

# WOMEN LEADERSHIP IN GOOD CORPORATE GOVERNANCE TOWARDS ECONOMY DEVELOPMENT<sup>1</sup>

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## ABSTRACT

*Globalization has largely influenced women roles within many sectors, especially the economy. More and more women professionals exist in key positions of corporations. However, such phenomenon does not mean that gender disparity and discrimination ceased to exist. In reality, the percentage of women obtaining opportunities to actively participate in professional and the economy is still limited and below expectation, although needs to be admitted that such pleasant progress is getting better from time to time. Still, the phenomenon mostly happens in big cities. On the other side, women living in rural areas still have to endure discrimination and repression due to the dominating patriarchy culture. The main factor causing such disparity lies in the lack of education. In fact, the potential of women in leadership is as much as that of men, especially from the view of gender discourse characteristics. Moreover, leadership, which is the main key in good corporate governance, highlights the positive attitudes that lead to the best practices based on effective communication and teamwork while making the best use of technology to compete within the healthy global economic competition. Good governance, which also highlights equality, gives the same opportunities for men and women as well as giving women the opportunities to contribute their potentials for the sake of better economic development. Gender inequality should be understood as the hindrance in the development process, especially economic development, because belittlement of women potential is the same of paralyzing half of the nation.*

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## 1. INTRODUCTION

Globalization in economy along with the advancement in technology has forced Indonesia to participate in the global competition, especially in the economy sector because whether we like it or not, the economic development in Indonesia largely depends on the international economic development. Economic development, according to H. F. Williamson, is a process, in which a country can make the best use of its production sources in such a way that it can increase its product per capita (Winardi, 1973:10).

The wealth of sources Indonesia has should be a very advantageous factor to enhance its economic development. However, it will be meaningless if the human resources are not sufficient and capable to manage those sources. It has to be admitted that the wealth of Indonesia's sources has always become a powerful magnet for other countries to share the wealth, through explorations and investments—which in many cases are only profitable for the investors, leaving the people with nothing left to benefit from. Such condition has gotten worse by the fact that our human capitals are under average in terms of skills and capabilities so that only foreign professionals (expatriates) can be in key positions and get much better remuneration, while local people can only sit on average and less strategic position with so much less remuneration compared to those expats.

Therefore, in the effort of increasing global competitive skills, good governance in every business organization is the utmost necessity. One of the key factors in the principles of good governance according UNDP is equality. It means that every citizen and member of the society has equal opportunity and rights to participate in

the development process in order to improve the welfare of the nation.

According to the result of population census in 2010, 50.34% of Indonesian population is male, while the rest (49.66%) is female (<http://sp2010.bps.go.id/>). It means that women share half of the roles in the nation's potential/ power.

Nevertheless, in reality there are still many cases of inequality, disparity, and discriminations towards women in terms of treatment and opportunities given. Discrimination within the working environment, unequal standards of remuneration between men and women, sexual harassment, limitation to a number of accesses including education and career, are the phenomena we often see around us.

Looking at the history and culture in Indonesia, the inequality Indonesian women have to endure is largely due to patriarchal culture, which has been so common in eastern countries. Patriarchal culture has built a social construct that place women as ornaments who do not deserve to participate within organization and leadership context.

## 2. GOOD GOVERNANCE AND GOOD CORPORATE GOVERNANCE

The term good governance according to World Bank is defined as *“epitomized by predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law”*. Meanwhile, according to the United Nation Development Program (UNDP), good governance is defined as *“among other things participatory,*

*transparent and accountable. It is also effective and equitable. And it promotes the rule of law”* (<http://web.worldbank.org>).

Further, according to UNDP, the principles in good governance can be listed as follows:

- 1) Participation;
- 2) Rule of Law;
- 3) Transparency;
- 4) Responsibilities;
- 5) Oriented to Agreement;
- 6) Justice;
- 7) Effectiveness and Efficiency;
- 8) Accountability;
- 9) Strategic Vision (Soedarmayanti, 2004:283).

