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## **Economic Development Strategies: The Underlying Challenges of Achieving Gender Equality**

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**Economic Development Strategies:  
The Underlying Challenges of Achieving Gender Equality**

Why is female participation in the Indonesian workforce stagnating?



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### **Abstract**

The goal of developing countries is to achieve the economic status of “developed”. As many strategies aiming to achieve that stage revolve around economic procedures, this research rather takes a social and a more inclusive approach to the matter. As previous studies find that gender equality has a positive impact on economic growth, it has become part of the development agenda of numerous developing countries, including the Republic of Indonesia. Nevertheless, although academic work has established the existence of a major correlation between female educational attainments and the participation of women in the workforce, this paper finds Indonesia to be an outlier. Indeed, as the country successfully increased its economic rates and female educational attainments, only 0,1% increase of the female participation in the labour force has been recorded between 1998 and 2014. Examining the causes of why women’s economic participation has stagnated in Indonesia, this research uses a process tracing method of analysis to examine two gender policies. This research finds traditional customs – viewing women’s role as biological rather than on the labour force – to be the main explanation for this phenomenon.

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## **Inclusive Development Strategies: The Underlying Challenges of Achieving Gender Equality**

Ever since the 1960s, the Republic of Indonesia has pursued to reduce gender gaps, particularly in terms of access to health, education, and inclusivity in the workforce. Nonetheless, despite of the country's successful economic growth, decline in fertility rates and the increase of both male and female educational attainments, women's participation in Indonesian economic activities has only increased by 0,1%, between 1998 and 2014 (World Bank, 2020). Why is the female participation in the Indonesian workforce stagnating?

Similarly to other developing country, Indonesia pursues to achieve long term growth and attain the rank of high-income country. A large number of studies, aiming to provide development strategy recommendations, suggest that the most effective approach to growth is democratisation (Acemoglu & Robinson, 2012), the strengthening of national institutions (Aiyar, Duval, Puy, Wu & Zhang, 2013; Nag, 2011) and the reduction of inequalities (Zhang, Yi, Luo, Liu & Rozelle, 2013). As Sen (2001) underlines the importance of the social aspect of development, which encompasses inclusive development and gender equality. This research takes this socio-economical vision and exclusively focuses on the inclusive developmental strategy of achieving gender equality.

According to the United Nations (2020), decreasing gender gaps in a country's labour force is a particularly effective way to achieve economic development. Furthermore, the international organisation finds that governments are the most effective actors when it comes to achieving gender equality. The purpose of this study is to understand the reason why the gender gap in the Indonesian labour force remains high. This research uses process tracing as

a method of analysis. By providing an overview of the country's historical context, the analysis of a set of gender policies and the evaluation of alternative causes

In the case of Indonesia, the policies implemented by the government have led to a decline in gender disparities. From the decreasing of fertility rates to the considerable increase in female educational attainment, Jakarta has played a major role in the reduction of gender gaps (Cameron, Suarez & Rowel, 2019). Nonetheless, as numerous studies find a strong correlation between access to education and female participation in the labour force (Kabeer, 2012; Luci, 2009), this research finds the case of Indonesia to be an outlier. Following the examination of the implication of the sectorial shift that took place in Indonesia as a consequence to the country's industrialisation, this research finds traditional customs – viewing women's role as biological rather than on the labour force – to be the main explanation for this phenomenon.

Overall, this research finds that achieving gender equality is a complex process, particularly in the case of Indonesia. As this study's findings contradict the one of some academic work, this paper puts into light the underlying challenges of achieving gender equality. Indeed, in order to pursue efficient development and the reduction of inequalities, the understanding of both macro and micro levels of a country's culture and historical context is essential.

