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**Indonesian Cross-Border Labor Migration: Structure, Institutions and
Governance**

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Indonesian Cross-Border Labor Migration: Structure, Institutions and Governance[☆]

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Abstract

The purpose of the paper is to examine the rationale of current institutional and governance structure and the roles of various public and private agencies involved in this process. The paper found that drawn by lucrative profits the industry has attracted many entrants which intensify competition among sending firms. The most obvious change brought by this development is the increase of recruitment costs. This has also affected the supply-demand imbalances which in turn has profound impacts on the distribution of values (rents) in the industry. Some of the increase in recruitment costs can also be attributed to the introduction of the law 39/2004 which formalizes the role of local recruiters (brokers) though it also provides some protection to workers. But the net benefits may not be great since sending firms can always shift the burdens to workers through salary deductions in the first few months of working contracts. The effort to create a new independent agency as mandated by the new law to provide implementing service, coordination and monitoring of international migrant workers has yet to bear fruit. A clear division of labor is needed, but due to the huge rents involved this may need political intervention from the highest level of government.

JEL Classifications: J61, O17

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1. Introduction

As in any other sending countries, migratory pressures and domestic conditions relating to employment and income in Indonesia are closely linked. Since the economic crisis in 1997, Indonesia has faced difficulties to alleviate massive unemployment especially in the formal sector with the natural consequence of the increased activities in the informal sector both in rural and urban areas alike. With an

annual growth rate of 3.5-4 percent since 2000, which is lower than the average growth rate of 7.5 percent during period before the crisis, Indonesia is having hard time to solve the unemployment problem and to provide jobs for new entrants in the labor market. In this paper we examine study Indonesias regulatory, institutional and governance structure of the Indonesian cross-border labor migration. The purpose is to asses the rationale of the current institutional and governance structure and the roles of various public and private agencies involved in this process. The objective is to gain insight into the process. First, the purpose of

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the study is to provide analysis of the role government in supporting and developing the governance of labor migration. It is interesting to assess the government objectives or preferences in international labor migration, how active the government in implementing policies to achieve these objectives, and how successful they are. The objectives could be one or more of the followings: to export labor, to encourage of more skilled or unskilled workers, encouraging or discouraging migration of female workers, focusing on certain markets. The potential conflict of interest could not be discounted which is reflected in the present regulatory and institutional framework governing international migration.

Next is to examine policy instruments that have been used to achieve these objectives for example rules, levies and fees, training and education programs etc, and how these benefit or put burden on parties involved: public and private agencies and migrants. If public agencies manage all of this, how these revenues are used to provide services for migrants. One interesting question is how these regulations affect costs for migrants. In particular what are the costs of job search and placement fees taking into account the opportunity costs in terms of time and foregone earnings. Do they differ by the migrants destination, occupation and gender?

The roles of private and public institutions such as recruitment agencies and brokers; Ministry of Manpower, Foreign Affairs and Security as well as other supporting agencies have been critical in shaping the market or industrial structure of the Indonesian migrant industry. In particular we are interested to examine how the structure of the industry affects the well being of migrants. From the industrial organization point of view, the bargaining positions of migrant vis--vis other players in the industry. Whether the industry is competitive or dominated by only few firms will influence the leverage of migrants and consequently

the distribution of rents across industry. The relationship between the government regulatory agencies and private firms involved in recruiting and sending migrant labor is another important element in this governance structure. For this purpose we use information from our field works to three villages in Kabupaten Malang, East Java province: Gondang Legi, Turus Trenyan and Arjowilangun.

Finally given the present institutional and governance setting of the migration industry, the most important question is what types of reforms are needed. Whether these reforms will be successful will depend on the nature of this industry. At present there are two issues, a systemic one such as imbalances between the supply and demand for migrant labor and implementation weaknesses like the quality of pre job training.

1.1. Methodology

The methodology is combine the literature on existing studies on cross-border migration, regulations with interviews with 20-30 key individuals on the migration issues and small sample surveys with migrants and potential migrants. There will be no quantitative study employing econometric technique.

The study attempts to quantify the distribution of rents at each stage (player) in the industry. For profits obtained by firms the study relies on interviews with association, representative firms and BNP2TKI. Rents extracted from the industry both legal and under the table are inferred from interviews with sending firms and NGOs. Finally how much incomes earned by migrant workers are calculated from the field interview with prospective migrant and ex-migrants.

2. Structure of the Industry

Structure of the Indonesian migrant industry has evolved from oligopolistic in the late 1980s and the early 1990s to near monopolistic-competition in 2004. This is reflected in the

Table 1: List of Key Stakeholders for Interview

Group	Sub-group	Remark
I. Government of Indonesia	1. The Ministry of Manpower and Transmigration	Office of Overseas Employment Empowerment
	2. BNP2TKI	
	3. Local manpower offices	District level
II. Private sector	4. Employment recruitment agency in city (PPTKIS private recruiters)	As employment recruitment agencies are located in the big city, it is usually local village sponsors that are recognized by the migrants. Local village sponsors play an important role in the processes of labor migrants recruitment, e.g. with financial assistance (Firdausy 2005)
	5. Inner sponsor and local village sponsor	
	6. Indonesian Manpower Suppliers Association (IMSA)	
III. Community	7. Village leaders	
	8. Local community groups	
IV. NGO	9. Migrant Care	

number of firms which increased sharply from around 100 in 1990s to around 500 in 2009. The industry is fairly concentrated about 100 firms hold about 70 percent of the business. These firms are privately owned. It is not clear if there are any significant links between the ownership of these firms and government officials regulating this industry. But active membership of these firms in at least one of the existing 5 associations and active lobbying by associations against government policies detrimental to the business, suggest that they are not or at least remotely linked to government officials. The biggest and the most active association is APJATI which has about 200 members.

Besides serving as lobbyist representing the industry's interests, these associations also act as a barrier entry, particularly discouraging the entry of firms with little capital. These semi-formal firms are often called kakilima which literally means street vendor¹. Fraudulent practices are more commonly committed by these firms². They do not have facilities like decent offices, training centers and holding facilities. These firms offer little training to prospective migrant workers. To cut costs these firms tend to take shortcuts in the process and falsifying documents. To give one example, the length of training is often only one day or two. According to the association, for adequate skill as domestic helper would require 200 hours training for inexperienced workers who have never been abroad, while for the experienced one the duration is 150 hours.

