



Global Compact Network  
Indonesia

Universitas Surabaya  
Faculty of Business & Economics



MARTHA TILAAAR

Growing Inclusive Markets:  
Indonesia Cases, Volume 1 - 2010

## WOMEN EMPOWERMENT THROUGH SPA THERAPIST SCHOLARSHIP PROGRAM.

A CASE STUDY ON THE ROLE OF MARTHA TILAAAR GROUP  
IN EMPOWERING INDONESIAN WOMEN THROUGH THE SPA  
THERAPIST SCHOLARSHIP PROGRAM



Written by:  
Dianne Frisko, M.Ak, Ria Sandra Alimbudiono, M.Si

*“Most importantly, the program supports gender equality in getting a job. In line with the mission of Martha Tilaar Group, such program has contributed to empowering women; thus, reducing the change for women trafficking in Indonesia.”*

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**INDONESIA GLOBAL  
COMPACT NETWORK**

Menara Rajawali 27th Floor  
Jl. Mega Kuningan Lot#5.1  
Kawasan Mega Kuningan  
Jakarta, 12950

Phone: +62 21 576 1828

Fax: +62 21 576 1829

E-mail: [indonesia.gcn@gmail.com](mailto:indonesia.gcn@gmail.com)

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# WOMEN EMPOWERMENT THROUGH SPA THERAPIST SCHOLARSHIP PROGRAM. A case study on the role of Martha Tilaar Group in empowering Indonesian women through the spa therapist scholarship program

Martha Tilaar Group is a holding company that engages in the beauty industry. As one of the companies that lead in product and service innovations by exploring the values of Eastern cultures, Martha Tilaar Group has 9 business units, including PT. Martina Berto, PT. SAI Indonesia, PT. Cantika Puspa Pesona, Puspita Martha International Beauty School, and others. They all employ 4000 employees the majority of whom are women. Operating a beauty business that relates to the world of women, Martha Tilaar Group is internationally acknowledged as having a strong commitment to improving gender quality and the empowerment of women. This has been a part of an on-going program of the company's social activities. One such activity is the scholarship program for training spa therapists.

Through this program, Martha Tilaar Group participates in creating the 3rd Millennium Development Goals, i.e. to support the improvement of gender equality and women's empowerment in Indonesia. Such a social program focuses on creating equality in attaining education and jobs for women from the marginal class. Ultimately, the scholarship program contributes to empowering women to play significant roles in improving their family's economic condition.

## BACKGROUND

Indonesia is a country comprising thousands of islands with around 230 million people living in its 33 provinces. As a developing country, Indonesian GDP per capita was US\$2,030 in 2009<sup>1</sup>. This nominal figure reflects the economic condition of Indonesian people, that is, 14,15% of people live in poverty. Such poor economic conditions have a considerable impact on the educational level of school age children. According to data by the end of 2008<sup>2</sup>, only 23.4% of school-age children graduated from senior high school, 17.5% from junior high school, while surprisingly 20.4% dropped out from elementary school because of the poor economic condition. Coupled with the scarcity of job opportunities offered by the industries, the unemployment rate in Indonesia reached 8.39% in 2008<sup>3</sup>. Also, the data shows that women account for half the total population of Indonesia, 74.2 millions of who are at their productive age. This fact indicates that the potential labor force available in Indonesia consists of 66% women. If those



1 Kompas , September 26<sup>th</sup> 2009

2 Central Bureau of Statistic Indonesia

3 Central Bureau of Statistic Indonesia

women are optimally empowered, they will, to a great extent, contribute to national economic situation.

The government's efforts that were supported by women's organizations to raise the empowerment of the women and gender equality have not yet shown a significant change in improving women's dignity. Indonesian women still encounter unfortunate phenomena such as, difficulty in getting proper jobs, female trafficking and abuses at the workplace—especially women working abroad, which highlight their lower educational background and economic situation.

While a number of women are struggling to find proper jobs, some women who are highly educated have more opportunities to become successful. They are in various sectors (business, industry, government, and many others). Some of these successful women have created business opportunities through providing products and services particularly for women's beauty and healthcare. Martha Tilaar Group is one such company that seized the opportunity by providing beauty treatment products and services. It has been established for 40 years. Starting from a small beauty salon in a garage in Menteng, Jakarta, Martha Tilaar Group has developed its business into a world-class company.

Through its business groups, Martha Tilaar Group has provided many brands of cosmetic products for different market segments and head to toe beauty care services in response to market demand that is growing rapidly. One of the services offered by Martha Tilaar Group is spa treatments along with its relevant products.

## **SOCIAL CONSIDERATION IN BUSINESS OPPORTUNITY**

Dr. Martha Tilaar, the founder of Martha Tilaar Group, was born into a teaching family - her parents were both teachers. Her parents' profession has deeply influenced the building of her character. She grew up with her family's values, i.e., discipline, learning, and willingness to help other people. These values have influenced Martha's character throughout her life. Even in running her business, she is greatly concerned about poor and uneducated people, especially women. Her smart business instincts and social concerns have enabled Martha Tilaar Group to become the big company it is today, known for its high level of social concern. In running the business, Martha Tilaar Group has a unique characteristic that distinguishes it from other similar businesses. The uniqueness lies in the product and service innovations that explore traditional Eastern values and the involvement of women from marginal communities.

