

supported by



strive

Mercy Corps Indonesia

60__dB



Kementerian PPN/
Bappenas

Striving to Thrive

The state of Indonesian Micro and
Small Enterprises, 2024/25

A 60 Decibels report for
Mastercard® Strive
in Indonesia

About Strive Indonesia

Mastercard Strive in Indonesia is part of a portfolio of philanthropic programs – supported by the Mastercard Center for Inclusive Growth – aimed at helping small businesses around the world thrive in the digital economy.

In 2023, Mastercard, in collaboration with the Indonesian National Council for Financial Inclusion (DNKI) and Mercy Corps Indonesia, launched Strive Indonesia. By 2025, the Strive Indonesia program is working to empower 300,000 Indonesian small businesses to succeed in the digital economy. To achieve this goal, Strive Indonesia has three strategies:

1. Go Digital - Build demand and lower barriers to technology adoption through peer mentoring and addressing the cost of digitalisation.
2. Get Capital - Work closely with bank and non-bank institutions to further democratise access to credit for small businesses, especially for women-led or owned businesses.
3. Ecosystem Strengthening - Establish a learning network and conduct research on small business digitalisation to share best practices and insights, co-create initiatives to address systemic bottlenecks, provide the ecosystem with rich quantitative data, and trigger positive shifts.

About 60 Decibels

60 Decibels is a global, tech-enabled social impact measurement company that brings speed and repeatability to impact measurement and customer insights. We provide genuine benchmarks of impact performance, enabling organizations to understand impact relative to peers and set performance targets.

We maintain a growing network of 1,300+ researchers in 80+ countries, and have worked with more than 1,000 of the world's leading impact investors, companies, foundations, corporations, NGOs, and public sector organisations. 60 Decibels makes it easy to listen to the people who matter most.



supported by

strive

Mercy Corps Indonesia

Kementerian PPN/
Bappenas

60__dB

Table of contents

Foreword	4
Background	7
A Note on Micro and Small Businesses	8
Executive Summary	9
Introduction	11
Context and Rationale for the Barometers	11
10 Things We Learnt From Indonesian MSEs	13
About the Data in This Report	16
The Current Status of Indonesian MSEs	19
A Deep Dive into Revenue Numbers	20
Spotlight on Key Themes	22
Indonesian MSEs and Credit Access	22
Spotlight on Business Support Services	24
Spotlight on Market Access and Expansion for Indonesian MSEs	28
Spotlight on Sustainability	31
Future Outlook	35
Expectations, Challenges, and Support for Indonesian MSEs	35
In Conclusion, What Does the Data Tell Us?	37
What Next?	38
Recommendations Based on Insights from the MSEs	38
Appendix	42

Foreword

Fostering Economic Growth through Investment in Business Support Services

Mastercard Center for Inclusive Growth, in collaboration with Mercy Corps Indonesia and the National Financial Inclusion Council, launched the Mastercard Strive program in Indonesia in 2023. The program aims to empower 300,000 Indonesian small businesses to thrive in the digital economy by providing access to capital, facilitating the adoption of digital tools and marketplaces, expanding networks, enhancing business know-how, and strengthening the support ecosystem.

As part of the ongoing efforts to strengthen the small business support ecosystem in Indonesia, the Mastercard Center for Inclusive Growth, in collaboration with Mercy Corps Indonesia, the Indonesian National Development Planning Agency (Bappenas), and 60Decibels, conducted a comprehensive study on Indonesian Micro and Small Enterprises. The inaugural Barometer Report, titled Strive to Thrive – The State of Indonesian Micro and Small Enterprises, was released in June 2024. This second report builds on the previous findings and provides new, additional insights, including a snapshot of green practices among micro and small businesses in Indonesia.

One of the key insights from the study is that the profound impact that business support services have on addressing the challenges faced by Indonesian micro and small enterprises (MSEs). Notably, 81% of MSEs that accessed these services reported significant benefits, with 86% of women-led businesses experiencing positive outcomes. It's particularly encouraging to see that over half of the businesses utilizing support services in the past year have seen an increase in revenue.

This finding reinforces the critical need for accessible business support such as mentorship and targeted interventions to bridge existing gaps. That's why Mastercard is committed to expanding access to business support services through initiatives like Mastercard Strive, ensuring that every small business can unlock its full potential. This approach not only stimulates innovation and job creation but also ensures that economic opportunities are accessible to all.

We invite policymakers, industry leaders, and stakeholders to join us in fostering a resilient and thriving economy in Indonesia. Together, we can drive meaningful change and create a lasting impact for Indonesia's small businesses.



Aileen Goh
SVP, Country Manager,
Mastercard Indonesia



Subhashini Chandran
SVP, Social Impact,
APEMEA, Mastercard Center
for Inclusive Growth

Foreword

Small Business Barometer Report - A Roadmap for Supporting Indonesia's Economic Growth

The year 2024 presented a formidable landscape for Indonesia, mirroring the global headwinds of a slowing economy. We witnessed a tangible impact on the ground – a decline in economic growth, a reduction in people's purchasing power, and a tightening of credit for MSMEs, as evidenced by reports from OJK and BRI. However, these macro-level shifts, while significant, only tell a part of the story.

At Mercy Corps Indonesia, we believe in the power of listening and understanding the nuanced realities faced by those at the heart of our economy: the micro and small entrepreneurs. That's why we commissioned the Small Business Barometer Report – Indonesia. We wanted to move beyond abstract data points and truly capture the pulse of 827 entrepreneurs, to hear their aspirations and anxieties in their own words.

What emerged from their voices is illuminating. The report reveals that when MSEs access support, they thrive. Whether it's digital marketing, mentorship, financial training, or peer networking, these interventions demonstrably enhance growth and resilience. Specifically, 81% of MSEs who accessed business support found it useful. Notably, over 50% of businesses that accessed one or more forms of support in the past 12 months reported increased revenue, compared to just 37% of those who did not.

We also observe a clear preference for government and local community networks as primary support providers, with 68% of businesses preferring government-related entities and 45% relying on family and community networks. The observed outcomes serve as a validation of our multi-stakeholder approach, which strategically integrates government and community engagement. This confirmation stems from the inherent advantages these institutions possess: their direct proximity to participants and their combined structural and cultural influence, ensuring interventions are both precise and impactful.

Moreover, we recognize that collaboration with the government is fundamental to driving systemic and sustainable change. Our strategic partnership with Bappenas through the Strive Learning Network has generated recommendations that were integrated into Indonesia's National Medium-Term Development Plan (RPJMN), reinforcing an ecosystem-strengthening strategy that will shape the future of micro and small enterprises (MSEs) over the next five years. By ensuring MSEs have access to the support they need, we remain steadfast in our mission to empower economically marginalized individuals, including MSEs, helping them build sustainable assets and long-term financial resilience.

At last, we are proud to introduce this year's Small Business Barometer Report – Indonesia, a pivotal resource in our ongoing efforts to strengthen the MSE ecosystem in collaboration with Bappenas and 60 Decibels. This report offers evidence-based recommendations that not only align with the government's initiatives but also provide valuable insights into the economic landscape over the past year. By leveraging this data, we can inform smarter policy making and drive impactful solutions for small businesses nationwide.

Together, let us transform these insights into actions, fostering a more inclusive, productive, and resilient Indonesia where every small business has the opportunity to thrive.



Ade Soekadis
Executive Director, Mercy Corps Indonesia

Foreword

From Policy to Progress: Charting a New Course for Indonesian MSMEs

President of Indonesia officially enacted the National Medium-term Development Planning (RPJMN) 2025–2029 through Presidential Decree Number 12/2025, marking a critical milestone in our nation's development agenda. The medium development plan identifies micro, small, and medium enterprises (MSMEs) as strategic pillars driving the country's economic transformation agenda. Their pivotal role in job creation, poverty reduction, and regional economic development places them at the heart of Indonesia's long-term vision.

The RPJMN also acknowledges the persistent structural challenges hindering MSME growth, most notably the low uptake of research and technology, limited access to affordable financing, and difficulties in penetrating broader markets. Developed through broad-based consultation with stakeholders, including contributions from Mastercard Strive, the plan emphasizes the urgency of addressing these barriers to unlock the sector's full potential and position MSMEs as engines of inclusive and sustainable economic growth.

However, the insights presented in the Small Business Barometer Report: Indonesia offer a sense of optimism and a clear roadmap forward. Notably, 40% of micro and small enterprises express a desire for support in digital marketing, business mentoring, and development—an encouraging sign of readiness for growth. These are not just needs; they are signals of aspiration, showing that MSMEs are beginning to align their goals with Indonesia's broader economic ambitions.

Another strategic insight from the report is the strong preference MSMEs have for government-related entities as support providers, with 68% identifying them as their primary source of assistance. This underscores the central role of government in shaping and delivering support systems for small businesses. However, it also highlights the

importance of collaboration. While the government remains a trusted anchor, multi-stakeholder partnerships, such as those led by Mastercard Strive, are essential to complement government efforts, expand reach, and ensure that support is both accessible and responsive to MSMEs

This Barometer Report is more than just a compilation of data—it serves as a strategic compass that complements the RPJMN by offering grounded insights into the real needs and aspirations of MSMEs. While the RPJMN provides a high-level policy framework, this report presents a practical lens to inform more targeted, responsive, and impactful interventions. It highlights the gaps that must be addressed and the opportunities that can be leveraged to accelerate MSME growth.

By using these insights to bridge the divide between policy and implementation, and by fostering stronger collaboration among government, private sector, and community stakeholders, we can unlock the full potential of MSMEs as a driving force for inclusive economic growth and global competitiveness.



Maliki, S.T., MSIE, Ph.D.

Deputy Minister for Community Empowerment,
Population, and Employment

Background

Small businesses are the driving force behind Indonesia's economy, contributing significantly to growth and employment. Approximately 62 million small businesses employ 97% of the total domestic workforce and contribute 61% of the Gross Domestic Product (GDP).¹ However, they face major challenges, including limited connectivity, financial barriers, and a lack of digital skills.

Mastercard Strive in Indonesia, supported by the Mastercard Center for Inclusive Growth, has taken the initiative to address these challenges. Building on the success of the Mastercard Academy 2.0 program, Strive Indonesia works to meet the needs of small businesses and empower women entrepreneurs over the next three years. This program supports 300,000 small businesses—40% of which are women-led—by focusing on digitalisation, access to credit, and strengthening supporting ecosystems.

Through a dynamic combination of in-person interactions and technology, Strive Indonesia provides digital training, mentoring, and tailored financial products. These efforts aim to enable small businesses to capitalize on digital opportunities. By facilitating access to credit, offering digital marketing support, and enhancing the entrepreneurial support ecosystem, the program helps improve the financial resilience of small businesses, particularly those led by women.

This initiative also presents a unique opportunity for collaboration with diverse stakeholders to build a supportive ecosystem for small businesses. Through engaging discussions and policy advocacy, Strive Indonesia works to drive inclusive economic development, create employment opportunities, and build a more resilient Indonesian economy.



¹ 2023 ADB Asia SME Monitor - Indonesia

A note on micro and small businesses

Before we dive in, a few definitions are in order. For the purposes of this report, MSEs are defined as solo, micro, and small enterprises. These categories are distinct and specifically exclude medium and large enterprises.

So, who are we talking about? A solo business, as the name implies, is run by a single individual who handles everything—often referred to as a “solopreneur.” A micro business consists of an entrepreneur with 1–4 employees, while a small business has 5–19 employees. Enterprises larger than this fall into the medium or large categories and are not part of this report.

While a lot of the extant literature on MSE performance includes medium enterprises, this work focuses on MSEs (micro and small enterprises), not SMEs (small and medium enterprises) or MSMEs (micro, small and medium enterprises). This distinction is for a few reasons. First, is the growing consensus that micro and small enterprises are essential to our shared prosperity. More important however, is our belief that the experiences and challenges of these businesses are drastically different than their (relatively) larger peers, and careful attention and targeted research is required to support them adequately.

This report is dedicated to the small but mighty—to those who drive our economies and communities forward, often without the recognition they so richly deserve.



Executive Summary

Indonesia is home to over 62 million micro, small, and medium enterprises (MSEs), with microenterprises comprising 99% of this total. These enterprises contribute significantly to the economy, employing 97% of the workforce and accounting for 61% of the Gross Domestic Product (GDP). However, they face substantial challenges, including limited access to credit, difficulties in market expansion, low adoption of digital tools, and barriers to implementing sustainable business practices. This report aims to provide insights into the current landscape of Indonesian MSEs, highlighting key challenges, opportunities, and recommendations for fostering their growth and resilience.

The findings in this report are based on surveys conducted between October and December 2024, covering 827 micro and small enterprises. These enterprises represent various industries, including food and beverage, fashion, and crafts. The data captures their financial health, support service utilization, digital adoption, market access, sustainability practices, and future outlook. The report also includes spotlights on the lived experiences of entrepreneurs accessing external credit and business support services. It attempts to understand how Indonesian enterprises are looking at market expansion, and the implementation of sustainability practices. This report identifies ten things that highlight the status quo for Indonesian MSEs across the aforementioned themes.

