

Gender, entrepreneurship and coping during COVID-19: Indonesia's GoFood merchants



A food merchant in Jakarta

Photo Credit: Gerard Joren/Asian Development Bank

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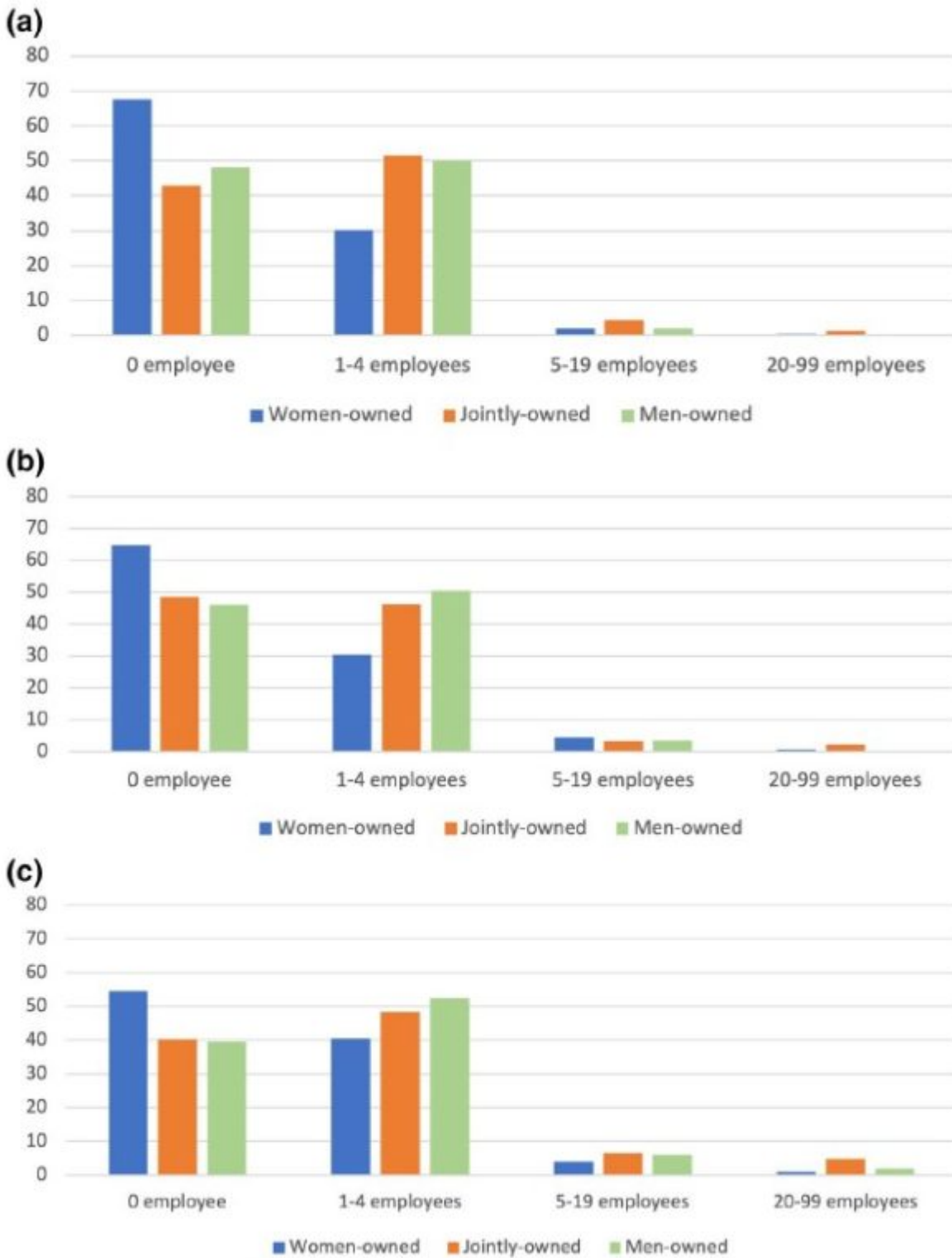
The COVID-19 pandemic affected businesses of all scales and types worldwide. However, little is known about the role and potential of online platforms in supporting micro, small, and medium-sized enterprises (MSMEs) during such crises, particularly in emerging markets.

We recently investigated the performance and strategies deployed by MSMEs in Indonesia which use the digital application **GoFood**, an on-demand cooked food delivery service on the GoJek platform. In this blog, we summarise three key findings: women-owned businesses' performance suffered more than men-owned; women entrepreneurs relied more on self-sufficiency as a coping strategy; and competition escalated, providing both threats and opportunities for MSMEs.

