

The Gender Pay Gap and Its Impact on Women's Economic Empowerment in Indonesia

Ayuningtyas Ma'arif¹

Faculty of Economy and Bussiness, UPN "Veteran" Yogyakarta, Indonesia¹
Ngropoh, Condongcatur, Kec. Depok, Kabupaten Sleman, Daerah Istimewa Yogyakarta,
55283, Indonesia

Correspondence Email: ayuningtyas.maarif11@gmail.com

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ABSTRACT

The gender pay gap is a long-term problem that can be caused by a variety of factors. Indonesia is one of the countries with a high gender pay gap. This also results in the low contribution of women in society in economic, political, and social aspects. This study aims to analyze and discuss the gender wage gap and women's empowerment in Indonesia and the impact of the gender wage gap on women's empowerment. The method used in this research is a qualitative approach using secondary data from BPS, ILO, and other appropriate data. The results of this study show that the inter-gender wage gap in Indonesia tends to fluctuate, women's empowerment is still lacking seen from the role of women in society, and there is a strong relationship between the inter-gender wage gap and the condition of women's empowerment.

Keywords: Gender Discrimination, Gender Inequality, Gender Pay Gap, Women Contribution, Women Empowerment

INTRODUCTION

Injustice in the world of work continues to occur to this day. One injustice that occurs and is difficult to overcome both nationally and globally is the gender pay gap. This gap causes women to receive lower salaries than men. Based on data released by the International Labor Organization (ILO), it explains that women have 23% lower income than men in 2020 where women's monthly salaries are around 2.4 million while men are around 3.8 million per month (ILO, 2020). This gap is capable of decreasing. In 2021 the gender pay gap fell to 20.39% before rising again in 2022 to 22.09% (Putri, 2023).

This inequality indicates that there is discrimination between women and men in the world of work. The gender pay gap is a long-term phenomenon with complex causes. Social pressures and societal norms mean that women have fewer roles than men. This is seen as occupational segregation, the division of roles in professions where "woman's work" generally pays less. The gender pay gap is considered horizontal segregation where working women are paid less than men (Brynin, 2017). Based on this phenomenon, researchers want to discuss the gender wage gap in Indonesia, which will discuss the factors that can affect the gender wage gap in Indonesia. In addition, as one of the problems in women's empowerment, this research will also discuss how the impact of the gender wage gap on women's empowerment in Indonesia.

LITERATURE REVIEW

Definition of Gender Pay Gap

The gender pay gap is an established feature of the global labor market due to the perceived role differences between men and women (Brynin, 2017). Furthermore, the gender pay gap can also be interpreted as a long-discussed issue regarding injustice to women and men. This injustice arises due to cultural differences. However, the main factor that causes the gender pay gap is the discrimination of women as individuals who are not superior to men (Constantopoulos, 2021). A theory of the gender pay gap from an economic perspective explains that it falls under occupational segregation where wage inequality arises as a result of horizontal segregation. Horizontal segregation is the view that men have higher position in a job a man have higher opportunities for career advancement than woman (Brynin, 2017).

Women's Empowerment

This research belongs to library Women's empowerment generally describes the role of women in social, economic and political aspects. The higher the level of women's participation shows that women have a high position and good power in society. But in fact, there are still many women who find it difficult to be able to play an optimal role in society (Firmansyah & Sihalo, 2021).

Previous Research

Some previous research results show that the gender wage gap still occurs in various countries even in large companies. Research conducted by Magda and Salach (2021) which analyzes various studies on the wage gap in global companies shows that they have a higher wage gap compared to local companies where the majority of female workers have a lower pilgrimage of around 21% compared to male workers. This is also in accordance with research by Akbar (2022) shows that in Indonesia in the informal sector women have lower salaries which are influenced by responsibility and educational background. In addition, cultural factors in Indonesia that view men as the head of the household while women are responsible for doing household chores cause many companies to focus more on increasing salaries for male employees than for women. In addition, in the aspect of women's empowerment, the results of research from Reshi and Sudha (2023) reduced women's productivity and narrowed women's opportunities to work and build their careers.