This type of firms exists because there is market for this. For poorer migrants the issue is a choice between becoming legal versus illegal

ones. Being a legal migrant for many people is the safest choice from the legal standpoint being able to defend their right when there is a labor dispute. But the costs in terms of money and delays could be prohibitive eating up into the expected wages as legal migrants - such that the wages differential is no longer attractive. So being illegal may be a rational choice for migrants.

2.1. Sending Firms (PPTKIS)

Over the course of two decades since the mid 1970s, attracted by huge profits and relatively less regulations, many firms have joined the fray as well as many other rent seekers both private and public. Predictably, the profits have declined from between USD 1000 to USD 1250 in the late 1980s and the early 1990s, to USD 700 in the early 2000a and in recent years between USD 100 to USD 300 per unit migrant sent (table 2). Sending firms has attempted to make up for the difference by sending more workers, but as it will be apparent later it is not easy due the shrinking labor pool due to the age limitation. Profit per worker varies between countries of destination³. Sending people to Middle East countries is more profitable, although the air ticket is more expensive due to the longer distance involved, the profit is stable around USD 200 to USD 300 per people sent abroad and sometimes if the demand is exceptionally high it can reach USD 500⁴.

The decline of profits comes not only from the rising number of players but also due to various government regulations which have raised cost which cannot be passed fully to migrant. Most of the cost increase is the requirement to

¹Ministry Ruling in 2009 based on the Law 39/2004 requires every private recruiter to have a training center after the start of the firm operation. At present about 100 members own training facilities, while the rest rent from other member possessing it.

²For bigger and more established firms fraudulent practices are not worth of taking. The penalties are stiff and carrying jail term and hefty fines.

³Sending firms obtain orders from various sources but the internet has become the most important source of information. A firm usually sets up website to promote itself. For the mid east countries however personal visit is still important to establish business relationship.

⁴Airfare dramatic increases after 2004 also contributed to the decline of profits per unit worker. At the same time job order fee remains flat.

establish branch in rural cities to recruit workers. This however does not deter new firms from venturing into the industry. The reason is the growing demand of domestic helpers in the Middle East countries, East Asia notably Hong Kong and Taiwan and Southeast Asia (primarily Malaysia and Singapore). Due to these as well as competition from other sending countries job order fees tend to be flat. Many of new entrants are small, often informal and almost having no adequate training facilities. Falsifying documents are common in this type of firms. Many illegally serve as extension of foreign agents seeking to reduce cost of recruitment through bypassing legitimate domestic firms. The Law 39/20-04 increases the capital requirement for a sending firm from IDR 700 millions to IDR 3 billions. The official explanation is to prevent irresponsible small firms to enter the market. The most logical explanation is that the continuous erosion of profits has prompted the association to lobby government for higher barrier to entry. The increase of the number of firms by about 5 folds only in a decade is a phenomenal one, which signals how lucrative the industry has been despite ever intensifying competition. Even without effective barriers to entry, there will be many years to come before a saturation point is reached.

Arnold (2007) has advocated to lower barrier to entry to put firms in the industry to more competition. This however should be done with caution. Without entry barriers new entrants tend to be small and less willing to spend on training facility and tend to shorten the mandatory training period to cut costs. This unhealthy competition would undermine other firms that follow the book, which may induce them to follow similar suit. Besides sacrificing the quality of training, unhealthy competition could also be potentially detrimental to migrant at the bottom of the pyramid through the other way. If the profits are pushed too thin near firms reservation profits, then firms could always shift this burden to workers. Now

migrant workers no longer have to pay IDR 1 million but in exchange workers will have to forgo their salaries in the first few months. Although the main motivation is to improve the quality of migrant workers as requested by some receiving countries (notably Saudi Arabia and east Asian countries like Hong Kong and Taiwan), the mandatory training period can also be viewed as a way to discourage small firms to enter the industry by rising entry barrier through regulation as well as Recently this regulation has been further strengthened by the newly installed labor minister not only requiring every firm to possess training facility (Balai Latihan Kerja) but also it must be properly staffed with instructors. Like a proper training it must also be equipped with training material, tool kits of competency test and living accommodation which are not cheap by any means. But the lack of reinforcement by the government may make this barrier to entry less effective than the minimum capital requirement.

One reason why barrier to entry is no longer effective is because the entry of illegitimate firms into the industry. An attempt to formalize brokers with the Law 39/2004 is only partially successful. Attracted by high incomes, the competition among brokers is become more intense as more and more people choose this profession. But the legitimate and formal firms cannot absorb all of these. These unabsorbed brokers or PL then set up clandestine firms with financing from foreign recruitment agents who are eager to bypass domestic legitimate firms. As a cover these firm can operate as travel agents, transportation agency and so on.

These illegitimate firms usually send workers to Malaysia. Having no proper licenses, these firms tend to falsify document just to get migrant workers across the border. Once they arrive at the other side of the border there will be agents to make them legal and send them to requesting parties. These illegitimate firms are in direct competition with the legitimate

Table 2: The change of the industry

	1990s	After the Law 39/2004
Market structure	Oligopolistic	More competition
Number of firms	100	500
Profit per migrant worker	USD 1000-1250	USD 100-300

Source: interview with APJATI

senders that forge mutually beneficial relationship with foreign firms. Why illegitimate firms do exist after all? Surely there are profits to be made. The illegal channels can be more profitable than the costly formal relationship. This is more of a problem with Malaysia because of the porous border. There is no official number of how many migrants securing jobs directly with employers or firms overseas. But a interview with the APJATI association gives a number from approximately 4 million migrants workers in Malaysia, about 1.8 million or 45 percent have illegal status from the Indonesian standpoint.

Although the country since 2008 has the human trafficking law that specifically prohibit the trafficking of illegal and under age workers, due to its secretive nature of their operation, the government can do very little to stop them. Police from time to time set up roadblocks and conduct patrols and covert actions to stop them but it is not really effective. In the field, what they often encounter is the transportation of workers from legitimate firms. Since the new law contains stiff penalties for illegally transporting workers, these are subject to police search⁵. All legitimate documents become useless when police search the convoy. So despite possessing all necessary documents, these chases almost always end up with bribes. For an illustration, for a train trip transporting 40 workers from Malang East Java, to the capi-

tal city of Jakarta, a firm must set aside IDR 1 million. About IDR 500,000 will be paid to station officials, while the rest is paid to street patrol/police in the short trip from the train station to the company headquarter. This effectively will increase firms cost which in the end must be borne by migrant workers in the form of wages deduction. In short, the new legislation that is supposed to protect workers is used by corrupt officials to extract bribes, which eventually may end up with a lower welfare for migrants.