Ten Things We Learnt from Indonesian MSEs:

- **The growth and revenue of Indonesian MSEs continues to be a story of highs and lows.** While 40% of MSEs reported revenue growth over the past year, an equal proportion experienced declines, highlighting a varied business performance. Small businesses outperform micro businesses in revenue growth, with nearly 60% of small enterprises reporting revenue increases, compared to only 40% of micro businesses.
- **A majority of MSEs are informal and unregistered, with micro-businesses and younger enterprises leading this trend.** Around half the surveyed businesses report a lack of registration or certification, which likely limits their ability to access market opportunities and financial support. The informality rate is significantly higher among micro businesses (55%) compared to small businesses (26%).
- **Many of these MSEs are ambitious, aspiring to reach larger markets and expand their customer base. However, a variety of barriers limit their ambitions.** Nearly 50% of entrepreneurs aspire to expand, but financial constraints (56%) and limited market knowledge (22%) hinder these goals. Competition from larger firms is a key barrier for 70% of businesses.
- **Business support services, be they for digital marketing, peer networking, or digitalisation, show demonstrable impact on MSE growth and resilience. And yet, they remain underutilised.** While 81% of businesses that accessed support found it useful, over 60% of MSEs report not having used any business support services in the past 12 months.
- **Despite this underutilisation, there is strong appetite for specific types of support, especially digitalisation, business mentoring, and financial management.** Approximately 40% of MSEs seek digital marketing and business mentoring support, while a fifth seek financial management training.
- **Financial management support, followed by promoting credit access for MSEs can be the gateway to integrating MSEs into the larger business ecosystem.** Businesses that accessed loans were more likely to have also engaged with business support services, suggesting that those seeking external finance are more inclined to explore additional growth resources.

- **Government and local peer and community networks are critical pillars of support for MSEs, and could be key to bridging the gap for MSEs that are currently limited by structural barriers.** While 68% of businesses prefer government-related entities as their primary support providers, 45% rely on family and community networks, indicating the importance of localized interventions.
- **Women-led businesses are proving resilient and tech-forward, and targeted focus on this segment could accelerate improved market access for a significant proportion of MSEs.** Women-led enterprises are more likely to operate hybrid business models combining physical stores and online platforms (29% vs 23% of men-led MSEs), showcasing their adaptability to digital transformation.
- **Green practices aren't yet the norm, and businesses report this is mainly due to high costs involved in going green. However, going green helps build resilient businesses.** While 60% of MSEs understand sustainable practices, over 20% have not implemented any, citing cost and availability of eco-friendly materials as key barriers.
- **MSEs are optimistic but cautious about business growth.** Over 50% MSEs report expecting their business to grow moderately in the coming year. Of these, over 40% report expecting increases in revenue and store expansion.

We see that access to credit remains a significant challenge, with less than 30% of MSEs securing loans in the past year. Among those who did not seek credit, half cited a lack of need, while others pointed to high interest rates and a lack of collateral. Women-led businesses face greater difficulties in securing financing compared to their male counterparts. Many MSEs rely on self-funding or informal borrowing, limiting their ability to invest in business growth.

When it comes to business support services, most MSEs that do access some form of support found it useful (81%), but they remain underutilized in the larger ecosystem. More than 60% of MSEs have not engaged with any support services. This is mainly attributed to a lack of awareness

and barriers in accessibility that prevent many businesses from taking advantage of these services and opportunities. The most accessed support for those MSEs that have engaged include digital marketing, peer networking, and financial management training, all areas that micro and small entrepreneurs often struggle with.

In terms of enterprise outlooks, market expansion remains a critical priority for many MSEs. Nearly half of MSEs seek to grow their customer base, however, significant challenges limit their ability to achieve this goal. Primarily, competition with established players is a key barrier, with 68% citing competition with larger businesses as a challenge limiting their ability to grow. Financial limitations and a lack of market knowledge further restrict their ability to expand beyond their immediate locations. Expectedly, small businesses are more likely to leverage online and physical sales channels compared to their smaller cousins, the micro businesses, highlighting the importance of targeted support in digital marketing and e-commerce integration for micro enterprises.

Sustainability practices among MSEs are still evolving, with 60% of businesses aware of green business concepts but only 22% actively implementing them. Cost concerns, lack of alternative materials, and limited awareness prevent widespread adoption. Businesses that integrate sustainability practices, such as energy efficiency and waste reduction, tend to report greater resilience and long-term stability.

To support MSEs in their growth, key recommendations include expanding access to digital tools, increasing financial literacy and tailored financing solutions, and fostering inclusive support ecosystems, particularly for women-led businesses. Improving awareness and accessibility of business support services, alongside incentives for sustainable business practices, will be crucial in ensuring long-term growth and resilience for Indonesian MSEs.

Introduction

Indonesian MSE Ecosystem: Context and Rationale for Barometers

The numbers tell a compelling story. Indonesia is home to over 62 million micro, small and medium enterprises (MSEs), with micro-enterprises making up a significant percentage of this total at 99%.^{2 3} Together, these MSEs employ 97% of the nation's workforce.⁴ In 2022, they contributed more than three-fifths (61%) of Indonesia's GDP.⁵ These enterprises not only stimulate economic growth but also foster resilience in both urban and rural communities. Through their widespread impact, MSEs play a vital role in poverty alleviation and community development, laying the foundation for a more inclusive economy.⁶ Beyond their economic contribution, MSEs serve as a key driver for livelihoods, offering a productive pathway for Indonesians to build careers. Notably, over three-quarters of Indonesia's adult population (aged 18-64) considers starting a business to be a respectable career choice, highlighting the broad appeal of entrepreneurship as a viable livelihood.⁷

Entrepreneurship also offers significant opportunities for advancing gender equity for women. Women-owned MSEs constitute a large portion of the sector, contributing to the financial inclusion of women and empowering a historically underrepresented demographic. According to the Global Entrepreneurship Monitor, women in Indonesia are 1.3 times more likely to be early-stage entrepreneurs or business owners compared to their male counterparts, a figure that surpasses the global average of 0.76.^{8 9}

However, despite their immense potential, Indonesian MSEs face significant challenges. The country's rank in the World Bank's Ease of Doing Business index has remained unchanged since 2018, with Indonesia positioned at 73 out of 190 globally and 9 out of 25 in the East Asian and Pacific region.¹⁰ Particularly concerning are the rankings for 'starting a business' (140th out of 190) and 'enforcing contracts' (139th out of 190), where the country ranks at the lower end globally, highlighting how these aspects continue to be gaps in the business environment. A limited number of Indonesian MSEs have access to formal credit, with barriers such as repayment difficulties and perceived lack of need cited.¹¹ Despite the significant role MSEs play in Indonesia's economy, there are persistent gaps in access to financing, digital tools, and market insights.¹²

Although digitalisation is recognized as a key growth driver, its underutilization hampers market expansion.¹³ Additionally, in a country regularly affected by climate crisis-related disasters, building resilience to climate and other shocks becomes critical.¹⁴ There is a rising awareness of the need to move towards sustainable business practices. However, implementation remains low, causing many MSEs to miss out on the benefits of green business models.

The Indonesian ecosystem, comprising both public and private sectors, acknowledges these challenges and is actively working to build support structures that can assist entrepreneurs. Programs like the Pre-Employment Card ([Kartu Prakerja](#)) help individuals transition into entrepreneurship by equipping them with critical skills. There are a range of policies aimed at empowering MSEs, including tax incentives, microcredit schemes like KUR

² 2023 ADB Asia SME Monitor - Indonesia

³ Financing Barriers and Performance of Micro, Small, and Medium Enterprises (MSMEs) | IMF

⁴ 2023 ADB Asia SME Monitor - Indonesia

⁵ 2023 ADB Asia SME Monitor - Indonesia

⁶ Micro, small, and medium enterprises (MSMEs) and poverty reduction: empirical evidence from Indonesia (2020)

⁷ Entrepreneurship as a Good Career Choice | Global Entrepreneurship Monitor

⁸ Indonesia Profile | Good Entrepreneurship Monitor

⁹ Global Entrepreneurship Monitor defines early-stage entrepreneurs as the percentage of an economy's 18-64 population who are either a nascent entrepreneur (actively planning a new business) or owner-manager of a new business (within the first 42 months of starting).

¹⁰ Doing Business Rankings | World Bank

¹¹ No credit, no progress | The Jakarta post

¹² Financing Small Businesses in Indonesia (2019) | International Labour Organization

¹³ Why e-commerce is key to Indonesia's small businesses | World Bank Blogs

¹⁴ Climate Change Knowledge Portal | Indonesia | World Bank

(People's Business Credit), and digital transformation initiatives.¹⁵ Programs focused on skills development, market access, and e-commerce are also gaining traction. Despite this, over 60% of MSEs we surveyed report not utilizing formal support services, citing barriers like lack of awareness and accessibility issues. This highlights the need for a more inclusive and robust support ecosystem, with greater emphasis on building awareness so entrepreneurs can take full advantage of available resources.

Understanding the gaps that remain, and providing targeted support can unlock the potential of these sleeping giants, and progress Indonesia's economy. One of the most effective ways to tailor this support is by listening to Indonesian business owners and understanding, in their own words, what they need to succeed.

Through this Barometer, that is what we try to accomplish. We aim to gauge the sentiments of MSEs - hearing from them directly on their experience with business support services, market access and building climate resilience. Our hope is that these findings will serve as a valuable resource for private and public stakeholders working to empower small businesses and help them reach their full potential.



¹⁵ [Kredit Usaha Rakyat](#) | Government of Indonesia

10 Things We Learnt From Indonesian MSEs

- 1. The growth and revenue of Indonesian MSEs continues to be a story of highs and lows. Digging deeper, we find that small businesses are outperforming micro businesses, suggesting a need for more targeted support for micro entrepreneurs.** While 40% of MSEs reported revenue growth over the past year, an equal proportion experienced declines, highlighting a varied business performance. This trend continues from our previous Barometer, where the proportion of businesses that reported their revenues had either gone up or gone down was roughly equal (40% of businesses), suggesting that the business performance has seen no marked changes in the last year. When we dig deeper into the data, we see that business size is a differentiator, with small enterprises outperforming micro businesses- nearly 60% of the former report revenue increases, compared to only 40% of micro businesses. This disparity underscores the challenges microenterprises face when compared to their small enterprise counterparts. This is likely due to the limited financial resources and market access constraints that are exacerbated for microenterprises relative to their larger cousins.
- 2. A majority of MSEs are informal and unregistered, with micro-businesses and younger enterprises leading this trend.** Around half of the surveyed businesses report not having any registration or certification, which limits their ability to access opportunities available to more formalised businesses, whether in terms of market access or support like credit. A significant share of micro-businesses (55%) report being informal than small businesses (26%), likely due to the less critical need for formal registration in smaller-scale operations. Older businesses also tend to be more formal, with 60% of newer businesses (1–3 years old) reporting being unregistered, compared to 43% of those operating for 7+ years. This is likely a result of the fact that business maturity and expansion brings with it an urgency for formal certification, which can enable access to critical support such as loans and government programs.
- 3. Many of these MSEs are ambitious, aspiring to reach larger markets and expand their customer base. However, a variety of barriers limit their ambitions.** Around half of the entrepreneurs we spoke to reported aspirations to expand their market presence. These ambitions are limited by the variety of challenges they face, including issues such as financial constraints (56%), and limited market knowledge (22%), and also the realities of the market, with nearly 70% reporting competition from larger firms as a key barrier to their aspirations. Additionally, businesses operating in remote locations report geographic isolation as a critical barrier, limiting their access to broader customer bases and supply chains.
- 4. Business support services, such as digital marketing, peer networking, or digitalisation, show impact on MSE growth and resilience. Yet, they remain underutilised.¹⁶** 81% of MSEs that report accessing business support found it useful, with that number rising further for women-led businesses. Notably, over half of all businesses that have accessed one or more forms of support services in the past 12 months report increases in revenue, compared to 37% of businesses that have not sought any type of support. MSEs that have accessed digital marketing support, business mentoring, financial management training, or peer networking opportunities are also more likely to report higher business resilience. In contrast, businesses that lack access to these resources are more vulnerable to external shocks and market fluctuations. Similarly, businesses that leveraged these support services were nearly two times more likely to report aspirations for growth compared to those that did not. Despite this, over 60% of MSEs report not having accessed any business support services. This looks to be

¹⁶ Support services in this report refer to services businesses access to help in the running or growth of the business. These include, and are not limited to, digital marketing services, business financial management training, access to peer groups, sustainability-related training, business legality/ certification arrangements, etc.

a low-hanging fruit, and increasing access to business support can lead to outsized gains for the overall health and growth of Indonesian MSEs.

5. Despite this underutilisation, there is strong appetite for specific types of support, especially digitalisation, business mentoring, and financial management. Approximately 40% of MSEs seek support for digital marketing and business mentoring and development, signaling the priorities MSEs have as they look towards their future business growth. Around 20% of MSEs also seek business financial management training. Even among the minority of businesses that have accessed support services, digital marketing and financial management remain the most frequently utilized resources. Interestingly, this doesn't translate to access to credit, which ranks as a lower priority compared to all the above types of support. This suggests that while financial support is important, MSEs are facing more fundamental barriers that limit their ability to absorb or utilise credit effectively.

6. Financial management support, followed by promoting credit access for MSEs can be the gateway to integrating MSEs into the larger business ecosystem. Businesses that report accessing loans are also more likely to report having accessed support services in the past year, suggesting that entrepreneurs considering external support for finance are demonstrating a higher level of readiness to access the broader support ecosystem. Interestingly, appetite for credit remains low among Indonesian MSEs, with less than 30% accessing loans in the last year. Around half of MSEs not seeking credit cite a lack of need as the primary reason. Among those seeking credit, high interest rates (27%) and lack of collateral (13%) are the most common barriers. These challenges are particularly acute for women-led enterprises, as they often lack asset ownership and face biases when dealing with lenders. Financial management support could address some of these barriers, and allow these enterprises to reach a stage

where they can both effectively use credit, and engage with the larger business ecosystem more effectively.