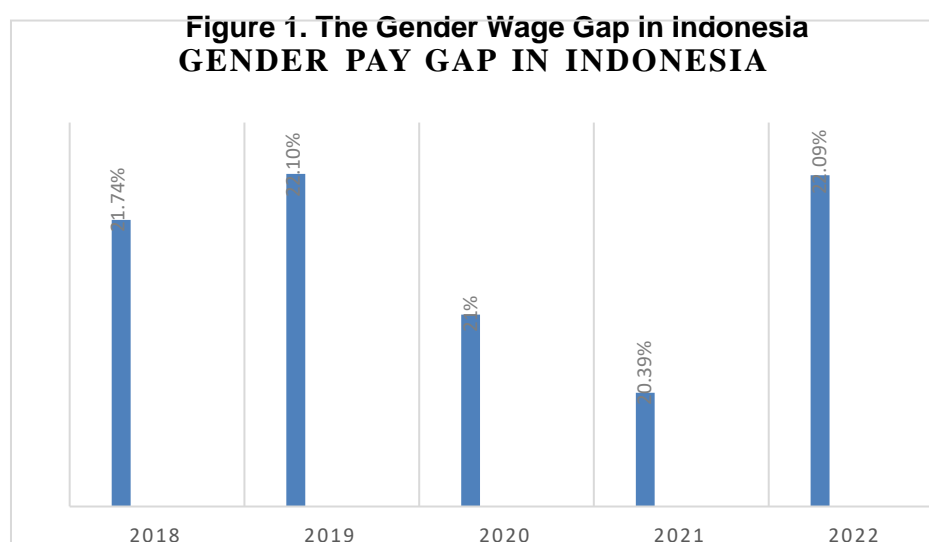
RESEARCH METHOD

This research belongs to library research which uses sources from books, journals, national and international survey results as data sources to explain the phenomena in this study. The data used in this study is secondary data derived from previous research as well as data on the wage gap in Indonesia released by national and international organizations such as the Central Statistics Agency (BPS), the International Labor Organization (ILO), and the United Nation (UN). This data is then discussed in more depth in the discussion section of this study.

RESULT

The Gender Wage Gap in Indonesia

The gender pay gap is a long-term problem that indicates injustice to women and men in the world of work. In general, the gender pay gap is a method to measure the relative difference in wages received by male workers and female workers where the higher the gap indicates that male workers have higher wages than female workers. Based on data released by the Indonesian Central Bureau of Statistics (BPS) on Decent Work Indicators, it shows that over the past five years the gender pay gap in Indonesia has fluctuated. In 2018 the gender pay gap in Indonesia was 21.74% which then rose again to 22.61% in 2019. This gap fell again in 2020, the total gender pay gap in Indonesia was 21% and then fell to 20.39% in 2021. However, in 2022 the gender pay gap in Indonesia rose again by 1.70% to 22.09%.

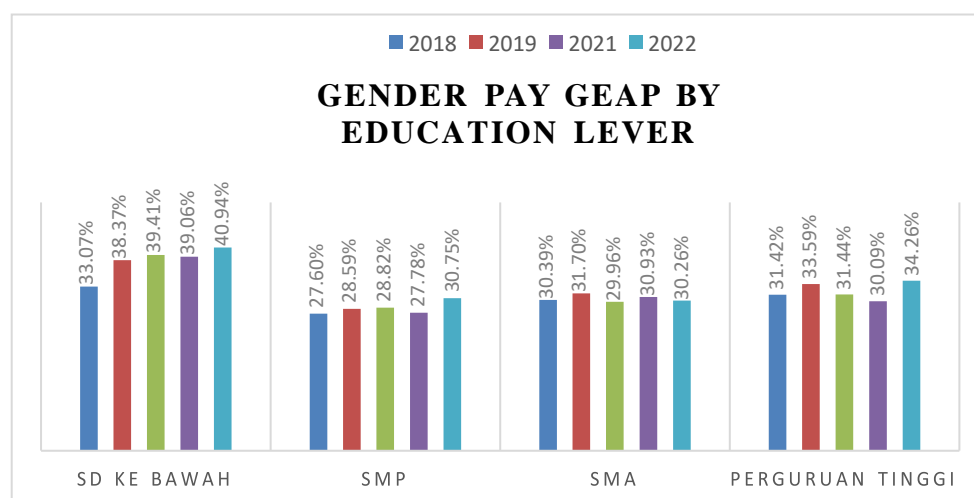


Source: BPS (2022).