The law requires that a firm must set up branch in order to recruit workers from country side. It creates unfair competition for sending firms locating not in Jakarta. The problem stems from the lack of reinforcement from the authority. Under the new law only headquarter has a permit to send workers abroad. But in practice as shown in the case of East Java, branches can also send people abroad through regional airport. This put local sending firms in East Java and other provinces at disadvantage position relative to those in Jakarta.

2.2. Brokers or Sponsors

The main players in the industry are not limited to firms and migrants. The industry is perhaps one of the best examples of asymmetric information. On one side, there is a modern industry with a good knowledge of demand abroad. On the other side are many hopeful job seekers from country side with limited education eager to escape from poverty in their village as well as to help their family to get extra incomes. Between these two are brokers

⁵The law of Trafficking of 2008 carries the maximum penalty of IDR 5 billion for transporting illegal workers as well for recruitment of underage workers.

or sponsors who work to reconcile demand and supply sides. For firms it is almost impossible to work without brokers the search cost of recruits would be prohibitive. Brokers usually operate in the proximity of their home village, but it is also not unusual for professional full time brokers they can operate within kabupaten (district) where their villages are located. Each of them maintains an army of informants who will be paid according to the value of information they provide leading up to potential recruits.

As a rule of the game in 1990s most brokers had almost never work exclusively for a single firms. Firms were not many while the number of brokers was numerous so their bargaining position was not very high. In effect, firms could pit one broker against another to lower commission cost. In this period the number of firms was relatively small to the size of potential migrants. The excess supply of labor was so great that it was not difficult to ask each potential migrant to pay IDR 500,000 to IDR 1 million just to be included in the list. Firms then would use the money to cover part of brokerage cost as well as for costs of training and waiting periods. This was bleak period for migrants as the cost to enter international labor market was high. But the lure of high wages abroad and poverty at home was enough for them to press on. This was the heyday for firms as they enjoyed super normal profits which were once as high as USD 1000 for a single worker sent abroad.

Along with the entry of new firms, the introduction of Law 39/2004 is very pivotal to the industry. It makes the change of industrial structure brought by the infusion of new entrants becoming much more complex by changing the rule of the game. In time, it will change the distributions of rents in the industry. Previously, almost all rents were captured by firms and left very little for government officials and brokers, but the enactment of Law 39/ 2004 has shifted this balance toward brokers and govern-

ment/security officials in the form of legal and not so legal payments. From the point of view of industrial organization the law 30/2004 has changed the position of informal brokers by requiring each firm to establish branch if it wants to recruit workers in rural districts. Each firm then establishes a local branch and appointing the most trusted broker as branch head and probably several more as permanent employees. This formalization of recruitment process coupled with the shrinking labor pool due to the age limitation, increases costs of recruitment. Some will be borne by lowering profits, but other will have to be paid indirectly by migrant workers.

The task of branch office is to make a contractual arrangement with a number of local brokers to work for the firm in mobilizing recruits. Instead of brokers, those working for the company will be called field representative (petugas lapangan) or PL for short. Every PL will be paid in advance IDR 3 million for each worker he or she promises to recruit. Typically, an experienced PL could recruit 5 to 6 persons a month. Instead of being paid a commission fee, income for a PL is IDR 3 million minus what ever costs he or she incur in the search process, including signing bonus he pays to potential workers which costs between IDR 1 million to IDR 1.5 million. After deducting from all costs incurred during the process, for a single recruit a PL can earn between IDR 1 million to IDR 1.5 million per person recruited or equivalent to a monthly income between IDR 5 million to IDR 7.5 million, a handsome pay by a village standard.

The relationship between PL and migrants is based on trust, rather than formality or legality of the former. In some kabupaten in East Java like Blitar, Trenggalek dan Banyuwangi potential choose brokers regardless of legality or formality of the recruitment process. They prefer to work abroad through illegal channel rather going with legitimate sending firms. Choosing illegal channel means that they do not have to

pay taxes, insurance. Also they do not have to undergo medical and competency tests.

3. Migrants Workers

3.1. *Migrants and the Industry Structure*

At the forefront of the business are migrant workers, who some have argued, staying at the bottom of pyramid. Once a potential recruits agrees to be sent abroad by a firm, she will be escorted to a temporary holding facility where she will undergo a basic training of household chorus, manner and basic foreign language for 20 days. To lure a potential recruits into working with them, a firm will offer a signing bonus between IDR 300,000 to IDR 500,000, which will be given after interview is done by a PL. A stiff competition between firms takes place to attract trainable candidates. In practice, a person could wait up until 3 months before being sent abroad because a job order has not arrived. Although the law requires every firm to recruit a person only if it has a definite job order, in practice it is very different, because the demand can come almost at anytime and the time required for training have made this provision is unpractical and consequently hardly be reinforced. So for the industry, holding a stock of ready to go workers is still a common practice. Some firms have done good job in predicting the timing of job order - so between trainings they can minimize costly idle waiting time.

By changing the recruitment process, the law 39/2004 in effect has accelerated the change of market structure from oligopolistic to a more competitive one. But one change in the law that also impacts the competition industry is often overlooked, namely the change of minimum age for potential migrants. It rises the minimum age from 18 to 21 years in the new law. This effectively has taken a significant chunk of supply of labor out of the business of international migrant worker. The effect is felt immediately on the ground. Firms now compete to each other to get good candidates

from the shrinking labor pool. Besides offering attractive signing bonus, some bad firms have bended the law by promising to send workers as soon as possible, which means shortening the pre departure mandatory training of 20 days. On the one hand, because of the new law, potential migrant now have more bargaining power vis--vis sending firms. On the other hand, it also induces unhealthy competition which tends to lower the quality of workers sent abroad.

Many argued that migrants are the weakest player in the industry, especially for the first time goers. With limited knowledge about the recruitment process and their legal rights, migrants are subject to fraud and extortions. The fact that migrant still have to bear much of the sending cost also reinforces this argument. Dwindling profits and rising costs force sending firms to shift some costs to migrants if for the business continues to viable. Ironically, the very things that make migrants have more choices and more protection, the law 39/2004, also introduce more competition and rises costs of recruitment. Some firms have sent more workers to recover lost profits, but it appears that the cost of recruitment is increasing with the number of workers sent⁶. The pressure of competition and increasing costs have made it is almost impossible for sending firms not to shift some burdens to migrant workers. This usually comes in the form of future wages deduction. For example in Malaysia, a typical migrant has to forgo the first 8 months of her salary to cover for transportation and accommodation from the village, accommodation and consumption during waiting periods, training costs, permits as well as recruitment cost.