7. Government and local peer and community networks are critical pillars of support for MSEs, and could be key to bridging the gap for MSEs that are currently limited by structural barriers. 68% of businesses prefer government-related entities as their primary support providers, followed by 45% relying on family and community networks, suggesting entrepreneurs prefer local support. Access to support and business growth opportunities also varies significantly by region, likely a function of accessibility to support providers and the maturity of community networks. A clear example is the stark difference between Jakarta and East Java, with 90% reporting accessibility to support services in the urban centre of Jakarta, compared to only 50% in East Java. Market expansion is also more feasible for businesses in urban centers than those in rural areas. Addressing these disparities in access through localized interventions can help bridge the gap and ensure equitable growth across different regions. This can be further accelerated by leveraging public-sector interventions and grassroots-level collaboration to foster a supportive ecosystem for MSEs. Expanding awareness of existing initiatives and improving accessibility are the critical next steps to bridging the support gap.

- 8. Women-led businesses are proving resilient and tech-forward, and targeted focus on this segment could accelerate improved market access for a significant proportion of MSEs.** Women-led MSEs demonstrate performance and resilience on par with male-led ones, challenging the idea of gender-based disadvantages. However, gaps still exist, particularly in areas like access to credit. Interestingly, women entrepreneurs seem to be operating in a more tech-forward way than male entrepreneurs, with their enterprises being likelier to operate in hybrid models that utilise a combination of physical stores and online platforms (29% vs 23% of men-led MSEs). A 2021 report by the International Finance Corporation also highlights that women entrepreneurs in Southeast Asia are increasingly participating in e-commerce.¹⁷ This signals a growing digital presence among women-owned enterprises and highlights the need for targeted digitalisation support for these entrepreneurs.
- 9. Green practices aren't yet the norm, and businesses report this is mainly due to high costs involved in going green. However, going green helps build resilient businesses.** While 60% of MSEs are aware of a variety of sustainable practices, over 20% haven't implemented any of them, missing out on the resilience benefits they bring. Nearly 20% of businesses say this is due to a high cost of eco-friendly materials, and a similar share report an existing dependence on non-sustainable materials as key reasons. The impact of this is borne out by the numbers around resilience, with MSEs implementing no green practices 1.3 times more likely to report not being resilient when compared to enterprises that have implemented one or more green practices. MSEs identify stable demand and support in mitigating their vulnerability to economic conditions as key factors to help build resilience. This indicates the need to bridge the gap between awareness and implementation of sustainable and green business practices, to help MSEs on their path to sustainability and resilience.

- 10. MSEs are optimistic but cautious about business growth.** Over 50% MSEs report expecting their business to grow moderately in the coming year. Of these, over 40% report expecting increases in revenue and store expansion. Businesses that anticipate staying the same size attribute it mainly to an unstable market demand for their products and services, and capital limitations. Businesses that have accessed one or more types of support services are two times more likely to report aspirations for growth, compared to those who have not, highlighting the pressing need for enhanced access to capital and support services.



¹⁷ [Women and E-commerce in Southeast Asia \(2021\)](#) | International Finance Corporation

About the data in this report

Who were the MSEs we listened to?

This report seeks to provide a comprehensive overview of the state of MSEs in Indonesia. The data presented is based on surveys conducted between October and December 2024, involving 827 micro and small enterprises. Respondents included owners, senior executives, directors, and managers. The participating businesses represent a diverse range of locations, sizes, sectors, years of operation, and owner demographics, including gender.¹⁸

- **Business Location:** Businesses are mostly located in West Java (22%), Central Java (19%), and East Java (18%).¹⁹
- **Business Ownership:** Nearly eight out of ten MSEs reported owning their respective businesses, reflecting a strong culture of entrepreneurship.
- **Business Size:** 83% of respondents are classified as microenterprises, with one to four employees; 17% are small enterprises, with 5 to 19 employees. 52% of the micro enterprises operate as solo entrepreneurs. More women report having micro businesses, when compared to men (85% vs 79%). However, women are more likely to report ownership of their business, compared to men (82% vs 71%).
- **Business Tenure:** Nearly 40% of businesses have been operational for over 10 years. 28% reported being operational for between 4-6 years. Less than 1% of the businesses reported being under a year old.
- **Business Leadership by Gender:** Over 50% of the MSEs are run by women. 32% of the businesses are run by men, and approximately 15% are jointly owned.

Figure 1: Business Location

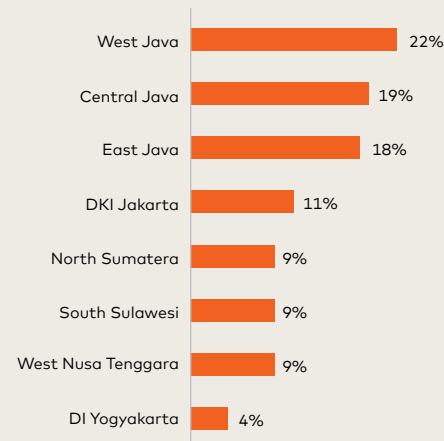


Figure 2: Business Ownership

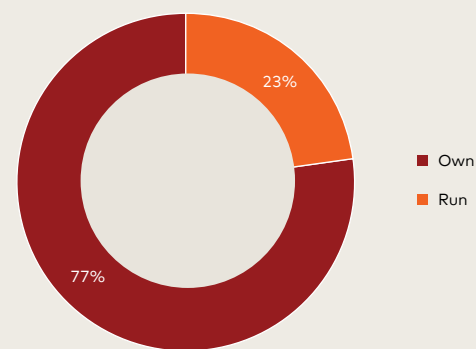
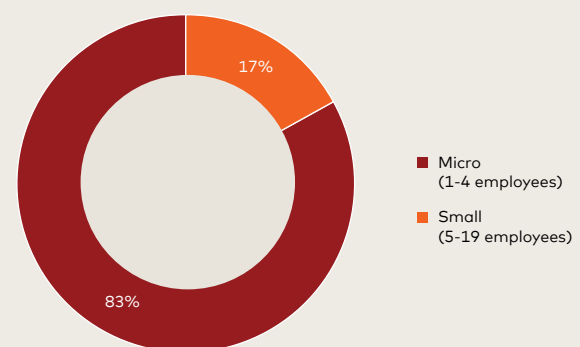


Figure 3: Business Size



¹⁸ Variations in sample size can be attributed to two main factors: respondents skipping certain questions and questions being targeted to specific groups. When respondents skipped questions, it reduced the sample size for those particular queries. Similarly, questions designed for specific groups naturally led to smaller sample sizes compared to those aimed at a broader audience. It's important to consider these variations when interpreting the results.

¹⁹ The regions surveyed in this edition of the Barometer followed those that were covered in the last round - West Java, East Java, Central Java, DKI Jakarta, North Sumatera and DI Yogyakarta. In order to also receive inputs from the eastern part of Indonesia, South Sulawesi and West Nusa Tenggara were also added. The sample of MSEs we surveyed is slightly different from the broader population of MSEs in Indonesia. We intentionally oversampled certain smaller groups to ensure a statistically reliable comparison.

- **Business Sector:** For this report, we focused on sectors of interest to the Strive Indonesia program. 62% of MSEs are in the food and beverage sector, 28% are in fashion, and 13% are in the craft sector. 1 in 10 businesses are in the tourism value chain i.e. they sell mostly to tourists or on a tourist site.
- **Business Model:** 72% of businesses sell their products/ services through physical stores; 27% use both physical stores and online platforms to sell their products. Less than 1% are fully online.

Figure 4: Business Tenure

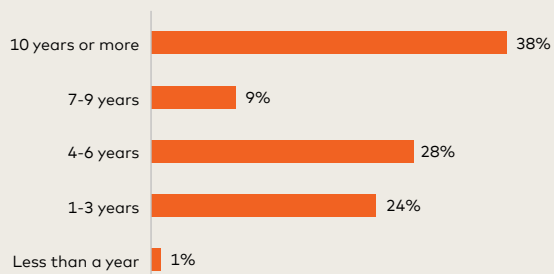


Figure 6: Business Sector

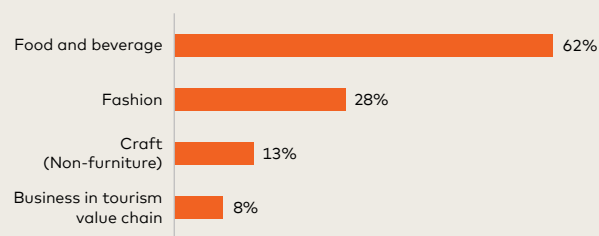


Figure 5: Business Leadership by Gender

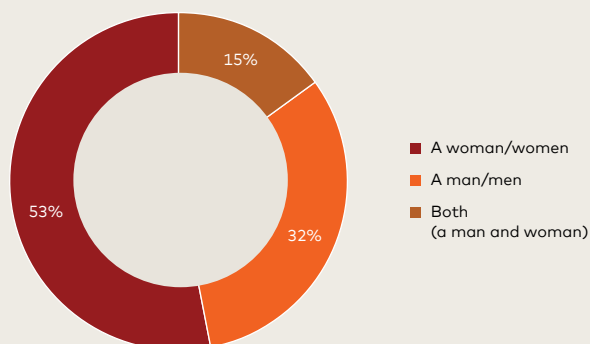
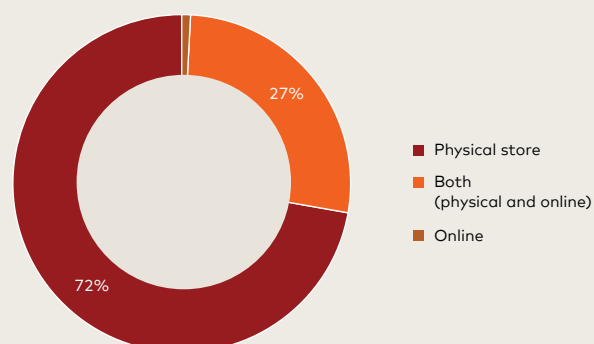


Figure 7: Business Model



Our Methodology

Our survey consisted of 43 questions and was conducted through in person and phone interviews across Indonesia. Respondents were screened to confirm they were business owners or actively running their businesses, and to confirm that they had fewer than 20 employees, in order to fit our criteria.

The survey aimed to understand various aspects of MSEs in Indonesia, including their characteristics, challenges, and growth aspirations. Key areas of focus included:

- Business profile
- Growth and revenue
- Challenges and support required
- Access to finance
- Sustainability
- Future aspirations – Goals and plans for growth

A transcript of the survey is added in the annex of this report.²⁰

Our Sampling Approach

For the purposes of this report, respondents were selected based on the following criteria:

Number of Employees:

- Micro enterprises: 1 to 4 employees
- Small enterprises: 5 to 19 employees

Region:

- Rural: 50%
- Urban: 50%

Sector:

- Businesses aligned with Strive Indonesia's program:
- Food and beverage
- Fashion
- Craft (non-furniture)
- Businesses in the tourism value chain

The distribution of our sample broadly reflects the split of MSEs in Indonesia's general population, where 95% are micro-enterprises and 5% are small enterprises.²¹ The sample of MSEs also differs slightly from the general population of Indonesia, as we targeted sectors of interest to Strive Indonesia's program, including food & beverage, fashion, non-furniture craft and businesses in the tourism value chain.

Sample size differences in our report can be attributed to two primary factors: respondents skipping certain questions and questions being tailored for specific groups. When respondents skipped questions, it affected the sample size for those particular questions. Additionally, questions designed for specific groups naturally resulted in smaller sample sizes compared to those intended for a broader audience. Please keep these variations in mind when interpreting our survey results.

²⁰ A few of the questions in the survey were asked as multiple-select questions, where respondents were able to choose more than one answer option at a time. These responses are aggregated, and analysed to identify trends and compare variations across different respondent groups, helping provide quantitative insights into patterns and preferences. Since the goal was to compare preferences across options, each answer option selected is treated as unique, and one respondent might be represented across various categories depending on their answer choices.

²¹ [Statistik Indonesia 2023](#) | Badan Pusat Statistik

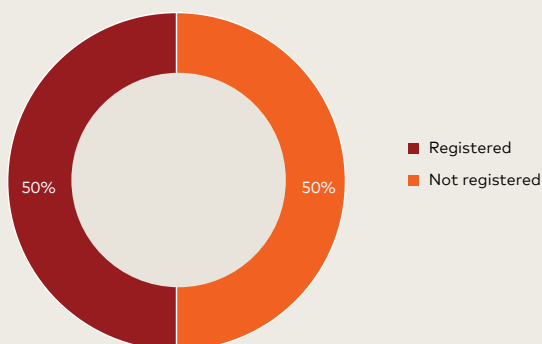
The Current Status of Indonesian MSEs

First, we would like to set the scene. This section of the report will look to understand the status and wellbeing of these enterprises, and uncover the characteristics that shape their operational capacities and growth trajectories. We begin with an in-depth examination of these MSEs. Questions around revenue trends, profitability, and financial resilience help us create a comprehensive picture of the health of these businesses.

Indonesia MSEs and Business Registration

Reports state that over 77% of all micro, small and medium enterprises in Indonesia are unregistered, operating informally.²² This also comes through in the respondents surveyed, where 1 in 2 businesses report not being registered, or possessing any types of certifications.

