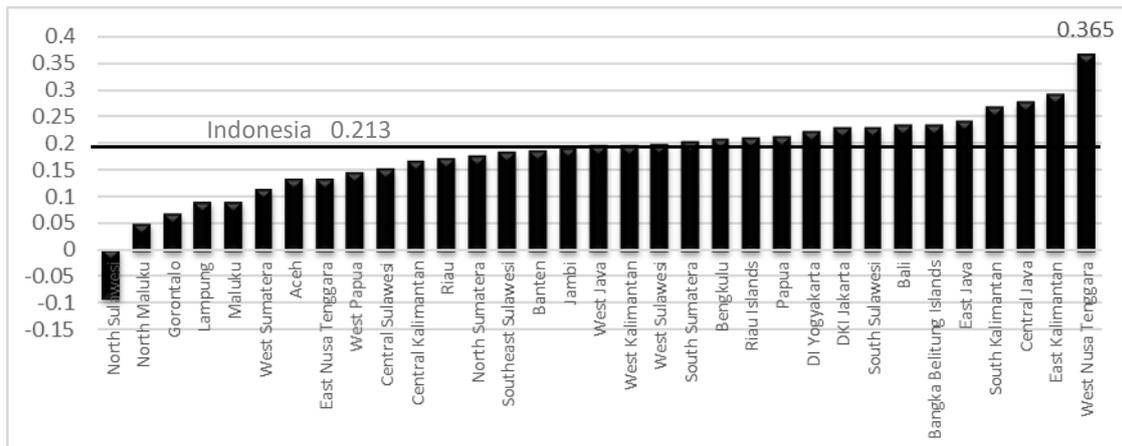
Another thing that causes a gender wage gap is job segregation. the occurrence of gender dominance in one particular work sector causes women to work in lower-wage jobs, due to the inherent concept of

women's nature as a figure who nurtures, nurtures and does domestic work (Andajani *et al.*, 2016) so that the position of female workers is more on administration, education, and health which have lower salaries compared to mining, industry, and others. This problem also occurs in America, where women workers are very rarely found in high-paying business fields, such as information services, mining, logging, and utilities. Most of the female workers are in the business field with low wages, such as recreation and hospitality, petty trade, and services (KPPPA and BPS, 2016). Based on Labor Productivity and the %age of Female Labor by Business Field Categories in 2017 (KPPPA and BPS, 2018), men dominate 14 business field categories out of 17 available categories, 4 of which are only filled by women. Even 10 categories of business fields with the highest productivity are also very minimal in female workers so that women's access to wages that are equal to men is increasingly difficult.

The gender gap in wages obtained from the average wage per month for men minus the average wage for women per month divided by the average wage for men per month. The gender wage gap in West Nusa Tenggara Province is the highest gap between provinces in the 2010-2018 period seen in Figure 6. The average value of 0.36 indicates that the average wage for women is 36 % lower than the average men's wages. The desire of women in West Nusa Tenggara Province to work is not matched by the education and skills needed so that most women work in the informal sector and have wages that are much lower than men. North Sulawesi Province is the province with the lowest

gender gap between wages in Indonesia, with a gap value of -0.089, which means that wages for women are

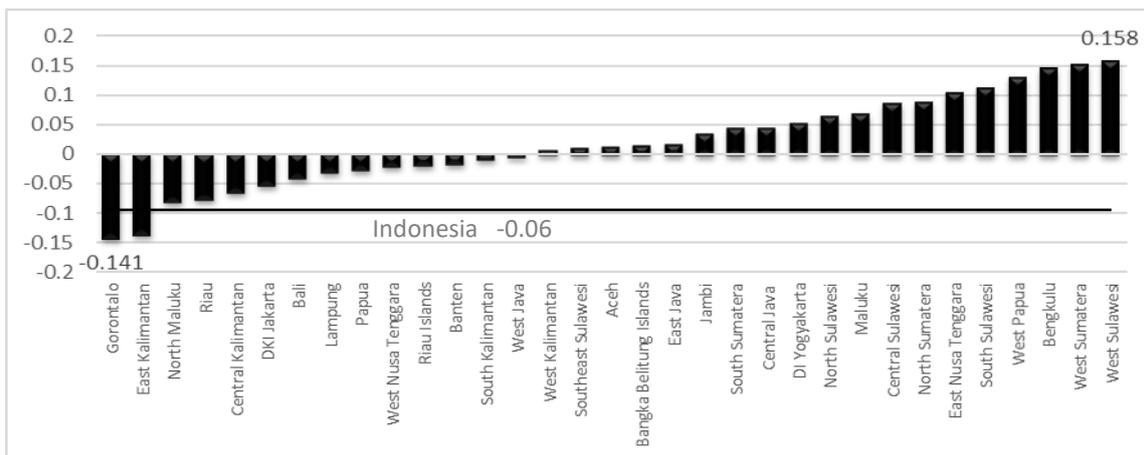
higher than men. this wage equality explains that the wage system in the province is gender-based.



Source: BPS-Indonesian Statistic (data processed), 2019  
**Figure 6:** Average Value of Gender Gaps in Wages by Province in 2010-2018

Gender disparities in wages remain an unresolved problem in most provinces in Indonesia. in 2018, 19 provinces experienced an increase in the

gender wage gap compared to the gap in 2010 (Figure 7). the highest increase in the gender wage gap occurred in West Sulawesi Province with a value of 0.16.



Source: BPS-Indonesian Statistic (data processed), 2019  
**Figure 7:** Difference in Gender wages Gap in 2010 and 2018 by Province

The role of government is needed to reduce gender disparities that occur mainly in economic activities as explained earlier. There are a number of policies that can be implemented including: 1) Increasing access to women's education, especially in provinces that have a very low average school-age of women by providing scholarships and free school programs, as well as reducing the occurrence of education segregation so that the problem of segregation of work between genders can be overcome; 2) Strengthening policies that are friendly to working mothers, such as the provision of maternity and maternity leave, the availability of lactation space and the relaxation of working hours so that the level of participation of women to work increases; 3) Providing skills training to women especially in provinces that are vulnerable to gender inequality such as North Sulawesi and North Maluku; and 4) Implement Article 1 of Law

No. 80 of 1957 by requiring employers to provide equal salaries between men and women on the same job so that discrimination between wages of gender can be overcome.

## CONCLUSION

This study aims to describe the existing conditions of gender disparities that occur in economic activity in Indonesia. Using a descriptive analysis with the study areas of 33 provinces in Indonesia from 2010 - 2018, this study provides a clear picture of the gender disparities that occur in: income, education, labor force participation rates, unemployment rates, and wages still occur in most provinces with levels different gaps. Some policies that can be implemented to reduce this gap include. 1) Increase access to women's education; 2) Strengthening policies that are friendly to work

mothers; 3) Providing skills training to women; and 4) Implement Article 1 of Law No. 80 of 1957.

The limitation of this study is that it does not include gender disparities in economic decision making and gender disparities in part-time workers and the informal sector to explore the overall picture of gender economic inequality.

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