We find that women-owned businesses contracted substantially more during the pandemic. Specifically, they experienced an average decline in revenue of over 50%, compared to around 40% for men-led firms. They also witnessed a more pronounced decline in employee numbers (Figure 1). This disparity could be explained by potential differences in gender roles, responsibilities and socio-cultural norms, leading to a disproportionate impact on women entrepreneurs. For instance, women entrepreneurs often face additional challenges due to their role as caregivers, which could affect their ability and willingness to work long hours or pivot business models during the pandemic.

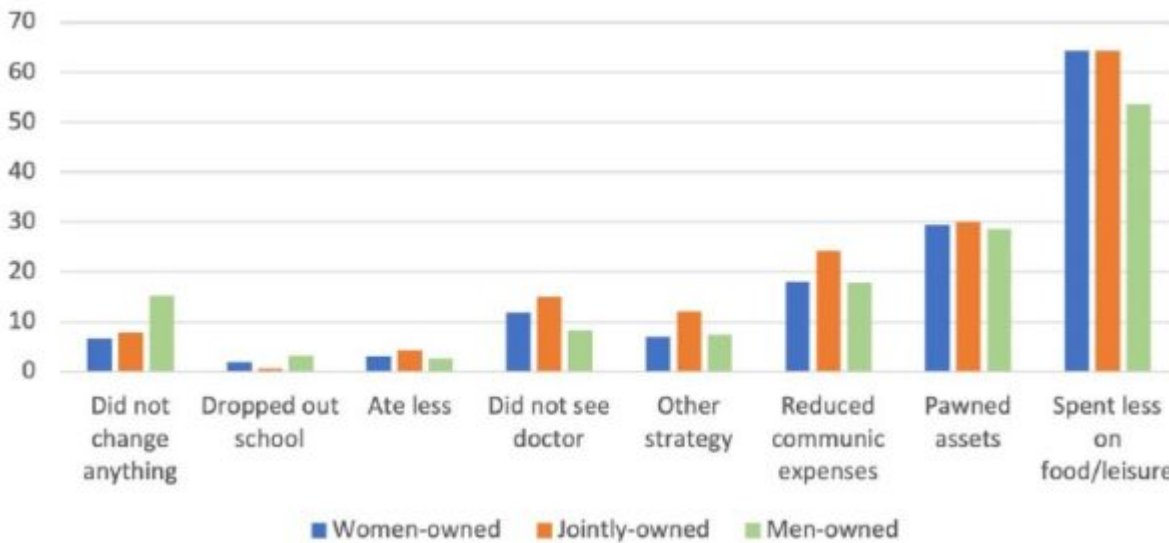
Figure 1: Employment – distribution of firm size by gender of business owner (%)

2021 (a), 2020 (b) and 2019 (c)



MSMEs that experienced a significant reduction in their business operations were likely to adopt self-sufficiency or self-insurance measures to cope with the crisis. Women entrepreneurs were more likely than men to cut personal expenses, and tended to use personal savings rather than formal financial sources (for example, bank loans) due to the limited access to finance. As Figure 2 shows, 64% of women who owned businesses spent less on food and personal items, compared to 54% of male merchants.

Figure 2: Crisis mitigation strategies among GoFood merchants (%)



We also found that competition intensified sharply among merchants using GoFood once the pandemic hit, with a considerable number of new entrepreneurs entering the platform to capitalise on the increased demand for online food delivery. Over time, existing merchants and new entrants battled for the same service areas, which subsequently shrank for all parties involved. This escalation in competition represents both a threat and an opportunity for MSMEs. On the one hand, the intensified competition could represent a roadblock to business survival as it could lead to the closure of less competitive entities. On the other hand, competition could be an opportunity for some MSMEs to improve operations and try out new strategies.

Our study provides new insights into the capacity of MSMEs in emerging markets to cope with large-scale economic shocks. We find that women-owned businesses are disproportionately affected by crises, and face more hurdles in adapting to the new normal. Self-sufficiency is important, and there is a critical need for improved access to finance for MSMEs, especially for women entrepreneurs. Finally, the escalating competition among MSMEs in online markets may, in some cases, require policy intervention to foster a more business-friendly environment and support fragile MSMEs to compete and thrive online.

Policymakers could also promote policies that ensure women-owned businesses have access to the resources and support they need to maintain their economic activities and resilience during and after a crisis. Our study also highlighted an opportunity for the government and financial institutions to improve beneficiary targeting by addressing gaps in program awareness and beneficiary scepticism, which may have deterred women from formal financing instruments and men from government programs.

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We believe our study offers a meaningful contribution to the wider literature on entrepreneurship, gender dynamics, and crisis management. Now more than ever, policymakers can take immediate and proactive steps to support MSMEs in emerging markets, given their important role in driving inclusive and sustainable economic development in these regions.

This blog is based on an article by the same authors in [Asia & the Pacific Policy Studies](#) journal, 'Gender, entrepreneurship, and coping with the COVID-19 pandemic: The case of GoFood merchants in Indonesia'.

Disclosures:

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