One of the causes of the wage gap for women in Indonesia is marriage and childbirth, which makes it difficult for women to work optimally in Indonesia. More than 46% of women do not work for one year due to pregnancy, childbirth, and childcare due to the lack of flexibility in the workplace, so many women decide to quit. Addition, a contributing factor to the gender pay gap is society's view of women's role as those responsible for taking care of children and household matters, causing both employers and families to be less supportive of women working in both the formal and informal sectors (Cameron, 2023). This condition is also in accordance with research Akbar (2022) who explained that society and companies in Indonesia do not support women to work productively after marriage where married men will be considered as the backbone of the family so that they get a higher amount of salary while married women will be considered unproductive and work for a shorter duration so that they get a shorter salary.

Based on data released by BPS (2019) shows that at the education level the wage gap between genders in Indonesia is quite high. In 2018 the wage gap between genders in elementary school education and below was 33.07%, in junior high school it was 27.6%, in high school it was 30.39%, and in college it was 31.42%. In 2019, the wage gap between genders in education was still high and there was some increase where in elementary school education and below was 38.37%, junior high school was 28.59%, high school was 31.7%, and college was 33.59%. In 2020, the wage gap between genders at the primary school level and below was 39.41%, junior high school was 28.82%, high school was 29.96%, and tertiary education was 31.44%. The released data also shows that the wage gap between genders continues to increase from 2021 to 2022 where at the elementary school education level and below it is 39.06% which increases to 40.94% in 2022. At the junior high school education level in 2021 the wage gap between genders was 27.78% which increased to 30.75% in 2022. At the high school level in 2021 the inter-gender wage gap is 30.93% but decreases to 30.26% in 2022. At the tertiary level in 2021 the wage gap between genders is 30.09% which increases to 34.26% in 2022. This can be interpreted that the education level of elementary school and below has the highest gender wage gap. At this level of education, many people work in the informal sector and often become manual laborers who require a lot of energy. This leads to women being seen as less reliable and receiving much lower wages than men.

Figure 2. Gender Pay Gap by Education Level



Source: BPS (2022).

This shows that in the labor market, women based on their level of education experience great discrimination through the provision of unequal wages despite having the same educational background or position. One of the reasons this happens is because the view that women are weaker than men is still strong in Indonesian society, which can also influence companies to provide smaller salaries. In addition, Indonesian society, which has a strong view in differentiating the duties of women and men, views women as responsible as housewives who will be busy taking care of children and the house, which is seen as less beneficial to the company in the future than men who are ultimately responsible as the backbone of the family and can work productively over a long period of time so that they get higher salaries than women.