Figure 8: Business Registration



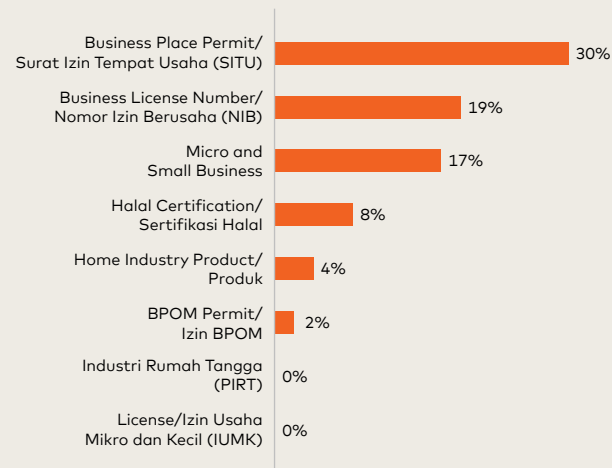
Of the businesses that report registration, having a Business Place Permit is the most common type reported (30%), followed by a Business License Number (19%). Interestingly, male-owned businesses are somewhat more likely to report not being registered, than female-owned businesses (55% vs 50%). Additionally, micro businesses are more likely to report not being registered, when compared to small businesses (55% vs 26%). For example, more small businesses report having registrations like a Business Place Permit, when compared to their micro counterparts (41% vs 28%).

Similarly, older businesses are more likely to be registered, with 60% of businesses aged 1 to 3 years remaining unregistered, compared to only about 40% of those that have been in operation for 7 years or more. As businesses grow more mature, the need to possess formal certifications becomes more important in order to tap into official avenues of support such as loans, government support schemes, etc.

Registering a business involves time, effort, knowledge about bureaucratic processes, and money, all of them being scarce resources for a micro enterprise when compared to their larger counterparts. Additionally, the need for formal registration becomes more key for a small business to be able to maintain payroll and relevant processes, potentially explaining the gap in the numbers.

This data is supported with historical trends, as we see a 2016 report by the International Finance Corporation into women-owned MSMEs in Indonesia also noting that more than half the businesses surveyed opted to stay in the informal sector. Almost a third among the enterprises claimed that the registration process was too complicated, while a further nine per cent said it was too expensive.²³

Figure 9: Registration Type



²² Fight for survival: Indonesia's hard-hit small informal firms struggle to outlast the pandemic | ADB Institute

²³ Women-owned SMEs in Indonesia: A Golden Opportunity for Local Financial Institutions | International Finance Corporation (2016)

The regulatory framework for formalising MSEs can be complex and difficult to navigate, as evidenced by the numbers above. There are multiple permits, certifications, and compliance requirements at the local, regional, and national levels, which can be overwhelming for an entrepreneur to deal with, in addition to running their business. Fear of increased tax liabilities is another aspect that MSE owners may worry about when considering formalisation. Continued efforts to reduce these barriers and raise awareness about the benefits of formalisation are crucial for improving the business environment for MSEs in Indonesia.

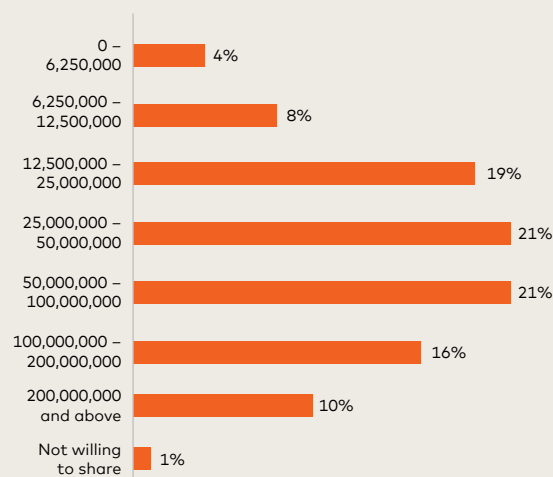


A Deep Dive into Revenue Numbers

The survey highlights notable differences in revenue and growth among Indonesian MSEs, shaped by factors like business size and leadership. While many businesses report moderate revenues, we see that smaller enterprises and women-led businesses face greater challenges in achieving higher earnings and growth. This reflects the differences in experience across different types of entrepreneurs and enterprises, due to the unique challenges of these different segments. The following section outlines this in more detail.

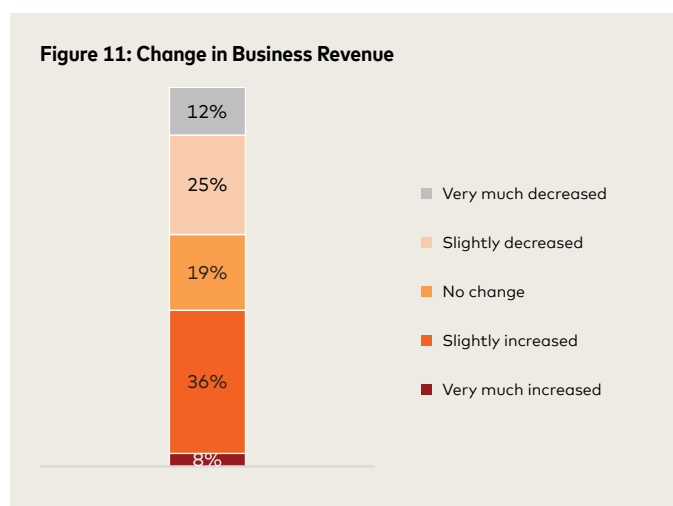
Overall, out of the businesses surveyed, 42% report an annual revenue between 25 million and 100 million IDR. 10% of businesses report earning more than 200 million IDR annually. Breaking this down by gender, we see that businesses led by only men or jointly by men and women are more likely to report higher revenues, with over 54% of them reporting revenues over 50 million IDR, compared to 42% of women-led enterprises.

Figure 10: Business Revenue



Additionally, analysing revenue by business size, we see that 1 in 2 small businesses report revenues upwards of 100 million IDR, compared to 1 in 5 micro enterprises. The gendered trend continues here, with women micro entrepreneurs less likely to report revenues above 100 million IDR when compared to male micro entrepreneurs or jointly led micro-enterprises.

When it comes to growth, or change in revenue over the past 12 months, trends show mixed results. While 44% of businesses have experienced an increase in revenue, 37% of businesses also report a decrease over the same time frame.



The size of a business appears to play a crucial role here. Approximately 60% of small businesses report revenue increases, compared to only 40% of micro businesses. Similarly, only 20% of businesses with annual revenues under 50 million IDR report an increase in the past year, while nearly 50% of businesses with revenues exceeding 50 million IDR report the same. This disparity could be attributed to the limited budgets and resources available to micro businesses, which may restrict their ability to seize opportunities that drive revenue growth. Overall, this suggests that businesses with stronger financial performance and larger business sizes are better positioned to capitalize on growth opportunities that may be out of reach for smaller businesses with fewer resources.

The following sections outline the impact and experience of MSEs across key themes. First, we explore how MSEs in Indonesia access external credit, and the main barriers they face if they do not. Next, we examine how Indonesian entrepreneurs utilize business support services and their perceptions of their effectiveness. We then look at how entrepreneurs are addressing climate challenges by understanding, and subsequently, adopting sustainable and resilient practices. Finally, we look at entrepreneur views on entering larger, newer markets, as well as the support needed to strengthen the ecosystem going forward.

“

I want my business to remain the same size because I have loyal customers. I am afraid if I move to other place, I will lose my customers. I have been in this place for so long.

Female micro entrepreneur, DKI Jakarta

Spotlight on Key Themes

Indonesian MSEs and Credit Access

Less than 30% of businesses accessed business loans in the past year, a small decline from 33% reported in the previous Barometer. These numbers, however, are consistent with other Southeast Asian countries with similar economic conditions, like Vietnam. For example, a 2020 survey found that only about 30% of SMEs in Vietnam have access to formal credit.²⁴ Indonesian MSEs perform slightly better than their counterparts in the Philippines, however, where only 18-20% of micro and small businesses are able to secure loans from formal financial institutions.²⁵

Among those who did not access loans, half stated that this was because of a lack of need. Meanwhile, about one in ten businesses cited an inability to afford loan repayments as a key reason for not seeking financial assistance. This preference to not choose external credit could either indicate an enterprise's financial resilience, or a cultural preference among entrepreneurs to not take on debt. Interestingly, according to data from the World Bank, Indonesian entrepreneurs do prefer self financing their businesses, as opposed to taking on debt.²⁶

These low numbers related to loan adoption are consistent with other reports, which state that only 19% of bank loans went to small businesses in the last year in Indonesia.²⁷ Financial experts in the country have asked for easing of regulations and criteria to allow more entrepreneurs to access loans, especially for women entrepreneurs.²⁸ This push is particularly noteworthy as numbers continue to fall short, despite a 2021 policy instituted by the Indonesian central bank that requires all banks to disburse at least 30% of their loans to MSEs.²⁹

Gender dynamics also play a role in the access to credit. For instance, 29% of women-led businesses report high interest rates as a challenge when accessing loans, compared to 25% of male-led businesses. While these differences may seem minor, they underscore the broader issue of limited access to finance for female entrepreneurs. This gap highlights the importance of policies aimed at reducing barriers and increasing loan access for underrepresented groups.

Figure 12: Loan Usage

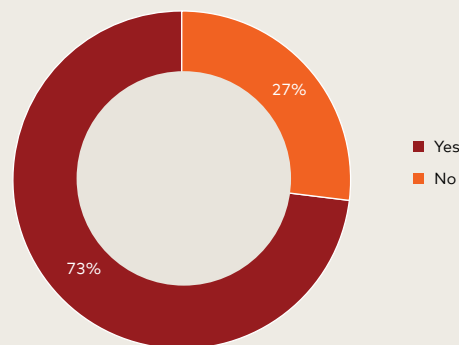
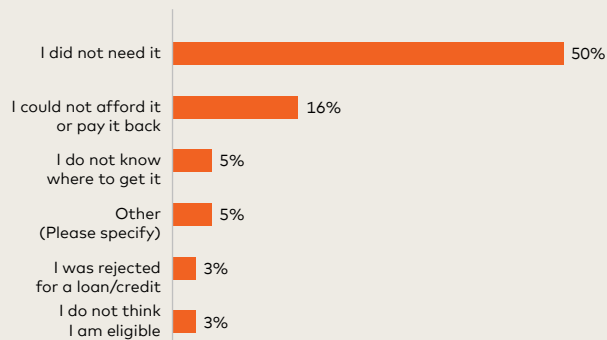


Figure 13: Reasons for non-usage of loan



24 Vietnam Chamber of Commerce and Industry Survey (2020)

25 Philippine Statistics Authority (PSA) report (2018) [MSMEs struggle to get loans from 'picky' lenders](#) (2024) | The Jakarta Post

26 [A Golden Opportunity for Local Financial Institutions](#) (2016) | World Bank

27 MSMEs struggle to get loans from 'picky' lenders (2024) | The Jakarta Post

28 [A Golden Opportunity for Local Financial Institutions](#) (2016) | World Bank

29 [Indonesia Tells Banks to Disburse 30% of Loans to Small Firms](#) | Bloomberg

When examining loan usage, the age of businesses (and possibly of the entrepreneurs) seems to come into play, with businesses operating for less than a year being most likely to report accessing a loan (38%), and the percentage decreasing for mature businesses. This is likely because new businesses rely more on credit to establish themselves, while older businesses typically use revenue and savings. However, it also suggests that younger entrepreneurs with nascent businesses are more willing to take on financial risk compared to older, more established entrepreneurs and businesses.

In terms of experience, for those who did access loans, 56% of entrepreneurs report facing no significant barriers. However, some challenges do persist. High interest rates are the most commonly reported obstacle, affecting 27% of businesses that sought loans. Other barriers include a lack of collateral, cited by 13%, and the small size of available loans, also mentioned by 13% of businesses. These barriers are key considerations that need to be addressed for improving loan access and to increase credit uptake.

“

My family does not allow me to borrow money from the bank.

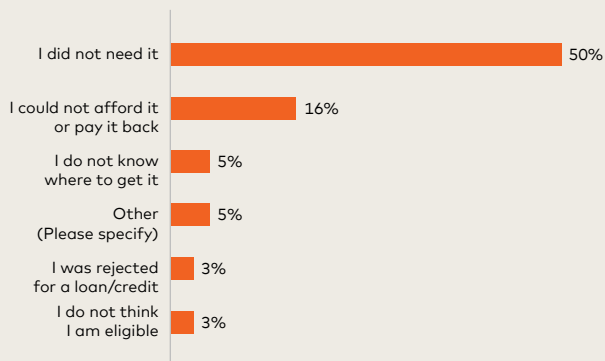
Male small entrepreneur, West Java

“

Because I feel more comfortable running a business using my personal capital.

Female micro entrepreneur, West Java

Figure 14: Barriers to Accessing Loans



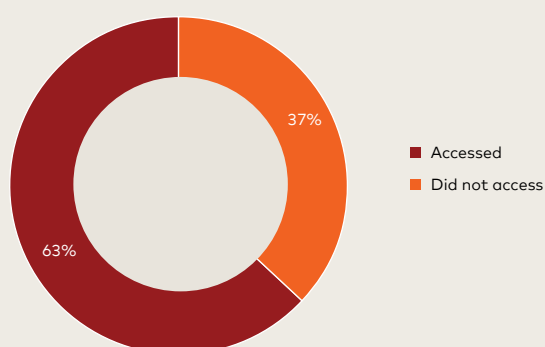
Spotlight on Business Support Services : Usefulness, Utilisation and Accessibility

Business support services play a crucial role in helping MSEs grow and thrive, especially in competitive markets. These services provide valuable resources, guidance, and expertise that can help entrepreneurs overcome challenges and scale their operations. Access to the right support can improve business efficiency, foster innovation, and enhance market competitiveness. In this section, we'll explore how MSEs utilize these services, what types of support they prefer, the barriers limiting their access to these services, and the overall impact on business success.