The beauty and spa industry is a highly dynamic business. To meet increasing market demand for spa products and personal care treatment, Martha Tilaar Group has established a business unit—PT. Cantika Puspa Pesona. In 2003 this company started to manage the spa products and its related business, that is, spa products branded as "Dewi Sri Spa", as well as Martha Tilaar Salon Day Spa operation, Eastern Garden Spa services, Spa franchises, and company employees in spa products (spa therapist). In line with the products and services offered by corporate, PT.Cantika Puspa Pesona also provides unique spa products that are created from the latest innovations. The innovations are based on the Eastern concept of *Rupasampat Wahyabyantara* beauty philosophy (woman everlasting natural beauty is a balanced combination between inner and outer beauty), blended with natural resources and Indonesian traditional beauty and health culture, Chinese and Indian traditional beauty culture. This blending has led to the creation of unique yet modern spa<sup>4</sup> products and services as they reflect Eastern cultures.

In operating its spa business, PT.Cantika Puspa Pesona is highly committed to the values that Dr. Martha Tilaar holds. One occasion that stimulated Dr. Martha Tilaar to encourage PT.Cantika

<sup>4</sup> General abbreviation of spa is "Solus per aqua" (health by water), in Dr. Martha Tilaar term, spa known as "*Shui - Pani - Amerta*" which means water in Chinese, India and Sanskrit



Puspa Pesona to engage in social awareness programs for Indonesian women was her conversation with an Indonesian woman working in Hongkong a couple of years ago:

*"I met a woman in Hongkong and she showed me her picture before she was claimed as an HIV patient... She was one of Martha Tilaar Group's loyal consumers who used Sari Ayu<sup>5</sup> products . As seen from her picture, she used to be a beautiful woman. But, she became unhealthy looking and so skinny... She told me that she got an HIV infection because she was one of the trafficking victims and unfortunately was employed as a prostitute abroad..."*

*"... This event has disturbed me. Since then I have not asked others but have been committed to help such women myself.... I cannot stop question "what can I do to help them?"...."*

This experience has been one of the factors that have influenced Dr. Martha Tilaar to make social concern part of Martha Tilaar Group business activities. The management did not respond well to the idea at the beginning. However, being highly committed and continuously incorporating the social values, Martha Tilaar Group has launched a scholarship program for hundreds of teenage girls coming from the rural areas in Central Java, East Java, Nusa Tenggara, and Maluku since 1990.

The scholarship program is granted in the form of beauty treatment skills training and the opportunity to work as a spa therapist. In this program, the trainees are given free facilities for one training period (6 - 8 months) at Balisari Spa Centre in Bali. After completing the training, PT.Cantika Puspa Pesona will organize job placement for the graduates, that is, being Martha Tilaar Group spa therapists.

## **SPA THERAPIST TRAINING PROGRAM**

The existence of PT.Cantika Puspa Pesona which is in charge of corporate spa products and services has encouraged the management to continuously develop strategic plans to maintain the company's operational performance. It is because PT. Cantika Puspa Pesona is responsible for the agreed profit target; on the other hand, company has to run its social activities, that is, scholarship grants for teenagers from rural areas.

One of the strategic plans done by the management to realize these social concerns is by establishing Balisari Spa Centre. Balisari Spa Centre (Balisari) is a beauty training and education center, located in Kuta beach – Bali. It is equipped with complete facilities and designed according to Martha Tilaar Group values. Balisari has been established to carry out the social mission, i.e., to provide beauty treatment skills training for teenage girls. Furthermore, this training center has been founded based on the principle that the spa therapists are the most essential factor in providing good quality services to customers. Customer satisfaction entirely depends on good quality spa services, products, and room ambiance.

In order to maintain Balisari sustainability in administering both social and business missions, PT.Cantika Puspa Pesona is always expanding the selling of spa franchise in Indonesia, some countries in Southeast Asia and even in Europe and the American continents. As a consequence, the needs for large numbers of spa therapists trained to international quality and standards will continue to increase. To guarantee that quality standard, PT.Cantika Puspa Pesona management decided that the recruitment, selection, and training processes of the prospective employees must be well-organized in accordance with standards and values that are strongly held by the Martha Tilaar Group, i.e. *DJITU (Disiplin, Jujur, Inovatif, Tekun dan Ulet – Discipline, Honesty, Innovation, Persistence, and Hard-work)*.

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5 "Sari Ayu" is one of the product brands of MTG



### **Socialization Stage**

By the end of 2009, the spa therapist scholarship program had recruited 2120 teenage girls from several regions in Indonesia. Each year, there are 70 – 100 grantees on average from various schools (Vocational Secondary Schools and Senior High Schools) in Indonesia. Before socializing the program, PT. Cantika Puspa Pesona evaluates and chooses the schools with which to cooperate. Certain criteria are laid down for schools who wish to collaborate in the program as follows:

- the school must be located in the area with a high percentage of unfortunate students
- the majority of the students are women
- the school has a beauty care class

Having chosen the schools, PT.Cantika Puspa Pesona will cooperate with the selected schools to hold a socialization program. In this activity, the prospective trainees, teachers and parents are all invited. The socialization stage aims to provide detailed insights into the goal and importance of the program, the facilities the trainee will receive, the training in Balisari Spa Centre – including all the rules with which the trainees must comply, the purpose of applying tight rules and disciplines, and most importantly the benefits for all the trainees.