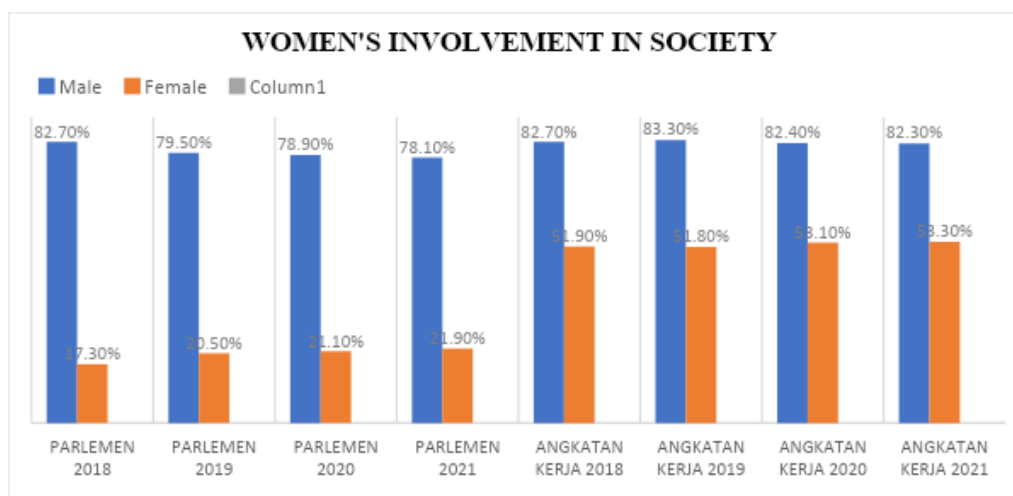
Research conducted by Semwal (2018) explains that the role of women who are responsible for caring for children is one of the main aspects that can prevent women from participating in the labor force, both women in urban and rural areas. In addition, in rural areas women also have less opportunity to work in the formal sector because the majority of women will work in the agricultural sector which is more flexible for them to work and take care of children.

The data above is not in accordance with research conducted by Yuniashri (2022) which explains that the level of education possessed by women will increase the opportunity for women to work in the formal sector. The Theory of Human Capital explains that education is a form of innovation for women to experience benefits in employment such as higher salaries, better positions. In addition, the Theory of Human Capital also explains that the length of time women take education is in line with the increase in abilities and knowledge possessed so that it can help women to become more productive in the future. However, the data table regarding the wage gap between genders seen from the level of education shows that, the Bachelor's level of education has increased from year to year. This shows that the level of education has no influence on women's opportunities to work and have higher salaries. Companies will be more likely to have male employees to be permanent employees with higher salary offer.

Women's Empowerment in Indonesia

Women's empowerment is a condition that shows how much women can play a role in society, the economy, or the political sector. Women's empowerment can be seen from the level of the gender inequality index, which looks at how inequality of justice in women and men. Over the past twenty years, women's empowerment in Indonesia has continued to show better changes with a decrease from 0.570 in 2000 and was able to drop to 0.444 in 2021, which is 0.021 lower than the global gender inequality index of 0.465 in 2021 (BPS, 2022). Even so, the role of women in society, the economy, and politics is still relatively small when compared to men. Based on Gender Inequality released by BPS, it shows that in 2018 parliamentary representation in Indonesia for men was 82.7% while for women it was only 17.3% and in the labor force for men was 82.7% while for women it was only 51.9% (Karyono & Tusitianti, 2021). In 2019, the percentage of parliamentary representation in Indonesia in men amounted to 79.5% in the year while women only amounted to 20.5%. In 2021 the percentage of parliamentary representation in Indonesia for men was 78.9% while for women it was only 21.1%. In 2020 the percentage of parliamentary representation in Indonesia for men was 78.1% while for women it was 21.9%. Labor force participation also shows the same thing that women still have limitations to play a role in the Indonesian economy. In 2019 the Indonesian labor force in the male gender was 83.3% while in women it was 51.8%. In 2020 the Indonesian labor force in the male gender is 82.4% while the female is 53.1%. In 2021, the Indonesian labor force in the male gender is 82.3% while the female is 53.3% (Nugroho & Clarissa, 2022).

Figure 3. Women's Empowerment in Indonesia



Source: BPS (2022).

Based on the data above regarding the percentage of parliamentary representatives in Indonesia, it can be concluded that women still have a weak position in the political aspect and both the community and the government do not see the importance of women in parliamentary representation. Whereas the existence of women as parliamentary representatives is able to help the government to find out the condition of women in Indonesia who still experience a lot of discrimination and injustice and can help the government to make the right program to increase women's empowerment in Indonesia. The percentage of labor force participation in Indonesia shows that from 2018 to 2021 where women in the labor force aged 16 to 65 years are only half employed.