Utilization

63% of businesses report that they have not accessed any business support services over the past 12 months. Among those that did, the most frequently accessed services include support with digital marketing, which was used by 18% of businesses, participation in peer or social groups (13%), and training in digital tools or services for business development (11%).

Figure 15: Access to Support Services



68% of male-led businesses report not accessing any support services in the past 12 months, when compared to 62% of women-led businesses. Interestingly, women are also more likely to tap into peer or social groups for support, when compared to men (12% vs 9%), emphasizing the need to build and sustain networks for women entrepreneurs that can have a significant impact on helping them grow their businesses.

Expectedly, small businesses are more likely to report having accessed one or more avenues of business support, when compared to their micro counterparts (66% vs 50%). Overall, small businesses are more likely to report accessing peer or social groups, business financial management tools, digital tools, and services for business development than micro businesses. We also see a very small number of businesses - less than 2%, equivalent to 16 businesses - reporting accessing support specifically aimed at building climate resilience in their operations.

Interestingly, businesses that report accessing loans are more likely to have utilized support services in the past year. Specifically, 45% of businesses that secured loans in the last 12 months also engaged with some form of business support services, compared to just 34% of those that did not seek external financing. This suggests that entrepreneurs pursuing external financial support are either more able or more inclined to explore other resources that could benefit their business.

“

The information provided by social groups gave me knowledge that supported the development of my business, such as information about exhibitions that can be attended, and trainings such as online marketing training. Because of their support I know more about business.

Female micro entrepreneur, South Sulawesi

Accessibility

Although support services are underutilized, more than 70% of MSEs report that they find the resources accessible. 30% of MSEs report that these services are ‘extremely accessible’. Among enterprises that report these support services as being inaccessible, the most frequently cited reasons were a lack of awareness about available resources, the absence of training opportunities in their regions, and insufficient personal and professional networks to aid them. Building a deeper understanding of these reasons for inaccessibility, and exploring the gap between accessibility and usage will be crucial in identifying the most critical forms of support needed by MSEs.

For businesses that accessed any form of support, the most common sources of the support were non-governmental organizations (NGOs), followed by government agencies at various local and provincial levels, and formal financial institutions, such as commercial banks.

An intriguing pattern emerges when examining the relationship between the age of the business (and again, potentially the entrepreneur) and the type of support accessed. Businesses operating for more than three years are more likely to seek assistance from government agencies compared to younger businesses (under three years old). Conversely, younger businesses are more inclined to report accessing support from NGOs than their more established counterparts.

This trend may reflect the preferences or trust levels of MSEs when seeking help. Newer businesses may view NGOs and connected institutions as more approachable or relevant to their immediate needs, while more mature businesses may prefer offerings of government programs as they may consider them to be more reliable.

Figure 16: Accessibility of Support Services

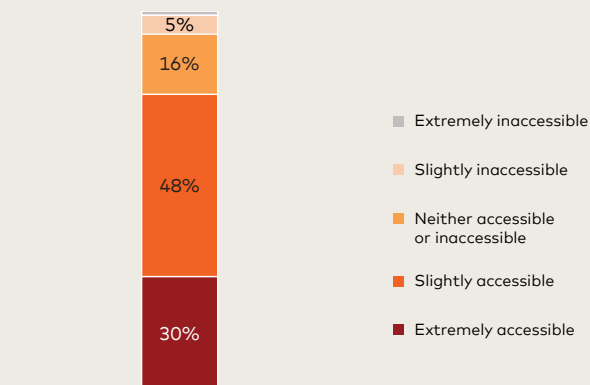
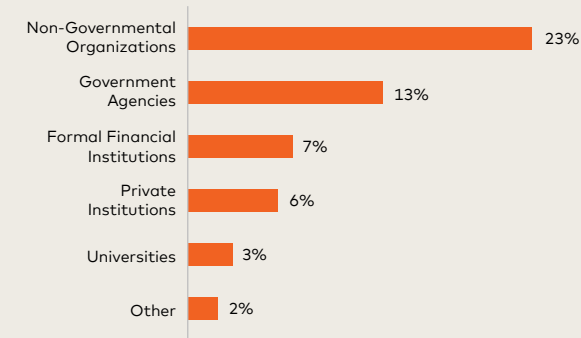


Figure 17: Stakeholders Entrepreneurs Have Accessed Support From



“

Because I can't leave my business, I need to attend to it so it's hard for me to join any training.

Male micro entrepreneur, East Java

“

Because I don't have the supporting documents needed to access support services

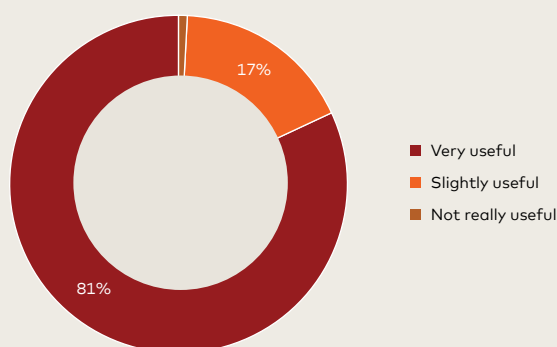
Female micro entrepreneur, East Java

Usefulness

Reassuringly, businesses that did receive support generally found it helpful. In fact, 81% of these businesses found the support very useful, with this figure rising to 86% for women-led businesses.

We see this 'usefulness' play out in terms of impact in business numbers. Over 50% of businesses that have accessed one or more forms of support services in the past 12 months report increases in revenue, compared to 37% of businesses that have not sought any type of support, reiterating the importance business support services can play in an enterprise's journey.

Figure 18: Usefulness of Support Services



However, challenges remain among the 23% of businesses reporting difficulties in accessing such support services. We see slight differences by business size when it comes to accessibility, as is possibly expected. Small businesses are more likely to report better accessibility of support services, when compared to the micro enterprises (34% vs 29%). Geographic location seems to play a role here, as we see over 9 in 10 businesses in DKI Jakarta reporting accessibility to support services, compared to 5 in 10 in East Java.

Understanding gaps between perceived accessibility and actual utilisation will help more MSEs avail the benefits of support services, and bring their businesses onto a path of growth and success.

“

To help a business grow and develop, participating in training from communities, such as marketing strategy workshops, can be valuable in boosting sales.

Male micro entrepreneur, DKI Jakarta

“

Because it can improve sales, and it's also essential to have clear and organized financial records. This helps prevent losses by ensuring timely payment of installments to avoid penalties and keeping track of purchases and inventory correctly.

Female micro entrepreneur, Central Java

Case Study: Ahmad's Food Business

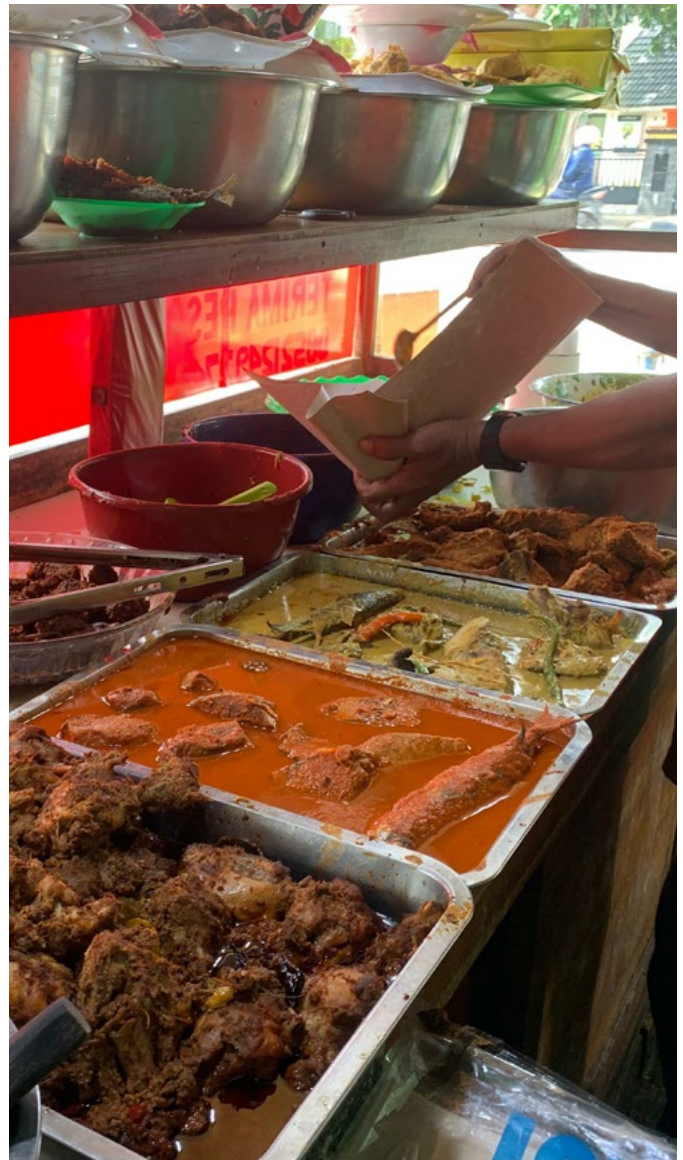
Ahmad, a seasoned entrepreneur, has been running a food business in Central Java for over a decade. "I provide ready-to-eat meals such as fried chicken, vegetables, fried rice, tofu, and tempeh," he shares. His primary customers include local residents and passersby.

However, the past 12 months have been particularly challenging for Ahmad, as he has experienced a significant decline in revenue. Despite these difficulties, he remains optimistic about the future and is focused on moderate business expansion. One of his key goals is to open new branches. "So that customers can access my products from multiple spots," he explains.

Ahmad is proactive in seeking support to sustain and grow his business, also suggesting that he believes support services are easily accessible for businesses like his. Over the past year, he has secured a loan for his enterprise, and participated in training programs focused on digital tools, digital marketing, and financial management. These opportunities have been provided by a wide gamut of stakeholders, including government agencies, NGOs, and private institutions.

Recognizing the value of business support services, Ahmad believes they play a crucial role in building the capacity of small entrepreneurs to adapt and grow. "These trainings make it easier for small entrepreneurs like me to adapt to rapidly changing digital marketing trends," he notes. Looking ahead, he aims to digitize his business further, enabling customers to place orders online through platforms like GoFood. Additionally, he feels that integrating digital payment options such as GoPay will help him reach a wider customer base and drive business growth.

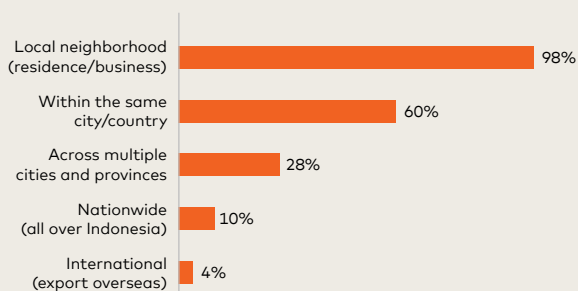
Through strategic expansion and digital transformation, Ahmad hopes to build a more resilient and accessible food business, ensuring long-term sustainability and success.



Spotlight on Market Access and Expansion for Indonesian MSEs

Almost all Indonesian businesses surveyed reported a strong market presence in their local neighborhoods. 60% percent also maintained a presence in their local city or county, and 28% reported reaching customers across multiple cities and provinces. Nationwide reach was achieved by 10% of businesses, and 4% of the businesses we spoke to indicated they also served international markets.

Figure 19: Current Market Served



When it comes to accessing markets, small businesses are notably more likely to utilize a combination of physical stores and online platforms to sell their products or services, with 41% adopting this hybrid approach compared to just 25% of micro businesses. This difference could stem from the greater access small businesses have to resources such as higher financial and human capital, and better digital literacy, enabling them to diversify their sales channels. In contrast, micro businesses may rely on a limited set of strategies, such as operating through a single store or engaging in direct, door-to-door sales.

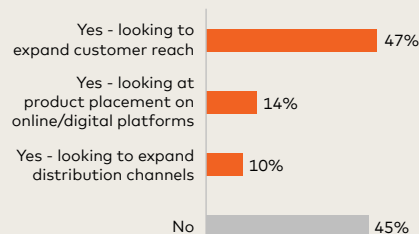
Notably, when women are involved in business leadership, we see that enterprises are more likely to utilise a combination of physical stores and online platforms, compared to men-led MSEs (29% vs 23%). A 2021 report by the International Finance Corporation also indicates that women entrepreneurs in Southeast Asia are increasingly participating in e-commerce, allowing them to expand their customer base beyond their direct local communities.³⁰ An interesting angle of opting for a hybrid marketplace is also the flexibility it can offer. Women entrepreneurs, particularly those with family or caregiving responsibilities,

benefit from the ability to manage online sales from home, while still maintaining a physical presence in local markets or stores.

Broadly, according to a 2021 report, only 17.5 million MSMEs out of the 64.2 million enterprises in the country had adopted e-commerce.³¹ The Indonesian government and Kadin Indonesia have continued to encourage these enterprises and connected stakeholders to participate in the digital ecosystem, with the long-term vision that this participation also benefits businesses to access different markets beyond their localities.³²

Despite these efforts, 45% of businesses surveyed are currently not looking to access new markets. However, on a positive note, 47% expressed interest in expanding their customer base, and 14% are aiming to enhance market reach by focusing on product placement on online and digital platforms.