Indeed, this socialization stage is a primary gateway that ensures the success of the social program. It greatly opens the minds of both the prospective trainees and the parents on pursuing a better life. Even though they are from the marginal society, they can get better opportunities for improving their life if they sincerely intend learning and working hard. In addition, PT.Cantika Puspa Pesona convinces both parents and candidates that, on behalf of the positive brand image of Martha Tilaar Group Company, the spa business run by company is committed to greatly respect the integrity of the woman employees (especially the spa therapists). Spa business is often associated with a '*grey area*' – a negative connotation of a business that harasses woman employees. It becomes apparent that the socializing stage is significant to clarify that PT.Cantika Puspa Pesona makes truly serious efforts to provide spa products and services that are from the '*white area*'. It is achieved by giving the invitees a chance to ask any kind of question regarding the negative rumors they might hear about woman employees in the spa business and other questions related to the scholarship program.

In this socialization process, PT.Cantika Puspa Pesona also asks several school alumni who have been successful as spa therapists to testify to their experiences after joining the Martha Tilaar Group. Based on these experiences during the socialization, the testimonials of the scholarship program alumni apparently have had considerable influence in gaining the trust of parents and candidates. In the end, the trust will be a valuable benefit that supports the trainees' success as a spa therapist.

### **Selection and Recruitment Stage**

After the socialization stage, PT. Cantika Puspa Pesona hands the registration forms to the prospective trainees. Those who are interested in the program can later fill in and return the forms. Then, they go through a selection process. In the selection process, there are some criteria with which prospective candidates must comply in order to successfully pass the selection. Those include physical appearance, good physical and mental health (based on the medical certificate), academic achievement at school (students is preferred to be belong to 10 best class ranks), work ethic (students' willingness to work and serve others sincerely and discipline), and students' family economic condition (they must be from an economically unfortunate family). The selection is done by interviewing the prospective candidate. Based on

the criteria and the selection process, the acceptance level of the candidates is quite tight, that is, only 10% of the total applicants.

Data from 2007 to 2009 (Table 1), show that most prospective trainees having passed the selection process are from some regencies in Central Java and the surrounding areas. It is reasonable as areas in Central Java have a culture that is most appropriate with the determined criteria. The teenage girls from Central Java hold attractive physical appearance and 'being polite' and 'willingness to serve' cultures which are deeply rooted in their lives. However, the company is trying to enlarge the scholarship distribution areas to other regions. The expansion plan now includes Ende and Ternate, so that there will be opportunities for teenage girls from other areas to attain the scholarship to improve their family's economic condition.

After the selection process, the company will provide the grantees transportation from their home towns to Balisari Spa Centre. There they will join the 6-month training program before being placed as Martha Tilaar Group spa therapists. The grantees will depart after they have graduated from high school. All the departure facilities will be the responsibility of company.

Table 1. Scholarship Grantees Based on the Origins

Students' Origins	Year			Students' Origins	Year		
	2007	2008	2009		2007	2008	2009
Yogyakarta	7	3	11	Jakarta	11	11	3
Klaten	7	15	33	Pekalongan	0	8	12
Bantul	8	0	0	Wonogiri	0	4	0
Purworejo	7	0	0	Wonosobo	0	4	4
Madiun	14	17	10	Tegal	0	0	5
Semarang	10	0	11	Ende	0	18	0
Magelang	6	0	6	Ternate	0	0	5

Source: Human Resources Department, CPP

## Training Stage

Having been officially accepted as grantees of the scholarship program, they all go to engage in the training program, through which they are educated to be a good quality spa therapist. Early in the implementation of the training program in 1989 (before PT. Cantika Puspa Pesona was established), the trainees were sent to Puspita Martha International Beauty School<sup>6</sup> to learn the basic knowledge of body anatomy, spa service, and other beauty treatments from head to toe. This beauty school did not only receive trainees that were on scholarship grants, but also others who were interested in learning professional beauty treatment. They were all taught by teachers who holding international certificates. It means that since the very beginning, Martha Tilaar Group does not distinguish the quality of the training received by students on scholarship grants and those who are not.

After running for several years, the company evaluated the performance of the grantees who have worked as spa therapists. The evaluation showed positive response from the consumers. Such responses are identified from the increase of the market demand upon good quality spa services. As a result of this demand, PT.Cantika Puspa Pesona was established in 1993, to manage the franchise business and professionally administer education of the scholarship grantees.

<sup>6</sup> Puspita Martha International Beauty School is well known beauty school in Indonesia, with its headquarters located at Jakarta and has representative branches in other cities in Indonesia. The Puspita Martha Diploma covers a beauty aesthetic diploma, spa diploma, make-up diploma, and aerobic instructor diploma

Aligned with the professionally managing scholarship program, Balisari Spa Centre was founded in the beginning of 2005. The training center is located nearby Jerman Beach, Kuta-Bali. The location was chosen based on the idea that Bali is a widely known tourism destination whose culture, beaches, service and friendliness of the people are outstanding. Those factors contribute to the development of the spa business since most tourists visit Bali for rest and relaxation, so when they go back home they feel more refreshed. One way to obtain this refreshment is through spa treatment. Another consideration for establishing a training center in Bali is the vast number of foreign tourists that can be used as an essential indicator of Martha Tilaar Group spa products and service quality.

