This study provides new evidence about the ways in which cooperatives can support women’s economic empowerment. Cooperatives can expand women’s access to small-scale finance, markets, and training, and can provide connections to social services. Formal institutions in the government and private sector can build on the cooperatives’ local networks to enable better outreach and deliver services. Cooperative Connections examines the extent to which these possibilities are being realized in Jakarta, Indonesia, in the case of female artisan home-based workers.

In Indonesia, women’s labor force participation lags behind that of men by more than 30 percentage points. Most women who participate in the economy do so informally, and many of these informal workers produce goods at home as artisans. As elsewhere in the world, many home-based workers lack legal and social protection, and face challenges such as limited access to capital, intensive competition in low-value sectors, and difficulties balancing paid work with household work and child care.

Past studies suggest that organizing into groups like cooperatives can provide informal workers greater voice and visibility, and increase prospects for artisans to expand their businesses, improve the quality of their products, and enable them to compete in external markets. We examine whether this is the case in Jakarta.

Indonesia has more than 150,000 active cooperatives, with more than 6,000 in Jakarta alone. Cooperatives in Indonesia are extensively regulated and supported by the government, particularly the Ministry of Cooperatives and Small and Medium Enterprises. Development partners like the International Labor Organization and civil society organizations are also active in this space. We assessed how cooperative membership in Jakarta supports women’s economic empowerment.

**Key Findings**

Cooperatives connect members with formal institutions like governments and civil society organizations that deliver services. This can help increase the skills and income security, as well as health, of members who work informally at home.

- Connecting to the government via cooperatives can facilitate members’ access to specific services and subsidies, such as free financial management training as well as government-run insurance schemes.
- Other civil society organizations partner with cooperatives to provide health services and training to members. Training covers such topics as cooperative management, small-enterprise management, financial literacy, and product quality.

Cooperatives provide small-scale finance to members, offering an alternative to formal banks and informal money lenders/loan sharks.

- Female cooperative members in Indonesia appear to prefer saving and borrowing with cooperatives to banks for a variety of reasons, including the desire for smaller-scale finance, as well as the administrative simplicity, lower fees, lower interest rates, and flexibility associated with cooperatives’ financial facilities.
- A number of cooperatives have a mechanism through which cooperative representatives go door-to-door daily to collect individual members’ savings, which enables easy access for home-based workers.
- Saving at cooperatives can allow women to accumulate assets under their own name, contributing to their own collateral. Some cooperatives do not require collateral when members borrow, and some offer loans in which only one member provides collateral so that a group of members can also access credit.
Cooperatives’ saving and borrowing mechanisms may prepare women artisans for future participation in more formalized banking systems.

Cooperatives connect members to markets primarily at the local level, though some cooperatives have secured national and international contracts.

Cooperatives can connect members to local markets, including fellow members who are potential customers and occasional orders of members’ goods for special events at the cooperative.

Exhibitions where cooperative members and micro, small, and medium enterprise owners can sell their goods are organized by the local and national branches of the Ministry. Opportunities for securing more lucrative contracts are greater at national exhibitions, but require much higher product quality.

Indonesian law stipulates that some parts of supermarkets and shopping malls be reserved for products from cooperatives and small and medium enterprises.

New strategies are underway to help Indonesian entrepreneurs break into online markets, including partnerships with local governments, civil society organizations, and private sector online marketing platforms.

Looking Ahead

There appear to be further opportunities for cooperatives and their partners to support the businesses and livelihoods of female artisan home-based workers. The primary potential routes that emerged from this study are:

- Cooperatives could better leverage the collective voice of members, as well as their relationships with local government offices – dinas – and provincial and national government agencies to address and influence policy and program decisions that affect prospects of their members.

- Future programming from the Ministry and civil society organizations could better support access to markets, particularly for home-based workers producing artisanal goods.

- Current programs offered by the Ministry, which promote access for women, could better track the results of interventions in terms of business growth, income, and access to markets, to inform future priorities.

Read the full report, Cooperative Connections: Connecting Female Artisan Home-Based Workers through Women’s Cooperatives in Jakarta, Indonesia, at giwps.georgetown.edu.

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