Figure 20: Market Expansion



³⁰ [Women and E-commerce in Southeast Asia \(2021\)](#) | International Finance Corporation

³¹ [Report: Building Digital Finance Solutions for Women E-Commerce Entrepreneurs: A Demand-Side Exploration in Indonesia](#) | Women's World Banking

³² [Why e-commerce is key to Indonesia's small businesses](#) | World Bank Blogs

Challenges in Market Access

Expanding into new markets is not without challenges. The most significant obstacle, reported by 68% of businesses, is competition with larger firms. To overcome this, businesses identified needing support with digital marketing, placing products on e-commerce platforms, and reaching online sales channels as the most impactful solutions, with 45% of businesses highlighting their potential to reach broader audiences and differentiate themselves from larger competitors.

Limited financial resources, a barrier for 56% of businesses, was another challenge. To address this, 28% of respondents emphasized the importance of access to financial resources, such as loans or grants, to support market expansion efforts.

Additionally, a lack of market information, cited by 22% of businesses, was recognized as a hindrance to effective decision-making. 23% of businesses pointed to the need for market data and trend analysis to better understand consumer demands and identify growth opportunities.

“

The online sellers have caused prices to drop, which affects the general market price.

Female micro entrepreneur, West Java

“

I have a language barrier when trying to communicate with buyers from abroad, that's the challenge

Male small entrepreneur, DI Yogyakarta



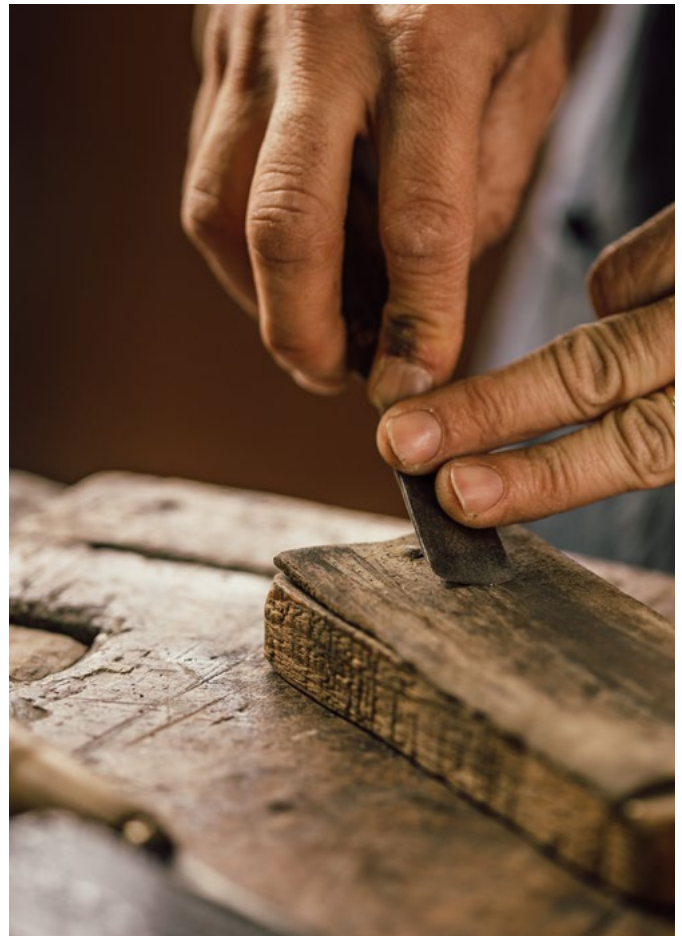
Case Study 2: Bintang's Craft Store

Bintang owns and operates a craft store in West Nusa Tenggara. His business, which has been running for over four years, specializes in wooden crafts and souvenirs from Lombok, catering to both locals and tourists through a combination of a physical store and an online presence. "I craft wooden decorative items, excluding furniture, such as decorative lamps, plaques, mirrors, vases, and wall décor," Bintang proudly states.

Although he has tried to expand his customer base beyond his local community, making his products accessible to a wider Indonesian audience, Bintang is eager to grow further. He aspires to increase his distribution channels and place his products on online marketplaces to reach a broader market. To achieve this, he has actively sought support in strengthening his digital marketing skills, utilizing digital tools, and improving business financial management. He has also pursued sustainability-related training to align his business with environmentally friendly practices.

Despite his ambitions, Bintang acknowledges several challenges that hinder his market expansion plans. "Limited tools and machines, and raw materials" are key obstacles, as well as the lack of human capital. "I plan to broaden the sales reach even further through online marketing and hire more employees," he states. He emphasizes that support in product placement on e-commerce sites and networking opportunities with other businesses and larger companies will help him achieve his vision. Beyond individual customers, he aspires to supply his crafted products to government offices and hotels across Indonesia.

With a focus on digital transformation and strategic partnerships, Bintang is determined to grow his craft business to reach new markets.



Spotlight on Sustainability: Building Sustainable, Green and Resilient Indonesian MSEs

In recent years, the adoption of green practices has become a critical consideration for businesses globally, including micro and small enterprises (MSEs) in Indonesia. These enterprises play a significant role in the country's economy, however, their awareness and implementation of environmentally sustainable practices remain a growing area of focus. Current knowledge among Indonesian MSEs about green practices, such as waste management, energy efficiency, and the use of eco-friendly materials, varies widely depending on factors such as industry, location, and access to resources.

Many MSEs in Indonesia are constrained by limited financial and informational resources, which can hinder their ability to adopt sustainable practices. Nonetheless, increasing consumer demand for green products, along with government policies and incentives, is encouraging these businesses to explore sustainable operations. Understanding the extent of current knowledge and the barriers faced by MSEs is essential for designing effective strategies to promote environmentally responsible behavior across this sector. This section delves into existing research and insights, providing a foundation for targeted interventions to foster green practices in Indonesian micro and small enterprises.



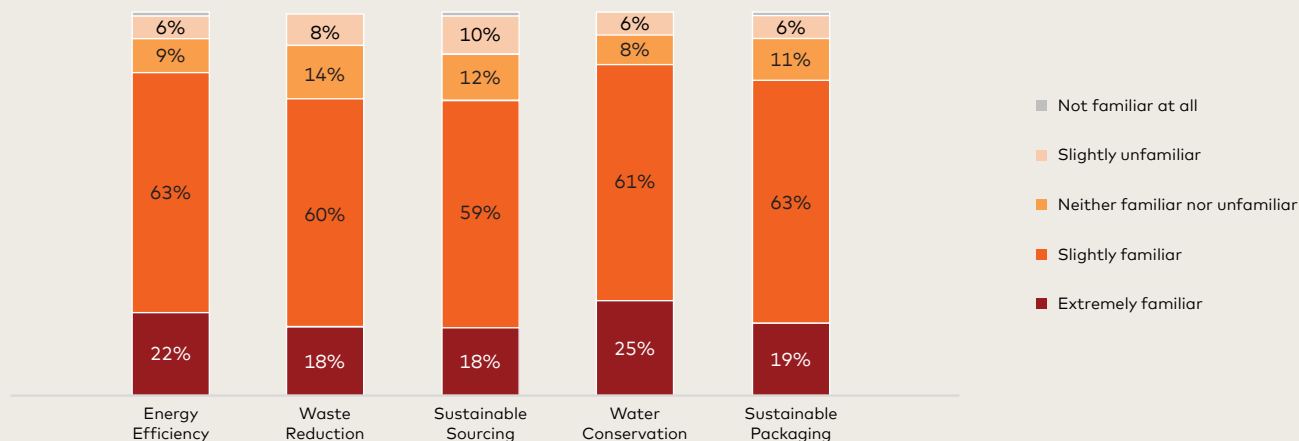
Understanding of Green Business Practices

We asked MSEs about their understanding of green business practices, ranging from energy efficient practices, water conservation, to sustainable packaging and sourcing and others. Overall, approximately 60% of businesses have reported only a slight familiarity with the concepts, highlighting a strong need for both awareness and capacity building in these areas.

Interestingly, we see size continue to matter here too. Small businesses are more likely to report high familiarity with green business practices, highlighting the need for capacity building across micro businesses to help bridge the knowledge gap. The gender of the business owner and the age of businesses also seem to have an impact. Notable differences have been highlighted wherever relevant in the points below.

- **Energy efficient measures:** 63% of businesses report being slightly familiar with energy efficiency saving measures like using LED lighting and other energy-saving equipment.
 - Male-led businesses are more likely to report extreme familiarity with energy efficiency saving measures than women-led businesses (26% vs 20%). Similarly, small businesses are more likely to report greater familiarity with energy efficiency saving measures than micro businesses (32% vs 20%). Businesses older than 3 years are more likely to report greater familiarity with energy efficiency saving measures than businesses that are 3 years or younger (23% vs 18%)
- **Waste reduction and recycling:** 60% of businesses report a slight familiarity with waste reduction and recycling concepts.
 - Small businesses are more likely to report understanding practices related to waste reduction and recycling better than micro businesses (23% vs 17%).
- **Sustainable sourcing:** Overall, 59% of businesses report a slight familiarity with sustainable sourcing related concepts.
 - Male-led businesses are more likely to report being significantly familiar with sustainable sourcing related concepts than women-led businesses (22% vs 17%). Small businesses are more likely to say the same, when compared to micro businesses (28% vs 16%).
- **Water and energy conservation:** 61% of businesses report being slightly familiar with concepts of energy and water conservation.
 - Male-led businesses are more likely to report understanding these concepts better than women-led businesses (29% vs 23%). Similarly, small businesses are more likely to report the same when compared to their micro counterparts. (34% vs 23%).
- **Sustainable packaging:** 63% of businesses report a slight familiarity with concepts related to sustainable packaging.

Figure 21: Familiarity with Green Business Concepts



Implementation of Green Business Practices

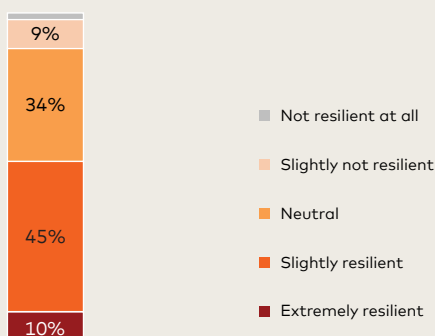
Approximately 22% of businesses report not using any green practices currently, reflecting a significant gap between knowledge and implementation. The most common practice reported is the usage of energy-efficient measures like LED lighting in the business, with 51% of enterprises reporting uptake. Additionally, 39% of businesses report engaging in methods to conserve water and energy, while 29% have adopted waste reduction and recycling practices.

Over 20% of businesses attribute this lack of implementation to a high cost of eco-friendly materials, and a similar percentage report an existing dependence on non-sustainable materials (for example, plastic for packaging food and snacks) as key reasons. About 10% of businesses also attribute this to a lack of knowledge, as well as lack of easy availability of environment-friendly alternatives.

We observe that enterprises reporting no revenue growth or unchanged revenues over the past year are nearly twice as likely to not adopt any green practices, compared to those with revenue increases. This highlights the financial burden businesses face when implementing sustainability initiatives, suggesting that companies with existing financial challenges may deprioritize green efforts due to cost concerns.

A comparison to MSE access to credit also offers an interesting insight: nearly a quarter of businesses without loans report not using any green practices, compared to 16% of those with loans. MSEs that access external financing, like loans, may have more financial resources to invest in activities beyond basic operations, including those with long-term benefits.

Figure 22: Business Resilience



Does green mean more resilient?

Although there are multiple factors that affect a business' resilience (cash flows, product-market fit, customer reach, etc.), it also appears to be influenced by the adoption of green practices among Indonesian micro and small enterprises. While 58% of entrepreneurs believe their businesses are resilient to potential disruptions, such as natural disasters or economic downturns, resilience is significantly higher among those implementing sustainable practices. MSEs implementing no green practices are 1.3 times more likely to report not being resilient, when compared to enterprises that have implemented one or more green practices.

“

I haven't been able to reduce the use of plastic because I do not have other options, besides plastic is more affordable.

Male small entrepreneur, East Java

“

The funds required for environmentally friendly practices are quite significant. Many places still do not implement environmentally friendly measures properly, so we end up following them.

Female small entrepreneur, East Java

Entrepreneurs identify stable demand and support to reduce their vulnerability to economic fluctuations as key factors in building enterprise resilience. Adopting sustainable green practices can help enhance business resilience by reducing operational costs, improving efficiency, and building long-term stability. By implementing energy-saving measures, waste reduction strategies, and resource-efficient processes, businesses can lower overhead expenses, making them less vulnerable to market fluctuations and rising input costs. Additionally, adopting sustainable practices can strengthen a company's reputation, attract environmentally-conscious consumers, and open up access to new markets and funding opportunities. In the face of increasingly stringent environmental regulations and shifting consumer preferences, businesses that prioritize sustainability can be better equipped to navigate challenges, adapt to change, and secure long-term growth.

Case Study 3: Dewi's Souvenir Store

Dewi has been running a craft store in West Java for the last decade. Her store specializes in souvenirs, porcelain, antique urns, brass items, and decorative lamps. "I sell souvenirs, porcelain, antique urns, brass, decorative lamps," says Dewi. However, she has noticed a decline in tourist footfall over the years. "My customers now are mostly Jakartans," she shares.



Despite her extensive experience as an entrepreneur, Dewi has not accessed any business support services in the past year. She perceives these services as inaccessible due to their locations being far from her business. This lack of access has made it challenging for her to keep up with the growing trend of online shopping and the modernization of shop fronts to attract more customers. Additionally, reaching customers outside her local neighborhood remains a struggle, pushing her to consider product placement on online platforms.