3.2. *Comparison of the Treatment of Migrant Workers among Receiving Countries*

Potential earnings vary considerably depending on destination. Fees and charges also vary.

⁶Increasing the size of workers sent also makes firms more vulnerable to extortions.

Migrants choose the country of destinations based on information from returnees who are more likely to be distant family and brokers. Information obtained from brokers will usually determine the choice of sending firms but not the country of destination. This explains why migrants in one village tend to specialize in one destination. From the field survey it was also revealed that certain ethnic has certain preference. A Madurese village in Kabupaten Malang for example has strong preference for Saudi Arabia or other Middle Eastern countries because they are devout Moslem. Javanese on the other hand are more likely to go to East Asian countries like Hong Kong and Taiwan. The choice of country will determine the risks associated with salary, placement procedure, time, working habit, etc from receiving countries such as. In general, the more open the country is, the better treatments apply for the migrant worker. Some detail examples below depict those differences.

3.2.1. Salary and Its Deduction

The salary amount varies among countries depend on some factors i.e. type of job, experience, and competency. For example, experienced helper in Hong Kong with ability to communicate Cantonese, Mandarin and English earns US\$461, while the un-experienced one earns only USD290. According to Hong Kong regulation, tax and insurance are borne by employer.

However, to repay all costs related her placement including procedure and documents required at Indonesia and Hong Kong, the PPTKIS will retain her salary for 8 months as written in her working contract. The extreme case found in Taiwan where the salary will be deducted gradually for 18 months to repay all costs. As a working contract normally valid for 2 years, helper in Taiwan will receive full amount of salary for 6 six months, starting from the 19th month of her working period. On the contrary, the pre departure and placement cost for helper in Middle East countries

are not deducted at all from her salary⁷. Thus, she will receive full amount of salary from the first month working i.e. USD 165 in Qatar, USD 150 in Jordan, USD 154 in Bahrain, USD 218 UAE and USD230 in Saudi Arabia. It seems that the highest salary in Middle East comes from Saudi Arabia about USD230. Accordingly, Saudi Arabia is known as the most favorite destination in Middle East. The opposite situation happens in Malaysia where the helper could earn only USD 136. This amount is much lower compared to other countries. Still, PPTKIS retains the salary for 5 months to cover pre departure and placement cost.

From our findings on the field, workers normally receive their salary in cash afterward they could remit money by themselves to Indonesia banks account. There is an exception in Middle East where women are not allowed to go outside, then the workers request employer to transfer their money to Indonesia through employers bank.

3.2.2. Procedure and Required Documents

Each receiving country has its own placement procedure and sort of required documents fulfilled by sending countries. However, there is a general procedure of sending worker which is followed by all PPTKIS or sponsors. First, the receiving country sends Job Order which describes demand for particular job i.e. domestic helper to PPTKIS. Accordingly, PPTKIS starts recruiting candidates. In this stage, ID documents i.e. Family Card (KK), ID Card (KTP), Birth Certificate are required by PPTKIS to proceed to the next step. These basic documents are provided by the candidates with the brokers assistance. Up to this stage, the candidates or sponsors deal with local government at district level. After ID documents are completed, the candidates undergo medical check up. For those who pass, they would

⁷This reflects how thin is the profit for sending people to Southeast and East Asia destinations

take pre job training for 200 hours (inexperienced) or 150 hours (experienced) at training centre. At the end of training, the candidates have to take competency test. If they pass, they will receive competency certificate which allows them to continue to next stages. The sponsor will bring those documents i.e. ID documents, competency certificate, medical check result, working agreement, visa application to APJATI (Indonesia Manpower Supplier Association) to get preliminary data verification. Up to these stages, the procedures are related to provincial government.

Then, the sponsors pay pre departure insurance for IDR 50,000 (equivalent with USD 6). All original documents are shown and verified again by BP3TKI (Placement Office at provincial level) to obtain recommendation letter for passport application. Time required obtaining passport up to 4 weeks. After passport issued by Immigration Office, sponsors help candidate to apply visa at embassy. Once visa ready, sponsors register the candidates through on-line system for pre departure briefing (PAP) and free fiscal tax. Sponsors should pay IDR 50,000 or USD 6 for one day PAP which is now conducted by Labor Office at provincial level. After completion PAP, the candidates receive PAP Completion Letter, and together with all previous documents are again verified by BP3TKI to obtain Recommendation Letter for Free Fiscal Tax. At last, candidates are ready for departure to the destination country. They will be picked up by employer or foreign agency on arrival. Thus, according to the above procedures, BP3TKI plays an important role in data verification as well as issuing recommendation letter. It seems that the candidates or sponsors need to go back and forth for data verification at various institutions i.e. APJATI, Immigration Office, BP3TKI, and Embassy. All payments during those procedures paid by sponsors which then repaid by worker from salary deduction. Beside those procedures discussed previously,

there are also additional procedures from particular countries. For instance, additional document is required from Middle East countries. Other than Saudi Arabia, all countries request bio-data of candidates so as to select candidate matched with the employer. In this case, the employers select candidates by themselves and reduce failure risk significantly. Saudi Arabia, on the other hand, requires Muashofat which explains criteria set by employer, and the sponsor will then choose the candidates for employer according to Muashofat. There is a quite highly failure in this kind of selection process. Therefore, time for matching process takes much longer; otherwise, sponsors will bear great losses if the worker rejected and sent back to Indonesia⁸.

3.2.3. Time

Time required to obtain all migrant documents vary, depending on institution capacity at local government (both district and province), completeness and the validity of basic documents, particularly on ID. Assuming that some procedures could be done simultaneously, on average sponsors spend at least six weeks to obtain all documents in hands. In addition, for matching process between candidate availability and employers qualification, sending firms need additional time for three to six weeks. Hence, total time spent to send one worker is about two to three months.