Balisari Spa Centre is a center for spa therapist training that is equipped with modern and complete spa facilities. Each classroom and lab is fitted out with modern facilities and traditional ingredients. Those sophisticated facilities are combined with experienced teachers holding certificates of international standard which results in high-quality teaching techniques. All of the teachers have attained some certification in beauty skills from the Puspita Martha International Beauty School, beauty therapist and cosmetologist diploma from CIDESCO<sup>7</sup> and Pivot Point<sup>8</sup> diploma. Such superior facilities are provided to maintain the quality of the spa therapists in serving the customers.

Picture 1: Balisari Spa Centre



Since 2005, all of the scholarship grantees have undergone the training program for around 6 months in the Balisari Spa Centre. Here, they learn beauty treatments in depth including hair styling and hair care, make-up, manicure-pedicure, spa techniques, facial, body massage, stone massage, acupuncture and so forth. In line with the innovative and unique corporate values, what mainly makes Balisari Training program different is studying the body anatomy relevant to each beauty treatment. This lesson is given by a doctor. Learning anatomy is important because therapists are expected to provide a suitable treatment in accordance with the consumer's body condition. As a whole, the training curriculum incorporates basic skills, service skills, cultural skills, attitude and Martha Tilaar Group corporate values.

The learning methods in Balisari do not only include teaching the theories and practices of the body and beauty treatments in the classroom and lab, but also providing 'soft' skills training

<sup>7</sup> CIDESCO is – The world's major international beauty therapy Association, with its head office in Zurich, Switzerland, and has representative office in 33 countries. CIDESCO diploma is the worlds-best diploma qualification in beauty therapy and aesthetics.

<sup>8</sup> Pivot Point diploma is international standardize diploma from Chicago, the United States, and has world-class recognition, especially in hair and skin cosmetology.

like discipline, cleanliness and corporate *DJITU* values. The discipline value is strictly applied in the training. Doing so is essential as there are big cultural and life style differences among the trainees in the training center. The trainees who are from remote regions hold a philosophical value of “*mangan gak mangan sing penting ngumpul* (= it is not important to eat as long as they can still be together)” need to be changed into professionalism values that prioritize cleanliness, discipline, friendliness, and persistence to gain a better life. These values need to be deeply instilled, so that students can demonstrate excellent performance which ultimately can be useful in improving their living standards.

Picture 2: Beauty and Spa Treatment Training



Professionalism and values of *DJITU* are given through practical lessons in order that those values are embedded in the students’ hearts. This way, the spa therapists are expected to apply those values not only at work, but also within their own lives. In particular, the values of *DJITU* are interpreted this way: 1) discipline value suggests that in gaining success, one needs to be disciplined. Being disciplined oneself is important since success is generally rooted from being disciplined. 2) Honesty value means that everybody needs to be honest as God always blesses s/he being true. 3) Being innovative signifies that everyone has to innovate in order to remain up to date with knowledge and technological advances. The letter *I* also refer to *iman* (faith) in Indonesian. Martha Tilaar Group holds faith as an important merit. It is believed that all human beings, specifically women should have strong faith so they will work sincerely within the path God has chosen for them. 4) While by persistence, the trainees are expected not to easily give up in achieving success. 5) Last, being hard working will encourage trainees to perform well to achieve their goal.

Picture 3: Gymnastic and Meditation Training in Balisari Spa Center





During the training, teaching those values is considered to be a hard part. Through the many rules, the trainees are forced to change their lifestyle. At the beginning of the training, there were many of them who felt burdened by these rules. Nonetheless, as they went through a period of training and working in the beauty salons, they deemed it very beneficial. One of the parents of a trainee (Novi) who has been placed in Malaysia as a spa therapist stated the opinion.

*“...one day, our daughter was absent from the class as she was overslept. She was penalized by cleaning the therapy pool until 11 pm. She cried. Yet, after some days she realized that she was penalized for not being disciplined. Now, since she has been placed in Malaysia, she understands that discipline is truly important to gain success at work...”*

In implementing the innovative value, the trainees are encouraged to continuously learn. Either within Balisari or Martha Tilaar Group, a chance for learning is always widely open and even given for free. The trainees can access a variety of spa theories and practices not only from the teachers, but also from the books available at Balisari. Not only do the students have that opportunity, the teachers are also given a periodic training to keep their knowledge up to date. The training is generally held in Jakarta and others Indonesian cities and abroad.

Furthermore, the values of politeness and friendliness toward others are emphasized during the training. The learning of the values is meant to develop the trainees' attitude when they face all kinds of people, later including the customers. The trainees need to make their customers feel that they are well-served, accepted, and cared for. Such teaching is reflected through the interview with Vina's parents (Vina is one of spa therapists who has served out her 4-years contract).

*“Vina is different now. When she went back home, she became very polite. She addressed everyone including a grandma in the neighborhood. She bowed her head and greeted others so that the people surrounding her were very surprised. Before, Vina had been indifferent. Now she is polite because of the education in Martha Tilaar Company.”*

During the training period in Balisari, the learning process is conducted by simultaneously giving the theories and practices. In addition, the trainees' performances are evaluated within one period. The evaluations could be done in daily, monthly or on an end of the term basis. The results of the evaluations are used for measuring how far the trainees have absorbed the knowledge and performed their skills based on the quality standards of Martha Tilaar Group spa therapists.