## Review of the Literature

Economic development is defined by Feldman, Hadjimichel, Lanahan & Kemeny (2016) as activities addressing microeconomics, by expanding the “capacities to realize the potential of individuals, firms, or communities who contribute to the advancement of society through the responsible production of goods and services”. It is determined by a country’s growth rate, which is measured in gross domestic product (GDP) per capita (Yao, 2015). The most common strategies used to boost economic growth in developing countries are the strengthening of institutions (Aiyar et al., 2013; Nag, 2011), democratisation (Acemoglu & Robinson, 2012), high technology (Hausmann & Rodrik, 2003) and reducing inequalities (Zhang, Yi, Luo, Liu & Rozelle, 2013). According to the United Nations (2020), there is a strong correlation between inequalities and a country’s level of development. These are particularly high in developing countries (World Bank, 2020). Most economic studies conclude that that income inequalities severely hinder the capacity of a country’s economy to grow efficiently (Egawa, 2013; Gill and Kharas, 2015). Nevertheless, other sources of inequality affect growth all the more, such as human capital (Zhang et al., 2013) or gender inequalities (Sen, 2001). Such disparities are particularly interesting as they enable a more social approach to an economic problem. Therefore, this study takes a socio-economical vision, by focusing on the importance of gender equality in a developing country.

It is scholarly agreed upon that there is a strong correlation between gender equality and economic development (Hanmer & Klugman, 2016; Klasen, 1999; Sen, 2001). As gender disparities have been found to hinder a country’s economic performance (Klasen, 1999), the relationship between equality and growth remains disputed. The debate is divided into two main approaches: (i) the “modernization-neoclassical” approach and (ii) the “women in development” approach. On the one hand, the modernisation-neoclassical approach argues



that economic development boosts gender equality rates (Charles, 1992; Weiss, Ramirez & Tracy, 1976). As economic growth allows the market to expand – requiring capabilities and productivity which does not take gender into account (Becker, 1985) – it hence increases female participation in the formal economy (Ramirez, Soysal & Shanahan, 1997). On the other hand, the women in development approach puts forward that female contribution, both at home and in a paid workforce, considerably contributes to economic growth (Ferrant, 2015). As this research focuses on the impact of gender policies in developing countries, this paper takes a women in development approach; following the argument that an increase in female inclusivity positively affects economic development.

### **Gender Equality**

As the current economic and feminist literature identifies a strong correlation between gender equality and economic development, this section aims to provide a more in depth understanding of the underlying mechanisms of this relation. According to the United Nations (2020), gender equality is not only a human right but is also necessary in the prospect of achieving a “peaceful, prosperous and sustainable world”. Even though they represent half of the world population and potential, women still face strong discriminations which hinders societal development at both an international and a domestic level (United Nations Development Programme [UNDP], 2020). Created by the United Nations, the Gender Inequality Index (GII) outlines three main dimensions which enables the measuring of gender gaps within countries: female empowerment (access to education and shares in parliamentary seats), participation rates in the labour market and access to health services (maternal mortality ratio and adolescent birth rates). As studies conducted by the United Nations (2020) find that female participation in the labour force is the most effective way to achieve higher

levels of economic development, this study exclusively focuses on female inclusivity in the workforce.

Described by feminist scholars and international institutions as encompassing important economic dimensions, concerns for gender disparities have made its way to national development agendas. It is to this day scholarly agreed upon that active participation of women in formal workforce has a positive impact on a country's economic growth (Luci, 2009). As women represent 50% of the world population, it is not surprising that findings show that female access to employment opportunities reduce household poverty and increases human capital (Kabeer, 2012). Nevertheless, despite the numerous policy recommendation advising to decrease gender gaps to the benefit of economic growth, high disparities remain. There are three main reasons as to why gender inequalities take place on the labour market. Firstly, this is the case in communities that view women's role as biological, rather than on the labour market (Polachek, 1981). Secondly, in non-competitive markets, such inequalities can be caused by the employers' discriminatory point of view, related to the first described instance (Becker, 1971). Thirdly, women are more likely to suffer from "statistical discrimination". This is, the employer recruiting by looking at the individuals' class, or level of education (Arrow, 1973). Widely influenced by feminist literature, governments nowadays pursue to tackle these discriminations in order to integrate more women in the labour force (Kabeer, 2012).

As the modern literature suggest that the participation of women in the workforce have a strong impact on economic development, it is further argued that this labour inclusion is difficulty achieved without the improvement in equal access in human capital. Economic literature conceptualizes human capital as the acquired skills and knowledge that

distinguishes unskilled to skilled labour (Schultz, 1961). According to Hansen, Matiang'i and Ziob (2017), this concept explains up to two thirds of the world's income differences. World Bank reports (2020) states that high human capital leads to an increase in productivity, due to two factors: access to quality education and health care.