In its relation to the situation of Indonesian development and governance, National Development Planning Agency (Bappenas) formulated the most important values of good governance which describe the performance of government as follows:

- 1) Strategic Vision;
  - 2) Transparency;
  - 3) Responsiveness;
  - 4) Justice (equality);
  - 5) Consensus;
  - 6) Effectiveness and efficiency;
  - 7) Accountability;
  - 8) Freedom of assembly and participation;
  - 9) Support of the rules and laws;
  - 10) Democracy;
  - 11) Cooperation with community organizations;
  - 12) Commitment to the market;
  - 13) Commitment to the environment;
  - 14) Decentralization
- (<http://bappenas.go.id>)

Based on the principles above, good governance as promoted by the World Bank and UNDP is considered as an effective way to create a healthy and good governance system that is

applicable not only to government, but also to many kinds of business structures as well as other organizations.

The manifestation of good governance within business sector can be described in the principles of good corporate governance, as elaborated by Kaihatu (2006) below:

1. *Transparency* in terms of decision making process and openness in expressing material and relevant information about the company.
2. *Accountability*, clarity of function, structure, systems, and organs liability of the company so that the management of the company can be carried out effectively.
3. *Responsibility*, the conformity (compliance) in the management of the company to the principles of healthy corporate and applicable laws and regulations.
4. *Independency*, a state where the company is managed professionally without any conflict of interest and influence / pressure from management that does not comply with the regulations and applicable legislation as well as the principles of healthy corporation.
5. *Fairness*, fair and equal treatment in the efforts to fulfill stakeholders' rights arising under the agreement and applicable laws and regulations.

In its essence, good corporate governance is a system that governs and controls the company so as to create added values for all stakeholders (Monks in Kaihatu, 2006).

### **3. GENDER DISCOURSE AND LEADERSHIP**

#### **3.1 Gender discourse**

Jennifer Coates in Krollokke & Sorensen (2006) elaborated women's communication style as a specific style with all its features, structures, and formal format able to create a pattern of

beauty and sophistication that imply certain ethics towards collaboration.

In the same book, Holmes and Stubbe categorized ‘feminine’ and ‘masculine’ communication strategies within professional context, which at some extent are greatly influenced by cultural dimensions and perceptions, as seen on the table below.

### 3.2 Leadership

Within the context of professional and corporate environment, the skills in leadership can be explained through the following capacities (Ali, 2004):

1. Providing efficient and competitive services;
2. Competing effectively in the global economy;
3. Creating effective dialogues with other stakeholders in the development, especially the public sector and civil society to influence the policy agenda;
4. Ability to perform the functions normally be the monopoly of the state;
5. Improving good corporate governance (GCG) and social responsibility;

6. Creating codes of best practices;
7. Increase productivity and outcomes;
8. Encourage the adaptation and application of science and technology;
9. Conducting researches for development;
10. Bridging the digital gap by promoting information technology.

From the explanation above, it can be concluded that good governance has become the basis of good corporate governance. Leadership as the main factor in good corporate governance highlights positive attitudes which lead towards best practices based on effective communication and collaboration while making the best use of technology and science to be able to compete in a healthy competition of global economy.

Thus, with regards to the capacities required in leadership, it can also be concluded that women have great potentials and are capable to put into practice the effective leadership, considering that the characteristics of women’s communication strategy tend to be supportive and collaborative.

Table 1. Comparison of Feminine and Masculine Communication Strategies (Working Styles)

<b>Feminine</b>	<b>Masculine</b>
Indirect	Direct
Conciliatory	Confrontational
Facilitative	Competitive
Collaborative	Autonomous
Minor contribution (in public)	Dominates (public) talking time
Supportive feedback	Aggressive interruptions
Person/ process oriented	Task/ outcome oriented
Affectively oriented	Referentially oriented

*Source: Krolotte & Sorensen, 2006, p. 111. Adapted from Holmes and Stubbe (2003, p. 574)*

#### 4. WOMEN'S ROLE WITHIN ECONOMIC DEVELOPMENT IN INDONESIA

The study results of FAO mentioned that women's involvement in agriculture industry can increase the production from 2.5% to 4%, by which it can reduce the world's level of starvation by 12% to 17% or equals to 150 million lives ([www.beritasore.com](http://www.beritasore.com)). In Indonesia, it has to be admitted that although almost half of the nation consists of women, in reality, the roles of women in Indonesia's economic development has not yet been optimum. Today, the percentage of women participating in the House of Parliament (DPR-RI) is only 18%. Meanwhile, the percentage in Regional House of Parliament (DPD) is better (28%), in Provincial House of Parliament (DPRD) is 16% in average, and Municipal House of Parliament (DPRD Kabupaten) is 12% in average. Although the percentage of women within executive institutions reaches 48%, in fact only 13% of them really have the authority in decision making processes (<http://nasional.sindonews.com>).