*“...from the evaluations, we can identify the trainees' skills and readiness to become spa therapists.... there have been some occasions when the trainees demonstrated quick learning of the knowledge and ability in practicing the skills being taught. It can be seen from the reports and they graduated in less than 6 months. Those students were later placed in the Martha Tilaar Group salon and day spa outlets throughout Indonesia and its neighboring countries. They were proven to be successful spa therapists....” (Mrs. Rosta Mien Rogi – the Principal of Balisari Spa Centre)*

*“... on the other hand, there were some trainees who were less knowledgeable (as seen from their daily evaluations). In this case, we prolonged their training period in Balisari to more than 6 months....we did so because as teachers, we are responsible to educate the trainees to be spa therapists complying with corporate quality standard indicators. During the extension period, the trainees still receive the same facilities like the others...” (Mrs. Heny Sri Rosari – teacher in Balisari Spa Centre)*

Picture 4:

Teachers and Students Study in the Class Room



Besides being given rules and values to be obeyed, the trainees also get proper living facilities. It is to support effective and efficient learning. The trainees receive a range of facilities related to beauty skills, spa and body treatment training. Moreover, they also get other facilities including accommodation during training, such as a bedroom, 3 daily meals, recreation hours, daily uniform, a monthly allowance for their personal needs. Moreover, the health services for the trainees from medicine to hospital treatment are of the responsibility of company as the trainees are studying in Balisari. Those who will be placed abroad are even given the funds to return home.

This comprehensive learning process supported by adequate facilities results in learning outcomes that ensure students are eligible for employment. The quality of those spa therapists is acknowledged by the stakeholders. It is seen from their performance in serving both domestic and foreign customers. The positive response on performance comes from the consumers as well as enterprises that buy spa franchises from the Martha Tilaar Group.

### Placement Stage

In placing which trainees are to be placed in what area, PT.Cantika Puspa Pesona management coordinates with the Principal of Balisari Training Centre, Mrs. Mien Rogi. They generally consider the information on demand for spa therapists from spa outlets in several areas, trainees' evaluation reports at the end of the training term and direct evaluations from the teachers. Those trainees will be placed as spa therapists in 35 Martha Tilaar salons and day spa outlets and franchisees of Martha Tilaar spa outlets spread throughout cities in Indonesia, Malaysia, Brunei Darussalam, America, European continents and many more. Before the trainees depart, they are asked to sign an employment contract that lasts for five years and mentions that

they are ready to be placed anywhere according to the decision of the management.

Upon completion of the departure process, the spa therapists are placed into the selected salon for the duration of the employment contract. During their tenure, they will get a salary and other perquisites, such as incentives, overtime pay, health benefits, and transportation costs for a round trip from their hometown to the city where they are placed. Other supporting facilities incorporate modern tools and equipment for serving the spa customers, an international standard working atmosphere, and proper housing facilities. Moreover, the spa therapists can still get an opportunity to learn new information concerning spa treatments, learn English, and improve their communication skills, and many more. Those opportunities are held periodically, that is, twice a year, and can be conducted informally in the weekly exercise.

*"...I am very glad to find myself joining the Martha Tilaar Company...I have got a lot of experiences...I have been given an opportunity to take an English course...so I can communicate well if I have to serve customers from foreign countries...I also learn new things about the values Bu Martha has taught. On Saturdays, I attend bio-energy exercise... after exercising; Bu Martha often shares with us the latest knowledge and information about spa and how to realize the values of DJITU...." (Tonah – a spa therapist in Martha Tilaar Centre -Kuningan, Jakarta)*

*"...working as a spa therapist has given me a lot of benefits...we are sufficiently trained to update with the latest methods for spa treatment...the training is generally held twice a year. All of the spa therapists are scheduled for the training, so that there are always spa therapists available at the outlets to serve the customers..." (Misni – a spa therapist in Martha Tilaar salon day spa in Wachid Hasyim, Jakarta)*

Picture 5: Tonah and Her Clients



Having fulfilled the five-year employment contract, the spa therapists are given freedom to choose whether they will continue with the contract or stop working as a spa therapist in Martha Tilaar Group Company. Most of the spa therapists however prefer to join, like Tonah and Misni. Tonah is a spa therapist who received the scholarship as soon as she graduated from junior high school. While Misni –whose educational level ended at elementary school– has been with the company for about 20 years. According to both therapists, the facilities, working environment, and values of DJITU, make them feel comfortable to work in the Martha Tilaar Group. Based on



the company data, the tenure of the spa therapists lasts for 8 – 20 years on average. In addition to those who stay with the Martha Tilaar Group, many others decide to quit. They return home to open a new salon and beauty treatment business of their own. Their decision to open the new salon in their hometown deserves recognition. The Martha Tilaar Group is proud of its success in developing *beauty-preneurs* and improving the empowerment of women — the social missions of company — are widely acknowledged.

## CHALLENGES IN ACHIEVING THE SUCCESS OF SOCIAL MISSIONS

The spa therapist scholarship program that runs for 20 years has encountered a variety of challenges and problems that hampered its success. In early 1990, Dr. Martha Tilaar, as the founder and director of Martha Tilaar Group, began to grant scholarships directly to a number of teenage girls from economically weak families and low levels of education. It aims to raise the dignity and equality of these women and support them in taking on a role in improving their family's economic condition through beauty skills education. One of those teenage is Tonah, who is the daughter of a security guard at Martha Tilaar Group. She was a junior high school graduate at the time. Yet she was given an opportunity to study at Martha Beauty Gallery. Until today, Tonah is well-known as the spa therapist that most of the consumers favor. Her success leads her to live in a better economic situation, and guarantee her brothers get better education and become diploma graduates.