Disparities in education levels impacts female options in the workforce and therefore their human capital returns. Investment in female education leads to the rise female participation in the labour force, and in an increase of earnings along with a decrease in fertility rates (Luci, 2009). As they provide an additional source of earning to their household, they enable greater savings which enhances the capital stock. When it comes to access to health care, Li and Wu (2011) underline that poor health lowers human capital. Indeed, not only can it hinder academic performances (Zhang et al., 2013) but also productivity at work, preventing individuals from moving up on the socioeconomic ladder. Therefore, in order to stimulate domestic economic growth through the inclusion of women in the labour force, governments should firstly invest in female access to education and health care.

Overall, current literature on gender equality as a development strategy suggest that an increase in inclusivity of the female workforce has positive effects on economic growth. Efficient methods to achieve this goal pursue to reduce gender gaps in access of health and education. As this research analyses the impact of gender policies, the following section provides a classification, which enable a better a more in depth analysis of those policies.

### **Gender Policy Strategies: a Categorisation**

This research analyses the impact gender policies have on Indonesian women's contribution to the country's labour force. In order to provide a deeper understanding of the results, this study uses Htun and Weldon's (2010) categorisation of gender policies.

According to the authors, gender policies can be separated in four different groups: status policies, class policies, doctrinal and non-doctrinal policies. This categorisation has found to be essential in this study as it enabled a deeper understanding of the aims of implemented gender policies along with the analysis of their implications on the Indonesian female society. For matters of time constraints and the limited length of this paper, this research focuses on status policies and class policies, with the purpose of tackling the regional inequalities in Indonesia.

### ***Gender Status Policies***

Gender inequalities affect all women, regardless of their race, class or level of education. The purpose of gender status policies is therefore to tackle these unequal treatments that hinder female opportunities. This is done on the one hand by challenging the beliefs that women are inferior to men and that their main roles lie into household work and reproduction. On the other hand, such policies further aims to give a stronger voice to women, by increasing their participation in domestic socio-political activities. Instances of status policies are namely family law, gender quotas, targeting violence against women or ensure reproductive freedoms (Htun & Weldon, 2010).

### ***Class-based Policies***

Even though gender disparities affect all women, one can argue that the extent of their impact widely differs. Indeed, as status policies target all women, its often proves to be more efficient for upper-class women. For instance, as wealthy women are more likely to attain a higher education level, they tend to get more work opportunities and earn higher wages. Poorer women on the other hand are more likely to stay at home to help in the household, hence having less work options. These disparities present between women themselves have

led to the necessary creation of class-based policies. They pursue to make sure that lower-class females benefit as much as wealthier women from the opportunities government grant them. Such policies often include fundings, for example in the form of paid maternity leave, government funded contraceptives or child care (Htun & Weldon, 2010).

The differentiation of these two types of policy is essential when studying the case of developing countries. Indeed, as these states suffer from gender inequality, large income and regional disparities are all the more to be taken into consideration. In many instances the setting up of status policies may not allow gender equality rates to increase, like it has been the case in Indonesia (Alisjahbana and Manning, 2006). The following section provides an overview of the nature of gender equality in Indonesia, outlining the relevance of this single case study.

### **Gender Inequalities in Indonesia**

In the aftermath of the 1997 Asian financial crisis, the Republic of Indonesia engaged in a process of democratization, aiming to strengthen its institutions. As this measure allowed social groups to be heard, it led to the rise of numerous female voices. In search for poverty reduction strategies, the government took into consideration there female movements by implementing a series of gender policies. These include policies ranging from protection from domestic violence to mandatory schooling, or access to health services to gender quotas in parliament.

According to the World Bank (2020), Indonesian gender equality rates are particularly low compared to other countries in the region, ranking below the Philippines, Vietnam, Malaysia, Thailand and Singapore (rank 111). Moreover, despite the country's economic growth, decline in fertility rates and increase in male and female educational attainment, female

participation in the labour force has only increased of 0,1% between 1998 and 2014 (World Bank, 2020). As these results contradict academic work that finds a strong correlation between high educational attainments the inclusion in economic activities, one may therefore wonder: why is female participation in the Indonesian workforce stagnating?