3.3. Legal versus Illegal

There are three types of legal-illegal cases. First, the worker is considered as legal in Indonesia but treated as illegal abroad. For example, at the beginning, the migrant is working for employer Mr. X, but for some reasons, she does not feel comfortable and decides to move and work for second employer Mr. Y. However, the name of first employer Mr. X is still

⁸The cost of rejection of one worker is equal to the cost of sending 14 workers. It must be borne by the sender.

written on her working documents. According to the law, working to second employer Mr. Y is considered as illegal. This could be legal if the worker reports to foreign agency or PP-TKIS or Indonesian Embassy to issue new document with new employers name. In the second case, the undocumented worker is considered as illegal in Indonesia but treated as legal abroad. This case usually needs collaboration between Indonesian and others country worker agencies to legalize all documents so such as passport, working visa, etc so they will appears as legal for working purpose. These documents are not necessarily bogus, a careful inspection however would reveal their irregularities, but often even if it is found the officials may look the other way after being paid bribes. Third, at both receiving and sending countries immigrants are considered as illegal workers. This case could only occur if all stakeholders including police and company hiring illegal worker make good collaboration so as to cover each other. Most of illegal cases are coming from workers in Malaysia which fortuitously has 198 entry gates from Pangkal Pinang in Sumatera, and Pontianak and Nunukan in Kalimantan.

Regardless the type of illegal cases, there are some reasons underlying the decision to choose being illegal worker. There is a self-selectivity issue. The main reason is poverty to stay in the village means that she/he or the family barely can afford their basic needs and even daily consumption. Some of them occasionally work at plantation or construction or industry in village but they earn very low income. These situations induce the workers to work abroad as soon as possible. The illegal workers are expecting higher income because their salary will be deducted less than otherwise to repay pre departure and replacement cost compare to cost paid by legal workers. Other reason for being illegal is to avoid failure in medical check up. Being poor, in addition to lack of nutrition, they tend to live in a poor sanitation, so they are worried if they did not pass medical check,

so legal channel is out of question.

With regard to the risks, they are not well informed about the consequences of being illegal workers in particular on protection issue. If the workers meet the required documents, it will take longer time, hence, they choose being illegal and could go abroad only within three to five days. These illegal workers are potentially facing the problems abroad i.e. fake documents which causes workers unprotected, and lack of training which leads incompetence. From our findings on the field, workers from Lumajang, Jember, Banyuwangi and Madura are likely to opt being illegal workers in construction sector in Malaysia.

3.4. Formal or High Skilled Sector: A Move toward Skill Upgrading?

According to recent data issued by Indonesian Labor Office, the proportion of high skilled and informal (low skilled) migrant workers has not changed very much in years. It is still relatively the same at 42 percent and 58 percent respectively. However, those proportions are much different between male and female workers. About 70 percent migrant male worker work at formal sector while 95 percent migrant female worker work at informal sector, mostly in low-skilled job such as housemaid. Formal sector usually hires technicians at factory of industrial sector such as automotive, electronic, textile, etc. Korea is one of the country received only formal migrants workers. The basic salary for technician in Korea around USD 441 besides the allowance received. If the allowances counted, the total take home pay could be more than doubled around USD970. For the higher skilled workers such as welders, the salary is subject to their capability in welding difficult object. For instance, man hour for lowest grade welder is USD2.4 per hour and minimum working 10 hours per day, and for medium grade is USD3.8 per hour plus USD 864 for health insurance and medical expense, and full board facility. For the highest grade welder (welding with highest precision), he will

be paid USD 8 per hour plus all same facilities with medium ones. Thus, monthly salaries of welder is ranging from USD 600-2000. This is net income because health insurance borne by the employer.

After working contracts are completed, migrants could use their saving for initial capital to start business at home. In addition to that, many of ex migrant workers from formal sector introduce values or work ethics learned from abroad such as entrepreneurship, discipline, work hard etc to local villagers so as to improve quality of human capital in the village. As an illustration, Arjowilangun village from our field survey, known as traditional sending village in East Java, is famous for its good entrepreneurship, high tax revenue and awarded as the best village in Kabupaten Malang. This was visible from our field survey, at several sites in the villages, small businesses such as convenient stores, bus transportation, workshop, home industry for furniture, garment, and herbal stores created by ex migrant working in formal sectors are thriving.

Sending formal workers abroad is currently being carried out as a project package covering both low skilled workers such as cook, security, driver, etc and high skilled i.e. welder, plumber, etc. Sending firms do not have to own training centre because they only recruit experienced candidates who have specific skills matched with job order. Recruiting mechanism for formal worker starts from advertising on mass media, community and network such as university partner, association etc. Then, the sending firms will select and match the candidates with the requirements. For very high skilled candidates such as welder in oil and mining industry, the sending firms will invite the employer to Indonesia to examine how the candidates doing their required job. After recruiting process, sending firms could start preparing documents required to work abroad. These documents are basically the same with those for informal ones as discussed

previously⁹. Hence, the procedure sending formal worker seems less complicated compared to the informal ones.

An interview with one of the biggest private firm specializing in sending formal workers suggests that unlike the informal workers who are often being complained about their competency, formal worker are often complained about their attitudes. Indonesian migrant workers at formal sectors are known for their lack of long term commitment to the jobs. They usually resign after a two year after working contracts are completed, and very rarely willing to renew or to renegotiate. Formal sector jobs have their own career paths which need long term commitment to reach higher positions. Each career path needs a specific skill so a company must allocate some amount of money to train workers as human capital investment. Thus, if a migrant worker choose not continue his or her job after a two year contracts, the employer will consider it as a substantial loss. Consequently, there are very few repeat orders for Indonesian worker from abroad, so to stay in the business sending firms always have to find new markets. This will increase cost of market penetration for formal sector significantly. From our findings on the field, market penetration costs of the sending firms around 4 times of its overhead cost or about USD 20,000¹⁰.

The above attitude is very unusual compared with other countries where the incentive to stay longer is very strong partly to recover the fixed costs of migrating. The main motivation to go abroad is prestige and gaining some sort of experiences. For Indonesian formal sector workers 2 years international experience is enough

⁹Basic documents for working abroad are as follows: Passport, Working Visa, Tax Registration Number (NPWP) for Free Fiscal Tax, Migrant Worker ID (KTKLN). Basic ID documents such as Family Card, ID Card, Birth Certificate are still needed to apply passport.

¹⁰The overhead cost of a typical firm sending formal sector workers is estimated at USD 5,000 per month.

to secure job in Indonesian market, either domestic or foreign firms. As a middle class, living abroad for a formal sector worker is not cheap, especially for housing, health insurance and children education. For non-traded goods like these the Indonesian prices could be three times lower compared to similar ones abroad. In addition they will lose amenities like affordability to have domestic helpers and sometimes even driver and gardener. So the same standard of living or higher can be achieved in Indonesia with a salary in USD 2 or 3 times lower. This does not take into account the social utility of kinship and social network staying in Indonesia. The story would be different for informal sector workers whose main motivation is to accumulate saving to escape from poverty. So these are effectively two separate markets.

