



Policy Brief:

Gender Insights from the Covid-19 Digital Merchant Survey¹



→ During the COVID-19 pandemic, many Indonesian women were drawn into the labor market because of necessity², including into e-commerce. Using survey data from 15,238 respondents collected on one of Indonesia's largest e-commerce platforms, Shopee, between December 21 and 25, 2020, we examined how female-owned businesses on e-marketplace platforms performed and how the government and platforms could help them survive and thrive during the pandemic and beyond. We found that gender gaps were narrower in e-commerce than analog businesses in terms of gender composition and business size, but gender gaps in sales performance

remained even after controlling for merchants' product categories and employment status. The impacts of the pandemic and coping strategies among female merchants were heterogenous, indicating that female merchants should not be treated as one aggregated group. For example, new female merchants who just joined after the pandemic started, comprising of many female students and employees, performed better in their sales than other merchants. Female merchants were more likely to apply for government assistance, preferred cash assistance, and were likelier than male merchants to allocate the cash assistance received to savings.

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iven that Indonesia's female labor force participation rate is relatively low compared to other regional countries, hovering at about 50 percent for the last three decades, the increasing share of female entrepreneurs engaging in e-commerce, tripling from 2.7 percent in 2017 to 7.5 percent in 2020³ provides an avenue for more women to enter the labor force.

Gender gaps in terms of gender composition and business size were narrower in e-commerce compared to analog businesses

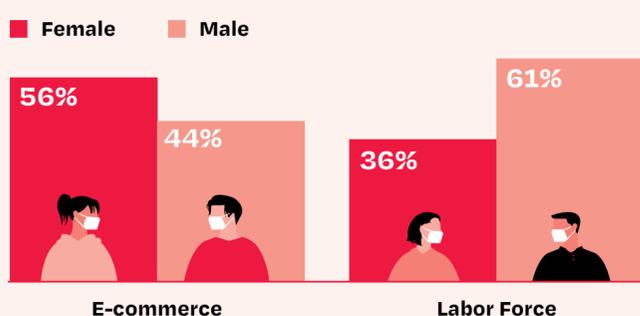
Women made up 56 percent of digital merchants surveyed, in contrast to only 39 percent in the labor force (Figure 1). Most female merchants were between 25 and 34 years old, i.e., of child-bearing age and not in school. They tended to be slightly younger and more educated than male merchants. A quarter of them were homemakers and most of them were not primary breadwinners but used e-commerce to supplement household income. While male-owned businesses generally tended to be larger than female-owned businesses⁴, there was no significant difference in business size among the female and male digital merchants surveyed.

Female merchants had lower sales compared to male merchants on average and this could in part be due to lower sales in some 'traditionally feminine' product categories

Female merchants self-selected into 'traditionally feminine' product categories, such as women's (Muslim) fashion, baby and mother products, care and beauty products, and Food & Beverages (F&B), while male merchants typically sold 'traditionally masculine' product categories, such as automotive, electronics, computers and handphones. Some traditionally feminine products such as F&B, along with being a homemaker, had lower sales, partly explaining the lower sales performance of female merchants. But even after controlling for some observable drivers of sales performance, such as product categories and

FIGURE 1 Gender Composition: E-commerce vs. Labor Force

Female made up 56 percent of digital merchants surveyed on Shopee platform, in contrast to 39 percent in the labor force



¹ This research is a work collaboration between the World Bank and Sea Insights. Access to the full report is available from this link.

² See, for example, World Bank's Indonesia Economic Prospects, June 2021, p.42

³ SAKERNAS, various years, World Bank Staff Calculation

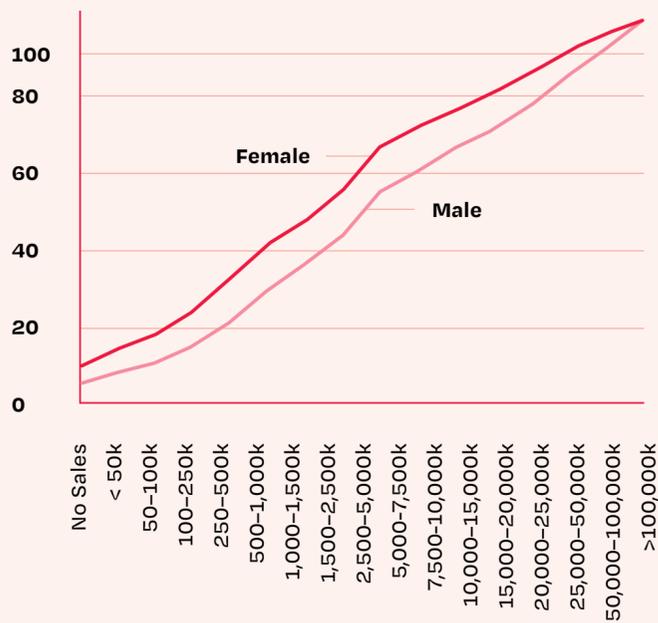
⁴ Economic Census 2016

56%

of digital merchants are women

FIGURE 2 Cumulative Distribution Function of Total Sales in November 2020: Female vs. Male

*Even before the pandemic and throughout the pandemic, gender gaps were apparent in sales performance**



*Note: This graph shows that expected sales of female merchants were lower to those of male merchants.