### **Methodology**

Despite its numerous gender policy implementations, Jakarta is failing to increase its rates of females taking part in the country's workforce. In order to understand the reason of this phenomenon, this qualitative research uses process tracing to evaluate the impact of the gender policies implemented by the Indonesian government, between 1998 and 2014. The following section defends the methodological choices made for the purpose of this study.

Firstly, this research focuses on policy implementation as they serve as the direct voice of the state, reflecting its position on the matter. According to the United Nations (2020), achieving gender equality can be challenging without a government's political will. Rooted in society and attitudes, fighting gender inequalities necessitates political commitment at a national level (Grown, Gupta & Kes, 2005). The study of gender policies is therefore more relevant than one reflecting on the impacts of organisations and non-governmental organisations.

Secondly, this paper uses process tracing as a method of policy analysis. As the main purpose of this method is to establish how and why gender policies have influenced the participation of female in the Indonesian labour force. It is performed in this paper through the analysis of a specific set of gender policies and of the historical development of Indonesia, followed by the evaluation of other alternatives that could explain the phenomenon. Statistical methods were considered. However, as much as they are effective

when it comes to determine the extent of the correlation and causation between two variables, they do not enable an in depth understanding of the reason why such relations exist. Allowing for an extensive comprehension of the causes and alternative causes that lead to a gap in workforce participation, process tracing is therefore the most relevant method of analysis to this study.

Empirical research on the specific theme of female participation in the workforce is rather rare in the context of Indonesia. Therefore, secondary sources, formal reports and data collected by the World Bank and the Indonesian National Socio-Economic Survey (SUSENSA) is used to perform this research.

Thirdly, this qualitative research focuses on the single case study of the Republic of Indonesia, for two main reasons. First, the country possesses the attributes necessary to put into place efficient gender policies. These include the presence of democratic state (Acemoglu and Robinson, 2012) and the willingness of the government to take action (United Nations [UN], 2020). Secondly, despite Indonesia's attempts to reduce gender disparities, its GII rate remain the lowest in the region, ranking below the Philippines, Vietnam, Malaysia, Thailand and Singapore (rank 111). As female inclusion in the workforce is an indicator of the GII, the study of the case of Indonesia is particularly interesting.

Finally, the examination of these policies is done using a sixteen year timeframe, ranging from 1998 to 2014. The date of 1998 was chosen as it follows the Asian financial crisis, critical juncture caused a regime change, from the New Order (1966-1997) to the New democratic Era (1998- ). The date of 2014 was chosen as marks the end of the last presidency, the one of Widodo (2009-2014), who winner of a second term remain president to this day.

## **Operationalisation of the Gender Policies**

Gender equality, and more specifically the inclusion of female in the labour force, plays an important role in the pursuit of achieving economic. As Indonesia has set up a series of gender policies between 1998 and 2014, the purpose of this research is to understand why the country's GII rates ranks far behind the neighbouring Southeast Asian states. This study critically examines the implication of a specific set of gender policies. This paper pays particular attention to the theme of gender equality as many studies have sound sex disparities to hinder development, particularly the lack of female integration in the labour market. According to Sen's (2001) "capacities" approach, the social aspects of gender equality, education and health play an important role in a country's economic productivity. Therefore, the policies selected for the purpose of this research need to fit these criteria: they need to be gender related, and tackle the issues of inclusivity in the labour force, education and health. Furthermore, these policies need to be implemented between 1998, the end of the Asian financial crisis, and 2014, the end of the previous presidency. Following these criteria, four policies have been identified: (i) one on female economic rights, (ii) one on access to education and (iii) two tackling women's health. Nevertheless, this research cannot cover all four policies in depth for reasons of limited space. Therefore, only the policy tackling female economic right and access to education are further examined. This is, as they are the most correlated with female participation in the labour market; the first one aiming for women to keep working after marriage and the second one pursuing to give female more formal professional options.



### ***Women's economic Rights***

Labour law No. 13/2003, articles 81-83 guarantees women's reproductive health at work by allowing for menstrual leave, maternity leave and breastfeeding dispensation (UNRISD, 2020). Such a policy has a positive impact on the inclusion of women in the labour force as it enabled them to have the option to keep working, instead of having to stay at home to take care of their new-born child. The implication of this policies are measure in the difference of the number of women that keep working after child birth; before and after the implementation of this policy.