From the business standpoint, the biggest impediment for sending skilled workers is its low profits. Compared to send low-skilled workers like housemaid, the profits are not higher. It is amounted to between USD 100 and USD 200. Evidently, this is a very little incentive. Like in the case of sending low skilled worker, firms can only make money if they send a great number of workers. The problem is in the supply side, it is hard to find suitable candidates who are willing to work abroad. So although the overseas demand for high skilled worker continues to grow, Indonesia could not respond to meet this. For illustration, Carrefour at Middle East needs 600 workers while sending firms can only provide 20 percent of that demand or 120 workers due to language barrier. It is a must for formal workers to master at least English language, otherwise, Indonesian workers will be less competitive compared to other sending countries, in particular Philippine. Apparently for Indonesian workers the parameters known as SCA, Skill, Communication and Attitude which become the basic competency in receiving countries, are not yet well understood.

3.5. Comparison of Net Incomes among Workers: Illegal, Legal, Unemployed

As discussed earlier, salary for each migrant worker varies would depend on the type of jobs, locations, experiences and competency. In general, for a typical worker, illegal workers could earn more money, but due to higher expenses their net incomes could be smaller than the legal ones. As a matter of fact, overseas workers regardless the legality, are more likely to earn more money compare to those unemployed at home villages. For example, many illegal workers in Malaysia working at construction sectors could earn RM30 per day or RM900 per month (equivalent with USD271 per month). While the legal workers in Malaysia work usually work as domestic with monthly salaries of RM450 or about USD136. At first glance, it appears that working as illegal worker are better off compared to legal ones. But, it is not as appeared, considering their daily expenses, illegal workers pay all expenses by themselves such as meals, accommodation etc which are usually provided for free to domestic helpers. They also bear face the risk of be caught by the police at anytime. The legal workers, on the other hand, do not have to pay those kinds of expenses because they live in working place (house), feel more safe and protected.

For those villagers stay at home, the opportunities for working are not many. The typical village job is to work temporarily at sugar mills, rice field, etc. It means that they can only work a week within a month or three weeks of being unemployed. The daily wage is IDR15,000 or USD1.5¹¹. This amount is not enough for their living cost so they have to find complementary jobs in trade and services in the neighboring cities. If they cannot find these complementary jobs, As long as they can be supported by their extended family, they will stay at the village. But if not, sooner or later they

¹¹Wage less than USD2 per day is categorized as working poor.

will look for better job outside the village to the city or abroad.

4. Structure of Governance

With respect to the idea of exporting labor services, the attitude of the government has evolved from indifference to embracing it. The shift of the government attitude is motivated more by pressure from NGOs which seek better protect migrant workers. The thriving free press in the new democratic atmosphere after Suharto has kept the issue of the abuse of migrant workers in the headline¹². Eager to improve its reputation in labor issues, the change started under the Megawatis presidency with the issuance of Ministry Decree 104A/2002, which then was upgraded to become the Law 39/2004 (Ananta and Arifin [2007]). The Law was passed hurriedly in the last days of Megawatis presidency. Interestingly this attitude has not been present uniformly at lower level of government. In our field survey to one kabupaten which is famous for exporting workers to East Asia destinations, the attitude can be described at best as ambiguous. On the one hand, they are happy with the amount remittances. On the other hand they regard this as failure of the local government to develop its locality. Like it or not, the remittances have become one of the most important foreign exchange generator for the country.

As a matter of principle the government intends to pay back these foreign exchange heroes with services and more protections from frauds, disputes, extortions and so on. The industry

is perceived by the government as not doing enough to protect the right of the workers, so it must be better regulated. This is the spirit of the Law 39/2004. At the top of pyramid is the Ministry of Manpower which oversees the industry regulation, which is based on the Law 39/2004. For all its good intentions, the Law contains many flaws. In terms of content it looks similar to Ministry Decree 104A/2002. The most often complained is that this legislation from time to time wants to regulate something that is too technical so it runs the risk of becoming irrelevant or obsolete because the quick changing of environment. Sometimes it is considered as too naive or ridiculously out of touch with the reality, one example is the requirement for sending firms to set up branch in the country of destination. This certainly is impossible under the laws of respective countries - it can only be set up by its own citizen. At best, sending firms in Indonesia can only make contractual partnership with their counterparts abroad.

The Law also serves as a basis for a creation of the new body under the President called BNP2TKI (National Agency for Placement and Protection of Indonesian Overseas Workers) whose task is to oversee the integration of services in the placement and protection of the overseas workers among various ministries and government agencies (Ananta and Arifin [2007]). It is independent of the Manpower Ministry, responsible directly to the President and financed by the national budget. Officially, the Manpower Ministry is the supreme policy makers or regulators and BNP2TKI acts as operator. This article is so vague it does not have a specific job description. In the subsequent development, not satisfied with the operator status, the new agency launched a series of lobby to seek clear authority on the matter. The argument is that since it is created by a Presidential Instruction (INPRES), it needs a clear job description¹³.

¹²Interestingly secular NGOs are more vocal on this issue, while Islamic organizations are more subtle on this matter. One plausible explanation is that since the majority of migrant workers go to Islamic countries especially Saudi Arabia and Malaysia. Also, Islamic organizations with huge political base in the country side may be more pragmatic that they do not want to alienate their constituency who see working abroad as the only way for their constituents to escape from poverty.

¹³Other agencies like BAPPENAS for example, has

The result is the issuance of Presidential Rule No. 81/2006 that specifies the agency's two functions. First is to provide placement for Indonesian workers under Government to Government scheme (G to G) and Government of Indonesia to foreign agents. This practically wrested away the business of sending skilled and educated workers abroad from private firms. The Second task is provide services, monitoring and coordination to all stages of workers migration which includes checking the documentation, sources of financing, departure and return, improving the quality of migrant workers, providing information, and the welfare improvement of workers and the family left behind (Ananta and Arifin [2007]). The Manpower Ministry retains its policy making function. In addition, the Manpower Ministry is required to transfer some of its personnel and other resources, so the new agency can function immediately.