As the owner, Dr. Martha Tilaar encourages the implementation of DJITU values and spirit to empower women within the day-to-day company business activities. In fact, the high investment needed to run the Balisari Training Centre and the risk of losing spa therapists that have been professionally educated for free is a major management concern in continuing with the scholarship program because graduates are immediately lured away by competitors. It is because Balisari could become a cost center that would reduce the overall profits of the Martha Tilaar Group.

On top of the business calculation, society tends to perceive the spa business negatively. It often associates the spa therapist with hidden prostitution. Such a negative belief will eventually degrade the good brand image of the Martha Tilaar Group that has been established through hard work. It will put the brand image at stake. This risky stake requires the management to run the scholarship program professionally. The challenge to alter the program takes considerable funds, time, and energy with the uncertainty of profitable return on the investment program that contributes additional value to the company has become a very hard one for the management.

Another challenge the program encounters is obtaining vocational secondary school graduates who are willing to be trained as spa therapists. There are a variety of beauty industries that are in need of skilled beauty graduates. Many companies believe that vocational school graduates, especially those from beauty departments, are suitable to work in diverse fields, such as modeling, sales promotion girls, a job in an electrical company that needs accuracy, and so forth. Yet, the needs of the companies are not balanced with the availability of vocational beauty school graduates. The capacity of the vocational beauty school takes up as many as 5% of the overall vocational secondary school students. As a result, the management is again challenged to extend its coverage in getting the students up to regions outside Java Island.

Next, the developing of franchised spas has become quite an issue. Upon the completion of the training program, the trainees must be placed in spa salons under PT. Cantika Puspa Pesona management. It means that the company is required to extend and add spa franchise networks. The more franchisees, the greater the opportunities for trainees to get a job as one franchised spa needs around 8 to 13 therapists. Eventually, there are more teenage girls from marginal communities who are able to improve their standards of living. The extension of the franchised spa networks is not as simple as it seems to be. The regulations of Martha Tilaar Group franchised spa purchase are strictly enacted. At present, 35 franchised spas are noted



under PT.Cantika Puspa Pesona managements. The regulations apply for areas, standardized room and design, appropriate facilities for therapists, standardized minimum re-numeration, and safety and security guarantee from consumer teasing. These requirements must be absolutely complied with in order to guarantee that the spa under management of Martha Tilaar Group is at “white” area.

Not only are there external challenges, but an internal challenge also emerges in implementing the scholarship program. The management’s considerations based on the business aspects appear to stand against the social missions. Strong culture and values held by Martha Tilaar Group, however, lead to a way out that promotes a win-win solution. A great commitment and motto—“equipping the poor with autonomy is a great success” has promoted the success in convincing the management about the program. Viewing many different opinions, discussions, and reflections, the management in the end concluded that the women empowerment program should be perceived as an investment instead of a cost center. The management considers that in the long run, Balisari Training Centre will contribute a profit to the spa business. It is supported by the graduates of Balisari whose work as spa therapists has been proven to be of high quality. Ultimately, Martha Tilaar Group management’s decision grants PT.Cantika Puspa Pesona a great range of autonomy to organize the strategies for its own living by managing the operational costs of Balisari and raising the income of the franchised spas it manages.

All in all, the biggest constraint of the program is the synchronization of the three parties involved, i.e., the buyers of the franchise (franchisee), management of Martha Tilaar Group and spa therapists. Franchisees definitely have a clear objective that is, maximizing profits. To do so, the franchise buyers expect some support from the company to provide skilled spa therapists and a good quality management process. The management of Martha Tilaar Group aims to develop the Martha Tilaar brand and maintain sustainability of the spa business. On the other side, spa therapists strive to improve their living standards and obtain healthy, comfortable working atmosphere and environments that allow them to maximize careers.

### KEY SUCCESS TO COPE WITH CHALLENGES

In order to deal with challenges and threats that might hamper the sustainability of the business, the management of Martha Tilaar Group is trying to find a way out by planning effective and efficient business strategies. Up to its 40<sup>th</sup> year, there are some factors that contribute to the key success of Martha Tilaar Group business. Based on the corporate values—*DJITU* and innovation spirit which commit to raising awareness of Eastern traditional cultures and values, management prioritizes the implementation of corporate social responsibility. This social responsibility that is well and sincerely managed becomes the company investment which later benefits both the company and stakeholders.

In regards to the spa therapist scholarship program, Dr. Martha Tilaar and the whole Martha Tilaar Group management are committed and consider it as a social investment that needs to be professionally managed. Such commitment aims to keep the program’s sustainability by providing benefits for the stakeholders involved (the company, spa therapists, the family of the spa therapists, trainees’ home schools, society, and country). The achievement of this social program does not depend merely on the management’s commitment, but also on trainees and spa therapists’ motivation and determination to employ *DJITU* values while engaging in the program. The following is the interview with Dr. Martha Tilaar and a teacher at Balisari.