### ***Access to Education***

Law No. 20/2003 on national education grants all Indonesian the right to education free of charge (Japanese International Cooperation Agency [JICA], 2011). This policy follows Constitutional amendment III granting all Indonesians with the right to education an is particularly essential to the inclusion of women in the labour force (Luci, 2009). Following this policy, one should observe an increase in the amount of female attending and graduating from both primary and secondary levels of education. Accordingly, this should moreover lead to an increase in the amount of female having a formal job, along with an increase in their wage.

### **Including Women in Indonesia's Labour Force: An Ongoing Challenge**

In the aftermath of the Asian financial crisis, Indonesia experienced a period of high growth, encouraged by government-led poverty reduction strategies, including achieving higher rates of gender equality. As the country reached the rank of middle-income in 2004, considerably reduced fertility rates and increased literacy rates and educational attainment, little change can be observed when it comes to the country's GII rates, and more specifically in the case of female participation in the labour force. In light of these remarks, the purpose of this

research is to understand the reason why the Indonesian government is failing to include women and its workforce.

The following sections provide an explanation as to why the gender gap in the Indonesian labour force persists. In order to do so, a first part outlines an overview of Indonesian history, focusing on economic development and gender inequalities. In a second stance, this research studies the impact of two gender policies: (i) labour law No. 13/2003, articles 81-83 on reproductive health at work and (ii) law No. 20/2003 on national education. Finally, the paper provides a set of further alternatives, which can explain the lack of female inclusivity in the Indonesian workforce. This study is based on secondary literature and reports' findings, and display a set of options that have not been tackled by the Indonesian government.

### **Gender Policies in Indonesia: an Overview**

In order to fully understand the importance of the implemented gender policies and reflect on their implications, the understanding of the politico-economic and social context in which they have been set up is essential. This section therefore provides an overview of the developmental history of Indonesia.

#### ***Historical Context***

During the New Order regime (1966-1998), the overarching gender ideology saw women mainly as wives serving their husbands, mother giving birth and raising children, and managing the household. Indonesian policy making therefore took a radical turn when it began to implement gender policies tackling violence against women, gender relations within marriage, access to economic rights, reproductive health, political participation or gender mainstreaming (Eddyono, Fanani, Sabaniah, Maurice, Ghazali, Warlif & Ciciek, 2016). More specifically, the government made sure to include women in the labour force by

implementing a series of policies. In 2003, the Indonesian government put into place a series of laws guaranteeing equal and non-discriminatory treatments when applying for a job and at work (Japanese International Cooperation Agency [JICA], 2011).

Nevertheless, to this day, the Global Gender Gap Report still identifies disparities in economic participation and opportunity for women as the most significant gender inequality challenge for the country (World Economic Forum, 2014). Even though women are increasingly willing to take part in the country's labour force, only 51% of them are working, as opposed to the 80% of men (The Australia Indonesia Partnership for Economic Governance [AIPEG], 2017). On top of that, the women that get the opportunity to work only get paid 76% of what men do (Buchori & Cameron, 2006).

### *Gender Inequalities*

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discrimination”, as chapter V article 3 on manpower states that “every manpower all have equal opportunity to obtain a job without discrimination”<sup>1</sup>(reference).

Nevertheless, to this day, the Global Gender Gap Report still identifies disparities in economic participation and opportunity for women as the most significant gender inequality challenge for the country (World Economic Forum, 2014). First of all, even though women are increasingly willing to take part in the country’s labour force, only 51% of them are working, as opposed to the 80% of men (The Australia Indonesia Partnership for Economic Governance [AIPEG], 2017). Furthermore, the women that get the opportunity to work only get paid 76% of what men do (Buchori & Cameron, 2006). The Global Gender Gap Report identifies disparities in economic participation and opportunity for women as the most significant gender inequality challenge for the country (World Economic Forum, 2014).

### **Post 1998 Gender Policies: A Success Story?**

The purpose of this section is to assess the direct and indirect implications gender policies have had on the inclusion of women in the Indonesian workforce. In order to do so, this paper examines two policies implemented between 1998 and 2014, tackling women’s economic rights at work and female access to education. As the first one pursues to give women an incentive to keep working after marriage and giving birth, the other one was put into place with the aim of increasing Indonesian women’s opportunity to integrate the workforce.