This means that around 46-48% of women in productive age do not work and support their own lives. This could be due to the societal view that when a woman is married, she should stay at home and be a housewife rather than a career woman. The social pressure of a woman's duties in society can be one of the factors that cause the lack of women's empowerment in Indonesia from the political and economic aspects.

Although it is still relatively low, based on the data released by BPS, it can be understood that there is an increase in women's empowerment in Indonesia as seen from the increase in the number of female parliamentary representatives in Indonesia and the increase in employment rates in Indonesia. The government is also active in continuing to encourage women's empowerment by conducting various programs such as MAMPU, a collaborative program between BAPPENAS and the Australian government to increase access for underprivileged women to be able to work, improve health, reduce violence against women, and eliminate discrimination which in 2019 has helped more than 129 thousand women to get a better life (Wicaksana & Rahmawati, 2023). This shows that although there are still real inequalities, the Indonesian government has made efforts to encourage increased empowerment of women in Indonesia.

The data on the inter-wage gap also shows an increase in women's participation in the labor force in Indonesia. This is due to the increasing role of grandparents in a family to care for their grandchildren while the parents, both father and mother, focus on working. From 2000 to 2014, the number of grandmothers as primary caregivers increased sevenfold to 5.7 percent, which was also marked by an increase in labor force participation in Indonesia. It has become normal for young families in both urban and rural areas who are both working to leave their children with older relatives who help to care for them until the parents are done with work (Semwal, 2018).

The Impact of the Gender Wage Gap on Women's Empowerment

The gender pay gap is a form of gender injustice where men have higher wages than women. This injustice also shows the existence of inequality in society where women have a lower contribution in economic and social aspects. However, based on the explanation of the condition of the gender wage gap and women's empowerment in Indonesia, which shows an increase, it shows that there is a change in women's empowerment for the better. When the wage gap between genders decreases, this indicates an increase in the role of women in making good decisions and strengthening their position in society. This also applies when the wage gap between genders is high, women have a weak role both personally and in society (Danquah, Iddrisu, Boakye, & Owusu, 2021).

This is consistent with the gender pay gap and gender inequality in Indonesia. Both in general percentage and by education level, women in Indonesia still experience discrimination due to the society's view of women's duties as housewives which is still strong in Indonesia. This causes companies to be reluctant to reward women for their performance when they have the same educational background and position as men.

Companies assume that when women get married, they will experience a decrease in productivity because they have to take care of their families and take maternity and paternity leave, which can disrupt company operations when women have important positions in the company. This is what is referred to as the "glass ceiling" phenomenon, which is a condition in individuals who actually deserve a position that is generally the upper managerial level of the company due to discrimination based on sexism and racism. Glass ceiling refers to vertical discrimination that is often faced by companies working in a company that often receives subtle obstacles that are carried out continuously due to company regulations that tend to be discriminatory both consciously and unconsciously to prevent companies from getting top-level or senior managerial positions when women have met their qualifications (Babic & Hansez, 2021).

For this reason, there are several efforts that can be used to reduce the gender wage gap and encourage women's empowerment, namely making regulations regarding equal pay for women and men. To reduce the wage gap between genders, the government can take concrete action by making laws that require employers or companies to provide equal pay for female and male workers. Second, increase job flexibility in the company. One of the factors affecting the high wage gap is that women are considered unproductive after marriage. Increased flexibility in work such as work. Schedule arrangements, workload sharing, or the flexibility to work either in the office or from home can make it easier for women to work and take care of children at the same time (Reshi & Sudha, 2023).

The female labor force in Indonesia often experiences discrimination due to the view of women in the public as those who are tasked with taking care of household chores and taking care of children (Yuniashri, 2022). This is also in accordance with the discussion from research Semwal (2018) which explains that the Indonesian government needs to make regulations to reduce the wage gap between genders. Some programs and regulations that can be implemented by

women are the provision of *childcare* for young couples who both have careers so that women who become mothers can focus on working and participating in the workforce. This step can also have a positive impact on the Indonesian economy. Research conducted by Yuniashri (2022) which explains that women's participation in the labor force can improve family welfare. Women's income in the form of salaries can help increase family income which encourages better financial planning, adequacy of primary, secondary, and tertiary needs, fulfillment of health facility needs, and better educational opportunities for children.