Dewi is also unfamiliar with sustainable business practices such as energy efficiency, water conservation, and sustainable packaging and sourcing. Even if she were to gain awareness in these areas, she foresees difficulties in implementing them. "Because most souvenirs that we use are made from plastic," she explains, "and it is difficult to carry out environmentally friendly practices, especially if the packaging becomes more attractive using plastic." She also highlights the limited availability of alternative, eco-friendly packaging solutions.

Given the niche nature of her products and the waning demand, Dewi feels her business may not be very resilient. This has led to a significant decrease in revenue, prompting her to actively seek support and explore ways to expand her business. By gaining access to the right resources and assistance, she hopes to improve her business prospects and adapt to the evolving market landscape.

Future Outlook

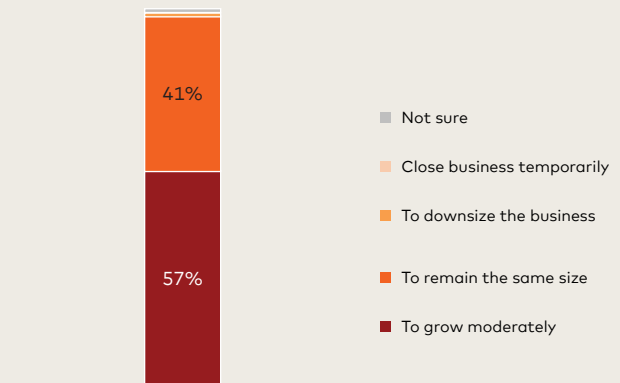
Expectations, Challenges, and Support for Indonesian Micro and Small Enterprises

Looking ahead, Indonesian micro and small enterprises are cautiously optimistic about their growth and development prospects, while recognizing the challenges they face. To better understand their outlook, it's important to explore the specific expectations and growth projections of Indonesian micro and small enterprises. This section examines their expectations for the future, identifies key areas of support required for business resilience and expansion, and highlights the preferred sources of assistance.

A significant 57% of businesses expect moderate growth over the next 12 months, while 41% anticipate maintaining their current size. When it comes to business size, we see slight differences, with 42% of micro businesses reporting aspirations to continue business operations with the same size of business, compared to 37% of small businesses.

A potential hypothesis emerging from the data is that women-led businesses may be more focused on stable, regular income generation rather than aggressive growth. This is reflected in the findings, where 43% of women-led businesses reported wanting to maintain the same size, compared to 38% of male-led businesses. This difference suggests that women entrepreneurs may prioritize stability and consistent earnings over scaling up, possibly due to factors such as balancing business with family responsibilities, risk aversion, or limited access to growth resources. Further exploration into the motivations and challenges faced by women entrepreneurs could help validate this hypothesis and guide tailored support for their business needs.

Figure 23: Future Growth Expectations



“

My hope for the next 12 months is to continue selling as usual and to maintain this business. I don't have any plans to expand for now because I don't want to take risks that could lead to losses.

Female micro entrepreneur, Central Java

“

I want to open a branch at another station because it opens up opportunities to get new customers, to get more income.

Male small entrepreneur, West Java

To support this trajectory of anticipated moderate growth, 42% of entrepreneurs emphasize the need for business training and mentoring, reflecting the importance of capacity-building initiatives. Additionally, 39% of respondents highlight the importance of digital marketing, and 22% express the need for training in digital services for business development. Financial management remains a critical area of focus, with 21% reporting it as a key requirement for the near future.

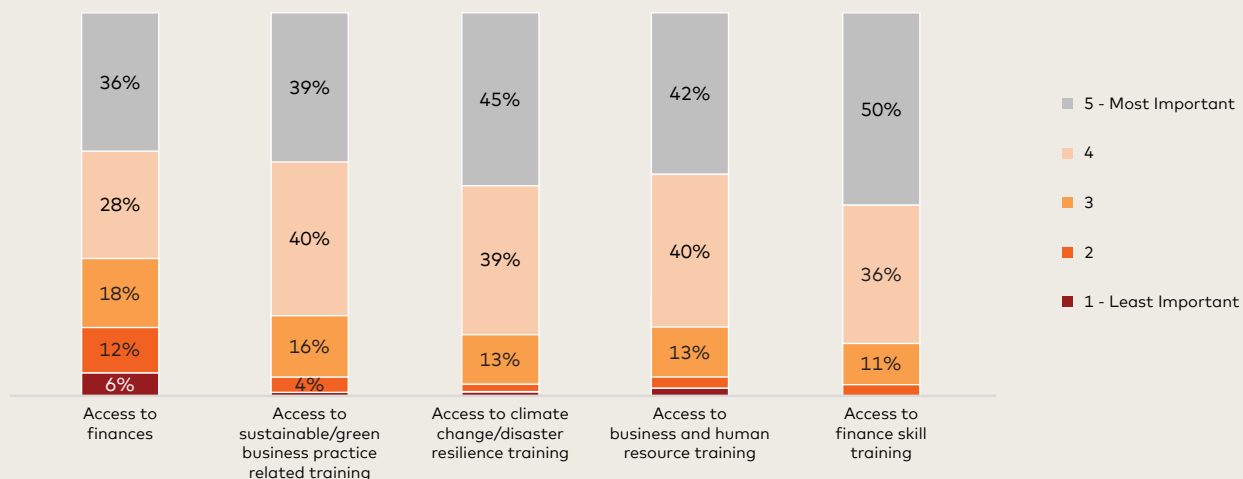
When asked about the importance of different forms of training and support, businesses had an overall similar response to all options provided. The respondents were asked to rate the importance of options provided with regards to their future business growth (with 1 being least important and 5 being most important). Access to training about financial skills, human resources, green business practices, climate change/ disaster resilience all scored an average score greater than 4. Interestingly, the only option that scored lower than 4 was access to credit (in the form of loans, credit, etc.). This reiterates the fact that Indonesian MSEs are seeking various forms of support services, and access to external credit in the form of loans is not among their top priorities currently.

Additionally, this also reiterates that there might be an overall cultural aversion to debt, as highlighted earlier. Indonesian entrepreneurs seem to be focused on receiving operational support rather than leveraging external credit as a form of growth.

Studies consistently show that accessing credit helps MSEs better manage their cash flow and cover operational costs. Enterprises that secure credit are also more likely to report higher growth rates and profit margins compared to those without financial support. This highlights the importance of raising awareness among Indonesian MSEs, encouraging them to view external financing not only as a solution to immediate financial needs but also as a valuable avenue for growth and achieving their long-term business aspirations.

When asked about their preferred choice of stakeholders who can support this business growth, 68% of entrepreneurs identify government-related stakeholders. This is followed by 45% who indicate they would turn to friends or family. These preferences underscore the critical role of government initiatives and community networks in addressing the evolving needs of micro and small enterprises.

Figure 24: Training and Support Prioritisation



In conclusion, what does the data tell us?

Indonesian micro and small enterprises (MSEs) are essential to the country's economy, providing jobs and supporting local communities. However, many face challenges in accessing support services, adopting sustainable practices, and reaching new markets. Limited awareness, accessibility, and financial constraints hinder their ability to grow and adapt, especially for smaller and women-led businesses. Yet, those who use support services or implement green practices often see better growth and resilience, highlighting the value of targeted assistance.

To address these challenges, MSEs need better access to digital tools, financial resources, and training programs tailored to their needs. Digitalisation is especially critical for expanding market reach and competing with larger firms. Sustainability efforts, such as energy efficiency and waste reduction, remain underutilized, despite widespread awareness of their importance. Enterprises chalk this up to high costs involved in going green, and an existing overdependence on materials like plastics, in addition to a lack of awareness about environment-friendly alternatives. Bridging the gap between understanding and action requires practical solutions like subsidies, training, and incentives for green technologies.

As we move into looking forward and thinking about what next, the focus is on creating an inclusive support ecosystem that empowers MSEs. Priorities include improving digital and financial literacy, expanding affordable access to loans, and promoting women-led businesses. By strengthening government and private-sector collaboration, Indonesia can ensure its MSEs continue to grow sustainably, contributing to economic and environmental resilience.



What Next?

Recommendations Based on Insights from the MSEs

The following recommendations collectively address the key challenges faced by Indonesian micro and small enterprises (MSEs) and propose a comprehensive approach to fostering their growth, resilience, and competitiveness. By focusing on digitalisation, financial access, sustainability, and inclusive support systems, these recommendations are interconnected, each reinforcing the others to create a more robust ecosystem for MSEs.



Enhance accessibility and awareness of business support services

Despite the potential benefits, over 60% of MSEs report not accessing support services, indicating a significant gap that must be addressed. To bridge this gap, targeted outreach and simplified delivery mechanisms are essential. In line with this, drafting and implementing policies that include awareness campaigns and collaborations with local networks can make support programs more accessible and tailored to MSEs' needs. Furthermore, leveraging existing training channels such as the Pemerintah Pemberdayaan UMKM to focus on services that MSEs value - such as digital skills training, financial management, and peer-to-peer networks - can ensure that support is more relevant and encourages greater utilization. By doing so, businesses will be better equipped to leverage the resources that can drive their growth, particularly as digitalisation increasingly shapes the business landscape. Another key aspect to keep in mind is the geographical location of the MSEs, and their feasibility to avail any external support. As seen in the report, under-resourced entrepreneurs based in remote locations, and more rural surroundings, often struggle with accessing support. Working with a variety of stakeholders to digitalise and mobilise the reach of business support services so that MSEs across the country can benefit can help in taking support into the hands of those who usually face challenges to reach it.

Improve access to financial resources for growth

Aside from improving access to support services, access to financial resources remains a significant hurdle, with 29% of firms in the 2023 Indonesia Enterprise Survey identifying it as their biggest obstacle. Notably, a higher percentage of women entrepreneurs (64%) rely on personal savings to fund their businesses compared to men (55%). Inadequate access to credit limits their ability to grow and expand. Introducing more flexible financial solutions, such as tailored financing options with reduced interest rates, flexible terms, and simplified application processes, would

accommodate the diverse needs of MSEs, including those led by women.

As highlighted in previous sections, there is also a general reluctance among MSEs to take on debt, and thus, financial literacy initiatives as part of the business support services mentioned above are critical to building entrepreneurs' confidence in utilizing loans for growth. By educating business owners on financial planning, risk management, and the strategic use of credit, MSEs will be better equipped to navigate the challenges of securing and managing external finance, ultimately driving their expansion and resilience.



Strengthen digitalisation support for market expansion

Outside of support services and increasing access to financial resources, digitalisation support can help address both operational challenges and create easier avenues to growth for businesses. While 50% of businesses aim to expand, competition with larger firms and limited financial and market knowledge remain significant barriers. To overcome these challenges, expanding awareness of existing government initiatives, like AseanAccess.com (an online business information portal about ASEAN managed by the Ministry of Cooperatives and SMEs of Indonesia) can help businesses access valuable resources. Existing initiatives like Pusat Layanan Usaha Terpadu (PLUT) KUMKM are also potential avenues to provide consultation and assistance as required to MSEs seeking to expand market access.

Additionally, improving access to affordable and practical digital tools will empower MSEs to reach broader audiences, enhancing their competitiveness in both local and global markets. Digitalisation is also key to driving financial inclusion, as it provides opportunities for businesses to streamline their operations and access financial services that are critical for growth.

In line with this, prioritizing programs that enable digital marketing, e-commerce integration, and the development of online sales channels can significantly aid MSEs in expanding their market presence and competing more effectively. Optimizing market access also requires collaboration between various public and private sector players. This is especially critical in the case of e-commerce platforms, which are often seen as competitors to MSEs. A shift towards a more partnership-based approach, where these platforms can help promote MSE products and enhance their promotion programs, would contribute to the growth of these enterprises and strengthen their market position. This can also go hand in hand with the financial literacy and credit access interventions, and digital solutions can be quite effective in increasing financial inclusion for MSEs.

Foster the adoption of green practices to build resilience

Another critical factor in MSE health is resilience and sustainability. While the above recommendations focus on improving financial health, operations, and increasing the potential for growth, sustainable green practices are an important step in strengthening resilience for these MSEs. State-owned enterprises, such as Pertamina, have already demonstrated the value of eco-friendly MSE products by showcasing them at events like the Merdeka Bazaar, encouraging more businesses to integrate sustainability into their operations. Similarly, initiatives such as the partnership between Universitas Gadjah Mada (UGM) and 1,000 MSMEs to promote blue economy practices highlight the growing recognition of sustainability as a driver of long-term business growth, particularly in the food and energy sectors.

Government policies also play a role in promoting sustainability among MSEs. The Green Public Procurement (GPP) policy encourages businesses to meet environmental standards by prioritizing the purchase of eco-friendly goods and services. Meanwhile, the Indonesian Green Entrepreneurship Program (IGEP) seeks to reduce poverty through sustainable economic growth by supporting micro, small, and medium enterprises in adopting green business models.

Despite these efforts, the adoption of sustainable practices remains low. While 60% of MSEs understand key sustainability concepts such as energy efficiency and sustainable sourcing, only 22% have implemented them. Many businesses cite cost concerns and the limited availability of alternative materials as key barriers to making their operations more environmentally friendly. Interestingly, rural businesses cite logistics and lack of infrastructure as challenges, compared to urban MSEs that talk about regulation constraints. To bridge this gap, stronger support is needed through targeted initiatives such as subsidies, training, and incentives for green technologies. Providing MSEs with the tools and financial backing to adopt sustainable practices will not only strengthen their competitiveness but also align them with Indonesia's

broader sustainability goals. Ultimately, integrating green business models contributes not only to environmental preservation but also to long-term resilience and economic stability.