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<sup>1</sup> As relevant as these policies are to this research, they are not examined in detail as they were not implemented with the specific purpose to diminish gender inequalities, but rather overall disparities in opportunity (Japanese International Cooperation Agency [JICA], 2011).

### ***Women's Economic Rights at Work***

A first challenge the Indonesian government faces is to convince and enable newlywed women and mothers that are already involved in the workforce to remain in the formal labour force. Childcare responsibilities have a major impact on women's engagement in economic activities (Feridhanusetyawan, Aswicahyono & Perdan, 2001). Indeed, on the one hand research argue that each child birth increases a woman's likelihood to quit their job. On the other, studies have found that the females constituting the majority of the workforce are either divorced or widowed women, between 25 to 64 years old (Cepeda, 2013). With the purpose of giving women incentives to keep working after giving birth, the Indonesia government implemented labour law No. 13/2003. Articles 81-83 guarantee women's reproductive health at work by allowing menstrual and maternal leaves, and putting into place breastfeeding dispensations (United Nations Institute for Social Development [UNRISD], 2020 ). The opportunity to take a maternity leave is particularly relevant to the inclusion of women in a country's economic activities.

Labour law No. 13/2003 articles 81-83 offers all Indonesian women working in the formal sector the possibility to take a three months paid maternal leave, following the birth of their child. Only granted in 2003, this policy plays a big role in the ensuring of Indonesian mothers' wellbeing. For women working prior to childbirth, having less than eight weeks of maternity leave is strongly related to depression and the reduction of their overall health status (Chatterji & Markowitz, 2008). According to Zhang et al. (2013) poor health does not only hinder academic performances but also productivity at work; preventing thus individuals from moving up the socioeconomic ladder. Hence, the granting of paid maternity leaves exceeding eight weeks secures Indonesian women's health and increases their likelihood to go back to work after having giving birth to a child. As the Indonesian government provides

paid maternal leaves to all female worker, one can project that the implementation of this class policy will have a positive impact on the inclusion of Indonesian mothers in the workforce.

According to the current literature, the granting of paid maternity leaves allows all women, disregarding their social-class, to go back to work after giving birth. Nevertheless, further research suggest that the case of Indonesia goes against these theories. This section examines the limitation of labour law No. 13/2003 articles 81-83, on women reproductive rights.

Income disparities in Indonesia constitute not only a major barrier to the country's economic development, but also hinder the process of achieving gender equality (World Bank, 2020). At a macro level, these inequalities can be separated between the richer urban areas and the poorer rural zones. According to Cameron, Suarez and Rowel (2019), the likelihood of a woman to come back to work after giving birth is highly correlated with her social class and the region in which she lives. Women living in urban areas tend to reside closer to their place of work than females living in rural areas. Moreover, the authors argue that unlike females living in rural regions, women residing in cities tend to be more wealthy, enabling them to have the option to employ a babysitter.

Furthermore, income inequalities in Indonesia play a major role in shaping the way Indonesians perceive the role of women. The belief that mothers should stay at home to take care of their children is common in rural areas. According to Alisjahbana and Manning (2006), marital and socio-economic status have a significant impact on the participation of women in the labour force. Mothers taking part in formal economic activities hence tend to either be unmarried, widowed or in a state of poverty (Cameron, Suarez & Rowel, 2019).

Nevertheless, as they aim to provide for their families while taking care of the household, these women tend to privilege informal jobs over formal ones, as it enables them to benefit from more flexible hours (Cameron, Suarez & Rowel, 2019).

While previous research shows that childbirth hinder the participation of Indonesian women in the labor force, further studies find that so does marriage. As women expect to get pregnant after getting married, it is common to see Indonesian women quitting their formal job as an anticipatory measure. According to Cepeda (2013), marriage is correlated with 37,7% of the female workforce resignation, and thus appears as an important barrier to female participation in economic activities.

To conclude this section, even though the implementation of this gender class policy is theoretically an effective method to give women incentives to go back to work after giving birth, it has proven not to be efficient in Indonesian rural regions. Whereas upper-class women living in cities did benefit from this policy, lower-class women in rural zones, on the other hand, remain attached to more traditional social practices. If they have the option to do so, women residing in rural areas are furthermore more likely to stay at home to take care of the household, rather than to go back to work. Thus, even though gender class policies aim to help all women equally by taking into account income disparities, these policies still fail to tackle the barriers constructed by old traditional values, that remain very present in rural Indonesia.