Regarding monitoring of sending firms, the law does not clearly indicate whether such authority is granted to the Ministry of Manpower or to BNP2TKI. One may see that in many aspects related to PPTKIS regulation and condition, the law leaves further detail to be formulated under Ministry Ordinance. The law in fact requires at least 24 Ministry Ordinance, 6 Government Regulations, 1 President Decision, and 1 Decision of Head of BNP2TKI to be created in order to implement the law. That Ministry of Manpower is the regulatory authority may be clear from the law but it is less so as to which party that will act as the implementing agent.

With a stroke of pen bureaucratically, this piece of presidential ruling mounts a direct challenge to the supreme position of the Manpower Ministry. It is not just a power struggle,

at stake here is a huge rent generated by this business. Potentially this will control all steps in the process of sending workers with all of its potential rents. This situation creates friction between the ministry and BNP2TKI. The Ministry of Manpower continues to assume its authority in implementing monitoring against PPTKIS. In 2008, the ministry issues Ministry of Manpower Regulation 22/2008 that basically emphasizes its authority, in cooperation with local government, to implement the placement and protection of migrant workers system for non-government scheme¹⁴. For BNP2TKI, this ministry ordinance has restricted its authority only to placement that is implemented under government scheme. Such scheme at the time being only includes placement to South Korea and Japan in which there are about 30 thousand Indonesian migrant workers. Comparing to the estimated total number of 4.5 million documented Indonesian migrant workers, it is clear that the ministry ordinance can severely limit the role of BNP2TKI in the placement and protection system.

The Manpower ministry did not lay idle the legal battle ensued. The Manpower ministry issued a Ministry Ruling no. 22/2008 to retake the role given to BNP2TKI. The new agency then went to the constitutional court to annul this ruling. A judicial review by the court in March 2009 instructed the ministry to cancel the Ministry Regulation 22/2008. The Ministry of Manpower responded to the instruction by issuing Ministry Regulation 15/2009, which stipulates that placement and protection of Indonesian migrant workers under non-government schemes will be implemented by other Ministry Regulation, which in effect replaced the previous annulled regulations.. The legal battle ended up in stalemate for both

only minor role in general manpower planning which is very little to do with external migrant workers. In the meantime Ministry of Foreign affairs play role only when there is a dispute, accident and the death of migrant workers.

¹⁴Under this ordinance, the local government is authorized to conduct the pre-departure brief and to issue the migrant worker identity card (KTKLN). Later the ordinance was cancelled after judicial review in 2009 by the Indonesia Supreme Board.

sides - the dualism persists until today.

For sending firms the creation of this agency is only to add more confusion into the business. Although at the same time it also creates a loophole which can be exploited by sending firms, the uncertainty caused by the dualism exceeds the potential benefits from the loophole. For example, if for some reason the application for a recruitment license (SIP) is rejected by BNP2TKI, then sending firms can always go to the Manpower Ministry for the same license, but in practice it will duplicate the cost. The costly redundancy takes place when one agency only recognizes licenses issued by its own institution and not recognizing the other. So as precaution sending firms usually keep documents, permits and licenses from both agencies.

One example is pre departure briefing (Pembekalan Akhir Pemberangkatan or PAP). The worker identity card (KTKLN) is just another example of the dualism. To be safe sending firms may keep PAP and KTKLN from both agencies. The cost of KTKLN from the Manpower Ministry is IDR 4900, while the BNP2TKI version costs IDR 36,000. The cost of PAP from The Ministry of Manpower is IDR 30,000, while the cost of PAP from BNP2TKI is IDR 70,000. These duplications make the accurate monitoring the flow of migrant workers becomes difficult if not impossible since these two databases are separate. For one thing, the dualism is certainly to increase costs of recruitment by service duplications.

The introduction of regional decentralization in 2001 brought other players into the industry namely regional governments. Soon various local regulations emerge in an attempt to extract revenues from the international migrant industry. For sending firms as well as for prospective migrants these serve only to lengthen the bureaucratic chain and to drive the costs up without any real benefits added to the process. Although the practice differs from one district (kabupaten/kota) to another, basically

there are three documents issued by this third tier government; the letter of notification from kabupaten government to sending firms that the respective migrants have participated in the district briefing program, placement agreement and passport recommendation.

5. Worker Protection under Law 39/2004

As an umbrella, placement and protection of Indonesian overseas workers are regulated by Law 39/2004. Although not stated explicitly, we see that the law acknowledges three main issues: (i) that placement of overseas workers can serve as a means to provide people with proper job and income, (ii) that overseas workers need to be protected from human-trafficking or other illegal motives, (iii) that placement and protection overseas workers needs to be regulated under an integrated system.

In 2006, INPRES 6/2006 was issued to reform the system of placement and protection of Indonesia migrant workers. The Coordinating Ministry of Economy is in charge to coordinate and to monitor the implementation of a number of actions stipulated in the ordinance. The reform covers five areas: (i) placement, (ii) protection, (iii) eradication of middle-men or sponsors, (iv) placement agencies, and (v) bank support. Some of actions simplified the process (e.g. online approval), some gave more certainty on time needed for documentation process, and some may strengthen protection system. But some actions are still vague in nature (e.g. one roof services at the airports, insurance policy). This section does not assume to make a comprehensive legal review on the regulatory environment for placement and protection of migrant workers. Many of issues raised have been addressed previously by other observers. The objective of the section is to brief the placement process, provide current development of issues and highlights important implications.

Under the law, the government is given mandate to support people who decide to be overseas worker, to protect them from becoming victim of illegal and malicious treatments, and to implement an integrated system governing all process related to placement and protection of Indonesia overseas workers. Constitution article 27(2) also specifies that people have the right for decent job and living. In this spirit, we may argue that placement and protection should be treated as public service. However, some reasons given below indicate that the law does not sufficiently bear such view.

First, there is no explicit statement in the law that upholds the view. In the formal explanation of the law, placement and protection of migrant workers is stated rather as governments authority than governments responsibility. Second, in its implementation placement service seems to be treated as private goods than public goods that the law stated it is an obligation of the migrant worker to pay placement costs (Article 9c). Third, the law authorizes the government and the private agencies to conduct placement (Article 10) with only few provision as regards to pricing the service by private agencies. Components of the placement cost has been restricted (Article 76.1), but the law allows for other components to be included as well (Article 76.2) and there is no clear indication as regard to the cost limit. Fourth, the law puts some limit to government in the placement process to be conditional on the existence of written agreement between Government of Indonesia and Government of the host country or between Government of Indonesia and any corporation in the host country (Article 11.1) so that a large number of Indonesia overseas workers who do not involve in such schemes needs to obtain the placement service from private agencies.