*“...it is an investment... at the beginning it seemed unprofitable...however, if sincerely and professionally managed...God will bless us. It is obviously proven nowadays....” (Dr. Martha Tilaar – founder and president director of Martha Tilaar Group)*

*“...the key to success for the trainees as students at Balisari and spa therapists after graduating is great motivation...trainees should be willing to be successful...they should be as disciplined, hard-working, persistent, and tenacious as the values teach them....” (Rossa Septi)*

*Ariani – a former grantee and a spa therapist who now is the teacher at Balisari)*

## **SOCIAL AND ECONOMIC INFLUENCES**

The implementation of the scholarship program conducted for over 20 years has proven beneficial to all the stakeholders. It has also contributed both financial and non-financial benefits. Concerning the financial benefits, the average income of a spa therapist in Jakarta reaches around IDR 2.000.000 to IDR 3.000.000. This earning does not yet include incentives as much as 13% of the company's gross revenue. This is certainly the unfortunate phenomena that quite a big income as the minimum wages in Jakarta (in 2010) is only about IDR. 1.118.009/month<sup>9</sup>. Sufficient income as a spa therapist can eventually provide for the personal needs of each spa therapist and her family as well. The non-financial advantages are that the spa therapists receive are a huge opportunity to learn the improvement of discipline and honesty values and to be acknowledged as women who play roles in family and society.

The program also helps improve economic condition of the spa therapists' family. Besides, the values that Martha Tilaar Group teaches are believed to improve the morals and character of the spa therapists. The following are interviews with one of the therapists' parents and the director of Corporate Social Responsibility (CSR).

*"...it has been 5 years Vina works as a spa therapist in Martha Tilaar...she helps fund her siblings' education fees...she also supports my and her siblings' living costs-especially since her father passed away...four years ago, Selvi could enroll in the vocational secondary school because Vina sent her money for us..." (Mrs.Nurahni – a spa therapist's parent from Klaten)*

*"...if Mrs. Martha Tilaar goes abroad, she always visits her spa therapists and she found out that they could save as much as \$20.000 - \$30.000 so they could afford to buy a house....In malaysia, they live in a 5-star condominium...." (Mrs. Nuning S.Barwa – Director of CSR)*

Picture 6:

Dr. Martha Tilaar among spa therapists in Dewi Sri Spa by Martha Tilaar Spa at Crown Princess Hotel Kuala Lumpur, Malaysia.



9 Government Regulation of Province DKI Jakarta No.167 / 2009

Moreover, the schools enjoy advantages as a Martha Tilaar Group partner in recruiting the prospective trainees. There is the guarantee of job opportunities for the graduates which make them proud as well.

*“...Martha Tilaar Group has come to SMKN 3 times since 1999...besides having pride that we are part of such a big company as Martha Tilaar Group, our graduates can have job opportunities....” (Mrs. Hartini, SPd. – a teacher, head of department of beauty skills in SMKN 3, Klaten)*

In addition to the spa therapists and schools, society, regional and central government also benefit indirectly through this program. The existence of the program has educated and distributed women in the rural areas as professional manpower. With regard to government and society, this program reduces the number of unemployed, improves living standards, and enhances the regional economy. Most importantly, the program supports gender equality in getting a job. In line with the mission of Martha Tilaar Group, such a program has contributed to empowering women; thus, reducing the change for women trafficking in Indonesia.

## REPLICATING ABILITY

According to i-spa, the average income growth of the spa industry in 2008 was 17.8%<sup>10</sup>. It is predicted that this number will rise in the near future. The spa industry in Indonesia has become a promising business as the numbers of women at productive age reach 74.2 million, with 20% of this figure being spa consumer targets. The data on spa industry growth in Indonesia shows that the growth rate of spa outlets amounts to 160% since 2003. By the end of 2009, there were 411 spa outlets spread throughout Indonesia.<sup>11</sup>

The success of Martha Tilaar Group in professionally managing the spa business with a franchise system that works to international standards guarantees the company can expand this kind of business in the future. It is evident that granting scholarships for spa therapy training to teenage girls from poor families adds to the company's success. That is why it is believed the program can actually be repeated by companies running similar kinds of businesses provided they are highly committed to all the parties involved.

## CONCLUSION

Through the scholarship program granted to the teenage girls from poor families in rural areas of Indonesia, Martha Tilaar Group has created a business model that is beneficial for both parties. Those teenage girls are given opportunities and facilities to train as professional spa therapists. Next, the grantees are employed as spa therapists. As such, they receive both appropriate financial and non-financial facilities. The benefits enable the women to raise their level of dignity, as indicated by the improvement of their living standards and economic conditions of their families and by their personal pride as employees of a big company whose professionalism is well acknowledged.

At the same time, the benefits of this program have guarantee Martha Tilaar Group with a supply of professional employees, so this company can improve its brand image as the provider of international quality products and services. In the end, all of these efforts contribute profits for the company.

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10 iSpa (International Spa Association) , 2009

11 Spa Industry Intelligent Newsletter – Issue 18

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## INTERVIEWS

- Dr. Martha Tilaar, the founder of Martha Tilaar Group, Jakarta, 18 January 2010
- Arum, a spa therapist at Crown Princess Hotel-Kuala Lumpur, Jakarta, 18 January 2010
- Palupi Chandra, the General Manager of PT. Cantika Puspa Pesona, Jakarta, 18 January 2010
- Tonah, a spa therapist at Martha Tilaar Centre Kuningan, Jakarta , 18 January 2010
- Dyah Dwidarmi Orbandini, the Human Resources Manager of PT. Cantika Puspa Pesona, Jakarta, 18 January 2010
- Wulan Tilaar Widarto, the Deputy General Manager of Martha Tilaar Group, Jakarta, 19 January 2010
- Misni, a Spa therapist at Martha Tilaar Salon Day Spa at Wachid Hasjim Jakarta, 19 January 2010
- Dr. Bernard T. Widjaja, the General Manager of PT.Martha Beauty Galery, Jakarta, 19 January 2010
- Paula Hartanus, the Senior Advisor to Puspita Martha International Beauty School, Jakarta, 19 January 2010