### ***Female Access to Education***

As the Indonesian government is trying to keep its working female in the labour force, it is all the more aiming to increase women's competences and thus work opportunities. According to Luci (2009), achieving higher levels of education offers women a larger range

of options when looking for a job, and is essential when facing the male competition. This section provides the analysis of an educational policy set up in 2003. In order to grasp a better understanding of the relevance of this policy, a historical context is provided.

Ever since the Republic of Indonesia engaged in developmental politics, particular attention has been given to national education. In the 1960s, the New Order regime (1966-1998) set up a series of educational reforms, following the Southeast Asian developmental strategies. These outline that access to education enables not only economic growth, but also has a positive impact on gender inclusivity in the labour force. As a result, the Indonesian government made primary school mandatory in 1973 (Atalay, 2015). Further, as studies argue that educational duration is all the more important when aiming to increase female economic opportunities, the Indonesian government further made enrolment to lower-secondary education obligatory (Atalay, 2015). Following the setting up of these policies, Indonesia experienced a drastic increase in school enrolment rates, along with the disappearance of gender gaps in primary schools (Takahashi, 2011). Nevertheless, further studies found that these gender status policies mostly benefited children living in urban areas, and specifically those growing up in wealthy families (Atalay, 2015). The limitations of these policies emphasize the importance of gender class policies, especially when it comes to education.

As the current New Democratic Era regime emerged from the Asian financial crisis in 1998, the democratisation and decentralisation it came with enabled women to have a voice in the decision making. Herein, instead of focusing on solely on gender status policies, the Indonesian government put into place a gender class policy, which had a major impact on the equal access to education in Indonesia. In 2003, the government implemented law 20/2003, granting all Indonesian the right to free education (World Bank, 2020). The purpose of this



policy is on the one hand to give the opportunity to poorer families to put their children in school but also for parents to have an incentive to do so. The setting up of this policy was followed by positive consequences. Firstly, both male and female enrolment rates considerably increased. As 49,2% of females were enrolled in secondary school in 2001<sup>2</sup>, 74,9% were found to be enrolled in 2014 (The World Bank, 2020). Although Amthorough, Azziah (2014) and Rammohan and Robertson (2012) still identify some instances in which marriage and family care causes women to drop out of school, law 20/2003 can still be seen as a major success. Indeed, studies found very little difference between both male and female and urban and rural areas (National Socioeconomic Survey [SUSENSA], 2013).

Overall, the implementation of the 2003 gender class policy granting an education free of charge for all Indonesians had a significant impact on the reduction of the country's educational gender gap, up-until lower-secondary education. Even though studies find that women remain less likely to attend school (Azziah, 2014), the 25, 7% increase of female enrolment school rates between 2001 and 2014 can still be regarded as a major success. According to feminist literature, an increase in female education attainment is widely correlated with an increase in female formal economic activities (Luci, 2009). Nevertheless, data collected by the World Bank (2020) indicate the women's participation in the Indonesian labour force has only increased of 0,1%, between 1998 and 2014. As this empirical result goes against the finding of previous academic work, the following section pursues to understand the reason why Indonesia appears as an outlier.

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<sup>2</sup> The year of 2011 is here used instead of 1998 due to a gap in the data collected by the World Bank; caused by the 1998 regime change.

## **Barriers to Female Inclusivity**

Through the analysis of two gender class policies tackling female economic rights and access to education, this research finds that although the Jakarta has successfully reduced gender gaps in literacy and educational attainment up until lower-secondary school, it still struggles to keep mothers in the workforce. However, even though numerous studies establish a clear correlation between women's school attendance and their participation in the labour force (Luci, 2009), data denounce the case of Indonesia appears as an outlier (World Bank, 2020). As the policy analyses only provide part of the explanation of this phenomenon, the following section puts into light a major cause for gender inequality in Indonesian labour force: sectoral changes.