The law requires the charges of placement cost to migrant workers be transparent with regard to its component and due amount. However some NGOs raise concerns as to total

amount of salary cut from a migrant worker that is suspected to be much higher than the real placement cost incurred.

Other concern that also has been raised since long time is on condition of temporary lodgings for migrant workers. There has been a regulation (Ministry Regulation 7/2005) specifying the standard condition for such lodging, however in practice condition of the lodging owned by PPTKIS in many cases does not follow the required standard and the government seems fail to notice it. Some standards that are tend to be violated for example are maximum number of people in one bedroom, fence that must not be closed all the time, maximum period of staying (3 month for Middle East destination and 4 months for Asia Pacific except for Hongkong which may need 6 months), and restriction to leave the lodging center.

Information is important when one is considering whether to be migrant worker and by the law the government must guarantee that the information is correct and adequate. The information must be stated explicitly in the placement contract and later in working contract. However before signing placement contract particularly through the counseling, candidates also need to have correct and adequate information. The government needs to have effective means to ensure that information is adequately understood by candidates and migrant workers at all stage of the placement process. One of the most frequently criticized features in the placement regulation is TKI protection insurance. While the insurance is important, its benefit is subject to a number of criticisms especially when the migrant workers are overseas as the insurance company is not recognized overseas. Many people also said that it is not easy to make a claim.

The development and protection program mentioned in article 83 and further explained in article 86-91 to 91 includes three aspects: information, human resources, and protection for migrant workers. On information aspect, the

government is required to set up integrated information system on opportunity, process, procedures, and risk related to overseas job market that community can access. On human resource aspect the government is required to develop skills and quality of migrant worker candidates whereas on protection aspect the government needs to provide counseling and advocacy related to placement process, to facilitate dispute resolution, to announce problematic foreign business partner and employer, and to conduct international cooperation for migrant worker protection. This must be the main role of the government and the reform should be addressed to improve the effectiveness of the program.

6. What have been achieved with Law 39/2004 and its derivatives

With the launching of the Law 39/2004 the government seeks more active role in the international migrant industry either as regulators of the industry and to ensure more protection to its citizen working abroad. Based on the above discussion in Table 3 we try to summarize what have been achieved with Law 39/2004.

7. Conclusion

In this study we examine Indonesias regulatory, institutional and governance structure of the Indonesian cross-border labor migration. The Indonesian migrant industry has changed from oligopolistic in the late 1980s and the early 1990s to near monopolistic-competition in 2004. The most visible impact is the dwindling profits. As inter-firms competition intensifies, the interplay between players in the industry also changes. The more assertive government with respect to human rights also adds new complexity to the picture. In 2004, the Law 39/2004 was launched in 2004 with the purpose of regulating the industry, formalizing

recruitment process, providing more protection and advocacy to workers.

The most pivotal impact of the new law to the industry is the formalization of recruitment process. On one hand it has succeeded in providing some protection and transparency. On the other hand it also increases the cost of recruitment which pushes the margin of profits further. The end result is not always in the best interest of migrant workers. In some destinations particular in East Asia workers salaries will be deducted by sending firms to cover sending costs so for workers the net welfare after deducting for the income loss may not be great. Formalizing recruitment process has positive impact in creating more transparency for prospective migrants, but over-formalization on the near competitive industry may have the opposite impact on the migrant welfare.

In the beginning it is asserted that the recurring problems in the Indonesia international worker migration may stem from a systemic imbalance between the supply and demand for migrant labor and implementation weaknesses. Our observation suggests that the Law 39/2004 effectively removes the labor supply of workers with age between 18 to 21. This takes much if not all of excess supply. It is apparent from the behavior of sending firms in recruiting prospective workers (signing bonus, per diem money etc) that the market has become tighter with shrinking labor supply. So besides the flaws of some parts the Law itself (and its derivatives), the problems mainly come from its poor implementation.

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Table 3: Advantages and Disadvantages of Law 39/2004

Purpose	Policy	Advantages	Disadvantages	Future Improvement
Controlling competition	Rising Minimum Capital Requirement	Has some deterrence to small firms with limited capital	Can only be deposited in a specific bank branch	More flexibility on where the money has to be deposited
Protection of workers assuming that age below 21 is not mature enough	Rising minimum age	Making IMW more mature but taking out prospective workers between age 18 to 21 out of labor supply for IMW	Rising unemployment of worker age between 18 to 21	- More flexibility ILO backs the minimum working of age 18 to 21
Protection of workers in case of accident, illness	Single flat premium for all destinations	Provide workers with some protection especially those in Mideast	- not take into account different risk associated with each respective country of destination - insurance firms do not have representative abroad which make claiming payment very difficult - redundant in Taiwan and HK	- Provide more intensive pre departure training - Premium should vary between countries - more transparency in choosing insurance companies - closing the loophole by writing more specific conditions in the lower level regulations such as Ministerial Ruling
Formalizing recruitment process	- Requiring firms to set up branch in rural districts - internalizing brokers	- to give more transparency and formality in recruitment - workers are better informed	- workers have moral hazard to break contract to claim insurance payment - with formal status brokers set up illegal firms to compete with headquarter creating unhealthy competition - increase cost of recruitment which would be passed to IMW in the form of wage deduction	More enforcement from the government on illegal firms - compensate the increase of cost by providing better service in insurance, information and advocacy abroad using money collected from various legal user charge fees - reduce redundancy in pre departure procedure - More enforcement of the ruling
Improving the quality of IMW	Requiring firms to have training center (BLK)	- Some firms with better financial capability speed up the construction of training center - create barrier to entry to bogus/illegal firms	Not all firms can fulfill this ruling. Those who abide the ruling feel at competitive disadvantage because no enforcement to violators	- provide some time horizon for firms to complete training center
Better management of migration flows, protection and advocacy	Setting up a new independent agency BNP2TKI	Dualism in regulations especially with respect to licensing process	Increasing cost of recruitment which could be shifted to IMW in the form of wage deduction	- Clearer guidelines between Manpower Ministry and BNP2TKI area of responsibility to increase transparency, to reduce under the table payment and time delay - political intervention from the highest level of government may be needed Remove the articles or replace it with more realistic such as partner in the country of destination
Increasing sending firms representation abroad to provide workers with protection and advocacy	Requiring firms to open branch in the country of destination	No impact impossible to do. Law in the destination countries do not allow this	Create the impression that the Law was hastily written without proper knowledge of the subject	

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