MARTHA TILAAAR

Rosta Mien Rogi, the Principles of Balisari Spa Centre, Bali, 29 January 2010

Heny Sri Rosari, a teacher at Balisari Training Centre, Bali , 29 January 2010

Rosa Septi Ariani, a teacher at Balisari Spa Centre, Bali, 30 January 2010

Novi, a spa therapist at Balisari Spa Center, Bali, 30 January 2010

Darsini, a scholarsip student at Balisari Training Centre, Bali, 30 January 2010

Margani, the mother of Novi- spa therapist - at Puri Ayu Martha Tilaar Spa-Kuala Lumpur, Klaten, 11 February 2010

Hartini SPd, a teacher and the head of department of beauty skills in SMKN 3 Klaten, 11 February 2010

Srimatun, the Vice Principles of SMKN 3 Klaten , Klaten, 11 February 2010

Nurahni, the mother of Vina - spa therapist- at the Dewi Sri Spa by Martha Tilaar Salon at Batam, Klaten, 11 February 2010

Nuning S Barwa, the Director of Corporate Social Responsibility, Martha Tilaar Group, Surabaya, Jakarta, Bali, Klaten

## Profile of Case Writers



### **Dianne Frisko, M.Ak**

Dianne Frisko, Graduated from University of Indonesia-Jakarta as Master of Accounting, currently as one of Faculty Business & Economic's lecturer at University of Surabaya. Dianne teach several subject majoring in Management Accounting and Management Control System, and interested in Corporate Social Responsibility, as well as Environmental Management Accounting issues. She involved as one of consultant in Asia Pro Eco Project held by European Union at 2007-2008.



### **Ria Sandra Alimbudiono, M.Si**

Ria Sandra Alimbudiono, has been the Head of Accounting Department since 2007. Her career began as a lecturer of Accounting Department, at Faculty Business & Economic, University of Surabaya since 1992. She graduated from Airlangga University's Master degree in Accounting major. Besides her academic career, she is a management consultant for some SME in Surabaya. Her years of practice provide Mrs. Ria with a deep understanding of Management Accounting. She has involved in many research in the field of Management Accounting, like Activity-based Accounting, Supply Chain Management and Corporate Social Responsibility.

## Profile of Institutions

### **Universitas Surabaya**

As vision to be the first University in Heart & Mind, The University of Surabaya (Ubaya) for more than 4 decades has committed to working with excellence in teaching and research as well as to nurturing close ties with local and international communities. Over 9,000 students including



some international students make up the university as a home to a diversity of cultures. All academic programmes in six faculties were accredited by the National Accreditation Board of Indonesia as a sole accrediting body for institutions of higher learning in Indonesia. Ubaya has 3 “leafy green” campuses at Ngagel, Tenggilis and Trawas. The university offers first class facilities with generous teaching and research support.

### Martha Tilaar Group



MARTHA TILAAR

Martha Tilaar Group is one of the largest integrated beauty-care companies in Indonesia. It leads the domestic market in color cosmetics and skin-care with several prominent brands such as “Sari Ayu Martha Tilaar (total beauty care)”, “Biokos Martha Tilaar (Age Care)”, “Caring Colors”, “Mirabella (decorative cosmetics)”, “PAC (Professional Artist Cosmetics) Martha Tilaar”, “Dewi Sri Spa (spa products)” and several supporting brands

such as Rudy Hadisuwarno cosmetics (hair care)”, Belia Martha Tilaar (teens perfumeries)”, “Cempaka Cosmetics” and Madonna (anti-acne series)”. The Group also integrates the research and development, manufacturing, marketing, distribution, salon, spa, cosmetic retail store and beauty-school operations into a total linkage & synergy in enhancing the Group’s competitive strengths in the domestic as well as international market competition.

Besides the retail markets we are in, we have also built quite a lot of partnership with 3<sup>rd</sup> parties in our private label manufacturing services, spa franchise, beauty school franchise, cosmetic retail store franchise, distributorship as well as joint ventures in domestic and international markets.



Another core competitive advantage and key success factor of our Group is the Research & Development. Our research and development center is among the largest in the industry. We have developed partnership with Leiden University in Ethno-botanical research, MT Laboratoires, France in cosmetics research and many other research centers. Although natural in product concept, the Group also combines the scientific approach in its good manufacturing practices the Group the application of ISO 9001, ISO 14001 and Indonesian GMP standards in the 3 manufacturing plants, specializing in general cosmetics, toiletries and perfumeries and herbal medicines.

It’s also our commitment to promote awareness on environmental protection by setting up “An Organic Plantation” in Cikarang, Indonesia to ensure that organic plant cultivation method is being effectively implemented to support the supply chain process through conservation of Indonesia’s original natural resources and plant diversity, effective studies on how to be Green Enterprises and Green Consumers, optimization of goods quality plant materials

by conducting good post-harvest practices. In this global value creation, we also become a member of the United Nations of Global Compact through active participation of our Martha Tilaar Foundation.