### ***Sectoral Shifts: A Barrier to Female Participation in the Indonesian Workforce***

Ever since Indonesia's recovery from the 1997 Asian financial crisis, its economy has been recorded as the fastest growing in the Southeast Asian region (Elias & Noone, 2011). As the country reached the status of middle-income in 2004, its economic growth has led to numerous changes in the dynamic of its labour force (The Australia Indonesia Partnership for Economic Governance [AIPEG], 2017). These are, namely the rise of wages and the widening on income inequality, and a change in the sectoral structure of the Indonesian economy (Cameron, Suarez & Rowel, 2019). As a result of this rapid industrialisation, Indonesia's 26% rate of urban workforce reached 41% in 2007 (Chowdhury, Islam, & Tadjoeiddin, 2009). Even though such sectoral shifts are synonym for successful economic achievements, they have however severely hindered female participation in the Indonesian labour force.

A change in the sectoral structure of a country's economy has the effect of reducing employment in the agricultural sector and manufactures; to the benefit of increasing the

amount of workers in the tertiary sector (Cameron, Suarez & Rowel, 2019). However, according to Gallaway and Bernasek (2004), Indonesian women are underrepresented in occupations that are correlated with literacy, and are mainly employed in the agricultural sector and in manufactures, where unskilled labor is required (Cameron, Suarez & Rowel, 2019). These findings enable the understanding as to why some women are losing job opportunities. Nevertheless, this paper has found that Indonesian women are now achieving higher educational attainments, one could expect them to seek higher paying jobs in the tertiary sector. What does then explain the gender gap in Indonesian economic actors?

In order to access job opportunities in the tertiary sector, Indonesian women are first of all required to have the according educational attainment. According to this research, the Indonesian government has considerably reduced the gaps in access to education, leading woman and men to have more similar qualifications. Nevertheless, men tend to find a job much easier than women do. According to Gallaway and Bernasek (2004), Indonesian women are subject to discriminations when applying for office jobs. According to (The Australia Indonesia Partnership for Economic Governance [AIPEG], 2017), employers tend to be driven by traditional customs and prefer male applicant over female ones).

All the more, the World Bank (2020) finds that Indonesian women earn in average 31% less than a man performing the same job. Such a wage difference therefore explains why families prioritize male economic activities over female ones. On top of the social tradition, it is rational for a women to take care of the children rather than the man, if this one can earn about 31% more than she can.

## Conclusion

Overall, this research finds that even though the study of gender policies provides an in depth understanding of the socio-economic implications of governmental actions, the main causes for gender gaps in the Indonesian labour force as to this day been barely touched upon by Jakarta. Indeed, the analysis provided in this paper finds that Indonesia's gap in female workforce is mainly caused by the deeply rooted tradition and social norm that married women are to take care of the household and their children.

Even though the country's female educational attainments have proven to be very successful over the years, it has not led to an increase in the number of female economic actors. As this contradicts the findings of many studies, this paper finds a set of underlying reasons, explaining this phenomenon.

First of all, marriage and childbirth hinders female implication in the Indonesian labor force. Indeed, this research finds that women tend to quit their jobs when getting married, anticipating a pregnancy. Even though labour law No. 13/2003 articles 81-83 offers all Indonesian women the opportunity to take paid maternity leaves, it only helped women in urban cities, who are more likely to afford a babysitter. As this paper explores other phenomenon that can explain why Indonesian women are much less present in the country's workforce, this paper finds that not only are men more likely to be recruited, but they also earn up to 31% more than a women exercising the same job. In the light of such discriminations, it seems rational for families to let the husband work to provide for his wife and children.

Finally, this research finds that the rapid industrialisation of Indonesia has led to a sectoral shift, provoking an increase in female unemployment. Indeed, such change leads to a diminution in the employment workers in the agricultural sectors and manufactures; positions that are in majority occupied by women. Therefore, as women are losing their jobs, they are also discriminated against when applying to other formal economic activities. The combination of all these phenomenon explain the reason why female participation in the Indonesian labour force has stagnated for sixteen years.

To conclude, due to space constraints, this study did not take into account any policies linked to female access to healthcare in its analysis. Nevertheless, according to Zhang et al. (2013), health is an essential attribute to economic development. More specifically, when it comes to gender equality, access to health is highly correlated with female participation in the labour force. Therefore, it is highly suggested that further research to focus on the matter, in order to add upon the findings of this research.

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