Glass ceiling is a phenomenon in companies and management where it is the impact of women's discrimination that hinders women's career opportunities and refers to the gap between women and men to have equal career opportunities in upper management. This is caused by norms and stereotypes in society that can influence company decisions to make decisions, actions, or regulations that provide more opportunities for male employees than female employees (Babic & Hansez, 2021). One of the models used to understand the glass ceiling phenomenon is the model described by Elacqua et al (2009) that women rarely have important positions in a company or management. As for some of the causes of the glass ceiling phenomenon, the first is the perception of different treatment for female employees in the company, for example, promotion decisions and promotions that prefer men with the assumption that they have better leadership skills. Second, organizational culture. Organizational culture has an influence on glass ceiling practices in companies where the beliefs, perceptions, and values held by employees and management have a major influence on whether or not there are glass ceiling practices in a company. When a company has a "*male-oriented*" culture that considers employees' abilities based on *gender stereotypes*, it can narrow the opportunities for female employees to have important positions in management because they are considered housewives, emotionally unstable, and lack leadership skills. In addition, the *male-oriented* corporate culture also considers that the selection of upper management positions for female employees is an investment decision that is detrimental to the company, because of the assumption that women are wives and housewives who cannot have optimal performance compared to male employees.

DISCUSSION

The data indicates that more than 46% of women in Indonesia do not work for one year due to pregnancy, childbirth, and childcare. The lack of workplace flexibility contributes to women quitting their jobs. This issue is reinforced by societal norms that consider women primarily responsible for childcare and household matters. The research suggests that this perception influences both employers and families to be less supportive of women working, impacting their career progression and wages. The wage gap analysis based on education levels reveals that discrimination persists despite women having similar educational backgrounds or positions as men. The perception of women as weaker may influence companies to provide lower salaries to female employees. The gender wage gap is most pronounced at the elementary school level and below, where informal sector work and manual labor often result in lower wages for women. Despite the challenges, there is evidence of progress in women's empowerment in Indonesia. Over the past two decades, the gender inequality index has improved. However, women's representation in parliament and the labor force still lags behind, indicating persistent gender disparities in political and economic participation.

Societal views play a significant role in limiting women's opportunities, particularly in political and economic spheres. The expectation that women should prioritize homemaking over careers may contribute to their lower participation in the labor force and political representation. The government has initiated programs to enhance women's empowerment, such as the MAMPU program. While progress has been made, challenges remain. Efforts to reduce the gender wage gap include advocating for equal pay regulations and increasing job flexibility to support women's continued participation in the workforce. The discussion touches on the glass ceiling

phenomenon, which limits women's career advancement due to discrimination. Factors such as different treatment, organizational culture, and gender stereotypes contribute to this phenomenon. The model described by Elacqua et al. underscores the rarity of women holding important positions in companies. To address these challenges, there is a need for comprehensive regulatory measures, including equal pay legislation and policies promoting workplace flexibility. Efforts should also focus on challenging gender stereotypes and fostering inclusive organizational cultures that recognize and reward talent irrespective of gender. In conclusion, the gender wage gap in Indonesia reflects deeply ingrained societal norms and challenges women face in balancing work and family responsibilities. While progress has been made in women's empowerment, persistent disparities underscore the importance of continued efforts to create an equitable and inclusive society.

CONCLUSION

Based on the discussion in this study, it can be concluded into several points, namely first, the wage gap between genders in Indonesia has developed fluctuatively and has increased in the last two years due to the level of public education and the view of women's figures that weaken the role of women in the labor market. Second, women's empowerment in Indonesia shows good progress from year to year although there is still a high inequality in women's involvement in society. This increase is also due to the help of an active government to conduct programs and cooperation to increase the role of women in the economy and have a better life. Third, the intergender wage gap has an influence on women's empowerment where the lower the intergender wage gap shows that women have a strong role in society.

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