Create inclusive ecosystems to support women-led MSEs

Finally, we see that while women-led businesses make up over 50% of MSEs in Indonesia, they face unique challenges, including limited access to capital and heightened competition. To unlock their full potential, it is crucial to create women-centered networks and mentorship programs that enhance peer learning and provide access to valuable resources. By focusing on overcoming specific barriers, such as competition and limited financial access, programs tailored to the needs of women entrepreneurs will help create more equitable opportunities for growth and resilience. Addressing these barriers through targeted support will not only benefit women entrepreneurs but also contribute to the broader economic empowerment of women in Indonesia. Multi-stakeholder driven interventions that involve the government, and local organisations that provide grassroots level support, along with private sector actors will be essential in driving lasting impact at scale.

Enhance Regulatory Environment and Incentives to Support MSE Growth

In addition to digitalization, access to finance, business support services, green practices, and empowerment for women, a critical area to address is the improvement of the regulatory environment and the provision of targeted incentives. Regulatory barriers often limit the ability of MSEs to thrive, particularly in navigating complex compliance requirements. Simplifying these regulations, reducing bureaucratic hurdles, and creating a more predictable regulatory framework would help foster a more conducive environment for MSEs to operate, innovate, and scale.

Moreover, providing targeted incentives to encourage innovation, investment in sustainable practices, and business expansion is crucial. Financial incentives, such as tax breaks for businesses adopting green technologies or offering grants for digital transformation, would reduce the initial cost burden for MSEs, making it easier for them to invest in necessary improvements. Regulatory incentives, such as streamlined business registration processes or reduced administrative fees for businesses in rural areas, could also help overcome location-based challenges.

Collaboration with key stakeholders - including industry associations, local governments, and international partners - would be vital in designing and implementing these regulatory reforms. By addressing regulatory challenges and providing attractive incentives, Indonesia can create a more vibrant and competitive MSE sector that not only thrives domestically but also competes effectively in international markets.



Appendix

More about the Strive Indonesia Program

What we do

The Mastercard Strive Indonesia program has three strategies:

- **Go Digital:** Build demand and lower barriers to technology adoption through peer mentoring and addressing the cost of digitalisation.
- **Get Capital:** Work closely with bank and non-bank institutions to further democratize access to credit for small businesses, especially for women-led or owned businesses.
- **Ecosystem Strengthening:** Establish a learning network and conduct research on small business digitalisation to share best practices and insights, co-create initiatives to address systemic bottlenecks, provide the ecosystem with rich quantitative data, and trigger positive shifts.

Target Areas and Participants

Strive Indonesia will focus on small businesses in four provinces (West Java, East Java, South Sulawesi, and West Nusa Tenggara).

This program aims to assist 300,000 small businesses (40% women) in digitalization, accessing finance, and improving the quality of the supporting ecosystem.

The program participants consist of small businesses from four sectors:

- Food and beverages
- Non-furniture crafts
- Fashion
- Businesses in the tourism chain

We also work closely with governments, financial institutions, and experts in their fields to achieve this goal.

This program aims to create a positive impact in accelerating the growth of small businesses and women entrepreneurs in Indonesia.

Survey Script

28.	Question Text	Answer Options
1.	Do you own or run a small business?	Own Run
2.	How many employees does your business currently have?	1-4 (micro) 5-19 (small)
3.	Which of the following registrations do you possess for your business?	Business License Number/Nomor Izin Berusaha (NIB) Industri Rumah Tangga (PIRT) BPOM Permit/Izin BPOM License/Izin Usaha Mikro dan Kecil (IUMK) Home Industry Product/Produk Halal Certification/Sertifikasi Halal Micro and Small Business Business Place Permit/Surat Izin Tempat Usaha (SITU) Not registered
4.	Who runs this business? Note : Think of who runs or is in-charge of the business in terms of decision making, management etc	A woman/women A man/men Both (a man and woman) Other: Please specify
5.	Can you specify which sector your business operates in?	Food and beverage Fashion Craft (non-furniture) Business in tourism value chain Other: Please specify [Businesses categorized as businesses in the tourism value chain are all businesses located in villages that have a decree as a Tourism Village, businesses that sell souvenirs and regional specialties, and businesses located at tourist sites]
6.	Please describe your business.	

	Question Text	Answer Options
7.	How long has your business been in operation?	Less than a year 1-3 years 4-6 years 7-9 years 10 years or more
8.	Can you share approximately the annual revenue of your business? (In Indonesian Rupiah)	0 – 6,250,000 6,250,000 - 12,500,000 12,500,000 – 25,000,000 25,000,000 – 50,000,000 50,00,000 – 100,000,000 100,000,000 - 200,000,000 200,000,000 and above
9.	Can you mention where your business is headquartered?	West Java East Java Central Java DKI Jakarta North Sumatera DI Yogyakarta South Sulawesi West Nusa Tenggara
10.	How can your customers access your products and/or services?	Physical store Online Combination of physical store and online Other: Please specify

	Question Text	Answer Options
11.	In the last 12 months, what type of support services have you used/accessed for your business: (Select all that apply)	<div>Digital tools/services training for business development</div> <div>Digital marketing</div> <div>Business financial management training</div> <div>Business training and mentoring: Please specify source</div> <div>Business development network</div> <div>Cybersecurity – related training</div> <div>Access to peer groups or social groups</div> <div>Sustainability / Environment-regulations related training</div> <div>Building climate/disaster resilience for businesses</div> <div>Business legality/certification arrangement: Please specify</div> <div>Other: Please Specify</div> <div>Did not access any services [Go to Q12]</div>
12.	Who did you receive these support services from? (Select all that apply)	<div>Government agencies (National/Provincial/District/City level government, PLUT, relevant agencies)</div> <div>Non-governmental organizations (NGO's, labor associations, women associations, MSE networks, etc.)</div> <div>Private institutions (incubators, accelerators, business support service providers, etc.)</div> <div>Formal financial institutions (commercial/regional development banks, fintech companies, BPRs, credit unions etc.)</div> <div>Universities</div> <div>Others: Please specify</div>
13.	Was the support accessed useful to your business?	<div>Very useful</div> <div>Slightly useful</div> <div>Not really useful</div> <div>Not useful at all</div>

	Question Text	Answer Options
14.	How important is access to business support services for the growth of your business?	<div>Extremely important</div> <div>Important</div> <div>Neither important nor unimportant</div> <div>Unimportant</div> <div>Extremely unimportant</div>
15.	Please explain your answer.	
16.	How accessible are support services to your business?	<div>Extremely accessible [Go to Q18]</div> <div>Slightly accessible [Go to Q18]</div> <div>Neither accessible or inaccessible [Go to Q18]</div> <div>Slightly inaccessible</div> <div>Extremely inaccessible</div>
17.	Please explain your answer	
18.	What are the markets that your business currently serves?	<div>Local neighborhood (residence/business)</div> <div>Within the same city/county</div> <div>Across multiple cities and provinces</div> <div>Nationwide (all over Indonesia)</div> <div>International (export overseas)</div>
19.	Are you currently trying to access new markets to expand your business?	<div>Yes – looking to expand customer reach</div> <div>Yes – looking to expand distribution channels</div> <div>Yes – looking at product placement on online/digital platforms</div> <div>No</div> <div>Others: Please specify</div>

	Question Text	Answer Options
20.	What are the biggest challenges your business faces in accessing new markets? (Select all that apply)	Lack of market information Competition with larger businesses Limited financial resources Difficulty reaching customers outside local areas Regulatory barriers Lack of business skills and training Challenges with quality control/ standardization of products Lack of human resources (availability of resources and/or skill levels) Lack of financial records/ account book-keeping Do not face any challenges Other: (Please specify)
21.	Which of the following tools or resources would help you the most in expanding market access for your business? (Select all that apply)	Digital marketing, e-commerce platforms, and online sales channels Access to market data and trends Networking opportunities with other businesses/partnership with larger companies Support with regulatory compliance Access to affordable logistics and delivery services Third-party support to access bigger markets (aggregators, etc.) Expanding distribution on local channels Attending trade shows, fairs, or events Access to financial services (e.g., loans, credit) Other: (Please specify)
22.	In the past twelve months, has your business used credit or loans?	Yes No

	Question Text	Answer Options
23.	(if No in Q24) Why did you not use credit or loans? (Select all that apply)	<input type="checkbox"/> I did not need it <input type="checkbox"/> I do not know where to get it <input type="checkbox"/> I could not afford it or pay it back <input type="checkbox"/> I was rejected for a loan/credit <input type="checkbox"/> I do not think I am eligible <input type="checkbox"/> Other: (Please specify)
24.	What barriers have you faced in the past in accessing loans for your business?	<input type="checkbox"/> Lack of collateral <input type="checkbox"/> High interest rates <input type="checkbox"/> Distance to nearest financial institution <input type="checkbox"/> Understanding of terms and conditions <input type="checkbox"/> Loan size too small <input type="checkbox"/> Lack of financial records for the business <input type="checkbox"/> Lack of availability of suitable loan products <input type="checkbox"/> Unsuitable repayment terms <input type="checkbox"/> Don't have enough information <input type="checkbox"/> Other: (Please specify) <input type="checkbox"/> No barriers
25.	Over the last twelve months, has the revenue you earn from your business changed?	<input type="checkbox"/> Very much increased <input type="checkbox"/> Slightly increased <input type="checkbox"/> No change <input type="checkbox"/> Slightly decreased <input type="checkbox"/> Very much decreased
26.	In the next 12 months, what are your expectations for your business's growth? Business growth could refer to one or more of the following - increase in revenue, profits, investments, employee strength, customers, opening new branches.	<input type="checkbox"/> To grow moderately <input type="checkbox"/> To remain the same size <input type="checkbox"/> To downsize the business <input type="checkbox"/> Close business temporarily <input type="checkbox"/> Close business permanently <input type="checkbox"/> Not sure
27.	Please explain your answer	

Question Text	Answer Options
What support do you need to overcome or prevent challenges for your business?	<div>Digital tools/services training for business development</div> <div>Digital marketing</div> <div>Business financial management training</div> <div>Business training and mentoring</div> <div>Business development network</div> <div>Cybersecurity – related training</div> <div>Access to peer groups or social groups</div> <div>Sustainability / Environment-regulations related training</div> <div>Building climate/disaster resilience for businesses</div> <div>Business legality/certification arrangement: (Please specify)</div> <div>Other: (Please specify)</div>
29. Who would you go to for support to overcome these or other challenges?	<div>Private sector</div> <div>Government</div> <div>Civil society</div> <div>Friends or family</div> <div>Social media</div> <div>Business associations</div> <div>MSE networks</div> <div>Universities</div> <div>Newspapers or magazines</div> <div>Online course/training</div> <div>In-person courses/training</div> <div>Other business owners</div> <div>Other: (Please specify)</div> <div>Not take any support</div>
30. On a scale of 1 to 5, where 1 is not important at all and 5 is very important, how important are following for your business to grow in the next 12 months? Access to finance (loans, credit, etc.)	<div>1 2 3 4 5</div>

	Question Text	Answer Options
31.	Access to sustainable/ green business practices related training	
32.	Access to climate change/ disaster resilience training	
33.	Access to business and human resource training	
34.	Access to finance skills training	
35.	How familiar are you with the following green business concepts... Energy efficiency measures (e.g., LED lighting, energy-saving equipment)	Extremely familiar Slightly familiar Neither familiar nor unfamiliar Slightly unfamiliar Not familiar at all
36.	Waste reduction and recycling	Extremely familiar Slightly familiar Neither familiar nor unfamiliar Slightly unfamiliar Not familiar at all
37.	Sustainable sourcing of materials	Extremely familiar Slightly familiar Neither familiar nor unfamiliar Slightly unfamiliar Not familiar at all
38.	Water and energy conservation	Extremely familiar Slightly familiar Neither familiar nor unfamiliar Slightly unfamiliar Not familiar at all

	Question Text	Answer Options
39.	Sustainable packaging	Extremely familiar Slightly familiar Neither familiar nor unfamiliar Slightly unfamiliar Not familiar at all
40.	Which of the following green practices are you currently using?	Energy efficiency measures (e.g., LED lighting, energy-saving equipment) Waste reduction and recycling Sustainable sourcing of materials Water and energy conservation Sustainable packaging Not using any green practices Other (Please specify)
41.	What are the main challenges you face in adopting green business practices, if any?	
42.	To what extent do you think your business is resilient to potential disruptions (e.g., natural disasters, economic downturns, supply chain issues)? (SS) Business resilience for small and micro businesses refers to their ability to adapt, recover, and thrive in the face of challenges, disruptions, or crises. (eg: as mentioned above – natural disasters, market shocks, supply chain issues, etc.)	Extremely resilient Slightly resilient Neutral Slightly not resilient Not resilient at all
43.	Please explain your answer	

A Thank You From 60 Decibels

This work would not have been possible without the generous support of Mastercard Center for Inclusive Growth and collaboration with Mercy Corps Indonesia. We are also indebted to all partners who have supported the Barometer and this process, from beginning to end. Most importantly, to all the respondents who took part in our surveys – we thank you for your time, your honest feedback, and your insightful comments. Without you, this report would not exist. We have done our best to represent your voices here, in the hope that we collectively learn from the results and positive change will result.



supported by

strive

Mercy Corps Indonesia



Kementerian PPN/
Bappenas

60__dB