FIGURE 3 Distribution of which government assistance programs received that merchants found useful: Female vs. Male

A higher share of female merchants found cash assistance useful to have mitigated the impacts of the pandemic, while a higher share of male merchants found debt restructuring program useful

	Male	Female		
Cash Assistance	63.7%	56.9%	FEMALE PREFERRED	
Electricity Subsidy	10.5%	13.5%	GENDER NEUTRAL	
Social Security Payment Exemption	0.4%	0.5%		
Cash-for-work	0.3%	0.7%		
Tax Incentive	3.3%	2.9%		
Rental deferral	0.3%	1.2%		
Government purchase	0.5%	0.3%		
Wage subsidy	5.2%	7.1%		
Others	10.2%	7.8%		
Debt restructuring program	5.6%	9.2%		MALE PREFERRED

⁵ More traditional e-commerce merchants would be business entrepreneurs such as self-employed and owners of micro, small and medium businesses.

⁶ See, for example, Halim, Johnson and Perova (2017) and Halim, Johnson and Perova (forthcoming)

⁷ See, for example, Alibhai, Buehren and Papinei (2015)

⁸ See, for example, Campos et al (2015)

⁹ See, for example, Campos et al (2018)

employment status, gender gaps in *online* (but not total) sales performance remained, indicating the need for further work to understand the gaps. Moreover, employment status explained more of the gaps compared to product categories.

'Non-traditional' groups of women – students and part-time employees - were more likely to join e-commerce during the pandemic and they performed better than others

New female merchants who just joined after the pandemic started outperformed *pre-existing* female merchants, and new *female* merchants outperformed new male merchants in terms of their sales. Moreover, new female merchants had a higher likelihood to be at the top 10 percent of total sales and lower likelihood to be at the bottom 40 percent of online sales in November 2020, compared to male merchants. Although women were less likely to adopt e-commerce during the pandemic than men, some 'less traditional' groups of women - namely students and part-time employees⁵ – were more likely to join e-commerce during the pandemic compared to men. These new merchants have innate skills: female students were found to be very adaptable in terms of adjusting products to sell to changing consumer preferences compared to male merchants while part-time (and full-time) employees were more educated and skilled (as skills were learned during their formal employment) relative to any other types of merchants. This might explain why new female merchants outperformed other merchants.

The impacts of the pandemic and coping strategies among female merchants were diverse

Although female merchants tended to close their businesses for a longer duration (more than three months) compared to male merchants, female merchants who were full-time employees were less likely to ever close their businesses compared to male merchants. Being a full-time employee might mean more savings from a regular salary and hence, better cashflow to keep a business open during difficult times. But, even female full-time employees were found to be more likely to always open their business compared to male full-time employees. Moreover, female students had the highest probability of switching product categories to adapt to consumers' preferences, relative to other merchants.

Female merchants were more likely to apply for government assistance, preferred cash assistance, and were more likely to allocate the cash assistance received to savings, compared to male merchants

By November 2020, one in five merchants had received government assistance since the pandemic started. Around two thirds of female and male merchants who received government assistance received cash assistance, and there was no significant difference between male and female merchants in the type of government assistance received. However, a higher proportion of female merchants found cash assistance to be more useful (among those who had received them) and desired (among all) to mitigate the effects of the pandemic, compared to male merchants, while debt restructuring program was perceived to be more useful by male merchants (9.2 percent) compared to female merchants (5.6 percent). This could indicate that debt issues were more common across male merchants. Controlling for other factors, female merchants were more likely to allocate their cash assistance on savings compared to male merchants.

What could be the next steps to help women entrepreneurs?

FIRST, programs could be designed with the purpose of promoting and enhancing online entrepreneurship in general. This could be done by providing business trainings and mentoring programs, establishing networking platforms and offering accelerator programs for growth-oriented entrepreneurs.

SECOND, to ensure that women entrepreneurs fully benefit from this opportunity, programs could be targeted at improving participation of women in entrepreneurship, such as by addressing the barriers that hinder women's participation, especially those that relate to childcare or elder care responsibilities.⁶ Business plan trainings for women with young children and promoting access to safe, reliable and affordable child and elderly care could be promoted, on top of a longer-term transformation agenda aimed at challenging social norms on gendered care responsibilities.

THIRD, more studies could be done to close existing knowledge gaps to understand better the reasons behind gender segregation⁷ and gender differences in how female and male merchants operate business on platforms differently, and what interventions - for example, better market information⁸, personal initiative trainings⁹, business trainings and/or childcare options - could create a growth mindset and improve business performance among female entrepreneurs.

References

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