On one side, we can see a number of women having great roles in Indonesian economic development, such as:

- *Sri Mulyani Indrawati* was chosen as rank 23rd of the most influencing woman according to *Forbes Magazine*, 2008;
- *Mooryati Soedibyo*, President Director of PT Mustika Ratu Tbk., female entrepreneur who has successfully promoted Indonesian herbal products (*jamu*) to other countries;
- *Karen Agustawan*, recently resigning President Director of PT Pertamina (Persero), the first rank of '15 Most Influencing Women in Oil Companies' issued by *Terrapin*, as well as being

the first rank in *Asia's 50 Businesswoman* issued by *Forbes Magazine*, 2012 (<http://www.the-marketeers.com>).

- *Tri Risma Harini*, the first female mayor (Surabaya). She has successfully achieved many awards for her leadership (four times in a row of *Adipura* trophy, in 2011, 2012, 2013, and 2014 for metropolitan category; *Future Government Awards* 2013.

The list is still long as there are still a great number of Indonesian women having been recorded for their contributions and participation in business and politics.

However, on the other side, we cannot neglect the facts in which belittlement of women still exists, such as the access limitations to several fields, especially education. Within the social construct of patriarchal culture, women are commonly regarded as subordinate and second-class citizen, bearing the stereotypes as fragile, spoiled, and less important. Thus, women's roles should only be around the homes and domestic territory: bed, kitchen, and washing area. The phenomenon is still commonly seen mostly in villages/ rural areas. Such social construct which benefits men has marginalized women and belittled the potential functions of women as individuals who should share the same rights to express opinion, make decisions, and participate in their surrounding and social environment at large.

Limited access to education has created rural women with below average skills and capabilities. At its worst, rural women often see such condition as normal and natural. Worst to worst, rural women strongly bound to this traditional (read: patriarchal) values would happily

regarded their condition as certain pride of being a woman. Such women despise the struggle more modern women make to break the shackles of patriarchal dominance—whom they call unwomanly because the struggle is considered a disgrace to womanhood since it is a violation to their destiny as being women. Ironically, for the sake of fulfilling financial necessities of their families, they would happily work out of town or even abroad as unskilled labors with low wages. As a result, those unskilled women labor working as domestic assistants have to bear pressure and even inhuman treatment as we often see with Indonesian women labor (TKW) cases of oppression, torture, and even murder.

The oppression and powerlessness of those women without real help from the government and related parties result in dehumanization of women at large. There has been countless number of violence and injustice to those Indonesian women labors that went unsolved. What really hurt us as a nation is one controversial advertisement in Malaysia in 2012 that goes, "*Indonesian maids now on Sale. Fast and Easy application. Now your housework and cooking come easy. You can rest and relax. Deposit only RM 3,500 price RM 7,500 net*" (<http://fokus.news.viva.co.id>).

Regardless the fact that the Government of Malaysia claimed that the ads was illegal and promised to conduct necessary actions, the existence of the ads has become a bitter reality we have to face: Indonesian women labors abroad are treated more as goods for trade than work force. Again, such reality is greatly caused by the low quality of Indonesian women labor, compared to those of other countries.

## **5. LEADERSHIP QUALITY OF INDONESIAN WOMEN WITH- IN ORGANIZATION AND PROFESSIONAL WORLD**

The dominating patriarchal culture in Indonesia has significantly influenced in the insufficient roles of Indonesian women despite the fact that they have as great potentials as Indonesian men. Encouraging and empowering women to actively participate in the development of the nation would inevitably agitate the status quo of the unequal system and structure that have rooted deeply within Indonesian people. In many cases, women at work often have to face the repression in their career as they are cornered by their domestic and biological duties. Therefore, to be able to see and benefit from women's potentials, the shackle of patriarchal culture should be released and placed at the appropriate portion. That is, as long as it does not concern biological characteristics, men and women should have the same rights and opportunities to participate in every aspect of lives.

In good corporate governance, the professional qualities required are the abilities to cooperate and communicate effectively with all relevant parties. Therefore, bearing in mind the aforementioned gender discourse characteristics as elaborated by Krolokke & Sorensen (2006), it should be understood that, in average, women are more flexible in carrying out their duties as leaders. Compared to men who tend to be trapped within their male ego and instinct to dominate, women are considered more able to create cooperative climate which enables maximum results.

Good corporate governance serves as a new milestone in leadership,

in which the quality of a leader no longer lies on dictatorship and dominance of authority, but more on the abilities to create synergy and harmony amidst heterogeneous environment so as to achieve maximum productivity. In details, below is the list of transformational leadership required in good corporate governance (Ali, 2004):

- 1) Establishing the human needs for meaning;
- 2) Full of purpose, values, morals, and ethics;
- 3) Beyond the everyday matters;
- 4) Aiming towards the realization of long-term goals without compromising the values and humanitarian principles;
- 5) Separating the causes and symptoms as well as seeking for ways of prevention;
- 6) Respecting profit as the basis for growth;
- 7) Proactive, catalytic (capable of bridging), and patient;
- 8) Focusing more on the mission and the strategy to achieve (goals);
- 9) Making the best use of human resources;
- 10) Identifying and developing new talents;
- 11) Recognizing and appreciating the significant contributions;
- 12) Liberating human potentials;
- 13) Being a model for affection (affection and attention);
- 14) Leading toward reformation;
- 15) Synergizing the internal structure and systems to encourage the fulfillment of values and objectives as a whole.

The only obstacle women have to face regarding gender discourse is their contribution, which is regarded as minor, especially when it comes to public spaces. It is highly possible that such a

case is due to the strong influence of repression from the patriarchal culture that has long dominated the society. Naturally, this will lead to the condition that women generally lack of confidence and feel inferior, not having adequate 'strength' to conquer the public.

Nevertheless, the obstacle can be overcome by adequate and proper education to empower women in dealing with such psychological obstacles. In fact, more and more women have been able to demonstrate leadership quality, which often is better than men's as more and more women sit in the boards of the companies and lead organizations. In reality, multinational and public companies that are able to make sustainable growth in their business usually have board diversity, where men and women sit at the same level, performing their best hand in hand for the sake of shared goals.

## **6. EQUALITY OF RIGHTS AND OPPORTUNITIES FOR INDONESIAN WOMEN**

As independent individuals, women must realize that they deserve equal rights and opportunities, especially in terms of education, occupation, and welfare. Women have the equal rights to improve their quality of life and to decide what is best for them.

The struggle initialized by RA Kartini for the equal rights for women should be continued, not for the sake of women's ego, but more for the sake of the nation's development. This does not mean that women radically demand for equality without considering their biological characteristics, the equality in this context is equality regarding all aspects which do not concern biological matters, that is, anything concerning

intelligence, skills, personality, working performance, etc.

Thus, to be able to achieve equality of rights and opportunities, it is very important for women to 'break the shell', by:

- striving to obtain higher education
- continuing to explore the potentials within themselves for personal development
- increasing their self-confidence and feeling comfortable with themselves
- daring to express their opinions and fighting for it within the right corridor.

## 7. CONCLUSION

From the explanation previously elaborated, it can be concluded that:

1. Indonesian women possess very great potentials in leadership and in taking roles in the economic development in Indonesia, especially by the principles of good corporate governance. Naturally, women discourse which underlines cooperation and process orientation has given women basic capitals in taking the roles.
2. There are two sides of realities regarding equality of treatment and opportunities for women. In big cities, women have successfully broken the barriers of patriarchal dominance and have been able to prove their skills in taking important roles in economic development. On the other side, women in the rural areas still have to endure the patriarchal shackles and have limitations in their movements so that their potentials are piled under injustice and belittlement of roles.
3. To minimize gender inequality, women have to possess self-confidence and dare to strive for education as the main key in obtaining the equality of rights and

opportunities to be able to participate in Indonesia's economic development.

It should be noted that considering half of the population in Indonesia consists of women, belittlement of women's potentials is the same of paralyzing half of the nation

The concepts of this paper might be the basis for further researches on the roles of Indonesian women in which detailed findings and recommendation of the researches may serve as applicable ways to promote gender equality for a better Indonesia.

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